

Committee of the Whole (1) Report

DATE: Tuesday, March 31, 2026

WARD(S): ALL

TITLE: EXPLORING DEVELOPMENT FEES REDUCTION AND DEFERRALS

FROM:

Vince Musacchio, Deputy City Manager, Planning and Infrastructure Development
Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: DECISION

Purpose

To present options for reducing and/or deferring development application related fees and Community Benefits Charges for residential developments, inclusive of non-luxury market rental buildings, and evaluate related financial impacts.

Report Highlights

- Municipalities across Ontario are exploring temporary financial tools to stimulate housing construction and address housing supply challenges
- A Member's Resolution was brought forward to the March 4, 2026, Committee of the Whole meeting to direct staff to bring forward a report outlining the financial implications of implementing a temporary residential application fee reduction and Community Benefits Charge freeze
- If implemented, these measures will remain in place for a 12-month period, and staff will report back in 6-months on their progress

Recommendations

1. That the Exploring Development Fees Reduction and Deferrals report be received.

Background

Municipalities across Ontario are exploring temporary financial tools to stimulate housing construction and address housing supply challenges. The City has implemented several development charge deferral and reduction programs in 2025 aimed at increasing housing supply. The programs supplement similar programs implemented by York Region earlier in 2025 to defer development charges for residential projects.

At the March 4, 2026, Committee of the Whole meeting, a Member's Resolution was brought forward directing staff to report back to the March 31, 2026, Committee of the Whole to outline options for Council implementation and financial implications on the following matters:

1. Exploring development application related fee reduction/deferral options (with the exception of building permit fees) to encourage construction of residential dwelling units that include, but are not limited to:
 - a. Reduction in all development application related fees associated with purpose built non-luxury market rentals buildings, along with a payment deferral for a specific time period. Fees to be determined based on date of application; and
 - b. Reduction in all development application related fees for residential developments for a specified time period.
2. Implementation of a temporary Community Benefit Charge freeze.

Engineering and Planning Application Fees

A Development Fee Review Study was prepared in 2023 by Watson & Associates Economists Ltd. that comprehensively reviewed Planning, Development Engineering and Building Standards functions and made fee structure recommendations to provide for a reasonable full cost of the services provided through the review of development applications. This Development Fee Review Study resulted in the passing of updated City fee by-laws in 2023 (By-law 010-2023, as amended by By-law 110-2023) which implemented the recommendations of the study, including the introduction of maximum fee amounts for Zoning By-law Amendment, Site Development and Draft Plan of Subdivision Applications in response to the average size of development applications

having increased in comparison to the City's prior fee review. This maximum fee did not historically exist in the City's previous fee by-laws and has had the effect of reducing overall application fee costs for applications received in 2023 onwards. External review agencies/authorities (ex. York Region, Toronto and Region Conservation Authority, etc....) may have their own review fees for various types of applications depending on their involvement in the development application process.

Application fees have been structured to achieve full cost recovery for each application type and service provided by all City departments involved in the application process. Surplus revenues are placed into a reserve fund to provide service stability, avoid delays and mitigate the financial and operational risk associated with a temporary downturn in activity. Without such a reserve fund, reduced application volumes during a downturn could result in budgetary pressures and the loss of qualified staff that are subject matter experts, which would be difficult to replace during a subsequent recovery in application volumes where statutory timelines for application review and decision making apply. Additionally, as some applications span over several years, a reduction in new revenues does not mean workloads are reduced for existing applications which require staff to review and process.

Community Benefit Charges

The City's current Community Benefits Charges by-law 201-2022 came into effect on Sept. 14, 2022. The Community Benefits Charge under Section 37 of the *Planning Act*, replaced the previous Section 37 regime of height and density bonusing. Under the current legislation, Community Benefits Charges are applicable to all residential developments that are five or more storeys and include 10 or more residential units. The legislation permits municipalities to collect a maximum of four percent of land value, at permit issuance. The City's current Community Benefits Charge strategy illustrates the potential collections and lists the proposed capital projects funded by the Community Benefits Charges and justifies the maximum allowable charge at four percent of land value.

The City's proposed revised Community Benefits Charge strategy includes projects relating to public art and cultural facilities, library improvements, heritage improvements and beautification, community centre facilities, parks development and public parking. The costs associated with these projects are those that cannot be funded by development charges or cash in lieu of parkland due to funding constraints or legislative restrictions.

Previous Reports/Authority

[Members Resolution - Exploring Development Fees Reductions/Deferrals](#)

March 4, 2026, Committee of the Whole (1) (Item 10, Report No. 13)

Analysis and Options

Engineering and Planning Application Fees

In response to the Member's Resolution, staff have reviewed the impact of a 25% engineering and planning fee reduction on all residential applications, and a 100% engineering and planning fee reduction on purpose-built rental applications, both for a period of 12 months.

All residential applications, inclusive of mixed-use development proposals that have a residential component, make up between 90-98% of the total fee revenue across the Development Engineering and Planning Departments, with an estimated 5% of revenues coming from purpose built rental proposals, which in many cases are a component of a larger development.

Between 2017 and 2025, the City of Vaughan brought in \$152,555,004 in combined Development Engineering and Planning fees and spent \$140,912,247 to service development across the City.

Table 1 below provides a summary of the number of land development projects, value of municipal infrastructure delivered through the development process and the number of executed and active agreements in 2024 and 2025.

