

TECHNICAL BRIEFING

# *Protect Ontario by Building Faster and Smarter Act, 2025*



**PROTECT  
ONTARIO**

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# Protect Ontario by building faster and smarter

The Protect Ontario by Building Faster and Smarter Act, 2025, if passed, would remove unnecessary barriers to building, so Ontario can get shovels in the ground faster for vital projects and protect Ontario workers during this time of increasing U.S. tariffs. The package includes legislative and related initiatives to fuel growth, create the conditions for investment, open up new markets and create good-paying jobs, and is the next step in the government's plan to protect Ontario by building a stronger, more resilient economy that can withstand whatever comes our way.

## Accelerating transit and provincial infrastructure development

### Faster Transit Project Delivery

- Proposed amendments by the Ministry of Transportation to the Building Transit Faster Act (BTFA) would expand the definition of priority transit projects and BTFA measures to all provincial transit projects.

## Accelerating Transit-Oriented Community projects

### Expanding the scope of TOC projects and reducing red tape to support delivery of the program

- Ontario is proposing to amend the Transit-Oriented Communities Act, 2020 to match similar changes proposed to the Building Transit Faster Act, 2020, to include transit projects along the GO Heavy Rail and Light Rail Transit (LRT) lines as priority transit projects.

## Enabling authorities to speed up transportation permitting

### Building roads faster

- Ontario will consult with municipalities and stakeholders to develop a framework that will standardize road building specifications and design across the province. That will speed up construction while reducing costs.

### Speed up corridor management permits

- By reviewing MTO's corridor management permitting process Ontario will modernize MTO's corridor management approvals process and accelerate the review and issuance of highway corridor management permits.

## Streamlining/standardizing municipal development processes and development charges framework

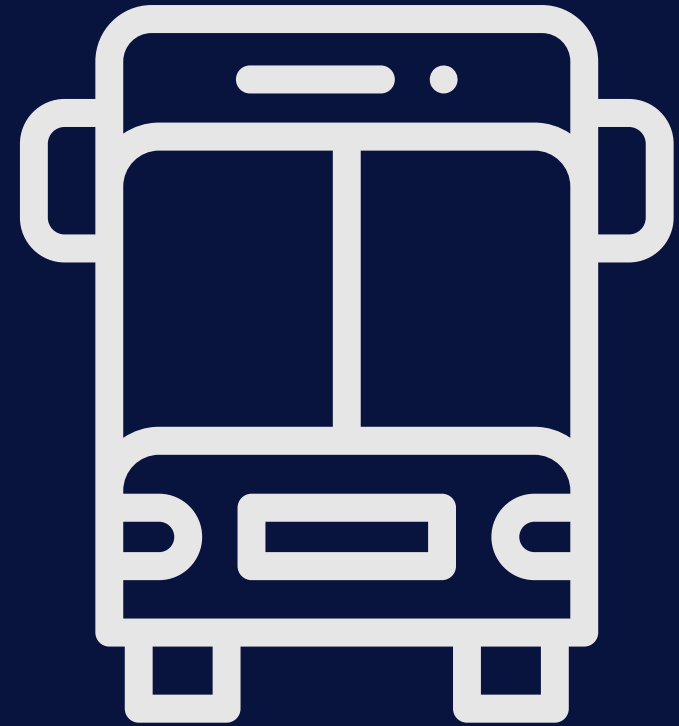
### Reduce municipal requirements that impede housing development

- Ontario is proposing measures that, if passed, would: clarify that municipalities do not have jurisdiction to create construction requirements for buildings; reduce the scope and studies municipalities can require for new developments; allow for some variations from zoning by-laws without additional approvals; improve development charges standardization, predictability and transparency.

In the face of economic uncertainty, Ontario is doubling down on its **\$200 billion plan** to build by proposing changes to make it easier and faster to build new homes, and infrastructure like transit, roads, water and wastewater. This will help protect Ontario jobs and communities by encouraging new investment, creating jobs, and increasing Ontario's economic competitiveness.

## Accelerating transit and provincial infrastructure development

Ontario is significantly accelerating the delivery of major transit projects by extending measures in the *Building Transit Faster Act, 2020* to all provincial transit projects.





