
REGION OF DURHAM

**REGIONAL DEVELOPMENT CHARGE
BACKGROUND STUDY
SUPPORTING PROPOSED
AMENDMENTS TO
REGIONAL TRANSIT
DEVELOPMENT CHARGE
BY-LAW NO. 39-2022**

Prepared by:

THE REGIONAL MUNICIPALITY OF DURHAM

AND

WATSON & ASSOCIATES ECONOMISTS LTD.

March 28, 2023

1.0 Purpose of Development Charge Background Study

- 1.1 The purpose of this Background Study is to set out proposed amendments to Regional Transit Development Charge (DC) By-law No. 39-2022 of the Regional Municipality of Durham. These amendments are required to:
- a. Address the changes in the *Development Charges Act, 1997* (DCA) resulting from Bill 23 (*More Homes Built Faster Act*), which became effective November 28, 2022; and
 - b. Align this by-law with the new Region-wide development charges by-law, scheduled for approval by Regional Council on June 14, 2023.

2.0 Rationale of Proposed DC By-law Amendments

- 2.1 The following are changes to the DCA that impact the Regional Transit DC By-law:
- a. Broadening the exemptions for additional (secondary) units;
 - b. Exemptions for a number of residential development types:
 - I. Non-profit housing development;
 - II. Affordable residential units (rental and ownership);
 - III. Attainable residential units (not yet defined); and
 - IV. Inclusionary zoning units (as defined under the Planning Act).
 - c. Discounts for rental housing development (defined as four or more residential units intended as rental housing).

Exemption of Additional (Secondary) Units

- 2.2 The More Homes Built Faster Act (Bill 23) provides additional exemptions for additional (secondary) units within and ancillary to existing homes and new home construction. The additional housing exemptions for existing homes allow two additional units to be added within or ancillary to a semi-detached unit or rowhouse, whereas the previous exemptions allowed for one additional unit. For new residential homes, two additional units can be added to a new detached, semi-detached house or rowhouse, whereas the previous exemptions allowed for one additional unit.
- 2.3 The proposed amendments to Regional Transit DC By-law No. 39-2022, as shown in Appendix A, provide for the exemptions related to additional (secondary) units.

Additional Exemptions for Certain Residential Developments

- 2.4 Bill 23 provides exemptions for a number of residential developments, including non-profit, affordable residential units (rental and ownership), attainable residential units, and inclusionary zoning units. The definitions for these residential development types are provided in the DCA, with

additional regulations required for attainable residential units to enact this exemption. Moreover, the Ministry of Municipal Affairs and Housing is required to publish the “Affordable Residential Units for the Purpose of the Development Charges Act, 1997 Bulletin” to enact the exemption for affordable residential units.

Discounts for Rental Housing

- 2.5 DCs are discounted for all new rental housing development, defined as a building containing four or more residential units intended as rental housing. The discounts are provided based on the number of bedrooms within each dwelling unit starting at a 15 per cent discount for all one-bedroom or smaller rental units, increasing to 20 per cent for two bedroom units and 25 per cent for three or more bedroom units.

Alignment of By-law with Proposed Changes to By-law 28-2018

- 2.6 Regional Council is scheduled to pass a new Region-wide DC By-law on June 14, 2023. The Region-wide DC Background Study, released on March 28, 2023, contains policy changes that need to be reflected in Regional Transit DC By-law No. 39-2022 to maintain consistency.
- 2.7 An additional DC Background Study is being released concurrently to make similar amendments to the Region’s GO Transit DC By-law No. 86-2001.
- 2.8 The proposed changes to Regional Transit Development Charge By-law No. 39-2022 include the items in the following table:

**Table 1
Summary of Recommended Changes**

Policy	Current Treatment	Proposed Treatment
Housing Services / Housing Services Use	Commissioner of Finance has authority to defer DC payments up to 18 months for rental housing provided by non-profit or private providers.	This has been removed from the proposed by-law as Bill 23 has provided a full DC exemption for non-profit housing developments. Bill 23 also provides DC discounts for rental housing developments by private providers. The definitions of “housing services / housing services use” has subsequently been removed from the proposed by-law.

