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**From:** Stan Karwowski  
Director, Finance & Treasurer

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**Subject:** Approval of the 2025 Development Charge Background Study and  
2025 Community Benefits Charges Strategy  
File: F-4920

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**Recommendation:**

1. That Report FIN 08-25 regarding the approval of the 2025 Development Charge Background Study and 2025 Community Benefits Charges Strategy be received;
2. That the City of Pickering – Development Charges Background Study, dated April 23, 2025 and its addendum dated June 2, 2025, prepared by Watson & Associates Economists Ltd. as required under Section 10(1) of the *Development Charges Act, 1997*, be approved;
3. That Council approve the Residential Development Charges for Development on Seaton Lands with an effective date of July 1, 2025 as shown in Schedule A;
4. That Council approve the Residential Development Charges for Development on Outside of Seaton Lands with an effective date of July 1, 2025 as shown in Schedule B;
5. That Council approve the Non Residential (Commercial, Industrial and Institutional) Development Charges with an effective date of July 1, 2025 as shown in Schedule C;
6. That the Director, Finance & Treasurer be directed that residential and non-residential Development Charges be indexed annually on July 1 of each year starting in 2026 by applying the annual change in the Statistics Canada Non-Residential Building Construction Price Index for Toronto, for the period ending March 31 of each year;
7. That Council approve the Community Benefits Charges Strategy, dated April 23, 2025;
8. That Council determine that no further public meeting is required, pursuant to Section 12 of the *Development Charges Act 1997*, as amended;
9. That Council enact the Development Charge By-law as set out in Attachment 3 to this report with an effective date of July 1, 2025;
10. That Council approve the Development Charge deferral program for high rise residential developments and non-residential developments, with an effective date of June 24, 2025 as shown in Schedule D;
11. That Council approve an amendment to the General Municipal Fees & Charges By-law 6191/03 as amended, as set out in Attachment 8 to this report, to implement fees related to the

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Development Charge deferral program for high rise residential developments and non-residential developments;

12. That the City continue the Reserve 8008, established for the City's share (i.e., the non-development charge portion) of the costs of services included in the Development Charges Study and that the contributions be included in the Annual Current Budget for consideration by Council;
13. That the City Clerk be instructed to undertake the By-law passage notification provisions under the *Development Charges Act, 1997* and Ontario Regulation 82/98;
14. That Council enact the Community Benefits Charges Strategy By-law as set out in Attachment 10 this report;
15. That the City Clerk be instructed to undertake the By-law passage notification provisions under the *Planning Act* and Ontario Regulation 509/20;
16. That Council confirm its intention to ensure that the increase in the need for services attributable to growth will be met, recognizing that specific projects and project timing as contained in the study may be revised from time to time at the discretion of Council;
17. That Council confirms its intention that the future excess capacity identified in the 2025 Development Charges Background Study shall be paid for by development charges or similar charge; and
18. That the appropriate City officials be authorized to take the actions necessary to implement these recommendations.

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**Executive Summary:** The 2025 Development Charge (DC) Background Study and Community Benefits Charges Strategy (CBC) represent an update to Pickering's financial framework for accommodating growth-related capital costs over the planning horizon to 2039. The updated studies reflect revised growth forecasts, capital project needs, and statutory policy changes stemming from recent provincial legislation, including Bill 134 and Bill 185.

As stipulated by legislation, the DC Study was made available to the public for review on April 23, 2025, followed by a statutory public meeting held on June 9, 2025, providing an opportunity for Council, industry stakeholders and members of the public to ask questions and offer comments with respect to the proposed DC rates and draft DC By-laws.

This purpose of this report is to get Council approval of the 2025 DC Background Study, the CBC Strategy, its associated by-laws, updated rates, and the DC deferral program.

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**Relationship to the Pickering Corporate Strategic Plan:** The recommendations in this report respond to the Pickering Strategic Plan Corporate Key: Good Governance/Customer Service Excellence.

Financial Implications:

A. DCs remain the most important revenue tool for the City to fund growth-related infrastructure

Existing statutory constraints limit municipalities’ ability to fully recover growth-related costs from DCs and a portion of the cost of growth is required to be funded from the other funding sources.

The DC Background Study includes a gross capital program of \$1 billion, of which \$505 million is to be recovered from DC’s. While the gross capital cost estimate has increased from \$815M (2022) to \$1 billion (2024), the recoverable amount under the DC by-law has decreased due to larger non-eligible deductions.

