

2025 Development Fees and Charges Review

Town of Carleton Place

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September 4, 2025

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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
A.R.D.U.	Accessory Residential Dwelling Unit
C.B.C.	Community Benefits Charge
C.I.L.	Cash-in-Lieu
C.I.P.	Community Improvement Plan
CMHC	Canada Mortgage and Housing Corporation
D.A.A.P.	Development Application Approvals Process
D.C.s	Development Charges
D.C.A.	*Development Charges Act, 1997*, as amended
D.C.B.S.	Development Charges Background Study
D.P.A.	Development Permit Amendment
GIS	Geographic Information System
HAF	Housing Accelerator Fund
MPAC	Municipal Property Assessment Corporation
OLT	Ontario Land Tribunal
O.P.A.	Official Plan Amendment
T.I.E.R.	Tax Increment Equivalent Rebate
T.I.E.G.	Tax Increment Equivalent Grant



Executive Summary

Executive Summary

The Town of Carleton Place (Town) committed to undertake a comprehensive review of its development-related fees and charges as part of its agreement for funding received through the federal Housing Accelerator Fund (HAF). Specifically, the Town committed to undertake this review in two phases:

- Phase 1 would focus on reviewing and creating an administrative framework; and
- Phase 2 would include calculating revised or updated development-related fees, including those for planning applications, building permits, engineering reviews, etc.

The Town retained Watson & Associates Economists Ltd. (Watson) to undertake this study, which represents Phase 1 of the work. This initiative supports the Town's efforts to increase housing supply and improve affordability by ensuring that development-related fees are clear, transparent, and pre-determined.

The objectives of this Phase 1 work included:

- Creating an administrative framework governing the Town's development-related fees and charges, which outlines the types of fees, how they are determined, and when they are collected;
- Evaluating and potentially consolidating development-related fees and charges to ensure that they are clear, transparent, and pre-determined (i.e., not subject to negotiation);
- Proposing incentives for prioritized housing forms, including non-profit, rental, and missing middle units, for the Town's consideration; and
- Exploring the possibility of establishing penalties and/or disincentives for inactivity or development that does not align with the community's housing needs.

The review considered the statutory authority provided under the *Planning Act*, *Building Code Act, 1992*, *Development Charges Act, 1997*, and *Municipal Act, 2001*. Each fee category was assessed for compliance with legislative requirements, cost recovery objectives, and opportunities for administrative improvement. The review included the following types of development fees:

- Planning application fees;

- Building permit fees;
- Engineering and fire inspection fees;
- Development charges (D.C.s);
- Parkland dedication and cash-in-lieu (C.I.L.) of parkland;
- Capital and connection charges; and
- C.I.L. of parking.

The review showed that the Town's framework/approach is comprehensive and well-documented which aligns with HAF principles. Most fees are consolidated within the Town's Fees and Charges By-law, which is updated annually, or other by-laws, reducing reliance on negotiated fees. Additionally, the review found no duplication of cost recovery across the Town's different fee categories. However, the review identified some opportunities for the Town to improve its administration of development-related fees, including:

- Simplifying the fee structure: The Town's fee schedule, while comprehensive, may pose challenges for developers unfamiliar with municipal processes. As part of Phase 2, it is recommended that the Town consider updates to fee amounts (excluding D.C.s) and explore options to simplify the fee structure.
- Enhancing ease of access to fee information by including a comprehensive inventory of development-related fees and charges, organized by development phase, on the Town's website. It is also recommended that the Town explore Geographic Information Systems (GIS) mapping to visually display the geographic applicability of fees, particularly the capital and connection charges which are imposed on an area or property-specific basis;
- Enhance transparency and improve ease of administration: The Town's use of multiple capital and connection charge by-laws, while effective for cost recovery, presents administrative and policy challenges. These include the burden of tracking legacy by-laws and remitting funds to original contributors, potential misalignment between fee timing and infrastructure benefit, and difficulty accessing older by-laws. These issues may create uncertainty for developers and reduce the transparency and predictability of the development process.

To achieve the objective of supporting the development of priority housing forms, a range of incentives have been proposed. The Town's housing priorities were identified and based on the 2024 Community Housing Needs Assessment and discussions with staff. These ranked priorities were:

- non-profit housing;
- affordable rental housing;
- missing middle housing (e.g., semi-detached and townhouse bungalows);
- accessible senior housing; and
- intensified mixed-use developments in 15-minute neighbourhoods.

The recommendation incentives were developed with consideration of the applicable legislation, as summarized in Chapter 2, existing Town incentive programs, and best practices identified from a survey of municipal practices across Ontario including, but not limited to, the Cities of Burlington, Ottawa, and Thunder Bay (see Appendix A). The survey of practice identified a range of incentives used by other municipalities, including fee waivers, forgivable loans, D.C. rebates and deferrals, interest-free instalments, and property tax subclass reductions. Furthermore, the recommendations considered the financial impact on the Town and tax payers.

The following recommendations, organized by housing type, have been proposed for the Town's consideration. For compliance with Section 106 of the *Municipal Act* any incentives, excluding fee design matters, such as rebates, grants, waivers, and changes to the Tax Increment Equivalent Rebate (T.I.E.R.) program would be implemented through amending the Town's C.I.P. Fee design matters, such as differentiated fees by type of development, would be subject to the governing legislation (i.e., Section 69(2) of the *Planning Act* for planning application fees, Section 7 of the *Building Code Act, 1992*, and Part XII of the *Municipal Act)*.

- Non-Profit Housing, as defined under the *Development Charges Act, 1997* (D.C.A.):
    - Offer a capital grant of up to $25,000 per unit to align with Lanark County's existing program.
    - A waiver or cancellation of planning and engineering/inspection fees.
    - Continue to maintain the existing C.I.P. rebate for building permit fees.
    - Update the T.I.E.R. program to extend from 10 to 15 years to match the County's term.
    - Work with Lanark County (County) to adopt the required by-law to implement the Affordable Rental Housing tax subclass to take effect in January 2026.
    - Update the C.I.P. to adopt the definition of non-profit housing from the D.C.A.

- Affordable Rental Housing:
    - Offer a capital grant of up to $25,000 per unit to align with County's existing program.
    - Maintain the existing C.I.P. rebate for building permit fees.
    - Implementing a 50% discount on planning and engineering fees.
    - Update the T.I.E.R. program to extend from 10 to 15 years to match the County's term.
    - Work with County to adopt the required by-law to implement the Affordable Rental Housing tax subclass to take effect in January 2026.
    - Update the definition of affordable rental housing in the C.I.P. to align with the definition from the D.C.A.
- Missing Middle Housing of Semi-detached and Townhouse Bungalows:
- Reduced building permit fees for semi-detached bungalow units up to 1,500 square feet and up to 1,400 square feet for bungalow townhouse units. It is recommended that the Town consider reductions of up to 30%, with the final percentage to be determined as part of Phase 2 of the project.
    - Implementation of this incentive requires an amendment to the building permit fee schedule and may require a corresponding increase for larger or non-eligible unit types to fully recover the costs of administering and enforcing the *Building Code Act.*
- Intensified Mixed-Use Developments in 15-Minute Neighbourhoods:
    - Reduced parking requirements for mixed-use developments of up to 50%, to be determined as part of Phase 2 of the project.
- Accessible Residential Units:
    - A stackable grant of up to $5,000 is recommended for projects incorporating universal, barrier-free, or accessible designs. This grant will be issued upon completion and final inspection and is restricted to developments approved under the non-profit housing, affordable rental housing, or missing middle incentive categories, as identified above.

The following actions are recommended as part of implementing the Town's financial incentives program:

- Establish a structured annual intake process to allocate grants and fee rebates/waivers. This process would prioritize non-profit housing providers, followed by affordable rental housing and other eligible applications, based on a comprehensive review of submissions received during the intake period.

- Maintain the Town's existing application and approval process for the T.I.E.R. program, with formal communication of eligibility requirements provided to potential beneficiaries during pre-consultation and throughout the development process.
- Coordinate with the County to pass the by-law to adopt the Affordable Housing property tax subclass prior to September 30, 2025, for 2026 implementation. Additionally, it is recommended that the Town and County develop a process to communicate with Municipal Property Assessment Corporation (MPAC) regarding eligible properties.
- Allocate an additional $500,000 of the monies received from HAF to fund financial incentives as discussed above.
- Allocate $100,000 of monies received from HAF to fund the full costs of Phase 2 of the project.



Report

Chapter 1
Introduction

1. Introduction

1.1 Background

The Town of Carleton Place (Town) received funding through the federal government's Housing Accelerator Fund (HAF). The HAF program identified 10 best practices where municipalities could receive funding if their proposed actions to increase housing supply and improve affordability aligned with these practices. One of the best practices is a comprehensive review of development-related charges and fee schedules, including waivers for affordable housing, to ensure the fees and charges are clear, transparent, and pre-determined. The Town committed to undertake this review through its HAF agreement in two phases: Phase 1 would focus on reviewing and creating an administrative framework, and Phase 2 would include calculating revised or updated development-related fees, including those for planning applications, building permits, engineering reviews, etc.

1.2 Study Objectives

The Town retained Watson & Associates Economists Ltd. (Watson) to undertake a comprehensive review of its development fees and charges as the first phase of the initiative. The objectives of this Phase 1 work were to:

- Create an administrative framework governing the Town's development fees and charges, which outlines how the Town imposes fees on development, including the types of fees, how they are determined, and when they are collected.
- Evaluate and consolidate all development fees and charges to ensure that they are clear, transparent, and pre-determined (not subject to negotiation). The consolidation would also help provide the development community with clarity regarding the applicable development fees and the timing of imposition and collection.
- Propose incentives for prioritized housing forms for the Town's consideration. The potential incentives include waiving or imposing reduced fees and charges (e.g. planning application, building permit fees, payment-in-lieu of parkland, etc.) for priority housing forms. The study will recommend the types of financial incentives that the Town should consider providing to developers who focus on the Town's priority housing types (e.g., non-profit, rental housing, missing middle

units), with the goal of ensuring that the benefits are passed along to homebuyers or tenants.

- Explore the possibility of establishing penalties and/or disincentives for inactivity or development that does not align with the community's housing needs. This includes penalizing developments that are not prioritized or that contribute to urban sprawl. By creating these disincentives, the Town aims to guide development towards more sustainable and community-focused projects, ensuring that growth is managed to benefit the entire community. Additionally, the study will consider penalties and/or disincentives for housing not constructed in a timely manner, in other words, a "use it or lose it" approach.

1.3 Approach and Methodology

To support the Town's objectives, the assignment began with a detailed review of the existing fees and charges imposed on development. This process involved working with Town staff to identify all sources of the various fees and charges, included in Town by-laws and agreements. The purpose of this exercise was to identify any instances of duplication, lack of clarity, as well as areas where simplification and consolidation could be achieved. Each fee and charge was reviewed to understand the statutory basis for its imposition, its purpose, as well as the timing of imposition. This information was then used to develop recommendations for the Town's consideration to streamline the fee structure to enhance efficiency, reduce administrative burden, and ultimately help the Town create a more transparent and user-friendly development fees and charges system.

