

Growing Wisely: Growth and Asset Management in Ontario

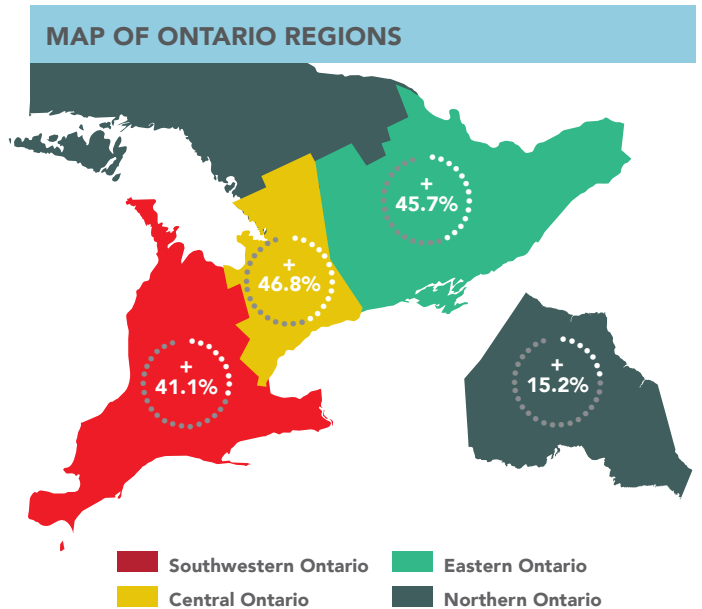
A PRIMER

AMO administers the Canada Community Building Fund (CCBF) to Ontario municipalities—a predictable, permanent, and flexible source of federal funding for local infrastructure where municipalities are expected to prioritize projects identified through asset management practices and address housing pressures where it makes sense to do so. With this primer, AMO is seeking to support municipalities in their efforts to enhance growth considerations into asset management planning.

Ontario is changing

Communities across Ontario are transforming, as growing and changing populations drive the need for housing and non-residential developments. The need for infrastructure to accommodate growth is increasing along with the need for investment in pre-existing, aging infrastructure that is already delivering services. Ontario's unprecedented growth is expected to continue over the next 30 years, with upwards of 40% growth projected for all Ontario regions (excepting northern areas of the province).

2023–2051 PROJECTIONS		
Region	Projected Growth	Key Municipalities
Greater Toronto Area	+47% (7.4M→10.4M)	Toronto (+34.7%), Peel (+52.8%), Halton (+52.5%)
Central Ontario	+46.8%	Waterloo (+59.5%), Dufferin (+54.3%)
Eastern Ontario	+45.7%	Ottawa (+60.2%)
Southwestern Ontario	+41.1%	Middlesex (+56.7%), Oxford (+51.9%)
Northern Ontario	+15.2%	Northeast (+15.6%), Northwest (+14.2%)



While some Ontario communities are experiencing rapid growth, others are seeing stagnant or declining populations due to factors such as geographic remoteness, the health of local industries, and limited employment opportunities. Municipalities in stagnation or decline face distinct challenges related to long-term sustainability of their aging infrastructure and affordability of their infrastructure renewal program.

Why does growth matter?

As the population across Ontario continues to grow, municipalities are facing mounting pressure to keep pace with increasing demands. These demands include, for example, the need to support new housing developments, expand transit networks, upgrade aging water and wastewater systems, and invest in community amenities like parks and recreation facilities.

Growth pressure directly impacts planning, budgeting, and long-term service delivery—areas where Council plays a key role in setting direction and priorities.

Growth comes in many shapes, from development of entire neighbourhoods (i.e., greenfield development) to the intensification of existing areas within communities (for example, the conversion of single-family dwellings to multi-family and higher mixed-use buildings in downtowns). The impact of these changes is increasing demand on municipal infrastructure that stretches existing services, finances, and human resources as municipalities struggle to right-size ongoing operations to manage all assets, including those required due to growth. Mandated growth targets from senior levels of government create further pressure on municipalities.

The intersectional impact of growth

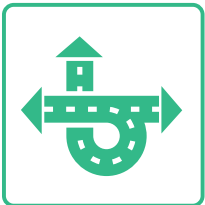
Municipal growth has wide-ranging impacts that require a holistic, coordinated approach to address them. The icons below outline some of the most universal impacts experienced by municipalities.



