



The Regional Municipality of Durham Report

To: Regional Council
From: Commissioner of Finance
Report: #2024-F-5
Date: March 27, 2024

Subject:

Public Meeting Regarding Proposed Seaton Water Supply and Sanitary Sewer Area Specific Development Charges By-law and Background Study

Recommendations:

- A) Report #2024-F-5 be received for information; and
- B) All submissions received by Regional Council and the written submissions received by the Regional Clerk by 5:00 p.m. on April 30, 2024, including those opinions expressed verbally at the March 27, 2024 public meeting, be received and referred to Regional staff for consideration in the preparation of the final development charge recommendations and by-law scheduled to be presented to Regional Council for approval on May 29, 2024.

Report:

1. Purpose

- 1.1 The purpose of this report is to provide information regarding the public meeting of Council to be held in the Regional Council Chambers on March 27, 2024 with regard to the proposed Seaton Water Supply and Sanitary Sewer Area Specific Development Charges (ASDC) By-law. Regional Council is scheduled to make final decisions on the proposed by-law at the May 29, 2024 regular Regional Council meeting, subsequent to prior public input. The Development Charges Act, 1997 (DCA) permits public representations relating to the proposed by-law to be made to Council by any person who attends the March 27, 2024 public meeting.
- 1.2 The notice of the public meeting has been advertised in the Toronto Star on February 26 and 29 (Attachment #1). In addition, the notice has been posted on the Regional and Metroland websites. The proposed development charge (DC) by-law and background study were available to the public at no cost since March 12, 2024

from the Regional Clerk and were also posted on the Regional website. The public notice, public release of the proposed by-law and background study and the public meeting were authorized by Regional Council on November 29, 2023 (Report #2023-F-29).

- 1.3 The purpose of the March 27, 2024 public meeting of Council is to fulfill the statutory requirement to solicit input from the public and stakeholders and to provide the necessary background information on the proposed new DC by-law. The final by-law is scheduled for discussion in accordance with the Council approved timetable, which permits the public and stakeholders to provide input up to 5:00 p.m. on April 30, 2024. Thus, any decision by Regional Council regarding the proposed by-law will be made during the May 29, 2024 Regional Council meeting (following Finance and Administration Committee on May 14, 2024) to ensure implementation of the new by-law on July 1, 2024.

2. Background

- 2.1 Region-wide Development Charge By-law No. 42-2023 (passed in June 2023) imposes DCs for water supply and sanitary sewerage services, except for the lands located within the Seaton Community (Attachment #2 provides a Map of the Seaton Community). The rationale for excluding the Seaton Community from the calculation of the Region-wide DC for water supply and sanitary sewerage services is that a front-ending agreement was executed to advance the water supply and sanitary sewerage infrastructure required to accommodate the development of the Seaton Community. Area-specific DCs in the Seaton Community for water supply and sanitary sewerage services facilitates, in part, the provision of DC credits.
- 2.2 The first Seaton ASDC By-law (By-law No. 19-2013) was approved by Regional Council in April 2013 for the imposition of water supply and sanitary sewerage area-specific DCs against all lands within the Seaton Community, located in the City of Pickering, that are developed for residential and non-residential uses. The by-law came into effect on November 26, 2015 which is coincident with the effective date of the Seaton Phase 1 Regional Infrastructure Front-ending Agreement (RFEA) between the Region of Durham and the Seaton Landowners Group. The Seaton ASDC By-law was renewed in 2019, at the request of the Seaton Landowners, and became effective on July 1, 2019 (By-law No. 38-2019) and expires on June 30, 2024.
- 2.3 The updated Seaton ASDC By-law for water supply and sanitary sewerage services collects, on an equitable basis, the funds necessary to construct watermains, sanitary sewers, pumping stations, reservoirs, plant capacity and any other water supply and sanitary sewerage capital infrastructure necessary to develop the Seaton Community.
- 2.4 On the residential lands, a per unit DC for water supply and sanitary sewerage services applies, based on three dwelling unit types (i.e. singles and semi-detached units, medium density multiples and one category for apartments).

2.5 Two different non-residential DCs apply to land within the Seaton Community as follows:

- A) The prestige employment lands along Highways 407 and 7 are subject to a land area-based area specific DC (i.e. a per hectare DC). It is a uniform per hectare charge that applies to all forms of non-residential development on these lands; and
- B) A separate non-residential DC applies within the mixed-use area (i.e. non-residential development on lands outside of the prestige employment lands). The non-residential DC within the mixed-use area is imposed on a floor-area basis (per square foot charge), comprised of an institutional and non-institutional DC.

