



# **2023 Development Charge Background Study and By-Law**

Presentation to BILD and DRHBA

April 6, 2023

# Agenda

- Introductions
- Purpose
- Changes to the DCA
- Policy Review
- Proposed DC Rates
- Population & Employment Forecasts
- Capital Forecasts
- Next Steps

# Introductions

- Region of Durham
- Building Industry and Land Development Association (BILD)
- Durham Region Home Builders Association (DRHBA)
- Other Interested Parties

# Purpose

- The current Regional Residential and Non-Residential DC By-law needs to be replaced by July 1, 2023
- Background Studies and proposed by-laws released March 28, 2023
- Consult development industry, business community, and public with the Public Meeting to occur April 12, 2023
- Concurrently proposed policy amendments for existing Regional Transit and GO Transit DC by-laws
  - There are no proposed changes to the rates

# Region-wide DC Review Timeline

Public Consultation	Public Meeting Notice placed in newspapers	By March 22, 2023
	Release of Background studies & proposed by-laws	March 28, 2023
	Consultation with interested parties	March-April
	Special Public Meetings of Council	April 12, 2023
	Final Date for Public Comment	May 5, 2023
Council Approval	Special Regional Council Meeting	June 14, 2023
Implementation	Implementation of DC by-laws	July 1, 2023
Notice and Appeals	Newspaper and other notice given of by-law passage	By 20 days after passage of by-law
	Last day for by-law appeal	By 40 days after passage of by-law
	Region makes available pamphlet	By 60 days after in-force date

# Incorporating Changes in the DCA

- The new DC By-law will expire 10 years after it comes into force
- Multi-year phase in of new DC rates over 5 years
  - Cashflow calculations have not been adapted to offset this change

Phase In Schedule	Year 1	Year 2	Year 3	Year 4	Year 5-10
	80%	85%	90%	95%	100%

- Removed Housing Services since it is no longer an eligible service area

# Incorporating Changes in the DCA

- Discounts and exemptions will be applied to certain developments
  - This includes non-profit housing developments who have existing deferral agreements

Rental Housing Development			Non-Profit Housing	Inclusionary Zoning Units	Affordable Housing	Attainable Housing
1 bed	2 bed	3 bed				
15%	20%	25%	Exempt	Exempt	Exempt – bulletin outstanding	Exempt – not yet defined

- Exemptions for second and third units in existing residential properties
  - Allows for up to three units per residential lot
- Historical Level of Service has been adjusted from 10 years to 15 years in DC calculations

# Financial Implications of Development Charges

- Development charges contribute to growth-related capital costs for services such as roads, transit, police, paramedic, and long-term care
- Property Taxes and User Rates are used to pay for infrastructure rehabilitation/replacement and operating costs
- DC shortfalls are funded through user rate (Water/Sewer) and property tax increases





# Proposed Policy Changes

- Proposing to change the definition of a bedroom to better align with the Ontario Building Code
- Proposing to treat Stacked townhomes as apartments (as per Regional Transit DC)
  - Charges will be based on bedroom count
- Redevelopment Charge Credit
  - Proposed shortening from ten to five years from demolition date to better align with area municipalities
- All the proposed policy changes are endorsed by Area Municipal staff

# Policies and Exemptions Maintained

- **Collection Policy**

- Residential Subdivision Agreements: 100% at signing OR

50% of Water/Sewer/Roads DC at signing and balance by 1 year anniversary of signing and letter of credit for 55%	WITH	100% at Building Permit, whichever is first
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- Other: At Building Permit issuance or on deferred payment basis for rental housing, retirement, and long-term care homes starting at occupancy

- **Non-Statutory Exemptions**

- Agricultural uses
- Places of worship
- Parking structures (above or below ground)
- Public Hospitals receiving funding under the Public Hospitals Act
- Free standing roof-like structures that do not have exterior walls
- Broadened industrial expansion to include freestanding buildings

# Service Areas in the 2023 DC Background Study and By-law

Service Areas <sup>1,2</sup>	Development Charges
Water Supply	<b>Residential &amp; Non-Residential</b>
Sanitary Sewerage	
Regional Roads	
Long-term Care	<b>Residential Only</b>
Paramedic Services	
(NEW) Waste Diversion	
Regional Police Services	

<sup>1</sup> Emergency Preparedness, Provincial Offences Act, and Childcare were considered and will again be considered in subsequent By-laws.

<sup>2</sup> GO Transit (By-law #86-2001) and Regional Transit (By-law #39-2022) have their own By-laws and are not included in the 2023 DC Background Study.

# Why are Proposed DC Rates Increasing?

- New 10-year growth forecasts for population and employment are lower, and denser, compared to the 2018 DC by-law
  - Fewer new units, and more high density units, in the forecast result in a higher residential DCs
  - Less employment growth in the 10-year forecast results in higher non-residential DCs
- Capital forecasts are more expensive
  - Soft Services ↑ 10-100%
  - Hard Services ↑ 70-100%
- New large-scale infrastructure is required in the new 10-year period

# Proposed Residential DC Rates (\$ per unit)

Residential DCs	Calculated Rate <sup>1</sup>	% change from current	Phased-in Rate <sup>2</sup>	% change from current
Single/Semi	\$81,703	+102%	\$65,896	+63%
Medium Density	\$65,123	+100%	\$52,535	+61%
Apartment (≥ 2bdr)	\$47,563	+102%	\$38,360	+63%
Apartment (≤ 1bdr)	\$29,204	+91%	\$23,551	+54%

<sup>1</sup> Includes Regional Transit and GO Transit rates

<sup>2</sup> On July 1, the proposed Region-wide DC service categories will be phased-in at 80%, and Regional Transit DC (By-law #39-2022) will be phased-in at 85%

- The calculated DCs are approximately 91% to 102% higher compared to current rates
- The phased-in DCs are approximately 54% to 63% higher compared to current rates

# Proposed Region-wide Residential DC Rates

## Calculated Rates from Proposed By-law Without Mandatory Phase-In For July 1, 2023 (\$ per unit)

Service Category	Single and Semi Detached	Medium Density Multiples	2 Bdrm Apt and Larger	1 Bdrm Apt and Smaller
Water Supply <sup>(1)(2)</sup>	\$26,117	\$20,800	\$15,206	\$9,340
Sanitary Sewer <sup>(1)(2)</sup>	\$23,858	\$19,000	\$13,890	\$8,531
Regional Roads	\$26,998	\$21,501	\$15,718	\$9,654
Regional Police Services	\$977	\$778	\$569	\$349
Long Term Care	\$548	\$436	\$319	\$196
Paramedic Services	\$441	\$351	\$257	\$158
Waste Diversion	\$94	\$75	\$55	\$34
Sub - Total	<b>\$79,033</b>	<b>\$62,941</b>	<b>\$46,014</b>	<b>\$28,262</b>
GO Transit <sup>(3)</sup>	\$814	\$720	\$511	\$304
Regional Transit <sup>(3)</sup>	\$1,856	\$1,462	\$1,038	\$638
Total	<b>\$81,703</b>	<b>\$65,123</b>	<b>\$47,563</b>	<b>\$29,204</b>

<sup>(1)</sup> These charges are payable only in areas where the services are, or will be, available in an area designated for the particular service in the Region's Official Plan.

<sup>(2)</sup> Not applicable to the Seaton area as defined in Appendix A of the Background Study and Schedule F of the proposed by-law.

<sup>(3)</sup> Additional Regional development charges exist for GO Transit and Regional Transit under By-law #86-2001 and By-law #39-2022, respectively. The rates in the table for GO Transit and Regional Transit do not include annual indexing, which will also be reflected in the rates on July 1, 2023.

# Changes in Proposed Residential DC Rates

Calculated Rates from Proposed By-law  
With the Mandatory Phase-In  
For July 1, 2023 (\$ per Single and Semi Detached unit)

Service Category	Current Rate as of January 1, 2023	Proposed Phased-In Rates	\$ Increase/ (Decrease)
Water Supply <sup>(1)(2)</sup>	\$12,342	\$20,894	\$8,552
Sanitary Sewer <sup>(1)(2)</sup>	\$12,013	\$19,086	\$7,073
Regional Roads	\$12,119	\$21,598	\$9,479
Regional Police Services	\$936	\$782	(\$154)
Long Term Care	\$312	\$438	\$126
Paramedic Services	\$246	\$353	\$107
Waste Diversion	\$0	\$75	\$75
Sub - Total	<b>\$37,968</b>	<b>\$63,226</b>	<b>\$25,258</b>
GO Transit <sup>(3)</sup>	\$814	\$814	\$0
Regional Transit <sup>(3)(4)</sup>	\$1,747	\$1,856	\$109
Total	<b>\$40,529</b>	<b>\$65,896</b>	<b>\$25,367</b>

(1) These charges are payable only in areas where the services are, or will be, available in an area designated for the particular service in the Region's Official Plan.

(2) Not applicable to the Seaton area as defined in Appendix A of the Background Study and Schedule F of the proposed by-law.

(3) These charges are imposed under separate DC by-laws but are shown to in this table for the purposes of presenting a total quantum of DCs. The rates shown do not include annual indexing.

(4) The Regional Transit DC By-law is subject to the mandatory 80% phase-in starting July 1, 2022, increasing to 85% on July 1, 2023.

# Proposed Non-Residential DC Rates (\$ per sq. ft.)

Non-Residential DCs	Calculated Rate <sup>1</sup>	% change from current	Phased-in Rate <sup>2</sup>	% change from current
Commercial	\$42.32	+75%	\$34.03	+40%
Industrial	\$20.35	+55%	\$16.45	+26%
Institutional	\$22.40	+77%	\$18.09	+43%

<sup>1</sup> Includes Regional Transit and GO Transit rates

<sup>2</sup> On July 1, the proposed Region-wide DC service categories will be phased-in at 80%, and Regional Transit DC (By-law #39-2022) will be phased-in at 85%

- The calculated DCs are approximately 55% to 77% higher compared to current rates
- The phased-in DCs are approximately 26% to 43% higher compared to current rates



# Proposed Region-wide Non-Residential DC Rates

Calculated Rates from Proposed By-law  
Without Mandatory Phase-In  
For July 1, 2023 (\$ per square foot)

Service Category	Commercial	Industrial	Institutional
Water Supply <sup>(1)(2)</sup>	\$7.51	\$4.86	\$2.03
Sanitary Sewer <sup>(1)(2)</sup>	\$12.06	\$7.06	\$2.92
Regional Roads	\$21.91	\$7.59	\$16.61
Sub - Total	<b>\$41.48</b>	<b>\$19.51</b>	<b>\$21.56</b>
Regional Transit <sup>(3)(4)</sup>	\$0.84	\$0.84	\$0.84
Total	<b>\$42.32</b>	<b>\$20.35</b>	<b>\$22.40</b>

<sup>(1)</sup> These charges are payable only in areas where the services are, or will be, available in an area designated for the particular service in the Region's Official Plan.

<sup>(2)</sup> Not applicable to the Seaton area as defined in Appendix A of the Background Study and Schedule F of the proposed by-law.

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<sup>(4)</sup> The Regional Transit DC By-law is subject to the mandatory 80% phase-in starting July 1, 2022, increasing to 85% on July 1, 2023.

# Changes in Proposed Non-Residential DC Rates

Calculated Rates from Proposed By-law  
With the Mandatory Phase-In  
For July 1, 2023 (\$ per square foot)

	Proposed Phased-In Rates			\$ Increase / (Decrease) per sq. ft.		
Service Category	Commercial	Industrial	Institutional	Commercial	Industrial	Institutional
Water Supply <sup>(1)(2)</sup>	\$6.01	\$3.89	\$1.62	\$1.42	\$0.23	\$0.51
Sanitary Sewer <sup>(1)(2)</sup>	\$9.65	\$5.65	\$2.34	\$1.94	\$1.24	\$0.98
Regional Roads	\$17.53	\$6.07	\$13.29	\$6.37	\$1.83	\$3.89
Subtotal	<b>\$33.19</b>	<b>\$15.61</b>	<b>\$17.25</b>	<b>\$9.73</b>	<b>\$3.3</b>	<b>\$5.38</b>
Regional Transit <sup>(3)(4)</sup>	\$0.84	\$0.84	\$0.84	\$0.05	\$0.05	\$0.05
Total	<b>\$34.03</b>	<b>\$16.45</b>	<b>\$18.09</b>	<b>\$9.78</b>	<b>\$3.35</b>	<b>\$5.43</b>

<sup>(1)</sup> These charges are payable only in areas where the services are, or will be, available in an area designated for the particular service in the Region's Official Plan.

