



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2025-F-13
Date: June 10, 2025

Subject:

Indexing of Regional Development Charges

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That the pending 3.8 per cent indexing of the Regional development charges in By-law Nos. 42-2023 (Regional Residential and Non-residential Development Charges) and 39-2022 (Regional Transit Development Charge) that is scheduled to take effect on July 1, 2025 be deferred until October 1, 2025;
 - B) That Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025* has amended the *Development Charges Act, 1997* to enable municipalities to amend development charge by-laws to waive indexing without certain procedural requirements, that By-laws to amend By-law Nos. 42-2023 and 39-2022 generally in the form included as Attachment #6 and Attachment #7 to this Report, to reflect Recommendation A) be approved; and,
 - C) That staff report back to Regional Council in the fall of 2025 on whether a further deferral of indexing beyond October 1, 2025 is recommended.
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Report:

1. Purpose

1.1 The purpose of this report is to:

- a. Advise of the annual indexing rate of 3.8 per cent for Regional Development Charges (DC), scheduled to take effect on July 1, 2025; and

- b. To seek authorization to amend the DC by-laws (Nos. 42-2023 and 39-2022) to defer the scheduled indexing to October 1, 2025 to provide relief from the July 1, 2025 indexed rates.

2. Background

- 2.1 Regional DC By-laws #39-2022 (Regional Transit DC By-law) as amended, #42-2023 (Region Wide DC By-law) as amended, and Seaton Area Specific DC By-law #2024-029 contain a provision that the prevailing Regional DC's be adjusted annually, as of the 1st day of July in accordance with Statistics Canada's Building Construction Price Index (Table 18-10-0289-01)¹ for the most recent year-over-year period ending March 31st. The Building Construction Price Index for non-residential buildings in the Toronto Census Metropolitan Area (CMA) is used in accordance with Provincial regulation applicable to the Region of Durham.
- 2.2 Regional By-law #86-2001 (GO Transit DC By-law) as amended has a similar provision to the by-laws above, however, the annual adjustment for GO Transit DC rates is limited to a maximum of 3 per cent, as per section 18 of the by-law.
- 2.3 The annual indexing on July 1, 2025, is scheduled to be applied to the following DC by-laws:
 - a. Regional Transit DC By-law #39-2022;
 - b. GO Transit DC By-law #86-2001;
 - c. Regional Wide DC By-law #42-2023; and
 - d. Seaton Area Specific DC By-law #2024-029 (which is imposed for the purpose for calculating DC credits under the complimentary front-ending agreements).
- 2.4 The Building Construction Price Index for non-residential buildings in the Toronto CMA, for the period March 31, 2024 to March 31, 2025, was released on April 25, 2025, with an increase of 3.8 per cent.
- 2.5 Builders noted that, in the first quarter, the industry continued to face cost pressure in several Census Metropolitan Areas (CMAs), as well as tariff-related uncertainty that threatens delays to construction plans, as both consumers and businesses were holding off on major purchases amid the unclear outlook.²

¹ O. Reg. 82/98 references "The Statistics Canada Quarterly, Construction Price Statistics, catalogue number 62-007" as the index source. Since implementation, Statistics Canada has modified this index and the above-noted index is the most current.

² Statistics Canada. (2025). *The Daily: Building construction price indexes, first quarter 2025*. <https://www150.statcan.gc.ca/n1/daily-quotidien/250425/dq250425b-eng.htm>

3. Previous Reports and Decisions

3.1 The following reports approved the DC By-laws that require the indexing of DC's:

- a. Report #2023-F-13 (For By-law #42-2023);
- b. Report #2022-F-15 (For By-law #39-2022);
- c. Report #2001-J-25 (For By-law #86-2001); and
- d. Report #2024-F-09

4. Implications of 2025 Indexing on DC Rates

Region-wide Residential and Non-residential Development Charges

4.1 Attachment #1 provides the 3.8 per cent indexing applied to the residential DC rates July 1, 2025. The rates include the application of the maximum three per cent indexing to GO Transit DC rates. The Region's residential DC rates for a single / semi-detached dwelling unit will increase by \$2,842.