2.6 There are three separate components of capital works within the residential and non-residential DCs. These components are:

- A) Landowner constructed and financed works;
- B) Region constructed / landowner financed works; and
- C) Regional attributions (mainly prior infrastructure costs and future plant expansions required for subsequent development phases).

3. Previous Reports and Decisions

3.1 Report #2023-F-29 provided staff authorization to proceed with the public notice, public release of the proposed by-law and background study and the public meeting for the renewal of the Seaton ASDC By-law.

4. Highlights of the Proposed Seaton ASDC By-law

4.1 The proposed capital forecasts, and resultant Seaton ASDC rates, are based on the development forecasts of the Seaton Community to 2039. The forecasts have been updated based on the timing of plans of subdivisions in the Seaton Community, development to date and the anticipated timing of services. Additionally, the population and employment forecasts that were completed in preparation of Envision Durham informed the development forecasts for Seaton.

4.2 The proposed Seaton ASDC rates reflect higher infrastructure costs and changes to the residential and non-residential development forecasts, which has had an impact on the rates as discussed below. An interdisciplinary team of staff from Finance, Works, Planning and Economic Development and Legal Services has collaborated to prepare the DC Background Study.

4.3 Based on the updated development forecasts, capital cost estimates and cashflow projections, the following table identifies the calculated area-specific DCs for water supply and sanitary sewerage services applicable to the residential and non-residential uses within the Seaton Community.

Table 1
Proposed Seaton Water Supply and Sanitary Sewer ASDCs
Full Calculated Charges

	Residential (per SDE)	Non-Residential Lands		Prestige Employment Lands I/C/I (per hectare)
		Mixed Use Area Non-Institutional (per sq ft)	Institutional (per sq ft)	
Water Supply				
Region Constructed - Landowner Funded Works	\$ 6,911	\$ 0.80	\$ 0.27	40,957
Regional Attributions	5,377	2.05	0.68	108,321
Landowner Constructed and Funded Works	2,661	0.33	0.11	16,536
Total - Water Supply	14,949	3.18	1.06	165,814
Sanitary Sewerage				
Region Constructed - Landowner Funded Works	2,290	0.82	0.27	42,694
Regional Attributions	2,650	2.20	0.73	111,514
Landowner Constructed and Funded Works	7,706	2.56	0.85	134,914
Total - Sanitary Sewerage	12,646	5.58	1.85	289,122
Total - Water Supply and Sanitary Sewerage				
Region Constructed - Landowner Funded Works	9,201	1.62	0.54	83,651
Regional Attributions	8,027	4.25	1.41	219,835
Landowner Constructed and Funded Works	10,367	2.89	0.96	151,450
Total - Water & Sewer	\$ 27,595	\$ 8.76	\$ 2.91	\$ 454,936

- 4.4 Changes to the DCA in late 2022, resulting from the More Homes Built Faster Act (Bill 23), require any DC by-law (passed on or after January 1, 2022) to phase-in the calculated charges over a five-year period, as shown in Table 2. The phase-in provisions allow for a maximum of 80 per cent of the full calculated charges to be imposed in the first year of a new DC by-law. This phase-in provision applies to both residential and non-residential rates.

Table 2
Phase-in Schedule of Charges under New DC By-laws

Year 1	Year 2	Year 3	Year 4	Year 5
July 1, 2024 to June 30, 2025	July 1, 2025 to June 30, 2026	July 1, 2026 to June 30, 2027	July 1, 2027 to June 30, 2028	July 1, 2028 to June 30, 2029
80%	85%	90%	95%	100%

- 4.5 It is proposed that the phased-in charges apply to the Regional Attribution portions of the ASDC, which works are emplaced and funded by the Region. This approach would require user rate funding to cover the revenue shortfall for the Regional Attribution ASDC during the phase-in period. The phase-in would also apply to the credits earned for the Region Constructed Works and Landowner Constructed Works portion of the ASDC. This approach would delay credit recovery of the upfront funding by the Landowners.