As Table 1 indicates, for every dollar in growth related capital cost, the City must fund 49.7 cents. One of the key tools in funding the City share will be the use of long-term debt. Of the net \$504.7 million included in the calculation, \$442.4 million is recoverable from residential development and \$61.6 million from non-residential development. The balance of \$498 million to be recovered from non-DC sources. At this current time, debt financing will probably be used to finance the non-residential development costs.

Table 1  
Growth-related capital program

Summary of Expenditures Anticipated Over the Life of the By-law	Expenditure Amount
Total Gross Capital Costs	\$1,002,938,000
Less: Benefit to Existing Development	\$283,831,000
Less: Post Planning Period Benefit	\$111,454,000
Less: Other Deductions	\$13,821,000
Less: Existing D.C. Reserve Funds	\$78,034,000
Less: Grants, Subsidies and Other Contributions	\$11,130,000
Net Costs to be Recovered from Development Charges	\$504,669,000

In summary, the approval of the DC Background Study and passage of the new DC by-law will help the City recoup the updated growth-related infrastructure costs of \$504.7 million and mitigate potential revenue losses.

B. CBC will not provide sufficient funding for all growth-related capital costs

The City has identified capital costs attributable to eligible high-density growth of \$26.6 million which are in excess of the calculated maximum allowable amount of \$10.2 million. Please refer to Table 2 for details.

This shortfall in funding is estimated based on the forecast development, land values estimate, growth-related capital needs attributable to CBC eligible high-density development, and the current legislated restriction of 4% of land value. The CBC strategy recommends imposing the maximum permissible under the *Planning Act*, i.e. 4% of land value.

**Table 2**  
**Community Benefits Charge Calculation 2025 to 2039**

Description	Gross Capital Cost Estimate (2025\$)	Less:		Growth-Related Capital Cost			
		Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Non-C.B.C. Eligible Share	C.B.C. Eligible Cost	Deduction for Existing Population Incline	Net C.B.C. Eligible Cost
Arts, Culture, and Museum Services	13,707,115	7,614,720	1,179,039	3,583,237	1,330,119	(41,045)	1,289,074
Animal Services	5,503,394	893,304	-	3,637,947	972,142	(29,999)	942,143
Administration Services	30,391,000	23,683,575	-	5,195,950	1,511,475	(46,641)	1,464,834
Parks Services	88,920,000	-	-	64,848,033	24,071,967	(742,818)	23,329,149
Reserve Fund Adjustment					-		(420,050)
<b>A Total</b>	<b>138,521,509</b>	<b>32,191,599</b>	<b>1,179,039</b>	<b>77,265,167</b>	<b>27,885,703</b>	<b>(860,503)</b>	<b>26,605,150</b>
<b>B</b>	Anticipated C.B.C. Residential Dwelling Units (2025-2039)						9,372
<b>C</b>	Density Assumption (units per hectare)						182
<b>D (B/C)</b>	Land Area for Residential Dwelling Unit Forecast (hectares)						51
<b>E</b>	Estimated Average Land Value (\$/hectare)						4,940,000
<b>F (D*E)</b>	Total Estimated Land Value						254,382,857
<b>G (F*4%)</b>	Maximum Prescribed Value (4% of Land)						10,175,314
<b>H (A/F)</b>	Total C.B.C. Required to Fund Needs (% of Land Value)						10.5%
	Maximum C.B.C. Amounts						4.0%

### Discussion:

The statutory public meeting was held at the Special Meeting of Council on June 9, 2025, through Report FIN 07-25, which provided a comprehensive overview of the DC Background Study, CBC Strategy, and proposed DC deferral programs

The report was accompanied by a presentation to Council by Watson & Associates Economists Ltd. that highlighted a requirement of \$1 billion to fund the infrastructure required to accommodate the anticipated growth to 2039, with \$506 million to be recovered through DC's.

Service areas funded through DCs include:

City wide	Area Specific
<ul style="list-style-type: none"> <li>• Fire Protection Services;</li> <li>• By-law Enforcement Services;</li> <li>• Other Transportation;</li> <li>• Parks and Recreation Services;</li> <li>• Library Services;</li> <li>• Stormwater Management Services; and</li> <li>• Growth-Related Studies</li> </ul>	<ul style="list-style-type: none"> <li>• Transportation</li> </ul>

The charges are differentiated by development type and service area, with Residential DCs imposed on a per dwelling unit basis and Non-Residential DCs imposed per net hectare for the Seaton Prestige Employment Lands and per sq.ft. of gross floor area for the remaining areas.