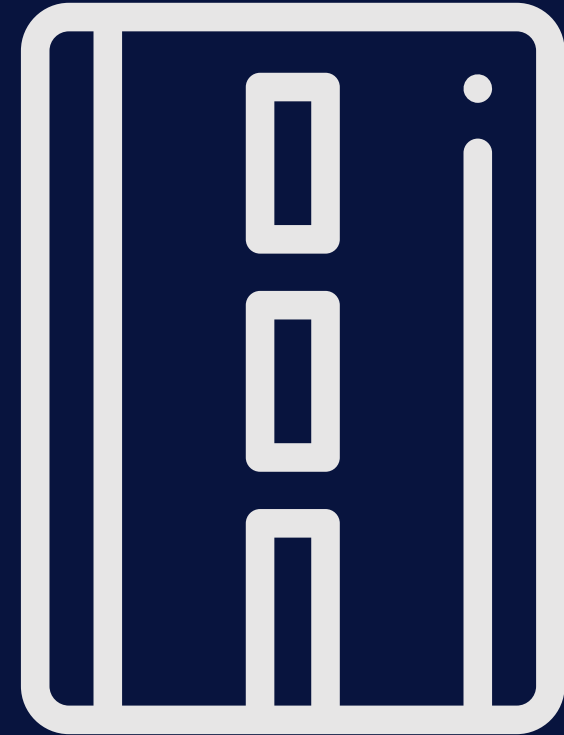
# Accelerating transit and provincial infrastructure development

| Initiative  | Current State   | Future State  |
|---|---|---|
| <b>Changes for Faster Transit Project Delivery</b>        | <ul style="list-style-type: none"> <li>The <i>Building Transit Faster Act, 2020</i> (BTFA) was introduced to provide the province with the tools to expedite Priority Transit Project prescribed via regulation.</li> <li>There are <b>currently challenges in meeting project timelines, land access issues, and lengthy approval and notification periods</b> that prevent transit from being built faster.</li> </ul>  | <ul style="list-style-type: none"> <li>An amended BTFA and <i>Metrolinx Act, 2006</i> would, upon Royal Assent: <ul style="list-style-type: none"> <li>Expand the applicability of the BTFA measures to <b>all provincial transit projects</b> without needing to prescribe projects via regulation, and</li> <li>Provide the Minister of Transportation, through an amendment to the <i>Metrolinx Act</i>, with the authority to request information and data from municipalities or municipal agencies required to support provincial transit projects or Transit-Oriented Communities projects..</li> </ul> </li> </ul>                              |
| <b>Accelerating Transit-Oriented Communities (TOCs)</b>   | <ul style="list-style-type: none"> <li>Minister's Zoning Order (MZO) authority needed to address certainty in land use planning matters affecting TOCs are currently under the authority of the Minister of Municipal Affairs and Housing, splitting accountability for TOC deliverables between ministries.</li> <li>The current definition of TOC is narrowly scoped to priority transit projects, and therefore does not cover, for example, the broader GO network.</li> <li>OIC approval is required to enter into ancillary TOC agreements, which can slow down execution.</li> </ul> | <ul style="list-style-type: none"> <li>By providing this authority to the Minister of Infrastructure , <b>decision-making authority would be better aligned with the Minister accountable for the TOC Program</b>,</li> <li>Amending the <i>Transit-Oriented Communities Act, 2020</i> to match similar amendments proposed to the <i>Building Transit Faster Act, 2020</i> that will include projects on GO transit and LRT lines and enable the <b>designation of TOC lands to apply more broadly</b>.</li> <li>Amending the <i>Transit Oriented Communities Act, 2020</i> to exempt ancillary TOC agreements from requiring OIC approval.</li> </ul> |
| <b>Accelerating provincially funded projects delivery</b> | <ul style="list-style-type: none"> <li>The <i>Ministry of Infrastructure Act, 2011</i> (MOIA) was introduced to provide the scope of work that would fall within the purview and authorities of the Ministry to accelerate and deliver on government infrastructure projects.</li> <li>There are <b>currently challenges in meeting project timelines, resulting in costly delays in meeting project delivery timelines</b>.</li> </ul>   | <ul style="list-style-type: none"> <li>An amended MOIA, upon Royal Assent, would provide the Minister with the authority to request information and data from a municipality or municipal agency needed to support infrastructure projects funded in whole or in part by the province.</li> </ul>   |

## Enabling authorities to speed up transportation permitting and harmonizing road construction standards

Ontario is reviewing MTO's corridor management permitting process and standards to confirm that the processes and standards are aligned with government policies.

Ontario is also looking to standardize road building standards across the province and consult with municipalities and industry stakeholders on road construction standards.



