

# Memorandum

<b>To</b>	Ryan McLeod, Director of Finance and Corporate Services/Treasurer
<b>From</b>	Daryl Abbs, Managing Partner, Watson & Associates Economists Ltd.
<b>Date</b>	October 21, 2024
<b>Re:</b>	Development Charges Background Study Update – Amendments as per Bill 185

Fax

Courier

Mail

Email

## 1. Introduction

The Town of Kingsville currently imposes Development Charges (D.C.) via by-law 4-2023.

The D.C. by-law was passed on January 25, 2023 to update capital costs and to implement recent amendments to the *Development Charges Act (D.C.A.)* (prior to Bill 185).

On April 10, 2024, the Province released proposed changes to the D.C.A. via Bill 185: *Cutting Red Tape to Build More Homes Act, 2024*. The Bill received Royal Assent on June 6, 2024. This Bill reversed many of the key changes that were implemented through Bill 23: *More Homes Built Faster Act*. As such, the purpose of this memo is to provide for updates to the D.C. by-law to align with the D.C.A. as amended by Bill 185.

## 2. Legislative Background

The following section provides details on the revisions to the D.C.A. as a result of Bill 185.

### Revised Definition of Capital Costs

Bill 185 reversed the capital cost amendments of Bill 23 by reinstating studies as an eligible capital cost. The following paragraphs were added to subsection 5(3) of the D.C.A.:

5. *Costs to undertake studies in connection with any of the matters referred to in paragraphs 1 to 4.*



## 6. *Costs of the development charge background study required under section 10.*

The amendment allows municipalities to fund studies, consistent with by-laws passed prior to Bill 23.

### **Removal of Mandatory Phase-in**

Bill 23 required the phase-in of charges imposed in a D.C. by-law over a five-year term for any by-laws passed after January 1, 2022. Bill 185 removed this mandatory phase-in.

For site plan and zoning by-law amendment applications that were made prior to Bill 185 receiving Royal Assent, the charges payable will be the charges that were in place on the day the planning application was made (i.e., including the mandatory phase-in).

### **Process for Minor Amendments to D.C. By-laws**

Section 19 of the D.C.A. requires that a municipality must follow sections 10 through 18 of the D.C.A. (with necessary modifications) when amending D.C. by-laws. Sections 10 through 18 of the D.C.A. generally requires the following:

- Completion of a D.C. background study, including the requirement to post the background study 60 days prior to passage of the D.C. by-law;
- Passage of a D.C. by-law within one year of the completion of the D.C. background study;
- A public meeting, including notice requirements; and
- The ability to appeal the by-law to the Ontario Land Tribunal.

Bill 185 allows municipalities to undertake minor amendments to D.C. by-laws for the following purposes without adherence to the requirements noted above (with the exception of the notice requirements):

1. To repeal a provision of the D.C. by-law specifying the date the by-law expires or to amend the provision to extend the expiry date (subject to the 10-year limitations provided in the D.C.A.);
2. To impose D.C.s for studies, including the D.C. background study; and
3. To remove the provisions related to the mandatory phase-in of D.C.s.

Minor amendments related to items 2 and 3 noted above may be undertaken only if the D.C. by-law being amended was passed after November 28, 2022, and before Bill 185 came into effect. Moreover, the amending by-law must be passed within six months of Bill 185 taking effect.



Notice requirements for these minor amending by-laws are similar to the typical notice requirements, with the exception of the requirement to identify the last day for appealing the by-law (as these provisions do not apply).

### **Reduction of D.C. Rate Freeze Timeframe**

Changes to the D.C.A. in 2020 provided for the requirement to freeze D.C.s imposed on developments subject to a site plan and/or a zoning by-law amendment application. The D.C. rate for these developments is “frozen” at the rates that were in effect at the time the site plan and/or zoning by-law amendment application was submitted (subject to applicable interest). Once the application is approved by the municipality, if the date the D.C. is payable is more than two years from the approval date, the D.C. rate freeze would no longer apply. Bill 185 reduced the two-year timeframe to 18 months. Note, this change is not subject to the minor amendment provisions introduced and must follow the full D.C. by-law amendment process.

