



# THE CORPORATION OF THE CITY OF VAUGHAN

## CORPORATE POLICY

**POLICY TITLE:** DEVELOPMENT CHARGES RATE REDUCTION AND DEFERRAL FOR RESIDENTIAL DEVELOPMENTS

**POLICY NO.:** 12.C.22

<b>Section:</b>	Finance & Budgets		
<b>Effective Date:</b>	November 19, 2024	<b>Date of Last Review:</b>	Click or tap to enter a date.
<b>Approval Authority:</b>	<b>Policy Owner:</b>		
Council	DCM, Corporate Services, City Treasurer & Chief Financial Officer		

### POLICY STATEMENT

A policy governing the reduction of Development Charge (DC) rates to those established on September 21, 2018, or the freezing of rates for low-rise development as of the date the application was deemed complete on developments that occurred prior to September 21, 2018 that have not yet been issued a building permit, a deferral of City-Wide DCs for Residential Buildings for up to 24 months, and the pausing of DC interest on residential DCs until the earlier of September 30, 2026 or the enactment of a new City-Wide Development Charges By-law and the passing of the City-Wide Development Charges Background Study.

### PURPOSE

The purpose of this policy is to establish the rules and practices for a DC rate reduction and deferring DC for Residential Buildings. This policy is in response to the Mayor's Resolution from September 17, 2024 that was ratified on September 24, 2024.

### SCOPE

This policy is available for Residential Buildings in the City of Vaughan subject to the terms and conditions as set out in this policy. To be eligible, the residential Development must:

- have a site plan, plan of subdivision, or zoning by-law amendment, or consent (severance) application ("Application") that has been approved on or after the effective date of this policy and have not been issued a building permit, or;

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- in the case of low-rise residential Development, have an Application that has been deemed complete prior to September 21, 2018, and have not been issued a building permit; and
- enter into a Section 27 Agreement (s) prior to the earlier of September 30, 2026, or the enactment of a new City-Wide Development Charges Background Study and By-Law.

**LEGISLATIVE REQUIREMENTS**

The City is permitted to enter into deferral agreements pursuant to section 27(1) of the *Development Charges Act, 1997* which states: “A municipality may enter into an agreement with a person who is required to pay a development charge providing for all or any part of a development charge to be paid before or after it would otherwise be payable.”

The City is permitted to enter into agreements pursuant to section 27(2) of the *Development Charges Act, 1997* which states: “The total amount of a Development Charge payable under an agreement under this section is the amount of the Development Charge that would be determined under the by-law on the day specified in the agreement or, if no such day is specified, at the earlier of,

- (a) the time the Development Charge or any part of it is payable under the agreement;
- (b) the time the Development Charge would have been payable in the absence of the agreement. 1997, c. 27, s. 27 (2).”

This policy was prepared in accordance with the *Development Charges Act, 1997*, as amended.

**DEFINITIONS**

- 1) Act:** The *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended, revised, re-enacted or consolidated from time to time, and any successor statute.
- 2) Area Specific Development Charges (ASDC):** A fee or charge imposed with respect to growth related net capital costs against a defined land area or per unit for specified services under the applicable By-law
- 3) Development:** The construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or changing the use from non-

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residential to residential or from residential to non-residential and includes redevelopment.

- 4) Development Approval:** Means the final approval of a site plan application with stamped drawings and an executed site plan agreement, or the registration of the final subdivision M-plan. If site plan or subdivision approval is not required, "Development Approval" means the enactment of a zoning by-law amendment, or the registration of certificate of official for a consent for land severance.
- 5) Development Charges (DC):** Fees collected from developers to help to pay for the cost of infrastructure required to pay for municipal services to new development as prescribed by the Act.
- 6) Gross Floor Area:** In the case of a non-Residential Building or structure or the non-residential portion of a Mixed-use Building or structure, the aggregate of the areas of each floor, whether above or below grade, measured between the exterior faces of the exterior walls of the building or structure or from the centre line of a common wall separating a nonresidential and residential use and,
- a) Includes the floor area of a mezzanine and the space occupied by interior walls and partitions;
  - b) Excludes, in the case of a building or structure containing an atrium, the sum of the areas of the atrium at the level of each floor surrounding the atrium above the floor level of the atrium;
  - c) Excludes the area of any self-contained structural shelf and rack storage facility approved by the Building Materials Evaluation Commission under the *Building Code Act, 1992*, S.O. 1992, c 23, as amended;
  - d) Excludes the sum of the areas of each floor used, or designed or intended for use for the parking of motor vehicles unless the building or structure, or any part thereof, is a retail motor vehicle establishment or a standalone motor vehicle storage facility or a commercial public parking structure;
  - e) Excludes the surface area of swimming pools or the playing surfaces of indoor sport fields including but not limited to hockey arenas, and basketball courts; and
  - f) For the purposes of this definition, notwithstanding any other section of this By-law, the non-residential portion of a Mixed-use Building is deemed to include one-half of any area common to the residential and non-residential portions of such Mixed-use Building or structure.

