



## Municipality of West Elgin

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Development Charges Public Meeting  
October 24, 2024

# Format for Public Meeting



- Opening Remarks
- Public Meeting Purpose
- Study Process and Timelines
- Development Charges Overview
- Presentation of the Proposed Charges and Policies
- Presentations by the Public
- Questions from Council
- Conclude Public Meeting

# Public Meeting Purpose

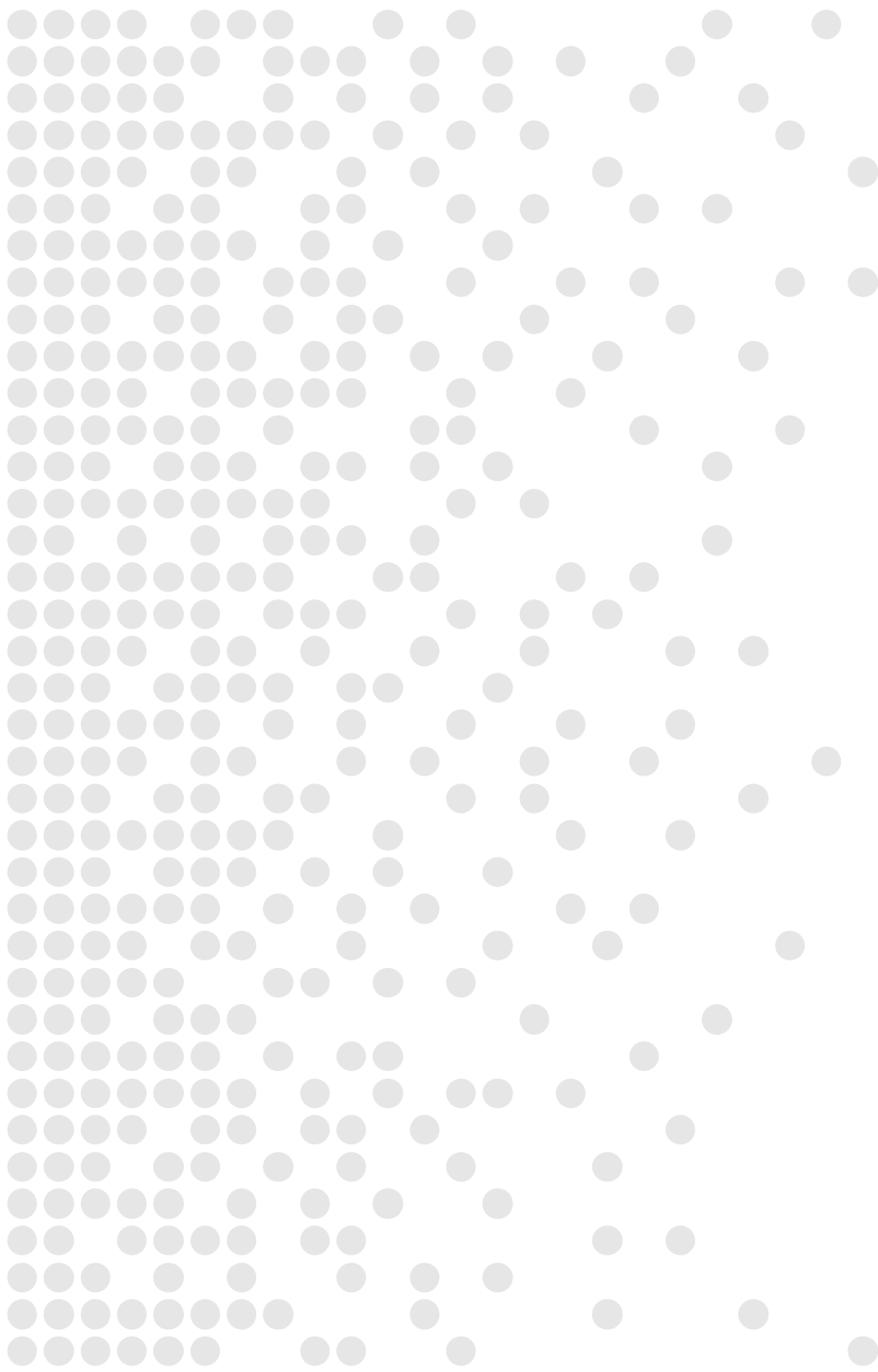


- The public meeting is to provide for a review of the D.C. background study and to receive public input on the proposed policies and charges
- The meeting is a mandatory requirement under the Development Charges Act (D.C.A.)
- Prior to Council's consideration of a by-law, a background study must be prepared and available to the public a minimum 60 days prior to the D.C. by-law passage

# Overview of Process – Timelines



- 1** **April 2024 to September 2024**  
Data collection, staff interviews, D.C. calculations and policy work
- 2** **September 26, 2024**  
Council Workshop
- 3** **September 27, 2024**  
Release of D.C. Background Study and By-law
- 4** **October 3, 2024**  
Public Meeting advertisement placed in newspaper
- 5** **October 24, 2024**  
Public Meeting
- 6** **November 28, 2024**  
Council Consideration of By-law



# Development Charges (D.C.) Overview

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Municipality of West Elgin 2024 D.C.  
Background Study & By-law

