



The Corporation of the Township of King Report to Council

From: Finance Department

Report Number: FIN-2025-20

Date: Monday, November 10, 2025

Title: **2025 Development Charge Background Study**

Recommendation

1. That Council receive Report FIN-2025-20 for information.
2. That the following recommendations from this report and associated Development Charge Bylaw dated November 10, 2025, be referred to the January 12, 2026 Council meeting, for approval:
 - a. That in accordance with the Development Charges Act 1997, as amended, Council has decided that no further public meetings are required with respect to the proposed Development Charge Bylaw
 - b. That the capital project listing set out in Chapter 5 of the 2025 Development Charge Background Study is approved, subject to further review during the annual capital budget.
 - c. That all future capital grants, subsidies, donations and other contribution requests before Council be clearly designated by the donor as being to the benefit of existing developments (or new developments as applicable).
 - d. That assumptions contained within the 2025 Development Charge Background Study are adopted as 'anticipation' with respect to capital grants, subsidies donations and other contributions

1. Report Highlights

- The Development Charge (DC) Study is required by the Development Charges Act, 1997 (DCA). This is required to determine the DC rate and update the DC Bylaw (Bylaw). The current bylaw will expire January 13, 2026.
- DCs are intended to provide funding for the recovery of growth-related capital infrastructure needed to accommodate residential and non-residential growth.
- The DC Study (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.
- The Study identifies \$264,710,877 of capital infrastructure cost needed to accommodate projected growth over the life of the Bylaw. Of this cost, \$207,640,628 can be recovered from DCs.
- It is important to highlight that the Study has determined that rates will decrease from the previous study as noted in the table below.

Category	Area	Current Rate	Proposed Rate	Percentage Change Reduction
Single Detached/Semi	King City	56,790	47,427	16.48%
	Nobleton	57,510	51,945	9.68%
	Schomberg	51,687	43,490	15.86%
	Rural	46,628	39,715	14.83%
Non-Residential Rate per square foot	King City	20.21	11.48	43.20%
	Nobleton	18.5	11.54	37.62%
	Schomberg	17.89	10.82	39.52%
	Rural	15.61	9.35	40.10%

- 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:
 1. 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.
 2. Stacked townhouses would be de categorized as high density, (as determined by Statistics Canada) and therefore eligible for the apartment DC rate.
 3. 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.

4. Modify the terms for redevelopment reductions where a building has been deemed derelict by Council.

2. Purpose

The purpose of this report is to provide Council with an overview of the 2025 Development Charge Background Study (Study) process and outcomes, including the proposed DC Bylaw.

3. Background

Development Charge Bylaw Update

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 2021 Bylaw was approved (January 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. The Township's existing Bylaw is set to expire January 13, 2026.

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, **(Attachment 1: 2025 Development Charge Background Study)**, inclusive of the proposed Local Service Policy and Bylaw, has been available on the Township's website since October 27, 2025, is in compliance with the statutory public circulation requirement set out by section 10 of the Act.

The Study contains the assumptions, calculations and supporting material to the Bylaw and rate calculation including:

- Detailed growth forecasts (amount, timing and location)
- 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. **Table A: Eligible Services** provides the list of eligible services that can be included in the rate calculation under the DCA. **Table B: Eligible vs Ineligible Costs** lists the types of capital expenditures permitted to be included in the DC rate calculation.

Table A: Eligible Services

Eligible Services	Included in Township's DC rate
Water	✓
Wastewater	✓
Stormwater drainage	✓
Services related to a highway	✓
Electrical power services	
Toronto-York subway extension	
Transit	
Waste diversion	
Policing services	
Fire protection	✓
Ambulance	
Library	✓
Long-term care	
Parks and recreation	✓
Public health services	
Childcare and early years services	
Provincial Offences Act	
Emergency preparedness	
Airports (Waterloo Region only)	

Table B: Eligible vs Ineligible Capital Costs

Eligible Costs	Ineligible Costs
Acquire, lease construct or improve buildings, facilities and structures (including furniture and equipment)	Parkland Acquisition
Acquire land or interest in land	Vehicle & equipment with average life of less than 7 years
Improve land	Computer equipment not integral to the delivery of the service
Capital component of a lease for the above	
Circulation materials for Libraries	
Studies	
Interest on money borrowed to pay for the above	

Updates to the Development Charges Act (DCA)

Since the last Study, the province amended the DCA legislation five times. **Table C: Summary of Changes to the DCA** outlines the key changes. 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.