The development fees and charges within the scope of the assignment include:

- Building permit fees;
- Planning application fees;
- Engineering development-related fees;
- Fire inspection fees;
- Development charges;
- Parkland dedication, including cash-in-lieu of parkland;
- Cash-in-lieu of parking; and
- Capital and connection charges.

In addition, the study also considered different incentives and disincentives that the Town could provide to increase housing supply. The proposed incentives considered the governing legislation, including the *Municipal Act*, 2001, *Development Charges Act, 1997, Planning Act, Building Code Act* . Furthermore, a jurisdictional scan was conducted to understand the incentives, disincentives, and penalties used by other municipalities. This included reviewing the types of incentives, legal authority to provide the incentives, and administrative process. The survey of practice was then used to inform the development of recommendations tailored to the Town's unique context.

Furthermore, the Town's use of development and cost-sharing agreements was reviewed in relation to its Local Service Policy contained in the 2024 Development Charges Background Study (D.C.B.S.), dated December 18, 2024, and approved by Council on February 18, 2025, along with the passage of the by-law. This review considered the types of capital works that are considered a requirement of developers to undertake as part of their development agreement(s).

Chapter 2
Legislative Context

2. Legislative Context

2.1 Overview

The Town's development-related fees and charges are governed by multiple statutes, each with specific requirements. These statutes include the *Planning Act, R.S.O 1990 Chapter P. 13 (Planning Act)*, the *Building Code Act, 1992*, *Development Charges Act, 1997,* (D.C.A.) and the *Municipal Act, 2001*. The following sections summarize the fee provisions of each piece of legislation and identifies the Town's existing fees and charges that are governed by the statute. It also discusses the costs that the Town recovers or intends to recover from the specific fees and charges, and outlines findings regarding potential duplication of cost recovery, and recommendations for future administration.

2.2 Planning Act

The *Planning Act* governs several of the Town's development-related fees. These include cash-in-lieu (C.I.L.) of parking, parkland dedication and cash-in-lieu of parkland, as well as planning application fees. The relevant sections of the legislation, as they pertain to fees and charges imposed by the Town and any potential incentives, are discussed below.

2.2.1 Payment-in-lieu of Parking

Section 40 of the *Planning Act* allows municipalities and owners or occupants to enter into agreements that exempt the owner or occupant from providing or maintaining parking facilities. Specifically, the legislation states that:

> 40 (1) Where an owner or occupant of a building is required under a by-law of a local municipality to provide and maintain parking facilities on land that is not part of a highway, the council of the municipality and such owner or occupant may enter into an agreement exempting the owner or occupant, to the extent specified in the agreement, from the requirement of providing or maintaining the parking facilities.
>
> (2) An agreement entered into under subsection (1) shall provide for the making of one or more payments of money to the municipality as consideration for the granting of the exemption and shall set forth the basis upon which such payment is calculated.

Furthermore, the act requires that the funds be paid into a special account or restricted reserve fund and be used only for the purposes for which they are collected. It also allows municipalities to register any outstanding fees on title for the development until they are paid.

The Town's Development Permit By-law, By-law 53-2025, notes that payment-in-lieu parking, also known as cash-in-lieu of parking, would be required as a condition of entering into a Class 2 Development Agreement. The fee is included in the Town's Fees and Charges By-law. At the time of writing this report, the fee is set at $6,000 per required parking space. This fee is calculated and imposed in the agreement phase of the development. Furthermore, there are no statutory or discretionary exemptions provided through the by-law.

2.2.2 Parkland Dedication

Sections 42, 51.1, and 53 of the *Planning Act* provide municipalities with the authority to require the conveyance of land for parks or other public recreational purposes as a condition of development, redevelopment, subdivision approval, or land severance.

Under Section 42 municipalities may pass a by-law requiring the dedication of up to 2% of the land for commercial or industrial development, and up to 5% of the land for all other types of development. Furthermore, Section 42(2.1) sets out that the amount of land or C.I.L. required shall be determined based on the by-law in effect on day a site plan application is submitted, or if none, the day a zoning by-law amendment application is submitted, or if neither applies, the day the first building permit is issued. It is important to note that according to subsection 42(2.2) this determination remains valid even if the by-law is no longer in effect at the time of actual conveyance or payment. If multiple applications are submitted, the calculation is based on the date of the later application. Additionally, if more than two years have passed since the approval of the site plan or zoning amendment application by the time the first building permit is issued, those earlier application dates no longer apply, and the fee will be determined based on the date of building permit issuance.

Furthermore, under subsection 42(4.1), a municipality that has adopted a parks plan, and authorized the alternative requirement in its official plan, may elect to require the conveyance of land at a rate of 1 hectare per 600 net residential units, also referred to as the alternative requirement.

Under Section 51.1 of the *Planning Act*, municipalities may require dedication of up to 2% of the land for commercial or industrial development, and up to 5% of the land for all other types of development as a condition of approval of a plan of subdivision. Similarly, Section 53 of the *Planning Act* allows municipalities to require parkland dedication of C.I.L. for consents.

In place of land dedication, municipalities may require payment in lieu of parkland conveyance, also referred to as C.I.L. of parkland. The C.I.L. can be based on the standard 2% or 5% similar to land dedication. For residential development, if the alternative requirement is used, subsection 42(6.0.1) permits municipalities to require C.I.L. at a rate of 1 hectare per 1,000 net residential units or a lesser rate as specified in the by-law.

Regardless of the calculation method used by a municipality i.e., standard, or alternative requirement, the legislation excludes existing, affordable, attainable residential units, as well as non-profit housing developments, from the calculations of conveyance or C.I.L. required. Conveyance or C.I.L. is capped as follows:

- in the case of land proposed for development or redevelopment that is five hectares or less in area, 10 percent of the land area or the value of the land, as the case may be; and
- in the case of land proposed for development or redevelopment that is greater than five hectares in area, 15 percent of the land area or the value of the land, as the case may be.

The three sections of the *Planning Act* provide the following dates for determining land value used to calculate C.I.L. of parkland:

- Under Section 42, the value of the land for C.I.L. purposes must be determined as of the day before the building permit is issued, or the day before the first permit if multiple permits are required.
- Under Section 51, the value of land is determined as of the day before draft plan approval.
- Under Section 53, the value of land is determined as of the day before the day the provisional consent was given.

The Town currently imposes and collects parkland dedication at the time of execution of development agreements.

C.I.L. payments are considered “applicable law” under the *Building Code Act, 1992*, and as a result, no building permit may be issued unless the payment or arrangements for payment have been made. Applicants may pay under protest and appeal the valuation to the Ontario Land Tribunal (OLT) within 30 days.

All C.I.L. funds received by a municipality must be deposited into a special account and may only be used for specific purposes: the acquisition of land for park or other recreational purposes, including the erecting, improvement, or repair of buildings and the acquisition of park or other public recreation-related machinery. Municipalities are required to report annually on the use of these funds, including details on land acquisitions, expenditures, and how these align with the adopted parks plan. These reporting requirements are outlined in Ontario Regulations 509/20 and 439/22, which also prescribe the format, timing, and public accessibility of the reports.

The *Planning Act* and Ontario Regulation 509/20 exempt certain types of development from parkland dedication and C.I.L. requirements. Of particular relevance to this assignment are the following exemptions:

- A second residential unit within a detached house, semi-detached house, or rowhouse, on a parcel of land where residential use is permitted, provided that all ancillary buildings or structures contain no more than one residential unit.
- A third residential unit within a detached house, semi-detached house, or rowhouse, on a parcel of land where residential use is permitted, provided that no ancillary buildings or structures contain any residential units.
- One residential unit in an ancillary building or structure on a parcel of land where residential use is permitted if the primary dwelling contains no more than two residential units and no other ancillary structures contain residential units.
- Non-profit housing developments.
- Affordable residential units, as defined in the D.C.A.
- Attainable residential units, as defined in the D.C.A.
- Inclusionary zoning residential units, that are considered affordable, created under a municipal inclusionary zoning by-law.

These exemptions are a type of incentive to encourage the development of affordable, non-profit, and a range of other housing options.

The Town adopted By-law 86-2023 to require the conveyance of or C.I.L. of parkland. The by-law applies the standard rates for parkland dedication and C.I.L. of parkland. By-law 86-2023 imposes a charge for consents on a per-lot basis. This charge is subject to annual indexing and is currently set at $6,284.63. Aside from the statutory exemptions, the Town's by-law does not provide further incentives for residential development.

2.2.3 Planning Application Fees

Section 69 of the *Planning Act* allows municipalities to impose fees through a by-law for the purposes of processing planning applications. In determining the associated fees, the Act requires that:

> "The council of a municipality, by by-law, and a planning board, by resolution, may establish a tariff of fees for the processing of applications made in respect of planning matters, which tariff shall be designed to meet only the anticipated cost to the municipality or to a committee of adjustment or land division committee constituted by the council of the municipality or to the planning board in respect of the processing of each type of application provided for in the tariff."

Section 69 establishes the requirements that municipalities must consider when determining planning application fees. The Act specifies that municipalities may impose fees through by-law and that the anticipated costs of such fees must be cost justified by application type as defined in the tariff of fees (e.g., Official Plan Amendment, Class 1 Development Permit, etc.). Given the cost justification requirements by application type, this would suggest that cross-subsidization of planning fee revenues across application types is not permissible. For instance, if Official Plan Amendment application fees were set at levels below full cost recovery for policy purposes this discount could not be funded by Subdivision application fees set at levels higher than full cost recovery. Our interpretation of Section 69 is that any fee discount must be funded from other general revenue sources such as property taxes. In comparison to the cost justification requirements of the *Building Code Act, 1992*, where the justification point is set at the aggregate level of the Act, the requirements of the *Planning Act* are more stringent in this regard.

The legislation further indicates that the fees may be designed to recover the "anticipated cost" of processing each type of application, reflecting the estimated costs of processing activities for an application type. This reference to anticipated costs

represents a further costing requirement for a municipality. It is noted that the statutory requirement is not the actual processing costs related to any one specific application.

Subsection 69(2) of the *Planning Act* gives council of a municipality, a planning board, a committee of adjustment or a land division committee the discretion to reduce or waive the planning application fees. This reduction or waiver can be done in cases where they determine that it would be unreasonable to require full payment of the fees for the application.

The legislation also caps the fees for development and redevelopment that includes affordable housing. Specifically, it prohibits charging more than the maximum fee prescribed for the type of application being made, in order to help support the creation of affordable housing units. The payment of *Planning Act* fees can be made under protest with appeal to the OLT, if the applicant believes the fees were inappropriately charged or are unreasonable. The OLT will hear such an appeal and determine if the appeal should be dismissed or direct the municipality to refund payment in such amount as determined. These provisions confirm that fees imposed under the *Planning Act* are always susceptible to appeal. Unlike other fees and charges (e.g., development charges) there is no legislated appeal period related to the timing of by-law passage, mandatory review period, or public process requirements.

At present, the Town imposes its planning application fees through its fees and charges by-law, By-law 74-2024. As previously noted, these fees are intended to recover the costs of processing planning applications. The scope of work to be completed in Phase 2 of this project will include an assessment of the costs being recovered by the fees, level of cost recovery, as well as recommendations for updated fees and potential changes to the fee structure.

