

# **Proposed Building Code Amendments: Occupancy Permits for Residential Developments Subject to Deferred Development Charges**

AMO'S SUBMISSION TO ONTARIO REGULATORY REGISTRY PROPOSAL  
NUMBER 25-MMAH016

**October 17, 2025**

The Association of Municipalities of Ontario (AMO) is a non-partisan, non-profit association representing the 444 municipal governments across Ontario. Municipal governments work through AMO to achieve shared goals and meet common challenges. As the frontline order of government closest to the people, municipal governments are deeply invested in the safety and wellbeing of residents of Ontario and are confronted by the reality of the housing and homelessness crisis intersecting with mental health and addictions crisis in our communities.

AMO has been successfully collaborating with the Ontario Home Builders Association (OHBA) on ways to modernize the development charges (DC) framework to support development while ensuring continued municipal revenue for infrastructure. Many of these joint recommendations were reflected in Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025*. AMO supported the bill.

### **Deferral to Occupancy for Residential DC Payments:**

We welcome and appreciate the opportunity to provide feedback regarding the proposed Ontario Building Code (OBC) amendments through Ontario Regulatory Registry, Proposal number: 25-MMAH016, around deferral of development charges (DCs) for non-rental residential developments to occupancy.

We appreciate that the proposed amendments to the OBC address some municipal concerns, including giving the Chief Building Official (CBO) the authority to not issue the occupancy permit until applicable DCs have been paid.

While AMO and municipalities understand the government's decision to defer DCs to occupancy to support developer cash flow, it creates a potential exposure for municipalities and homebuyers if the DC payment is not made and processed prior to occupancy. More specifically:

- If applicable DCs are not paid in full prior to the issuance of an occupancy permit, the municipality may not be able to issue the occupancy permit and recover the payment promptly.

- Homebuyers may be faced with delayed closings and additional administrative and legal issues.

Given the risk, strong accountability mechanisms are needed. AMO recommends:

- Province to mandate a requirement for proof of payment of all applicable municipal DCs before the permit applicant can submit a request for an occupancy inspection.
- Province to mandate the issuance of a standardized “DC Clearance Certificate” by the municipality before an occupancy inspection can be booked.
- Province to develop a standardized process for all municipalities to streamline communication between the CBO, municipal staff and permit applicant. This could include a mandatory DC payment verification step requirement before an occupancy inspection can be booked on the municipal portal, where available.

### **Timing Considerations:**

It is critical that DC payments be received before occupancy permits and move-in occurs. Otherwise, municipalities face significant risk around DC non-payment.

- Occupancy, move-in and home closings usually occur on the same day. To ensure smooth transition for homeowners and timely processing of DC payments, municipalities must confirm the payment of outstanding DCs well in advance of occupancy permit inspections.
- As such, AMO supports the proposed OBC amendment under which all deferred DCs must be paid at least 10 days or more before an occupancy notice is submitted by the permit applicant to the municipality. A two-day notice would provide insufficient time to receive and process payment, which may present a higher risk of errors and delays. The permit applicant must provide verification to the CBO that all applicable (city and/regional) DCs have been paid within the ten-day period.

## **Operational Considerations:**

- Municipalities need to be given adequate time to develop and implement their internal software and processes to incorporate the proposed amendments. Standardized methods of communication between the CBOs, municipal staff and permit applicant must be developed to ensure accuracy and speed.
- Municipalities will need to build capacity to implement these changes and this will vary across the province. AMO would welcome the opportunity to work with your ministry on funding or resource supports that could be provided to make these operational changes in response to the deferral of DCs to occupancy.

## **Phased or Partial Occupancy:**

To ensure timely payments and minimal delays in occupancy permit approvals, in cases where there is phased or partial occupancy, possibly over multiple years, the trigger for payment of all applicable DCs shall relate to the first occupancy permit.

- For high-rise residential developments, DCs shall be payable at the time of first occupancy for any unit within the building.
- For ground-related residential developments, DCs shall be payable at first occupancy within the subdivision.

This approach will ensure there is consistency across all residential development types, as well as administrative efficiency. In addition, municipalities will be able to receive DC payments in a timely manner and homebuyers will have the additional certainty that all DCs have been paid prior to occupancy and closing.

## **Cash-Flow Impact Mitigation**

There will be significant cash flow impacts on municipalities. While large municipalities have access to low capital financing costs, many mid-sized or smaller municipalities that rely on development charges will now need to absorb additional financing costs through the property tax base. We recommend the province consult on ways to lower financing costs for smaller and mid-sized municipalities and implement new financing measures at the same time as DC deferrals to help offset cash flow pressures.

Further, to ensure that Ontario municipalities are given the necessary financial security:

- The province shall recommend that all non-rental residential developments that elect to defer DC payment to occupancy be required to enter into a DC deferral agreement with the municipality at the time of building permit and provide a security instrument.
- Letters of credit, surety bonds and collateral mortgage could be examples of acceptable forms of securities.

## **Buyer Protections**

Currently, legal title of the property may transfer to the homebuyer before an occupancy permit is issued. To further protect homebuyers, the regulation should require purchase and sale agreements to stipulate DC payment as a developer responsibility and a condition of sale. This is needed to ensure that home buyers are not left in a position where they are handed a DC invoice after closing. The Tarion addendum for purchase and sale agreements shall also be revised accordingly.

AMO is committed to working together with the province, developer community and municipal partners to accelerate housing development, helping the province meet its goal of building 1.5 million homes, and as a result, are open to new approaches that can help reduce the cost of building housing.

Thank you for the opportunity to provide feedback on this proposal.