



OAKVILLE

## REPORT

Council

Meeting Date: May 25, 2026

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**FROM:** Finance Department

**DATE:** May 12, 2026

**SUBJECT:** 2025 Development Charges, Cash in Lieu of Parkland, Bonus Zoning, and Community Benefits Charge Reserve Fund Statements

**LOCATION:** Town-wide

**WARD:** Town-wide

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### RECOMMENDATION:

1. That the staff report dated May 12, 2026, entitled *2025 Development Charges, Cash in Lieu of Parkland, Bonus Zoning, and Community Benefits Charge Reserve Fund Statements*, be made available on the Town website and to the Ministry of Municipal Affairs and Housing.

### KEY FACTS:

The following are key points for consideration with respect to this report:

- The development charges, cash in lieu of parkland, bonus zoning, and community benefits charge reserve funds are obligatory reserve funds that may only be used for capital costs set out in the *Development Charges Act, 1997* (DCA) and its regulations, and for specified costs set out in the *Planning Act*.
- These financing tools are a primary funding source of the Town's capital program, funding \$917 million (38%) of the Town's \$2.4 billion capital program over the 2026-2035 time period.
- While some development charge (DC) reserve funds for specific services are currently in a negative position, the overall DC reserve fund balance is positive at the end of 2025. A new DC background study is underway to update DC rates based on new service area master plans and growth forecasts.
- Legislative changes in recent years have resulted in increased exemptions and discounts, along with delays in the timing of payment for DCs. These

changes are resulting in additional tax related funding requirements for exemptions and discounts and creating cash flow challenges in the timing of capital projects.

- In 2025, \$8.97 million in DC exemptions and discounts were funded by the Town's capital reserve. A total of \$22.3 million in DCs that would have previously been collected remain outstanding at the end of 2025 as a result of changes to the timing of payment. In addition, another \$22.3 million in DC collections has been foregone since 2020 due to the rate freeze.
- To comply with reporting requirements, the treasurer of the municipality must provide annual financial statements to Council relating to by-laws and reserve funds established for the purposes of development charges, cash in lieu of parkland, bonus zoning, and community benefits charges.
- These statements must contain prescribed information with respect to the sources and uses of the funds received from developers and be made available to the public and the Ministry of Municipal Affairs and Housing (MMAH).

## **BACKGROUND:**

The purpose of this report is to present the required 2025 development charges, cash in lieu of parkland, bonus zoning, and community benefits charge reserve fund statements to Council and provide information on financial transactions, which occurred during the year in relation to these reserve funds.

### Development Charges

Development Charges (DCs) are collected under the authority of the DCA and the Town's DC by-law to pay for increased land and infrastructure needs of the community driven by growth. DCs for residential dwellings are calculated on a per unit basis and, beginning in November 2025, are typically collected prior to building occupancy. DCs for non-residential buildings are calculated on a square metre basis and are collected prior to building permit issuance. Collections and interest provide the main sources of revenue for the fund.

Section 43 of the DCA and O. Reg. 82/98 require that financial statements relating to the municipality's DC by-laws and reserve funds established under section 33 of the DCA be provided annually to Council, the public, and the MMAH. They also set out the prescribed information to be contained in the statements, including, but not limited to, requirements such as opening and closing balances, transactions relating to the funds, and the provision of all other sources of funding for any projects funded by DCs.

### Cash in Lieu of Parkland

Cash in lieu of parkland is collected and utilized in accordance with the *Planning Act*, and the Town's Parkland Dedication by-law, which permits a municipality to require, as a condition of development, that land be conveyed to the municipality for park or other public recreational purposes. Alternatively, there may be required a payment in lieu, to the value of the land otherwise required to be conveyed.

Parkland funds collected are held in a segregated reserve fund, established for this purpose, and spent only on acquisition of land for a park or other ancillary park purposes such as the acquisition of machinery and the erection, improvement, or repair of buildings.

### Bonus Zoning and Community Benefits Charge

The former section 37 bonusing under the *Planning Act* allows municipalities to secure public benefits through bonusing agreements in exchange for permitting additional height and density in a development through the re-zoning process. Its use is contingent on there being enabling bonusing policies/provisions in place in the municipality's official plan and zoning by-law. Funds collected are held in a segregated reserve fund, established for this purpose, and spent only for facilities, services, and other matters specified in accordance with provisions of the legislation and site-specific bonusing agreements. The Town's Livable Oakville Plan, North Oakville Secondary Plans, zoning by-law, and bonusing procedure contain the required policy statements along with guidance on where and how the benefit should be provided. As a result of legislative changes, section 37 has transitioned from bonusing to the Community Benefits Charge (CBC). The Town continues to receive bonusing payments related to zoning by-laws that included bonusing provisions prior to the adoption of the CBC by-law.

