



**City of Kingston
Report to Council
Report Number 24-220**

To: Mayor and Members of Council
From: Desirée Kennedy, Chief Financial Officer & City Treasurer
Resource Staff: Same
Date of Meeting: September 3, 2024
Subject: Amendment to Development Charges By-Law to Extend Effective Term

Council Strategic Plan Alignment:

Theme: Policies & by-laws

Goal: See above

Executive Summary:

Subsection 2(1) of the [Development Charges Act, 1997](#) (the Act) authorizes municipalities to impose development charges in order to provide a viable capital funding source for infrastructure that is required to support future development in the municipality.

The City of Kingston (City) collects development charges pursuant to By-Law Number 2019-116, "A By-Law To Establish Development Charges For The City Of Kingston" (Development Charge By-Law), which expires on September 29, 2024. To ensure the City can continue collecting development charges, the City is in the process of preparing a new development charges background study and by-law to replace the existing Development Charges By-Law to be in place by March 31, 2025.

Staff is requesting that Council extend the effective term of the current Development Charge By-Law. An extension will allow the City to continue to collect development charges while providing staff with sufficient time to incorporate recent legislative changes as well as the impact of updated growth projections into the new development charges background study and by-law. The extension will also allow for additional public engagement including a more thorough review and consultation with the development community.

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Recommendation:

That the by-law, attached as Exhibit A to Report Number 24-220, be presented to Council to amend By-Law Number 2019-116, A By-Law To Establish Development Charges For The City Of Kingston, Cited As The “City Of Kingston Development Charge By Law 2019”, to delete section 22, which specifies that the By-Law will expire on September 29, 2024.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF

p.p. FINANCIAL OFFICER & CITY TREASURER

**Desiree Kennedy, Chief
Financial Officer & City
Treasurer**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Growth & Development Services

Jennifer Campbell, Commissioner, Community Services

Neil Carbone, Commissioner, Corporate Services

p.p.

David Fell, President & CEO, Utilities Kingston

Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives

Not required

Brad Joyce, Commissioner, Infrastructure, Transportation
& Emergency Services

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Options/Discussion:**Background**

On September 3, 2019, Council passed By-Law Number 2019-116, "A By-Law To Establish Development Charges For The City Of Kingston" (Development Charge By-Law), which allows development charges to be collected by the City as a viable capital funding source for growth related infrastructure. The existing By-Law came into force and effect on September 29, 2019 and continues in full force and effect until September 29, 2024. In order for the City to continue collecting development charges after September 29, 2024, the City must either amend the existing Development Charges By-Law to extend the effective term or pass a new by-law.

The City commenced the process of establishing a new background study and by-law last fall with consultant support from Watson & Associates Economists Ltd. Representatives from Watson & Associates have been working with City staff to compile the necessary data required to establish the new background study and by-law and have held a meeting with the development community.

Analysis

The development process and the development charges regime has been subject to significant legislative change over the last three years, particularly with a provincial priority to implement strategies that would support increased development in response to a housing shortage. The current background study process includes consideration of the impact of all these changes from a policy and development fees perspective.

In compiling the data necessary to support the background study, the recent Council-endorsed long-term growth projections have also been an important factor in determining the capital investment required to service growth. Typically, growth capital requirements are informed by master planning documents, however most of these current documents do not reflect the rapid growth that has been experienced over the last five years in many areas of the city. It is expected that another update to the Development Charges By-Law will be required in three or four years to reflect capital requirements coming out of new Official Plan/Integrated Mobility Plan as well as other master planning updates.

On June 6, 2024, the Province passed Bill 185, resulting in additional legislated changes to the *Development Charges Act*. One of these changes was the removal of a mandatory phase-in of development charges which would have been triggered with a new by-law. Bill 185 also introduced new language that provides the ability for a municipality to amend an existing Development Charges By-Law to delete the section related to its expiry, in effect extending the date of the existing bylaw until such time as a new by-law is approved for up to a maximum 10-year life.

