



The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioner of Finance, Commissioner of Community Growth and Economic Development, Commissioner of Works, and Commissioner of Legal Services
Report: #2026-COW-18
Date: April 15, 2026

Subject:

Recommended Option for Including Northeast Pickering (NEP) and Northwest Brooklin (NWB) Lands in the Region's Development Charge (DC) By-laws

Recommendation:

That the Committee of the Whole recommends to Regional Council that:

- A) This report be received as the staff response to Council's direction of November 26, 2025, to undertake a comprehensive review of options for including the NEP and NWB lands in the Region's DC By-laws, including amending the existing by-law, preparing an Area-Specific Development Charge (ASDC) by-law for the NEP and NWB lands, and preparing a new Region-wide by-law.
- B) Following a comprehensive review of the options, staff recommends that a new DC Background Study and associated by-law be undertaken to consider the inclusion of the NEP and NWB lands, along with the balance of the new growth areas approved in the Region's former Official Plan. The study would be completed in accordance with legislative requirements, with a detailed schedule for the public process to be brought forward in early 2027 for Regional Council review.
- C) The following external consulting and legal services be retained to provide technical expertise with the preparation of the Regional Residential and Non-residential DC Background Study and DC By-law as follows:
 - i) The consulting firm of Watson & Associates Economists Ltd. be retained through a sole source contract at an estimated cost of up to \$250,000 to assist with the development of the Regional Residential and Non-

residential DC Background Study, including expert advice on policy, methodology (e.g. benefit to existing development, post period benefit, residential and non-residential allocations), development forecasts, calculations, and the preparation of the DC Background Study and By-law;

- ii) The legal firm of WeirFoulds LLP be retained through a sole source contract at an estimated cost of up to \$50,000 to advise and assist in the preparation of the new Regional Residential and Non-residential DC By-law, ensuring the new by-law complies with the requirements of the *Development Charges Act, 1997*;
- D) That the cost of this external consulting and legal services expenditures in the estimated amount of up to \$300,000 be financed as follows:
- | | |
|---|------------------|
| DC Studies Reserve Fund | \$205,800 |
| Property Tax Sources – At the Discretion of
the Commissioner of Finance | 47,100 |
| Water and Sewer Sources – At the Discretion
of the Commissioner of Finance | <u>47,100</u> |
| Total | <u>\$300,000</u> |
- E) That the Commissioner of Finance be authorized to execute the necessary agreements.
-

Report:

1. Purpose

- 1.1. The purpose of this report is to report on the review of the options related to the potential inclusion of Northeast Pickering (NEP) and Northwest Brooklin (NWB) lands in the Region's Development Charge (DC) By-laws, including associated policies, in response to the resolution adopted by Regional Council on November 26, 2025.
- 1.2. This report also seeks Council authorization to undertake the necessary work to advance a new Regional residential and non-residential DC by-law, which will consider the inclusion of the NEP and NWB lands, along with the balance of new growth areas approved in the Region's former Official Plan, Envision Durham¹.

¹ Pursuant to Bill 23, as of January 1, 2025, Envision Durham has now become part of the Area Municipal Official Plans of Durham's eight municipalities. As a result, Envision Durham is sometimes referred to in this report as "the Region's former Official Plan".