Definition of a bedroom	Bedroom is defined as a habitable room, including a den, study, loft, or other similar area, but does not include a living room, a dining room, a bathroom or a kitchen.	The definition of a bedroom is proposed to be expanded to include the area specifications as per the Ontario Building Code. The area specifications proposed for inclusion are “not less than 7 m ² where built-in closets are not provided, and not less than 6 m ² where built-in closets are provided.”
Definition of “detached and “detached dwelling”	Not defined. However, single detached dwelling and single detached are defined as a building comprising 1 dwelling unit.	Detached and Detached dwelling mean a residential building on one parcel of land comprising at least 1 dwelling unit and not more than 3 dwelling units on that parcel of land, where no portion of the building is attached to any building on another parcel of land. Subsequently, the definition of single-detached dwelling and single detached have been removed.
Definition of semi-detached building and semi-detached dwelling	Semi-detached building is not defined; however, semi-detached duplex is defined as one of a pair of attached duplexes, each duplex divided vertically from the other by a party wall. Semi-detached dwelling is defined as a building divided vertically (above or below ground) into and comprising 2 dwelling units.	Proposed by-law removes the definition of semi-detached duplex and replaces it with the following definition of semi-detached building: “semi-detached building” means a building on two parcels of land, divided vertically (above or below ground) along the common lot line of the two parcels and comprising at least 1 dwelling unit and not more than 3 dwelling units on each parcel.” Semi-detached dwelling is proposed to be redefined as “the portion of a semi-detached building on one

<p>Definition of townhouse building and townhouse dwelling</p>	<p>Townhouse building and townhouse dwelling are not defined; however, “townhouse” is defined as a building, other than a plex, stacked townhouse or apartment building, containing at least 3 dwelling units, each dwelling unit separated vertically from the other by a party wall and each dwelling unit having a separate entrance to grade.</p>	<p>parcel of land comprising at least 1 dwelling unit and not more than 3 dwelling units.”</p> <p>Proposed by-law removes the definition of a townhouse and includes the following definitions for townhouse building and townhouse dwelling:</p> <p>“townhouse building” means a residential building, on at least 3 parcels of land divided vertically (above or below ground) along the common lot line between each of the parcels and comprising at least 1 dwelling unit and not more than 3 dwelling units on each parcel.</p> <p>“townhouse dwelling” means the portion of a townhouse building on one parcel of land comprising at least 1 dwelling unit and not more than 3 dwelling units.</p>
<p>Definition of stacked townhouse</p>	<p>Defined as a building, other than a plex, townhouse or apartment building, containing at least 3 dwelling units; each dwelling unit separated from the other vertically and/or horizontally and each dwelling unit having a separate entrance to grade.</p>	<p>Proposed by-law refines the definition to remove the reference to apartment building.</p>
<p>Definition of residential use</p>	<p>Defined as lands, buildings or structures used, or designed or intended for use as a home or residence of one or more individuals, and</p>	<p>The proposed by-law refines the definition to mean lands, buildings or structures used, or designed or intended for use as a home or residence of one or more individuals,</p>

	shall include, but is not limited to, a single detached dwelling, a semi-detached dwelling, a townhouse, a plex, a stacked townhouse, an apartment, an apartment building, a mobile home, a retirement residence and a residential dwelling unit accessory to a non-residential use.	and shall include any building or structure containing dwelling units, and shall include, but not limited to, a detached dwelling, a semi-detached dwelling, a townhouse, a plex, a stacked townhouse, an apartment, an apartment building, a mobile home, a retirement residence and a residential dwelling unit accessory to a non-residential use.
Definition of a duplex	Defined as a building comprising, by horizontal division, two dwelling units.	Proposed by-law refines the definition to mean a building comprising, by horizontal division, two dwelling units on one parcel of land.
Definition of garden suite	Garden suite is defined as a one-unit detached, temporary residential structure containing bathroom and kitchen facilities that is ancillary to an existing residential structure and that is designed to be portable.	This definition has been deleted from the proposed by-law as garden suites are now exempt from DCs, as per Bill 23. Subsequently, the reference to garden suites in the definition of "medium density multiples" has been removed.
Redevelopment Credit	Redevelopment credits available within 10 years from the date the first demolition permit was issued.	Proposed change reduces the timeframe to 5 years from the date the first demolition permit was issued.
Date By-law Expires	By-law will expire five years from the date it comes into force, unless it is repealed at an earlier date by a subsequent by-law.	This clause is proposed for removal from the by-law to accommodate new provincial legislation that extends the expiry of DC by-laws to 10 years.

