

Development Charge reduction greeted with optimism

An \$8.8 billion agreement between the Federal and Provincial governments will support municipal infrastructure investments while helping reduce development charges.

The move was announced Monday by Prime Minister Mark Carney and Premier Doug Ford, and comes with an HST rebate intended to incentivize new home construction.

The majority of the \$8.8 billion in funding over 10 years will support the reduction of Development Charges (DCs) by up to 50 per cent of the charges normally collected by municipalities from developers to account for the impact growth has on existing infrastructure.

DCs have often been cited as a key factor in housing affordability and Monday's announcement will offset much of the financial impact of DC reduction on municipalities.

However, municipalities will also be expected to support DC reductions, so that all three levels of government are supporting increased housing supply and affordability, said the Federal and Provincial governments in a joint statement. The Province will work with municipalities and partners to put forward a list of infrastructure projects for approval with a focus on speed and efficiency. These strategic investments will encourage new home construction and reduce barriers and costs to housing development to help more people realize the dream of homeownership.

This week's announcement was part of a multi-pronged approach to affordability, said Prime Minister Carney.

Our new partnership with Ontario is about building more affordable homes, more transit, and more careers in the skilled trades, he said. We're tackling the housing crisis from every angle so we can build up housing supply and bring down costs for Canadians. We're building Ontario strong and Canada strong.

Added Premier Ford: Today's agreement will be transformational for Ontario and Canada, delivering new homes, transit, and infrastructure, and supporting hundreds of thousands of good-paying jobs for Ontario workers. Our government will continue to deliver on our plan to protect Ontario in partnership with the Federal government and municipalities by lowering the cost of building, getting shovels in the ground faster, cutting red tape, and investing in workers.

The reduction of DCs was greeted with cautious optimism by local leaders, with Mayor Tom Mrakas suggesting the devil will be in the details.

I am encouraged by today's Federal-Provincial announcement to reduce municipal development charges by 50 per cent on new homes for the next three years this is a meaningful step that has the potential to unlock housing starts on stalled approved projects and get shovels in the ground faster, said Mayor Mrakas in a statement. Together with last week's announcement to remove the HST on new home purchases, it's clear that real action is being taken to make homeownership more attainable.

Just as important, I'm pleased to see the commitment from both levels of government to ensure municipalities are properly funded. Development charges are a critical funding source that support essential infrastructure from roads and water to parks and community spaces and without proper funding, these costs would ultimately fall on existing taxpayers, which I do not support.

Mayor Mrakas added the Town will be reviewing the details closely to ensure the changes work for Aurora, supporting housing delivery while protecting financial stability and the services residents rely on.

Ward 5 Councillor John Gallo called it a significant step forward in addressing housing affordability.

“This is a meaningful shift in recognizing that affordability isn’t just about demand, but about reducing barriers to supply,” he said. “For municipalities like Aurora, this also raises important conversations: how do we balance development charge reductions with maintaining the infrastructure our residents rely on? How do we ensure growth remains sustainable and aligned with community needs? The opportunity here is real, but so is the responsibility to get it right at the local level.”

The HST rebate on new homes will see the Federal and Provincial governments work together to remove the full 13 per cent of HST for eligible buyers of new homes valued up to \$1 million and extend the maximum rebate amount of \$130,000 to new homes valued between \$1 million and \$1.5 million.

“The Federal government will provide Ontario a payment in the amount of \$875 million, subject to passage of Federal legislation, that may be applied against the Federal five per cent portion of the HST that is being removed from new homes in Ontario. This partnership would provide an estimated \$2.2 billion in total tax relief for housing in Ontario and provide homebuyers up to \$130,000 in tax relief,” said the governments.

By Brock Weir
Editor
Local Journalism Initiative Reporter