



Municipality of Middlesex Centre Development Charges Background Study

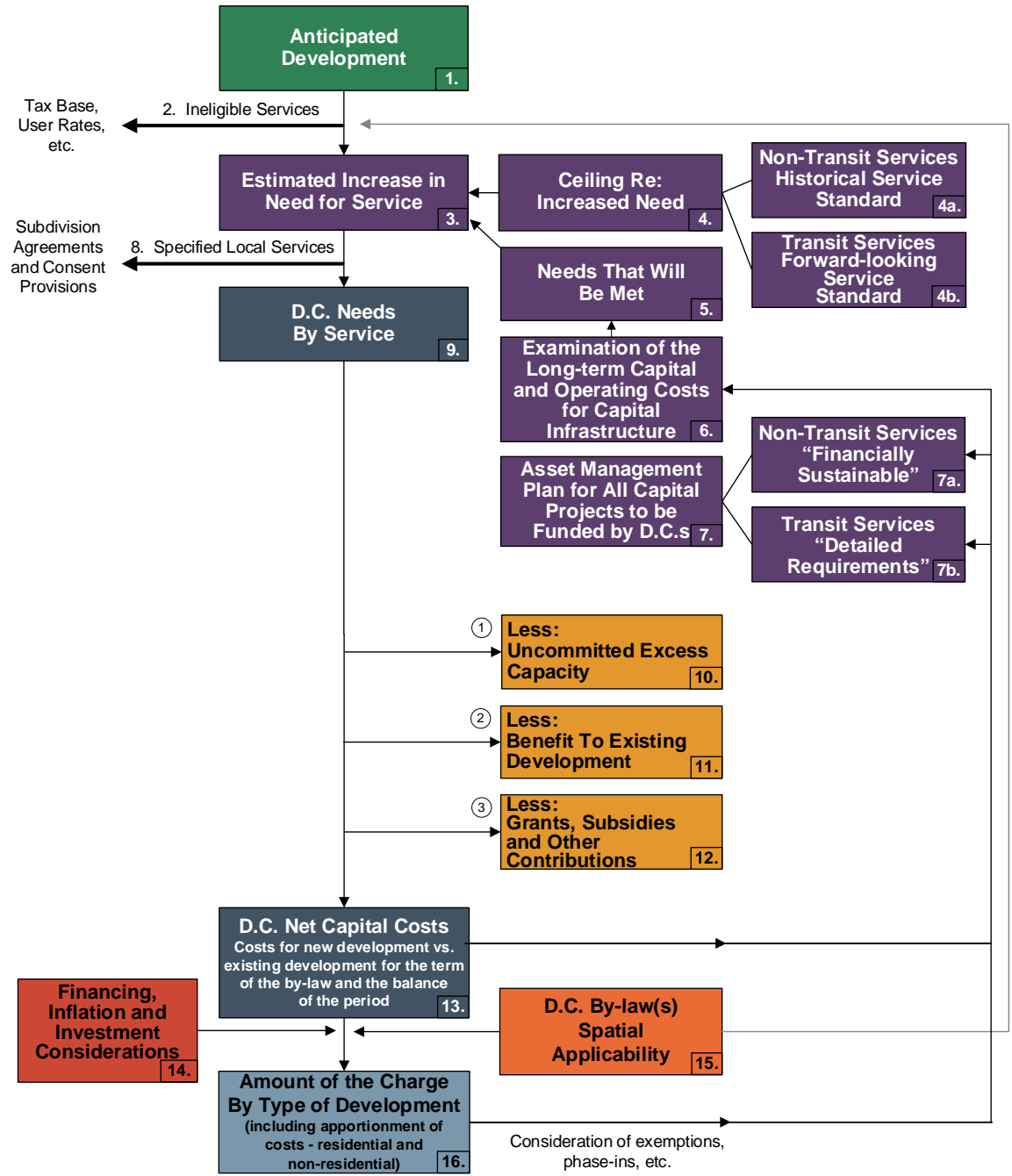
Development Industry Stakeholder Session
March 27, 2024

Introduction



- Purpose of development charges (D.C.s) is to recover the capital costs associated with residential and non-residential growth within the municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (e.g., internal roads, watermains, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the *Development Charges Act* (D.C.A.), as amended
- The Municipality currently imposes development charges under By-law 2019-073, as amended

The Process of Calculating a Development Charge under the Act that must be followed



