The Corporation of the Town of Milton

Report To:	Council
From:	Glen Cowan, Chief Financial Officer / Treasurer
Date:	June 15, 2026
Report No:	ES-036-26
Subject:	Development Charge Reduction Program (DCRP)
Recommendation:	That Council consider the options that have been identified herein for the Town of Milton with respect to the Development Charge Reduction Program.

EXECUTIVE SUMMARY

- The DCRP has been released by the Province with an application deadline of June 19th, 2026. The program provides an opportunity for project funding to municipalities that provide a reduction in DC rates of at least 30% for a three-year period.
- The program introduces several financial risks to the municipality. The municipality will bear the risk of any fluctuation in the amount of DC reductions that are required within the three-year period. The municipality will also carry risk if the project funding is withheld, for reasons that could include potential delays in the project timeline.
- Municipalities are required to fund at least 10% of the eligible project cost, and the Province has indicated that these growth-related costs are expected to be funded by the municipality from non-growth related funding sources.
- One potential option for Council to consider is outlined in this report, and would involve the Town providing residential DC rebates of up to approximately 47% while requesting funding through the DCRP for the Town's next Community Centre and Library. If pursued, a further Council approval would be required once the specific terms of the funding agreement were available.
- The Town of Milton is well positioned to support the shared goal of increasing housing supply, as the local portion of the residential DC rates is 38% below the average of comparator municipalities, the Town has exceeded its housing target for the last three years, and as the Town continues to grow across a number of secondary plan areas.
- Resolutions that Council may consider with respect to an application for the DCRP are provided in the body of this report.

REPORT

Background

On June 1, 2026, the Province of Ontario introduced the Development Charge Reduction Program (DCRP), with an application deadline of 10:00 am on June 19, 2026. Full program guidelines are provided to this report as Appendix 1. Key aspects of the program include, but are not limited to, the following:

- The program is an application-based, competitive process, and funding approval is not guaranteed.
- DCRP requires a reduction of at least 30% on all residential development charges, based on the applicable DC rate as of March 30, 2026, and for the reductions to maintained for three (3) years.
    - The DC reduction can be applied to one service category, or shared between all or multiple services.
- The Provincial and Federal governments will fund up to five eligible projects, noting that:
    - Project tenders must be awarded no later than July 31, 2030 and be completed by October 31, 2035.
    - Projects must be identified in the most recent DC Background Study with a date that is no later than July 31, 2030.
    - Housing-enabling infrastructure will be prioritized (versus community infrastructure), as will shovel-ready projects.
    - Up to 90% of the eligible cost may be funded, while the municipality will be required to fund at least 10% of eligible costs, as well as ineligible costs and any cost overruns.
- Funding will flow to the municipalities via milestone payments related to the approved projects. As such, municipalities must have a financing strategy to cash flow the initial cost as well as any potential cost overruns.
- The application will require a variety of information to be prepared and submitted by the municipality, including the estimated number of housing units that will benefit from DC reduction, the number of housing units enabled by the project, a commitment to fund the municipal share of at least 10% of eligible costs, a commitment to comply with specific articles of procurement legislation, and an agreement in principle to the program.
- Annual reporting will also occur during the term of the agreement, with a number of submission requirements for the municipalities.

Background

- Successful applicants will be expected to execute a Transfer Payment Agreement (TPA) by August 15, 2026.

Due to the condensed timeframe between announcement (June 1) and application due date (June 19), Milton Council's scheduled workshop for June 15th has been re-purposed to a meeting of Council in order to consider this report and the alternatives available to Council.

Discussion

This report will outline a number of key considerations that staff have been able to identify and assess since the program guideline became available. After providing context and analysis related to the program, several potential alternatives that are available to Milton Council are provided, along with a draft resolution for each should Council choose to adopt a direction to staff in relation to the DCRP.

A key aspect of the DCRP that will directly impact Council's determination of next steps is the fact that the program requires the municipality to guarantee a residential DC reduction of at least 30% for a 3 year period, while the funding from the Provincial and Federal Governments relates to capital project spending (and not the cost of the rebates themselves). This means that:

1) The municipality will bear the entire financial risk should the number of housing units that access the DC reduction program increase to the point where the value of the DC reductions exceeds the eligible project costs.

2) Municipalities will need to cash flow the foregone DC revenue, as reimbursement for project funding is expected over a 10-year period versus the 3-year period for DC reductions.

3) The municipality will bear the risk of funding DC reductions should the capital project(s) that is approved incur timing delays beyond the DCRP deadlines, or should the other levels of government deny project reimbursement payments due to any other conditions imposed as part of the program.

Another key element of the program is the requirement for the municipality to fund at least 10% of the eligible cost that is approved for Federal and Provincial funding through this program. The Province has indicated an expectation that a non-growth related funding source will be required for this growth-related project cost. This municipal funding contribution, or portions thereof, would likely not have been reflected in the Town's existing budget forecasting, and a funding source will need to be identified by the Town should Milton elect to participate in the DCRP. Further clarity on eligible funding sources will be sought through the TPA process.

Discussion

Two key elements of the Development Charges Act (DCA) that will be relevant to the Town's assessment of this program are:

- Section 5(6)(3) of the DC Act states that if the development charge by-law will exempt a type of development, phase in a development charge, or otherwise provide for a type of development to have a lower development charge than is allowed, the rules for determining development charges may not provide for any resulting shortfall to be made up through higher development charges for other development.

- DC rates are determined, and DC revenues, expenditures and reserve funds are managed, on a per service (or class of service) basis. As such, any changes from the forecasted activities that were identified in the DC background study at the time of DC rate approval remain exclusive to the related service, such that any resulting implication on the DC rate for that service is carried to future updates to the background study and by-law.

Section 1 - DC Rebate Amount

The DCRP requires all residential DC rates to remain at least 30% lower than the effective rates as of March 30, 2026. As the Town of Milton subsequently indexed development charges on April 1, 2026 in accordance with the DCA and Town by-law, and passed a new DC by-law with updated residential rates that will be effective on December 31, 2026, a residential DC reduction of greater than 30% will be required for Milton as shown below.

	Residential Development Charge Rates and Reductions Required[1]					
	March 30, 2026	Maximum DC Rate allowed by DCRP[2]	DC Rate for April 1, 2026 to December 31, 2026	% Reduction Required	DC Rate for post December 31, 2026[3]	% Reduction Required
Single & Semi Detached	$30,173	$21,121	$31,290	-32%	$35,663	-41%
Multiples	$22,690	$15,883	$23,531	-33%	$28,428	-44%
Apartments (>= 2 bedrooms)	$13,925	$9,748	$14,441	-33%	$18,272	-47%
Apartments (<2 bedrooms)	$10,267	$7,187	$10,647	-32%	$12,997	-45%
Special Care Special Needs	$8,725	$6,108	$9,048	-32%	$10,257	-40%

1. Excludes Stormwater rates, which were consolidated and lowered for all area specific rates within Milton effective May 2026.

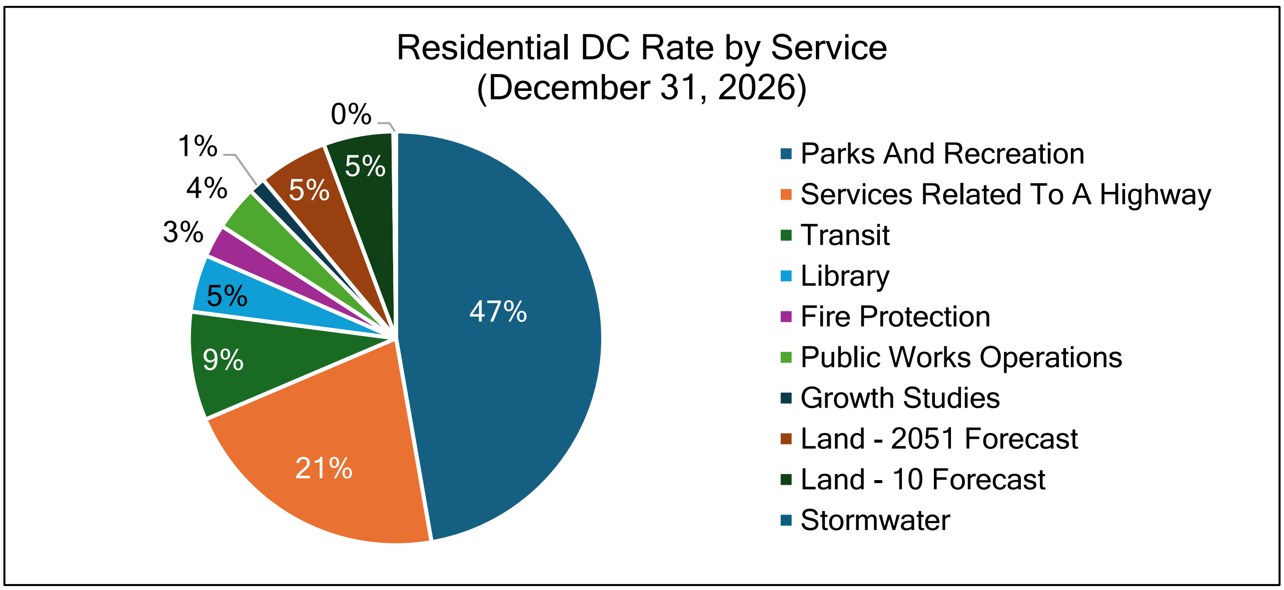
Discussion

2. Maximum DC rate equals March 30, 2026 rate less 30%.

3. DC rate would also be indexed as of April 1, 2027 and April 1, 2028, which will also increase the value of the reduction provided during the 3-year term of the program.

The residential rate reduction that will be required from March 30, 2026 to December 31, 2026 will be 32% to 33% for all residential categories. After December 31, 2026 the reduction required will increase to between 40% and 47%. The various residential categories will experience different percentage reductions due to updates to the persons-per-unit figures that were introduced in the most recent DC by-law update process. Percentage reductions above 47% can be expected in 2027 and 2028, after the DC indexing that is identified in the by-law each year on April 1st.

As noted above, the reduction to the DC rates can be applied to all services or to only selected services. To help inform that decision, the following graph presents composition of the total residential DC rate as approved in the Town's updated by-law.



Of note, the Parks and Recreation service comprises almost half of residential DC rate, and is the only service large enough to absorb the entirety of the DC rate reduction required on its own.

Section 2 – Three Year Growth forecast

Based on a review of the statuses of the individual applications that have been received by the Town, the current forecast for residential building permit issuance over a 3-year period is:

Discussion

	Residential Housing Unit Forecast (based on estimated time of building permit issuance)			
	2026	**2027**	**2028**	**Total**
Single/Semi Detached	324	727	842	2,143
Multiple	276	1,141	1,498	3,015
Apartments	797	370	1,731	2,898
Subtotal	**1,397**	**2,238**	**4,071**	**7,706**
Additional Dwelling Units (ADUs)	274	275	275	824
Total	**1,672**	**2,513**	**4,346**	**8,530**

It is important to note however that this estimate is highly variable in normal times in the case of a high growth municipality such as Milton, and reasons for acceleration or delay in the timing of any particular housing unit include many that are beyond the control or influence of the municipality. This is especially true in the 3-year period in question, as the extent of impact from 1-year HST rebate program remains unknown, and uncertainty remains as to whether further DC reductions will occur in relation to Halton Region's portion of the DC. For this reason it is important to undertake scenario analysis in relation to the Town's growth estimate.

The following table presents the 19,643 housing units that are at various stages of the approval process with the Town:

	Housing Units by Planning Approval Stage (as of Q2 2026)				
	Single/Semi	Townhouse – Regular	Townhouse – High Density	Apartment	**Total**
Site Plan Approved	-	32	60	965	1,057
Registered	540	328	88	1,638	2,594
Subtotal – Building Permit Approval Stage	**540**	**360**	**148**	**2,603**	**3,651**
OPA/ZBA Approved	20	34	30	2,360	2,444
Draft Plan Approved	1,003	1,043	1,002	3,781	6,829
Subtotal – Planning Applications Partially Complete	**1,023**	**1,077**	**1,032**	**6,141**	**9,273**
Application In	1,499	1,888	38	2,067	5,492
Pre-Consultation	-	110	-	1,117	1,227
Subtotal – Approval Process Commenced	**1,499**	**1,998**	**38**	**3,184**	**6,719**
Total (excluding ADUs)	**3,062**	**3,435**	**1,218**	**11,928**	**19,643**

Discussion

Note –There are also 59,209 additional units in the Town's forecasting that have not yet submitted an application or initiated the pre-consultation process with the Town.

