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**From:** Kyle Bentley  
Director, City Development & CBO

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**Subject:** Environmental Registry of Ontario Postings: ERO 025-0461, ERO 025-0462, ERO 025-0463, *Bill 17: Protect Ontario by Building Faster and Smarter Act, 2025*  
Regulatory Registry of Ontario Postings: 25-MMAH003  
City of Pickering Comments on ERO and Regulatory Postings  
File: L-1100-068

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**Recommendation:**

1. That Council endorse the comments contained in Report PLN 12-25, as the City of Pickering detailed comments on the ERO Postings ERO 025-0461, ERO 025-0462, ERO 025-0463, 25-MMAH003; and
  2. That Council authorize the Chief Administrative Officer to submit the Council endorsed comments on the identified ERO and Regulatory postings to the Ministry of Municipal Affairs and Housing website by the June 11 and 26, 2025, deadlines.
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**Executive Summary:** The purpose of this report is to inform Council of proposed changes in legislation from Bill 17, seek Council's endorsement of staff's comments on these changes, and authorize the Chief Administrative Officer (CAO) to submit formal comments to the Province on the proposed legislative changes.

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**Relationship to the Pickering Strategic Plan:** The recommendations in this report respond to the Pickering Strategic Plan Priority of Advance Innovation & Responsible Planning to Support a Connected, Well-Served Community.

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**Financial Implications:** While there are no immediate costs to the City as a result of the proposed changes, the long-term financial implications are unknown at this time. The potential need for the City to absorb the cost of undertaking peer reviews of technical studies to assist in the review of development applications, and the impact from proposed changes to development charges, will likely result in future costs to the City unless the Province offers alternatives to make municipalities whole.

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**Discussion:** The purpose of this report is to inform Council of proposed changes in legislation from Bill 17 (*Protect Ontario by Building Faster and Smarter Act, 2025*), seek Council's endorsement of staff's comments on these changes, and authorize the CAO to submit formal comments to the Province on the proposed legislative changes.

## 1. Background

On May 12, 2025, the Province released *Bill 17: Protect Ontario by Building Faster and Smarter Act, 2025*, for comment on the Environmental Registry of Ontario (ERO) and the Regulatory Registry. This Bill includes proposed changes to various pieces of legislation, regulations, and policies, with the purpose of making it easier and faster to build new homes, and infrastructure like transit, roads, and water and wastewater systems.

The following postings were listed on the ERO for either a 30 or a 45-day commenting period concluding on June 11 and 26, 2025, respectively. The ERO Postings are summarized below:

## 2. ERO Postings

### 2.1 ERO 025-0461 Proposed *Planning Act* and *City of Toronto Act, 2006* Changes (Schedules 3 and 7 of *Bill 17: Protect Ontario by Building Faster and Smarter Act, 2025*): Minor Variances, Minister's Zoning Orders, Study Requirements, and Planning for Schools.

#### 2.1.1 As-of-right setback variations

The Province is proposing that variations to zoning by-law regulations be permitted "as of right" if a proposal is within a prescribed percentage of the required setback (the minimum distance a building or structure must be from a property line or other protected area) on specified lands.

Specified lands would include parcels of urban residential lands outside of the Greenbelt Area, and exclude areas such as hazardous lands, and lands near shorelines and railways.

This would mean that appearing before a municipal committee of adjustment would not be necessary for proposals that otherwise comply with zoning by-laws but need variations from setback requirements no greater than the prescribed percentage (see also related ERO 025-0463 below).

#### 2.1.2 Minister's Zoning Orders with conditions

The Province is proposing to allow the Minister of Municipal Affairs and Housing to impose conditions (i.e., on municipalities or proponents) that must be met before a use permitted by a Minister's Zoning Order comes into effect.

#### 2.1.3 Limit complete application requirements

The Province is proposing to limit complete application requirements to the studies currently identified in the City's Official Plans. Any new or revised requirements would have to be approved by the Ministry of Municipal Affairs and Housing.

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The Province is also proposing to specify the certified professionals from whom municipalities would be required to accept studies without question or peer review.