**The revised DC rate will ensure that the City will be able to meet its growth-related capital needs sustainably**

The change from current rates is the result of revised growth forecasts, updated capital programs, revised persons per unit assumptions and a significant increase in construction costs. The updated rates (Table 3) maintain Pickering's position as a competitively priced municipality for development, providing sufficient revenue to support growth while remaining aligned with rates in peer jurisdictions.

**Table 3**

**City of Pickering Development Charges, effective July 1, 2025 (\$)**

Categories	Rest of Pickering	Seaton
<b>Residential</b>		
<b>Singe and Semi-detached</b>	<b>42,812</b>	<b>24,810</b>
<b>Other Multiples</b>	<b>33,049</b>	<b>19,152</b>
<b>Apartments. (includes Stacked townhouses)</b>		
<b>2 bedrooms+</b>	<b>26,543</b>	<b>15,382</b>
<b>Less than 2 bedrooms</b>	<b>16,670</b>	<b>9,660</b>
<b>Non-Residential</b>		
<b>per Sq.ft. of Gross Floor Area</b>	<b>10.63</b>	<b>3.19</b>
<b>per Hectare (Seaton Prestige lands)</b>	<b>N/A</b>	<b>83,767</b>

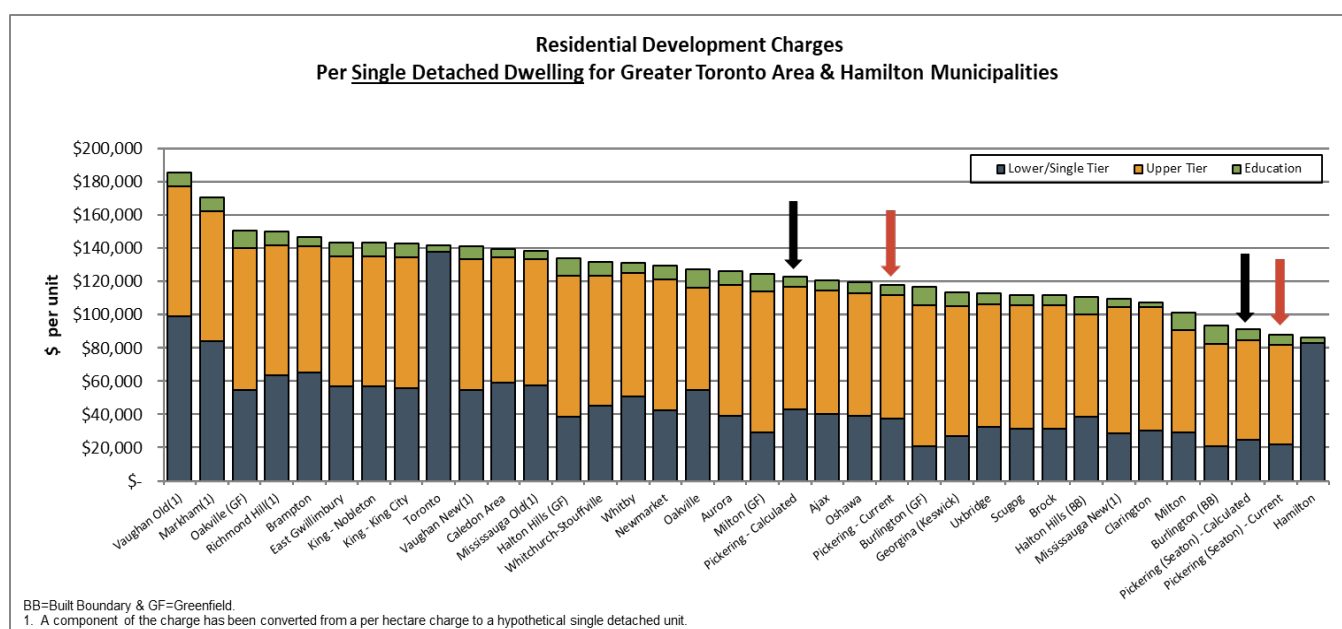
There were no formal delegations made at the statutory public meeting on June 9, 2025.

