



Municipality of Middlesex Centre Development Charges Presentation

January 9, 2019



Development Charges

Purpose

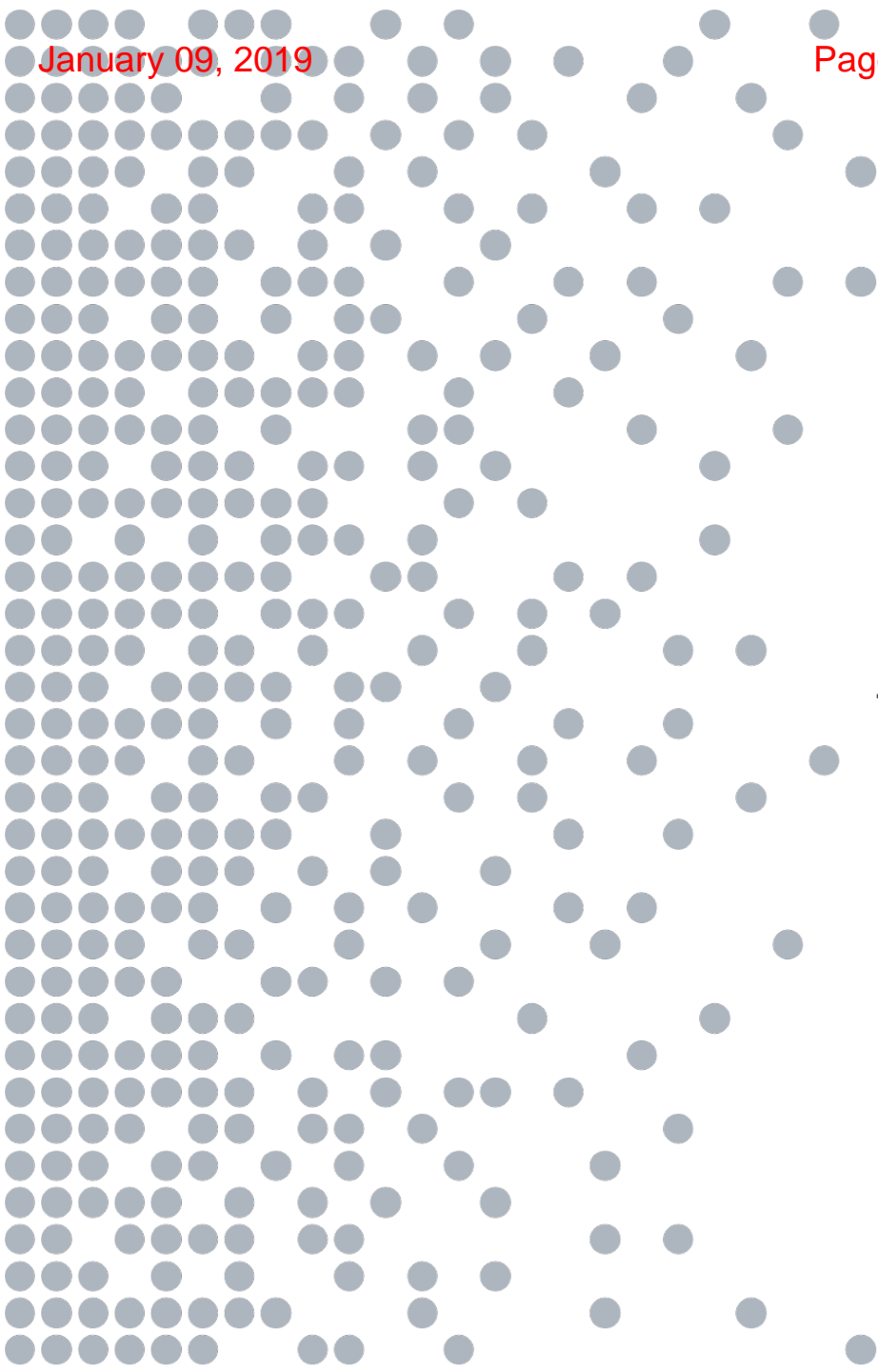
- To recover the capital costs associated with residential and non-residential growth within a municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e. internal roads, sewers, watermains, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose Development Charges (D.C.s) via the *Development Charges Act, 1997* (D.C.A.)



Development Charges

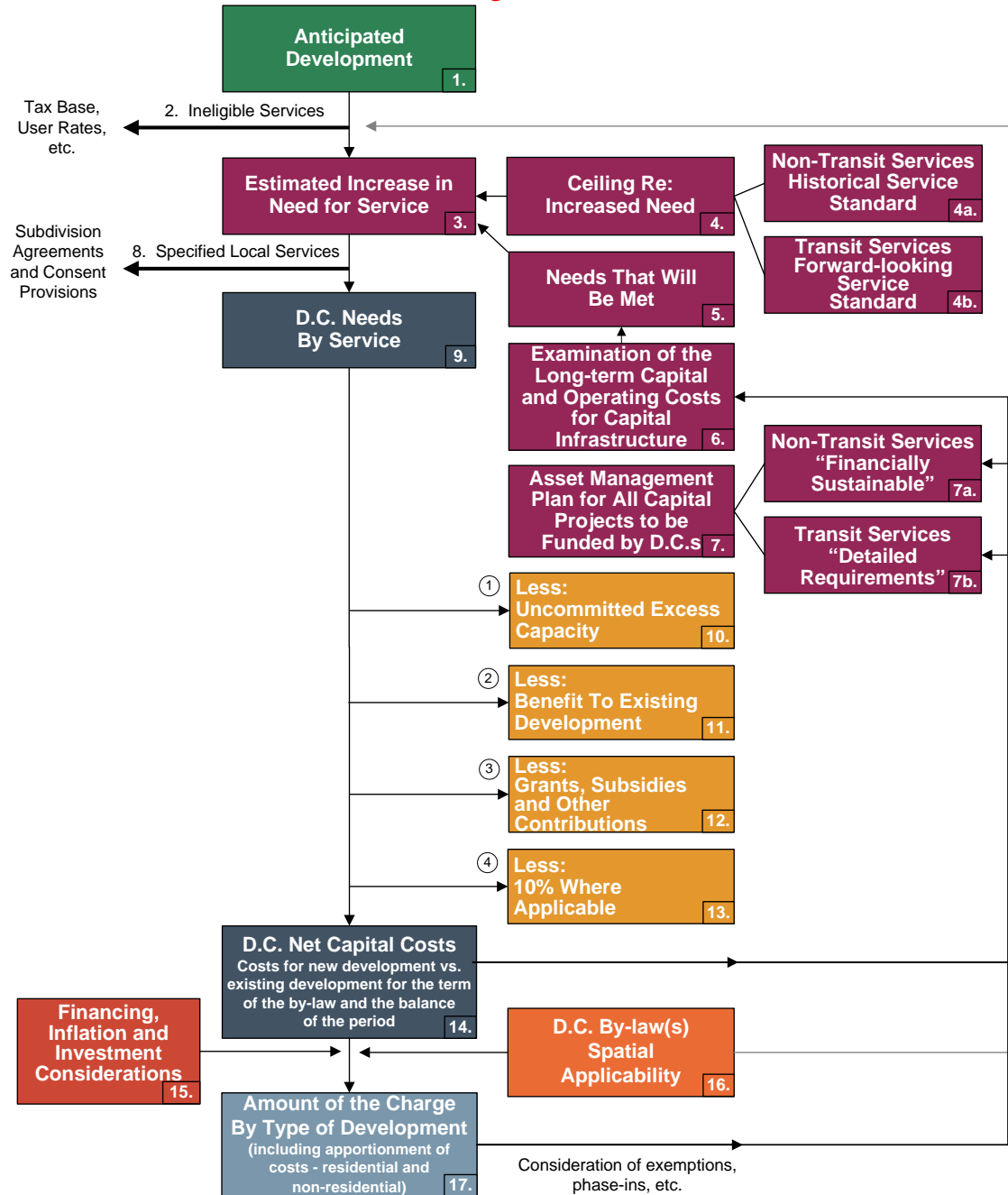
Process

- Under the D.C.A. a development charges by-law expires five years after the day it comes into force
- To continue to impose D.C.s, a municipality must:
 - Prepare a D.C. background study, following the prescribed methodology;
 - Make the D.C. background study available to the public at least 60 days prior to passage of the D.C. by-law; and
 - Undertake the statutory public process (i.e. notice of public meeting, public meeting); and
 - Pass a new D.C. by-law within one-year of the completion of the D.C. background study.
- Anyone may appeal the D.C. by-law to the Local Planning Appeal Tribunal (L.P.A.T.)



