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May 29, 2025

Regulatory Registry Number: 25-MMAH003

Minister Robert Flack
Ministry of Municipal Affairs and Housing
17th Floor, 777 Bay Street
Toronto, ON M7A 2J3

Dear Minister Flack:

Subject: City of Hamilton Submission on Proposed *Development Charges Act, 1997* Changes through Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025*

Thank you for the opportunity to provide comments on Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025* (“Bill 17”). The City of Hamilton is submitting the following staff comments to be considered for endorsement by City Council on June 18, 2025 in relation to Schedule 4 to Bill 17 which proposes amendments to the *Development Charges Act, 1997* (“DC Act”) through Regulatory Registry 25-MMAH003. Comments pertaining to the remaining Schedules to Bill 17 will be submitted under separate letters through the appropriate channels.

The City is working alongside the Province to increase housing and infrastructure development with the intent of facilitating the construction of 1.5 million new homes in Ontario by 2031. Hamilton City Council has echoed the importance of responsible development and growth through the [City of Hamilton’s 2022-2026 Council Priorities](#). Council Priority 1 promotes “Sustainable Economic and Ecological Development” and aims to reduce the burden on residential taxpayers, while Council Priority 2 is to create “Safe & Thriving Neighbourhoods” as measured by increasing the supply of affordable and supportive housing.

The City supports the Province’s continued focus on addressing housing supply challenges and appreciates the opportunity to comment on proposed legislative changes that will significantly impact how municipalities plan for and fund growth. While the proposed amendments to the DC Act through Bill 17 appear to aim for greater flexibility and affordability in housing delivery, they would also result in a further reduction in DC collections and a corresponding increase in administrative burden for municipalities.

These changes, if implemented without the corresponding financial support from senior levels of government, may compromise the City’s ability to deliver critical infrastructure and services needed to support complete communities or result in further burden on the City’s taxpayers and rate payers who, themselves, are navigating the increased costs of living. Therefore, **the City requests that the Province develop a funding program to ensure municipalities receive an inflow of funds equivalent to any required DC exemptions / reductions.**

In the absence of draft regulations, it is difficult to fully assess the financial and operational implications of these proposals. The City encourages the Province to release draft regulations in advance of enactment to enable informed feedback and meaningful dialogue and to ensure municipalities are equipped to continue to support responsible and sustainable growth.

The City’s comments have been grouped into seven categories:

1. Exemption for long-term care homes
2. Regulation-making authorities
3. DC by-law amendments
4. Deferrals
5. Lowest DC rate for lock-in developments
6. Other amendments
7. Concluding comments

Exemption for Long-Term Care Homes

Bill 17 proposes to amend the DC Act by introducing an exemption from DCs for long-term care homes. This exemption would apply to all DCs payable after the legislation comes into force, including any future instalments under Section 26.1 of the Act. The City would be required to fund the exemption through other sources, including property tax and water fees. **The City identifies that any DCs that are reduced through this amendment process will cause a pressure on property tax and / or water fees and, therefore, requests the Province develop a funding program to ensure municipalities receive an inflow of funds equivalent to any required exemption.** This offset is necessary to construct the infrastructure required to support growth.

Regulation-Making Authorities

Bill 17 proposes three new regulation-making authorities for the Province, including to impose limits on eligible capital costs, combine DC services for credit purposes and to determine what constitutes a local service. The City would be required to fund any resulting costs through property taxes or user rates. **The impact to the City can only be assessed once the regulation details are released and, therefore, urges the Province to release the draft regulations in advance of enactment to enable the opportunity for municipalities to provide informed feedback.**

DC By-Law Amendments

Bill 17 proposes a simplified process for amending DC by-laws for the purpose of reducing DC rates. Based on the Province’s Technical Briefing on Bill 17, it appears the intent is to broaden this process to also permit the removal of indexing provisions and revisions to discretionary policies that would result in lower charges for the development community. However, as currently drafted, the proposed legislative language does not clearly enable these additional amendments and appears limited to reductions in the DC rates as calculated through the Background Study. **The City recommends that the amendment language be revised to explicitly identify the types of by-law changes that may utilize the simplified process.** In addition, **the City recommends expanding the scope of the simplified process to include minor housekeeping amendments that provide clarification or ensure internal consistency within the by-law.**

In order for DCs to be reduced, municipalities would need to amend their DC by-laws under the revised amendment process. **The City identifies that any DCs that are reduced through this amendment process will cause a pressure on tax payers and / or rate payers and, therefore, requests the Province develop a funding program to ensure municipalities receive an inflow of funds equivalent to any reduction.** This offset is necessary to construct the infrastructure required to support growth.