Geographically, this inventory of expected housing units is divided between secondary planning areas as follows:

	Total 2026 Onwards			
	Pre-HUSP / Rural	HUSP	Trafalgar	Total
Site Plan Approved	570	487	-	1,057
Registered	-	2,594	-	2,594
Subtotal – Building Permit Approval Stage	**570**	**3,081**	**-**	**3,651**
OPA/ZBA Approved	1,557	887	-	2,444
Draft Plan Approved	-	6,829	-	6,829
Subtotal – Planning Applications Partially Complete	**1,557**	**7,716**	**-**	**9,273**
Application In	1,906	820	2,766	5,492
Pre-Consultation	1,227	-	-	1,227
Subtotal – Approval Process Commenced	**3,133**	**820**	**2,766**	**6,719**
Total (excluding ADUs)	**5,260**	**11,617**	**2,766**	**19,643**

Based on the combination of the information above, the Town's current forecast of 7,706 housing units (excluding ADUs) in the next 3 years represents 39% of the units that are already engaged in the planning approval process with the Town.

	Housing Units by Planning Approval Stage as of Q2 2026		
	Total Units in Planning Process	**Forecasted in 3-Year Period**	**3-Year as % of Total**
Site Plan Approved	1,057	487	46%
Registered	2,594	925	36%
Subtotal – Building Permit Approval Stage	**3,651**	**1,412**	**39%**
OPA/ZBA Approved	2,444	1,052	43%
Draft Plan Approved	6,829	2,237	33%

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Subtotal – Planning Applications Partially Complete	**9,273**	**3,289**	**35%**
Application In	5,492	2,685	49%
Pre-Consultation	1,227	110	9%
No Application as of Q2 2026	Note 1	210	Note 1
Subtotal – Approval Process Commenced	**6,719**	**3,005**	**45%**
Total (excluding ADUs)	**19,643**	**7,706**	**39%**

Note 1 – of the 59,209 additional units in the Town's forecasting that have not yet submitted an application, 210 have been forecasted to reach building permit within a 3 year timeframe. As the 59,209 units are expected over a period of decades, they have been excluded from the total presented in this table.

Due to the uncertainty in the degree that the various incentive programs will stimulate additional building activity, and the fact that a 3-year timeframe is long enough to allow for a number of variables to grow the housing starts (and therefore exemptions that require funding), a scenario analysis can be used to measure various potential outcomes that could transfer additional cost to the Town via the DCRP. The range of potential outcomes assessed can also consider the fact that the Town is expanding across numerous secondary plan areas on a concurrent basis, increasing the potential for utilization of any DC reduction.

	Total Units in Planning Process	Scenario 1 10% Increase to Baseline Scenario		Scenario 2 50% Increase to Baseline Scenario		Scenario 3 All Units with Submitted Application as of Q2 2026 Proceed	
		Forecasted Units in 3-Year Period	As % of Total	Forecasted Units in 3-Year Period	As % of Total	Forecasted Units in 3-Year Period	As % of Total
Building Permit Approval Stage	3,651	1,553	43%	2,118	58%	3,651	100%
Planning Application Partially Complete	9,273	3,618	39%	4,934	53%	9,273	100%
Approval Process Commenced	6,719	3,306	49%	4,508	67%	5,492	82%
Total (excl. ADUs)	**19,643**	**8,477**	**43%**	**11,559**	**59%**	**18,416**	**94%**

Section 3 – Projected value of DC Reductions provided in 3 Years

As outlined in Section 1 above, the value of the DC reduction will vary during the 3-year period based on each housing unit type (single, multiple, apartment, etc.), as well as the date within the period where each individual building permit is issued. Over the entire period, the average

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value of the DC reduction per unit across all unit types, excluding ADUs, is estimated at $11,019 in the baseline scenario. Applying that average cost per unit to the scenarios introduced in Section 2 above, combined with the estimated 824 ADUs projected over the 3 year timeframe, a range of potential DC reduction values can be arrived at as follows.

	Number of Housing Units in 3 Years (incl. ADUs)	Estimated Value of DC Reductions in 3 Year Period	Difference vs. Baseline Scenario	
			Housing Units	Value of DC Reduction
Baseline Scenario	8,530	$90,236,868	-	$ -
Scenario 1	9,301	$98,728,024	771	$8,491,157
Scenario 2	12,383	$132,692,652	3,853	$42,455,784
Scenario 3	19,240	$208,249,182	10,710	$118,012,314

In order to protect the property tax base from unanticipated financial pressure that could result from an increased volume of housing units within the 3-year period, sufficient grant funding for the related capital projects should be secured to mitigate that exposure.

Section 4 – DC Reserve Fund Cash Flow

As the DCRP is expected to result in the municipality providing the DC reductions in advance of the recovery of the grant funding towards the eligible project funding, it will be important for the Town to have a plan in place to manage the cash flow.

The following table presents the ending balances forecasted for the Town's DC related reserve funds, as was forecasted through the 2026 Budget process.

DC Reserve Fund Forecasted Year End Balances from 2026 Budget Process ($M)										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Parks/Recreation and Library Residential DC	132	156	166	177	168	123	123	136	159	186
All other DC Reserve Funds	(38)	(48)	(68)	(85)	(84)	(87)	(86)	(72)	(60)	(64)
Total	95	108	98	92	85	36	38	64	99	122
Post Period Capacity	(5)	(12)	(19)	(26)	(32)	(36)	(40)	(45)	(50)	(55)
Total DC and PPC Balance	89	96	78	66	53	0	(3)	19	48	67

Note: The Town is also forecasting the use of $94.0 million in debentures for DC-related cost during this period.

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The table shows that while many DC reserve funds are projected to carry a deficit balance throughout the forecast period, the parks and recreation and library residential DC reserve funds are projected to carry a positive balance. This occurs as a result of the typical timing of a community centre relative to the related growth within the community. Although separate tracking of each DC reserve fund is required in order to ensure legislative compliance, the Town manages the cash flow for all of the DC and post period capacity (PPC) reserve funds on an aggregate basis, whereby funding surpluses and shortfalls have the potential to offset (with a related interest adjustment each year for each reserve fund). The Town aims to avoid an overall deficit position in the DC and PPC reserve funds through its forecasting and planning exercises.

Should the Town participate in a DCRP whereby DC revenue reductions are provided for the period March 30, 2026 to March 30, 2029, the projected DC reserve fund balances above can be expected to be reduced. Given the potential magnitude of the revenue reductions (example - $90 million in the baseline scenario), an overall deficit balance for the DC and PPC reserve funds is possible, and would require mitigation or a funding plan from the Town.

Options to manage a shortfall could include (but are not limited to):

- Utilization of external borrowing;
- Internal borrowing from other Town reserves;
- Timing adjustments within the Town's capital forecast;
- Other solutions that may be identified or introduced.

Section 5 – Review of Potential Eligible Projects

A review of the Town's DC Background Study (including addenda) as well as the Town's capital forecast was undertaken with the DCRP criteria and evaluation framework in mind. Key aspects considered in the review were the identification of projects from the DC study that were presented no later than the year 2030, as well as the differentiation of housing enabling projects (such as roads or transit) versus community infrastructure (such as fire stations or community centres). A focus was also placed on large value projects given the magnitude of the DC reductions that are expected, along with the limit of 5 projects per application. It also may be in the Town's benefit to concentrate its funding request on a smaller number of DC eligible service categories. The following projects of note were identified:

Discussion

Housing Enabling Infrastructure				
Description	**Service**	**Timing per DC Study**	**Gross Cost in DC Study**	**DC Recoverable Share**
Maintenance and Operations Facility	Transit	2025-2034	$86.0	$47.9
Main St. Extension (Fifth to Sixth)	Roads	2027	$24.2	$24.2
5th Line (Derry to Britannia)	Roads	2026	$45.9	$39.0
6th Line (401 to Derry Road)	Roads	2027 - 2030	$ 37.9	$32.2
Community Infrastructure				
Trafalgar Fire Station	Fire	2027-2028	$10.2	$10.2
Boyne Community Centre	Recreation	2028-2030	$135.7	$135.7
Boyne Library Branch	Library	2028-2030	$22.1	$22.1
Operations Centre Expansion	Public Works	2027-2029	$16.4	$16.4

Although the DCRP guidelines indicate that priority will be provided to Housing Enabling projects, the Town of Milton may want to focus its efforts on Community Infrastructure due to the following considerations:

- The roads and transit DC reserve funds carry the largest deficit balances within the planning horizon, and as a result are not well positioned to incur a significant revenue reduction early in the forecast period.
- The road projects require land acquisition from a larger number of property owners, as well as coordination with other agencies (including utilities), which creates potential external impacts on the targeted timelines.
- Due to the relative size of the residential DC rate for roads and transit (in relation to the total residential DC rate), as well as the size of the projects noted above, a larger number of projects would be required for inclusion as part of the DCRP program.

As a result, and as described in more detail below, the Town may be better positioned to focus any funding application on Community Infrastructure, and specifically the next Community Centre and Library. There are timing challenges associated with this project (relative to the DCRP requirements), which are considered in further detail below. However due to the size of the DC rates related to these services, the related DC reserve fund balances, and the size of the overall investment required for a project of this magnitude, this project likely aligns best with the structure of the DCRP.

Section 6 – Potential Options for Council Consideration

Discussion

Option 1) Submit an application for a new Community Centre and Library and proceed so long as the final terms in the TPA sufficiently consider the financial risks to the Town

Town Council could elect to submit a DCRP application with the following key elements:

- The Town would commit to providing a DC reduction such that the total residential DC rate for each housing type would be maintained at a level 30% lower than the March 30, 2026 DC rate.
  - Since the Town approved a new DC by-law after March 30, the size of the reduction will vary between 40% and 47% beginning on December 31, 2026, and will grow further in future years due to foregone indexing.
  - The average value of the reduction during the period is currently forecasted at $11,019 per unit.
  - The estimated value of the DC reductions is currently $90.2 million, but as shown in the sensitivity analysis above, could see a notable increase should additional units proceed to building permit.
- The Town's understanding is that the Provincial and Federal governments could be requested to fund 90% of the eligible DC recoverable share of the next new Community Centre and Library in Milton.
  - The DC recoverable share presented in the 2026 Background Study amounted to $157,875,000. As that cost was presented in $2025, and in order to reflect the expected cost at the time of tender, the updated DC share will total $183,020,394 inclusive of inflation as contemplated in the DCRP guidelines.
  - Excluding certain ineligible costs that cannot be attributed to the municipal share of 10% and applying a 90% funding share results in a potential recoverable amount of $158,749,533.
  - As the proposed eligible costs is expected to exceed the final value of the DC reductions that are provided during the 3-year period (in order to provide the Town risk mitigation), any excess amount could result in a reduction in the Town's DC rates beyond the 3-year period.
- The Town would be required to commit to funding the remaining value estimated at $24,270,862, which consists of both eligible and ineligible costs under the DCRP guidelines. The Town would also remain responsible for any cost overruns.
  - Feedback provided to date from the Province has confirmed that for the municipal share of 10% of the eligible growth related costs, a non-growth funding source will need to be utilized.
  - Town reserves currently hold an accumulation of taxpayer-generated funding for DC exemptions that were previously provided for Park/Recreation and Library DC

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exemptions. Subject to the TPA, the Town would first utilize those funds towards the Town funding share.

- A budget pressure on the property tax rate and/or utilization of the Town's tax-funded reserves would likely be required in order to fund a portion of the Town's contribution.
- Potential funding sources will need to be further validated as part of the TPA process.

As noted in the report above, there are several forms of financial risk that are transferred to the Town should it participate in the DCRP. Should Council proceed with Option 1 as outlined herein, these risks can be reduced (although not fully eliminated), through the following measures that would require Provincial approval:

- Milton would retain the risk that the value of DC reductions provided during the 3-year period exceeds the eligible project costs, creating the potential for additional costs to Milton's property taxpayer.
  - This risk could be reduced through ensuring that the funding provided for the Town's project provides sufficient contingency above the estimated DC reduction value. As proposed above, the eligible cost that Milton will be applying for amounts to 176% of the projected DC reduction value. Any amount received for the project that is above the DC relief provided can be used to reduce DC rates beyond the 3-year period.
- Reimbursement of 90% of the eligible project cost is contingent on the Town tendering the project no later than July 31, 2030, and completing the project no later than October 31, 2035. This timeframe creates a potentially significant risk to the Town as there are a number of milestones required before a tender can be issued for the next Community Centre and Library, and the timing of several of those milestones is influenced by external factors beyond the Town's control.
  - The Town is currently exploring the potential to accelerate the construction of the next Community Centre and Library by assessing additional locations due to the timing restraints in Boyne. Should a solution be secured, the Town would require assurance from the Province through the TPA that either location would be eligible for the approved DCRP funding.
  - It is also recommended that should Council choose to proceed with Option 1, that the Town request the Province to consider alternative language with respect to the project timeline in the TPA for Milton, in order to reduce the risk of the DC reductions being fully paid for by the Town (with no reimbursement through project funding) due to project timing challenges.

Discussion

There may be other language included in the TPA that create a potential withholding of eligible cost reimbursement to the Town. As such, should Council choose to proceed with Option 1 the Town's participation would be subject to further Council approval once all details included in the TPA are clarified.