2. Background

- 2.1. The Region of Durham's current DC By-laws are based on the previous 2020 Consolidation of the Regional Official Plan and related growth forecasts. As a result, lands within NEP or NWB areas are not included. Consequently, the capital infrastructure required to service these lands, particularly for water, sanitary sewer, transportation, and other Region-wide services is not reflected in the Region's current DC Background Studies which support the current DC By-laws.
- 2.2. In 2023, Regional Council adopted Envision Durham, which was subsequently approved by the Province in 2024. Envision Durham expanded the Region's urban boundary to include several new growth areas, including NEP and NWB, but also areas in Oshawa, Clarington and Northeast Whitby (see Attachment #1).
- 2.3. Following the Council's passing of the Region's 2023 DC By-law, the Durham Region Home Builders' Association, Building Industry and Land Development Association, a few individual developers appealed the by-law to the Ontario Land Tribunal. In early 2025, as part of the successful resolutions of those appeals, the Region committed to completing a new Regional DC as soon as possible. However, numerous changes by the Province to the *Development Charges Act, 1997* in recent years have created uncertainty and resulted in delays to this work.
- 2.4. The Northeast Pickering Landowners Group (NEPLG), representing landowners within the Northeast Pickering Secondary Plan Area (NEPSA), formally requested that the Region advance the servicing for the NEP lands. In November 2025, the NEPLG brought forward the following two related requests to Regional Council:
 - a. That the Region participate as a co-proponent in an Environmental Assessment to determine water and sanitary servicing for the NEP lands; and
 - b. That the Region amend its DC By-law to include the capital projects required to service the NEP lands.
- 2.5. In response to these requests, Regional Council adopted a resolution on November 26, 2025, directing staff to evaluate options for including NEP and NWB lands in the Region's DC By-laws. Specifically, Council directed staff to assess multiple approaches including amendments to the existing Region-wide DC By-laws, the potential establishment of an area-specific DC By-law, or the preparation of a new Region-wide DC By-law to comprehensively address growth in the expansion areas.

- 2.6. Following this direction, Regional staff from Finance, Works, Legal Services, and Community Growth, in consultation with Watson & Associates Economists Ltd., and WeirFoulds LLP, undertook the analysis required to inform a recommendation. This work included meetings with Area Municipal staff on February 4, 2026, and the Durham Region Home Builders' Association and Building Industry and Land Development Association on February 12, 2026, to gather feedback on the options, associated requirements, and implementation timelines.
- 2.7. As part of this review, staff evaluated the following options for including NEP and NWB lands in the Region's DC By-laws:
 - a. Option 1: Amend the existing Region-wide DC By-laws to include the NEP and NWB lands, which would require accounting for additional servicing costs and the associated population and employment growth.
 - b. Option 2: Establish a NEP and NWB Area-Specific DC By-law for water and sewer services, with corresponding amendments to the Regional DC By-laws to include remaining services (e.g., roads, transit, police).
 - c. Option 3: Develop a new DC Background Study and associated By-law to consider the new growth areas approved in the Region's former Official Plan, including the NEP and NWB lands.
- 2.8. This report presents a recommended approach for addressing the potential inclusion of the NEP and NWB lands in the Region's DC By-laws and seeks Council authorization to undertake the necessary work to advance the next Regional residential and non-residential DC Background Study and associated By-law.