The Town collects CBCs on developments that are five or more storeys with ten or more residential units. The Council approved CBC strategy includes capital projects for municipal parking, public art, and cultural and entertainment space, allowing the Town to fund growth-related capital costs of facilities and services that are not being collected for under DCs or parkland dedication.

### **COMMENT/OPTIONS:**

#### Development Charges

DC reserve fund balances increased in 2025 by \$9.9 million from an opening balance of \$285.3 million to a closing balance of \$295.2 million. Appendix A provides a summary of opening and closing balances and financial transactions relating to all DC reserve funds held by the Town for the period ended December

31, 2025. It should be noted that transfers from DC reserve funds to finance capital works can only be made once spending has occurred, in accordance with Public Sector Accounting Standards. When outstanding commitments from approved projects and debt charges are considered, the uncommitted balance at year-end was \$92.8 million.

While some DC services are in a negative position, the overall DC reserve fund balance at the end of 2025 is positive. Fluctuations in reserve fund balances by service are expected, as capital projects required due to growth are usually expensive, large in scale, and complex in nature (for example, building new community centres and parks or widening roadways). As such, they typically span multiple years and provide significant additional capacity to services. The following sections provide further details on DC activity for the year.

### Collections

In 2025, \$36 million in DCs were collected from 1,534 new residential units and 33,911 square metres of non-residential growth in the Town. DC rates changed once in 2025, as follows:

- Annual Indexing: The Town indexes its DC rates annually on April 1<sup>st</sup> in accordance with the year over year change in the non-residential construction price index for Toronto, which resulted in an increase of 4.0 per cent on April 1, 2025.

Developments that meet the definition of rental housing and institutional housing in the DCA are able to defer the payment of DCs, paying in six annual instalments over five years, starting at occupancy. There were three new developments eligible for installment payments in 2025 – two rental apartment buildings and one retirement home. The balance in outstanding deferred DCs for rental and institutional housing increased from \$7.8 million to \$16.7 million.

The *Protect Ontario by Building Faster and Smarter Act, 2025* (Bill 17) received royal assent in June 2025, resulting in changes to the collection and calculation of DCs. With the exception of rental and institutional housing, DCs were historically payable prior to building permit issuance; however, Bill 17 introduced a deferral option for all residential non-rental DCs. Building permit issuance still determines the rate of DCs owing, but payment is not due until the time of building occupancy. This came into effect on November 3, 2025, and by year end, \$5.6 million in DCs that previously would have been collected had been deferred to occupancy. Historically the Town had been able to collect interest on DC deferrals, to lessen cash flow pressures. Bill 17 removed the ability for the Town to collect interest on installment payments so rental and institutional housing installments no longer include any interest charges, and there is no ability to collect interest on the new deferrals.

Not all developments pay DCs at current rates. Some developments are eligible for a rate freeze which, beginning in 2020, requires DC rates to be frozen at the time of an associated planning application. This adds risk that collection rates do not keep pace with growth-related costs and needs. To cover the costs associated with the DC rate freeze, the Town has the ability to charge interest in accordance with the DCA and the Town's DC interest policy and procedure. A base interest rate is set four times annually, based on the average prime rate of Canada's five largest banks, and municipalities are permitted to charge a maximum of the base interest rate plus one per cent. The Town's policy is to apply the maximum interest rate for rate freeze permits. In 2025, \$1.8 million of DC interest was collected. Despite the ability to charge interest, as of the end of 2025, the Town has collected \$22.3 million less in revenue due to the rate freeze over the years.

The Town's DC by-law provides for credits against the applicable service component of the charge when a developer enters into a financing arrangement with the Town for a DC financed project or provides services in lieu of DCs. Credits may then be applied towards DCs as they become due (i.e. building permit issuance, occupancy, or in accordance with the terms of the applicable development agreement). For the year 2025, the Town does not have any outstanding DC credits of this nature.

Demolition credits exist when a demolition permit is issued for a building or structure on a site. This credit can be applied towards future DCs owing on the same site, provided a permit for the new construction is issued within five years of the issuance date of the demolition permit. Demolition credits of \$352,100 were recognized in 2025.

Investment and interest income are allocated to DC reserve funds in accordance with the Town's approved reserves/reserve funds procedure based on the proportionate share of the service component to the total reserve fund balance. DC reserve funds with positive balances are allocated interest and DC services with negative balances are charged interest. The earnings rate of the Town's investment portfolio dictates the percentage of interest earned or charged. In 2025, \$10.5 million in investment and interest income was allocated to DC reserve funds. All interest allocated to DC reserve funds must be used to finance the projects identified in the Town's DC background study.