Table C: Summary of Changes to the DCA

Legislation	Changes
More Homes for Everyone Act, 2022 (Bill 109)	Additional reporting requirements
More Homes building Faster Act, 2022 (Bill 23)	<p>Additional DC exemptions for: non-profit housing, Additional residential units, Affordable units</p> <p>Rental Housing discounts (based on number of bedrooms) between 15-25%</p> <p>DC Bylaw expiry extended from 5 to 10 years</p>

Affordable Homes and Good Jobs Act, 2023 (Bill 134)	<p>Updated definition for Affordable Unit:</p> <p>Affordable Rental Unit: rent is less than 30% of the 60th percentile of income for rental households or average market rent set out in Bulletin</p> <p>Affordable Owned Unit: cost is less than 30% of the 60th percentile of income for households in the municipality or 90% of the average purchase price as defined in Bulletin</p>
Cutting Red tape to Build More Homes Act, 2024 (Bill 185)	<p>Modernize public notice requirements</p> <p>DC rate freeze for zoning bylaw amendment applications reduced from 2 years to 18 months</p>
Protect Ontario by Building Faster and Smarter Act, 2025 (Bill 17)	<p>Exemption for long-term care homes</p> <p>Grouping of services for the purposes of using credits</p> <p>Defining local services in regulations</p> <p>Deferral of DC payment to occupancy for residential development</p> <p>*Removal of interest for legislated instalments.</p> <p>*Ability for residential and institutional development to pay a DC earlier than a Bylaw requires</p>

****Not in effect as of this report***

DC Study Project Plan, Oversight and Engagement

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 steps used to determine the DC rate are:

1. Identify the amount, type and location of growth
2. Identify servicing needs to accommodate growth
3. Identify capital costs to provide services to meet the needs
4. Deduct:
 - a. Grants, subsidies and other contributions
 - b. Benefit to existing development
 - c. Amounts in excess of 15-year historical service calculation
 - d. DC reserve funds (where applicable)
5. Net costs then allocate between residential and non-residential benefit
6. Net costs divided by growth to calculate the DC

Calculating a DC Rate

Growth Forecast

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. Section 3.5 (1) of the DCA requires that “the anticipated amount, type and location of development, for which development charges can be imposed, must be estimated” for the calculation. 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.

The allocation of growth between the Township’s rural and urban areas is detailed in **Table E: Residential Growth Forecast to 2051** below.

Table E: Residential Growth Forecast to 2051

Location	Total Population ¹			Incremental Population Growth	
	2025	2035	2051	2025 to 2035	2025 to 2051
Nobleton	7,580	11,530	14,330	3,950	6,750
King City	9,990	15,930	23,220	5,940	13,230
Schomberg	2,540	2,780	3,340	240	800
Remaining Rural	9,690	9,720	10,110	30	420
King Township Total	29,800	39,960	51,000	10,160	21,200

Note: Numbers may not add precisely due to rounding.

¹ Population including the undercount.

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. Expanding King’s employment base and increasing the proportion of commercial

and industrial development will help balance the Township's revenue sources and support long-term municipal financial sustainability.

Table F: Non-Residential Growth to 2051 (not including WFH and NFPOW)

	Primary	Industrial	Commercial / Population Related	Institutional ²	Total
Jobs	40	1,740	2,080	860	4,680
Gross Floor Area (Sq. ft) ¹	120,000	1,914,000	1,041,500	573,000	3,648,500

Service Standard Calculation

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. An inventory is needed for each of the service categories listed in Table G. The Working Group coordinated efforts with the Asset Management Team to ensure inventories and replacement costs were aligned and consistent with the Asset Management Plan and Financial Framework. **Appendix B** of the attached Study provides the details of each service level. **Table G: 15 Year Service Level** shows the average service level per capita for each service category.

