



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: April 28, 2025

Report No: ES-016-25

Subject: 2024 Treasurer's Statement of Development Charges and Cash-in-Lieu of Parkland Reserve Fund

Recommendation: THAT report ES-016-25 be received for information.

EXECUTIVE SUMMARY

- The Town collected \$40.6 million in development charges (DC) in 2024, along with \$1.1 million in cash-in-lieu of parkland.
- \$14.8 million of those funds were utilized in 2024, leaving balances of \$40.1 million and \$27.2 million in the DC and parkland reserve funds respectively.
- The Town continues to experience an upward trend in the cost of DC exemptions and discounts, with the 2024 amount exceeding \$5.6 million. This increasing trend is largely attributable to secondary dwelling units and is expected to continue with the recent legislative changes that expand exemptions and discounts for affordable, non-profit and rental housing units/developments.
- At 2024 year end, Milton held \$206.9 million in financial securities that are intended to protect the Town's financial interest with development-related approval processes or agreements.

REPORT

Background

This report is being submitted in compliance with the requirements of the Development Charges Act, 1997 (the "DCA") and the Planning Act. Section 43 of the DCA requires the Treasurer of a municipality to provide a financial statement relating to the development charge by-laws and reserve funds established under section 33 of the DCA. Similarly, section 42 of the Planning Act requires the Treasurer to provide a financial statement relating to the special account for cash-in-lieu of parkland monies. This report also includes a summary of



Background

the financial securities held by the Town in accordance with Financial Policy No. 117 Financial Management - Development Finance, as well as some activity level indicators for the Development Finance area for 2024.

Discussion

Development charge (DC) revenues collected in accordance with the Town's DC By-law 045-2021 are deposited in the DC reserve funds and subsequently applied to eligible growth-related costs once those costs have been incurred. Cash-in-lieu of parkland (CIL Parkland) revenues are collected pursuant to the Planning Act and are deposited into a special cash-in-lieu of parkland reserve fund as required under the Act until such time as they are used for the acquisition of land for park or other recreational purposes. This report provides both summary level and transaction information by reserve fund and detailed funding information by project as required under the DCA and the Planning Act.

Appendix 1 illustrates the breakdown of the reserve fund activity for DCs and CIL Parkland from January 1, 2024 to December 31, 2024. During this period, the total DC reserve balances, before accounting for outstanding commitments, increased from \$12.0 million to \$40.1 million. When the Town's contributions to DC revenues through the funding of DC Exemptions as well as outstanding commitments to capital projects are considered, the net balance at year end is a deficit of \$15.2 million. This projected deficit, largely driven by the services related to a highway development charge, is offset by interim financing secured through various financial agreements. This interim financing, known as cash flow assistance, was drawn upon in 2024 in accordance with the underlying financial agreements to manage the Town's cash flow requirements. As approved through CORS-064-20, amending agreements were executed during 2022 to reduce the letters of credit by 50% and the full \$33.9 million of cash flow assistance was drawn upon during 2024 to address the shortfall in the services related to a highway DC reserve fund. Under the terms of the amending agreement, the Town is required to repay the cash flow assistance in full no later than June 30, 2028.

The balance in the CIL Parkland reserve fund increased from \$23.1 million to \$27.2 million. The current capital budget reflects several investments in parkland funded from the reserve through the ten year forecast.

Appendix 2 identifies the capital projects to which the \$14.8 million of DC funds were transferred. No transfers from the CIL Parkland reserve fund were made during 2024. DCs are transferred to capital projects as expenses are incurred, effectively matching funding with expenditures. The schedule also identifies DC debt and exemption funding, post

Discussion

period/interim funding as well as the non-DC funding associated with these capital projects, as required under the DCA and Planning Act.

Appendix 3 provides a list of required disclosures as outlined in O.Reg 82/98.

Appendix 4 provides a summary of the development charge exemptions of \$5.6 million funded by the Town during 2024. Under the DCA, the Town is required to ensure that a higher development charge rate is not imposed to fund the share of growth costs that are related to the development of land that is exempt in the DC By-law. This includes growth resulting from both mandatory and discretionary exemptions.

Financial Securities:

Through Financial Policy No. 117 Financial Management - Development Finance, the Town requires the submission of financial securities to ensure compliance with the Town's standards and/or to protect the Town's financial interests with development-related approval processes or agreements. The following table summarizes the Town's financial security holdings activity categorized by approval process/agreement type for 2024. The net increase of \$13.8 million is largely attributable to an increase in securities collected under new subdivision/servicing agreements (\$49.1 million) offset by a decrease in securities held due to the draw of the cash flow assistance letters of credit (\$33.9 million).