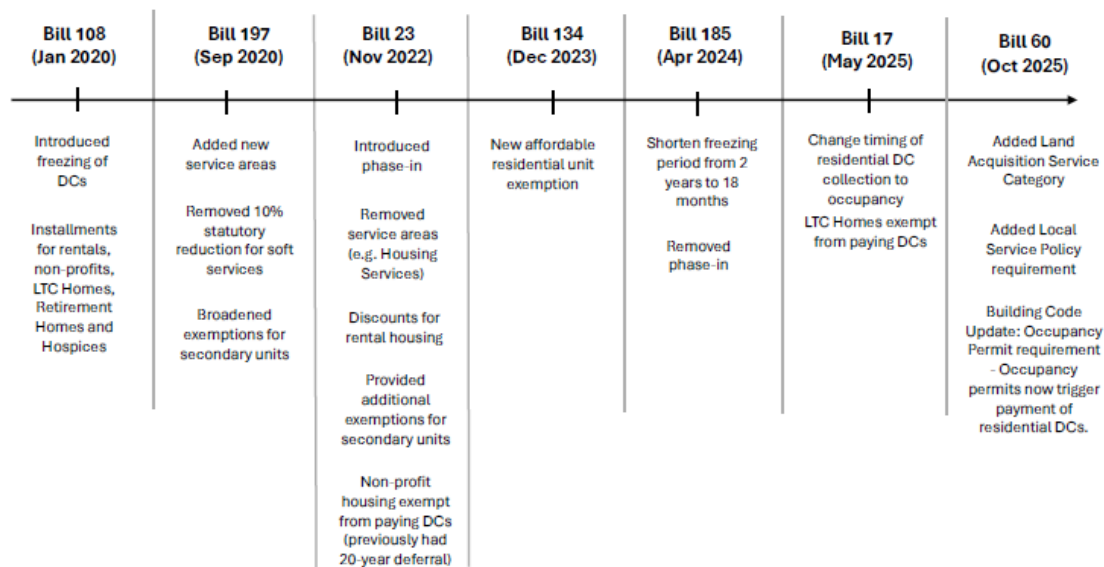
3. Previous Reports and Decisions

- 3.1. Regional Council approved [Report #2023-P-15](#) to adopt the most recent Regional Official Plan (Envision Durham).
- 3.2. Regional Council approved Confidential Report #2024-COW-48 to authorize the minutes of settlement for Ontario Land Tribunal appeal, OLT-23-000888.
- 3.3. Regional Council approved [Report #2025-COW-36](#), which directed staff to report back with recommendations for considering the NEP and NWB lands in the Region's DC By-laws.
- 3.4. Regional Council approved [Report #2026-COW-8](#) to authorize staff to enter into an Environmental Assessment Funding Agreement with the Northeast Pickering Landowners Group Inc. for Regional services required to support the development in Northeast Pickering.

4. Current Region-wide DC By-law and Background Study

- 4.1. The current Region-wide DC Background Study was completed on March 28, 2023 and supported the adoption of By-law No. 42-2023. The study was prepared using the previous Official Plan (2020 Consolidation) and corresponding capital forecasts to 2033. As a result, the existing Region-wide DC By-law reflects growth assumptions and servicing needs that pre-date the approval of Envision Durham and the identification of new urban expansion areas.
- 4.2. Since the Region-wide DC Background Study was completed, numerous legislative changes have also occurred. Most notably, the *Fighting Delays, Building Faster Act, 2025* (Bill 60) introduced a new service category for “land acquisition”, which requires land costs to be calculated, justified, and funded separately from other DC-eligible services. Under the previous approach, land costs were included within the capital forecasts for individual service areas. This change materially affects how capital costs are structured and how DC rates are determined. In addition, on March 30, 2026, the Province announced *Bill 98, Building Homes and Improving Transportation Infrastructure Act, 2026*. If passed as currently drafted, non-profit retirement homes would be exempt from paying development charges. Figure 1 below summarizes the recent changes to the *Development Charges Act, 1997*.

Figure 1: Recent Changes to the Development Charges Act



- 4.3. Also on March 30, 2026, the Provincial and Federal Governments entered into the *Canada-Ontario Partnership to Build* agreement. Under the agreement, the Federal and Provincial governments will provide \$8.8 billion dollars in funding over ten years to support housing-enabling infrastructure investments for Ontario municipalities that reduce and maintain low development charges. While full

program details are not available, the announcement indicates that municipalities would be required to substantially reduce development charges by 30 to 50 per cent to qualify for funding.

- 4.4. The Ontario Land Tribunal appeal associated with the Region-wide DC By-law No. 42-2023 also identified stakeholder concerns with the Region-wide DC By-law. Through the Ontario Land Tribunal mediation process and subsequent decision in 2025, the Region committed to bringing forward a new Region-wide DC By-law as soon as possible.
- 4.5. Taken together, the approval of new expansion areas, longer time horizons for population and employment forecasts along with related capital infrastructure forecasts, evolving legislative requirements, and shifting underlying assumptions regarding modal splits, water and sewer usage, costs of infrastructure and forms of development provide key mandatory elements for the current review and highlight the need for a comprehensive review of the Region's DC By-law No. 42-2023.

5. Area Municipal Staff Consultation

- 5.1. On February 4, 2026, Regional staff consulted with area municipal staff to discuss the potential approaches and implications for including NEP and NWB in the Region's DC framework.
- 5.2. Area municipality staff raised questions regarding the scope, timing and implementation of the proposed DC options. Area municipality staff emphasized the importance of aligning DC timing with ongoing secondary plan implementation, servicing, and phasing work, noting that large-scale growth areas may require extended study and delivery timelines. Questions were also raised regarding the timing and infrastructure implications of an area-specific compared to region-wide approaches.

