



# Durham Budget

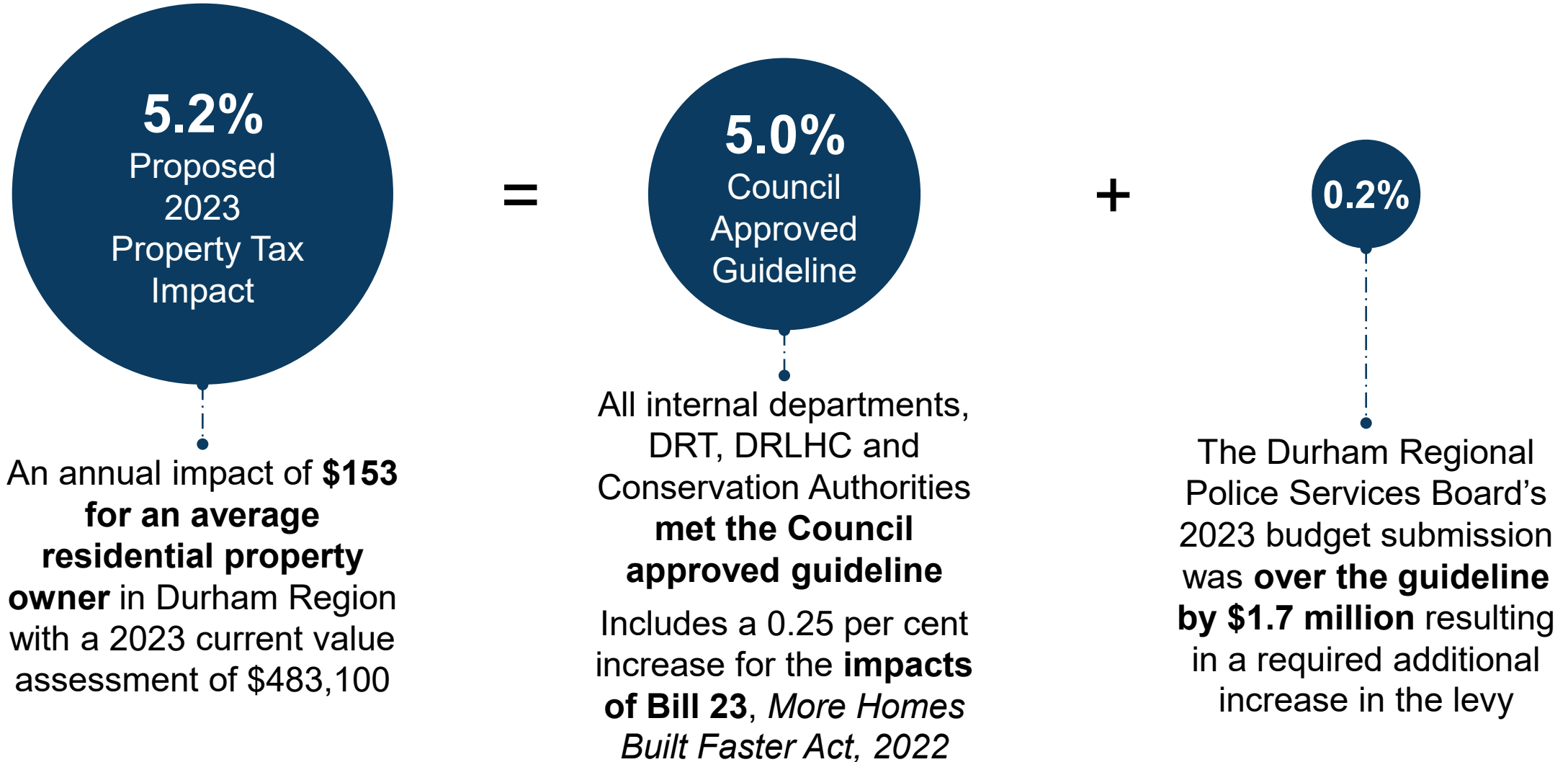
2023

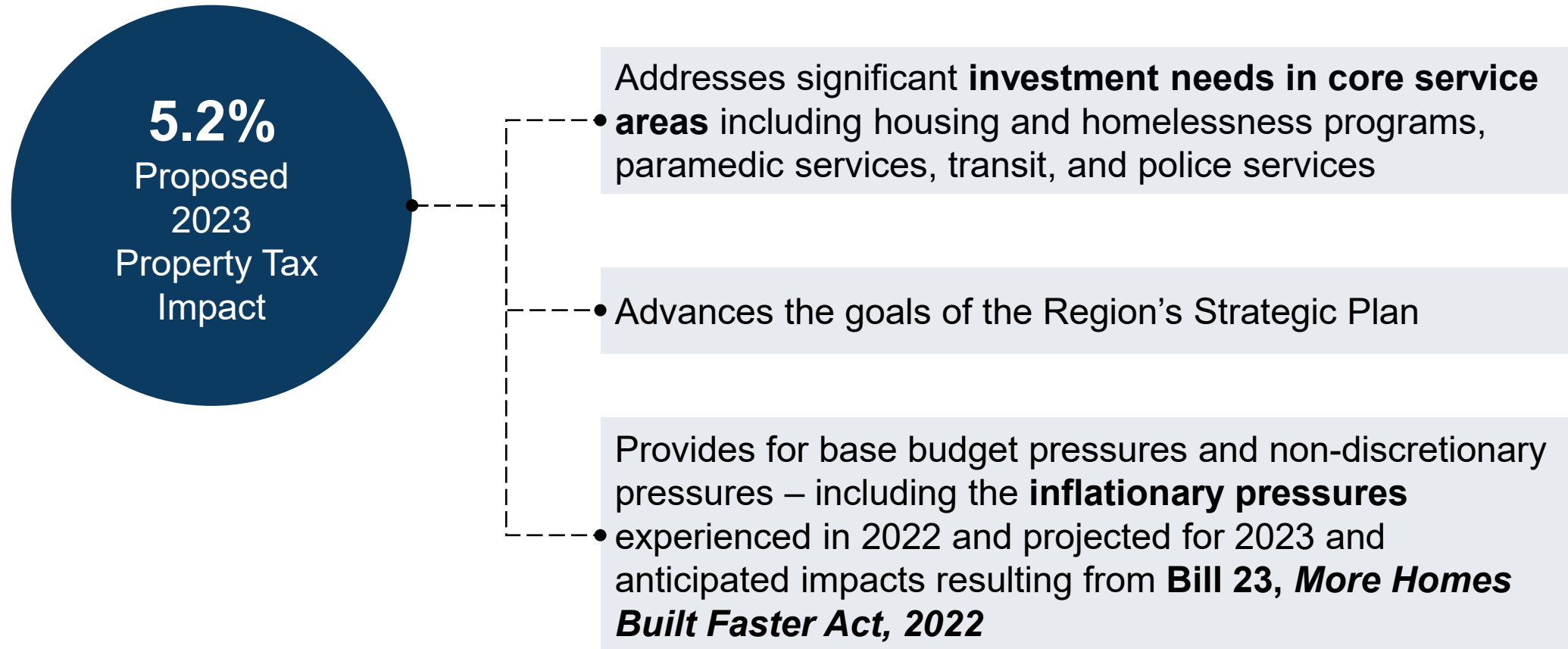
## 2023 Property Tax Supported Business Plans and Budgets

Finance and Administration Committee

March 21, 2023

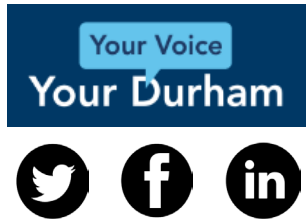
# Proposed 2023 Property Tax Increase



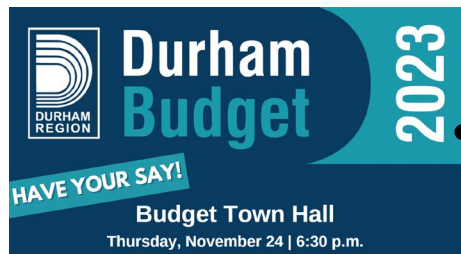


The proposed budget has identified and included the sustainable use of reserves and reserve funds, development charges, provincial and federal gas tax and debenture financing to fund one-time items and major capital expenditures to mitigate property taxation impacts and deliver on Council priorities

The Budget Modernization Project continues to focus on engaging with more residents and businesses in new and different ways to encourage their input on the Region's Business Plans and Budget including:



Updating the Region's online presence and social media campaign to allow residents to ask questions and provide comments online in a **convenient and intuitive manner**



Hosting a **Virtual Town Hall** on Thursday November 24, 2022 where more than 14,000 Durham Region residents joined over the phone and online to provide over 125 questions, comments and feedback on key priorities - a 25% increase from the prior year

Highlights of the areas of focus include:

**affordability, housing and homelessness, roads, planning for growth and transit**



Updating the award-winning **Value Stories Videos** which highlight the details of the Region's Budget and the outcomes of these budget investments have on residents and businesses



Updating the **Budget Spotlight** to provide a visual summary of the service metrics and investments included in the approved budget

