Ontario introduces Bill 17 to build homes, communities and transit infrastructure faster

May 21, 2025

On May 12, 2025, the Province introduced Bill 17, the *Protect Ontario by Building Faster and Smarter Act, 2025*. This is the first significant piece of legislation since the federal election that is focused on accelerating the Province's goal of building more homes, business and infrastructure, including developments around transit-oriented communities.

If passed, Bill 17 will impact virtually every stage of the land development process – from the submission of planning applications to calculation of development charges and implementation of construction standards. It also proposes to expand the powers of the Minister of Municipal Affairs and Housing, Minister of Infrastructure and Minister of Transportation in various land development matters, including major transit projects funded by the Province.

This bulletin will address the changes under the following topics and statutes:

1. *Development Charges Act*
2. *Planning Act*
3. *Building Code Act*
4. Other legislation for transit projects

The Province has provided helpful information on Bill 17, including a Technical Briefing and a summary letter to heads of Council and chief administrative officers in municipalities across Ontario, highlighting the nature of the changes intended to be brought forward by this legislation.

Comments are open through the Regulatory Registry of Ontario and/or the Environmental Registry of Ontario to June 11, 2025 for the changes to legislation proposed through Bill 17. The deadline to provide comments on proposed regulatory changes are open until June 25, 2025.

1. Development Charges Act

The Province proposes targeted amendments to the *Development Charges Act, 1997* (DCA) to "simplify and standardize" development charges (DCs) in an attempt to support home building through reduced fees. Some of the changes proposed to the DCA appear to indicate the Province catching up with municipalities that have been creative in reducing the DC burden using the tools available under the DCA to accelerate development projects.

a. Expanding DC deferrals and eliminating certain interest payments

DCs are typically payable on building permit issuance, unless otherwise provided in the DC by-law. However, DCs for rental housing and institutional development are payable on a deferred basis, commencing at building occupancy. The purpose of this deferral is to allow later payment in smaller amounts, preserving funds for forms of development that typically require a large capital input up front in the absence of revenues (*e.g*. condominium unit sales). Municipalities may charge interest to help off-set the delayed receipt of funds from rental housing and institutional development.

Bill 17 proposes to defer payment of DCs for all other forms of residential development until occupancy, defined as the earlier of issuance of an occupancy permit or actual occupancy. However, a developer may still choose to pay the DCs before the day they are payable without entering into a formal agreement with the municipality for early payment. Bill 17 would also enable the Province to make regulations prescribing the instruments (*i.e.* financial securities) that municipalities could require to secure deferred payments.

Bill 17 also proposes to eliminate interest payments that municipalities could previously demand on deferred DCs, except for any interest accrued up to the date the specific amendment takes effect. No interest will be payable on deferred DCs for all other forms of residential development. Although the Province indicated that this proposal came from the Mississauga Mayor's Housing Task Force Report, January 2025, that report recommended that interest rates be aligned with the Consumer Price Index, which was not adopted in Bill 17, and also supported deferral of DC payments until construction is complete and not to occupancy.

b. Streamlining by-law amendments to reduce DCs

The process to amend DC by-laws is quite onerous, including the substantial and expensive work needed to complete a background study and public consultation process. Some municipalities, including the City of Toronto and the City of Vaughan, have been creative in side-stepping this requirement to promote development by using section 27 agreements and other tools to define the DC rate payable by reference to a particular point in time (*e.g.* by reference to an earlier by-law, or prior to a certain indexing date).

Through Bill 17, the Province proposes to provide municipalities with the power to amend DC by-laws to reduce DCs without completing the typical process in limited circumstances. The power is limited to (a) eliminating indexing, or (b) otherwise reducing DCs for development as may be specified in the DC by-law amendment.

c. Applying the lowest applicable rate to DCs

For developments that benefit from the “DC freeze”, i.e. fixing the DC rate as at the date of a complete site plan or zoning by-law amendment application, municipalities may levy interest on the DC from the date of the application to the date the DC is payable, *e.g.* first building permit issuance. The intention is to offset the revenue loss to the municipality, at least in part, on the presumption the freeze rate is lower than the later, otherwise applicable rate.