Development Charges

Methodology





Anticipated Development

- Several sections of the Act provide the framework for establishing the growth forecast:
 - S.5(1)5 – “The anticipated amount, type and location of development, for which development charges can be imposed, must be estimated”
 - S. 5(1)2 – “The increase in the need for service attributable to the anticipated development must be estimated for each service”
 - S. 5(1)4 – limited to a 10 year planning horizon for all services except Water, Wastewater, Storm, Services related to a highway, Fire, Police (and Toronto-York subway extension within Toronto)



Limitations on Capital and Services

- Some services and some forms of capital cannot be included in the DCA, as follows:
 - Headquarters for the General Administration of the Municipality
 - Arts, Culture, Museums and Entertainment Facilities
 - Tourism Facilities
 - Provision of a Hospital
 - Parkland Acquisition
 - Waste Management (Incineration and Landfill)
 - Waste Diversion is an eligible service (Bill 73)
 - Computer Equipment
 - Vehicles and Equipment with < 7 year life



Increase in Need for Service

- D.C.A. requires that the increase in need for service must be estimated, including:
 - Service by service determination (not project specific)
 - Increase in need not to exceed historic average level of service
 - Municipal Council indicate that it intends to ensure that such an increase in need will be met
 - Long-term capital and operating cost determination and asset management plan
 - Asset management plan for all services except transit, the background study shall deal with all assets proposed in the study and demonstrate that these assets are financially feasible over their full life cycle
 - For Transit services, a more prescriptive set of requirements has been included in the Regulations



Eligible Capital Costs

- DCA definition provides for a broad range of costs, to include:
 - Acquire land or interest in land (except parkland)
 - Improve land (e.g. servicing, landscaping, parking lot)
 - Acquire, lease, construct or improve buildings, facilities and structures (includes furniture and equipment)
 - Equipment and rolling stock
 - Capital component of a lease for the above
 - Circulation materials for Libraries
 - Studies for above including a D.C. Background Study
 - Interest on money borrowed to pay for the above



D.C.A. Deductions

Excess Capacity

- Excess capacity in the system cannot be recovered in the D.C. unless council had expressed a clear intention to recover these costs from D.C., or similar, at or before the time the capacity was created (i.e. new development inherits any capacity in the system at no cost to them)
- Clear intention would include where a council has deemed a project not included in the D.C., to be growth related and direct it to be included in subsequent D.C. reviews



D.C.A. Deductions

Benefit to Existing

- Consideration of this is almost always on a project by project basis
- Often relates to where a replacement of an building/item (e.g. replacement of an existing Library with larger facility) or where an existing problem is being addressed (e.g. expansion of service to meet current deficiencies)
- Most often, additions to fleet are growth from the perspective they are adding capacity to the fleet



D.C.A. Deductions

Grants, Subsidies and Other Contributions

- Capital costs required to be reduced by capital grants, subsidies, and other contributions made or anticipated by Council, in accordance with various rules as to attribution between the share related to new vs. existing development unless the person making the contribution expressed a clear intention of its use
- Need to consider basis for the grant:
 - Some grants have specifically said they are not from growth – grant does not get allocated to growth component of the project
 - Some are general to the project (e.g. Build Canada) – grant is allocated to overall project including growth component



DC.A. Deductions

10% Statutory Deduction

- DCA also provides for a mandatory 10% reduction of capital cost for all services except:
 - Water, Wastewater and Stormwater Services
 - Roads and related services (i.e. Public Works)
 - Fire
 - Police
 - Transit