- 4.6 Table 3 provides a comparison of current Seaton ASDC and the proposed full calculated charges. Table 4 provides a comparison of current Seaton ASDC and the Year 1 phased-in residential charges (for July 1, 2024) for a single detached equivalent (SDE) unit. The full calculated SDE residential DC is proposed to decrease from the current Seaton ASDC of \$31,723 per SDE to \$27,595, as shown in Table 3.
- 4.7 The main reason for the decrease in the full calculated charge is due to an increase to the residential development forecast, based on updated information. The capital costs are being allocated over a higher number of residential units which puts downward pressure on the rates. The total Seaton residential development forecast is now estimated at 17,052 SDE units, as compared to 15,274 SDE units in the 2019 Seaton ASDC Background Study.
- 4.8 As well, adjustments have been made to the Seaton ASDC By-law since its adoption in 2019, to accommodate inflationary pressures as follows:
- A) The Seaton ASDC By-law was amended in June 2021 to update the charges to reflect higher capital costs of future projects and projects completed; and
 - B) The Seaton ASDC rates have been indexed for the past two years at nearly 30%, as prescribed in the Seaton ASDC By-law and permitted under the DCA.
- 4.9 The adjustments made to the current Seaton ASDC since 2019 reduces fluctuations in the charges with the renewal of future by-laws.

Table 3
Comparison of Current and Proposed Full Calculated Seaton Residential ASDCs (per SDE)

	Current Rates (By-law No. 38-2019)	Proposed Calculated Rates	Change
Water Supply			
Region Constructed - Landowner Funded Works	\$ 7,990	\$ 6,911	\$ (1,079)
Regional Attributions	5,680	5,377	(303)
Landowner Constructed and Funded Works	3,327	2,661	(666)
Total - Water Supply	16,997	14,949	(2,048)
Sanitary Sewerage			
Region Constructed - Landowner Funded Works	3,360	2,290	(1,070)
Regional Attributions	3,348	2,650	(698)
Landowner Constructed and Funded Works	8,018	7,706	(312)
Total - Sanitary Sewerage	14,726	12,646	(2,080)
Total - Water Supply and Sanitary Sewerage			
Region Constructed - Landowner Funded Works	11,350	9,201	(2,149)
Regional Attributions	9,028	8,027	(1,001)
Landowner Constructed and Funded Works	11,345	10,367	(978)
Total - Water & Sewer	\$ 31,723	\$ 27,595	\$ (4,128)

4.10 Table 4 provides a comparison of the current Seaton ASDC and the Year-1 phased-in residential charges under the new Seaton ASDC By-law for July 1, 2024 (80% phase in applied).

Table 4
Comparison of Current and Year-1 Phased-in Seaton Residential ASDCs for July 1, 2024 (per SDE)

	Current Rates (By-law No. 38-2019)	Proposed Phase-in Rates ⁽¹⁾	Change
Water Supply			
Region Constructed - Landowner Funded Works	\$ 7,990	\$ 5,529	\$ (2,461)
Regional Attributions	5,680	\$ 4,302	(1,378)
Landowner Constructed and Funded Works	3,327	\$ 2,129	(1,198)
Total - Water Supply	16,997	11,960	(5,037)
Sanitary Sewerage			
Region Constructed - Landowner Funded Works	3,360	1,832	(1,528)
Regional Attributions	3,348	2,120	(1,228)
Landowner Constructed and Funded Works	8,018	6,165	(1,853)
Total - Sanitary Sewerage	14,726	10,117	(4,609)
Total - Water Supply and Sanitary Sewerage			
Region Constructed - Landowner Funded Works	11,350	7,361	(3,989)
Regional Attributions	9,028	6,422	(2,606)
Landowner Constructed and Funded Works	11,345	8,294	(3,051)
Total - Water & Sewer	\$ 31,723	\$ 22,077	\$ (9,646)

Notes:

1. Mandatory phase in of 80% is applied to the Regional Attribution payments and the Region Construction and Landowner Constructed credits.

4.11 Table 5 provides a comparison of current non-residential Seaton ASDC with the full calculated DCs for water supply and sanitary sewerage services applicable to the non-residential lands within the Seaton Community.

4.12 The full calculated charges are slightly higher than the current rates, mainly due to the change in the non-residential development forecast since the prior Seaton ASDC Background Study. Unlike the residential development forecast, the forecasts for the non-residential development in this background study are lower than the forecasts utilized in the 2019 Study, based on updated information. The capital costs allocated over a lower forecast of non-residential development (i.e. square footage and acres) puts upward pressure on the charges.

4.13 The full calculated non-residential charges would be higher if the adjustments mentioned previously did not take place (i.e. amendment to the by-law in 2021 and the indexing of nearly 30% over the previous two years).