### Housing and Homelessness Investments

	2023 Budget (\$,000's)			Increase Over 2022 Budget (\$,000's)		
	Regional Funding	Non-Regional Funding*	Total Funding	Regional Funding	Non-Regional Funding*	Total Funding
Homelessness Support Programs	\$6,269	\$15,071	\$21,340	\$4,935	\$3,950	\$8,885
Housing Programs	\$55,034	\$18,990	\$74,024	\$11,531	\$7,002	\$18,533
DRLHC**	\$14,185	\$7,721	\$21,906	\$166	\$184	\$350
<b>Total Investment</b>	<b>\$75,488</b>	<b>\$41,782</b>	<b>\$117,270</b>	<b>\$16,632</b>	<b>\$11,136</b>	<b>\$27,768</b>

\* Non-Regional Funding include provincial funding, federal funding, rents and other misc. funding

\*\* Does not include one-time 2022 non-tax capital project financing of \$20.877 million towards major energy retrofit project. For clarity the \$1.363 million in tax levy funding for this project has been included.

»»» Total investment of \$117.3 million – an increase of \$27.8 million (31.0 %) from 2022 approved budget

»»» Total Regional investment of \$75.5 million – an increase of \$16.6 million (28.3%) from the 2022 approved budget

- \$62.3 million is funded from property taxes (approximately 8.1% of the overall Regional Levy)



Homelessness Support Programs



At Home Incentive Program



Social Housing Redevelopment



Rent Supplements



Community Housing Provider Payments

### Paramedic Services Service and Financing Strategy (2023 – 2032)



Endorsed by Regional Council on March 1, 2023  
([Report #2023-COW-7](#))



To respond to population growth, increased calls for service, significant hospital offload delays, support employee wellness and sustained resilience and to improve current response times. 2023 investments include:

- 4 new 12-hour shifts providing 48 hours of additional paramedic services daily
- additional health and wellness supports for paramedics
- additional supervisory and support staff for a growing paramedic service
- capital investments including funding for the Clarington Station, new South Whitby Station and North Durham Station



Projected to require annual property tax increases of between half to three quarters of a per cent per year on the overall Regional tax levy over the term of the plan

### Transit Service and Financing Strategy (2023-2032)



Endorsed by Regional Council on March 1, 2023  
([Report #2023-F-5](#))



To enhance service, fully electrify the fleet by 2037, implement new infrastructure and passenger amenities and fare modernization. 2023 investments include:

- 27,178 additional transit service hours
- procurement of 22 electric buses
- strategic planning activities to support DRT's long-term planning and continuous improvement efforts



Projected to require annual property tax increases of approximately 2 per cent per year on the overall Regional tax levy over the term of the plan

In addition to investments in critical service areas there are a series of strategic investment required to deliver critical services and programs to a growing and diverse community of residents and businesses

## Environmental Sustainability

- Investments to implement Corporate Climate Action Plan including deep energy retrofits
- Continue to implement the Durham Greener Homes Program
- Implement the Region's Long-term Waste Management Strategy

## Economic Prosperity

- Continue to advance transit-oriented development opportunities
- Implement 2023 to 2027 Ready Set Future – A PLACE Blueprint for Durham, a five-year Economic Development and Tourism Strategy and Action Plan
- Complete Envision Durham – the Region's Official Plan Update

## Service Excellence

- Implement the Works Depot Rationalization study
- Continue implementation of Service Durham, modernizing our customer service delivery and providing a seamless customer experience
- Investments to improve Regional locates program in alignment with recent study
- Advance the Technology and Cyber Risk Management program

## Social Investment

- Implement provincial and federal government's Canada-Wide Early Learning and Child Care Plan
- Implement Provincial Integrated Employment Services Program
- Relocation of the Breast Feeding Clinic and creation of dedicated vaccination clinic space
- Support two new Regional operated childcare centres

## Community Vitality

- Increase investment in Durham Regional Police Services
- Develop new Diversity, Equity and Inclusion Strategy
- Undertake an equity audit
- Identify areas for reconciliation and culture safety relevant to Indigenous residents and employees
- Support the Community Safety and Well-Being (CSWB) Plan
- Enhance the level of care and supports for residents of the Region's long-term care homes including additional resources to support 4.2 hours daily of direct nursing care on average across all homes
- New Regional long-term care home in North Pickering (Seaton)
- Expand Durham Vision Zero program by adding two new mobile and two new fixed automatic speed enforcement cameras and \$1.7 million in capital works
- Implement recommendations contained in the Regional Cycling Plan
- Engage stakeholders to implement the Durham Region Opioid Response Plan
- Improve access to oral health services for eligible low-income seniors through the Ontario Seniors Dental Care Program



The 2023 Budget responds to a number of base pressures that are required to continue to deliver the Region's existing programs and services including:

- ! Significant **inflationary pressures** in 2022 and projected for 2023
- ! Capital **cost escalations**
- ! Staff and service **contract cost** increases
- ! COVID impacts
- ! Transition of responsibility for prosecution of Part III and Part IX Provincial Offences to the Region from the province
- ! Changes in **provincial and federal funding**
- ! **Bill 23, More Homes Built Faster, 2022** impacts
- ! The **annualization** of 2022 budget decisions and **decisions approved in-year**

To accommodate these base pressures while investing in critical service areas all possible financing sources were taken into consideration to maximize opportunities for permanent base support such as the sustainable use of reserves and reserve funds

# 2023 Capital Budget and Nine-Year Forecast

	2022 Approved Budget	2023 Proposed Budget	Forecast					Forecast Total
			2024	2025	2026	2027	2028-2032	
<b>Capital Expenditures</b>								
<b>Property Tax Supported Capital Expenditures</b>	<b>492,767</b>	<b>497,773</b>	<b>580,629</b>	<b>460,201</b>	<b>363,639</b>	<b>314,714</b>	<b>1,490,851</b>	<b>3,210,034</b>
<b>Capital Financing</b>								
General Levy	29,533	35,793	53,938	82,949	95,298	108,669	405,755	746,609
Development Charges	69,645	78,435	71,296	91,812	96,641	80,712	389,213	729,674
Reserves and Reserve Funds	152,486	135,612	227,435	145,295	141,158	102,856	533,525	1,150,269
Debentures	134,300	129,549	55,390	126,504	30,538	21,475	153,315	387,222
Subsidy/Grant	102,345	103,749	168,883	13,525	-	-	-	182,408
Other Financing	4,458	14,635	3,687	116	4	1,002	9,043	13,852
<b>Property Tax Supported Capital Financing</b>	<b>492,767</b>	<b>497,773</b>	<b>580,629</b>	<b>460,201</b>	<b>363,639</b>	<b>314,714</b>	<b>1,490,851</b>	<b>3,210,034</b>

- ››› 2024 capital forecast to be updated to include most recent information on Bill 23 impacts, increased growth projections and updated DC Background Study and By-law
- ››› Region is entering into a period of significant investment in a number of major capital projects for which the Region has been accumulating financing in reserve and reserve funds over the last number of years
- ››› Need to continue to increase tax levy investment in capital for sustainable asset management work
- ››› Increase use of reserves, reserve funds and debenture financing projected over the ten-year capital plan



Investment / Household to Replace all Assets  
**\$73,435**

# Looking Forward: 2024-2032 Forecast

Based on current projections of planned investments – as well as known risks and pressures - the Region is facing a **tax levy increase of approximately 5% annually over the forecast period**



## Strategic Investments Pressures

- Social Housing Redevelopment
  - Housing and Homelessness Supports
- Seaton Long-term Care Home
  - Two new Directly Operated Childcare Centres
- Achieving GHG emissions reduction target
- Advancing critical investments in DRPS
- Lakeshore GO East Extension
- Etc.



