



City of Hamilton Report for Consideration

To: Chair and Members
Audit, Finance & Administration Committee

Date: May 22, 2025

Report No: FCS25033

Subject/Title: Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025* as it relates to the *Development Charges Act, 1997*

Ward(s) Affected: City Wide

Recommendations

- (a) That if the Province undertakes consultation as it relates to the proposed *Development Charges Act* changes, the General Manager, Finance and Corporate Services **BE AUTHORIZED** to make submissions on Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025* and any associated regulations and **BE DIRECTED** to provide a copy of the submissions to Council for endorsement.

Key Facts

- The purpose of Report FCS25033 is to provide an overview of the proposed changes to the *Development Charges Act, 1997* that would occur if Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025* is enacted and to direct staff to provide submissions to the Province to be considered for endorsement by the Audit, Finance and Administration Committee.
- Prior to the release of Bill 17, through Report FCS25026, the City of Hamilton initiated the DC By-law amendment process and is currently engaged in public consultations to amend Development Charges By-law, 24-072, as amended.
- Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025* will have direct implications to the amendments considered by Council.

Financial Considerations

There are no financial implications related to the receipt of Report FCS25033. Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025* (“Bill 17”) would impact the City’s ability to collect Development Charges (DC). A full overview of the financial implications of Bill 17, if enacted, and impacts on the City of Hamilton’s financing strategy, will be included in the 2026 Budget Outlook Report.

As required by the *Development Charges Act, 1997, as amended* (“DC Act”), any legislatively required exemptions or reductions in DCs cannot be made up through higher DCs for other development types and, therefore, must be funded through other sources such as the property tax levy or user rates.

Background

Development Charges (“DC”) are a development fee collected by the City of Hamilton to help fund the capital costs associated with new growth. These charges contribute to the expansion of infrastructure services such as roads, water and wastewater systems, parks and emergency services which are required to support growth. DCs are typically payable at the time of building permit issuance and are calculated in accordance with the DC Act and the City of Hamilton Development Charges By-law, 24-072, as amended (“DC By-law”).

In the last five years, the Province has enacted various pieces of legislation amending the DC Act (including Bill 108, *More Homes, More Choice Act, 2019*; Bill 138, *Plan to Build Ontario Together Act, 2019*; Bill 197, *COVID-19 Economic Recovery Act, 2020*; Bill 109, *More Homes for Everyone Act, 2022*; Bill 23, *More Homes, Built Faster Act, 2022*; Bill 134, *Affordable Homes and Good Jobs Act, 2023*; and Bill 185, *Cutting Red Tape to Build More Homes Act, 2024*) with the intent of facilitating the construction of 1.5 million new homes in Ontario by 2031. The objective of increasing housing availability is shared by the City.

These legislative changes have rapidly altered the regulatory landscape of DCs and generally decreased the ability of municipalities to fund growth-related costs while increasing the administrative burden of collecting DCs. Bill 17 represents another significant modification to the DC Act. These significant and frequent changes have increased the complexity of applying and interpreting the DC Act.

On April 16, 2025, Council directed staff to begin the process of amending the DC By-law and to prepare draft amendments. On May 1, 2025 [Report FCS25026: Review of Development Charges and Developer Incentives](#) was presented to the Audit, Finance and Administration Committee, and subsequently approved by Council, to initiate the legislatively required 60-day notice period prior to the passage of a DC By-law Amendment. The proposed amendments are the subject of ongoing public consultation and remain open to refinement from further Council and public consultation before a final By-law Amendment is recommended for adoption.

On May 12, 2025, the Minister of Municipal Affairs and Housing introduced Bill 17, which proposes to amend eight pieces of legislation which directly impact municipalities. Schedule 4 to Bill 17 pertains to proposed amendments of the DC Act.

Analysis

The purpose of Report FCS25033 is to provide an overview of the proposed changes to the DC Act through Bill 17 for information (see Appendix “A” to Report FCS25033). The proposed changes include:

- Exemption for Long-Term Care Homes
- Regulation-Making Authority to Impose Limits on Eligible Capital Costs
- Simplified DC By-law Amendment Process
- Deferral of DCs for Residential Developments to Occupancy
- Removal of Interest on Instalments
- Permit Early Payment for Institutional, Rental Housing and Residential Developments
- Mandate Lowest DC Rate for Lock-In Developments
- Regulation-Making Authority to Combine DC Services for Credit Purposes
- Regulation-Making Authority to Determine What Constitutes a Local Service

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. Specifically, the new Section 4.4 would exempt any part of a building or structure intended for use as a long-term care home, as defined under the *Fixing Long-Term Care Home Act, 2021*. This exemption would apply to all DCs payable after the legislation comes into force, as well as the waiving of any existing instalment plans already in place. The City would be required to fund the exemption through other sources including property tax and rate payers.

