



County Council

Meeting Date: July 16, 2024

Submitted by: Paul Shipway, General Manager of Strategic Initiatives & Innovation

Subject: Middlesex County Development Charges

BACKGROUND:

On January 30, 2024, the Middlesex County Budget Committee directed staff to complete a Development Charges (DC) Background Study, for Roads and Roads Related Services (including growth studies), for Council consideration.

Development Charges are a legislated financial tool for municipalities in managing growth and ensuring that the cost of providing infrastructure to new development is not borne disproportionately by existing ratepayers through property taxes. Specifically, Development Charges are fees that are paid by new development, generally upon the issuance of a building permit, to fund a portion of the capital cost of growth-related services constructed throughout the municipality.

The [Development Charges Act, 1997](#) requires a full Development Charges By-law approval process, including a Development Charges Background Study and the holding of a statutory public meeting.

On June 26, 2024, Middlesex County Council held the statutory Development Charges public meeting. At the meeting any person in attendance, virtually or in person, had the opportunity to make representations relating to the proposed Middlesex County Development Charges By-law. The minutes from the Middlesex County statutory Development Charges public meeting are attached hereto as Appendix 'A'. The Watson & Associates, Economists Ltd. public meeting presentation is attached hereto as Appendix 'B'.

Correspondence submitted pertaining to the proposed Middlesex County Development Charges By-law is attached hereto as Appendix 'C'.

ANALYSIS

The Middlesex County Budget Committee discussed legislatively available revenue tools versus tax rate increases and/or unsustainable reliance on reserves and reserve funds to fund replacement of existing assets and the costs to improve or expand infrastructure to meet growth needs.

The implementation of Middlesex County Development Charges was discussed as a commonly utilized, legislatively available revenue tool to fund a portion of the capital cost of growth-related services constructed throughout the County. Not as a way to reduce tax rate increases, but as a method to mitigate future increases through the use of all available legislative revenue tools.

Through only considering Roads and Roads Related Development Charges (including growth studies), Middlesex County intends to pursue a more graduated approach to implementing Development Charges while taking into consideration:

- the economic climate including housing demand
- the pressures on the County and residents which may be leading to imbalances that can be addressed, in part, by Development Charges
- a reflection of the Development Charges costs in comparison to the provincial landscape

External consultants, Watson & Associates, Economists Ltd., and an interdepartmental staff working group developed the [Middlesex County Development Charges Background Study](#). As identified in the Middlesex County Development Charges Background Study, the proposed Middlesex County Development Charges are as follows:

Proposed Middlesex County Development Charges						
Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	
Municipal Wide Services/Class of Service:						
Services Related to a Highway	\$5,462	\$4,188	\$3,779	\$2,405	\$1,955	\$3.64
Growth Studies	\$22	\$17	\$15	\$10	\$8	\$0.01
Total Municipal Wide Services/Class of Services	\$5,484	\$4,205	\$3,794	\$2,415	\$1,963	\$3.65

The Development Charges Background Study has been prepared pursuant to the prescriptive methodology required under the Development Charges Act.

COMMENTS ANALYSIS

An analysis of the comments and themes submitted during the comment period is as follows:

1. To avoid confusion, definitions and local services policies should reflect that of lower-tiers policies.

In advance of the creation of a Middlesex County Development Charges By-law, the County consultant conducted an analysis of all lower-tier Development Charges By-laws in Middlesex County. Although wording is slightly different, the definitions are generally consistent between local municipalities and the County's proposed by-law and is not meant to conflict with the definition provided in the local municipal by-laws. Additionally, for the purposes of required instalment payments for institutional development, the D.C. Act provides a specific definition which is to be followed (section 26.1 of the D.C. Act).

Through the County's D.C. process, the local service policies of the local municipalities have been reviewed and aligned where possible. The Middlesex County local service policy is based on practices in effect since 1998. If there are specific issue examples that may be provided, the County would be pleased to review and consider.

2. Increases are significant. This will impact housing prices and affordability.

Middlesex County is cognisant that a number of factors within various spheres of influence impact the prices and affordability of housing. An assessment of Development Charges as a percentage of housing prices for all local area municipalities has been conducted by Watson & Associates, Economists Ltd., before and after the addition of County Development Charges. The percentage increase for a fully serviced lot attributable to Middlesex County Development Charges would be less than 0.7% on average. Conversely, costs attributable to existing lower-tier Development Charges range from 1.7%-5.1%.

3. Request that rates be shown in metric.

The metric conversions can be provided to lower-tier municipalities and in the Middlesex County Development Charges pamphlet to be posted on the County's website upon by-law passage.

4. Request that the County comment on how they plan to fund the non-statutory exemptions for industrial, agricultural, places of worship and cemeteries.

This would be a decision of County Council on an ultimate policy and/or internal procedure, however, non-statutory exemptions would be funded (continue to be funded) through the tax levy based on the Development Charge that would have been charged to these developments if they were not exempt.

5. The current Development Charges Background Study is silent on Agricultural Development Charges, However, the costs associated with not collecting these might have been included in their capital calculations. Confirmation will be needed.

Gross floor area associated with agricultural development has been included as part of industrial development. The growth and associated capital costs to accommodate this growth have been included in the Development Charge calculation.

6. How is the County dealing with the affordable units' exemptions and the agreement with the developer? Will this be included in the local agreement or a separate one.

Municipalities across the Province are currently working on establishing these agreements and processes to administer them. A best practice is yet to be established in the Province as this exemption came into force on June 1, 2024. The Municipal Finance Officers Association of Ontario has established a working group of municipal representatives and is intending to provide sample agreements from municipalities. The County will monitor the availability of these sample agreements and work with the local municipalities when an agreement is prepared. It is assumed that the County would be a party to the local agreement to provide efficiencies for the developer.

7. County Development Charges By-law introduces new types of residential classifications (i.e. special care / special dwelling units) that are not defined separately within Strathroy-Caradoc's local DC by-law and will be challenging for a local municipality to administer.

Although not all local municipalities have this category, some municipalities do, such as Adelaide Metcalfe, North Middlesex, and Thames Centre. The County will work with the local municipalities to determine how to administer Development Charges in these special instances.

8. When will the County provide lower-tiers their updated indexed rates for the upcoming year. Ideally this should be by December 1st of the proceeding year.

Indexing of the Development Charges will occur on January 1st of each year. As such, this will be based on the most recent StatsCan data (i.e. 3rd quarter). This

information is generally available from StatsCan in November. County staff will endeavour to share indexing information as soon as possible.

9. Section 4.0 of the Middlesex County Development Charges By-law on payment of services. Since the County isn't collecting directly, staff is unsure if this needs to be reviewed with that lens. It has the municipality adding to the roll, but will we need to remit the amount to the County and we are stuck with the collection aspect.

Section 4.0 provides for a few matters:

- Acceptable payment – this should generally align with local by-laws*
 - Credit for service – there may be instances where County road works may be constructed by the developer. In this case, a credit would be provided as per the Development Charges Act.*
 - Non-payment of D.C.s – Although the local municipality will be collecting on behalf of the County, the County will establish a process with the local municipality with respect to remittance of non-paid Development Charges.*
10. Local Council and the development community should be aware of the potential impact the County imposed charge will have on housing affordability on all housing types, as well as on commercial and institutional uses.

