

Sent via email to: minister.mah@ontario.ca

April 28, 2026

The Honourable Rob Flack
Minister of Municipal Affairs and Housing
College Park, 17th Floor
777 Bay Street
Toronto, Ontario M7A 2J3

Dear Minister Flack,

I am writing to share recommendations on the design of the development charge (DC) reduction initiative under the Canada-Ontario Partnership to Build.

Municipalities are committed to doing all they can to increase housing supply and affordability. We have supported many of your initiatives to streamline the planning process and modernize the DC regime to this end. We see reducing the cost of construction in a sustainable way as a critical element of long-term success. In the near-term, market and economic factors have created particular challenges for the home-building industry, and we recognize that reducing DCs can help to offset negative impacts.

AMO and its members are committed to working with you to make this initiative successful. Following broad consultation with municipal elected officials and staff across different types and sizes of municipalities, we offer the following advice to help drive program uptake and mitigate risks:

Clear Benefits to Existing Residents

A clear narrative and solid evidence base will be critical factors in enabling municipal councils to justify to constituents the likely impacts to current or future property taxpayers for many municipalities. Measures such as prioritizing the creation of affordable and attainable housing, incentivizing the development of family-sized condo units, or implementing mechanisms to ensure that cost savings are passed directly to homebuyers are all examples of incentives that resonate. Building these outcomes directly into the framework can help create an unambiguous “pathway to yes” for municipal councils.

At the same time, program design should seek to avoid forcing trade-offs between “housing-enabling” and “non-housing-enabling” infrastructure projects. Municipalities build and approve capital plans in a comprehensive way that balances benefits to different geographic areas and constituent groups. Forcing a re-think of these capital plans right before an election could end up pitting the priorities of existing residents against growth in a way that could ultimately undermine a sense of shared benefit to the community of growth-friendly policies and investment.

Fairness and Flexibility

There has been significant concern that a focus on reducing DCs in priority municipalities will inadvertently penalize municipalities for lack of DCs, low DCs, or already having reduced DCs. Inclusive eligibility criteria should enable participation from all municipalities.

Similarly, criteria for offsets cannot be limited to reductions in overall dollar amounts for DCs and need to reflect relevant differences across municipalities. Factors such as growth patterns, existing infrastructure capacity, current practices around debt financing, and the use of reserves should all be factored into decisions regarding which municipalities ultimately benefit from this funding. Ultimately, the more flexible the program design in recognizing various municipal contributions to the objective, the most fair and effective the program will be.

Fiscal Sustainability

AMO and its members recognize the need to move beyond the traditional idea that growth must pay for growth and think differently about how Ontario can collectively fund the infrastructure needed for prosperity in the fairest and most efficient way possible. That said, this program should not seek to undermine long-term sustainability for potential short-term benefits and should minimize where possible impacts to municipalities by:

- striving for revenue neutrality, where possible
- avoiding creation of additional property tax burden
- recognizing and mitigating cashflow misalignment and its costs
- recognizing implications for long-term debt burden and incenting informed and responsible use of debt
- ensuring the ongoing integrity of existing capital plan by restricting offsets to specific infrastructure costs.

Simplicity

Streamlining administration will most effectively achieve the objective of flowing funds quickly to respond to current market conditions. Comprehensive grants as opposed to project-based applications, will best achieve this goal.

In an election year, major decisions of Council frequently do not continue past June. A flexible, simple program design will be critical to avoid delays until the next calendar year.

Certainty

Both the development sector and the municipal sector have reiterated the importance of certainty in incenting sound financial decisions over the long-term. We urge your government to signal the end of additional DC policy changes to provide developers and municipalities with the certainty they need to make this program successful.

To support program design decisions, AMO is completing technical analysis on long-term debt burden and creation of “winners and losers” across different design scenarios. We are ready to provide the sector-specific insights necessary to turn this initiative into a model of intergovernmental cooperation that delivers results for the people of Ontario.

Sincerely,



Robin Jones
AMO President
Mayor of the Village of Westport

cc: The Honourable Graydon Smith, Associate Minister, Ministry of Municipal Affairs and Housing
Martha Greenberg, Deputy Minister, Ministry of Municipal Affairs and Housing