### Financing Activity

In 2025, DCs provided for \$32.1 million in capital funding to growth projects and \$6.3 million in debt financing recoveries. Financing activity from DC reserve funds is detailed in Appendix B by capital project. In addition, this appendix provides information on other sources of funding utilized for each project. Operating costs reflected in this appendix that received DC funding are solely for the repayment of

principal and interest on debt issued to fund capital projects. The debt financing recovery relates to the Sixteen Mile Community Centre and Library. Those projects requiring financing outside of the budget process were funded in accordance with Council approved financing policies.

As required by legislation, municipalities are required to spend or allocate at least 60 per cent of the monies in each DC reserve fund at the beginning of the year. As illustrated in the table below, the Town has allocated in excess of 60 per cent of reserve funds to eligible capital projects for all services included in the 2022 DC background study. A new DC background study is underway, where the balance in the Stormwater reserve fund that consists of collections from prior DC by-laws will be addressed. The 2025 ending balance in reserve funds is \$295.2 million, and \$1.033 billion is allocated to capital projects and debt charges through 2026 and prior year approved commitments and the 2027-2035 capital forecast.

DC Services	2025 Year-End Balance	Project Commitments- Approved & 2026-2035 Forecast
Services Related to a Highway	282.3	581.2
Transit Services	0.5	21.1
Library Services	12.1	55.7
Parks and Recreation Services	6.9	296.6
Growth Studies	(2.4)	18.1
By-law Enforcement	(0.1)	-
Fire Protection Services	(4.8)	60.4
Stormwater	0.5	-
Parking	0.240	0.167
<b>Total</b>	<b>\$ 295.2</b>	<b>\$ 1,033.3</b>

Bill 109, the *More Homes for Everyone Act, 2022* introduced the annual requirement of municipalities to review each service for which a DC is collected and state whether the municipality expects to incur the amount of capital costs that were estimated, in the relevant DC background study, to be incurred during the term of the DC by-law. If the amount of capital costs are no longer expected over the term of the by-law, an explanation is required. At this time, the Town expects to incur the full amount of capital costs for all services over the term of the DC by-law, with the exception of services related to a highway. The Town expects to incur 95% of the capital costs that were estimated for services related to a highway, due to a shift in timing for a number of transportation related projects due to the pace of growth and coordination with other levels of government. Changes to these variables would accelerate the timing of these projects, and result in spending at the levels originally anticipated. Further information is included in Appendix C.

Exemptions

The DCA and Town’s DC by-law provide for mandatory and discretionary exemptions from DCs, including but not limited to, municipally owned lands, certain agricultural structures, hospitals, areas of worship, additional residential units, and expansions less than 50 per cent of the size of existing industrial buildings. In recent years, a number of new exemptions related to housing have been mandated by the Province, including non-profit residential units, affordable residential units, inclusionary zoning units, additional residential units (up to two from the previous exemption for one), and discounts for rental housing. In 2025, Bill 17 introduced legislation exempting long term care homes.

The following table details exemptions as well as demolition/conversion credits applied to development or redevelopment in 2025. DC credits are not funded. DC exemptions are funded by capital reserve, and funding is carried in separate DC exemption reserves by service, with transfers to fund capital works shown in Appendix B.

EXEMPTIONS				
Category	Authority	Sq. Metres	# of units	\$
Municipal/Provincial/School Board	DCA, 1997	20,637		\$3,046,416
Industrial Expansion	DCA, 1997	2,295		\$364,465
Additional residential units	DCA, 1997		150	\$3,200,365
Rental Unit Discounts	DCA, 1997		754	\$2,334,663
Area of worship	By-law	159		\$26,867
<b>Total Exemptions</b>		<b>23,091</b>	<b>904</b>	<b>\$8,972,776</b>
School Board - Temporary Structures	DCA, 1997	702		\$118,618
Demolition Credits	By-law	1,854		\$352,100
<b>Total Exemptions and Credits</b>		<b>25,647</b>	<b>904</b>	<b>\$9,443,494</b>

Annual Statement

Appendices C and D provide supplemental information required by O. Reg. 82/98 and Sec. 43 of the DCA including descriptions of the DC service categories, specific transaction types, and a statement of compliance with section 59.1 (1) of the DCA.

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The annual statement of DC reserve funds as presented herein to Council satisfies the requirements of the DCA, O. Reg. 82/98, and the Town's DC by-law. Subsequent to Council's approval, this report will be made available to the public on the Town's website and to the MMAH.

### **Cash-in-lieu of Parkland, Bonus Zoning and Community Benefits Charge**

To comply with provisions of the *Planning Act*, the 2025 annual statement of the cash in lieu of parkland, bonus zoning and community benefit charge reserve funds must include the following for the preceding year;

- (a) The opening and closing balances of the reserve fund and transactions relating to the account;
- (b) Information pertaining to,
  - (i) Identification of land, facilities, services or other matters specified in the authorizing by-laws for which funds from the reserve funds have been spent during the year,
  - (ii) Details of the amounts spent, and
  - (iii) The manner in which any capital cost not funded from the special account was or will be funded; and
- (c) The amount of money borrowed from the reserve fund and the purpose for which it was borrowed;
- (d) The amount of interest accrued on any money borrowed from the reserve fund.