Table 5
Comparison of Current and Full Calculated Non-residential ASDCs
(per sq ft and per hectare)

	Current Rates	Proposed	
	(By-law No. 38-2019)	Calculated	Change
Non-Institutional (per sq ft)	Rates		
Water Supply	\$ 2.86	\$ 3.18	\$ 0.32
Sanitary Sewerage	5.52	5.58	0.06
Total	8.38	8.76	0.38
Institutional (per sq ft)			
Water Supply	0.99	1.06	0.07
Sanitary Sewerage	1.91	1.85	(0.06)
Total	2.90	2.91	0.01
Prestige Employment Lands (per hectare)			
Water Supply	139,291	165,814	26,523
Sanitary Sewerage	267,201	289,122	21,921
Total	\$ 406,492	\$ 454,936	\$ 48,444

4.14 Table 6 provides a comparison of current non-residential Seaton ASDC and the Year 1 phased-in non-residential charges for July 1, 2024 (80% phase in applied).

Table 6
Comparison of Current and Year 1 Non-residential ASDCs for July 1, 2024
(per sq ft and per hectare)

	Current Rates	Proposed	
	(By-law No. 38-2019)	Phase-in	Change
Non-Institutional (per sq ft)	Rates ⁽¹⁾		
Water Supply	\$ 2.86	\$ 2.54	\$ (0.32)
Sanitary Sewerage	5.52	4.47	(1.05)
Total	8.38	7.01	(1.37)
Institutional (per sq ft)			
Water Supply	0.99	0.85	(0.14)
Sanitary Sewerage	1.91	1.48	(0.43)
Total	2.90	2.33	(0.57)
Prestige Employment Lands (per hectare)			
Water Supply	139,291	132,652	(6,639)
Sanitary Sewerage	267,201	231,297	(35,904)
Total	\$ 406,492	\$ 363,949	\$ (42,543)

Notes:

1. Mandatory phase in of 80% is applied to the Regional Attribution payments and the Region Construction and Landowner Constructed credits.

5. Proposed Changes to the Seaton ASDC By-law

- 5.1 In order to minimize the amount of user rate funding required to finance DC shortfalls, the proposed Seaton ASDC By-law continues to include the following policies:
- A) Minimal discretionary exemptions; and
 - B) The per hectare charge on the prestige employment lands will eliminate the exemption provided for the expansion of an industrial building.
- 5.2 Several changes to the Seaton ASDC By-law are proposed, in order to align with Regional Development Charge By-law No. 42-2023. These include:
- A) Broadening the definition of a bedroom to meet the area requirements of the Ontario Building Code; and
 - B) Broadening the definition of apartment building to include stacked townhouses.
- 5.3 Several changes to the Seaton ASDC By-law are being made to reflect changes to the DCA legislation through the More Homes, More Choice Act (Bill 108), the COVID-19 Economic Recovery Act, 2020 (Bill 197), the More Homes Built Faster Act (Bill 23) and the Affordable Homes, Good Jobs Act, 2023 (Bill 134). This includes exemptions for non-profit housing, secondary units and affordable housing, discounts for rental housing and the five-year phase in of both the ASDC payments and DC credits.

6. Staff Consultation to Date

- 6.1 Staff have sent letters to the local development industry (representatives of the Durham Homebuilders Association and the Building Industry and Land Development Association), the local Chambers of Commerce and Boards of Trade with an offer to meet and discuss the proposed DC by-law. Regional staff have also advised the local area municipalities of the Seaton ASDC By-law renewal.
- 6.2 Staff have also sent a letter to the Trustee representing the Seaton Landowners Group, advising of the timetable and opportunities to provide comments as part of the public process. Staff have met numerous times with the consultants representing the Seaton Landowners Group in preparation of the Seaton ASDC Background Study.

7. Next Steps

- 7.1 The DCA and associated regulations require that Regional Council hold at least one public meeting to receive public representation on the proposed Seaton Water Supply and Sanitary Sewer ASDC By-law and Background Study.
- 7.2 The Public meeting will be held on March 27, 2024 during the regular meeting of Regional Council to provide the public an opportunity to comment on the proposed Seaton ASDC By-law.