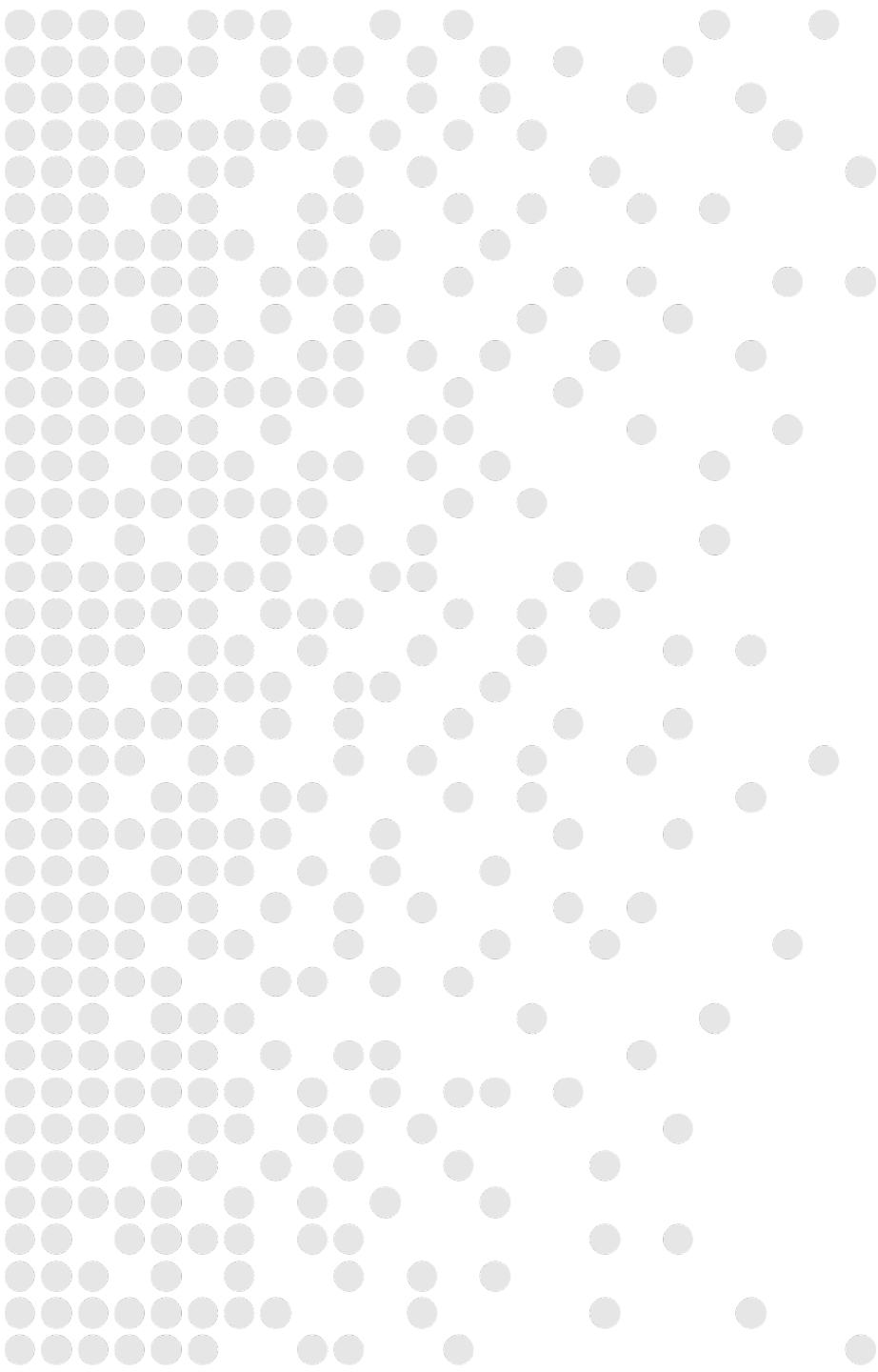
Current Schedule of Development Charges



Service	Residential				Non-Residential (per m ² of Gross Floor Area)		
	Single & Semi Detached	Multiples	Apartments with >= 2 Bedrooms	Apartments with < 2 Bedrooms	Other Non-residential	Agricultural Use	Industrial
Municipal Wide Services/Classes:							
Roads	\$ 6,044	\$ 3,967	\$ 3,870	\$ 2,439	\$ 29.60	\$ 2.82	\$ 11.84
Public Works	\$ 2,621	\$ 1,720	\$ 1,680	\$ 1,057	\$ 12.85	\$ -	\$ 5.14
Fire Protection	\$ 2,220	\$ 1,458	\$ 1,422	\$ 895	\$ 10.98	\$ 2.53	\$ 4.39
Parks & Recreation Services	\$ 5,654	\$ 3,712	\$ 3,619	\$ 2,282	\$ 8.33	\$ -	\$ 3.34
Library	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Growth-related Studies	\$ 678	\$ 445	\$ 435	\$ 274	\$ 3.35	\$ -	\$ 1.34
Total Municipal Wide Services/Class of Services	\$ 17,217	\$ 11,302	\$ 11,026	\$ 6,947	\$ 65.11	\$ 5.35	\$ 26.05
Urban Services							
Wastewater Services	\$ 15,667	\$ 10,284	\$ 10,032	\$ 6,321	\$ 35.12	\$ -	\$ 14.04
Water Services	\$ 2,454	\$ 1,611	\$ 1,572	\$ 990	\$ 5.52	\$ -	\$ 2.21
Total Urban Services	\$ 18,121	\$ 11,895	\$ 11,604	\$ 7,311	\$ 40.64	\$ -	\$ 16.25
GRAND TOTAL RURAL AREA	\$ 17,217	\$ 11,302	\$ 11,026	\$ 6,947	\$ 65.11	\$ 5.35	\$ 26.05
GRAND TOTAL URBAN AREA	\$ 35,338	\$ 23,197	\$ 22,630	\$ 14,258	\$ 105.75	\$ 5.35	\$ 42.30

Project Timeline





Summary of Draft Findings

Growth Forecast



Time Horizon	Residential		Non-residential	
	Net Population ^A	Dwelling Units ^A	Employment ^B	G.F.A. ^C (sq.m.)
Mid 2024	20,261	7,373	4,668	
Mid 2034	26,710	11,626	5,960	
Mid 2046	33,651	12,751	7,422	
Mid 2024 – Mid 2034	6,449	2,527	1,292	148,598
Mid 2024 – Mid 2046	13,390	5,378	2,754	300,235
Mid 2024 – Mid 2046 (Urban)	12,736	4,967	2,408	221,016

A Excludes Institutional Population/Dwellings
B Excludes Work at Home and No Fixed Place of Work
C Gross Floor Area

D.C. Eligible Services



- Water
- Wastewater
- Stormwater*
- Services related to a highway
- Electrical power
- Toronto-York subway extension
- Transit
- Waste Diversion
- Policing
- Fire
- Ambulance
- Library
- Long-term Care
- Parks and Recreation
- Public Health
- Childcare and Early Years
- Provincial Offences Act
- Emergency preparedness
- Airports (only for the Region of Waterloo)