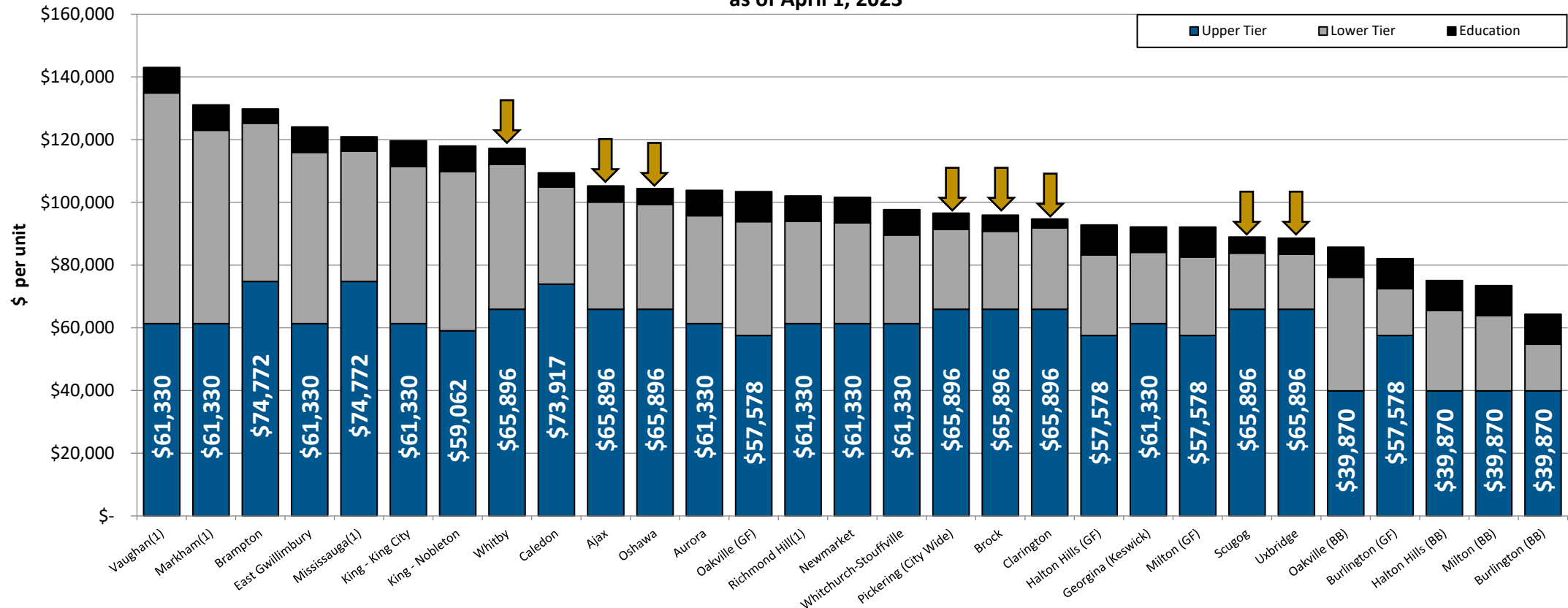
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<sup>(3)</sup> These charges are imposed under separate DC by-laws but are shown to in this table for the purposes of presenting a total quantum of DCs. The rates shown do not include annual indexing.

<sup>(4)</sup> The Regional Transit DC By-law is subject to the mandatory 80% phase-in starting July 1, 2022, increasing to 85% on July 1, 2023.

# Comparison of GTA Municipalities DC Rates

Residential Development Charges  
Per Single Detached Dwelling for Greater Toronto Area Municipalities  
With the Mandatory Phase-In for Durham, Halton, and York Regional DCs  
as of April 1, 2023



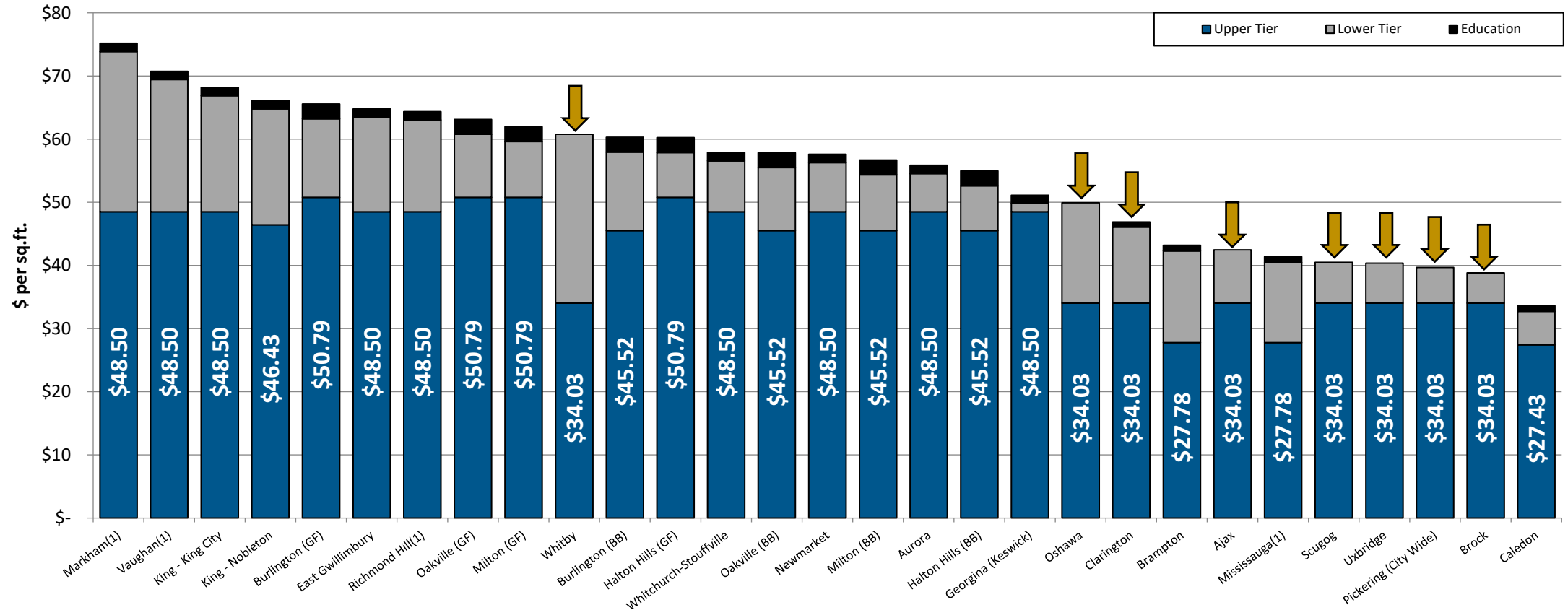
(1) = A component of the charge has been converted from a per hectare charge to a hypothetical single detached unit.

(BB) = Built Boundary (Urban)

(GF) = Greenfield (Urban)

# Comparison of GTA Municipalities DC Rates

Non-Residential Development Charges  
Per GFA of Retail Floor Area for Greater Toronto Area Municipalities  
With the Mandatory Phase-In for Durham, Halton, and York Regional DCs  
as of April 1, 2023



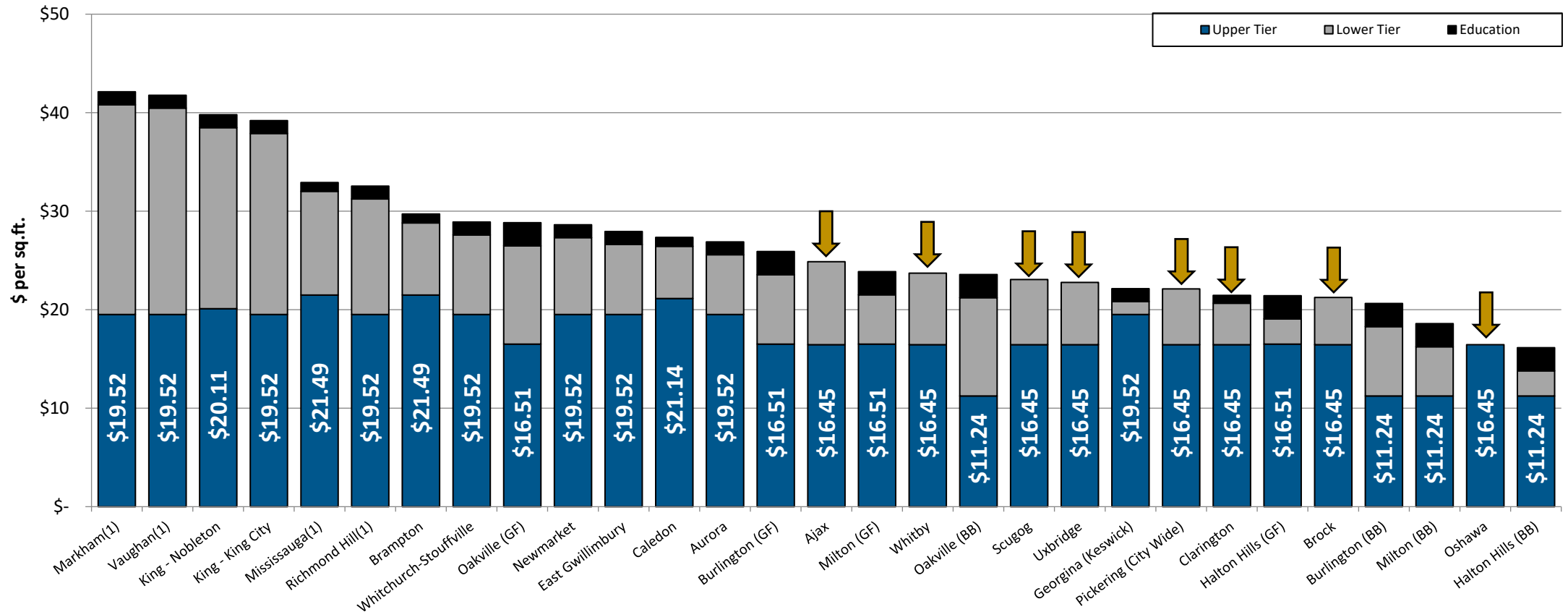
(1) = A portion of the charge has been converted from a per hectare charge to a hypothetical GFA charge assuming 30% coverage

(BB) = Built Boundary (Urban)

(GF) = Greenfield (Urban)

# Comparison of GTA Municipalities DC Rates

Non-Residential Development Charges  
Per GFA of Industrial Floor Area for Greater Toronto Area Municipalities  
With the Mandatory Phase-In for Durham, Halton, and York Regional DCs  
as of April 1, 2023



(1) = A portion of the charge has been converted from a per hectare charge to a hypothetical GFA charge assuming 30% coverage

(BB) = Built Boundary (Urban)

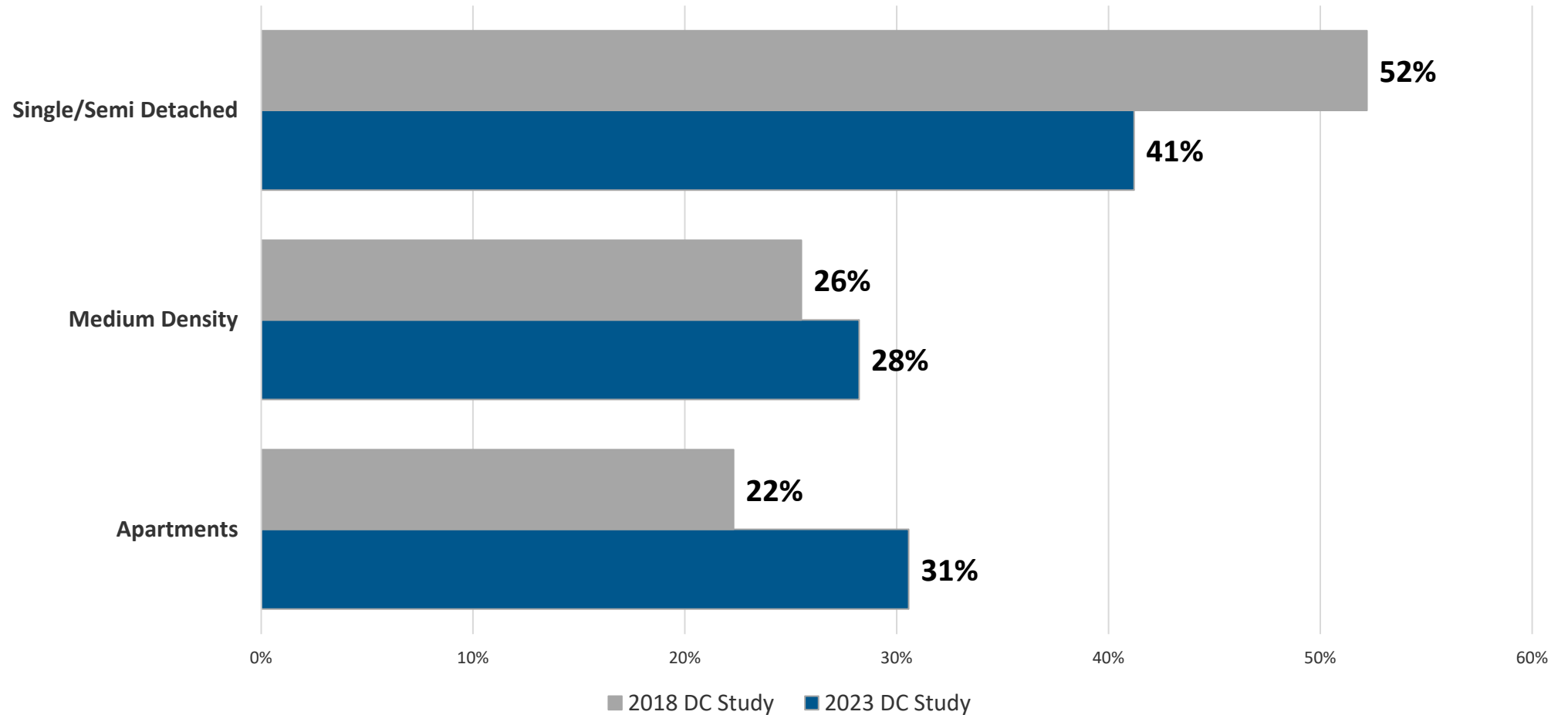
(GF) = Greenfield (Urban)

# Population and Employment Forecast

# Overview of Population and Employment Forecasts

- Update to the forecast used in 2013 and 2018 DC Background Study
- Forecast Period is 2023 to 2033 (10 years)
- Extends the population and employment forecasts contained in the current Regional Official Plan (960,000 people and 350,000 jobs)
  - Forecast population of 923,510 will be reached by 2033
  - Forecast employment 320,600 jobs will be reached by 2033
  - Forecast prepared excluding Seaton (for water/sanitary sewage services) and including Seaton (for all other eligible Regional Services)
- Provincial assignment of municipal housing targets of 84,000 new units, and recent release of greenbelt lands will be assessed through future DC background studies.

# There is a shift to higher density units





# Population, Housing and PPUs

2018 DC Study				2023 DC Study			
Year	Population	Housing	PPU	Year	Population	Housing	PPU
<b>2018</b>	689,395	242,199	2.85	<b>2023</b>	755,460	260,763	2.90
<b>2023</b>	792,235	290,224	2.73	<b>2028</b>	837,880	294,736	2.84
<b>2028</b>	872,350	328,634	2.65	<b>2033</b>	923,510	329,973	2.80

# Employment and Non-Residential GFA Forecasts

	Employment Forecast (2023-2033)	GFA Forecast (2023-2033)
<b>Commercial</b>	15,516	9,683,900
<b>Industrial</b>	22,819	19,399,900
<b>Institutional</b>	14,581	8,992,900
<b>Primary and Work at Home</b>	5,418	174,000 <sup>1</sup>
<b>Total<sup>2</sup></b>	<b>58,334</b>	<b>38,180,700</b>

<sup>1</sup> Work at Home is not applicable

<sup>2</sup> Excludes No Fixed Place of Work (NFPOW)

# Population and Employment Forecasts

Population Increase <sup>1</sup>	161,913
Employment Increase <sup>2</sup>	58,334
Increase in Housing Units	69,211 units (or 54,016 SDE's)

<sup>1</sup> Excludes Census undercount

<sup>2</sup> Includes primary and WAH, excludes NFPOW

# Summary of Capital Forecast

# Proposed 10-Year Capital Forecast (Hard Services)

Services	Gross Cost \$m	Less:				Net Growth		
		Ineligible (Level of Service) \$m	Benefit to Existing Development \$m	Subsidy Developer Contribution/ Other <sup>(1)</sup> \$m	Post Period Capacity \$m			
						Total \$m	Res \$m	Non-Res \$m
Hard Services (2023-2032):								
Water Supply	\$1,679.7	\$0.0	\$81.6	\$95.5	\$104.0	\$1,398.7	\$1,228.7	\$169.9
Sanitary Sewerage	\$1,811.4	\$0.0	\$74.3	\$4.5	\$481.4	\$1,251.1	\$1,001.9	\$249.2
Regional Roads	\$2,631.6	\$0.0	\$414.1	\$92.6	\$63.7	\$2,061.2	\$1,517.9	\$543.3
Total <sup>(2)</sup>	<b>\$6,122.8</b>	<b>\$0.0</b>	<b>\$570.1</b>	<b>\$192.6</b>	<b>\$649.0</b>	<b>\$4,711.1</b>	<b>\$3,748.6</b>	<b>\$962.5</b>

<sup>(1)</sup> Includes Capital Cost Allocations to Seaton and Federal Lands in Pickering.

<sup>(2)</sup> May not add due to rounding.

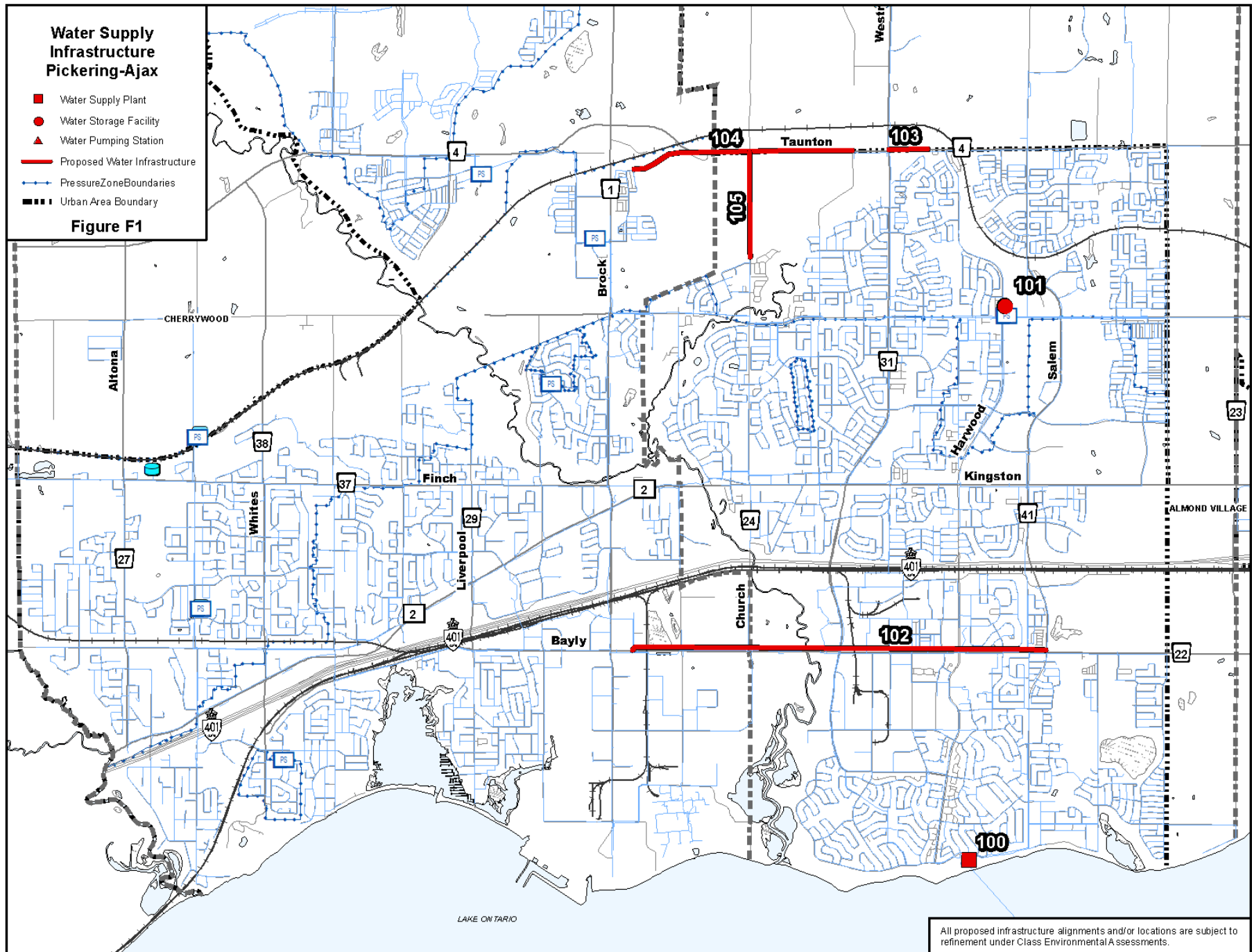
# Proposed 10-Year Capital Forecast (Soft Services)

Services	Gross Cost \$m	Less:			Net Growth		
		Ineligible (Level of Service) \$m	Benefit to Existing Development \$m	Subsidy Developer Contribution/ Other <sup>(1)</sup> \$m			
					Total \$m	Res \$m	Non-Res \$m
General Services (2023-2032):							
Regional Police Services	\$171.5	\$0.0	\$92.6	\$0.0	\$78.9	\$58.4	\$20.5
Paramedic Services	\$39.0	\$3.5	\$7.5	\$0.0	\$28.0	\$25.0	\$3.1
Long Term Care	\$126.4	\$0.0	\$63.0	\$35.6	\$27.8	\$27.8	\$0.0
Waste Diversion	\$9.8	\$4.9	\$0.0	\$0.0	\$4.9	\$4.9	\$0.0
<b>Total<sup>(2)</sup></b>	<b>\$346.7</b>	<b>\$8.4</b>	<b>\$163.1</b>	<b>\$35.6</b>	<b>\$139.6</b>	<b>\$116.0</b>	<b>\$23.6</b>

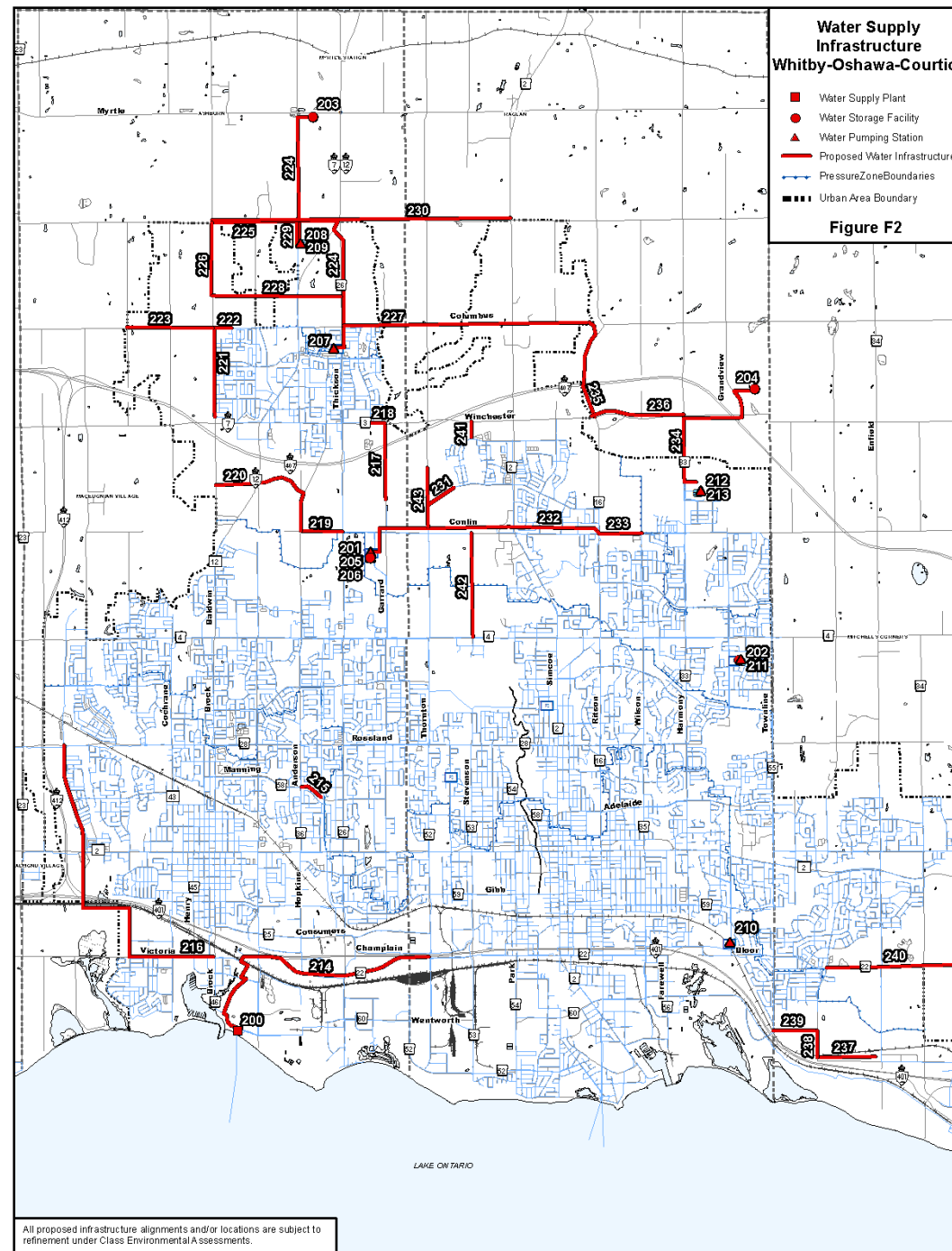
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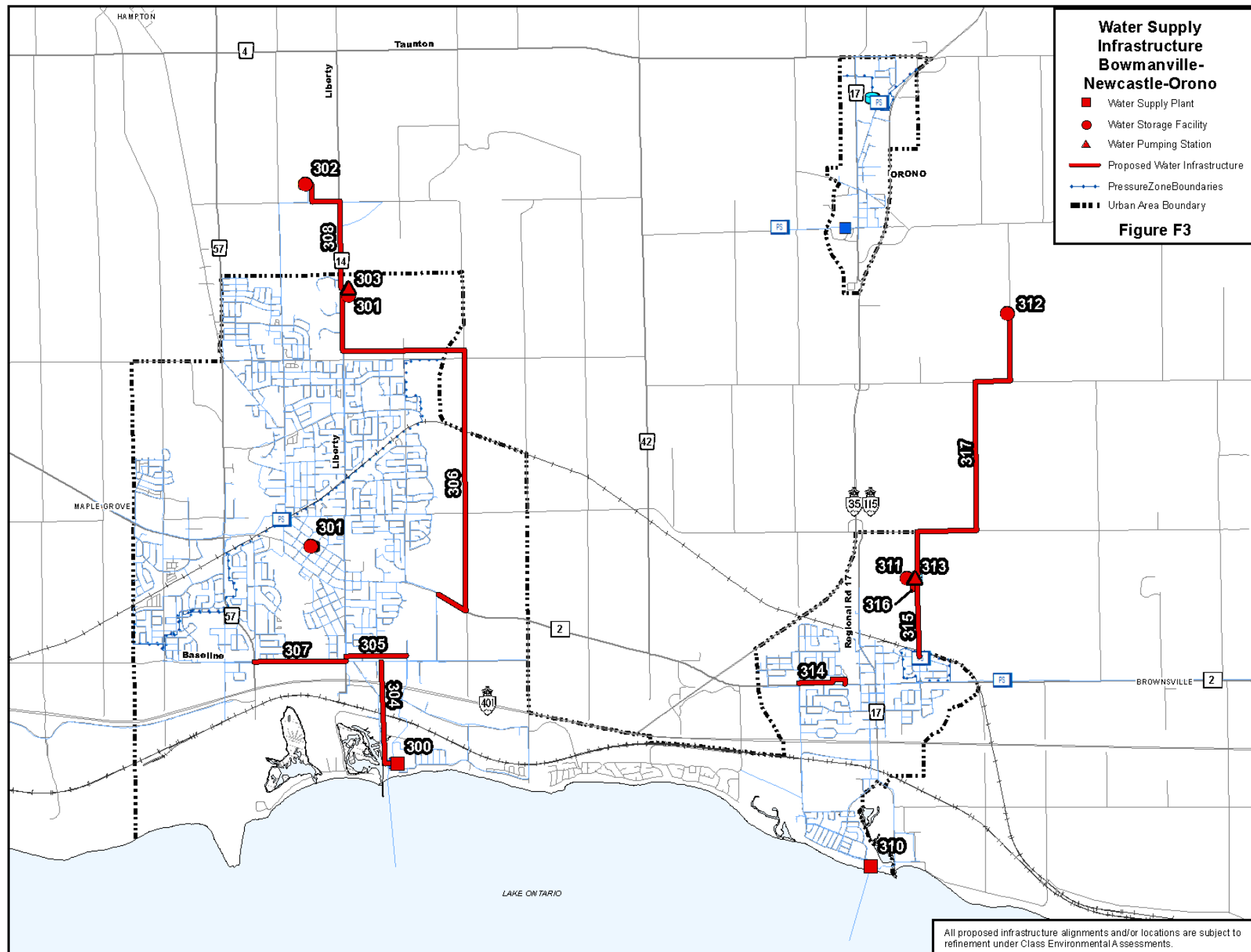
<sup>(2)</sup> May not add due to rounding.

