



**Meeting Date:** May 22, 2024

**Prepared By:** Tiffany Farrell, Director of Corporate Services

**Report No:** CPS-32-2024

**Subject:** Development Charge Study 2024 - Public Meeting

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**Recommendation:**

THAT report CPS-32-2024, Development Charge Study 2024 – Public Meeting be received;

**Purpose:**

To provide council with information on the Development Charge Background Study for 2024, associated timelines and feedback received by the public.

**Background:**

Development charges are fees levied by municipalities to help cover the costs associated with infrastructure and services required due to new development/growth. These charges typically fund the construction or expansion of infrastructure like roads, sewers, water systems, parks, and community facilities. The purpose of DCs is to ensure that new development contribute their fair share toward the necessary infrastructure improvements to support growth.

Middlesex Centre hired Watson & Associates Economists Ltd (Watson) in December 2023 to complete the 2024 DC Background Study and associated by-law(s) as per Report, CPS-56-2023.

Watson & Associates has previously completed the municipality's 2009, 2010, 2014 and 2019 DC background studies as well as the 2017 and 2021 DC by-law amendments. Middlesex Centre has chosen to continue to work with one consulting company with respect to the DC background studies, by-laws, and by-law amendments as they bring consistency, have a vast knowledge of Middlesex Centre's assets and growth, and are well-respected in their field. Watson & Associations has also completed the municipality's growth studies in the past.

Middlesex Centre's current development charge By-law expires July 17, 2024; therefore, a new By-law will need to be approved before this date.

## Project Timeline

Municipal staff and Watson & Associates have been diligently working on the information required to complete the study and by-law(s) since January 2024. Staff have held multiple meetings with Watson & Associates and provided all documentation required.

The draft information was presented by Watson & Associates in Council on March 20, 2024, and to the Development community on March 27, 2024. It is important to note that the information used to complete the draft findings is based on the municipality's master plans, budgets, growth forecasts, prior DC studies, and other supporting information.

On May 1, 2024, staff received direction from Council on Development Charge calculation methodology, exemptions, and exclusions to be included in the 2024 DC Study.

Staff worked with Watson and Associates on finalizing the Final report (DC Background Study and DC Bylaw) and it was posted to the Municipal website on May 8, 2024.

The public meeting is being held on May 22, 2024. At this meeting Council and the public will have an opportunity to ask questions and provide comments.

Final Study and By-law(s) will be presented to Council on July 10, 2024, which will be a special meeting of Council.

## **Analysis:**

### Timelines

The public meeting is a mandatory requirement under the *Development Charges Act* (D.C.A.). Prior to Council's consideration of a by-law, a background study must be prepared and available to the public a minimum of 2 weeks prior to a public meeting and provided on the Municipality's website 60 days prior to by-law passage. The public meeting is to provide a review of the Development Charges (D.C.) proposal and to receive public input on the proposed policies and charges. Staff are compliant with the proposed timelines in the DCA.

- Middlesex Centre has given at least 20 days' notice of the public meeting of Council (May 22, 2024), in accordance with Schedule 1 (s. 12 (1) (b)). This was done by publication in a newspaper that is, in the clerk's opinion, of sufficient general circulation in the area to which the proposed D.C. by-law would apply to give the public reasonable notice of the meeting. It was also posted on the municipal website.
- The background study was made available at least 60 days prior to passing the D.C. by-law, and will stay available until the D.C. by-law expires or is repealed, make the background study available on the municipality's website (s. 10 (4)). It will be posted May 8, 2024.

- At least two weeks prior to the public meeting the municipality must make available the background study and proposed D.C. by-law. (s. 12 (1) (c)) and it was posted May 8, 2024.

## Bill 185

The Province of Ontario recently released Bill 185, Cutting Red Tape to Build More Homes Act, 2024, and this Bill will impact the Development Charge Study for 2024. The impacts are noted within the background study.