D.C. Services under review for the Municipality

*Potential area-specific D.C. that is currently under review

D.C. Eligible Capital Costs



Eligible capital costs

- Acquire land or interest in land
- Improve land
- 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
- Interest on money borrowed to pay for the above
- Authorized costs incurred or proposed to be incurred by others on behalf of a municipality/local board

Ineligible capital costs

- Parkland acquisition
- Vehicle & Equipment with an average life less than 7 years
- Computer equipment

Anticipated Increase in Need for Service



- A review of available background documents has been completed to identify the increase in need for services attributable to development, including the following:
 - 2019 D.C. Background Study and 2021 D.C. Update Study
 - 2022 Age Friendly Community Action Plan
 - 2023 Roads Needs Study
 - 2023 Organizational Review
 - 2023 Transportation Master Plan
 - 2023 Fire Services Master Plan
 - 2023 Community Services Master Plan
 - 2024 Master Servicing Plans (Water and Wastewater)

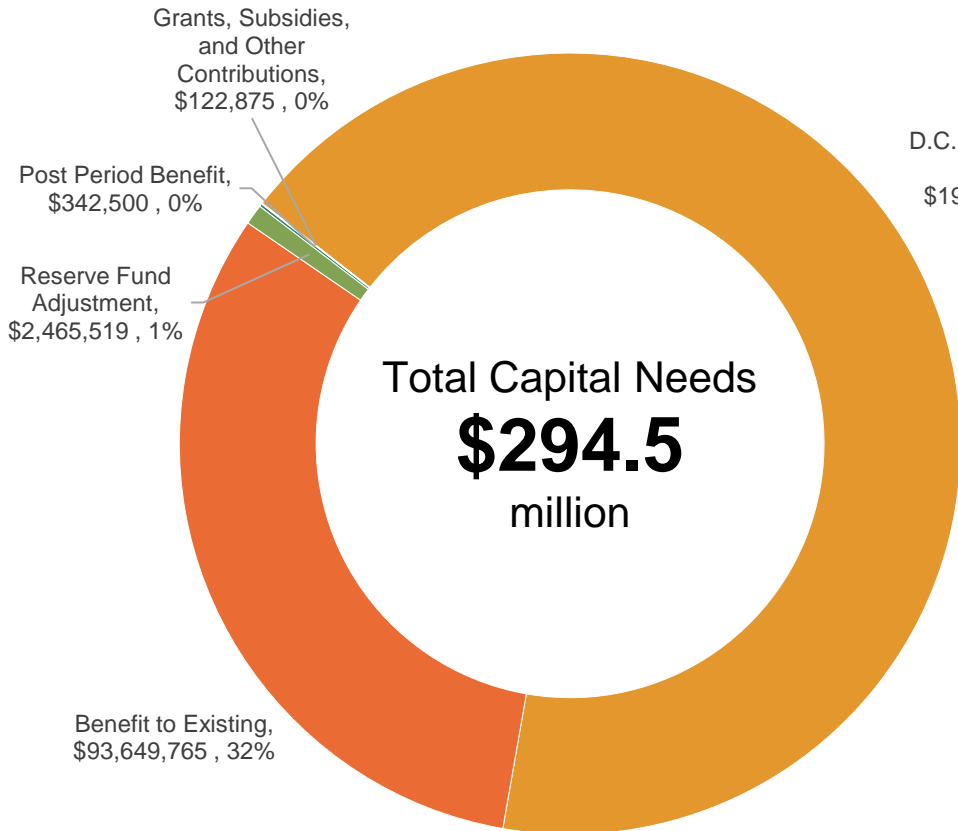
Planning Horizon by Service



- The following planning horizons are used for each service:

Service	Planning Horizon
Fire Protection	10-year (2024-2034)
Parks & Recreation	10-year (2024-2034)
Library	10-year (2024-2034)
Services Related to a Highway	22-year (2024-2046)
Water	22-year Urban (2024-2046)
Wastewater	22-year Urban (2024-2046)

Capital Needs and D.C. Recoverable Share



D.C. Recoverable Costs,
\$197,871,348 ,
67%

Service	D.C. Recoverable ¹	Financing Costs	Total
Services Related to a Highway	\$ 36,540,797	\$ 2,312,215	\$ 38,853,012
Fire Protection Services	\$ 5,286,502	\$ 214,301	\$ 5,500,802
Parks & Recreation Services	\$ 12,718,190	\$ 234,658	\$ 12,952,849
Library Services	\$ -	\$ -	\$ -
Wastewater Services	\$ 110,075,545	\$ 2,224,148	\$ 112,299,693
Water Services	\$ 33,250,314	\$ 747,002	\$ 33,997,316
Total	\$ 197,871,348	\$ 5,732,324	\$ 203,603,672

¹ Includes DC Reserve Funds in a negative balance as of Jan. 1, 2024

Comparison of Charges

Residential (per Single Detached Dwelling)



