

Assessment of City Impacts from Bill 17, Protect Ontario by Building Faster and Smarter Act, 2025 and Provincial Budget

Date: June 11, 2025

To: Executive Committee

From: City Manager, Chief Financial Officer and Treasurer, and Chief Planner and Executive Director City Planning

Wards: All

SUMMARY

This report provides an assessment of impacts to the City arising from Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025* and the 2025 Ontario Budget. An overview of the 2025 Ontario Budget tabled on May 15, 2025 is included as Attachment 1 to this report.

The provincial government introduced Bill 17 on May 12, 2025, and fast tracked it through the legislature, including its referral directly to 3rd Reading without further debate, amendments, public hearings, or standing committee review. The provincial government passed Bill 17 and it received Royal Assent on June 5, 2025 - before the end of the public commenting period on June 11, 2025. Bill 17 is an omnibus bill that amends eight separate statutes and introduces several non-legislative related actions, all of which are intended to speed up the construction of new homes and infrastructure by streamlining development processes and reducing costs.

To meet the provincial public commenting deadline, City staff prepared and submitted detailed comments on Bill 17 and related regulatory and policy proposals (Attachment 2) to the provincial government on June 11, 2025. Staff will submit any supplementary information to the relevant Ministries, including any recommendations from Executive Committee and City Council.

RECOMMENDATIONS

The City Manager, Chief Financial Officer & Treasurer, Chief Planner and Executive Director City Planning recommend that:

1. City Council request the Government of Ontario to meaningfully consult with City of Toronto staff and the public in advance of drafting Regulations that implement Bill 17.

2. City Council request the Government of Ontario enact a Regulation to permit the use of zoning with conditions, pursuant to Section 113 of the *City of Toronto Act 2006*, and Section 34(16) of the *Planning Act*.
3. City Council amend City of Toronto Municipal Code Chapter 415, Development of Land, Section 415-11 in accordance with Attachment 3 to this report to remove mandatory indexing in 2025 and 2026 as authorized by *Protect Ontario by Building Faster and Smarter Act, 2025*, and request the Chief Financial Officer and Treasurer consider a longer-term approach as part of the City's Comprehensive Development Charges Review.
4. City Council authorize the City Solicitor to make such stylistic and technical changes to the draft amendment in Recommendation 3, as may be required.
5. City Council reiterate its requests to the Minister of Municipal Affairs and Housing to provide greater flexibility to allocate development charge funds across all eligible capital projects without requiring repayment, and to direct intergovernmental infrastructure funding contributions toward the growth and non-growth share of development charge eligible projects.
6. City Council request the Minister of Municipal Affairs and Housing allow the City of Toronto to determine Inclusionary Zoning requirements, including the percentage of affordable units and affordability period.
7. City Council rescind its current practice authorized by item EX 34.1 and amended by item EX1.6 which requires applicants seeking conditional below-grade permits to enter into an agreement requiring payment of Development Charges at the higher of the development charge rates in effect at the time of permit issuance or the development charges rates in effect based on Section 26.2 of the *Development Charges Act, 1997* (the "higher of") for all new developments and any developments subject to a higher of agreement, provided no development charges have been paid and authorize the Chief Building Official and Executive Director, Toronto Building and direct the Chief Financial Officer and Treasurer take any necessary steps to effect the foregoing.
8. City Council request the Minister of Municipal Affairs and Housing, in considering amendments to the Ontario Building and Fire Codes to improve the economic viability of single-unit four storey townhouses, expand this consultation to include areas where the City has already developed compensating measures for garden suites, laneway suites and multi-tenant houses, and consult directly with the Chief Building Official and Executive Director Toronto Building, and the Fire Chief General and Manager, Toronto Fire Services in any potential code amendments.
9. City Council request the Minister of Municipal Affairs and Housing provide formal confirmation to the Chief Financial Officer and Treasurer that the creation of Municipal Services Corporations will remain optional, not mandatory, for the City of Toronto.

FINANCIAL IMPACT

While staff acknowledge that Bill 17 was introduced to advance new housing supply, several changes to the *Development Charges Act, 1997*, are expected to have significant financial implications for the City. The impacts of the legislative changes primarily relate to the timing of development charge (DC) collection, removal of interest charges on deferred installment payments, and changes to the rate calculation (development charges determination) framework.