2.3 Building Code Act, 1992

Section 7 of the *Building Code Act* provides municipalities with general powers to impose fees through passage of a by-law. The Act provides that:

> "The council of a municipality…may pass by-laws…:
>
> (c) requiring the payment of fees and prescribing the amounts of the fees,
>
> (i) on application for and on issuance of permits,

(ii) for maintenance inspections,

(iii) for providing documentation, records, or other information under section 15.10.4, and

(iv) for providing information under subsection 15.10.6 (2);"

The *Building Code Statute Law Amendment Act* imposed additional requirements on municipalities in establishing fees under the Act, in that:

> "The total amount of the fees authorized under clause (1)(c) must not exceed the anticipated reasonable cost of the principal authority to administer and enforce this Act in its area of jurisdiction."

In addition, the amendments also require municipalities to:

- Reduce fees to reflect the portion of service performed by a Registered Code Agency;
- Prepare and make available to the public annual reports with respect to the fees imposed under the Act and associated costs; and
- Undertake a public process, including notice and public meeting requirements, when a change in the fee is proposed.

O. Reg. 163/24 further details the contents of the annual report and the public process requirements for the imposition or change in fees. With respect to the annual report, it must contain the total amount of fees collected, the direct and indirect costs of delivering the services related to administration and enforcement of the Act, and the amount of any reserve fund established for the purposes of administration and enforcement of the Act. The regulation also requires that notice of the preparation of the annual report be given to any person or organization that has requested such notice.

Relating to the public process requirements for the imposition or change in fees, the regulations require municipalities to hold at least one public meeting at which any person may make representations. At least 21 days' notice of the meeting must be provided to every person or organization that has, within five years prior to the meeting, requested such notice and provided a mailing address. The notice must be sent by regular mail and must state the intent to pass a by-law under Section 7 of the Act, including whether the by-law would introduce a new fee or change an existing one.

Additionally, the notice must either include or indicate that the following information will be made available at no cost upon request:

- an estimate of the costs of administering and enforcing the Act;
- the amount of the proposed fee or change; and
- the rationale for imposing or changing the fee.

The Act requires that fees "must not exceed the anticipated reasonable costs" of administering and enforcing its provisions. This cost justification is assessed based on the total expenses incurred by the principal authority across all Building Code enforcement activities, rather than on a permit-by-permit or activity-specific basis.

With the Act requiring municipalities to report annual direct and indirect costs related to fees, this would suggest that *Building Code Act* fees can include general corporate overhead indirect costs that can reasonably be attributed to the provision of service. Moreover, the recognition of anticipated costs also suggests that municipalities could include costs related to future compliance requirements or fee stabilization reserve fund contributions. It is important to note that while indirect costs reasonably attributable to enforcement and administration of the Code may be included, municipalities must ensure these are justifiable and transparent. The indirect or overhead costs must be clearly linked to the service, and speculative future costs must be anticipated and reasonable, not arbitrary.

2.4 Development Charges Act, 1997

The D.C.A., provides the statutory authority for municipalities to impose development charges (D.C.s). In accordance with the legislation, D.C.s can be imposed on new development or redevelopment that meets specified criteria to recover capital costs associated with growth-related capital infrastructure. The Act imposes restrictions on cost recovery to ensure fairness and accountability. D.C.s cannot be used to fund services that benefit existing development or to cover costs that exceed the municipality's 15-year historical service level, except in cases where there are standards imposed through other Acts, or where the D.C.A. provides otherwise. Additionally, municipalities must account for any existing uncommitted excess capacity and are required to contribute from other revenue sources when using D.C.s for certain services. Reserve funds must be established for collected charges, and funds can only be used for the intended growth-related services identified in the by-law.

Importantly, the D.C.A. prohibits cross-subsidization between different types of development. If a by-law provides exemptions, discounts, or phased-in charges for certain developments (e.g., affordable housing or industrial expansions), the resulting shortfall cannot be recovered by increasing charges on other developments. This ensures that each class of development pays its fair share of growth-related costs without subsidizing others. These provisions maintain equity and transparency in how municipalities finance infrastructure to support growth.

The D.C.A. provides the following exemptions that apply to residential developments:

- Full exemption for the enlargement of an existing residential dwelling unit in accordance with section 2(3) of the D.C.A.
- Full exemption for the creation of the greater of one residential unit or one percent of the existing residential units in an existing rental residential building, which contains four or more residential units (based on prescribed limits out in section 2 (3.1) of the D.C.A.).
- Full exemption for additional residential development in existing buildings: development that results only in the creation of up to two additional dwelling units (based on prescribed limits set out in section 2 (3.2) of the D.C.A.
- Full exemption for additional residential development in new dwellings: development that includes the creation of up to two additional dwelling units (based on prescribed limits set out in section 2 (3.3) of the D.C.A).
- Full exemption for affordable units as defined in the D.C.A. Additional discussion on this exemption and criteria is provided below.
- Full exemption for attainable units (note that further definition is required through regulations prior to being in full effect).
- Full exemption for affordable inclusionary zoning units.
- Full exemption for non-profit housing developments.
- Full exemption for long-term care homes.
- Partial exemption through a discount for rental housing units based on the number of bedrooms contained in each unit, as prescribed (note that these discounts are not part of the methodology required for calculating the charge, but a rule that has to be included in the by-law which informs implementation):
    - Residential units intended for use as a rented residential premises with three (3) or more bedrooms - 25% discount.

- Residential units intended for use as a rented residential premises with two (2) bedrooms - 20% discount.
- Residential units intended for use as a rented residential premises not referred to 1 or 2 above - 15% discount.

With respect to the exemption for affordable residential units, the D.C.A. defines a unit as affordable if its cost meets income-based and market-based criteria. For ownership units, the purchase price must not exceed the lesser of:

(a) a price where accommodation costs are less than 30% of the 60th percentile of household income in the municipality, or
(b) 90% of the average purchase price for that unit type.

For rental units, the monthly rent must not exceed the lesser of:

(a) 30% of the 60th percentile renter income, or
(b) the average market rent for the unit type.

Additionally, to qualify for the exemption, units must remain affordable for 25 years. Municipalities and developers are required to enter into agreements to ensure affordability is maintained over the period. The exemption for affordable residential units came into effect on June 1, 2024, following the release of the Affordable Residential Units Bulletin by the Ministry of Municipal Affairs and Housing, which outlines the eligibility thresholds and implementation requirements. The bulletin is updated annually to provide the most recent values to measure against in determining the eligibility of future units.

D.C.s are generally calculated and payable at the time of issuance of the first building permit. However, for developments subject to Site Plan or Zoning By-law Amendment approvals, the D.C. amount may be determined based on the rate in effect on the date of the applicable planning application. For applications submitted and approved between January 1, 2020, and June 5, 2024, the D.C. amount for developments occurring within two years of approval is based on the rate in effect on the date of the Site Plan or Zoning By-law Amendment application. For applications received on or after January 1, 2020, but not approved prior to June 6, 2024, the D.C. amount for developments occurring within eighteen (18) months of approval is similarly based on the rate in effect on the date of the application.

Rental housing and institutional developments pay D.C.s in six equal annual instalments commencing at occupancy, and then on the anniversary of occupancy for the following five years. Furthermore, municipalities can enter into agreements with developers for early or late payment of D.C.s. Instalment payments and payments determined at the time of Site Plan or Zoning By-law Amendment application are subject to annual interest charges. The maximum interest rate the Town can impose is the average prime rate plus 1%.

The Protect Ontario by Building Faster and Smarter Act, 2025 (Bill 17) proposes a change that would provide the developer with the ability to pay the lower of the D.C.s at the time of Site Plan or Zoning By-law Amendment, plus interest, and the rate in effect at the time the D.C.s are payable. Furthermore, the ability to charge interest on instalments for rental and institutional developments was removed through Bill 17; however, this provision is not yet in force and effect and will only come into effect on a future date to be named by order of the Lieutenant Governor in Council.

Bill 17, which received Royal Assent on June 5, 2025, also introduced deferred payment provisions for all residential developments, allowing D.C.s to be paid at occupancy rather than at building permit issuance. This change is intended to improve cash flow for builders and reduce upfront costs. It is important to note that this provision is not yet in force and will also take effect on a future date to be named by order of the Lieutenant Governor in Council.

The Town recently completed a D.C.B.S., which resulted in the adoption of By-law 09-2025 on February 18, 2025. As part of this process, the Town also reviewed and updated its local service policy to clearly delineate the infrastructure to be funded through D.C.s from the infrastructure considered to be the direct responsibility of developers and funded by them accordingly.

Given that the D.C.B.S. was recently completed, there are no proposed changes to the D.C.s or by-law policies from this assignment. Moreover, any amendments to the provisions of the D.C. by-law would require the Town to undertake a new D.C.B.S. process, including fulfillment of all public process requirements. Furthermore, if a new by-law were adopted, it would be subject to appeal to the OLT; however, any appeal would be strictly limited to the proposed changes.

It is noted that, when changes to the D.C.A., as proposed in Bill 17 or any future amendment, take place, the rules of the D.C.A. override the Town's by-law. Therefore,

the deferral of payment of residential units to occupancy and the lower of the frozen rate, including interest and the current rate, would automatically be adhered to. Thus, providing additional incentives for developers.

2.5 Municipal Act, 2001

Part XII of the *Municipal Act* provides municipalities and local boards with broad powers to impose fees and charges via passage of a by-law. These powers, as presented in s.391 (1), include imposing fees or charges:

> "for services or activities provided or done by or on behalf of it;
>
> for costs payable by it for services or activities provided or done by or on behalf of any other municipality or any local board; and
>
> for the use of its property including property under its control."

This section of the Act also allows municipalities to charge for capital costs related to services that benefit existing persons. The eligible services for inclusion under this subsection of the Act have been expanded by the *Municipal Statute Law Amendment Act, 2006*. Moreover, the amendments to the *Municipal Act* have also embraced the broader recognition for cost inclusion within municipal fees and charges with recognition under s.391(3) that "the costs included in a fee or charge may include costs incurred by the municipality or local board related to administration, enforcement and the establishment, acquisition and replacement of capital assets".

The remaining development-related fees and charges within the scope of this assignment are imposed by the Town under the authority of the *Municipal Act*. Examples of these include engineering review and inspection fees, fire inspection fees, and any that are not specifically provided for under the statutes identified above (i.e., Sections 2.2 to 2.4).

In contrast to cost justification requirements under other legislation, the *Municipal Act* does not impose explicit requirements for cost justification when establishing fees for municipal services. In setting fees and charges for these services, however, municipalities should have regard for legal precedents and the reasonableness of fees and charges. The statute does not provide for appeal of fees and charges to the OLT; however, fees and charges may be appealed to the courts if municipalities are acting outside their statutory authority. Furthermore, no public process or mandatory term for

fees and charges by-laws is required under the Act. There is, however, a requirement that municipal procedural by-laws provide for transparency with respect to the imposition of fees and charges.

The provisions of the *Municipal Act*, particularly those related to bonusing and assistance prohibitions, must also be considered when evaluating or designing financial incentives to support development. Section 106 of the *Municipal Act* prohibits municipalities from directly or indirectly assisting industrial or commercial enterprises through granting bonuses. According to Section 106(2) municipalities must not grant assistance which includes actions such as giving or lending money, guaranteeing borrowing, leasing or selling property below fair market value, or providing exemptions from fees or charges. Exceptions to these provisions exist under specific provisions of the *Planning Act* (e.g., Section 28 related to Community Improvement Plans) and Section 365.1 of the *Municipal Act*, which allow municipalities to offer incentives within defined frameworks.

