

Sent via e-mail to: minister-ministre@infoc.gc.ca

September 5, 2025

The Honourable Gregor Robertson
Minister of Housing and Infrastructure
Housing, Infrastructure and Communities Canada
180 Kent St.
Ottawa, Ontario K1P 0B6

Dear Minister Robertson,

Increasing housing supply, construction speed and affordability is a national priority. AMO and municipalities across Ontario are committed to jointly working with the federal and provincial governments to address the housing crisis and meet the federal target of 500,000 units nationally per year.

Macroeconomic pressures including rising construction costs, elevated interest rates, and deepening economic uncertainty have contributed to a slowing of housing starts in Ontario to the lowest level recorded since 2009.¹

AMO recently submitted feedback on the [Building Canada Homes market sounding guide](#), outlining recommendations for how best the federal government can realize its ambitious vision by working with Ontario municipalities. One key input will be sustainable funding for housing-enabling infrastructure.

Development charges (DCs) have been a vital mechanism to fund the infrastructure essential to increase housing supply in Ontario. AMO has been successfully collaborating with the Ontario Home Builders Association (OHBA) on ways to modernize the DC framework to support development while ensuring continued municipal revenue for infrastructure. Many of these recommendations are now reflected in the recently introduced Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025*.

Your government's election platform included \$6 billion over four years to meet a commitment to reduce municipal DCs by 50% for multi-unit residential housing and replace lost municipal revenue.

There has been unprecedented legislative and regulatory change to both the DC and land use planning frameworks over the past three years in Ontario. The uncertainty of these changes have slowed development. Potential for additional federal changes to the municipal DC framework further adds to the uncertainty.

¹ Financial Accountability Office of Ontario, 2025: <https://fao-on.org/en/communication/mr-oem-2025-q1/>

We recommend that if your government moves ahead with this commitment, your approach does not further risk Ontario municipalities' ability to deliver on the more than \$250 billion in capital expenditures planned over the next decade:

- **DCs are a long-term and relatively stable revenue source and will need to be replaced with a new equally predictable and sufficient revenue source**

The federal government committed to work with the provinces and territories to make municipalities whole under the proposed reduction in DCs regime. The estimated revenue loss for Ontario municipalities alone ranges between \$8 to \$12 billion and is significantly more than the total federal funding pledged for all Canadian municipalities. Federal funding must fully compensate Ontario municipalities for lost revenue with an increase in direct, stable and multi-year funding streams to match the full estimated municipal revenue loss from a reduction in DCs. Additional financing tools or short-term funding commitments will not support Ontario's long-term infrastructure needs.

- **DC revenue offsets should be provided outside existing federal funding envelopes**

Funding programs like the Canada Community-Building Fund (CCBF) provide essential per-capita funding allocations that reflect the infrastructure needs right across the country. However, Ontario municipalities will be disproportionately impacted by DC cuts. Ontario's share of the committed \$6 billion would be only \$2.4 billion dollars if distributed on a per capita basis. A distribution method that does not address the needs of the most populous province in Canada with the highest housing targets won't help us meet our collective housing goals.²

The federal government also has additional tools to spur housing development it could consider. Taxes account for 31% of the purchase price of a new home built in Ontario. The federal government receives 39% of this tax revenue with the provincial government receiving 37% of total taxes. The municipal government collects only 24% of the total taxes on new home construction³.

In return, the federal government contributed only \$1.8 billion (14%) in capital grants for Ontario's municipal infrastructure in 2022. The provincial government's share of capital grants was the lowest at \$1.1 billion (9%). Municipalities are at the forefront of investing in and maintaining infrastructure. In 2022, municipalities were the leading investors in local infrastructure, funding 77% of these investments—a total of \$9.6 billion.⁴

² CMHC, 2025: <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-research/research-reports/accelerate-supply/canadas-housing-supply-shortages-a-new-framework>

³ CANCEA, 2023: <https://www.cancea.ca/index.php/2023/06/27/an-uncomfortable-contradiction-taxation-of-ontario-housing/>

⁴ Province of Ontario's Financial Information Return, 2022.

Beyond making municipalities whole from the proposed reductions in DCs, there remains a broader and more pressing issue of chronic underinvestment in Ontario's municipal infrastructure. This directly impacts housing supply, economic competitiveness and the well-being of our communities. AMO calls on the federal government to work with municipalities to establish new and innovative mechanisms that will provide sustainable, predictable and enhanced funding for local infrastructure. These measures are critical to ensure that municipalities can meet growth demands, maintain infrastructure in state of good repair and build resilient communities.

AMO and Ontario municipalities recognize the need to explore different ways of funding and financing infrastructure in the face of historic growth. Municipalities are partners in building housing and are fully committed to helping the province and federal government reach their housing starts goals.

Sincerely,



Robin Jones

President, Association of Municipalities of Ontario (AMO)

cc: The Honourable Rob Flack, Minister of Municipal Affairs and Housing, Province of Ontario
The Honourable Graydon Smith, Associate Minister of Municipal Affairs and Housing, Province of Ontario