Proposed changes to O. Reg. 82/98 under the Development Charges Act related to Schedule 3 of Bill 108 - More Homes, More Choice Act, 2019

Proposal summary

Proposal details

The More Homes, More Choice Act, 2019 received Royal Assent on June 6, 2019. Schedule 3 of the Act makes amendments to the Development Charges Act to reduce development costs and provide more housing options to help make housing more attainable for the people of Ontario.

There are provisions in the Act that require additional details to be prescribed by regulation. The following are matters that the province is proposing to prescribe in regulation.

Regulatory changes: General

1. Transition

The amendments in Schedule 12 of the More Homes, More Choice Act, 2019 would, upon proclamation, provide transitional provisions for section 37 and section 42 under the Planning Act, and in Schedule 3 of the Act provide transitional provisions for development charges for discounted services (soft services) under the Development Charges Act to provide for the flexibility necessary for municipalities to migrate to the community benefits charge authority.
Municipalities would be able to transition to the community benefits charge authority once the legislative provisions come into force (as will be set out in proclamation). It is proposed that the legislative provisions related to community benefits charges would come into force on January 1, 2020.

An amendment to the Development Charges Act, 1997 provides for a date to be prescribed in regulation that would effectively establish a deadline as to when municipalities must transition to the community benefits authority if they wish to collect for the capital costs of community benefits from new development (unless a municipality will only collect parkland).

**Proposed content**

The Minister proposes that the specified date for municipalities to transition to community benefits is January 1, 2021.

From this date to beyond:

- Municipalities would generally no longer be able to collect development charges for discounted services

2. **Scope of types of development subject to development charges deferral**

The province recognizes that development charges are one of the many demands on cashflow for new development. Mandating the deferral of development charge alleviates some pressure on cashflow which could increase the likelihood of riskier, cost-sensitive housing projects, such as purpose-built rentals proceeding. As such, amendments to the Development Charges Act made by Schedule 3 of the More Homes, More Choice Act, 2019 would, upon proclamation, provide for the deferral of development charges for rental housing development; non-profit housing development; institutional development; industrial development; and commercial development until occupancy.

The proposed regulatory change would provide further detail concerning what constitutes rental housing; non-profit housing; institutional development; industrial development; and commercial development.

**Proposed content**

The Minister proposes that the types of developments proposed for development charge deferrals be defined as follows:

- “Rental housing development” means construction, erection or placing of one or more buildings or structures for or the making of an addition or alteration to a building or structure for residential purposes with four or more self-contained units that are intended for use as rented residential premises
- “Non-profit housing development” means the construction, erection or placing of one or more buildings or structures for or the making of an addition or alteration to a building or structure for residential purposes by a non-profit corporation.
- “Institutional development” means the construction, erection or placing of one or more buildings or structures for or the making of an addition or alteration to a building or structure for:
  - long-term care homes;
  - retirement homes;
• universities and colleges;
• memorial homes; clubhouses; or athletic grounds of the Royal Canadian Legion;
• hospices

"Industrial development" means the construction, erection or placing of one or more buildings or structures for or the making of an addition or alteration to a building or structure for:
• manufacturing, producing or processing anything,
• research or development in connection with manufacturing, producing or processing anything,
• storage, by a manufacturer, producer or processor, of anything used or produced in such manufacturing, production or processing if the storage is at the site where the manufacturing, production or processing takes place, or
• retail sales by a manufacturer, producer or processor of anything produced in manufacturing, production or processing, if the retail sales are at the site where the manufacturing, production or processing takes place.

“Commercial development” means the construction, erection or placing of one or more buildings or structures for or the making of an addition or alteration to a building or structure for:
• office buildings as defined under subsection 12(3) in Ontario Regulation 282/98 under the Assessment Act; and
• shopping centres as defined under subsection 11(3) in Ontario Regulation 282/98 under the Assessment Act.

3. Period of time for which the development charge freeze would be in place

In order to provide greater certainty of costs, amendments to the Development Charges Act made by Schedule 3 to the More Homes, More Choice Act, 2019 would, upon proclamation, provide that the amount of a development charge would be set at the time council receives the site plan application for a development; or if a site plan is not submitted, at the time council receives the application for a zoning amendment (the status quo would apply for developments requiring neither of these applications).

The proposed regulatory change would establish the period in which the development charge rate freeze will be in place.

Proposed content

In order to encourage development to move to the building permit stage so that housing can get to market faster and provide greater certainty of costs, the Minister is proposing that the development charge would be frozen until two years from the date the site plan application is approved, or in the absence of the site plan application, two years from the date the zoning application was approved.

4. Interest rate during deferral and freeze of development charges

Amendments to the Development Charges Act in Schedule 3 to the More Homes, More Choice Act, 2019 would, upon proclamation, provide for municipalities to charge interest on development charges payable during the deferral. It also provides for municipalities to
charge interest during the development charge ‘freeze’ from the date the applicable application is received, to the date the development charge is payable. In both cases, the interest cannot be charged at a rate above a prescribed maximum rate.

Proposed content
The Minister is not proposing to prescribe a maximum interest rate that may be charged on development charge amounts that are deferred or on development charges that are frozen.

5. Additional dwelling units
In order to reduce development costs and increase housing supply the Development Charges Act as amended by Schedule 3 to the More Homes, More Choice Act, 2019 would, upon proclamation, provide that:

- the creation of additional dwelling in prescribed classes of residential buildings and ancillary structures does not trigger a development charge; and
- the creation of a second dwelling unit in prescribed classes of new residential buildings, including ancillary structures, is exempt from development charges.

Proposed content
The existing O. Reg. (Ontario Regulation) 82/98 prescribes existing single detached dwellings, semi-detached/row dwellings and other residential buildings as buildings in which additional residential units can be created without triggering a development charge and rules related to the maximum number of additional units and other restrictions. It is proposed that this regulation be amended so that units could also be created within ancillary structures to these existing dwellings without triggering a development charge (subject to the same rules/restrictions).

It is also proposed that one additional unit in a new single detached dwelling; semi-detached dwelling; and row dwelling, including in a structure ancillary to one of these dwellings, would be exempt from development charges.

It is also proposed that within other existing residential buildings, the creation of additional units comprising 1% of existing units would be exempt from development charges.

Supporting materials

Related links

Ontario Regulation 82/98 (https://www.ontario.ca/laws/regulation/980082)


View materials in person

Some supporting materials may not be available online. If this is the case, you can request to view the materials in person.
Get in touch with the office listed below to find out if materials are available.

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