Changing demographics and demand/use of services



Intensification and/or greenfield development



Increased need to upgrade, extend, and upsize infrastructure



Pressure on housing supply and affordability



Impacts on the environment and strain on natural resources



Social and equity impacts within and across communities

Integrating growth into asset management

In many municipalities, asset management planning has historically focused on existing portfolios of assets. Evaluation of asset performance has shaped technical requirements for growth-related infrastructure. However, the long-term impacts of growth have not always been adequately incorporated into capital asset management and renewal planning. The municipal sector is embracing asset planning processes that better capture the demands of anticipated growth. Many organizations are starting to think more about the approach they take in integrating new, used and upgraded assets into the organization.

Integrating growth into asset management planning is not just about accepting new infrastructure—municipalities need to define the long-term implications of community growth. Key impacts include increasing infrastructure life-cycle costs, affordability of required property tax and rate increases, and operational resource gaps. These aspects need to be incorporated into decisions in procurement, design, construction, and acceptance of assets into a municipality’s portfolio. Capital assets need to be planned and funded with a whole lifecycle, service perspective.

A risk-based asset management approach can help a municipality balance competing objectives such as affordability, long-term fiscal sustainability, asset and service performance, environmental and climate outcomes, and social impacts.

Legislative requirements for integrating growth into asset management

From a policy and regulatory perspective, the integration of growth into asset management planning processes is mandated under Ontario Regulation 588/17 (sections 5(2)5 and 5(2)6, 6(1)5 and 6(1)6) and the Development Charges Act, and it is supported by the Canada Community Building Fund (CCBF). Development charge background studies require an asset management plan. These legislative requirements provide the basic requirements of integrating growth impacts into asset management, spurring municipalities to evolve their risk, planning, and financial practices to more holistically consider growth.

Consequences of unplanned growth

Significant efforts are put into planning growth and defining standards for sustainable development. However, in many municipalities growth planning and asset management are still disconnected. The subsequent unanticipated impacts of growth may contribute to challenges in managing assets:

- Accumulation of deferred maintenance and outstanding asset renewal needs
- Impacts on service levels for large areas and/or for extended durations due to failure in critical assets and services
- Expense and opportunity cost of funds spent on reactive maintenance, emergency repairs, and replacements
- Increasing costs of growth without enabling available funding sources resulting in paying for growth-driven impacts with existing funding
- Inequitable impacts across neighbourhoods, communities, and regions
- Inefficient, siloed, and sometimes conflicting policies for infrastructure
- Loss of confidence and public trust in service delivery and planning capabilities
- Impeding or not enabling new housing development

A more proactive approach may be needed to assess and address these challenges.

Planning for growth in asset management

Hallmarks of an aligned approach to planning include:

- Distinct council direction on growth and asset management planning policies
- Clear principles for development of land and services in official plans, estimates of infrastructure needs to enable developments (e.g., both housing and commercial, industrial, and institutional growth), and land development policies (such as phasing)
- A clear set of service levels that drive all plans
- Master plans that consider service levels, and system-wide requirements to meet them

- Full lifecycle projections in asset management plans that include growth-driven asset requirements and anticipated shifts in demand and service usage
- A project coordination approach that enables the bundling of growth needs with renewal projects, and the implementation of partnership agreements with community organizations
- Realistic long-term operating plans, capital plans, debt and reserve projections, and resource requirement estimates to enable plan implementation and promote long-term financial sustainability, supported by a comprehensive financial policy framework
- An asset governance approach that ensures the capital and operational aspects of new assets are considered using a robust asset approval, lifecycle

Aligning your municipal plans and policies

There must be integration between official plans, strategic plans, master plans, asset management plans and other municipal strategies, to coordinate long term financial strategies, capital investment plans, and operational and capital budgets. Asset management strategies need to be directly aligned with land use strategies, Housing Needs Assessments, and housing plans.