Option 2) Town of Milton Council Elects not to participate in the DCRP

Whether it be due to:

- the financial risk created to the organization and Milton taxpayers due to the current structure of the DCRP;
- the requirement to fund a minimum of 10% of the eligible growth-related costs with non-growth related funding sources;
- the condensed timeframe that was provided to assess the program and undertake a public process to consider the Town's potential involvement; or
- a combination of the factors above along with other considerations;

Town Council could choose to not apply for the DCRP.

Should this alternative be selected, the Town would continue to implement the recently approved DC by-law, and would remain well position to continue to support housing growth within the Province. It is important to note that:

- Following approval of its latest DC by-law, Milton continues to offer one of the lowest local residential DC rates amongst its comparable lower tier municipalities.
    - 38% lower than the average local calculated DC of our comparator group.
    - Through the process Milton Council has already approved the reduction or deferral of $312 million in capital costs for the purpose of reducing the DC rate by $4,962 per single detached home.
- Growth within the Town of Milton has continued to achieve the housing targets provided, with the Town exceeding requirements for the last three years and maximizing the grant funding available through the Building Faster Fund and the Housing Accelerator Fund. The 2,728 housing units that received building permit approval in 2025 represented the second highest single-year total for Milton.
- Even with strong growth in the Town's currently developing secondary plan area and intensification area, the Town has continued to actively move forward with the approvals for four (4) new secondary plan areas that will allow for continued residential growth within the Town.

Discussion

- The Town's property tax base currently funds the exemption or reduction of DCs for a number of strategic priority areas including affordable housing, rental housing, additional residential units, long-term care, and non-profit housing.
    - The Town also funds DC exemptions for key infrastructure that is required for growth, including new or expanded schools, hospital, correctional facilities, emergency response stations, and recreation centres.
    - The annual cost to the taxpayer continues to grow, averaging over $6.5 million per year in the forecast period.
- The extent to which the Provincial and Federal program to waive the HST on new home construction will increase building activity in Milton has yet to be measured. As the HST reduction offers a much larger financial incentive than any reduction of a local DC could, a short-term boost to the anticipated 2026 and 2027 housing approval activity may be expected.

Section 7 - Implementation Considerations

There are aspects related to the implementation of the DCRP that staff will need to work through should Council provide direction to apply to the program and subject to the review of the TPA. They include, but are not limited to:

- Determination of the optimal method to enact the DC rate reduction. It is currently anticipated that the Town will create the DC reduction program outside of the current DC by-law. This will be further assessed in the context of the TPA and Council approval will be sought prior to implementation.
- Since the DCRP requires an effective date for reductions of March 30, 2026, staff will have to evaluate refunds that may be required to previously paid DCs that may now qualify for the lower rate.
- Software configuration and changes may be required in order to effectively administer and report on the program, as well as the update or introduction of related business processes.

Section 8 - Next Steps

Should Council provide direction for an application to be prepared for the DCRP, the Town will have a very short time period in order to prepare the submission for the deadline of 10 am on June 19th. The submission requires a variety of information related to DC revenues estimates, housing unit forecasting, project information including mapping requirements, supporting documentation as well as attestations. As such, a cross-functional team involving several of the Town's departments will prepare and consolidate all of the required information for submission.

Discussion

The application is a web-based process that involves a variety of fixed fields which may create challenges for the Town to convey several elements of its position and interest in the DCRP. Staff will apply best efforts to relay the Town's position through the application process, noting that some elements may need to be relayed via other avenues before the finalization of a TPA if the Town's application is considered.

Also, should an application be submitted and potential funding be announced for Milton, Town staff will attempt to gather more detail on the TPA that is expected to be executed in August 2026. Should further information become available in advance of the Town's scheduled July 13, 2026 Council meeting, further reporting to Council may occur through that meeting.

Based on the language that is proposed in the draft resolution below, a further Council approval in order to execute the TPA will be required. Since the Province has indicated that all TPAs will require execution no later than August 15th, Council authority may be sought through either the July 13th Council meeting, or through the creation of a new potential meeting date in August.

The DCRP also indicates that the municipality should be ready to implement the reductions immediately following the execution of the TPA. Should Council direction be given to apply to the DCRP, staff will endeavour to design a program for Council consideration at the time that authority for the execution of the TPA is requested.

Section 9 – Draft Resolutions for Council Consideration

The following potential resolutions have been prepared in the context of the two options that are outlined in further detail above. Should Council wish to consider an alternate course(s) of action, staff can further support Council as needed.

If Council would like to pursue Option 1, as outlined in this report, the following resolutions could be moved and considered:

> THAT staff be directed to submit an application for the Town of Milton's participation in the Development Charge Reduction Program (DCRP), including the following notable submission details:
>
> - That the Town of Milton will maintain residential development charges payable at the rates that were effective on March 30, 2026 less 30%, applicable to housing units for which building permits are issued between March 30, 2026 and March 30, 2029.
> - The Town's next new Community Centre and Library will be forwarded to the Province as the Town's requested project for funding through the DCRP, with a requested Provincial/Federal funding share of approximately $158,749,533.
>
> THAT, subject to the Province's approval of the Town's application, staff attempt to explore potential opportunities with the Province to ensure that the language in the Transfer Payment Agreement appropriately considers the financial risk to

Discussion

the Town of Milton that is related to the timing of delivery of the new Community Centre and Library.

THAT, subject to the Town's participation in the DCRP, the Council of the Town of Milton commits to funding 10% of the eligible project costs, and that staff be directed to prepare a funding strategy for Council consideration based on the terms that will be outlined in the Transfer Payment Agreement.

THAT the Town's Chief Administrative Officer be delegated the authority to revise the Town's application, if necessary, based on any potential consultation with the Province of Ontario.

THAT a report be presented to Council to secure authority prior to the execution of any Transfer Payment Agreement that is associated with the Development Charge Reduction Program.

Should Council prefer to proceed with Option 2, the following resolution could be considered:

THAT the Town of Milton elect not to submit an application for the Development Charge Reduction Program.

THAT staff continue to consider opportunities for the Town to continue to exceed its housing targets and contribute to the growth in housing opportunities within the Province of Ontario.

THAT the Town continue to consider opportunities to partner with other levels of government to advance the shared interest in creating housing solutions.

Financial Impact

The funding of growth-related infrastructure is a significant part of the financial planning and management for a high-growth municipality such as Milton. As shown in the Town's recent DC by-law update process, the Town's DCs are expected to support the construction of $2.25 billion in infrastructure costs over the planning horizon in order to support growth in the community to 400,400 people and 112,689 jobs. The Town has historically collected up to $40 million per year in DC revenue, with that annual figure expected to grow notably in the forecast period as the Town expands to a number of new secondary planning areas and incentives, such as HST rebates, are provided.

Financial implications that have been identified to date in relation to the DCRP have been outlined in this report. Although the financial risks to the municipality cannot be eliminated, there may be opportunity to reduce some of those risks through the DCRP should the Province be amenable.

Further assessment of the DCRP, including implications to Milton, can be expanded upon in a future report should Council give direction to staff to submit an application, and should further detail be provided by the Province through the agreement process (and prior to execution of a TPA).

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Glen Cowan Phone: Ext. 2151

Attachments

Attachment 1 – DCRP Program Guidelines

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.

Ontario

Development Charge Reduction Program

Program Guidelines

June 1, 2026

Application Deadline: June 19, 2026

Contents

1. Program Overview

On March 30, 2026, Canada and Ontario announced the historic partnership, known as the Canada-Ontario Partnership to Build (COPB), in support of shared goals, including building more homes faster to make housing more affordable, getting shovels in the ground on key transit projects and supporting economic development.

The Development Charge Reduction Program (DCRP) delivers on a key pillar of the COPB commitment. The DCRP is an application-based program to provide up to $8.8 billion in federal and provincial capital funding to enable Ontario municipalities to unlock more housing supply by:

- providing partial relief to their builder community from development charges (DCs) for three years; and
- prioritizing investments in housing-enabling infrastructure over ten years.

The following guidelines provide an overview of program details and requirements and act as a reference for municipal applicants. **Please review it in detail before applying for the DCRP and note that there will only be a single intake for this program**.

2. Program Objectives

A DC is a discretionary charge that a municipality can choose to levy on new residential developments **to pay for a portion of growth-related infrastructure costs** for services such as water, wastewater, stormwater, roads, transit, fire, ambulance, police and community centres.

Rising municipal DCs add to the cost of building homes and therefore, are considered a major barrier to unlocking the housing supply. This program is designed to address this barrier.

Eligible municipal applicants must commit t**o reduce DC rates across the board (i.e., for all residential development types in all areas of the municipality) from their level as of March 30, 2026 and maintain that reduction for three years** to have eligible projects considered for funding.

The eligibility for the program also extends to municipalities that took early action – i.e., reduced and maintained low DCs prior to March 30, 2026.

Eligible projects must meet the following outcomes:

- Primarily enable the construction of new housing units;
- Accelerate the delivery and implementation of shovel-ready infrastructure projects in the municipality’s DC background study and capital plan; and

- Be complete by October 31, 2035.

The funding intake is a competitive process. Funding approval is not guaranteed.

The Province reserves the right to deny any application regardless of whether all criteria have been met, and to reduce or otherwise adjust the funding amount for approved applications.

3. Applicant Eligibility

3.1 Overview

Eligible Applicants

Eligible applicants, (i.e., Ontario single, upper and lower tier municipalities), must meet the following eligibility requirements:

- Levy residential DCs i.e., have an active DC by-law in place as of March 30, 2026
- Provide an agreement-in-principle at the time of application to:
    - reduce DC rates, in effect on March 30, 2026, by 30% to50% or greater and maintain the reduction for three years;
    - apply the DC rate reduction to all residential development types; and
    - where the application is submitted jointly, take all necessary actions to ensure that all non-signatory applicants expressly agree to and fully comply with all the above-noted obligations.

Please note that:

- the DC rate reduction must be inclusive of area-specific DCs, where those exist.
- the manner in which the DC rate reduction is arrived at – i.e., reducing the DCs for certain services or for all services by the same percentage is a municipal choice.
- actual DC reduction changes are to be in-effect immediately following the execution of the Transfer Payment Agreement (TPA). Any payments would be conditional on the applicant, including any non-signatory applicants, reducing and maintaining the DC rate reductions. In addition, municipalities would need to take such steps to ensure that developments that obtain building permit after March 30, 2026 receive the benefits of the DC reductions from this program. These steps may include where applicable, using the streamlined process introduced through Bill 17, the *Protect Ontario by Building Smarter and Faster Act, 2025*, to immediately reduce their DC rates in their DC by-law and post the new by-law on their website.

Eligibility for Applicants with demonstrated retroactive DC actions

To be eligible for program funding for retroactive actions, the applicable municipalities:

- must provide evidence of having reduced and maintained DC reductions of 30% to 50% across the board (i.e., for all residential development types);
- Maintain the DC reductions for a period of three years; and
- Ensure the DC relief is provided to builders, who created new housing (i.e., had building permits issued) during this three-year period.

Application Requirements

Eligible applicants would need to provide the following information in their application, other than the evidence with respect to the DC rate reduction as outlined above:

- An estimate of the number of housing units that will benefit from the reduced DCs (i.e., the DC relief provided to builders) and the resulting amount of DC relief;
- A reasonable estimate of the number of housing units that will be enabled by the proposed municipal infrastructure project(s);
- Proposed infrastructure projects for DCRP funding from within the municipal DC Background Study, and municipal capital plan. *Please note that municipalities considered for retroactive DC reductions can choose projects from the municipal capital plan that may not be in their DC background study.*
- Commitment to funding at least 10% of eligible municipal infrastructure project costs ; and
- Commitment to complying with the Housing, Infrastructure and Communities Canada's Buy Canadian Policy or Municipal Buy Ontario Procurement Directive, as set out in the TPA.

Please note that **applications would be prioritized based on the depth of DC rate reduction and the number of housing units that would benefit from the DC relief provided to builders in their communities.**

Applications that provide for greater DC rate reductions (i.e., more than 30% to 50%) and higher municipal infrastructure project cost contributions (i.e., more than 10%) would be eligible to receive higher DCRP funding to support more cost-shared municipal infrastructure projects.

3.2 Joint Applications

Joint applications among municipalities (e.g., joint lower and upper-tier applications, or across municipal boundaries) are eligible, in circumstances where a single infrastructure project might span multiple municipalities. For example:

- Large-scale housing enabling infrastructure projects can span large land areas extending beyond a single municipality's borders.
- Complex infrastructure needs, i.e., where municipalities might require shared infrastructure, such as roads or water/wastewater projects, that necessitates coordination across municipal boundaries to ensure all areas receive necessary services.

If eligible applicants want to submit a joint project, then the primary applicant must submit it in a separate application. All municipalities that are part of the joint application are required to meet the eligibility criteria for the DCRP.

Important: The DC rate reduction commitment and impact information in the joint application should be consistently cross-referenced in all individual applications to enable a comprehensive understanding of the impact of the individual applicants' DC rate reduction relative to funding amounts requested across projects (joint and individual).