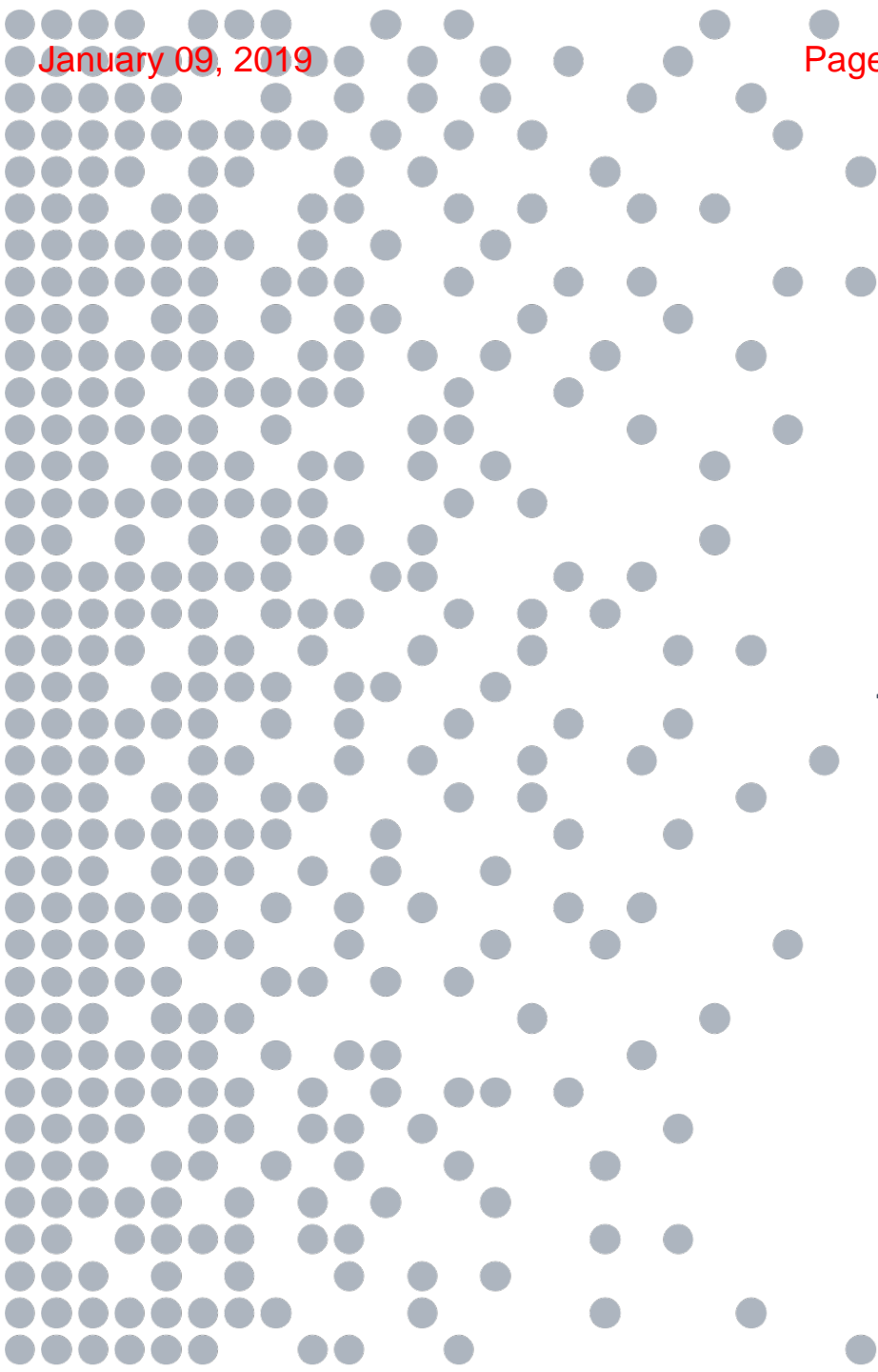
Area-specific Charges

- Municipalities always had the ability to impose charges on a uniform municipal-wide basis or area-specific basis. Section 10(c.1) of the D.C.A. requires that municipalities must examine the use of area rating.
- While there are no specific “prescribed” services, this section identifies that the background study must consider this to reflect the different needs for different areas.
- Minister maintains the right to prescribe services or municipalities which must be area rated.
- Note that while the background study must consider the option of area rating, it is not mandatory to pass area-specific charge



D.C. By-Law Policies

- D.C. policies to be addressed include:
 - Timing of collection – building permit issuance, subdivision registration
 - Statutory and Non-statutory D.C. exemptions
 - Credit Policies (e.g. S. 38 credits)
 - Non-Residential Charge Structure
 - Transition Policies
 - Indexing Policies



