

June 26, 2025

To our Municipal Clients:

Re: Regulatory Registry Proposal 25-MMAH011 Comments – Assessment of Proposed Regulatory Changes to Ontario Regulation 82/98 under the Development Charges Act, 1997

In our continued efforts to keep our clients up to date on legislative changes that may impact them, we are writing to inform you of proposed regulatory changes to Ontario Regulation 82/98 under the *Development Charges Act, 1997* (D.C.A.). This letter provides a summary of the proposed changes and commentary on potential impacts to municipalities.

The Province is seeking comments via the Regulatory Registry at the following link: <https://www.regulatoryregistry.gov.on.ca/proposal/50953>. We will be submitting our comments prior to the deadline of July 23, 2025.

## 1. Overview

There are two proposed changes to Ontario Regulation 82/98:

1. Enable Use of the Statistics Canada Non-Residential Building Construction Price Index for London; and
2. Expand the Requirement for Municipalities to Spend or Allocate 60% of Development Charge Reserve Funds to all Eligible Services.

The proposal only provides a summary of the proposed changes and not the exact wording to be included in the regulation. As such, the following commentary is based on the summary provided by the Province and will be further reviewed upon release of the actual amendment to the regulation.

Furthermore, no implementation dates for the proposed regulatory changes have been provided.

## 2. Enable Use of the Statistics Canada Non-Residential Building Construction Price Index for London

Currently, municipalities with development charge (D.C.) by-laws may include provisions in the by-law to index the charge to reflect changes in construction costs. Section 7 of Ontario Regulation 82/98 provides the prescribed index to be used for indexing a D.C. The Ottawa-Gatineau or Toronto series of the Statistics Canada Non-



Residential Building Construction Price Index is to be used by municipalities as appropriate.

The proposed changes would allow for the London series (recently added by Statistics Canada) to be utilized as an index for municipalities in Southwestern Ontario who elect to index their D.C. by-laws. This series would also be available for use by municipalities whose D.C. by-law does not specify a series (i.e., Ottawa-Gatineau vs. Toronto series). A D.C. by-law amendment, however, would be required to facilitate the use of the London series for municipalities in Southwestern Ontario whose D.C. by-laws currently specify the use of the Ottawa-Gatineau or Toronto series. Alternatively, the municipality could continue to use the Ottawa-Gatineau or Toronto series until a new D.C. by-law is adopted.

This appears to be a reasonable addition to the legislation as it will better align the D.C. with the underlying changes in capital costs within the area.

### **3. Expand the Requirement for Municipalities to Spend or Allocate 60% of Development Charge Reserve Funds to all Eligible Services**

Section 35 of the D.C.A. requires municipalities to annually spend or allocate at least 60% of the balance in the D.C. reserve fund for water services, wastewater services, and services related to a highway. The proposed regulatory change would impose the same requirements for all D.C.-eligible services. This change would increase reporting transparency, better aligning reserve fund balances with specific capital projects in the D.C. background study and capital budget. The additional reporting, however, will impose an administrative burden on municipal staff to ensure adherence to this requirement for all D.C. services.

Although this change appears to simply include all D.C. services in the current practice of spending or allocating 60% of the reserve fund balances, the exact wording of the regulations will need to be reviewed to ensure no variation in current processes will be required.

### **4. Concluding Remarks**

The proposed changes to Ontario Regulation 82/98 appear to be minimal; however, they do provide for improved alignment of charges with underlying capital costs and increased transparency regarding the planned use of D.C. funds collected. There will be an additional administrative burden for municipalities, however, due to the increased reserve fund reporting. As noted, we will be submitting our comments on the proposed regulation to the Province via the Regulatory Registry.



We anticipate further regulatory changes to the D.C.A., as noted by the Province's release of Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025*. We will continue to monitor any changes and inform you of the potential impacts to municipalities.

Should you have any questions, please contact the undersigned or send an email to [info@watsonecon.ca](mailto:info@watsonecon.ca).

Yours very truly,

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