## Implementing long-term service and financing strategies

- Paramedic Services Masterplan Review and Implementation Strategy
- Durham Region Transit's Long-Term Investment Plan



## Bill 23, *More Homes Built Faster Act, 2022*

Significant resource requirements to plan for and implement the level of growth directed by the Province to achieve the home construction targets



## Forecasted Pressures

Asset Management Pressures

# Overview of 2023 Regional Budget

The annual Business Plans and Budget outlines the cost of delivering a wide range of essential programs and services. It ensures resource allocations are aligned with Regional Council’s strategic objectives and balance service, infrastructure and legislative requirements within a framework of financial stability and transparency.

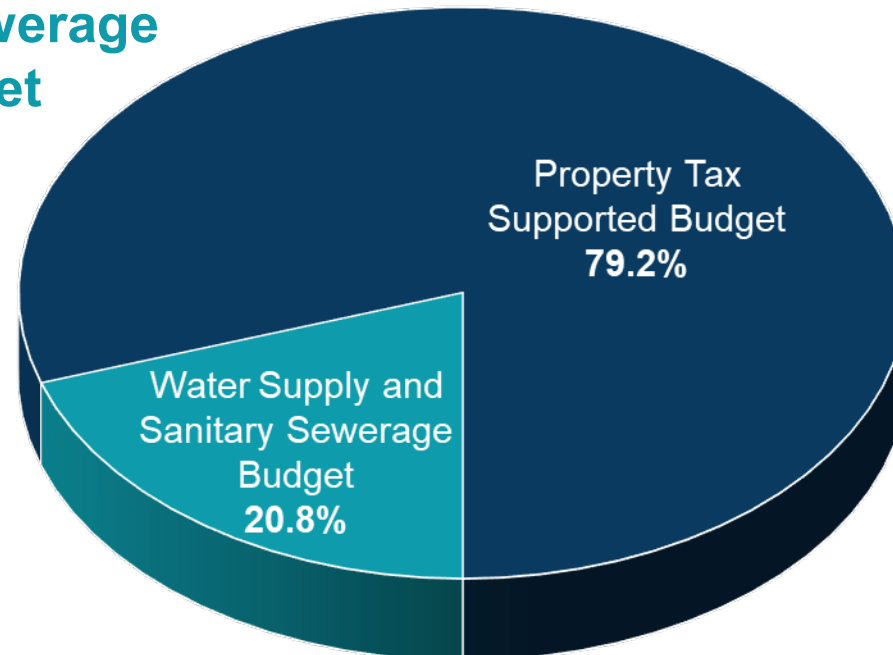
## 2023 Recommended Budget - \$2.4 billion

**Water Supply and Sanitary Sewerage Business Plans and Budget**  
\$0.5 billion

**Property Tax Supported Business Plans and Budget**  
\$1.9 billion

### Water and Sewer Bill

THE REGIONAL MUNICIPALITY OF DURHAM		WATER AND SANITARY SEWER BILL	
PERIOD BILLED	TO	SERVICE ADDRESS	
ACCOUNT NUMBER		Average Residential Customer	
CONSUMPTION	AMOUNT	DESCRIPTION	AMOUNT
Typical Quarterly Average (56 cubic metres)		Water Consumption	\$61.60
WATER METER SIZE		Water Service Charge	\$55.44
UNMETERED FEE (LINE SIZE)		Total Water Charges	\$117.04
		Sanitary Sewer Usage Charge	\$98.56
		Sanitary Sewer Service Charge	\$20.70
		Total Sewer Charges	\$119.26
		AMOUNT DUE NOW	\$236.30
		2% LATE PAYMENT CHARGE EFFECTIVE AFTER	
		AMOUNT DUE AFTER DATE SHOWN	

