



 **Watson
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Addendum to 2024 Development Charges Background Study

Municipality of Middlesex Centre

For Public Circulation and Comment

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1. Background

Commensurate with the provisions of the *Development Charges Act, 1997* (D.C.A.), the Municipality of Middlesex Centre (Municipality) has undertaken a Development Charges Background Study (D.C.B.S.) and has distributed the study and draft by-laws to the public. The following provides a summary of the key dates in the Development Charges (D.C.s) by-law process:

- May 8, 2024 – Release D.C.B.S. and draft by-laws;
- May 22, 2024 – Public Meeting of Council;
- July 10, 2024 – Anticipated passage of the D.C. By-law; and
- July 11, 2024 – Anticipated date of by-law commencement.

On June 6, 2024, the *Cutting Red Tape to Build More Homes Act, 2024* (Bill 185) received Royal Assent and made the following changes to the D.C.A.:

- Removed the Mandatory Phase-in for D.C. by-laws passed after Bill 185 came into effect;
- Reduced the D.C. rate freeze applicability timeline for developments proceeding through site plan and zoning by-law amendment applications. Prior to Bill 185, for developments that were subject to a site plan or zoning by-law amendment application, D.C.s were ‘frozen’ at the rates that were in effect on the date the application was submitted, provided the building permit was issued within two (2) years of application approval. The rate freeze applicability timeline has been reduced to 18 months through Bill 185. Note that the two-year timeline will still apply to applications approved between January 1, 2020, and prior to Bill 185 receiving Royal Assent (i.e., June 6, 2024);
- Reinstated growth-related studies, including the D.C. background study, as D.C.-eligible costs;
- Introduced a provision permitting the repeal of the expiry date for existing D.C. by-laws (subject to the 10-year limitation provided in the D.C.A.); and
- Established a streamlined process for by-law amendments related to the imposition of development charges for studies, removal of the mandatory phase-in, and extension of by-law expiry dates. Under the streamlined process, a by-law amendment does not require the preparation of a D.C. background study, does not require the mandatory public meeting, and is not subject to Ontario Land



Tribunal appeals. For the removal of the phase-in provisions and the introduction of growth studies, the amendment must occur within six months of Bill 185 coming into effect and only applies to by-laws passed between November 28, 2022 and Bill 185 taking effect (i.e., June 6, 2024).

The purpose of the addendum to the May 8, 2024, D.C.B.S. is to reflect the changes in the D.C.A. as per Bill 185, and as detailed in section 7.3.9 of the D.C.B.S.

The refinements are detailed in the subsequent sections of this report and will form part of the D.C.B.S. for Council's consideration and approval prior to adoption of the D.C. by-law. A revised draft proposed by-law is included herein, which embraces the legislative changes and updates to the calculated charges.

2. Discussion

This section of the addendum report provides an explanation for the above-noted refinements.

2.1 Amendments in Response to Bill 185

The changes to the D.C.B.S. in response to Bill 185, and as detailed in section 7.3.9 of the D.C.B.S, include:

- Consolidate proposed D.C. by-laws into a single D.C. by-law covering all eligible service, for ease of administration;
- Add to the by-law a charge for growth-related studies, and discount the charge for Agricultural development by 25%;
- Remove from the by-law reference to the mandatory phase-in of D.C.s;
- Amend the timeline for the applicability of the "D.C. rate freeze" for developments that were subject to Site Plan or Zoning By-law Amendment planning approval from within 2 years of the application being approved to within 18 months of the application being approved (for applications approved after Bill 185 comes into force); and
- Amend the date that the D.C.s are indexed from the anniversary date of the by-law to January 1st, for ease of administration.



2.2 Amendments Relating to Exemption of Affordable Units

This addendum updates section 1.3.8 of the D.C.B.S. that details the exemptions for affordable and attainable units introduced to the D.C.A. through the *More Homes Built Faster Act, 2022* and modified by the *Affordable Homes and Good Jobs Act, 2023*.

On June 1, 2024 the “Affordable Residential Units for the Purposes of the Development Charges Act, 1997 Bulletin” came into effect which details the purchase price and rental price thresholds for affordable units. Textual changes to the draft D.C. by-law reflect that these exemptions are now in force.

2.3 Other Matters

Finally, updates to the draft by-law have been made, including:

- Schedule ‘A’ of the draft by-law has been updated to remove an incorrect reference to charges for Industrial development; and
- Removal of Schedule ‘B’ which contained maps of settlement areas.

2.4 Impacts on the Calculated D.C.

Based on the changes identified above, the D.C.B.S. and D.C. calculations have been revised. The amended schedule of D.C.s is presented in Table 1.

Table 2 and Table 3 below provide a comparison of the Municipality’s current development charges, charges presented in the May 8, 2024 D.C.B.S., and the updated charges resulting from the changes outlined in this addendum report for residential and non-residential development, respectively.

As a result, the total calculated D.C. for a single-detached dwelling has increased by \$592.

For agricultural development, the total calculated D.C. (including the partial exemptions identified in subsections 7.3.4 and 7.3.9 of the May 8, 2024 D.C.B.S.) has increased by \$1.42 per square metre of gross floor area. For industrial and all other non-residential development, the total calculated D.C. has increased by \$1.89 per square metre of gross floor area.



Table 1
Amended Schedule of D.C.s

Service/Class of Service	RESIDENTIAL				NON-RESIDENTIAL (per sq.m. of Gross Floor Area)
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	
Municipal Wide Services/Class of Service					
Services Related to a Highway	\$ 6,504	\$ 4,804	\$ 4,537	\$ 2,889	\$ 21.99
Fire Protection Services	\$ 1,909	\$ 1,410	\$ 1,332	\$ 848	\$ 6.28
Parks & Recreation Services	\$ 5,353	\$ 3,954	\$ 3,734	\$ 2,378	\$ 4.53
Growth-related Studies	\$ 592	\$ 437	\$ 413	\$ 263	\$ 1.89
Total Municipal Wide Services/Class of Services	\$ 14,358	\$ 10,605	\$ 10,016	\$ 6,378	\$ 34.69
Urban Services					
Wastewater Services	\$ 18,446	\$ 13,625	\$ 12,868	\$ 8,194	\$ 75.09
Water Services	\$ 6,122	\$ 4,522	\$ 4,271	\$ 2,719	\$ 24.91
Total Urban Services	\$ 24,568	\$ 18,147	\$ 17,139	\$ 10,913	\$ 100.00
GRAND TOTAL RURAL AREA	\$ 14,358	\$ 10,605	\$ 10,016	\$ 6,378	\$ 34.69
GRAND TOTAL URBAN AREA	\$ 38,926	\$ 28,752	\$ 27,155	\$ 17,291	\$ 134.69



Table 2
Comparison of Current and Calculated Residential (Single Detached) D.C.s

Service/Class of Service	Current	Calculated as per D.C. Background Study (May 8, 2024)	Calculated as per Addendum Report
Municipal Wide Services/Classes:			
Services Related to a Highway	\$ 8,665	\$ 6,504	\$ 6,504
Fire Protection Services	\$ 2,220	\$ 1,909	\$ 1,909
Parks & Recreation Services	\$ 5,654	\$ 5,353	\$ 5,353
Library Services	\$ -	\$ -	\$ -
Growth-related Studies	\$ 678	\$ -	\$ 592
Total Municipal Wide Services/Classes	\$ 17,217	\$ 13,766	\$ 14,358
Urban Services			
Wastewater Services	\$ 15,667	\$ 18,446	\$ 18,446
Water Services	\$ 2,454	\$ 6,122	\$ 6,122
Total Urban Services	\$ 18,121	\$ 24,568	\$ 24,568
Grand Total - Rural Area	\$ 17,217	\$ 13,766	\$ 14,358
Grand Total - Urban Area	\$ 35,338	\$ 38,334	\$ 38,926



Table 3
Comparison of Current and Calculated Non-Residential D.C.s (per sq.m. of G.F.A.)