In addition, Section 107 of the *Municipal Act* provides municipalities with a general power to make grants, subject to the limitations of Section 106. This includes the ability to offer loans, lease land at nominal value, or provide use of municipal resources, provided such actions are deemed to be in the public interest and are transparently administered.

As a result, any incentive program should be carefully structured to comply with legislative requirements. It is recommended that legal review be obtained through the development of and prior to finalizing any financial incentive policy.

Chapter 3
Review of Existing Fees and Charges

3. Review of Existing Fees and Charges

As mentioned in Section 1 of the report, the Town's development-related fees and charges are governed by multiple statutes with their own specific requirements. These fees recover costs, including those associated with providing services or processing applications, capital, as well as infrastructure. The following sections summarize the key fee categories and their respective statutory authorities, discuss the costs that the Town recovers or intends to recover from the specific fees, and outlines findings regarding potential duplication of cost recovery. Tables have also been provided outlining the fees as well as the phase of development process in which each fee is imposed or collected, as indicated by a check mark.

For the purposes of this report, the development process has been divided into the following nine phases:

- Pre-Application;
- Submission of Planning Application;
- Approval of Planning Application;
- Pre-Servicing Agreement/Execution/ Registration;
- Construction of Municipal Infrastructure;
- Building Permit Application and Approval;
- Building Construction and Inspection;
- Occupancy; and
- Post Development (Assumption etc.).

Additionally, this chapter provides some recommendations for the Town's consideration for efficient administration of the fees.

3.1 Planning Act Fees

Table 3-1 presents the Town's development-related fees imposed under the authority of the *Planning Act* and notes the development phase in which the fees are imposed and/or collected. The fees are discussed in detail below.

3.1.1 Cash-in-Lieu of Parking

As mentioned in Section 2.2.1 of this report, municipalities and owners or occupants can enter into agreements that exempt the owner or occupant from providing or maintaining parking facilities. The Town's Development Permit by-law, By-law 53-2025, notes that cash-in-lieu of parking would be required as a condition of entering into a Class 2 Development Agreement. The fee is included in the Town's Fees and Charges By-law. At the time of writing this report, the fee is set at $6,000 per required parking space. This fee is calculated and imposed during the Pre-Servicing Agreement/Execution Registration Phase of development.

3.1.2 Parkland Dedication

Parkland Dedication requirements may be satisfied through land conveyance or C.I.L. of parkland. The Town currently collects these development-related fees in the Pre-Servicing Agreement/Execution/Registration phase of the development process.

3.1.3 Planning Application Fees

Planning Fees, authorized under the *Planning Act*, include those for Official Plan Amendments (O.P.A.), Development Permit Amendments (D.P.A.), subdivision, and condominium approvals, deeming by-laws, consents, etc. Planning fees are intended to recover the anticipated costs of processing applications and are generally imposed during the planning application submission and approval phases. Additional charges may arise during pre-consultation, agreement drafting, or when modifications to applications necessitate further public meetings or circulation.

Table 3-1
Town of Carleton Place
Planning Act Fees and Timing of Imposition/Collection

Type of Fee or Charge / Construction Type	Purpose/Costs Recovered	Development Phase								
		Pre-Application	Submission of Planning Application	Approval of Planning Application	Pre-Servicing Agreement/ Execution and Registration	Construction of Municipal Infrastructure	Building Permit Application and Approval	Building Construction and Inspection	Occupancy	Post Development/ Occupancy (Assumption etc.)
Cash-in-Lieu of Parking										
Cash in lieu of parking	Fund the provision of public parking spaces				✓					
Parkland Dedication/Cash-in-Lieu of Parkland										
Conveyance	Provision of parkland				✓					
Cash-in-Lieu	Provision of parkland				✓					
Planning Development Related Fees										
Official Plan Amendment (OPA)	Recover the anticipated costs of processing developing applications		✓							
Development Permit Amendment (DPA)			✓							
Combined OPA/DPA			✓							
Modifications to OPA/DPA requiring a subsequent public meeting			✓							
Development Permit (DP) Applications										
Class 1	Recover the anticipated costs of processing developing applications		✓							
Class 1-new residential builds within a plan of subdivision			✓							
Class 1A			✓							
Class 2			✓							
Class 3			✓							
File reactivation (inactive for more than 12 months)			✓							
Revision during development permit application process (where new circulation is required)			✓							
Condominiums & Subdivisions										
Condominium exemption fee	Recover the anticipated costs of processing developing applications		✓							
Extension of draft conditions for subdivisions and condominiums			✓							
Subdivision draft approval			✓							
Condominium draft approval			✓							
Major amendment after draft approval				✓						
Minor amendment				✓						
Execution of subdivision or condominium agreement				✓						
Lifting one foot reserve (per reserve)			✓							
Amendment to subdivision, condominium, or development agreement										
General										
Deeming Bylaw	Recover the anticipated costs of processing developing applications		✓							
Consent applications			✓							
Part Lot Control (per block) - Minor (creating individual housing ownerships)			✓							
Part Lot Control (per block) - Major (revisions to signed subdivision plans)			✓							
Encroachment agreement with Town			✓							
Compliance report			✓							
Additional consultation meetings (in person, email, or phone) during Pre-consultation stage, Application circulation stage, or Drafting of agreement stage		✓								
Additional consultation meetings (in person, email, or phone) during - Application circulation stage			✓							
Additional consultation meetings (in person, email, or phone) during - Drafting of agreement stage					✓					

3.2 Building Permit Fees

Building Permit Fees are authorized by the *Building Code Act, 1992* to recover the costs of administering and enforcing the Code. The Town's existing fee structure imposes fees for new construction, additions, renovations, accessory structures, demolitions, and administrative services such as permit revisions and transfers. For new housing as well as new additional dwelling units, the Town employs a tiered rate structure that increases based on the size of the new house or unit. Building permit fees are generally calculated and collected at the time of application; however, additional fees, such as those for conditional permits, additional inspections, revisions, and alternative solutions, may be payable before the building permit is issued or approved. Additional fees may also apply for compliance reports and administrative actions (e.g., orders registered on title). Table 3-2 presents the type of fees imposed by the Town under the authority of the *Building Code Act, 1992*. These fees are generally imposed and collected in the Building Permit Application and Approval and Building Construction and Inspection phases of the development process.

Table 3-2
Town of Carleton Place
Building Code Act Fees and Timing of Imposition/Collection

Type of Fee or Charge / Construction Type	Purpose/Costs Recovered	Development Phase								
		Pre-Application	Submission of Planning Application	Approval of Planning Application	Pre-Servicing Agreement/ Execution and Registration	Construction of Municipal Infrastructure	Building Permit Application and Approval	Building Construction and Inspection	Occupancy	Post Development/ Occupancy (Assumption etc.)
Building Permits - New Housing Fees and New Additional Dwelling Units	Recover costs of administering and enforcing the Building Code						✓			
Any additional dwelling unit in a house or residential accessory structure.							✓			
Application Review Fee for New Housing							✓			
Building Permits - Commercial / Industrial / Institutional & Large Scale Residential							✓			
Non-Housing application review fee at discretion of Chief Building Official (CBO)							✓			
Conditional permit agreement (housing)							✓			
Conditional permit (non-housing)							✓			
Partial permit (foundation only)							✓			
Change of use permit (no construction proposed/required)							✓			
Revision to permit							✓			
Construction or Demolition without a permit (at discretion of the CBO)								✓		
Additional inspection fee (for 3rd or more inspections of a prescribed inspection) at the discretion of the Chief Building Official								✓		
Alternative solution proposal							✓			
Third Party Review Costs							✓	✓		
Orders registered on title/Orders removed from title							✓			
Building Compliance Report-For the following items related only to the Ontario Building Code Act: -Unresolved Orders -Open Permits -Outstanding Inspections								✓		
Transfer of permit								✓		
Limiting distance agreement							✓			

3.3 Development Charges

As previously noted in Section 2.4 of this report, D.C.s recover the capital costs of growth-related infrastructure. For residential development, these charges are calculated based on dwelling type and are generally paid at the time of issuance of the first building permit. The timing of residential D.C. payments may change due to legislative amendments introduced through Bill 17, which proposes to defer payment for all residential developments to the Occupancy phase rather than the Building Permit Application and Approval phase. This provision is not yet in force but may take effect on a future date to be named by order of the Lieutenant Governor in Council.

At present, D.C.s for rental housing and institutional developments are paid in six equal annual instalments, commencing at occupancy and continuing on each anniversary of occupancy for the following five years. These instalments are subject to interest at the prescribed maximum rate (i.e., prime plus one percent). As previously noted, Bill 17 also includes a provision to remove the ability to charge interest on instalment payments for rental housing and institutional developments. This change is likewise not yet in effect but may be enacted on a future date to be named by order of the Lieutenant Governor in Council.

As noted, the time of calculating the D.C.s applicable is typically at the time of building permit issuance, however, for developments proceeding through Site Plan or Zoning Amendment applications, the D.C.s are frozen at the time of the application for a period of either 18 or 24 months, depending on the date of application approval. As noted in Section 2.4 herein, Bill 17 proposes to amend this section to allow the developer to pay the lower of the rate frozen, including interest and the rate in effect upon building permit issuance. Although the Town utilizes the development permitting system, its recognizes the rate freeze for Class 2 applications, which are similar to site plan applications, as well as Class 3 and D.P.A. applications, which are similar to zoning by-law amendment applications.

Further, currently the D.C.A. allows municipalities to enter into early or late payment agreements with developing landowners. Bill 17 also proposes that early payments may be allowed in absence of an early payment agreement.

Table 3-3 presents the Town's charges imposed under the authority of the D.C.A. The chart shows the timing of payment provisions currently in effect.

Table 3-3
Town of Carleton Place
Development Charges and Timing of Imposition/Collection

Type of Fee or Charge	Purpose/Costs Recovered	Development Phase								
		Pre-Application	Submission of Planning Application	Approval of Planning Application	Pre-Servicing Agreement/ Execution and Registration	Construction of Municipal Infrastructure	Building Permit Application and Approval	Building Construction and Inspection	Occupancy	Post Development/ Occupancy (Assumption etc.)
Development Charges	Recover growth-related caital costs						✓		See comments in Section 3.3	✓

3.4 Municipal Act Fees

Table 3-4 presents the Town's development-related fees imposed under the authority of the *Municipal Act*. Similarly, the table provides the fee name along with the development phase in which the fees are imposed and/or collected. A discussion on each of the various fee types is provided below.

3.4.1 Fire Inspection Fees

The Town imposes fire inspection fees under its authority granted by the *Municipal Act* to recover the costs associated with additional inspections and re-inspections of residential buildings. As shown in Table 3-4, the fees vary based on building type and size and are imposed during the post-occupancy phase of the development process. The Town does not charge fees for inspections conducted during the building construction phase.

3.4.2 Engineering Fees

Engineering development-related fees include charges for inspection services, environmental compliance approvals, project management, and agreement execution. These fees may be imposed at several points throughout the development process, including pre-application and pre-servicing agreement/execution registration phase.

