



**City of Kingston  
Report to Council  
Report Number 26-096**

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**To:** Mayor and Members of Council  
**From:** Desirée Kennedy, Chief Financial Officer & City Treasurer  
**Resource Staff:** Lana Foulds, Director, Financial Services  
**Date of Meeting:** April 21, 2026  
**Subject:** 2025 Development Charges Reserve Fund Statement

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**Council Strategic Plan Alignment:**

Theme: Regulatory & compliance

Goal: See above

**Executive Summary:**

The purpose of this report is to provide Council with a summary of the annual activity of the City's Development Charges Reserve Fund as at December 31, 2025.

Development charges are collected for the purposes of financing new infrastructure and infrastructure capacity expansion under the [Development Charges Act, 1997](#), as amended. The basis for these charges is provided in the Development Charges Background Studies. The [Development Charges Background Study, 2019](#) was in place until May 20<sup>th</sup>, before being replaced by the [Development Charges Background Study, 2024](#) in support of [City of Kingston By-Law Number 2025-142](#), cited as "Development Charge By-Law".

To incentivize housing development, recent legislative and regulatory changes to the *Development Charges Act* have had a notable impact on both the timing and amount of development charge revenues collected by municipalities. Statutory exemptions for additional residential units, affordable and attainable housing, and non-profit housing developments, which came into effect in June of 2024, are shifting the recovery of growth-related costs to tax-supported funding sources to maintain infrastructure financing requirements.

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Previous legislation allowed for development charges for rental housing and institutional development to be deferred and paid in equal annual instalments over a six-year period, beginning at occupancy. In November 2025, new legislation expanded deferral provisions to permit development charges for other residential developments to be paid upon the issuance of an occupancy permit, rather than at building permit issuance. These deferrals effectively shift revenue collection to later periods, creating cash flow pressures that may require the City to utilize debt financing to bridge funding gaps.

Collectively, these changes have reduced near-term development charge revenue collections, delayed cash inflows, and increased reliance on municipal funding to advance growth-related capital projects.

**Recommendation:**

This report is for information only.

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**Authorizing Signatures:**

ORIGINAL SIGNED BY CHIEF

FINANCIAL OFFICER & CITY TREASURER

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

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

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**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 & Emergency Services	Not required
David Fell, President & CEO, Utilities Kingston	
Jenna Morley, City Solicitor	Not required
Ian Semple, Commissioner, Transportation & Infrastructure Services	Not required

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**Options/Discussion:****Background**

In accordance with legislation, the treasurer of the municipality is required to provide council with an annual financial statement reflecting the activity of the Development Charges Reserve Fund. The structure and detail of this information continues to be based on legislative requirements with a focus on underlying principles that support transparency, efficiency, and ease of use.

On May 20, 2025, Council approved [City of Kingston By-Law Number 2025-142](#), cited as the "City of Kingston Development Charge By-Law 2025", and the related [Development Charges Background Study, 2024](#).

Development charge levies can only be used to fund costs related to new infrastructure and infrastructure capacity expansion, as determined through the development charge calculation process, and in accordance with the City of Kingston Development Charge By-Law 2025. The [Development Charges Act, 1997](#), as amended (*Development Charges Act*), requires that development charges collected be placed in a separate reserve fund and accumulate interest. The Development Charges Reserve Fund is segregated and tracked by service (expenditure) class to ensure amounts collected for each service, including water and wastewater services, are used only for eligible growth-related capital costs attributable to that service. The Development Charges Reserve Fund is not consolidated with other municipal reserve funds for investment purposes.

Exhibit A to this report provides a summary of financial activity of the Development Charges Reserve Fund for the year ending December 31, 2025. Inflows consist of contributions from developers, plus investment income earned in the fiscal year. Exhibit A includes the reallocation of municipal funds of \$3,266,794 to replenish the reserve fund for statutory exemptions. The exhibit also reports an outstanding balance of development charge instalments of \$4,129,232 at December 31, 2025. These monies are recorded as revenue at the date of the first installment.

Due to legislative changes to development charges, most charges are now collected at the time of occupancy permit issuance rather than at building permit issuance. As per revenue recognition policies, these charges, while calculated at building permit issuance, are not recognized as revenue until occupancy permit issuance. As a result, approximately \$19M in development charges at December 31, 2025 will be recognized at a later date.

Outflows are in accordance with the applicable Development Charges Background Study in effect at the time of expenditure approval. The statement provides project details in accordance with both the 2019 and 2024 background studies, as the 2019 background study was in effect until May 20, 2025. Exhibits A1, A2 and A3 to this report summarize project costs funded in whole or in part from development charges in 2025, including information on project costs and related funding sources. Timing differences in funding, based on allocations set out in the Development Charges Background Study, can exist. Funding adjustments are made in the subsequent year and/or prior to project completion and close-out.

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The City of Kingston Development Charge By-Law 2025 includes non-statutory exemptions for industrial use for the purposes of encouraging employment and assessment growth. Exemptions are recorded when building permits are issued and are compensated from a tax incremental financing approach by withholding taxation revenue from the related assessment increases to replenish the Development Charges Reserve Fund. Funds are approved by Council through the annual budget process or by specific approval. In addition, as previously approved by Council, the City Treasurer is given delegated authority to consider applying additional amounts to the repayment of development charge exemptions based on any surplus resulting from assessment growth in a given year. Any additional transfers will accelerate the allocation of funding and ultimately recognize revenues from assessment growth sooner. At the end of 2025, the total amount outstanding in respect of development charge industrial exemptions was \$8,695,421.

The *Development Charges Act*, Section 35 requires at least 60 percent of the monies that are in the reserve fund at the beginning of 2025 for water and wastewater services and services related to a highway (roads) be spent or allocated by the end of the year. The total balance of Development Charges Reserve Fund at January 1, 2025 have been allocated through approved capital budgets and future year capital projections.

### Existing Policy/By-Law

[Development Charges Act, 1997](#), as amended

[City of Kingston By-Law Number 2025-142](#), Development Charges By-Law

[Development Charges Background Study, 2024](#)

[City of Kingston 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"

[Development Charges Background Study, 2019](#)

### Financial Considerations

This report reflects the transactions of the City's Development Charges Reserve Fund for the 2025 fiscal year. Allocations to finance capital projects from development charges are approved by Council through the annual capital budget or by separate reports to Council and are in accordance with the applicable Development Charges Background Study.

### Contacts:

Lana Foulds, Director, Financial Services, 613-546-4291 extension 2209

### Other City of Kingston Staff Consulted:

Randy Murphy, Chief Financial Officer and Treasurer, Utilities Kingston, 613-546-1181 extension 2317

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**Exhibits Attached:**

Exhibit A - Annual Treasurer's Statement of Development Charges Reserve Fund (By-Law Number 2025-142)

Exhibit A1 - Summary of Capital Financing - Development Charges Reserve Fund – 2025

Exhibit A2 - Summary of Municipal Allocations - Development Charges Reserve Fund – 2025

Exhibit A3 - Summary of Utility Allocations - Development Charges Reserve Fund – 2025