Service/Class of Service	Other Non-Residential			Agricultural ¹			Industrial		
	Current	Calculated as per D.C. Background Study (May 8, 2024)	Calculated as per Addendum Report	Current	Calculated as per D.C. Background Study (May 8, 2024)	Calculated as per Addendum Report	Current	Calculated as per D.C. Background Study (May 8, 2024)	Calculated as per Addendum Report
Municipal Wide Services/Classes:									
Services Related to a Highway	\$ 42.45	\$ 21.99	\$ 21.99	\$ 2.82	\$ 16.49	\$ 16.49	\$ 16.98	\$ 21.99	\$ 21.99
Fire Protection Services	\$ 10.98	\$ 6.28	\$ 6.28	\$ 2.53	\$ 4.71	\$ 4.71	\$ 4.39	\$ 6.28	\$ 6.28
Parks & Recreation Services	\$ 8.33	\$ 4.53	\$ 4.53	\$ -	\$ -	\$ -	\$ 3.34	\$ 4.53	\$ 4.53
Library Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Growth-related Studies	\$ 3.35	\$ -	\$ 1.89	\$ -	\$ -	\$ 1.42	\$ 1.34	\$ -	\$ 1.89
Total Municipal Wide Services/Classes	\$ 65.11	\$ 32.80	\$ 34.69	\$ 5.35	\$ 21.20	\$ 22.62	\$ 26.05	\$ 32.80	\$ 34.69
Urban Services									
Wastewater Services	\$ 35.12	\$ 75.09	\$ 75.09	\$ -	\$ -	\$ -	\$ 14.04	\$ 75.09	\$ 75.09
Water Services	\$ 5.52	\$ 24.91	\$ 24.91	\$ -	\$ -	\$ -	\$ 2.21	\$ 24.91	\$ 24.91
Total Urban Services	\$ 40.64	\$ 100.00	\$ 100.00	\$ -	\$ -	\$ -	\$ 16.25	\$ 100.00	\$ 100.00
Grand Total - Rural Area	\$ 65.11	\$ 32.80	\$ 34.69	\$ 5.35	\$ 21.20	\$ 22.62	\$ 26.05	\$ 32.80	\$ 34.69
Grand Total - Urban Area	\$ 105.75	\$ 132.80	\$ 134.69	\$ 5.35	\$ 21.20	\$ 22.62	\$ 42.30	\$ 132.80	\$ 134.69

¹ Includes partial exemptions



3. Changes to the D.C.B.S.

Based on the foregoing, the following revisions are made to the May 8, 2024 D.C.B.S. Accordingly, the amended pages are appended to this report.

Page Reference	Description of Revisions
Table of Contents	Updated to reflect the changes summarized below.
1-1 to 1-4 and 1-7	Updated text and Figure 1-1 related to the D.C. process, including the release date of this addendum, and legislative changes.
1-11 to 1-14	Updated text to reflect legislative changes.
4-5 to 4-6	Updated text and table to reflect the eligible funding of study costs.
4-7	Updated text to identify growth-related studies as a class of service.
4-11 to 4-12	Removed section pertaining to mandatory phase-in of D.C.s.
5-15	Updated text to reflect legislative changes.
6-2 and 6-5 to 6-7	Updated text and tables to reflect the inclusion of growth-related studies as a class of service in the calculation of the D.C.s.
7-2	Updated text to identify the class of services for growth-related studies.
7-4 to 7-8	Updated text to reflect legislative changes, the inclusion of growth-related studies as a class of service, changes to the annual date of indexation, this addendum, and the removal of a section pertaining to mandatory phase-in of D.C.s.
Appendix G	Updated proposed by-law to reflect the inclusion of growth-related study costs as a class of services and include other legislative changes, due to the enactment of Bill 185. Further, as noted all services and class of services will now be contained in one by-law.
Appendices H to K	Appendices H through K, containing the draft by-laws for individual services, are removed, as all services and class of services will now be contained in one by-law (as set out in revised Appendix G).



4. Process for Adoption of the D.C. By-law

The revisions provided herein form the basis for the D.C. by-law and will be incorporated into the D.C.B.S. to be provided to Council prior to Council's consideration and adoption of the proposed D.C. by-law.

If Council is satisfied with the above noted changes to the D.C.B.S. and proposed D.C. by-law, then the following steps must be taken to enact the new D.C. by-law:

- Approve the D.C.B.S., as amended;
- Determine that no further public meetings are required on the matter; and
- Adopt the new D.C. by-law.



Appendices



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1. Introduction

1.1 Purpose of this Document

This background study has been prepared pursuant to the requirements of the *Development Charges Act, 1997*, as amended, (D.C.A.) and, accordingly, recommends development charges (D.C.s) and policies for the Municipality of Middlesex Centre (Municipality).

The Municipality retained Watson & Associates Economists Ltd. (Watson) to undertake the D.C. study process in 2024. Watson worked with the Municipality's staff in preparing the D.C. analysis and policy recommendations.

This D.C. background study, containing the proposed D.C. by-law, will be distributed to members of the public in order to provide interested parties with sufficient background information on the legislation, the study's recommendations, and an outline of the basis for these recommendations.

This report has been prepared, in the first instance, to meet the statutory requirements applicable to the Municipality's D.C. background study, as summarized in Chapter 4. The forecast amount, type, and location of development is summarized in Chapter 3, with technical details provided in Appendix A. Chapters 5 and 6 identify the increase in need by service, calculate the D.C. recoverable capital costs and schedule of charges by type of development. The requirement for "rules" governing the imposition of the D.C. is provided in Chapter 7. The proposed D.C. by-law, to be made available to the public as part of the approval process, is included as Appendix G.

The background study is designed to set out sufficient background on the legislation, the Municipality's current D.C. policies (Chapter 2), and the policies underlying the proposed by-law, to make the exercise understandable to those who are involved. The D.C. background study addresses post-adoption implementation requirements (Chapter 8) which are critical to the successful application of the new policy. The chapters in the report are supported by appendices containing the data required to explain and substantiate the calculation of the charge.



1.2 Summary of the Process

The public meeting required under Section 12 of the D.C.A. is scheduled for May 22, 2024. Its purpose is to present the background study and draft D.C. by-law to the public and to solicit public input on the matter. The public meeting is also being held to answer any questions regarding the study's purpose, methodology, and the proposed policies contained within the draft D.C. by-law. In accordance with the legislation requiring that the D.C. background study and draft by-law be made available the public at least two weeks prior to the public meeting, the D.C. Background Study and proposed D.C. By-law will be available for public review on May 8, 2024. This timing of release also complies with the legislative requirement for the background study to be available for public review at least 60 days prior to by-law passage. The Municipality anticipates Council consideration of the D.C. By-law for adoption on July 10, 2024.

The process to be followed in finalizing the report and recommendations includes:

- Municipality's consideration of responses received prior to, at, or immediately following the public meeting;
- Finalization of the D.C. Background Study and By-Law to address any required changes; and
- Council consideration of the D.C. By-law, anticipated to occur on July 10, 2024.

Table 1-1 outlines the study process to date and the proposed schedule to be followed with respect to the D.C. by-law adoption process.



Table 1-1
Schedule of Key D.C. Process Dates

Process Steps	Dates
1. Data collection, staff review, D.C. calculations and policy work	January 2024 to May 2024
2. Council information meeting	March 20, 2023 ⁴
3. Developer information meeting	March 27, 2024
4. Public release of final D.C. Background Study and proposed by-law	May 8, 2024
5. Public meeting advertisement placed in newspaper(s)	By May 1, 2024
6. Public meeting of Council	May 22, 2024
7. Public release of addendum to D.C. Background Study	June 21, 2024
8. Council considers adoption of background study and passage of by-law	July 10, 2024
9. Newspaper notice given of by-law(s) passage	By 20 days after passage
10. Last day for by-law(s) appeal	40 days after passage
11. Municipality makes pamphlet available (where by-law(s) not appealed)	By 60 days after in force date

1.3 Changes to the Development Charges Act, 1997

Over the past several years, a number of changes to the Development Charges Act, 1997 have been introduced through various legislation including the following:

- *More Homes, More Choice Act, 2019;*
- *Plan to Build Ontario Together Act, 2019;*



- *COVID-19 Economic Recovery Act, 2020*;
- *Better for People, Smarter for Business Act, 2020*;
- *More Homes for Everyone Act, 2022*;
- *More Homes Built Faster Act, 2022*;
- *Helping Homebuyers, Protecting Tenants Act, 2023*;
- *Affordable Homes and Good Jobs Act, 2023*; and
- *Cutting Red Tape to Build More Homes Act, 2024*.

The following provides an overview of the amendments to the D.C.A. that each of these pieces of legislation provided.

1.3.1 *More Homes, More Choice Act, 2019*

The Province introduced the *More Homes, More Choice Act* (Bill 108) which proposed changes to the D.C.A. as part of the province's "*More Homes, More Choice: Ontario's Housing Supply Action Plan*." The *More Homes, More Choice Act* received Royal Assent on June 6, 2019. At that time many of the amendments to the D.C.A. did not come into effect, awaiting proclamation by the Lieutenant Governor. On January 1, 2020, the following provisions were proclaimed:

- A D.C. for rental housing and institutional developments will be payable in six equal annual installments, with the first payment commencing on the date of occupancy. Non-profit housing developments will pay D.C.s in 21 equal annual payments (note, that further changes related to non-profit housing have been made under the *More Homes Built Faster Act*, as summarized below). Any unpaid D.C. amounts may be added to the tax roll and collected in the same manner as taxes.
- For all developments triggering a D.C. within two years of a Site Plan or Zoning By-law Amendment planning approval, the D.C. shall be determined based on the charges that were in effect on the date the planning application was submitted to the municipality. These provisions only apply to Site Plan and Zoning By-law Amendment planning applications received on or after January 1, 2020. These amendments do not affect developments approved under other planning application types (e.g., plan of subdivision, minor variance, etc.).
- The removal of the 10% statutory deduction for soft services, i.e., services limited to a 10-year forecast period.



residential units have been made under the *More Homes Built Faster Act*, as summarized in subsection 1.3.6 below.