Diagram: Integration of Municipal Plans and Strategies



Aligning investment plans and implementation

Investment drivers

When considering asset lifecycle planning and capital planning, several factors may drive municipal investment:

- **Mid-life interventions:** Investments in capital maintenance activities to manage risk and to extend the life of assets (i.e., bridge Interventions, transit bus interventions, etc.)
- **Renewal:** investments in renewal of existing assets to maintain approved levels of service
- **Growth:** investments in expansion, extension, or densification of services and assets to meet community demand and maintain approved levels of service amidst growth
- **Service enhancements or improvements:** investments to upgrade, replace, or invest in new assets to enhance a current service, or create a new service
- **Regulations:** investments in assets for compliance with regulatory and legislative requirements
- **Climate and sustainability:** investments in assets and green infrastructure required to address climate change, environmental, and sustainability objectives

Municipalities should establish a risk-based capital program that evaluates and addresses risks of asset failure and impacts and disruptions to services. They may seek to use drivers to categorize and prioritize spending in alignment with priorities, and measure outcomes related to asset investments.

Mechanisms to address growth challenges and opportunities

Management Strategies (non-financial)	<ul style="list-style-type: none"> • Build asset management data and systems • Explore efficiency measures and lower cost alternatives • Conduct community engagement and communication • Political advocacy
Capital Planning	<ul style="list-style-type: none"> • Link growth-driven capital with lifecycle costs including capital renewal and rehabilitation, and replacement • Prioritize capital infrastructure that addresses gaps creating housing pressures • Prioritize new capital, using a risk-based approach that incorporates criteria for whole life costing, demand and capacity considerations, and other service performance considerations
Operational Planning	<ul style="list-style-type: none"> • Forecast long-term operations and maintenance costs for growth related assets • Ensure Council understands operational increases due to new capital, such as debt payments, capital reserve contributions, increased maintenance, staffing impacts, or increases such as efficiency through automation, asset rationalization • Define benchmarks for operational staffing needs to support forecasting for human resources

Financial Strategies	<ul style="list-style-type: none"> • Support growth in paying for growth, by establishing clear and sufficient sources of funding for growth infrastructure • Embed asset management in capital budgets, financial plans • Focus on budget integration across services and asset classes, enabling efficient growth and development bundled with renewal • Establish new funding models and evaluate potential new funding sources, while considering total overall impacts to taxpayers • Understand trends and limitations of external funding sources, such as development charges (DCs), community benefit charges (CBC), grants, and other contributions • Financial Planning: Integrate DCs, CBCs, property taxation, user fees and charges, reserves and reserve funds, debt, grants and other contributions with lifecycle management planning, assigning appropriate sources to needs
Governance	<ul style="list-style-type: none"> • Foster collaboration with other communities (same-tier and other-tier municipalities, First Nations, and other organizations) to foster inter-municipal cooperation and efficiency • Establish a cross-functional team that can collectively evaluate growth challenges, opportunities, and resourcing • Establish internal governance to create linkages between the municipality's plans, strategies, and investment plans • Link housing needs assessment with infrastructure planning and asset management. • Establish performance metrics tied to service level outcomes • Ensure that approvals of new capital are based on total lifecycle costs and informed by other operational impacts • Develop an asset intake process that will integrate new assets into asset management and broader planning • Evaluate environmental, equity and inclusion, climate and other risks exacerbated by growth when making asset decisions

Financial Strategies

The financial strategy and asset investment funding choices are an important enabler to balance the needs of existing and growth-related impacts. Sustainable asset lifecycle funding models may include allocation of funding sources across a variety of funding tools:

Development-Driven Funding

- **Development Charges:** Dedicated fees levied on new developments to help pay for the infrastructure needed to support new development.
- **Community Benefits Charges:** Dedicated fees levied on new developments to fund community benefits, which can include infrastructure.
- **Developer Contributions:** Using local service policies
- **Developer Contributions:** Parkland dedication fees (cash-in-lieu of parkland)

Own-Source Revenue

- **Property taxation:** revenue generated directly by property tax contributions
- **Utility rate-based funding:** revenue generated directly by utility fee payments
- **User-fee based funding:** revenue through various fees and charges for services and permits related to infrastructure
- **Dedicated infrastructure levies:** typically, in the form of an incremental operating budget contribution to capital asset renewal reserves and funded by either property taxes or utility and user fees

Debt & Reserve Financing

- Reserve funding: revenue may include contributions pulled from reserves built from prior capital contributions
- Debt Financing: municipal bonds, bank loans or other forms of municipal debt, typically to support the acquisition/creation of capital assets that will be amortized over an extended period
- Infrastructure Ontario Loan Program: Offers low-interest loans to municipalities for infrastructure projects.
- Other debt programs such as, but not limited to, the Canada Infrastructure Bank and Building Ontario Fund.