Based on a preliminary review, staff expect the *Protect Ontario by Building Faster and Smarter Act, 2025* to result in both cash flow deferral impacts, as well as permanent recurring revenue loss. The full extent of the impact of Bill 17 will depend on the provisions set out in pending provincial Regulations, as well as development activity and financial conditions. Additional information on these changes is provided in the Comments section of this report and in Attachment 2.

Cash Flow Deferral Impact

Bill 17 introduces an interest-free payment deferral for all residential DCs until the time of occupancy, which is anticipated to have a significant impact on the timing that the City receives DC revenue. Assuming an average deferral period of three to four years from the time of building permit to the time of occupancy, the City estimates a **\$1.9 billion cash flow impact over the next decade**. While these funds will ultimately be recovered, the delayed revenue will affect the City's short-term financial capacity to deliver additional critical growth-related infrastructure and will require the City to reprioritize planned capital projects.

While the City already has deferral programs in place for rental and institutional development, Bill 17 removes the ability to charge interest on their instalment payments. In addition, the City will experience higher DC collection risk upon payment deferral to occupancy, in the absence of further Provincial actions.

Revenue Impacts

In addition to cash flow impacts, the City expects that Bill 17 will have an impact to DC revenues. The City intended to analyze and consider options to encourage housing supply, while incorporating the City's growth-related requirements through its Comprehensive Development Charges Review. The provincial requirements in Bill 17 do not provide an opportunity to complete an in-depth review to determine the best course of action for the City of Toronto and will result in financial implications without an identified means to offset or accommodate them.

In response to Bill 17 changes to DC rate calculations and determination dates, this report recommends proactively ending Council's policy of requiring applicants who apply for a below grade conditional permit to enter into a development charges payment agreement (section 27 agreement), to provide greater cost certainty for developers to incentivize housing supply. Going forward, all new developments will be subject to the development charge rate determination date and collection outlined in the *Development Charges Act, 1997*, including those applying for a conditional permit.

The actual financial impacts of this change will depend on development activity, the respective length of time the freeze would have applied, and rates in effect at those points in time. Based on recent development trends, it is expected that the net foregone revenue is approximately \$22,000 per unit, reflecting the difference between the average applicable frozen rate and the rate at the time of building permit issuance. Anticipated financial implications will be greater in the short-term, as development projects with a frozen rate and no development charge payment agreement in place proceed to issuance of first building permit. For example, assuming a scenario of 8,500 units subject to DCs in the initial year, the estimated impact would be approximately \$187 million. Impacts would continue as projects move from the pipeline to development.

On a go-forward basis, however, impacts will depend on the rates in effect at the time of a development's planning stages. For example, given the City has currently effectively frozen rates from June 6, 2024, any projects with relevant complete applications that freeze DC rates as of that date would be subject to the same DC rate as today, and therefore would not represent an additional financial pressure to the City.

Additional minor financial impacts are expected from the extension of DC exemptions to for-profit long-term care homes with timing and magnitude of impacts dependent on development activity. DCs can still be collected to support long-term care related costs.

Further Anticipated Revenue Impacts

Forthcoming regulatory changes are expected to result in further financial impacts for the City. For example, the Province is exploring modifications to the methodology used to calculate rates in DC background studies, the amount of growth that is attributed to existing taxpayers vs. new, and enhanced flexibility in providing DC credits to developers. It is anticipated that these changes will be more prescriptive in restricting eligible DC recoverable costs and in the application of local service guidelines.

Mitigating Impacts

In order to be able to better respond to Bill 17, while addressing residual financial impacts from previous provincial legislation including Bill 23, this report reiterates Council's previous request for greater flexibility in the allocation of DC funds and intergovernmental infrastructure funding contributions. Having the ability to apply DC funding across all eligible DC projects will enable the City to partially mitigate cash flow concerns raised without needing to reprioritize existing capital projects, while also ensuring the City is better prepared to respond to further regulatory changes.

DECISION HISTORY

On May 13, 2025, the Executive Committee requested the City Manager to report to the June 17, 2025 meeting of the Executive Committee with an assessment of impacts to the City of Toronto, including financial, program and other impacts, from:

a. Bill 17, the Protect Ontario by Building Faster and Smarter Act, 2025; and

b. the 2025 Provincial Budget, scheduled to be released on May 15, 2025.
<https://secure.toronto.ca/council/agenda-item.do?item=2012.EX23.19>

COMMENTS

2025 Ontario Budget

On May 15, 2025, the Honourable Peter Bethlenfalvy, Minister of Finance, tabled the 2025 Ontario Budget entitled "A Plan to Protect Ontario". Budget documents (including a news release, backgrounder and other supporting documentation) are available at: <https://budget.ontario.ca/2025/index.html>

Supporting legislation was introduced as Bill 24, *Protect Ontario Act* (Budget Measures), 2025, available here: <https://www.ola.org/en/legislative-business/bills/parliament-44/session-1/bill-24>. On May 29, 2025, the legislature passed a time-allocation motion to send Bill 24 directly to third reading immediately after passing second reading, without public hearings or standing committee review. On June 3, 2025, Bill 24 passed third reading in the Legislature, and on June 5, 2025, it received Royal Assent.