1.3.4 Better for People, Smarter for Business Act, 2020

On December 8, 2020, the *Better for People, Smarter for Business Act, 2020* (Bill 213) received Royal Assent. One of the changes of this Act amended the *Ministry of Training, Colleges and Universities Act* by exempting the development of land intended for use by a university that receives operating funds from the Government from the payment of D.C.s. As a result, this mandatory exemption is included in the Municipality's draft D.C. by-law.

1.3.5 More Homes for Everyone Act, 2022

On April 14, 2022, the *More Homes for Everyone Act, 2022* (Bill 109) received Royal Assent. One of the D.C.A. amendments, and O. Reg. 438/22, prescribed additional information to be included in the annual Treasurer's Statement on D.C. reserve funds and its publication. The following additional information must be provided for each service for which a D.C. is collected for during the year:

- a) whether, as of the end of the year, the municipality expects to incur the amount of capital costs that were estimated, in the relevant development charge background study, to be incurred during the term of the applicable development charge by-law;
- b) if the answer to a) is no, the amount the municipality now expects to incur and a statement as to why this amount is expected; and
- c) if no money was spent from the reserve fund during the year, a statement as to why there was no spending during the year.

These requirements have been further amended to require that the annual Treasurer's Statement be made available to the public on the municipality's website, or in the municipal office.

1.3.6 More Homes Built Faster Act, 2022

The *More Homes Built Faster Act, 2022* (Bill 23) received Royal Assent on November 28, 2022. This Act amends several pieces of legislation including the *Planning Act* and the D.C.A. The following provides a summary of the amendments to the D.C.A.:



1.3.7 Helping Homebuyers, Protecting Tenants Act, 2023

The *Helping Homebuyers, Protecting Tenants Act* (Bill 97) received Royal Assent on June 8, 2023. This bill extends the mandatory exemption from payment of D.C.s for additional residential units in new residential buildings or in existing houses to all lands versus just urban lands.

1.3.8 Affordable Homes and Good Jobs Act, 2023

The exemption for affordable residential units was included in the *More Homes Built Faster Act* enacted by the Province on November 28, 2022. Under this legislation, affordable residential units were defined within subsection 4.1 of the D.C.A. and exemptions for D.C.s were provided in respect of this definition. While the legislation was enacted in November 2022, the ability for municipalities to implement the exemptions required the Minister of Municipal Affairs and Housing to publish an “Affordable Residential Units for the Purposes of the Development Charges Act, 1997 Bulletin.” This bulletin would inform the average market rent and purchase price to be used in determining which developments qualify as affordable residential units. The bulletin was published by the Minister on May 1, 2024 with an effective date of June 1, 2024.

The *Affordable Homes and Good Jobs Act, 2023* (Bill 134) received Royal Assent on December 4, 2023 and provides for a modification to the affordable residential unit definition by:

- Introducing an income-based test for affordable rent and purchase price; and
- Increasing the threshold for the market test of affordable rent and purchase price.

This change provides the exemption based on the lesser of the two measures.

Moreover, the rules in subsection 4.1 of the D.C.A. are unchanged with respect to:

- The tenant and purchaser transacting the affordable unit being at arm’s length;
- The intent of maintaining the affordable residential unit definition for a 25-year period, requiring an agreement with the municipality (which may be registered on title); and
- Exemptions for attainable residential units and associated rules (requiring further regulations).



The following table details the definitions provided through Bill 134 (underlining added for emphasis).

Item	Bill 134 Definition (Current D.C.A. Definition)
Affordable residential unit rent (subsection 4.1 (2), para. 1)	The rent is no greater than <u>the lesser of</u> , i. the <u>income-based affordable rent</u> for the residential unit set out in the Affordable Residential Units bulletin, as identified by the Minister of Municipal Affairs and Housing in accordance with subsection (5), and ii. the <u>average market rent</u> identified for the residential unit set out in the Affordable Residential Units bulletin.
Average market rent/rent based on income (subsection 4.1 (5)) for the purposes of subsection 4.1 (2), para. 1	The Minister of Municipal Affairs and Housing shall, (a) determine the <u>income of a household</u> that, in the Minister's opinion, is <u>at the 60th percentile of gross annual incomes for renter households in the applicable local municipality</u> ; and (b) identify the <u>rent</u> that, in the Minister's opinion, is <u>equal to 30 per cent of the income of the household referred to in clause (a)</u> .
Affordable residential unit ownership (subsection 4.1 (3), para. 1)	The price of the residential unit is no greater than <u>the lesser of</u> , i. the <u>income-based affordable purchase price</u> for the residential unit set out in the Affordable Residential Units bulletin, as identified by the Minister of Municipal Affairs and Housing in accordance with subsection (6), and ii. <u>90 per cent of the average purchase price</u> identified for the residential unit set out in the Affordable Residential Units bulletin.
Average market purchase price/purchase price based on income (subsection 4.1 (6)) for the purposes of subsection 4.1 (3), para. 1	The Minister of Municipal Affairs and Housing shall, (a) determine the <u>income of a household</u> that, in the Minister's opinion, is <u>at the 60th percentile of gross annual incomes for households in the applicable local municipality</u> ; and (b) identify the <u>purchase price</u> that, in the Minister's opinion, <u>would result in annual accommodation costs equal to 30 per cent of the income of the household referred to in clause (a)</u>

As noted above, the bulletin came into effect on June 1, 2024, which provides the information for the Municipality to measure against for determining the applicability of the exemption from the D.C. (as well as C.B.C. and Parkland requirements). The



bulletin provides the following information for the Municipality (it is noted that the bulletin will be updated annually):

- For Affordable Ownership Units: the income-based affordable purchase price provides the relevant threshold for the affordable residential units exemption for all units types other than a semi-detached house, as it is lower than 90% of the average market purchase price. For a semi-detached house, the 90% of average market purchase price sets the threshold. The income-based affordable purchase prices and 90% of average market purchase prices for the Municipality, as established through the most recent bulletin, are summarized by unit type in the table below:

Unit Type	Income-based Affordable Purchase Price	90% of Average Market Purchase Price
Detached House	\$528,200	\$909,000
Semi-Detached House	\$528,200	\$441,000
Row/townhouse	\$528,200	\$612,000
Condominium Apartment	\$528,200	\$666,000

- For Affordable Rental Units: the average market rent provides the relevant threshold for the affordable residential units exemption, as it is lower than the income-based affordable rent for all unit types. The income-based affordable rents and average market rents for the Municipality, as established through the most recent bulletin, are summarized in the table below:

Unit Type	Income-based Affordable Rent	Average Market Rent
Bachelor unit	\$2,180	\$957
1-Bedroom unit	\$2,180	\$1,191
2-Bedroom unit	\$2,180	\$1,479
3 or more Bedrooms	\$2,180	\$1,706



1.3.9 Cutting Red Tape to Build More Homes Act, 2024

The *Cutting Red Tape to Build More Homes Act, 2024* (Bill 185) came into effect on June 6, 2024 and amends the D.C.A. as follows:

- Reintroduces studies as an eligible cost for services, including a D.C. background study;
- Removes the mandatory phase-in of a D.C. by-law;
- Reduces the D.C. rate freeze timelines for developments proceeding through site plan and zoning by-law amendment applications, whereby the time allowed between building permit issuance and planning application approval in order for the DC freeze to apply is reduced from two years to 18 months (note, the two-year time period still applies to applications approved between January 1, 2020 and June 6, 2024);
- Permits the repeal of expiry clauses in D.C. by-laws (allowing for the 10-year by-law term provided in the D.C.A.); and
- Allows minor D.C. by-law amendments related to the inclusion of studies, removal of the mandatory phase-in of a D.C. by-law and removal of expiry date for by-laws passed between November 28, 2022 and June 6, 2024.

As Bill 185 has been enacted, this D.C. Background Study includes the cost of studies and reflects the other amendments made to the D.C.A. as noted above. Section 7.3.8 of this D.C. Background Study details how the D.C. calculations and draft by-law was amended once Bill 185 came into force and before Council approves the draft D.C. by-law.



Categories of Municipal Services	Inclusion in the D.C. Calculation	Service Components
17. Services Related to Emergency Preparedness	No No	17.1 Emergency Preparedness Space 17.2 Equipment
18. Services Related to Airports	n/a Ineligible	18.1 Airports (in the Regional Municipality of Waterloo) 18.2 Other Airports
19. Other	Yes Yes	19.1 Interest on money borrowed to pay for growth-related capital 19.2 Growth Studies, including the D.C. background study cost

Table 4-2
Categories of Municipal Services to be Addressed as Part of the Calculation – Eligibility Legend

Eligibility for Inclusion in the D.C. Calculation	Description
Yes	Municipality provides the service – service has been included in the D.C. calculation.
No	Municipality provides the service – service has not been included in the D.C. calculation.
n/a	Municipality does not provide the service.
Ineligible	Service is ineligible for inclusion in the D.C. calculation.