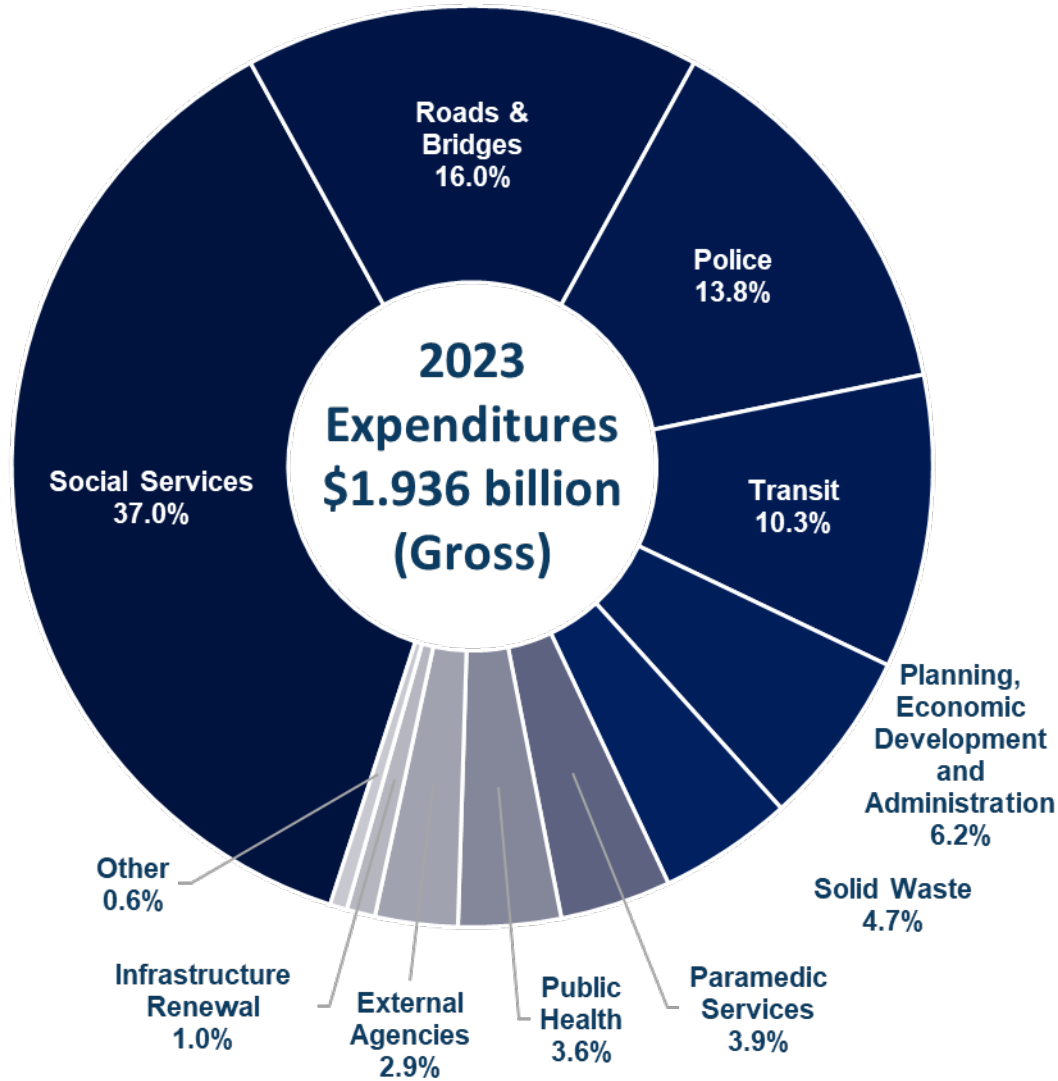


### Property Tax Bill

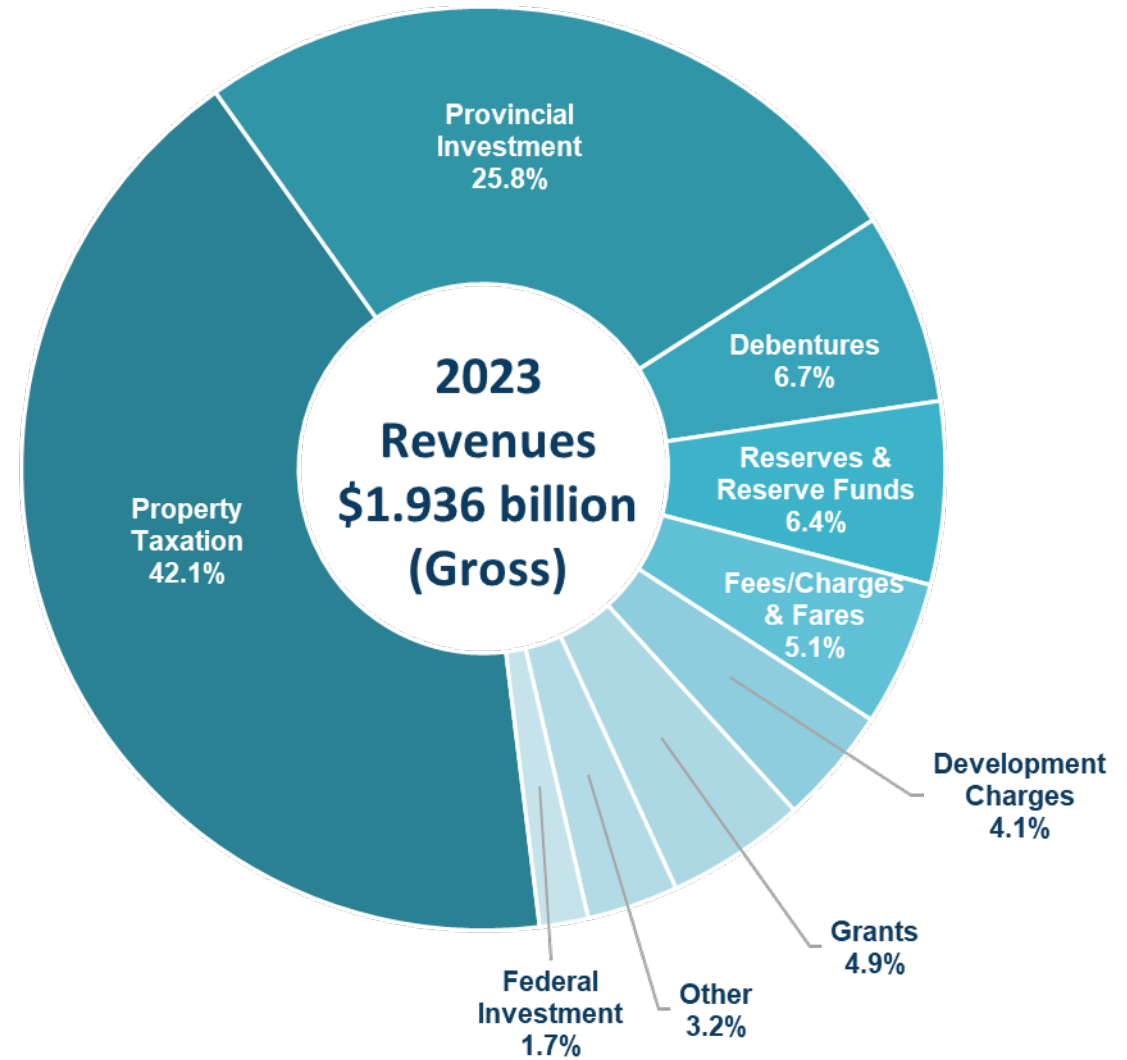
- ➔ Durham Region Municipal
- ➔ Local Municipal
- ➔ Provincial Education