However, the rate applicable at the time of payment may be lower than the freeze rate. In this case, the Technical Briefing states that the builder is charged the lower of the two rates. Bill 17 is more nuanced, providing that the freeze rate does not apply if the freeze rate plus any interest, plus any other DCs for the same development payable at the same time, is greater than the DCs applicable if the freeze rate did not apply in the first place, *e.g.* the rate applicable at building permit. It will be important for both developers and municipalities to ensure that the appropriate calculation is made, if this provision of Bill 17 comes into effect as drafted.

d. Exempting long-term care developments from DCs

While long-term care (LTC) developments can take advantage of the deferrals described above, the Province has determined that DCs, especially if deferral interest is levied, constitute a barrier to LTC projects. Any LTC building, or part of a building used as a LTC home, would be exempt from DCs. For existing projects with outstanding instalments, those instalments are eliminated once the exemption comes into force.

e. Merging service categories for DC credits

The DCA currently requires alignment between the infrastructure type for which a DC credit is sought and the category of DCs against which the DC credit can apply. Bill 17 proposes to permit the Province to make regulations merging service categories for the purpose of relating credits. The Technical Briefing provides the example of merging road and transit service categories, such that a road credit could be applied against the merged road and transit charge. This recommendation came from a joint letter of March 2025 from the Ontario Association of Municipalities (AMO) and the Ontario Home Builders' Association (OHBA) to the Minister of Municipal Affairs and Housing (MMAH).

f. Defining local services

DCs cannot be charged for "local services", or services that are generally associated with a particular development or development area and are paid for by a developer or a group of developers, sometimes within a cost-sharing agreement context. The DCA does not define "local services". The delineation between local services and DC-eligible services is critical to both municipalities and developers in arranging for delivery of infrastructure to support growth, including in a variety of development agreements. Municipalities often adopt policies that attempt to define local services, by reference to quantitative measures like size and capacity, service function or activity, and infrastructure or feature type.

Bill 17 permits the Province through regulation under the DCA to define what constitutes a local service. This was another joint recommendation by AMO and the OHBA to standardize what constitutes a local service across municipalities and help reduce negotiation and disputes. While providing clarity to this undefined term should assist both municipalities and developers, some municipalities may need to revise policies to align with this regulatory direction.

g. Streamlining and standardizing the DC framework

Bill 17 proposes several methods of standardizing the DC framework across Ontario. These proposed amendments would:

- Allow the Legislature to pass regulations that would provide certainty regarding what constitutes eligible capital costs under subsection 2(4) of the DCA, including by limiting and or excepting eligible capital costs. The Technical Briefing indicates that this amendment is intended to address the *value* of eligible land costs, which can inflate DCs across all eligible services. This proposal could standardize across Ontario the parameters of eligible capital costs and may reduce appeals of DC by-laws.
- Allow the Legislature to pass a regulation which could prescribe a methodology for calculating the "benefit to existing" residents (BTE). Currently municipalities calculate benefit to existing at their own discretion. This proposed amendment could be used to standardize this calculation across Ontario and may reduce appeals of DC by-laws.

Although not identified in Bill 17, the Technical Briefing indicates that the Province is considering expanding the requirement that municipalities spend/allocate 60% of the money collected from DCS in their reserve funds at the beginning of each year. This approach would mirror prior amendments that the Province made to the *Planning Act*, which now requires municipalities to spend or allocate at least 60% of reserve funds collected for cash-in-lieu of parkland and community benefit charges.

2. Planning Act

a. Limiting complete application requirements

Municipalities may require developers to provide specific information and materials, including technical studies and reports, before deciding on certain planning applications (*i.e.* official plan amendments, zoning by-law amendments, site plan approvals, plan of subdivisions and consents). Without this information being submitted, an application is not deemed "complete" and the timelines for when a municipality must decide on the application or risk facing an appeal to the Ontario Land Tribunal (OLT) do not run.

Bill 17 proposes to significantly restrict this authority by freezing a municipality's ability to require information to that already identified in the municipality's official plan, unless the municipality obtains written approval from the MMAH. Bill 17 further proposes to introduce regulation-making authority to limit the information that a municipality may require as part of a complete application. The proposed regulation, ERO No. 025-0462, identifies sun/shadow, wind, urban design and lighting studies among the list of prohibited topics, and also proposes to require a municipality to accept certain information and materials if they are prepared by prescribed professionals, such as professional engineers.

The Province's stated purpose is to help create "more consistent and predictable requirements" across municipalities. This is likely a response to increased litigation at the OLT and courts on whether an application is deemed complete or not. While increasing predictability likely benefits both municipalities and developers, the issues that urban municipalities may face on planning applications (and thus the information requested) may vary widely from issues faced by rural municipalities. Likewise, a "blanket approach" to qualifying professionals as part of the complete application process (e.g. professional engineers may be qualified to address a wide variety of engineering disciplines) may simply defer the issue to further litigation at the OLT.

b. Permitting conditional Minister's Zoning Orders

Minister's Zoning Orders (MZOs) allow the MMAH to step into the shoes of a local municipality in passing zoning by-laws to regulate development of land in Ontario. As noted in our bulletin from 2020, the MMAH has increased the use of MZOs since the COVID-19 pandemic, with some MZOs being used to approve LTC homes and save local businesses, while others have been used to facilitate mixed-use developments, sometimes in the face of political and public controversy.

