STRATHROY-CARADOC
URBAN OPPORTUNITY - RURAL HOSPITALITY

# COUNCIL REPORT

**Meeting Date:** **July 7, 2025**

**Department:** **Finance- Treasury**

**Report No.:** FIN-2025-12

**Submitted by:** Bill Dakin, Director of IT/Finance-Treasurer

**Approved by:** Rob Browning, Chief Administrative Officer

**SUBJECT: Bill 17, Protect Ontario by Building Faster and Smarter Act, 2025- Overview**

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**RECOMMENDATION: THAT: Council receive FIN -2025-12 report for information regarding the changes introduced through Bill 17 to the *Development Charges Act, 1997*, and further;**

**THAT: Council direct staff to monitor the forthcoming regulations and report back on their financial and operational impacts in due course.**

## BACKGROUND:

On June 5, 2025, Bill 17 (*Protect Ontario by Building Faster and Smarter Act, 2025*) received Royal Assent. This legislation introduces several key amendments to the Development Charges Act (D.C.A.), with the intent of promoting housing development and infrastructure delivery. While some provisions are immediately in effect, several others will be clarified or enacted through future regulation.

## COMMENTS:

The following summarizes the key legislative changes and their implications for municipalities:

1. **Exemption for Long-Term Care Homes**
   - Long-term care facilities are now fully exempt from development charges for any projects after June 5, 2025.
   - This exemption applies retroactively to any unpaid installments and shifts the funding burden to general municipal revenues.

2. **Limits on Eligible Capital Costs (Regulation Pending)**
   - The Act grants the Province regulatory authority to limit which capital costs can be recovered through development charges.
   - Although current regulations are not yet enacted, this change introduces significant uncertainty in long-term capital and financial planning for growth infrastructure.

- Potential outcomes include restricted D.C. recoverability of land or other major capital components, which would require funding through taxes or user rates.

3. **Deferral of Development Charge Payment to Occupancy**
   - D.C.s for residential developments are now due at occupancy rather than at building permit issuance.
   - Municipalities may require securities if no occupancy permit is issued; regulations will define acceptable forms of security.
   - This deferral reduces upfront municipal cashflows, potentially delaying growth-related infrastructure and increasing borrowing requirements.

4. **No Interest on Instalment Payments**
   - Municipalities can no longer charge interest on legislated D.C. instalment payments for rental housing and institutional developments.
   - This retroactively applies to unpaid portions post-June 5, 2025, and reduces total D.C. revenue, potentially impacting capital project financing.

5. **Development Charge Freeze – Lowest Rate Applies**
   - When D.C.s are frozen through a site plan or zoning by-law amendment, the lower of the rate at the time of planning approval or building permit issuance must be applied.
   - This change may reduce revenues and adds administrative complexity in tracking and comparing rates across approval timelines.

6. **Credits and Service Grouping (Regulation Pending)**
   - Future regulations may allow the Province to group services for the purpose of credit allocation, removing current municipal discretion.
   - This could reduce D.C. reserves for certain services and affect the timing of projects where cross-service funding is not viable.

7. **Definition of Local Services (Regulation Pending)**
   - The Province will define “local services” via regulation, impacting what infrastructure is D.C. eligible.
   - There is a risk of misalignment across municipalities, with potential for unintended funding burdens if definitions are too broad or too narrow.

8. **Streamlined Amendment Process**
   - Municipalities may now reduce D.C. rates, delay expiry dates, or remove indexing provisions without a background study or public meeting.
   - This may ease administrative burden but reduces public transparency and restricts appeal rights.

9. **Optional Early Payment of D.C.s**
   - Developers may pay D.C.s earlier than required without a formal agreement.
   - This may result in pre-indexed, lower payments that reduce municipal revenues and add tracking complexity.

10. **Additional Regulatory Changes Expected**
    - Future consultations are anticipated on:
      - Standardizing “benefit to existing” (BTE) deductions.

    - Expanding reporting requirements for D.C. reserve fund allocations.
    - Adding new indexing options (e.g., London non-residential index for SW Ontario municipalities).

Staff will:

- Monitor regulatory developments related to capital cost definitions, local service policies, and credit allocations.
- Assess the need for any interim amendments to the current D.C. by-law using the streamlined process.
- Report back with options to mitigate financial and operational risks, including possible adjustments to capital planning or user rate structures.

## CONSULTATION:

CAO
Local Treasures' Group

## FINANCIAL IMPLICATIONS:

- **Financial Risk**: Lower D.C. revenues and delayed collections could create cash flow constraints and increase reliance on tax-supported debt or reserves.
- **Administrative Burden**: Changes to timing, credits, and interest add complexity to tracking and compliance.
- **Planning Uncertainty**: The potential for regulatory changes to core funding elements introduces risk in master planning and capital prioritization.

## STRATEGIC PLAN ALIGNMENT:

This matter is in accord with the following strategic priorities:

Households and businesses in Strathroy-Caradoc will be supported by reliable, financially responsible, and well-maintained infrastructure networks.

## ATTACHMENTS:

- Appendix A – Summary of Bill 17 Amendments (B.M. Ross)
- Appendix B – Commentary on Impacts (Watson & Associates)