

Changes to the Development Charges Act, 1997 to Enhance Municipalities’ Ability to Invest in Housing-Enabling Infrastructure

Provincial Comment Period Closes May 10, 2024 (ERO: [019-8371](#)) (ORR: [24-MMAH006](#))

Proposed Changes	Potential City Impacts	Comments to the Province
Schedule 6 – Development Charges Act, 1997		
<p>Repeal mandatory five-year phase-in of DC rates</p> <p>The More Homes Built Faster Act, 2022, introduced the mandatory phase-in of Development Charge (DC) rates over five years for DC by-laws passed on or after January 1, 2022. DCs are discounted by 20% in Year 1, 15% in Year 2, 10% in Year 3, and 5% in Year 4, with the full DC rate applying in Year 5.</p> <p>The repeal would not impact those developments where planning applications have been submitted and the DC rates have been frozen under s.26.2 of the Act.</p> <p>Proposed transition rules:</p> <ul style="list-style-type: none"> The discounted phase-in rates continue to be “frozen” on site plan application filed on or after November 28, 2022, and before the day that Bill 185 receives royal assent. 	<ul style="list-style-type: none"> There are a number of site plan applications submitted between November 28, 2022 and present day, that will receive the benefit of a “frozen” phase-in rate. These developments would receive a 15 to 20 percent discount on their DCs. This results in a DC revenue loss to the City of Mississauga (City) of nearly \$12 million. The City would need to fund this shortfall in DC revenue using a non-DC funding source or seek grants from upper levels of government. 	<ul style="list-style-type: none"> The City is supportive of repealing the phase-in of DC rates. Of the \$12 million in DC revenue loss from the transition provision, \$3.6 million relates to purely employment-related development. It is unclear how a discount in DCs to the non-residential sector would aid in the act of building more homes. By implementing this transition provision, the Province of Ontario (Province) has effectively created a “window” where certain applications would receive a 15 to 20 percent discount in their DCs. It seems arbitrary that a planning application would not receive this discount if they applied one day before the passage of Bill 23, or one day after the royal assent of Bill 185. This creates inequity amongst the development community. <p>Request to the Province:</p> <ul style="list-style-type: none"> Fully repeal the phase-in discount such that no planning application will receive a

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<ul style="list-style-type: none"> Discounted phase-in rates “frozen” prior to November 28, 2022 (and after effective date of the 2022 DC By-law) would no longer benefit from the phase-in discount. 		<p>discount by applying between November 28, 2022 and Royal Assent of Bill 185 and repeal the transition provision.</p>
<p>Reinstate studies as an eligible DC capital cost</p> <p>The More Homes Built Faster Act, 2022 removed the cost of studies as an eligible capital cost that municipalities could recover through DCs.</p> <p>The cost of studies can again be included as a capital cost when calculating the DC rate.</p> <p>Subsection 5 (3) of the Development Charges Act, 1997 is amended to add the costs of certain studies as capital costs for the purposes of section 5. Specified transition and special rules in section 5 are repealed and new transition rules with respect to the repeal of subsections 5 (7) and (8) are added.</p>	<ul style="list-style-type: none"> The City was not immediately affected by this change in Bill 23 as the City’s DC By-law fell under the transition rules. During the City’s next DC By-law review, the City will continue to recover for growth-related studies. 	<ul style="list-style-type: none"> The City is supportive of reinstating studies as an eligible DC capital cost.
<p>Streamline Process for Extended DC By-laws</p> <p>The More Homes Built Faster Act, 2022 amended the requirement to update and replace a DC by-law from at least once every 5 years to at least once every 10 years. It is now proposed that Municipalities could</p>	<ul style="list-style-type: none"> The City’s current DC by-law contains an expiry date of 2027, therefore the City would be required to extend, or repeal and replace its current DC by-law. Should the City require additional time in 2027 to update various master planning studies, the 	<ul style="list-style-type: none"> The City is supportive of the streamlined process for extending DC By-laws. It provides clarity and direction about the permission to undertake administrative amendments to in-force DC By-laws.

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<p>extend existing DC By-laws through a streamlined process.</p> <p>New subsections 19 (1.1) to (1.3) provide that subsection 19 (1) of the Act does not apply to amendments to development charge by-laws in specified circumstances and new subsection 19 (1.4) governs notice of such amendments.</p>	<p>City could implement the new subsections in the DC Act to extend its current by-law.</p>	
<p>Reduce Time Limit on DC Freeze</p> <p>Currently, developers have two years – from site plan approval to building permit issuance – to pay their DCs to benefit from the “frozen” DC rate for a site plan application. Bill 185 is proposing to reduce this time frame from two years to eighteen months.</p> <p>Currently, subsection 26.2 (5) of the Act provides that clauses 26.2 (1) (a) and (b) do not apply in respect of certain developments if more than the prescribed time has elapsed since certain applications were approved. This subsection is amended to replace the prescribed time with 18 months.</p>	<ul style="list-style-type: none"> • Many site plan applications make use of conditional building permits and pay their “frozen” development charges and pull their associated building permit prior to site plan approval. Effectively, many site plan applications do not even reach the point where the two year “clock” begins to start. 	<ul style="list-style-type: none"> • DC rates are “frozen” at the time of site plan application (day the site plan is deemed complete). The two-year “clock” does not begin at the point in time, but rather at site plan approval. • Multiple years often elapse from submission of a site plan application to building permit issuance. However, this is not addressed by Bill 185. Therefore, the notion of incentivizing more housing development is not aided by this change to the DC Act. <p>Request to the Province:</p> <ul style="list-style-type: none"> • Implement a time limit on the DC freeze that begins at the date a site plan application is deemed complete and not the approval date (e.g. – consistent with the freeze date). This may encourage fast-tracking of some developments.