



The Regional Municipality of Durham Report

From: Commissioner of Finance
Report: #2022-INFO-41
Date: May 13, 2022

Subject:

July 1, 2022 Indexing of Regional Development Charges

Recommendation:

Receive for information.

Report:

1. Purpose

1.1 The purpose of this report is to advise of the annual indexing rate for Regional Development Charges (DC) and to provide the updated Regional DC rates that will take effect on July 1, 2022.

2. Background

2.1 The Regional DC By-laws (#28-2018, #38-2019 and #81-2017) contain a provision that the prevailing Regional DCs be adjusted annually, without amendment to those by-laws, as of the 1st day of July in accordance with the Statistics Canada Quarterly, Construction Price Statistics, catalogue number 62-007, for the most recently available annual period ending March 31. The Construction Price Statistics Index for 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 and the Construction Price Statistics Index for the Toronto CMA is used in accordance with Provincial regulation, however the annual adjustment 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, 2022 will be applied to the following DC by-laws:

- a. Regional Residential and Non-residential DC By-law #28-2018 (water, sewer, roads and other services);
- b. GO Transit DC By-law #86-2001; and

- c. Seaton Water Supply and Sanitary Sewerage Area Specific DC By-law #38-2019.
- 2.4 Annual indexing will not be applied to the Regional Transit DC By-law #81-2017 as the by-law is currently being updated and is scheduled to be replaced as of July 1, 2022. The new proposed by-law is scheduled for Regional Council approval on June 29, 2022 and includes an updated rate that is already expressed in 2022 dollars.
- 2.5 Annual indexing for the known inflationary price increases related to capital projects ensures that the Region continues to recover growth related costs through its development charges at prevailing cost levels required to fund capital investments in water, sewer, roads and other services.

3. Previous Reports and Decisions

- 3.1 The following reports approved the DC By-laws that require the indexing of DCs:
- a. Report #2017-COW-262;
 - b. Report #2018-COW-108; and
 - c. Report #2019-F-23.
- 3.2 The proposed DC rate for Regional Transit services was included in the new Regional Transit DC Background Study and proposed By-law, which was made available to the public on April 12, 2022 and was presented at the public meeting held on April 27, 2022. The public meeting included the corresponding report #2022-F-11.
- 3.3 Report #2022-INFO-24: Indexing of Regional Development Charges provided background information suggesting that the July 1, 2022 indexing may be a significant increase due to economic pressures.

4. July 1, 2022 Indexing of Regional Development Charges

- 4.1 Indexing of charges within the applicable by-laws is required on July 1, 2022 in accordance with the most recently available 12 month period ending March 31 Statistics Canada Non-residential Building Construction Price Index for the Toronto Census Metropolitan Area (CMA).
- 4.2 The Statistics Canada Non-residential Building Construction Price Index Toronto CMA series, for the period March 31, 2021 to March 31, 2022, was released on May 5, 2022, with an inflationary increase of 17.3 per cent.
- 4.3 The significant increase in the index is reflective of the current inflationary environment. The economy continues to face significant inflationary pressures caused by the supply-demand imbalances resulting from such factors as pandemic related supply chain disruptions, ongoing labour shortages, and Russia's invasion of Ukraine.

5. Implications of 2022 Indexing on DC Rates

Region-wide Residential and Non-residential Development Charges

- 5.1 Attachment #1 provides the residential DC rates inclusive of the proposed Regional Transit DC By-law, to be considered at the June Regional Council meeting, and the application of the three per cent indexing to GO Transit and 17.3 per cent indexing to all other services. The indexing and proposed Regional transit DC rate will increase the DC for a single / semi detached unit by \$6,639.
- 5.2 Attachment #2 provides the indexed non-residential DC's that will take effect on July 1, 2022. The attachment includes the Regional transit rate from the proposed Regional Transit DC By-law, along with the indexed rates for all other service areas. Attachments #3 and #4 provide both the current Seaton Water Supply and Sanitary Sewerage Residential and Non-residential Area Specific Development Charges and the new rates reflecting the 17.3 per cent indexing.

Seaton Area Specific Development Charges

- 5.3 The Seaton Front Ending Agreement also requires an early payment of the Attributions Development Charge to ensure the Region recovers its capital costs by the end of Phase 1 development of Seaton. These rates are also indexed annually on July 1. The 17.3 per cent indexing will result in the following early payment rate increases:
- 5.4 Non-institutional development would increase from \$2.17 per square foot to \$2.55 per square foot;
- 5.5 Institutional development would increase from \$0.45 per square foot to \$0.53 per square foot; and
- 5.6 Prestige employment lands would increase from \$192,065 per net hectare to \$225,292 per net hectare.