Middlesex County conducted notice in accordance with the Development Charges Act. This included:

- Notice to all local municipalities on May 10, 2024*
- Notice on the Middlesex County website on May 10, 2024*
- Notice within The Signpost, Banner, Dispatch and London Free Press*
- Notice on the May 28 and June 25, 2024 meetings of County Council*

Additionally, non-statutory information and notice was provided as follows:

- During the spring of 2024, the concept of Development Charges was presented to County Council in February 2024 with the item highlighted in local council visits.*
- An agenda item at the June 13, 2024 CAO meeting.*
- On May 10 and June 5, 2024, Middlesex Centre assisted the County in providing direct notice to the building and development community about the Middlesex County Development Charges Background Study and Public Meeting.*

The collection of Middlesex County Development Charges will require the efforts of each of the local municipalities. A number of comments submitted pertain to the operational specifics of these collection and remittance procedures. Subject to Council approval of the Middlesex County Development Charges By-law, staff look forward to the opportunity to collaborate on these internal procedures. Generally, staff would respectfully recommend and comment as follows:

1. By-law approval on July 16, 2024 with a by-law implementation date of October 1, 2024.
2. Twice annual reporting and remittance of Middlesex County Development Charges from the local municipalities on a standardized reporting form.
 - a. This works to reduce the frequency of reporting while also providing an opportunity for local municipalities to realize interest benefits and to mitigate periods of low cash account balances.
3. The County will identify direct contacts for the following:
 - a. Development Charges By-law Interpretation
 - b. Financial Reporting & Remittance
 - c. Public/Developer Contact
4. Collection procedures and processes will generally follow the local practice with additional collection procedures to be developed collaboratively related to Development Charges for zoning bylaw amendments, site plan applications rental payment calculations.

CONCLUSION:

Development Charges are calculated based on a municipality specific Development Charges Background Study and actual growth; however, for illustration purposes, if Middlesex County charged the proposed Middlesex County Development Charge, it would generate approximately \$3,420,919/year¹.

\$3,420,919 represents 6.20% on the 2024 Middlesex County tax levy. This amount also closely corresponds with capital contributions from reserves and reserve funds for Transportation Capital in recent years.

In Ontario, municipalities have limited legislated ability to generate revenue. With the elongated provincial pause of the reassessment program, and increased cost to procure and provide infrastructure, municipalities must constantly evaluate utilization of all available revenue generation tools.

When Middlesex County is advocating for additional infrastructure funding and financial tools, it may undermine advocacy efforts when Middlesex County is not utilizing the

¹ Calculation is based on the five-year average of new residential units/year in Middlesex County.

current legislatively available tools at its disposal. With the current Middlesex County financial realities and the forthcoming asset management plan updates, it is beneficial to consider implementation of Middlesex County, Road and Road Related, Development Charges.

FINANCIAL IMPLICATIONS:




Implementation of Middlesex County Development Charges is not expected to incur additional expenses beyond the legislated Development Charges Background Study updates, currently every five (5) years.

Annually, staff must prepare a Development Charges informational brochure and issue a Development Charges Treasurer's Statement. This will be completed by existing staffing resources.

The collecting of Development Charges will also require the efforts of each of the local municipalities. Middlesex County has consulted other Development Charges collecting counties that are a combination of upper and lower-tier and all of them had a single point of Development Charges collection at the local municipality. Through upcoming staff meetings, a standardized process should minimize resourcing from all parties.

ALIGNMENT WITH STRATEGIC FOCUS:

This report aligns with the following Strategic Focus, Goals, or Objectives:

Strategic Focus	Goals	Objectives
Cultivating Community Vitality 	Advance a diverse, healthy, and engaged community across Middlesex County	<ul style="list-style-type: none"> Promote and support community wellness
Connecting Through Infrastructure 	Ensure communities are built on a sustainable foundation that is connected and thriving	<ul style="list-style-type: none"> Commit to a sound asset management strategy to maintain and fund critical infrastructure Use County infrastructure in an innovative way to provide a seamless service experience for residents
Promoting Service Excellence 	Innovate and transform municipal service delivery	<ul style="list-style-type: none"> Anticipate and align municipal service delivery to emerging needs and expectations

RECOMMENDATION:

THAT the Middlesex County Development Charges Report be received for information;

AND THAT the Development Charges By-law implementation date be October 1, 2024;

AND THAT a by-law be introduced at the July 16, 2024, Council meeting for consideration.

MIDDLESEX COUNTY COUNCIL
DEVELOPMENT CHARGES PUBLIC MEETING
MINUTES

Wednesday, June 26, 2024, 1:00 PM
Hybrid Meeting (In-Person & Virtual)
Middlesex County Building
399 Ridout Street North, London

Members Present	Warden DeViet Councillor Burghardt-Jesson Councillor Clarke Councillor Mayhew Councillor McGuire Councillor McMillan Councillor Smibert
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Members Absent	Councillor Brennan Councillor Grantham Councillor Ropp
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1. CALL TO ORDER AND PURPOSE OF THE MEETING

Warden DeViet called the meeting to order at 1:01pm and addressed Council as follows:

This is a public meeting of Council being held under section 12 of the Development Charges Act, 1997, as amended. The purpose of the meeting is to give the public an opportunity to ask questions, provide comments, and make representations on the development charges background study and proposed by-law dated July 16, 2024. Council will not be taking any action this afternoon on this background study or by-law.

2. PRESENTATION

2.a Development Charges Background Study

Presentation by Watson & Associates Economists Ltd, Consultant

3. COMMENTS FROM THE PUBLIC

Warden DeViet opened the floor for comments from the public.

Greg Willsie, Councillor for the Municipality of Strathroy-Caradoc requested additional information on the timeline for implementation of the Development Charges By-law. Staff responded noting the expected timeline for implementation.

Warden DeViet asked for further comments from the public. It was noted that there were no further comments.

Warden DeViet thanked members of the public for their comments. She noted the deadline for the receipt of written responses would be July 8, 2024. Council will be considering the by-law at its July 16, 2024 Council meeting. To submit comments or for additional information, please do not hesitate to contact the County Clerk at clerk@middlesex.ca.

4. ADJOURNMENT

Moved by Councillor Burghardt-Jesson

Seconded by Councillor Smibert

THAT the meeting adjourn at 1:28pm.

Carried

Paul Shipway, County Clerk

Aina DeViet, Warden



Middlesex County Development Charges Background Study & By-law

Public Meeting
June 26, 2024

Format for Public Meeting



- Opening Remarks
- Public Meeting Purpose
- Study Process and Timelines
- Development Charges Overview
- Presentation of the Proposed Charges and Policies
- Presentations by the Public
- Questions from Council
- Conclude Public Meeting

Public Meeting Purpose



- The public meeting is to provide for a review of the D.C. background study and to receive public input on the proposed policies and charges
- The 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 60 days prior to the D.C. by-law passage

Overview of Process & Timelines



1

February to April 2024

Data collection, staff review, D.C. calculations and policy work

2

May 13, 2024

Release of D.C. Background Study and By-law

3

June 26, 2024

Public Meeting of Council

4

July 16, 2024

Council Consideration of By-law



Development Charges Overview

Middlesex County Development Charges Background Study & By-law

Development Charges (D.C.s)