Bill 17 proposes to expand the MMAH's authority by allowing MZOs to be approved, but suspended, until certain conditions have been met to the satisfaction of the MMAH. The MMAH may require the owner of lands affected by the MZO to enter into agreements relating to the conditions, which agreement may be registered on title and enforced against the owner and all subsequent landowners. If the MMAH determines that the conditions have been satisfied, the clerk of the local municipality will provide public notice within 15 days after being notified by the MMAH. Interestingly, the MMAH may also lift the suspension, and thus bring the permissions granted by the MZO in force, so long as he or she is of the opinion that the condition "has been or will be fulfilled".

Given the concerns and 19 recommendations identified by the Auditor General of Ontario in her Performance Audit on MZOs, it will be interesting to see how the new MMAH will direct the use of MZOs, including conditional MZOs. For example, the Performance Audit noted how some municipalities requested specific conditions, such as ensuring a minimum number of affordable housing units or addressing environmental risks, as part of their support for the MZO but that this mechanism was not available to the MMAH to implement at that time.

c. Permitting minor variances "as-of-right" to setback requirements

Bill 17 will enable the MMAH to make regulations that permit certain minor variances to minimum setback distances set out in zoning by-laws "as-of-right". To qualify for the "as-of-right" minor variance, the lands must be (1) outside of the Greenbelt area, (2) within a parcel of urban residential land (i.e. serviced lands zoned for residential use) and (3) not within 300 metres of a railway line or 120 metres of a wetland, shoreline, inland lake, or river or stream valley.

Bill 17 also introduces transition rules for the "as-of-right" zoning deviations established by regulation. The transition rules establish the minimum setback distance (1) as of the day a building permit is issued in respect of the building or structure, or (2) on the day the lawful use of the building use of the building or structure was established, in the case of a building or structure for which no building permit was required.

The Province is seeking public comment on the proposed regulation (ERO No. 025-0463) to permit variations from setback requirements, which are currently set at 10% (*i.e.* if the current minimum setback distance for a given property is 5m, the effective setback distance would be 4.5m). Although the intention of the change is to reduce delays to development, it is noted that minor variance applications often seek variances to not only minimum setback distances, but also to lot coverage, height and minimum landscaping. This may explain why the MMAH inviting feedback on expanding the "as-of-right" variations to other performance standards typically regulated in zoning by-laws.

d. Limiting affordable housing units required through inclusionary zoning

Concurrent with the introduction of Bill 17, the Province announced its decision regarding proposed amendments to O. Reg. 232/18, which came into effect on May 12, 2025 and were implemented by O. Reg. 54/25. O. Reg. 232/18 sets out the framework for municipal implementation of inclusionary zoning in Ontario.

Originally posted for public comment on October 25, 2022, the amendments to O. Reg. 232/18 introduce:

- a maximum 25-year period during which affordable housing units within a protected major transit station area must be maintained as affordable; and
- an upper limit on the number of units that can be required to be set aside as affordable within a protected major transit station area, set at either (1) 5% of the total number of units, or (2) 5% of the total gross floor area of the total residential units, not including common areas.

These changes apply to both rental and ownership affordable housing units.

The Province did not adopt a market-based definition of "affordable residential unit" in O. Reg. 232/18 as initially proposed in 2022. The regulation continues to require official plan policies to specify how affordable unit prices or rents are to be determined. Both the DCA, through the Affordable Residential Units for the Purposes of the *Development Charges Act, 1997* Bulletin, and the Provincial Planning Statement, 2024 define "affordable residential unit" with reference to both market-based and income-based approaches.

e. Permitting schools "as-of-right" in urban residential areas

Bill 17 would restrict municipal official plans and zoning by-laws from effectively prohibiting the use of a parcel of urban residential land for elementary and secondary schools or "any ancillary uses to such schools", which specifically include child care centres. The Province has also exempted the placement of school portables on a school site from site plan control, which was previously limited only for school sites in existence on January 1, 2007.

f. Other potential planning changes

Although not identified in Bill 17, the Technical Briefing notes that the Province is looking into future changes that may affect the *Planning Act*, including consulting on opportunities for making provincial policy tests inapplicable to all of the MMAH's decisions and updating the provincial growth planning guidance, which was last updated in 1995, to better align municipal growth with provincial forecasting.