6. Transitional Period

- 6.1 It is Regional practice to provide a transitional period for the application of the indexed Regional DC rates to provide time for the local area municipal offices to process any complete applications. The transitional period allows area municipal staff, who have applications with all completed documentation, an additional six weeks to issue the building permit under the current rates. This process avoids municipal staff having to rush through applications by the July 1 deadline. If the building permit has not been issued within the six-week window, or if any changes were made to any building permit application documents, the transition opportunity will be void and the new indexed rates would apply.

7. Relationship to Strategic Plan

- 7.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Enhanced funding for paramedic services, long-term care services and affordable housing, supporting Goal 4 (Social Investment).

8. Conclusion

- 8.1 The Region's DCs are being indexed by 17.3 per cent on July 1, 2022, in accordance with the Regional DC By-laws, to reflect the increase in construction costs to provide municipal services such as water, sewer, roads, and other services.

9. Attachments

- Attachment #1: Residential Development Charges – Effective July 1, 2021 and July 1, 2022
- Attachment #2: Non-residential Development Charges – Effective July 1, 2021 and July 1, 2022
- Attachment #3: Seaton Residential Water and Sewer Area Specific Development Charges - Effective July 1, 2021 and July 1, 2022
- Attachment #4: Seaton Non-residential Water and Sewer Area Specific Development Charges - Effective July 1, 2021 and July 1, 2022

Respectfully submitted,

Original Signed By

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

REGION OF DURHAM

RESIDENTIAL DEVELOPMENT CHARGES				
effective July 1, 2021				
PER DWELLING UNIT				
SERVICE CATEGORY	Single / Semi Detached	Medium Density Multiples	Two Bedroom Apartment and Larger	One Bedroom Apartment and Smaller
	\$	\$	\$	\$
Regional Roads	10,332	8,302	6,001	3,912
GO Transit	790	699	496	295
Regional Transit	1,275	1,026	741	480
Regional Police Services	798	642	465	302
Long Term Care	266	214	154	100
Paramedic Services	210	168	122	79
Health and Social Services	137	110	80	52
Housing Services	479	387	279	181
Water Supply	10,522	8,454	6,113	3,983
Sanitary Sewerage	10,241	8,228	5,950	3,878
Total (All Services)	\$ 35,050	\$ 28,230	\$ 20,401	\$ 13,262

RESIDENTIAL DEVELOPMENT CHARGES				
effective July 1, 2022 ⁽¹⁾ with proposed new Regional Transit rate				
PER DWELLING UNIT				
SERVICE CATEGORY	Single / Semi Detached	Medium Density Multiples	Two Bedroom Apartment and Larger	One Bedroom Apartment and Smaller
	\$	\$	\$	\$
Regional Roads	12,119	9,738	7,039	4,589
GO Transit ⁽²⁾	814	720	511	304
Regional Transit	2,184	1,720	1,221	750
Regional Police Services	936	753	545	354
Long Term Care	312	251	181	117
Paramedic Services	246	197	143	93
Health and Social Services	161	129	94	61
Housing Services	562	454	327	212
Water Supply	12,342	9,917	7,171	4,672
Sanitary Sewerage	12,013	9,651	6,979	4,549
Total (All Services)	\$ 41,689	\$ 33,530	\$ 24,211	\$ 15,701
Dollar Increase	\$ 6,639	\$ 5,300	\$ 3,810	\$ 2,439

Notes

1. With 17.3 per cent indexing.

2. GO Transit Indexing capped at 3.0 per cent.

REGION OF DURHAM

COMMERCIAL DEVELOPMENT CHARGES		
Including proposed new Regional Transit rates		
Per Square Foot of Gross Floor Area		
SERVICE CATEGORY	Effective July 1, 2021	Effective July 1, 2022 ⁽¹⁾
	\$	\$
Regional Roads	9.52	11.16
Water Supply	3.91	4.59
Sanitary Sewerage	6.57	7.71
Regional Transit	0.61	0.99
Total (All Services)	<u>\$ 20.61</u>	<u>\$ 24.45</u>

INDUSTRIAL DEVELOPMENT CHARGES		
Including proposed new Regional Transit rates		
Per Square Foot of Gross Floor Area		
SERVICE CATEGORY	Effective July 1, 2021	Effective July 1, 2022 (1)
	\$	\$
Regional Roads	3.62	4.24
Water Supply	3.12	3.66
Sanitary Sewerage	3.76	4.41
Regional Transit	0.61	0.99
Total (All Services)	<u>\$ 11.11</u>	<u>\$ 13.30</u>