#### **2.1.4 Permit Schools Broadly**

The Province proposes to exempt the placement of all portable classrooms at public school sites from site plan control. Currently, public schools built prior to January 1, 2007, are exempt from site plan control when adding a portable classroom. This change would extend the exemption to all school sites.

The Province is also proposing to amend the *Planning Act* to explicitly allow the use of Kindergarten to Grade 12 public schools and ancillary uses (such as associated childcare) on urban land zoned for residential uses “as-of-right.”

#### **2.2 ERO 025-0462 Proposed Regulations – Reducing the number and type of studies for Complete Applications**

The Province is proposing regulation-making authority that would enable the Minister of Municipal Affairs and Housing to reduce the number and type of studies comprising a complete application.

As proposed, municipalities would no longer be permitted to require the following studies as part of a complete planning application:

- Sun/Shadow: Reviews the impact of shadows cast by a proposed development on the subject land and surrounding lands, including streets and parks.
- Wind: Reviews the potential wind condition at the pedestrian level and on properties adjacent to tall buildings.
- Urban Design: Reviews how the massing, layout, materials, and design of a building and site align with municipal urban design guidelines or policies.
- Lighting: Reviews lighting levels, including the location and type of lighting fixtures proposed on the exterior of the building and on the site.

In cases where an exception is required to enable additional studies, municipalities would have to seek approval from the ministry.

#### **2.3 ERO 025-0463 Proposed Regulation– As-of-right Variations from Setback Requirements**

Schedule 7 of Bill 17 proposes to amend the *Planning Act* to provide regulation-making authority to reduce planning applications for minor variances. If passed, Bill 17 would enable the Minister, by regulation, to permit variation to a zoning by-law to be “as of right” if a proposal is within a prescribed percentage of the required setback (the minimum distance a building or structure must be from a property line) on specified lands.

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The ERO posting also states that the proposed changes would work with Ontario Regulation 299/19: Additional Residential Units to help create additional residential units, such as basement suites, by eliminating additional barriers related to setbacks.

While it specifically refers to required setbacks, the ERO posting also requests comments on the application of “as-of-right” variations to additional performance standards (e.g., height, lot coverage).

### **3. Regulatory Registry Posting 25-MMAH003**

The government has proposed amendments to standardize the rules in the *Development Charges Act, 1997* and enhance cost predictability for new developments. The proposed changes are intended make it easier and faster for new homes and infrastructure to be built.

A detailed review of the changes proposed to the *Development Charges Act* were provided by Watson & Associates and are contained in Attachment 1.

Staff are unable to provide a thorough review of the proposed changes to the *Development Charges Act* within the timeframe of this report and will continue to monitor the proposed changes and inform Council of potential impacts to municipalities as it moves through the legislative process.

### **4. Staff comments on the proposed changes to the *Planning Act***

#### **4.1 As-of-right setback variations**

As described earlier, permitting setback variations “as-of-right” would apply to all forms of development (residential and non-residential). It would apply to both new construction as well as additions to existing buildings even though the ERO posting suggests that this permission would work to promote and expedite the construction of additional dwelling units (ADUs). At this time, staff are not aware that existing setback requirements are creating a barrier to the construction of safe ADUs.

Setbacks within municipal zoning by-laws are written to achieve a variety of intents such as:

- accommodate space for building, fence, and property line maintenance
- avoid roof drainage onto neighbouring properties
- permit access to side yards
- preserve private amenity space in rear yards, and
- create consistent streetscapes

The proposed change would be subject to a regulation in the *Planning Act* that would identify the amount of variance that would be permitted (i.e., 5%, 10%, etc.). At this time, it is not known what value may be implemented in a future regulation. As a result, it is difficult to anticipate all outcomes of permitting setback variations “as-of-right”.

Staff do not support permitting setback variations “as-of-right”. Zoning setbacks are already designed to be minimum standards necessary to achieve responsible development in keeping with the Official Plan designation for the neighbourhood. These setbacks provide a consistent framework to guide developers and property owners on where development can occur. These setbacks also give confidence to neighbouring property owners that new development and expansions will not create conditions that require trespass or encroachment onto their property. Under the current regulations in the *Planning Act*, the public can seek variances where it is demonstrated that the site-specific circumstances warrant a modification.

