



Municipality of Middlesex Centre Development Charges Background Study

Public Meeting
May 22, 2024

Public Meeting Purpose

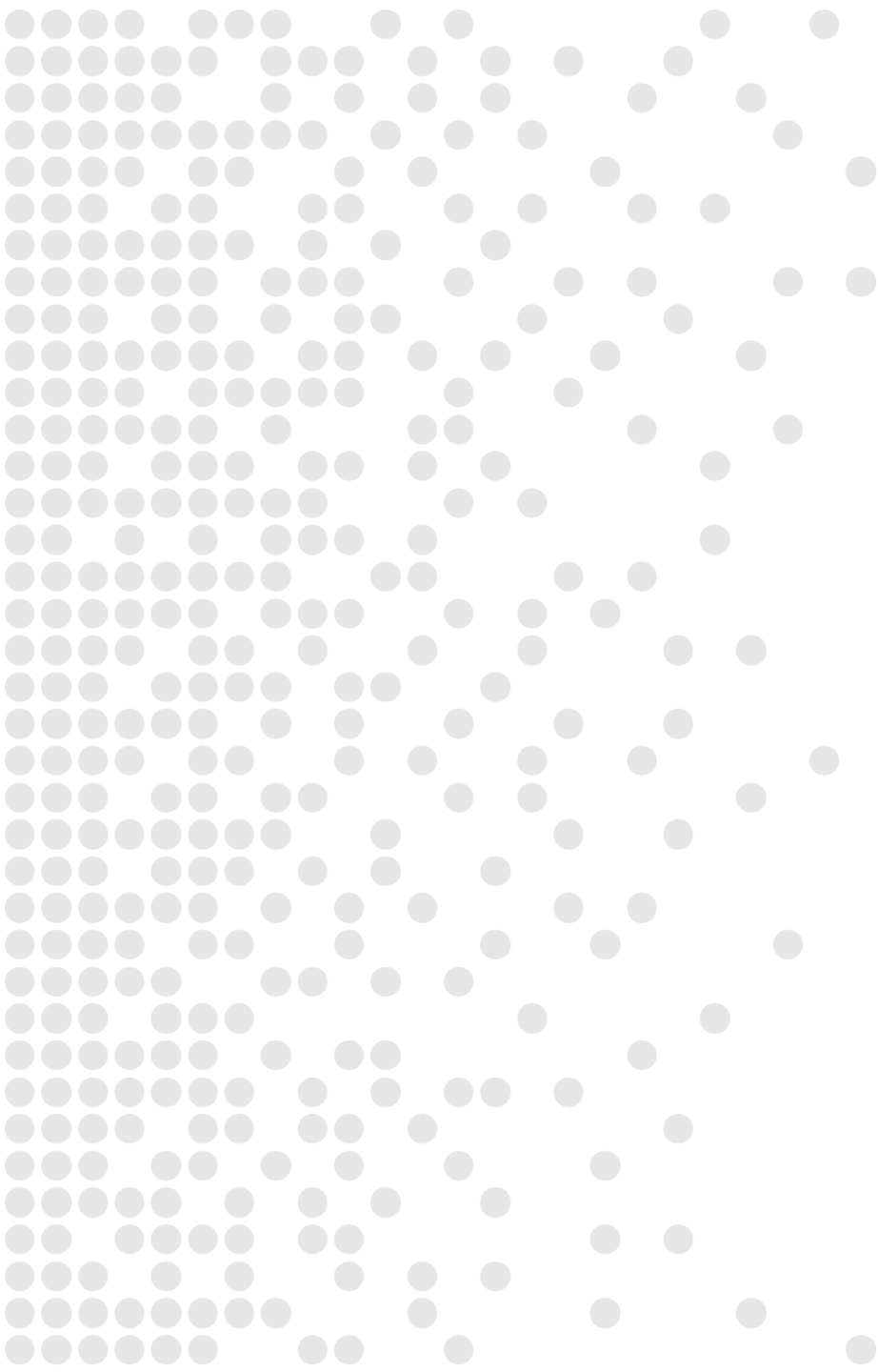


- This meeting is a mandatory requirement under the *Development Charges Act, 1997*, as amended (D.C.A.)
- Prior to Council's consideration of a by-law, a background study must be prepared and made available to the public a minimum of 2 weeks prior to a public meeting and provided on the Municipality's website 60 days prior to by-law passage
- Purpose of the public meeting is to provide for a review of the development charges (D.C.) study and to receive public input on the proposed policies and charges