These changes provide the opportunity to amend the timelines for the development charges background study project. Extending the project timelines will provide for additional time to address recent legislative changes and allow for additional public engagement on a complex

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process including a more thorough review and consultation with the development community and others before bringing a new bylaw to Council for approval. It will also ensure that the work being done to identify capital requirements for development charge background study purposes aligns with the 15-year capital plans that are being updated as part of the 2025 capital budget process.

The revised timeline will still contemplate the completion of a draft background study by the end of the year, however public meetings and final review and approvals will be scheduled into early 2025 following the 2025 budget process. The new background study and bylaw will be in place by March 31, 2025.

To facilitate these changes, staff is presenting Council with a draft by-law, attached as Exhibit A to this report, to amend By-Law Number 2019-116, to delete section 22 which specifies that the By-Law will expire on September 29, 2024. By-Law Number 2019-116 will be in effect until Council passes a new Development Charges By-Law or until September 29, 2029, based on a legislated maximum term of 10 years.

Existing Policy/By-Law

By-Law Number 2019-116, A By-Law To Establish Development Charges For The City Of Kingston, Cited As The "City Of Kingston Development Charge By Law 2019".

Notice Provisions

A public notice advising of the passing of a by-law to amend By-Law Number 2019-116, A By-Law To Establish Development Charges For The City Of Kingston, Cited As The "City Of Kingston Development Charge By Law 2019" will be issued in accordance with legislation.

Financial Considerations

Deleting section 22 of By-Law Number 2019-116 will effectively extend the legislative term for up to an additional five years and will enable the City to continue to collect development charges and maintain a revenue source to offset growth related expenses. Section 15 of the By-Law provides for annual indexing of development charges and with the extension to the project timeline, charges will be increased on January 1, 2025, based on the second quarter year over year change in the Statistics Canada building construction price index for the Ottawa region.

Contacts:

Desiree Kennedy, Chief Financial Officer and City Treasurer, 613-546-4291 extension 2220

Other City of Kingston Staff Consulted:

None

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Exhibits Attached:

Exhibit A – By-Law to amend By-Law Number 2019-116, A By-Law To Establish Development Charges For The City Of Kingston, Cited As The “City Of Kingston Development Charge By Law 2019”

City of Kingston By-Law Number 2024—...

By-Law to Amend City of Kingston By-Law Number 2019-116, By-Law To Establish Development Charges For The City Of Kingston (Development Charge By-Law)

Whereas:

The Corporation of the City of Kingston (the “**City**”) is a single-tier municipality incorporated pursuant to an order made under section 25.2 of the *Municipal Act*, R.S.O. 1990, c. M.45.

The powers of a municipality must be exercised by its council (*Municipal Act, 2001*, S.O. 2001, c. 25 (the “**Municipal Act, 2001**”), s. 5 (1)).

A municipal power must be exercised by by-law unless the municipality is specifically authorized to do otherwise (*Municipal Act, 2001*, s. 5 (3)).

A single tier municipality may provide any service or thing that the municipality considers necessary or desirable for the public (*Municipal Act, 2001*, s. 10 (1)).

Subsection 2(1) of the Development Charges Act, 1997 (the “**Act**”), S.O. 1997, c.27, as amended, provides that the council of a municipality may by by-law impose development charges against land to pay for increased capital costs required because of increased needs for services arising from development of the area to which the By-law applies.

Section 19 of the Act provides for amendments to be made to development charges by-laws.

Subsection 19(1.1) of the Act permits a municipality to amend a development charges by-law without following the process otherwise required for by-law amendments under subsection 19(1) of the Act.

On September 3, 2019, council for the *City* (“**council**”) enacted *City of Kingston By-Law Number 2019-116*, “By-Law To Establish Development Charges For The City Of Kingston (Development Charge By-Law)”.

Council considers it necessary and desirable for the public to amend *City of Kingston By-Law Number 2019-116*.

By-Law to Amend By-Law 2019–116

Therefore, council enacts:

1. Amendment

1.1. City of Kingston By-Law Number 2019-116 is amended as follows:

Section 22 is deleted in its entirety.

2. Coming into Force

2.1 This by-law will come into force and take effect on the day it is passed.

1 st Reading	date
2 nd Reading	date
3 rd Reading	date
Passed	date

Janet Jaynes
City Clerk

Bryan Paterson
Mayor