3.4.3 Capital and Connection Charges

The Town also has a number of by-laws to impose capital and connection charges on properties benefiting from specific infrastructure improvements such as water and sewer services. Some of these by-laws have been in place for over 40 years and while they do not specify the statutory authority, they would fall under the authority of the *Municipal Act, 2001*.

These charges vary by location and development type and may be imposed at different stages depending on the terms outlined in the applicable by-law. In some cases, charges are collected at the time of site plan agreement execution, while in others, they are tied to building permit issuance, occupancy, or connection to municipal services. Note, as the Town now utilizes the community planning permit system, i.e., Development Permit By-law, site plan applications and agreements are not currently

utilized. Therefore, the charges under these old agreements would be imposed through the development permit process.

Several of the Town's earlier by-laws, such as By-law 31-81, 59-89, 40-90, 26-94, and 31-96, were enacted to recover costs associated with the installation of water and sanitary sewer services in specific areas. These by-laws often reflect cost-sharing agreements or front-ended capital investments made by developers or private individuals. In such cases, the Town collects charges from benefiting properties and reimburses the original funders. The timing of payment varies and is defined within each by-law. The most recent connection or capital charge by-law, By-law 61-2022, recovers capital costs for water and wastewater infrastructure in the Highway 7 area. Charges are calculated based on the developable area and benefit derived by each parcel, indexed using the Statistics Canada Non-residential Building Construction Price Index, and registered on title.

Table 3-3
Town of Carleton Place
Municipal Act Fees and Timing of Imposition/Collection

Type of Fee or Charge / Construction Type	Purpose/Costs Recovered	Development Phase								
		Pre-Application	Submission of Planning Application	Approval of Planning Application	Pre-Servicing Agreement/ Execution and Registration	Construction of Municipal Infrastructure	Building Permit Application and Approval	Building Construction and Inspection	Occupancy	Post Development/ Occupancy (Assumption etc.)
Fire - Requested Inspections										
Second and subsequent re-inspections of building	Recover the cost of post-occupancy inspections							✓		
Apartments (3-5 units)								✓		
Apartments (6-10 units)								✓		
Apartments (11-15 units)								✓		
Apartments (15 + units)								✓		
Duplexes								✓		
Single family homes								✓		
Routine inspections								✓		
Engineering Development-Related Fees										
Development Approval and Agreement	Recover cost of review, processing, and inspections				✓					
Continuous Linear Infrastructure Environmental Compliance Approval (CLI ECA) Form						✓				
Inspection Services						✓				
Subdivision approval agreement				✓						
Condominium approval and agreement				✓						
Additional consultation meetings (in person, email, or phone) *after 2-pre- consultation; 4 application reviews; 2 agreement consults		✓	✓	✓	✓					
Third party peer review					✓					
Project Management Fee	Recover cost of managing capital works project on behalf of developer/ land owner				✓					
Pre-servicing agreement	Recover cost of review and processing				✓					
Municipal Drinking Water Form 1 or 2			✓		✓					
Capital and Connection Charges										
By-law 31-81	Recover the costs for oversizing water and sewer services and Sewage Lift Station installed by another developer and funded from general revenues from benefitting properties connecting to the Bridge Estates systems.				✓		✓			
By-law 26-94, as amended by By-law 15-2015	Recover the costs of installing sewage and waterworks on Arthur Street and on Boyd Street from benefitting properties.				✓		✓			
By-law 31-96	Recover the costs of installing sewage and waterworks on King Street from the benefitting property.				✓		✓			
By-law 61-2022	Recover the capital costs of constructing water and sanitary sewer capital in the Highway 7 area from benefitting properties				✓		✓			
By-law 62-2022	Recover the capital costs of constructing roads south of Highway 7 area from benefitting properties				✓		✓			

3.5 Observations on Town's Current Approach

Overall, the Town's current approach to development-related fees demonstrates a structured and detailed framework that aligns with several principles of cost recovery and regulatory compliance. Several observations emerge from the review that highlight both strengths and opportunities for improvement for the Town.

The Town has established a broad and well-documented inventory of fees across multiple service areas, including planning, building, engineering, fire services, and D.C.s. Apart from D.C.s, parkland dedication and C.I.L. of parkland, and the capital and connection charge by-laws, all development-related fees are contained in the Town's Fees and Charges by-law, which is updated annually. Additionally, the Town's fee structure avoids discretionary fees. Including development fees in the fees and charges by-law provides a single source of information for the development community. Furthermore, the review of the costs recovered by the various fees and charges as well as the capital costs recovered under D.C.s or connection/capital charges did not find any instances where costs are duplicated. These factors align with the HAF's emphasis on clear, transparent, and pre-determined charges.

Several areas present opportunities for the Town to improve its processes as well as better align with HAF's recommendations. The Town's fee schedule is extensive and detailed, which may pose challenges for developers, particularly those unfamiliar with municipal processes. It is recommended that, as part of the Phase 2 work, the Town consider both updates to the fee amounts (excluding D.C.s) as well as potentially simplifying the fee structure.

Another opportunity relates to the capital and connection charge by-laws. While the Town's use of multiple by-laws to impose capital and connection charges has enabled cost recovery, this approach presents several challenges:

- The Town bears the administrative burden of tracking the various by-laws, monitoring applicable properties, collecting fees, and remitting funds to original contributors, particularly in cases involving cost-sharing agreements or front-ended capital investments. Over time, the Town may lose contact with the original contributors and have difficulty and require significant effort from staff tracking them down in order to remit the collections.

- In addition, there are concerns that by the time a property is required to pay a fee under one of the by-laws, the associated infrastructure may be aging or nearing replacement. This weakens the rationale that the property is actively benefiting from the original investment and raises questions about the fairness and relevance of such charges.
- Furthermore, accessing older by-laws is challenging and can create uncertainty for developers, who may have difficulty understanding applicable charges or accurately forecasting their anticipated financial obligations during the development process.

Chapter 4 of this report discusses how the Town may consider using its fee structure strategically to incent the development of priority housing forms.

3.6 Recommended Fees Framework

As mentioned in Section 3.2, the Town utilizes the funding tools available under various legislation to fund growth-related costs. It is recommended that the Town maintain its strategic approach to selecting appropriate funding sources in order to ensure it can balance the need for service provision with the goal of enabling the development of desired housing forms.

To improve clarity and predictability for developers, the Town should consider providing an easily accessible, user-friendly source of development-related fee information. This could include a comprehensive inventory of all applicable fees and charges, such as D.C.s, connection and capital charges, planning, and building permit fees, on the Town's website. A sample inventory of fees, organized by development phase, is provided in Table 3-5. The Town could also consider providing factsheets with sample developments based on the applications commonly processed. The factsheet would provide a description of the sample development and highlight the various fees that would apply and the development phases within which they would be imposed.

Where fee amounts vary by context or are outlined in various by-laws and documents, the inventory should identify the type of fee and include a reference to the source where the fee amount or calculation method can be found. This information should be made publicly accessible on the Town's development services website, within a clearly labelled section dedicated to fees and charges. To further enhance clarity, the Town should explore opportunities to leverage GIS technology to visually display the

geographic applicability of various fees, particularly the capital and connection charges, which have area-specific capital cost recoveries, as well as D.C.s. and parkland fees.

Table 3-5
Town of Carleton Place
Development-Related Fees by Development Process Phase – Pre-Application to Construction of the Works

Pre-Application	Submission of Planning Application	Approval of Planning Application	Pre-Servicing Agreement/Execution Registration Phase	Construction of Municipal Infrastructure
Additional consultation meetings - Pre-consultation stage Engineering - Additional consultation meetings (in person, email, or phone) *after 2-pre- cons: 4 application reviews; 2 agreement consults	Official Plan Amendment (OPA) Development Permit Amendment (DPA) Combined OPA/DPA Modifications to OPA/DPA requiring a subsequent public meeting Development Permit (DP) Application - Class 1 Development Permit (DP) Application - Class 1-new residential builds within a plan of subdivision Development Permit (DP) Application - Class 1A Development Permit (DP) Application - Class 2 Development Permit (DP) Application - Class 3 Revision during development permit application process (where new circulation is required) Condominium exemption fee Extension of draft conditions for subdivisions and condominiums Subdivision draft approval Condominium draft approval Condominiums & Subdivisions - Lifting one foot reserve (per reserve) Deeming Bylaw Consent applications Part Lot Control (per block) - Minor (creating individual housing ownerships) Part Lot Control (per block) - Major (revisions to signed subdivision plans) Encroachment agreement with Town Compliance report - Planning Additional consultation meetings - Application circulation stage Engineering - Additional consultation meetings (in person, email, or phone) *after 2-pre- cons: 4 application reviews; 2 agreement consults	Condominiums & Subdivisions - Major amendment after draft approval Condominiums & Subdivisions - Minor amendment Execution of subdivision or condominium agreement Engineering - Subdivision approval agreement Engineering - Condominium approval and agreement Engineering - Additional consultation meetings (in person, email, or phone) *after 2-pre- cons: 4 application reviews; 2 agreement consults	Additional consultation meetings - Drafting of agreement stage Cash in lieu of parking Engineering - Development Approval and Agreement Engineering - Additional consultation meetings (in person, email, or phone) *after 2-pre- cons: 4 application reviews; 2 agreement consults Engineering - Third party peer review Project Management Fee Pre-servicing agreement Municipal Drinking Water Form 1 or 2 Parkland Dedication - Conveyance Cash-in-Lieu of Parkland	CLI ECA Form (Continuous Linear Infrastructure Environmental Compliance Approval) Engineering - Inspection Services

Table 3-5 (cont'd)
Town of Carleton Place
Development-Related Fees by Development Process Phase – Building Permit Application and Approval to Post Development/Occupancy (Assumption etc.)

Building Permit Application and Approval	Construction and Inspection	Occupancy	Post Development/Occupancy (Assumption etc.)
Building Permits - Commercial / Industrial / Institutional & Large Scale Residential	Construction or Demolition without a permit (at discretion of the CBO)	Development Charges	Fire - Requested Inspections
Non-Housing application review fee at discretion of Chief Building Official (CBO)	Additional inspection fee (for 3rd or more inspections of a prescribed inspection) at the discretion of the Chief Building Official		Fire - Requested Inspections - 2nd & subsequent re-inspections of building
Building Permits - New Housing Fees and New Additional Dwelling Units	Third Party Review Costs - Building		Fire - Requested Inspections - Apartments (3-5 units)
Application Review Fee for New Housing - Deposit	Building Compliance Report-For the following items related only to the Ontario Building Code Act: Unresolved Orders, Open Permits , Outstanding Inspections		Fire - Requested Inspections - Apartments (6-10 units)
Conditional permit agreement (housing)	Transfer of permit		Fire - Requested Inspections - Apartments (11-15 units)
Conditional permit (non-housing)			Fire - Requested Inspections - Apartments (15 + units)
Partial permit (foundation only)			Fire - Requested Inspections - Duplexes
Change of use permit (no construction proposed/ required)			Fire - Requested Inspections - Routine inspections
Revision to Building Permit			Fire - Requested Inspections - Single family homes
Alternative solution proposal			
Third Party Review Costs - Building •Orders registered on title •Orders removed from title			Development Charges
Limiting distance agreement			
Development Charges			

Chapter 4
Financial Incentives/Disincentives

4. Financial Incentives/Disincentives

This section reviews the range of financial incentives and disincentives that municipalities can use in order to achieve desired policy outcomes. While not directly within the scope of this assignment, it is important to note that the Town's use of the development permitting by-law, which replaces the zoning by-law, site plan control, and minor variance approvals, provides indirect financial benefit or incentives to development. Specifically, it helps streamline the development approval process and make it more efficient. Additionally, it helps create certainty and transparency for the community, landowners, and developers. These factors collectively contribute to getting housing to market faster, thereby lowering costs.