4.4 Local Service Policy

Some of the need for services generated by additional development consists of local services related to a plan of subdivision. As such, they will be required as a condition of subdivision agreements or consent conditions. The Municipality’s Local Service Policy is included in Appendix E.

4.5 Capital Forecast

Paragraph 7 of subsection 5 (1) of the D.C.A. requires that “the capital costs necessary to provide the increased services must be estimated.” The Act goes on to require two



potential cost reductions and the regulation sets out the way in which such costs are to be presented. These requirements are outlined below.

These estimates involve capital costing of the increased services discussed above. This entails costing actual projects or the provision of service units, depending on how each service has been addressed.

The capital costs include:

- a) costs to acquire land or an interest therein (including a leasehold interest);
- b) costs to improve land;
- c) costs to acquire, lease, construct or improve buildings and structures;
- d) costs to acquire, lease or improve facilities, including rolling stock (with a useful life of 7 or more years), furniture and equipment (other than computer equipment), materials acquired for library circulation, reference, or information purposes.
- e) interest on money borrowed to pay for the above-referenced costs; and
- f) costs to undertake studies in connection with the above-referenced matters (including costs of the D.C. background study).

In order for an increase in need for service to be included in the D.C. calculation, municipal Council must indicate “that it intends to ensure that such an increase in need will be met” (subsection 5 (1) 3). This can be done if the increase in service forms part of a Council-approved Official Plan, capital forecast, or similar expression of the intention of Council (O. Reg. 82/98 section 3). The capital program contained herein reflects the Municipality’s approved and proposed capital budgets and master servicing/needs studies.

4.6 Treatment of Credits

Section 8, paragraph 5, of O. Reg. 82/98 indicates that a D.C. background study must set out “the estimated value of credits that are being carried forward relating to the service.” Subsection 17, paragraph 4, of the same regulation indicates that, “...the value of the credit cannot be recovered from future D.C.s,” if the credit pertains to an ineligible service. This implies that a credit for eligible services can be recovered from future D.C.s. As a result, this provision should be made in the calculation, in order to avoid a funding shortfall with respect to future service needs.



4.7 Classes of Services

Section 7 of the D.C.A. states that a D.C. by-law may provide for any D.C. eligible service or the capital costs with respect to those services. Further, a class may be composed of any number or combination of services and may include parts or portions of each D.C. eligible services. With respect to growth-related studies, Section 7(3) of the D.C.A. states that:

“For greater certainty, a development charge by-law may provide for a class consisting of studies in respect of any service listed in subsection 2 (4) whose capital costs are described in paragraphs 5 and 6 of subsection 5 (3)”.

These provisions allow for services to be grouped together to create a class for the purposes of the D.C. by-law and D.C. reserve funds. The D.C. calculations and draft by-law provided herein include Growth-related Studies as a class of service.

4.8 Eligible Debt and Committed Excess Capacity

Section 66 of the D.C.A. states that for the purposes of developing a D.C. by-law, a debt incurred with respect to an eligible service may be included as a capital cost, subject to any limitations or reductions in the Act.

In order for such costs to be eligible, two conditions must apply. First, they must have funded excess capacity which is able to meet service needs attributable to the anticipated development. Second, the excess capacity must be “committed,” that is, either before or at the time it was created, Council must have expressed a clear intention that it would be paid for by D.C.s or other similar charges. For example, this may have been done as part of previous D.C. processes.

4.9 Existing Reserve Funds

Section 35 of the D.C.A. states that:

“The money in a reserve fund established for a service may be spent only for capital costs determined under paragraphs 2 to 8 of subsection 5(1).”



4.10.4 Reduction for Anticipated Grants, Subsidies and Other Contributions

This step involves reducing the capital costs necessary to provide the increased services by capital grants, subsidies, and other contributions (including direct developer contributions required due to the local service policy) made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new vs. existing development. That is, some grants and contributions may not specifically be applicable to growth or where Council targets fundraising as a measure to offset impacts on taxes (O. Reg. 82/98, section 6).

4.11 Municipal-wide vs. Area Rating

This step involves determining whether all of the subject costs are to be recovered on a uniform municipal-wide basis or whether some or all are to be recovered on an area-specific basis. Under the amended D.C.A., it is now mandatory to “consider” area-rating of services (providing charges for specific areas and services); however, it is not mandatory to implement area rating. Further discussion is provided in section 7.3.7.

4.12 Allocation of Development

This step involves relating the costs involved to anticipated development for each period under consideration and using allocations between residential and non-residential development and between one type of development and another, to arrive at a schedule of charges.

4.13 Mandatory Discount for Rental Housing Development

For all rental housing developments that are subject to D.C.s, where a by-law is passed after November 28, 2022, the charge is discounted for the rental housing development relative to the maximum charge that could be imposed under the by-law. The amount of the discount is dependent on the number of bedrooms in each unit, as follows:

- 1) Residential units intended for use as a rented residential premises with three (3) or more bedrooms – 25% discount.



- 2) Residential units intended for use as a rented residential premises with two (2) bedrooms – 20% discount.
- 3) Residential units intended for use as a rented residential premises not referred to 1) or 2) above – 15% discount.

Note that these discounts are not part of the methodology required for calculating the charge, but a rule that has to be included in the by-laws which informs implementation.



5.5 10-Year Capital Costs for Growth-related Studies D.C. Calculation

This section evaluates the development-related capital requirements for growth-related studies assessed over a 10-year planning period (2024-2034).

5.5.1 Growth-related Studies

Growth-related studies would be allocated as a class of services based on each service to which the study relates.

For planning related studies, a deduction of 10% has been applied to recognize the extent to which the studies relate to non-D.C.-eligible services. All planning studies, the Fleet Master Plan, and D.C. background studies have been allocated across the different services based on the proportion of the total net growth-related capital costs.

The following provides a breakdown of these allocations:

- Fire Protection Services – 3%
- Parks and Recreation Services – 7%
- Services Related to a Highway – 20%
- Wastewater Services – 52%
- Water Services – 18%

The remainder of growth-related studies have been allocated to their respective service areas.

The total gross cost of these studies is approximately \$2.3 million, including approximately \$597,000 in unfunded D.C. recoverable costs previously incurred. Deductions of \$613,900 in recognition of existing benefit and \$43,300 recognizing the portion of studies related to D.C.-ineligible services have been made. The resultant net growth-related capital cost is therefore approximately \$1.6 million.

Costs relating to studies that benefit multiple services have been allocated 83% residential and 17% non-residential based on the incremental growth in population to employment for the 10-year forecast period. Costs of studies that benefit specific services have been allocated based on each respective service's allocation, as identified above.



Table 6-5 summarizes the calculated schedule of charges, reflecting the maximum D.C.s by residential dwelling unit type and non-residential G.F.A. for municipal-wide and area-specific services.

Table 6-6 and Table 6-7 compare the existing charges to the charges proposed herein (Table 6-5), for a single detached residential dwelling unit and per square metre of G.F.A. for non-residential development, respectively. Through discussions with the Municipality's staff, proposed discounts for agricultural have been included.

In total, the calculated charge for a single detached dwelling unit would decrease by 17% (- \$2,859) in the rural area and would increase by 10% (+ \$3,588) in the urban area.

For agricultural development, the proposed D.C. in the rural area would increase by 323% (+ \$17.27 per sq.m. of G.F.A.), relative to the current charge. The proposed D.C. includes a 25% reduction of the calculated charge for the Services Related to a Highway, Fire Protection Services, and Growth-related Studies components of the charge, and a full exemption from the Parks and Recreation Services component of the charge.

For industrial development, the proposed D.C. in the rural area would increase by 33% (+ \$8.64 per sq.m. of G.F.A.) relative to the current charge. In the urban area, the proposed D.C. would increase by 218% (+ \$92.39 per sq.m. of G.F.A. relative to the current charge.

For all other non-residential development, the proposed D.C. in the rural area would decrease by 47% (- \$30.42 per sq.m. of G.F.A.) relative to the current charge. In the urban area, the proposed D.C. would increase by 27% (+ \$28.94 per sq.m. of G.F.A.) relative to the current charge.