Based on the manner and type of construction, the Ontario Building Code (OBC) also requires separation distances for new buildings from property lines. However, zoning setbacks account for scenarios not addressed by the OBC. For example, if approved, “as-of-right” variations could reduce the 1.2 metre minimum path of travel required to access ADUs constructed in rear yards. This could compromise the ability for emergency services personnel from reaching occupants of ADUs with necessary equipment (i.e., stretchers).

The proposed as-of-right variations to zoning standards do not appear to provide a useful tool in Pickering. A review of the 32 City of Pickering applications for side yard variances over the last 6 months found that only one would have met a 10% as-of-right variation, as put forward by the Province for consultation. Further, it is noted that Committee of Adjustment applications are most frequently associated with the construction of replacement dwellings, as opposed to construction of dwellings adding to the City’s complement of units. Where a variance may be required for a dwelling adding to the City’s complement of units, there would not be a significant delay as Pickering’s Committee of Adjustment meets once a month.

The proposed as-of-right variations for side yards, and building height, lot coverage, or other zoning provision is not recommended. It would create a second zoning standard to be checked by staff, and from which, presumably, a variance could still be applied for. Committees of Adjustment serve the function to consider minor changes to a zoning by-law, taking into consideration a number of site specific factors about the proposed development, the site itself, the abutting development and context, and make a decision, which is then appealable by various parties. The Committee of Adjustment should be the body that determines variances, not a zoning review officer identifying a prescribed zoning variation by provincial regulation with no local context.

## **4.2 Minister's Zoning Orders with conditions**

Currently, Minister's Zoning Orders (MZOs) are approved with no conditions. This means that properties receiving an MZO have demonstrated, to the Minister's satisfaction, that the approved use is appropriate and that the corresponding zoning regulations are satisfactory to support development.

The Province is proposing to permit MZOs that could be subject to conditions imposed by the Minister. It is unclear what these conditions would include (i.e., conditions related to the phasing of development, completion of required studies, or the provision of infrastructure). As a result of this uncertainty, staff cannot provide comments on this proposed change. More information is needed on the nature of conditions that may be imposed in order for municipalities to be able to comment.

## **4.3 Limit complete application requirements**

### **4.3.1 Listing required studies in the Official Plan**

Staff agree that potential studies necessary for a complete application should be listed in a municipal Official Plan. Appendix I to Report 12-25 contains a list of potential studies from the Pickering Official Plan that the City has deemed appropriate for a complete application in the City of Pickering.

### **4.3.2 Accepting studies from certified professionals**

Staff strongly oppose the proposal that the City should accept and implement studies from certified professionals without review and oversight by appropriate municipal staff, peer review consultants on behalf of City staff where required, and outside agencies.

Submission of a study by a certified professional does not automatically ensure that the document is without error. Part of the oversight conducted by the municipal review of an application is to identify any factual and contextual errors or omissions that may occur in a study.

The basis of this proposed change is that municipalities would accept the conclusions of studies, prepared by certified professionals, as infallible and not requiring amendment or revision. This would place Council in a position of relying on, and making decisions on, studies even if the information they contain is identified by staff as being inaccurate or incomplete. It is unclear who would bear liability (the certified professional or Council) for decisions made by Council in these circumstances. This could lead to Council denying more applications. The inevitable resubmissions or appeals may be more costly and longer than the existing application review process.

### **4.3.3 Prohibit Sun/Shadow, Wind, Urban Design, and Lighting studies as part of a complete application**

Staff strongly oppose the proposal to restrict the studies noted above. Sun/shadow and wind studies are vital to determining the comfort and enjoyment resulting from a

development on surrounding public and private spaces. No one enjoys sitting in a park that is cast in shadow all day. No one enjoys walking along a sidewalk or sitting at a restaurant patio in excessively windy conditions. These conditions impact comfort and mental well-being when they limit the enjoyment of the amenity spaces within a development.

Urban design studies are requested from developers to ensure their proposal reflects relevant design policies and adheres to any Council-approved urban design guidelines. These studies ensure that a proposed development fits well within its surrounding context and contributes positively to the public realm. They assess key elements such as building height, massing, and the relationship to adjacent streets and buildings while addressing connectivity and walkability. Urban design studies provide visuals to communicate design intent to Council and the public, and support design excellence.

