



The Corporation of the Town of Tecumseh

Development Services

To: Mayor and Members of Council

From: Brian Hillman, Director Development Services

Date to Council: June 10, 2025

Report Number: DS-2025-14

Subject: Bill 17, Protect Ontario by Building Faster and Smarter Act,
2025
Summary Report
OUR FILE: L11 BILL17

Recommendations

It is recommended:

That Report DS-2025-14, Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025*, Summary Report, **be received**;

And that DS-2025-14 **be submitted** to the Province through the Environmental Registry of Ontario as comments from the Town of Tecumseh with respect to Bill 17.

Executive Summary

The Province recently released proposed changes to the *Planning Act*, the *Development Charges Act*, and the *Building Code Act* by way of Bill 17, for review and comment. This report summarizes the changes that may have an impact on the Town, including changes to planning processes, land development and the collection of municipal Development Charges (DC).

Background

On May 12, 2025, the Ontario government proposed legislative changes aimed at its goal of building an additional 1.5 million homes in the province by 2031 through Bill 17, *“Protect Ontario by Building Faster and Smarter Act, 2025”*.

Bill 17 includes changes to the *Planning Act*, *Development Charges Act* and the *Building Code Act* that are stated to be aimed at removing obstacles (procedural, legislative or financial) to:

- building homes faster and at lower cost;
- building long-term care homes;
- facilitating new school construction; and
- determining a complete Planning Act application.

The Province is seeking feedback from municipalities on Bill 17. Comments on the changes to legislation proposed through Bill 17 are open through the Environmental Registry of Ontario to June 11, 2025.

Below is an itemized summary of the proposed Bill 17 changes that are of relevance to the Town, along with Administration’s comments. Changes to legislation that do not affect the Town, such as those related to the Greater Toronto Area, have not been included.

As supplementary information and commentary, please find attached a letter dated May 15, 2025, from Watson & Associates Economists Ltd. (“Watson & Associates”) that focuses on proposed changes to the *Development Charges Act* (see Attachment 1). This detailed letter has been provided to all their clients, including the Tecumseh. Watson has prepared multiple development charge background studies and by-laws for the Town, along with various water, wastewater and stormwater rate studies.

Proposed Changes to the <i>Planning Act</i> (“PA”)		
Item	Issue /Topic	Summary/Comments
PA1	Limiting Complete Application Requirements	<p>The <i>PA</i> is proposed to be amended to limit/freeze those reports a municipality can require from an applicant to deem an application complete, provided they are already listed in the Town’s Official Plan, unless the Town obtains written approval from the Ministry of Municipal Affairs and Housing (“MMAH”). In addition, the proposed changes will limit the scope of permitted studies and exclude studies such as sun/shadow casting, wind, urban design and lighting.</p> <p>The Town’s Official Plan currently has a substantial list of potential studies that could be requested in support of an application. Limiting studies means that the Town would not be able to request additional studies to address matters that may arise during application evaluation and/or public meetings on a proposed development (e.g. lighting study). This would limit available information to respond to concerns related to potential non-compatibility and/or adverse impacts.</p>
PA2	Qualified Professionals	<p>The <i>PA</i> is proposed to be amended to clarify that if a report that has been submitted in support of an application has been prepared by a qualified professional, it is automatically deemed to meet the requirements towards the determination of a complete application. The list of “prescribed professions” that will satisfy this requirement has not yet been provided, although it could include Registered Professional Planners, Professional</p>