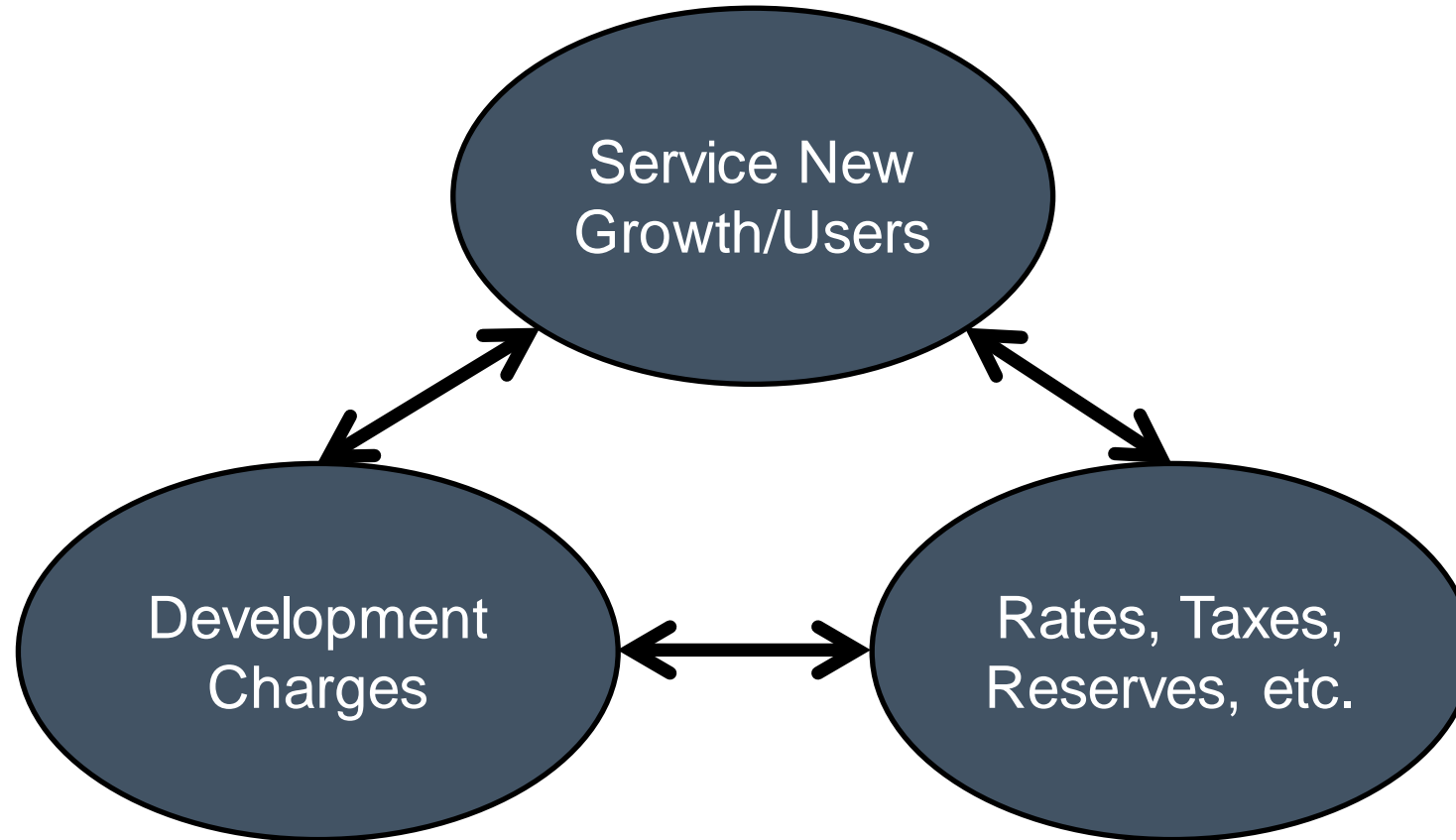


Purpose:

- To recover the capital costs associated with residential and non-residential growth within a municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e., internal roads, sewers, watermains, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)
- Development Charges are typically calculated and imposed at the time of issuance of a building permit



Relationship Between Needs to Service Growth vs. Funding



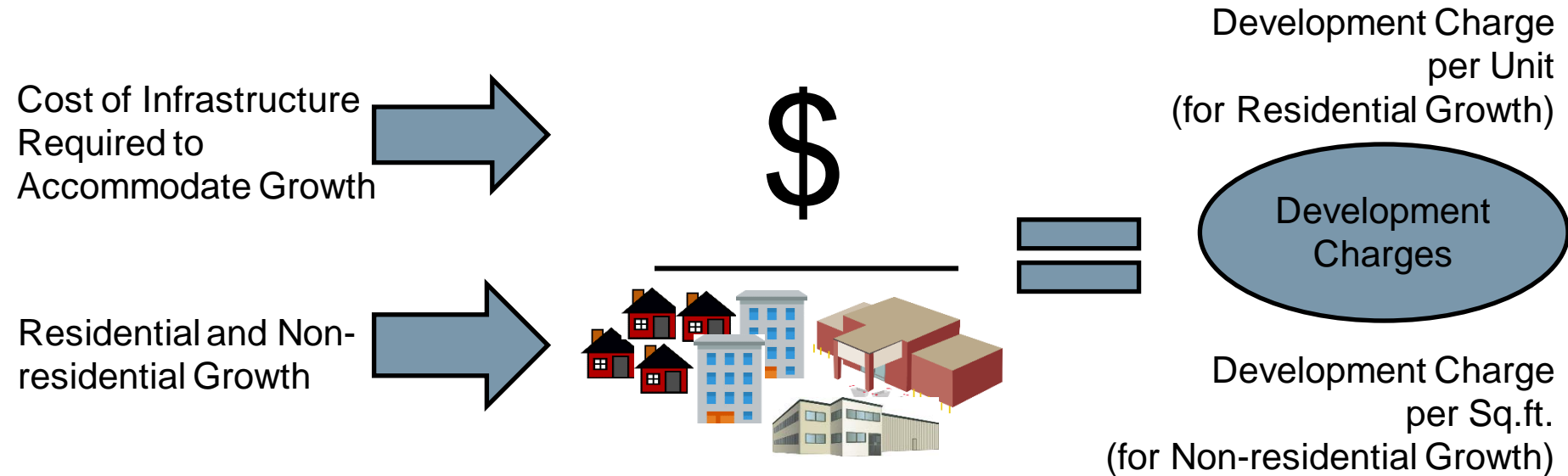
D.C. Methodology



The following provides the overall methodology to calculating the charge:

1. Identify amount, type and location of growth
2. Identify servicing needs to accommodate growth
3. Identify capital costs to provide services to meet the needs
4. Deduct:
 - i. Grants, subsidies and other contributions
 - ii. Benefit to existing development
 - iii. Amounts in excess of 15-year historical service calculation
 - iv. D.C. Reserve funds (where applicable)
5. Net costs then allocated between residential and non-residential benefit
6. Net costs divided by growth to calculate the D.C.

Overview of the D.C. Calculation



D.C. Eligible Services



1. Water
2. Wastewater
3. Storm water drainage
4. **Services related to a highway***
5. Electrical power services.
6. Toronto-York subway extension.
7. Transit
8. Waste diversion
9. Policing Services
10. Fire protection
11. Ambulance
12. Library
13. Long-term Care
14. Parks and Recreation
15. Public Health services
16. Childcare and early years services
17. Provincial Offences Act
18. Emergency Preparedness
19. Airports (Waterloo Region only)

Current D.C. eligible service being considered in the calculations.