Municipalities review lighting studies to ensure public safety and avoid nuisance concerns. For example, a lighting study ensures sufficient illumination is provided at driveway entrances so that motorists can clearly see pedestrians walking at night. Lighting studies also ensure that all outdoor common areas are effectively illuminated to promote safety and discourage illicit behaviour. The results of a lighting study are also used to identify where light shields are required to avoid unwanted light projecting onto neighbouring properties.

If municipalities are no longer permitted to request these studies from developers, Council may find themselves in the position of contracting these studies, at the City's expense, to achieve a thorough review of an application. It is unknown how often this approach would be warranted and what the cost to the City would be from this action. Requiring these studies from developers will help ensure that new developments continue supporting livability, safety, and high-quality urban environments.

#### **4.4 Permit schools broadly**

Staff have no objection to the proposed removal of Site Plan Control for school portables. School sites are generally large enough to accommodate portables, and school boards have the necessary resources to ensure that portables will not impact on-site drainage, parking and traffic. As temporary structures, portables can also be relocated as needed.

Staff also support allowing new schools (K-12) "as-of-right" on urban land zoned for residential uses. As long as the site is of adequate size, land that is suitable for new home construction is also suitable for new schools.

### **5. Other Bill 17 proposed changes not included in any ERO postings**

Bill 17 also proposes a variety of legislative and regulatory changes not contained in one of the ERO postings, including restricting the ability of municipalities to request green building standards that exceed the minimum requirements of the Ontario Building Code.

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## 5.1 Pickering's Integrated Sustainable Design Standards

Bill 17 would significantly restrict the City of Pickering's ability to enforce its Integrated Sustainable Design Standards (ISDS). The ISDS is a framework that supports the City's commitment to sustainable growth, environmental stewardship, and the development of inclusive and healthy communities. Developed through extensive engagement with residents, stakeholders, the development community, including a Pickering focused building advisory panel, the ISDS is based on best practices for integrating sustainability into new development.

Since January 1, 2023, the ISDS checklist has been applied to all new planning applications. In late 2023, Council strengthened the standards by approving an Official Plan Amendment, requiring all new developments to meet ISDS criteria (see Resolution #332/23, Attachment 2).

Importantly, Pickering's ISDS have not delayed approvals or hindered provincial housing targets, countering concerns that sustainability standards slow development.

Although the ISDS supports many existing initiatives, such as the 2024-2028 Corporate Strategic Plan, Community Climate Adaptation Plan (anticipated for Council approval in May as of this writing), and the Durham Community Energy Plan, proposed Bill 17 would weaken the authority to enforce aspects of key performance measures.

These measures include:

- Urban Heat Island Reduction
- Building Energy Performance and Emissions
- Renewable Energy
- Building Resilience
- Criteria related to accessibility and community safety
- Light Pollution Reduction
- Common Outdoor Amenity Space
- Bird-Friendly Design
- Electric Vehicle Rough-in/Ready
- Indoor Bicycle Parking and Storage
- Construction Waste Reduction
- Stormwater Management
- Water Efficiency

It is unclear whether the Province will be seeking comments on any of the changes listed in Section 5 of this Report through future ERO postings.

## 6. Conclusion

Staff do not support the following changes proposed by Bill 17: the establishment of as-of-right variations to zoning standards; restrictions to the type and number of supporting studies municipalities may request in support of development applications; and



requirements for municipalities to accept supporting studies prepared in support of development applications without a peer review. Staff do not support restrictions being imposed on municipalities from requiring developers to adhere to Council-approved green development standards.

It is recommended Council endorse the comments contained in Report PLN 12-25, as the City of Pickering's detailed comments on the ERO Postings ERO 025-0461, ERO 025-0462, ERO 025-0463, 25-MMAH003, and that Council authorize the Chief Administrative Officer to submit the Council endorsed comments on the identified ERO and Regulatory postings to the Ministry of Municipal Affairs and Housing website by the June 11 and 26, 2025, deadlines.