Agenda



1. Introduction
2. Methodology for Calculating Development Charges
3. 2024 D.C. Background Study
4. Next Steps



1. Introduction



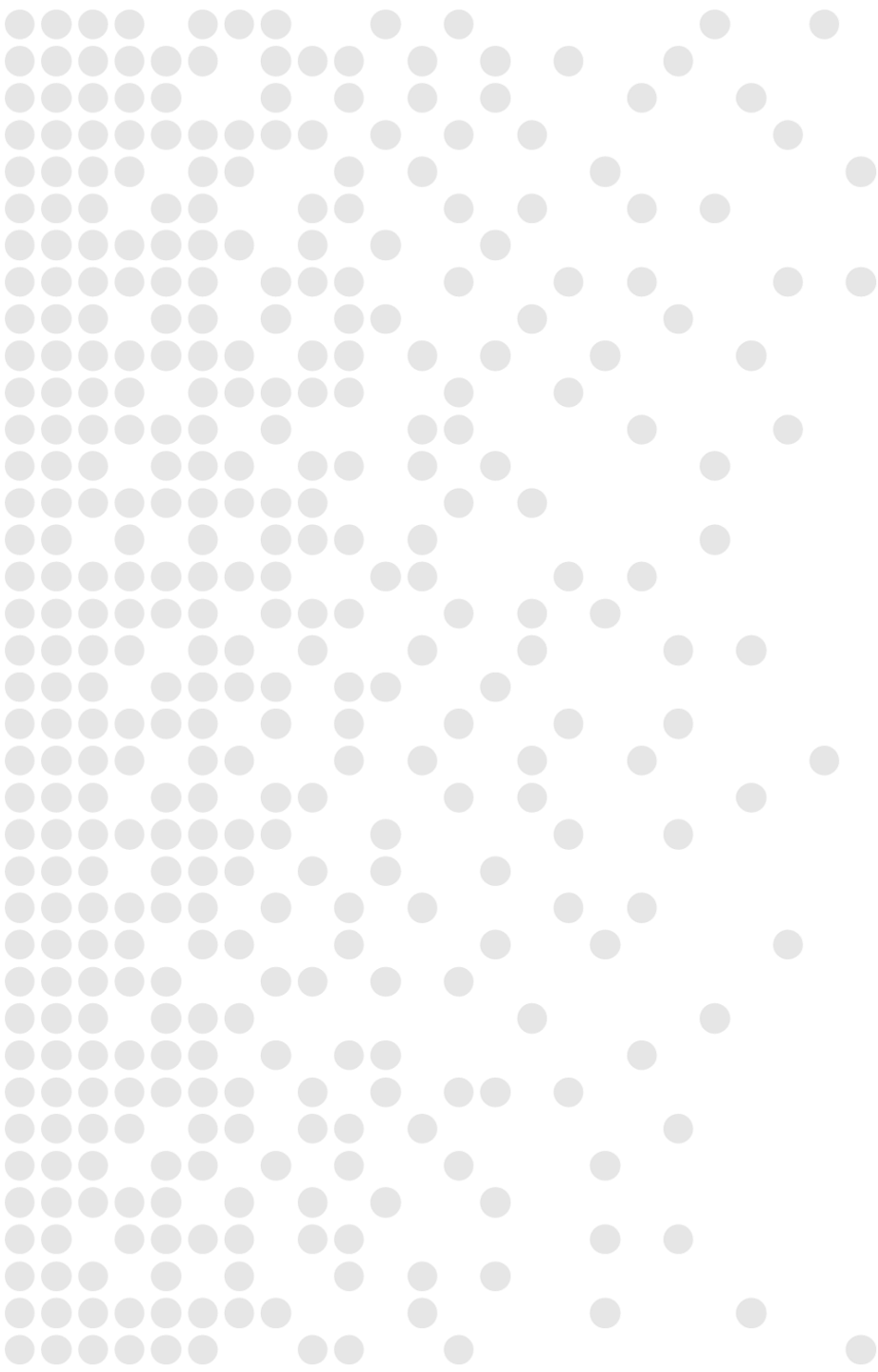
Introduction

Development Charges

- Purpose of D.C.s is to recover the capital costs associated with residential and non-residential growth within the municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (e.g., internal roads, watermains, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the *Development Charges Act (D.C.A.)*, as amended
- The Municipality currently imposes development charges under By-law 2019-073, as amended