Appendix E details 2025 activity in these reserve funds in compliance with the reporting requirements of the *Planning Act*.

#### **Cash-in-lieu of Parkland**

Cash in lieu of parkland is collected in accordance with the *Planning Act* and the Town's Parkland Dedication by-law. Funds received are deposited to the segregated reserve fund for parkland purposes and interest applied in accordance with Town's approved reserves/reserve funds procedure. Eligible disbursements from the fund are in accordance with the provisions of legislation, Town policy, and approved budgets.

Legislative changes from Bill 23 impact how parkland dedication is collected, resulting in lower than expected collections. By the end of 2025, \$20.7 million in revenue had been lost due to the change in the alternative rate and the 10 per cent cap on land area or value. The Town has been tracking the revenue loss and continues to advocate that the province keep the Town whole for the reduced revenue from these changes to parkland dedication.

The parkland reserve fund balance increased in 2025 by \$6.9 million from an opening balance of \$94.2 million to a closing balance of \$101.2 million. In 2025, \$3.9 million was collected in cash in lieu and \$3.6 million in interest was earned. A total of \$554,763 was transferred to finance capital works and there were no major land purchases for the year.

Municipalities are required annually to spend or allocate at least 60 per cent of the monies in reserve funds for parkland dedication at the beginning of the year. The Town has allocated in excess of 60 per cent of the parkland dedication reserve fund to eligible projects as required by the legislation. The 2025 ending balance in the reserve fund is \$101.2 million, and \$146.1 million is allocated to capital projects through 2026 and prior year approved commitments and the 2027-2035 capital forecast.

Bonus Zoning and Community Benefits Charge

Bonus zoning and community benefits charge reserve fund balances increased in 2025 by \$1.4 million from an opening balance of \$9.7 million to a closing balance of \$11.1 million.

For 2025, \$284,407 was collected in bonus zoning payments and \$303,061 in interest was earned. There were no 2025 transfers to capital. There will continue to be bonus zoning payments over the coming years associated with zoning by-laws that included bonusing provisions prior to the passage of the CBC by-law. These funds will be used for the public benefits provided for in associated bonusing agreements.

The following chart shows the bonus zoning funds that are available to provide public benefits in certain areas of the Town based on each bonusing agreement:

<b>Area</b>	<b>Bonus Zoning Funds Available (current)</b>
Kerr Village	\$ 3,316,688
Uptown Core	\$ 1,219,951
North Oakville East	\$ 3,181,981
Bronte Village	\$ 927,353
	\$ 8,645,973

For 2025, \$926,400 in community benefit charges were collected and \$87,266 in interest earned. \$126,865 was transferred to fund capital projects.

In accordance with the *Planning Act*, municipalities are required to spend or allocate at least 60 per cent of the monies in reserve funds for community benefits charges. The Town is achieving the requirement of allocating at least 60 per cent of the

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community benefits charge reserve fund to eligible projects as required by the legislation. The 2025 ending balance in the reserve fund is \$2.49 million, and \$0.9 million is allocated to capital projects through 2026 and prior year approved commitments and the 2027-2035 capital forecast. Further, it is expected that CBC funding will be allocated to the Downtown Cultural Hub Centennial Square project, as identified in the existing CBC strategy.

**CONSIDERATIONS:**

**(A) PUBLIC**

DCs provide a non-tax source of revenue to finance growth-related municipal land and infrastructure. The DCA requires the treasurer to report to Council annually on the activity in the development charge reserve funds.

The *Planning Act* requires the treasurer to report to Council annually on activity in the cash in lieu of parkland, bonus zoning, and community benefit charge reserve funds.

The treasurer is further required to make a copy of these documents available to the public and the Ministry of Municipal Affairs & Housing.

**(B) FINANCIAL**

Development charges are the main source of funding for growth-related land and infrastructure. Funding received through the provisions of the *Planning Act* provide additional non-tax levy revenue streams to finance growth-related land and infrastructure needs.

**(C) IMPACT ON OTHER DEPARTMENTS & USERS**

N/A

**(D) CORPORATE STRATEGIC GOALS**

This report addresses the corporate strategic goal(s) to:  
Be accountable in everything we do  
Be fiscally sustainable

**(E) CLIMATE CHANGE/ACTION**

N/A

**APPENDICES:**

- Appendix A: Development Charge reserve fund statement
- Appendix B: Projects Funded from Development Charges
- Appendix C: Treasurer's Statement – Development Charges
- Appendix D: Statement of Compliance – Development Charges
- Appendix E: Treasurer's Statement of Reserve Funds – Planning Act

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