Growth studies are included in D.C. as a class of service

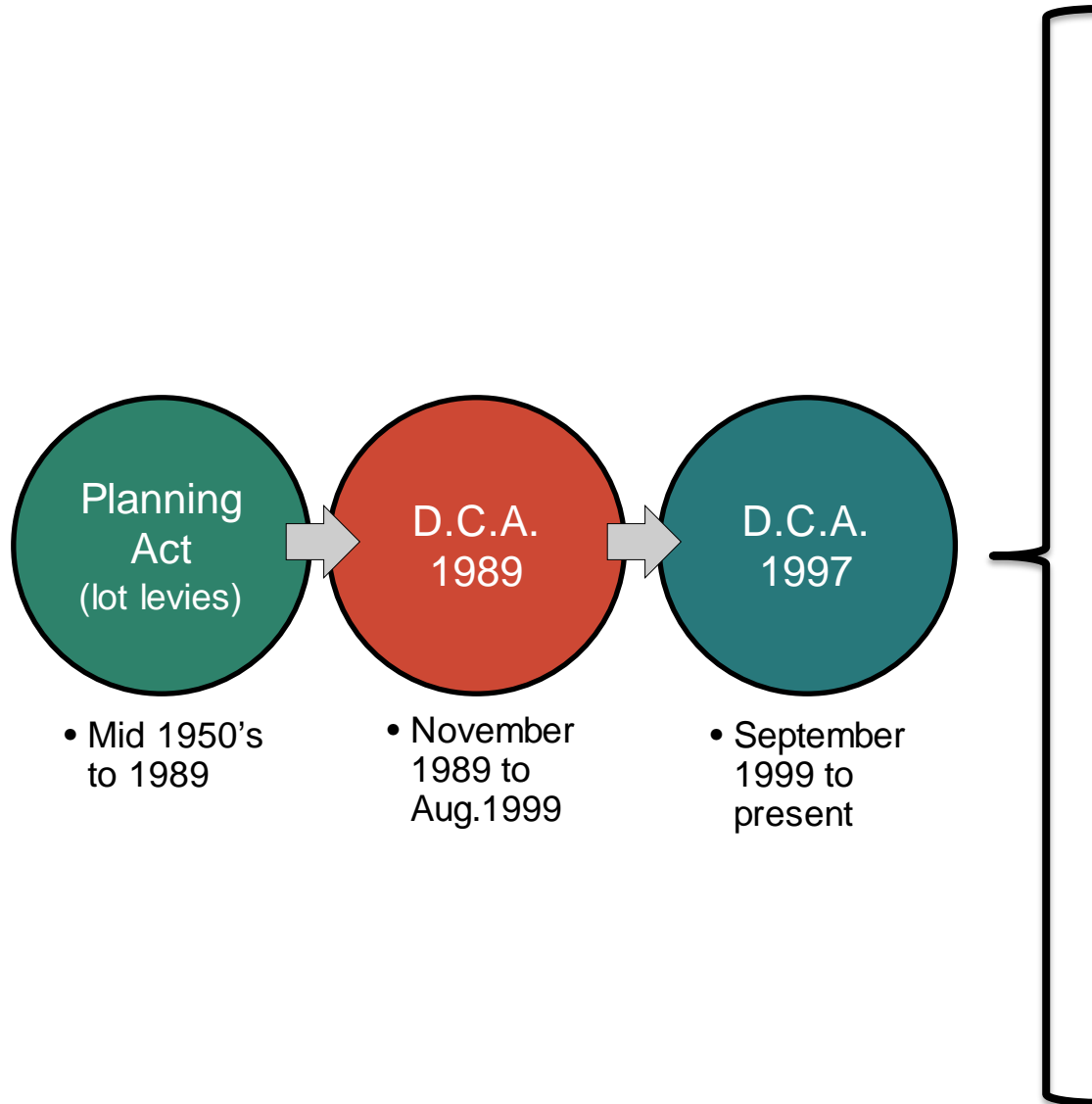
*Public works included under services related to a highway



D.C. Legislation

Middlesex County Development Charges Background Study & By-law

History of D.C.s



Amendments to D.C.A. 1997

1. Bill 73: January 2016
2. Bill 108: June 2019
3. Bill 138: December 2019
4. Bill 197: July 2020
5. Bill 213: December 2020
6. Bill 109: April 2022
7. Bill 23: November 2022
8. Bill 134: December 2023
9. Bill 185: June 2024

Recent Changes to D.C. Legislation



Bills 108 & 138: *More Homes, More Choice Act, 2019 and Plan to Build Ontario Together Act, 2019*

- Instalment payments (for rental housing and institutional developments)
- D.C. freeze for Site Plan and Zoning By-law Applications
 - Once a complete application is received; D.C. rate is frozen. Once the municipality approves application, developer has two years to pull a building permit to maintain frozen rate

Bill 197: *COVID-19 Economic Recovery Act, 2020*

- Removal of 10% mandatory deduction
- List of eligible services
- C.B.C legislation (*Planning Act*)

Bill 213: *Better for People, Smarter for Business Act, 2020*

- Exemptions for universities

Bill 109: *More Homes for Everyone Act, 2022*

- Rules for Annual Treasurer's Statement

Recent Changes to D.C. Legislation – Cont'd



Bill 23: *More Homes, Built Faster Act, 2022*

- Additional D.C. exemptions:
 - Inclusionary zoning units
 - Non-profit housing
 - Additional residential units
 - Affordable owned/rental units
 - Attainable units (currently not in force)
- Rental housing discount (based on number of bedrooms – 15%-25%)
- Removal of housing as an eligible D.C. service
- Capital cost amendments (**restrictions to remove studies** and potentially land)
- **Mandatory phase-in of D.C. (maximum charge of 80%, 85%, 90%, 95%, 100% for first five years of the by-law)**
- Maximum Interest Rate for Installments and D.C. Freeze (maximum interest rate would be set at the average prime rate plus 1%)
- Requirement to Allocate 60% of the monies in the reserve funds for Water, Wastewater, and Services Related to a Highway
- D.C. by-law expiry extended to 10 years

Note: The Province passed Bill 185 on June 6, 2024, which removed these requirements (see next slide)

Recent Changes to D.C. Legislation – Cont'd



Bill 134: *Affordable Homes and Good Jobs Act, 2023*

- Revised definition for affordable unit:

Affordable Rental Unit: rent is less than 30th percentile of income for rental households or average market rent set out in Bulletin*

Affordable Owned Unit: cost is less than 30th percentile of income for households in the municipality or 90% of the average purchase price as defined in Bulletin*

Bill 185: *Cutting Red Tape to Build More Homes Act, 2024*

- Removal of mandatory phase-in of charges
- Re-inclusion of studies as an eligible capital cost (included in calculated rates)
- D.C. rate freeze for zoning by-law amendment applications: reduction from two years to 18 months
- Process for minor amendments to D.C. by-laws
- Modernizing public notice requirements



D.C. Policies

Middlesex County Development Charges Background Study & By-law



Mandatory D.C. Exemptions/ Discounts

- Upper/Lower Tier Governments and School Boards;
- Industrial building expansions (may expand by 50% with no D.C.)
- Development of lands intended for use by a university
- Up to 2 apartments in an existing or new detached, semi-detached, or rowhouse
- Add one additional unit or 1% of existing units in an existing rental residential building
- Affordable inclusionary zoning units
- Non-profit housing
- Discount for rental housing (based on number of bedrooms – 15% to 25%)
- Affordable rental unit
- Affordable owned unit
- Attainable units (not yet in force)

Discretionary Exemptions & Redevelopment Credits



- Reduce in part or whole D.C. for types of development or classes of development (e.g. industrial or churches)
- May phase-in over time
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law)

Proposed Discretionary Exemptions:



Industrial Development



Agricultural Uses



Places of Worship

Local Service Policies



- Section 59.1(1) and (2) of the Act “No Additional Levies” prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A. therefore, need to be clear:
 - What is included in the D.C.; and
 - What is required by developers as part of their development agreements
- Items considered in the County’s policy include:
 - County roads,
 - Roadway illumination, traffic signals and intersection improvements,
 - Cycling facilities/active transportation,
 - Traffic control systems,
 - Transportation studies,
 - Land acquisition,
 - Stormwater



Calculated D.C. Rates

Middlesex County Development Charges
Background Study & By-law

Growth Forecast Summary



Measure	10 Year 2024 to 2033
(Net) Population Increase	13,128
Residential Unit Increase	7,294
Non-Residential Gross Floor Area Increase (sq.ft.)	3,545,700

