

Meeting Date: June 17, 2024
Department: Building, By-law & Planning
Report No.: BBP-2024-66
Submitted by: Jennifer Huff, Director of Building & Planning
Approved by: Trisha McKibbin, Chief Administrative Officer

SUBJECT: Middlesex County Development Charges

RECOMMENDATION: THAT: Council receive report BBP-2024-66 Middlesex County Development Charges for information, and further; THAT: Comments outlined in the Comment Section of this report be provided to Middlesex County.

BACKGROUND:

On May 28th, 2024, County of Middlesex presented report on the Roads and Roads Related Development Charge Background Study which can be accessed via <https://pub-middlesexcounty.escribemeetings.com/filestream.ashx?DocumentId=11709>. The link contains the staff report, background study and the proposed by-law.

The Roads and Roads Related Development Charge Background Study has been completed in support of the proposed implementation of a Development Charge (DC) By-law for the first time in the County of Middlesex.

County Council received the report and a **public meeting date of June 26, 2026** has been set to discuss the proposed charge.

The by-law will be brought forward for **consideration of passing on July 16, 2024**. The by-law will be in effect on the date of its passing and no phase in is currently proposed as it is no longer required by the Development Charge Act.

The Development Charge Background Study was completed by Watson & Associates. It is noted that while DC's can be used to collect for a number of growth related hard and soft services, at this time, the County is proposing to only collect for services related to a highway (roads and related infrastructure, fleet and facilities) and growth related studies.

The proposed County DC by-law explicitly exempts industrial uses and non-residential agricultural buildings from the new DC Rate. The proposed by-law will continue to provide discounts and exemptions for rental housing and affordable residential housing, and other classes of development as per the statutory requirements of Development Charges Act.

It is important to note that the County DC's will be collected by the local Municipalities at the time of building permit, or as otherwise prescribed by the Development Charge Act, and will be collected in addition to the local municipal development charges. The rate is intended to be collected uniformly across the County (i.e. no difference in the rate between the rural and urban areas).

SUMMARY OF IMPACT

The three tables below outlines how the proposed new County DC rate compares to the existing rates in the three service areas of the Municipality (Rural, Mt. Brydges and Strathroy). The extent of the increase depends on the classification of unit type and service area, from an increase of 16% to 164%.

Table 1: DC Increase Impact in RURAL Areas

RURAL	PROPOSED COUNTY DC	CURRENT DC	TOTAL PROPOSED COMBINED DC TO BE COLLECTED	% INCREASE
Single – Detached, Semi	\$5,484	\$11,339	\$16,823	+48%
Multiples	\$4,205	\$9,347	\$13,552	+45%
Apartments – 2+ bdrm	\$3,794	\$5,893	\$9,687	+64%
Apartment – Bach and 1 Bdrm	\$2,415	Classification does not currently exist	New DC	New DC
Special Care / Special Dwelling Units	\$1,963	Classification does not currently exist	New DC	New DC
Non-Residential (Commercial / Institutional)	\$39.27	\$23.92	\$63.19	+164%

Table 2: DC Increase Impact in MT. BRYDGES

MT. BRYDGES	PROPOSED COUNTY DC	CURRENT DC	TOTAL PROPOSED COMBINED DC TO BE COLLECTED	% INCREASE
Single – Detached, Semi	\$5,484	\$34,890	\$40,374	+16%
Multiples	\$4,205	\$25,577	\$29,782	+16%
Apartments – 2+ bdrm	\$3,794	\$18,132	\$21,926	+21%
Apartment – Bach and 1 Bdrm	\$2,415	Classification does not currently exist	New DC	New DC
Special Care / Special Dwelling Units	\$1,963	Classification does not currently exist	New DC	New DC
Non-Residential (Commercial / Institutional)	\$39.27	\$233.97	\$273.24	+17%

Table 3: DC Increase Impact in STRATHROY

STRATHROY	PROPOSED COUNTY DC	CURRENT DC	TOTAL PROPOSED COMBINED DC TO BE COLLECTED	% INCREASE
Single – Detached, Semi	\$5,484	\$30,703	\$36,187	+18%
Multiples	\$4,205	\$25,311	\$29,516	+17%
Apartments – 2+ bdrm	\$3,794	\$15,955	\$19,749	+24%
Apartment – Bach and 1 Bdrm	\$2,415	Classification does not currently exist	New DC	New DC
Special Care / Special Dwelling Units	\$1,963	Classification does not currently exist	New DC	New DC

Non-Residential (Commercial / Institutional)	\$39.27	\$132.01	\$171.29	+30%
---	---------	----------	----------	------

Importantly, as noted with the County report and the Watson Study:

- Estimated revenue for the county is \$3,420,000, equivalent to 6.2% of 2024 county tax levy
- Road expenditures over lifetime of by-law (10 years): \$113.9 million. Of this, approximately \$50 million may be DC eligible

COMMENTS

Strathroy-Caradoc Staff have discussed some of the implications of this proposed by-law with other local municipal staff. There are a number of shared comments on the by-law that could be raised as input for the County to consider prior to passing the by-law:

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

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

CONSULTATION:

Director of Finance

Manager of Building Services / Chief Building Official, Municipality of Strathroy-Caradoc

Economic Development Commissioner, Strathroy-Caradoc

Director of Building Services / Chief Building Official, Municipality of Middlesex Centre

FINANCIAL IMPLICATIONS:

Staff time in processing DC collection and transfer of funds to Middlesex County, potentially holding onto to collections

Significant impact to development community

ALTERNATIVE(S) TO THE RECOMMENDATION:

1. Council to provide direction to the Mayor and Deputy Mayor as to comments from the Municipality of Strathroy-Caradoc on the proposed implementation of the Middlesex County Development Charge By-law.
2. Council to provide alternate direction.

STRATEGIC PLAN ALIGNMENT:

This matter is in accord with the following strategic priorities:

Economic Development: Strathroy-Caradoc will have a diverse tax base and be a place that offers a variety of economic opportunities to current and prospective residents and businesses.

ATTACHMENTS:

NONE