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- 7) Letter of Credit:** A form of financial security issued by a financial institution that guarantees payment or performance by one or more counterparties to a beneficiary (the City). At any time, the beneficiary reserves the right to draw upon the security up to a specified total in the event of default or non-delivery.
- 8) Residential Building:** A residential use building, or the residential use portion of a Mixed-Use Building, other than a townhouse containing four or more dwelling units each of which shall have access to above grade common halls, stairs, elevators, and yards, as defined in the City’s Development Charges By-law.
- 9) Mixed-use Building:** A building or structure containing a residential and non-residential use other than a home occupation.

**POLICY**

**1) DEVELOPMENT CHARGES SECTION 27 AGREEMENT FOR RATE REDUCTION AND DC DEFERRAL**

- a) Upon obtaining Development Approval and prior to building permit issuance, any developer of a residential or predominately Residential Building may request to receive a DC deferral and/or reduction to the DC rates,
  - (i) in effect on September 21, 2018, or
  - (ii) in the case of a low-rise residential Application that was deemed complete prior to September 21, 2018, the DC rates will be reduced to the rates in effect on the date that the Application was deemed complete.
- b) To obtain a DC rate reduction and/or deferral, prior to the issuance of the building permit, the landowner/developer shall:
  - (i) enter into one or more section 27 agreement(s) with the City for a DC rate reduction and/or a DC deferral (“Section 27 Agreement(s)”);
  - (ii) provide the City with a Letter of Credit for the Development Charges deferred and owed; and
  - (iii) pay the appropriate fees pursuant to the City’s Fees and Charges By-law.
- c) The DC rate reduction and 24-month deferral will only apply to the City’s portion of residential DCs and is not applicable to ASDCs.
- d) Non-residential Developments are not eligible under this policy.

**2) DEVELOPMENT CHARGES RATE**

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a) For DCs reduction requests on Development Approvals obtained on or after September 21, 2018, the DCs rate to be applied for Residential Buildings will be the rates in effect on September 21, 2018 within By-Law 083-2018, as summarized in the below table. These rates may be applied to all residential Development Approvals, that:

- i) have not achieved building permit issuance before the effective date of this policy;
- ii) are obtained on or prior to the earlier of September 30, 2026 or the enactment of a new City-Wide DC Background Study and By-law (i.e., a repeal and replacement of By-law 109-2022);
- iii) are subject to an executed Section 27 Agreement(s) in accordance with section 1 above.

BY-LAW 083-2018	RESIDENTIAL (\$/Unit)			
	Single/ Semi	Multiples	Large Apt (≥700 sq. ft.)	Small Apt (< 700 sq. ft.)
City-wide Engineering	\$32,104	\$26,481	\$19,579	\$14,112
City -wide General	\$18,089	\$14,920	\$11,031	\$7,952
<b>Total</b>	<b>\$50,193</b>	<b>\$41,401</b>	<b>\$30,610</b>	<b>\$22,064</b>

- b) For each Residential Building Development that is eligible under this policy, the owner must obtain building permit issuance within 18 months, commencing from the time that the Application is approved. Failure of the owner to be issued a building permit within this timeframe would result in DC rates being recalculated at the prevailing rates.
- c) In the case of an Application approved prior to the effective date of this policy, DC rates in effect on September 21, 2018 will begin on the date of the executed Section 27 Agreement(s) and remain in effect for a maximum of 18 months. Developments that have a building permit issued before the effective date of this policy, will not be eligible for the reduced DC rate.
- d) In the case where a site plan or draft plan of subdivision application is not required, the 18-month timeframe to obtain building permit(s) will begin on the date of the zoning by-law amendment or consent application is approved. Any building permit issued before the effective date of this policy, will not be eligible for the reduced DC rate.
- e) In the case of low-rise residential Developments with a site plan, plan of subdivision, or zoning by-law amendment application that was approved prior to September 21, 2018, the DC rates will be set based on the date the application was deemed complete by Development Planning. The rates

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may be applied to Developments that have not achieved building permit issuance before the effective date of this policy and on or prior to the earlier of September 30, 2026 or the enactment of a new City-Wide DC Background Study and By-law (repeal and replacement of By-law 109-2022).

- f) In cases where a Development would require multiple permits, then only those permits issued within the 18-month timeframe would be eligible for the reduced DC rates, and any permits issued after the 18-month time frame would be subject to prevailing rates.
- g) In the case of a Plan of Subdivision where the engineering portion of DCs has been paid at the execution of the subdivision agreement, this policy may not be applied retroactively to the engineering portion of DCs and would only apply to the unpaid general services portion of DCs.
- h) No DC refunds for DCs previously paid will be provided as a result of this policy.
- i) The Section 27 Agreement(s) will include they type of units and quantity of units that will be subject to the reduced rates.
- j) If within the 18-months, all units within the Section 27 Agreement(s) have not achieved building permit issuance, the remaining units will be subject to prevailing rates.
- k) Any change to the type of units included within the Section 27 Agreement(s), will void the rate setting within the Section 27 Agreement, and the prevailing rates will be charged.
- l) The Owner shall adhere to any administrative deadlines set by City Departments to facilitate the execution and/or registration of the Section 27 Agreement(s) and the Owner acknowledges that the entering into a Section 27 Agreement(s) does not constitute approval of the Development.

**3) DURATION OF DEFERRAL**

- a) The deferral of Development Charges for Residential Buildings will be for the earlier of:
  - i) 24 months after the issuance of the first building permit for the Residential Building; or

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- ii) The registration of the plan of condominium for an apartment residential condominium or mixed-use Residential Building.
- b) The DC deferral will only be applicable to units issued permits within the 18-month time period associated with the Section 27 Agreement, determined under section 2 of this policy.
- c) The deferral period will begin the day of first building permit issuance by the City.

**4) DEVELOPMENT CHARGES PAYABLE**

- a) The amount of the DCs payable to the City, as required under the Act, will be based on the rates determined under Section 2 of this policy, multiplied by the number of dwelling units, as determined on the day that the developer(s) enters into a Section 27 Agreement(s) with the City and provides a Letter of Credit. Payment of the outstanding Development Charges will be received via a draw upon the Letter of Credit.
- b) Development Charges for any non-residential uses within a Mixed-use Building will be charged the applicable prevailing non-residential Development Charge rate multiplied by the applicable Gross Floor Area.

**5) SECURITY – LETTER OF CREDIT**

- a) The Owner shall provide a Letter of Credit to secure the DC deferral. The Letter of Credit shall conform to the City's Letter of Credit Policy (policy 12.C.04), as amended from time to time.
- b) For Developments with multiple permits (townhouse site plan applications or plans of subdivision) the full value of the DC payable for all units is to be secured with a Letter of Credit.
  - i) If any number of units under the Section 27 Agreement(s) have not been issued permits within 18 months in accordance with section 2, then the remaining portion of the Letter of Credit shall be released back to the applicant. Those units with building permits issued after the expiration of the Section 27 Agreement will be calculated at prevailing DC rates and collected at issuance of a permit.

**6) INTEREST WAIVER**

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- a) No interest will be charged for Development Charges payable under a Section 27 Agreement(s).
- b) Despite the “Development Charge Interest Policy Under Sections 26.1, 26.2 and 26.3 of the Development Charges Act, 1997” (policy 12.C.17), no interest shall be charged on residential DCs until the earlier of September 30, 2026 or the approval of a new City-wide DC background study and enactment of a new City-wide DC by-law.

**7) MIXED-USE BUILDINGS**

- a) In the case of a Mixed-use Building, the DC amount for the entirety of the building may be deferred based on the predominate residential use.
- b) Notwithstanding any deferral, the non-residential portion of a mix-used building will not be subject to the rate reduction provisions of this policy.

**8) FEES**

- a) The Owner shall pay any fees required to enter into the Section 27 Agreement(s), in accordance with the City’s Fees and Charges By-law.

**9) ROLES AND RESPONSIBILITIES**

- a) Chief Financial Officer and City Treasurer
  - i) Signing of the Section 27 Agreements; and
  - ii) Maintains administrative authority and responsibility for this Policy.
- b) Director, Financial Planning & Development Finance and Deputy City Treasurer
  - i) Responsible for the implementation of, and adherence to, this Policy.
- c) Legal Services
  - i) Drafts Section 27 Agreements, in accordance with Section 27 of the Act.
- d) Manager, Development Finance
  - i) Responsible for tracking of the rate setting expiration timeline;
  - ii) Responsible for the collection of all Development Charges when due;
  - iii) Processes the draw upon the Letter of Credit at the point Development Charges are due; and

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iv) Responsible for maintaining compliance to this policy and drafting, reviewing and maintaining departmental operating procedures and processes under this Policy.

e) Development Planning staff

(i) Responsible for deeming Applications complete.

**ADMINISTRATION**

*Administered by the Office of the City Clerk.*

<b>Review Schedule:</b>	Other (specify) 2 years	<b>Next Review Date:</b>	September 30, 2026
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<b>Related Policy(ies):</b>	12.C.04 – Letter of Credit 12.C.17 - Development Charge Interest Policy Under Sections 26.1, 26.2 and 26.3 of the Development Charges Act, 1997
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<b>Related By-Law(s):</b>	109-2022 – City Wide Development Charges By-law
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<b>Procedural Document:</b>	
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**Revision History**

<b>Date:</b>	<b>Description:</b>
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