

King revamping its DC bylaw

By Mark PavilonsEditorLocal JournalismInitiative Reporter

Development in King will operate under slightly new rules, starting in 2026. Council received the staff report regarding the Development Charge Background Study and accompanying bylaw. The bylaw will be voted on by council in the new year. The Development Charge (DC) Study is required by the Development Charges Act, and determines the DC rate and updates the DC Bylaw, which will expire Jan. 13, 2026. DCs are intended to provide funding for the recovery of growth-related capital infrastructure needed to accommodate residential and non-residential growth. Councillors were pleased with several of the changes in the bylaw. Mandatory rules set out by the Province aside, staff can create a made-in-King bylaw that sets out the rules and exemptions. The DC study and proposed bylaw reflect targets and guidelines referenced in the Township's Official Plan and the growth-related capital needs identified in council endorsed Master Plans and planning documents. The study process included input and consultation with internal service area leaders, Council and the development community. Staff pointed out the study identifies \$264.7 million of capital infrastructure cost needed to accommodate projected growth over the life of the bylaw. Of this cost, \$207.6 million can be recovered from DCs. The study has determined that rates will decrease from the current rates. When considered as an average, the single detached rate will decrease by 17.89% and the non-residential rate per square foot will decrease by 40.08%. The proposed policy changes in the bylaw include: A 48-month deferral for small office. The deferral aligns with York Region's DC bylaw and will provide an incentive for employment opportunities within the Township. Stacked townhouses would be de categorized as high density, (as determined by Statistics Canada) and therefore eligible for the apartment DC rate. A new exemption is considered for Temporary Uses (such as sales offices) to simplify the permit approval process and align with the Region's bylaw. Modify the terms for redevelopment reductions where a building has been deemed derelict by council. Staff noted the DC bylaw sets the legal framework for the collection of DCs and is developed in accordance with the strict parameters set out by the DCA. DCs represent a significant funding source for the Township's capital program and are a key factor in the achievement of many of King's long-term goals. Over the years, DCs have been used for new infrastructure and to expand existing infrastructure to support the growing population. When the current bylaw was approved in 2021, the DCA required that a municipality update the Bylaw and Study at least every five years. In 2022, the DCA was changed through the More Homes Built Faster Act, 2023 (Bill 23), to require that a bylaw be updated at least every 10 years. Staff engaged Watson and Associates Economists Ltd. (Watson) as the primary consultant to coordinate the development of the study and calculate the new DC rate. The study has been available on the Township's website since October 27. The study contains the assumptions, calculations and supporting material to the bylaw and rate calculation including: Detailed growth forecasts (amount, timing and location). A 15-year historical average service level inventories. Local Service Policy. Capital project listings by service area. These components factor into the complex calculation of the one-time DC charge to be levied on new residential and non-residential developments. The charge is intended to support the notion that growth should pay for growth. The revenues generated help fund the cost of the infrastructure needed to accommodate the planned growth and reduce the financial impact on existing taxpayers. The DCA also prescribes which municipal services, and which capital costs are eligible for the charge. Since the last study, the province amended the DCA legislation five times. The changes to the legislation have reduced the amount a municipality can recover from growth and shifted the cost burden to existing taxpayers. The changes have also caused administrative implementation burden. The Study was initiated in January of 2025, and Watson was retained to work with service areas to start pulling together necessary information. A DC working group was created and comprised of leaders from each service area to inform and review the study and establish the policy framework. Watson led the group through the Background Study process to inform the policies that will be implemented through the bylaw. The first step of the study and rate calculation process is to establish a growth forecast for the 10 year and long-term (2025-2051) horizon. The Township used the growth targets identified in the 2022 York Region Official Plan (YROP) of 21,200 new people and 7,050 new jobs by 2051. This growth forecast is significantly higher than the growth projected in the 2021 DC bylaw that projected 10,003 new people and 2,780 jobs by 2031. The projected mix of growth is also shifting from 65% low density, 14% medium density, 20% high density to 33% low density, 23% medium density and 44% high density. Anticipated employment growth of 7,050 jobs is anticipated to result in the need for additional employment space totalling 3,648,500 square feet, with new industrial space making up 52% of the total. An inventory of Township's eligible assets and a determination of the average 15-year historical level of service was calculated. This

average sets the maximum funding that can be included in the calculation. Master Plans, servicing studies, service level plans and servicing models were used to identify the capital infrastructure and costs required to provide services for the Township's projected growth and uncompleted projects from the previous study have been updated to reflect recent tender prices, engineering estimates and inflation. Each project has been reviewed carefully and the ineligible costs (i.e. Benefit to Existing, post period benefit, grants, subsidies and other contributions) have been deducted. Over the 10-year planning horizon, the study has identified \$264,710,877 in gross capital expenditures. This was reduced to a net total of \$207,640,628. The DCA allows a municipality to set rates by demographic area. The Township has an area specific rate for each of the urban centers and rural areas (King City, Nobleton, Schomberg and rural areas). The area specific rates are differentiated by each area's unique water and wastewater needs and ensure each area is charged a fair amount for the water and wastewater infrastructure needed to support growth in each area. Staff reviewed the policies in the Township's current bylaw and to evaluate possible policy options that could be introduced that would encourage desirable development types that support corporate goals and meet planning targets. As a result, a new 48-month deferral for small office buildings is proposed for addition through a separate policy. This deferral is also offered by the Region. Township DCs are indexed based on the prescribed Statistics Canada Non-Residential Construction Price Index, twice a year (January 1 and July 1). Indexing allows a municipality to increase the rate to match the increase in capital costs resulting from inflation. The other factor contributing to the decrease is the significant increase in the population growth from the last DC bylaw. The wastewater charge for Nobleton is increasing significantly. This is due to the increase in population growth and updated water and wastewater modelling that was completed as part of the Water and Wastewater Master Plan. The proposed rate and bylaw will provide the Township with funding that will help recover the cost of the capital infrastructure needed to accommodate the growth planned for King Township over the planning horizon. There are two financial considerations that must be monitored over the term of the DC bylaw. The study assumes the Township will grow by 3,805 dwelling units and 1,293,100 square feet of non-residential space by 2035. This level of growth will require \$207,640,628 in DC funding over the next 10 years based on the timing in the Master Plans and Service Area planning documents. If, however, growth does not materialize at the rate and pace identified in the growth forecast, staff will need to strategically amend the timing of projects in DC capital plan to ensure that capital investment aligns with the actual growth-related capital infrastructure needs. This will ensure the DC reserve funds do not go into a negative position. Statutory and discretionary exemptions result in a shortfall in DC collections and negatively impact the DC reserve funds. For example, population growth generated by accessory apartments and/or long-term care homes, adds pressure to municipal services and contributes to the need for expanded services and new growth-related infrastructure. If no DCs are collected, there will be insufficient funds in the DC reserve to pay for needed infrastructure. The cost of that infrastructure will need to come from tax and rate supported sources. It will be important for staff to understand and track the value of the exemptions and be prepared to top up the DC reserve funds when needed. Staff will need to provide an option to budget future funding to offset exemptions to ensure reserve funds are fully funded to support the needs of growth.