4. Project Conditions

4.1 Overview

The provision of the DCRP is governed by the Government of Ontario/Ministry of Municipal Affairs and Housing (Province/Ministry) and the Government of Canada/Housing, Infrastructure and Communities Canada (Federal Government/HICC). The TPAs between the Province and the recipient will set out the terms and conditions under which the Ministry agrees to provide funds to municipal applicants, and will provide additional details on payment schedules, reporting, audit, ongoing compliance and enforcement requirements.

The Province and the Federal Government will fund up to a maximum of 90% of eligible project costs, with the recipient required to fund all remaining of eligible project costs (minimum of 10%).

It is the Province's expectation that TPAs will be entered into with the primary municipal applicant, who is the owner of the infrastructure asset(s) and whose projects are approved by the provincial government and the federal government. The terms of any such TPA would require the recipient to take steps to ensure that all non-signatory applicants continue to meet the obligations outlined in these Guidelines.

4.2 Project Eligibility

Projects must comply with the following conditions to be considered eligible:

(1) **Project construction start**: Projects must start no later than July 31, 2030.

(2) **Project construction completion**: Project construction must be complete by October 31, 2035. [Completion means a project can be used for the purpose for which it was intended.]

(3) **Development charge background study**: Projects must be included in the applicant's most recent DC background study supporting the DC by-law. *Please note that municipalities recognized for retroactive application would be eligible for putting forward infrastructure projects that are not included in their DC background study.*

(4) **Capital plan**: Projects should be informed by an applicant's capital plan.

(5) **Infrastructure Type**:

- **Housing-enabling infrastructure projects would be prioritized, and these are projects that support creation of new housing units.**
- Community infrastructure projects, that support the development of complete communities, will be considered for funding.

(6) **Project Type:** A project can be new infrastructure and/or work to increase the capacity, size, scope or reach of existing infrastructure assets or systems to accommodate new growth.

- Projects can be stand-alone or a component of a larger project.

(7) **Financial sustainability**: Projects should have a financial plan in place to operate the asset(s) and should not be dependent on or seek senior level government support for operational funding or potential cost over-runs or escalations experienced on a project (unless that funding has been previously secured).

(8) **Asset management plans**: Projects should be considered in the next update of the asset management plan, including incorporating the plan to fund/finance lifecycle costs.

(9) **Duty to consult**: Where the duty to consult Indigenous communities is triggered, the municipal applicant must confirm that consultation has been undertaken. The municipality will be notified if the duty to consult has been met or if further consultation needs to be undertaken. If duty to consult has not been met at the time of the application being submitted to the Province, the municipal applicant must undertake to meet the duty to consult prior to undertaking site preparation or construction. The municipality

may be required to provide a complete consultation record and any accommodation measures adopted in response to consultation with Indigenous communities.

(10) **Accessibility standards**: Projects must meet or exceed the requirements of the Ontario Building Code.

The application must include a clearly defined scope of work, schedule, and list of dependencies to enable a comprehensive understanding of the project (financial, technical, risk, etc.).

Ineligible Projects:

- Projects that have started construction prior to a Transfer Payment Agreement (TPA) being fully executed;
- Planning and design work as stand-alone projects; and
- Projects that are for rehabilitating (i.e., extending the life or improve the quality, functionality or safety of an asset) and/or repairing existing municipal infrastructure.

4.3 Eligible Asset Types

Potable Water:

- Drinking water treatment facilities
- Drinking water storage assets
- Drinking water pump stations
- Local drinking pipes (transmit water from municipality to homes/businesses)
- Transmission drinking water pipes
- Metering as part of a larger potable water distribution system project
- Other types of potable water assets

Stormwater:

- Stormwater drainage pump stations
- Stormwater storage assets
- Stormwater pipes
- Stormwater diversion assets
- Stormwater retention assets
- Shoreline protection assets
- Other types of stormwater assets

Wastewater:

- Wastewater treatment
- Wastewater pump stations
- Wastewater lift stations
- Wastewater storage tanks

- Wastewater collection and/or conveyance
- Other types of wastewater assets

Fixed Transportation:

- Maintenance and storage facilities (charging stations)
- Roads and streets
- Bridges
- Tunnels
- Public transit exclusive tracks
- Public transit exclusive roads/lanes
- Public transit exclusive bridges
- Public transit exclusive tunnels
- Passenger stations/terminals
- Transit shelters
- Passenger drop-off facilities
- Other type of public transit fixed assets

Transportation Rolling Stock

- Heavy railcars (subway)
- Commuter railcars (locomotives and passenger)
- Light railcars
- Streetcars
- Specialized transit (para or handi transpo and dial a ride)
- Public transit buses
- Cutaway vehicles
- Service and support vehicles
- Other types of rolling stock

Public Safety and Emergency Services:

- Fire services:
  - Fire stations
  - Fire pumpers, aerials
  - Other fire assets
- Police services
  - Police detachments
  - Other police assets
- Paramedic services
  - Paramedics station space
  - Other paramedics assets

Community Infrastructure:

- Community centres (multi purpose facilities)
- Libraries
- Cultural centres
- Parks (including play structures)
- Local aquatics centres and pools
- Sports and recreation centres
- Local recreational arenas (i.e., ice-skating facilities)
- Child and youth centres
- Senior day centres
- Performing arts centres

4.4 Other Requirements

The application must demonstrate how it will meet the intended outcomes of the program. For example:

a. **Unlocking Housing Supply:** Applicants must provide a reasonable estimate of the number of housing units that would be enabled as a result of the eligible project(s) and those that benefitted from the DC relief to builders.
b. **Asset ownership**: Applicants must attest to owning and ensuring the operation of the infrastructure assets put forward for funding. Municipalities without current ownership must attest to acquiring and ensuring the operation of the infrastructure assets by the specified date.
c. **Payments**:
    - All successful applicants would be funded on a milestone-basis.
        - Milestone-based funding means that provincial and federal funds would be distributed to successful applicants after they have provided a report to the government demonstrating that required milestones, as set out in the TPA, have been met. Milestone-based funding may include a requirement to provide information about project costs incurred.
    - Applicants must have a financing strategy in place to cover project costs upfront and unanticipated shifts in costs during the project such as cost escalations and overruns. **Recipients will be responsible for all cost over-runs and financing costs.**

4.5 Project Shovel-Readiness

Applicants that provide eligible projects that are shovel-ready at the time of application would be prioritized for program funding consideration.

The following are potential shovel-readiness indicators:

- Environment Assessment, as applicable
- Land acquisition
- Conceptual engineering
- Detailed engineering
- Planning and design
- Tender/contract awarded but construction has not started

In addition, availability of dedicated DC reserves towards the project will be considered in determining the shovel-readiness of the project.

Please note that the projects do not need to meet all the shovel-readiness indicators outlined above at the time of application, but the project must start construction no later than July 31, 2030, and be complete by October 31, 2035.

4.6 Development Charge Background Study

Eligible projects must be identified in the applicant's most recent development charge background study as a project that will begin by July 31, 2030.

Only project costs identified as recoverable through DCs (including inflation) based on the background study will be considered as project costs for an eligible project. This means that costs reflected as a benefit to existing development or funding post-period capacity will not be considered as eligible project costs.

4.7 Asset Management Plan

Eligible projects should be incorporated in the municipality's asset management plan by its next update, including the lifecycle management activities and financial management plan.

4.8 Provincial Land-Use Planning

Applications should ensure that the housing enabled by the eligible project is aligned with and supports provincial land use planning priorities and outcomes, as set out in provincial land use policy, municipal official plans and zoning by-laws.

Applicants are required to submit a copy of the applicable official plan schedule(s) and zoning by-law map(s) with the anticipated housing development lands clearly delineated.

5. Application Process

5.1 Number of Project Submissions

Each eligible applicant may submit more than one application individually or jointly with other municipalities. Within an application, applicants are encouraged to limit the number of eligible projects to five and bundle, as appropriate, smaller projects into larger ones. However, municipal commitments to DC reductions must be consistent across all applications (i.e., only projects may vary). The application requires municipal prioritization of projects with rationale.

Applicants are responsible for proposing project(s) and requested funding amounts that are reflective of the estimated amount of DC relief provided to builders and the proposed municipal contribution for each project. In cases, where an applicant will be reducing DC rates beyond 30% to 50%, this should be factored accordingly in the number and scale of project(s) proposed for program funding.

If eligible applicants want to submit a joint project, then the primary applicant must submit it in a separate application that does not include any individual projects.

Please note that projects that are housing-enabling (i.e., water, wastewater, stormwater, roads and transit) will be prioritized over community-building projects for DCRP funding.

5.2 Submissions and Funding Approval Steps

Step 1: Applicants must register or login online through the Province of Ontario's online grant portal, Transfer Payment Ontario (TPON). Step by step support for working with the online grant portal are found here. Full details on the application can be found by following the Submitting for Funding link from the TPON landing page. When filling out the application, please review your organization's contact information carefully. If the Ministry of Municipal Affairs and Housing is unable to contact a project representative in a timely manner, an application may be deemed incomplete. Only authorized representatives of the applicant organization should be included on the form (consultants should not be named as the point of contact). Authorized representatives typically include an individual that can legally bind the organization (e.g., CAO, treasurer).

Step 2: The application form and supporting documents must be submitted online through the Transfer Payment Ontario (TPON) system by 10 a.m. ET on June 19, 2026. For a complete list of supporting documents please see Section 11: Application Package Requirements.

A scanned application form will not be accepted. Failure to meet minimum submission requirements will result in the submission being identified as incomplete and at risk of not proceeding to the evaluation portion of the application process.

For technical issues related to the submission of your application form or if you note any discrepancies in the pre-filled section of the application form, please contact Transfer Payment Ontario Client Care at 416-325-6691 or 1855-216-3090 or email TPONCC@ontario.ca for assistance. For all other program related questions, please contact DCRP@ontario.ca.

Step 3: Once the completed application form has been submitted, an automated acknowledgement of receipt and a file number will be emailed to the primary applicant.

Step 4: Projects decisions will be made by the Province and the federal government.

Step 5: Notification of project approval.

Step 6: TPA development. Once a project has been approved, the Province will provide the necessary TPA to the applicant for signature. The TPA sets out the terms and conditions of funding including:

- Outlining the recipients ongoing obligation to maintain the DC rate reduction, as agreed upon by the parties, for a period of three years, including any associated representations, warranties, covenants and undertakings.
- That any contracts for goods and/or services will be procured through a fair, transparent, competitive, value-for-money process and in compliance with Housing, Infrastructure and Communities Canada's Buy Canadian Policy or Municipal Buy Ontario Procurement Directive, as applicable.
- That the applicant will fulfill all Duty to Consult and other requirements, e.g., Environmental Assessment if applicable.
- A detailed list of eligible and ineligible expenditures (see Section 7.4 and 7.5 for more details).
- Communication requirements (including project signage).
- Mandatory reporting requirements, including insurance obligations.
- Milestones for payment, including compliance and verification requirements.
- Any funding received by that municipality will be subject to the terms of the signed TPA.
- Additional requirements related to greenhouse gas emissions, climate adaptation measures, or other compliance obligations as determined by the Government of Canada, or Province of Ontario based on the nature, scope, and potential impacts of the project.

As the program implementation progresses, TPAs may need to be amended including, but not limited to, changes to the terms and conditions, updates to the program guidelines and requirements for program reporting and/or communications.

5.3 Key Dates

Applications and all supporting documentations must be submitted through TPON by **10 a.m. ET on June 19, 2026**.

Note: applications including all supporting documentation will not be accepted after this time and submissions cannot be changed after this deadline. **Failure to meet minimum submission requirements will result in the submission being identified as incomplete and at risk of not proceeding to the evaluation portion of the application process.**

The TPAs must be executed prior to August 15, 2026.

Projects must start no later than July 31, 2030, and be complete by October 31, 2035.

5.4 Project Description

A technical description of the proposed project should provide the Ministry adequate information to understand the scope of the project. Strong project descriptions include but are not limited to:

- Project location;
- Project Need and Timing;
- Type of asset;
- Length of project work;
- Project objectives and expected outcomes and benefits;
- Project scope and details;
- Nature of work; and
- Project risk and mitigation measures.

6. Assessment Process

6.1 Assessment Criteria

Ontario will assess complete applications with projects that meet program requirements primarily in relation to the following assessment criteria:

Criteria 1 – DC Rate Reduction

Applications will be assessed on the depth of their committed DC rate reductions with reductions beyond the minimum required being eligible for higher program funding.

Criteria 2 – Housing Impact

Applications will be assessed on the number of housing units enabled by DC relief provided to builders.

Projects that support housing-enabling infrastructure and the number of housing units enabled by the project will be prioritized for funding.

Criteria 3 – Municipal Contribution

Applications will be assessed on the amount of municipal contribution for each eligible project. While the minimum required municipal contribution is 10% towards eligible project costs, applications that provide for more municipal contributions for each eligible project would be eligible for higher program funding. Please note that ineligible project costs (i.e., soft costs) would count towards the municipal contribution amount for assessment purposes only.