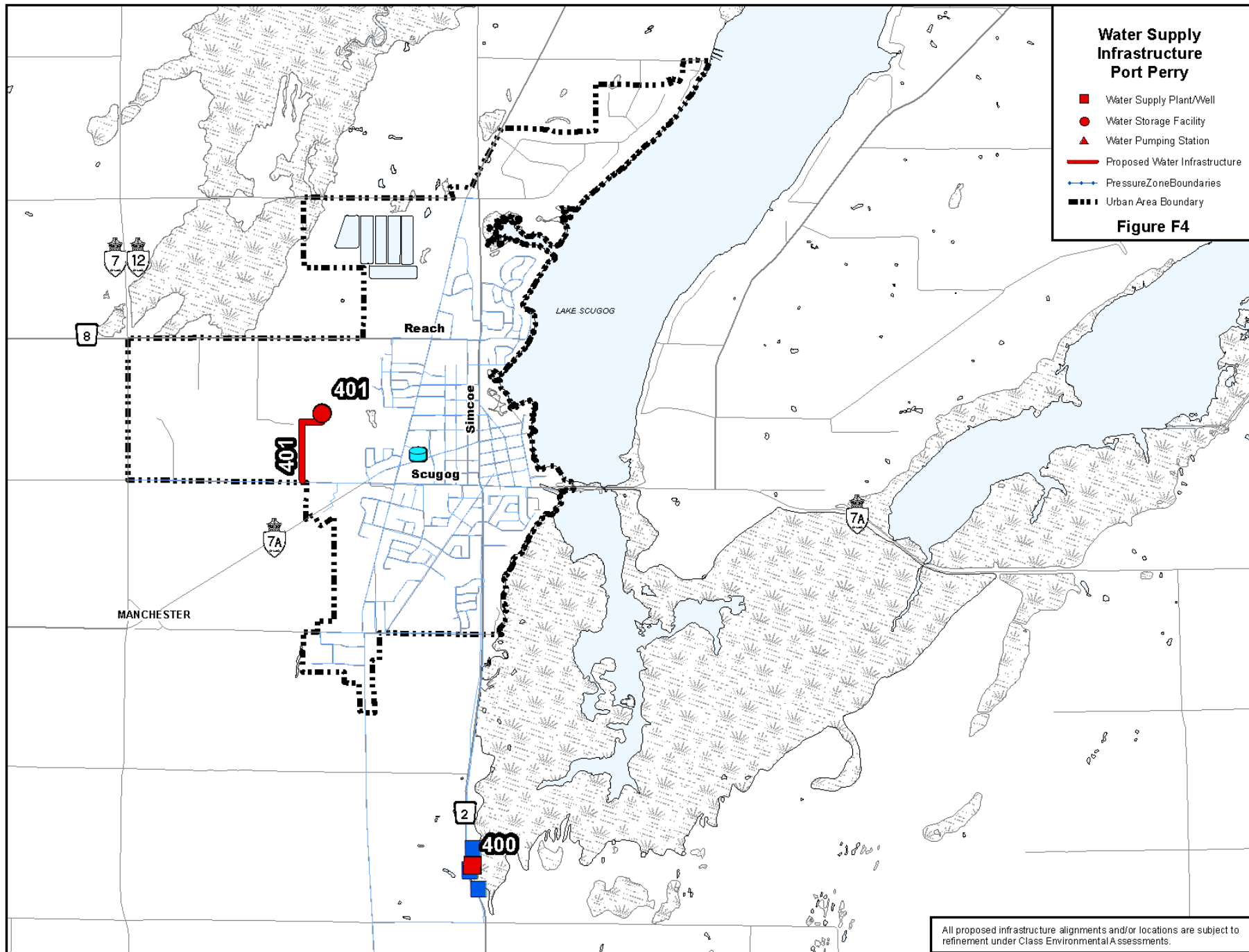
# Water Supply Capital Program (\$1.7B)