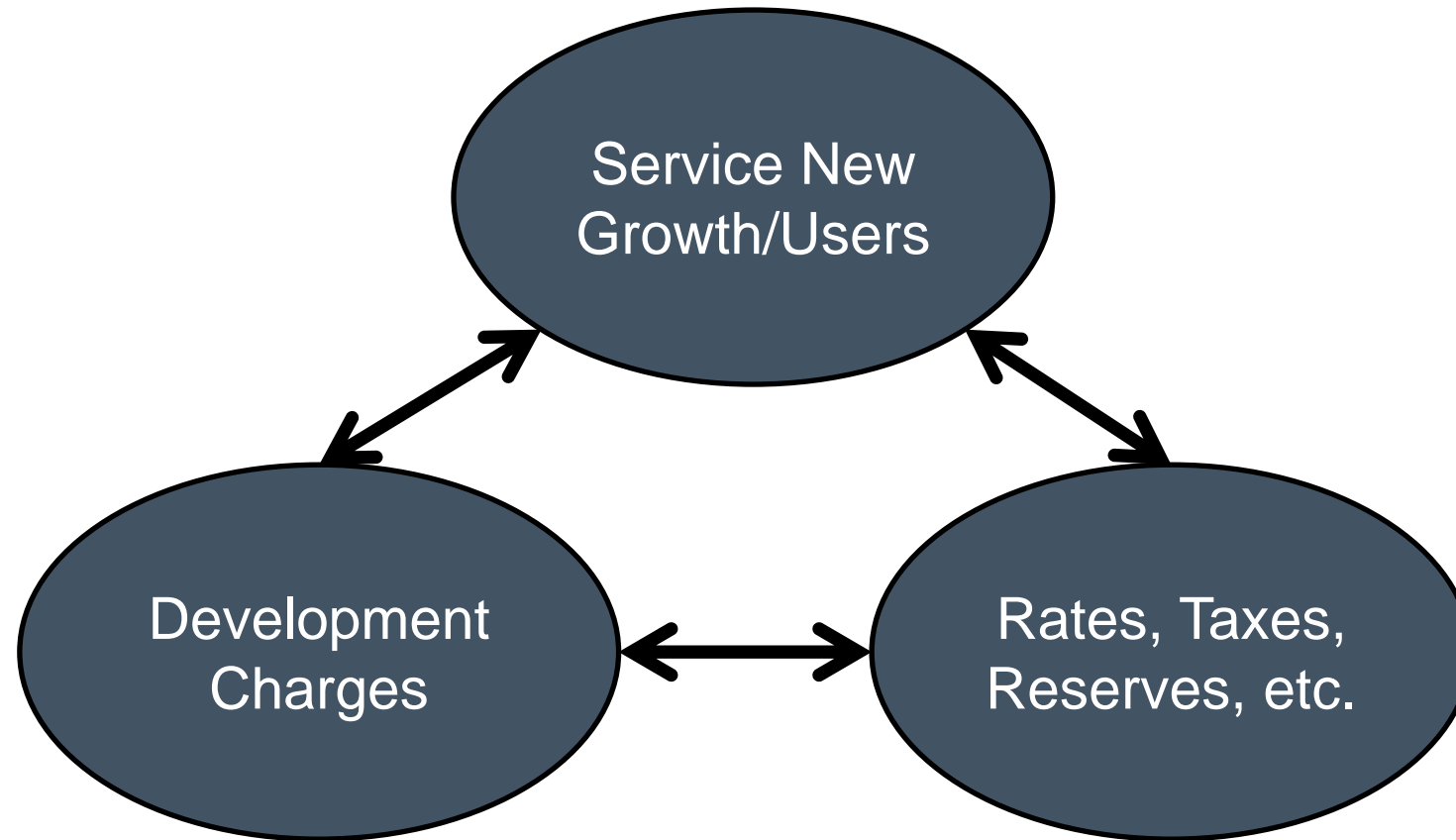
# Development Charges (D.C.s)



## Purpose:

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

# Relationship Between Needs to Service Growth vs. Funding





## D.C. Methodology

The following provides the overall methodology to calculating the charge:

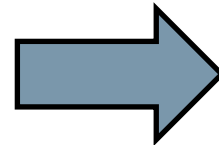
1. Identify amount, type and location of growth
2. Identify servicing needs to accommodate growth
3. Identify capital costs to provide services to meet the needs
4. Deduct:
  - i. Grants, subsidies and other contributions
  - ii. Benefit to existing development
  - iii. Amounts in excess of 15-year historical service calculation
  - iv. D.C. Reserve funds (where applicable)
5. Net costs then allocated between residential and non-residential benefit
6. Net costs divided by growth to calculate the D.C.



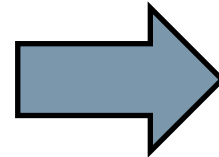
# Overview of the D.C. Calculation



Cost of Infrastructure  
Required to  
Accommodate Growth



Residential and Non-  
residential Growth



\$



Development Charge  
per Unit  
(for Residential Growth)

Development  
Charges

Development Charge  
per Sq.ft. or per Sq.m  
(for Non-residential Growth)

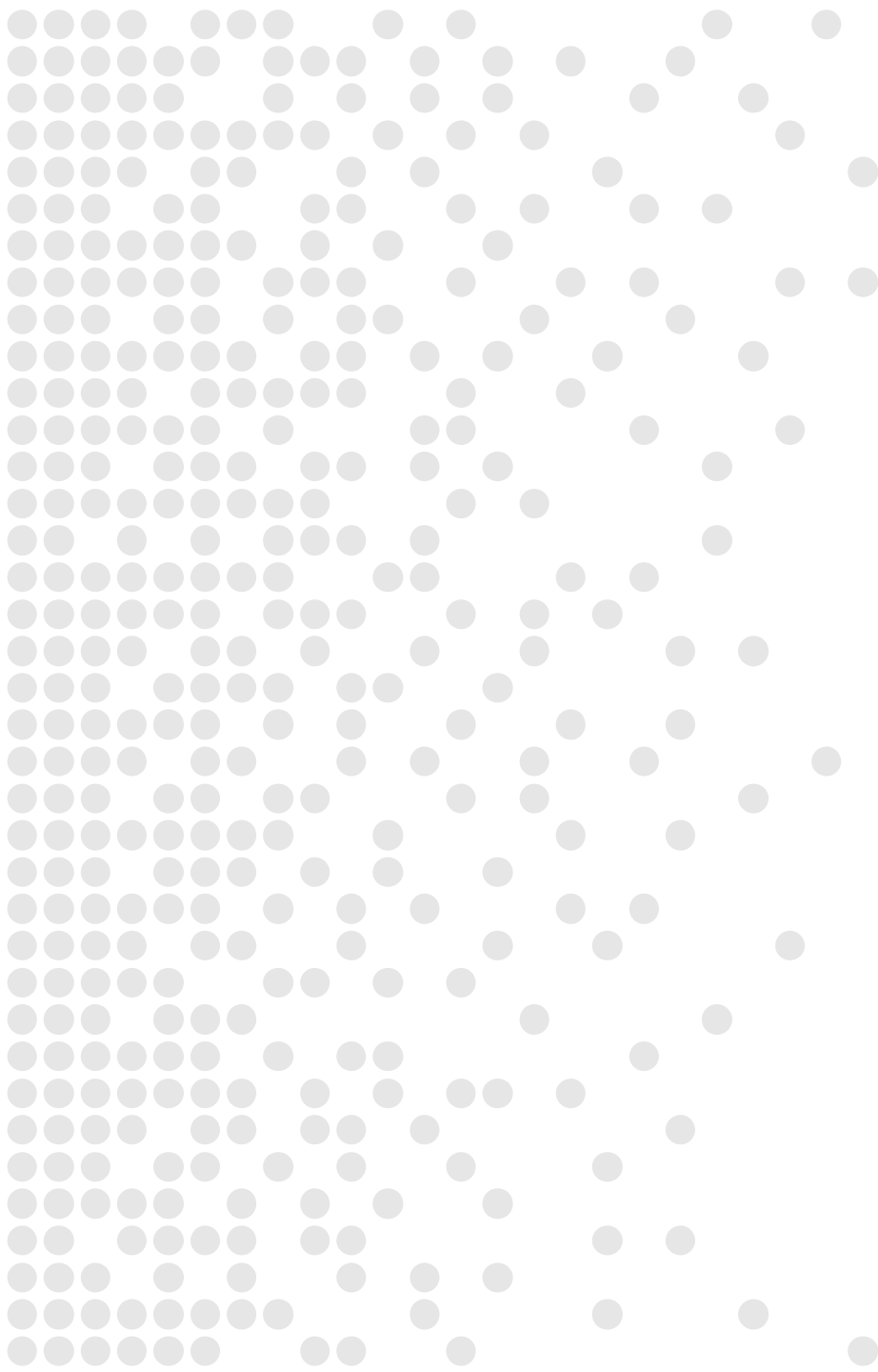
# D.C. Eligible Services



1. **Water**
2. **Wastewater**
3. Storm water drainage
4. **Services related to a highway**
5. Electrical power services.
6. Toronto-York subway extension.
7. Transit
8. Waste diversion
9. Policing Services
10. **Fire protection**
11. Ambulance
12. Library
13. Long-term Care
14. **Parks and Recreation**
15. Public Health services
16. Childcare and early years services
17. Provincial Offences Act
18. Emergency Preparedness
19. Airports (Waterloo Region only)

