

**City Council****Motion without Notice**

MM29.16	ACTION			Ward: All
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**Stopping the Provincially-Mandated Increase to Development Charges - by Mayor Olivia Chow, seconded by Councillor Gord Perks**

*\* This Motion has been deemed urgent by the Chair.  
\* This Motion is not subject to a vote to waive referral. This Motion has been added to the agenda and is before Council for debate.*

**Recommendations**

Mayor Olivia Chow, seconded by Councillor Gord Perks, recommends that:

1. City Council reaffirm its request of the Province of Ontario to amend the Development Charges Act to authorize municipalities to adjust or remove annual indexing provisions without an amendment to the development charge by-law in order to incentivize building new housing.
2. City Council authorize the Chief Financial Officer, in coordination with appropriate City staff, and in the event that the Province of Ontario does not fulfill City Council's previous request to waive the requirement for the City to index its development charges annually, to use Section 27 agreements, in a form satisfactory to the City Solicitor, on all new housing developments effective May 1, 2025 to freeze development charges at current rates until such time that the Chief Financial Officer completes the Council directed comprehensive review of development charges, and a new development charge by-law is adopted.
3. City Council request the Province of Ontario to amend the Development Charges Act to give municipalities the flexibility to reallocate development charge funds collected for specific service areas toward any development charge eligible project across other development charge service areas without the need to for future repayment or to merge services areas through a new By-law, so the City can meet critical infrastructure needs to support new housing.
4. City Council request the Province of Ontario to amend the Development Charges Act to allow federal and provincial infrastructure funding contributions to be directed to the non-growth share of development charge eligible projects and/or to offset revenue loss from Council's discretionary rate reductions, so the City can optimize all available funding sources to get critical infrastructure projects finished more quickly.
5. City Council reaffirm its request of the Province of Ontario to make the City of Toronto whole for lost revenue as a result of Bill 23.

**Summary**

Every year, the City of Toronto follows Provincial legislation that requires raising development charges. This year, they are set to rise by 4 percent on May 1.

The City has previously requested that the Province of Ontario amend the Development Charges Act and allow the City more flexibility when it comes to this annual indexing. This motion reiterates that request, and brings forward a workaround so we can freeze development charges.

Canadian municipalities face challenges delivering the infrastructure people expect. Cities are responsible for an estimated 60 percent of public infrastructure yet receive only 9 percent of total revenue generated from all combined federal, provincial and municipal taxes and charges.

Cities like Toronto apply development charges to cover a portion of the cost of infrastructure that enables housing development and creates communities people want to live in.

Toronto's \$59 billion 10-Year Capital Plan includes \$6.5 billion from development charges to support our growing city. This includes: \$1.2 billion in funding for water, wastewater and sewer infrastructure; approximately \$950 million towards road and intersection upgrades to enable development; \$1 billion towards parks and community centres; and \$950 million to add capacity to the City's transit system, including purchasing new buses, streetcars and subway cars.

Some examples to make this more concrete: Development charges will help build the infrastructure to serve tens of thousands of new homes in new communities at Quayside (4,700 homes), the Downsview airport lands (63,000 homes), Golden Mile (33,000 homes) and East Harbour (4,300 homes). They will also fund Toronto's one-third portion of the Eglinton East light-rail transit and Waterfront East light-rail transit, which are currently being designed.

Of course, we recognize the challenges of the housing market and added cost of development charges. That's why we have cut or deferred development charges in two new programs. The Rental Housing Supply Program cuts development charges and property taxes, helping build 7,000 new rental homes. Our Multi-Unit Ownership Program defers development charges for 3,000 condo units. It's also why we are freezing development charges with this motion.

Ultimately, the extent to which we can lower or defer development charges will depend on how much funding for infrastructure we can secure from other orders of government. The City of Toronto will continue to take action within our means to ensure more market and affordable homes are built in these uncertain economic times.

## **Background Information (City Council)**

Member Motion MM29.16