6. Building Industry Consultation

- 6.1. On February 12, 2026, Regional staff consulted with members from Durham Region Home Builders Association and Building Industry and Land Developer Association, to discuss the potential approaches and implications for including NEP and NWB in the Region's DC By-laws.
- 6.2. Participants discussed potential resource and implementation risks associated with the various options. Both industry representatives and staff noted that a focused effort on a specific growth area could affect the timing and advancement of other growth areas across the Region. For example, an Area-Specific DC approach could delay the completion of a new Region-wide DC By-law.

- 6.3. Industry representatives also noted land interests both within and outside NEP and NWB. Risks were identified that an interim or Area-Specific DC approaches could introduce uncertainty or uneven cost allocations across the Region. Given the significant size of the NEP and NWB lands relative to the remaining expansion areas, calculating an Area-Specific DC could have implications on Region-wide DC rates. As DCs are based on an average-cost methodology, removing a large growth area from the Region-wide DC By-laws could introduce volatility in rates and potentially impact development viability and investment decisions elsewhere in the Region.
- 6.4. Further discussions focused on capital forecasting considerations, including whether separate forecasts could be prepared for an Area-Specific DC while accounting for shared regional infrastructure, such as water and sewer systems.
- 6.5. Participants indicated their willingness to continue engagement and discussed the establishment of a stakeholder liaison committee that will meet to discuss DC-related topics.

7. Market Considerations

- 7.1. Economic and housing market conditions are an important consideration in evaluating options to include NEP and NWB lands within the Region's DC By-laws, as these conditions influence the development timing, unit mix, infrastructure delivery and absorption of development-related costs. While long-term economic and housing prospects remain positive, near-term conditions are characterized by macroeconomic uncertainty and a material slow down in housing activity, with Durham Region housing starts and building permit activity declining significantly since their 2021-2022 peaks. At the same time, the Region has a substantial development pipeline, with over 100,000 units that are Draft Approved, in applications under review, in Registered Plans which have not been built, or subject to MZOs, providing considerable capacity to accommodate near to medium-term housing demand. Taken together, the recent decline in housing starts and permits, alongside a substantial inventory of units within the existing development pipeline, indicates there is no immediate market-driven urgency to advance additional greenfield areas for development at this specific time.

8. Option 1 – Amend the existing Region-wide DC By-laws to include NEP and NWB lands

- 8.1. This option would require updating the existing DC Background Study by extending the planning horizon beyond 2033 to incorporate the NEP and NWB lands, subject to a phasing plan to determine how much land will be needed to meet the anticipated population and employment growth approved through Envision Durham, along with the associated capital requirements to service the lands.

- 8.2. The extension of the growth horizon beyond 2033 represents a material change to the underlying assumptions of the current DC Background Study. As a result, all components of the study would need to be comprehensively reviewed and updated to reassess service needs across each eligible service category.
- 8.3. Under the *Development Charges Act, 1997*, amendments to a DC By-law made more than one year after the completion of the DC Background Study generally require the preparation of a new DC Background Study to justify the proposed changes. As the Region is now beyond the one-year timeframe, any substantive amendments to the existing Region-wide DC By-laws would be subject to the same comprehensive procedural requirements as a new By-law, including the preparation of a DC Background Study, and compliance with statutory requirements such as a public meeting and public notices.
- 8.4. While the *Development Charges Act, 1997* allows for an expedited process for certain minor amendments such as repealing or amending expiry date provisions, indexing provisions, or decreasing DCs for one or more development types, this process does not apply in this instance due to the scope of the changes required under this option.
- 8.5. Accordingly, the preparation of an amendment would be at least as complex and resource intensive as preparing an entirely new DC Background Study and By-law. As a result, there would be no meaningful time or implementation advantage by proceeding by way of amendment rather than undertaking a new DC Background Study and By-law.
- 8.6. For these reasons, while Option 1 is feasible, this option does not provide any net schedule or implementation advantages and is therefore not recommended.