# Enabling authorities to speed up transportation permitting and harmonizing road construction standards

| Initiative  | Current State   | Future State   |
|---|---|--|
| <b>Reviewing Corridor Management Permitting Process and Standards</b> | <ul style="list-style-type: none"><li>• The <i>Public Transportation and Highway Improvement Act</i> (PTHIA) governs the protection and management of provincial highway corridors.</li><li>• MTO's corridor management requirements, standards and processes are based on a balanced risk-based approach that prioritizes public safety, mobility and protecting for future needs of highway corridors. The standards and processes conflict at times with a proponent's preferences for proposed developments.</li><li>• Approximately 2-3% of the 2,000 development proposals processed annually are escalated internally as the developer's preferences conflict with ministry standards, and a mutually acceptable solution is elusive. In these cases, file resolution periods are extended, and projects can be delayed.</li></ul> | <ul style="list-style-type: none"><li>• MTO to undertake a review of the current Corridor Management process and standards. The purpose of the review is to confirm that the processes and standards are aligned with government priorities and supporting policies. The Ministry will provide options and recommendations, including on highway corridor setback standards, building and land use permits, encroachment permits and access management permits and a proposed implementation plan by the end of July 2025.</li></ul> |
| <b>Harmonization of Road Construction Standards</b>                   | <ul style="list-style-type: none"><li>• The road construction industry has advocated for the harmonization of certain road building standards which can differ amongst Ontario's 444 municipalities.</li></ul>  | <ul style="list-style-type: none"><li>• MTO will consult with municipalities and stakeholders by fall 2025 on a framework for greater harmonization and clarified governance of municipal standards, which will lead to cost savings through more efficient design and technical review, greater construction efficiencies, and streamlined procurement processes.</li></ul>   |

## Streamlining/standardizing municipal development processes and development charges framework

Ontario is proposing to reduce red tape, municipal requirements that impede housing development, and increase accountability and encourage innovation.





# Streamlining municipal development processes

| Initiative  | Current State   | Future State   |
|---|---|--|
| <b>Ensuring Municipalities Abide by Building Code</b>                       | <ul style="list-style-type: none"> <li>The <i>Building Code Act</i> requires that municipalities adhere to the provincial standards outlined in the Code, and they cannot pass by-laws respecting the construction of buildings.</li> <li>However, despite this, builders are having to comply with different construction requirements depending on the project location and municipal preferences.</li> </ul>                       | <ul style="list-style-type: none"> <li>Same set of rules for everyone in Ontario.</li> <li>Clarity that municipalities do not have the authority to require their own unique standards beyond the Building Code, helping to provide consistency, reduce costs, and increase uniformity of technical standards for builders.</li> <li>These changes would help standardize construction requirements, resulting in faster approvals and reduced costs to help build more homes faster. It also prevents developers from having to re-design their products and designs from one jurisdiction to another saving money and time.</li> </ul>   |
| <b>Study Requirements and Certified Professionals</b>                       | <ul style="list-style-type: none"> <li>Currently, there is inconsistency in the scope, type and number of studies required for planning applications across Ontario. Municipalities are currently requiring various studies and reports that are not identified within their official plans and these requirements are not consistent across jurisdiction, leading to delays and complications in the application process.</li> </ul> | <ul style="list-style-type: none"> <li>Through legislative changes to the <i>Planning Act</i> and the <i>City of Toronto Act, 2006</i> effective upon Royal Assent, municipalities would no longer have the ability to require new complete application studies/reports beyond what is currently identified in their official plans except where/if MMAH approves new requirements.</li> <li>As well, MMAH would have the regulation-making authority to create rules to: <ul style="list-style-type: none"> <li>List topics that can't be required for a complete application</li> <li>Specify the only studies that can be required for a complete application.</li> <li>Require municipalities to accept studies from certified professionals.</li> </ul> </li> <li>This will create more consistent and predictable requirements across municipalities.</li> </ul> |
| <b>As-of-right Variations from Setback Requirements (Minor Variances) –</b> | <ul style="list-style-type: none"> <li>A minor variance is a small change from a zoning by-law. Currently, approval for a minor variance can only be given by a committee of adjustment who must consider 4 tests when making their decision – whether it: 1) Is minor, 2) Meets the intent of the official plan, 3) Meets the intent of the zoning by-law, 4) Is desirable for development</li> </ul>                                | <ul style="list-style-type: none"> <li>Through an amendment to the <i>Planning Act</i> effective upon Royal Assent MMAH would have the regulation-making authority to allow variations to be permitted "as-of-right" if a proposal is within a prescribed percentage (e.g., 10%) of setback requirements in specified lands (e.g., urban residential lands), there will be a reduced necessity for planning applications for minor variances, streamlining processes and reducing barriers for development. The ministry would have flexibility to adjust rates in future. The measure would reduce red tape and address barriers to getting homes and renovations built faster. Fees for a minor variance application can help save approximately \$1,000 to \$5,000 per development and can help eliminate 12-15 months to a development project.</li> </ul>         |