2.9 Other changes have also been proposed to ensure conformity with Provincial legislation. These include aligning the secondary unit exemptions with the exemptions provided in Bill 23, updating the definition of non-profit housing development, and providing a clause to allow for the discounting of rates for rental housing development.

3.0 Recommended Amendments and Implementation

3.1 The proposed amendments herein have no effect on the DC quantum currently imposed by the Region for Regional Transit Services. Moreover, all other aspects of the 2022 Regional Transit DC Background Study and By-Law remain unchanged, including:

- The growth forecast contained in Appendix A
- The gross capital costs, deductions, growth share, and calculated charge contained in Table 5-1, Table 6-1, and Table 6-2
- The long-term capital and operating cost examination contained in Appendix B
- The Asset Management Plan contained in Appendix E

3.2 Appendix A of this Background Study includes the proposed by-law amendment.

3.3 It is proposed that the amendments to By-law No. 39-2022 take effect on July 1, 2023.

3.4 Figure 1 shows the timing of the necessary actions to amend By-law No. 39-2022. Please contact Legislative Services at clerks@durham.ca or 905-668-7711, ext. 2054 for any updates and the process for providing comments.

Figure 1
Schedule of Dates for the Region of Durham
Regional Transit DC By-law Amendment Process

1.	Public Meeting Ad placed in newspapers	By March 22, 2023
2.	Background study and proposed amending by-law available to public on the Region's website	March 28, 2023
3.	Public Meeting of Council	April 12, 2023
4.	Final Date for Public Comment	May 5, 2023
5.	Consideration of Final Amending By-law by Regional Council	June 14, 2023
6.	Newspaper and other notice given of by-law passage	Within 20 days after passage of by-law
7.	Last day for by-law appeal	40 days after passage of by-law
8.	Region makes pamphlet available (where by-law not appealed)	By 60 days after in-force date

**APPENDIX A
PROPOSED 2023 AMENDMENTS TO
REGIONAL TRANSIT DEVELOPMENT
CHARGE BY-LAW NO. 39-2022**

By-law Number *-2023**

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, a development charge background study has been completed in support of the proposed amendment to By-law 39-2022;

And Whereas the Council of The Regional Municipality of Durham has given notice and held a public meeting on the 12th day of April 2023 in accordance with the Act;

And Whereas the Council of The Regional Municipality of Durham has permitted any person who attended the public meeting to make representations in respect of the proposed amendments;

And Whereas the Council of The Regional Municipality of Durham has determined that a further public meeting is not necessary pursuant to Section 12(3) of the Act;

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

1. Section 1 of By-law 39-2022 is amended as follows:

(a) for "bedroom" replace definition with

"means a habitable room, of at least seven square meters (7 m²) where a built-in closet is not provided, or at least six square meters (6 m²) where a built-in closet is provided, including a den, study, loft, or other similar area, but does not include a living room, a dining room, a bathroom or a kitchen;"

(b) add a new definition "detached dwelling" and "detached" as follows:

"means a residential building on one parcel of land comprising at least 1

dwelling unit and not more than 3 dwelling units on that parcel of land, where no portion of the building is attached to any building on another parcel of land;”

(c) for “duplex” replace definition with,

“means a building comprising, by horizontal division, two dwelling units on one parcel of land;”

(d) delete entire “garden suite” definition;

(e) in the “gross floor area” definition, the reference to “section 8” is deleted;

(f) delete entire “housing services use”/ “housing services” definition;

(g) in the “institutional development” definition, replace “section 16(a)” with “section 17”;