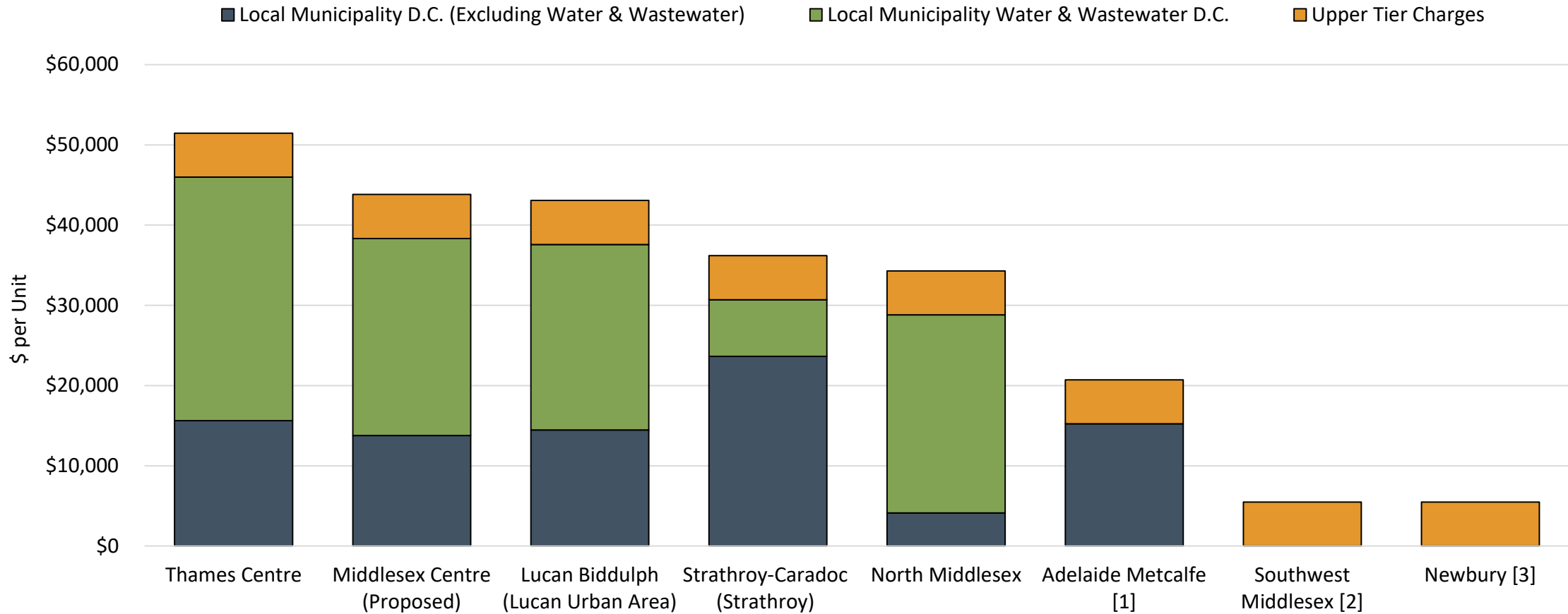
Source: Watson & Associates Economists Ltd. Forecast 2024

Calculated D.C. Rates



Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)
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Services Related to a Highway	5,462	4,188	3,779	2,405	1,955	3.64
Growth Studies	22	17	15	10	8	0.01
Total Municipal Wide Services/Class of Services	5,484	4,205	3,794	2,415	1,963	3.65

Survey of Middlesex County Municipal D.C.s – Single/Semi Detached

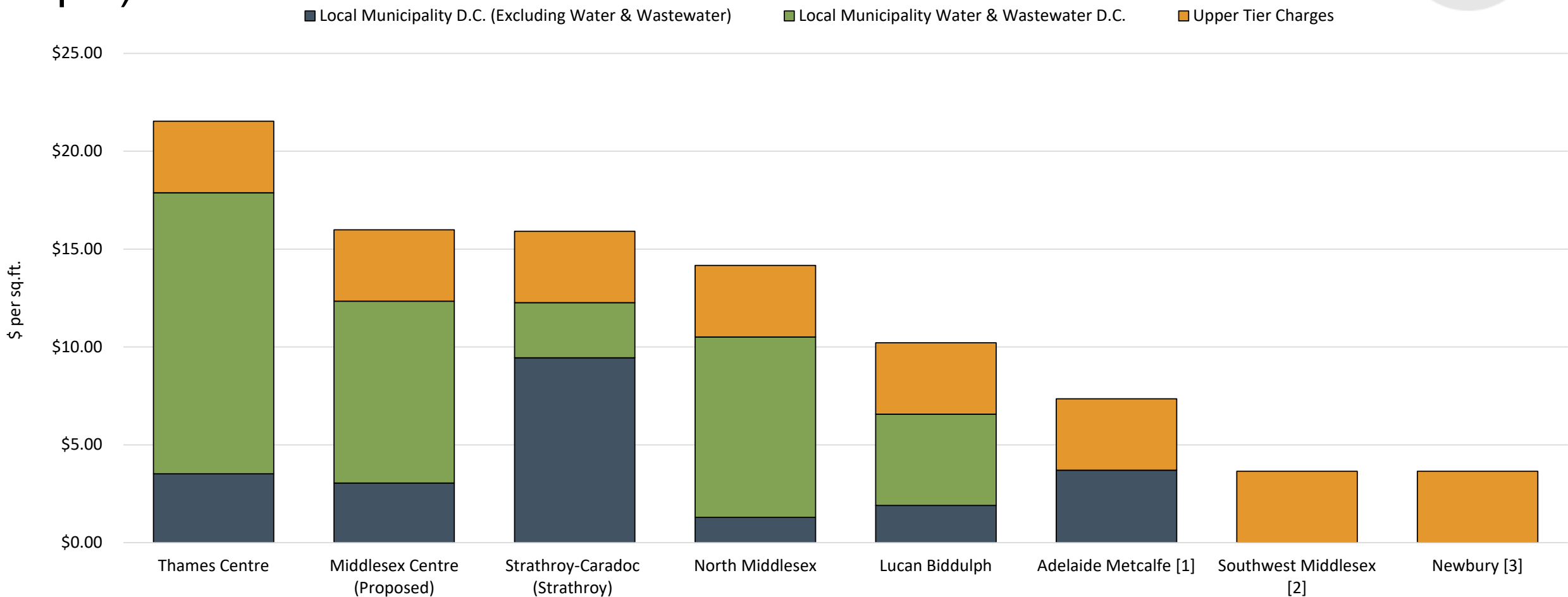


[1] Does not include D.C.s for water and wastewater

[2] No D.C. by-law in effect - study underway

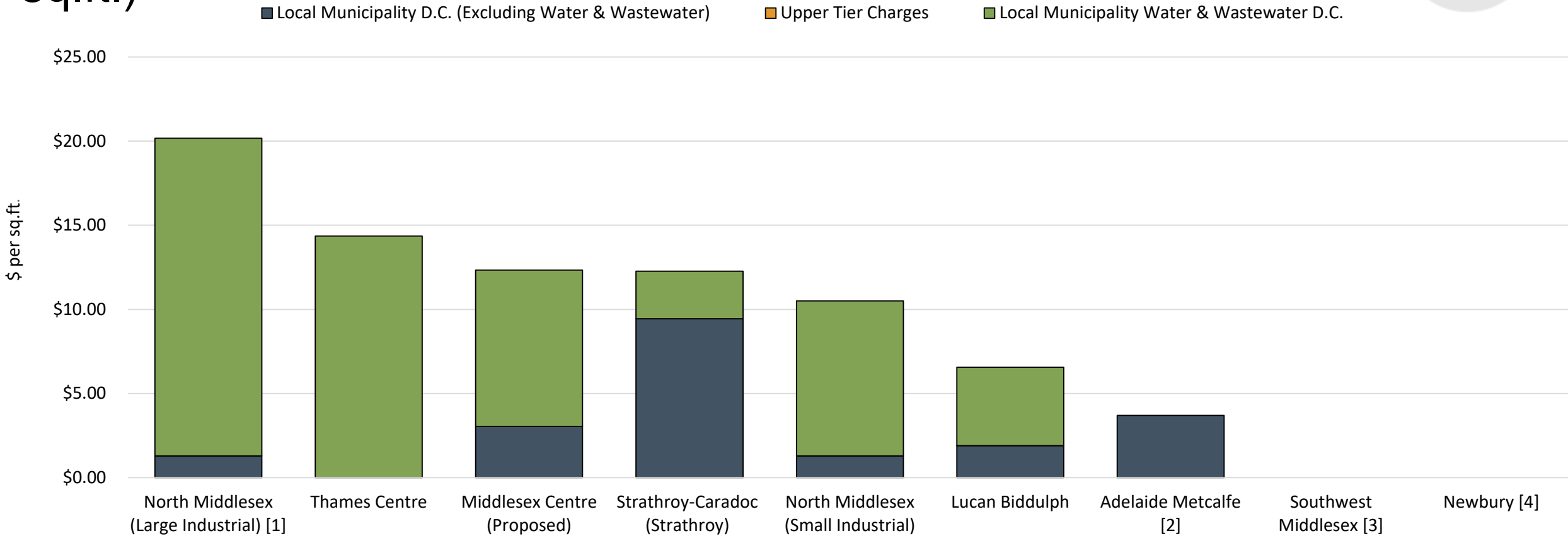
[3] No D.C. by-law in effect

Survey of Middlesex County Municipal D.C.s – Commercial (per sq.ft.)