This chapter outlines the types of incentives utilized by municipalities across Ontario, including those implemented through funding received from the HAF. It also summarizes the Town's existing incentive programs, housing priority forms, and provides some incentive programs for the Town's consideration.

4.1 Types of Financial Incentives

Municipalities in Ontario have access to a range of strategies and financial tools to incentivize housing development. These tools are governed by various legislation.

As previously stated in Section 2.5 of this report, Section 106 (1) of the *Municipal Act* prohibits bonusing, whereby some industrial or commercial enterprises may receive benefits or incentives that other developments may not receive. An exception, however, is made for municipalities that establish a C.I.P. Municipalities are empowered to establish C.I.P.s by Part IV of the *Planning Act*. In order to do this, municipalities must include provisions in their Official Plans relating to community improvement to designate, by by-law, the area to which a C.I.P. would apply. Next, the municipality must prepare a C.I.P. and pass a by-law to allow for the grants and incentives to apply for the C.I.P. area.

Section 28 of the *Planning Act* generally allows for municipalities, through a C.I.P., to offer grants and loans, as well as the acquisition, preparation, and disposition of land. Many municipalities, including the Town, provide financial support for housing, including affordable housing, through the creation of a C.I.P.

Financial incentives commonly take one of the following forms: grants, waiver, rebate, reduction or discount, or deferral.

For municipalities, property taxes are an essential means of generating revenue to fund the public services they provide. The amount of tax paid is based on the assessed value of the property and the tax rate applied. Development of a property can result in increases to the assessed value, which then increases the taxes payable. Tax Increment Equivalent Rebate (T.I.E.R.), also known as Tax Increment Equivalent Grant (T.I.E.G) programs could be utilized to encourage private-sector investment in development and redevelopment by providing funds equivalent to, or a portion thereof, the incremental tax revenues derived from the development or redevelopment of a site or building. From a municipal financial perspective, the development is funded through incremental taxes arising from the activity and not from existing revenues. The financial cost to the municipality is the opportunity cost related to the reduction in tax revenues during the grant term. The grant is typically set at a proportion of the incremental taxes associated with the development, and the grant term is generally 10 years. An example would be a T.I.E.R. program in effect for a fixed period from the time of project completion, with a grant equivalent to 100% of the total property tax increase offered in the first year, 80% in the second year, 60% in the third year, 40% in the fourth year, and 20% in the fifth year.

Additionally, municipalities also have the option to apply special tax rates that are more favourable than those assigned to other residential property classes. For instance, the Province introduced an Affordable Housing subclass applicable to both multi-residential and new multi-residential property categories through O. Reg 75/25. Properties eligible for this subclass, whether existing or newly constructed, must meet the criteria for affordable rental units as defined under the D.C.A. Furthermore, in order for the subclass to apply in 2026, the upper-tier municipality would need to adopt a by-law for the subclass by September 30, 2025. The new sub-class can be set to provide a reduction to property tax rates of up to 35%. Through discussions between Town and County staff, it is understood that a by-law will be brought forth in September 2025 to allow for this new tax class to take effect for the 2026 tax year. Currently, the tax class for new-multi-residential developments are set at a maximum tax ratio of 1.1 vs. existing multi-residential developments that are at a tax ratio of 1.9733331 in the Town.

Municipalities can also design their fees and charges to provide financial incentives or disincentives, subject to the legislative requirements. For instance, with planning

application fees, categories under a specific application type could be further disaggregated into sub-types. The fee structure could then be designed to allow for varying cost recovery levels across the various sub-types. This approach would enable a municipality to cross-subsidize applications associated with the priority housing forms, using revenue from other application sub-types. Similarly for building permit fees, the fee structure could be designed to charge lower fees for priority housing forms as long as overall anticipated cost recovery is within the confines of the *Building Code Act, 1992*.

Municipalities can also design their fees and charges in ways that support priority housing forms, although the flexibility varies by statute. For example, the *Planning Act*, Section 69 mandates that planning application fees be based strictly on the anticipated cost of processing each specific type of application. This cost-by-type requirement prohibits cross-subsidization between application categories; for example, municipalities cannot offset reduced fees for Official Plan Amendments by increasing fees for Subdivision applications. Cross-subsidization within the same fee type, however, appears permissible.

Another example is related to building permit fees. Section 7 of the *Building Code Act, 1992*, allows municipalities to set building permit fees based on the total anticipated reasonable costs of administering and enforcing the Act. This allows municipalities to design fee structures that offer financial incentives for priority housing forms, provided the overall cost recovery remains justified. Based on that, the fee structure could be designed to incent certain types of housing forms or sizes of housing forms and provide a disincentive for others.

In designing financial incentives to support housing priorities, municipalities must carefully align their fee structures with the legislative constraints and opportunities provided by each statute. Legal review is recommended to ensure compliance and defensibility.

4.2 Town's Existing Incentives

In addition to the statutory exemptions for D.C.s and parkland dedication/C.I.L. of parkland described in Section 2.2.2 of this report, the Town currently provides additional financial incentives for affordable housing through the Community Improvement Plan for Brownfield Development, Façade and Streetscape Improvements, Accessibility, and

Affordable Housing, which was approved on October 11, 2022. The C.I.P. outlines several financial tools to support the development of affordable housing, particularly affordable rental units. These incentives are available to eligible applicants undertaking projects within the Town, as the entire municipality is considered by the designated C.I.P. area.

The Town's C.I.P. defines affordable housing in alignment with Canada Mortgage and Housing Corporation (CMHC) guidelines, i.e., rental and ownership housing that costs less than 30% of a household's before-tax income. This definition differs from the statutory definition under the D.C.A. which governs D.C. and parkland dedication exemptions as provided in Section 2.4 of this report. The D.C.A.'s definition uses income-based and market-based thresholds to define affordability.

The Town requires proof that each rental unit meets the affordability criteria defined in the C.I.P. Acceptable proof includes a signed lease agreement indicating the rental rate, along with copies of cleared cheques demonstrating that the lessee paid the affordable rent specified in the lease. The difference in the definitions means that some units that may be eligible for incentives under the Town's C.I.P. may not qualify for exemptions under the D.C.A. or *Planning Act*. Conversely, units qualifying for exemptions based on the definition in the D.C.A. may not be eligible for exemptions under the Town's existing C.I.P. This discrepancy can lead to reduced clarity for developers and increase administrative effort by staff who would need to assess the applications using different standards.

Aligning the definition of affordable housing in the Town's C.I.P. with that of the D.C.A., which also applies for parkland dedication, would enhance the clarity of eligibility requirements and reduce the staff's administrative effort. This alignment, however, could also result in some applications that previously qualified under the C.I.P. no longer meeting the revised eligibility requirements. Consideration would need to be given to how these cases would be addressed during implementation.

The Town collects parkland dedication and C.I.L. at the time of executing the subdivision agreement rather than at the building permit stage, which provides an indirect incentive to support housing development. Land values typically increase between draft plan approval and issuance of building permits due to the emplacement of servicing infrastructure and inflation. Collecting these earlier in the development process, when land values are generally lower, helps reduce development costs and

incent housing development. Additionally, it helps provide cost certainty to the developers.

The C.I.P. offers the following financial incentives to support affordable housing development:

Development Charge Rebate
This incentive provides a rebate of up to 100% of the D.C.s associated with new affordable rental units, calculated based on the proportion of units that would be affordable as defined in the C.I.P. Notably, the D.C.A. now provides exemptions for affordable housing, although the definition is different from that in the C.I.P. As discussed above, there may be cases where affordable rental housing units would qualify for exemptions under the Town's C.I.P. but not those under the D.C.A. To help provide clarity of the eligibility requirements and improve ease of administration for Town staff, it is recommended that the Town align the definition of affordable housing in the C.I.P. with that from the D.C.A.

Building Permit Fee Rebate
This incentive provides a rebate of up to 100% of the building permit fees associated with the creation of new affordable rental units or improvements to existing buildings that result in the creation of new affordable rental units.

Tax Increment Equivalent Rebate (T.I.E.R.)
This financial incentive rebates 50% the Town's portion of property taxes increases resulting from the creation of new affordable rental housing units for a period of 10 years following the reassessment upon which the tax increment is calculated. To qualify, a development must include at lease six new affordable rental housing units. The T.I.E.R. is provided as long as the units meet the criteria for affordable rental housing. Furthermore, for mixed-use developments, the T.I.E.R. is only provided for the residential portion of the building.

Affordable Housing Accessory Unit Rebate
This incentive provides up to $5,000 for renovations to existing dwellings that create a new legal accessory residential dwelling unit (A.R.D.U.). Units created for short-stay accommodations are not eligible for the rebate. If a unit that received the rebate is subsequently listed on a short-stay accommodation website, the rebate must be repaid to the Town.

Accessibility Co-Application

The C.I.P. defines accessible as "barrier-free design that focuses on making new and existing buildings (both private residences and businesses) safe and accessible for everyone." This incentive stream through the Town's C.I.P. provides a 50% rebate of the cost of eligible accessibility improvements to meet the Town's design criteria, up to a maximum of $5,000.

Another indirect incentive provided by the Town relates to not imposing fees for the initial pre-consultation meetings. By not imposing the fee at the outset, the Town is providing developers the benefit of consultation at no cost and only imposing for repeat or additional meetings.

4.3 Survey of Municipal Practice

As part of this assignment, the financial incentives provided by a sample of Ontario municipalities was undertaken. The survey was based on publicly available information on municipal websites and covered a broad range of municipalities. Examples of programs used in other municipalities are provided below.

4.3.1 Pre-Development Phase

Pre-development incentives are designed to reduce initial financial barriers and improve project feasibility. Examples include:

- Fee Waivers and Rebates: Municipalities may waive or rebate planning application fees, zoning clearance fees, demolition permits, and building permits. For example, the City of Burlington's Municipal Fee Waiver Program provides up to 100% of eligible municipal fees (maximum $40,000) for developments with affordable rental units.
- Design and Study Grants: may be provided to offset costs associated with feasibility studies, architectural design, and engineering assessments. For example, the City of Burlington's Housing Design and Study Grant Program covers up to 50% of eligible costs, to a maximum of $15,000 per project.
- Forgivable Loans: Some municipalities offer forgivable loans to create affordable rental units, contingent on maintaining affordability for a minimum term (e.g., 10 years). For example, City of Burlington Loan amounts vary by unit type and size, with examples including up to $225,000 per unit for missing middle housing.

- Pre-consultation fees: Municipalities often impose less than the full cost of conducting pre-consultation meetings. In many cases, municipalities provide credit towards the planning application fees, helping to reduce development-related municipal costs.

