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**For Information**

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**REPORT TITLE: Update on Discussions with the Province of Ontario on the Development Charges Deferral and Grant Program**

**FROM: Gary Kent, CPA, CGA, ICD.D, Chief Administrative Officer**

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**OBJECTIVE**

To update Peel Region Council on the ongoing discussions with the Province of Ontario on a potential financial arrangement to finance and / or fund both the Development Charges Deferral and Grant Program.

**REPORT HIGHLIGHTS**

- Peel Region is aggressively addressing the ongoing housing crisis impacting Peel residents through a multitude of programs and initiatives that we have taken to build housing faster.
  - Peel Region Council approved the establishment of the framework for the Peel Region's Development Charges Deferral and Grant Program to address the housing crisis.
  - The Program is designed to incentivize the building community to build more residential housing in Peel.
  - Peel Region Council set a deadline of October 17, 2025, to obtain a satisfactory financial agreement with the Province of Ontario who will also be working with the Federal Government.
  - Several discussions have been held to achieve a satisfactory financial agreement with the Province of Ontario.
  - If no satisfactory financial agreement is reached by October 17, 2025, at 4:30pm, based on resolution 2025-495 the Development Charges Deferral and Grant Program will terminate and the program will be brought forward to the October 23, 2025 Regional Council meeting to determine whether the Development Charges Deferral and Grant Program will continue.
  - Province of Ontario staff have confirmed a clear understanding of the financial problem and that there are no outstanding questions for Peel Region.
  - As of October 2, 2025, a satisfactory financial agreement is yet to be reached with the Province of Ontario.
  - Utility rate and property tax supported reserves are insufficient to provide the necessary funding to cover all potential eligible grants-in-lieu of development charges under the Development Charges Deferral and Grant Program and drawing on these reserves would significantly reduce the Region's financial health.
  - Peel is committed to working with the Province of Ontario to arrive at a satisfactory financial agreement prior to the October 17, 2025 deadline and will update Council accordingly.
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## **Update on Discussions with the Province of Ontario on the Development Charges Deferral and Grant Program**

### **DISCUSSION**

#### **Background**

Peel Region is aggressively addressing the ongoing housing crisis impacting Peel residents through a multitude of programs and initiatives that we have taken to build housing faster such as:

- More than doubling the 10-year Capital program for housing enabling infrastructure
- Overhauling procurement and construction strategies with innovative bundling methods aimed at increasing efficiency in project delivery, specifically by introducing a geographical program approach.
- Strengthening partnerships with the development community and allowing them to take a more active role in housing-enabling infrastructure projects, including financing design and construction work before capital budgets are approved.
- Streamlining internal procedures and applying lean methodologies to reduce an average of 16 days from the development review process.
- Increasing the use of Growth Capital Alternative Financing Agreements and Developer Reimbursements.
- Introduction of an Interim Financial Incentive Program for New Long-term Care Homes and Hospice Developments

Peel Region Council approved Resolution 2025-495 (Appendix I) on June 26, 2025, and Resolution 2025-583 on July 10, 2025 (Appendix II), which established the framework for the Peel Region's Development Charges Deferral and Grant Program including parameters for developer participation and qualification for residential Development Charge incentives.

The Development Charge Deferral and Grant Program incentivizes the building community by providing development charges deferral and grants-in-lieu of development charges based on a set of criteria.

Pursuant to Resolution 2025-495 the Development Charges Deferral and Grant Program will terminate if no satisfactory financial agreement is reached with the Province by 4:30 pm on October 17, 2025, the program will be brought forward to the October 23, 2025 Regional Council meeting to determine whether the Development Charges Deferral and Grant Program will continue. Discussions can continue, but staff will not have the authority to sign any agreement during this window.

As of October 2, 2025, no satisfactory financial agreement is yet to be reached with the Province of Ontario.

#### **1. Update**

Following the Peel Region Council approval of Resolution 2025-495 on June 26, 2025, and Resolution 2025-583 on July 10, 2025, several discussions have taken place with a goal to achieve a satisfactory financial agreement with the Province of Ontario to support Peel Region's commitment to increase residential housing options and address the housing crisis. The Province of Ontario has reached out the Federal Government.

Per the September 25, 2025, Peel Region Council Report: Update on Development Charges Deferral and Grant Program (September 2025), the estimated exposure to Peel Region for grants-in-lieu of development charges is approximately \$448 million inclusive of the eligible

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retroactive developments that had previously paid development charges and may be eligible for refunds from Peel Region.