	<p>Engineers (Infrastructure, Stormwater, Transportation) and so on.</p> <p>Administration has concerns with this proposed change. Experience has demonstrated that reports submitted in support of applications commonly require revision, either due to the writer's biased interpretation and/or misunderstanding of relevant background information, or lack of proper review of available guidance for the preparation of the independent professional report. Mandating that such reports (which may not be of sufficient quality) must be accepted to allow an application to be deemed complete only has the effect of starting the time within which the Town is required to make a decision on an application (e.g. the PA establishes 60 days for a site plan approval). It does not remove the burden of inadequate and/or insufficient independent reports that will ultimately need to be addressed. This will continue to add time to review/approval processes, except that it may permit an applicant to seek an appeal to the OLT on a file, notwithstanding that the supporting reports are deemed to be unsatisfactory to the Town. Resorting to the OLT will add time and cost to all parties.</p> <p>This proposed regulatory change may create a false expectation that the independent reports supporting a complete application are acceptable to the Town, when in fact that may not be the case.</p> <p>To mitigate the potential for the submission of inadequate reports, the Town will institute a more robust pre-consultation process that directs applicants and their professionals to the analysis required and the relevant documents and specific sections of documents that establish the requirements (e.g. the Regional Stormwater Management Guideline). This should assist in the delivery of improved submissions. In addition, changes in process will be instituted that ensure municipal concerns or items are, as</p>
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		<p>much as reasonably possible, clearly identified at the early stage of the process and are not introduced late in the review/approval process.</p> <p>In summary, this proposed change appears to erode the Town's ability to adequately and efficiently meet its approval authority responsibilities as vested in the Planning Act and ultimately may not create efficiencies for planning approvals. However, it is believed that changes to municipal processes will go a great length to avoiding these types of outcomes.</p>
PA4	Zoning and Site Plan Control for Schools	<p>The <i>PA</i> is proposed to be amended to clarify that schools would be permitted as-of-right on urban lands zoned for residential. No Official Plan policy or Zoning By-law could prohibit the use of a parcel of urban residential land for an elementary or secondary school, or any ancillary uses to such schools, including the use of a childcare centre located in the school. It would also retroactively deem existing by-laws with such restrictions to be of no force and effect.</p> <p>In addition, the <i>PA</i> would be amended to remove the requirement of site plan control for portable classrooms on school sites that were in existence on/after January 1, 2007, in order to increase the speed at which portable classrooms can be placed.</p> <p>Town Administration generally does not have concerns with the changes with respect to as-of-right zoning, as school facilities should be located within urban areas that are near and an integral part of residential neighbourhoods. By allowing as-of-right zoning, the proper integration of school facilities within existing residential areas can be facilitated through the site plan control process. However, we are concerned with the risk that secondary schools, which traditionally attract larger volumes of vehicular</p>

		<p>traffic, could be located on roads that are not necessarily of a suitable standard or capacity.</p> <p>In terms of fully exempting portable classrooms from Site Plan Control, Town Administration recommends that an alternative, stream-lined, expedited site plan process be developed that identifies the critical items to be addressed (e.g. stormwater management). This would facilitate rapid accommodation of portables while ensuring adequate measures are in place to address stormwater management, which has become one of the major development challenges with the potential to adversely affect municipal infrastructure and abutting property owners if not properly addressed, as well as the functionality of the portables on the site.</p>
PA5	Variation to Minor Variance Requirements Related to Setbacks	<p>Currently, a minor variance is required when a proposed development does not meet the minimum requirements of a local Zoning By-law. The <i>PA</i> is proposed to be modified to add a definition of “setback distance” which means:</p> <p>“the distance that a building or structure must be setback from a boundary of the parcel on which the building or structure is located in accordance with a by-law passed under this section.”</p> <p>The change proposes to establish a regulation that will set a percentage of a setback to be permitted as-of-right. The current proposed regulation identifies a 10% variance. For example, if the zoning requires a 1.8-metre (6-foot) side yard setback, a development that proposes a 1.62-metre (5.4-foot) setback would be permitted to proceed WITHOUT a minor variance application nor Committee of Adjustment hearing, as the proposed setback does not vary more than 10% from the minimum established in the zoning by-law. To qualify for the “as-of-right” minor variance, the property must be within a settlement area, serviced,</p>