Table 1: Overview of Development Agreements and Municipal Infrastructure Delivery

2024 Summary	2025 Summary
Municipal infrastructure delivered through development approval process assumed by the city – 16 land development projects valued at \$62.1M	Municipal infrastructure delivered through development approval process assumed by the city - 32 land development projects valued at \$97.3M
14 Active Agreements	20 Active Agreements
14 Fully Executed Agreements	17 Fully Executed Agreements

Over the last three years (2023-2025), the combined Development Engineering and Planning operational costs exceeded revenues received through fees by \$11,454,548, in part due to a decrease in application volume and development activity throughout the City during this time period and changes in the application fee structure implemented in 2023. The projected combined operational costs are expected to exceed revenues again in 2026 by \$8,276,445, assuming similar development conditions.

Community Benefits Strategy

In response to the Member's Resolution, staff have reviewed the potential developments that would be impacted by a community benefits charge exemption. As identified in the City's draft 2026 Community Benefits Charge Strategy, released on March 10, 2026, the average collection per unit is \$1,930. It is currently estimated that there are 24,586 residential units, through site plan application, that are subject to the charge.

Amending the Community Benefits Charge by-law would require a fulsome Community Benefits Charge strategy to be undertaken along with consultation and notice provided as directed by Section 37 of the *Planning Act* which would delay the implementation. Delaying the implementation of a Community Benefits Charge reduction or exemption would not align with the proposed planning fee reduction or time-limited development charge exemption timing.

To implement the Community Benefits Charge exemption immediately would require the current Community Benefits Charge by-law to be repealed. Repealing the current by-law would subsequently require a new strategy and public consultation to be completed in the future in order to re-introduce a by-law and would open the City to potential appeals on the new by-law. Staff have also considered developing a policy to provide the Community Benefits Charge exemption, however Section 37 of the *Planning Act*, does not provide the provision to enter into an agreement to provide the ability to exempt the Community Benefits Charge.

As Community Benefits Charge are collected at building permit issuance, in order to be eligible for the reduction or exemption, a development would need to be permit issuance ready and achieve building permit issuance.

Due to the timing of bringing a new Community Benefits Charge strategy and by-law for approval, the exemption period would not be contained to a specific period of time. The exemption would last as long as no Community Benefits Charge by-law is in effect.

Staff recommend leaving the current Community Benefits Charge by-law in place and not seeking any reduction or exemption of the charge.

Financial Impact

Engineering and Planning Application Fees Impact

A reduction in Development Engineering and Planning application fees of 25% for all residential applications and 100% for purpose-built rental applications for a 12-month period will result in an estimated \$5,223,794 in revenue loss, increasing the projected 2026 deficit for Development Engineering and Planning to \$13,500,239. The resulting accelerated usage of the reserve fund is expected to deplete both the Development Engineering and Planning reserves by 2027. As the functions of the Departments involved in reviewing development applications operate on a full cost recovery basis,

alternative funding would be required in 2027 to subsidize the loss of revenue resulting from the fee reduction program in order to maintain existing service levels, as discussed in the Operational Impact section of this report.

Community Benefits Strategy Impact

A Community Benefits Charge exemption will result in foregone Community Benefits Charge collections for the City. The impact of the foregone collections will depend on the amount of residential development that occurs during the exemption period. Due to the timing of payment of Community Benefit Charges and the frequency of projects being cancelled at various stages of the development process, it is difficult to provide a projection that would give an accurate depiction of the financial impact.

As previously stated, Community Benefits Charges are collected for the purpose of delivering projects that enhance a growth community, and supplement capital projects that cannot be fully funded by development charges or cash in lieu of parkland, to achieve complete communities. Foregoing collections of Community Benefits Charges put those projects at risk of being delivered on a timely basis and may require that the projects have a different funding source.

Operational Impact

The City relies on Development Engineering and Planning application fees to process development applications and deliver municipal infrastructure required to build and support new homes in Vaughan. Housing-enabling municipal infrastructure includes watermains, sanitary sewers and stormwater systems and roads. City staff from planning, engineering and supporting services work together to review and approve development applications, review and approve submitted architectural and engineering drawings, plans, specifications, reports and studies, prepare and execute development agreements, provide oversight, inspection and assumption of developer-led municipal infrastructure delivery, as well as provide supporting services and systems to enable development (e.g. processing fees, legal review, online tools and systems, etc.).

A reduction in Development Engineering and Planning application fees may result in reduced service levels if alternative funding is not available during the current downturn period in fee revenues. Such service levels are not easily restored during recovery periods and may result in the delay of processing applications that are subject to statutory timelines under the *Planning Act* for review and decision making.

The submission and approval of planning applications also do not always translate into the submission of building permits or beginning of construction, which may be heavily influenced by market conditions; therefore, the temporary reduction in development

engineering and planning fees may not be an effective measure for encouraging residential construction.

Should any of the contemplated temporary programmes be pursued and ultimately implemented, staff will monitor their implementation and report back to the Committee of the Whole six months from the implementation of the programs.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

The potential fee reduction scenarios and Community Benefits Charge exemption have been analyzed in this report for their impact on City revenues and operational capacity. Any temporary reduction in fees revenue or Community Benefits Charges may necessitate alternative funding sources to provide for the shortfall and/or result in the delay of delivering services and housing enabling infrastructure.

For more information, please contact: Nancy Tuckett, Director Development and Parks Planning, at extension 8529

Attachments

None.

Prepared by

Chris Cosentino, Senior Planner – Special Projects, ext. 8215

Nelson Pereira, Manager, Development Finance, ext. 8393

Nancy Tuckett, Director of Development and Parks Planning, ext. 8529

Lauren Crawford, Director of Development Engineering, ext. 8255

Christina Bruce, Director of Policy Planning and Special Programs, ext. 8231