Blue highlight denotes services included in the 2024 D.C. calculation

Growth studies are included in the D.C. as a class of service

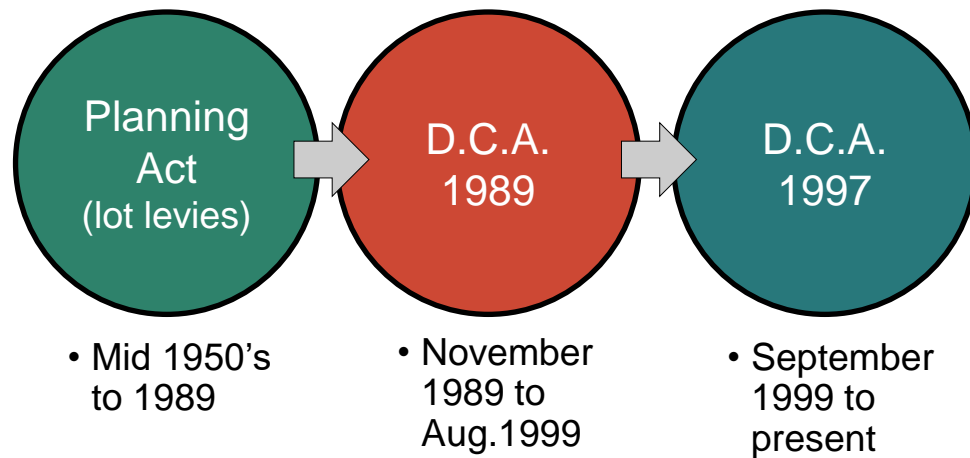


## D.C. Legislation

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Municipality of West Elgin 2024 D.C.  
Background Study & By-law

# History of D.C.s



## Amendments to D.C.A. 1997

1. Bill 73: January 2016
2. Bill 108: June 2019
3. Bill 138: December 2019
4. Bill 197: July 2020
5. Bill 213: December 2020
6. Bill 109: April 2022
7. Bill 23: November 2022
8. Bill 134: December 2023
9. Bill 185: June 2024

# Recent Changes to D.C. Legislation



## **Bills 108 & 138: *More Homes, More Choice Act, 2019 and Plan to Build Ontario Together Act, 2019***

- Instalment payments (for rental housing and institutional developments)
- D.C. freeze for Site Plan and Zoning By-law Applications
  - Once a complete application is received; D.C. rate is frozen. Once the municipality approves application, developer has two years to pull a building permit to maintain frozen rate

## **Bill 197: *COVID-19 Economic Recovery Act, 2020***

- Removal of 10% mandatory deduction
- List of eligible services
- C.B.C legislation (*Planning Act*)

## **Bill 213: *Better for People, Smarter for Business Act, 2020***

- Exemptions for universities

## **Bill 109: *More Homes for Everyone Act, 2022***

- Rules for Annual Treasurer's Statement

# Recent Changes to D.C. Legislation – Cont'd



## Bill 23: *More Homes, Built Faster Act, 2022*

- Additional D.C. exemptions:
  - Inclusionary zoning units
  - Non-profit housing
  - Additional residential units
  - Affordable owned/rental units
  - Attainable units (currently not in force)
- Rental housing discount (based on number of bedrooms – 15%-25%)
- Removal of housing as an eligible D.C. service
- Capital cost amendments (**restrictions to remove studies** and potentially land)
- **Mandatory phase-in of D.C. (maximum charge of 80%, 85%, 90%, 95%, 100% for first five years of the by-law)**
- Maximum Interest Rate for Installments and D.C. Freeze (maximum interest rate would be set at the average prime rate plus 1%)
- Requirement to Allocate 60% of the monies in the reserve funds for Water, Wastewater, and Services Related to a Highway
- D.C. by-law expiry extended to 10 years

Note: The Province passed Bill 185 on June 6, 2024, which removed these requirements (see next slide)

# Recent Changes to D.C. Legislation – Cont'd.



## Bill 134: *Affordable Homes and Good Jobs Act, 2023*

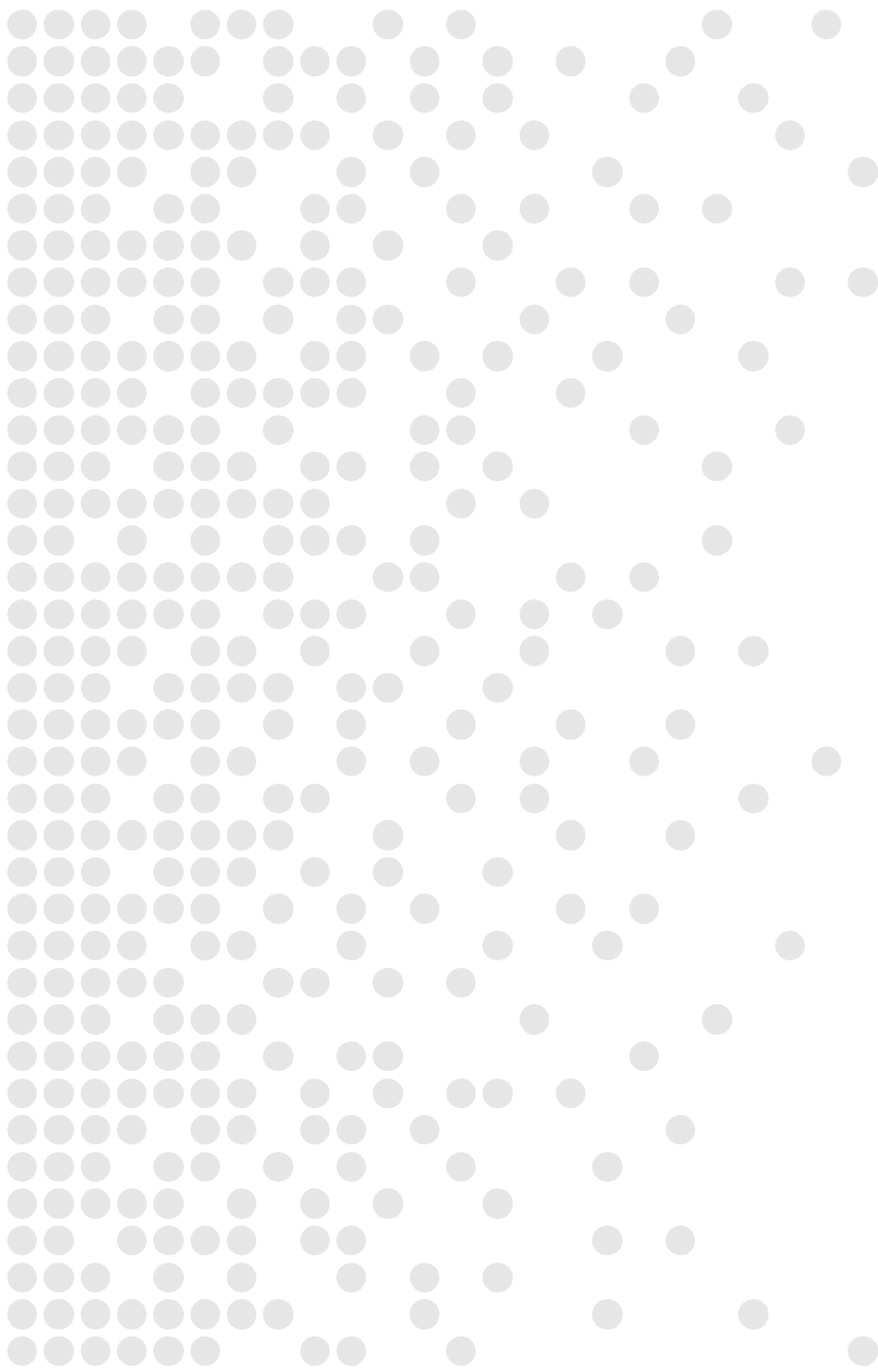
- Revised definition for affordable unit:

**Affordable Rental Unit:** rent is less than 30% of the 60<sup>th</sup> percentile of income for rental households or average market rent set out in Bulletin\*

**Affordable Owned Unit:** cost is less than 30% of the 60<sup>th</sup> percentile of income for households in the municipality or 90% of the average purchase price as defined in Bulletin\*

## Bill 185: *Cutting Red Tape to Build More Homes Act, 2024*

- Removal of mandatory phase-in of charges
- Re-inclusion of studies as an eligible capital cost (included in calculated rates)
- D.C. rate freeze for zoning by-law amendment applications: reduction from two years to 18 months
- Process for minor amendments to D.C. by-laws
- Modernizing public notice requirements



# D.C. Implementation – Policy Matters and Council Considerations

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Municipality of West Elgin 2024 D.C.  
Background Study & By-law



# Timing of Payment



- Typically, D.C.s for all services are payable upon issuance of a building permit for each dwelling unit, building, or structure, subject to early or late payment agreements
- **Installment Payments:** Rental housing and institutional developments will pay D.C.s in 6 equal annual payments commencing at occupancy, subject to annual interest charges at a maximum interest rate of the average prime rate plus 1%
- **Rate Freeze:** The D.C. amount for all developments occurring within eighteen (18) months of a site plan or Zoning By-law Amendment planning approval shall be determined based on the D.C. in effect on the day the applicable Site Plan or Zoning By-law Amendment application was submitted, subject to annual interest charges at a maximum interest rate of the average prime rate plus 1%

As per Bill 108



# Mandatory D.C. Exemptions/ Discounts

- 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
- Up to 2 apartments in an existing or new detached, semi-detached, or rowhouse
- Add one additional unit or 1% of existing units in an existing rental residential building
- Affordable inclusionary zoning units
- Non-profit housing
- Discount for rental housing (based on number of bedrooms – 15% to 25%)
- Affordable rental unit
- Affordable owned unit
- **Attainable units (not yet in force)**

# Discretionary D.C. Exemptions & Redevelopment Credits



- Reduce in part or whole D.C. for types of development or classes of development (e.g. industrial or churches);
- May phase-in over time; and
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law)

## **Proposed Discretionary Exemptions for Council's Consideration as part of By-law Passage:**



Places of  
Worship



Bona fide  
farms

Note: Central Elgin, Dutton Dunwich, Southwold, and Chatham-Kent exempt industrial development.

# Indexing



- Without amendment to the D.C. by-law, D.C.s shall be indexed on a mandatory basis every January 1<sup>st</sup> in accordance with the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02) for the most recent year-over-year period.