An overview of the 2025 Ontario Budget noting potential implications for the City is included as Attachment 1 to this report. Staff will continue to monitor the implementation of Budget initiatives and report as appropriate on any additional revenues, implications, or costs to the City as additional program details become available.

Bill 17, Protect Ontario by Building Faster and Smarter Act, 2025

Overview

On May 12, 2025, the Honourable Rob Flack, Minister of Municipal Affairs and Housing, introduced Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025*. Full text of the bill is available at this link: <https://www.ola.org/en/legislative-business/bills/parliament-44/session-1/bill-17>.

Bill 17 was called for second reading and debated in the legislature on May 12, 2025, and May 26, 2025. On June 2, 2025, Bill 17 was time-allocated and referred directly to 3rd Reading without further debate, public hearings, or standing committee review. Bill 17 passed 3rd Reading on June 3, 2025 and received Royal Assent on June 5, 2025.

Bill 17 is an omnibus bill that amends eight separate statutes. The bill, along with several non-legislative related actions that were announced concurrently, is intended to speed up the construction of new homes and infrastructure by streamlining development processes and reducing costs. As part of its Bill 17 announcement, the Ministry of Municipal Affairs and Housing also released a [Technical Briefing document](#) which describes the proposed legislation, as well as related actions that do not require legislative change.

The commentary below provides a summary overview of the legislative amendments in Bill 17, and key implications of the legislation from the City's perspective. Non-legislative initiatives related to Bill 17 are also noted where applicable.

Amendments to the *Building Code Act, 1992*

Schedule 1 of Bill 17 amends the *Building Code Act, 1992*. The changes include removing the requirement for a Minister's Ruling, including associated fees, for innovative construction products that have already been evaluated by the Canadian Construction Materials Centre. A [consultation posting](#) on the Regulatory Registry indicates that the ministry intends to make corresponding regulation amendments to the Ontario Building Code.

The Act is also amended to clarify that certain sections of the *Municipal Act* and the *City of Toronto Act* (Section 7 re: "natural person powers" and Section 8 re: "broad authority") do not authorize a municipality to pass by-laws respecting the construction or demolition of buildings. The Province has not provided explanation for the inclusion of this additional clause.

Planning, construction, and development of Provincial Transit Projects and Transit-Oriented Communities - Amendments to the *Building Transit Faster Act, Transit-Oriented Communities Act, Metrolinx Act, and Ministry of Infrastructure Act*

Schedule 2 of Bill 17 amends the *Building Transit Faster Act, 2020* (BTFA), which provides various authorities to accelerate transit delivery, to expand its applicability to any transit project Metrolinx has the authority to carry out (i.e. without the need to designate projects by regulation). Prior to Bill 17, the authorities in the BTFA could only be applied to the Yonge North Subway Extension, the Scarborough Subway Extension, the Ontario Line, the Eglinton Crosstown West Extension, and any other project prescribed in regulation.

The expanded BTFA applicability means that the Province/Metrolinx, for any of its transit projects, may bypass certain municipal permits and approvals (e.g. road occupancy permits and water and sewer related permits). The BTFA also creates a process, whereby any projects within the prescribed distance from the transit project would require approval and permit issuance from Metrolinx in order for construction to proceed, including municipal infrastructure projects. The Province/Metrolinx also has additional authorities on lands within 30 metres of transit corridors, including the ability to remove obstacles without compensation to the municipality (e.g., non-dwelling structures and trees or shrubs). Overall, the BTFA places constraints on the City's ability to advocate on certain transit matters to the Province/Metrolinx, as the BTFA provides ability to circumvent City approvals in some cases.

