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# **Federal-Provincial Initiative to Reduce Development Charges by up to 50 Percent – Background, Implications for the Town of Newmarket, and Next Steps Information Report**

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In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

## **Purpose**

The purpose of this report is to inform Council of the March 30, 2026 announcement by the federal and provincial governments regarding a cost-shared funding initiative that would enable Ontario municipalities to reduce Development Charges by up to 50 per cent for a limited period.

This report outlines the background and key elements of the announcement, summarizes the potential implications for the Town of Newmarket, and identifies next steps for consideration as part of the Town's Fiscal Strategy and long-range financial planning work.

## **Background**

Development Charges (DCs) are authorized under the *Development Charges Act, 1997* and are intended to ensure that growth-related capital infrastructure costs are funded by development, rather than existing taxpayers. In Newmarket, DCs fund a wide range of eligible infrastructure including roads, water and wastewater systems, parks and recreation facilities, fire services, and other growth-related assets.

Across Ontario, Development Charges have increased significantly over the past decade as a result of higher construction costs, servicing standards, and legislative requirements. Senior levels of government and the development industry have identified

Development Charges as a factor affecting housing affordability, project feasibility, and the timing of new housing construction.

On March 30, 2026, the Governments of Canada and Ontario announced a joint initiative intended to address these issues by providing infrastructure funding to municipalities in exchange for Development Charge reductions.

## **Discussion**

### **Federal–Provincial Announcement Overview**

The Governments of Canada and Ontario announced a \$8.8 billion, 10-year cost-shared funding program intended to support housing construction by enabling municipalities to reduce Development Charges by up to 50 per cent for a period of up to three years.

The funding is intended to support housing-enabling, growth-related infrastructure, thereby offsetting a portion of the revenue that municipalities would otherwise collect through Development Charges.

### **Key Elements of the Program**

#### **Funding Framework**

- Total funding of \$8.8 billion over 10 years, shared equally:
  - \$4.4 billion federal contribution
  - \$4.4 billion provincial contribution
- Funding is targeted toward infrastructure that supports residential growth and housing delivery.

#### **Development Charge Reductions**

- Participating municipalities may reduce Development Charges by up to 50 per cent for a limited period.
- Reductions are intended to improve housing feasibility while maintaining infrastructure investment.

#### **Municipal Participation Requirements**

- Municipalities must commit to:
  - Reducing and maintaining lower Development Charge rates
  - Updating Development Charge background studies, as required
  - Sharing in the financial cost of the reductions

Funding priority will be given to municipalities that implement meaningful Development Charge reductions.

## **Implications for the Town of Newmarket**

### **Growth and Housing Implications**

Participation in this initiative could support several Town objectives, including:

- Encouraging the timely delivery of approved housing projects
- Supporting intensification and planned growth areas
- Improving overall development feasibility within the Town

Reduced Development Charges may assist in advancing residential development that aligns with Council-approved planning policies and growth forecasts.

### **Financial Implications**

Development Charges are a key component of the Town's capital funding framework. A reduction of up to 50 percent would result in:

- Lower Development Charge revenues during the reduction period
- Increased reliance on:
  - Senior government replacement funding
  - Capital project prioritization and sequencing
  - Interim financing or reserve strategies

Senior government funding is not anticipated to fully replace all foregone Development Charge revenue. As such, participation would need to be carefully evaluated to ensure:

- Growth-related infrastructure remains adequately funded
- Existing taxpayers are not exposed to growth-related costs
- Long-term fiscal sustainability is maintained

Any future recommendation related to participation would need to align with the Town's Fiscal Strategy, Long-Range Financial Plan, Asset Management Plan, and Development Charges framework.

### **Infrastructure Planning Implications**

If the Town were to participate, staff would be required to:

- Identify housing-enabling infrastructure projects eligible for funding
- Align capital planning and construction timing with program requirements
- Coordinate infrastructure planning with York Region, where services and systems are shared.

### **Strategic Plan Implications**

This matter relates to Council's strategic priorities respecting:

- Responsible growth management
- Housing supply and affordability
- Financial sustainability and infrastructure readiness

A comprehensive evaluation will be required to balance growth objectives with long-term fiscal capacity.

## **Consultation**

This is an informational report. Consultation with York Region, development stakeholders, and senior levels of government may be undertaken as further program details become available and participation options are assessed.

## **Conclusion**

The federal–provincial initiative to enable a temporary reduction of Development Charges by up to 50 per cent represents a significant policy shift with potential implications for housing delivery, infrastructure planning, and municipal finances. While the initiative may support housing objectives, careful analysis will be required to ensure alignment with the Town of Newmarket’s long-term fiscal sustainability.

Staff will continue to review program details and will return to Council with further analysis and recommendations through the Town’s Fiscal Strategy and Development Charges review processes.

## **Council Priority Association**

This report aligns with the following Council Priority: Community and Economic Vibrancy

## **Human Resource Considerations**

There are no human resource implications associated with this report.

## **Budget Impact**

There are no immediate financial implications associated with receiving this report. Financial impacts will be assessed and reported to Council as part of any future report that considers participation in the program or amendments to the Town’s Development Charges.

## **Attachments**

None

## **Approval for Distribution**

Esther Armchuk, LL.B, Commissioner, Corporate Services

Peter Noehammer, P. Eng. Commissioner, Development & Infrastructure

## **Report Contact**

For more information on this report, contact [info@newmarket.ca](mailto:info@newmarket.ca).