Table G: 15-Year Service Level

Service Category	Inventory	Cost (per Capita)
Service Related to a Highway	Roads, bridges, culverts, sidewalks, traffic signals, vehicles, building area	\$60,750
Fire Protection Services	Equipment, vehicles, building area	\$2,108
Parks and Recreation	Parkland amenities, developed parks, paths and trails, vehicles and equipment, building area	\$10,704
Library	Collection items, building area	\$899

Capital Infrastructure Needs

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 ten-year planning horizon, the Study has identified \$264,710,877 in gross capital expenditures. This was reduced by the following amounts:

- A deduction for Benefit to Existing: part of a project that benefit existing population, typically lifecycle renewal/ replacement, totalling \$49,789,648,
- A deduction for Post Period Benefit: investments that benefit the population growth outside the planning horizon, of \$2,985,600,
- A deduction for capital costs in excess of the 15-year service level cap valued at \$402,500 and
- A deduction of \$3,892,500 for grants, subsidies and other contributions for a net total of \$207,640,628.

Chapter 5 of the attached Study provides a complete listing of all growth-related projects included in the rate calculation

Policy Considerations

The Bylaw sets the policy for collections and should reflect emerging trends, current legislation and Council priorities. Policies inform payment timing, redevelopment timelines, and exemptions. As part of the Study process, the existing policy items were reviewed, and additional policy options were proposed and evaluated by staff, Council and the Development Community.

Exemptions

The Township provides the following Mandatory exemptions prescribed by the DCA:

1. Lands owned and/or used by a municipality, local board thereof, board of education or university.
2. The enlargement of an existing residential dwelling unit, or the creation of one or two additional units where specific conditions are met.
3. The enlargement of 50% or less of the gross floor area of an existing industrial building.

4. Affordable housing units, pursuant to the Planning Act and non-profit housing Development charges are reduced by 15% to 25% for rental housing developments (for profit) based on the number of bedrooms in each unit.
5. Affordable owned units and affordable rental units.
6. Non-profit housing.
7. Affordable inclusionary zoning units.

The Township's discretionary exemptions include:

- a. Non-residential Agricultural Use Buildings constructed for bona fide farm uses
- b. Places of worship and cemetery
- c. Burial grounds

New Exemption

A new discretionary exemption was considered to address Temporary Uses. Currently, a temporary use building or structure (e.g. sales office), may be permitted under section 39 of the Planning Act, provided there is a Council approved bylaw authorizing the use and setting the time limit of three years for the use. In these cases, it is recommended to waive development charges as there is no long-term impact on the Township's infrastructure and resources.

Including temporary uses as a discretionary exemption would align the Township's treatment of temporary use structures with the treatment identified in York Region's DC Bylaw and reduce administrative burden.

New Redevelopment Reduction

The DC Bylaw provides a reduction for redevelopment of a building or structure, provided the redevelopment occurs within 48 months of the demolition permit.

If a structure is deemed derelict by Council, there is a sliding scale timeline for how much redevelopment reduction is available. This is based on how much time it took to get the building demolished (see **Table H: Policy Items**). York Region (Region) is modifying the details of the sliding scale for derelict buildings in the DC Bylaw to include a limitless reduction if a building or structure is demolished within three months of being deemed derelict. Internal and external stakeholders reviewed this amendment and were supportive of the revised sliding scale as it provides a better incentive for developers to demolish unsafe buildings.

Area Specific Rates

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.

New Deferral for Small Office

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.

General Improvements

Statistics Canada data reveals that the average persons per unit (PPU) for a stacked townhouse is comparable that of a large apartment (1.836 PPU) instead of the PPU for row townhomes or back-to-back townhomes (2.818 PPU). For this reason, Staff have updated the Bylaw with the appropriate definitions needed to charge stacked townhouses the large apartment rate. This change was suggested at the September 9th developer consultation meeting.

Indexing

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.