Schedule 8 of Bill 17 amends the *Transit-Oriented Communities Act, 2020* by amending the definition of "priority transit project" to match the definition in the *Building Transit Faster Act, 2020*. This change will enable the designation of "transit-oriented community projects" to any development project in connection with a station that is part of a priority

transit project. This would include the entire GO Transit network, and/or any other transit project that Metrolinx has the authority to carry out (e.g., future subway, BRT or LRT projects).

Other amendments to the *Transit-Oriented Communities Act* will help to provide clarity that the Minister of Infrastructure or its delegates may be required to enter into an agreement with any landowner to support a transit-oriented community project. This includes that the Minister may confirm that an agreement between the landowner and a municipality is required, which may give municipalities a better opportunity to influence the outcome of these projects by helping to secure their interests.

Schedules 5 and 6 of Bill 17 amend the *Metrolinx Act, 2006* and the *Ministry of Infrastructure Act, 2011* in similar manners. Both schedules introduce the ability of the Minister of Transportation in the *Metrolinx Act*, and the Minister of Infrastructure in the *Ministry of Infrastructure Act* to direct municipalities and their agencies and corporations to provide ministries, Metrolinx or Infrastructure Ontario with information and data that the Minister requests. This may include copies of contracts, records, reports, plans and other documents. This may be unnecessary given the strong foundation of existing collaboration. Additionally, it could introduce potential risks regarding the interpretation and use of sensitive information and could increase or impede the work of staff if the requested data requires significant analysis to produce.

It should be noted that the City already collaborates with various Provincial Ministries and agencies (including Metrolinx) to share information like transportation modelling results, development applications statistics, and related datasets. Many of these exchanges exist through agreements like [T-OCCA](#) or are prescribed through existing regulations like by [O.Reg. 73/23](#) and [O.Reg. 1/25](#).

Development review process - *City of Toronto Act* and *Planning Act*

Study Requirements and Certified Professionals

Schedule 3 of Bill 17 amends the *City of Toronto Act, 2006* (and related changes to the *Planning Act*) to specify that the City no longer has the ability to require new complete application studies/reports beyond what is currently identified in the official plan, except where/if Minister of Municipal Affairs and Housing approves new requirements.

The Minister of Municipal Affairs and Housing also has new regulation-making authorities to create rules to:

- List topics that may not be required for a complete application;
- Specify the only studies that can be required for a complete application; and
- Require municipalities to accept studies from certified professionals.

The Ministry is also currently consulting on a regulatory proposal to begin partially implementing these changes by specifying that the following specific topics could not be required as part of a complete application: sun/shadow; wind; urban design; and lighting.

While City staff support, in principle, the standardization of application requirements and any application support materials (i.e., Terms of Reference) at the municipal level, attempting to standardize application requirements across all Ontario municipalities with distinct urban (and rural) environments is likely to result in significant gaps in certain contexts (e.g. wind studies are a health and safety matter in high density urban environments), which could increase municipal risk and add significant delay in processing applications.

For example, when necessary information is missing, particularly as it relates to health and safety, staff may be unable to complete their review, exercise their delegated authority for approval, or provide expert advice to Council in support of an approval. In cases where a municipality is unable to require information and materials for specific topics, the municipality may need to pursue additional review/study, agreements, undertakings, actions, etc. to ensure conformity with the municipal Official Plan and mitigate risk. These approaches will be more costly, time consuming and potentially create more litigation than the current approach of mitigating risk through review of complete application requirements.

Where an individual applicant has a concern with a complete application requirement, these tend to be resolved between the municipality and the applicant. For the purpose of a complete application, if municipalities are unable to require prescribed professionals to update information and materials (including, for example, to reconcile incompatible recommendations from different consultants), then this may lead to indefinite delay or additional internal due diligence (review or study) by municipalities, which is both costly and time consuming. Some application requirements include expert analysis by multiple professionals. To ensure appropriate prescribed professionals are preparing and certifying information and materials, the regulation should explicitly link specific qualifications to specific topic.

"As-of-right" Setbacks Variances

Schedule 7 of Bill 17 amends the *Planning Act* to grant the Minister of Municipal Affairs and Housing the power to create a regulation that would establish "as-of-right" variances for zoning setbacks. Based on the current regulatory proposal, the Province is considering establishing the "as-of-right" variance for required minimum setbacks in municipal zoning by-laws to 10 per cent. City staff are not supportive of this change. This approach to eliminating setback requirements via automatic approval of an arbitrary percentage may have unintended consequences that make the application of zoning standards unnecessarily complex, less transparent and understandable to the public, with less predictable outcomes.