3. Building Code Act

a. Clarifying municipal by-laws in construction and demolition of buildings

Some municipalities in Ontario, including those identified by the Province as "large and fast-growing municipalities", have set green or sustainable building standards that developers must achieve in order to obtain planning approvals. Developers and other stakeholders in the development industry have challenged the authority of municipalities to adopt such measures, recently culminating in the Residential Construction Council of Ontario (RESCON) bringing a court application to strike down the City of Toronto's Green Standards.

Bill 17 proposes to introduce a new provision to the *Building Code Act, 1992* (BCA) that states that the natural person and broad authority powers under the *Municipal Act, 2001*, do not authorize municipalities to pass by-laws respecting the construction or demolition of buildings. This provides greater clarity to section 35 of the BCA, which already states that the BCA and the Ontario Building Code (OBC) supersede all municipal by-laws for the same purpose.

b. Reducing duplication for evaluation of innovative construction materials

Bill 17 proposes to introduce provisions that would remove the requirement for a manufacturer seeking to introduce an innovative material, system or building design to Ontario from having to go through the Building Materials Evaluation Commissioner to obtain a ruling from the MMAH. This exclusion would apply where the Canadian Construction Materials Centre of the National Research Council of Canada has examined or has expressed an intention to examine that material, system or building design.

4. Other legislation for transit projects

a. Expanding streamlining measures from the BTFA to all provincial transit projects

The proposed changes to the *Building Transit Faster Act, 2020* (the BTFA) are minor in substance, but extend the streamlining measures in the BTFA to all Metrolinx transit projects.

Currently, major Metrolinx projects such as the Ontario Line, Scarborough Subway Extension, Hamilton LRT and Yonge Subway Extension are defined as a "priority transit project". If Bill 17 is passed as written, all Metrolinx transit projects will be characterized under a new definition, "provincial transit projects", and will benefit from the provisions of the BTFA. Most notably, such projects are exempt from *Expropriations*

Act provisions that permit expropriated landowners to request Hearings of Necessity and require special permits for development of any lands within 30 metres of a transit corridor.

This means that all future expansions to Metrolinx's GO Rail and Bus Rapid Transit network would now be considered provincial transit projects, which could impact landowners in proximity to GO Transit lines and routes. In turn, this would significantly increase the speed at which upgrades to the GO network can be delivered by the Province.

b. Authorizing the MTO to direct municipalities and agencies to produce information

Bill 17 amends the *Metrolinx Act, 2006* (*Metrolinx Act*) to grant the Minister of Transportation (MTO) the authority to direct any municipality or its municipal agencies to produce information or data that may be required to support the development of a provincial transit project or a transit-oriented community project (TOCs). These amendments expand similar powers that currently exist over sole responsibility projects advanced by the City of Toronto, such as the Scarborough Subway Extension and Yonge Subway Extension, to municipalities across Ontario. The powers to request information include copies of any contracts, records, reports, surveys, plans and other documents that in the MTO's opinion may be required to support the development of these projects. Municipalities and its municipal agencies must comply with the directive within the time specified by the MTO.

c. Expanding the powers of the Minister of Infrastructure for transit-related projects

Similar to the changes proposed to the *Metrolinx Act*, the proposed revisions to the *Ministry of Infrastructure Act, 2011* (the MOIA) would also grant the Minister of Infrastructure (MOI) or the Ontario Infrastructure and Lands Corporation (IO) the authority to direct production by a municipality or its municipal agencies of information or data that may be required to support the development or implementation of a government-funded project.

Bill 17 also proposes to transfer responsibility for the powers granted by the *Transit-Oriented Communities Act, 2020* (the TOCA) from the MTO to the MOI. This transfer would mean that the MOI would be authorized to engage in agreements or dealings in order to support or develop TOCs related to priority transit projects from the MOIA to the TOCA, pursuant to the MOI's expanded role in the TOCA. The amendments would also grant the MOI the ability to register agreements on title and enforced against the owner and all subsequent landowners.

The proposed amendments to the TOCA pick up the new "provincial transit project" definition in the BTFA. Effectively, this broadens the ability of the Province to develop TOCs along any Metrolinx project, including the GO Expansion projects and Bus Rapid Transit projects. This would represent a significant increase to the scope of the TOC efforts of the Province, and specifically, by the MOI and IO in taking the lead in spearheading those efforts.

Contact us

BLG's Municipal Law and Land Use Planning lawyers will be diligently monitoring the readings to Bill 17 as this legislation makes its way through the Ontario Legislature. As of the date of this bulletin, Bill 17 is scheduled for a Second Reading.

If you have further questions about Bill 17 in Ontario and its impacts on the land development industry and regulation by public authorities, please reach out to any of the authors or key contacts listed below.

By: Isaac Tang, Pitman Patterson, Piper Morley, Lee English, Emma Blanchard, Katie Butler, Brett Davis

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BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749