

Development Charges Deferral for Non-Luxury Rental Buildings Policy

Approved By: Regional Council

Approved On: June 26, 2025

Policy Statement

A policy governing the indefinite deferral of Regional development charges and area-specific development charges for non-luxury rental buildings.

Application

This policy is available for non-luxury rental buildings in York Region subject to the terms and conditions set out in this policy. To be eligible, the building may be registered as a condominium, but it cannot be operated as anything other than a non-luxury rental building for a minimum of 40 years.

Purpose

This policy incentivizes development of non-luxury rental buildings, generally affordable to moderate income households in the 4th to the 6th income decile. Additional non-luxury rental buildings in the Region could achieve the following outcomes:

- Increased rental supply
- More complete communities offering a range of housing options
- Promote live/work within the Region

Definitions

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.

Average Market Rents: The average actual rents paid by tenants for private apartments in York Region, calculated and published annually through the Canada Mortgage and Housing Corporation (CMHC) Fall Rental Market Report. The higher of Region-wide rents or local municipal rents, where available, will be used.

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

Development charges: The Region's development charges, including any area-specific development charges.

Non-luxury rental: Any residential rental building not considered to be a luxury rental building described in Term '13' of this policy.

Restrictive covenant: A covenant registered on the land title for the proposed development requiring that it cannot be operated as anything other than a non-luxury rental building for a minimum of 40 years.

Schedule 'I' Bank: As referenced in subsection 14(1)(a) of the *Bank Act*, S.C. 1991, c. 46. These are domestic banks and are authorized under the *Bank Act* to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation.

Description

Terms of the deferral policy

1. Development Charges Deferral Agreement

Any developer wishing to defer development charges for a non-luxury rental building must enter into a development charges deferral agreement with the Region and provide a form of security acceptable to the Region.

A development charges deferral agreement will only be executed by the Region provided that the developer can immediately upon execution of the agreement attain building permit issuance by the local municipality.

2. Duration of the Deferral

Development charges are deferred immediately following the date that the building permit is issued by the local municipality, until the use of the non-luxury rental building changes to no longer meet the definition of a non-luxury residential rental building.

Development charges will be payable at any time should any of the following trigger events occur:

- Change of use from a non-luxury rental building
- Failure to provide proof of rents in accordance with Term '13' of this policy
- Material breach of the restrictive covenant
- Any material default under the terms of the security or guarantees as stipulated in the agreement(s)
- Sale, or transfer of ownership, of the property unless an assumption agreement is entered into
- Any other material default as defined in the agreement(s)

Notification to the property owner on the tax roll will occur immediately after the trigger event. If any development charges (including any interest) are unpaid within 15 business days immediately following notification of a trigger, subject to Term '8' of the policy, they may be added to the tax roll.

3. Development Charges Rates

The development charges rate will be the amount determined under the applicable Regional development charges bylaw, or area-specific development charges bylaw, on:

- a. Day of building permit issuance for:
 - i. Applications submitted for approval of a development in a site plan control area under subsection 41 (4) of the Planning Act for a non-luxury rental building prior to January 1, 2020, or
 - ii. Applications submitted for an amendment to a bylaw passed under section 34 of the Planning Act prior to January 1, 2020

- OR -

- b. Day application is deemed complete for:
 - i. Applications submitted for approval of a development in a site plan control area under subsection 41 (4) of the Planning Act for a non-luxury rental building including and after January 1, 2020, or
 - ii. Applications submitted for an amendment to a bylaw passed under section 34 of the Planning Act including and after January 1, 2020

For greater clarity, if clause (b(i) or b(ii)) does not apply to a non-luxury rental building that is seeking to defer development charges including and after January 1, 2020, the development charges rate is determined on the day the development charges are payable in accordance with section 26 of the Act.

4. Development Charges Payable

The amount of development charges payable to the Region, as required under the Act, will be based on the rates determined under Term '3' of this policy multiplied by the number of dwelling units, which will be determined on the day that the developer enters into a development charges deferral agreement with the Region.

5. Interest Waiver

All interest will be calculated using the development charges payable in Term '4' of this policy. The period for the interest calculation will begin on the date of issuance of the building permit for the proposed structure by the local municipality and continue until the date upon which the development charges are fully paid, if they become payable.

All deferred development charges will bear interest at the prime rate charged by an agreed upon 'Schedule I' commercial bank, wholly owned and operated in Canada, plus 2% per annum. All interest will accrue and be compounded.

If unpaid development charges are added to the tax roll (Term '8'), interest will continue to accrue and be compounded until all outstanding charges are fully paid.

For greater clarity, this term has no effect on any interest charged in accordance with the Region's Development Charge Interest Policy - Under sections 26.2 and 26.3 of the Act, as may be amended by Regional Council from time to time.

6. Restrictive Covenant

A 40-year change-of-use covenant will be registered on the title stipulating that the property cannot be operated as anything other than a non-luxury rental property for a minimum of 40 years, from the date that an occupancy permit is issued for the non-luxury rental building, or if no permit is issued, first occupancy.

The burden of the restrictive covenant will run with the title of the land.

7. Local Participation

The Region will only enter into a development charges deferral agreement if the local municipality has provided a similar, if not better, incentive for the proposed development.

It will be up to the Commissioner of Finance and/or the Chief Administrative Officer, in consultation with the Commissioner of Corporate Services, to decide what constitutes “similar, if not better”, and this includes, but is not limited to:

- Whether there is a prescribed timeframe for incentive, and what that is
- Whether interest is waived for any deferral
- Other incentives that may be provided, be they financial or otherwise

8. Unpaid Development Charges

If any development charges (including any interest) are unpaid within 15 business days immediately following notification of a trigger event identified in Term ‘5’ of this policy, or at the end of the development charges deferral timeframe when payment has not been made, those development charges (including interest) will be added to the tax roll and collected in the same manner as taxes (in accordance with section 32 of the Act).