The following provides a summary of the funding discussions held to-date with the Province of Ontario:

- July 8, 2025: Peel Region's Chief Administrative Officer and Chief Financial Officer held a virtual 30-minute introductory meeting with Ministry of Municipal Affairs and Housing and Ministry of Finance staff and shared Peel Region Council timelines.
- July 21, 2025: Peel Region staff, including members from Peel's Treasury Services team, presented to the Ministry of Municipal Affairs and Housing and Ministry of Finance staff an overview of our related financial information and spoke to the intricacies of the how the system works in Peel.
- August 14, 2025: The Ministry of Municipal Affairs and Housing provided Peel with a list of written questions which were responded to and returned by the end of August. The expectation was that once Peel staff responded in writing to the questions, a meeting would be convened thereafter to advance the agreement.
- Association of Municipalities of Ontario Conference (August 17 – 20, 2025): Peel Region reminded representatives from the Ministry of Municipal Affairs and Housing of the October 17, 2025 Council deadline to obtain a satisfactory financial agreement.
- September 11, 2025: Peel Region's Chief Administrative Officer sent an email to Ministry staff requesting a half day in-person working meeting to finalize the financial agreement and ensure understanding of Peel's financial information.
- September 25, 2025: Peel Region's Chief Administrative Officer had a short status update discussion for a satisfactory financial agreement with Ministry of Municipal Affairs and Housing staff resulting in scheduling a meeting for October 2, 2025, to include Province of Ontario financial staff.
- October 2, 2025: Peel Region's Chief Administrative Officer, Chief Financial Officer and Treasury staff met with Ministry of Municipal Affairs and Housing staff who confirmed they have a clear understanding of the problem, Peel's financial information and the impending October 17, 2025 deadline for the termination of the Development Charges Deferral and Grant Program. They also confirmed that there are no outstanding questions for Peel, and they have completed their analysis; however, a final decision has not yet been made.

Peel staff have provided all the necessary information to arrive at a satisfactory financial agreement prior to Peel Region Council's deadline of October 17, 2025, and Peel Region staff remain hopeful that an agreement will be reached with the Province of Ontario such that Peel can continue with Program, however it still remains unclear if the Province of Ontario will provide adequate funding to support the Development Charges Deferral and Grant Program.

### **2. Proposed Direction**

A further meeting is to be scheduled with Ministry of Municipal Affairs and Housing and Ministry of Finance staff to review funding options that are aligned with the commitments made by the Province of Ontario. An understanding of the probability of receiving the funding is critical to allow Peel's Chief Financial Officer and Commissioner of Corporate Services to assess the full financial impact and make recommendations on alternative funding options for consideration in the 2026 Budget.

## **Update on Discussions with the Province of Ontario on the Development Charges Deferral and Grant Program**

### **RISK CONSIDERATIONS**

If no satisfactory financial agreement is reached by October 17, 2025, at 4:30 pm and based on resolution 2025-495, the Development Charges Deferral and Grant Program will terminate and the program will be brought forward to the October 23, 2025 Regional Council meeting to determine whether the Development Charges Deferral and Grant Program will continue.

### **FINANCIAL IMPLICATIONS**

Utility rate and property tax supported reserves are insufficient to provide the necessary funding to cover all potential eligible grants-in-lieu of development charges under this program and drawing on these reserves would significantly reduce the Region's financial health.

As per legislation, discretionary grants-in-lieu of development charges must be funded from a non-development charges related source. In the absence of a financial arrangement with the Province of Ontario, Peel Region will need to consider options to make up any funding shortfall through significant increases in utility rates and/or property taxes.

If no satisfactory financial agreement is reached by October 17, 2025, pursuant to Resolution 2025-495, the Development Charges and Deferral and Grant Program will terminate and the program will be brought forward to the October 23, 2025 Regional Council meeting to determine whether the Development Charges and Deferral and Grant Program will continue. Pursuant to Resolution 2025-495, the Region must fulfill its financial obligations to provide grants in lieu of development charges and deferrals where development charge payment agreements for subdivisions have been executed prior to the October 17, 2025 deadline.

### **CONCLUSION**

Peel Region staff remain hopeful that a satisfactory financial agreement will be reached with the Province of Ontario in support of Peel Region's Development Charges Deferral and Grant Program. This program was developed with the expectation and understanding that the Federal and Provincial governments would be sharing the responsibilities to increase housing to address the ongoing housing crisis. Peel is committed to working with the Province of Ontario to arrive at a satisfactory financial agreement prior to the October 17, 2025 deadline and will update Council accordingly.

### **APPENDICES**

Appendix I – Resolution 2025-495, Regional Council June 26, 2025

Appendix II – Resolution 2025-583, Regional Council July 10, 2025

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