## Public Comments

The public meeting is held to receive input from the public on the proposed DC By law. However, staff have received three comments during the DC Study process in 2024 that are outlined below.

### Comment #1

*Feedback on what could be done or is being done with a more creative approach to DCs for MX.*

*Middlesex Centre is strategically located in proximity to major transportation corridors and the City of London, positioning it as a key area for residential, commercial, and industrial development within Ontario. Development charges in this context are fees collected by the municipality from developers to fund the infrastructure needed to support growth. While these fees are essential for municipal financing, their impact on development costs can influence the pace and nature of growth in the area.*

### *Argument for Elimination or Deferral of Development Charges*

*Leveraging Strategic Location for Economic Growth: Middlesex Centre's proximity to major highways and the City of London enhances its attractiveness for businesses seeking access to transportation networks and urban markets. Eliminating or deferring development charges could further incentivize businesses to establish or expand operations in the area, capitalizing on its logistical advantages to create jobs and stimulate local economic growth.*

*Enhancing Housing Affordability Near Urban Centers: The demand for affordable housing is acute, particularly in regions adjacent to urban centers like London, where prices have been steadily increasing. By reducing the upfront costs associated with development charges, Middlesex Centre could encourage the construction of more affordable housing units, providing residents with more cost-effective living options close to urban amenities and employment opportunities.*

*Encouraging Smart Growth and Efficient Land Use: Middlesex Centre can use the policy of eliminating or deferring development charges as a tool to direct growth in a manner that aligns with regional planning objectives. This could involve targeting*

*specific areas for development that support the municipality's vision for sustainable growth, such as denser residential developments or industrial parks that leverage the area's access to transportation networks, thereby reducing urban sprawl and preserving green spaces.*

*Boosting Competitiveness and Regional Collaboration: By adopting a more flexible approach to development charges, Middlesex Centre could enhance its competitiveness relative to neighbouring jurisdictions. This could not only attract more development to the area but also foster regional collaboration with the City of London and surrounding municipalities, leading to coordinated efforts to promote economic development, infrastructure investment, and environmental sustainability across the region.*

### *Counterarguments and Mitigation*

*Opponents may argue that the elimination or deferral of development charges could lead to revenue shortfalls for essential services and infrastructure. To address this concern, Middlesex Centre could explore alternative or supplementary funding mechanisms, such as phased development charges, targeted levies for specific projects, or partnerships with developers that include commitments to infrastructure contributions. Additionally, a temporary deferral program could be implemented with clear timelines and conditions to ensure that the municipality can manage its finances effectively while supporting growth.*

### *Conclusion*

*The elimination or deferral of development charges in Middlesex Centre offers a strategic opportunity to leverage its geographic advantages for economic and residential growth. By reducing barriers to development, the municipality can attract investment, enhance housing affordability, and promote smart growth strategies in close collaboration with the City of London and surrounding areas. Adopting a flexible and strategic approach to development charges, coupled with careful financial planning, can position Middlesex Centre as a leading community for sustainable development in Ontario.*

### *Comment #2*

*We talked after the Middlesex Centre meeting 2 weeks ago about the implication of raising DC's affects inflation. In a buoyant market, when margins are higher, increased DC's are just another addition to the cost. But when you are in a market which is correcting and you asking your contractors for a better price, DC increases at this time are not acceptable.*

*The industry has had a 20 - 25% correction in price. Which has affected everyone from the developers to the painters and all trades in between.*

*Sometimes, it would be nice to have government take the lead on fighting inflation. Maybe, be team player and look at the market. Maybe, take a pause to help a struggling housing market.*

*I witness every day as I drive by the new Firehall in Coldstream, what our DC's have been used to build. Way over built in my opinion for a volunteer fire department. Plus, new equipment, which I know they need. But what happens to all the new tax dollars, that new development creates. It is known that new subdivisions have virtually no cost to the municipality, save snow plowing and street sweeping.*

*It is a Catch 22, DC's are allowed to increase to the cost of inflation. Yet in the end, they are creating inflation.*