Additionally, minimum setback requirements intend to achieve a wide range of objectives. Even small variances may have undue impact that merit review by the Committee of Adjustment on a site-specific basis. For example, required setbacks in zoning by-laws may relate to factors, such as implementing separation distances from sensitive uses, industrial and utility facilities, TTC/Metrolinx transit infrastructure, or natural heritage features. Moreover, required setbacks may be derived from other standards, such as protecting for adequate paths of travel for Fire & EMS access to a

garden suite, required vehicular maneuvering and parking space dimensions, and protecting for site permeability and tree protection necessary for climate adaptivity.

Conditions to Minister Zoning Orders

Schedule 7 of Bill 17 amends the *Planning Act* to allow the Minister of Municipal Affairs and Housing (and more recently the Minister of Infrastructure) to place conditions on the issuance of a Ministers Zoning Order (MZO). The Minister can require a landowner to enter into an agreement with a municipality (which can be registered on title) to secure any conditions imposed on the issuance of an MZO. If a condition is placed on an MZO, then the MZO would not come into effect until the Minister is satisfied that condition has been or will be fulfilled. While City staff are partially supportive of this amendment, any conditions that could have operational and financial implications on the City should be vetted by the City prior to the issuance of the MZO. The City, and other municipalities, have requested similar zoning with conditions authority to support timely and orderly development across the province.

City staff are further recommending that a similar authority, to place conditions on a zoning approval, be extended to municipalities. Staff are recommending that City Council request that the provincial government enact a Regulation to permit the use of zoning with conditions, pursuant to Section 113 of the *City of Toronto Act 2006*, and Section 34(16) of the *Planning Act*.

Streamlined Planning Approvals for Public Elementary Schools, Public Secondary Schools, and Portables

Schedule 7 of Bill 17 amends the *Planning Act* to prohibit Official Plans and Zoning By-laws from restricting public elementary schools and secondary schools (and ancillary uses such as child care centres) from locating on lands that have residential permissions. While the City's Official Plan already permits schools in land use designations that permit residential uses (*Neighbourhoods, Apartment Neighbourhoods, Mixed Use Areas, Institutional Areas, and Regeneration Areas*), the City-wide Zoning By-law 569-2013 only permits lawfully existing schools within residential zones. As such, an amendment will be needed to the City-wide Zoning By-law 569-2013 to permit public elementary and secondary schools in all residential zones. City staff are generally supportive of this change, however, permissions for public elementary and secondary schools should be restricted where residential zones overlap with hazardous lands, such areas known to have flooding and erosion hazards.

Schedule 3 of Bill 17 amends the *City of Toronto Act, 2006* to remove the timing restrictions with respect to when a portable classroom was placed on a school site for the purposes of the definition of "development" in subsection 114 (1) of the Act. This amendment, along with a related change to the *Planning Act*, would have the effect of exempting the placement of portable classrooms on all school sites from municipal site plan control. This is a minor technical change to align the rules that apply to school sites developed since 2007 with exemptions that already apply for school sites developed prior to that year. City staff do not have concerns with this change.

Growth Funding Tools - Amendments to the *Development Charges Act*

Schedule 4 of Bill 17 amends the *Development Charges Act, 1997* by deferring payment timing for all residential development to occupancy, removing the ability to charge interest on deferred installment payments, requiring the use of the lower of the frozen rate or permit issuance rate, enabling municipalities to reduce rates and amend indexing without a background study, and exempting for-profit long-term care homes. Additional provisions with implications for the use of DC credits, background study methodology, and new annual reporting requirements are expected through future regulation. A preliminary assessment of these amendments is provided in the Financial Impact Section of this report and in Attachment 2.

Deferred Payment of Residential DCs to Occupancy, Without Interest

Following Bill 17, DC payments for residential development will be deferred, without interest, from building permit issuance to the earlier of the day the building is first occupied, or issuance of an occupancy permit. This change would apply to all residential development types, including freehold and condominium projects, expanding the current deferral provisions that only apply to rental and institutional development. Bill 17 also removes the ability to charge interest on deferred installment payments. Where an occupancy permit is not required, municipalities may request financial security for the payment, in circumstances and limitations yet to be prescribed.

The City supports efforts to improve housing supply and affordability by addressing construction financing challenges in the early stages of development. For example, the City recently introduced a limited program to defer DCs for 3,000 new condominium units ([Item EX21.13](#)). However, permanently deferring DCs to occupancy for all residential development increases financial risk and greatly impacts the City's financial capacity to deliver key growth-related capital infrastructure required to support new development.