INSTITUTIONAL DEVELOPMENT CHARGES		
Including proposed new Regional Transit rates		
Per Square Foot of Gross Floor Area		
SERVICE CATEGORY	Effective July 1, 2021	Effective July 1, 2022 (1)
	\$	\$
Regional Roads	8.01	9.40
Water Supply	0.95	1.11
Sanitary Sewerage	1.16	1.36
Regional Transit	0.61	0.99
Total (All Services)	<u>\$ 10.73</u>	<u>\$ 12.86</u>

Notes:

1. With 17.3 per cent indexing

REGION OF DURHAM

SEATON RESIDENTIAL AREA SPECIFIC DEVELOPMENT CHARGES			
Effective Jan 1, 2022			
Service Category	Single / Semi Detached \$	Medium Density Multiples \$	Apartments \$
Sanitary Sewerage			
Seaton Landowners Constructed DCs	6,087	4,809	2,801
Regional Seaton-Specific DCs	2,551	2,016	1,173
Regional Attributions DCs	2,541	2,007	1,169
Subtotal - Sanitary Sewerage	11,179	8,832	5,143
Water Supply			
Seaton Landowners Constructed DCs	2,526	1,996	1,162
Regional Seaton-Specific DCs	6,066	4,793	2,790
Regional Attributions DCs	4,312	3,406	1,983
Subtotal - Water Supply	12,904	10,195	5,935
Total Development Charges	\$ 24,083	\$ 19,027	\$ 11,078

SEATON RESIDENTIAL AREA SPECIFIC DEVELOPMENT CHARGES			
Effective July 1, 2022 (1)			
Service Category	Single / Semi Detached \$	Medium Density Multiples \$	Apartments \$
Sanitary Sewerage			
Seaton Landowners Constructed DCs	7,140	5,641	3,286
Regional Seaton-Specific DCs	2,992	2,365	1,376
Regional Attributions DCs	2,981	2,354	1,371
Subtotal - Sanitary Sewerage	13,113	10,360	6,033
Water Supply			
Seaton Landowners Constructed DCs	2,963	2,341	1,363
Regional Seaton-Specific DCs	7,115	5,622	3,273
Regional Attributions DCs	5,058	3,995	2,326
Subtotal - Water Supply	15,136	11,958	6,962
Total Development Charges	\$ 28,249	\$ 22,318	\$ 12,995

Note:

(1) With 17.3% indexing

ATTACHMENT #4

REGION OF DURHAM

SEATON NON-RESIDENTIAL AREA SPECIFIC DEVELOPMENT CHARGES

Institutional Development Charges		
\$ Per Square Foot of Gross Floor Area		
Service Category	Effective Jan 1, 2022 \$	Effective July 1, 2022 ⁽¹⁾ \$
Sanitary Sewerage		
Seaton Landowners Constructed DCs	0.62	0.73
Regional Seaton-Specific DCs	0.25	0.29
Regional Attributions DCs	0.58	0.68
Subtotal - Sanitary Sewerage	1.45	1.70
Water Supply		
Seaton Landowners Constructed DCs	0.08	0.09
Regional Seaton-Specific DCs	0.21	0.25
Regional Attributions DCs	0.46	0.54
Subtotal - Water Supply	0.75	0.88
Total Development Charges	\$ 2.20	\$ 2.58

Non-Institutional Development Charges		
\$ Per Square Foot of Gross Floor Area		
Service Category	Effective Jan 1, 2022 \$	Effective July 1, 2022 ⁽¹⁾ \$
Sanitary Sewerage		
Seaton Landowners Constructed DCs	1.76	2.06
Regional Seaton-Specific DCs	0.74	0.87
Regional Attributions DCs	1.70	1.99
Subtotal - Sanitary Sewerage	4.20	4.92
Water Supply		
Seaton Landowners Constructed DCs	0.25	0.29
Regional Seaton-Specific DCs	0.59	0.69
Regional Attributions DCs	1.34	1.57
Subtotal - Water Supply	2.18	2.55
Total Development Charges	\$ 6.38	\$ 7.47

Prestige Employment Land Area Development Charges		
\$ Per Net Hectare		
Service Category	Effective Jan 1, 2022 \$	Effective July 1, 2022 ⁽¹⁾ \$
Sanitary Sewerage		
Seaton Landowners Constructed DCs	85,624	100,437
Regional Seaton-Specific DCs	35,920	42,134
Regional Attributions DCs	81,299	95,364
Subtotal - Sanitary Sewerage	202,843	237,935
Water Supply		
Seaton Landowners Constructed DCs	12,511	14,675
Regional Seaton-Specific DCs	28,983	33,997
Regional Attributions DCs	64,247	75,362
Subtotal - Water Supply	105,741	124,034
Total Development Charges	\$ 308,584	\$ 361,969

Note:

(1) With 17.3% indexing