Table H: Policy Items

Policy	Current Bylaw	Proposed Bylaw
Discretionary exemptions and deferrals	Farm use, place of worship, cemetery	Add temporary structures and a 48-month small office deferral
Area Specific Rates	King City, Nobleton, Schomberg, Rural areas	Continue
Indexing	January and July	Continue
Redevelopment Reduction	48 months	Continue
Stacked Townhouse Category	Undefined	Watson updated the DC calculation model to align with Statistics Canada data that assumes stacked townhouses have the same PPU as apartments. As a result of this change, stacked townhouses will be subject to the large apartment rate.
Derelict Buildings	Up to 48 months = 100% credit Between 48-72 months = 75% Between 72-96 months = 50% Between 96-120 months = 25% Greater than 120 months = 0%	If demolished within 3 months of structure being deemed derelict = 100% credit with no expiry Between 3-6 months = 100% credit with a 10-year expiry More than 6 months = credit in declining scale after year 7 and expire after year 10

4. Analysis

Once the model was updated with the current growth forecast, updated historical average service level and a listing of capital expenditures needed to accommodate the forecasted growth (as identified through Master Plans, and service planning documents), the proposed rates for all development types was determined. **Table I: Schedule of Development Charges** provides the new rates for each dwelling type and for non-residential space.

Table I Schedule of Development Charges

Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)
	Single and Semi-Detached Dwelling	Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	
Township Wide Services/Class of Service:						
Services Related to a Highway	13,102	10,643	8,090	5,809	4,155	4.98
Fire Protection Services	2,085	1,694	1,287	924	661	0.89
Parks and Recreation Services	21,303	17,305	13,154	9,445	6,755	2.72
Library Services	1,995	1,621	1,232	884	633	0.25
Growth Studies	1,230	999	759	545	390	0.51
Total Township Wide Services (A)	39,715	32,262	24,522	17,607	12,594	9.35
Urban Services						
Stormwater Services	362	294	224	160	115	0.14
Water Services	3,277	2,662	2,023	1,453	1,039	1.27
Water & Wastewater Studies	136	110	84	60	43	0.06
Total Urban Services (B)	3,775	3,066	2,331	1,673	1,197	1.47
Area Specific Services						
Wastewater Services - King City (C)	3,937	3,198	2,431	1,745	1,248	0.66
Wastewater Services - Nobleton (D)	8,455	6,868	5,221	3,749	2,681	0.72
Total King City (A + B + C)	47,427	38,526	29,284	21,025	15,039	11.48
Total Nobleton (A + B + D)	51,945	42,196	32,074	23,029	16,472	11.54
Total Schomberg (A + B)	43,490	35,328	26,853	19,280	13,791	10.82