Approval Process/Agreement Type	Opening Balance January 1, 2024	New/ Increases	Releases/ Reductions/ Draws	Ending Balance December 31, 2024
Subdivision/Servicing Agreement	\$ 91,803,005	\$ 74,575,689	\$ (25,452,115)	\$ 140,926,579
Cash Flow Assistance	33,925,720	-	(33,925,720)	0
Site Plan Agreement/Undertaking	40,055,724	18,156,013	(13,798,314)	44,413,423
Development Agreement	6,092,690	-	(4,192,091)	1,900,599
Engineering Permit	10,723,851	667,563	(947,649)	10,443,765
Local Environmental Monitoring Program	6,119,519	-	(593,908)	5,525,611
Other	4,398,353	1,008,721	(1,753,721)	3,653,353
Total Financial Securities	\$ 193,118,861	\$ 94,407,986	\$ (80,663,517)	\$ 206,863,330

Letters of credit constitute the majority of the Town's financial security holdings with just over \$201 million held at year end 2024. By comparison, the Town held \$5.7 million in cash securities. The overall securities held by type and purpose is summarized in the following table.

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Approval Process/Agreement Type	Letters of Credit	Cash	Total Financial Securities Held
Subdivision/Servicing Agreement	\$ 140,630,325	\$ 296,254	\$ 140,926,579
Cash Flow Assistance	0	-	0
Site Plan Agreement/Undertaking	41,892,527	2,520,895	44,413,423
Development Agreement	1,792,687	107,913	1,900,599
Engineering Permit	8,439,847	2,003,919	10,443,765
Local Environmental Monitoring Program	5,525,611	-	5,525,611
Other	2,891,020	762,333	3,653,353
Total Financial Securities	\$ 201,172,016	\$ 5,691,313	\$ 206,863,330

Annual Activity Summary:

The Development Finance are supports the financial management of development within the Town through the provision of numerous services including:

- the administration and/or calculation of development charges and financial securities;
- coordinating the growth forecast and guiding budget staff in forecasting financial impacts of growth;
- liaising with the development community and the Development Services department to support and administer development and financial agreements, including subdivision agreements;
- providing financial support and review of various growth-related financial agreements and corporate studies, including secondary plans, tertiary plans and master plans; and
- leading the development of fiscal impact analyses and financial policies that guide the financial management of growth.

The following table highlights activity levels for Development Finance in 2024 compared against 2023:

Discussion

Metric	2024	2023	Change
No. Building Permits - Residential	1,343	1,125	+19%
No. Building Permits - Non-Residential	121	187	-35%
No. of Active Subdivisions	49	58	-16%
Financial Securities:			
Quantity Held	349	396	-12%
No. of Transactions	219	194	+13%
\$ Value	\$ 206,863,330	\$ 201,172,016	+3%

The Development Finance unit remained busy in 2024 developing the policies and procedures that are required to enact the various changes that have occurred in Provincial legislation. This has included consultation with the Region of Halton, other municipalities and stakeholders, and resulted in several Council approvals in early 2025 including:

- [ES-005-25](#) - framework to implement DC exemptions for affordable housing
- [ES-007-25](#) - frame for the acceptance of pay-on-demand surety bonds
- [ES-009-25](#) - update to the Development Finance Policy (Policy 117)

Development Finance also proceeded through a request for proposal process in order to secure the resources required to complete a DC Background Study and by-law update, along with a Community Benefit Charge Study, with the contract award approved by Council in December 2024 via report [ES-038-24](#).



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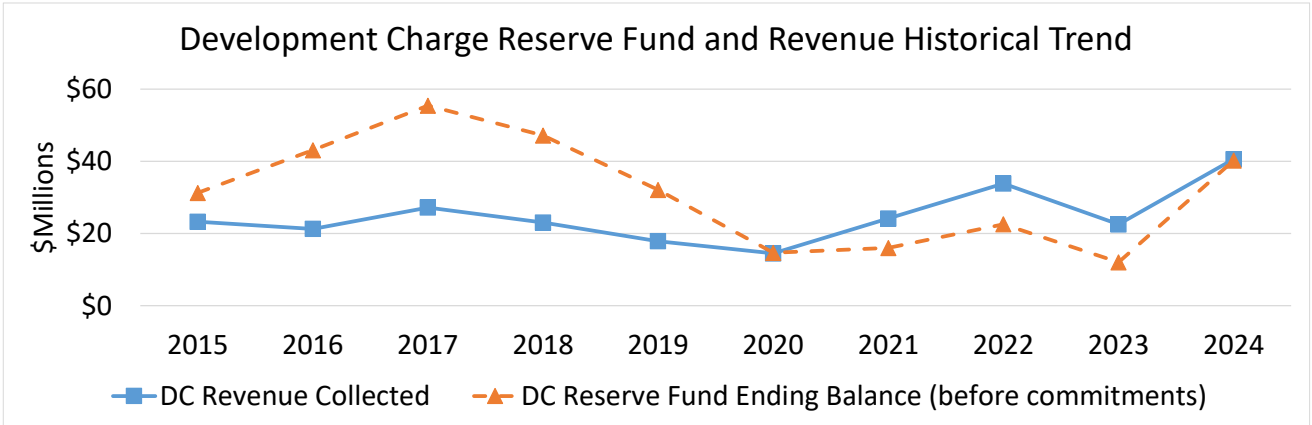
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Financial Impact

