

Candidate Briefing

Municipal Revenue Sources, Alternatives and Competitiveness

Chatham-Kent Chamber of Commerce | 2026 Municipal Election Information Series

Core message

Revenue choices are economic-development choices. The question is not simply whether taxes, fees or charges are high or low. The real test is whether the revenue mix is fair, predictable, growth-enabling, legally sound and able to fund the infrastructure and services that allow private-sector investment, jobs and community prosperity to happen.

Executive takeaways

- A competitive municipality cannot promise lower taxes, lower fees, faster growth, better infrastructure and stronger services unless it explains what will be funded, delayed, shifted or replaced.
- Property tax is stable and essential, but overreliance on non-residential assessment can weaken business competitiveness and investment attraction.
- User fees and rates can be fair when tied to service use, but unpredictable or excessive fees can discourage expansion, housing and industrial investment.
- Development charges help growth pay for growth, but high or uncertain upfront charges can affect project feasibility, housing supply, industrial readiness and investor confidence.
- Debt is not automatically irresponsible. When used for long-lived assets, it can align costs with future users and protect current taxpayers from one-time shocks; it becomes risky when it funds operating gaps or lacks a repayment plan.
- Reserves, grants, partnerships, Community Improvement Plans, tax increment tools and targeted incentives can help leverage private investment, but only when tied to measurable public benefits and transparent reporting.

1. The municipal revenue toolbox

Municipal revenue is not a single lever. It is a portfolio. Each source affects who pays, when they pay, what behaviour is encouraged and whether the municipality can deliver infrastructure and services without weakening competitiveness.

Revenue source	What it funds / why it matters	Competitiveness and prosperity impact
Property taxes and tax ratios	Core municipal services, capital support and general municipal operations. Tax ratios determine the relative burden across residential, commercial, industrial, multi-residential, farm and other classes.	Stable and predictable, but high non-residential ratios can increase operating costs for employers and make expansion or attraction harder. Fairness, predictability and comparability with neighbours matter.
User fees, rates and service charges	Water, wastewater, permits, recreation, licensing, inspections, landfill, parking and other user-supported services.	Can align cost with use and reduce pressure on the levy. Risk arises when fees are unpredictable, poorly explained or perceived as barriers to business, housing or agri-food investment.
Development charges	Growth-related capital infrastructure such as roads, water, wastewater, stormwater, parks, facilities and other eligible services.	Protect existing taxpayers from paying all growth costs, but add upfront costs to housing and development. Poorly calibrated charges can weaken investment attraction or delay marginal projects.
Community benefits, parkland and cash-in-lieu tools	Capital needs related to growth, density, parks and public benefits where permitted.	Can support amenities and complete communities, but must be clear, lawful and predictable to avoid uncertainty in project pro formas.
Grants and transfers	OCIF, OMPF, Canada Community-Building Fund, housing-enabling infrastructure programs, water/wastewater streams and other senior-government funds.	Can leverage local dollars and reduce tax pressure. The most competitive communities have shovel-ready, evidence-backed projects aligned with asset management and growth plans.
Debt and Infrastructure Ontario loans	Long-lived capital assets such as roads, bridges, water, wastewater, facilities, fleet, energy improvements and housing-related infrastructure.	Efficient when matched to asset life and supported by revenue. Risky when debt service crowds out future flexibility or funds projects without clear economic or service value.
Reserves and reserve funds	Tax stabilization, lifecycle replacement, asset renewal, growth-related infrastructure, debt	Strong reserves improve resilience and grant readiness. Overuse weakens future capacity; unexplained reserve accumulation can undermine trust.

	avoidance, grant matching and emergency capacity.	
Community Improvement Plans and tax increment tools	Targeted redevelopment, brownfield remediation, façade improvements, downtown renewal, industrial investment and housing support.	A lawful way to attract private investment when incentives are targeted, transparent, capped, time-limited and tied to measurable outcomes.
Partnerships and alternative delivery	Public-private partnerships, municipal capital facilities, land partnerships, utility partnerships, broadband, housing, recreation, energy and industrial servicing.	Can unlock expertise and private capital, but only when risks, procurement, public benefits and long-term obligations are clearly assigned.