To better respond to significant cash flow deferral impacts (expected to be \$1.9 billion in cash flow deferrals over the next decade) and limit potential impacts to planned capital infrastructure, the City requests the Province provide municipalities the flexibility to spend DC funds across all DC eligible capital projects, without the need for repayment. The City also asks the Province to ensure appropriate collection mechanisms with clear enforcement tools are available to guarantee collection prior to condominium registration to avoid collecting through the tax roll against new unsuspecting unit holders. The City has previously requested that the Province grant priority lien status for unpaid DCs to be added to the property tax roll ([Item PH12.7](#)).

Changes to DC Calculation Framework and Frozen Rates

Through Bill 17, developments are now subject to the lower of the two following potential DC rates:

- The rate frozen at time of complete application, plus accrued interest; or
- The rate at time of permit issuance, unless the statutory timeline has passed.

The majority of developments in Toronto apply for a conditional below grade building permit, which allows a developer to begin excavation and foundation work before all

approvals for the full building permit are in place. Current Council policy ([Item EX34.1](#), [Item EX1.6](#)) requires applicants seeking this type of permit to enter into an agreement pursuant to section 27 of the *Development Charges Act*. Through this agreement, applicants pay the higher of the rates in effect at the time of permit issuance, or frozen rates based on time of complete planning application.

The City's DC calculation and collection policies are being reviewed as part of the Comprehensive Development Charges Review, in consideration of the City's growth-related requirements and current market conditions. However, in recognition of the legislative changes made through Bill 17, and in support of providing developers with greater cost certainty to incentivize housing supply, this report recommends proactively allowing applicants to receive a conditional below grade permit without entering a section 27 agreement. Subsequent developments will receive the lower of the two potential rates.

Enable Reduced DC Rates Without a Background Study

City Council has previously requested the Province provide the ability to municipalities to adjust annual indexing provisions without requiring the completion of a background or the procedural steps to amend the DC by-law ([Item CC27.1](#), [Item MM29.16](#)). Currently, the City is choosing to use section 27 agreements to apply the June 6, 2024, rates to developments, rather than the rates that increased through annual indexing on May 1, 2025.

The City appreciates the Province has granted this request in Bill 17. This report recommends amending the Municipal Code Chapter 415-11 to remove indexing requirements for 2025 and 2026, while a longer-term approach is considered as part of the Comprehensive Development Charges Review with a recommendation to be brought forward during consideration of the next DC bylaw. This change for 2025 and 2026 will reduce administrative complexity from the use of section 27 agreements to forgo annual rate indexing. The Bill also provides the ability to municipalities to decrease the amount of development charges for types of development meeting circumstances specified in the amendment without requiring the procedural steps and completing a background study.

Long-Term Care Exemptions

Bill 17 amends the DCA to exempt for-profit long-term care homes from paying DCs. Although long-term care remains an eligible DC recoverable cost, without new provincial funding the City has previously indicated it cannot proceed with planned new long-term care beds and must instead prioritize revitalizing and maintaining existing infrastructure under current financial constraints ([Item EX7.1](#)).

New Regulation-Making Powers

The Minister of Municipal Affairs and Housing will have new powers through regulation to:

- Prescribe limits and exceptions to eligible capital costs that can be included in a DC study, including land costs, and “conditional exceptions”;

- Merge related service categories to expand DC credit applications;
- Prescribe a methodology for calculating the Benefit to Existing development in a DC background study;
- Define local service standards to distinguish infrastructure costs borne by DCs or developers; and,
- Expand the requirement that municipalities spend or allocate 60% of DC reserves annually to all eligible services.

The full impact of the proposed regulations cannot be assessed until the specific details and regulations are released but could have significant financial and operational impacts for the City. Applying standardized methodologies across diverse municipal contexts may be challenging, particularly with respect to infill versus greenfield development issues.

Rather than prescribing uniform regulations, the City requests the Province to collaborate with municipalities to develop guidelines that balance consistency with local flexibility. For example, this report recommends seeking formal confirmation that the creation of Municipal Service Corporations will remain optional, not mandatory, for the City of Toronto. The City welcomes the opportunity to participate in future consultations regarding all forthcoming regulations.

Related Initiatives - Non-legislative proposals announced by the Ministry of Municipal Affairs and Housing with the introduction of Bill 17

The technical briefing document published by the Province and released at the time of the Bill 17 announcement included several non-legislative proposals intended to complement the legislation and speed up development. Proposals with potential implications for the City are noted below.