Table 6-5
Calculated Schedule of D.C. Charges

Service/Class of Service	RESIDENTIAL				NON-RESIDENTIAL (per sq.m. of Gross Floor Area)
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	
Municipal Wide Services/Class of Service					
Services Related to a Highway	\$ 6,504	\$ 4,804	\$ 4,537	\$ 2,889	\$ 21.99
Fire Protection Services	\$ 1,909	\$ 1,410	\$ 1,332	\$ 848	\$ 6.28
Parks & Recreation Services	\$ 5,353	\$ 3,954	\$ 3,734	\$ 2,378	\$ 4.53
Growth-related Studies	\$ 592	\$ 437	\$ 413	\$ 263	\$ 1.89
Total Municipal Wide Services/Class of Services	\$ 14,358	\$ 10,605	\$ 10,016	\$ 6,378	\$ 34.69
Urban Services					
Wastewater Services	\$ 18,446	\$ 13,625	\$ 12,868	\$ 8,194	\$ 75.09
Water Services	\$ 6,122	\$ 4,522	\$ 4,271	\$ 2,719	\$ 24.91
Total Urban Services	\$ 24,568	\$ 18,147	\$ 17,139	\$ 10,913	\$ 100.00
GRAND TOTAL RURAL AREA	\$ 14,358	\$ 10,605	\$ 10,016	\$ 6,378	\$ 34.69
GRAND TOTAL URBAN AREA	\$ 38,926	\$ 28,752	\$ 27,155	\$ 17,291	\$ 134.69



Table 6-6
Comparison of Current and Proposed Residential (Single Detached) D.C.s

Service/Class of Service	Current	Proposed
Municipal Wide Services/Classes:		
Services Related to a Highway	\$ 8,665	\$ 6,504
Fire Protection Services	\$ 2,220	\$ 1,909
Parks & Recreation Services	\$ 5,654	\$ 5,353
Library Services	\$ -	\$ -
Growth-related Studies	\$ 678	\$ 592
Total Municipal Wide Services/Classes	\$ 17,217	\$ 14,358
Urban Services		
Wastewater Services	\$ 15,667	\$ 18,446
Water Services	\$ 2,454	\$ 6,122
Total Urban Services	\$ 18,121	\$ 24,568
Grand Total - Rural Area	\$ 17,217	\$ 14,358
Grand Total - Urban Area	\$ 35,338	\$ 38,926



Table 6-7
Comparison of Current and Proposed Non-Residential D.C. (per sq.m. of G.F.A.)

Service/Class of Service	Other Non-Residential		Agricultural		Industrial	
	Current	Proposed	Current	Proposed (with partial exemptions)	Current	Proposed
Municipal Wide Services/Classes:						
Services Related to a Highway	\$ 42.45	\$ 21.99	\$ 2.82	\$ 16.49	\$ 16.98	\$ 21.99
Fire Protection Services	\$ 10.98	\$ 6.28	\$ 2.53	\$ 4.71	\$ 4.39	\$ 6.28
Parks & Recreation Services	\$ 8.33	\$ 4.53	\$ -	\$ -	\$ 3.34	\$ 4.53
Library Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Growth-related Studies	\$ 3.35	\$ 1.89	\$ -	\$ 1.42	\$ 1.34	\$ 1.89
Total Municipal Wide Services/Classes	\$ 65.11	\$ 34.69	\$ 5.35	\$ 22.62	\$ 26.05	\$ 34.69
Urban Services						
Wastewater Services	\$ 35.12	\$ 75.09	\$ -	\$ -	\$ 14.04	\$ 75.09
Water Services	\$ 5.52	\$ 24.91	\$ -	\$ -	\$ 2.21	\$ 24.91
Total Urban Services	\$ 40.64	\$ 100.00	\$ -	\$ -	\$ 16.25	\$ 100.00
Grand Total - Rural Area	\$ 65.11	\$ 34.69	\$ 5.35	\$ 22.62	\$ 26.05	\$ 34.69
Grand Total - Urban Area	\$ 105.75	\$ 134.69	\$ 5.35	\$ 22.62	\$ 42.30	\$ 134.69



7.2 D.C. By-law Structure

It is recommended that:

- the Municipality impose a Municipality-wide D.C. calculation for all municipal services, except for wastewater and water services;
- the Municipality impose D.C.s for wastewater and water services in the municipal urban serviced area only; and
- the Municipality use one D.C. by-law for all services and classes of service to be recovered through D.C.s.

7.3 D.C. By-law Rules

The following sets out the recommended rules governing the calculation, payment, and collection of D.C.s in accordance with subsection 6 of the D.C.A.

It is recommended that the following provides the basis for the D.C.s:

7.3.1 Payment in any Particular Case

In accordance with the D.C.A., s.2(2), a D.C. be calculated, payable and collected where the development requires one or more of the following:

- (a) the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
 - (b) the approval of a minor variance under section 45 of the *Planning Act*;
 - (c) a conveyance of land to which a by-law passed under subsection 50 (7) of the *Planning Act* applies;
 - (d) the approval of a plan of subdivision under section 51 of the *Planning Act*;
 - (e) a consent under section 53 of the *Planning Act*;
 - (f) the approval of a description under section 9 of the *Condominium Act, 1998*;
- or
- (g) the issuing of a permit under the *Building Code Act, 1992* in relation to a building or structure.

7.3.2 Determination of the Amount of the Charge

The following conventions be adopted:



industrial building additions that exceed 50% of the existing G.F.A., only the portion of the addition in excess of 50% is subject to D.C.s (subsection 4 (3) of the D.C.A.);

- Full exemption for buildings or structures owned by and used for the purposes of any municipality, local board, or Board of Education;
 - Full exemption for additional residential development within or ancillary to existing buildings: development that results only in the enlargement of an existing dwelling unit, or that results only in the creation of up to two additional dwelling units (based on limits set out in subsection 2 (3.2) of the Act);
 - Full exemption for additional residential development within or ancillary to new dwellings: development that includes the creation of up to two additional dwelling units (based on limits set out in subsection 2 (3.3) of the Act);
 - Full exemption for the creation of the greater of one residential unit or 1% of the existing residential units in an existing rental residential building;
 - Full exemption for a university in Ontario that receives direct, regular, and ongoing operating funding from the Government of Ontario;
 - Full exemption for affordable units and attainable units;
 - Full exemption for affordable inclusionary zoning units;
 - Full exemption for non-profit housing developments; and
 - Partial exemption through a discount for rental housing units based on bedroom size as prescribed (i.e., three or more bedrooms - 25% discount, two bedrooms - 20% discount, and all others - 15% discount).
- b) Non-statutory exemptions included for consideration in the draft by-law include:
- The erection of temporary buildings or structures; and
 - Partial exemption for agricultural development, with the amount payable calculated with a 25% reduction of the Other Non-Residential charge for the Services Related to a Highway, Fire Protection Services, and Growth-related Studies components of the charge, and a full reduction of the Parks and Recreation Services component of the charge. Additionally, certain agricultural structures do not generate additional service demands, and therefore should not be charged a D.C. This has been reflected in the definition of “agricultural use” provided in the proposed by-law.



7.3.5 Timing of Collection

The D.C.s for all services and classes are payable upon issuance of a building permit for each dwelling unit, building, or structure, subject to early or late payment agreements entered into by the Municipality and an owner under s. 27 of the D.C.A.

Rental housing and institutional developments will pay D.C.s in six equal annual payments commencing at occupancy. Moreover, the D.C. amount for all developments occurring within two (2) years of a Site Plan or Zoning By-law Amendment planning approval (for applications submitted after January 1, 2020 and approved before June 7, 2024), shall be determined based on the D.C. in effect on the day of the applicable Site Plan or Zoning By-law Amendment application was deemed complete. The D.C. amount for all developments occurring within eighteen (18) months of a Site Plan or Zoning By-law Amendment planning approval (for applications submitted after January 1, 2020 and approved after June 6, 2024), shall be determined based on the D.C. in effect on the day of the applicable Site Plan or Zoning By-law Amendment application.

Installment payments and payments determined at the time of Site Plan or Zoning By-law Amendment application are subject to annual interest charges. The interest rate the Municipality can impose is governed by the Municipality's Council approved Development Charges Interest Policy.

7.3.6 Indexing

Indexing of the D.C.s shall be implemented on a mandatory basis annually on January 1st of each year, in accordance with the Statistics Canada Quarterly, Non-Residential Building Construction Price Index for Toronto (currently Table 18-10-0276-02) for the most recent year-over-year period.

7.3.7 D.C Spatial Applicability

The D.C.A. historically has provided the opportunity for a municipality to impose municipal-wide charges or area specific charges. Sections 2(7) and 2(8) of the D.C.A. provide that a D.C. by-law may apply to the entire municipality or only part of it and more than one D.C. by-law may apply to the same area. The D.C.A. now requires municipalities to consider the application of municipal-wide and area-specific D.C.s. s.10(2)(c.1) requires Council to consider the use of more than one D.C. by-law to reflect different needs from services in different areas. Most municipalities in Ontario have



established uniform, municipal-wide D.C.s. When area-specific charges are used, it is generally to underpin master servicing and front-end financing arrangements for more localized capital costs.

Based on the foregoing and historical practice in the Municipality, it is proposed that uniform Municipality-wide D.C.s for all services excluding wastewater and water services be imposed. Wastewater and water services D.C.s will continue to be imposed on an area-specific basis for development in the urban area.