While applications would be required to provide the estimated amount of DC relief provided to builders over three years, **the estimate provided must be reasonable**. **It may be audited to confirm variances between estimate and actuals as part of the TPA.**

7. Financial Matters

7.1 Cost-Sharing

Successful projects would be cost shared between municipal applicants, the province and the federal government. This includes a minimum of 10% of project expenditures covered by municipalities with the remaining 90% or less cost-shared by the province and federal government.

7.2 Funding Maximum

The maximum funding for municipal projects depends on the program uptake and the merits of each application.

7.3 Combining Funding from Other Sources (Stacking)

Eligible applicants can combine funding from other provincial and federal programs towards the proposed project(s) costs:

- subject to any existing conditions in previous agreements; and
- as long as the funding is not from housing-enabling infrastructure programs.

In addition, any combined (i.e., stacked) federal and provincial funding cannot count towards the municipal contribution.

Please note that, this program does not supersede previous intergovernmental funding agreements and eligible applicants would need to negotiate TPA changes with other signatory ministries as required.

7.4 Eligible Project Costs

For projects approved under DCRP, eligible project expenditures are those incurred for, and directly related to, specific project costs, incurred solely for the successful delivery of the project, and deemed to be reasonable by the Ministry, in its sole discretion.

Construction costs will not be covered until such time that all duty to consult (DTC) and/or environmental assessment (EA) requirements are fulfilled by the applicant. Costs related to the DTC and EA requirements, incurred after February 26, 2026, are eligible under the program.

Eligible project costs include:

- Land acquisition costs for the provincial share of funds only
- Hard costs (including costs of construction, labour, materials, and equipment)
- EA and DTC costs incurred after February 26, 2026

All project contracts for goods and/or services must be awarded in a way that is fair, transparent, competitive and consistent with value-for-money principles in accordance with Housing, Infrastructure and Communities Canada's Buy Canadian Policy or Municipal Buy Ontario Procurement Directive, as applicable.

7.5 Ineligible Project Costs

Successful applicants are responsible and must pay for all ineligible project costs as well as any potential cost over-runs or escalations experienced on a project, which includes:

1) Soft costs, including those related to design, engineering, legal fees, and permitting and insurance. Please note that soft costs can be counted towards municipal contribution for assessment purposes only.
2) Other ineligible costs that cannot be counted towards municipal contributions.
    - Costs incurred after October 31, 2035;
    - Costs incurred for cancelled projects;
    - Any overhead costs, including salaries and other employment benefits of any employees of the applicant, any direct or indirect operating or administrative costs of applicants, and

more specifically any costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by the applicant's staff;

- Provincial sales tax, goods and services tax, or harmonized sales tax;
- Any costs eligible for rebates;
- Costs for operating expenses, including maintenance work; and
- Cost related to furnishing and non-fixed assets which are not essential for the operation of the asset/project

A more detailed list of eligible and ineligible expenditure categories will be set out in the TPAs entered into between the Province and the recipient. The Province retains the sole discretion to determine whether a project cost is eligible or ineligible.

7.6 Payments & Reporting

Funding will be disbursed to applicants once a report is submitted to the government demonstrating that required milestones, as set out in the TPA, have been met and the DC rate reduction will be maintained for three years.

Expenditures for projects will be disbursed, conditional on the recipient municipality completing project milestones and submitting appropriate reporting which is deemed satisfactory.

For illustrative purposes only, an example of a payment schedule is included below. Further information on payment schedules and required reporting schedules will be provided in the TPA.

Milestone	**Supporting Documentation**	**Payment Amount**
Milestone 1	Taken all necessary actions to authorize the execution of the Agreement and as applicable, updating the DC rates in the DC by-law. Any other reporting requirements requested by the Ministry.	Up to10% of project Total Eligible Cost (TEC)
Milestone 2	Construction Contract Award confirmation and project progress report, including revised budget forecast. Any other reporting requirements requested by the the Ministry.	Up to 10% of project TEC

Milestone	Supporting Documentation	Payment Amount
Milestone 3	Subject to the terms and conditions of this Agreement, the receipt, to the satisfaction of the Province, of the 30% Expenditure Documentation and Project Progress Report	Up to 10% of project TEC
Milestone 4	Subject to the terms and conditions of this Agreement, the receipt, to the satisfaction of the Province, of the 45% Expenditure Documentation and Project Progress Report	Up to 15% of project TEC
Milestone 5	Subject to the terms and conditions of this Agreement, the receipt, to the satisfaction of the Province, of the 65% Expenditure Documentation and Project Progress Report	Up to 20% of project TEC
Milestone 6	Subject to the terms and conditions of this Agreement, the receipt, to the satisfaction of the Province, of the 85% Expenditure Documentation and Project Progress Report	Up to 20% of project TEC
Milestone 7	Completion of project. Any other reporting requirements requested by the Ministry.	Up to 5% of project TEC
Milestone 8	Final Report, may include any or all supporting documents related to the project lifecycle. Any other reporting requirements requested by the Ministry.	Province’s acceptance and approval of Final report– release of the final (up to) 10% of project TEC.

Further information on the actual payment schedule and required reporting schedule will be provided in the TPA. Additional reporting requirements may be required as part of ongoing project monitoring that are not outlined above and are not tied to any payment (e.g., project status).

Annual Reports

Recipient municipalities will be required to submit a DCRP annual report using a template to be provided by the Province. The year-end report will outline actual activities undertaken and expenditures incurred.

Reports must include:

- Actual and forecasted expenditures by activity, aligned with eligible categories;
- Reconciliation of funds received and funds spent, including previously banked funds;
- Actual DC relief provided for each year in the three-year DC reduction period;
- New housing units supported as a result of the DC relief for each year in the three-year DC reduction period (as evidenced by approvals for developments and the issuance of building permits);
- New housing units supported through the funded infrastructure project(s); and
- Other data and information, as specified in the TPA, such as use of Red Seal endorsed tradespeople and unionized labour, use of Canadian materials, goods and services, in accordance with Housing, Infrastructure and Communities Canada's Buy Canadian Policy or Municipal Buy Ontario Procurement Directive, as applicable, and applicable climate change reporting.

Year-end reports are to be approved/authorized by municipal council or a delegated authority prior to submission. Year-end reports that are incomplete or not to the satisfaction of the province or not submitted by the deadlines identified in TPA may result in the province withholding the milestone payment.

The province will review year-end reports for alignment with municipal application, including eligible expenditures and to verify compliance with the DCRP TPA, DCRP program guidelines and any other applicable government directive or legislation.

8. Duty to Consult

As part of the application process for funding, applicants will be required to complete the Duty to Consult (DTC) Questionnaire found in the DCRP Application Form. This includes providing information related to outreach, engagement and consultation with Indigenous communities.

The Province reserves the right to withhold funding or recover funds utilized for construction-related activities if they began prior to DTC requirements having been met.

9. Contact Information

For program related inquiries, the Development Charge Reduction Program team can be reached by email at DCRP@ontario.ca. For inquires related to the TPON system, please contact TPON at TPONCC@ontario.ca.

10. Outcomes and Indicators

Outcome Description	Indicator	Unit of Measure
Municipal DC rates are reduced	Extent to which developments are proceeding (i.e., building permits are issued) in the municipality Baseline: developments that were issued building permit in fiscal year 2025 (i.e., Apr 1, 2024 – Mar 31, 2025)	Year-over-Year increase in the number of building permits issued within the three year-period
New residential growth	Extent of housing units enabled	Number of new housing units that benefit from DC relief.
		Number of new housing units enabled by the investment in infrastructure.

11. Application Package Requirements

As part of the complete DCRP application, applicants will be required to submit the following through TPON:

- ✓ The DCRP Application Form which will provide information about your project proposal. The form also includes an attestation form in the appendices that need to be completed.
- ✓ Project Map clearly identifying all components in the project description in KML format (Refer to Section 12 "Maps in KML Format" below) and submitted as an attachment through TPON.
- ✓ Land use planning information related to proposed housing development (e.g., location, official plan designation and zoning for subject area, status of and information regarding any other land-use planning applications/approvals).
- ✓ The applicant may also be required to submit additional supporting documentation, including but not limited to:
  - DC by-law;
  - The latest DC background study with highlights on pages where the project is listed;
  - DC background study and/or Treasurer's Statement showing DC reserve funds for the project (if applicable);
  - The capital budget/plan with highlights on pages where the project is listed

- Awarded tender/contract (if applicable);
- Applicable official plan schedule(s) and zoning by-law map(s) with the anticipated housing development lands clearly delineated;
- Lab results;
- Advisory orders;
- Secondary plans;
- Master infrastructure plans;
- Municipal structure inspection form;
- Engineering plans;
- Design reports; and/or
- Photographs.

12. Project Maps in KML Format

The provincial government requires a detailed KML file showing exactly where each work site/asset is located. This is not a picture or PDF map of the project location, but a digital spatial representation of the project location produced by a geographic information system.

12.1 What is a KML File

This simple file type, designed specifically for the visualization of geographic data, provides an accurate and detailed representation of the project and asset locations. Using a KML allows a variety of point, polygon, and line data to be represented spatially with detail and consistency.

A KML file identifies project-specific spatial information which will help reviewers understand the nature and location of your project as well as the work that you are proposing to do.

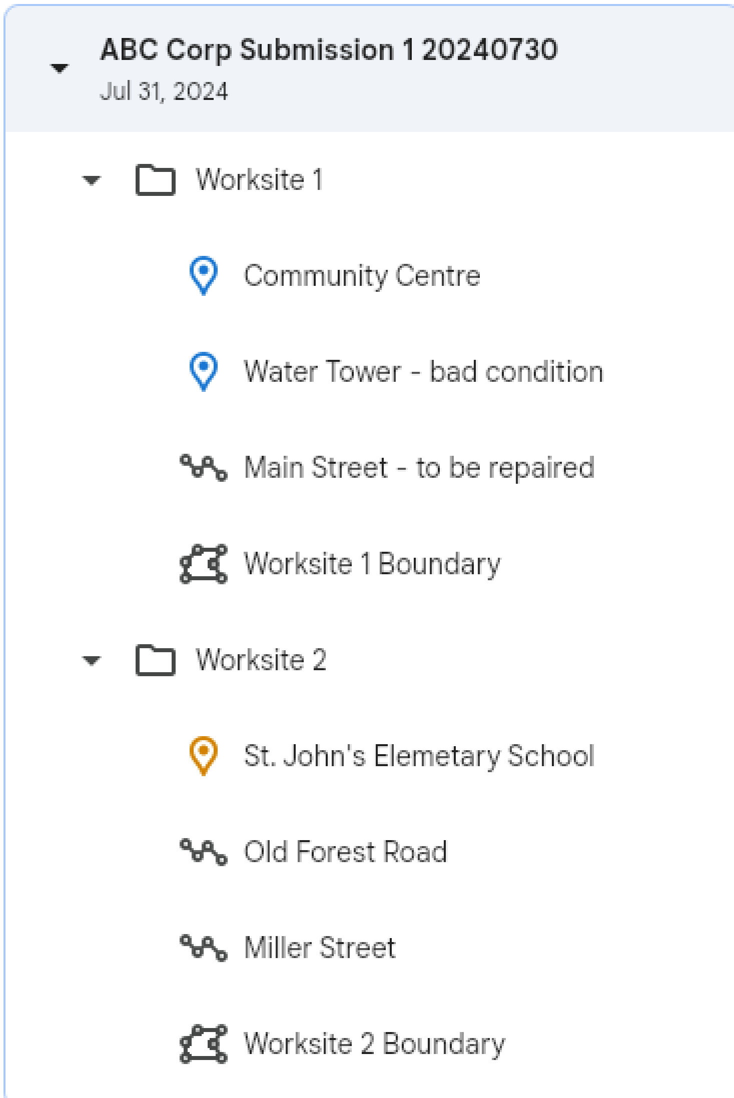
A submitted KML file must include a geometry for each element/asset of the project you are applying for.

