



**City of Kingston
Report to Council
Report Number 25-047**

To: Mayor and Members of Council
From: Desirée Kennedy, Chief Financial Officer & City Treasurer
Resource Staff: None
Date of Meeting: December 17, 2024
Subject: 2024 Development Charges Background Study Update and Annual Indexing

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 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). 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.

A draft Development Charges Background Study and By-Law will be posted on the City's website on December 17, 2024. A public meeting to review the draft Development Charges Background Study And By-Law is scheduled for February 4, 2025, and the new by-law is scheduled to be in place for March 1, 2025.

By-Law Number 2019-116 currently provides for an annual indexing on the first day of January in accordance with the non-residential building construction price index (Ottawa Region); however, the annual indexing process is normally not a requirement in the year that the

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background study and by-law are being updated. Because development charges will be appropriately increased on March 1, 2025, to align with the updated background study calculations and related by-law, an annual indexing factor will not be applied to the current charges on January 1, 2025.

Recommendation:

This report is for information only.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF 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	Not required
Jennifer Campbell, Commissioner, Community Services	Not required
Neil Carbone, Commissioner, Corporate Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	Not required

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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. On September 3, 2024, Council amended the existing Development Charges By-Law to extend the effective term until such time as a new by-law could be passed. The extension amended the timelines for the development charges background study project, allowing for additional public engagement including a more thorough review and consultation with the development community.

Representatives from Watson & Associates Economists Ltd. have been working with City staff to develop the new background study and by-law. The background study must be made available for public review for at least 60 days before by-law adoption and the City must hold a public meeting to present the background study and consider any feedback. A draft Development Charges Background Study and By-Law will be posted on the City's website on December 17, 2024. A public meeting is scheduled for February 4, 2025 and the new by-law is scheduled to be in place for March 1, 2025.

Analysis

The current Development Charges By-Law Number 2019-116 provides for an annual indexing of the charges on the first day of January in accordance with the non-residential building construction price index (Ottawa Region). However, the annual indexing process is normally not a requirement in the year that the background study and by-law are being updated.

With the extension of the Development Charges By-Law's effective term into the subsequent year, the indexing clause remains in effect; however, recognizing that the development charges will be reset subsequent to adoption of the by-law, based on the updated growth capital requirements and growth projections included in the background study, an annual indexing factor will not be applied to the current charges on January 1, 2025.

Additional meetings with the development community as well as a public open house are being scheduled in January 2025 to review the draft background study, with a virtual public open house scheduled for January 15, 2025. At the public meeting scheduled for February 4, 2025, representatives from Watson & Associates Economists Ltd. will provide Council with a briefing on the draft background study and by-law.

Should the increase to the development charges be delayed as a result of an appeal or any other unanticipated delays in implementing the updated development charges, staff will apply an indexing adjustment to the current rates on March 1, 2025, as provide for in the current by-law.

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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".

Financial Considerations

The City will continue to collect development charges at the current development charge rates until the new bylaw comes into effect.

Contacts:

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Exhibits Attached:

None