

**Ministry of
Municipal Affairs
and Housing**

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December 19, 2019

Dear Head of Council,

As you know, I released our government's action plan to tackle Ontario's housing crisis earlier this year. This plan, which is supported by the *More Homes, More Choice Act, 2019*, is intended to put affordable home ownership in reach of more Ontario families and to provide more people with the opportunity to live closer to where they work.

Since its release, our government has been consulting with municipalities and the public on several aspects of the legislation, including a regulatory approach for changes to the *Development Charges Act*. I value the input of our municipal partners.

I am writing today to inform you of changes to the *Development Charges Act*, made by the *More Homes, More Choice Act*, and relevant amendments to Ontario Regulation 82/98 (General) under the *Development Charges Act*, which come into effect on January 1, 2020.

As of January 1, 2020, builders of rental housing, non-profit housing, and institutional developments will be able to defer paying development charges until occupancy. Furthermore, payments will be made in annual installments in accordance with the *Development Charges Act*.

Development charge rates, as of January 1, 2020, will be set for a development when a site plan or zoning amendment application is submitted to a municipality. Changes to Ontario Regulation 82/98 mean that the rate would continue to be frozen for two years after planning approvals have been received. This will encourage more homes to be built.

We recognize that municipalities may incur some additional costs as a result of these requirements, and for that reason, the legislation provides authority for municipalities to charge interest to cover costs associated with the deferral and the freeze. In addition, a maximum interest rate will not be prescribed.

Finally, our government has also made a housekeeping amendment that revises the index to which development charges may be linked in development charge by-laws.

If you have technical questions, please feel free to contact Caspar Hall, Director, Municipal Finance Policy Branch at Caspar.Hall2@ontario.ca.

Our government is committed to ensuring families across Ontario can access housing that meet their needs and their budget. I appreciate your input and participation in our consultations.

Sincerely,



Steve Clark
Minister

C: Chief Administrative Officer