

Development Charges Credit Policy

Approved By: Regional Council

Approved On: June 26, 2025

Policy Statement

A policy governing the provision of development charge credits, against the Regional development charges payable, when a developer pays to advance timing of construction of Regional infrastructure.

Application

This policy is available to developers developing in York Region who advance Regional infrastructure earlier than the Region had planned to construct the works.

Purpose

This policy provides a framework for developers to accelerate the construction of infrastructure, while protecting the Region from potential financial risks associated with advancing infrastructure and providing development charge credits.

This policy will also help facilitate York Region's goal of building complete communities and supporting growth and development across the Region.

Definitions

Act: The *Development Charges Act*, S.O. 1997, c. 27, as amended, revised, re-enacted or consolidated from time to time, and any successor statute.

Annual Repayment Limit: A calculation provided annually to a municipality by the Ministry of Municipal Affairs and Housing that determines the maximum amount of new

annual debt servicing costs that a municipality can undertake or guarantee without seeking the approval of the Ontario Land Tribunal.

Developer: A person, corporation, group of persons and/or corporations, or agent for a person, corporation or group of persons and/or corporations.

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-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.

Development charges credit: A credit approved by the Region for work performed by a developer that relates to a service for which a credit is provided within the Development Charges Bylaw.

Growth-related costs: The capital costs to be recovered under the Development Charges Bylaw based on the Region's capital spending plans identified in the Background Study to the Development Charges Bylaw.

Non-growth costs: The capital costs that cannot be recovered under the Development Charges Bylaw and are funded by tax levy, user rates or other non-development charge sources.

Throw-away costs: The portion of the works that are temporary or are deemed not to be usable by the Region.

Ultimate location: The permanent location of works where works do not require any modification or enhancement to meet Regional standards and are usable by the Region.

Works: Transportation, Transit and Water/Wastewater infrastructure identified in the Region's Capital Plan and Development Charges Background Study and Bylaw.

Description

1. General

A developer who pays to advance the timing of Regional infrastructure may be provided a development charges credit against the development charges payable at building permit issuance or plan of subdivision registration. If the developer has entered into a deferral agreement with the Region, issuance of credits will be subject to the timing of those agreements or any other development charge payment timing as determined from time to time by the Region.

The Region has established a framework for a developer to advance the construction timing of Regional infrastructure and receive credits or payment to advance the works.

2. Development Charges Credits Application - Rules

The following rules govern the provision of development charges credits:

- a. Development charges credits will be provided in accordance with the policy for all works except for works eligible for reimbursement under Term 4.
- b. A developer seeking a development charge credit/reimbursement must submit a request to the Region and receive approval before construction of the works.
- c. Development charges credits are subject to Regional approval and there is no entitlement to credit prior to approval.
- d. The Region is under no obligation to approve a request or advance capital projects through this policy as a result of a request.
- e. Development charges credit requests for works less than \$10 million may be approved by the Commissioners of Finance and/or the Commissioner of Public Works, or any department responsible for the works. This number will be adjusted annually, and without amendment to this policy, commencing on July 1, 2026, and each anniversary of that date thereafter, in accordance with the Statistics Canada Quarterly Construction Price Statistics. The adjusted number will be reported to Council on an annual basis. Development charges credit requests that have a value that is greater than or equal to \$10 million (or as adjusted) require Council approval. This limit applies to the total of the

works being advanced (including sewer works that require the advancement of road works).

- f. Development charge credits will only be provided if the works are included in the Regional Development Charge Bylaw or Area-Specific Development Charges Bylaw. The eligible credit will be limited to the value of the works in the Development Charge Bylaw. If the value of the works is adjusted as part of a future Development Charge Bylaw update, the amount for any unused credits will be revised. For greater clarity, this would include cost escalations that are not the result of a scope change and may include cost increases due to unexpected, required works as approved by the Region.
- g. Advancement of the project cannot result in the Region breaching its Annual Repayment Limit, as determined by the Commissioner of Finance.
- h. Development charge credits will not be offered unless the previous year's DC collections exceed the estimated current year development charges-related debt servicing obligations (principal and interest) by at least the amount of the DC credit requested, both in total and for the specific service.
- i. If development charge credits are deferred for financial reasons, the credits will be paid on the anniversary the credit would have been earned, provided the thresholds noted above paragraphs (g) and (h) have been met. If they have not been met, the credits would continue to be deferred until they have been met, and they would then be paid on the applicable anniversary of the credit being earned.
- j. To be considered for advancement, generally, subject to the Terms of this policy, the service-specific development charges, and in all cases the total development charges generated by the development associated with the capital works, must be one and one half times the value of the works for which the credit /reimbursement is being requested.
- k. Where there is a scope change to works previously-approved for Development Charge Credits, the Commissioners of Finance and/or the Commissioner of Public Works, or any department responsible for the works, can authorize Development Charge Credits that have a value that is greater than or equal to \$10 million (or as adjusted), provided that the Commissioner is satisfied that the works necessitate a scope change, and the total cost of the scope change does not exceed twenty percent (20%) of the total

previously-approved Development Charge Credits, failing which the additional Development Charge Credits will require Council approval.

