

Memorandum to the Council of Corporation of the Municipality of Temagami

Subject: Bill 17 – *Protect Ontario by Building Faster and Smarter Act, 2025*

Memo No: 2025-M-138

Date: June 12, 2025

Attachment: None

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Recommendation

BE IT RESOLVED THAT Council receives Memo 2025-M-138 as presented.

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1. Executive Summary

This report provides an overview of Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025*, which proposes significant amendments to the *Development Charges Act, 1997*. These proposed changes, currently under review by the Province, will directly impact how municipalities recover infrastructure costs related to growth and development.

Temagami Council selected Watson & Associates Economists Ltd. through Resolution #25-133 to lead the 2025 Development Charges Background Study (DCBS). On behalf of the sector, Watson has submitted a detailed technical response to the Ministry of Municipal Affairs and Housing.

2. Background

Bill 17 is part of Ontario's broader Housing Supply Action Plan and introduces amendments to the *Development Charges Act, 1997* (DCA) and related legislation. Key areas of change include:

- D.C. payment timelines
- Definitions of capital costs
- Eligibility and exemptions
- Streamlining of procedures

These proposed amendments are posted under Regulatory Registry #25-MMAH003, with public comments open until June 11, 2025.

The Municipality received a notification letter from the Ministry of Municipal Affairs and Housing dated May 13, 2025, which is addressed in Watson's response.

Under Resolution #25-133, Council authorized Watson & Associates Economists Ltd. to lead the 2025 DCBS.

3. Summary of Watson's Submission

Watson & Associates' letter dated June 4, 2025, provides a comprehensive assessment of the implications of Bill 17. The following is a thematic summary of key findings:

3.1. Capital Costs "Subject to Regulation"

- The Province will gain authority to define or restrict capital cost eligibility, including land.
- This creates uncertainty in long-term financial planning and may delay capital investment.

3.2. Deferral of D.C. Payment to Occupancy

- D.C. payments for residential development would be deferred to occupancy or occupancy permit.
- Municipalities would be prohibited from charging interest during the deferral.
- This change impacts municipal cash flow, especially in smaller communities.

3.3. Early Payment Without Agreement

- Developers may prepay D.C.s without a formal agreement, potentially avoiding future indexing or updated rates.
- This undermines revenue adequacy and increases administrative complexity.

3.4. Prohibition on Interest for Installments

- No interest may be charged on installment-based D.C. payments (e.g., for rental or institutional developments).
- This may lead to revenue shortfalls and deferred infrastructure projects.

3.5. Grouping of Services for Credit Application

- The Province may allow multiple service categories to be grouped for D.C. credit purposes.
- This removes municipal discretion and complicates reserve tracking and cash flow forecasting.

3.6. Provincial Definition of Local Services

- The Province will define “local services” through regulation.
- This reduces flexibility for municipalities to assign infrastructure responsibilities and may result in planning misalignments.

3.7. Exemption for Long-Term Care Homes

- All D.C.s for long-term care homes would be waived, retroactively.
- The cost burden would shift to general taxpayers or user rates.

3.8. Streamlined Process for D.C. Reductions

- The Province may allow D.C. rate reductions without a background study or public meeting.
- While administratively efficient, this limits public transparency and appeal opportunities.

3.9. Lower of D.C. Freeze Rate

- Developers would pay the lower D.C. rate in effect at either planning application or permit issuance.
- This benefits developers but could modestly reduce municipal revenues.

3.10. Forthcoming Regulatory Changes

The Province may further amend the framework through regulation, including:

- New indexing approaches (e.g., London non-residential index)
- Standardized “Benefit to Existing” (BTE) deductions
- Expanded mandatory reporting (e.g., Treasurer’s statements)

These would increase administrative requirements and compliance costs for municipalities.

4. Conclusion

Bill 17 proposes significant changes to the structure and administration of development charges in Ontario. While its intent is to support housing delivery, the proposed amendments raise several concerns, including:

- Reduced municipal cost recovery
- Cash flow uncertainty
- Loss of transparency and planning discretion

Watson & Associates have submitted a detailed technical response on behalf of the sector and will continue to advise the Municipality as the Province proceeds with regulations.

5. Public Comment Period Still Open

The public comment period for Bill 17 is open until the deadline of June 11, 2025. Comments can be submitted through Regulatory Posting [Regulatory Posting #25-MMAH003](#).