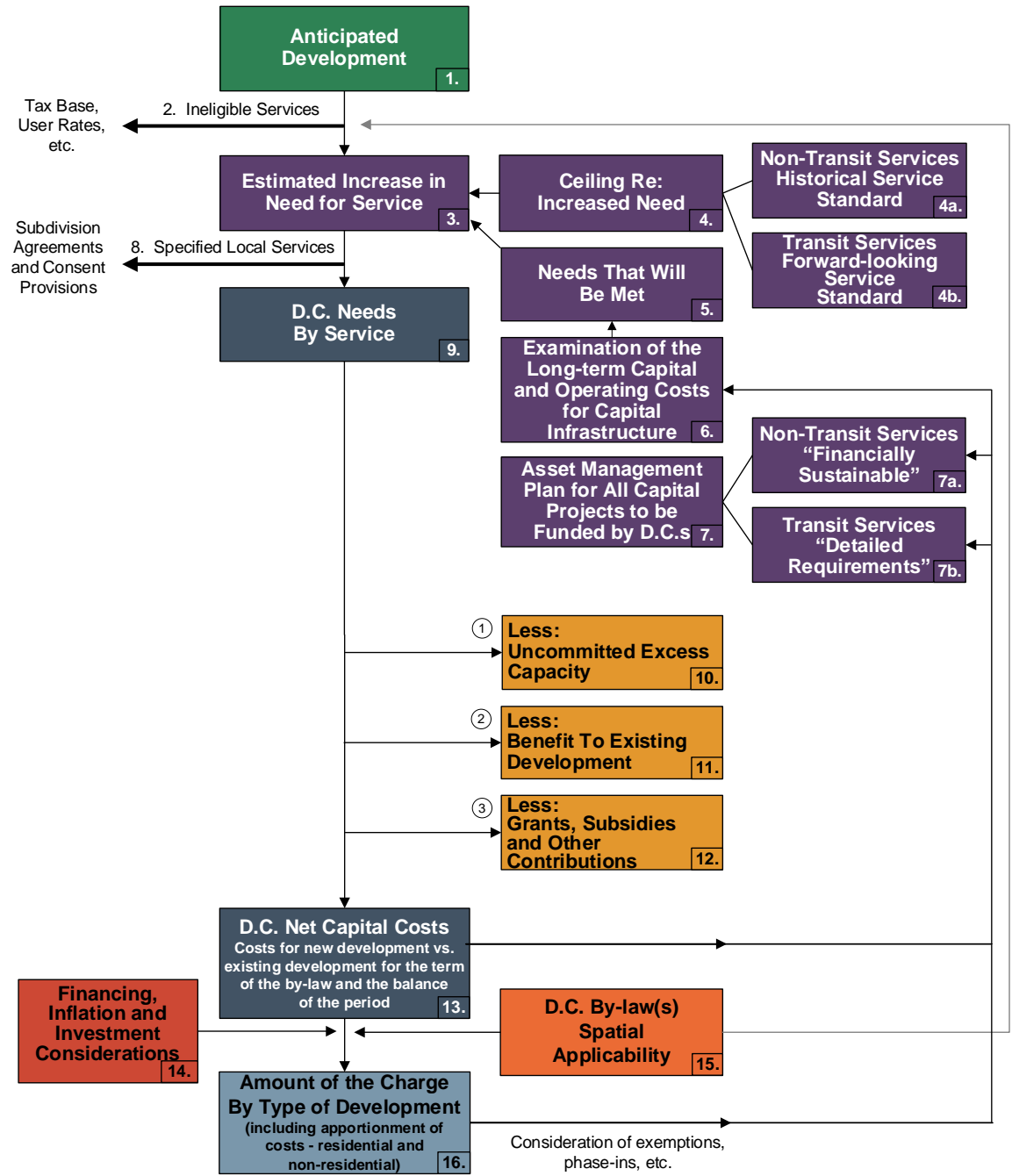
Study Process

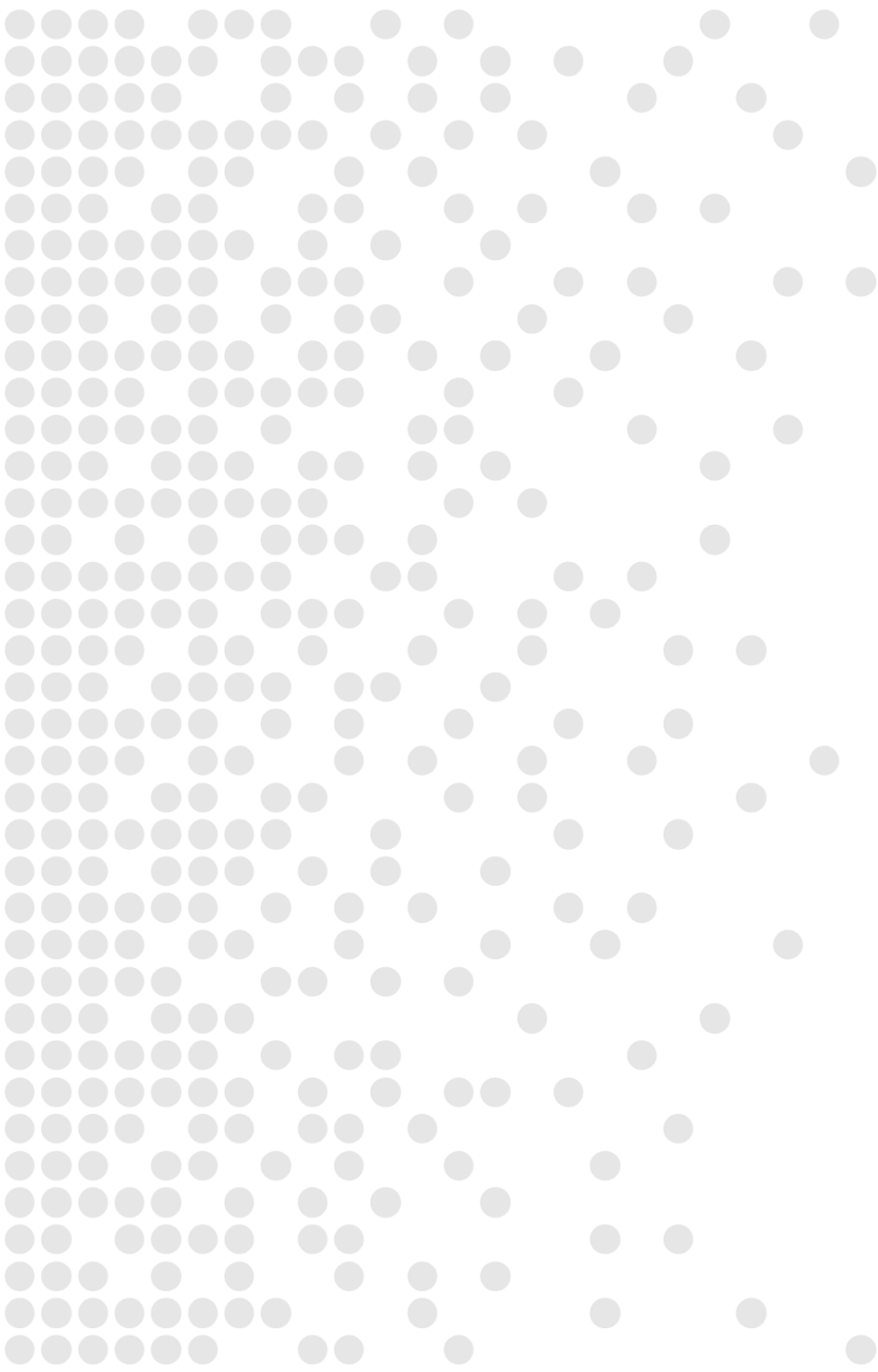




2. Methodology for Calculating Development Charges

The Process of Calculating a Development Charge under the Act that must be followed





3. 2024 D.C. Background Study

Growth Forecast



- Growth forecast was developed based on the Growth Management Strategy completed in 2022 as part of the Municipality's Official Plan Review
- The following planning horizons are used for each service:

Service	Planning Horizon
Services Related to a Highway	22-year (2024-2046)
Fire Protection	10-year (2024-2034)
Parks & Recreation	10-year (2024-2034)
Library	10-year (2024-2034)
Water	22-year Urban (2024-2046)
Wastewater	22-year Urban (2024-2046)

Growth Forecast



Time Horizon	Residential		Non-residential	
	Net Population ^A	Dwelling Units ^A	Employment ^B	G.F.A. ^C (sq.m.)
Mid 2024	20,261	7,373	4,668	
Mid 2034	26,706	9,900	5,960	
Mid 2046	33,674	12,751	7,422	
Mid 2024 – Mid 2034	6,445	2,527	1,292	148,800
Mid 2024 – Mid 2046	13,413	5,378	2,754	300,300
Mid 2024 – Mid 2046 (Urban)	12,995	4,107	2,408	221,000

A Excludes Institutional Population/Dwellings
B Excludes Work at Home and No Fixed Place of Work
C Gross Floor Area

D.C. Background Study

D.C. By-Law Services Considered



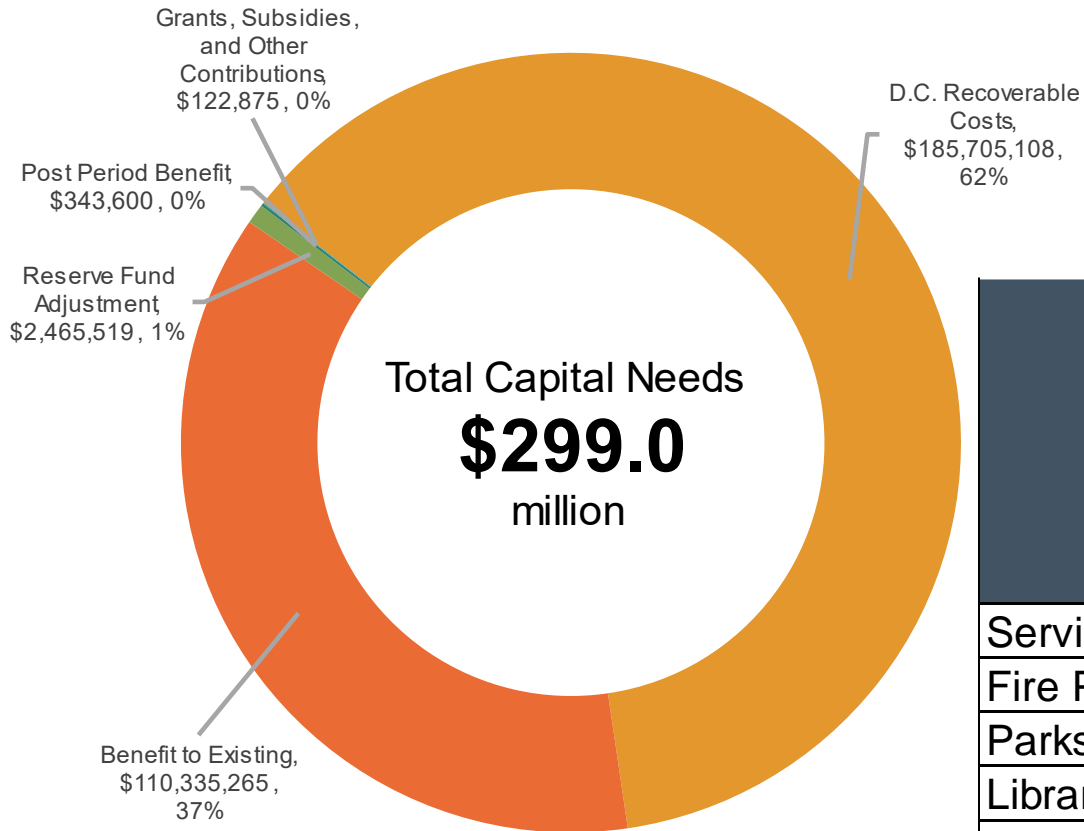
Municipality-wide

- Services Related to a Highway
- Fire Protection Services
- Parks & Recreation Services

Area-Specific - Urban

- Wastewater Services
- Water Services

Capital Needs and D.C. Recoverable Share



Service	D.C. Recoverable ¹	Financing Costs	Total
Services Related to a Highway	\$ 36,545,397	\$ 2,374,380	\$ 38,919,777
Fire Protection Services	\$ 5,286,502	\$ 214,301	\$ 5,500,802
Parks & Recreation Services	\$ 13,259,550	\$ 214,392	\$ 13,473,943
Library Services	\$ -	\$ -	\$ -
Wastewater Services	\$ 97,803,345	\$ 5,432,215	\$ 103,235,560
Water Services	\$ 32,810,314	\$ 1,449,608	\$ 34,259,922
Total	\$ 185,705,108	\$ 9,684,896	\$ 195,390,004

¹ Includes DC Reserve Funds in a negative balance as of Jan. 1, 2024

Calculated Charges



Service/Class of Service	RESIDENTIAL				NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	(per sq.m. of Gross Floor Area)
Municipal Wide Services/Class of Service					
Services Related to a Highway	6,504	4,804	4,537	2,889	21.99
Fire Protection Services	1,909	1,410	1,332	848	6.28
Parks & Recreation Services	5,353	3,954	3,734	2,378	4.53
Total Municipal Wide Services/Class of Services	13,766	10,168	9,603	6,115	32.80
Urban Services					
Wastewater Services	18,446	13,625	12,868	8,194	75.09
Water Services	6,122	4,522	4,271	2,719	24.91
Total Urban Services	24,568	18,147	17,139	10,913	100.00
GRAND TOTAL RURAL AREA	13,766	10,168	9,603	6,115	32.80
GRAND TOTAL URBAN AREA	38,334	28,315	26,742	17,028	132.80