# Regional Property Tax Supported Budget

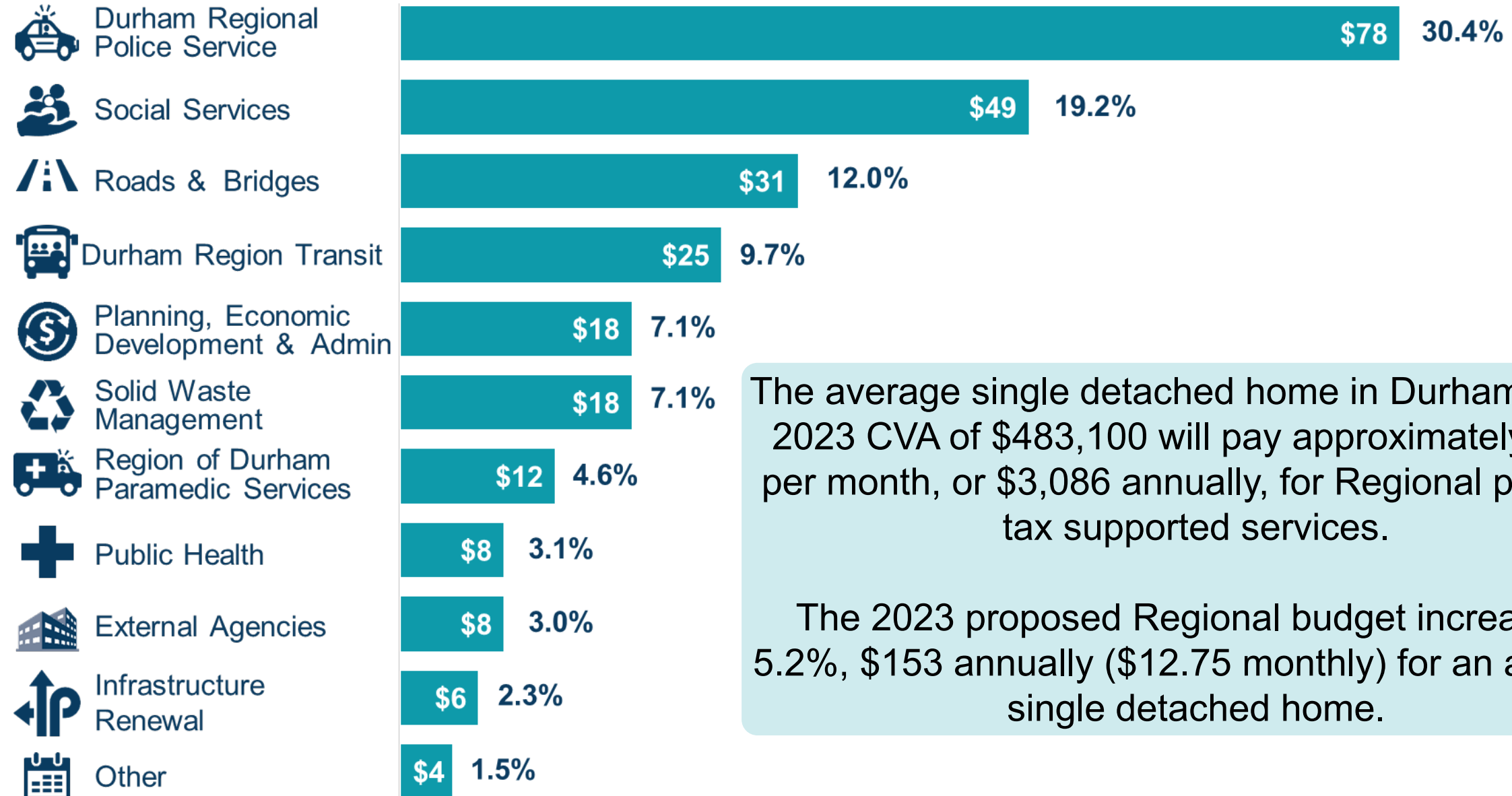
## 2023 Recommended Gross Expenses



## 2023 Recommended Gross Funding



# 2023 Regional Property Taxes: Average Home

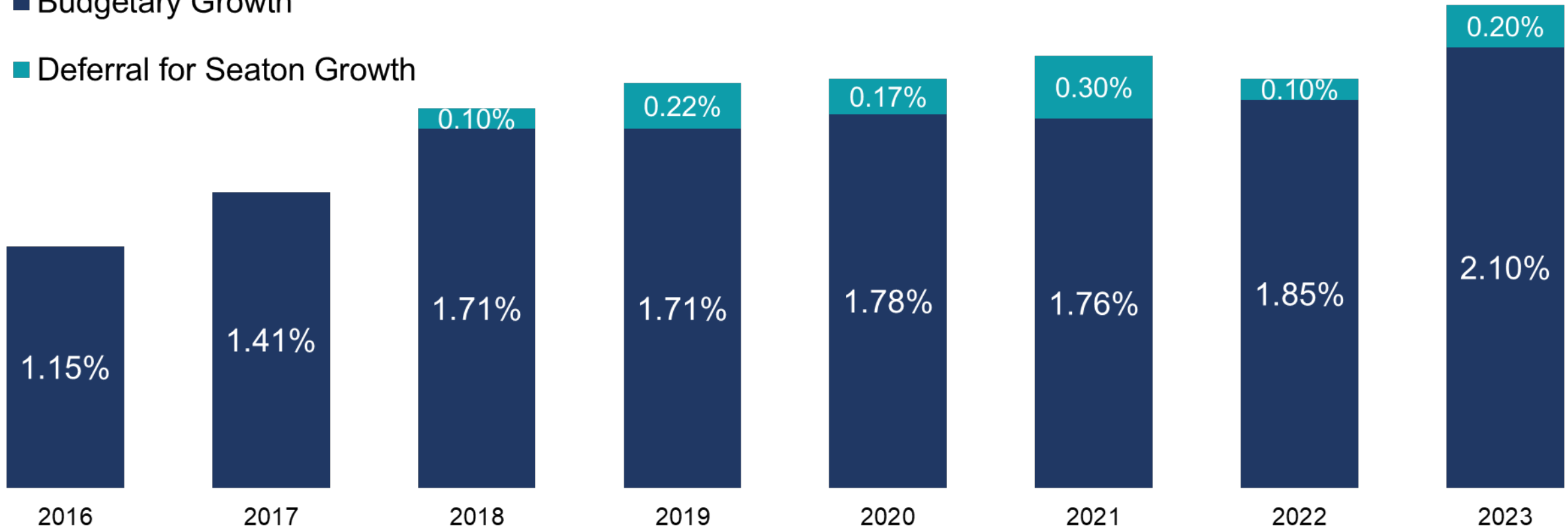


The average single detached home in Durham, with a 2023 CVA of \$483,100 will pay approximately \$257 per month, or \$3,086 annually, for Regional property tax supported services.

The 2023 proposed Regional budget increase is 5.2%, \$153 annually (\$12.75 monthly) for an average single detached home.

■ Budgetary Growth

■ Deferral for Seaton Growth



## Seaton Growth

- Ensure continued financial sustainability by matching required Regional operations expenditures with assessment growth