Development Charges

Municipality of Middlesex
Centre



Development Charges in the Municipality of Middlesex Centre

- The Municipality of Middlesex Centre (Municipality) imposes D.C.s to recover the increase in the needs for service arising from residential and non-residential development
- The Municipality's D.C. By-law 2014-069, came into effect on July 24, 2014. This by-law was subsequently amended in 2017 to provide for updates to the specific capital cost estimates underlying the charges
- The basis for the Municipality's D.C.s is documented in the "Municipality of Middlesex Centre 2014 Development Charges Background Study" dated July 2, 2014 (as amended)



Development Charges in the Municipality of Middlesex Centre (as at January 1, 2018)

Service	RESIDENTIAL (\$ per Dwelling Unit)			
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples
<u>Municipal Wide Services:</u>				
Roads	\$ 2,164	\$ 1,227	\$ 910	\$ 1,517
Public Works	\$ 557	\$ 315	\$ 234	\$ 390
Fire Protection Services	\$ 1,323	\$ 750	\$ 557	\$ 928
Parks and Recreation	\$ 2,161	\$ 1,225	\$ 909	\$ 1,514
Library Services	\$ 68	\$ 38	\$ 29	\$ 47
Administration - Studies	\$ 302	\$ 171	\$ 127	\$ 212
Total Municipal Wide Services	\$ 6,574	\$ 3,727	\$ 2,766	\$ 4,608
<u>Area Specific Services:</u>				
<u>Water and Sewer Service Areas</u>				
Water Services	\$ 1,614	\$ 915	\$ 679	\$ 1,132
Wastewater Services	\$ 10,333	\$ 5,858	\$ 4,347	\$ 7,242
TOTAL				
Water and Sewer Service Areas	\$ 18,521	\$ 10,501	\$ 7,791	\$ 12,982
Unserviced	\$ 6,574	\$ 3,727	\$ 2,766	\$ 4,608

Service	NON-RESIDENTIAL (\$ per Square Metre of Gross Floor Area)		
	Other Non-Residential	Agricultural Use	Industrial
<u>Municipal Wide Services:</u>			
Roads	\$ 10.90	\$ 1.86	\$ 4.36
Public Works	\$ 2.80	\$ -	\$ 1.12
Fire Protection Services	\$ 6.58	\$ 1.65	\$ 2.63
Parks and Recreation	\$ 3.60	\$ -	\$ 1.44
Library Services	\$ 0.11	\$ -	\$ 0.04
Administration - Studies	\$ 1.50	\$ -	\$ 0.60
Total Municipal Wide Services	\$ 25.49	\$ 3.50	\$ 10.20
<u>Area Specific Services:</u>			
<u>Water and Sewer Service Areas</u>			
Water Services	\$ 4.31	\$ -	\$ 1.72
Wastewater Services	\$ 27.58	\$ -	\$ 11.03
TOTAL			
Water and Sewer Service Areas	\$ 57.38	\$ 3.50	\$ 22.95
Unserviced	\$ 25.49	\$ 3.50	\$ 10.20



Development Charges in the Municipality of Middlesex Centre

- The Municipality's D.C.s are indexed annually on January 1st
- The Municipality imposes a uniform municipal-wide D.C. for all municipal services, except for water and wastewater services
 - D.C.s for water and wastewater services are imposed in the municipal serviced areas only (i.e. Komoka, Ilderton, Delaware and Arva Settlement Areas)
- D.C.s are imposed at the time of building permit issuance
- The D.C. by-law provides statutory exemptions for:
 - industrial building additions of up to 50% of the existing floor area;
 - buildings or structures owned by and used for the purposes of any municipality, local board or Board of Education; and
 - residential development that results in only the enlargement of an existing dwelling unit, or the creation of up to two additional dwelling units



Development Charges in the Municipality of Middlesex Centre

- The D.C. by-law provides the following non-statutory exemptions:
 - full exemptions for greenhouse developments;
 - partial exemption for industrial development, with the amount payable calculated at 40% of the calculated Non-Residential Charge; and
 - partial exemption for non-residential agricultural uses, with the amount payable calculated at 17% of the Roads Services Charge and 25% of the Fire Protection Services Charge
- Redevelopment credits are provided where demolition or conversion occurs on the same site within a permissible period of time (i.e. 5 years from the date of demolition permit)
- The Municipality's current D.C. by-law will expire on July 23, 2019, thus requiring the adoption of a new by-law prior to this date