# Streamlining municipal development processes

| Initiative   | Current State   | Future State   |
|--|---|--|
| <b>Minister's Zoning Orders</b>                          | <ul style="list-style-type: none"> <li>MZOs are used to fast-track development projects in Ontario, often bypassing municipal zoning decisions. This has raised concerns about transparency and environmental impacts. The Auditor General, proponents, municipalities and stakeholders have recommended that the Minister should have authority to make MZOs subject to the fulfillment of conditions.</li> </ul>  | <ul style="list-style-type: none"> <li>Through legislative changes to the <i>Planning Act</i> effective upon Royal Assent, the Minister would have authority to impose conditions that must be met before a use permitted by an MZO comes into effect. These conditions could involve actions for municipalities and/or proponents, helping to improve accountability and ensure projects meet provincial objectives.</li> </ul>   |
| <b>Streamline Planning Approvals for Schools</b>         | <ul style="list-style-type: none"> <li>Currently, the placement of school portable classrooms on public school sites that existed after 2007 can be subject to site plan control under the <i>Planning Act/City of Toronto Act, 2006</i>. Education stakeholders, including school boards, identified this as an impediment to school capacity planning</li> <li>School boards have noted that municipal zoning by-laws are generally not permissive, adding to a lengthy process for new schools.</li> </ul>     | <ul style="list-style-type: none"> <li>Reduced barriers and length of approvals for school boards to expand capacity through amendments to the <i>Planning Act</i> and the <i>City of Toronto Act, 2006</i> to exempt the placement of portable classrooms on all school sites from municipal site plan control; and</li> <li>Amending the <i>Planning Act</i> to provide explicit permission to allow for publicly funded schools (kindergarten to grade 12) and associated childcare on urban lands zoned for residential uses.</li> </ul>                         |
| <b>Streamline Approvals for Construction Material</b>    | <ul style="list-style-type: none"> <li>Currently a secondary provincial approval for innovative construction products through a Minister's Ruling is required, even if has already been evaluated by the federal agency, the Canadian Construction Materials Centre.</li> </ul>   | <ul style="list-style-type: none"> <li>Legislative and regulatory changes to the <i>Building Code Act</i> and the 2024 Building Code to eliminate the need for a secondary provincial approval would speed up the process. Manufacturers would have one less approval to obtain, thereby streamlining approvals and providing early access to Ontario's construction market.</li> <li>Manufacturers would be able to save up to almost \$800 in application fees and access the Ontario market approximately 90 days sooner in the process.</li> </ul>               |
| <b>Preferential Treatment for Canadian Manufacturers</b> | <ul style="list-style-type: none"> <li>Manufacturers must apply to the Building Materials Evaluation Commission (BMEC) for an authorization of their innovative construction product (e.g., fiberglass rebars, which are known to perform the same as steel rebars but half the cost), before it can be used in Ontario. Applicants pay a fee of \$11,000 + tax totaling approximately \$12,000.</li> <li>Canadian applicants do not have any advantage over international applicants in this process.</li> </ul> | <ul style="list-style-type: none"> <li>Through Minister's regulation, MMAH would amend the 2024 Building Code to eliminate application fees for Canadian manufacturers. MMAH will work with the Ministry of Economic Development, Job Creation and Trade and BMEC to explore opportunities to prioritize Canadian manufacturers.</li> <li>This would have a positive impact on domestic supply, innovation and economic growth.</li> <li>The elimination of the BMEC fee would save manufactures of innovative building materials approximately \$12,000.</li> </ul> |

# Streamlining municipal development processes

| Initiative                         | Current State  | Future State  |
|------------------------------------|--|---|
| <b>Inclusionary Zoning (IZ)</b>    | <ul style="list-style-type: none"> <li>IZ was enabled in Ontario in 2018 under the <i>Planning Act</i> and an associated regulation (O. Reg. 232/18) as a way for municipalities to require affordable residential units in developments (of 10 or more units)</li> <li>IZ can only be used in Protected Major Transit Station Areas (PMTSAs), in a community planning permit system area ordered by the Minister, or in a municipality prescribed by the Minister.</li> <li>Currently, municipalities can establish set-aside rates (how many units) and affordability periods (how long the units need to be affordable) at their discretion, as long as they first complete an assessment report and economic study.</li> <li>Recent economic shifts already impacted the homebuilding sector. If IZ requirements are set too high, this is likely to stall the development of both market units and affordable IZ units, leading to lower housing starts overall.</li> </ul> | <ul style="list-style-type: none"> <li>Through amendments to the Minister's IZ regulation, MMAH would establish a 5% maximum set-aside rate and a 25-year maximum affordability period in PMTSAs.</li> <li>This change would help to ensure that IZ does not prevent housing projects from proceeding as a result of market conditions and economic viability.</li> <li>Economic modelling has demonstrated that IZ capped at 5% could result in more projects being viable in the current market conditions. This percentage could be adjusted based on market conditions in future.</li> </ul>  |
| <b>Provincial Policy Tests</b>     | <ul style="list-style-type: none"> <li>Under the current system, outside of the Greenbelt Area, Minister's Zoning Orders are not required to be consistent with provincial policy. However, official plan decisions and some minister's orders are required to be consistent with the provincial planning statement and conform with provincial plans.</li> </ul>  | <ul style="list-style-type: none"> <li>MMAH would consult on opportunities for making provincial policy tests inapplicable with respect to all of the Minister's decisions under the <i>Planning Act</i> (e.g., approval of municipal official plans), on a case-by-case basis to enable priorities.</li> <li>This reform could support increased flexibility for the Minister in decision making, thereby enabling faster, and potentially strategic, decisions aimed at increasing housing supply. It would not be intended for broad, routine use. A transparent and accountable oversight framework, would be developed to support implementation.</li> </ul> |
| <b>Streamlining Official Plans</b> | <ul style="list-style-type: none"> <li>Concerns have been raised that municipal official plans have become lengthy, complicated, and highly restrictive planning documents that take multiple years to prepare and update.</li> </ul>  | <ul style="list-style-type: none"> <li>MMAH would consult with municipalities on proposed legislation/regulatory changes needed to establish simplified, standardized and inclusive land use designations with more permitted uses. This would be more predictable and faster for developers and approvers, especially if coupled with moving toward a permit-based system for zoning.</li> </ul>   |