Comparison of Charges

Residential (per Single Detached Dwelling)



Service/Class of Service	Current	Proposed
Municipal Wide Services/Classes:		
Services Related to a Highway	\$ 8,665	\$ 6,504
Fire Protection Services	\$ 2,220	\$ 1,909
Parks & Recreation Services	\$ 5,654	\$ 5,353
Library Services	\$ -	\$ -
Growth-related Studies	\$ 678	\$ -
Total Municipal Wide Services/Classes	\$ 17,217	\$ 13,766
Urban Services		
Wastewater Services	\$ 15,667	\$ 18,446
Water Services	\$ 2,454	\$ 6,122
Total Urban Services	\$ 18,121	\$ 24,568
Grand Total - Rural Area	\$ 17,217	\$ 13,766
Grand Total - Urban Area	\$ 35,338	\$ 38,334

Comparison of Charges

Non-residential (per m² of Gross Floor Area)

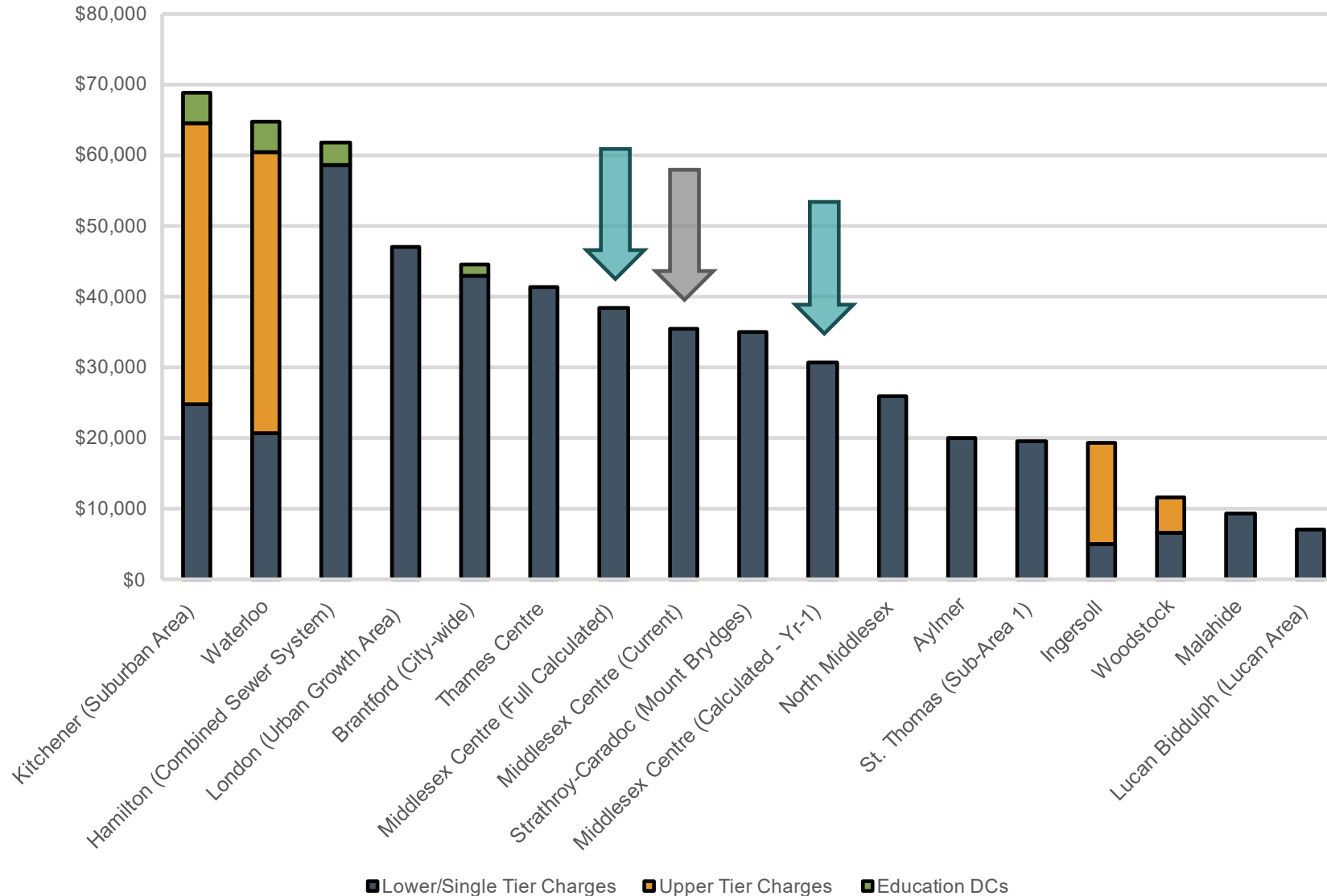


Service/Class of Service	Other Non-Residential		Agricultural		Industrial	
	Current	Proposed	Current	Proposed (with partial exemptions)	Current	Proposed
Municipal Wide Services/Classes:						
Services Related to a Highway	\$ 42.45	\$ 21.99	\$ 2.82	\$ 16.49	\$ 16.98	\$ 21.99
Fire Protection Services	\$ 10.98	\$ 6.28	\$ 2.53	\$ 4.71	\$ 4.39	\$ 6.28
Parks & Recreation Services	\$ 8.33	\$ 4.53	\$ -	\$ -	\$ 3.34	\$ 4.53
Library Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Growth-related Studies	\$ 3.35	\$ -	\$ -	\$ -	\$ 1.34	\$ -
Total Municipal Wide Services/Classes	\$ 65.11	\$ 32.80	\$ 5.35	\$ 21.20	\$ 26.05	\$ 32.80
Urban Services						
Wastewater Services	\$ 35.12	\$ 75.09	\$ -	\$ -	\$ 14.04	\$ 75.09
Water Services	\$ 5.52	\$ 24.91	\$ -	\$ -	\$ 2.21	\$ 24.91
Total Urban Services	\$ 40.64	\$ 100.00	\$ -	\$ -	\$ 16.25	\$ 100.00
Grand Total - Rural Area	\$ 65.11	\$ 32.80	\$ 5.35	\$ 21.20	\$ 26.05	\$ 32.80
Grand Total - Urban Area	\$ 105.75	\$ 132.80	\$ 5.35	\$ 21.20	\$ 42.30	\$ 132.80