### **Modernizing Public Notice Requirements**

The D.C.A. sets out the requirements for municipalities to give notice of public meetings and of by-law passage. These requirements are prescribed in sections 9 and 10 of O. Reg. 82/98 and include giving notice in a newspaper of sufficiently general circulation in the area to which the by-law would apply. The regulatory changes modernize the public notice requirements by allowing municipalities to provide notice on a municipal website if a local newspaper is not available. Note, this change is in effect as of July 1, 2024.

## **3. Changes to the Current D.C. By-laws**

The Town is undertaking a Minor Amendment process (which does not require the detailed public process) in amending the existing D.C. by-law.

### **3.1 Minor Amendments**

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The minor amendments to the existing D.C. by-law being undertaken by the Town include removing the phase-in section and the addition of growth studies into the D.C. calculations and by-law. The calculated rates in this study may take immediate effect upon passage of the amending by-law, unless Council chooses to impose the charges at a later date. The new calculated rates and a comparison to existing rates are presented in Tables 3-4 to 3-6 below.

#### **3.1.1 Removal of Phase-in**

The phase-in as per Bill 23 required that all D.C. by-laws passed after January 1, 2022 must be phased-in annually over the first five years the by-law was in force, as follows:

- Year 1 – 80% of the minimum charge;
  - Year 2 – 85% of the minimum charge;
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- Year 3 – 90% of the minimum charge;
- Year 4 – 95% of the minimum charge; and
- Year 5 to expiry – 100% of the minimum charge.

As noted above, Bill 185 removed this mandatory phase-in. As a result, the Town is removing the phase-in from the D.C. by-law.

### **3.1.2 Addition of Growth Studies**

The D.C.A. permits the inclusion of studies undertaken to facilitate the completion of the Town's capital works program. These studies have been included as a class of service referred to as Growth Studies, based on the eligible D.C. services to which the studies relate.

The Town has identified \$801,000 of growth-related studies. These studies include a D.C. Background Study, an official plan update, a traffic master plan, a secondary plan, parks and recreation master plan, etc. Deductions to recognize benefit to non-D.C. eligible services have been made in the amount of \$32,500. In addition, deductions for the share of the various studies that are anticipated to benefit the existing community have been made in the amount of \$125,600. As a result, the net D.C. recoverable cost for growth studies is \$642,900.

The capital costs have been allocated 68% to residential development, and 32% to non-residential development based on the incremental growth in population to employment for the 10-year forecast period (2022 to 2031, consistent with the 2022 D.C. background study and by-law).

Based on the calculations provided herein, the capital needs for growth studies result in a D.C. of \$389 per residential single detached dwelling unit. With respect to non-residential development, the calculation results in a D.C. of \$0.007 per sq.ft of gross floor area for greenhouses and \$0.174 per sq.ft of gross floor area for industrial, commercial, and institutional development.

The growth studies capital sheet is presented in Table 3-1 and the D.C. calculations are provided in Tables 3-2 and 3-3.



**Table 3-1  
Town of Kingsville  
Growth Studies Capital Costs**

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Service to Which Project Relates	Gross Capital Cost Estimate (2022\$)	Post Period Benefit	Other Deductions (to recognize benefit to non-D.C. services)	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
								Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share	Non-Residential Share
2022-2031										68%	32%	
1	Official Plan Update	2026	All Services	150,000	-	15,000	135,000	20,300		114,700	77,996	36,704
2	Industrial Land Development/Employment Lands Study	2026-2027	All Services	20,000	-	5,000	15,000	-		15,000	10,200	4,800
3	Development Manual Update	2027	Water, Wastewater and Services Related to a Highway	150,000	-		150,000	-		150,000	102,000	48,000
4	Asset Management Plan Update	2029	All Services	100,000	-	5,000	95,000	82,800		12,200	8,296	3,904
5	Traffic Master Plan	2030	Services Related to a Highway	150,000	-		150,000	22,500		127,500	86,700	40,800
6	Development Charge Update Study	2024	All DC Eligible Services	6,000	-		6,000	-		6,000	4,080	1,920
7	Development Charge Study	2028	All DC Eligible Services	50,000	-		50,000	-		50,000	34,000	16,000
8	Parks and Recreation Master Plan	2026	Parks and Recreation Services	100,000	-		100,000	-		100,000	68,000	32,000
9	Secondary Plan - West Side	2025	All Services	75,000	-	7,500	67,500	-		67,500	45,900	21,600
	<b>Total</b>			<b>801,000</b>	<b>-</b>	<b>32,500</b>	<b>768,500</b>	<b>125,600</b>	<b>-</b>	<b>642,900</b>	<b>437,172</b>	<b>205,728</b>