However, written submissions were received from the following:

- letter from Randy M. Grimes on behalf of Seaton Landowners Group
- joint letter from the Building Industry and Land Development Association (BILD) and Durham Region Home Builders Association (DRHBA) dated June 6, 2025
- letter from Keleher Planning & Economic Consulting Inc. (KPEC) dated June 5, 2025

The response to Mr. Grimes questions is attached to this report. The KPEC letter included many detailed questions and staff are currently working on a response. The joint letter from BILD and Durham Region Home Builders Association (DRHBA) presented three points which are: economic conditions are challenging and therefore, it is a difficult time to be increasing DC fees, acknowledging and supporting City's DC deferral program and asked for the City to consider expanding its DC deferral program to all forms of residential construction. Please see Chart One below, that shows a comparison of DC rates.

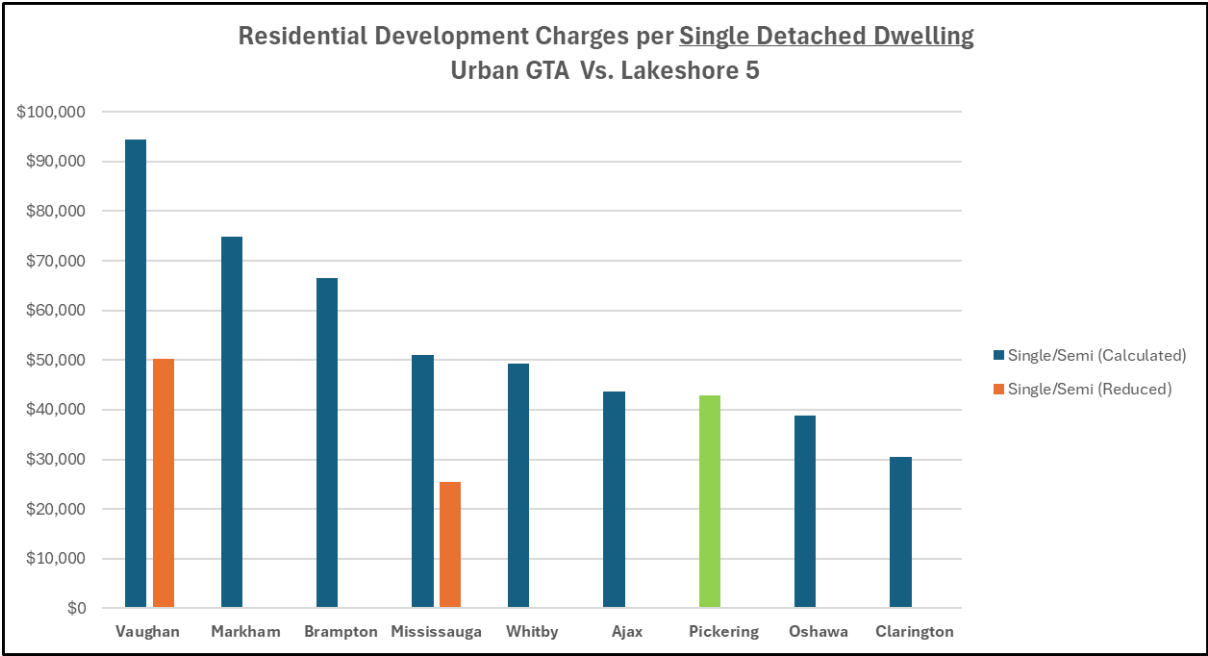
**Chart One**



Pickering's proposed single detached DC fee rate is comparable with Ajax and Oshawa and below Whitby's current DC rate. Pickering's new DC rate is competitive and attractive when compared to other municipalities in the province. As shown in Chart One, Pickering is in the middle of the group in the DC comparison.

Chart two compares Pickering with its lakeshore neighbours, and those municipalities who border Toronto.

Chart Two



Vaughan announced late last year a reduction in its DC fee as shown in the orange bar graph with positive support from BILD. However, Vaughan’s revised DC rate is still higher than Pickering’s proposed rate. The argument put forth by BILD and DRHBA regarding the increasing of the DC fees does not consider the fact that Pickering’s DC rates are still very competitive when compared to other municipalities. The proposed Pickering DC rate still presents a fiscally responsible DC position. It should be noted, that for over 25 plus years, Pickering’s DC rate has always been in the lowest quartile.

