

April 10, 2026

To our Municipal Clients:

Re: *Bill 98, Building Homes and Improving Transportation Infrastructure Act, 2026 and Regulatory Proposal 026-0312*

In our continued efforts to keep our clients up to date on legislative changes that may impact them, we are writing to inform you of proposed legislative changes to the *Development Charges Act, 1997* (D.C.A.) and the *Planning Act* (with respect to parkland dedication requirements). The provincial government has introduced Bill 98, an Act to enact the *Fare Alignment and Seamless Transit Act, 2026* and to amend various Acts (referred to as the *Building Homes and Improving Transportation Infrastructure Act, 2026*). This Bill proposes amendments to the following legislation:

- *Building Code Act, 1992;*
- *City of Toronto Act, 2006;*
- *Development Charges Act, 1997;*
- *Metrolinx Act, 2006;*
- *Municipal Act, 2001;*
- *Planning Act;*
- *Safe Drinking Water Act, 2002; and*
- *Water and Wastewater Public Corporations Act, 2025.*

The Bill also introduces new legislation, i.e., the *Fare Alignment and Seamless Transit Act, 2026*.

In addition to the legislative amendments, the Province is also proposing changes to the *Planning Act* regulations (Ontario Regulation 509/20). The proposed changes, which are intended to standardize parkland requirements, are available for comments via the Environmental Registry of Ontario at the following link: <https://ero.ontario.ca/notice/026-0312>. The deadline to submit comments is May 14, 2026.

Comments related to changes to the D.C.A. can be made at the following link: <https://www.regulatoryregistry.gov.on.ca/proposal/53553>. The deadline to submit comments is April 29, 2026.

This letter provides a summary and preliminary analysis of the proposed changes with respect to development charges (D.C.s) and parkland dedication requirements. In addition, the provincial and federal governments recently announced a joint funding program to invest in infrastructure and reduce D.C.s (i.e., “The Canada-Ontario



Partnership to Build”). This letter also provides our preliminary analysis with respect to the funding announcement.

## 1. Proposed Changes to the Development Charge Framework

### 1.1 Proposed Changes to the *Development Charges Act, 1997*

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The proposed changes to the D.C.A. are presented in Schedule 3 of Bill 98. These changes include the addition of a new section 4.5 to provide for a mandatory exemption for non-profit retirement home development and minor corrections to references under subsection 52 (3.1) of the D.C.A.

#### 1.1.1 *New Statutory Exemption*

Non-profit Retirement Home Development is defined as: the development of a building or structure intended for use as a retirement home, as defined in subsection 2 (1) of the *Retirement Homes Act, 2010*, and developed by,

- (a) a corporation to which the *Not-for-Profit Corporations Act, 2010* applies, that is in good standing under that Act, or
- (b) a corporation without share capital to which the *Canada Not-for-profit Corporations Act* applies, that is in good standing under that Act.

This exemption does not apply to charges payable prior to the day the Bill receives Royal Assent, but does apply to any future instalment payments.

#### 1.1.2 *Canada-Ontario Partnership to Build Funding Announcement*

On March 30, 2026, the federal and provincial governments announced a new funding partnership that would provide a combined \$8.8 billion over 10 years for infrastructure investments in Ontario, with Canada’s share of funding from the Building Communities Strong Fund’s provincial and territorial stream. The main points of the funding announcement are as follows:

- The goal of the funding is to support housing-enabling infrastructure projects.
- Funding will be prioritized for municipalities that reduce and maintain reductions on D.C.s.
- The federal and provincial government will agree on a list of priority municipalities where D.C.s are seen as cost-prohibitive and where growth is essential to support Ontario’s future.
  - Ontario would require a commitment to reduce D.C.s by 30% to 50% and maintain the reduction for at least three (3) years.



- This new funding is intended to offset the financial impact of D.C. reductions; however, municipalities are expected to support the D.C. reductions so that all three (3) levels of government are supporting increased housing supply and affordability.
- Funding will be made available for municipalities that do not levy D.C.s where infrastructure projects are prioritized by the Province.
- Municipalities will be required to identify projects for which the funding may be used, which must be ready-to-build and may include other requirements of Ontario and Canada.

To date, no additional information has been provided by the federal or provincial government. It is anticipated that further details will be provided by the Province when available.

## 2. Proposed Changes to the Parkland Dedication Framework

### 2.1 Proposed Changes to the *Planning Act*

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#### 2.1.1 *Legislative Amendments*

##### **Type of Land Eligible for Dedication**

In 2022, Bill 23 (*More Homes Built Faster Act*) introduced amendments to section 42 of the *Planning Act* that would provide that certain lands may be required to be accepted as part of parkland dedication requirements. These changes are included in subsections 42 (4.30) through 42 (4.39) but are not yet in force.

Bill 98 provides for an amendment to subsection 42 (4.32) to clarify that if a municipality intends to accept the conveyance of land or an interest in land, it is subject to the description of land included in subsection 42 (4.31). That is, that the land is:

- Part of a parcel of land that abuts one or more other parcels of land on a horizontal plane;
- Subject to an easement or other restriction; or
- Encumbered by below-grade infrastructure.

This also includes an interest in land other than the fee, where interest is sufficient to allow the land to be used for park or other public recreational purposes (4.31) (b).