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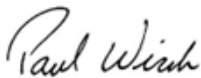
**Appendix:**

Appendix I Potential studies required as part of a complete application

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**Attachments:**

1. Preliminary Assessment of Bill 17 (Watson & Associates)
  2. Resolution 332-23 Official Plan Amendment for ISDS
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For Kyle Bentley, P. Eng.  
Director, City Development & CBO

PW:ld

Recommended for the consideration  
of Pickering City Council



Marisa Carpino, M.A.  
Chief Administrative Officer

**Potential Studies Required as part of a  
Complete Application**

## Potential studies required as part of a complete

Required Study
planning rationale report
transportation study
shadow study
wind study
statement of compliance with heritage conservation designation or conservation district policies
archaeology assessment
functional servicing study
drainage and stormwater management study
flood plain impact engineering study
agricultural report
site suitability study
environmental report
natural heritage evaluation
hydrological evaluation
hydrogeology and water budget study
watershed/subwatershed study
impact study on potential aggregate extraction
aggregate extraction assessment study
assessment of lands within 500 metres of a known waste disposal site
environmental site assessment (Phase I, Phase II, and Record of Site Condition)
contamination management plan
containment management plan
waste disposal community impact study
noise study
vibration study
dust and/or odour study
lighting study
retail impact study
sustainable development report
rental housing conversion study
urban design brief
financial impact study
architectural design study
railway corridor safety study
groundwater impact study
water balance study
information and communication technologies implementation plan
salt management plan
facility fit plan
office demand study
affordable housing brief

May 15, 2025

To our Municipal Clients:

Re: Assessment of Bill 17 (Protect Ontario by Building Faster and Smarter Act, 2025)

In our continued efforts to keep our clients up to date on legislative changes that may impact them, we are writing to inform you that Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025* (herein referred to as Bill 17) was tabled in the Ontario Legislature on May 12, 2025. This letter provides a summary of the proposed changes to the *Development Charges Act, 1997* (D.C.A.) and commentary on the proposed changes to the growth management framework. As the Bill progresses through the legislative process, we will continue to advise of any amendments and associated impacts.

Note that the Province is seeking comments via the Environmental Registry of Ontario at the following link: <https://ero.ontario.ca/notice/025-0504>. We will be submitting our comments prior to the deadline of June 12, 2025.

## 1. Overview Commentary

The Province has stated that a goal of this Bill is to simplify and streamline development, while reducing barriers, including development fees. In this regard, the Bill proposes to amend various acts with the intent of building more homes faster in Ontario to address the current housing crisis. In addition to changes to the D.C.A., changes are proposed to the following Acts:

- *Building Code Act, 1992*;
- *Building Transit Faster Act, 2020*;
- *City of Toronto Act, 2006*;
- *Metrolinx Act, 2006*;
- *Ministry of Infrastructure Act, 2011*;
- *Planning Act*; and
- *Transit-oriented Communities Act, 2020*.

In addition to the legislative changes proposed, the Province has announced that they are exploring the use of a public utility model, which may include establishing municipal service corporations for water and wastewater systems. These changes could have significant impacts on the costs and delivery of water and wastewater services in Ontario. While this may serve to reduce the funding obligations from development charges (D.C.s), funding these costs from a broader pool of existing rate payers would likely result in higher water and wastewater rates.



## 2. Proposed Changes to the *Development Charges Act*

The following provides a summary of the proposed changes to the D.C.A., along with commentary on the potential impacts to municipalities.

### 1. Exemption for long-term care homes

- Currently, D.C.s imposed on long-term care homes are subject to annual instalments under section 26.1 of the D.C.A.
- The proposed change would exempt long-term care homes from the payment of D.C.s.
- This exemption would apply to any future D.C. instalments on long-term care home developments.
- The D.C.A. does not allow reductions in D.C.s to be funded by other types of development. As such, the exemption will have to be funded from other municipal revenue sources.

### 2. Definition of capital costs, subject to regulation

- The proposed change would add the words “subject to the regulations” to section 5 (3) of the D.C.A.
  - The proposed amendment expands the scope of the Province’s authority to limit eligible capital costs via regulation.
  - The D.C.A. currently provides this ability to limit the inclusion of land costs.
  - The Province intends to engage with municipalities and the development community to determine potential restrictions on what costs can be recovered through D.C.s.
- Commentary from organizations in the development community suggests these discussions may continue to focus on limiting the inclusion of land costs in the D.C. calculations. The proposed amendment, however, provides broad authority for limiting eligible capital costs (i.e., the scope of regulatory authority is not restricted to land).
- Reductions in D.C.-eligible capital costs will have to be funded from other municipal revenue sources. Changes to the definition of capital costs through regulation will require municipalities to adjust funding for capital projects swiftly without the legislative amendment process.