Service/Class of Service	Residential (Single Detached)				
	Current	Calculated	Difference (Calculated vs. Current)	Yr-1 at 80% Phase-in	Difference (Yr-1 vs. Current)
Municipal Wide Services/Classes:					
Services Related to a Highway	\$ 8,665	\$ 6,503	\$ (2,162)	\$ 5,202	\$ (3,463)
Fire Protection Services	\$ 2,220	\$ 1,908	\$ (312)	\$ 1,527	\$ (693)
Parks & Recreation Services	\$ 5,654	\$ 5,144	\$ (510)	\$ 4,115	\$ (1,539)
Library Services	\$ -	\$ -	\$ -	\$ -	\$ -
Growth-related Studies	\$ 678	\$ -	\$ (678)	\$ -	\$ (678)
Total Municipal Wide Services/Classes	\$17,217	\$ 13,555	\$ (3,662)	\$10,844	\$ (6,373)
Urban Services					
Wastewater Services	\$15,667	\$ 20,933	\$ 5,266	\$16,746	\$ 1,079
Water Services	\$ 2,454	\$ 6,337	\$ 3,883	\$ 5,070	\$ 2,616
Total Urban Services	\$18,121	\$ 27,270	\$ 9,149	\$21,816	\$ 3,695
Grand Total - Urban Area	\$35,338	\$ 40,825	\$ 5,487	\$32,660	\$ (2,678)

Non-residential Development Charges

Uniform vs. Differentiated Charge



- Two options for calculating non-residential development charges have been considered and are presented for Council's consideration
- Option 1 maintains a uniform rate calculation methodology for all non-residential development, which is consistent with the Municipality's historical practice.
- Option 2 calculates separate D.C.s for Agricultural, Industrial, and Other Non-residential (i.e., commercial and institutional) development types, based on the anticipated capital needs and development densities.

Comparison of Charges

Non-residential (per m² of Gross Floor Area)



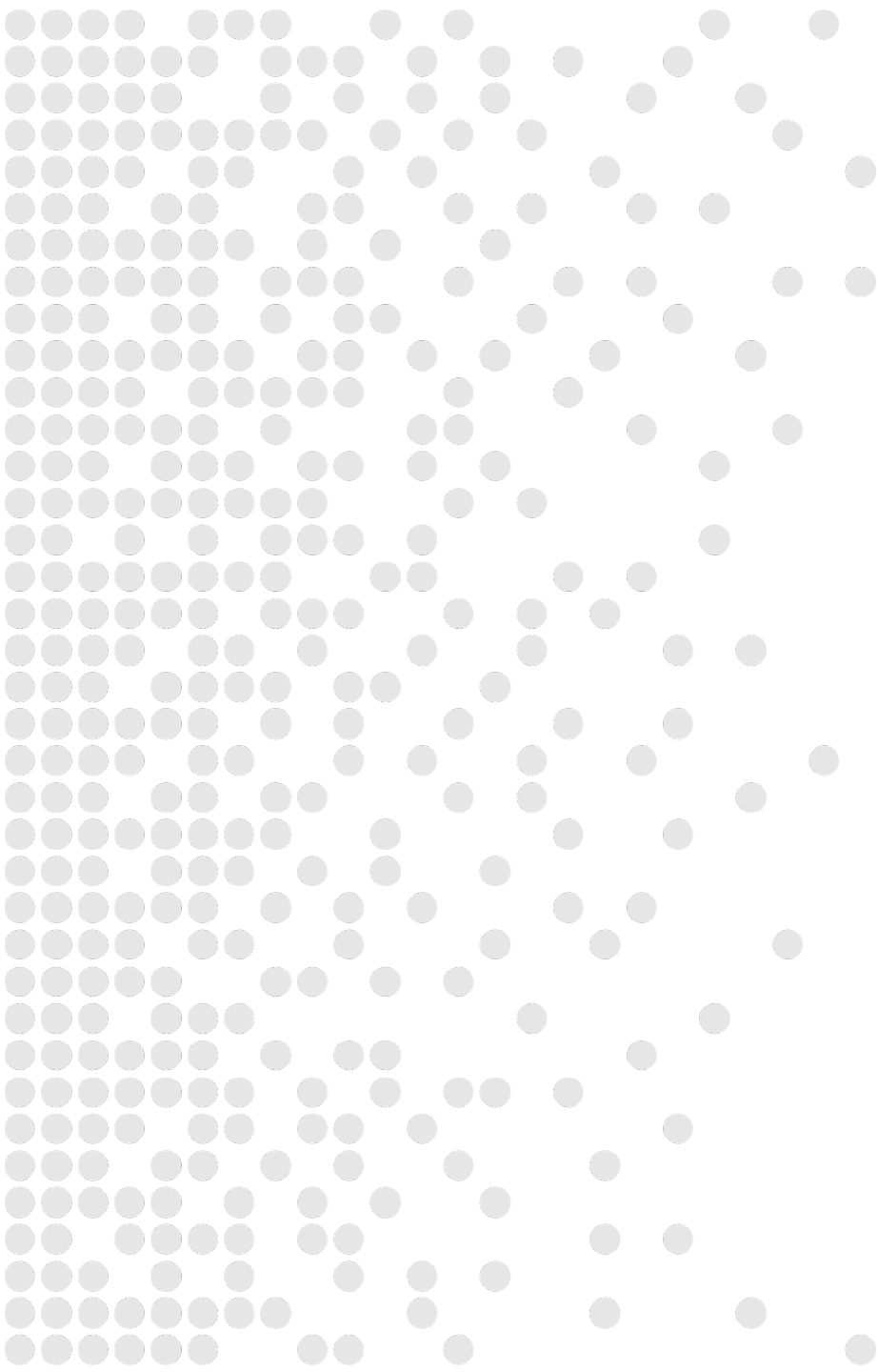
Option 1: Uniform Rate

Option 2: Differentiated Rate

Development Type	Current
Industrial	
Municipal-wide Services	\$ 26.05
Water & Wastewater	\$ 16.25
Total Industrial	\$ 42.30
Agricultural	
Municipal-wide Services	\$ 5.35
Water & Wastewater	\$ -
Total Agricultural	\$ 5.35
All Other Non-Residential	
Municipal-wide Services	\$ 65.11
Water & Wastewater	\$ 40.64
Total All Other Non-Residential	\$105.75