Government Transfers

- Grant and government transfer funding: funds such as Ontario Municipal Partnership Fund (OMPF)
- Ontario Community Infrastructure Fund (OCIF), CCBF, and other provincial and federal Programs often tied to specific infrastructure projects or needs. CCBF can be used for a broad range of infrastructure, capacity-building, and debt-servicing projects that can improve a community's capacity to address growth pressures.

Other Revenues

- Grants and donations: grants from various organizations or donations from private individuals or groups for specific infrastructure projects
- Increase long-term investment returns (to the benefit of capital reserves) by adopting the Prudent Investor Standard
- Sell non-essential assets
- Public-private partnerships
- Sponsorship

Note that this list is not exhaustive, and is a representative sample of funding mechanisms available.

A good financial strategy requires a municipality to evaluate the risk and sustainability of each of these funding sources and create an investment mix that provides the optimal program based on the municipality's risk tolerance. Municipalities should consider building growth funding models with sources that can be generated through growth activities and preserve adequate allocation for existing infrastructure.

The role of municipal leadership

The leadership of elected officials in each municipality is critical:

 <p>Policy Direction</p>	<p>Set clear expectations for sustainable growth and asset investment in the strategic plan, official plan, asset management plan, annual budget, and other critical policy documents.</p>
 <p>Proactive Planning Culture</p>	<p>Communicate long-term infrastructure needs and tradeoffs. Use a long-term vision and planning horizon when making asset related decisions. Invest in improving the planning process and methodology.</p>
 <p>Financial Planning and Sustainability</p>	<p>Support multiyear budgeting and financial planning that aligns with future asset renewal needs—not just capital expansion.</p>
 <p>Accountability</p>	<p>Request regular updates on the state of assets and monitor progress toward long-term goals (e.g., reducing backlog, improving service reliability, increasing annual investment).</p>
 <p>Collaboration</p>	<p>Promote cooperation and integration between planning, engineering, financing and operational functions and activities. Endorse and align strategic priorities across departments. Use a corporate approach to asset management planning.</p>

Key takeaways

1. Growth and asset management planning must be strategically and operationally aligned to sustain services
2. Financial resilience depends on proactive planning and a long-term asset investment approach.
3. Municipal elected officials drive collaboration and oversight. Clear direction is needed for growth management and asset management.
4. Collaboration with other municipalities and organizations is critical to success.

For examples of how municipalities across Ontario have planning for and managing the impacts of growth, refer to the companion Growing Wisely case study series link here: <https://www.amontario.ca/growth-am/>

Resources

Relevant Legislation

- [Municipal Act, 2001, S.O. 2001, c. 25](#)
- [Ontario Regulation 588/17 – Asset Management Planning for Municipal Infrastructure](#)
- [Development Charges Act, 1997](#)
- [Provincial Planning Statement, 2024](#)

Growth

- [The Canada Community-Building Fund in Ontario](#)
- [FCM Municipal Growth Framework](#)
- [AMONTario 2025 Municipal Asset Management Webinar Series: Session 4 - Growth](#)

Housing Needs Assessment

- [Government of Canada Overview of Housing Needs Assessment](#)
- [AMO Housing Needs Assessment Guidance](#)
- [UBC Housing Needs Assessment Methodology](#)
- [UBC Housing Needs Assessment Template](#)

Asset Management

- [Government of Ontario Municipal Asset Management](#)

Planning website

- [Asset Management Ontario](#)
 - AMONTario resources and training
- [Municipal Asset Management Program \(MAMP\)](#)
 - Federation of Canadian Municipalities

Land Use Planning

- [Asset Management BC Land Use Planning and Asset Management](#)
- [Ontario Land Use Planning](#)
- [Land Use Planning - The Ontario Municipal Guide](#)

Other

- [O.Reg. 610/06: Financial Activities 44\(1\)](#)
 - details about Prudent Investor Standard
- [Ontario population projections, 2023-2051](#)