4.2 Attachment #2 provides the indexing of the non-residential DC rates. The non-residential DCs will increase as follows:

- a. Commercial development - \$1.54 per square foot;
- b. Industrial development - \$0.73 per square foot; and
- c. Institutional development - \$0.84 per square foot

Seaton Area Specific Development Charges

4.3 Attachments #3 and #4 provide both the current Seaton Water Supply and Sanitary Sewerage Residential and Non-residential Area Specific Development Charges and the July 1, 2025 rates. It is important to note that these rates are used to calculate credits and charges imposed under the related front-ending agreement. Therefore, it is not recommended that any waiver of this indexing be provided as it would have the effect of reducing the calculated credits to be provided in exchange for front funded capital works.

4.4 Attachment #5 provides the current Seaton Front Ending Agreement for Early Payment of Attribution Development Charges and the rates as of July 1, 2025.

5. Amending DC By-laws to Defer Indexing Through Bill 17

5.1 Given the current economic conditions and future uncertainties related to the tariffs, it is anticipated there will be an impact on the residential and non-residential construction industry and related employment from the proposed indexing of Regional DC rates. Also, both the current Provincial and Federal governments have expressed various intentions regarding municipal development charges. As a sign of good faith representing the Region's willingness to participate in fruitful discussions, staff are recommending a deferral of the annual indexing.

- 5.2 There is an opportunity for Regional Council to defer the pending July 1, 2025 development charge indexing, in order to provide some temporary relief for the local development and building industry during these uncertain times.
- 5.3 Bill 17 amends the *Development Charges Act, 1997* to enable municipalities to amend their DC by-laws to remove the indexing through a simplified process. The simplified process involves passing an amended by-law and providing a notice of passing of the amending by-law. There is no requirement to release a background study or to undertake public consultation (eg. no statutory public meeting required) and the amending by-law cannot be appealed to the Ontario Land Tribunal.
- 5.4 It is recommended that By-law #39-2022 (Regional Transit DC By-law) and #42-2023 (Region Wide DC By-law) be amended to defer the July 1, 2025 indexing to October 1, 2025.
- 5.5 It is proposed that the indexing of the Seaton Area Specific DC By-law #2024-029 continue to apply on July 1, 2025. The Seaton Water Supply and Sanitary Sewerage Area Specific DC By-law requires indexing to ensure the appropriate development charge credits are applied to the landowners who upfronted the capital costs for this service area under the Seaton Front-Ending Agreement.
- 5.6 It is also proposed that the indexing of the GO Transit DC By-law #86-2001 continue to apply on July 1, 2025 as the revenue generated from this by-law is collected on behalf of the Province to fund Durham's share of GO Transit Capital Costs.

6. Financial Implications

- 6.1 With deferring the indexing for a three month period, until October 1, 2025, the Region may forego approximately \$2.8 million in development charges (\$2.3 million in residential DCs and \$0.5 million in non-residential DCs). This is based on the average annual DC receipts for the previous ten years. The impact may be much lower if the current actions being undertaken and/or contemplated don't have the desired impact of increasing housing activity.

7. Relationship to Strategic Plan

- 7.1 This report aligns with/addresses the following Strategic Direction(s) and Pathway(s) in Durham Region's 2025-2035 Strategic Plan:
 - a. Connected and Vibrant Communities
 - C1. Align Regional infrastructure and asset management with projected growth, climate impacts, and community needs.
 - b. Resilient Local Economies

- R1. Attract and retain quality employers that strengthen key economic sectors, including energy and technology.
- R2. Support the growth of new business startups and small to medium local businesses.
- R3. Develop, attract, and support a skilled and qualified workforce, including youth and newcomers.

7.2 This report aligns with/addresses the following Foundation(s) in Durham Region's 2025-2035 Strategic Plan:

- a. People: Making the Region of Durham a great place to work, attracting, and retaining talent.
- b. Processes: Continuously improving processes to ensure we are responsive to community needs.