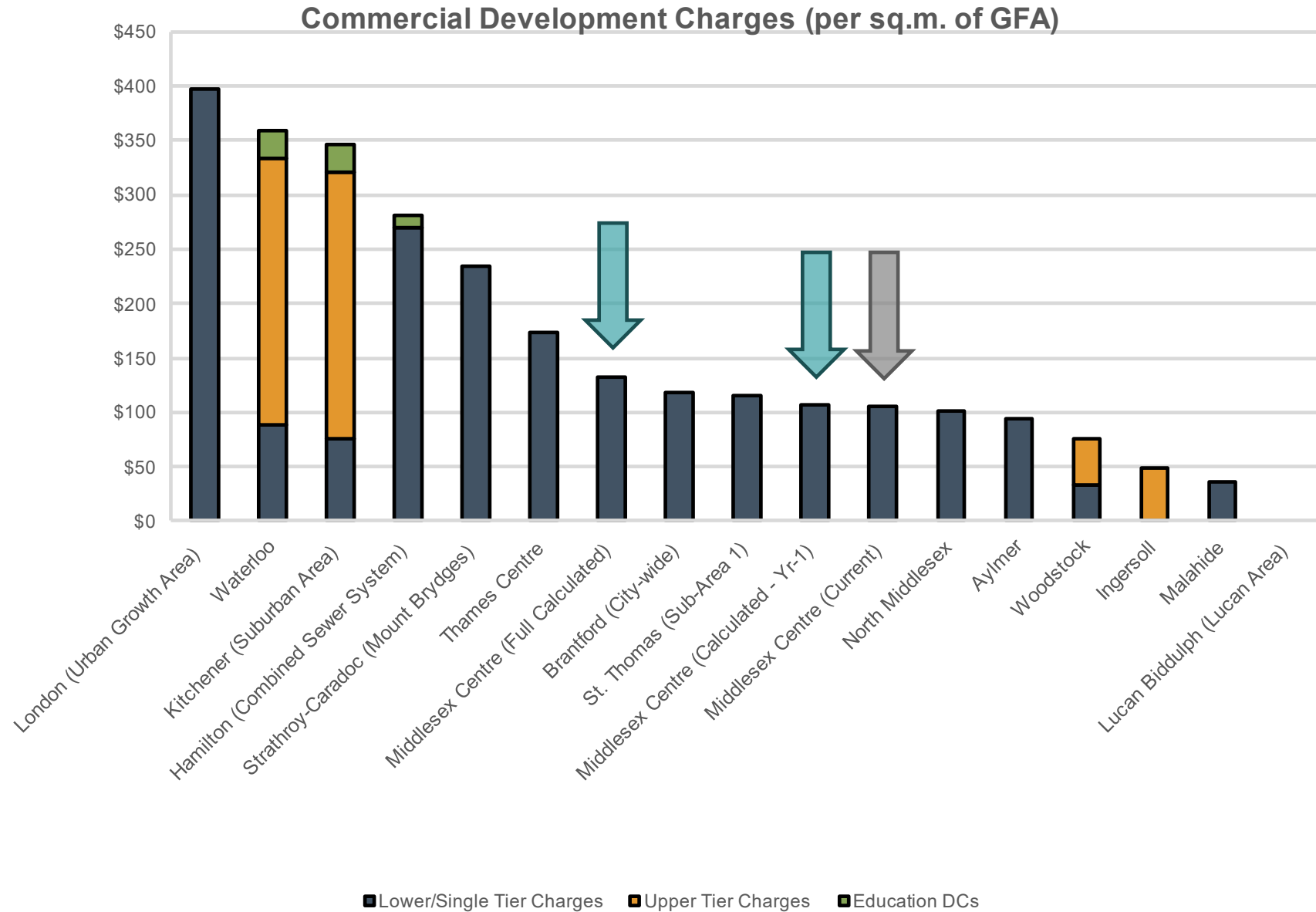
Survey of Development Charges



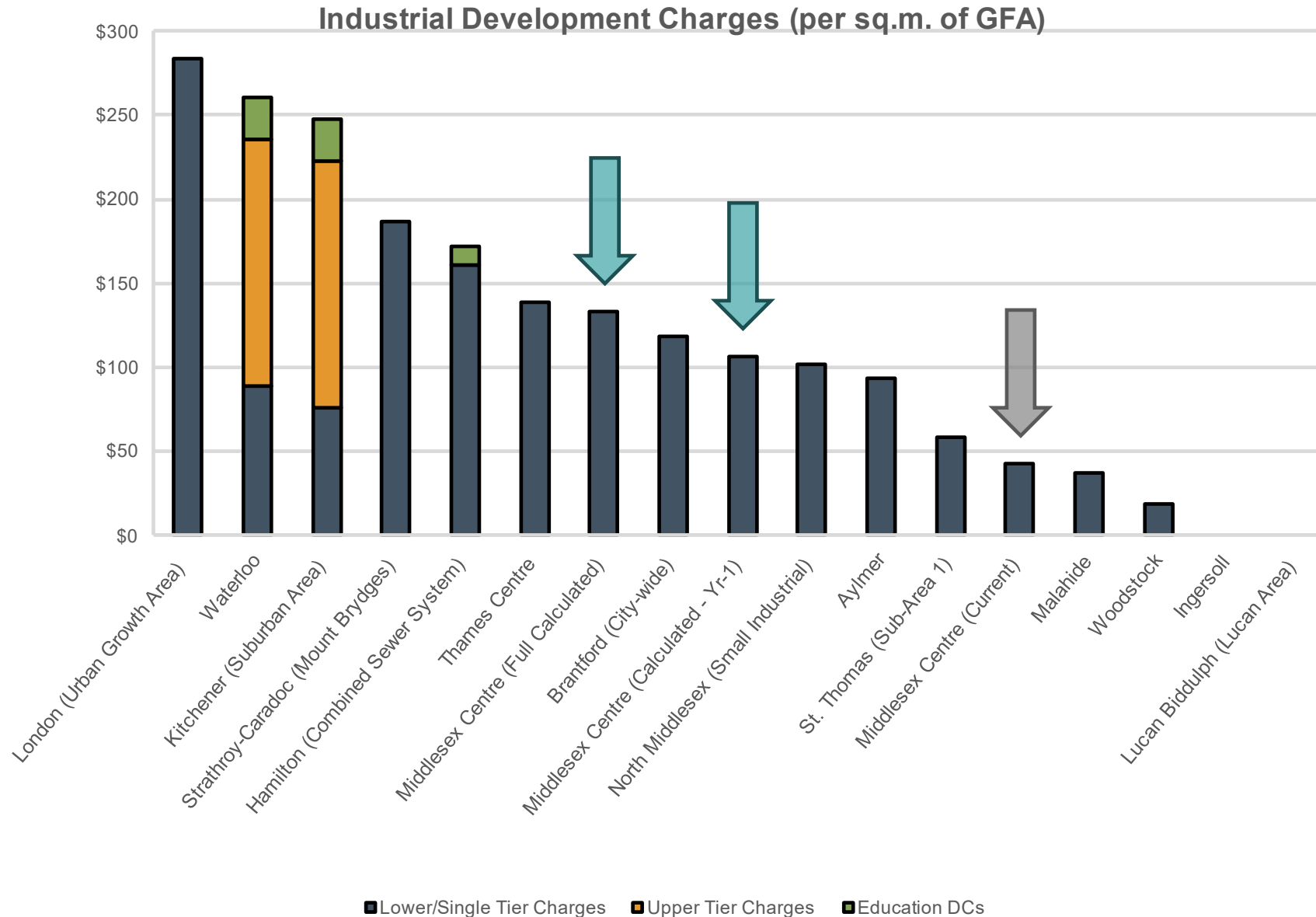
Residential Development Charges (per Single Detached Dwelling)



Survey of Development Charges



Survey of Development Charges



Proposed D.C. Policies

By-law Administration



- It is recommended that the Municipality imposes D.C.s under a separate by-law for each service
- Mandatory annual indexing of charges annually on the anniversary date of the by-law, to align indexation and phase-in dates
- D.C. by-laws expire 10 years after the in-force date, unless repealed earlier
 - D.C. by-laws may be amended anytime during the term of the by-law by undertaking a D.C. by-law process scoped to the amendment

Proposed D.C. Policies

Timing of Payment



- D.C. is payable in full at the time of building permit issuance, with the exception of:
 - Installment payments for rental housing and institutional development, in 6 equal, annual payments commencing from the date of occupancy
 - Developments proceeding through Site Plan or Zoning By-law Amendment approval within 2 year of building permit issuance, D.C. determined based on the rates in effect on the date of application
- Municipality may enter into agreements for accelerated or deferred payments

Proposed D.C. Policies

Statutory Exemptions



- The D.C.A. provides for mandatory exemptions, as follows:
 - Upper/Lower Tier, Local Board, and School Board development
 - Enlargement and residential intensification (additional residential units, with limits by building type)
 - Industrial building expansion up to and including 50% of the existing gross floor area
 - Universities
 - Non-profit housing development and affordable inclusionary zoning units
 - Affordable units (June 1, 2024) and attainable units (awaiting regulation)