9. Option 2 – Establish an Area-Specific DC By-law for NEP and NWB

- 9.1. Under this option, the Region would establish an Area-Specific DC By-law for NEP and NWB lands, subject to a phasing plan to determine how much land will be needed to meet the anticipated population and employment growth approved through Envision Durham. The Area-Specific DC would be focused only on water and sanitary sewer services, with the existing Region-wide DC By-laws continuing to apply to other Region-wide services such as roads, transit and other soft services.
- 9.2. The *Development Charges Act, 1997*, allows multiple DC By-laws to apply concurrently in the same geographic area. Accordingly, the Region may impose an Area-Specific DC for water and sanitary sewer services in the NEP and NWB areas while continuing to levy the existing Region-wide DC for other services (e.g. Roads, Transit, Police, etc.) under the current DC By-laws.
- 9.3. This option was proposed as an interim measure that might allow an Area-Specific DC to be established more quickly than completing a full Region-wide DC update. However, staff do not anticipate any material schedule advantage.

Growth forecasts for NEP and NWB cannot be prepared in isolation, as growth distribution, phasing and infrastructure capacity are interconnected across the Region. As a result, Region-wide growth forecasting would still be required, and therefore would be similar in scope to a new Region-wide DC study.

- 9.4. Further applying the existing Region-wide DC rates for the remaining services, such as roads, transit, long-term care, waste diversion, police, and paramedic services, presents a risk that the current rates for these services may not accurately reflect the costs of servicing development in the NEP and NWB areas. The capital needs in these areas may result in higher or lower service costs on a per capita or per employee basis compared to other parts of the Region. Determining whether the current Region-wide DCs appropriately recover these costs would require the completion of an updated Region-wide DC Background Study.
- 9.5. Additional considerations include stakeholder feedback about the implications that this option may have on the timing of completing a new DC By-law for all the new expansion areas and the DC rates in other areas of the Region, given the size and scale of the NEP and NWB lands.
- 9.6. Furthermore, staff have identified significant implementation challenges associated with this approach. Administering multiple DC By-laws concurrently, including separate charge calculations, exemptions, indexing, and collection policies, would increase the complexity for both the Region and Area Municipalities. This complexity is further amplified where shared or interrelated infrastructure serves both expansion areas and the broader Region.
- 9.7. In addition, while certain environmental assessment work related to water and sanitary sewer servicing is being advanced, the anticipated timing of development in NEP and NWB extends beyond the expected timeframe for completing an Area-Specific DC or new Region-wide DC By-law. As a result, an interim Area-Specific DC is not expected to provide meaningful implementation benefits.
- 9.8. Advancing an Area-Specific DC By-law at this time would also divert staff and consultant resources and delay the completion of a comprehensive Region-wide DC update. This outcome would be contrary to the Region's commitment arising from the settlement of the Ontario Land Tribunal appeals related to By-law No. 42-2023 to bring forward a new Region-wide DC by-law as soon as reasonably possible.
- 9.9. For these reasons, while Option 2 is feasible, this option does not provide any net schedule advantages, and is not recommended due to its complexity, implementation risks, and potential to delay the completion of a comprehensive Region-wide DC update.

10. Option 3 – Develop a New Region-wide DC Background Study and By-law

- 10.1. This option involves the preparation of a new Region-wide DC Background Study and By-law that would consider the inclusion of new growth areas approved through Envision Durham, including the NEP and NWB lands.
- 10.2. This option most directly aligns with the Region's commitments arising from the settlement of the Ontario Land Tribunal appeal related to By-law No. 42-2023 to undertake and complete as soon as is reasonably practical, a comprehensive review of its Region-wide development charges to consider how lands added to the Region's urban boundary through Envision Durham should be addressed through a future DC By-law.
- 10.3. A new Region-wide DC Background Study would allow the Region to comprehensively update all aspects of the Region-wide DC, including population and employment forecasts, capital programs, methodological approaches, and policy assumptions across all service areas, rather than addressing expansion areas incrementally. This approach would allow the Region to fully integrate recent legislative changes, including the requirement to calculate land as a separate service category.
- 10.4. From an implementation perspective, a new Region-wide DC Background Study and By-law could proceed in parallel with the ongoing environmental assessment and servicing studies for NEP and NWB. Where detailed infrastructure designs or phasing information are not yet available, reasonable assumptions can be incorporated into the DC Background Study and refined through future updates, consistent with standard DC practice.
- 10.5. Through this option, staff have identified a potential opportunity to streamline the Region's DC By-law structure by consolidating the services in the existing Region-wide DC By-law and the Regional Transit DC By-law into a single By-law. This consideration will be evaluated as part of the development of a detailed work plan and included in the subsequent staff report in early 2027.
- 10.6. In addition, undertaking a new Region-wide DC Background Study and By-law would provide an opportunity to assess whether updates to the Seaton Area-Specific DC By-law should be advanced alongside the Region-wide DC work. This would allow for consideration of updated cost estimates and assumptions in a coordinated and comprehensive manner.
- 10.7. For these reasons, staff recommend Option 3 as the most efficient, effective and defensible approach to considering the NEP and NWB lands within the Region's DC By-laws. The option best aligns with the Region's commitments arising from the Ontario Land Tribunal settlement, supports a comprehensive and integrated assessment of growth, infrastructure and policy across all service areas, minimizes implementation complexity and risk while providing flexibility to refine assumptions as support studies are completed.