8. Conclusion

8.1 It is recommended that the scheduled indexing for July 1, 2025 (3.8 per cent) of Regional DCs under DC By-law No. 42-2023 and No. 39-2022 be deferred to October 1, 2025 through the amendment of these two by-laws. Further recommendations may be forthcoming once applicable legislation, regulations, and funding opportunities are fully reflected by the Province of Ontario and the federal government.

9. Attachments

- Attachment #1: Residential Development Charges – Current Rates and July 1, 2025
- Attachment #2: Non-residential Development Charges – Current Rates and July 1, 2025
- Attachment #3: Seaton Residential Water and Sewer Area Specific Development Charges - Effective July 1, 2024 and July 1, 2025
- Attachment #4: Seaton Non-residential Water and Sewer Area Specific Development Charges - Effective July 1, 2024 and July 1, 2025
- Attachment #5: Seaton Front Ending Agreement for Early Payment of Attribution Development Charges – Effective July 1, 2024 and July 1, 2025
- Attachment #6 Amending By-law to DC By-law No. 42-2023
- Attachment #7 Amending By-law to DC By-law No. 39-2022

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer

REGION OF DURHAM

RESIDENTIAL DEVELOPMENT CHARGES				
Current Rates				
PER DWELLING UNIT				
SERVICE CATEGORY	Single / Semi Detached	Medium Density Multiples	Two Bedroom Apartment and Larger	One Bedroom Apartment and Smaller
	\$	\$	\$	\$
Regional Roads	26,831	21,369	15,621	9,595
GO Transit	863	764	542	322
Regional Transit	2,565	2,020	1,434	881
Regional Police Services	1,022	814	595	365
Long Term Care	573	456	334	205
Paramedic Services	461	367	269	165
Waste Diversion	98	78	58	36
Water Supply	21,820	17,377	12,703	7,803
Sanitary Sewerage	20,708	16,492	12,056	7,406
Total (All Services)	<u>\$ 74,941</u>	<u>\$ 59,737</u>	<u>\$ 43,612</u>	<u>\$ 26,778</u>

RESIDENTIAL DEVELOPMENT CHARGES				
Effective July 1, 2025				
PER DWELLING UNIT				
SERVICE CATEGORY	Single / Semi Detached	Medium Density Multiples	Two Bedroom Apartment and Larger	One Bedroom Apartment and Smaller
	\$	\$	\$	\$
Regional Roads	27,851	22,181	16,215	9,960
GO Transit ⁽¹⁾	889	787	558	332
Regional Transit	2,662	2,097	1,488	914
Regional Police Services	1,061	845	618	379
Long Term Care	595	473	347	213
Paramedic Services	479	381	279	171
Waste Diversion	102	81	60	37
Water Supply	22,649	18,037	13,186	8,100
Sanitary Sewerage	21,495	17,119	12,514	7,687
Total (All Services)	<u>\$ 77,783</u>	<u>\$ 62,001</u>	<u>\$ 45,265</u>	<u>\$ 27,793</u>

Increase	\$ 2,842	\$ 2,264	\$ 1,653	\$ 1,015
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Notes

1. GO Transit Indexing capped at 3.0 per cent.

REGION OF DURHAM

COMMERCIAL DEVELOPMENT CHARGES Including proposed new Non-residential DC rates and Phase In Per Square Foot of Gross Floor Area		
SERVICE CATEGORY	Current Rates	Effective July 1, 2025
	\$	\$
Regional Roads	21.77	22.60
Water Supply	6.76	7.02
Sanitary Sewerage	10.79	11.20
Regional Transit	1.16	1.20
Total (All Services)	<u>\$ 40.48</u>	<u>\$ 42.02</u>

INDUSTRIAL DEVELOPMENT CHARGES Including proposed new Non-residential DC rates and Phase In Per Square Foot of Gross Floor Area		
SERVICE CATEGORY	Current Rates	Effective July 1, 2025
	\$	\$
Regional Roads	7.55	7.84
Water Supply	4.35	4.52
Sanitary Sewerage	6.18	6.41
Regional Transit	1.16	1.20
Total (All Services)	<u>\$ 19.24</u>	<u>\$ 19.97</u>