 - Discounts for rental housing based on number of bedrooms
 - 25% discount for three-bedrooms, 20% for two-bedrooms, 15% for all others

Proposed D.C. Policies

Discretionary Exemptions



- Full exemption for temporary buildings or structures
- Partial exemption for agricultural development – 25% discount from the Services Related to a Highway and Fire Protection Services components of the charge, and a full exemption from the Parks and Recreation Services component of the charge
 - Agricultural buildings that house manure, feed, bedding, and equipment that support a livestock or cropping use would not trigger a D.C.

Proposed D.C. Policies

Redevelopment Credits



- Redevelopment credits on conversions or demolitions of existing buildings or structures are generally granted to recognize what is being replaced on site (not specific in the Act but provided by case law)
- The Municipality's current D.C. by-law provides for redevelopment and conversion credits against D.C.s (5-year time limit)
- The credit cannot exceed the D.C.s that would otherwise be payable

Proposed D.C. Policies

Development Charges Interest Rate Policy



- The Municipality has a Development Charge Interest Policy governing the application of interest related to the freeze of D.C.s for developments that went through Site Plan or Zoning By-law Amendment and installment payments for Institutional and Rental Housing developments
 - The Development Charges Interest Policy currently sets interest based on the Non-residential Building Construction Price Index
 - The D.C.A. allows for a maximum rate of interest that is the average prime rate, plus 1 percentage point
 - The Municipality's policy will be updated to reflect the maximum allowed under the D.C.A.