- Estimated 2023 assessment growth related to Seaton is 0.20%

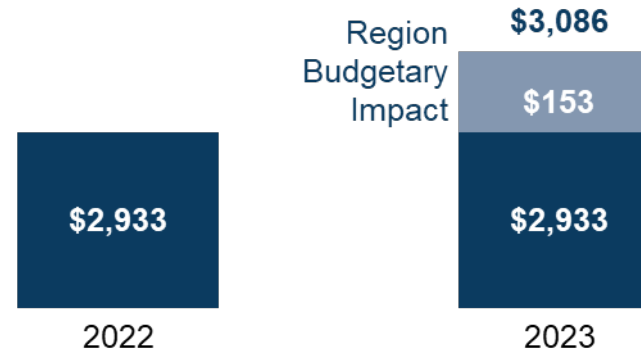
# 2023 Property Tax Impacts: Regional



## Residential Regional Budgetary Increase



Average Region-Wide Residential Home 2023 CVA = \$483,100

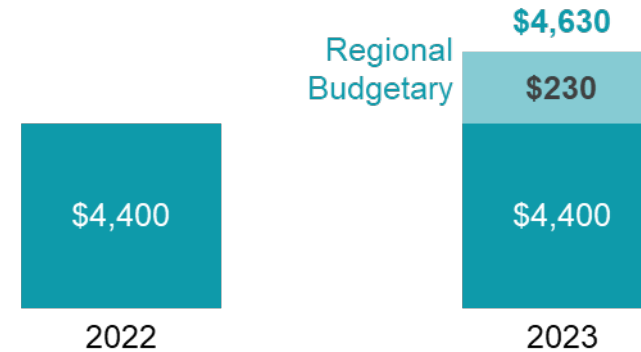


No change in Residential Education Property Taxes

## Commercial Regional Budgetary Increase



Based on Occupied 2023 CVA = \$500,000

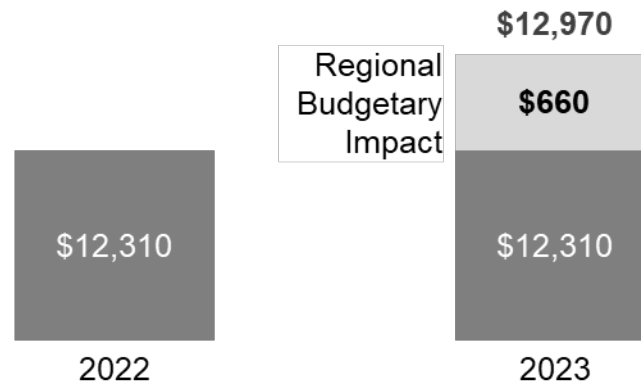


Province maintaining reduced 2021 education tax rates Reduction approx. 10% or \$500 from 2020 level

## Industrial Regional Budgetary Increase



Based on Occupied 2023 CVA = \$1,000,000



Province maintaining reduced 2021 education tax rates Reduction approx. 28% or \$3,500 from 2020 level