INSTITUTIONAL DEVELOPMENT CHARGES Including proposed new Non-residential DC rates and Phase In Per Square Foot of Gross Floor Area		
SERVICE CATEGORY	Current Rates	Effective July 1, 2025
	\$	\$
Regional Roads	16.58	17.21
Water Supply	1.88	1.95
Sanitary Sewerage	2.64	2.74
Regional Transit	1.16	1.20
Total (All Services)	<u>\$ 22.26</u>	<u>\$ 23.10</u>

REGION OF DURHAM

SEATON RESIDENTIAL AREA SPECIFIC DEVELOPMENT CHARGES			
Effective July 1, 2024			
Service Category	Single / Semi Detached \$	Medium Density Multiples \$	Apartments \$
Sanitary Sewerage			
Seaton Landowners Constructed DCs	7,706	6,088	3,545
Regional Seaton-Specific DCs	2,290	1,809	1,053
Regional Attributions DCs	2,650	2,094	1,219
Subtotal - Sanitary Sewerage	12,646	9,991	5,817
Water Supply			
Seaton Landowners Constructed DCs	2,661	2,102	1,224
Regional Seaton-Specific DCs	6,911	5,460	3,179
Regional Attributions DCs	5,377	4,248	2,473
Subtotal - Water Supply	14,949	11,810	6,876
Total Development Charges	\$ 27,595	\$ 21,801	\$ 12,693

SEATON RESIDENTIAL AREA SPECIFIC DEVELOPMENT CHARGES			
Effective July 1, 2025			
Service Category	Single / Semi Detached \$	Medium Density Multiples \$	Apartments \$
Sanitary Sewerage			
Seaton Landowners Constructed DCs	7,999	6,319	3,680
Regional Seaton-Specific DCs	2,377	1,878	1,093
Regional Attributions DCs	2,751	2,174	1,265
Subtotal - Sanitary Sewerage	13,127	10,371	6,038
Water Supply			
Seaton Landowners Constructed DCs	2,762	2,182	1,271
Regional Seaton-Specific DCs	7,174	5,667	3,300
Regional Attributions DCs	5,581	4,409	2,567
Subtotal - Water Supply	15,517	12,258	7,138
Total Development Charges	\$ 28,644	\$ 22,629	\$ 13,176

REGION OF DURHAM

SEATON NON-RESIDENTIAL AREA SPECIFIC DEVELOPMENT CHARGES

Institutional Development Charges \$ Per Square Foot of Gross Floor Area		
Service Category	Effective July 1, 2024 \$	Effective July 1, 2025 ⁽¹⁾ \$
Sanitary Sewerage		
Seaton Landowners Constructed DCs	0.85	0.88
Regional Seaton-Specific DCs	0.27	0.28
Regional Attributions DCs	0.73	0.76
Subtotal - Sanitary Sewerage	1.85	1.92
Water Supply		
Seaton Landowners Constructed DCs	0.11	0.11
Regional Seaton-Specific DCs	0.27	0.28
Regional Attributions DCs	0.68	0.71
Subtotal - Water Supply	1.06	1.10
Total Development Charges	\$ 2.91	\$ 3.02

Non-Institutional Development Charges \$ Per Square Foot of Gross Floor Area		
Service Category	Effective July 1, 2024 \$	Effective July 1, 2025 ⁽¹⁾ \$
Sanitary Sewerage		
Seaton Landowners Constructed DCs	2.56	2.66
Regional Seaton-Specific DCs	0.82	0.85
Regional Attributions DCs	2.20	2.28
Subtotal - Sanitary Sewerage	5.58	5.79
Water Supply		
Seaton Landowners Constructed DCs	0.33	0.34
Regional Seaton-Specific DCs	0.80	0.83
Regional Attributions DCs	2.05	2.13
Subtotal - Water Supply	3.18	3.30
Total Development Charges	\$ 8.76	\$ 9.09