Table 3-2  
Town of Kingsville  
Growth Studies D.C. Calculation

Service/ Class of Service D.C. Calculations	Residential	Industrial, Commercial & Institutional	Greenhouses
Growth Studies D.C. Eligible Costs	\$437,172	\$85,922	\$119,806
Population/G.F.A. Growth (sq.ft.)	3,256	495,000	17,818,200
<b>Cost Per Capita/Non-Residential GFA (sq.ft.)</b>	<b>\$134.27</b>	<b>\$0.174</b>	<b>\$0.007</b>

Table 3-3  
Town of Kingsville  
Growth Studies D.C. Calculation – by Residential Unit Type

Residential Unit Type	Persons Per Unit	D.C. per Residential Unit
Single and Semi-Detached Dwelling	2.895	\$389
Other Multiples	2.074	\$278
Apartments - 2 Bedrooms or more	1.968	\$264
Apartments - Bachelor and 1 Bedroom	1.385	\$186
Special Care/Special Dwelling Units	1.100	\$148



Based on the changes noted above, the D.C. calculations have been revised to include growth studies. As a result, the total calculated Town-wide development charge (single/semi-detached unit) for full services has increased from \$17,282 to \$17,671 (2022 \$). In regard to the non-residential charges, the total Town-wide calculated development charge (per sq.ft.) for full-services has increased from \$6.791 to \$6.965 (2022 \$) for commercial, industrial and institutional development and from \$0.264 to \$0.271 (2022 \$) for greenhouses.

The summary below outlines the charges as calculated in the January 20, 2023 D.C. background study and the charges as amended.

Table 3-4  
Town of Kingsville  
Rate Comparison – Residential (Single/Semi-Detached)

<b>Residential (Single Detached) Comparison (2022 \$)</b>		
Service/Class of Service	Calculated as per By-law 4-2023	Calculated as per By-law 4-2023 with Growth Studies
<b>Town-wide Services/Classes:</b>		
Services Related to a Highway	6,036	6,036
Policing Services	213	213
Parks and Recreation Services	2,341	2,341
Library Services	412	412
Growth Studies	-	389
<b>Total Town-wide Services/Classes</b>	<b>9,002</b>	<b>9,391</b>
<b>Urban Area Services:</b>		
Wastewater Services	5,202	5,202
Water Services	3,078	3,078
<b>Total Urban Area Services</b>	<b>8,280</b>	<b>8,280</b>
<b>Grand Total - Urban Area</b>	<b>17,282</b>	<b>17,671</b>



Table 3-5  
Town of Kingsville  
Rate Comparison – Non-residential – Industrial, Commercial & Institutional (per sq.ft.)

**Non-Residential - Industrial, Commercial, & Institutional(per sq.ft.) Comparison (2022 \$)**

Service/Class of Service	Calculated as per By-law 4-2023	Calculated as per By-law 4-2023 with Growth Studies
<b>Town-wide Services/Classes:</b>		
Services Related to a Highway	2.777	2.777
Policing Services	0.098	0.098
Parks and Recreation Services	0.117	0.117
Library Services	0.020	0.020
Growth Studies	-	0.174
<b>Total Town-wide Services/Classes</b>	<b>3.012</b>	<b>3.186</b>
<b>Urban Area Services:</b>		
Wastewater Services	2.355	2.355
Water Services	1.424	1.424
<b>Total Urban Area Services</b>	<b>3.779</b>	<b>3.779</b>
<b>Grand Total - Urban Area</b>	<b>6.791</b>	<b>6.965</b>





Table 3-6  
Town of Kingsville  
Rate Comparison – Non-residential - Greenhouses (per sq.ft.)