(h) for “medium density multiples” replace definition with,

“includes plexes, townhouses and all other residential uses that are not included in the definition of “apartment building”, “apartment”, “mobile homes”, “retirement residence units”, “detached”, “detached dwelling” or “semi-detached dwelling”;

(i) for “non-profit housing development” replace definition with,

“means development of a building or structure intended for use as residential premises and developed by:

(i) a corporation to which the Not-for-Profit Corporations Act, 2010 applies, that is in good standing under that Act and whose primary object is to provide housing;

(ii) a corporation without share capital to which the Canada Not-for-profit Corporations Act applies, that is in good standing under that Act and whose primary object is to provide housing; or

(iii) a non-profit housing co-operative that is in good standing under the Co-operative Corporations Act;”

(j) in the “rental housing” definition, replace “section 16(a)” with “section 17”;

(k) for “residential use”, replace definition with,

“means lands, buildings or structures used, or designed or intended for use as a home or residence of one or more individuals, and shall include any building or structure containing dwelling units, and include but not limited to, a detached dwelling, a semi-detached dwelling, a townhouse, a plex, a stacked townhouse, an apartment, an apartment building, a mobile home, a retirement residence and a residential dwelling unit accessory to a non-residential use;”

(l) replace entire “semi-detached duplex” definition with,

““semi-detached building” means a building on two parcels of land, divided vertically (above or below ground) along the common lot line of the two parcels and comprising at least 1 dwelling unit and not more than 3 dwelling units on each parcel;”

(m) for “semi-detached dwelling” replace definition with,

“means the portion of a semi-detached building on one parcel of land comprising at least 1 dwelling unit and not more than 3 dwelling units;”

(n) delete entire “single detached dwelling and “single detached” definition

(o) for “stacked townhouse” replace definition with,

““stacked townhouse” means a building, other than a plex, a detached dwelling or townhouse, containing at least 3 dwelling units; each dwelling unit separated from the other vertically and/or horizontally and each dwelling unit having a separate entrance to grade;”

(p) replace entire “townhouse” definition with,

““townhouse building” means a residential building, on at least 3 parcels of land divided vertically (above or below ground) along the common lot line between each of the parcels and comprising at least 1 dwelling unit and not more than 3 dwelling units on each parcel;” **and**

(q) add new definition, after “townhouse building”,

““townhouse dwelling” means the portion of a townhouse building on one parcel of land comprising at least 1 dwelling unit and not more than 3 dwelling units;”.

2. Section 8 of By-law 39-2022 is deleted and replaced with the following:

“8.(1) Development charges shall not be imposed in respect to:

- (a) the issuance of a building permit not resulting in the creation of an additional dwelling unit;
- (b) the enlargement of an existing dwelling unit;
- (c) the creation of additional dwelling units in accordance with the following table:

Description of Class of Existing Residential Buildings	Maximum Number of Additional Dwelling Units	Restrictions
8.(1) (c)(i) Existing detached, semi-detached or townhouse dwellings, which contain a single dwelling unit, and where there are no other dwelling units in other buildings or structures on the parcel of land	Two	No exemption applies for the creation of a dwelling unit or units which would result in more than a total of three dwelling units on a parcel of land
8.(1) (c)(ii) Existing detached, semi-detached or townhouse dwellings, each of which contains a single dwelling unit and where there is no more than one dwelling unit in other buildings or structures on the parcel of land	One	No exemption applies for the creation of a dwelling unit or units which would result in more than a total of three dwelling units on a parcel of land

8.(1) (c)(iii) Existing detached, semi-detached or townhouse dwellings, each of which contains no more than 2 dwelling units and where there are no other dwelling units in other buildings or structures on the parcel of land	One	This exemption applies only for the creation of a dwelling unit in an ancillary building or structure and no exemption applies for the creation of a dwelling unit or units which would result in more than a total of three dwelling units on a parcel of land
8.(1) (c)(iv) Existing rental residential buildings, each of which contains four or more dwelling units.	Greater of one and 1% of the existing units in the building	No exemption applies where it would result in a total number of dwelling units where units created under the exemption in this By-law would exceed the greater of one unit or 1% of the units existing in the building prior to the first exemption for an additional dwelling unit.
8.(1) (c)(v) An existing residential building not in another class of residential building described in this table.	One	No exemption applies where a dwelling unit has already been created with an exemption this By-law.