Bill 98 also adds the following subsection:

(4.32.1) If the interest in land described in clause (4.31) (b) is an easement, the easement is valid whether or not the municipality owns



appurtenant land or land capable of being accommodated or benefited by the easement.

## **Appeal**

Subsection 42 (4.35) provides that an owner of land who has received notice of refusal to accept parkland dedication may appeal within 20 days to the Ontario Land Tribunal.

Bill 98 adds the following subsection:

(4.35.1) An owner of land who has not received a notice under subsection (4.34) within 90 days of identifying land in accordance with subsection (4.30) may, at any time before receiving notice under subsection (4.34), appeal to the Tribunal the municipality's failure to make a decision as to whether to accept the conveyance by filing with the clerk of the municipality a notice of appeal accompanied by the fee charged by the Tribunal.

This additional subsection allows an owner of land to appeal where no decision has been made within 90 days of identifying the lands to be dedicated.

## **Order by Tribunal**

Subsection 42 (4.38) provides that the Ontario Land Tribunal has the authority to consider whether the land identified for dedication meets prescribed criteria, and if so, order that the land be conveyed to the municipality and that it counts towards parkland dedication requirements.

Bill 98 adds the following subsection:

(4.38.1) For the purposes of clause (4.38) (b), any land described in clause (4.31) (a) or any interest in land described in clause (4.31) (b) that is conveyed in accordance with clause (4.38) (a) shall be counted towards any requirement set out in the by-law by multiplying the area of such land by a factor of 0.7 or such other larger factor as may be determined by the municipality.

This subsection provides that any lands ordered to be conveyed that are encumbered as noted in subsection (4.31) be counted towards parkland dedication requirements at a discounted rate of 0.7. For example, in a situation where an applicant is required to dedicate 2 hectares of land for parkland dedication and proposes to provide 1 hectare of that land that is encumbered, the Tribunal may order these lands to be accepted and they would be equivalent to the dedication of 0.7 hectares of land. The applicant would still be required to dedicate an additional 1.3 hectares of unencumbered land.



### **2.1.2 Proposed Amendments to Ontario Regulation 509/20**

The Province has identified new regulations related to identifying which types of land will be suitable for land dedication. The land suitability criteria would identify ineligible land and land accessibility requirements.

#### **Ineligible Land**

The proposal would identify the following land as ineligible for parkland dedication:

- Contaminated lands – lands that have in or on them any contaminants from industrial or other uses that pose a public health risk.
- Natural and human-made hazard lands – hazardous lands and hazardous sites as described in section 5.2 of the Provincial Planning Statement, 2024 (P.P.S., 2024), as well as lands affected by human-made hazards as described in section 5.3 of the P.P.S., 2024.
- Lands within and adjacent to natural heritage features and areas are eligible on the condition that a park would not interfere with or compromise the natural heritage features and areas.
- Lands in the Natural Heritage System of the Greenbelt Plan or in the Natural Core or Natural Linkage Areas of the Oak Ridges Moraine Conservation Plan or unless in accordance with policies of the Niagara Escarpment Plan.
  - Lands that would not support park use – lands that would not accommodate fill and/or soil depths to accommodate structural footings as per the Ontario Building Code or support tree planting.
  - Lands with financial encumbrances – lands with liens, charges, etc., registered on title.
  - Lands that are privately owned and not accessible to the public at all times.

#### **Land Accessibility/Comfort for Use**

The proposed regulation notes that parkland must be accessible, visible, and comfortable to facilitate public use of it and, in particular, must be:

- Accessible by all users directly from the public realm and readily visible from the public realm.
- Of a size and shape that is capable of serving park or public recreational purposes.

### **2.1.3 Summary of Proposed Parkland Dedication Amendments**

With the addition of the proposed criteria identified in the proposed regulations, the Province is seeking to enact the subsections of section 42 of the *Planning Act* that allow developer-identified lands to be required for parkland dedication. Once identified, if



refused by the municipality or no decision is provided, the developer may appeal the decision (or non-decision) to the Ontario Land Tribunal. The Tribunal then has the authority to review the proposed land to be dedicated against the criteria in the *Planning Act* and the associated regulations, and may order the land to be accepted by the municipality.

### 3. Concluding Remarks

Although the changes to the D.C.A. are limited to the addition of an exemption for non-profit retirement home developments, as noted in previous correspondence, exemptions from D.C.s are funded from non-D.C. sources.

The announcement of the Canada-Ontario Partnership to Build provides municipalities with additional funding for infrastructure; however, it is contingent on municipalities reducing their D.C.s. It appears that not all the reduction will be funded through these grants, and municipalities will be required to contribute some portion from non-D.C. sources.

With respect to parkland dedication, the Province is seeking to implement sections of the *Planning Act* added through Bill 23 by providing criteria for which municipalities would accept encumbered lands from developers. These encumbered lands must meet the criteria set out in the *Planning Act* and associated regulations; however, it is anticipated that municipalities will see an increase in appeals to the Ontario Land Tribunal with respect to this issue.

We will continue to monitor any changes and inform you of the potential impacts on municipalities.

Should you have any questions, please contact any of the undersigned or send an email to [info@watsonecon.ca](mailto:info@watsonecon.ca).

Yours very truly,

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