### 3. Simplified D.C. by-law process to reduce charges

- Proposed change to section 19 (1.1) of the D.C.A. to allow a simplified process to amend a D.C. by-law for the following reasons:
  - Repeal or change a D.C. by-law expiry date (consistent with current provisions);
  - Repeal a D.C. by-law provision for indexing or amend to provide for a D.C. not to be indexed; and



- Decrease the amount of a D.C. for one or more types of development.
- The simplified process includes passing of an amending by-law and providing notice of passing of the amending by-law. There will be no requirement to prepare a D.C. background study, undertake public consultation, and no ability to appeal to the Ontario Land Tribunal.
- Limiting the simplified D.C. by-law amendment process to situations where the amount of a D.C. for a type of development is being reduced would appear to allow municipalities to adjust the charges for changes in assumptions (e.g., reductions in capital cost estimates, application of grant funding to reduce the recoverable amount), adding exemptions for types of development, and phasing the imposition of a D.C.
- It is unclear if the simplified process would apply where exemptions are being provided for purposes other than development type, as specified in the amendment. For example, where a municipality is exempting a geographic area, such as an industrial park, downtown core, major transit station area, etc.
- While administratively expedient, eliminating the statutory public process for reductions in D.C.s will not provide the general public with an opportunity to delegate Council on the matter and will reduce transparency.

#### **4. Deferral of D.C. payment to occupancy for residential development**

- Proposed changes to section 26.1 of the D.C.A. provide that a D.C. payable for residential development (other than rental housing developments, which are subject to payment in instalments) would be payable upon the earlier of the issuance of an occupancy permit, or the day the building is first occupied.
- Only under circumstances prescribed in the regulations may the municipality require a financial security.
  - The Province has noted its intent to mitigate risk for municipalities. As such, the prescribed circumstances may allow for securities when no occupancy permit is required.
- Municipalities will not be allowed to impose interest on the deferral of D.C. payment to occupancy.
- It appears those municipalities that have elected to utilize subsection 26 (2) of the Act (i.e., water, wastewater, services related to a highway, and stormwater charges payable at the time of subdivision agreement) may no longer be able to utilize this section for residential subdivisions or consents.
- Deferring the timing of payment for all residential development to occupancy will have cashflow implications for municipalities. The impacts may include additional financing costs for capital projects, increased



administrative costs associated with administering securities and occupancies, and potential delays in capital project timing.

## **5. Removal of interest for legislated instalments**

- Proposed changes to section 26.1 of the Act would remove the ability to charge interest on instalments for rental housing and institutional development.
- This would also apply to future instalments for existing deferrals once Bill 17 receives Royal Assent.
- The repeal of subsection 26.1 (9) of the D.C.A. removes the municipality's ability to require immediate payment of all outstanding instalments when a development use changes from rental housing or institutional to another use.
- This proposed amendment has the same cashflow impacts for municipalities as noted in item 4 above, although it is more limited in scope.

## **6. Ability for residential and institutional development to pay a D.C. earlier than a by-law requires**

- Currently, if a person wishes to waive the requirement to pay their D.C. in instalments as per section 26.1, an agreement under section 27 of the D.C.A. (early payment agreement) is required.
- The proposed changes state that, "For greater certainty, a person required to pay a development charge under this section may pay the charge before the day it is payable even in the absence of an agreement under section 27."
- This wording achieves its intent to allow a person to waive the requirement to pay in instalments. It also appears, however, to allow residential and institutional D.C.s to be paid earlier than required in a D.C. by-law, absent municipal agreement.
- This is problematic for municipalities, as the development community may elect to pay D.C.s before indexing or before municipalities pass a new D.C. by-law where a publicly available D.C. background study may be indicating a potential increase in the charges.