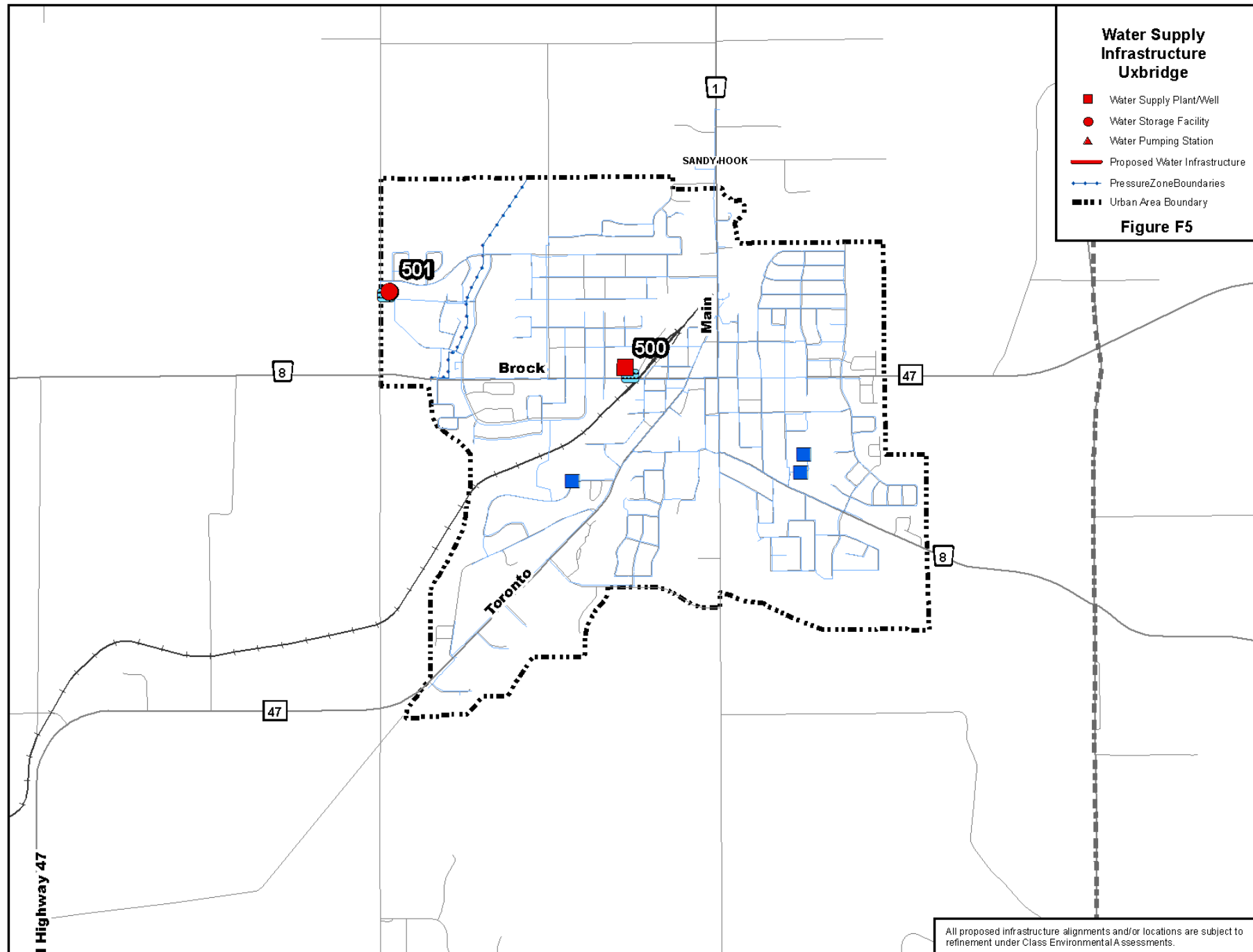


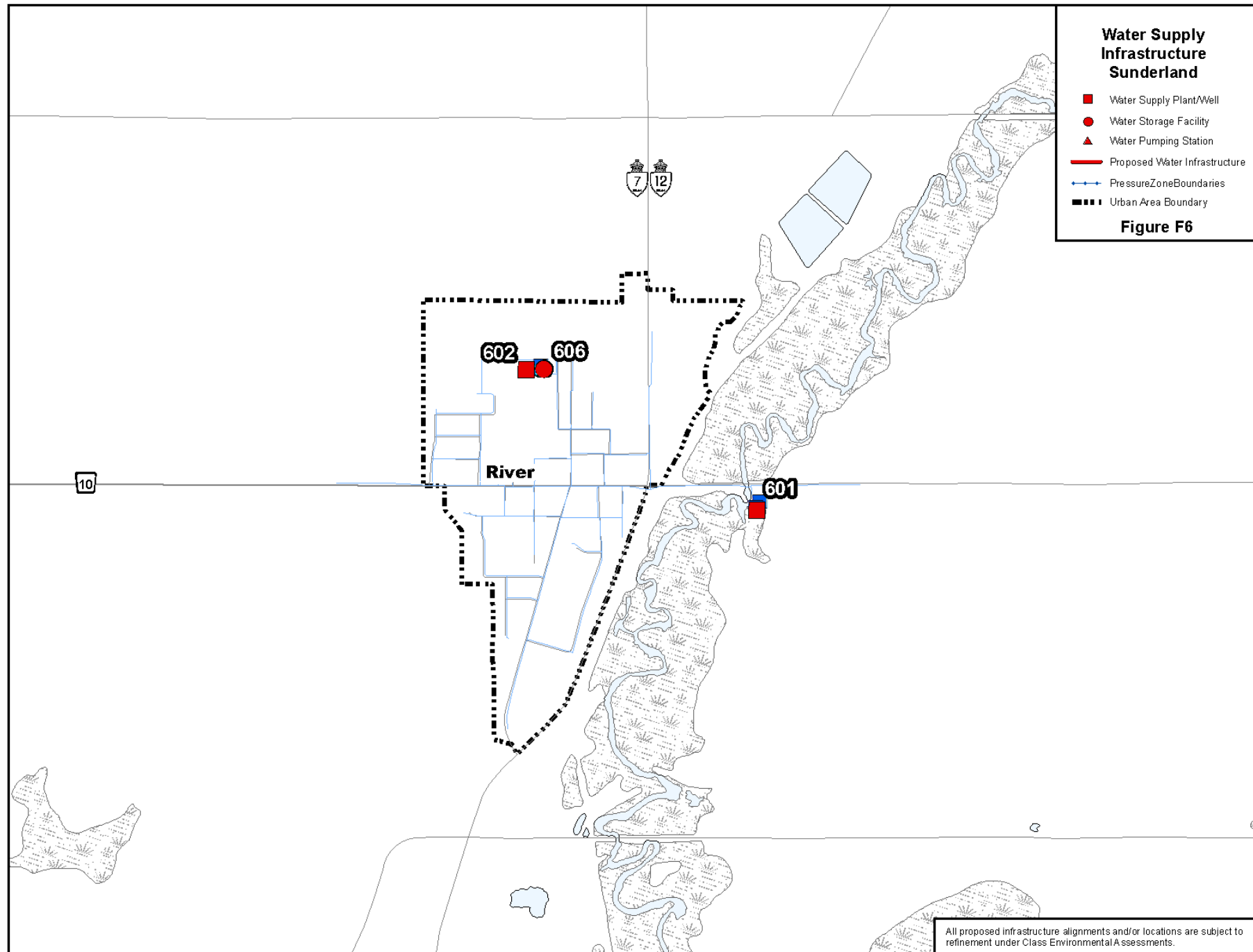


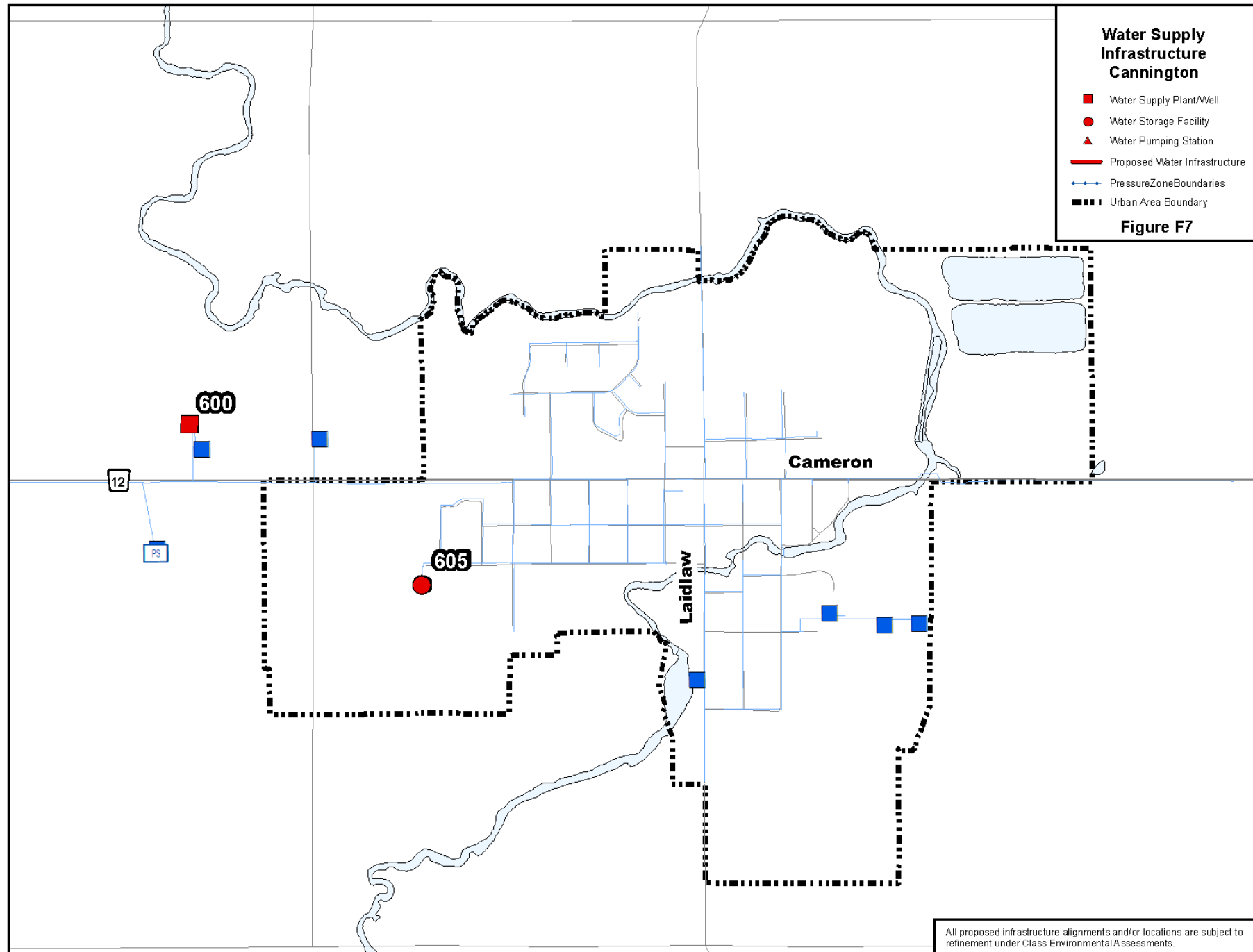


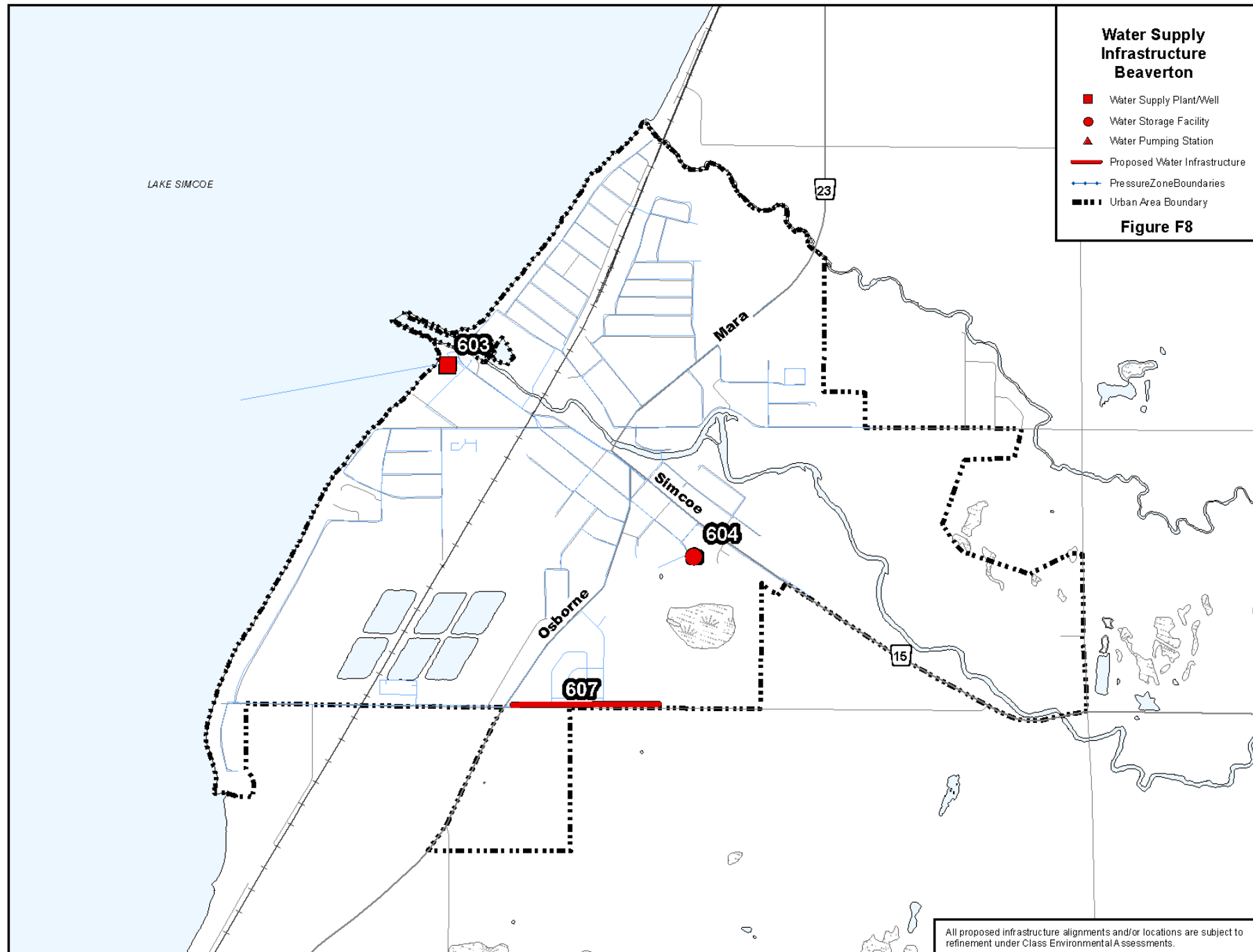






