Town of Whitby

Staff Report

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Report Title: Community Benefits Charge Implementation

Report to: **Committee of the Whole**

Date of meeting: May 11, 2026

Report Number: **FS 01-26**

Department(s) Responsible:

Financial Services Department

Submitted by:
Fuwing Wong – Commissioner, Financial Services & Treasurer

Acknowledged by M. Gaskell, Chief Administrative Officer

For additional information, contact:

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1. Recommendation:

1. **That Council approve the Community Benefits Charge Strategy included as Attachment 1 of Report FS 01-26;**
2. **That Council enact the Community Benefits Charge By-law included as Attachment 2 of Report FS 01-26, effective January 1, 2027; and,**
3. **That Council approve the establishment of a new Community Benefits Charge Reserve Fund, and the associated reserve fund policy included in Attachment 4 of Report FS 01-26.**

2. Highlights:

- A Community Benefits Charge ("**CBC**") is a growth financing tool that allows municipalities to collect funds from higher‑density developments to help pay for growth‑related community amenities. It applies to projects with five or more storeys and at least ten residential units, with the charge capped at 4% of land value. CBCs fund a wide range of capital needs not covered by Development Charges ("**DCs**") or parkland dedication, such as parks, public realm improvements, recreation facilities, cultural spaces, parking infrastructure, and

growth‑related administrative space, and in Whitby's case, can also support the Town's future hospital contribution.

- Before adopting a CBC by‑law, the Town must prepare a CBC Strategy and undertake public consultation. Once passed, the by‑law may be appealed to the Ontario Land Tribunal ("**OLT**") and must be reviewed at least every five years to ensure it continues to reflect local growth patterns and capital needs.
- Public engagement for the CBC included posting the Draft Strategy on April 7, 2026, and hosting a public meeting on April 27, 2026, where no verbal comments were received. One written submission was provided and has been considered in finalizing the by‑law.
- The CBC capital program identifies $57.18 million in net project costs, of which $3.77 million is eligible for CBC funding after accounting for ineligible shares and other funding sources.
- Given that the capital program exceeds anticipated revenues, applying the 4% land value rate (the maximum permissible) is both justified and necessary. This approach is consistent with most GTA municipalities, the majority of which also use the 4% rate.
- The CBC By-law is expected to generate approximately $2.6–$3.1 million in revenue between 2027 and 2036, with all funds required to be deposited into a dedicated reserve fund account and used solely for eligible growth‑related capital costs.
- The Town must report annually on the balance, collections, expenditures, allocations, and funded projects.
- Subject to Council approval of the CBC By-law at the May 25, 2026 Council meeting, the CBC By-law will be passed but CBCs will not be applied to building permits issued for developments with five or more storeys and at least ten residential units for the balance of 2026.

3. Background:

3.1. Community Benefits Charge Overview

A CBC is one of only three growth financing tools established by the Province of Ontario to help municipalities fund community amenities required to support growth. The other two growth financing tools are Development Charges ("**DCs**") and Parkland Dedication requirements under Sections 42 and 51.1 of the Planning Act. Together, CBCs, DCs and parkland dedication form a coordinated set of tools that are used to manage the capital cost of growth-related infrastructure. CBCs were introduced as part of the provincial government's broader effort to modernize and streamline the development‑funding framework. CBCs allow municipalities to collect funds from certain higher‑density developments to pay for services and facilities that contribute to complete, livable communities.

CBCs were created through legislative reforms beginning with the More Homes, More Choice Act, 2019 ("**Bill 108**") and later refined by the COVID‑19 Economic Recovery Act, 2020 ("**Bill 197**"). These reforms replaced the former Section 37 "density bonusing"

system. By replacing the negotiated, site‑specific nature of the former Section 37 system with a standardized and capped charge, CBCs aim to provide a more predictable and transparent approach to funding community benefits while supporting the delivery of essential amenities in rapidly growing urban areas.

A CBC may only be collected from eligible residential developments or redevelopments that meet the following criteria:

- The development is **five or more storeys**; and
- It contains **ten or more residential units**.

CBCs are capped at **4% of the value of the land** on the day before a building permit is issued, ensuring that the charge reflects the scale and intensity of the development.