# Transition Period for Developments

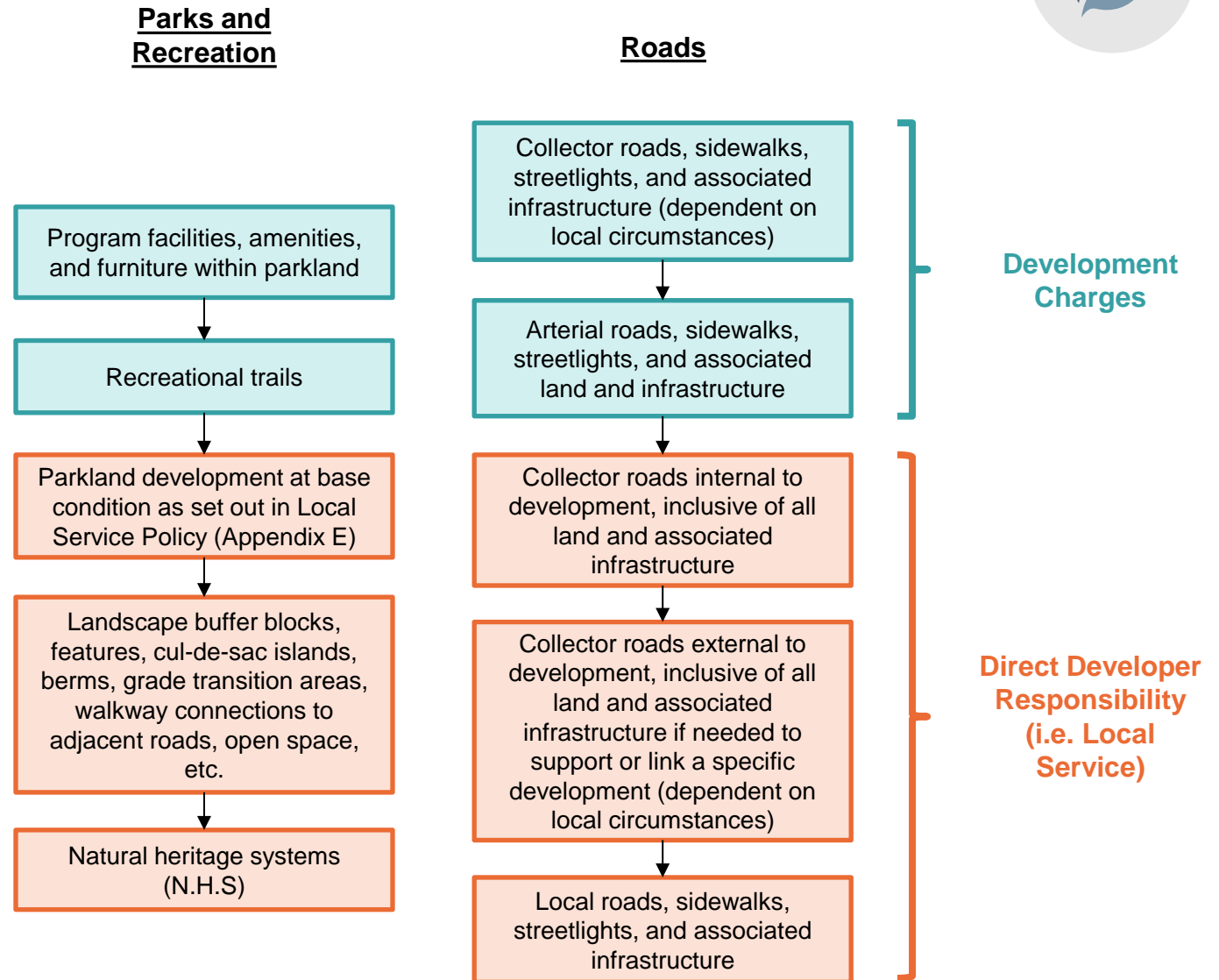


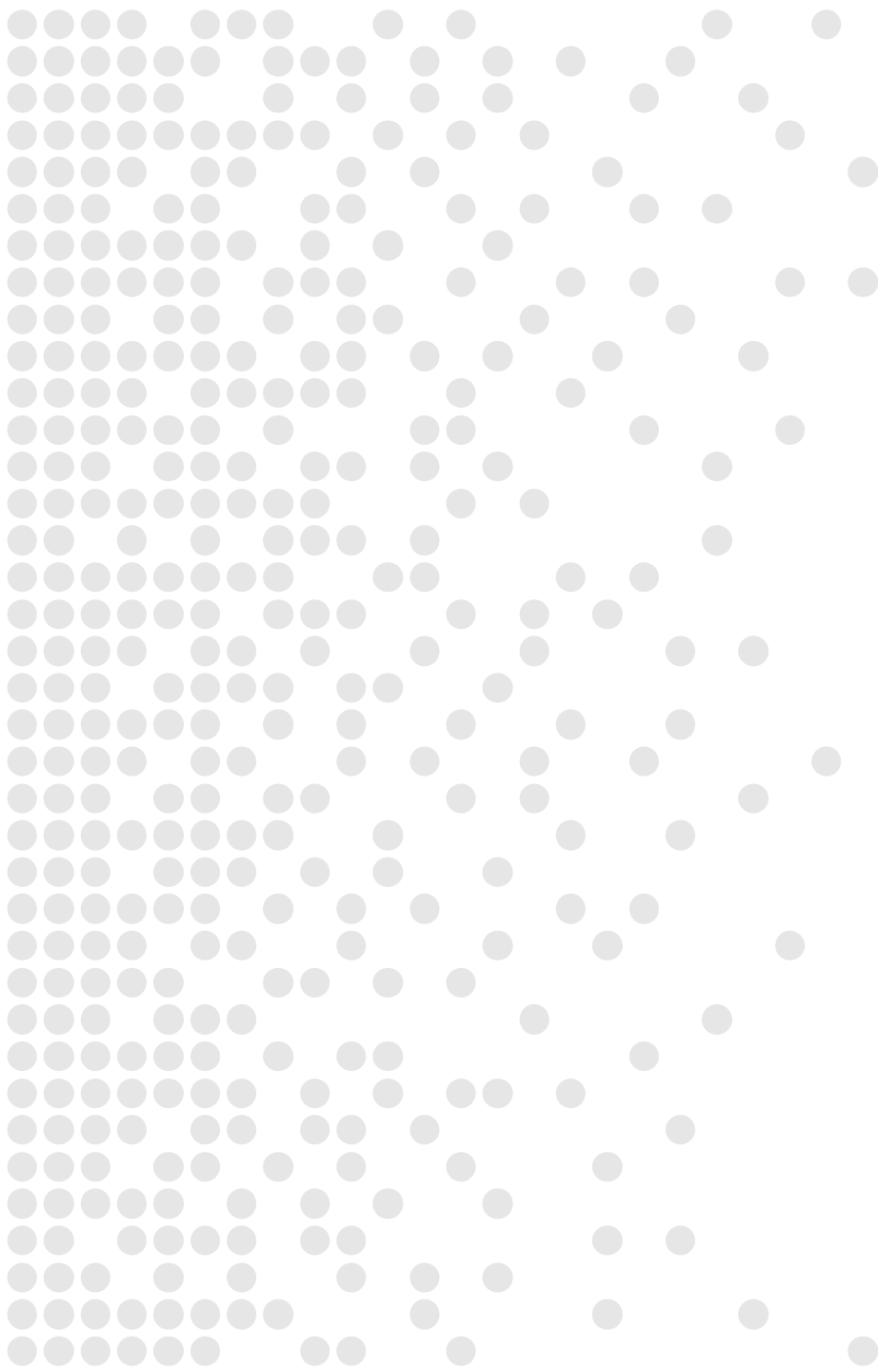
- If a complete application for a development has been submitted prior to the date of the D.C. by-law passage, then the development included in the application would not be subject to a D.C. if a building permit is issued within 6 months of by-law passage.

# Local Service Policy



- Section 59.1(1) and (2) of the Act “No Additional Levies” - prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A. therefore, need to be clear:
  - What will be included in the D.C.; and
  - What will be required by developers as part of their development agreements
- Items considered in Local Service Policies may include:
  - Local, rural, collector & arterial roads,
  - Intersection improvements & traffic signals,
  - Streetlights & sidewalks,
  - Bike Routes/Bike Lanes/Bike Paths/Multi-Use Trails/Naturalized Walkways,
  - Noise Abatement Measures,
  - Land dedications/easements,
  - Water, Wastewater & Stormwater, and
  - Park requirements.





