

Changes to the definition of an “Affordable Residential Unit” in the Development Charges Act, 1997 for the purpose of municipal development-related charge discounts and exemptions

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Proposal

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Proposal summary

The province is proposing to amend the *Development Charges Act, 1997* to change the definition of an affordable residential unit for the purpose of discounting and exempting these units from municipal development-related charges.

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Proposal details

Overview:

The Ministry of Municipal Affairs and Housing (MMAH) is proposing to amend the *Development Charges Act, 1997* (DCA) to change the definition of an affordable residential unit for the purpose of discounting and exempting these units from municipal development-related charges (MDRCs). MDRCs are development charges, community benefits charges, and parkland dedication requirements. The proposed new definition would be based on the existing definition of affordable housing in the Provincial Policy Statement (PPS), 2020, which considers local income in addition to market prices. The proposed new definition would consider the housing costs that are affordable for households that, in the Minister of Municipal Affairs and Housing's opinion, are in the 60th percentile of gross annual income in the applicable local municipality.

Proposed change:

Under the proposed change, an affordable residential unit would be defined as:

For rental housing, where the rent is no greater than the lesser of,

- i. the income-based affordable rent for the residential unit set out in the Affordable Residential Units bulletin, as identified by the Minister of Municipal Affairs and Housing, and
- ii. the average market rent identified for the residential unit set out in the Affordable Residential Units bulletin.

In identifying the income-based affordable rent applicable to a residential unit, the Minister of Municipal Affairs and Housing shall,

- a. determine the income of a household that, in the Minister's opinion, is at the 60th percentile of gross annual incomes for renter households in the applicable local municipality; and
- b. identify the rent that, in the Minister's opinion, is equal to 30 per cent of the income of the household referred to in clause (a).

For ownership housing, where the price of the residential unit is no greater than the lesser of,

- i. the income-based affordable purchase price for the residential unit set out in the Affordable Residential Units bulletin, as identified by the Minister of Municipal Affairs and Housing, and
- ii. 90 per cent of the average purchase price identified for the residential unit set out in the Affordable Residential Units bulletin.

In identifying the income-based affordable purchase price applicable to a residential unit, the Minister of Municipal Affairs and Housing shall,

- a. determine the income of a household that, in the Minister's opinion, is at the 60th percentile of gross annual incomes for households in the applicable local municipality; and
- b. identify the purchase price that, in the Minister's opinion, would result in annual accommodation costs equal to 30 per cent of the income of the household referred to in clause (a).

Why the change is being made:

The proposed change to the definition of an affordable residential unit in the *Development Charges Act, 1997* would change which units might qualify for discounts and exemptions from MDRCs. As local income would be a factor for determining which residential units would be deemed affordable, the changes could result in lower purchase prices compared to the current definition in the DCA. The change would also incent the development of housing that would be considered affordable to moderate income households.

Affordable residential units that meet the province's definition would be eligible for discounts and exemptions from MDRCs, to help lower the cost of building, purchasing, and renting affordable homes across the province.

Incorporating income-based factors into the definition of an affordable residential unit, better reflects moderate income households' ability to carry costs of housing (compared to a solely market-based definition). This change would help to enable more Ontarians to find an affordable home based on their household income.

Supporting materials

Related links Click to Expand Accordion

- [Development Charges Act, 1997, S.O. 1997, c. 27 \(ontario.ca\)](#)
- [Bill 23, More Homes Built Faster Act, 2022 - Legislative Assembly of Ontario \(o...](#)
- [Planning Act, R.S.O. 1990, c. P.13 \(ontario.ca\)](#)
- [Review of proposed policies adapted from A Place to Grow and Provincial Policy ...](#)
- [Changes to the Definition of an "Affordable Residential Unit" in the Developmen...](#)

View materials in person

Some supporting materials may not be available online. If this is the case, you can request to view the materials in person.

Get in touch with the office listed below to find out if materials are available.

Comment

Commenting is now closed.

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to October 28, 2023

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