Calculated	Difference (Calculated vs. Current)	Yr-1 at 80% Phase-in	Difference (Yr-1 vs. Current)
\$ 32.61	\$ 6.56	\$ 26.09	\$ 0.04
\$ 108.84	\$ 92.59	\$ 87.07	\$ 70.82
\$ 141.45	\$ 99.15	\$113.16	\$ 70.86
\$ 32.61	\$ 27.26	\$ 26.09	\$ 20.74
\$ -	\$ -	\$ -	\$ -
\$ 32.61	\$ 27.26	\$ 26.09	\$ 20.74
\$ 32.61	\$ (32.50)	\$ 26.09	\$ (39.02)
\$ 108.84	\$ 68.20	\$ 87.07	\$ 46.43
\$ 141.45	\$ 35.70	\$113.16	\$ 7.41

Calculated	Difference (Calculated vs. Current)	Yr-1 at 80% Phase-in	Difference (Yr-1 vs. Current)
\$ 29.97	\$ 3.92	\$ 23.97	\$ (2.08)
\$ 82.72	\$ 66.47	\$ 66.17	\$ 49.92
\$ 112.69	\$ 70.39	\$ 90.15	\$ 47.85
\$ 11.13	\$ 5.78	\$ 8.90	\$ 3.55
\$ -	\$ -	\$ -	\$ -
\$ 11.13	\$ 5.78	\$ 8.90	\$ 3.55
\$ 66.16	\$ 1.05	\$ 52.93	\$ (12.18)
\$ 180.92	\$ 140.28	\$144.73	\$ 104.09
\$ 247.07	\$ 141.32	\$197.66	\$ 91.91



D.C. By-law Exemption Policies

Statutory Exemptions

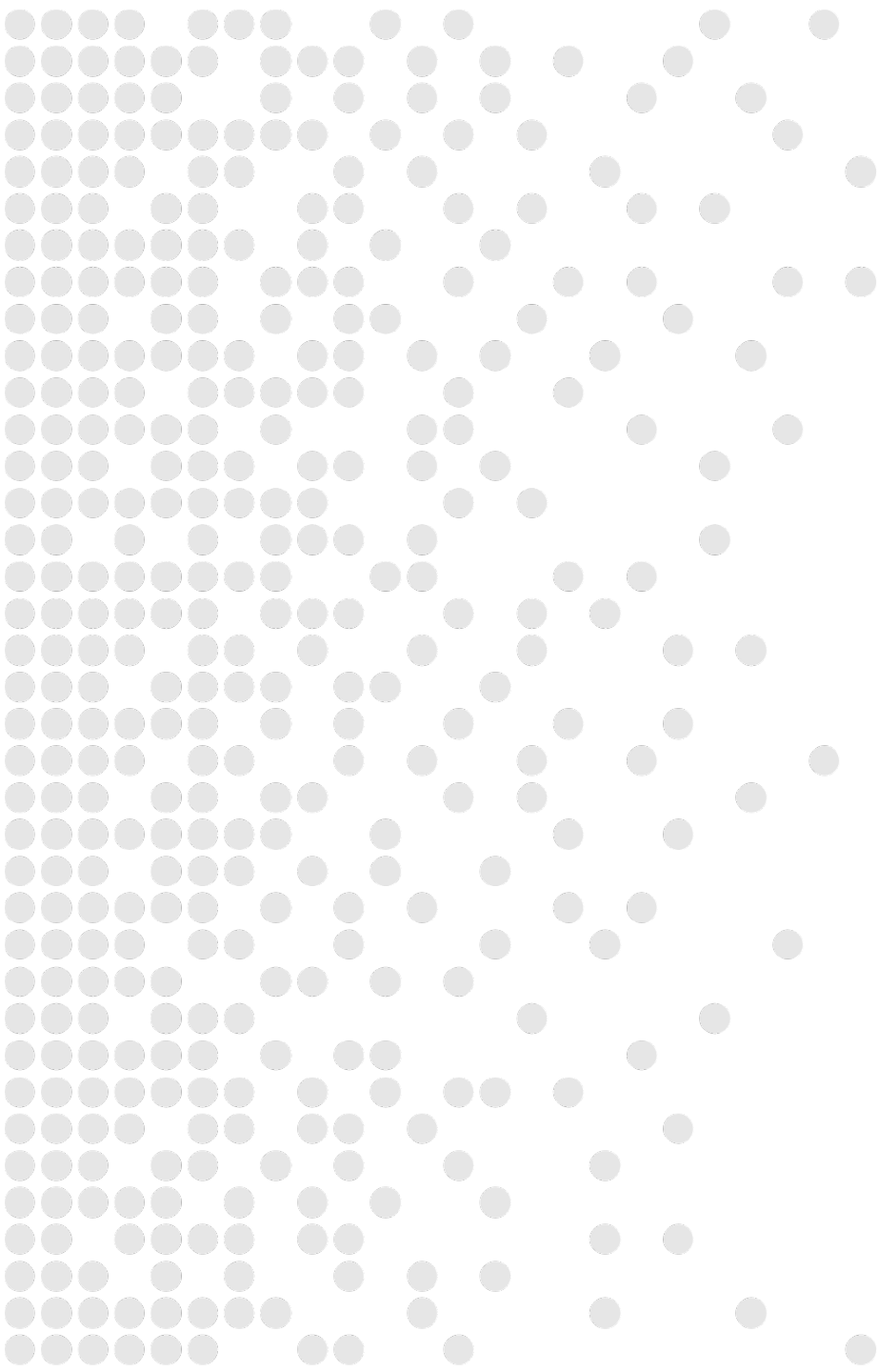


- Upper/Lower Tier Governments and School Boards;
- Industrial building expansions (may expand by 50% with no D.C.);
- Development of lands intended for use by a university that receives operating funds from the Government;
- Enlargement of an existing residential unit;
- Residential intensification (additional residential units, with limits by building type);
- Affordable and Attainable residential units (not yet in effect);
- Affordable inclusionary zoning units;
- Non-profit housing development; and
- Discount for Rental units based on bedroom size