		<p>residentially zoned and not within 300 metres of a railway line or 120 metres of a wetland, shoreline, inland lake, or river or stream valley.</p> <p>In addition, proposed transition rules for the “as-of-right” zoning deviations would establish the minimum setback distance, as of the day a building permit is issued for the building/structure, or on the day the lawful use of the building/structure was established.</p> <p>Administration believes that the proposed change essentially moves the bar as to what constitutes minimum side yards Townwide. It is reasonable to assume that once this provision becomes known to the public, developers, builders and designers, it will become commonplace to seek the reduced setbacks. This is different than the current minor variance process which is intended to provide a minor variance in unique circumstances with supporting rationale, not across the board for all lots. From Administration’s perspective, the unintended consequence from this proposed change will be that side yards will, over time, be sought that are 10% less than that stated in the Zoning By-law and will not exclusively be sought by developments that have unique circumstances. Ultimately, it will likely have the effect of being a universal reduction in side-yards.</p>
<p>Proposed Changes to the Development Charges Act (“DCA”)</p> <p>(Refer to Attachment 1 for additional information)</p>		
Item	Issue / Topic	Summary / Comments
DCA1	Deferral of DC Payment to Occupancy	Currently, DCs are typically payable on building permit issuance, with the exception that DCs for

	for Residential Development	<p>rental housing and institutional development are payable on a deferred basis, commencing at building occupancy. Currently, the Town may charge interest to help offset the delayed receipt of funds from rental housing and institutional development, which is collected over a five-year term after occupancy.</p> <p>The <i>DCA</i> is proposed to be amended so that DC payments for residential development (other than rental housing, which is 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. Municipalities will not be allowed to impose interest on the deferral of DC payment to occupancy.</p> <p>Deferring the timing of payment for all residential development to occupancy will have cashflow implications for the Town. The impacts may include additional financing costs for capital projects, increased administrative costs associated with administering payments, potential delays in capital project timing, and lost interest for the period between building permit issuance and occupancy/actual collection.</p>
DCA2	Exemption for long-term care homes	<p>The <i>DCA</i> is proposed to be revised to exempt long-term care homes from the payment of DCs.</p> <p>The <i>DCA</i> does not allow reductions in DCs to be funded by other types of development, therefore this proposed exemption and associated DC payment shortfall would have to be funded from taxes/rates paid by all tax/ratepayers.</p>
DCA3	Definition of capital costs, subject to regulation	<p>The proposed amendment would expand the scope of the Province's authority to limit eligible DC capital costs via regulation. The Province intends to engage with municipalities and the development community to determine potential</p>

		<p>restrictions on what costs can be recovered through DCs.</p> <p>Reductions in DC-eligible capital costs will have to be funded from taxes/rates paid by all tax/rate payers. Changes to the definition of capital costs through regulation will require municipalities to adjust funding for capital projects swiftly. It is incumbent on the Province to assist municipalities in supporting growth-related infrastructure through senior government funding programs.</p>
DCA4	Removal of interest for legislated installments for rental housing and institutional development	<p>The <i>DCA</i> is proposed to be amended to eliminate interest payments that municipalities currently can charge on deferred DCs, except for any interest accrued up to the date the specific amendment takes effect.</p> <p>This proposed change would remove the Town's ability to charge interest to help offset the delayed receipt of funds from rental housing and institutional development and to cover Town costs associated with this lending program, once again placing an additional financial burden on the Town and by extension, existing Town property owners. As above, if the Province is seeking to limit municipal revenues available through DCs, alternative funding sources should be identified to avert shifting the full burden to municipal taxpayers.</p>
DCA5	Ability for rental housing and institutional development to pay a D.C. earlier than a by-law requires	<p>Currently, if a person wishes to waive the requirement to pay their DC for rental housing and institutional development in installments (at occupancy and 5 years thereafter), an agreement under section 27 of the <i>DCA</i> is required.</p> <p>The <i>DCA</i> is proposed to be changed to allow a person to waive the requirement to pay in installments, so that payment can be made at</p>