## **7. Lower charge for rate freeze**

- Section 26.2 of the D.C.A. requires that, for developments proceeding through a site plan or zoning by-law amendment application, the D.C. be determined based on the rates that were in effect when the planning application was submitted to the municipality.
- In some instances, the D.C. that would be imposed at the time of building permit issuance may be lower than that in place at the time of planning application.



- Where rates have been frozen as per section 26.2 of the D.C.A., the proposed amendments would require municipalities to apply either the “frozen” or the current rate, whichever is lower, in such instances.
  - Note, interest charges for the D.C. determined at planning application may still be imposed.
- These proposed changes are positive as developers would not be charged in excess of current rates (where lower) and developers who proceed in a timely manner are not penalized with additional interest costs.

## **8. Grouping of services for the purposes of using credits**

- Section 38 of the D.C.A. allows a person to construct growth-related works on a municipality’s behalf, subject to an agreement. The person receives a credit against future D.C.s payable for the service(s) to which the growth-related works relate.
- A municipality can agree to allow the credits to be applied to other services in the D.C. by-law.
- The proposed amendments would allow the Province to, through regulation, deem two or more services to be one service for the purpose of applying credits.
- This proposed change appears to remove the municipality’s discretion to combine services by agreement in certain instances.
- Combining services for the purposes of credits would have cashflow implications for municipalities, where funds held in a reserve fund for a service not included under the section 38 agreement would be reduced. This could delay the timing of capital projects for these impacted services and/or increase financing costs.

## **9. Defining local services in the regulations**

- Section 59 of the D.C.A. delineates between charges for local services and, by extension, those that would be considered in a D.C. by-law.
- Municipalities typically establish a local service policy when preparing a D.C. background study to establish which capital works will be funded by the developer as a condition of approval under section 51 or section 53 of the *Planning Act* (i.e., local service) and which will be funded by the D.C. by-law.
- The proposed amendments would allow the Province to make regulations to determine what constitutes a local service.
  - Although the Province has noted that this will be defined through consultations, there may be unintended impacts. For example, if the definition of a local service is too broad, it may lower the D.C. but increase the direct funding requirements on one particular developer. If the definition is too narrow, the opposite would result,





whereby local services would be broadly included in D.C. funding, thereby increasing D.C. rates.

- Additionally, what is deemed a local service in one municipality may vary from what is deemed a local service in another, depending on the size, density, and types of development.

Most of the changes above would come into effect upon Royal Assent of Bill 17. The changes with respect to deferral of payment to occupancy for residential development would come into effect upon the date proclaimed by the Lieutenant Governor in Council.

### 3. Noted Areas for Future Changes to Development Charges

In the Province's announcement, they indicated additional changes that are anticipated to follow proposed regulatory changes and/or ongoing consultations.

The Province has indicated the intent to add the Statistics Canada Non-Residential Building Construction Price Index for London to the prescribed indexes in the regulations. This would allow municipalities west of London and those that are closer to London than Toronto, to utilize the London series for indexing purposes.

The Province also indicated the intent to consult on a potential standardization of the approaches to benefit to existing deductions. Currently there are best practices to follow, however, there is no standardized approach across all municipalities. Providing a standardized approach may be problematic, as capital projects in different municipalities may be unique in scope and capital cost requirements.

Lastly, the announcement included commentary on expanding the Annual Treasurer's Statement reporting requirements. Currently for services related to a highway, water, and wastewater services, municipalities must allocate 60% of monies in their D.C. reserve funds to projects. The Province may consider expanding this requirement to more services.

### 4. Proposed Changes to the Growth Management Framework

The Ministry of Municipal Affairs and Housing (MMAH) has been reviewing the Official Plans of Ontario's 50 largest and fastest-growing municipalities against the Ministry of Finance's (M.O.F.) updated population forecasts released in October 2024. Where the Ministry finds that current Official Plan forecasts are lower than updated provincial or upper-tier projections, the MMAH will undertake targeted outreach to affected municipalities. In these cases, municipalities will be required to update their Official Plans to reflect the higher of the M.O.F. projection or the applicable upper-tier forecast.