Cutting Red Tape to Building More Homes Act

Proposed amendments to the D.C.A.



- The *Cutting Red Tape to Building More Homes Act, 2024* (Bill 185), which was introduced on April 10, 2024, proposed the following changes to the D.C.A.:
 - Removal of mandatory phase-in of D.C. by-laws
 - Reinstatement of studies as an eligible capital cost
 - Reduction of the D.C. rate freeze timelines for developments proceeding through Site Plan or Zoning By-law Amendment applications, from within 2 years of issuance of building permit since application approval, to within 18 months
 - Modernization of public notice requirements for municipalities where newspapers of general circulation are not available

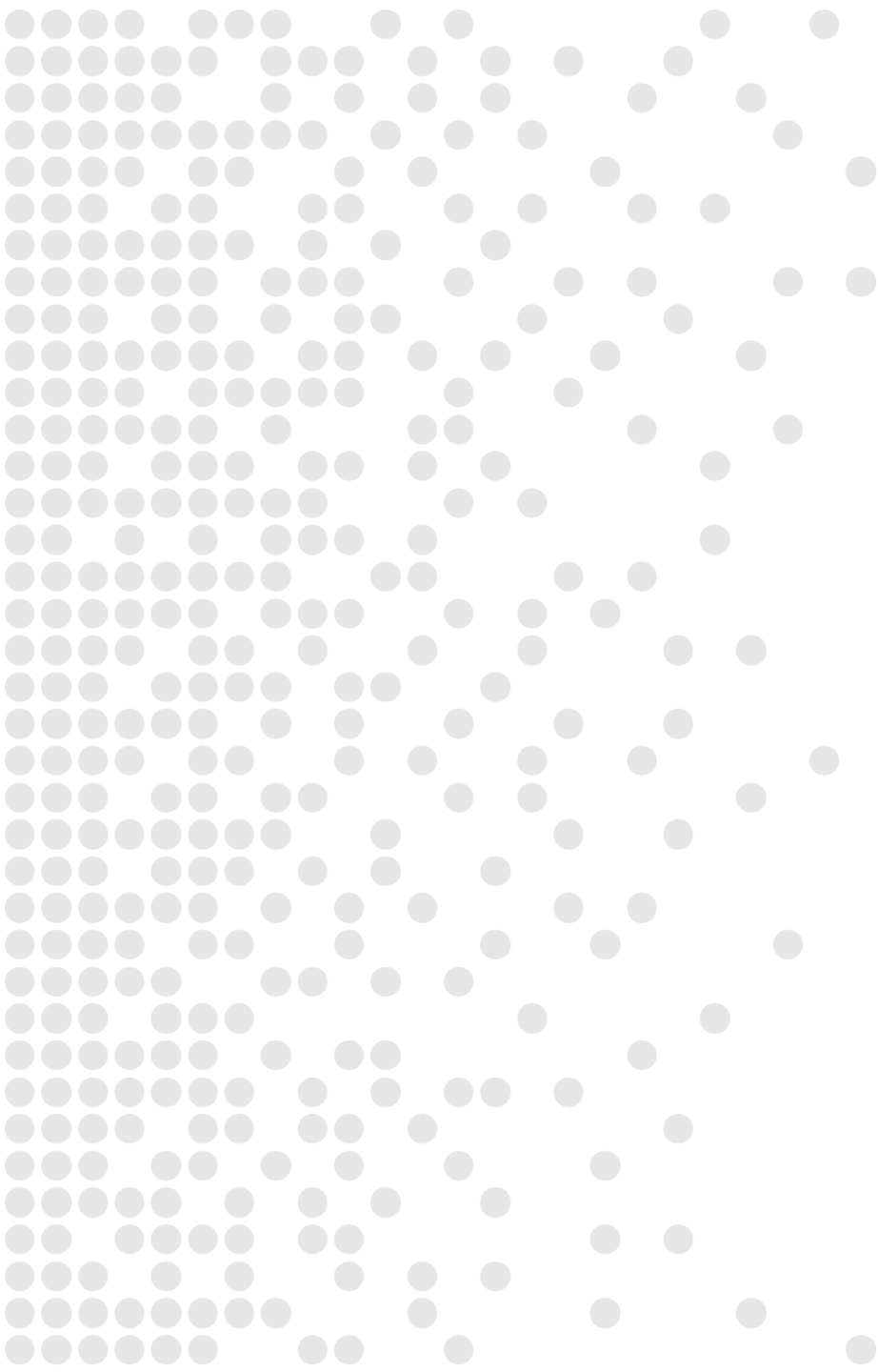
Cutting Red Tape to Building More Homes Act

Potential adjustments to the Municipality's D.C. by-laws



Should Bill 185 come into force before Council approves the proposed D.C. by-laws, the following amendments to the calculation of the D.C. and the draft D.C. by-laws are recommended:

- Consolidate proposed D.C. by-laws into a single D.C. by-law
- Add Growth-related studies to the D.C., and discount by 25% for Agricultural development
- Remove from by-law reference to mandatory phase-in of D.C.s
- Amend timeline for calculating D.C.s payable for developments proceeding through Site Plan or Zoning By-law Amendment applications to within 18 months of application being approved
- Amend the date that D.C.s are indexed from anniversary date of by-law to January 1st



4. Next Steps

Next Steps



- Council to determine if any further revisions are required to the D.C. Background Study and draft by-laws
- Council to approve the D.C. Background Study and consider adoption of new D.C. by-laws (July 10)



Discussion