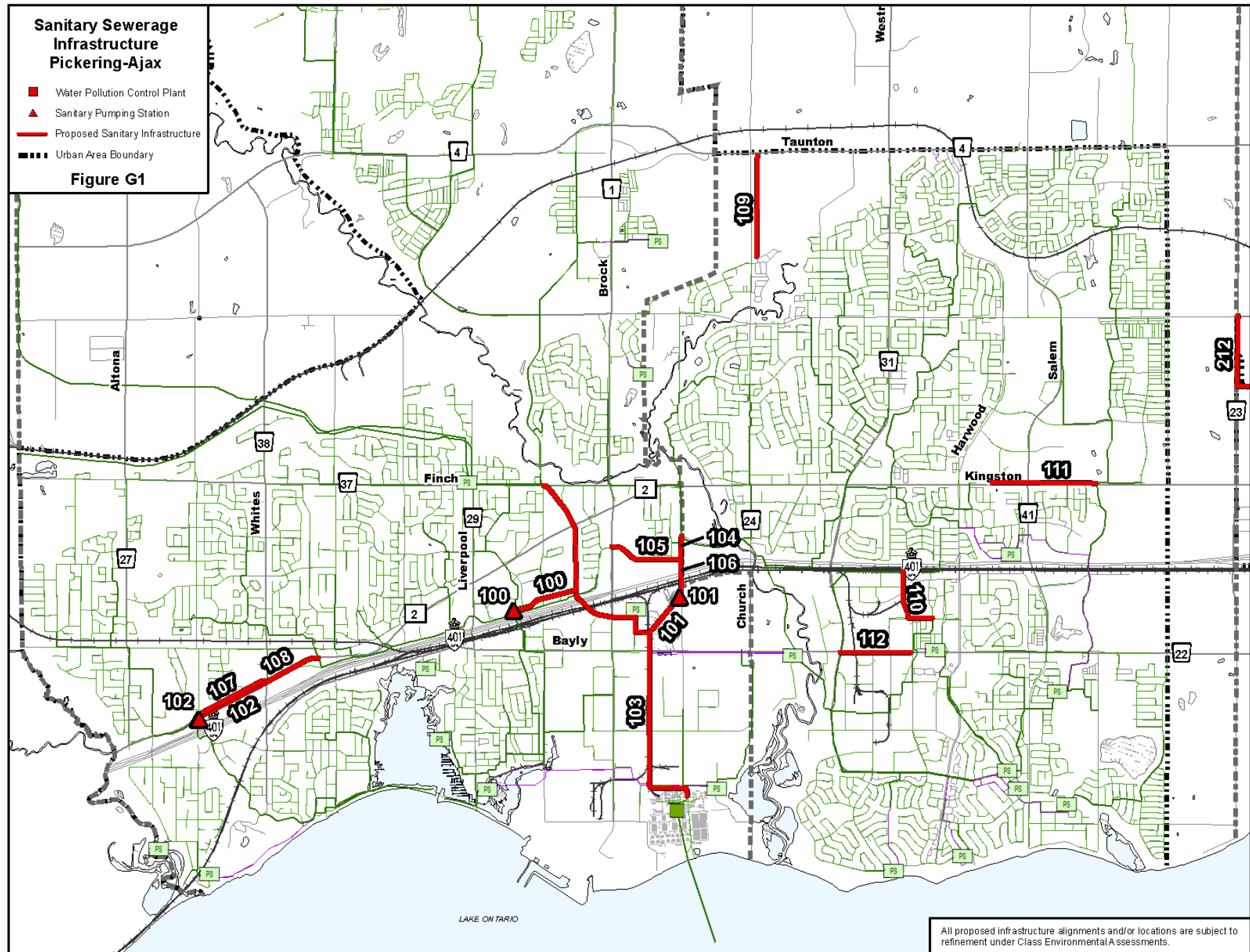


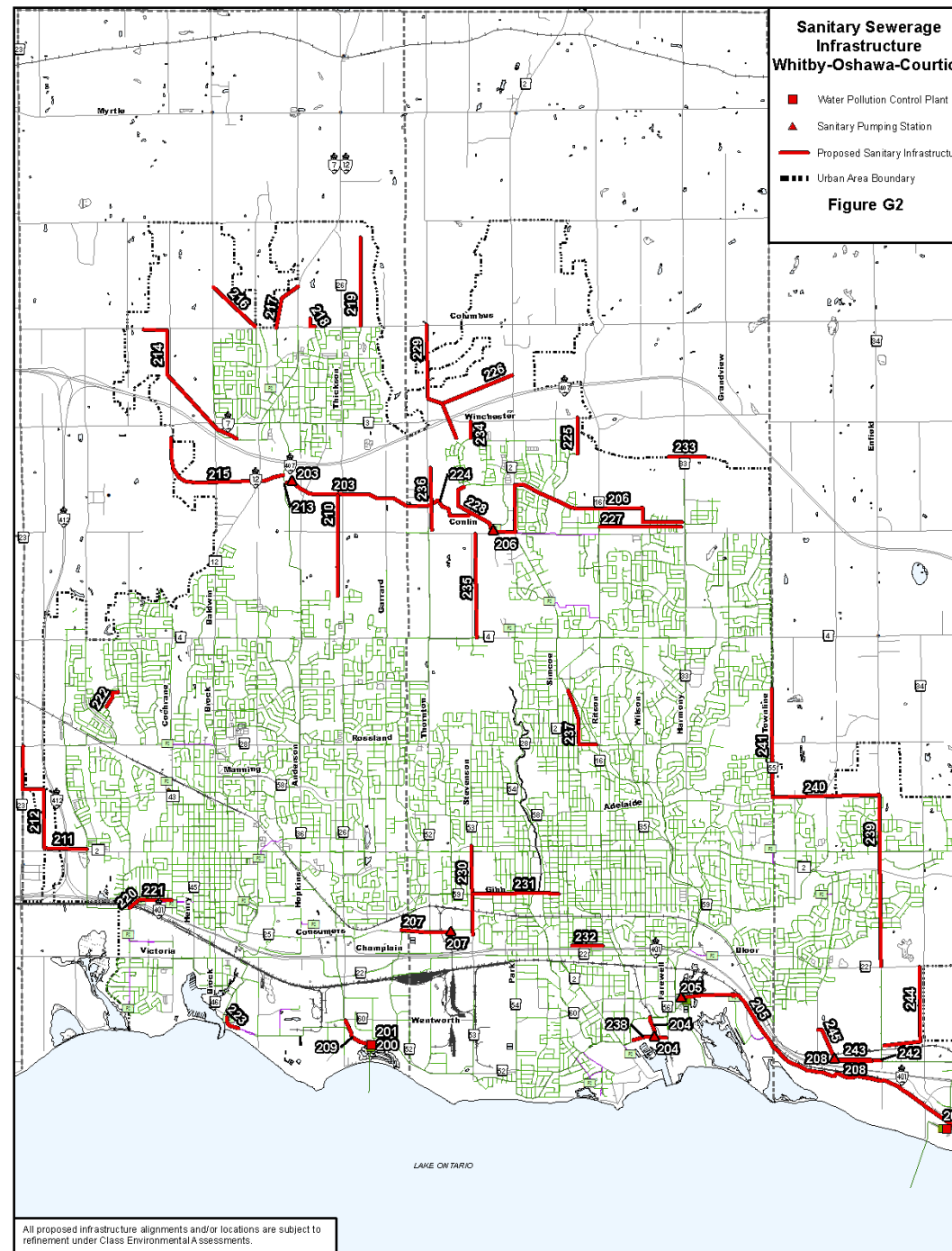


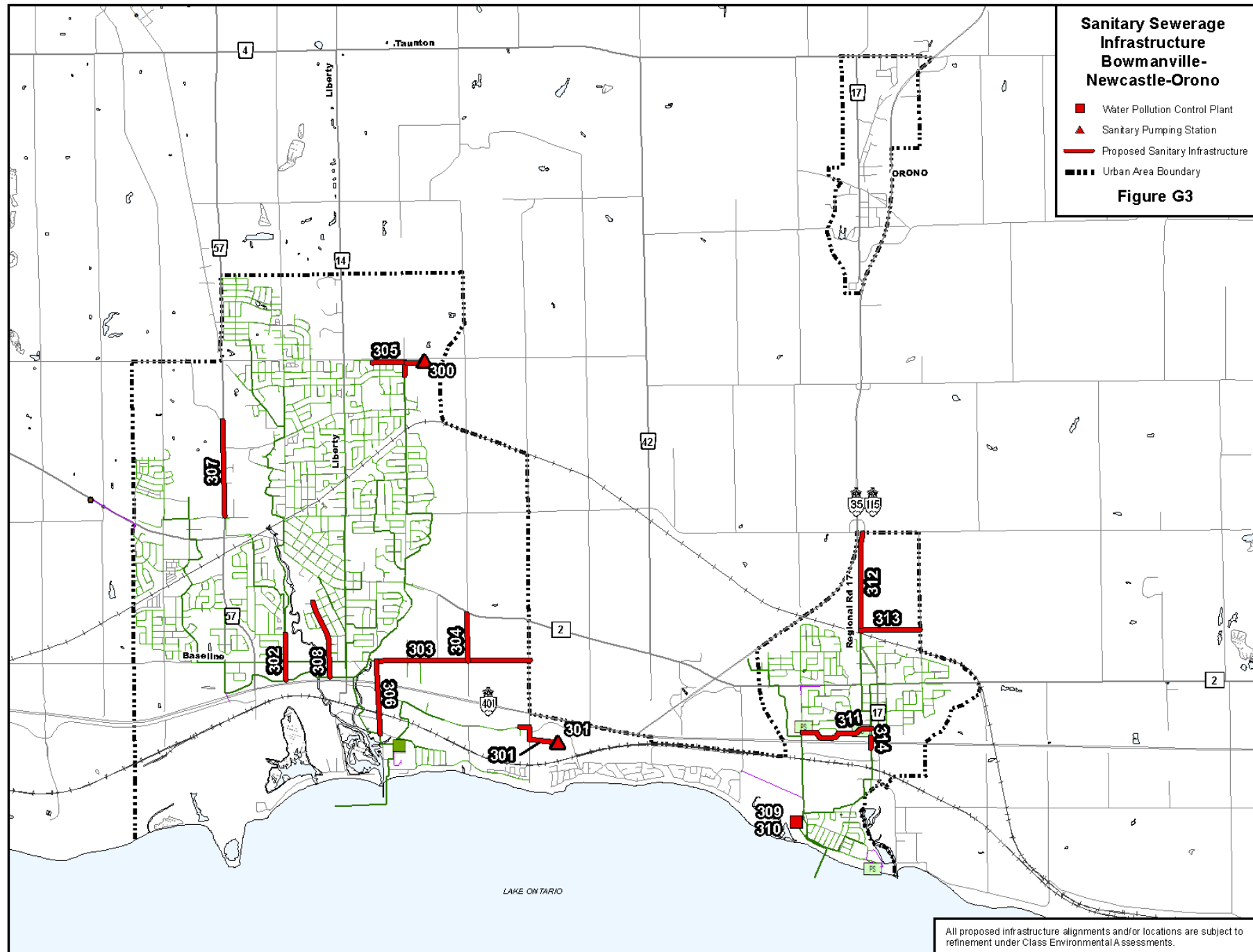


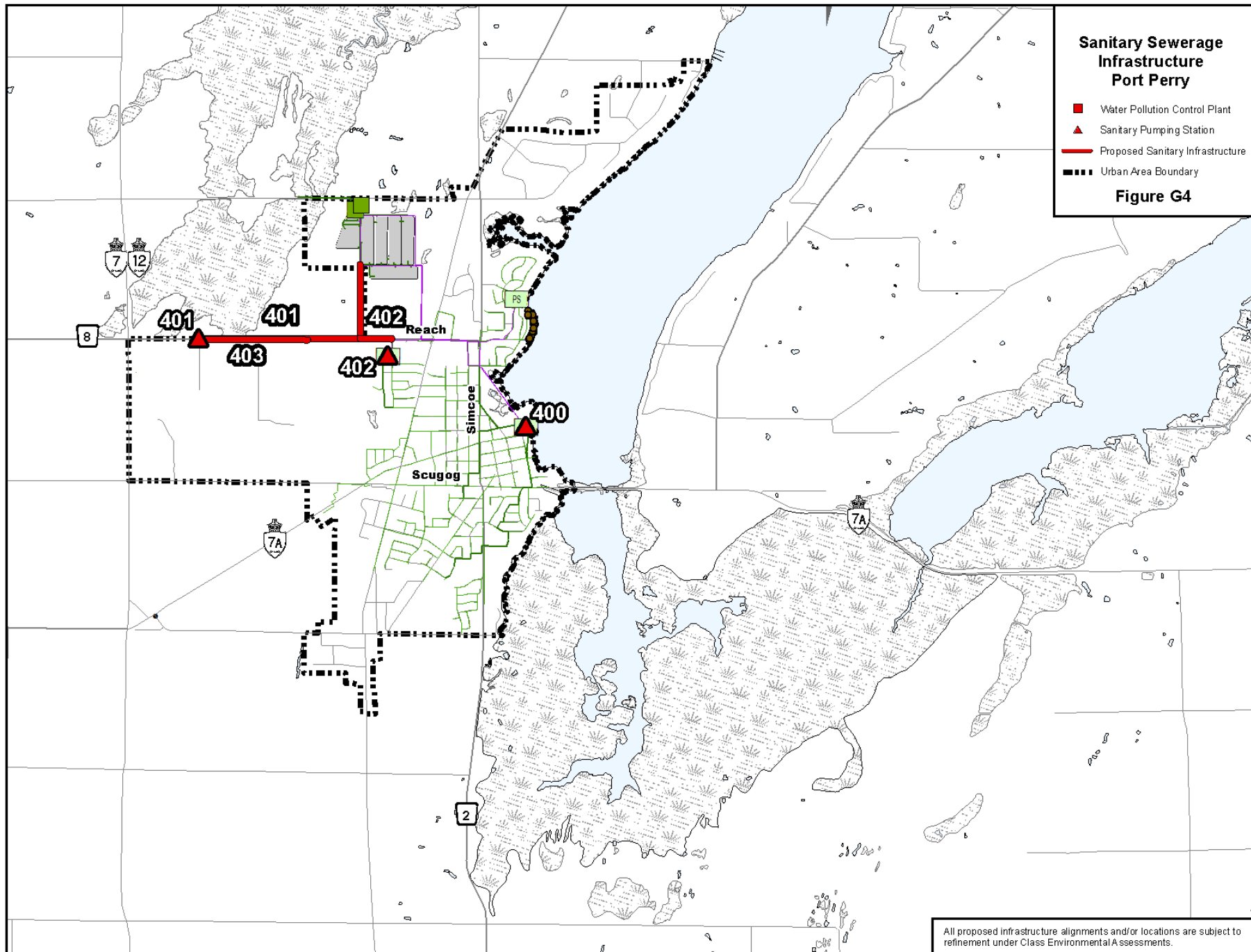
# Sanitary Sewerage Capital Program (\$1.8B)