Discretionary D.C. Exemptions



- In addition to statutory exemptions under the D.C.A., non-statutory exemptions within the Municipality's existing by-law include:
 - Full exemption for temporary buildings or structures;
 - Partial exemption for industrial development – 60% reduction from full non-residential charge; and
 - Partial exemption for agricultural development – reduction from the full non-residential charge, as only approximately 9.5% of the Roads and 23.0% of the Fire Protection components of the D.C. are payable.
- These exemption policies are currently under review and awaiting direction from Council.

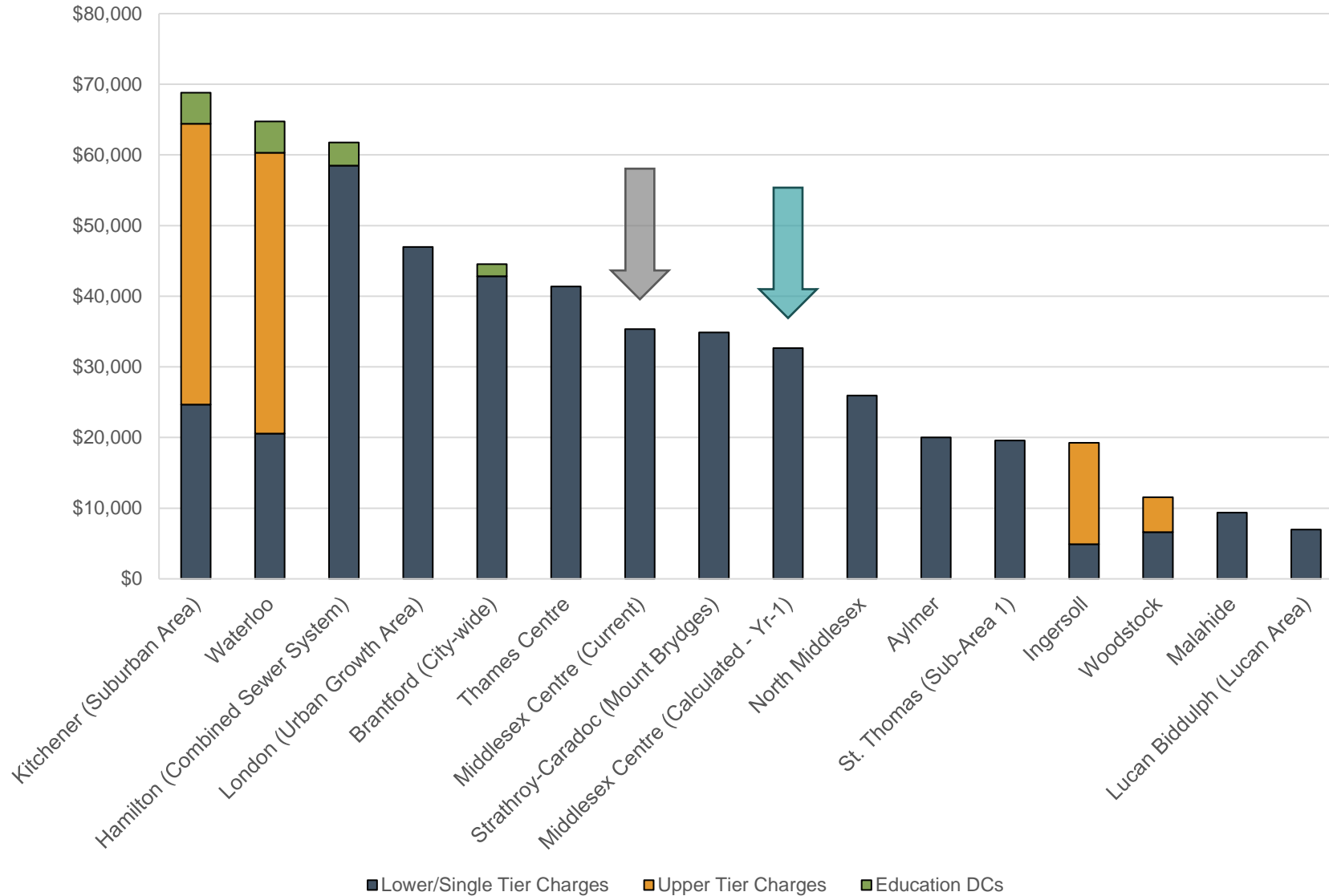


Survey of Development Charges

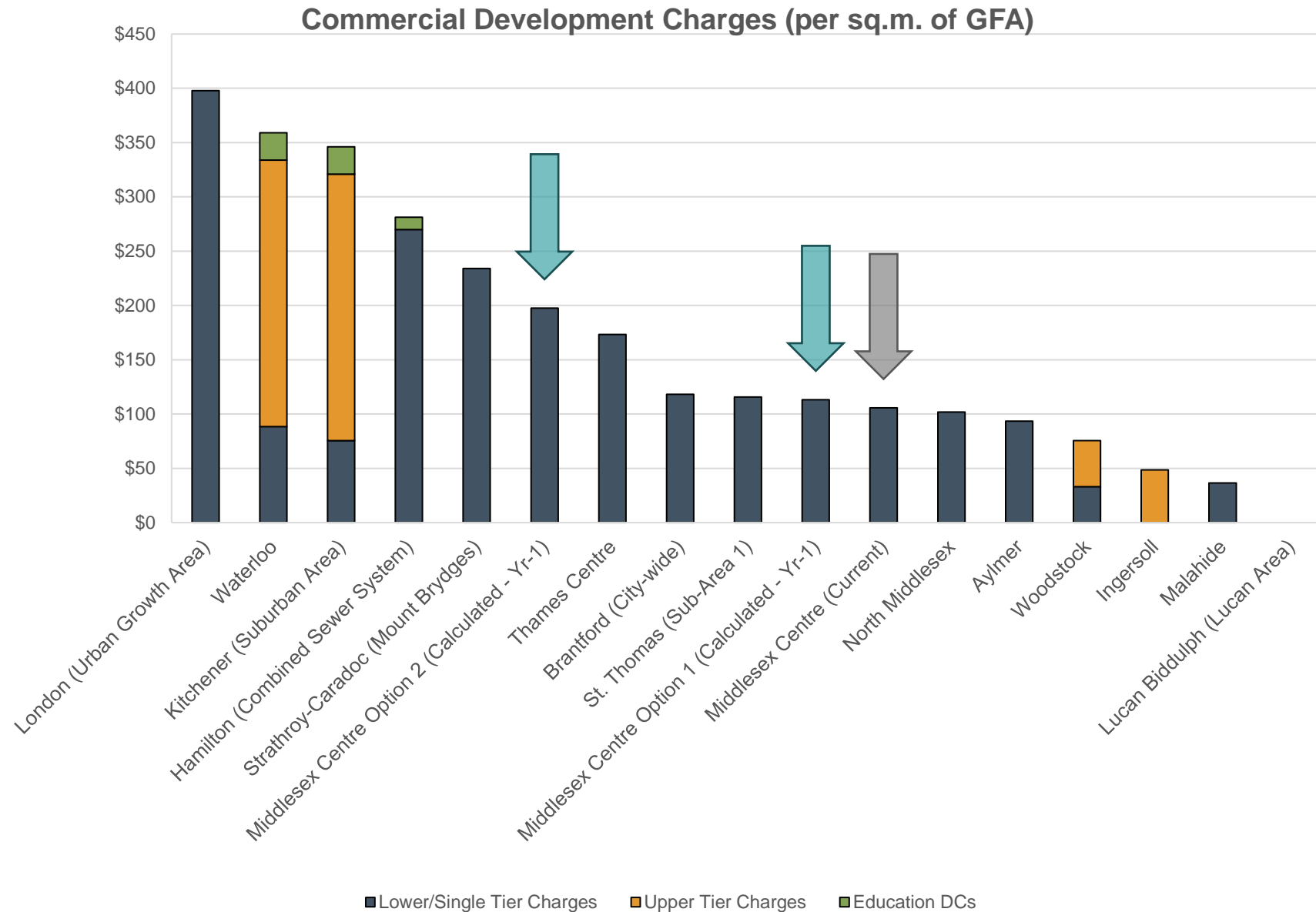
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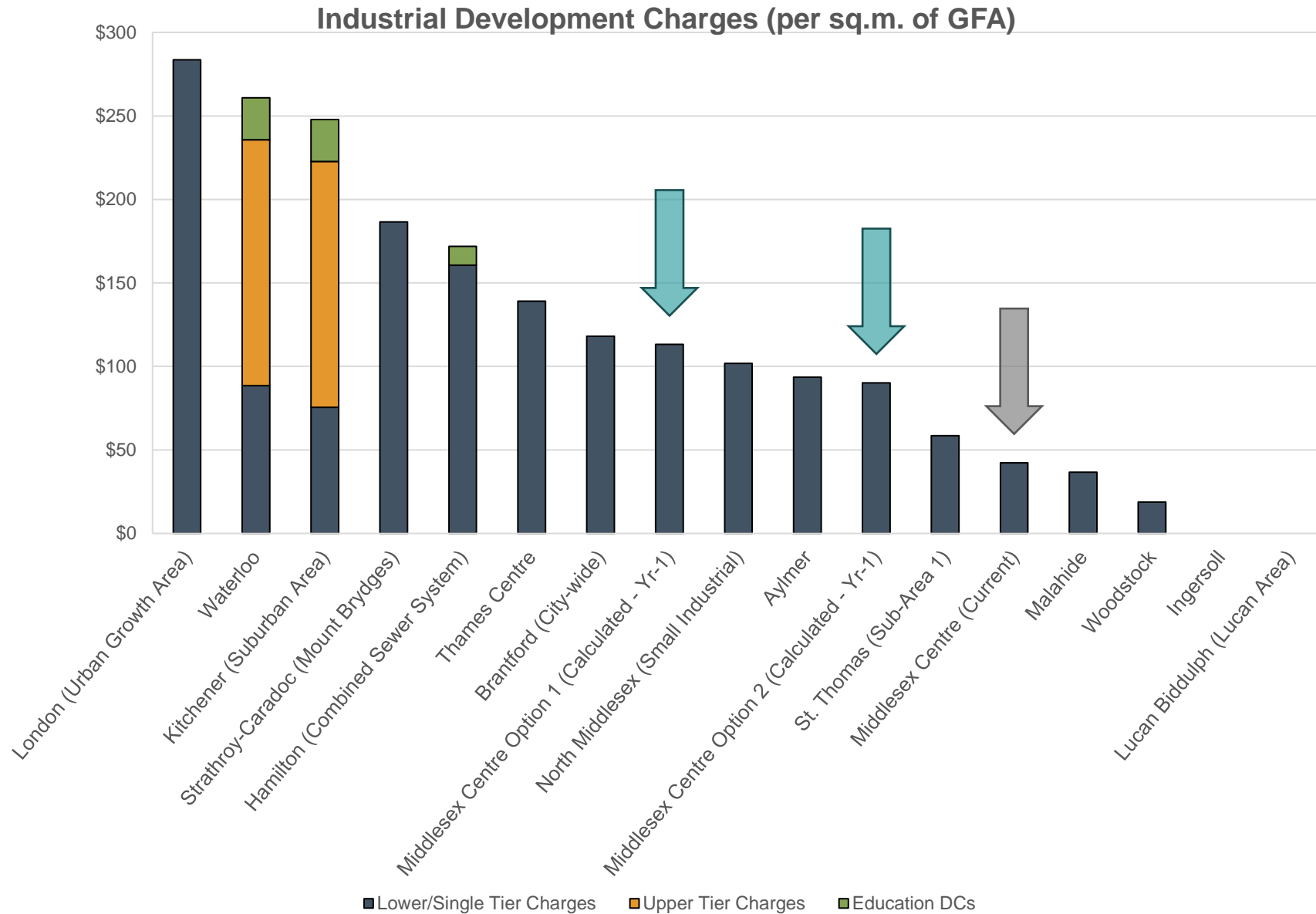
Residential Development Charges (per Single Detached Dwelling)