# Streamlining municipal development processes

| Initiative   | Current State  | Future State   |
|--|--|--|
| <b>Official Plan Population Updates</b>  | <ul style="list-style-type: none"> <li>Recent MOF forecasts indicate that some areas will experience higher growth than previously estimated. MMAH assessed that some of the 50 large and fast-growing municipalities official plans (OPs) are outdated or misaligned with the new projections</li> <li>The provincial growth planning guidance hasn't been updated since 1995.</li> </ul> | <ul style="list-style-type: none"> <li>Undertake targeted outreach to municipalities where additional population growth is projected to surpass previous estimates in their current official plans (OPs).</li> <li>Require those municipalities to update their plans to align with the Ministry of Finance's October 2024 population forecast, or approved upper tier forecasts, whichever is higher. The updates would be informed by updated provincial growth planning guidance (i.e., Projection Methodology Guideline [PMG]).</li> <li>The PMG is currently undergoing its first update since 1995. The PMG plays a vital role in helping municipalities plan for growth in a manner consistent with provincial priorities.</li> <li>Through this action, municipalities will have updated OPs that reflect current population projections, ensuring better planning for future growth.</li> </ul> |
| <b>Planning, Data, and Building Code IT Solutions</b>  | <ul style="list-style-type: none"> <li>There is currently no provincial land use IT/data system when a municipality is the approval authority.</li> <li>The Building Code is currently not digitized hence its utility in expediting permitting applications is limited.</li> </ul>  | <ul style="list-style-type: none"> <li>MMAH would explore the standardization of municipal data tracking in the land use planning, building code and permit applications spaces, and leverage technology (e.g., Artificial Intelligence, enhanced digitization of Building Code) to better automate planning and permitting processes and improve transparency. The Ministry would also publish municipal planning data on an Ontario webpage.</li> </ul>  |
| <b>Providing More Flexible Design and Construction Options for Four-Storey Townhouse Units</b> | <ul style="list-style-type: none"> <li>Currently, four-storey townhouses are permitted under the Ontario Building Code and Ontario Fire Code, but they often require an Alternative Solutions pathway, similar to a custom and targeted approach, for approval. This process can be complex and costly, impacting the economic viability of such projects.</li> </ul>                      | <ul style="list-style-type: none"> <li>Consultation will consider whether amendments to the Ontario Building and Fire Codes could improve economic viability of single-unit four storey townhouses, coupled with a focused package of compensating measures for fire and life safety requirements.</li> <li>These changes may allow houses with more living area or bedrooms to be developed on small footprints and more predictable and transparent construction requirements, which could improve the economic viability of these projects to incent more development, contributing to more family-sized units.</li> </ul>  |