# Growth Forecast Summary

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Municipality of West Elgin 2024 D.C.  
Background Study & By-law

# Growth Forecast Summary



<b>Measure</b>	<b>10 Year 2024 to 2033</b>	<b>Long-Term 2024 to 2046</b>
(Net) Population Increase	491	1,090
Residential Unit Increase	359	789
Non-Residential Gross Floor Area Increase (sq.ft.)	540,300	1,174,700

*Source: Watson & Associates Economists Ltd. Forecast 2024*





# Calculated D.C. Rates

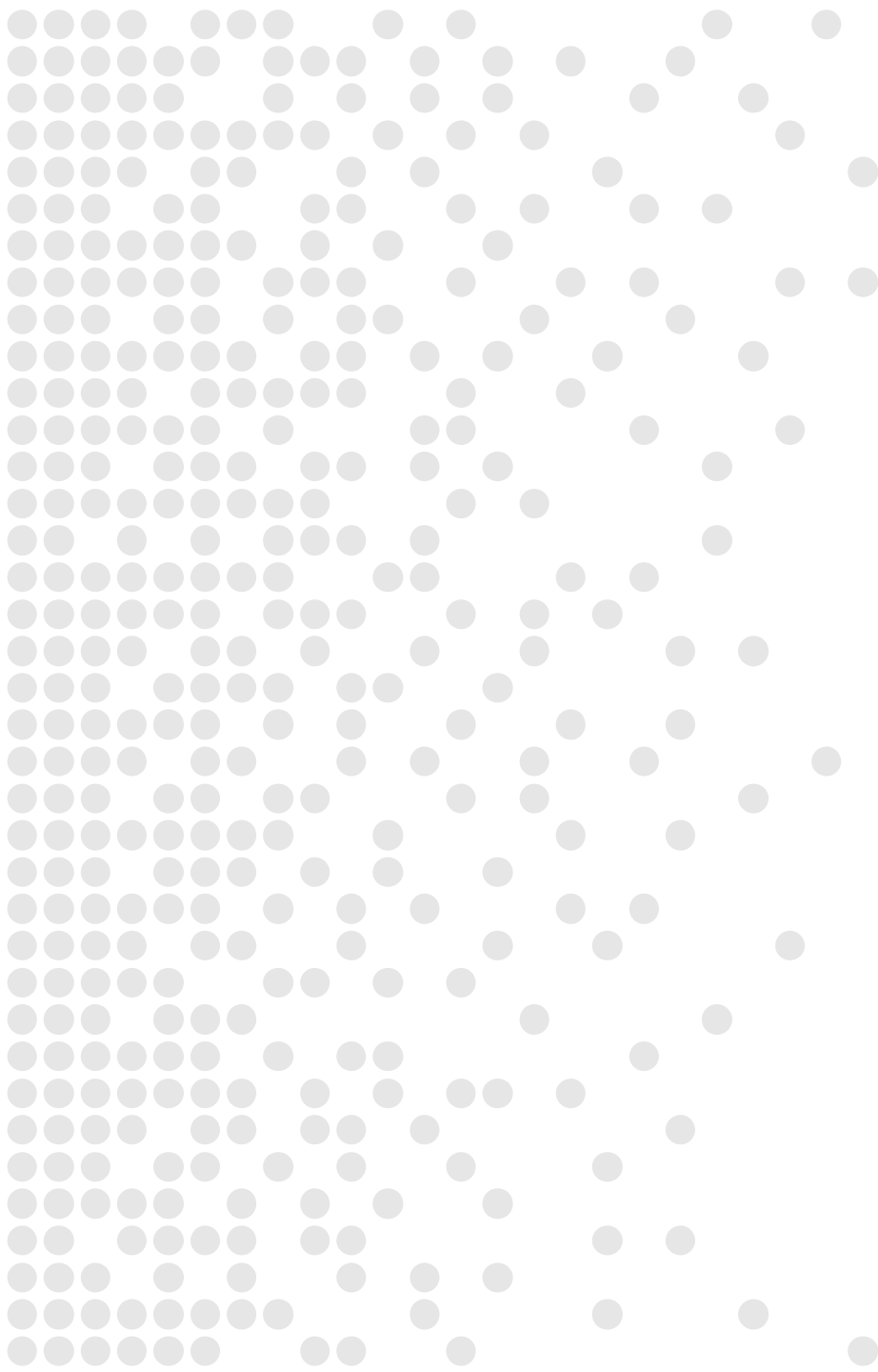
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# Calculated D.C. Rates



Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)
<b>Municipal Wide Services/Class of Service:</b>						
Services Related to a Highway	5,804	4,781	3,810	2,241	2,241	2.60
Fire Protection Services	989	815	649	382	382	0.44
Parks and Recreation Services	2,748	2,264	1,804	1,061	1,061	0.08
Growth Studies	410	338	269	158	158	0.11
<b>Total Municipal Wide Services/Class of Services</b>	<b>9,951</b>	<b>8,198</b>	<b>6,532</b>	<b>3,842</b>	<b>3,842</b>	<b>3.23</b>