**Non-Residential - Greenhouses Comparison (2022 \$)**

Service/Class of Service	Calculated as per By-law 4-2023	Calculated as per By-law 4-2023 with Growth Studies
<b>Town-wide Services/Classes:</b>		
Services Related to a Highway	0.108	0.108
Policing Services	0.004	0.004
Parks and Recreation Services	0.004	0.004
Library Services	0.001	0.001
Growth Studies	-	0.007
<b>Total Town-wide Services/Classes</b>	<b>0.117</b>	<b>0.124</b>
<b>Urban Area Services:</b>		
Wastewater Services	0.092	0.092
Water Services	0.055	0.055
<b>Total Urban Area Services</b>	<b>0.147</b>	<b>0.147</b>
<b>Grand Total - Urban Area</b>	<b>0.264</b>	<b>0.271</b>

### 3.1.3 2024 Development Charge Rate Comparison

The current phased-in residential development charge (in 2024\$) for full services is \$15,659 per single/semi-detached unit (subject to indexing). With the removal of the phase-in and addition of growth-related studies (subject to indexing), the new charge will be \$18,837 per single/semi-detached unit.

With respect to non-residential charge, the current phased-in development charge (in 2024\$) for full services is \$6.153 per sq.ft. (subject to indexing) for commercial, industrial and institutional development. With the removal of the phase-in and addition of the growth-related studies (subject to indexing), the new charge will be \$7.425 per sq.ft. For greenhouses, the current phased-in development charge (in 2024\$) for full services is \$0.239 per sq.ft (subject to indexing). With the removal of the phase-in and addition of the growth-related studies (subject to indexing), the new charge for greenhouses will be \$0.289 per sq.ft.

### 3.1.4 Amendments to the D.C. By-law

The By-law 4-2023 will be amended as follows:

- Revise the definition of capital cost to include studies as per the D.C.A.;
- Repeal the mandatory phase-in section;



- Add growth studies as a class of service; and
- Revise Schedule A and B to include growth studies.

The draft amending by-law is included in Appendix A to this memo.

## 4. Recommendations

It is recommended that Council:

“Approve the capital project listing set out in Section 3.1.2 of the Development Charges Background Study Update – Amendments as per Bill 185 memo dated October 21, 2024, subject to further annual review during the capital budget process”;

“Approve the memo dated October 21, 2024 Re: Development Charges Background Study Update – Amendments as per Bill 185”;

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

“Approve the amending D.C. by-law as set out in Appendix A”.



# Appendices



# Appendix A

## Amending By-law for Minor Amendments



## Town of Kingsville

### By-law Number **XX**

#### **Being a By-Law To Amend By-Law 4-2023, Respecting Town-wide Development Charges for the Town of Kingsville**

**Whereas** Section 2 of the Development Charges Act, 1997, S.O. 1997, c. 27 ("the Act") provides that the council of a municipality may pass a by-law for the imposition of development charges against land if the development of the land would increase the need for services arising from development of the area to which the by-law applies;

**And Whereas** Section 19 of the Act provides for amendments to be made to development charges by-laws;

**And Whereas** subsection 19(1.3) of the Act permits a municipality to amend a development charges by-law, subject to conditions being met, that do not require the process for by-law amendments under subsection 19(1) of the Act to be followed;

**And Whereas** the Council of the Corporation of the Town of Kingsville (the "Council") enacted and passed By-law 4-2023 on January 25, 2023;

**Now therefore** the Council of the Corporation of the Town of Kingsville hereby enacts as follows:

1. By-law 4-2023 is hereby amended as follows:
  - A. The Capital Cost definition in Section 1 is deleted, and the following definition is substituted, therefore:

"capital cost" means costs incurred or proposed to be incurred by the Town or a local board thereof directly or by others on behalf of and as authorized by the municipality or local board;