These updates will be guided by a forthcoming revision to the Projection Methodology Guideline – the first since 1995 – to ensure consistency in how growth is planned across the Province. It is the MMAH's goal that these updated projections and methods



will help municipalities more accurately align land needs, servicing strategies, and capital planning with long-term provincial growth priorities. To support this, the Province is also exploring improvements to planning data systems and digital tools, including standardizing how municipalities track and report land use planning and permitting activity. Enhanced access to consistent, digitized data will help inform future forecasting, monitor implementation, and increase transparency across jurisdictions.

For municipalities directed by the Province to update their Official Plans, this requirement carries several implications. As a starting point, it is important to note that the M.O.F. forecasts are only available at the Census Division level, which typically represents upper-tier municipalities, including separated municipalities and large urban single-tier municipalities. This poses potential complexities for lower-tier municipalities to directly apply, allocate, and coordinate the M.O.F. population projections as part of their respective Official Plan Review. Furthermore, the M.O.F. population projections are released annually and are subject to considerable fluctuation. On the other hand, the municipal Official Plan Review process, which includes a comprehensive assessment of long-term population growth and urban land needs, is required to be carried out at a minimum every 10 years for new Official Plans and five years regarding Official Plan updates. Accordingly, it will be important for municipalities to monitor their respective Official Plans within the context of changing long-term M.O.F. projections. It is currently unclear to what extent Ontario municipalities will be required to update their respective Official Plans and associated background studies, such as needs assessments, servicing plans, and financial strategies, to ensure alignment with the updated M.O.F. projections. It is clear, however, that Ontario municipalities will require improved processes and tools to monitor their Official Plans in a manner that allows decision makers more flexibility to address and respond to anticipated change.

In parallel, the Province is also proposing changes to inclusionary zoning policies, which could influence housing delivery outcomes within protected major transit station areas. Specifically, the Act proposes capping the affordable housing set-aside rate at 5% and limiting the affordability period to 25 years. While these measures may enhance project feasibility and encourage more market-based residential development near transit, they may also constrain the long-term supply and stability of affordable units delivered through inclusionary zoning policies. Municipalities will need to consider how these changes affect their broader housing strategies, particularly in areas where protected major transit station areas are a central tool for delivering mixed-income communities.

## 5. Concluding Remarks

Based on the proposed changes, municipalities may experience a reduction in overall D.C. revenue. The impacts of some of the potentially more significant changes (i.e., changes to the definition of capital cost, grouping of credits, defining local services, and methodology for benefit to existing will not be known until the release of the draft regulations for consultation. By moving legislative guidance to the regulations, as



opposed to the Act itself, the Province will have the ability to change the rules set out therein without the requirement of passing a Bill through the legislative process. This reduces transparency and the required consultation should the Province wish to change these rules in the future.

We will continue to monitor the proposed changes and will inform you of potential impacts to municipalities. As noted, we will be submitting further comments to the Province via the Environmental Registry of Ontario. Should you have any questions, please contact the undersigned or send an email to [info@watsonecon.ca](mailto:info@watsonecon.ca).

Yours very truly,

WATSON & ASSOCIATES ECONOMISTS LTD.

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**Directive Memorandum**

December 4, 2023

To:            Kyle Bentley  
                 Director, City Development & CBO

From:        Susan Cassel  
                 City Clerk

Subject:      Direction as per Minutes of the Meeting of City Council held on  
                 November 27, 2023

Director, City Development & CBO, Report PLN 34-23  
City Initiated Official Plan Amendment 50  
Changes to policies to recognize and reinforce the new Pickering Integrated  
Sustainable Design Standards  
File: OPA 23-005/P

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**Council Decision**

**Resolution #332/23**

1. That Official Plan Amendment Application OPA 23-005/P, initiated by the City of Pickering, to amend existing policies related to the review of *Planning Act* applications to recognize and reinforce the new Pickering Integrated Sustainable Design Standards, as set out in Exhibit 'A' to Appendix I to Report PLN 34-23 be approved; and,
2. That the Draft By-law to adopt Amendment 50 to the Pickering Official Plan, to amend existing policies to recognize and reinforce the new Pickering Integrated Sustainable Design Standards, as set out in Appendix I to Report PLN 34-23, be enacted.

Please take any action deemed necessary.

Susan Cassel

Copy:        Chief Administrative Officer