

NEWS RELEASE

Ontario Moves Forward with Third-Party Audit Process of Municipal Finances and Development Fees

Province working with select municipalities to ensure municipal finances support increased housing supply

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[Municipal Affairs and Housing](#)

TORONTO — Ontario is moving forward with the audit process for the finances of six select municipalities, including the City of Toronto, by initiating the procurement of third parties to conduct the reviews. At a time when Ontario, like the rest of North America, is experiencing challenging headwinds like inflation, soaring interest rates and labour shortages, these audits will help ensure the province is ready to deliver on its goal of building 1.5 million homes by 2031.

Along with the City of Toronto, Ontario intends to partner with Peel Region, Mississauga, Caledon, Brampton, and Newmarket in these audits.

The province intends to use these audits to reach a shared understanding of any potential or perceived impacts of the *More Homes Built Faster Act* as regards changes to development-related fees and charges. This aligns with the province's previous commitment to ensure that there is no funding shortfall for housing-enabling infrastructure as a result of the *More Homes Built Faster Act*, provided municipalities meet or exceed their assigned provincial housing targets.

Moreover, at a time when Ontario is providing unprecedented financial support to municipalities and is committed to continuing to do so, these audits will inform the province's efforts to ensure taxpayers receive maximum value for money and the best possible services. The province provides billions of dollars in funding to municipalities each year for housing and homelessness, transit, health care, education and infrastructure, including an historic \$202 million increase in homelessness prevention funding through [Budget 2023](#) for a total of nearly \$700 million each year, as well as \$400 million allocated for municipalities through the Ontario Community Infrastructure Fund in 2023. As an example, these audits may find duplicative spending on back-office supports that would be better spent expanding frontline services.

“We are working with our municipal partners to get a factual understanding of their finances to ensure development charges, and the ability to invest in local services and projects, are supporting rather than hindering housing supply growth,” said Steve Clark, Minister of Municipal Affairs and Housing. “This is critical to ensuring all levels of government work together to tackle the housing supply crisis and reach our goal of 1.5 million homes by 2031.”

Development-related fees were [identified by the Housing Affordability Task Force](#) as a significant part of the reason home prices in Ontario have risen so rapidly in the past decade. The Task Force recommended these fees be aligned with the goal of building more homes, particularly affordable housing, noting that “as development charges go up, the prices of homes go up.”

This recommendation, as well as the advice of non-profit and supportive housing providers in Ontario, informed the province’s decision to eliminate development-related fees on affordable and non-profit housing, as well as select attainable units, through the *More Homes Built Faster Act*. In addition, to help create the conditions to build much-needed rental housing, Ontario reduced development fees by up to 25 per cent for family-friendly purpose-built rentals. The province has also required that development charges be phased in, including for market-rate housing.

Once the bidding and selection process is complete, the audits would be conducted later this year. In addition to demonstrating how these municipalities have managed their funds, delivered services, and made decisions with regards to local infrastructure projects, the findings of these audits would be used to help develop future provincial policies and programs supporting long-term municipal financial sustainability and housing-related infrastructure investments.

Quick Facts

- Ontario is working with the federal government to ensure municipalities continue to receive support for the critical infrastructure they need to accommodate growth, such as new roads, waterworks and transit – including through the new Housing Accelerator Fund.
- Development-related fees add substantially to the cost of building homes in many Ontario municipalities. A recent report by Altus Group found municipal fees added \$116,900 to the cost of an average single-family home in the Greater Toronto Area in 2022, and nearly \$100,000 to the cost of an average condo in the City of Toronto.
- Ontario is moving forward with the process of preparing for provincially appointed facilitators, who will be tasked with assessing regional governance in

some of the province's fastest-growing municipalities in order to support the goal of building 1.5 million homes by 2031. The findings of these audits may also be used to inform this assessment process.

- In 2022, Ontario saw the second highest number of housing starts since 1988, with just over 96,000 new homes. Ontario also broke ground on nearly 15,000 new purpose-built rentals, the highest number on record.

Additional Resources

- [Ontario's Helping Homebuyers, Protecting Tenants Plan](#)
- [Ontario's Housing Supply Progress](#)
- [More Homes Built Faster](#)

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