- 7.3 Any verbal or written input offered by the public during the public meeting on March 27, 2024 will be considered. The DCA permits public representations relating to the proposed by-laws from any person who attends the March 27, 2024 meeting.
- 7.4 The public notice, which advised of the public meeting of Regional Council to be held on March 27, 2024, have also advised that written submissions by the public received by the Regional Clerk by 5 p.m. on April 30, 2024, will be considered in preparing the final recommendations and by-law.
- 7.5 On May 29, 2024, Regional Council will consider the following:
- A) the approval of the capital forecasts contained in the Seaton ASDC Background Study as required by the DCA;
 - B) the approval of the Seaton ASDC Background Study as constituting Council's Development Charge Background Study for the purposes of section 10 of the DCA; and,
 - C) the approval of the final recommendations and Seaton ASDC By-law.
- 7.6 If the proposed by-law is changed following the March 27, 2024 public meeting, Regional Council must also formally consider whether a second public meeting is required. Council's decision in this regard should be reflected in an appropriately worded resolution. Further, Council's decision will be final and not subject to review by a court or the Ontario Land Tribunal (OLT).
- 7.7 The recommendations presented by staff to the Finance and Administration Committee (on May 14, 2024) and Regional Council on May 29, 2024 will have given due consideration to the public input received.

8. Relationship to Strategic Plan

- 8.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- A) Ensuring the Region's DC By-law is in conformity with the DCA, supporting Goal 5 (Service Excellence).

9. Conclusion

- 9.1 In accordance with the public consultation process previously approved by Regional Council, it is recommended that this report be received for information with final recommendations regarding the proposed Seaton ASDC By-law to be presented to the Finance and Administration Committee on May 14, 2024 and to Regional Council on May 29, 2024.
- 9.2 Further, it is recommended that all submissions received by Regional Council and the written submissions received by the Regional Clerk by 5 p.m. on April 30, 2024, including those opinions expressed verbally or in writing at the March 27, 2024 public meeting, be received and referred to Regional staff for consideration in the

preparation of the final Seaton ASDC recommendations and by-law.

9.3 The Planning and Economic Development, Works and Corporate Services - Legal departments have worked on the Seaton ASDC Background Study and reviewed this report.

10. Attachment

Attachment #1: Seaton Area Specific Development Charge By-law Public Notice

Attachment #2: Map of Seaton Community

Respectfully submitted,

Original Signed By _____

N. Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By _____

Elaine C. Baxter-Trahair
Chief Administrative Officer

Attachment #1
Seaton Area Specific Development Charge By-law Public Notice



**REGIONAL MUNICIPALITY OF DURHAM
NOTICE OF PUBLIC MEETING
REGARDING AREA SPECIFIC DEVELOPMENT CHARGES
FOR THE WATER SUPPLY AND SANITARY SEWERAGE
SERVICES IN THE SEATON COMMUNITY
OF THE CITY OF PICKERING**

On March 27, 2024 the Council of the Region of Durham will hold a public meeting, pursuant to Section 12 of the Development Charges Act, 1997. This public meeting will be held to present the proposed Area Specific Development Charges By-law and the related underlying background study and to obtain public input on that proposed by-law and study regarding water supply and sanitary sewerage services in the Seaton Community of the City of Pickering.

The public meeting is to be held:

Wednesday, March 27, 2024
9:30 a.m.
The Regional Municipality of Durham Headquarters
Council Chambers
605 Rossland Road East
Whitby, Ontario

In order that sufficient information is made available to the public, copies of the proposed by-law and the background study will be made available as of March 12, 2024, upon request. The documents will also be posted on the Regional website, at durham.ca, on March 12, 2024.

To submit written correspondence to Regional Council, contact Legislative Services by email at clerks@durham.ca, or mail your comments to the Regional Clerk, Regional Municipality of Durham, 605 Rossland Road East, Whitby, ON L1N 6A3 by 5:00 PM on Tuesday April 30, 2024.

If you wish to make a delegation before Regional Council at the public meeting, submit your request in writing to delegations@durham.ca by noon on Tuesday, March 26, 2024. Members of the public who register in advance of the meeting will be provided with the details to delegate electronically. Please note that this meeting will be held in a hybrid meeting format with electronic and in-person participation.

Members of the public can also view the meeting via live streaming at durham.video as an alternative to attending the meeting in person. Information you provide or present during the public meeting, including your name, are subject to the requirements of the Municipal Freedom of Information and Protection of Privacy Act. This will form part of the public record and may be made available to the public.

All submissions received in writing, as well as those opinions expressed at the Public Meeting, will be considered prior to Council's decision. Council's decision is anticipated during the regular Regional Council meeting of May 29, 2024.

Further information may be obtained by contacting Mary Simpson, Director of Risk Management, Economic Studies and Procurement, Regional Finance Department at 905-668-4113 (ext. 2301) or mary.simpson@durham.ca.

Alexander Harras
Director of Legislative Services / Regional Clerk

Attachment #2
Map of the Seaton Community