Deferrals

Bill 17 proposes to amend the DC Act in several key ways as it relates to deferral of DCs for rental-housing, institutional and residential developments. The amendments include:

- Delaying payment of DCs to occupancy for residential developments
- Permit a municipality to require a financial instrument as security for deferred DCs
- Removal of a municipality’s authority to collect interest on DCs deferred through Section 26.1
- Allowing early payment for institutional, rental-housing and residential developments
- Removal of a municipality’s authority to monitor for changes to the development type

This change exposes the City to a risk of non-payment that did not exist previously and to a required overhaul of administrative processes. **The City Requests a minimum 6-month notice period in order to adjust administrative processes to accommodate this change.** The City acknowledges the desire to assist with developer cash flow and **requests that a maximum time frame, e.g. two years for low density and five years for medium and high-density developments be established.**

The **City supports the ability for developers to make early payments for rental, institutional and residential developments**. These changes will reduce the need for Section 27 agreements and ease some administrative burden. However, **the City is concerned about the removal of key protections surrounding a change in the type of development and the lack of clarity in the proposed language**.

The removal of Section 26.1(9) means the City would no longer have the authority to require a rental housing development to remain as rental beyond permit issuance, despite receiving both a rental discount and the option to pay in instalments. In addition, the proposed security provisions are unclear and appear to only apply at occupancy. **The City recommends revising the language to clarify that municipalities may require financial security at the time of building permit issuance and that no building permit is required to be issued until this security is in place**. The City also **does not support the removal of interest charges on deferred DCs**.

Lowest DC Rate for Lock-In Developments

Bill 17 proposes to amend the DC Act to require that, in cases where DC rates are locked-in through a site-plan application or zoning by-law amendment, the amount payable must be the lesser of: (1) the locked-in DC rate plus any accrued interest, or (2) the prevailing DC rate at the time of payment. This change will require the City to calculate and compare both rates in applicable cases, increasing administrative effort to ensure the correct, lower rate is applied. Despite the associated increase in administrative burden, **the City supports this measure as a means to encourage developers subject to the rate lock-in to proceed with developments that are being incentivized through current legislation and recent amendments to the DC by-laws**, which they would not have otherwise benefited from. **The City reiterates a request for the Province to develop a funding program to ensure that municipalities receive an equivalent inflow of funds necessary to construct the infrastructure required to support growth**.

Other Amendments

In addition to the above changes as proposed through Bill 17, the Province released a Technical Briefing on May 12, 2025 which indicated further changes that the Province intends to move forward with. The additional proposed changes included:

- Enabling the use of the Non-residential Building Construction Price Index (BCPI) for London
- Prescribing methodologies for calculating the benefit of new infrastructure to existing development (Benefit to Existing)
- Increasing the requirement to annually allocate 60% of the service specific balance in DC reserves from select services to all services

These changes were not addressed through Bill 17. **The City encourages the Province to release any applicable draft regulations in order to solicit meaningful feedback.**

Closing Comments

The City remains committed to supporting the Province's goal of building 1.5 million homes by 2031 and addressing housing affordability for Ontarians. However, the proposed amendments to the DC Act under Bill 17 represent a continued shift away from growth paying for growth, with anticipated reductions in DC collections and increased administrative complexity. Without clarity on the accompanying regulations, it is challenging for municipalities to fully understand and plan for the operational and financial impacts of the proposed changes. The City encourages the Province to engage in ongoing consultation with all municipalities and to provide timely access to draft regulations to support effective implementation. Additional amendments that prioritize funding certainty and administrative feasibility would strengthen the ability of municipalities to deliver the infrastructure and services needed to support complete, sustainable and growing communities.

Please Note: The City of Hamilton has submitted the above staff comments which will be considered for endorsement by Council on June 18, 2025.

Yours truly,



Mike Zegarac
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City of Hamilton