4.3.2 During Development Phase

Incentives during the construction phase typically focus on reducing statutory charges and improving cash flow:

- D.C. Discounts and Rebates: Municipalities may offer full or partial rebates of D.C.s for eligible housing forms. St. Catharines provides HAF-funded top-ups to D.C. discounts based on unit size, while Peterborough reimburses city-wide D.C.s for missing middle housing types through its C.I.P.
- D.C. Deferrals: Vaughan's program allows developers to defer D.C. payments for up to 24 months post-permit issuance, subject to a Section 27 agreement under the D.C.A.
- Interest-Free Instalments: Burlington offers interest-free instalment payments for rental buildings where a minimum threshold of affordable units is met. This aligns with provisions under the D.C.A., noting that Bill 17, once proclaimed, will remove the ability to charge interest on rental instalments.

4.3.3 Post-Development Phase

Post-development incentives to reduce operating costs.

- T.I.E.R/T.I.E.G.: City of Richmond Hill offers T.I.E.G.s for projects with rents between 101% and 125% of average market rent (10-year term) and for rents at or below 100% of market rent (25-year term). City of Ottawa offers annual T.I.E.G.s, from $6,000 to $8,000 per unit for 20 years, to developers who build and maintain affordable rental units.
- Property Tax Subclass Reductions: The City of Greater Sudbury applies a lower tax ratio for new multi-residential developments with seven or more units i.e., a tax ratio of 1.000, which is the same as residential, compared to 1.965 for multi-residential.
- Construction Assistance Grants: The City of Thunder Bay provides a grant of up to $30,000 per unit for eligible developments in strategic core areas.

- Sustainable and Accessible Design Grants: The City of Burlington provides grants of up to $50,000 for developments incorporating sustainable building practices, climate resiliency measures, or accessible design features.

4.4 Priority Housing Forms

The Town of Carleton Place 2024 Community Housing Needs Assessment (Community Housing Needs Assessment) report identified future housing needs, including affordable home ownership, smaller and accessible units, and subsidized housing such as public housing, not-for-profit and co-operative housing, and rent supplement programs. Based on discussions with staff and the information from the Community Housing Needs Assessment, the following priority list was established:

- Non-profit housing;
- Semi-detached and townhouse bungalows;
- Rental housing units – all types;
- Affordable rental and ownership housing; and
- Accessible senior housing.

In addition to the Community Housing Needs Assessment's findings, Town staff also identified the importance of the following housing forms in response to the need for intensified mixed-use developments in walkable neighbourhoods, which allow for reduced reliance on vehicles for transportation, and carbon-neutral, climate-resilient housing as priorities. These were prioritized as follows:

- Intensified mixed-use developments in 15-minute neighbourhoods; and
- Carbon-neutral, climate-resilient developments.

Through discussions with Town staff, the following ranked list of priority housing forms was developed:

- Non-profit housing;
- Affordable housing, including rental, housing;
- Missing middle housing, including semi-detached and townhouse bungalows;
- Accessible senior housing; and
- Intensified mixed-use developments in 15-minute neighbourhoods.

4.5 Recommended Financial Incentives/Framework

The following financial incentives and disincentives are recommended for the Town's consideration to support the housing priorities identified above. These recommendations are informed by a review of legislated provisions, best and emerging practices from other Ontario municipalities, and consideration of the Town's objectives.

In assessing the potential options as presented herein, the cost to existing ratepayers of providing such financial incentives should form part of Council's consideration in making decisions about discounts/exemptions, in the context of balancing the achievement of the objectives and the increased taxes/user rates that will result.

Furthermore, each potential incentive has been evaluated for its effectiveness in achieving the Town's objectives. Detailed proforma analysis was not undertaken for this assignment and therefore the potential impact was not quantified. Despite this, a review of best practices noted that stacking of incentives and focusing the incentives to a specific type of housing can help the Town increase the impact of incentives and encourage the development of the priority housing forms. The recommendations below have been developed to strategically provide opportunities for stacking for developments most aligned with the Town's priorities (e.g., non-profit housing eligible for greater incentives and prioritized in administration of the incentive). In addition to statutory exemptions, the following incentives are proposed for the Town's consideration:

1. Non-Profit Housing

- Offer a capital grant of up to $25,000 per unit to align with Lanark County's existing program.
- A waiver or cancellation of planning and engineering/inspection fees.
- Continue to maintain the existing C.I.P. rebate for building permit fees.
- Update the T.I.E.R. program to extend from 10 to 15 years to match the County's term.
- Work with Lanark County to adopt the required by-law to implement the Affordable Rental Housing tax subclass to take effect in January 2026.

Note, the incentives will be provided to non-profit housing providers, as defined under the D.C.A., only. It is recommended that the Town adopts the definition of non-profit housing from the D.C.A., in the C.I.P.

2. Affordable Rental Housing

- Offer a capital grant of up to $25,000 per unit to align with Lanark County's existing program.
- Maintain the existing C.I.P. rebate for building permit fees.
- Implementing a waiver or cancellation of planning and engineering/inspection fees.
- Update the T.I.E.R. program to extend from 10 to 15 years to match the County's term.
- Work with Lanark County to adopt the required by-law to implement the Affordable Rental Housing tax subclass to take effect in January 2026.
- Align the definition of affordable housing in the C.I.P. to that in the D.C.A.

Affordable ownership housing incentives are not recommended for inclusion at this time in order to prioritize incentives for affordable rental housing.

3. Missing Middle Housing of Semi-detached and Townhouse Bungalows

- Reduced building permit fees for semi-detached bungalow units up to 1,500 square feet and up to 1,400 square feet for bungalow townhouse units.
    - Implementation of this incentive requires an amendment to the building permit fee schedule and may require a corresponding increase for larger or non-eligible unit types.

4. Intensified Mixed-Use Developments in 15-Minute Neighbourhoods

- Reduced parking requirements for mixed-use developments. These reduced parking requirements for mixed-use developments in 15-minute neighbourhoods are intended to reflect the potential for decreased vehicle use associated with 15-minute neighbourhoods.
- No property tax related financial incentives are recommended due to administrative complexity, particularly in developments with multiple ownership structures.

5. Accessible Residential Units

- A stackable grant of up to $5,000 is recommended for projects incorporating universal, barrier-free, or accessible designs. This grant will be issued upon completion and final inspection and is restricted to developments approved under the non-profit housing, affordable rental housing, or missing middle incentive categories, as identified above.

4.6 Implementation and Next Steps

To support the implementation of the Town's financial incentives programs for development and ensure a transparent and efficient process, the following actions are recommended:

- Establish an annual intake process to allocate grants and fee rebates/waivers, with clear application deadlines. Priority should be given to non-profit housing providers during the allocation of any funds. Any remaining funds would then be allocated first to affordable rental housing, with the balance allocated to other eligible applications following a comprehensive review of the complete applications received within the intake period,
- Maintain the Town's existing application and approval process for the T.I.E.R. program. Formal application requirements should be outlined early in the development review process. Furthermore, staff should communicate the eligibility requirements and required documentation during pre-consultation and throughout the development process.
- Coordinate with the County to:
    - Pass a by-law to adopt the Affordable Housing property tax subclass prior to September 30, 2025, for 2026 implementation.
    - Develop a process to communicate with Municipal Property Assessment Corporation (MPAC) regarding eligible properties.
- Allocate an additional $500,000 of the monies received from HAF to fund financial incentives as discussed above.

In addition, another key next step of this initiative is to validate the various development-related fees and quantify the value of the financial incentives being provided. As mentioned in the introductory section of this report, Phase 2 of this project will include calculation and review of updated planning application, building permit, and engineering

review fees, as well as C.I.L. of parking and parkland. The estimated cost to undertake Phase 2 of the project is $100,000. Phase 2 work would allow the Town to substantiate the costs being recovered under each fee and clearly communicate to stakeholders the costs recovered under each fee. This transparency will help enhance clarity and build confidence in the Town's fees and charges and fees structures among stakeholders, including the development community.

A final recommendation of this project is for the Town to approve funding of Phase 2 of the project and utilize its HAF funding to complete that component.

Appendix A
Survey of Municipal Practices

Table A-1
Town of Carleton Place
Municipal Comparison Survey

Municipality	Incentive	Description
City of Barrie	D.C. Deferral program through Housing Community Improvement Plan	Defer payment of D.C. from prior to building permit issuance to prior to issuance of the final occupancy permit. Available to high-density residential and mixed use buildings only. Eligibility Criteria: 1. The project must be new construction and located within the City of Barrie. 2. The development must be high density residential development (standalone or mixed-use of any tenure, at least 225 residential units per hectare) with a minimum estimated construction completion period of three or more years. 3. The minimum amount of D.C.s owing to be eligible is currently $3,000,000. as established by the Development Services Housing Bulletin. 4. This program is available to both nonprofit and charitable organizations, and market/for-profit housing developers, or partnerships between them. 5. Projects must have received Site Plan Control approval and have submitted a building permit application. 6. Projects can be under construction but must not have been issued an Occupancy Permit by Building Services. 7. The property owner must agree to enter into an agreement with the City of Barrie respecting the terms, duration, and default provisions of the incentive(s) to be provided. 8. The property under consideration shall not be in a position of property tax arrears. 9. Proposed development must meet or exceed the City's Official Plan density requirements. 10. Project sites shall not be located on lands subject to flooding hazards, erosion hazards, including wetlands.
City of Belleville	Community Improvement Plan	Program 3: Affordable Rental Housing T.I.E.R. - 100% Municipal Portion • New second units or new apartment building which result in the creation of affordable rental unit(s) are eligible to receive a Tax Increment Equivalent Rebate (T.I.E.R) • Grant Value: The municipal portion of tax increases which occur as a result of the development of affordable rental unit(s) for 10 years Program 4: Second Units in New Construction Housing Rebate • Home buyers who choose to include a second unit in the purchase of a newly constructed home (i.e., the home builder constructs the second unit while building the new home) are eligible to receive a rebate for a fixed amount of construction costs • Grant Value: up to $2,500 Program 5: Second Unit in Existing Housing Rebate • Existing owner occupied dwellings which are renovated to include a new legal second unit are eligible to receive a rebate related to design and construction costs • Grant Value: up to $500 for the studies/drawing required for Building Permit AND up to $2,000 of a $30,000 construction project