2. What candidates should understand about property tax fairness

Property tax is the main own-source revenue tool available to municipalities, but the burden is not evenly experienced across property classes. Chatham-Kent's 2025 tax policy report notes that assessment values were last updated using a January 1, 2016 valuation date and that the province postponed the 2020 assessment update through the 2021-2025 cycle. The reviewed 2026 property-tax commentary notes the freeze remains an unresolved issue into 2026.

Chatham-Kent tax-policy fact	Why it matters for candidates
Commercial property pays 1.9404 times the residential rate on the same value of property; industrial pays 2.035 times; farm is taxed at 22% of the residential rate.	Tax ratios are a competitiveness tool. Higher non-residential ratios can increase business occupancy and operating costs; reducing them shifts burden elsewhere unless offset by growth, spending reductions, reserves or other revenues.
A 1% shift to residential taxes could lower commercial taxes by 3.83%, industrial taxes by 16.41%, or combined commercial and industrial taxes by 3.10%.	Business tax relief is not free. Candidates must explain who pays, how much, and whether the economic-development benefit is worth the shift.
Council's 2025 budget increase was 4.99%; when assessment and policy effects were included, the average municipal tax increase shown for a typical home was approximately 5.14%.	Budget communication matters. Residents and businesses need to understand the difference between the budget increase, tax-policy shifts and the final bill impact.

Candidate test

Before promising tax relief or new revenue, ask: which class pays less, which class pays more, which service changes, what investment response is expected, and how will the public know whether the shift worked?

3. Development charges: growth funding and investment signal

Development charges are one of the few tools municipalities use to recover growth-related capital costs. They are often justified by the principle that growth should pay for growth. They also affect investment behaviour because they are paid early in the development cycle, before revenues from a project are realized.

What development charges can do well	What can go wrong
Protect existing taxpayers from carrying all growth-related infrastructure costs.	Increase upfront project costs and affect feasibility, especially for marginal housing, industrial, brownfield or mixed-use projects.
Create a dedicated funding stream for growth-related roads, water, wastewater, stormwater and community infrastructure.	If reduced without replacement funding, costs can shift to property taxes, user rates, debt, reserves or deferred capital work.
Support long-term capital planning when the development charge background study is transparent and credible.	If too high, uncertain or frequently changing, they can weaken investor confidence and reduce predictability.
Make growth more fiscally disciplined by linking infrastructure needs to projected development.	If the charge is not connected to service capacity and approval timelines, it can feel like a tax on growth without improving readiness.

Ontario's Development Charge Reduction Program is a useful example of the trade-off. The program provides federal-provincial infrastructure funding to municipalities that reduce development charges by 30% to 50% or more for three years. It may lower upfront costs and support housing-enabling infrastructure, but it also creates fiscal, cash-flow and governance risk if lost development-charge revenue is not replaced or if the reduction does not produce additional housing or investment.

A Chatham-Kent competitiveness lens on development charges

- For housing: lower upfront charges may help projects move from approval to construction, but only if other barriers such as servicing, financing, construction cost, interest rates and market demand are also addressed.
- For industrial and commercial investment: development-related costs should be benchmarked against competing communities, especially where Chatham-Kent is trying to attract investment in manufacturing, agri-food, logistics, greenhouse, processing and employment lands.
- For agriculture and agribusiness: road, bridge, drainage, water, wastewater, energy and broadband capacity can be more important than a single fee reduction. Revenue policy must support the infrastructure that moves product, people and inputs.
- For taxpayers: a development-charge reduction must come with a replacement plan. If not, the result can be higher taxes, higher user rates, more debt, lower reserves or delayed infrastructure.

