



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: May 11, 2026

Report No: ES-027-26

Subject: Community Benefits Charge By-law and High Density Incentive Program

Recommendation: THAT the Community Benefits Charge Strategy dated December 19, 2025, included herein as Attachment 1, be received in accordance with Section 37 of the Planning Act, 1990.

THAT the Town adopt the approach to calculate the community benefits charge on an area-specific basis as set out in the Community Benefits Charge (CBC) Strategy dated December 19, 2025.

THAT the Town adopt the approach to utilize community benefits charge revenue for the capital cost related to land for parks required to accommodate growth in high-density units that is in excess of land dedicated or provided via cash-in-lieu payments under sections 42 or 51 of the Planning Act, and for capital costs related to undertaking CBC strategies.

THAT the capital costs considered in Chapter 4 of the Community Benefits Charge Strategy dated December 19, 2025 be endorsed, with annual review and approval through the capital budget process.

THAT Council has determined that sufficient public consultation has been undertaken in relation to the passing of a Community Benefits Charge By-law in accordance with Section 37(10) of the Planning Act.

THAT a new Community Benefits Charge Reserve Fund be created with an effective date that is aligned with the new Community Benefits Charge By-law.

THAT the Parking DC monies held within the Property Transactions Reserve Fund be transferred to the Community Benefits Charge Reserve Fund to be used, where possible, for the same purpose for which it was collected.

Report To: Council

THAT the by-law on tonight's agenda regarding the establishment of a new Community Benefits Charge By-law for the Town of Milton, with an effective date of June 26, 2026, be considered.

THAT a new financial incentive program for high density development that will provide for a transition period for the introduction of a Community Benefits Charge By-law, as outlined in Attachment 5 to this report, be approved.

THAT the budget of project C90030224, Housing Accelerator Fund Initiatives be increased by \$2,241,000 from \$1,349,300 to \$3,590,300 with funding from the Housing Accelerator Fund Grant.

EXECUTIVE SUMMARY

- The recommended CBC by-law would introduce for the Town a revenue tool that will support the investment in service for high-density residential development.
- A CBC would be imposed at a rate of 4% of the value of land being developed for residential developments that are five (5) storeys or greater, and have ten (10) units or more.
 - The CBC will not apply where an existing parkland dedication agreement exists between the Town and landowner(s), and as such many of the Town's secondary plan areas would be exempt from a CBC.
 - The CBC rate of 4% is consistent with a number of comparator municipalities, including all of the other local municipalities within Halton Region.
- Proceeds from the CBC will be utilized for parkland acquisition and the cost of CBC strategies. Even with the collection of CBC revenues, a significant funding deficit will remain for high-density development relative to the Town's parkland standard and target.
- A financial incentive program is also recommended, in order to allow for a transition period prior to the first collection of a CBC payment from a high-density applicant.
 - The program would provide a rebate of the value of the CBC until December 2027, with funding of the rebate provided by the Housing Accelerator Fund.
 - An additional incentive that would provide a rebate of building permit fees for all high-density buildings is also proposed.

REPORT

Background

Community Benefits Charges (CBCs) are governed by provincial legislation; specifically, the Planning Act, 1990 (“the Planning Act”), and associated regulations which prescribe the way in which CBCs can be established and utilized.

CBCs allow for the recovery of growth-related capital expenditures that occur as a result of providing municipal services to new high-density residential developments. CBCs are imposed on the applicant of eligible development applications. CBCs may be imposed for services that do not conflict with services or projects that are included in a municipality’s development charge by-law or land conveyance for park or other public recreational purpose by-law, and have a maximum charge of 4% of the value of the applicable land at the time of building permit issuance.

The Town of Milton does not currently have a CBC by-law or charge. Town Council initiated the process to consider a CBC by-law through report ES-038-24. Watson & Associates Economists Ltd. were retained in order to lead the study process. Key milestones to date from the CBC Strategy and By-law process have included:

Date	Milestone
October 27, 2025	Council Workshop - Education on DCs and CBCs
December 1, 2025	Community Engagement Session No. 1
December 19, 2025	Public Release of the CBC Strategy Report
January 23, 2026	Public Release of the Draft CBC By-law
January 27, 2026	Community Engagement Session No. 2
February 9, 2026	Public Meeting
May 11, 2026	Presentation to Council of Staff Recommendations and Proposed CBC By-law

The statutory Community Benefits Charge Strategy was publicly released on the Town’s Let’s Talk Milton platform on December 19, 2025 and is included herein as Attachment 1.