# Streamlining municipal development processes

| Initiative  | Current State  | Future State  |
|---|--|---|
| <b>Streamlining the Development of Communal Water/Sewage Systems and Permissions for Distributed, Modular “Off-Grid” Water Treatment Facilities -</b> | <p><b>Communal Water/Sewage Systems</b></p> <ul style="list-style-type: none"> <li>Legislation requires municipal consent for the construction of communal water/sewage systems. These systems are built and operated by private owners in low density developments and they are not tied to the municipal water and wastewater system. At this time, there is no uniform process to seek municipal consent and there may be barriers to receiving it (e.g., ongoing operating costs, environmental impairment resulting from operator or system failure). Beyond use of own-source revenues (e.g., property taxes), some municipalities (small and rural) have little resources to mitigate any potential risks.</li> </ul> <p><b>Modular “Off-Grid” Water Treatment Facilities</b></p> <ul style="list-style-type: none"> <li>Exploring modular “off-grid” water treatment facilities (including proponent funded)-as a potential tool to help underserved rural communities with low-cost options for water/sewage servicing as part of a communal system.</li> </ul> | <ul style="list-style-type: none"> <li>Consultations will consider potential approaches to streamline municipal consents for communal water/sewage systems and modular “off-grid” water treatment facilities to support greater adoption, where appropriate and unlock housing supply in underserved rural communities.</li> </ul>  |
| <b>Exploring a Public Utility Model for Water and Wastewater Infrastructure</b>   | <ul style="list-style-type: none"> <li>Accelerating housing supply requires expansion in water and wastewater infrastructure capacity across the province.</li> <li>Municipal water and wastewater services are facing pressures related to both aging infrastructure and growth needs.</li> <li>As noted by the Association of Municipalities of Ontario’s Local Authority Services, the cost of expansion is not generally recovered from water and wastewater user rates. In municipalities that collect development charges. These charges are used to fund growth-related infrastructure.</li> </ul>  | <ul style="list-style-type: none"> <li>The province is exploring the use of a public utility model (e.g., establishing a new type of municipal service corporations) for water and wastewater to provide opportunities to enable infrastructure expansion. Targeted changes to the existing municipal services corporation-model could include: <ul style="list-style-type: none"> <li><b>Governance:</b> Appointing a skills-based municipal services corporation board with municipal representation to enable timely and effective decision-making.</li> <li><b>Financial:</b> Access to favourable financing opportunities for municipal services corporations to pay for-water and wastewater investments.</li> </ul> </li> <li>Water and wastewater systems would remain publicly-owned.</li> </ul> |

## Streamlining/standardizing development charges framework

Ontario is proposing to simplify and standardize development charges and work with municipalities to reduce fees that can add to the cost of a new home.

The majority of the proposed changes are based on feedback from the municipal and building sectors. If passed, many of the proposed changes would require implementing regulations that will be consulted on by the province.





# Streamlining/standardizing development charges framework

| Initiative   | Current State  | Future State  |
|--|--|---|
| <b>Create regulation-making authority to merge DC service categories for credit purposes</b> | <ul style="list-style-type: none"> <li>Under the <i>Development Charges Act, 1997</i>, builders can recoup costs for eligible infrastructure that they build in the form of a credit to be used towards their payable DCs.</li> <li>However, unless the municipality provides an exemption through an agreement, these credits can only be used towards DCs for the same service (e.g., DC credits for road infrastructure can only be applied to road DCs).</li> <li>This current structure limits the amount of DC credit room for developers to receive reimbursement for work performed.</li> </ul>                        | <ul style="list-style-type: none"> <li>A proposed legislative change would give the province regulation-making authority to merge related service categories for the purpose of DC credits (for example, road credits could be applied to transit DCs).</li> <li>If a regulation is made, it would allow developers to receive credit for work that they perform over a broader range of categories. This would also enhance consistency with municipal plans such as Transportation Master Plans.</li> <li>This proposal was identified by the Association of Municipalities of Ontario and the Ontario Home Builders' Association.</li> </ul> |
| <b>Create regulation-making authority to define a local service</b>                          | <ul style="list-style-type: none"> <li>Local services are infrastructure that a municipality may require a developer to build, as a condition of their development. These capital services may be installed and/or paid for by the developer.</li> <li>The <i>Development Charges Act, 1997</i>, prohibits municipalities from levying DCs on "local services," but there is no definition of "local services" in the Act.</li> <li>This lack of a definition for local service infrastructure has led to disputes between municipalities and developers about what infrastructure is deemed to be a local service.</li> </ul> | <ul style="list-style-type: none"> <li>A proposed legislative change would provide the province with regulation-making authority to define local services to assist in standardizing what infrastructure services are captured under municipal local service infrastructure policies compared to infrastructure services captured by DCs.</li> <li>This would help to reduce disputes between developers and municipalities causing delays in housing and other developments proceeding.</li> <li>This proposal was identified by the Association of Municipalities of Ontario and the Ontario Home Builders' Association.</li> </ul>           |

