



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).

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' (\$39.27per 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 Unserviced 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 m²)	Current DC for non-residential in Serviced Areas (per m²)	% increase	Current DC for non-residential in Unserviced areas (per m²)	% increase per m²
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.
- 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.

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