



MEMORANDUM

TO: Mayor Lawlor and Members of Council

FROM: Scott O'Donnell, Senior Financial Analyst – Long Range
Financial Plan

DATE: March 24, 2025

MEMO NO.: CS-2025-002

SUBJECT: 2025 Annual Development Charges Indexing

PURPOSE OF THE MEMORANDUM:

The purpose of this memorandum is to advise Council of the annual indexing of the Town's Development Charge (DC) rates at a rate of 4.0% on April 1, 2025, in accordance with the provision set out in the Town's DC bylaw no. 2022-0042.

BACKGROUND:

DCs are collected by the Town under Bylaw no. 2022-0042. Section 15 of the Bylaw permits adjustments (indexing) to DC rates on April 1st of each year based on the Statistics Canada Non-residential Building Construction Price Index.

The annual indexing of DC rates is an important financial tool for the Town, to help ensure appropriate funding is available for growth-related capital projects in the face of rising construction costs.

COMMENTS:

Annual adjustments to the Town's DCs are made based on the most recent twelve month change in the non-residential building construction price index (BCPI) for the Toronto Metropolitan Area, published quarterly by Statistics Canada. This index is prescribed for use by municipalities for the purpose of annual indexing under Section 7 of the Ontario Regulation 82/98 for the *Development Charges Act, 1997 (DCA)*.

The building construction price indexes are a quarterly series that measure changes over time in the prices that contractors charge to construct a range of new commercial,

institutional, industrial, and residential buildings in eleven census metropolitan areas, including Toronto. Increases and decreases in the index reflect various market factors influencing construction prices such as costs of labour, costs of materials, and effects of changes in interest rates.

The DC indexing rate of 4.0% is derived from calculating the percentage change between the fourth quarter 2023 index and the fourth quarter 2024 index for the Toronto metropolitan area as follows:

	Q4 2023	Q4 2024	% Change
Non-residential construction price index (Toronto)	101.6	105.7	4.0%

Bill 23 and Bill 185 Updates

As Council is aware, the DCA was previously amended under Bill 23, More Homes Built Faster Act, 2022, which mandated a five-year phase-in of DC rates. However, with Bill 185, Cutting Red Tape to Build More Homes Act, 2024, receiving royal assent on June 6, 2024, the mandatory five-year phase-in requirement was removed. Consequently, the Town’s DC rates were adjusted in June of 2024 to reflect this legislative change.

Updated DC Rates

The amounts shown in Appendix A represent the indexed Town DC rates which will be in effect as of April 1st, 2025. These updated rates reflect all prior year indexing as well as the removal of the phase-in provisions in accordance with the amended DCA which occurred on June 6, 2024.

The Region of Halton, The City of Burlington and the Towns of Oakville and Milton are expected to index their respective DC rates on April 1, 2025, using the same indexing rate of 4.0%. An increase to the education development charges for the Halton Public and Catholic District School Boards will also take place in accordance with their respective bylaws on June 1, 2025.

CONCLUSION:

The annual indexing of the Town's Development Charge rates at 4.0% is a crucial tool to ensure the Town can adequately fund growth-related capital projects amidst rising construction costs. This adjustment, which aligns with the provisions of the Town’s DC

bylaw and the associated regulations under the DCA, will support the Town's financial stability.

Reviewed and approved by,

Amy Tawse, Manager of Budgets and Financial Reporting

Moya Jane Leighton, Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer