

Development Charge Exemption Policy

Purpose

It is the policy of the Municipality of Middlesex Centre:

- to track development charge exemptions and other such concessions, and
- to maintain a reserve fund to address the resulting shortfall in capital cost recovery related to development and redevelopment within the municipality.

Under paragraph 3 of sub-section 5 (6) of the *Development Charges Act, 1997*,

If the development charge by-law will exempt a type of development, phase in a development charge, or otherwise provide for a type of development to have a lower development charge than is allowed, the rules for determining development charges may not provide for any resulting shortfall to be made up through higher development charges for other development.

That is to say, exemptions and phase-ins will result in the development charges collected being insufficient to fund the capital projects to the same extent that they had been estimated in the calculation of the development charge rates. The purpose of this policy is to ensure that provision is made to offset the loss of development charge revenue resulting from exemptions and other such concessions.

Scope

The Development Charge Exemption Policy applies to all departments of the Municipality of Middlesex Centre.

Definitions

“**Capital cost**” means a cost incurred or proposed to be incurred by the municipality or a local board thereof directly or by others on behalf of, and as authorized by, the municipality or local board,

- a) to acquire land or an interest in land, including a leasehold interest;
- b) to improve land;
- c) to acquire, lease, construct or improve buildings and structures;
- d) to acquire, lease, construct or improve facilities including:

- i) furniture and equipment, other than computer equipment,
 - ii) materials acquired for circulation, reference or information purposes by a library board, and
 - iii) rolling stock with an estimated useful life of seven years or more; or
- e) to undertake studies in connection with any of the matters referred to in clauses (a) to (d) above, including the development charge background study, required for the provision of services designated in the Development Charge By-law within or outside the municipality, including interest on borrowing for those expenditures under clauses (a) to (d) above that are growth-related.

“Development” means the construction, erection, or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or usability thereof and includes redevelopment.

“Development charge” means a charge imposed with respect to the Development Charge By-law.

“Exemption” means a provision in the Development Charge By-law whereby the amount of development charges otherwise applicable is not imposed with respect to specified development.

“Reserve fund” means a fund with assets which are segregated and restricted to meet the purpose of the reserve fund. It is prescriptive as to the basis for collection and use of monies in the fund.

Roles & Responsibilities

Middlesex Centre Municipal Council will be responsible to:

- Approve this policy and any amendments.
- Consider the allocation of resources for successful implementation of this policy in the annual budget process.

The Chief Administrative Officer (“CAO”) will be responsible to:

- Ensure policy and procedure reviews occur and verify the implementation of policies and procedures.
- Ensure that the policy is in alignment with organizational goals and objectives.

The Director of Corporate Services will be responsible to:

- Ensure implementation of this policy and procedure.
- Ensure that this policy and procedure is reviewed every four (4) years.
- Make recommendations to the CAO of necessary policy or procedure amendments.
- Determine the allocation of resources for successful implementation of this policy in the annual budget process.

Building Services department staff will be responsible to:

- Advise the Director of Corporate Services of any statutory or non-statutory exemptions provided on an annual basis.
- Ensure all statutory or non-statutory exemptions are included on applicable invoices. All invoices should have the calculated development charge then a reduction for the exempted portion.
- Provide information and supporting documents to the Director of Corporate Services and/or the Financial Analyst for development charge exemption tracking and reporting.

The **Financial Analyst** will be responsible to:

- Understand and adhere to this policy and procedure.
- Enforce and administer this policy.
- Support those parties involved in the issuance of development charge exemptions to ensure the upkeep of accurate records.
- Record and track all development charge exemptions and assist with reporting.

Implementing the Policy

1.0 Tracking

- 1.1 The municipality will track by service the amount of development charges otherwise payable with respect to exemptions authorized by the Development Charge By-law and background study.
- 1.2 The municipality will track by service the amount of development charges otherwise payable with respect to any other concessions authorized by the Development Charge By-law.

2.0 Reserve Funds

- 2.1 Council may establish a reserve fund to be used for any authorized exclusive purpose.
- 2.2 A discretionary reserve fund may be created where Council wishes to set aside from general operations a revenue amount for financing future expenditures to ensure that it will not be used for any other purpose and be available when needed.
- 2.3 Funds will be transferred into the Development Charge Exemption Reserve Fund, Water Capital Reserve Fund and Wastewater Capital Reserve Fund as contributions from operating budgets to help finance approved growth-related capital costs where development charge contributions have been reduced as a result of exemptions and other such concessions. Budgeted transfers into these development charge exemptions reserve funds will be based on the tracked average of development charge exemptions and other such concessions during the previous two to three years.

3.0 Limitations

- 3.1 Transfers shall be made into or from the Development Charge Exemption Reserve Fund, Water Capital Reserve Fund, and Wastewater Capital Reserve Fund as approved by by-law, including but not limited to the annual budget by-law.
- 3.2 A reduction in the amount of development charges otherwise payable for redevelopment involving demolition or conversion will be tracked, but the amount will not be included in budgeted transfers into Development Charge Exemptions Reserve Fund except when the demolition / conversion is not followed by construction within the timeframe specified in the Development Charge By-law.
- 3.3 Annually the amount of exemptions granted will be calculated and an amount equaling this will be transferred from the Development Charge Exemptions Reserve Fund, Water Capital Reserve Fund, and/or Wastewater Capital Reserve Fund to the appropriate Development Charge Reserve Fund to ensure that the reserve fund is made whole as if the exemption had not been made.

4.0 Review of Policy

- 4.1 The Director of Corporate Services is responsible for ensuring this policy is reviewed at least once every four (4) years to ensure it complies with any legislative changes.