# Streamlining/standardizing development charges framework

| Initiative  | Current State   | Future State  |
|---|---|---|
| <b>Defer payment of DCs for all residential developments</b>  | <ul style="list-style-type: none"> <li>Under the <i>Development Charges Act, 1997</i>, only rental housing and institutional developments (e.g., retirement homes) are subject to a mandatory payment deferral.</li> <li>For developments subject to the DC deferral provisions, DCs are paid in annual installments beginning at building occupancy, rather than at the time of municipal building permit issuance. This provides more cashflow flexibility for these developments as they pay their DC rates much later in the development approvals process.</li> <li>Municipalities may charge interest on deferred DCs to help offset deferred revenues.</li> <li>Non-rental residential developments generally pay DCs at the building permit issuance and do not benefit from the current DC deferral provisions.</li> <li>The <i>Building Code</i> only requires occupancy permits (OP) for certain residential developments where developers want occupancy to begin prior to construction being completed. To receive an OP, the Code requires developers must meet certain health and safety standards.</li> </ul> | <ul style="list-style-type: none"> <li>A builder could elect that DCs for any residential development be deferred from building permit issuance, until building occupancy to provide greater cash flow flexibility.</li> <li>If a residential development is not subject to an occupancy permit, a municipality may require a financial security (e.g., a letter of credit) to secure payment of DCs at the time of building. Municipalities would not be able to charge interest on any legislatively-deferred payments.</li> <li>Proposed regulation-making authority would enable the government to prescribe the instruments (i.e., financial securities) a municipality could require to secure payment of DCs.</li> <li>For consistency across all types of developments subject to the DC deferral provisions, it is proposed that interest payments would also be removed from the existing deferral for rental and institutional developments. <ul style="list-style-type: none"> <li>For example, in a large central Ontario municipality, this could reduce costs for rental housing development by approximately 11 percent.</li> </ul> </li> <li>This proposal was a recommendation in Mississauga's Partners in Homebuilding: Mayor's Housing Task Force Report.</li> </ul> |
| <b>Help enable by-laws to be amended to reduce DC rates without certain procedural requirements</b> | <ul style="list-style-type: none"> <li>If a municipality wishes to amend their DC by-law to provide new developments relief from increases due to planned indexing of rates, introduce exemptions or discounts, or introduce an annual phase-in of rate, the municipality would need to undertake steps such as developing a new background study.</li> <li>DC background studies can take up to a year to produce and be quite costly.</li> </ul>  | <ul style="list-style-type: none"> <li>Municipalities would be enabled to make any changes that would only have the effect of reducing DCs without having to amend or undertake a new background study, hold public consultations, etc. <ul style="list-style-type: none"> <li>For example, municipalities could remove annual indexing, allow for annual phasing-in of DCs, and provide exemptions or discounts without the need to undertake certain lengthy procedural requirements.</li> </ul> </li> <li>This would save time and improve cost certainty for new developments.</li> <li>Potential savings would vary based on municipal size, DC by-law complexity and amendment sought. Analysis of a small, central Ontario municipality illustrated potential financial savings of up to \$60,000 and more than 6 months saved in staff time spent.</li> <li>This proposal was identified by the City of Toronto.</li> </ul>   |

# Streamlining/standardizing development charges framework

| Initiative  | Current State   | Future State   |
|---|---|--|
| <b>Help enable use of the Non-residential Building Construction Price Index (BCPI) for London</b> | <ul style="list-style-type: none"> <li>Currently, only the Toronto and Ottawa-Gatineau StatsCan Non-Residential Building Price Index is available for use for the purpose of indexing DCs.</li> </ul>   | <ul style="list-style-type: none"> <li>It is proposed that the new StatsCan Non-residential Building Construction Price Index for London would be prescribed as additional option for the purposes of indexing DCs. <ul style="list-style-type: none"> <li>This would provide Southwestern Ontario municipalities that use DCs to use an index that more closely reflects their costs (instead of the Toronto index).</li> </ul> </li> <li>This proposal is aligned with a request from the City of London to the province to provide local flexibility to reduce their DC by-laws rates from indexing.</li> </ul> |
| <b>Create regulation-making authority to prescribe limits on recoverable capital costs</b>        | <ul style="list-style-type: none"> <li>The <i>Development Charges Act, 1997</i>, lists eligible capital costs, such as land, buildings, and computer equipment, to be recovered from DCs.</li> <li>Currently there is regulation-making authority to prescribe the services for which only land would be an ineligible capital cost for DCs.</li> <li>According to a recent report by BILD/OHBA, while land costs are a reasonable eligible DC cost, the eligible land values being estimated and included in DC background studies can significantly inflate municipal DC rates across eligible services.</li> </ul> | <ul style="list-style-type: none"> <li>The proposed legislative change would create a regulation-making authority to prescribe limits and exceptions to the eligible capital costs, including land costs.</li> <li>This proposal would help make DC costs more predictable across all municipalities and DC services.</li> <li>This proposal was identified by the Association of Municipalities of Ontario and the Ontario Home Builders' Association.</li> </ul>   |