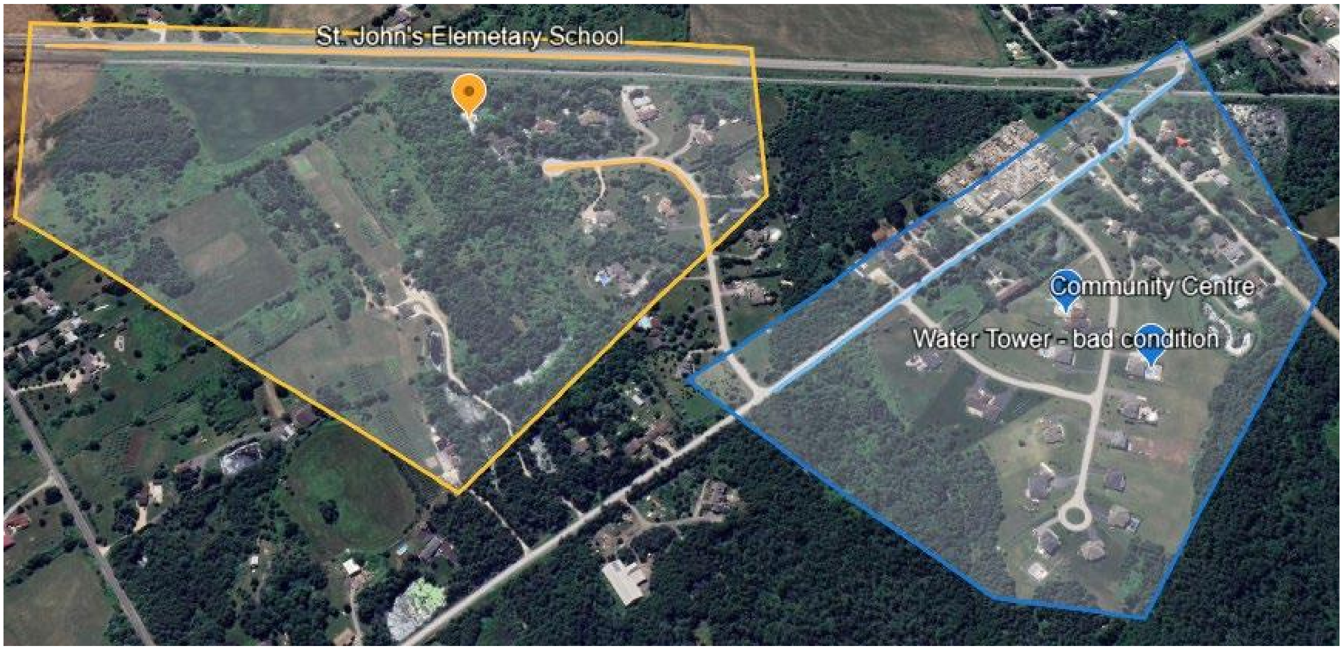
Every submitted KML file must include geometries representing the location of the asset on the ground. Geometries can be of three different types:

- Placemark (point):
  Use placemarks, or points, to represent discrete points on a map (small areas). Examples include: buildings, water towers, hydro poles, bridges, etc.
- Path (line):
  Use paths, or lines, to represent elongated features over larger distances such as roads, water mains, trails, rivers/streams, etc.

- Polygon:
  Use polygons to represent two-dimensional shapes that cover larger areas. Examples include parks, lots and concessions, project boundaries and large water bodies such as lakes and ponds.

See the below images for an example of a nicely structured KML file in Google Earth. Note that these images are meant for general reference for KML creation and may not reflect the data the applicant is meant to capture.





12.2 KML Submission Structure

1) When creating a KML file, the naming convention of the file should include:
   - Applicant name
   - Name of submission
   - Date of submission (yyyymmdd)

An example KML name would be: 'ABC Corp - Submission 1 - 20240730'

2) When adding geometries (placemarks, paths or polygons), each geometry should include:
   - Name:
     Ensure that each geometry is clearly named with the asset type and key identifying information. For example, the condition of the asset should be included in the name where applicable (and expanded upon in the description – see below). It should be clear to the reviewer what each geometry represents based on the name. Examples:
     i. A path (line) geometry named 'Main Street – to be repaired'
     ii. A point bridge geometry named 'Elora Bridge – good condition'
     iii. A polygon geometry named 'Worksite 1', displaying the boundary of the proposed worksite(s) of the applicant.
   - Description (Recommended):
     Add a description to the geometry for any additional information that cannot be captured in the name. Every geometry can be edited and a description added.

- Images/Videos (Optional):
  Attach an image or video file/URL to a geometry to provide further context to an asset.

3) When editing a KML file, use folders to categorize key information types. Note that you can further subdivide groups of geometries by adding sub folders. In general, there should be a folder for:

- Key application information:
  For example, label the folder 'New infrastructure to be built'
    i. You may add sub folders by asset type. For example, a 'Bridges' sub folder, or a 'Assets in Critical Condition' subfolder.
- Supplemental application information:
  This may or may not be necessary depending on your application. This could include items like site administration centers.

The applicant may choose an alternative folder structure, as long as it clearly identifies intuitive groupings of geometries for the reviewer.

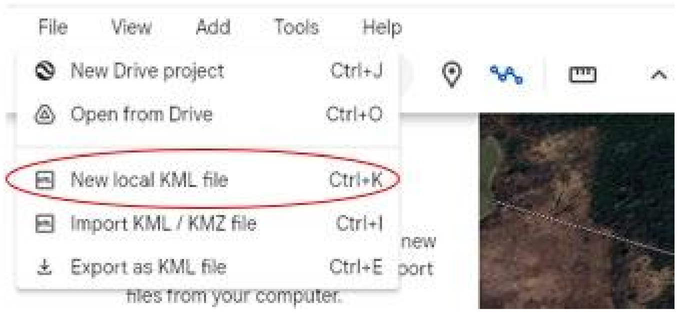
12.3 How to Create a KML File

A KML file can be created easily by anyone using Crown-Indigenous Relations and Northern Affairs Canada's (CIRNAC) publicly available Aboriginal & Treaty Rights Information System (ATRIS) web-based application or Google Earth's free web application, as well as other geographic software packages like ArcGIS or QGIS. This guide will walk you through the steps to do so using Google Earth or ATRIS.

Create a KML File using Google Earth:

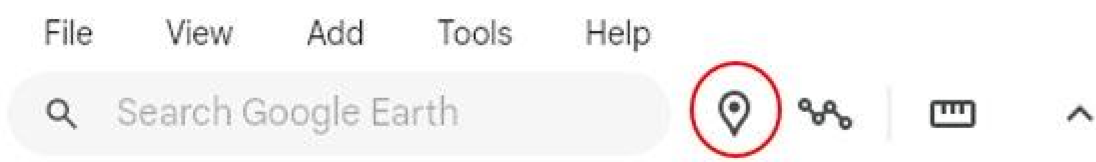
1. Open Google Earth.
    - Go to the Google Earth website and click 'Launch Earth'.
2. Navigate to your area of interest.
    - Use the search bar or manually navigate to the area where you want to create your KML.
3. Create a new KML.
    - In the top left of Google Earth, click 'File', then click 'New local KML file'. This will create a new KML file to add geometries in. Ensure you name the KML file following the conventions in the KML Submissions Structure section, ie. Applicant Name

followed by the date of creation ('yyyymmdd').



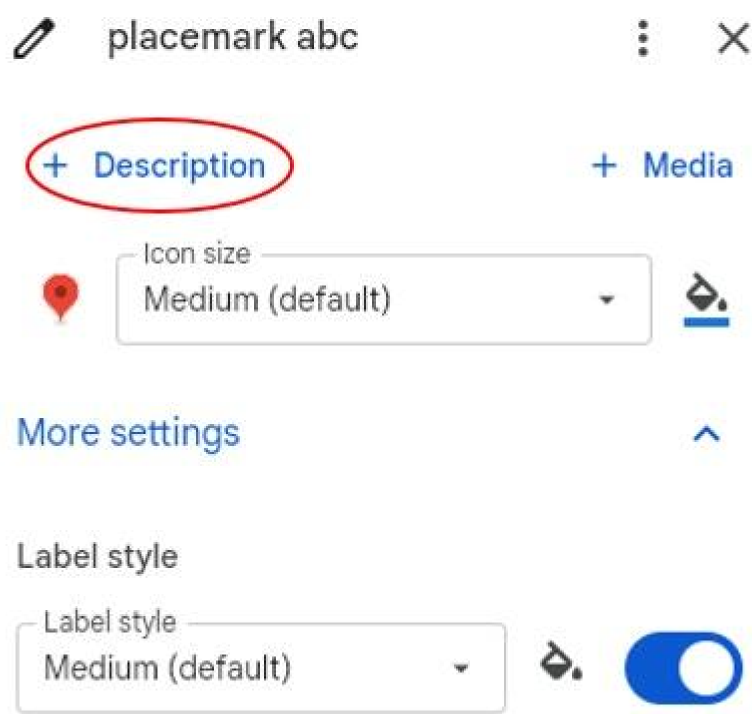
- Note that there is also an option to import existing KML's you've created 'New local KML file'.

4. Draw geometries. There are three types of geometries you can draw; placemarks, paths and polygons. Note that you can edit any geometry after it is created.
    - Add Placemarks (point geometries):
        i. Click on the Placemark button (the pushpin icon) in the toolbar.



        ii. A new placemark will appear at the center of the view. You can drag it to the exact location you want.
        iii. In the pop-up window that appears, give the placemark a name that properly identifies this feature (see KML Submission Structure section). Add a

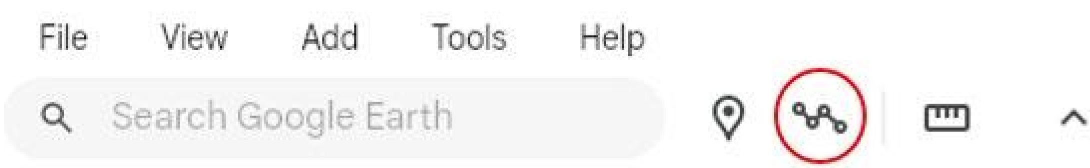
description to provide further context to the feature.



iv. Optional: click the icon image to change the icon symbol. This helps the viewer to visually differentiate between placemarks. For example, give bridge placemarks that same symbol.
v. When done, click OK to save the placemark.

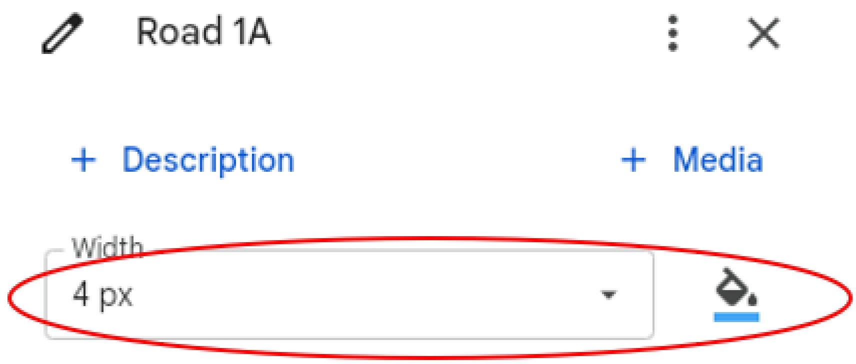
- Add Paths (line geometries):

i. Click on the Path button (the lines icon) in the toolbar.



i. Click on the map to start drawing your path. Each click will add a point to the path.
ii. Once you finish drawing, give the path a name that properly identifies this feature (see KML Submission Structure section). Add a description to provide further context to the feature.

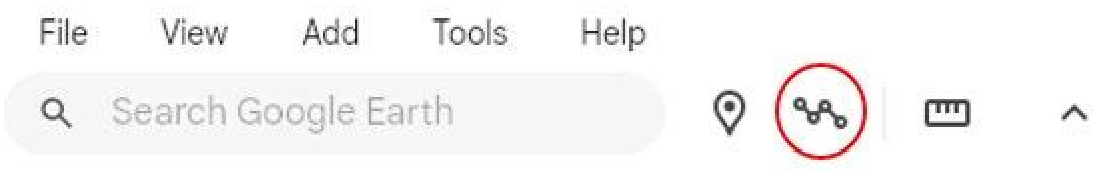
iii. Optional: you may adjust the line width and line colour to help visually differentiate different types of lines.



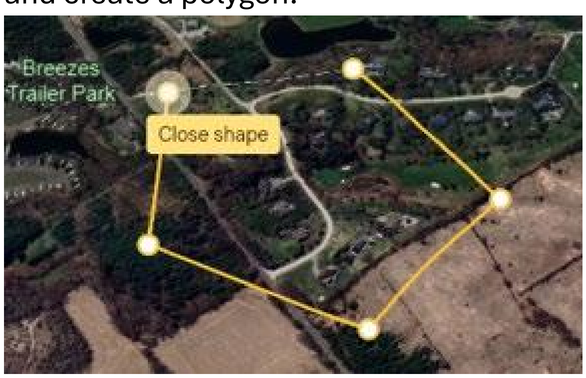
iv. Click OK to save the path.

- Add Polygons:

i. Click on the Path button (the lines icon) in the toolbar.



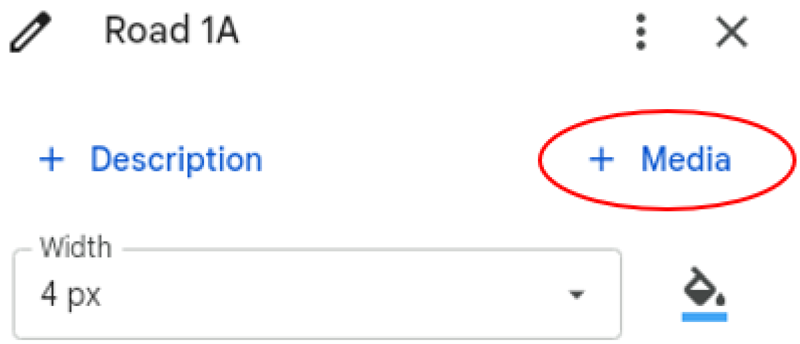
ii. Click on the map to start drawing your polygon. Each click will add a point to the polygon. Note that this operates identically to creating a path. The only difference is, to make a polygon geometry, you must close the linework by meeting the end of the line with the start of the line. When you hover over the end of the line, you should see 'Close shape' appear. Click to close the line and create a polygon.



iii. Once you finish drawing, give the polygon a name that properly identifies this feature (see KML Submission Structure section). Add a description to provide further context to the feature.