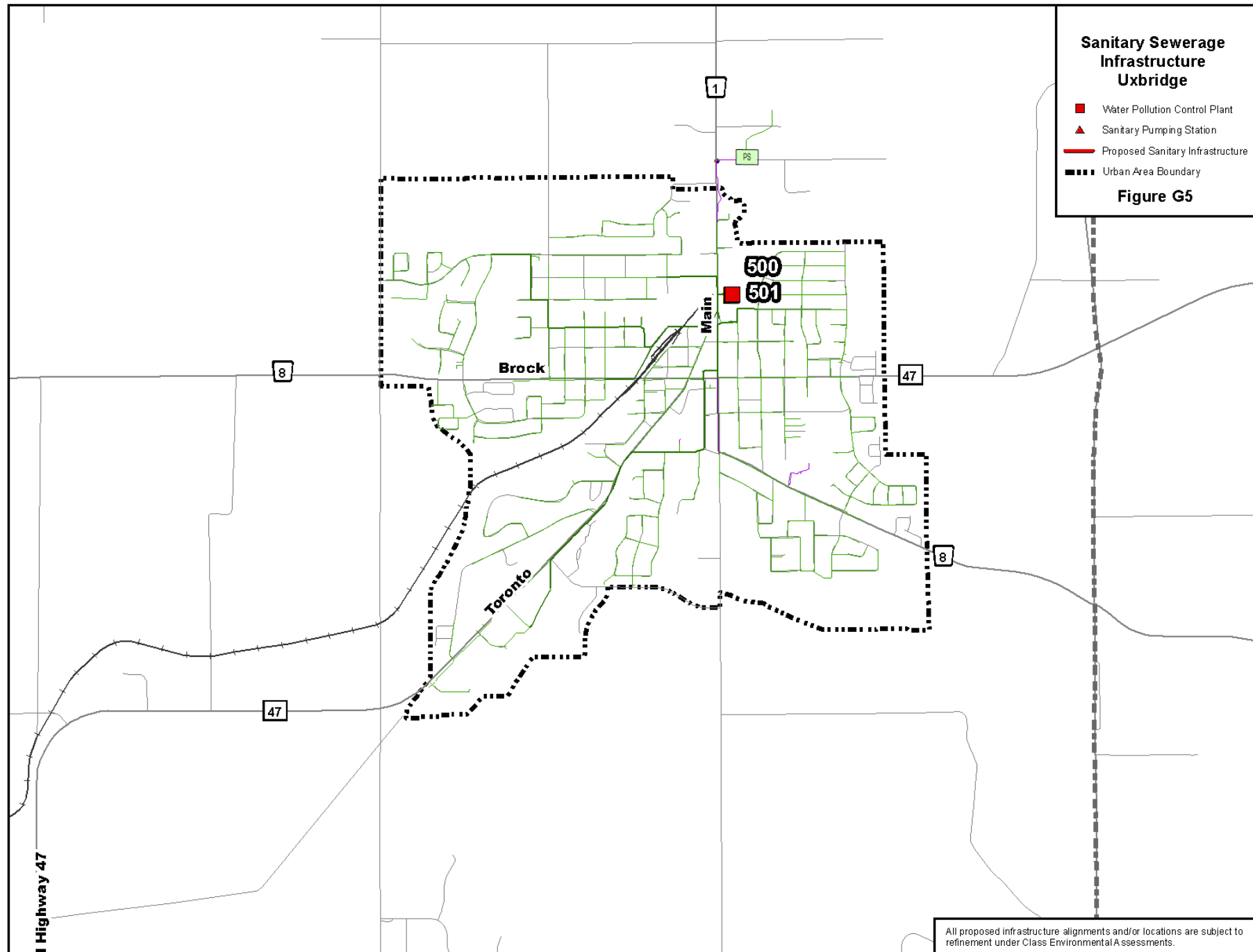


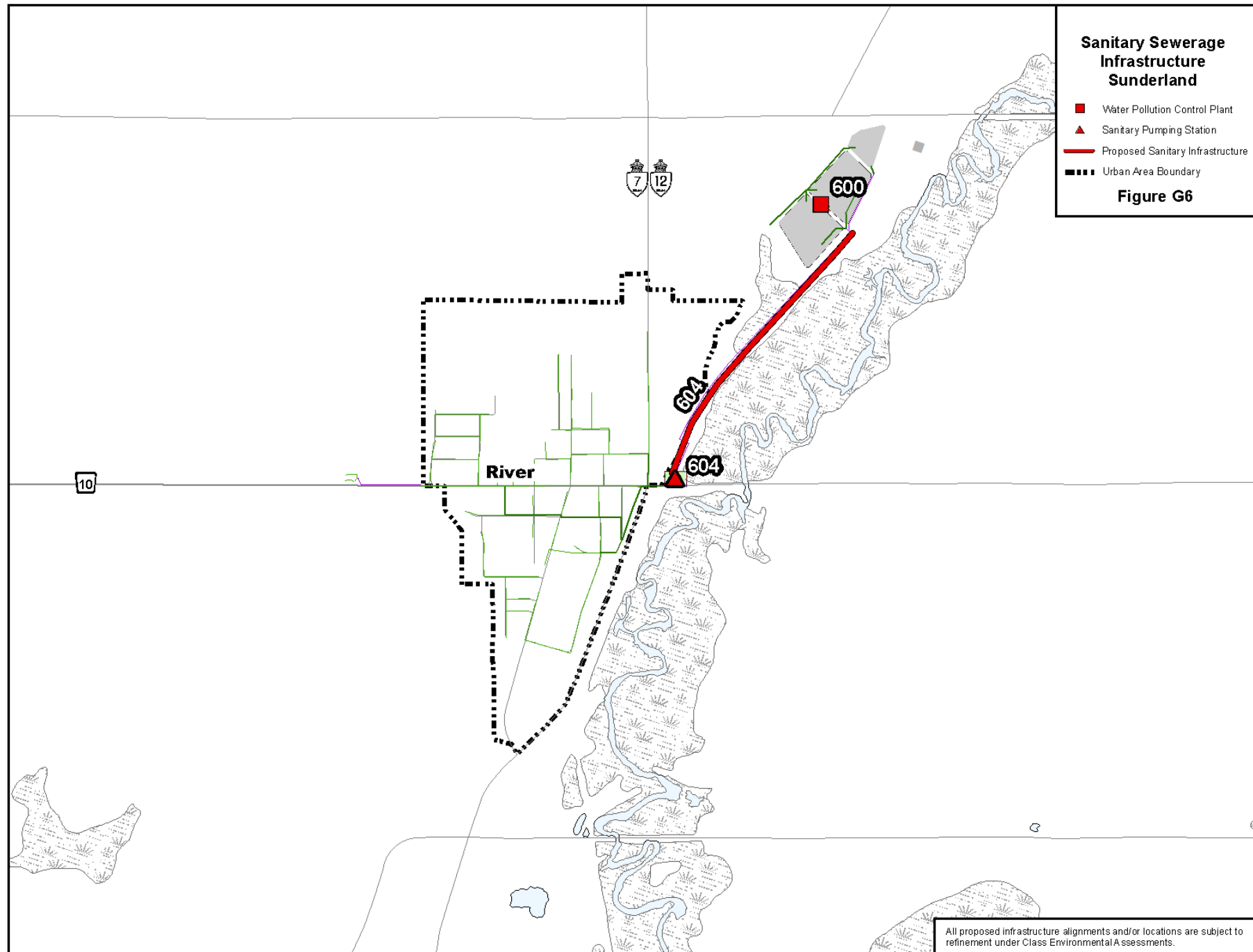


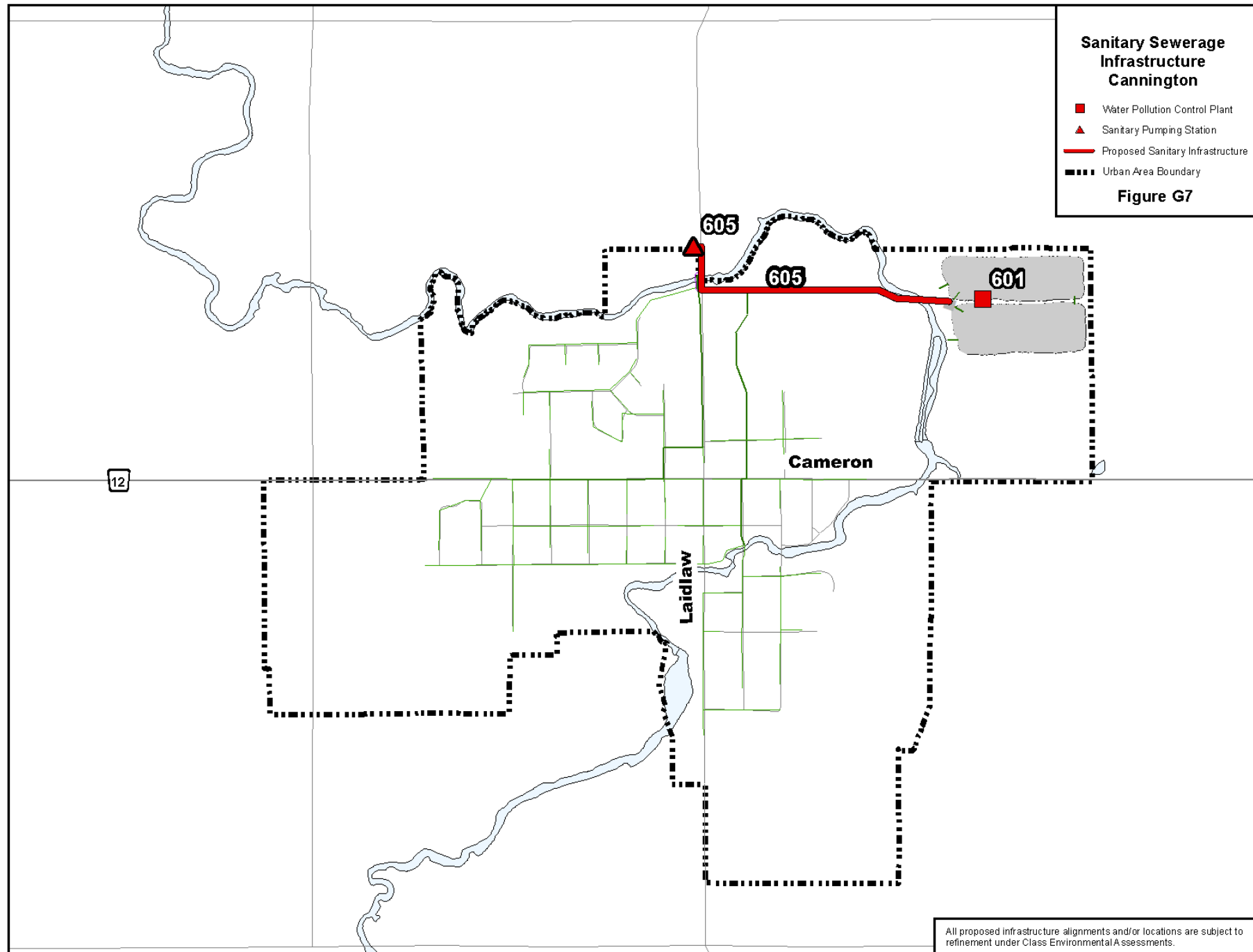




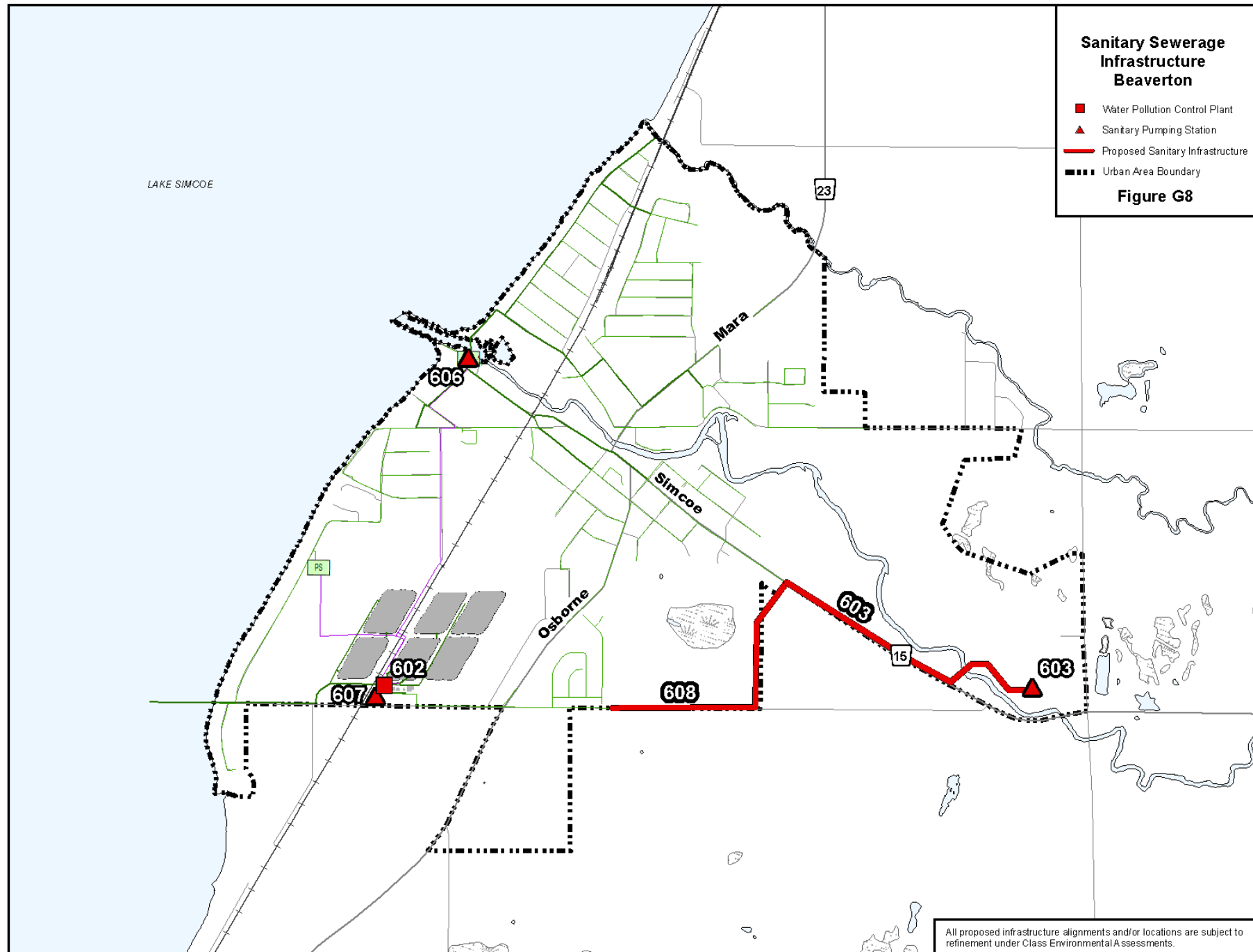






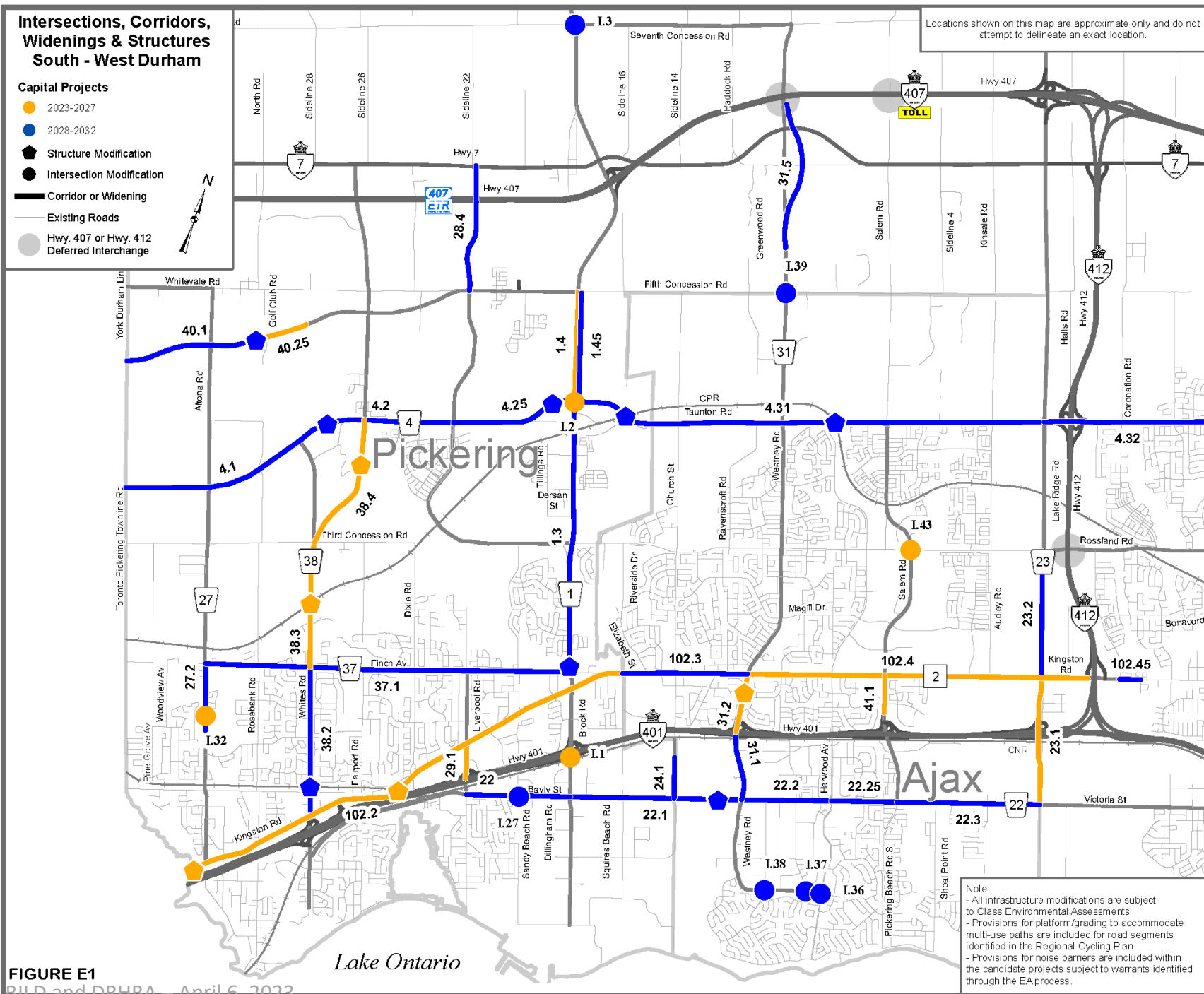


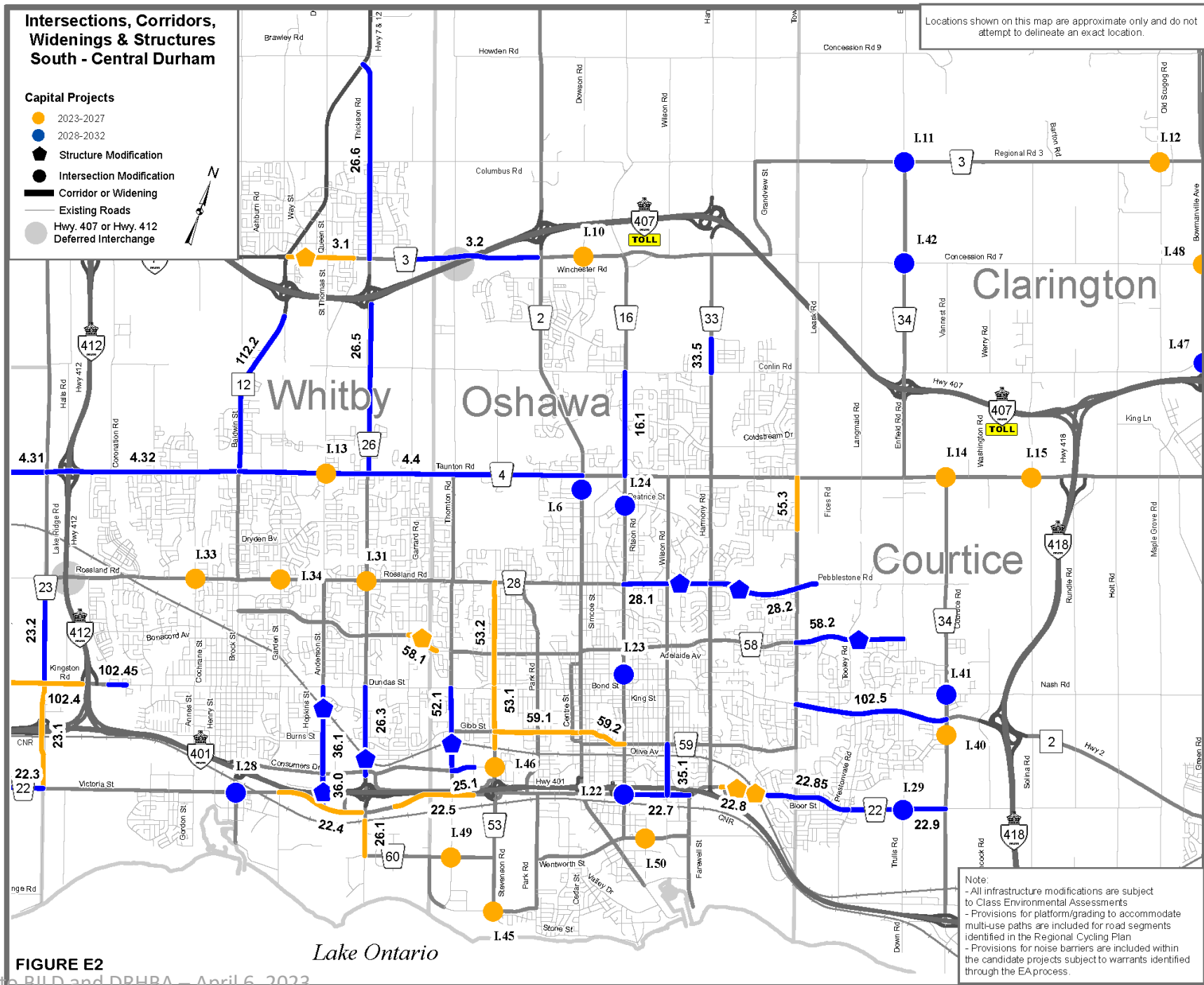


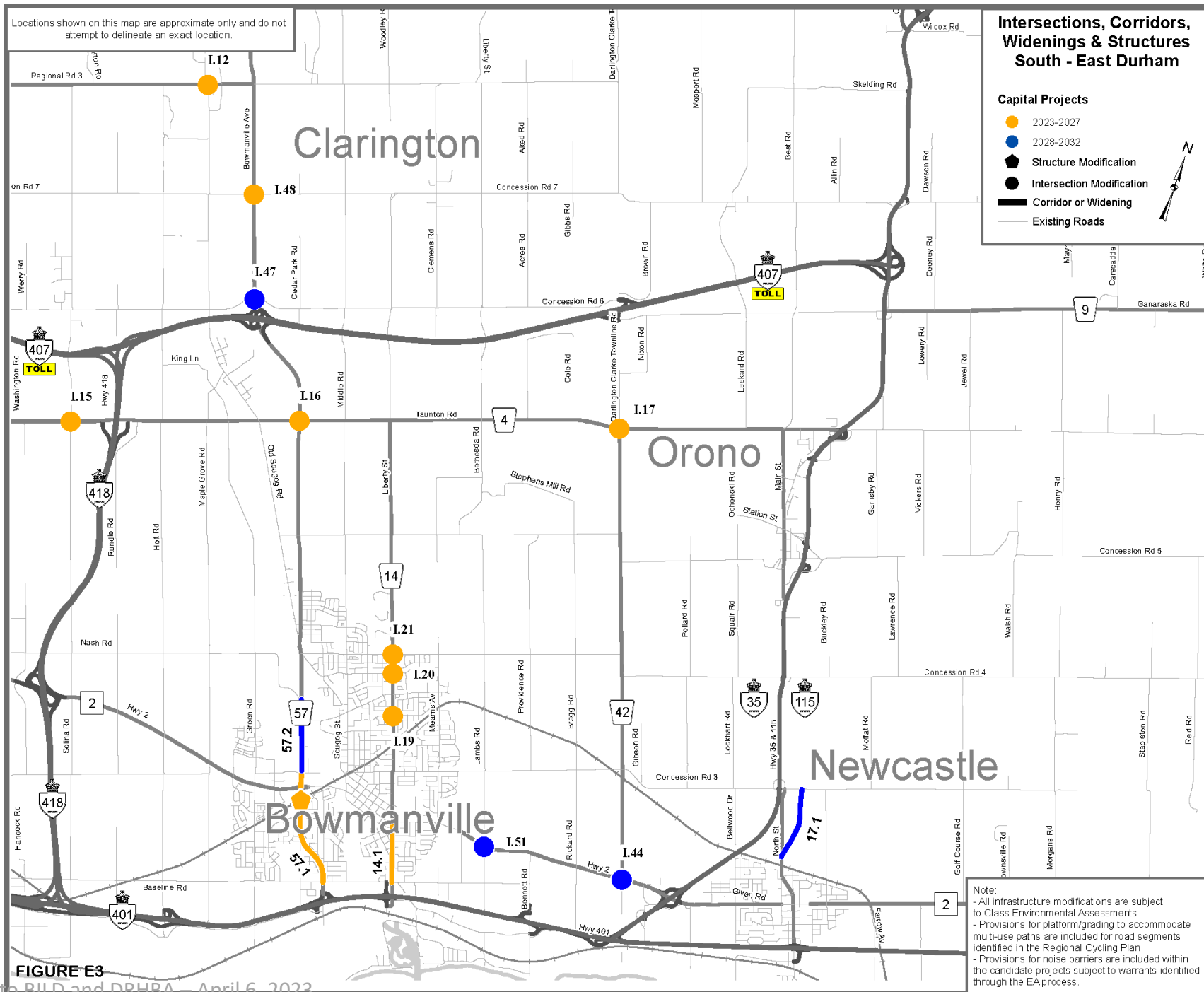




# Regional Roads Capital Program (\$2.6B)







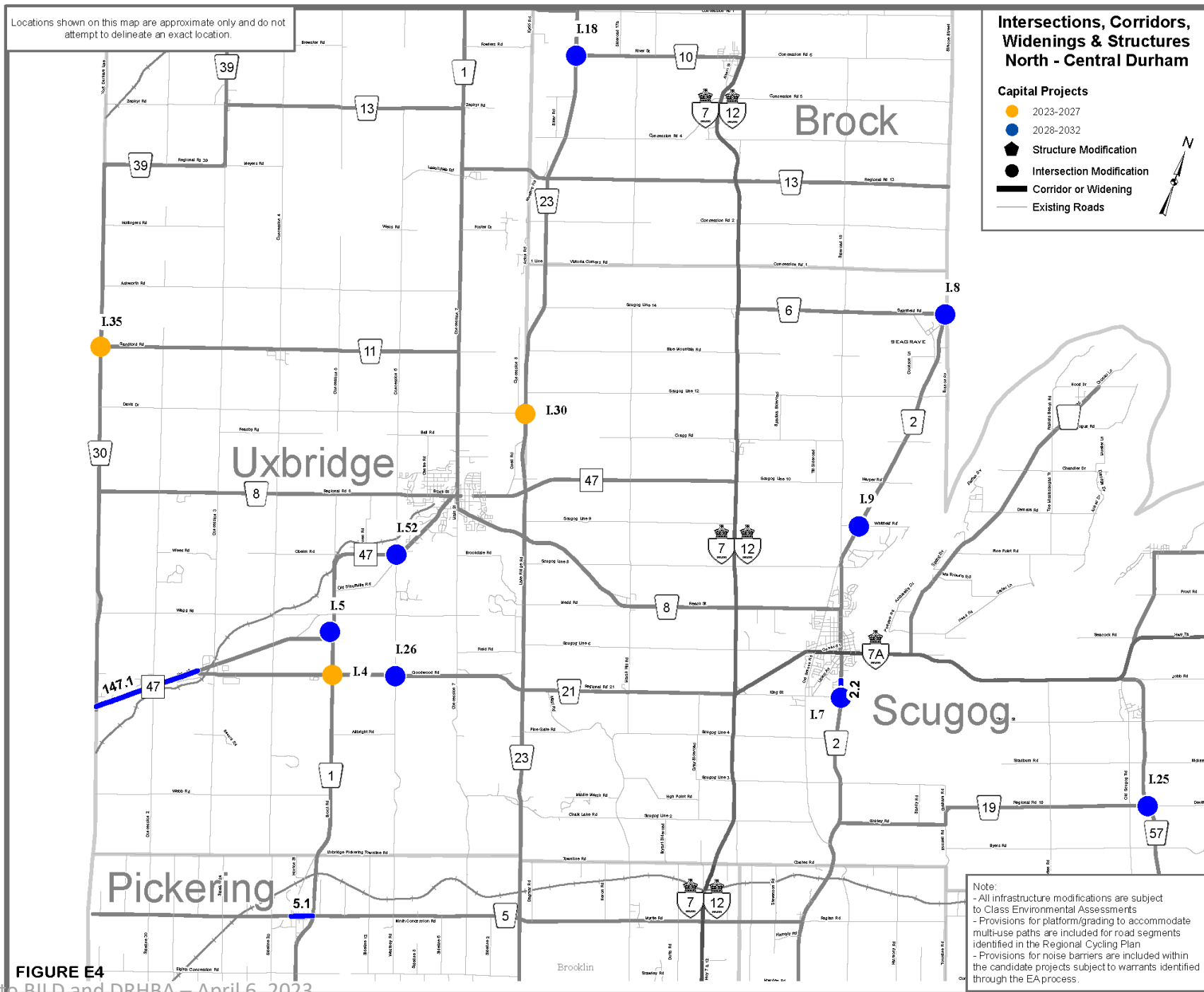


FIGURE E4

# Public Consultation

## **Public Meeting:**

**Date:** Wednesday, April 12, 2023 9:30 a.m.

**Location:** Regional Council Chambers

## **Public Submissions (by mail):**

Regional Clerk/Director of Legislative Services

605 Rossland Road East, Level 1

P.O. Box 623

Whitby, ON

L1N 6A3

**Public Submissions (by e-mail):** [clerks@durham.ca](mailto:clerks@durham.ca)

**No later than 5:00 p.m. on May 5, 2023**

# Questions



# Further Information

**Mary Simpson**

Director of Risk Management, Economic Studies  
and Procurement Division

Mary.Simpson@durham.ca

[durham.ca](http://durham.ca)

[@RegionofDurham](#)

