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Municipality of South Huron
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March 16, 2026

Attention: South Huron Councilors
RE: **Development Charge By-Law Questions and Concerns**

Dear Members of Council,

On behalf of the Perth–Huron Home Builders' Association and our members, we appreciate the opportunity to participate in the discussion surrounding the proposed Development Charges by-law. The PHBA supports the principle that growth should contribute toward the infrastructure required to service that growth. However, after reviewing the proposed Development Charges study and the resulting increases, we would like to outline several concerns that we believe require further consideration by Council.

Key Concerns

1. The scale of the proposed increases

The magnitude of the proposed Development Charge increases is significant and would represent a dramatic escalation in the cost of building new homes in South Huron. Based on the information presented in the Development Charges study, the proposed charges represent increases of approximately 200% for single-detached residential development and over 300% for industrial development compared to the current rates.

Increases of this magnitude implemented in a single step are extremely concerning for the local building industry. Such large increases risk placing South Huron at a significant competitive disadvantage compared with neighbouring municipalities and may discourage both residential and employment development within the municipality.

The PHBA is concerned that increases of this scale, particularly during a period of economic uncertainty and slowing construction activity, could result in fewer homes being built in South Huron and encourage development to move to neighbouring municipalities where costs remain lower.

2. Timing of the increases during a construction slowdown

The local construction industry is currently experiencing a slowdown. Introducing substantial new costs during a period of declining construction activity may further suppress development, reduce housing supply, and ultimately lower municipal revenues derived from new building activity.

3. Growth assumptions and infrastructure timing

The Development Charges study relies on growth projections that determine the scale and timing of infrastructure investments. If growth occurs more slowly than projected, there is a risk that early development will be funding infrastructure that may not be required for many years. We believe infrastructure investments should be carefully aligned with realistic growth expectations and phased appropriately.

4. Regional competitiveness

One of the most concerning aspects of the study is the lack of comparison with neighbouring municipalities that directly compete for development. In particular, the omission of Central Huron, whose town of Clinton is similar in size, services, and amenities to Exeter, creates an incomplete picture of the regional development environment.

This omission is significant. Development decisions are often made by comparing neighbouring municipalities and excluding comparable communities from the analysis risks presenting an inaccurate view of South Huron's competitiveness.

The impact of these differences is not theoretical. The PHBA is aware of a developer who chose to proceed with, and has since completed, a major residential apartment development in the Municipality of Central Huron rather than in South Huron.

Notably, this decision was made prior to the Development Charge increases currently being proposed in South Huron; builders seek collaborative municipal partners to deliver the housing needed.

This example illustrates how municipal cost differences can directly influence where housing investment occurs. When development shifts to neighbouring municipalities, South Huron loses not only housing supply but also the long-term property tax base that accompanies that development.

Proposed Approach

The PHBA recognizes that municipalities must fund growth-related infrastructure. Our concern is not with the principle of Development Charges, but with the scale and timing of their implementation.

We respectfully recommend that Council consider phasing in the proposed Development Charge increases over several years, rather than implementing the full increase immediately. A staged approach would allow the municipality to meet infrastructure funding objectives while reducing the risk of disrupting housing development in the current economic environment.

An example of a phased implementation could include:

Year 1 - 15% of the proposed increase

Year 2 - 20% of the proposed increase

Year 3 - 30% of the proposed increase

Year 4 - 50% of the proposed increase

Year 5 - 60% of the proposed increase

This approach allows both the development industry and the local housing market to adjust gradually while still moving toward the municipality's long-term infrastructure funding goals.

In addition, the PHBA recommends that the Development Charges by-law be formally revisited after five years to ensure that the rates remain aligned with economic conditions, the local housing market, and evolving provincial housing policy and messaging.

Conclusion

The PHBA values the collaborative relationship we have built with South Huron over the years and appreciates Council's willingness to allow further discussion on this matter. We believe that careful consideration of the concerns outlined above, along with a phased implementation strategy and a future review of the by-law, will help ensure that South Huron remains competitive while still addressing its infrastructure needs.

We look forward to continuing to work with Council and staff as this process moves forward.

Respectfully submitted,

Jamie Dick

Jamie Dick, P.Eng. | Chair
Perth–Huron Home Builders' Association