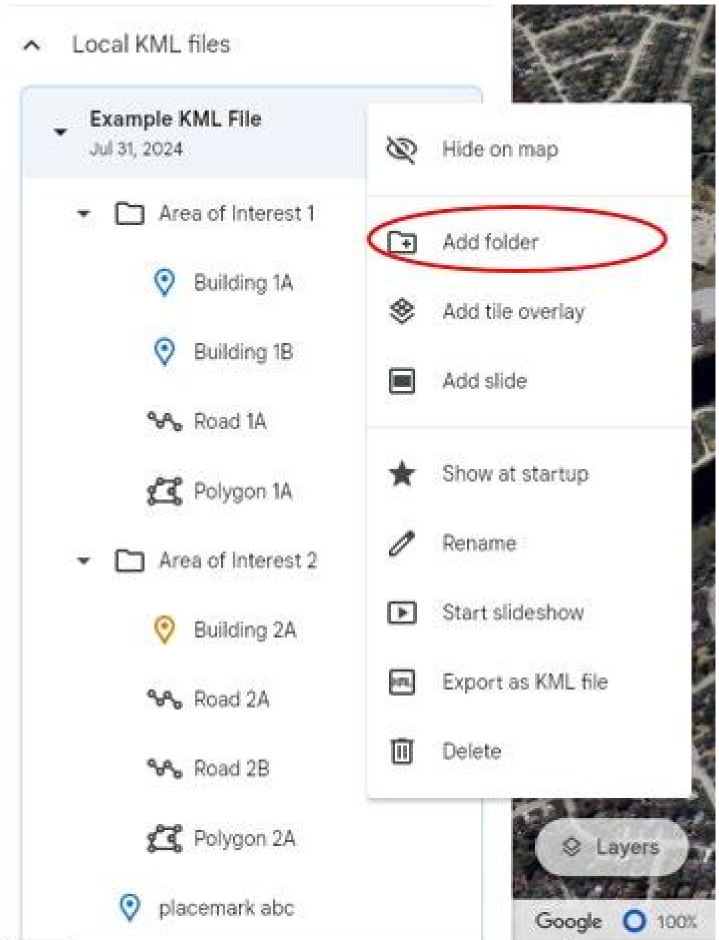
iv. Click OK to save the polygon.

- Note on images:
  Every geometry can have an image or video attached to it. It is recommended to do so to provide further context to a geometry. To attach a picture to a geometry, edit the geometry and select 'Media' then 'Upload image file'.



5. Organize your geometries by creating folders:
   - You can create folders in the KML panel to organize your placemarks, paths, and polygons. To do so, hover over the name of the KML file (in the example below, the KML file is named 'Example KML File'), select the three dots, then click 'Add

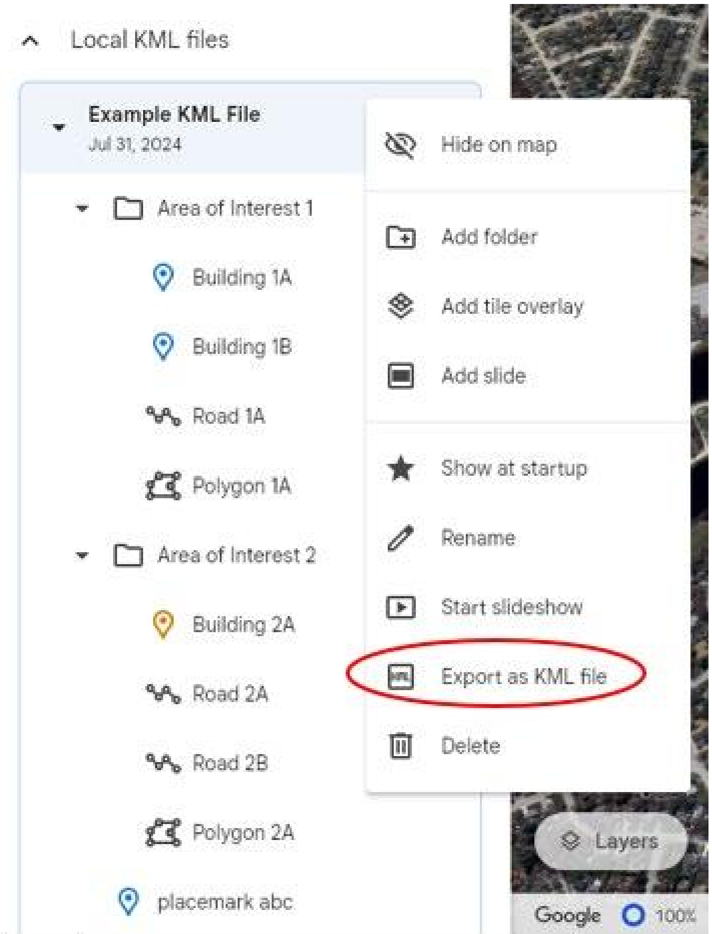
Folder'.



- Name the folder appropriately. Use intuitive names for grouping like geometries. You can also create nested sub-folders to further categorize the geometries.
- You can easily drag and drop geometries between folders.

6. Export your KML File.

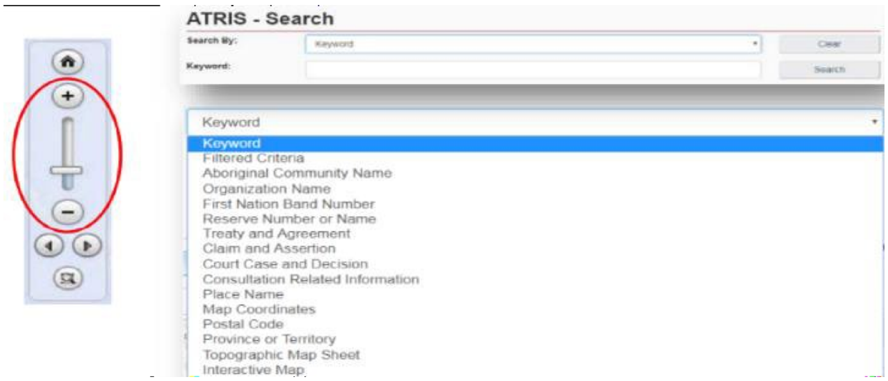
- To export your KML file to your local computer, hover over the name of the KML file, select the three dots, then click ‘Export as KML file’.



- The KML file should keep the name you gave it and will save to where your browser downloads.
- You are now ready to submit your finished KML file. If you need to, you can import the KML file back into Google Earth and make edits.

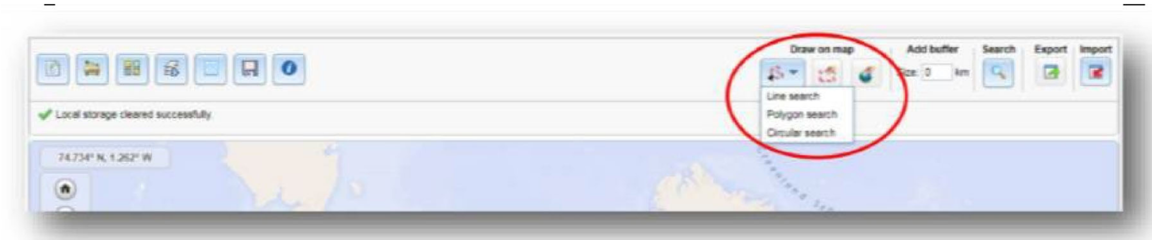
Create a KML File Using ATRIS:

1. Navigate to CIRNAC’s publicly available ATRIS web-based application using this link: http://sidait-atris.aadnc-aandc.gc.ca/atris_online/Content/Search.aspx
2. Navigate to the project location in the map viewer, either by clicking, dragging, and scrolling to zoom, or using the various search options available in the ‘Search By:’ drop down menu.



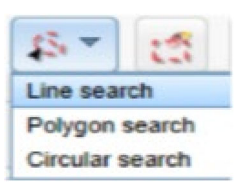
Draw your project on the map in the exact location using the “Draw on map” tools drop down located in the top right of the ATRIS interface. You may draw as many components of varying types (point*, line, polygon) as necessary to be saved as one single KML file.

*ATRIS users will not be able to create a geometry “point” in GIS terms, but the “Circular Search” option allows users to create circular polygons able to mimic points in terms of scale.



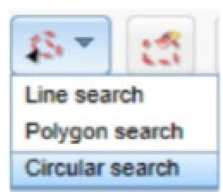
Choose the appropriate drawing tool for the type of component you are drawing:

- Line search – Click as many times as necessary to create a line that represents your linear project feature. Double click to complete.



- Polygon search – Click as many times as necessary to create a closed polygon that represents the project feature. Double click to complete.

- Circular search – Click on the map to automatically create a circle. To create a smaller circle similar to a point, zoom in as close as possible on the map before clicking. Alternatively, click and drag, then release to draw a circular project feature yourself.



If at any time you wish to erase anything you've drawn, use the following two options:

- Erase by Extent: Click and drag to create a shape around what you want to delete. Anything intersecting the box will be deleted when you release.

- Global Erase: This will erase everything on the map. Click OK when prompted to clear the map viewer and start fresh.

3. Once you are satisfied with the drawn representation of your project, click the 'Export' button.

The .KML will download as ‘SearchAreas.kml’ (unless you have specified otherwise) to the location where your browser saves downloads. The file name can be changed to something that reflects the project name before sending it in with your application.

Once saved, the KML file is ready to be uploaded. Should you need any further assistance with ATRIS, please visit the following link to find more information about ATRIS training webinars:

[Aboriginal and Treaty Rights Information System (rcaanc-cirnac.gc.ca)]

Development Charge Reduction Program – Frequently Asked Questions (FAQs)

June 1, 2026

Table of Contents

Applicant Eligibility

1. **Who is eligible to apply to the program?**

   Eligible applicants include all three tiers of municipalities (i.e., single, upper and lower tier) in Ontario as defined under the *Municipal Act, 2001,* that levy residential development charges with a development charge by-law in place as of March 30, 2026.

   For questions on the program or eligibility, please see program guidelines or email DCRP@ontario.ca.

2. **Can municipalities that implemented DC relief measures prior to March 30, 2026 apply for this program?**

   In order to be eligible for program funding for retroactive actions, the applicable municipalities must, in their application:

   - provide evidence of having reduced, or committing to continue to reduce, DC reductions of 30% to 50% across the board (i.e., for all residential development types);
   - commit to maintaining the DC rate reductions for a period of three years; and
   - ensure that the DC relief was provided to builders, who created new housing (i.e., had building permits issued) during the applicable three-year period.

3. **How does the application process and eligibility for the program impact upper and lower-tier municipalities?**

   All eligible lower-tier and upper-tier municipalities that own and levy development charges (DCs) on housing-enabling infrastructure and community infrastructure are eligible to submit applications.

   Definitions for lower-tier, upper-tier, and single-tier municipalities are provided in the *Municipal Act, 2001*.

4. **Is an applicant allowed to submit more than one application?**

   Applicants may submit more than one application individually or jointly with other municipalities. Within an application, applicants are encouraged to limit the number of eligible projects to five and bundle smaller inter-related projects into larger project submissions.

   However, municipal commitments to DC reductions must be consistent across all applications (i.e., only projects may vary). For more details, please refer to Section 5.1 of the Guidelines for more details.

DC Reduction Commitment

5. What are the minimum required DC rate reductions?

Eligible applicants must provide an agreement-in-principle to reduce residential development charge (DC) rates in effect on March 30, 2026, by 30% to 50% or greater and maintain the reduction for three years as part of their application.

6. Can the development charge (DC) rate reductions apply to specific types of housing or are they required to be applied to all types of housing?

Eligible applicants would need to reduce DC rates across the board - i.e., for all residential development types in all areas of the municipality from their DC level as of March 30, 2026 and maintain that reduction for three years.

7. How should the DC rate reductions be determined in municipalities with area-specific DCs?

Eligible applicants can determine the manner in which the DC rate reduction is arrived at – i.e., reduce the DCs for certain services or reducing all services by the same percentage is a municipal choice.

8. How long should the DC rate reduction be maintained?

Eligible applicants are required to reduce DC rates by 30% to 50% or greater and maintain the reduction for three years. That means DC rate reductions would need to be applied to effective DC rates as of March 30, 2026 and maintained for a three-year period.