**DC rates are indexed to keep DC revenues current with construction costs**

DC rates are adjusted annually on July 1 of each year based on the Statistics Canada Non-Residential Building Construction Price Index for Toronto. As the current Background Study has updated capital costs that reflect the 2025 values, there will be no indexing for the period starting from July 1, 2025, to June 30, 2026. The next indexing of DC rates will be done on July 1, 2026.

**Transition Provision to ease implementation of new DC Rates**

To support the development community in adjusting to the new DC rates, a transition provision has been established. The revised DC rates will take effect on July 1, 2025. Any complete building permit application submitted after this date will be subject to the updated rates. However, for applications submitted on or before June 30, 2025, the new rates will not apply, provided that a building permit (or conditional building permit) is issued by August 15, 2025 for all or part of the building.

**Phased DC Deferral Program to Support High-Rise Development**

To support long-term growth and intensification, the City is introducing a two-phase DC Deferral Program targeted at high-rise residential buildings and industrial and commercial developments. This

aligns with similar provincial initiatives and is intended to encourage timely construction activity while maintaining flexibility for developers.

The program will be rolled out in two phases:

- Phase 1: April 1, 2025 to December 31, 2025
- Phase 2: January 1, 2026 to November 30, 2026

DCs will be payable at first occupancy rather than at the time of issuance of first building permit. Please refer to Deferral Program for detailed timing thresholds (Schedule D). The City's program will end if the Province introduces an amendment to the legislation that renders this program moot; however, the City will honour all previously approved applications. Additionally, no interest would be charged on the DCs during the deferral.

While the program offers relief in the short term, it also poses financial planning risks. Delaying DC payment beyond building permit issuance places pressure on the City's cash flow and may necessitate interim borrowing or reprioritization of capital projects if funding from other government levels does not materialize.

### **Community Benefit Charges: A Strategic Tool to Fund Growth-Related Capital Priorities**

The City of Pickering has undertaken an update to its CBC Strategy to align with the anticipated development and associated capital needs from 2025 to 2039. The City's updated CBC Strategy provides a critical funding mechanism to support the capital costs associated with intensification, including new parks, libraries, cultural facilities, and other high-priority growth-related infrastructure.

To ensure financial sustainability, the CBC rate is set at the provincially prescribed maximum of 4% of land value, as permitted under Section 37 of the *Planning Act*. The City's financial strategy prioritizes the use of CBC revenues to supplement funding for capital projects that are ineligible under DCs or require additional investment due to constrained municipal budgets.

The updated strategy identifies a total of \$10 million in growth-related capital costs eligible for recovery through the CBC. Given the legislative cap, the City anticipates a funding shortfall of \$16 million and will prioritize the allocation of CBC revenues to high-need projects during the annual budget process.

### **Written Comments Received from Statutory Meeting June 9, 2025**

The Statutory Report FIN 07-25 provided a comment period up to and including June 13, 2025. Staff can confirm that the City received no written comments.

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**Attachments:**

1. 2025 Development Charges Background Study dated April 23, 2025
  2. Addendum to 2025 Development Charges Background Study dated June 2, 2025
  3. Development Charges By-law
  4. Schedule A - Residential Development Charges (Seaton Lands)
  5. Schedule B - Residential Development Charges (Rest of Pickering)
  6. Schedule C – Non-Residential Development Charges
  7. Schedule D – DC Deferral Program for high rise residential and non-residential developments
  8. Amendment to General Municipal Fees & Charges By-law 6191/03
  9. Community Benefits Strategy, dated April 23, 2025
  10. Community Benefits Charges By-law
  11. Letter from Randy Grimes on behalf of Seaton Land Owners dated April 23, 2025
  12. Responses to Question Raised by Randy M. Grimes on behalf of the Seaton Landowners Group dated June 8, 2025
  13. Letter from the Building Industry and Land Development Association dated June 6, 2025
  14. Response to letter from Building Industry and Land Development Association (BILD) dated June 16, 2025
  15. Letter from Keleher Planning & Economic Consulting Inc. dated June 5, 2025
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**Approved/Endorsed By:**

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Director, Finance & Treasurer



Kyle Bentley, P. Eng.  
Director, City Development & CBO

Recommended for the consideration  
of Pickering City Council

A handwritten signature in blue ink, appearing to be 'Marisa', with a long horizontal stroke extending to the right.

Marisa Carpino, M.A.  
Chief Administrative Officer