    - i. To acquire land or an interest in land, including a leasehold interest;
    - ii. To improve land;
    - iii. To acquire, lease, construct, or improve buildings and structures;
    - iv. To acquire, construct or improve facilities including:
      - a. Furniture and equipment other than computer equipment;
      - b. Materials acquired for circulation, reference or information purposes by a library board as defined in the *Public Libraries Act, r.s.o. 1990, c. P.44*; and
      - c. Rolling stock with an estimated useful life of seven years or more, and;
    - v. To undertake studies in connection with any of the matters referred to under clauses (i) to (iv);
    - vi. To undertake the development charges background study; and



vii. Interest on money borrowed for those expenditures under clauses (i) to (iv)

B. By adding the words “growth studies;” to Clause 2.1 such that the revised clause will read as follows:

2.1. The categories of services/classes of services for which development charges are imposed under this by-law are as follows:

- (a) Services Related to a Highway;
- (b) Policing Services;
- (c) Parks and Recreation Services;
- (d) Library Services;
- (e) Growth Studies;
- (f) Wastewater Services; and
- (g) Water Services.

C. Repeal Section 3.17

D. Replace Schedule “A” to By-law No. 4-2023 with Schedule “A” to this amending by-law XX-24;

E. Replace Schedule “B” to By-law No. 4-2023 with Schedule “B” to this amending by-law XX-24;

By-law read a first and second time this XX day of XX, 2024.

By-law read a third time and finally passed this XX day of XX, 2024.

Mayor: \_\_\_\_\_

Clerk: \_\_\_\_\_



SCHEDULE "A" TO BY-LAW NO. 4-2023  
Components of Services and Classes of Services Designated in Subsection 2.1

**Development Charge Eligible Services and Classes of Services**

Wastewater Services

Water Services

Services Related to a Highway

Roads, Bridges and Culverts

Traffic Signals

Sidewalks

Streetlights

Public Works Facilities

Public Works Fleet

Policing Services

Police Stations

Fire Protection

Fire Stations

Fire Pumpers, Aerials, Tankers and Rescue Vehicles

Fire Small Equipment and Gear

Parks and Recreation Services

Parkland Development, Amenities, and Trails

Recreation Facilities

Vehicles and Equipment

Library Services

Public Library Space

Growth Studies

Growth Studies



Schedule "B"  
To By-law 4-2023  
Schedule of Development Charges

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	Boarding, Lodging, and Rooming House* (per capita)	Industrial, Commercial & Institutional (per sq.ft. )	Greenhouses (per sq.ft.)	Wind Turbine (per unit)
<b>Municipal Wide Services/Class of Service:</b>									
Services Related to a Highway	6,036	4,324	4,103	2,888	2,293	2,085	2.777	0.108	6,036
Policing Services	213	153	145	102	81	74	0.098	0.004	213
Parks and Recreation Services	2,341	1,677	1,591	1,120	889	809	0.117	0.004	-
Library Services	412	295	280	197	157	142	0.020	0.001	-
Growth Studies	389	279	264	186	148	134	0.174	0.007	389
<b>Total Municipal Wide Services/Class of Services</b>	<b>9,391</b>	<b>6,728</b>	<b>6,383</b>	<b>4,493</b>	<b>3,568</b>	<b>3,244</b>	<b>3.186</b>	<b>0.124</b>	<b>6,638</b>
<b>Urban Services</b>									
Wastewater Services	5,202	3,727	3,536	2,489	1,977	1,797	2.355	0.092	-
Water Services	3,078	2,205	2,092	1,473	1,170	1,063	1.424	0.055	-
<b>Total Urban Services</b>	<b>8,280</b>	<b>5,932</b>	<b>5,628</b>	<b>3,962</b>	<b>3,147</b>	<b>2,860</b>	<b>3.779</b>	<b>0.147</b>	<b>-</b>
<b>GRAND TOTAL RURAL AREA</b>	<b>9,391</b>	<b>6,728</b>	<b>6,383</b>	<b>4,493</b>	<b>3,568</b>	<b>3,244</b>	<b>3.186</b>	<b>0.124</b>	<b>6,638</b>
<b>GRAND TOTAL URBAN AREA</b>	<b>17,671</b>	<b>12,660</b>	<b>12,011</b>	<b>8,455</b>	<b>6,715</b>	<b>6,104</b>	<b>6.965</b>	<b>0.271</b>	<b>6,638</b>