Eligible applicants, if successful, would need to ensure they take the necessary steps to extend the DC relief benefit to builders, who were issued a building permit for an eligible residential development on/after March 30, 2026.

Project Eligibility

9. What type of projects are eligible for funding through the program?

A project can be a new build and/or work to increase the capacity, size, scope or reach of existing infrastructure assets or systems to accommodate new growth. Projects that are for rehabilitation (i.e., extending the useful life or improving the quality, functionality or safety of an asset) and repair are considered ineligible.

Eligible projects also must be included in the applicant's most recent DC background study and capital plan.

The only exception is for municipalities that are applying to get recognition for DC relief provided prior to the March 30, 2026 announcement of the Canada-Ontario Partnership to Build. They can request funding for projects which may only be included in their capital plan.

For more details, please refer to Section 4.2 in the Project Guidelines.

10. Does the project have to be a part of the applicant's most recent development charges background study and capital plan?

Projects **must** be included in the applicant's most recent DC background study and capital plan. The infrastructure projects which are put forward by municipalities that are recognized for retroactive reductions could be in their capital plan but not in their DC background study.

The only exception is for municipalities that are applying to get recognition for DC relief provided prior to the March 30, 2026 announcement of the Canada-Ontario Partnership to Build. They can request funding for projects which may only be included in the capital plan.

11. Which asset types are eligible for the program?

The following asset types will be eligible for the program:

- **Potable water assets** (e.g., treatment plants, reservoirs, local pipes including the distribution system watermain and the recipient's portion of service lines, pump stations).
- **Wastewater assets** (e.g., pump stations, lift station, treatment plants, storage tanks and collection systems).
- **Stormwater assets** (e.g., management facilities, linear assets including conveyance piping/ditches/culverts).
- **Fixed transportation assets** (e.g. roads, bridges, tunnels, maintenance and storage facilities, public transit assets).
- **Transportation rolling stock** (e.g., heavy railcars [subway], commuter railcars, light railcars, streetcars, specialized transit, public transit buses)
- **Public safety and emergency services assets** (e.g. fire stations, pumpers and aerials, police detachments, and paramedic stations).
- **Community infrastructure assets** (e.g. sports and recreation centres, parks, cultural centres, libraries and community centres).

12. Are there minimum project contribution requirements to be eligible for the program?

Eligible applicants are required to contribute a minimum of 10 per cent towards their eligible project(s) costs. Projects with higher municipal contributions would be eligible for higher amount of funding from the program.

Eligible applicants can combine funding from other provincial and federal programs towards the proposed project(s) costs:

- subject to any existing conditions in previous agreements; and
- as long as the funding is not from housing-enabling infrastructure programs.

In addition, any combined (i.e., stacked) federal and provincial funding cannot count towards their municipal contribution.

Please note that, this program does not supersede previous intergovernmental funding agreements and eligible applicants would need to negotiate TPA changes with other signatory ministries as required.

13. What type of project costs are eligible for the program?

Eligible project costs are those incurred for, and directly related to, specific project costs, which include:

- Land acquisition costs for the provincial share of funds only
- Hard costs (e.g., costs related to construction, labour, building materials, and equipment).
- Costs related to the duty to consult (DTC) and Environmental Assessment (EA) that incurred after February 2026, 2026.

Other project costs (e.g., soft costs, overhead costs, taxes, etc.) are considered ineligible. However, soft costs, including those related to design, engineering, legal fees, permitting and insurance, would be counted as municipal contribution for assessment purposes only.

For more details, please refer to Sections 6.1, 7.4 and 7.5 in the Project Guidelines.

14. Does an applicant have to demonstrate shovel-readiness of their projects? What is the definition shovel-readiness?

Yes, eligible projects that are shovel-ready at the time of application will be prioritized based on their state of shovel-readiness. Projects are required to start construction no later than July 31, 2030 and be completed by October 31, 2035.

Eligible applicants will be required to provide evidence that demonstrates the project being shove-ready (e.g., KML project map, awarded tender/contract etc.).

Shovel-readiness indicators considered include the extent to which the following requirements have been completed:

- Environmental Assessment, as applicable
- Land acquisition
- Conceptual engineering
- Detailed engineering
- Planning and design
- Tender/contract awarded but construction has not started

In addition, availability of dedicated DC reserves towards the project will be considered in determining the shovel-readiness of the project.

15. Does the land need to be acquired before an application is submitted? Is land acquisition an eligible expense under the program?

Priority will be given to those projects that are shovel ready. Projects that have completed land acquisition are considered more shovel-ready than those that have not.

Land acquisition costs are eligible for the provincial share of the DCRP funds only.

16. Do all the necessary Environmental Assessment studies need to be completed to be eligible for this funding? If they are not completed does this make a project ineligible?

It is not necessary to have all of the Environmental Assessment (EA) studies completed. However, priority will be given to those projects that are considered shovel-ready (i.e., construction will commence prior to July 31, 2030) and completion of EA activities is considered a positive indicator of shovel-readiness.

Project costs related to the EA that are incurred after February 26, 2026 will be eligible for program funding consideration.

Projects may not begin construction until applicable EA requirements are met.

17. Does the design and planning phase need to be complete in order for a project to be eligible? What if we have a completed feasibility study, but require funding for design and construction?

Planning and design do not have to be complete at the time of application. However, priority will be given to those projects that are considered shovel-ready and completion of planning and design activities is considered a positive indicator of shovel-readiness.

Funding under the DCRP will not be provided for planning and design among other soft costs. These costs can be considered to be part of the municipal contribution for assessment purposes only.

18. Will projects that have been tendered/awarded but not actually started yet be eligible? Can we tender before funding is awarded?

Projects eligible for funding can be tendered and awarded but cannot start construction until a Transfer Payment Agreement (TPA) is fully executed.

19. Can a project submission include eligible costs from a combination of assets such as water (e.g., distribution system), transportation (e.g., roads) and wastewater (e.g., pipes). For projects where more than one eligible asset type is included, where can information on the other asset(s) included in the project be submitted?

Applicants must select only one primary asset type per project.

20. If a submitted project scope forms part of a larger construction project, which is tendered prior to notification of receipt of funding, but commencement of funding-related construction is delayed until after notice of successful application is received, is the project still eligible for funding?

Projects can be stand-alone or a component of a larger project.

Tendering for the component of a larger project may occur prior to provincial and federal approval. However, should your project be approved, contract award documentation will need to be provided showing the construction dollar amount and activities for the specific DCRP project.

Funding-related construction must not start prior to project approval and duty to consult requirements being met and communicated by the Province.

However, the eligible funding will flow to eligible municipalities over the next ten years once an annual report is submitted to the government demonstrating that required milestones, as set out in the TPA, have been met and the DC rate reduction will be maintained for three years.

Project Conditions

21. Can a single project include multiple tenders for phased work within a continuous area?

One single project may include multiple tenders. However, tenders may be awarded but construction cannot have started until a Transfer Payment Agreement is fully executed.

22. What kind of documents, engineering studies or plans show a good level of project readiness?

Documentation to demonstrate project readiness would vary depending on the project type.

Project readiness will be assessed based on engineering/geoscience studies (depending on project) that identifies the scope of the issue and the overall impact of the completion of the project (including project planning and engineering status/completed, environmental assessment or Master Plan status, requisite approvals/permits acquired, etc.)

Applicants should identify, among others, the state of completion of their engineering studies (conceptual, basic, and detailed engineering), and the status of their environmental assessment, where applicable.

Key Dates

23. What is the application intake period and how can applications be submitted?

Application intake opens at **9:00 a.m. ET on June 1, 2026**.

Municipal applicants will have until **June 19, 2026, at 10 a.m. ET** to submit their applications.

Applications must be submitted through the Transfer Payment Ontario (TPON) page where applicants can access the application form, the program guidelines document, and can upload supporting documents.

24. What are the eligible start and end dates for projects?

Projects must start no later than **July 31, 2030**, and must be completed **no later than October 31, 2035**. The project start could include pre-construction work (i.e., design, planning, engineering, project management, etc.) or construction (i.e., shovels in the ground). However, construction must not start until the following requirements have been met:

1. the province has approved the project and a Transfer Payment Agreement has been signed, and
2. the successful applicant has received confirmation in writing from the province that duty to consult requirements have been met.

25. What is the duration of the program?

The program will support projects over ten years. Successful applicants will have until October 31, 2035, to complete their project(s).

Assessment Process

26. How will applications be evaluated?

Applications that are complete and include all supporting documentation will undergo a comprehensive evaluation. Applications will be initially evaluated on application completeness, eligibility and meeting program outcomes.

Once an applicant has met program requirements, applications will be assessed on their merits within the context of the overall demand of funds in the program.

Assessment criteria will largely focus on level of DC rate reduction, the housing impact and the municipal contribution to the project.

Projects that are shovel ready and housing-enabling would be prioritized for funding.

27. How will DC reductions be considered in the assessment of applications?

Applications would be assessed on the depth of their committed DC rate reductions and in particular, DC rate reductions beyond the minimum required would be eligible for higher program funding.

28. How will the housing impact be considered in the assessment of applications?

Assessment related to housing impact will consider the level of DC relief provided to homebuilders as projected by municipalities.

However, the number and types of housing enabled by the projects submitted would be considered in the prioritization of projects.

29. Are applicants providing more than the minimum 10% contribution towards eligible project costs scored higher?

Applications that provide for a higher municipal infrastructure eligible project cost contribution (i.e., more than 10%) would receive greater consideration in the amount of funding received under the DCRP. Please note that while soft costs are considered ineligible project costs, they can be counted towards the municipal contribution amount for assessment purposes.

30. Where can applicants submit additional information (e.g., supporting documents)?

Supporting documentation that is required to support your application must be uploaded to TPON. For a list of supporting documentation that may be applicable as part of an application, please see Section 11 of the Program Guidelines.

31. How will applicants with limited internet access and/or barriers to access to TPON be accommodated?

If you experience issues with accessing TPON, applicants can email DCRP@Ontario.ca for additional support. However, applications are expected to be submitted through TPON.

32. What types of maps must be submitted with the application?

Please include a project map clearly identifying all components in the project description in KML format (please refer to Program Guidelines - Section 12 "Maps in KML Format" for instructions). Applicants may also submit a copy of the applicable official plan or housing plan for housing units being maintained/protected by the project.

33. Will the Asset Management Plan be used for assessment?

For the project to be eligible, it is required to be incorporated in the municipality's asset management plan by its next update, including the lifecycle management activities and financial management plan.

Financial Matters

34. What is the maximum funding available per project?

The maximum funding for municipal projects depends on the number of applicants to the program and the merits of each application.

The province and the federal governments will fund a maximum of 90% of eligible project costs with the recipient required to fund all remaining project costs.

Table 1. Example: Funding for One Recipient.

Value of Project	Provincial Contribution (90% maximum)	Recipient Contribution (10% minimum)
$5 million	$4.5 million (90%)	$.5 million (10%)
$48 million	$38.4 million (80%)	$9.6 million (20%)

35. What other types of funding (i.e., stacking) are allowed for the program?

Eligible applicants may not combine (i.e., stack) other federal and provincial funding towards their municipal contribution.

In addition, funding from other housing-enabling infrastructure programs cannot be used to fund eligible projects under this program.

36. Can the province advise on how to source the 10% minimum applicant contribution?

The Ministry cannot provide specific advice on how applicants should fund their contribution.

Applications would be assessed on the amount of municipal contribution for each eligible project. While the minimum required municipal contribution is 10% towards eligible project costs, applications that provide for more municipal contributions for each eligible project would be eligible for higher program funding.

Duty to Consult Requirements

37. Will a duty to consult (DTC) review be required?

Yes. Projects may only begin capital work (e.g., physical construction, removal of vegetation or site preparation), provided that funding approval has been received from the province **and** it has been confirmed in writing that duty to consult (DTC) requirements have been met.

Projects that proceed with construction or site preparation **prior to program approval** or receiving written confirmation from the province that DTC requirements have been met will not be eligible for funding.

Projects must start no later than July 31, 2030 and complete construction by October 31, 2035.

38. What is the duty to consult (DTC) review process?

The Crown may have a Duty to Consult (DTC) and, where appropriate, accommodate Indigenous communities (e.g., First Nation, Inuit and Métis peoples) if an activity is contemplated that may adversely impact an Aboriginal or treaty rights.

Where the duty to consult Indigenous communities is triggered, the municipal applicant must confirm that Indigenous consultation has been undertaken. The municipality will be notified if the duty to consult has been met or if further consultation needs to be undertaken. If duty to consult has not been met at the time of the application being submitted to the Province, the municipal applicant must undertake to meet the duty to consult prior to undertaking site preparation or construction. The municipality may be required to provide a complete consultation record or any accommodation measures adopted in response to consultation with communities.

Contact Information

39. What is the contact information to ask questions for DCRP?

For program-related inquiries, the Development Charge Reduction Program team can be reached by email at DCRP@ontario.ca. For inquires related to the TPON system, please contact TPON at TPONCC@ontario.ca.