Harmonization of road construction standards

The Bill 17 technical briefing document indicates that MTO will consult with municipalities and stakeholders by fall 2025 on a framework for greater harmonization and clarified governance of municipal road construction standards.

The City could face administrative and financial impacts depending on the direction of provincial harmonization efforts. Standardization may require adjustments to existing design standards, technical review procedures, and procurement practices. There may also be implications for Toronto's ability to maintain standards that reflect its specific infrastructure, policy objectives, and operational needs. Moreover, harmonization could also limit opportunities for innovation, as municipalities like Toronto in the future may want to pilot new approaches or materials that offer potential improvements.

Inclusionary Zoning

The Bill 17 technical briefing document announced that the Minister of Municipal Affairs and Housing would amend the Inclusionary Zoning regulation to establish a 5% maximum set-aside rate and a 25-year maximum affordability period in Protected Major

Transit Station Areas (PMTSAs). The amending regulation was filed on May 12, 2025 (<https://www.ontario.ca/laws/regulation/r25054>).

The changes directly impact the City's ability to deliver the HousingTO 2020-2030 Plan targets, including the number of affordable homes and securing affordable homes in perpetuity. In 2021, Toronto Council adopted an Inclusionary Zoning policy and by-law requiring 5-10% of new developments in Protected Major Transit Station Areas to be affordable for 99 years. The requirements were to increase over time to 8-22% by 2030. Similarly, the City's housing programs require a higher percentage of affordable units and affordability periods of 40-99 years.

As a result of the Minister's decision, Toronto would only be able to require fewer affordable housing units for a shorter affordability term than what could have been secured through the Council-adopted Inclusionary Zoning policy, which could put pressure on the City's housing programs to deliver more affordable housing units to meet City targets. As a result, greater financial contributions and incentives will be required from the City to deliver more affordable units to achieve the HousingTO targets and/or to extend the affordability period of units secured under Inclusionary Zoning beyond the 25-year maximum imposed by the Province. Provincial approval of Protected Major Transit Station Areas remains outstanding and must occur before the City can implement Inclusionary Zoning.

Provincial Policy Tests

Ministry of Municipal Affairs and Housing officials will consult on opportunities to make provincial policy tests inapplicable with respect to all of the Minister's decisions under the Planning Act, on a case-by-case basis to enable priorities.

The City's Official Plan is required to be consistent with Provincial Planning Statement (PPS), and all planning decisions made by Council are required to be consistent with the PPS. Any contemplation of removing the requirement for a Minister's decision under the Act to be consistent with the PPS needs to address whether downstream decisions are still subject to the consistency test. For example, if the Minister modifies and approves Official Plan policies that are not consistent with the PPS, it raises the question of whether all downstream Council/OLT planning decisions are also exempt from the consistency test. In general, City staff are not supportive of this proposal as it could add unnecessary complexity to the local and provincial planning system.

Streamlining Official Plans

Ministry of Municipal Affairs and Housing officials will consult with municipalities on proposed legislation/regulatory changes needed to establish simplified, standardized and inclusive land use designations with more permitted uses.

Land use designations in an Official Plan are one of the primary planning tools that municipalities use to ensure land use compatibility, manage growth, protect environmentally sensitive areas, and create complete communities. The City's Official Plan only contains eight land use designations, most of which permit a broad range of uses. More recently, the City's Official Plan has been amended to expand the types

of permitted uses in “Neighbourhoods” to include small-scale retail, service and office uses. While City staff support in principle efforts to streamline Official Plan land use designations, this should not fetter a municipality's ability to properly address critical land use planning matters, such as ensuring land use compatibility, protecting environmental sensitive areas, and managing growth to ensure adequate hard and soft infrastructure is available.

Planning, Data and Building Code IT solutions

Ministry of Municipal Affairs and Housing will explore the standardization of municipal data tracking in the land use planning, building code and permit applications, and leverage technology to better automate planning and permitting processes and improve transparency. The ministry would also publish municipal planning data on an Ontario webpage.

Building Code Data & IT Solutions

City staff supports the modernization and digitization of the Ontario Building Code (OBC), particularly with the integration of AI capabilities, as this could significantly improve efficiency for building code practitioners in conducting permit reviews, inspections, and enforcement activities. Staff also support digitization of the Building Code in an open-source format to enable vendors to develop tools that are accessible to both the public and government. This will facilitate preassessment and compliance checks, improving the quality of submissions and approvals.