### Comment #3

*This letter is to provide the position of Sifton Properties Limited regarding the content and timing of the 2024 Middlesex Centre Development Charges (DC) Study.*

*With regard to discrete projects within the 2024 Development Charges Background Study, Sifton requests that the multi-use path designed as part of Sifton's Timberwalk Phase 5 development be included as a development charge rebate eligible project. Tendered pricing for the multi-use path along Blocks 57 and 58 is \$250,120.13. Middlesex Centre's Director of Public Works and Engineering has expressed interest in accelerating the park work in Timberwalk and proceeding with Municipal assumption. Under the current by-law, Parks and Recreation is considered a Municipal-Wide Service and thus, the multi-use path at Timberwalk Phase 5 should be considered works eligible for DC rebate.*

*Recognizing that Middlesex Centre is conducting the DC Study on a comparatively aggressive timeline as a result of a looming deadline coincident with the expiry of the current DC By-law, Sifton feels strongly that the condensed timeline is restrictive of appropriate public review and input.*

*As recently as three weeks ago, the Draft DC Background Report and Draft DC By-law was to be released on April 19th, 2024 with a review and comment period of nearly five weeks. The Report and By-law is now set for release on May 8th with no change to the review period leading up to the Public Meeting on May 22nd. With the already inadequate review period of five weeks shortened to two weeks, this does not allow time for a constructive review of a complex topic.*

*In addition to the time constraint of the review period, sufficient information has not been released with regard to the Middlesex Centre Servicing Master Plan. A general overview of the Servicing Master Plan was provided to Council in December of 2023 in the form of a short PowerPoint presentation. This presentation did not include project specifics nor detailed budgets and service capacities (current and future) that would normally be part of a full report. From Middlesex Centre's website, the Servicing Master Plan has a prescribed purpose, "The SMP will identify shortcomings in the water, wastewater,*

*stormwater and solid waste servicing systems, identify alternative solutions, evaluate those alternatives against a set of evaluation criteria, and then identify a preferred solution(s) to support planned growth in Middlesex Centre to the year 2042.” Clearly, the Servicing Master Plan plays a vital role in determining the capital projects that form the basis of infrastructure growth within Middlesex Centre and in turn, informing costs within the DC Background Report. Given that even a Draft Servicing Master Plan has not been released for public review, it is impossible to validate the capital budget and works listed within the forthcoming Draft DC Background Report.*

*Lastly, with the Middlesex Centre Official Plan under appeal and specifically, the population growth projections it is Sifton’s position that basing development charge rates and a DC By-law on growth numbers that are under dispute and potentially deemed incorrect is preemptive and imprudent. Middlesex Centre’s growth projections for the prescribed planning horizon must be finalized before a DC Background Report and DC By-law can be appropriately considered.*

*With the above justification, Sifton Properties Limited would like to formally request that Council consideration of the DC By-law update be deferred until such a time where the Servicing Master Plan can be reviewed in conjunction with the DC Background Report.*

### **Financial Implications:**

All financial implications are noted in the Development Charge Background Study for 2024.

### **Strategic Plan:**

This matter aligns with following strategic priorities:

- Responsive Municipal Government

This report responds to the legislative requirement under the Development Charges Act and additionally it responds directly to Objective 5.3– Foster a culture of innovation, continuous improvement, and cost-effective services by sharing information and gathering input, by continuing our timely and effective communication to the public.

- Sustainable Infrastructure and Services - Objective 4.3 – Continue with our asset management plan and apply a financial sustainability lens to all municipal assets and infrastructure.

By communicating our approach to capital projects and communicating clearly with the public on capital spending priorities in terms of costs, benefits, funding sources and timing.

- Sustainable Infrastructure and Services - Objective 4.2 – Expand existing services in accordance with the pace of new development and apply a financial sustainability lens to all municipal services and programs.

By analyzing and projecting the operating cost impacts of new residential development.

**Attachments:**

N/A