3. Advancement of Regional Works in the Capital Plan

Subject to meeting the applicable requirements outlined in Term 2:

- a. The developer will be required to fund 100% of the cost of the capital works, and recover eligible growth-related costs discounted for financing costs based on the project's timing in the Capital Plan. Ordinarily, non-growth costs, including those growth costs that cannot be recovered from growth (e.g., statutory or Council-directed exemptions), will not be eligible for recovery. In some instances, non-growth costs, including those growth costs that cannot be recovered from growth (e.g., statutory or Council-directed exemptions), may be funded by the Region, subject to the discretion of the Commissioner of Finance and Council.
- b. Any related capital works that are required to be simultaneously advanced with the works for which a credit is being requested must be included in the development charges credit request.
- c. The credit will be restricted to the service component of the Regional development charge, or area-specific development charge, the developer is required to pay at the registration/subdivision agreement or building permit stage (e.g., road credits restricted to the road development charge).
- d. Development charge credits will be issued up to 75% of the service- specific development charges payable upon each subdivision registration or building permit issuance, as applicable, until the total eligible growth-related costs are recovered. The Commissioner of Finance, through Council, could in any given year, where warranted, adjust development charges credits and retroactively top up the credits or reimbursement.
- e. When a developer(s) can show the need for indexing and that it would not slow the pace of the development, or have a negative impact on the Region's ability to pay its principal and interest, indexing may be provided at the discretion of the Commissioner of Finance.
- f. If there is a remaining balance of development charge credits, the Regional will reimburse the remaining balance on the first anniversary of the registration of the last unit.

4. Reimbursement of Development Charges for Intersections and Minor Road Improvements

Subject to meeting the applicable requirements in Term 2:

- a. The Region will pay for intersection and minor road improvements that are recommended in a development-related traffic study approved by the Region and are constructed in their ultimate location. The intersection works must be designed in accordance with the approved traffic study recommendations and to Regional standards.
- b. Throw-away costs or intersection works that are not deemed to be at the ultimate location by the Commissioner of Public Works, in consultation with the Commissioner, Corporate Services at the time of the next programmed road upgrade or reconstruction will not be eligible for reimbursement.
- c. Intersection and minor road work reimbursement is only for intersection works that serve a regional or community-wide purpose, either along Regional roads or at intersections with arterial roads, collector roads, or local roads deemed significant, as determined by the Region. Development charges reimbursement will be provided for the following:
 - Improvements in the Regional right-of-way at existing public intersections, including the installation of warranted traffic signals or auxiliary turn lanes
 - Construction of new public intersections, including the installation of warranted signals or accommodation for future traffic signals
 - Widening of existing Regional roads or construction of new Regional road sections when related to intersection improvements
 - Utility relocations (Regional share of the cost) to ultimate locations
 - Boulevard urbanization (i.e. new curbs and grading) that is reflected in the DC Bylaw
 - Bus pads and sidewalk connections at intersections
 - Cycling infrastructure including multi-use paths and cycle tracks
 - Net benefit new tree plantings (i.e., new tree plantings beyond replacement of removed trees)

- Any other related intersection works determined by the Region to be eligible for reimbursement.
- d. The following are not eligible for reimbursement:
 - Voluntary and/or statutory land dedications to the Region
 - Land purchases
 - General project management, coordination or administration
 - Construction contingency allowances
 - Road improvements required for the exclusive use of a private entrance or development, including new signals or signal alterations, turning lanes, etc.
 - Intersections that service a site-specific or local function (such as minor local, cul-de-sacs, or crescent)
 - Local municipality infrastructure on Regional roads, including sidewalks, watermains, sewers, streetlights outside daylight trapezoid at intersections, SWM pond outlets crossing Regional road, etc.
- e. At the early stages of engineering approval, the Region will provide the developer with a preliminary assessment of whether the intersection works will be eligible for reimbursement.
- f. As part of the engineering approval process, the developer must apply for cost recovery, which includes a list of detailed items that are to be considered for recovery in a tender format satisfactory to the Region.
- g. The Region will determine the cost of the intersection works eligible for development charges credit or any other applicable reimbursement.
- h. The developer is entitled to recover the eligible growth-related cost of the intersection works based on the standard Regional unit rates in the year the intersection works are approved. Non-growth costs will not be eligible for recovery.
- i. Reimbursement will be provided from the Roads DC reserve in the year the intersection works are completed, provided sufficient funds are available in the Regional annual budget to provide the reimbursement.