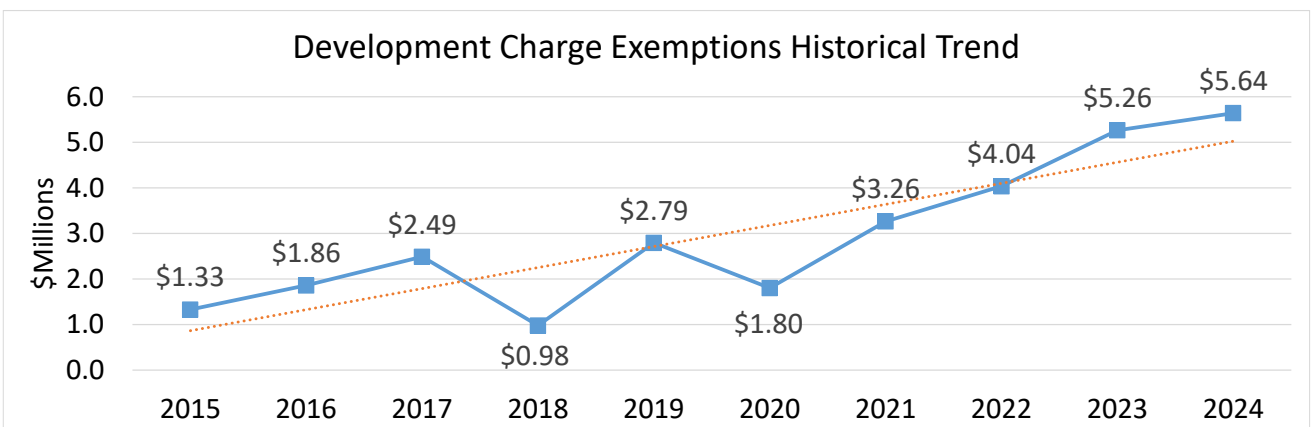
This report provides legislated reporting on the Town's DC and CIL Parkland reserve funds as required under the DCA and Planning Act. The funds collected through DCs and CIL Parkland form an important part of the Town's capital financing, as approximately 48% of the 2025-2034 Capital Budget and Forecast are funded from these sources (inclusive of post period benefit and DC debt).

The table below presents a ten-year historical continuity of DC revenue collections and reserve fund balances in order to add some additional context to the 2024 DC activity. The balance in the DC reserve funds will fluctuate with, amongst other factors, the timing of the growth related projects the DCs are collected to fund. The Town's annual DC revenues in 2024 reflect higher annual growth of residential and non-residential development. Higher than historical average of DC revenues are anticipated in future years as the Town is projecting continued growth in the community. Although DC reserve fund balances have increased during 2024, commitments for capital works in progress are anticipated to place strain on the DC reserve fund balances in the coming years as projects progress through construction.

Financial Impact



The following growth further depicts the historical DC exemption values that the Town is required to fund in accordance with the DCA. Although the annual values vary as a result of the activity levels related to exempt development (such as public entities and industrial expansions), the Town continues to experience an upward trend in DC exemptions, with 2024 exemptions in excess of \$5.6 million. Exemptions for secondary dwelling units showed an increase of 28%, or \$1.2 million over 2023 and the Town continues to anticipate high levels of secondary dwelling unit development and associated exemptions as the Province continues to remove barriers and increase incentives for this type of growth in an effort to address the housing supply shortage. In 2024, the Town also provided it's first ever DC discount for rental housing developments and has received an increase in the volume of inquiries related to the affordable housing exemptions that are now available under the DCA.





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Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Melanie Wallhouse Phone: Ext. 2314
Manager, Development Finance
& Financial Consulting

Attachments

Appendix 1: Annual Treasurer's Statement of Development Charges and Cash-in-Lieu of Parkland Reserve Funds

Appendix 2: Capital Fund Transactions

Appendix 3: Treasurer's Statement

Appendix 4: Summary of Development Charge Exemptions

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.