Table A-1 (cont'd)
Town of Carleton Place
Municipal Comparison Survey

Municipality	Incentive	Description
City of Burlington	Community Improvement Plan (C.I.P.) program	-Program supports the City's housing strategy by offering incentives for the creation of new affordable housing options -The program provides a number of financial incentives, including grant programs and forgivable loans to incentivize development of affordable housing such as additional residential units (A.R.U.s) and units in multiplexes and low/mid/high-rise apartment buildings. -Key City action to support achieving HAF's missing middle and affordable housing unit targets by December 2026. -The purpose is to create more diverse housing options in the City's Urban Area and develop incentives, such as grants and forgivable loans, to unlock affordable rental housing. -Grants for: o Pre-development studies and fees o Housing projects aligned with city housing objectives -Forgivable Loans for: o New affordable rental units in: A.R.U.s, multiplexes, townhouses, multi-unit buildings -Tax Increment Equivalent Grants (T.I.E.G.s) o Grants back a portion of property tax uplift from new affordable rental housing developments o Subject to further implementation assessment -Pre-Development Incentive Programs o Municipal Fee Waiver Program: Up to 100% of eligible municipal fees set by by-law for development applications, building and occupancy permit fees and on-street parking permits as required by the City, to a maximum of $20,000 per unit. o Housing Design and Study Grant Program: Up to 50% of the total cost to complete eligible studies, plans, or designs to a maximum of $15,000 per unit. o Brownfield Tax Assistance Program: Up to 100% of the City portion of the tax increment provided annually for a period of 10 years. The Province can cancel all or a portion of the education property taxes for up to 10 years. Provincial matching is proportional to the City's grant value and duration -Additional City Housing Objectives Incentive Programs o Sustainability and Accessibility Grant Programs: Up to $50,000, for eligible applications that incorporate voluntary sustainable building practices, as outlined in the City's Sustainable Building and Development Guidelines or exceed OBC requirements; or incorporate universal or barrier-free design, or accessible design.
City of Kitchener	Grant Program for affordable rental and co-op housing developments	-City of Kitchener has completed all 44 of the action items detailed in its Housing For All strategy, a five-year plan initiated in 2020 to address various challenges across Kitchener's housing landscape. -The Housing For All strategy was launched in 2020, in an effort to increase options across Kitchener's housing continuum, from supportive housing to market-rate housing. -Kitchener also waived development charges for non-profit housing projects, introduced an incentive grant for affordable rental and co-op housing developments, and implemented an inclusionary zoning by-law to support the development of lower-cost housing across the city. -Establishment of a "lived experience" working group, composed of Kitchener community members who have experience with housing precarity or homelessness. The group meets monthly with City staff to provide input on policy and other housing and development decisions the City is facing. -Kitchener's next step is to develop a Housing For All strategy 2.0. For example, the City is refining a concierge program for affordable and non-profit housing developers struggling to navigate the development application process.

Table A-1 (cont'd)
Town of Carleton Place
Municipal Comparison Survey

Municipality	Incentive	Description
Town of Milton	Financial Incentive for Rental and Affordable Housing Program	This program provides a financial incentive for the development, redevelopment, rehabilitation and/or adaptive reuse of buildings resulting in the creation of new rental housing development(s) and/or affordable residential units. - Affordable Housing – same definition as in D.C.A - Rental housing – same definition as in D.C.A - Rebate of building permit fees – 100% to a max of $2,500 per unit - Funded from HAF grant - Program period – January 1, 2024 to March 31, 2026 - Not part of CIP - Program approved by Council
City of Mississauga	D.C. Discounts being provided and Repeal of CBC	- A 50% reduction on residential D.C.s with building permits allowing footings and foundations, where the permit is issued prior to November 13, 2026; - A 100% reduction on D.C.s for 3-bedroom units in purpose built rental residential buildings, where the building permits allowing footings and foundations, where the permit is issued prior to November 13, 2026; - Defer collection of residential D.C.s to issuance of first occupancy permit, where the building permits allowing footings and foundations, where the permit is issued prior to November 13, 2026; - Allow deferral agreements to be entered into related to the above three criteria; - Repeal of the City's Community Benefits Charges, following notice from the OLT that all appeals have been withdrawn or dismissed; - Request Peel Region to consider matching the incentives for Regional D.C. and to implement a new purpose-built rental housing tax subclass to reduce property taxes by up to 25% for 25 years for new purpose-built rental housing developments; - Apply for the Canada Housing Infrastructure Fund – Municipal Direct Stream from the Federal government, to request that the funds be used to offset the financial impacts of the D.C. incentives; - Request the federal government to commit to providing the City with the remaining 3 instalments of the Housing Accelerator Fund ($84.75 million) to offset the financial impacts from the D.C. incentives; - Direct staff to fund the D.C. incentives with the Housing Accelerator Fund, the Canada Housing Infrastructure Fund, and/or Building Faster Fund, where available.
Town of Perth	Tax Increment Rebate Program	•Provides a rebate equal to a percentage of the increase in the Town of Perth's municipal property tax for a maximum for 5 years • Rebate will be 100% of tax increase in the first year, the rebate then decrease 20% each year until there is no more rebate. Eligibility: • Property development or redevelopment projects within the Downtown Perth Community Improvement Plan Area • the property shall be improved in such a manner that the improvement does not compromise the reasons for heritage designations or pre-existing heritage features and comply wit the Town's Heritage Conservation District By-law • The applicant is required to submit professional architectural/design drawings which shall be in conformity to the issued urban design guidelines, heritage design guidelines, and sign by-laws where applicable • Applicant may be required to submit other supporting document as specified Construction must be completed within 1 calendar year of the date of the approval of the rebate. If the work is not completed within 1 calendar year the rebate may not be paid

Table A-1 (cont'd)
Town of Carleton Place
Municipal Comparison Survey

Municipality	Incentive	Description
City of Peterborough	Affordable Housing Community Improvement Plan Municipal Incentive Program	• This program will waive municipal fees such as planning applications fees, parkland fees, and cash-in-lieu for parking fees for affordable housing projects Eligibility: • New units will be located within the City of Peterborough's Affordable Housing Community Improvement Project Area • "Affordable Housing" defined as rental housing at or below average market rents
	Affordable Housing Community Improvement Plan Development Charges Program	• This program will waive the payment of development charges for any new affordable housing units • Subject to available funding Eligibility: • New units will be located within the City of Peterborough's Affordable Housing Community Improvement Project Area • "Affordable Housing" defined as rental housing at or below average market rents
	Affordable Housing Community Improvement Plan Tax Increment Grant Program	• An annual grant to property owner will reimburse a portion of the municipal property tax increase resulting from increased assessment • This program would be implemented over a period of 9 years. For the first 5 years the grant would be equivalent to 100% of the municipal tax increase with the property owner gradually paying the full amount of taxes from years 6 to 9 Eligibility: • New units will be located within the City of Peterborough's Affordable Housing Community Improvement Project Area • "Affordable Housing" defined as rental housing at or below average market rents
City of Richmond Hill	Community Improvement Plan for Affordable Housing and Sustainable Design	The Per Affordable Unit Grant is offered to cover the per unit municipal charges and fees that are imposed on developments. Up to $150,000 is offered per affordable rental unit, reflective of the approximate cost of development fees and charges per unit. Tax Increment Equivalent Grant (T.I.E.G.): The T.I.E.G. is offered to partially offset the increase in property taxes as a result of a new development or redevelopment due to increased property assessment value. The T.I.E.G. is proportional to the percentage of affordable units within the residential portion of the development and only applies to the City of Richmond Hill's portion of the property tax. T.I.E.G. is only available to applications with a minimum of 10 affordable rental housing units. Duration of the T.I.E.G.: • A 10-year T.I.E.G. is offered for projects providing rents between 101% and 125% of average market rent. • A 25-year T.I.E.G. is offered for projects providing rents at or below 100% of the average market rent.

Table A-1 (cont'd)
Town of Carleton Place
Municipal Comparison Survey

Municipality	Incentive	Description
Simcoe County	Secondary Suites Program	This program provides financial assistance in the form of a 15-year forgivable loan of up to a maximum of $30,000 to create a secondary or garden suite Secondary or Garden Suites: Creation of an affordable rental unit in an existing property: • Must comply with local municipal building approval and Ontario Building Code requirements • Construction must commence within 120 days of project approval • Applicants are encouraged to apply for appropriate building permit(s) to facilitate project commencement • Rents must remain affordable* for a period of 15 years *Based on Average Market Rent as determined by Canada Mortgage and Housing Corporation and adjusted from time to time
	Accessibility Modifications	Grants up to $5,000 for permanent modifications to the secondary/garden suite to improve accessibility. Examples include, but are not limited to: • Ramps • Chair and bath lifts • Height adjustments to countertops • Cues for doorbells/fire alarms • Bathroom modifications *Accessibility modification that exceed $5.000 will be considered a forgivable loan up to a combined total of $50,000
	Development Charges Rebate Program	Funding Source: From the County of Simcoe ($200,000 allocated in the 2021 budget) Unsure if program is still ongoing This program provides D.C. Rebates for Affordable Housing rental units Eligibility to Apply: • Meet Affordable Housing Criteria (no defined on website) • Located in one of the County of Simcoe's 16 member municipalities • First-come-first-served basis • Subject to Council Approval

Table A-1 (cont'd)
Town of Carleton Place
Municipal Comparison Survey

Municipality	Incentive	Description
Town of Smiths Falls	Attainable Housing Development Charge Rebate	• A new apartment building will receive a % of the development charges paid to the Town of Smiths Falls back as a rebate • The amount rebated will be the % of units in the apartment building which meet the criteria of being Attainable Rental Units. If 5 out of 10 units are attainable, 50% of D.C.s will be rebated • Only Smiths Falls development charges are eligible, D.C.s paid to Lanark County or other agencies are not eligible for rebate Eligibility: • Property is located in eligible area • The application is received in writing at the time of making an application (under the Planning Act) • New dwelling units eligible for the rebate must be attainable as defined under Section 4.3 of the Community Improvement Plan
	Attainable Housing Building Permit Fee and Planning Application Fee Rebate	• A new multi-unit residential building or mixed use (commercial at grade) building shall be built consisting fully or partly consisting of attainable units: rebate is 100% or prorated based on the percentage of attainable rental units to total units Eligibility: • The property is located in the eligible area • The application is received in writing at the time of making an application(s) under the Planning Act • A new legal Additional Residential Unit, as define in the Town's Zoning By-Law, shall be built: 100% of building permit fees and planning application fees are eligible for rebate OR Unit(s) created shall be attainable rental unit(s) • The work being completed shall be in accordance with the Accessibility for Ontarians with Disabilities Act
	Attainable Housing Tax Increment Equivalent Rebate	• 50% of municipal portion of incremental tax increase resulting from developing a new multi-residential building or for a redevelopment of an existing mixed-use building containing a minimum for 6 attainable rental units for a period of up to 10 years Eligibility: • Property is located in the eligible area • The application is received in writing at the time of making an application(s) under the Planning Act • The applicant shall provide the Town with a copy of the reassessment of the property by MPAC (at time of receipt), photographs of the building/units showing the completed project, and other relevant drawings or documentation in support of the completed project, or as required by the Town, in order to receive the rebate • The applicant shall not file a property tax appeal white receiving the rebate under this program • New dwelling units eligible for the rebate must be attainable as defined in Section 4.3 of the Community Improvement Plan
City of Greater Sudbury	New Multi-Residential Property Tax Class	The new multi-residential property tax class lowers the tax ratio of new apartment units reducing a developer's overall operating costs. Land used for residential purposes that has seven or more self-contained units, vacant land principally zoned for multi-residential redevelopment is eligible to be classified under the new multi-residential tax class. Eligibility is assessed at the time of redevelopment. A three-year freeze of development charges for single-family dwellings A three-year moratorium on development charges for missing middle homes "Missing middle housing" refers to housing types that fall somewhere in between a single-detached home and mid-rise apartment buildings — such as townhomes, duplexes, triplexes and fourplexes. Exemptions for affordable units within Affordable Housing Projects, as defined in the by-law A 50% reduction for multi-unit buildings within nodes or along strategic corridors