(d) the creation of additional dwelling units in accordance with the following table:

Description of Class of Proposed New Residential Buildings & Number of Units Proposed	Restrictions
8.(1) (d)(i) the second or third dwelling units in a proposed detached, semi-detached or townhouse dwelling where there are no other dwelling units, existing or proposed, in other buildings or structures on the parcel of land	No exemption applies for the creation of first dwelling unit or where a dwelling unit or units which would result in more than a total of three dwelling units on a parcel of land
2.13 (d)(iii) one dwelling unit in a proposed new residential building that would be ancillary to a proposed new detached dwelling, semi-detached dwelling or townhouse dwelling which	No exemption applies for the creation of a dwelling unit which would result in more than a total of three dwelling units on a parcel of land.

would not contain more than a two dwelling units.	
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- (e) non-profit housing development; and
- (f) residential units that are affordable housing units required to be included in a development or redevelopment (“inclusionary zoning units”) pursuant to a by-law passed under section 34 of the Planning Act to give effect to the policies described in subsection 16 (4) of that Act.”

3. In Sections 13(1) and 13(2) of By-law 39-2022 the reference to “ten years” is replaced with “five years”.

4. Section 13(3) of By-law 39-2022 is deleted.

5. Section 13(4) is renumbered section 13(3).

6. Following section 13 add new section, as follows:

“Reduction for Rental Housing Development

14. The development charges set out on Schedule B shall be:

- (a) In rental housing development, for dwelling units with 3 or more bedrooms: 75% of the Total of All Charges shown on Schedule B;
- (b) In rental housing development, for dwelling units with 2 bedrooms: 80% of the Total of All Charges shown on Schedule B; and
- (c) In rental housing development, for all other dwelling units: 85% of the Total of All Charges shown on Schedule B.”

7. Section 14 of By-law 39-2022 is renumbered section 15 and the references to “section 17” and “section 19” are replaced with “section 18 of this by-law” and “section 20” respectively.

8. Section 15 of By-law 39-2022 is renumbered section 16 and the reference to “section 14” is replaced with “section 15 of this by-law”.

9. Section 16 of By-law 39-2022 is renumbered section 17 and replaced with,

“17. Notwithstanding subsection 15 of this by-law, where development charges become payable after January 1, 2020 for development of rental housing that is not non-profit housing development and institutional development, development charges shall be paid in equal annual instalments beginning on the earlier of the date of issuance of a permit under the Building Code Act, 1992 authorizing occupation of the building and the date the building is first occupied, and continuing on the following five anniversaries of that date.”

10. **Section 17 of By-law 39-2022 is renumbered section 18 and the references to “section 19”, “section 22”, “section 16” and “section 14”, are replaced with “section 20”, “section 23”, “section 17” and “section 15” respectively.**
11. **Section 18 of By-law 39-2022 is renumbered section 19 .**
12. **Section 19 of By-law 39-2022 is renumbered section 20.**
13. **Section 20 of By-law 39-2022 is renumbered section 21.**
14. **Section 21 of By-law 39-2022 is renumbered section 22.**
15. **Section 22 of By-law 39-2022 is renumbered section 23 and replaced with,**

“Interest

“23. Development charges payable per this by-law shall bear interest in accordance with the Region of Durham Development Charge Interest Rate Policy, as amended from time to time.”
16. **Section 23 of By-law 39-2022 is deleted.**
17. **In Schedule B to By-law 39-2022 the reference to “single” is deleted and the reference to “section 19” in the Note is replaced with “section 20”.**
18. **In Schedule C to By-law 39-2022 the reference to “section 19” in the Note is replaced with “section 20”.**

This By-law Read and Passed on the ----th day of -----, 2023.

J. Henry, Regional Chair and CEO

A. Harras, Regional Clerk