[1] Does not include D.C.s for water and wastewater
[2] Non-residential development exempt from DCs
[3] No D.C By-law in effect - D.C. study underway
[4] No DC by-law in effect

Survey of Middlesex County Municipal D.C.s – Industrial (per sq.ft.)



[1] Where wastewater volume per employee exceeds 0.5 cu.m

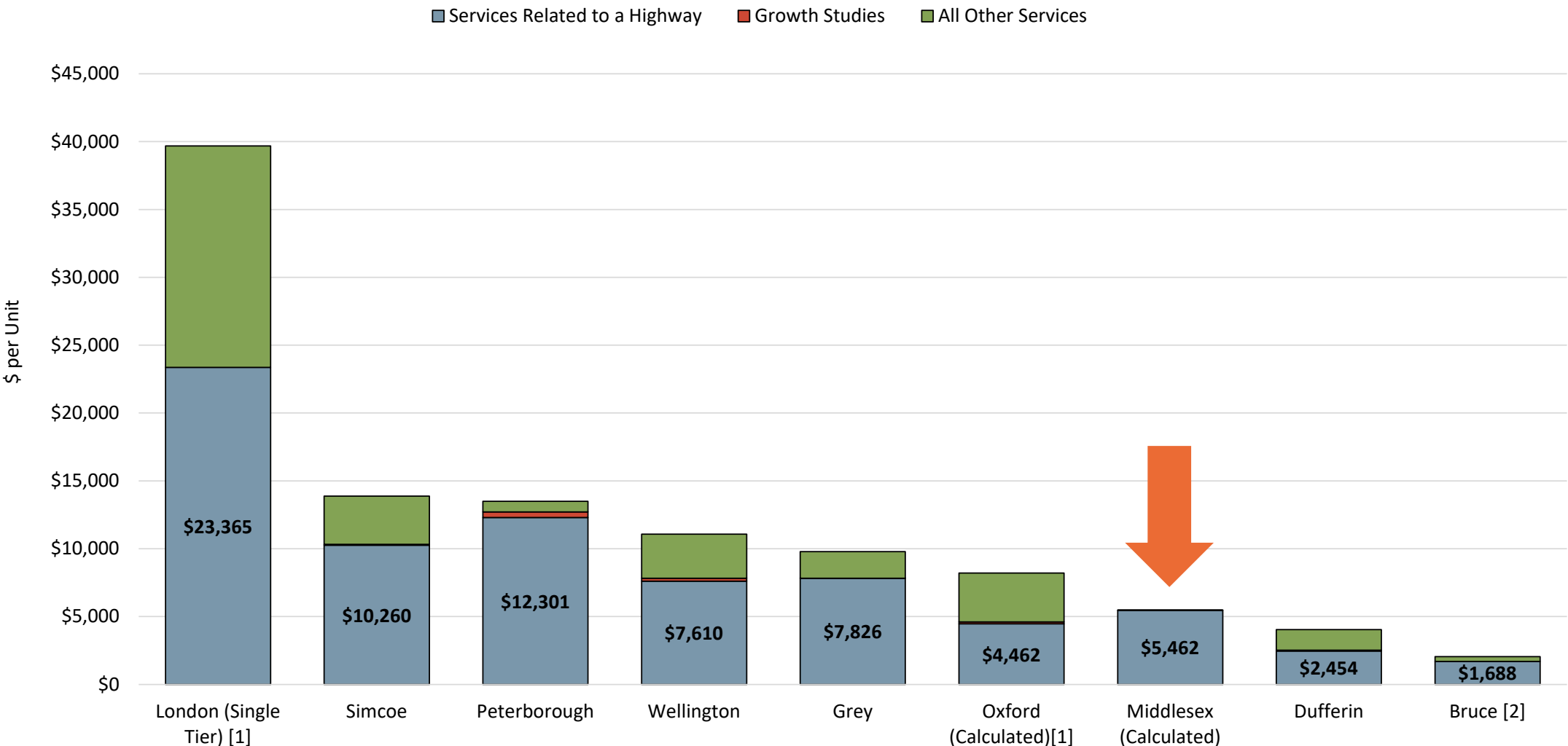
[2] Does not include D.C.s for water and wastewater

[3] No D.C By-law in effect - D.C. study underway

[4] No DC by-law in effect

* Proposed industrial exemption for County D.C.s

Survey of D.C. Rates Across Ontario Counties (Single Detached Dwelling)



[1] Excludes water/wastewater charge
[2] DCs phased in over ten years (25% of full charge currently in effect)



Next Steps

Middlesex County Development Charges
Background Study & By-law

Next Steps



February to April 2024

Data collection, staff review, D.C. calculations and policy work



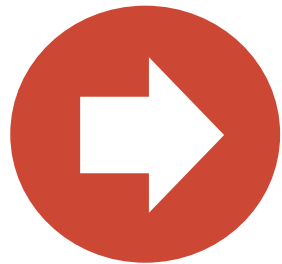
May 13, 2024

Release of D.C. Background Study and By-law



June 26, 2024

Public Meeting of Council



July 16, 2024

Council Consideration of By-law

Questions



Questions



The Corporation of the Municipality of Strathroy-Caradoc
52 Frank Street, Strathroy, ON N7G 2R4
Phone: 519-245-1070 • Fax: 519-245-6353
www.strathroy-caradoc.ca

June 27, 2024

ATTN: Middlesex County Clerk
By e-mail: clerk@middlesex.ca

Re: Comments Regarding Proposed Middlesex County Development Charges

Please be advised that at its June 17, 2024 meeting, Strathroy-Caradoc Council received a staff report and comments in regards to the proposed Middlesex County Development Charges and further directed that the comments be forwarded to Middlesex County for consideration. These comments are included below:

- “To ensure consistent application of the County DC by-law, where possible, definitions and local service policy could be harmonized between local and County DC by-laws.
- County DC introduces new types of residential classifications (i.e. special care / special dwelling units) that are not defined separately within Strathroy-Caradoc’s local DC by-law and will be challenging for a local municipality to administer.
- Increases are significant. This will impact housing prices and affordability.
- Request that the County comment on how they plan to fund the non-statutory exemptions for Industrial, Agricultural, places of worship, and cemeteries.
- Local staff have not yet been consulted on how the collection of County DCs will occur by the local Municipalities. Processes will have to be established in a timely manner given that the DC’s are proposed to be in place within a month.
- What is the process for the calculated DCs for building permits that have a zoning bylaw amendment or site plan application? Will the County be calculating and providing these to the Municipalities on a quarterly basis?
- How will the County DC’s be administering rental payment calculations and installments associated with these?
- How is the County dealing with the affordable units exemptions and the agreement with the developer? Will this be included in a local agreement or by way of a separate County agreement?
- When will the County provide their updated indexed rates for the upcoming year? Ideally this should be by December 1st of the preceding year.
- Section 4.0 of the by-law on payment of services. Since the County isn’t collecting directly, staff is unsure if this needs to be reviewed with that lens. It has

the Municipality adding to the roll, but will we need to remit the amount to the county and we are stuck with the collection aspect.

While the Municipality [of Strathroy-Caradoc] appreciates that growth should pay for growth, the potential introduction of a by-law would benefit from further communication with the local Municipalities on the details of the Development Charge collection process as well as with potential to harmonization DC terms and categories / exemptions where possible in particular. As well, Council and the development community should be aware of the potential impact the County imposed charge will have on housing affordability on all housing types, as well as on commercial and institutional uses within Strathroy-Caradoc.”