- j. If the Region cannot provide all the requested reimbursements for a given year, priority will be determined using the approval date of the reimbursement request. Using the date the intersection works are inspected by the Region to have been completed.
- k. If funds are not available, reimbursement will be provided the following year, contingent upon funding being available in that year's Regional annual budget.
- l. The final amount of the reimbursement may be subject to review and revision by the Region based upon a final inspection to ensure that all eligible intersection works were constructed to the Region's standard and in accordance with approved drawings.
- m. The developer must secure the total costs of the intersection works by a Letter of Credit, Pay-on-Demand Surety Bond or Certified Cheque (both eligible and non-eligible components) in accordance with standard Regional practices and in a format satisfactory to the Regional Treasurer.
- n. After satisfactory construction of the intersection works, a 15% holdback will be retained by York Region for a two-year maintenance/warranty period, after which the balance of the Pay-on-Demand Surety Bond or Letter of Credit will be released.

5. Administration of Development Charge Credit Applications

- a. All approved Development Charges Credit applications will be subject to a Prepaid Development Charge Credit Agreement, with the exception of approved applications for the reimbursement of Development Charges for Intersections and Minor Road Improvements.
- b. A trustee representing the interests of the developer is required where there are more than two developers in a group requesting a development charges credit through this policy.
- c. For roads (intersections and minor road improvements) reimbursement requests, the Commissioner of Public Works or Commissioner of Corporate Services is authorized to approve the eligible cost of the works.
- d. For capital projects identified in the Regional development charges bylaw or area-specific development charges bylaw, the Commissioner of Public Works

or Commissioner of Corporate Services is authorized to approve the eligible costs of the works.

- e. The Commissioner of Finance is authorized to approve and provide development charge credits and/or reimbursements for advanced regional infrastructure.
- f. For prepaid development charge credit agreements and for intersections and minor road improvement reimbursement requests, a cost recovery to be determined by the Commissioner of Finance of up to 1.0% (minimum \$1,000) of the value of the works will be charged for costs related to the administration of the development charge credits and reimbursement.
- g. When Regional costs to prepare and administer a prepaid development charge credit agreement are beyond the above-noted cost recovery provisions, the costs will be separately quantified and invoiced to the developer.
- h. Any development charge credit request that is not consistent with this policy will require Regional Council approval.

6. Non-Participating Owners in Benefiting Areas

Benefitting areas will be defined by way of credit agreements at the sole discretion of the Region. The Region may direct all developments charges collected in this area, from non-participating landowners, to participating landowners, to reduce its financial obligation.

Where a benefitting area that is subject to advanced infrastructure is shared, in whole or in part, credits and/or reimbursements of development charges for infrastructure that have been advanced under this policy will be credited or reimbursed in the sequential order that it was approved for advancement by the Region, whether through Council or by way of delegated authority, and until all financial obligations are reduced to nil.

7. Security

The Region may accept the following as security:

- a. Pay-on-Demand Surety Bond, subject to the Region's Surety Bond Policy, as amended, revised, re-enacted or consolidated from time to time; or

- b. Letter of Credit, subject to the Region's Letter of Credit Policy, as amended, revised, re-enacted or consolidated from time to time; or
- c. Certified Cheque.

8. 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 any other agreements required by the Regional Solicitor, and other associated administration fees.

9. Report Back to Council

Staff will report back to Council, as part of the Fiscal Strategy, on the status of development charges credits and development charges collections.

10. Effective Date

This policy will take effect the day it is passed by Regional Council and may be repealed by the Region at any time.

Responsibilities

Chief Administrative Officer, York Region

- Signing of agreements

Commissioner of Finance and Regional Treasurer

- Responsibilities as identified under the terms of this policy
- Signing of agreements

Commissioner of Public Works

- Responsibilities as identified under the terms of this policy

Regional Solicitor and General Counsel

- Draft and prepare for execution the prepaid development charge credit agreement between the Region and the developer
- Draft and prepare for execution any additional agreements required

- Registration of security

Commissioner of Corporate Services

- Responsibilities as identified under the terms of this policy

Director, Treasury Office, Finance Department

- Administer and enforce this policy, including assisting stakeholders in determining if they qualify for the policy
- Determine development charges credit recovery
- All credits/reimbursements under this policy are provided in accordance with the Terms of this policy and any associated agreements

Director, Corporate Shared Financial Services, Finance Department

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

Director, Development Services, Corporate Services

- Determine ultimate location for intersection and minor road improvements
- Review and confirm eligibility through the engineering review process

Delegation of responsibilities

- As appropriate and as permitted, some responsibilities identified in this policy may be delegated to a designate

Compliance

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

Reference

Legislative and other authorities

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

- [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

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