4. Alternatives and complementary tools

Tool	Best use	Private-sector prosperity impact	Caution
Targeted tax ratio strategy	Gradually improving non-residential competitiveness or addressing acute class-burden issues.	Can lower occupancy/operating costs and improve attraction or retention.	Shifts burden unless offset by assessment growth, spending changes or other revenues.
CIP / TIEG / brownfield incentives	Downtown renewal, brownfield remediation, façade upgrades, industrial reuse, adaptive reuse, housing or mixed-use redevelopment.	Leverages private capital by sharing incremental future tax growth or eligible costs.	Must be targeted, capped, transparent and outcome-based.
User-fee modernization	Cost recovery for services with clear beneficiaries: permits, inspections, water/wastewater, parking, waste, recreation.	Can protect the tax levy and improve service standards if fees fund capacity and technology.	Fees that are unpredictable or disconnected from service value become friction points.
Municipal Accommodation Tax	Tourism development, destination marketing, visitor-supported amenities and tourism-related infrastructure.	Can support tourism without broad property tax increases.	Must be designed with accommodation providers and tourism partners.
Community benefits / parkland tools	Growth and density-related amenities, complete communities and public-service needs.	Can improve quality of place that helps attract workers and investment.	Limited applicability; must avoid duplicating costs recovered through other tools.
Debt / IO loan financing	Long-lived assets where future taxpayers and users benefit from today's investment.	Accelerates infrastructure that unlocks land, housing and industrial investment.	Debt service reduces flexibility; must match asset life and revenue source.
Strategic reserves	Asset replacement, grant matching, tax stabilization and growth-readiness.	Improves confidence that the municipality can respond to opportunities and emergencies.	Reserves need a clear purpose, policy and public reporting.
Public-private or community partnerships	Housing, broadband, recreation, industrial servicing, energy, brownfields, workforce and destination assets.	Can align municipal objectives with private capital, expertise and delivery capacity.	Poor risk allocation can leave public sector with long-term liabilities.

5. What makes a revenue strategy competitive?

A pro-private-sector revenue strategy is not simply a low-tax strategy. It is a strategy that lowers uncertainty, funds capacity, protects infrastructure, rewards investment and avoids loading growth costs onto one class of taxpayer without clear public benefit.

Principle	What candidates should look for
Predictability	Can investors estimate taxes, fees, DCs, approvals, servicing and timing before committing capital?
Fairness	Are costs reasonably connected to benefits, service use, property class, growth impacts and ability to pay?
Growth-readiness	Does the revenue plan fund employment land, housing, roads, bridges, water, wastewater, drainage, broadband and service capacity?
Competitiveness	How do total costs compare with nearby and competing municipalities for target sectors?
Transparency	Can residents and businesses see what revenue funds, what results are expected and what was delivered?
Leverage	Does the municipality use local dollars to attract grants, private capital and partnerships?
Accountability	Are incentives, fee reductions or tax shifts tied to jobs, housing, investment, assessment growth, service timelines or other measurable outcomes?

6. Candidate decision framework

- What problem are we trying to solve: affordability, infrastructure capacity, business competitiveness, housing supply, investment attraction, service delivery or tax fairness?
- Who pays today, who benefits tomorrow, and who carries the risk if projected growth does not happen?
- Is the proposed revenue change municipal, provincial, federal or shared?
- What is the replacement funding plan if taxes, fees or development charges are reduced?
- Will the change improve investment readiness, or will it simply move costs from one pocket to another?
- What public metric will show success: new housing starts, industrial acres serviced, approval timelines, private capital leveraged, assessment growth, jobs, vacancy reduction, reserve health or infrastructure condition?
- How will the municipality avoid creating unfair advantages, hidden subsidies or unsustainable operating costs?
- How does the decision support all communities in Chatham-Kent: urban, rural, agricultural, industrial, main street and emerging growth areas?

Bottom line for candidates

Revenue policy is economic policy. A strong platform should not simply promise lower costs or more spending. It should explain how Chatham-Kent will fund the infrastructure, service capacity and investment readiness required for businesses to start, grow, hire and compete while protecting taxpayers and strengthening quality of life.

Selected source basis

Municipality of Chatham-Kent, Tax Policy 2025, including 2025 tax ratios, assessment context and class-shift examples.

Review and Commentary: Achieving Property Tax Fairness Across Ontario, including the continued assessment-freeze and non-residential tax burden discussion.

Almos T. Tassonyi, Financing Local Government and Development in Canada in the Aftermath of a Global Pandemic, Canadian Tax Journal, 2022, including Ontario capital-financing trends and municipal fiscal constraints.

Chatham-Kent Chamber of Commerce, Board Briefing: Ontario Development Charge Reduction Program, including DCRP opportunities, risks and governance questions.

Andrew Sancton, Reassessing the Case for Development Charges in Canadian Municipalities, Canadian Planning and Policy, 2022, including the housing-cost and municipal-borrowing debate around development charges.

Ontario Development Charge Reduction Program, Municipal Housing Infrastructure Program, Housing-Enabling Water Systems Fund and Ontario Community Infrastructure Fund program materials.

Infrastructure Ontario Infrastructure Lending materials and Ontario Planning Act / Municipal Act provisions related to long-term municipal capital financing, community improvement plans and municipal capital facilities agreements.