

Development Charge Credits for Aggregated and Phased Developments

Executive Summary

The current Development Charges (DC) by-law in the City of Kawartha Lakes provides redevelopment credits if a structure is rebuilt within three years of being demolished or rendered uninhabitable. While effective for small, individual property projects, this limited timeframe unintentionally discourages long-term, large-scale urban redevelopment—especially projects involving phased property assemblies or strategic intensification.

Issue Identified:

The existing 3-year eligibility window (extendable to 10 years by Council) does not accommodate the extended timelines required for assembling multiple parcels and planning complex urban infill developments. As a result, developers undertaking multi-year revitalization projects may lose access to DC credits, creating a disincentive for transformative growth.

Proposed Solution:

A **Two-Track Redevelopment Credit System** is recommended to distinguish between:

1. **Standard Track** – For typical, short-term individual property redevelopments (maintains the 3-year limit, with potential extension to 6 years).
2. **Strategic Redevelopment Track** – Tailored for long-term, aggregated, or phased projects in designated growth areas. This track allows for DC credit eligibility up to 20–30 years, subject to continuous ownership, official planning approvals, and historical documentation.

Additional provisions include:

- **Pro-rata credits** for partial assemblies;
- **Enhanced credits** for strategic intensification where most properties qualify;
- **Documentation requirements** to ensure alignment with the Official Plan and Community Improvement Plan (CIP) objectives.

Comparative Practices:

Other municipalities like Hamilton, Guelph, Kingston, and London have adopted flexible, area-specific DC policies that recognize the longer timeframes and complexities of core area redevelopment. These include exemptions, deferrals, and CIP-linked grants.

Recommendations:

1. Amend the DC By-law to establish a **Strategic Urban Redevelopment Track**.
2. Create a **formal review process** for applications involving multi-property, long-term redevelopment.
3. **Engage Council** to define clear eligibility criteria and approval procedures to ensure transparency and fiscal responsibility.

This revised framework would better support the City's strategic intensification goals, remove unintended barriers to downtown revitalization, and align the DC policy with real-world redevelopment timelines.

Working Paper

Summary of Existing By-law

The City of Kawartha Lakes currently exempts property owners from development charges if they redevelop a property within three years of it becoming uninhabitable or demolished. The by-law allows a credit for the redevelopment of land where structures were demolished or converted to another principal use.

Excerpt from Municipal By-law:

Redevelopment Credit:

- A credit applies if a residential or non-residential structure was demolished or converted to another use.
- The credit is calculated based on the applicable development charge rate multiplied by the number of units or the gross floor area/nameplate capacity.

Restrictions:

- The building must have been occupiable within three (3) years of the development charges becoming payable.
- The credit amount cannot exceed the development charges otherwise payable.
- A Council override can extend the eligibility to ten (10) years.

Assessment of Current Framework

The current 3- and 10-year timelines for Development Charge (DC) credits may unintentionally discourage large-scale urban redevelopment, particularly property aggregation or phased redevelopment projects spanning over a decade.

While the framework functions effectively for single-property projects, it does not align well with strategic, long-term redevelopment goals in core urban areas.

Example Scenario:

A standalone 1920s residential building on a downtown street is demolished, and a new mixed-use building is constructed within three years. This type of renewal is beneficial for downtown vibrancy, enabling compact, mixed-use urban environments without municipal subsidy.

However, if a developer assembles multiple adjacent properties over 20 years with a long-term vision, the current time limits void eligibility for redevelopment credits. This penalizes strategic, large-scale projects that aim for high-impact revitalization.

Proposed Amendment: Two-Track Redevelopment Credit System

To support both short-term and long-term projects, we propose introducing two distinct tracks:

Section 3.01 – Redevelopment Credit (Modified)

a) Where a building or structure on the same land was demolished, is to be demolished, or was rendered uninhabitable or unsafe in order to facilitate redevelopment, development charges shall be reduced based on the applicable DC rate and scale of previous use, as verified by the Chief Building Official (CBO).

b) The redevelopment credit shall be granted under one of the following tracks:

(i) Standard Track – Individual Property Redevelopment:

- The prior structure must have been occupied or occupiable within **3 years** of the development charge becoming payable.
- **Override Provision:** This period may be extended to **6 years** by Council policy.

(ii) Strategic Redevelopment Track – Aggregated or Phased Redevelopment:

- Applies to multiple contiguous or strategically located properties (e.g., within Urban Growth Centres or CIP Areas).
- Credits are eligible if:
 - The applicant demonstrates continuous or phased ownership;
 - Redevelopment occurs within **20 years** of the earliest demolition;
 - A comprehensive redevelopment application is approved.
- The CBO must verify the original use, size, and condition of demolished structures.

Section 5.07(c) – Restriction (Amended)

Notwithstanding subsection 5.07(c), for phased or strategic redevelopment projects in Urban Growth Centres or designated downtown cores, the eligibility period may be extended up to **30 years**, provided:

- The redevelopment is part of an integrated urban renewal project;
 - Council or delegated authority approves the project;
 - Supporting documentation verifies historical structures and land use.
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New Subsection 5.09 – Redevelopment Credit for Aggregated or Phased Land Assemblies

a) Where redevelopment occurs on a site comprising two or more contiguous or functionally linked properties, a proportional credit shall apply to those properties demolished within **15 years**.

b) The CBO and Director of Development Services may approve partial credits on a **pro-rata** basis.

c) If part of the land assembly exceeds 15 years but:

- The site represents strategic intensification or urban renewal;
- The majority of properties (by unit count or GFA) fall within the eligibility window;

Council may authorize a **full or enhanced redevelopment credit**.

d) The applicant must submit:

- Documentation of an assembly strategy;
 - Evidence that early demolitions were part of long-term plans;
 - A redevelopment plan aligned with the Official Plan or CIP objectives.
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Case Studies: Other Ontario Municipalities

1. City of Hamilton

- DC exemptions for downtown and BIA areas.
- Brownfield redevelopment support with extended timelines.

2. City of Guelph

- DC deferral agreements and exemptions in intensification zones.
- Site-specific policy adjustments encouraged.

3. City of Kingston

- Community Improvement Plans (CIPs) override standard DC timelines.

- Grants equivalent to DCs in targeted zones.

4. City of London

- Full/partial DC exemptions in “Old East Village” and “Downtown” CIPs.
 - No firm 3-year cutoff – policies tied to planning goals.
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Final Recommendations

1. **Create a Strategic Urban Redevelopment Track** within the DC By-law, especially for core areas and CIP-designated lands.
2. **Establish a Review Process** for "Aggregated Property Redevelopment Applications" that exceed typical timelines.
3. **Engage Council to Set Guidelines** for:
 - Defining project eligibility;
 - Ensuring transparency;
 - Aligning urban renewal goals with fiscal responsibility.