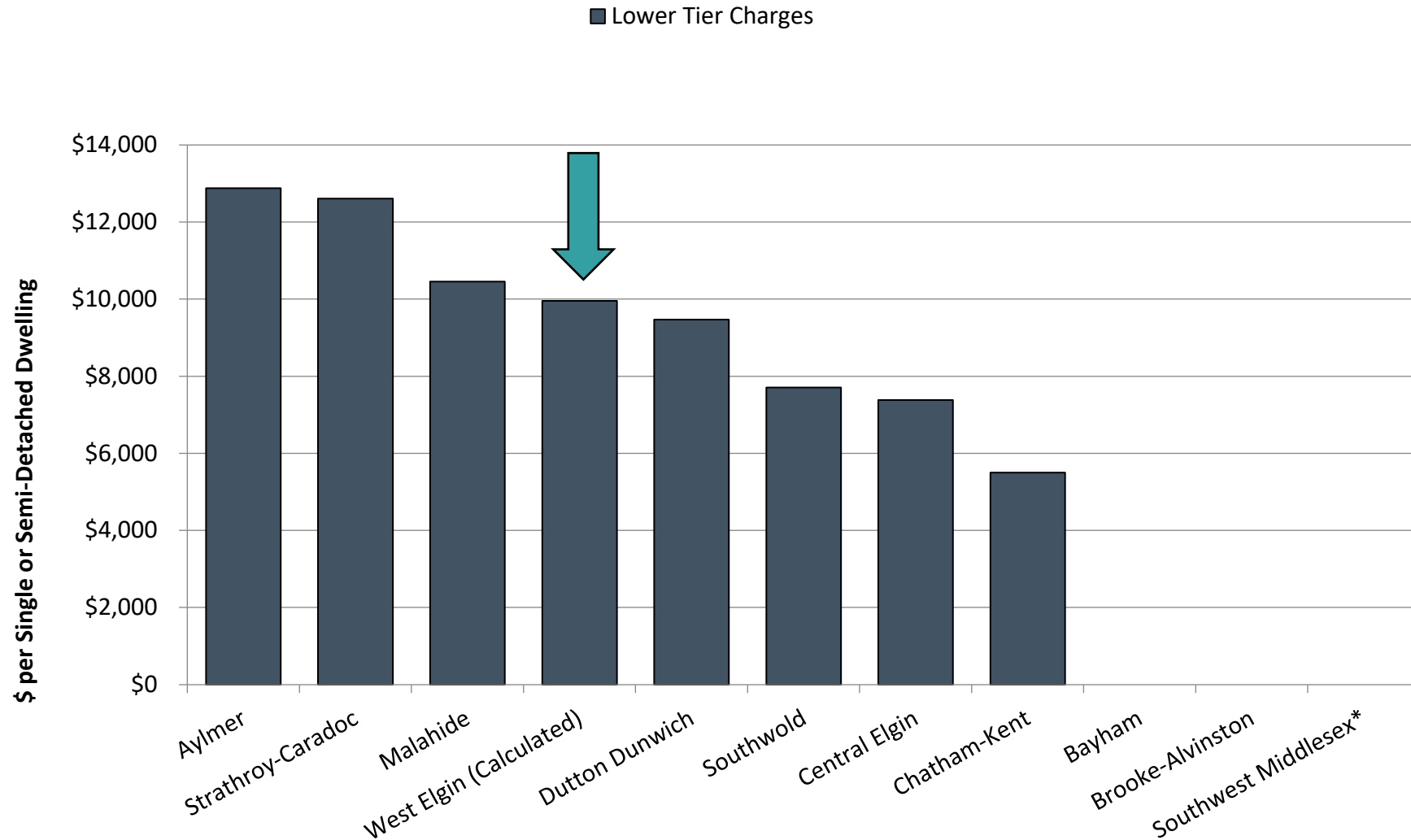


# Survey of Municipal D.C.s

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Municipality of West Elgin 2024 D.C.  
Background Study & By-law

# Survey of Comparator Municipalities – Single/Semi Detached

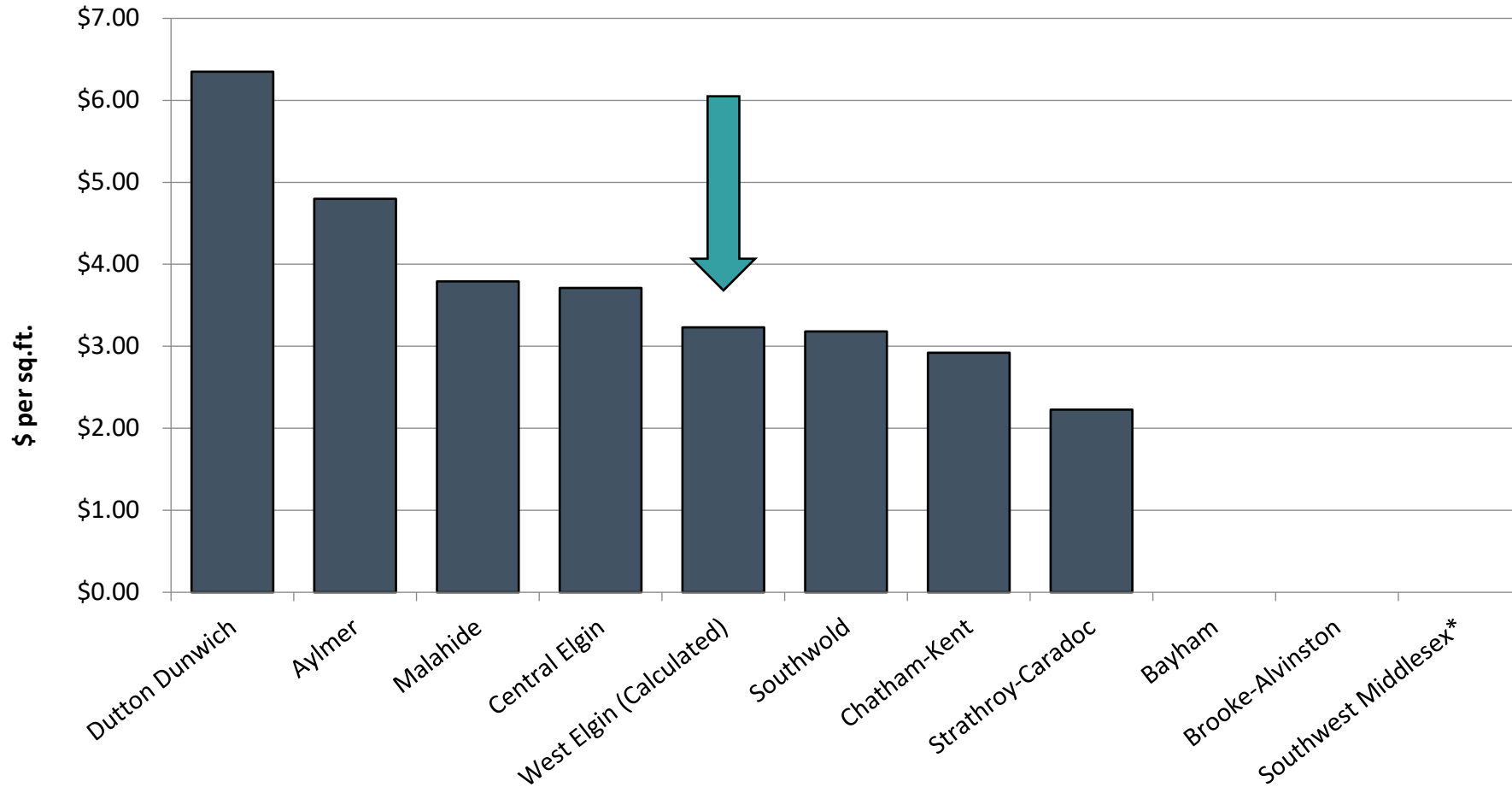


Note: All charges exclude water and wastewater D.C.s  
Bayham charges D.C.s for water and wastewater only  
\*Currently Considering D.C.s