7.3.8 Proposed Amendments Upon Enactment of Bill 185

Should Bill 185 come into force before Council approves the proposed D.C. by-laws, the following amendments to the calculation of the D.C. and the draft D.C. by-laws are recommended:

- Consolidate proposed D.C. by-laws into a single D.C. by-law covering all eligible service, for ease of administration;
- Add to the by-law a charge for growth-related studies, and discount the charge for Agricultural development by 25%;
- Remove from the by-law reference to the mandatory phase-in of D.C.s;
- Amend the timeline for calculating D.C.s payable for developments that had an accompanying Site Plan or Zoning By-law Amendment planning approval from within 2 years of the application being approved to within 18 months of the application being approved (for applications approved after Bill 185 comes into force); and
- Amend the date that the D.C.s are indexed from the anniversary date of the by-law to January 1st, for ease of administration.

7.4 Other D.C. By-law Provisions

It is recommended that:

7.4.1 Categories of Services for Reserve Fund and Credit Purposes

It is recommended that the Municipality's D.C. collections be contributed into six (6) separate reserve funds, including:

- Services Related to a Highway;
-



- Fire Protection Services;
- Parks and Recreation Services;
- Growth-related Studies;
- Wastewater Services; and
- Water Services.

7.4.2 By-law In-force Date

It is proposed that the new D.C. by-law will come into force on July 11, 2024 (i.e., ahead of the expiry date of the Municipality's current D.C. by-law).

7.4.3 Minimum Interest Rate Paid on Refunds and Charged for Inter-Reserve Fund Borrowing

The minimum interest rate is the Bank of Canada rate on the day on which the by-law come into force (as per s.11 of O. Reg. 82/98).

7.5 Other Recommendations

It is recommended that Council:

“Whenever appropriate, request that grants, subsidies and other contributions be clearly designated by the donor as being to the benefit of existing development or new development, as applicable;”

“Adopt the assumptions contained herein as an ‘anticipation’ with respect to capital grants, subsidies, and other contributions;”

“Adopt the D.C. approach to calculate the charges on a uniform -wide basis for all services, except for water and wastewater services which will be imposed in the urban serviced areas;”

“Approve the capital project listing set out in Chapter 5 of the D.C. Background Study dated May 8, 2024, as amended, subject to further annual review during the capital budget process;”

“Approve the D.C. Background Study dated May 8, 2024, as amended;”

“Determine that no further public meeting is required;” and



“Approve the D.C. By-law as set out in Appendix G.”



**THE CORPORATION OF THE MUNICIPALITY OF MIDDLESEX
CENTRE**

BY-LAW NO. 2024-__

A BY-LAW FOR THE IMPOSITION OF DEVELOPMENT CHARGES

BEING a by-law for the imposition of Development Charges

WHEREAS section 2 (1) of the *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended (the “*Act*”) provides that the council of a municipality may pass by-laws for the imposition of Development Charges against land to pay for increased Capital Costs required because of the need for Services arising from Development in the area to which the by-law applies;

AND WHEREAS the Council of the Municipality of Middlesex Centre has given Notice in accordance with section 12 of the *Development Charges Act, 1997*, S.O. 1997, c. 27 of its intention to pass a by-law under section 2 of the said Act;

AND WHEREAS the Council of the Municipality of Middlesex Centre has heard all persons who applied to be heard either in objection to, or in support of, the development charge proposal at a public meeting held on May 22, 2024;

AND WHEREAS the Council of the Municipality of Middlesex Centre had before it a report entitled 2024 Development Charge Background Study dated May 8, 2024, prepared by Watson & Associates Economists Ltd., wherein it is indicated that the development of any land within the Municipality of Middlesex Centre will increase the need for services as defined herein;

AND WHEREAS the Council of the Municipality of Middlesex Centre on July 10, 2024 approved the Development Charge Background Study dated May 8, 2024, in which certain recommendations were made relating to the establishment of a development charge policy for the Municipality of Middlesex Centre pursuant to the *Development Charges Act, 1997*, S.O., 1997, c. 27;



AND WHEREAS the Council of the Municipality of Middlesex Centre has determined that no further public meeting is required in accordance with subsection 12(3) of the Act;

NOW THEREFORE BE IT ENACTED as a by-law of the Municipality of Middlesex Centre as follows:

DEFINITIONS

1. In this by-law the following items shall have the corresponding meanings:

“Act” means the *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended, or any successor thereof;

“Accessory use” means a use of land, buildings or structures which is incidental and subordinate to the principal use of the lands and buildings;

“Additional dwelling unit” means a dwelling unit, whether contained within a proposed single detached dwelling, semi-detached dwelling or row dwelling, or ancillary to a single detached dwelling, a semi-detached dwelling, or a row dwelling including but not limited to a coach house, laneway suite or structure constructed above an existing garage or other structure separate from the primary dwelling unit, and which is not capable of being legally conveyed as a separate parcel of land from the primary dwelling unit;

“Affordable Residential Unit” means a Residential Unit that meets the criteria set out in subsection 4.1 of the Act;

“Agricultural use” means a farming business as defined by the Farmland Property Tax Program of the *Farm Registration and Farm Organizations Funding Act, 1993*, and excludes buildings which house manure, feed, bedding, and equipment that support a livestock or cropping use;

“Apartment dwelling” means any dwelling unit within a building containing more than four dwelling units where the units are connected by an interior corridor;

“Area-Specific Services” means municipal water and wastewater;



“Attainable Residential Unit” means a residential unit that meets the criteria set out in subsection 4.1 of the Act;

“Bedroom” means a habitable room larger than seven square metres, including a den, study, or other similar area, but does not include a living room, dining room or kitchen;

“Board of education” means a board defined in s.s. 1(1) of the *Education Act*, R.S.O. 1990, c.E.2, as amended;

“Building Code Act” means the *Building Code Act, 1992*, S.O. 1992, c.23, as amended;

“Capital cost” means capital costs as defined in subsection 5 (3) of the Act;

“Council” means the Council of the Municipality of Middlesex Centre;

“Development” means any activity or proposed activity in respect of land that requires one or more of the actions referred to in section 5 of this by-law and including the redevelopment of land or the redevelopment, expansion, extension or alteration of a use, building or structure except interior alterations to an existing building or structure which do not change or intensify the use of land;

“Development charge” means a charge imposed pursuant to this by-law;

“Dwelling unit” means a suite operated as a housekeeping unit, used or intended to be used by one or more persons and containing cooking, eating, living, sleeping and sanitary facilities;

“Grade” means the average level of finished ground adjoining a building or structure at all exterior walls;

“Gross floor area” means,

- (a) in the case of a residential building or structure, or in the case of a mixed-use building or structure with respect to the residential portion thereof, the total area of all floors above grade of a dwelling unit measured between the outside surfaces of exterior walls or between the outside surfaces of



exterior walls and the centre line of party walls dividing the dwelling unit from another dwelling unit or other portion of a building;

- (b) in the case of a non-residential building or structure, or in the case of a mixed-use building or structure in respect of the non-residential portion thereof, the total area of all building floors above or below grade measured between the outside surfaces of the exterior walls, or between the outside surfaces of exterior walls and the centre line of party walls dividing a non-residential use and a residential use;

“Inclusionary zoning residential unit” means residential units that are affordable housing units required to be included in a development or redevelopment pursuant to a by-law passed under section 34 of the *Planning Act* to give effect to the policies described in subsection 16(4) of that Act.

“Industrial” means industrial uses as permitted by the Municipality of Middlesex Centre’s Zoning By-laws, as amended or replaced from time to time;

“Institutional” means development of a building or structure intended for use:

- (a) as a long-term care home within the meaning of subsection 2 (1) of the *Long-Term Care Homes Act, 2007*;
- (b) as a retirement home within the meaning of subsection 2(1) of the *Retirement Homes Act, 2010*;
- (c) by any institution of the following post-secondary institutions for the objects of the institution:
 - (i) a university in Ontario that receives direct, regular and ongoing operation funding from the Government of Ontario;
 - (ii) a college or university federated or affiliated with a university described in subclause (i); or
 - (iii) an Indigenous Institute prescribed for the purposes of section 6 of the *Indigenous Institute Act, 2017*;



- (d) as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion; or
- (e) as a hospice to provide end of life care;

“Local board” means public library board, local board of health, or any other board, commission, committee or body or local authority established or exercising any power or authority under any general or special Act with respect to any of the affairs or purposes of the municipality or any part or parts thereof other than a board defined in section 1(1) of the *Education Act, R.S.O, 1990, c.E.2*, as amended;

“Local services” means those services or facilities which are under the jurisdiction of the Municipality and are related to a plan of subdivision or consent or within the area to which the plan relates, required as a condition of approval under s.51 or s.53 of the *Planning Act, 1990, R.S.O, 1990 c.P.13*, as amended;

“Multiple dwelling” means all dwellings other than single detached dwellings, semi-detached dwellings, and apartment dwellings;

“Municipality” means the Municipality of Middlesex Centre;

“Non-profit housing” means development of a building or structure intended for use as residential premises by:

- (a) a corporation to which the *Not-for-Profit Corporations Act, 2010* applies, that is in good standing under that Act and whose primary objective is to provide housing;
- (b) a corporation without share capital to which the *Canada Not-for-profit Corporations Act* applies, that is in good standing under that Act and whose primary objective is to provide housing; or
- (c) a non-profit housing co-operative that is in good standing under the *Co-operative Corporations Act*;

“Non-residential uses” means a building or structure used for other than a residential use;



“Owner” means the owner of land or a person who has made application for an approval for the development of land upon which a development charge is imposed;

“Planning Act” means the *Planning Act, 1990*, R.S.O. 1990, c.P.13, as amended;

“Regulation” means any regulation made pursuant to the Act;

“Rental housing” means development of a building or structure with four or more dwelling units all of which are intended for use as rented residential premises;

“Residential unit” means the same as dwelling unit as defined in this by-law;

“Residential uses” means lands, buildings or structures or portions thereof used, or designed or intended for use as a home or residence of one or more individuals, and shall include a single detached dwelling, a semi-detached dwelling, a multiple dwelling, an apartment dwelling, and the residential portion of a mixed-use building or structure;

“Row dwelling” means one of a series of three or more attached dwelling units with each dwelling unit divided vertically from another by a party wall; and each dwelling unit located on a lot. For the purposes of this definition, a row dwelling with up to two additional dwelling units as defined in this by-law is deemed to be a row dwelling;

“Semi-detached dwelling” means a building divided vertically into two dwelling units each of which has a separate entrance and access to grade. For the purposes of this definition, a semi-detached dwelling with up to two additional dwelling units as defined in this by-law is deemed to be a semi-detached dwelling;

“Services” means services set out in subsection 2(1) to this by-law;

“Single detached dwelling” means a residential building consisting of one dwelling unit and not attached to another structure. For the purposes of this definition, a single detached dwelling with up to two additional dwelling units as defined in this by-law is deemed to be a single detached dwelling;



“Suite” means a single room or series of rooms of complementary use, operated under a single tenancy.

DESIGNATION OF SERVICES

2. (1) The categories of services and classes of service for which development charges are imposed under this by-law are as follows:
 - (a) Services Related to a Highway;
 - (b) Fire Protection Services;
 - (c) Parks and Recreation Services;
 - (d) Growth-related Studies;
 - (e) Wastewater Services (within the wastewater serviced area only);
and
 - (f) Water Services (within the water serviced area only).

SCHEDULE OF DEVELOPMENT CHARGES

3. (1) Subject to the provisions of this by-law, development charges against land shall be imposed, calculated and collected in accordance with the base rates set out in Schedule “A”, which relate to the services set out in subsection 2 (1).
- (2) Notwithstanding subsection (1), for lands which are or will be serviced by water and/ or wastewater services, the Area-Specific Services development charges shall be imposed, calculated and collected in accordance with the base rates set out in Schedule “A”, which relate to the Area-Specific Services set out in subsection 2 (1).
- (3) The development charge with respect to the use of any land, buildings or structures shall be calculated as follows:
 - (a) in the case of residential development or redevelopment, or the residential portion of a mixed-use development or redevelopment, based upon the number and type of dwelling units;



- (b) in the case of non-residential development or redevelopment, or the non-residential portion of a mixed-use development or redevelopment, based upon the gross floor area of such development.
- (4) Council hereby determines that the development or redevelopment of land, buildings or structures for residential and non-residential uses will require the provision, enlargement or expansion of the services referenced in subsection 2 (1).
- (5) Notwithstanding the provisions of this by-law, development charges for rental housing developments will be reduced based on the number of bedrooms in each unit as follows:
 - (a) Three or more bedrooms – 25% reduction;
 - (b) Two bedrooms – 20% reduction; and
 - (c) All other bedroom quantities – 15% reduction.

APPLICABLE LANDS

- 4. (1) Subject to subsections (2), (3), and (6), this by-law applies to all lands in the municipality, whether or not the land or use is exempt from taxation under section 3 of the *Assessment Act*, R.S.O. 1990, c.A.31.
- (2) This by-law shall not apply to land that is owned by and used for the purposes of:
 - (a) a board of education;
 - (b) any municipality or local board thereof;
 - (c) a university that receives regular and ongoing operating funds from the government for the purposes of post-secondary education; and
 - (d) the erection of temporary buildings or structures.



- (3) This by-law shall not apply to that category of exempt development described in subsections 2 (3), 2 (3.1), and 2 (3.2) of the Act, namely:
- (a) An enlargement to an existing dwelling unit;
 - (b) A second residential unit in an existing detached house, semi-detached house, or rowhouse on a parcel of land on which residential use, other than ancillary residential use, is permitted, if all buildings and structures ancillary to the existing detached house, semi-detached house or rowhouse cumulatively contain no more than one residential unit;
 - (c) A third residential unit in an existing detached house, semi-detached house or rowhouse on a parcel of land on which residential use, other than ancillary residential use, is permitted, if no building or structure ancillary to the existing detached house, semi-detached house or rowhouse contains any residential units;
 - (d) One residential unit in a building or structure ancillary to an existing detached house, semi-detached house or rowhouse on a parcel of residential land, if the existing detached house, semi-detached house or rowhouse contains no more than two residential units and no other building or structure ancillary to the existing detached house, semi-detached house or rowhouse contains any residential units; or
 - (e) In an existing rental residential building, which contains four or more residential units, the creation of the greater of one residential unit or one per cent of the existing residential units.
- (4) This by-law shall not apply to that category of exempt development described in subsection 2 (3.3) of the Act, namely:
- (a) A second residential unit in a new detached house, semi-detached house or rowhouse on a parcel of land on which residential use, other than ancillary residential use, is permitted, if all buildings and structures ancillary to the new detached house, semi-detached



- house or rowhouse cumulatively will contain no more than one residential unit;
- (b) A third residential unit in a new detached house, semi-detached house or rowhouse on a parcel of land on which residential use, other than ancillary residential use, is permitted, if no building or structure ancillary to the new detached house, semi-detached house or rowhouse contains any residential units; or
 - (c) One residential unit in a building or structure ancillary to a new detached house, semi-detached house or rowhouse on a parcel of residential land, if the new detached house, semi-detached house or rowhouse contains no more than two residential units and no other building or structure ancillary to the new detached house, semi-detached house or rowhouse contains any residential units.
- (5) This by-law does not apply to that category of exempt development described in section 4 of the Act, namely:
- (a) the enlargement of the gross floor area of an existing industrial building, if the gross floor area is enlarged by 50 percent or less;
 - (b) for the purpose of paragraph (a) the terms “gross floor area” and “existing industrial building” shall have the same meaning as those terms have in O. Reg. 82/98 made under the Act.
 - (c) Notwithstanding paragraph (a), if the gross floor area of an existing industrial building is enlarged by more than 50 percent, development charges shall be calculated and collected in accordance with Schedule “A” on the amount by which the enlargement exceeds 50 percent of the gross floor area before the enlargement.
 - (d) For the purpose of the application of section 4 of the Act to the operation of this by-law:



- (i) the gross floor area of an existing industrial building shall be calculated as it existed prior to the first enlargement in respect of that building for which an exemption under section 4 of the Act is sought; and
- (ii) the enlargement of the gross floor area of the existing building must:
 - (1) be attached to the existing industrial building;
 - (2) not be attached to the existing industrial building by means only of a tunnel, bridge, canopy, corridor or other passageway, shared below-grade connection, foundation, footing, parking facility, service tunnel or service pipe;
 - (3) be for use or in connection with an industrial purpose as set out in this by-law; and
 - (4) constitute a bona fide increase in the size of the existing building.
- (6) This by-law shall not apply to that category of exempt development described in section 4.2 of the Act, namely that development charges shall not be imposed with respect to non-profit housing development.
- (7) This by-law shall not apply to that category of exempt development described in section 4.3 of the Act, namely that development charges shall not be imposed with respect to inclusionary zoning residential unit development.
- (8) This by-law shall not apply to that category of exempt development described in section 4.1 of the Act, namely that development charges shall not be imposed with respect to affordable residential units and attainable residential units.



5. (1) Subject to subsection (2), development charges shall be calculated and collected in accordance with the provisions of this by-law and be imposed on land to be developed for residential and non-residential use, where, the development requires,
- (a) the passing of a zoning by-law or an amendment thereto under section 34 of the *Planning Act*;
 - (b) the approval of a minor variance under section 45 of the *Planning Act*;
 - (c) a conveyance of land to which a by-law passed under subsection 49(7) of the *Planning Act*, applies;
 - (d) the approval of a plan of subdivision under section 51 of the *Planning Act*;
 - (e) a consent under section 53 of the *Planning Act*;
 - (f) the approval of a description under section 50 of the *Condominium Act*, R.S.O. 1990, c.C.26, as amended, or
 - (g) the issuing of a permit under the *Building Code Act*, in relation to a building or structure.
- (2) Subsection (1) shall not apply in respect to
- (a) local services installed or paid for by the owner within a plan of subdivision or within the area to which the plan relates, as a condition of approval under section 51 of the *Planning Act*;
 - (b) local services installed or paid for by the owner as a condition of approval under section 53 of the *Planning Act*.