		<p>time of building permit issuance, without the need for an agreement. This is a change that appears to create efficiencies for both the developer and the Town.</p> <p>However, the proposed change is written in such a manner that it could allow rental housing and institutional DCs to be paid earlier than required in a DC by-law, absent a municipal agreement. This would be problematic for the Town under a scenario where a developer elects to pay DCs before indexing or before municipalities pass a new DC by-law where a publicly available DC background study may be indicating a potential increase in the charges.</p> <p>The wording in Bill 17 should be revised to provide clarity so that this “loophole” is not available, as it could result in the Town under-collecting for DC-eligible capital costs. This under-collection would have to be funded from taxes/rates paid by all tax/rate payers.</p>
DCA6	Defining Local Services in the Regulations	<p>The current <i>DCA</i> allows the Town to establish a local service policy that states which capital works will be funded by a developer as part of a plan of subdivision approval (e.g. local sanitary sewers, local roads etc.) and which will be funded by the DC by-law.</p> <p>The proposed amendments would allow the Province to make regulations to determine what constitutes a local service. The concern is that what is deemed a local service in one municipality will vary depending on the size, density, and types of development and the unique local servicing schemes (e.g. a major trunk sanitary sewer in a large urban center may be quite different from what constitutes a major trunk sanitary sewer in Tecumseh). Establishing a “one-size-fits-all” approach could have unintended financial implications for both the local development community and the Town. Accordingly, it is recommended that the Province</p>

		consult with municipalities to ensure the regulations adequately consider the diverse development and servicing circumstances faced Province-wide.
DCA7	Simplified process to amend DC by-laws to reduce charges	<p>The <i>DCA</i> is proposed to be revised to provide municipalities with the power to amend their DC by-law for any one of the following reasons:</p> <ul style="list-style-type: none"> • repeal or change a DC bylaw expiry date (consistent with current provisions); • reduce a DC charge; or • eliminate indexing. <p>The simplified process includes passing of an amending by-law and providing notice of passing of the amending by-law. There would be no requirement to prepare a DC background study, undertake public consultation, and no ability to appeal to the Ontario Land Tribunal.</p> <p>This proposed change provides simplicity and efficiencies.</p>
Proposed Changes to the Building Code Act (“BCA”)		
Item	Issue / Topic	Summary / Comments
BCA1	Municipalities do not have authority to create or enforce their own construction standards	<p>The BCA currently states that it and the Ontario Building Code supersede all municipal by-laws for the same purpose (construction standards). The proposed change to the BCA introduces wording that more clearly establishes that municipalities do not have the authority to pass</p>

		<p>by-laws respecting the construction or demolition of buildings.</p> <p>This clarity is considered appropriate and ensures fairness, certainty and safety in relation to the accepted minimum standards for construction and demolition of buildings in all municipalities in the Province.</p>
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It is recommended that this Report be submitted to the Province through the Environmental Registry of Ontario as comments from the Town of Tecumseh on Bill 17.

Consultations

Financial Services
Public Works & Engineering Services
Watson & Associates Economists Ltd.
Manager Building Services/CBO

Financial Implications

Some of the proposed DCA changes continue a trend in legislative changes that have the potential to impact municipal finances. However, the full impact will not be known until the release of the final Regulations. As noted previously in this Report, where there are anticipated DC funding shortfalls, there will need to be an increase in annual taxes/rates for all tax/rate payers unless another funding source is identified such as senior government infrastructure programs. In addition, the proposal to allow all residential development to defer DC payments to the time of occupancy will create administrative demands that may result in the need for the hiring of additional staff to satisfy new administrative procedures. If that is the case, DC calculations should take these costs into account.

Link to Strategic Priorities

Applicable	2023-2026 Strategic Priorities
<input checked="" type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input checked="" type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input checked="" type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

Communications

Not applicable ☒

Website ☐

Social Media ☐

News Release ☐

Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

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Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1.	Watson & Associates Economists Ltd. Correspondence “Assessment of Bill 17”

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.

Yours very truly,

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