Table J – Summary of Changes with Rates

Category	Area	Current Rate	Proposed Rate	Percentage Change Reduction
Single Detached/Semi	King City	56,790	47,427	16.48%
	Nobleton	57,510	51,945	9.68%
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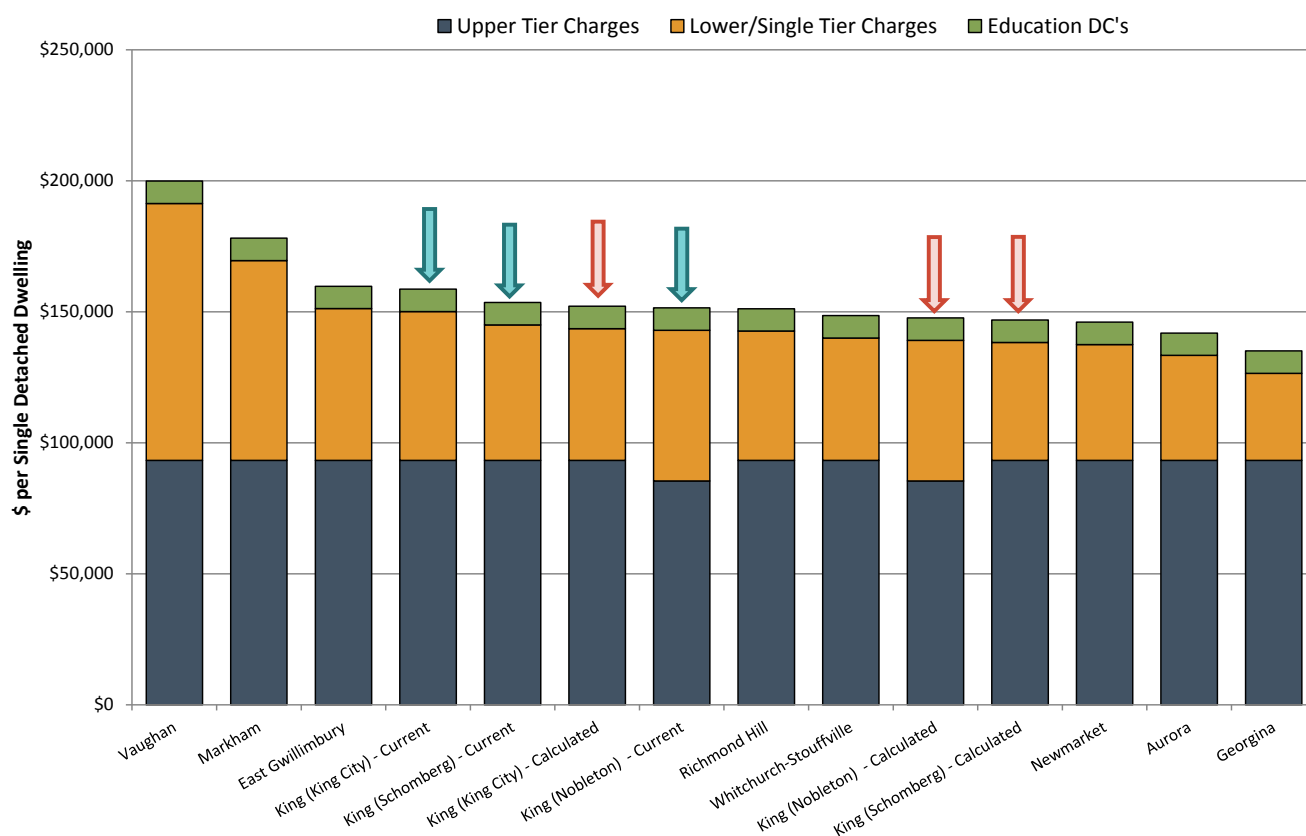
The most significant driver behind the decrease is the Services Related to a Highway service category, as informed by the results of the 2025 Transportation Master Plan (TMP) prepared by WSP. The 2025 TMP reflects updated assumptions about Regional and Township responsibilities and road type thresholds that ultimately reduced the Township's cost to accommodate growth over the DC planning horizon.

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.

It is important to highlight that the proposed rate is comparable with neighbouring communities as illustrated in **Chart A Survey of Comparator Municipalities – Single/Semi-Detached**. From an affordability standpoint and developer profitability standpoint, the rate as a percentage of the average sale price of a home in King Township (as determined by the Province's DC Bulletin), is 6.4% for Nobleton and Schomberg and 6.6% for King City. This is low compared to Vaughan at 11.5%, Aurora at 10.4% and Markham at 10.4%.

Chart A: Survey of Comparator Municipalities – Single/Semi-Detached



5. Financial Considerations

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:

1. 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.
2. 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.

6. Alignment to Strategic Plan

The 2023-2026 Corporate Strategic Plan (CSP) was adopted by Council on June 12, 2023. The CSP reflects the priorities of upmost importance to the community and defines the obligations and commitments of the Township of King to its citizens and to the public. The CSP is aligned with the Townships long-term vision defined in the “Our King” Official Plan. The CSP also aims to ensure that staff initiatives focus on and work towards supporting King’s Vision, Mission and Values.

This report is in alignment with the CSP’s Priority Area(s), and/or associated Objective(s) and/or Key Results(s):

Priority Area: Complete Communities

Objective: Develop asset-funding strategies that ensure long-term fiscal sustainability.

Key Result: Not Applicable.

7. Conclusion

DCs represent a significant funding source for the Township's capital program and are a key factor in the achievement of many of the Township's long-term community building goals.

The 2025 DC Background Study and DC Bylaw reflect the latest growth targets as identified through York Region's Official Plan 2022, and the capital infrastructure needed to accommodate the planned growth, as identified through Council endorsed Master Plans, servicing studies, service level plans and servicing models.

Provided there is prudent review of the annual growth-related capital budget and a strategic approach to balancing DC collections and DC reserve funds, the proposed DC rate will be sufficient to provide the funding needed to meet the needs of the growing community and contribute to the success of the Township's long-term capital plan.

8. Attachments

Attachment 1: 2025 Development Charge Background Study

Prepared and Recommended by:

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Manager of Revenue, Deputy Treasurer

Approved for submission by:

Daniel Kostopoulos

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