11. Financial Implications

- 11.1. It is recommended that the following external consulting and legal services be retained, in accordance with Purchasing By-law 16-2020, at an estimated cost of no greater than \$300,000 to provide technical expertise with the preparation of the Regional Residential and Non-residential DC Background Study and DC By-law as follows:
- a. The consulting firm of Watson & Associates Economists Ltd. be retained through a sole source contract at an estimated cost of up to \$250,000 to assist with the development of the Regional Residential and Non-residential DC Background Study, including expert advice on policy, methodology (e.g. benefit to existing development, post period benefit, residential and non-residential allocations), development forecasts, calculations, and the preparation of the DC Background Study and By-law;
 - b. The legal firm of WeirFoulds LLP be retained through a sole source contract at an estimated cost of up to \$50,000 to advise and assist in the preparation of the new Regional Residential and Non-residential DC By-law, ensuring the new by-law complies with the requirements of the *Development Charges Act, 1997*;
- 11.2. It is recommended that the cost of these services in the estimated amount of up to \$300,000 be financed as follows:

DC Studies Reserve Fund	\$205,800
Property Tax Sources – At the Discretion of the Commissioner of Finance	47,100
Water and Sewer Sources – At the Discretion of the Commissioner of Finance	<u>47,100</u>
Total	<u>\$300,000</u>

- 11.3. In addition to the consulting and legal services identified above, other specialized work (e.g. capital costing analysis, modelling) may be required to support the DC Background Study and related master planning work. Any such assignments would be procured and awarded under delegated authority, in accordance with the Region's Purchasing By-law, and would be funded from previously approved budgets.

12. Relationship to Strategic Plan

- 12.1. This report aligns with the following Strategic Directions and Pathways 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.

12.2. This report aligns with the following Foundations 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.

13. Conclusion

13.1. This report provides a comprehensive evaluation of options to include NEP and NWB lands in the Region's DC By-laws. It is recommended that a new DC Background Study and associated by-law be undertaken to consider the balance of the new growth areas approved in the Region's former Official Plan, including the NEP and NWB lands.

13.2. Staff will report back to Regional Council in early 2027 to provide an update on the detailed schedule for completing the Region-wide DC Background Study, including key milestone dates for Council consideration and public consultation. As part of the detailed project planning for the proposed Region-wide DC update, staff will also review whether there are schedule advantages to consolidate the Regional Transit By-law with the new Region-wide DC By-law. The recommended approach will include consultations with the Area Municipalities, local development industry, local Boards of Trade, Chamber of Commerce, and the public.

14. Attachments

14.1. Attachment #1: Map of Expansion Lands

Respectfully submitted,

Original Signed By

Nicole Pincombe, CPA, CMA
Commissioner of Finance

Original Signed By

Sanda Austin
Commissioner of Community Growth
and Economic Development

Original Signed By

Ramesh Jagannathan, MBA, M.Eng.,
P.Eng, PTOE
Commissioner of Works

Original Signed By

Jason Hunt
Commissioner of Legal Services &
Regional Solicitor

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer

Attachment #1: Map of Expansion Lands