# Streamlining/standardizing development charges framework

| Initiative  | Current State   | Future State   |
|---|---|--|
| <b>Help enable developments to benefit from the lowest applicable DC rate</b> | <ul style="list-style-type: none"> <li>The DCs on a particular development are frozen when a site plan application or zoning application is made and typically payable at the time of building permit issuance at that frozen rate, plus municipal interest.</li> <li>If a homebuilder is issued their building permit within 18 months of the relevant application being approved, they pay the DC frozen rate. Otherwise, they pay the DC rate in effect at that time.</li> <li>In some circumstances, the DC rate in effect at the time can be lower than the frozen rate at the time of payment.</li> </ul>   | <ul style="list-style-type: none"> <li>A development receives either the frozen DC rate or a lower DC if the rates have been reduced during the freeze period. This will help to create predictability.</li> <li>In the future, frozen developments could benefit from this change, which could result in DCs being as much as \$45k lower for a single-detached home, as seen in the City of Vaughan.</li> </ul>  |
| <b>Exempt long-term care homes from municipal DCs.</b>                        | <ul style="list-style-type: none"> <li>DCs paid by long-term care homes (non-profit and "for profit" entities) are not paid at building permit issuance (as they are for most other developments) but are instead deferred and paid in 6 annual installments over five years beginning at the time of issuance of an occupancy permit.</li> <li>Municipalities may charge these types of developments interest on the amounts deferred, which may increase costs further.</li> <li>However, even though LTC developments benefit from the existing DC deferral, payment of DCs for these institutions can serve as a financial barrier for the building of this provincial priority.</li> </ul> | <ul style="list-style-type: none"> <li>Make a legislative amendment to make long-term care homes exempt from municipal development charges on a go-forward basis.</li> <li>This would remove a financial barrier for LTC developments and could incent more builders to construct LTC homes for Ontario's aging population.</li> <li>Removal of development charges will contribute to achieving the government's 58,000 LTC bed commitment by removing costs that can total over \$30,000/bed.</li> </ul> |

# Streamlining/standardizing development charges framework

| Initiative   | Current State   | Future State  |
|--|---|---|
| <b>Prescribe methodologies for calculating the benefit of new infrastructure to existing development</b> | <ul style="list-style-type: none"> <li>Under the <i>Development Charges Act, 1997</i>, municipalities are required to deduct the costs for the share of infrastructure that would benefit existing development from the total capital cost that can be recovered from DCs.</li> <li>In determining DCs, "benefit to existing" (BTE) reflects the portion of a project's costs that are deducted from the total project's costs to account for the value that infrastructure provides to those already living in the area.</li> <li>This deduction ensures that DCs are used to cover the costs directly attributable to growth.</li> <li>There is no consistent formula or definition for calculating BTE development in the legislation. <ul style="list-style-type: none"> <li>Calculations are made at the discretion of municipalities based on local circumstances.</li> <li>The BTE is typically calculated as a percentage of the total cost of each project or piece of infrastructure. This percentage reflects the proportion of the project's benefit.</li> <li>The BTE deduction reduces the amount of the infrastructure cost that can be recovered from new development through DCs.</li> </ul> </li> <li>A regulation-making power exists to prescribe methodologies for calculating the benefit to existing development.</li> </ul> | <ul style="list-style-type: none"> <li>Pending feedback from consultations with the development industry and municipalities, the government could prescribe a methodology, through LGIC regulation, for calculating the benefit of new infrastructure on existing development.</li> <li>This would provide homebuilders with better clarity and cost certainty and make municipalities more transparent on the methodology used to determine their DCs.</li> <li>This proposal was identified by the Association of Municipalities of Ontario and the Ontario Home Builders' Association</li> </ul> |

# Streamlining/standardizing development charges framework

| Initiative   | Current State  | Future State   |
|--|--|--|
| <b>Increased Transparency Through Annual Reporting</b> | <ul style="list-style-type: none"> <li>Under the <i>More Homes Built Faster Act, 2022</i> (Bill 23), legislative changes were made to require that municipalities must spend or allocate 60% of the money collected from DCs in a reserve fund for select services (i.e., water, wastewater, and roads) at the beginning of each year.</li> <li>Municipal treasurers must prepare a financial statement accounting for the DC funds collected and in reserves each year. <ul style="list-style-type: none"> <li>This statement has to be made publicly available on the municipality's website, if the municipality has one.</li> </ul> </li> <li>Additionally, regulatory changes were made to require, beginning in 2023, the statement to set out whether the municipality anticipates incurring the capital costs projected in the background study. <ul style="list-style-type: none"> <li>If not, an estimate of the anticipated variance from that projection needs to be provided along with an explanation for it.</li> </ul> </li> <li>There has been criticism that information on the municipal collection and use of DCs (e.g., annual treasurer statement) is not made readily accessible on municipal websites and is difficult to obtain.</li> </ul> | <ul style="list-style-type: none"> <li>Make regulatory changes to expand the DCA requirement that municipalities must spend or allocate 60% of the money in a reserve fund for select services (i.e., water, wastewater, and roads) at the beginning of each year to all services (e.g., libraries, fire, police, childcare, etc.); for example, municipalities would have to spend or allocate 60% of the money in a reserve fund for recreation at the beginning of each year.</li> <li>Consult on use of existing regulation-making authority for additional requirements to enhance municipal DC information transparency.</li> <li>Additionally, the Ministry will explore amendments to standardize DC background studies and improving public accessibility of annual municipal treasurer DC statements, using an existing authority.</li> <li>This will lead to increased transparency to the public on the municipal collection and use of DCs towards infrastructure investment</li> </ul> |