# 2023 Property Tax Impacts: Overall



Average Local Municipality

Provincial Education

Proposed Budgetary Increase

5.2%

5.9%<sup>1</sup>

0.0%

Projected Overall Property Tax Bill Increase

4.8%<sup>2</sup>

Average Proportion of Residential Property Tax Bill:

52.2%

35.3%

12.5%

Overall Impact

2.7%

+

2.1%

+

0.0%

=

4.8%<sup>2</sup>

An annual impact of approximately \$153 for an average residential property owner in Durham Region with a 2023 current value assessment of \$483,100

<sup>1</sup> The Municipal proposed budget is an estimate based on currently available information regarding the projected 2023 budget increases for the local municipalities and is subject to amendment

<sup>2</sup> The overall property tax bill increase will vary subject to the local municipality in which the property is located

The Regional Municipality of Durham – like other municipalities in the province – faces a number of potential property tax challenges that have the potential to shift the property tax burden from non-residential property tax payers to residential property tax payers. Staff continue to closely monitor these pressures including:



## Emergence of the New 'E'conomy

Increasing prevalence of online retail, remote work, new technologies and the decline in brick-and-mortar stores and office buildings decreases the non-residential share shifting the property tax burden to other property tax classes namely the residential tax class



## Reassessment

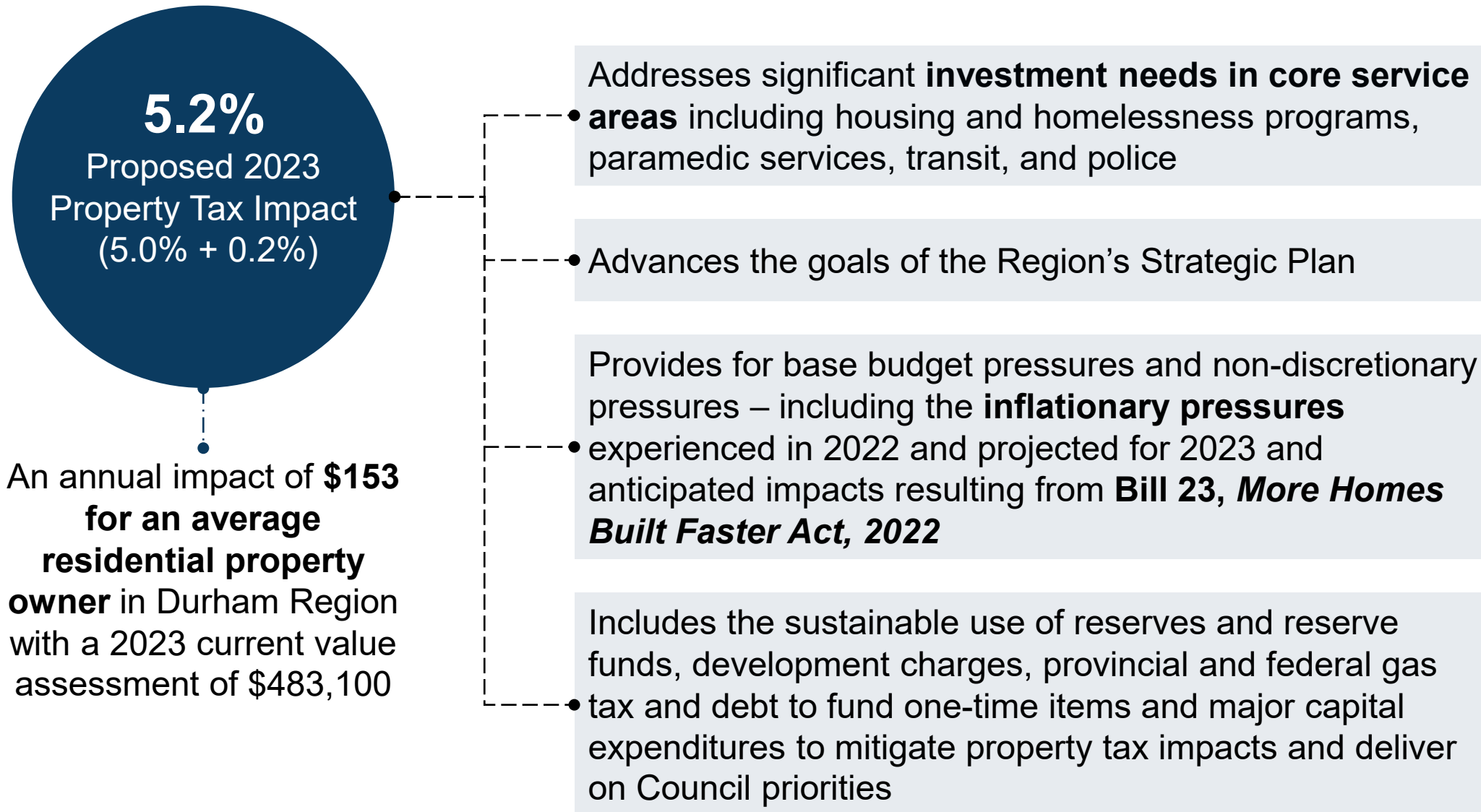
Although overall it is revenue neutral, reassessment does result in tax shifts between properties, within and across property tax classes, and in the total Regional taxes generated from individual local area municipalities



## Multi-Residential Ratio

Province has committed to consulting with municipalities on approaches to reduce the current property taxation of multi-residential properties.

One of the options being considered is a reduction in the Multi-Residential Municipal Tax Ratio. This would shift the tax burden to the remaining property tax classes



Questions