

Proposal to change development charge exemptions for affordable housing

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On September, 28, 2023, the Minister of Municipal Affairs and Housing (MMAH) introduced [Bill 134](#), which proposes a new definition of “affordable” for the purposes of exemptions from development charges under the *Development Charges Act, 1997*. The exemptions and discounts for affordable housing were first enacted on November 28, 2022 pursuant to [Bill 23 \(as we wrote about here\)](#), but are not yet in force

This proposal, if implemented, takes a different approach to defining affordability more in line with the current Provincial Policy Statement. The proposed definition focusses on the ability of households to pay, as opposed to only looking at what the market is asking. The changes, if adopted, will provide an exemption from development charges for those developments which meet the new definitions.

Bill 23 had proposed that “affordable” be defined solely on the basis of market prices and rents that were no greater than 80% of the average purchase price or market rent, as defined by the Ministry. This definition had not yet been brought into force.

The proposed definitions would be based on determinations of average market rents and purchase prices, as well as incomes for a local municipality that the Minister would make in the “Affordable Residential Units for the purposes of the *Development Charges Act*” bulletin, which has not yet been released. Based on those definitions, “affordable” will be:

- For non-rental units, the price is no greater than the lesser of:
 - A price for which the cost of accommodation is less than 30% of the 60th percentile of income for households in the municipality, or
 - 90% of the average purchase price identified for the residential unit set out in the Affordable Residential Units bulletin.
- For rental units, the rent is no greater than the lesser of:
 - 30% of the 60th percentile of income for rental households in the municipality, or
 - The average market rent set out in the Affordable Residential Units bulletin.

What remains unclear is how “attainable housing”, which is also proposed to be exempt from development charges, is to be further defined by way of criteria that are to be prescribed by regulation.

A track changes version of the changes proposed to the Development Charges Act is available for download [here](#):

