



Date: November 25, 2024
To: Mayor and Council
Author: Ryan McLeod, Director of Finance and Corporate Services
RE: Development Charges By-law Update – Amendments as per Bill 185

RECOMMENDED ACTION

That By-law 4-2023, being a by-law to establish Development Charges for the Town of Kingsville **BE AMENDED** to:

1. Include the cost of growth-related studies identified in section 3.1.2 of the attached memorandum dated October 21, 2024; and,
2. Repeal the phase-in requirements that are no longer mandatory;

And that corresponding By-law 91-2024, being a by-law to amend By-law 4-2023 **BE ADOPTED** during the By-law stage of this Council Agenda.

BACKGROUND

The Town of Kingsville currently imposes Development Charges (DC) via By-law 4-2023, which was passed on January 25, 2023, in accordance with all relevant legislation in effect at that time.

On June 6, 2024, the Province made amendments to the Development Charges Act via Bill 185: *Cutting Red Tape to Build More Homes Act, 2024*. This Bill reversed many of the key changes that were implemented in 2022 through Bill 23: *More Homes Built Faster Act*.

In response to these legislative changes, Administration engaged Watson & Associates Economists Ltd, to analyze the implications of Bill 185 for the Town of Kingsville and to prepare the attached Memorandum.

DISCUSSION

As discussed in the Memorandum, two of the more significant opportunities provided by Bill 185 include;

- i) A revised definition of capital costs to reinstate 'studies' as an eligible capital cost; and
- ii) Removal of the mandatory phase-in requirement for changes to DC rates.

Administration has identified a number of growth-related studies which prior to Bill 23, would have been captured in the Town's DC rates. Please refer to Table 3-1 of the Memorandum for details. Incorporating these expenses into the DC calculations would increase DCs by \$389 per single-family home and \$0.174 per sq. ft. for Industrial, Commercial & Institutional developments. This represents a 2.25% increase over the previously adopted rates.

When the Town's DC by-law was approved, Bill 23 required the Town to phase-in the new DC rates over the first five years that the by-law was in force, as follows:

- Year 1 – 80%;
- Year 2 – 85%;
- Year 3 – 90%;
- Year 4 – 95%; and
- Year 5 to expiry – 100%

As we are about to enter Year 3 of the Town's DC By-law, repealing the phase-in provisions would allow the Town to increase DC rates by approx. 10% in 2025.

Bill 185 provided municipalities with a 6-month window to pass an amending by-law to adopt these changes. This window closes on December 6, 2024.

FINANCIAL CONSIDERATIONS

Town Council has confirmed a 'growth shall pay for growth' philosophy in its recently adopted Strategic Plan. Further, strategy 1A specifically identifies the need to adopt capital infrastructure funding strategies required to support growth.

Over the past 4 years, the Town has collected an average of \$2 million per year in Development Charges. The addition of growth-related studies and the removal of the phase-in provisions will effectively increase the amount of DCs the Town will collect by 12.25% in 2025 and 7.25% in 2026. In total, this development charge by-law amendment should result in approximately \$400,000 of additional DC revenue over the next 2 years.

The additional DC revenue will help the Town construct the infrastructure required to support growth faster and reduce pressure on existing taxpayers.

Administration is proposing to make the amending by-law effective January 30, 2025 which aligns with the anniversary of the original by-law. As DCs are indexed annually, this will stream-line communication efforts to inform the development community of the pending changes. Further, the existing DC by-law includes a provision to "freeze" DC rates at the time a site plan and/or zoning by-law amendment application was submitted, for a period of up to 2 years. With these provisions in place, Builders and Developers will have the opportunity to avoid unexpected increases to their

Development Charges, if they proceed with obtaining their building permits in a timely fashion.

ENVIRONMENTAL CONSIDERATIONS

There are no direct environmental considerations associated with this Report.

CONSULTATIONS

Watson & Associates Economists Ltd.

PREPARED BY:

Handwritten signature of Ryan McLeod in black ink, consisting of a stylized 'R' followed by 'McLeod'.

Ryan McLeod, CPA, CA
Director of Finance and Corporate Services / Treasurer

REVIEWED BY:

Handwritten signature of John Norton in black ink, featuring a large, stylized 'J' and 'N'.

John Norton
CAO