LOCAL SERVICE INSTALLATION

6. Nothing in this by-law prevents Council from requiring, as a condition of an agreement under sections 41, 51, or 53 of the *Planning Act*, that the owner, at his



or her own expense, shall install or pay for such local services, as Council may require.

MULTIPLE CHARGES

7. (1) Where two or more of the actions described in subsection 5(1) are required before land to which a development charge applies can be developed, only one development charge shall be calculated and collected in accordance with the provisions of this by-law.
- (2) Notwithstanding subsection (1), if two or more of the actions described in subsection 5 (1) occur at different times, and if the subsequent action has the effect of increasing the need for municipal services as set out in subsection 2 (1), an additional development charge on the additional residential units and non-residential floor area, shall be calculated and collected in accordance with the provisions of this by-law.

SERVICES IN LIEU

8. (1) Council may authorize an owner, through an agreement under section 38 of the Act, to substitute such part of the development charge applicable to the owner's development as may be specified in the agreement, by the provision at the sole expense of the owner, of services in lieu. Such agreement shall further specify that where the owner provides services in lieu in accordance with the agreement, Council shall give to the owner a credit against the development charge in accordance with the agreement provisions and the provisions of section 39 of the Act, equal to the reasonable cost to the owner of providing the services in lieu. In no case shall the agreement provide for a credit which exceeds the total development charge payable by an owner to the municipality in respect of the development to which the agreement relates.
- (2) In any agreement under subsection (1), Council may also give a further credit to the owner equal to the reasonable cost of providing services in addition to, or of a greater size or capacity, than would be required under this by-law.



- (3) The credit provided for in subsection (2) shall not be charged to any development charge reserve fund.

RULES WITH RESPECT TO REDEVELOPMENT

9. In the case of the demolition of all or part of a residential or non-residential building or structure:
 - (1) a credit shall be allowed, provided that the land was improved by occupied structures and a building permit was issued for the development or redevelopment within the five-year period from the date of issuance of the demolition permit or alternative evidence of the date of the demolition satisfactory to the Municipality;
 - (2) if a development or redevelopment involves the demolition of and replacement of a building or structure, or the conversion from one principal use to another, a credit shall be allowed equivalent to:
 - (a) the number of dwelling units demolished/converted on the land multiplied by the applicable residential development charge in place at the time the development charge is payable; and/or
 - (b) the non-residential gross floor area of the building(s) demolished/converted on the land multiplied by the current applicable non-residential development charge in place at the time the development charge is payable.
 - (c) the credit can, in no case, exceed the amount of the development charge that would otherwise be payable.

TIMING OF CALCULATION AND PAYMENT

10. (1) Development charges shall be calculated and payable in full in money or by provision of services as may be agreed upon, or by credit granted under the Act, on the date that the first building permit is issued in relation to a building or structure on land to which a development charge applies.



- (2) Where development charges apply to land in relation to which a building permit is required, the building permit shall not be issued until the development charge has been paid in full.
- (3) Notwithstanding subsection (1), development charges for rental housing and institutional developments are due and payable in 6 installments commencing with the first installment payable on the date of partial or full occupancy, and each subsequent installment, including interest as provided in the Municipality's Council approved Development Charge Interest Policy, payable on the anniversary date each year thereafter.
- (4) Where the development of land results from the approval of a Site Plan or Zoning By-law Amendment made on or after January 1, 2020, and the approval of the application occurred within the prescribed amount of time from the building permit issuance, the Development Charges under subsections (1) and (3) shall be calculated based on the rates set out in Schedule "A" on the date the planning application was made, including interest as provided in the Municipality's Council approved Development Charge Interest Policy. Where both planning applications apply Development Charges under subsections (1) and (3) shall be calculated based on the rates, including interest as provided in the Municipality's Council approved Development Charge Interest Policy, set out in Schedule "A" on the date of the later planning application.
- (5) Despite subsections (1), (3), and (4), Council from time to time, and at any time, may enter into agreements providing for all or any part of a development charge to be paid before or after it would otherwise be payable, in accordance with section 27 of the Act.

RESERVE FUNDS

11. (1) Monies received from payment of development charges shall be maintained in six separate reserve funds as follows: services related to a highway, fire protection, parks and recreation, growth-related studies, water, and wastewater.



- (2) Monies received for the payment of development charges shall be used only in accordance with the provisions of section 35 of the Act.
- (3) Where any development charge, or part thereof, remains unpaid after the due date, the amount unpaid shall be added to the tax roll and shall be collected as taxes.
- (4) Where any unpaid development charges are collected as taxes under subsection (3), the monies so collected shall be credited to the development charge reserve fund referred to in subsection (1).
- (5) The Treasurer of the Municipality shall, in each year, furnish to Council a statement in respect of the reserve fund established hereunder for the prior year, containing the information set out in section 12 of O. Reg. 82/98.

BY-LAW AMENDMENT OR APPEAL

12. (1) Where this by-law or any development charge prescribed thereunder is amended or repealed either by order of the Ontario Municipal Board or by resolution of the Municipal Council, the Treasurer shall calculate forthwith the amount of any overpayment to be refunded as a result of said amendment or repeal.
- (2) Refunds that are required to be paid under subsection (1) shall be paid with interest to be calculated as follows:
 - (a) Interest shall be calculated from the date on which the overpayment was collected to the date on which the refund is paid;
 - (b) The Bank of Canada interest rate in effect on the date of enactment of this by-law shall be used.
- (3) Refunds that are required to be paid under subsection (1) shall include the interest owed under this section.



BY-LAW INDEXING

13. The development charges set out in Schedule “A” to this by-law shall be adjusted annually on January 1st, without amendment to this by-law, in accordance with the most recent available twelve month change in the Statistics Canada Quarterly, “Building Construction Price Indexes”.

BY-LAW REGISTRATION

14. A certified copy of this by-law may be registered on title to any land to which this by-law applies.

BY-LAW ADMINISTRATION

15. This by-law shall be administered by the Treasurer.

SEVERABILITY

16. In the event any provision, or part thereof, of this by-law is found, by a court of competent jurisdiction, to be ultra vires, such provision, or part thereof, shall be deemed to be severed, and the remaining portion of such provision and all other provisions of the by-law shall remain in full force and effect.

HEADINGS FOR REFERENCE ONLY

17. The headings inserted in this by-law are for convenience of reference only and shall not affect the construction or interpretation of this by-law.

SCHEDULES TO THE BY-LAW

18. The following Schedules to this by-law form an integral part of this by-law:

Schedule A – Schedule of Development Charges

EXISTING BY-LAW REPEAL

19. Municipality of Middlesex Centre By-laws 2019-073 and 2021-119 are hereby repealed.



DATE BY-LAW EFFECTIVE

20. This by-law shall come into force and effect on July 11, 2024.

BY-LAW EXPIRY

21. This by-law shall expire on July 11, 2034.

SHORT TITLE

22. This by-law may be cited as the “Municipality of Middlesex Centre Development Charge By-law, 2024.”

READ a FIRST, SECOND and THIRD TIME and FINALLY PASSED on this 10th day of July, 2024.

Mayor

Clerk



SCHEDULE "A" TO BY-LAW 2024-___

SCHEDULE OF DEVELOPMENT CHARGES

Service/Class of Service	RESIDENTIAL				NON-RESIDENTIAL (per sq.m. of Gross Floor Area)	
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Non-Residential	Agricultural
Municipal Wide Services/Class of Service						
Services Related to a Highway	\$ 6,504	\$ 4,804	\$ 4,537	\$ 2,889	\$ 21.99	\$ 16.49
Fire Protection Services	\$ 1,909	\$ 1,410	\$ 1,332	\$ 848	\$ 6.28	\$ 4.71
Parks & Recreation Services	\$ 5,353	\$ 3,954	\$ 3,734	\$ 2,378	\$ 4.53	\$ -
Growth-related Studies	\$ 592	\$ 437	\$ 413	\$ 263	\$ 1.89	\$ 1.42
Total Municipal Wide Services/Class of Services	\$ 14,358	\$ 10,605	\$ 10,016	\$ 6,378	\$ 34.69	\$ 22.62
Urban Services						
Wastewater Services	\$ 18,446	\$ 13,625	\$ 12,868	\$ 8,194	\$ 75.09	\$ -
Water Services	\$ 6,122	\$ 4,522	\$ 4,271	\$ 2,719	\$ 24.91	\$ -
Total Urban Services	\$ 24,568	\$ 18,147	\$ 17,139	\$ 10,913	\$ 100.00	\$ -
GRAND TOTAL RURAL AREA	\$ 14,358	\$ 10,605	\$ 10,016	\$ 6,378	\$ 34.69	\$ 22.62
GRAND TOTAL URBAN AREA	\$ 38,926	\$ 28,752	\$ 27,155	\$ 17,291	\$ 134.69	\$ 22.62