Regulation-Making Authority to Impose Limits on Eligible Capital Costs

Bill 17 proposes changes to subsection 5(3) of the DC Act, to give the Province regulation-making authority to set limits on eligible capital costs. This means the Province could introduce new rules restricting what costs can be included in DC calculations including the project amount, for example, limits on land value. The City would be required to fund any non-growth eligible capital costs arising from these restrictions through property taxes or user rates. The impact to the City can only be assessed once the regulation details are released.

Simplified DC By-law Amendment Process

Bill 17 extends the use of the simplified process for amending a DC by-law beyond extending the by-law’s expiry date to include where the change is limited to removing or changing indexing provisions or reducing DC rates for certain development types. Based on the Technical Briefing of Bill 17 released by the Province, the amendments currently under consideration by Council in accordance with [Report FCS25026: Review of Development Charges and Developer Incentives](#), would no longer require an update to the DC Background Study, public consultation or an appeal process. The announcement of Bill 17 has not altered the City’s current consultation plan.

Deferral of DCs for Residential Developments to Occupancy

Bill 17 proposes to delay the payment of DCs for non-rental residential developments to the point of occupancy, rather than at building permit issuance. This proposed legislation would require that the deferral apply without interest but will allow the City to require financial security to guarantee payment. The City will need to develop a policy and program to manage and monitor these deferrals. Staff will assess and report back on whether additional resources are needed.

Interest on Instalments

Bill 17 proposes to remove the City's authority to charge interest on DC instalments, paid commencing at occupancy, for institutional and rental housing developments. This amendment would impact the City's ability to recover interest on deferred payments under Section 26.1 of the DC Act. The City will need to amend its Development Charges Legislated Instalment Interest Policy, as approved through [Report FCS23087: Development Charges Interest Policy Update](#) to reflect this change.

Permit Early Payment for Institutional, Rental Housing and Residential Developments

Bill 17 proposes to amend the DC Act to permit early payment of DCs for institutional, rental housing and residential developments without requiring an agreement under Section 27 of the DC Act. Specifically, a new subsection would clarify that a developer required to pay a DC by instalments for an institutional or rental housing development, or at occupancy for a residential development, may instead choose to pay the DC earlier without the need for an early payment agreement.

This amendment would reduce the City's administrative burden by eliminating the requirement to execute and manage early payment agreements. However, it would also remove the City's ability to monitor compliance with rental housing developments for the purpose of validating eligibility for the rental housing discount.

Mandate 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.

Regulation-Making Authority to Combine DC Services for Credit Purposes

Bill 17 proposes to amend the DC Act to provide the Province with regulation-making authority to prescribe the combination of DC service categories for the purpose of issuing DC credits. For example, this could allow credits earned from works related to Roads to be applied toward Transit DCs. The City does not currently utilize credit agreements as defined in the DC Act and, therefore, there would be no immediate impact to the City.

Regulation-Making Authority to Determine What Constitutes a Local Service

Bill 17 proposes to amend the DC Act to provide the Province with regulation-making authority to prescribe which services are to be considered “local services.” Once enacted, the City would be required to comply with any such regulations, which may impact how certain infrastructure or service costs are allocated between development charges and direct developer responsibilities.

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

- 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

Staff will continue to monitor for further announcements and report back to the Audit, Finance and Administration Committee as applicable.

Alternatives

Not Applicable

Relationship to Council Strategic Priorities

Report FCS25033 is being presented to the Audit, Finance & Administration Committee by staff in order to support Council Priority 3: Responsiveness & Transparency.

Previous Reports Submitted

- Audit, Finance and Administration Committee, May 01, 2025: [FCS25026: Review of Development Charges and Developer Incentives](#)
- Audit, Finance and Administration Committee, October 19, 2023: [FCS23087: Development Charges Interest Policy Update](#)

Consultation

City of Hamilton staff from Legal Services, Corporate Services were consulted in the preparation of Report FCS25033.

Appendices and Schedules Attached

Appendix “A” to Report FCS25033 – Summary of Changes Proposed to the *Development Charges Act, 1997* through Schedule X to the *Protect Ontario by Building Faster and Smarter Act, 2025* (Bill 17)

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