If unpaid development charges are added to the tax roll, interest will continue to accrue and be compounded until all outstanding total charges are fully paid (development charges plus interest).

9. Security

The Region may accept the following as security, at the Region’s discretion:

- A form of security will be taken and registered against the title to the land at the execution of the development charges deferral agreement with the Region. The Region’s security interest will always be, at minimum, *pari passu*, or of equal footing, to that of the local municipality; or
- A Pay-On-Demand Surety Bond, subject to Region’s Surety Bond Policy, as amended, revised, re-enacted or consolidated from time to time; or
- A Letter of Credit, subject to the Region’s Letter of Credit Policy, as amended, revised, re-enacted or consolidated from time to time.

10. Other Agreements Required

To take advantage of this policy, the developer must enter into a development charges deferral agreement with the Region.

In addition, the developer will enter into other agreements as required by the Regional Solicitor and General Counsel, if a Letter or Credit or Pay-on-Demand Surety Bond is not used. Those include, but are not limited to:

- Charge
- Assignment of Rents
- Restrictive Covenant
- Pari Passu Agreement
- General Security Agreement
- Other agreement(s) as deemed necessary

11. Legal and Administration Fees

The developer will pay all legal fees of the developer and Region, including any costs incurred by the Region to prepare and register any other agreements required by the Regional Solicitor, and other associated administration fees.

12. Mixed-Use Developments

This policy does apply to non-luxury rental buildings, or uses, in a mixed-use building or development.

For greater clarity, this policy does not apply to the non-residential development charges due for any mixed-use development, the residential portion of which is a non-luxury rental building.

13. Non-Applicability – Luxury Rental

For greater clarity, any rental building proposing to offer or offering rents equal to or greater than 200% of Average Market Rent for private apartments, by bedroom type, on average for the entire building will be deemed to be luxury rental for the purposes of this policy and will not qualify/no longer qualify for this policy.

The Region reserves the right to, from time to time, and at any time, in a format acceptable to the Region, request proof of rents. Upon request, proof of rents must be provided to the Region within 30 business days. Failure to provide proof of rents may constitute a ‘trigger event’ under Term ‘2’ of the policy.

14. Report Back to Council

Staff will report back to Council annually on the uptake of this policy.

15. Effective Date

This policy will take effect the day it is passed by Regional Council and will be retroactive to April 3, 2025, and may be repealed by the Region at any time.

16. June 2025 Committee and Council Amendments

As a result of June 2025 [Committee](#) and Council, this policy is amended as follows:

Council approve a new Development Charges Deferral Policy for Non-Luxury Rental Buildings, until the use changes, with an in-effect date of April 3, 2025 (Attachment 3), amended to include:

- a. *subject to receiving the rental discount under 26.2(1.1), which requires the building to have a minimum of four residential units*
- b. *available to all non-luxury rentals that achieve building permit issuance prior to, and including, December 31, 2029.*

Responsibilities

Chief Administrative Officer, York Region

- Responsibilities as identified under the Terms of this policy
- Signing of security agreements

Commissioner of Finance and Regional Treasurer

- Responsibilities as identified under the Terms of this policy
- Signing of security agreements

Regional Solicitor and General Counsel

- Draft and prepare for execution deferral agreement between the Region and all parties
- Draft and prepare for execution any additional agreements required
- Registration of restrictive covenant
- Registration of security on title

Commissioner of Corporate Services

- Responsibilities as identified under the Terms of this policy

Director, Treasury Office, Finance Department

- Administer the deferral policy, including assisting stakeholders in determining if they qualify for the policy, the development charges rates to be applied, and the development charges and interest payable

- Enforce the deferral policy
- Collect all development charges when due
- Monitor timing of payment to ensure compliance with Term '5' of the policy
- Notify, through the Regional Treasurer, the Treasurer of the local municipality if development charges are not paid/received within the prescribed timeframe and to have said charges added to the tax roll
- Undertake any additional administrative obligations as determined through the agreements
- Maintain copies of all executed deferral agreements and other agreements as required

Director, Corporate Shared Financial Services, Finance Department

- Process the draw upon the letter of credit or pay-on-demand surety bond

Delegation of responsibilities

- As appropriate, and as permitted, some responsibilities identified herein may be delegated to a designate(s)

Compliance

The **Director, Treasury Office**, shall ensure compliance with the Act, the development charges bylaw, this policy and all other legislative requirements.

Immediately upon the occurrence of any of the trigger events identified in Term '2' of this policy, the **Director, Treasury Office** will notify the owner of the property on the tax roll that development charges are due within 15 business days, the timing of which will begin with the mailing, by registered mail, of notice.

The **Director, Corporate Shared Financial Services** will process the draw upon the letter of credit or pay-on-demand surety bond.

Reference

Legislative and other authorities

- [Development Charges Act, 1997, S.O. 1997, c. 27](#)
- [Ontario Regulation 82/98](#)

- [Planning Act, R.S.O. 1990, c. P.13](#)
- [Council Report, 2026 Development Charges Bylaw - Update, June 26, 2025](#)
- [Letter of Credit Policy, February 23, 2023](#)
- [Surety Bond Policy, June 26, 2025](#)
- [Fees and Charges for Services and Activities Bylaw 2020-04](#)

Contact

Title	Director, Treasury Office
Branch	Treasury Office
Department	Finance Department

Approval

Council Date: June 26, 2025 Council Minute Item: H.1	Committee Date: June 12, 2025 Committee Minute Item: I.2.2
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Accessible formats or communication supports are available upon request.