Uniform data standards for municipal tracking of building permits, reviews, and inspections will enable the effective tracking of progress towards increasing the housing supply. This is in line with, and could build upon, the recent work undertaken by the AMO Housing Data Hub Working Group. The Province should also consider endorsement of the Getting More Homes Built Faster - Housing Data Hub that was endorsed by the OBCM on April 11, 2025.

Planning Data & IT Solutions

Staff recognize the value of greater consistency in planning data across Ontario. To effectively collaborate on this initiative requires clarity on municipal data requirements including its collection frequency and intended use, and the provincial approach to managing confidentiality issues. Municipalities' continued central role in ensuring data accuracy, relevance, and proper contextual interpretation is critical to making effective planning decisions at both municipal and provincial levels.

Regarding the proposed use of Artificial Intelligence (AI) in planning, City staff see potential benefits in augmenting planning practices through the use of advanced technologies. Given the fact that planning is a professional practice that requires education, experience and a nuanced understanding of context, careful consideration and clear guidelines are necessary to responsibly integrate AI into planning workflows. More consultation and extensive collaboration between municipalities, professional planners, and technology experts must take place to identify suitable AI applications, address limitations, and ensure professional standards are maintained.

Flexible design and construction options for four-storey townhouse units

Ministry of Municipal Affairs and Housing officials will consult on whether amendments to the Ontario Building and Fire Codes could improve economic viability of single-unit four storey townhouses, coupled with compensating measures for fire and life safety requirements.

The announcement on potential amendments to the Ontario Building and Fire Codes aligns with work already undertaken by Toronto Building, in consultation with Toronto Fire Services, to develop generic alternative solutions for common design challenges for [laneway suites](#), [garden suites](#), and [multi-tenant houses](#). Toronto Building has also studied the feasibility of [single exit stairs](#) and made its third-party code consultant report available to the public to support the development alternative solutions for four-storey residential construction where storeys above grade are served by a single exit stair enclosure.

This work by the City of Toronto acknowledges that are potential impacts on safety that need to be considered in developing Ontario Building Code changes in the area of housing which are complex and significant. Any code changes need to be based on current research and take into consideration the impacts for both building occupants and first responders.

The announcement by the Province to consider code changes for single-unit four storey townhouses is, however limited in scope. This report recommends that Council request that the Province, in considering amendments to the Ontario Building and Fire Codes to improve the economic viability of single-unit four storey townhouses, expand this consultation to include areas where the City has already developed compensating measures for garden suites, laneway suites and suggested code changes to support the design multi-tenant houses, and consult directly with the Chief Building Official and Executive Director Toronto Building, and the Fire Chief General and Manager, Toronto Fire Services on any potential code amendments.

Toronto Green Standard

The Toronto Green Standard (TGS) have been in place in Toronto since 2006 and have been mandatory for all new development for fifteen years. The TGS is comprised of five categories of performance measures for sustainable development: Air Quality; Building Energy, Emissions and Resilience; Water Quality and Efficiency; Ecology and Biodiversity; and Waste and The Circular Economy. Tier 1 of the TGS is mandatory for development applications, while Tier 2 and above are voluntary higher performance levels. The TGS supports and implements planning and policy requirements and objectives related to sustainability and climate action.

Recent media reports have suggested that Bill 17 has impacted or restricted a municipalities ability to apply the TGS. City staff have reviewed Bill 17 and determined that there is no impact to the City's ability to continue to apply the TGS to new development.

Conclusion

Despite the provincial government passing the Bill 17 prior to the provincial public commenting deadline, meaningful engagement between provincial and municipal officials can help ensure that Regulations implementing the *Protect Ontario by Building Faster and Smarter Act, 2025* are informed by data, best business practices and evidence-based solutions established in Toronto. Initiating working groups on matters of mutual interest is an important step to identify priority housing enabling infrastructure and the necessary growth funding tools. A stronger alignment and partnership can also help as joint advocacy between the City, the Province, and the federal government to address housing affordability and other priorities.

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ATTACHMENTS

Attachment 1: FYI Briefing Note - Highlights of the 2025 Ontario Budget

Attachment 2: City Manager's submission to the Environmental Registry of Ontario re: Bill 17, Protect Ontario by Building Faster and Smarter Act, 2025 and related initiatives

Attachment 3: Draft amendment to City of Toronto Municipal Code Chapter 415, Development of Land