# Survey of Comparator Municipalities – Commercial (per sq.ft.)

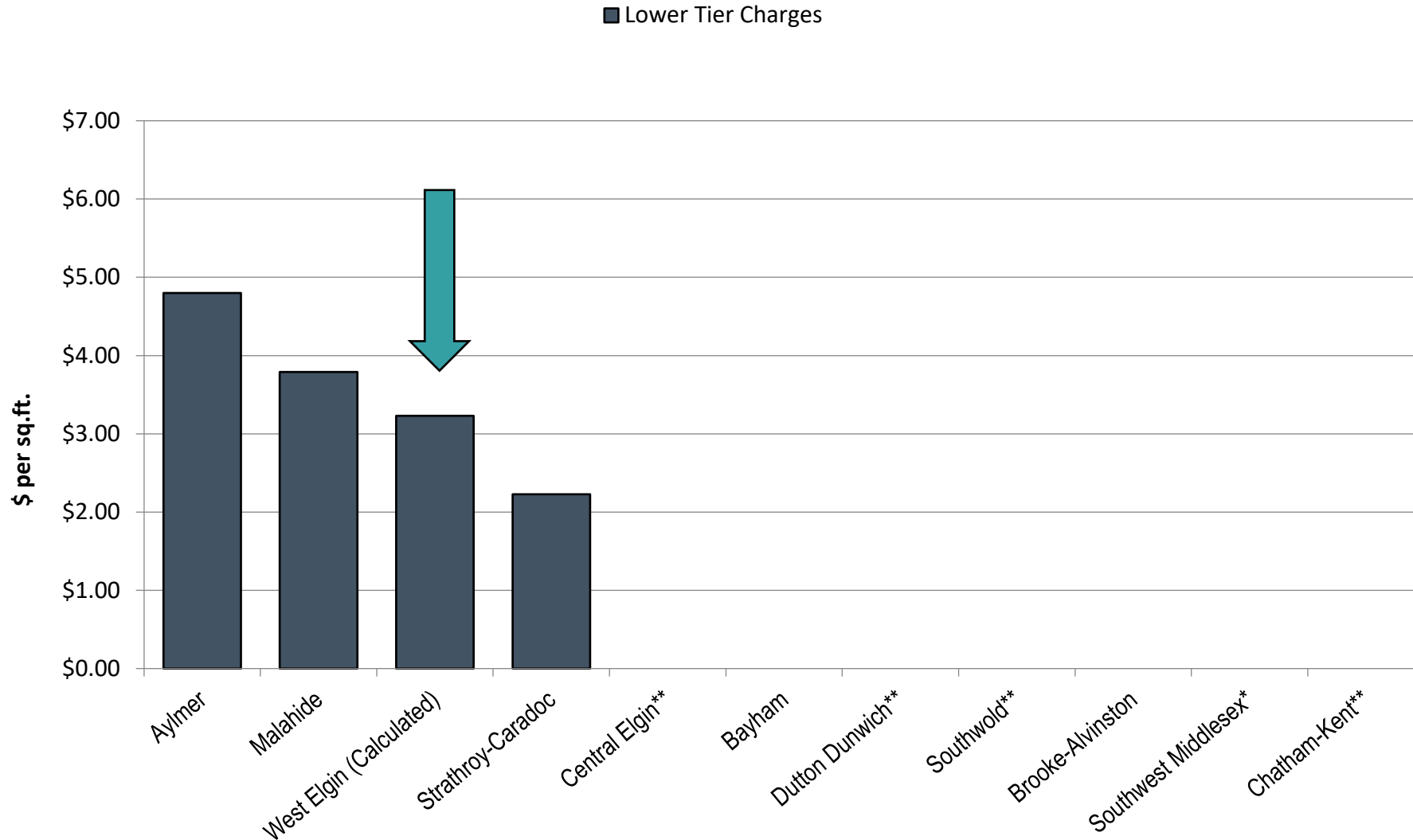


■ Lower Tier Charges



Note: All charges exclude water and wastewater D.C.s  
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\*Currently Considering D.C.s

# Survey of Comparator Municipalities – Industrial (per sq.ft.)

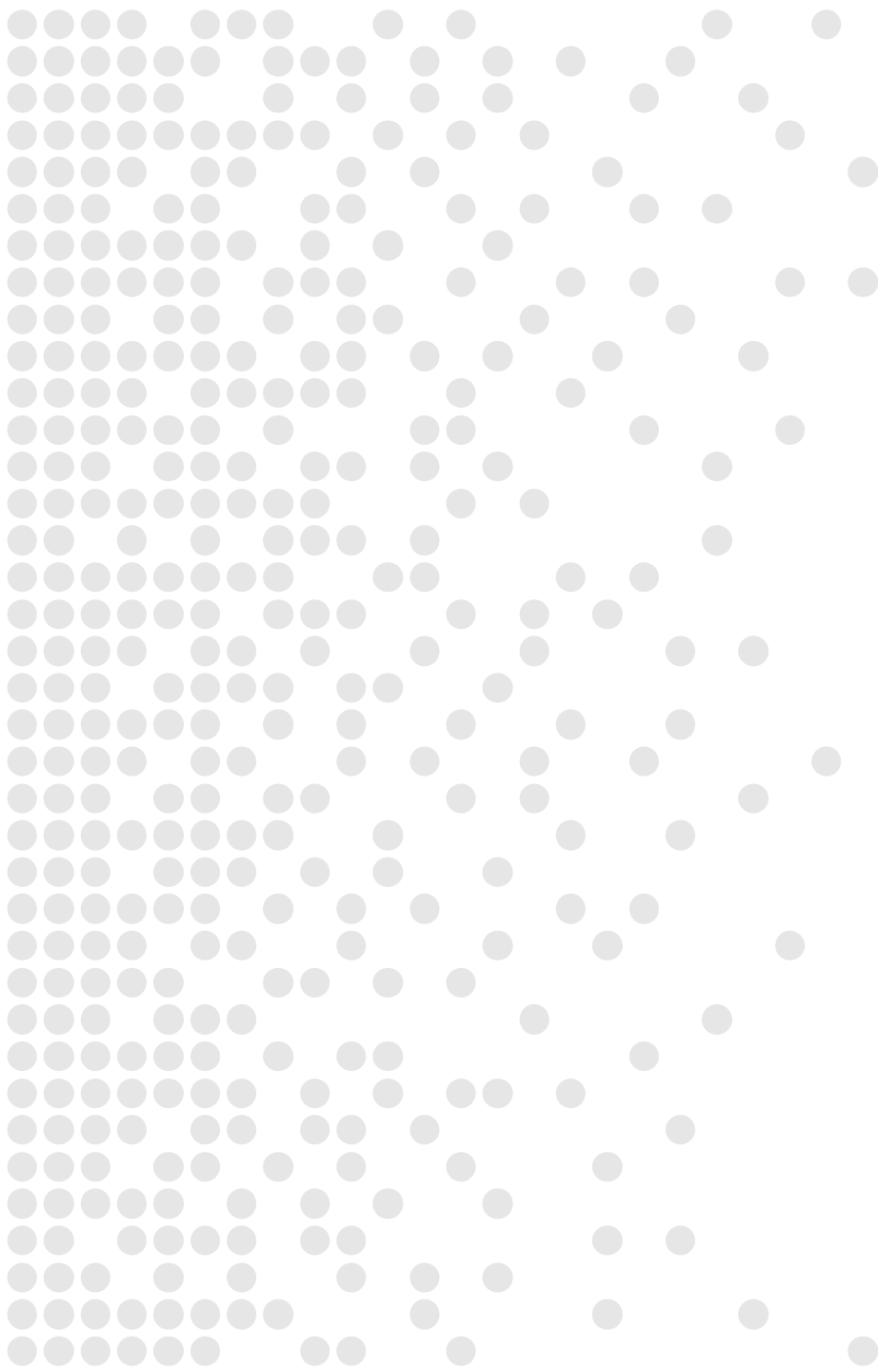


Note: All charges exclude water and wastewater D.C.s

\*Currently Considering D.C.s

\*\* Currently exempt industrial development

Bayham charges D.C.s for water and wastewater only



## Next Steps and Questions

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Municipality of West Elgin 2024 D.C.  
Background Study & By-law



# Next Steps



**April 2024 to September 2024**

Data collection, staff interview, D.C. calculations and policy work



**September 26, 2024**

Council Workshop



**September 27, 2024**

Release of D.C. Background Study and By-law



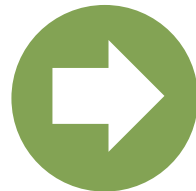
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# Questions

