



Meeting Date: August 7, 2024
Prepared By: Tiffany Farrell, Director of Corporate Services
Report No: CPS-43-2024
Subject: Development Charge Exemption Policy

Recommendation:

THAT Report CPS-43-2024 re: Development Charge Exemption Policy be received;
AND THAT Council endorse the Development Charge Exemption Policy attached as Appendix A1.

Purpose:

The purpose of this report is to seek Council’s endorsement of the new Development Charge Exemption Policy.

Background:

Development charges (DCs) are fees levied by municipalities to help cover the costs associated with infrastructure and services required due to new development and 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 developments contribute their fair share toward the necessary infrastructure improvements to support growth.

Middlesex Centre recently implemented a new DC Background Study and associated by-law 2024-064 on July 10, 2024.

The Development Charges Act provides for several statutory DC exemptions including but not limited to:

- Upper/lower tier governments and school boards
- Development of lands intended for use by a university that received operating funds from the government
- Existing industrial building expansions (may expand by 50% with no DC)
- Non-profit housing
- Affordable and attainable units

- Discount for rental housing development:
 - More than 2 bedrooms – 25% discount
 - 2 bedrooms – 20% discount
 - Less than 2 bedrooms – 15% discount

While the Development Charges Act provides for the noted mandatory exemptions, it also gives municipalities the ability to provide their own exemptions. Each by-law renewal provides the opportunity for municipalities to consider the addition or removal of discretionary exemptions.

The Act is specific in identifying that the revenue forgone through exemptions may not be made up by increasing the DCs for other classes of development. In effect, it is a loss of revenue to the municipality that will have to be funded through taxes, user fees, reserves or other financial resources.

Analysis:

The Development Charge Exemption Policy will apply to all departments of the Corporation of the Municipality of Middlesex Centre.

The policy outlines the roles and responsibilities of all staff and departments involved in the DC exemption process, as well as the process to be followed annually.

Financial Implications:

Approval of the recommendations contained within this report will have no financial impact beyond what has been approved in the current year's budget.

Funding for exemptions and the amount of the exemptions is unknown currently. An estimated amount will be presented to Council in the annual budget, with the actuals being presented in the annual DC Treasurer's Statement.

Strategic Plan:

This matter aligns with following strategic priorities:

- 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 progressively updating our asset management plan and building the reserve funds for the timely repair/replacement of our assets, and expanding our current practice of making annual reserve fund contributions toward the cost of projected asset management expenditures
 - 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.

Attachments:

A1 – Development Charge Exemption Policy