Throughout the process the Town utilized the Let’s Talk Milton platform to engage with stakeholders. Through the platform, process updates were provided, key documents were posted, and the opportunity for public feedback was provided. A total of 4 detailed responses

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were provided through the public consultation process, all of which were posted to the Let's Talk Milton platform and are attached as Attachment 2 of this report. All other submissions and feedback received by the Town through the Let's Talk Milton platform are provided as Attachment 3.

On the basis of the CBC Strategy Report, the results of the consultation process, and with consideration for the Town's existing Council-approved policies, growth plans, service master plans, and financial plans, the recommendations presented within this report have been prepared for Council consideration.

Discussion

1) Community Benefits Charge

On February 9, 2026, through the Public Meeting held and report ES-005-26, the CBC Strategy Report was presented to Council and direction was provided for a proposed CBC by-law to be prepared.

The CBC Strategy Report, included herein as Attachment 1, provides the legislative context, growth projections, capital costs, as well as policy considerations with respect to CBCs. The resulting by-law that is being presented to Town Council at the May 11th meeting for approval includes the following:

- A CBC will only apply to lands where the Town does not have an agreement for the dedication of parkland or cash-in-lieu payments that are in addition to the requirements of Section 42 or 51 of the Planning Act. As such, many of the Town's secondary plan areas will be exempt from CBCs including Bristol, Sherwood, Boyne, Trafalgar, Agerton, Britannia and portions of the Community Expansion lands.
- As required by legislation, a CBC will only be applicable for residential developments that are five (5) storeys or greater, and have ten (10) units or greater.
- The CBC will not be imposed on eligible¹ long-term care homes, retirement homes, post secondary institutions, hospices, non-profit housing developments, or affordable housing units.

¹ Please refer to the by-law for further detail on eligibility criteria for each exempt use.



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- The CBC will be imposed at a rate of 4% of the value of the land being developed as of the valuation date.
- CBC revenue will be utilized for parkland acquisition, along with the cost of Community Benefits Charge Strategies.
- The Town may consider in-kind contributions in-lieu of payment, in accordance with updated Policy No. 117 - Financial Management - Development Finance presented through report ES-026-26 on tonight's agenda.

The CBC Strategy assessed the growth projections to 2051 to estimate the number of potential CBC-eligible units and associated revenue that could be generated. The report identified a potential for 11,473 units, largely in the pre-HUSP and MEV areas. These units offer the potential to create approximately \$17.5 million in CBC revenue over the forecast period, noting that the actual value collected will vary based on changes in land valuation, as well as the percentage of those units that will be eligible for exemptions.

The CBC cost per residential unit will also vary, based on differences in land valuation as well as the density of the development on each parcel of land. At the macro level, the unit and revenue figures above imply an average CBC cost \$1,533 per unit. Staff separately assessed several recent actual and potential high-density developments, and found a potential range of CBC costs per unit of \$785 to \$1,586.

Although the \$17.6 in potential revenue will help the Town in progressing towards its targets with respect to providing parkland as the community grows, a sizable shortfall is expected to remain for high density development relative to the Town's existing standard and target. The CBC Strategy Report shows that for the CBC eligible high-density development, the total parkland need will be 37.57 hectares, and that a funding deficit will exist as follows:

Parkland Needs versus Funding Sources for CBC Eligible Areas

	Parkland Need (Value of 37.57 ha)	Planning Act Revenue	CBC Revenue	Deficit Remaining
CBC Eligible Areas	\$213.4M	(\$43.98M)	(\$17.59M)	\$151.84M

The deficit would not have been as large prior to changes in legislation which reduced both the alternative rates that were applied for both land conveyances and cash-in-lieu payments, and also established upper limits on the conveyance and payment amounts. As shown in

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the CBC Strategy, the difference in revenue potential for the Town in relation to cash-in-lieu payments amounts to funding reduction of \$92.9 million for the CBC eligible units due to the legislative limits.

The CBC Strategy provides a survey of comparable municipalities that utilize a CBC as a funding source. Of particular note, all three comparator municipalities within Halton Region have implemented a CBC at 4%.

2) Community Benefits Charge By-law

The Town released a draft Community Benefits Charge by-law on January 23, 2026 as part of the consultation process. Following its release, revisions to the by-law have been made that include:

- Removal of an incorrect reference to legislation and updated language to more closely align with the language within section 37 of the Planning Act governing CBCs;
- A clarification on the application of the CBC By-law to lands owned by the Crown or its Agencies;
- Revisions to the language regarding the calculation of the charge to provide increased clarity and better alignment with the Town's Land Conveyance for Park or Other Public Recreational Purposes By-law for ease of administration; and
- Refinements to the consideration of in-kind contributions.

A redlined version of the by-law is included herein as Attachment 4.

3) Effective Date for CBC By-law and Financial Incentive for High Density Development

It is recommended that the CBC By-law have an effective date of June 26, 2026. This date has been selected as it is expected to allow for the calculation of any potential CBC charge to occur in relation to existing applications that may be progressing towards approval. It also aligns with the requirements of the funding agreement with the Canada Mortgage and Housing Corporation (CMHC) that is described in detail below.

At the same time as establishing a CBC By-law, staff are also recommending the approval of a new Residential High Density Financial Incentive Program. Through the proposed program, as outlined in Attachment 5 to this report, Housing Accelerator Funding (HAF)

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would be utilized to fund CBC charges on applicable development applications up to December 18, 2027, which is the deadline for HAF related expenditures to be incurred. The establishment of this high density incentive program was a requirement for the Town to qualify for additional HAF funding of \$2.2 million in 2026. This additional funding opportunity was made available to the Town based in part on the Town's demonstrated success to date in achieving HAF targets and delivering on HAF project commitments, as well as through the Town's commitment to develop an incentive program for high density development.

As part of the new recommended incentive program, the Town would also extend the rebate for building permit fees from affordable and rental housing (as most recently approved in report ES-009-26) to all new high-density units (being those in buildings that are at least 5 storeys tall and contain at least 10 units). As such, all high-density growth meeting the program requirements will benefit from the building permit fee component of the incentive, even if they are located in secondary plan areas that are exempt from CBCs. The building permit fee component of the new proposed Residential High Density Financial Incentive Program is recommended to extend to December 18, 2027, or until the total cost of the building permit fee rebate within the program exceeds \$2.2 million, whichever occurs first. The extension of the rebate for building permit fees on high density units will also partially offset the increase in the proposed development charges on these units, which, due to increases in the persons per unit resulted in a higher percentage increase in the overall DC rates when compared to single family dwelling units. This approach therefore provides a further transition period for eligible units.

This incentive program would provide for a transition period for the CBC on active development applications. It would also allow the Town to support service delivery needs of any high-density units that may be created during this time period. Finally, an incentive for high-density development to proceed in advance of December 2027 would be created that may help the Town advance further towards its housing goals and commitment to the Province.

Providing an estimate of the potential cost of the Residential High Density Financial Incentive Program is a challenge at this time. It has been noted that the current economic climate is particularly challenging for high density development. At the same time, a number of new announcements and incentives have been introduced by other levels of government that are intended to promote housing development, such as a one-year exemption on the HST for new residential units. The Town's growth forecast identifies a total of approximately 3,000 high density units that could proceed; however, only 15% of those are currently expected to proceed by December 2027. As noted above, the average CBC may cost approximately



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\$1,500 per unit, and similarly, the average building permit fee per unit totaled approximately \$1,500 for the units that were noted as proceeding in report ES-009-26). It is currently expected that the cost of this program may range from \$0.66 million to \$1.76 million. In order to help manage any potential cost escalation for the program (should the incentives from other levels of government result in an increase of applications), it is suggested that the building permit rebate component of the program continue until December 2027 or until a total cost of \$2.2 million for building permit rebates has been exceeded, whichever occurs first. No financial limit is recommended for the CBC rebate, which will extend to December 2027.

The Town will have the ability to assess the adequacy of the limit, as well as the potential for additional funding to be allocated, if required, as the program progresses. At this time, it is recommended that the budget for the existing capital project for the HAF Incentives be increased by \$2,241,000, which represents the value of additional funds that have been allocated to the Town through the program.

4) Recommendation

The recommendations included herein have been arrived at with consideration for the CBC Strategy, the feedback received through the consultation process, and for the existing Council-approved policies, growth plans, service master plans, and financial plans. Considerations have included, but are not limited to:

- A CBC offers the Town an opportunity to restore a portion of the funding that was previously provided to municipalities through the Planning Act through both the previous Bonusing provisions of Section 37 as well as through the parkland conveyance and cash-in-lieu permissions that have been reduced. Although material funding deficits will remain relative to the Town's parkland provision target, any land acquired through CBC revenues will support service delivery to the growing community.
- A CBC provides for a certain degree of parity between the various growth areas within the Town as well, as many of the existing secondary plan areas have already provided park contributions to the Town beyond conveyance rates that are provided for in Sections 42 and 51 of the Planning Act.

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- The Town will remain competitive relative to many neighbouring municipalities as CBC by-laws at a rate of 4% of land value have already been established by a number of communities, including all three other local municipalities within Halton Region.
- Through the financial incentive program recommended herein, a transition period to December 18, 2027 can be provided such that no applicant will incur a CBC cost impact during this period. The cost of the CBC that is calculated will instead be funded utilizing proceeds from the HAF. This will ensure stability for applicants that may be well advanced in their approval process, and an incentive for projects to proceed prior to the end of 2027.

5) Alternatives Available to Council

- Council could elect to not proceed with a CBC by-law. The Town would continue to receive land conveyances and cash-in-lieu payments in accordance with the Planning Act in order to support parkland expansion as the Town grows. A deficit will continue with respect to the quantum of parkland accumulated relative to the service target that has been established by Council. There may also be implications on the additional \$2.2 million in HAF funding should an alternate incentive program that is satisfactory to the CMHC not be identified.

6) Next Steps

Public notice of the passing of a CBC By-law is required no later than 20 days after passage by Council. In accordance with the Planning Act, a CBC by-law may be appealed to the Ontario Land Tribunal within 40 days after the passage of the By-law. If approved, the Town's website will be updated to include the CBC Strategy and By-law. Staff have already been notifying applicants of the potential charge through circulation comments on planning applications in progress and it is anticipated that land appraisals already required under the Town's Land Conveyance By-law can be used for the calculation of the CBC on applicable applications. If the corresponding financial incentive program is also approved, this information will be concurrently communicated to applicants.

At least every five (5) years from the date the CBC by-law is first passed, Council must pass a resolution on whether a revision to the CBC by-law is needed. Consultation with such persons or bodies as are appropriate are required for such updates, and notice must be provided of the resolution within 20 days on the Town's website.



Financial Impact

As outlined above, the adoption of a CBC by-law offers the Town an opportunity to restore a portion of the revenue opportunity that previously existed with respect to high density development, with a potential for up to \$17.5 million in revenues to 2051. A material shortfall will remain with respect to delivering the Town's targeted service level for parks and recreation for new high density buildings. If approved, a new reserve fund would be created to track the receipt of CBC funding and the resulting investment in parkland acquisition and future CBC strategies.

If the CBC by-law is approved and a new reserve fund is established, the Planning Act contains special transition rules for monies previously collected through development charges where such services are no longer eligible services under the Development Charges Act, 1997. The Town currently holds approximately \$5.3 million of parking development charge (DC) monies within the Property Transactions reserve fund as the legislative changes enacted through Bill 108: More Homes, More Choices Act, 2019, removed parking as an eligible DC service. In accordance with the legislative requirements of the Planning Act, it is recommended these funds be transferred to the new CBC reserve fund to be held and used, where possible, for same purpose for which they were collected.

An increase of \$2.2 million to the existing HAF Incentive capital project has been recommended, which is reflective of the additional HAF funding that has been made available to the Town. This budget increase provides for currently estimated range of potential cost of the new incentive program, as well as a contingency. Staff will monitor the rate at which this funding is utilized, and provide further recommendations to Council if necessary during the period to December 2027. Should any portion of the \$2.2 million remain unutilized towards the incentive program, the Town will have the opportunity in 2027 to consider investing the funds in capital projects that meet the HAF program criteria.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Melanie Wallhouse, Manager, Phone: Ext. 2314
Development Finance and
Financial Consulting



Attachments

Attachment 1: Community Benefits Charges Strategy (December 19, 2025)

Attachment 2: Questions and Responses with Stakeholders

Attachment 3: Feedback Received via Let's Talk Milton

Attachment 4: Redlined Community Benefits Charge By-law

Attachment 5: Financial Incentive Program for High Density Development

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.