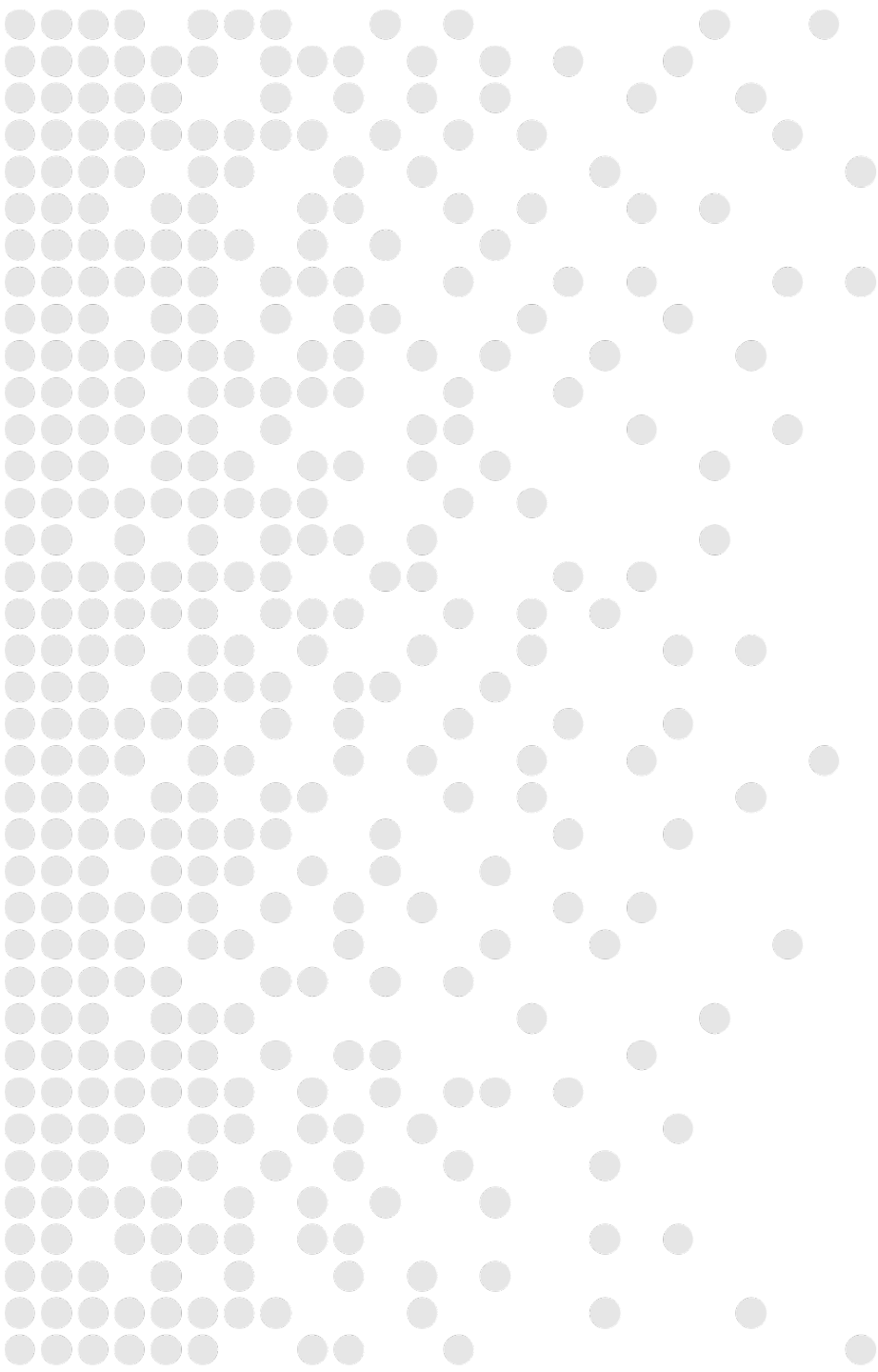


Survey of Development Charges



Survey of Development Charges





5. Next Steps

Next Steps



- Receive feedback from Council and Development Industry Stakeholders
- Finalize D.C. calculations & policies
- Publish the D.C. Background Study and Draft By-law on the Municipality's website (April 19)
- Hold statutory Public Meeting (May 15)
- Council to consider approval of the D.C. Background Study and adoption of new DC by-laws (June 19)



Discussion