CBC revenues may be used to fund a broad range of growth-related capital costs that are not recoverable through DCs or parkland dedication. This flexibility allows municipalities to address community needs that fall outside the legislated categories permitted under the Development Charges Act. Eligible services include, but are not limited to:

- Community centres and recreation facilities
- Parking and parking related infrastructure
- Parks and public realm improvements
- Cultural and social services infrastructure
- Municipal administrative space required to support growth

Staff are also proposing to use CBC revenues as an initial funding source for the Town's local share of future Whitby hospital costs. Accordingly, the future hospital contribution has been identified as an eligible growth-related capital cost within the CBC Strategy. Further, administrative resources will be required to implement and manage the CBC program, including valuation processes and ongoing monitoring. These requirements will also be addressed as part of the Strategy.

As the Town continues to experience intensification and higher density development, pressure on local services, public spaces, and community amenities continues to increase. CBCs provide a legislatively supported mechanism to ensure that growth contributes fairly to the cost of maintaining service levels for residents. They also help reduce reliance on the property tax base and support long term financial sustainability.

3.2. CBC Implementation Process

Before passing a CBC bylaw, the Town must prepare a CBC Strategy that identifies:

- A growth forecast
- Anticipated growth-related needs
- Eligible capital project costs
- Any benefit to the existing population
- Any excess capacity
- The methodology for determining the charge

The Planning Act also requires municipalities to undertake public consultation, including engagement with the development community and other stakeholders, prior to adopting a CBC By-law.

3.3. CBC By-law

The Planning Act provides a process for appealing a CBC By-law. Once a CBC By-law is passed, any person or public body may file an appeal to the OLT within 40 days of the By-law's passage. If an appeal is submitted, the municipality must forward the appeal record to the OLT, which then reviews whether the By-law complies with legislative requirements, including the need for a supporting CBC strategy. The OLT may dismiss the appeal, amend the By-law, or direct the municipality to make changes. This appeal window ensures transparency and provides an opportunity for stakeholders to challenge the validity or appropriateness of the CBC framework before it is implemented

The Town must review its CBC By-law at least once every five years, including updating the CBC Strategy, to confirm that the By-law continues to reflect local growth patterns, capital needs, and provincial requirements.

4. Discussion:

The implementation of a Community Benefits Charge represents an important step in maximizing the growth funding tools available to the Town under Provincial legislation. Establishing this framework will help ensure that growth contributes appropriately to the cost of the infrastructure and services required to support a complete and vibrant community.

4.1. CBC Eligible Development Forecast

To help frame both the scale of development activity and the potential CBC revenue capacity, the development forecast is based on the Town's 2021 DC Background Study, and outlines expected growth over a 10‑year planning horizon from 2027 to 2036. Within this period, it is anticipated that CBC-eligible units will account for approximately 4,700 units (about 19 per cent) of a total 25,400 residential units planned for construction. This forecast supports long‑term planning efforts by aligning growth expectations with the Town's infrastructure needs and broader community‑building objectives.

4.2. CBC Capital Program

Several projects were evaluated for inclusion in the CBC capital program, representing a total net cost of $57.18 million. After excluding the ineligible portion of costs that benefit existing residents and businesses, as well as accounting for alternative funding sources, the resulting CBC‑eligible share is $3.77 million. Table 1 summarizes the capital program by service category.

Table 1 – CBC Capital Program				
CBC Service	**Net Costs**	**Ineligible Shares**	**Other Funding**	**Total CBC Eligible Share**
	$ millions			
Parking Services	$28.78	$12.50	$15.24	$1.03
CBC Administration	$0.53	$0	$0	$0.53
Culture & Tourism - Infrastructure, Equipment & Facilities	$0.50	$0	$0.46	$0.04
Roads and Related & Active Transportation Infrastructure	$5.00	$1.25	$3.51	$0.24
Public Hospital	$12.00	$6.00	$5.62	$0.38
Climate Change Initiatives	$1.85	$0.83	$0.96	$0.06
Town Facilities & Administration Buildings	$5.32	$2.58	$2.57	$0.17
Parkland, Park Development & Community Facilities	$2.50	$0	$1.25	$1.25
Public Art, Heritage & Culture	$0.70	$0	$0.64	$0.06
Total	**$57.18**	**$23.16**	**$30.26**	**$3.77**

4.3. Rate Structure

The CBC charge can be structured either as a rate per unit, applied to each new residential unit, or as a percentage of land value, calculated at the time of development. Using a percentage of land value provides a more flexible and market‑responsive approach, and in the case of the Town, the justification for applying the 4% land value rate is well supported. The 4% rate represents the maximum allowable charge under provincial legislation, ensuring the municipality is capturing the highest feasible contribution toward growth‑related costs. Moreover, the total cost of the CBC capital program exceeds the revenues anticipated from applying the 4% rate, meaning the municipality is already under‑recovering its eligible costs. In this context, using the full 4% of land value is both reasonable and necessary to ensure growth pays for growth‑related infrastructure to the maximum extend permitted, while maintaining compliance with the legislative restrictions.