Prestige Employment Land Area Development Charges \$ Per Net Hectare		
Service Category	Effective July 1, 2024 \$	Effective July 1, 2025 ⁽¹⁾ \$
Sanitary Sewerage		
Seaton Landowners Constructed DCs	134,914	140,041
Regional Seaton-Specific DCs	42,694	44,316
Regional Attributions DCs	111,514	115,752
Subtotal - Sanitary Sewerage	289,122	300,109
Water Supply		
Seaton Landowners Constructed DCs	16,536	17,164
Regional Seaton-Specific DCs	40,957	42,513
Regional Attributions DCs	108,321	112,437
Subtotal - Water Supply	165,814	172,114
Total Development Charges	\$ 454,936	\$ 472,223

Note:

(1) With 3.8% indexing

REGION OF DURHAM
SEATON FRONT ENDING AGREEMENT

Early Payment of Attribution DC		
Development Category	Effective July 1, 2024 \$	Effective July 1, 2025⁽¹⁾ \$
Non-Institutional (\$ per sq. ft.)	1.65	1.71
Institutional (\$ per sq. ft.)	0.37	0.38
Prestige Employment Lands (\$ per net ha.)	264,641	274,697

(1) With 3.8% indexing

By-law Number 2025-XXXX
of The Regional Municipality of Durham

Being a by-law to amend by-law number 42-2023.

Whereas section 19 of the Development Charges Act, 1997, S.O. 1997, c.27 (the “Act”) provides for amendments to development charge by-laws;

And Whereas the Council of The Regional Municipality of Durham requires certain amendments to By-law 42-2023;

And Whereas in accordance with the Act, Bill 17, *Protect Ontario by Building Faster and Smarter Act*, 2025 eliminates the need for a development charge background study as well as the need for a public meeting to make an amendment to By-law 42-2023, and is therefore not provided in the amendment of this By-law;

And Whereas a public notice will be made available to inform the public that By-law 42-2023 has been amended;

Now therefore, the Council of The Regional Municipality of Durham hereby enacts as follows:

1. Following subsection 3.16 add new subsection, as follows:

3.16.1 Notwithstanding subsection 3.16 of this by-law, development charges imposed pursuant to this by-law shall not be adjusted as of July 1st, 2025 and instead shall be adjusted on October 1st, 2025 in accordance with the Statistics Canada Quarterly, Construction Price Statistics, catalogue number 62-207, for the most recently available annual period ending March 31.

This By-law Read and Passed on the Xth day of June, 2025.

J. Henry, Regional Chair and CEO

A. Harras, Regional Clerk

By-law Number 2025-XXXX
of The Regional Municipality of Durham

Being a by-law to amend by-law number 39-2022.

Whereas section 19 of the Development Charges Act, 1997, S.O. 1997, c.27 (the “Act”) provides for amendments to development charge by-laws;

And Whereas the Council of The Regional Municipality of Durham requires certain amendments to By-law 39-2022;

And Whereas in accordance with the Act, Bill 17, *Protect Ontario by Building Faster and Smarter Act*, 2025 eliminates the need for a development charge background study as well as the need for a public meeting to make an amendment to By-law 39-2022, and is therefore not provided in the amendment of this By-law;

And Whereas a public notice will be made available to inform the public that By-law 39-2022 has been amended;

Now therefore, the Council of The Regional Municipality of Durham hereby enacts as follows:

1. Following section 19 add new section, as follows:

19.1 Notwithstanding section 19 of this by-law, development charges imposed pursuant to this by-law shall not be adjusted as of July 1st, 2025 and instead shall be adjusted on October 1st, 2025 in accordance with the Statistics Canada Quarterly, Construction Price Statistics, catalogue number 62-207, for the most recently available annual period ending March 31.

This By-law Read and Passed on the Xth day of June, 2025.

J. Henry, Regional Chair and CEO

A. Harras, Regional Clerk