Best regards,

A handwritten signature in black ink, reading "BHammer-Keidel". The signature is written in a cursive, flowing style. To the right of the signature is a vertical line.

Brianna Hammer-Keidel
Director of Legal & Legislative Services/Clerk
Municipality of Strathroy-Caradoc



TOWNSHIP OF
**Adelaide
Metcalfe**

2340 Egremont Drive, R.R. #5, Strathroy, Ontario, N7G 3H6

Phone (519)247-3687 Toll Free 1-866-525-8878 Fax (519)247-3411 E-Mail info@adelaidemetcalfe.on.ca

June 24, 2024

Paul Shipway
General Manager of Strategic Initiatives & Innovation
Middlesex County
399 Ridout St. N.
N6A 2P1

RE: MIDDLESEX COUNTY DEVELOPMENT CHARGES

Mr. Shipway,

On behalf of the Council for the Township of Adelaide Metcalfe, I am writing you regarding the County's proposed implementation of Development Charges.

A report was provided to Council at our June 17, 2024 Council Meeting by our Chief Building Official that articulated a number of comments, questions or clarifications we should seek answers to.

1. To reduce confusion, the definition of Institutional should reflect that of the local municipal policies.
2. That rates be shown in metric.
3. That clarification is provided regarding how the County plans to fund exemptions.
4. That the County work closely with the local municipalities to develop efficient and effective processes for the collection and remittance of County Development Charges.
5. That the County work closely with the local municipalities to also develop efficient and effective processes for calculating DCs and the administration of rental payment calculations.
6. Clarify how affordable unit exemptions will be dealt with.
7. Ensuring that the local municipalities receive the County's updated indexed rates by December 1.
8. The consideration of local bylaws and what tools the County will require to ensure the local municipality can collect uncollected fees.
9. Timing of the implementation of Development Charges should allow for a buffer or transitional period so that developers have some time to prepare for a new Development Charge.



2340 Egremont Drive, R.R. #5, Strathroy, Ontario, N7G 3H6
Phone (519)247-3687 Toll Free 1-866-525-8878 Fax (519)247-3411 E-Mail info@adelaidemetcalfe.on.ca

In conclusion, Township Council generally supports the County's provision of Development Charges to ensure that 'development pays for development,' however we must pause for a moment to also recognize the significant cost increases we have seen over the last few years. In saying this, the County should evaluate through its budget processes how the implementation of Development Charges has contributed to positively mitigating tax levy increases on to its local municipalities.

Sincerely,

A handwritten signature in black ink, appearing to read "Sue Clarke", is written over a light yellow rectangular background.

Mayor Sue Clarke
Township of Adelaide Metcalfe



June 24, 2024

Middlesex County
Administration Offices
399 Ridout Street North
London, ON N6A 2P1Address 4

Sent via email

Re: Middlesex County Development Charge Study

Please be advised that at the Council meeting held on Wednesday, June 19th, 2024, the Municipality of Middlesex Centre adopted the following resolution:

Resolution # 2024-173

Moved by: Councillor Cates

Seconded by: Councillor Berze

7.1 Middlesex County Development Charge Study

THAT Report BLD-05-2024, re; Middlesex County Development Charge Study be received;

AND THAT comments outlined in the Summary of this report be provided back to Middlesex County (see end of report).

Appended to this correspondence and notated below, are the Summary comments excerpted from Report BLD-05-2024:

Sincerely,

James Hutson, Municipal Clerk
10227 Ilderton Road, RR#2 | Ilderton, Ontario, N0M 2A0
Tel: 519.666.0190 Ext. 225 | Fax: 519.666.0271

Encl. Report BLD-05-2024



Summary

Middlesex Centre staff are preparing a summary response for consideration when these new charges are brought forward:

- To avoid confusion, definition of institutional should reflect that of the lower tiers policies (MMC, LB and NM all have similar definitions)
- Increases are significant. This will impact housing prices and affordability
- Request that rates be shown in metric
- Request that the county comment on how they plan to fund the non-statutory exemptions for Industrial, Agricultural, places of worship and cemeteries.
- DCs to be collected at building permit stage. Processes will have to be established. Staff have not yet been approached about this.
- What will the payment process to the County be. Monthly remittances or quarterly.
- What is the process for the calculated DCs for building permits that have a zoning bylaw amendment or site plan application. Will they be calculating and providing these to the Municipalities on a quarterly basis.
- How will they be administering rental payment calculations and installments associated with these.
- How is the county dealing with the affordable units exemptions and the agreement with the developer? Will this be included in our agreement or a separate one.
- When will the county provide lower tiers their updated indexed rates for the upcoming year. Ideally this should be by December 1st of the proceeding year
- Section 4.0 of the bylaw on payment of services. Since the County isn't collecting directly, staff is unsure if this needs to be reviewed with that lens. It has the municipality adding to the roll, but will we need to remit the amount to the county and we are stuck with the collection aspect.



June 25, 2024

Mr. Paul Shipway
Middlesex County
399 Ridout Street N.
London, ON N6A 2P1

Re: Middlesex County Development Charges

We are writing to inform you that the Council for the Municipality of Southwest Middlesex passed the following resolution on June 19, 2024:

THAT Council receive the Middlesex County Development Charge Study Report prepared by the Interim CAO;

THAT Council endorse the report and comments prepared by Arnie Marsman, Middlesex Centre Director of Building Services/CBO and these comments be provided to Middlesex County as the Municipality of Southwest Middlesex comments on the County Development Charges Study Report.

Sincerely,

Kendra Kettler
Clerk/Manager of Legislative Services
Municipality of Southwest Middlesex
kkettler@southwestmiddlesex.ca

Enclosures: Municipality of Southwest Middlesex - June 19 CAO Staff Report
Municipality of Middlesex Centre - June 19 Development Charge Study Report



REPORT TO: Mayor and Members of Council
DATE: June 19, 2024
FROM: Jeff Brick, Interim CAO
SUBJECT: Middlesex County Development Charges Report

RECOMMENDATION

THAT Council receive the Middlesex County Development Charge Study Report prepared by the Interim CAO;

THAT Council endorse the report and comments prepared by Arnie Marsman, Middlesex Centre Director of Building Services/CBO and these comments be provided to Middlesex County as the Municipality of Southwest Middlesex comments on the County Development Charges Study Report.

BACKGROUND:

Middlesex County is considering approving a development charges by-law under the authority of the *Development Charges Act, 1997, as amended*. Development charges provide for the recovery of growth-related costs from new development. In general, development charges are intended to provide a mechanism for municipalities to have the incremental costs of new development be funded by development in the form of a development charge which is collected by the Municipality at the time of a building permit application.

The following points are provided to assist Council with understanding the context of the County Development Charges project and the numerous reports that are referenced:

- The Municipality of Southwest Middlesex does not currently have Development Charges and will need to consider the option of preparing a Development Charges Background Report and implementing a Development Charges By-Law in the future.
- The County is considering implementing development charges. In accordance with the legislation, the development charges would need to be for growth related costs for County services. The applicable services for Middlesex County are as follows:
 - Services related to a highway:
 - Arterial roads
 - Collector roads
 - Bridges, culverts and roundabouts
 - Traffic signals
 - Active transportation
 - Other transportation services:
 - Work yards
 - Rolling stock
 - Other services
 - Interest on money borrowed to pay for growth-related capital
 - Growth studies
- In order to proceed with development charges, a municipality (whether it be upper tier or lower tier) is required to:
 - Complete a background study
 - Hold a public meeting

- Approve a by-law
- Middlesex County has completed a Development Charges Background Study. The study is available at the following link:
<https://pub-middlesexcounty.escribemeetings.com/filestream.ashx?DocumentId=11408>

The Background Study provides a significant amount of detail which is required for legislative, implementation and documentation related purposes. For those Councillors wanting to do more research, I would draw your attention to the following highlights of the Background Study:

- The Executive Summary provides a good overview of the project.
- Chapter 2 provides information on anticipated development in Middlesex County, including growth forecasts.
- Chapter 3 provides details on the approach to the calculation of the charge. Specifically, Table 3-1 provides a good overview of the municipal services provided and indicates whether or not growth in the service area is proposed to be funded by the Middlesex County Development Charge. This table identifies the services that the County is including in their proposed by-law – see the items denoted as “Yes” in the second column. The items labelled “No” in the second column are municipal services that could be subject to development charges and are offered by the lower tier municipalities, and these are the items that could be considered in a future Southwest Middlesex Development Charges By-Law.
- Chapter 4 provides information on the Development Charges eligible services provided by the County and costs.
- Appendix G provides the proposed Development Charges By-Law. The following table is included in the by-law:

Proposed Middlesex County Development Charges						
Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	
Municipal Wide Services/Class of Service:						
Services Related to a Highway	\$5,462	\$4,188	\$3,779	\$2,405	\$1,955	\$3.64
Growth Studies	\$22	\$17	\$15	\$10	\$8	\$0.01
Total Municipal Wide Services/Class of Services	\$5,484	\$4,205	\$3,794	\$2,415	\$1,963	\$3.65

The County of Middlesex prepared a staff report for consideration at their May 28, 2024 Council meeting which provides background on their Development Charges project, provides the Background Study and includes the Draft By-Law. The main staff report is included as Attachment # 1. The staff report along with the background study and proposed by-law in Appendix G is available at the following link:

<https://pub-middlesexcounty.escribemeetings.com/filestream.ashx?DocumentId=11709>

COMMENTS:

Arnie Marsman, Middlesex Centre Director of Building Services/CBO prepared a report that includes data for the four Municipalities that Middlesex Centre provides Building Services to under contract. The full report prepared by Mr. Marsman is provided as Attachment # 2.

The following information is extracted from the Middlesex Centre Report:

Background:

The County of Middlesex is proposing to implement a new development charge which will

impact development. County staff report was brought forward Middlesex County's Council on May 28, 2024 for information as well as its supporting Development Charges (DC) study by Watson and Associates. Middlesex County will be hosting a statutory public meeting regarding the proposal to bring in DCs on June 26, 2024 with a proposed implementation date of July 16, 2024 (see appendix).

Within the (county) report and Watson Study, staff can summarize:

- County DC's are proposed for roads and road related expenses only
- The proposed by-law would exempt industrial DCs and Agricultural DCs
- Estimated revenue for the county is \$3,420,000, equivalent to 6.2% of 2024 county tax levy
- Road expenditures over lifetime of by-law (10 years): \$113.9 million. Of this, approximately \$50 million may be DC eligible

Analysis:

Proposed Rates

The report is recommending the following:

- DC of \$5,484 per single family dwelling, with incrementally smaller DCs for apartments and other multiples
- DC of \$3.65 per square foot for 'non-residential' (\$39.27 per square metre)

The following table outlines how the DC rates compare to current DC rates for Middlesex Centre and the four other municipalities we provide building inspection services to.

Table 1: Residential DC Increase Impact per Municipality

	County DC Per SFD	Current DC for SFD in Serviced Areas	% increase per SFD	Current DC for SFD in Unserved areas	% increase per SFD
Middlesex Centre	\$5,484	\$35,388	15	\$17,217	32
Adelaide Metcalfe	\$5,484	\$12,955	42	\$12,955	42
Lucan Biddulph	\$5,484	\$30,063	18	\$3,096	177
North Middlesex	\$5,484	\$25,929	21	\$3,701	148
Southwest Middlesex	\$5,484	0	New DC	0	New DC

Table 2: Non-residential DC Increase Impact per Municipality

	County DC (per m ²)	Current DC for non-residential in Serviced Areas (per m ²)	% increase	Current DC for non-residential in Unserved areas (per m ²)	% increase per m ²
Middlesex Centre	\$39.27	\$105.75	34	\$65.11	60
Adelaide Metcalfe	\$39.27	\$33.79	116	\$33.79	116
Lucan Biddulph	\$39.27	\$56.49	70	\$4.2	935
North Middlesex	\$39.27	\$194.76	20	\$12.48	315
Southwest Middlesex	\$39.27	0	New DC	0	New DC

Summary

Middlesex Centre staff are preparing a summary response for consideration when these

new charges are brought forward:

- To avoid confusion, definition of institutional should reflect that of the lower tiers policies (MMC, LB and NM all have similar definitions)
- Increases are significant. This will impact housing prices and affordability
- Request that rates be shown in metric
- Request that the county comment on how they plan to fund the non-statutory exemptions for Industrial, Agricultural, places of worship and cemeteries.
 - Current background study is silent on Agricultural DCs,. However, the costs associated with not collecting these might have been included in their capital calculations. Confirmation will be needed.
 - Will they be requiring building permit reports on a monthly or quarterly basis to determine these exemptions to ensure compliance in funding them.
- DCs to be collected at building permit stage. Processes will have to be established. Staff have not yet been approached about this.
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- How will they be administering rental payment calculations and installments associated with these.
- How is the county dealing with the affordable units exemptions and the agreement with the developer? Will this be included in our agreement or a separate one.

It is recommended that Southwest Council endorse the report and comments prepared by Arnie Marsman, Middlesex Centre Director of Building Services/CBO and these comments be provided to Middlesex County as the Municipality of Southwest Middlesex comments on the County Development Charges Study Report.

FINANCIAL IMPLICATIONS:

The imposition of County Development Charges will increase the cost of development in Southwest Middlesex, but the increased costs are meant to be growth related costs that should in theory be paid for by development. The costs calculated by Middlesex County are currently funded through County Levy and the collection of these costs as a development charge would lead to a corresponding reduction in the County Levy requisition in the future. Staff time to administer the collection process through the building permit process and the tracking and transfer of the collected funds is not known as it will depend on communications and collection processes.

OTHERS CONSULTED:

Manager of Finance/Treasurer

Manager of Public Works

Manager of Legislative Services/Clerk

Attachments:

1. May 28, 2024 Middlesex County Staff Report
2. June 19, 2024 Middlesex Centre Staff Report
3. Draft BY-LAW to establish Development Charges for Middlesex County
4. Notice of Development Charges Public Meeting



Meeting Date: June 19, 2024

Prepared By: Arnie Marsman, Director Building Services / Chief Building Official

Submitted by:

Report No: BLD-05-2024

Subject: Middlesex County Development Charge Study

Recommendation:

THAT Report BLD-05-2024, re; Middlesex County Development Charge Study be received;

AND THAT comments outlined in the Summary of this report be provided back to Middlesex County (see end of report).

Purpose:

To advise Council of the development charges study currently ongoing for Middlesex County and to outline the financial impacts of the proposed development charges on development in Middlesex Centre.

Background:

The County of Middlesex is proposing to implement a new development charge which will impact development.

County staff report was brought forward Middlesex County's Council on May 28, 2024 for information as well as its supporting Development Charges (DC) study by Watson and Associates. Middlesex County will be hosting a statutory public meeting regarding the proposal to bring in DCs on June 26, 2024 with a proposed implementation date of July 16, 2024 (see appendix).

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- When will the county provide lower tiers their updated indexed rates for the upcoming year. Ideally this should be by December 1st of the proceeding year
- Section 4.0 of the bylaw on payment of services. Since the County isn't collecting directly, staff is unsure if this needs to be reviewed with that lens. It has the municipality adding to the roll, but will we need to remit the amount to the county and we are stuck with the collection aspect.

As noted, municipal staff will prepare a formal memorandum for the County ahead of their public meeting.

Financial Implications:

Staff time in processing DC collection and transfer of funds to Middlesex County

Significant impact to development community as per the above noted tables.

Strategic Plan:

This matter aligns with following strategic priorities:

- Responsive Municipal Government
- Sustainable Infrastructure and Services
 - By sharing information and gathering input, continuing our timely and effective communication to the public.
 - By reviewing and enhancing our processes

Attachments:

Appendix – County of Middlesex notice dated May 10, 2024