Table 2 summarizes the rate structure of CBCs implemented in other GTA municipalities.

Table 2 – CBC Rate Structure Comparison

Municipality	**Rate Structure**
Ajax	4% of land value
Brampton	4% of land value
Burlington	$488/ 2+ Bedroom Apt. $362 / < 2 Bedroom Apt.
Clarington	4% of land value

Fort Erie	4% of land value
Guelph	4% of land value
Halton Hills	4% of land value
Hamilton	4% of land value
Innisfil	$1,200 / unit in Orbit Secondary Plan Area $800 / unit outside the Orbit Secondary Plan Area
Markham	4% of land value
Mississauga	4% of land value
Newmarket	4% of land value
Niagara Falls	4% of land value
Oshawa	$147 / 2+ Bedroom $90 / Bachelor and 1 Bedroom
Pickering	$1,070 / 2+ Bedroom Apt. $657 / < 2 Bedroom Apt.
Richmond Hill	4% of land value
Toronto	4% of land value
Waterloo	4% of land value

5. Financial Considerations:

The Community Benefits Charge Strategy identifies an estimated revenue of between $2.6 and $3.1 million over the 10-year planning period from 2027 – 2036.

A draft CBC By-law is attached to this report (as Attachment 2) for Council consideration at the May 25, 2026 Council meeting. Subject to Council approval on May 25, 2026, the CBC By-law will be passed that day but staff are recommending a phase-in period ending December 31, 2026. Accordingly, the community benefits charge must be paid prior to the issuance of building permits for developments of five or more storeys and ten or more residential units **with a commencement date of January 1, 2027**. For clarity, building permits issued for such development prior to January 1, 2027 will not be subject to the CBC.

All CBC revenues must be placed into a dedicated special account, separate from all other municipal funds, and used exclusively for eligible growth‑related capital costs identified in the CBC Strategy. Under the Planning Act, municipalities are required to establish this special account (i.e., reserve fund) and deposit all monies collected through a CBC By-law into it. Funds in the special account may be invested in permitted securities, with any investment income returned to the same account.

The municipality must prepare an annual report that details the opening and closing balances of the special account, all CBC collections and expenditures, allocations or commitments to future capital budgets, and the projects funded; this report must be made publicly available to ensure transparency.

6. Communication and Public Engagement:

The public notice and Draft CBC Strategy were published on the Town's website on April 7, 2026. Hemson Consulting Ltd. presented the CBC Strategy at the public meeting held on April 27, 2026, where members of the development community, residents, and other stakeholders were invited to provide input. No delegations, comments, or questions were received at the meeting. Staff received a written submission from the Building Industry and Land Development Association ("**BILD**"), included as Attachment 3. All feedback received has been reviewed and incorporated into the development of the final By-law.

7. Input from Departments/Sources:

The CBC Strategy was prepared by Hemson Consulting Ltd. with input from Town staff. The Planning and Development Department contributed to the development of the growth forecast, while the Strategic Initiatives, Engineering, Parks Planning and Development, and Facilities Departments informed the capital program. The Building Services Department provided input on administrative considerations, and the Legal and Enforcement Services Department supported the development of the CBC By-law.

8. Strategic Priorities:

Implementing a Community Benefits Charge advances key pillars of Whitby's Community Strategic Plan by providing dedicated funding for growth‑related parks, public spaces, active transportation, and community facilities.

The CBC aligns with Strategic Plan Actions related to enhancing public spaces, expanding active transportation, and investing in sustainable, accessible infrastructure. It also supports Whitby's Accessibility goals through barrier‑free design and improved public‑realm access. In addition, CBC‑funded projects advance Sustainability and Climate Action by reducing climate risks, supporting resilience, and encouraging low‑carbon mobility and energy‑efficient community facilities.

9. Attachments:

Attachment 1 – Community Benefits Charge Strategy

Attachment 2 – Draft Community Benefits Charge By-law

Attachment 3 – Letter from BILD

Attachment 4 – Community Benefits Charge Reserve Fund Policy