

THE CORPORATION OF THE CITY OF VAUGHAN

CORPORATE POLICY

POLICY TITLE: DEVELOPMENT CHARGES DEFERRAL FOR NON-LUXURY PURPOSE BUILT RENTAL BUILDINGS

POLICY NO.: 12.C.24

Section:	Finance & Budgets		
Effective Date:	June 24, 2025	Date of Last Review:	Click or tap to enter a date.
Approval Authority: Council		Policy Owner: DCM, Corporate Services, Chief Financial Officer & City Treasurer	

POLICY STATEMENT

A policy governing the indefinite deferral of City-wide development charges for Non-luxury Rental Buildings, which are required to have a minimum of four residential units and are subject to receiving the rental discount under section 26.2(1.1) of the Act.

PURPOSE

This policy incentivizes development of Non-luxury Rental Buildings, generally affordable to moderate income households in the 4th and 6th income decile. Additional Non-luxury Rental Buildings in the City of Vaughan could achieve the following outcomes:

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

SCOPE

The deferral under this policy is available for Non-Luxury Rental Buildings in the City of Vaughan 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 operate as anything other than a Non-luxury Rental Building.

POLICY TITLE: DEVELOPMENT CHARGES DEFERRAL FOR NON-LUXURY PURPOSE BUILT RENTAL BUILDINGS

POLICY NO.: 12.C.24

LEGISLATIVE REQUIREMENTS

Development Charges Act, 1997, S.O. 1997, c. 27 as amended.

DEFINITIONS

1. **Act:** The *Development Charges Act, 1997, S.O. 1997, c. 27* as amended, revised, reenacted or consolidated from time to time, and any successor statute and all regulations promulgated thereunder.
2. **Average Market Rents:** The average actual rents paid by tenants for private apartments in the City of Vaughan, calculated and published annually through the Canada Mortgage and Housing Corporation (CMHC) Fall Rental Market Report. The higher Region-wide rents or the local municipal rents, where available, will be used.
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 substantially increasing the size or usability thereof and includes redevelopment.
4. **Development Charges (DCs):** A charge imposed against land in the City of Vaughan pursuant to the City-Wide Development Charges By-law.
5. **Non-luxury Rental Building:** Any residential rental building not considered to be a luxury rental building described in Section '12' of this policy.
6. **Planning Act:** The *Planning Act, R.S.O. 1990, c. P.13* as amended, revised, reenacted or consolidated from time to time, and any successor statute and all regulations promulgated thereunder.
7. **Redevelopment:** The construction, erection or placing of one or more buildings or structures on land where all or part of a building or structure has previously been demolished on such land or changing the use from a residential to non-residential use or from a non-residential to residential use or from one residential use to another form of residential use.
8. **Restrictive Covenant:** A covenant registered under section 119 of the *Land Titles Act, R.S.O. 1990, c. L.5* (the "LTA") as amended, revised, reenacted or consolidated from time to time, and any successor statute and all regulations promulgated thereunder, on title to the lands for the proposed development requiring that it cannot be operated as anything other than a Non-luxury Rental Building.

POLICY TITLE: DEVELOPMENT CHARGES DEFERRAL FOR NON-LUXURY PURPOSE BUILT RENTAL BUILDINGS

POLICY NO.: 12.C.24

9. Title Restriction: A restriction registered under section 118 of the *LTA* on title to the lands for the proposed development requiring the City of Vaughan's consent prior to any transfer or charge of the lands.

10. Schedule 'I' Bank: As referenced in subsection 14(1)(a) of the *Bank Act*, S.C. 1991, c. 46 (the "*Bank Act*") as amended, revised, reenacted or consolidated from time to time, and any successor statute and all regulations promulgated thereunder. 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.

For definitions not defined above, the City may adopt definitions set out in the City-Wide Development Charges By-law.

If there is a conflict between the above-noted definitions and the definitions in the City-Wide Development Charges By-laws, the City has discretion to determine which definition shall prevail.

POLICY

Terms of the deferral policy

1. Development Charges Deferral Agreement

1.1 Any developer wishing to defer Development Charges for a Non-luxury Rental Building must enter into a tri-party Development Charges deferral agreement with the City of Vaughan and the Region of York and provide a security acceptable to the City of Vaughan.

1.2 A Development Charges deferral agreement will only be executed by the City of Vaughan and the Region of York provided that a developer can immediately upon execution of the agreement attain building permit issuance by the City of Vaughan.

2. Duration of the Deferral

2.1 Development Charges are deferred immediately following the date the building permit is issued by the City of Vaughan, until the trigger event occurs.

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

2.2.1 Change of use from a Non-luxury Rental Building

POLICY TITLE: DEVELOPMENT CHARGES DEFERRAL FOR NON-LUXURY PURPOSE BUILT RENTAL BUILDINGS

POLICY NO.: 12.C.24

- 2.2.2 Building is no longer a Non-luxury Rental Building
- 2.2.3 Failure to provide proof of rents in accordance with Section '12' of this policy
- 2.2.4 Material breach of the Restrictive Covenant
- 2.2.5 Material breach of the Title Restriction
- 2.2.6 Any material default under the terms of the security or guarantees as stipulated in the agreement(s)
- 2.2.7 Sale, or transfer of ownership, of the property unless an assumption agreement is entered into
- 2.2.8 Any other material default as defined in the agreement(s)

2.3 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 Section '7' of this policy, they may be added to the tax roll.

3. Development Charge Rates

3.1 The Development Charge rate will be the amount determined under the applicable City-Wide Development Charges by-law and in accordance with the Act in effect on the date the Development Charges first become payable. This policy cannot be used in conjunction with any other Development Charge related policies.

4. Development Charges Payable

4.1 The amount of the Development Charges payable to the City of Vaughan, as required under the Act, will be based on the rates determined in Section '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 Charge deferral agreement with the City of Vaughan and the Region of York.

5. Interest

5.1 All interest will be calculated using the Development Charges payable in Section '4' of this policy. The period for the interest calculation will begin on the date of issuance of the building permit for the proposed building by the City of Vaughan and continue until the date upon which the Development Charges are fully paid, if they become payable.

5.2 All deferred Development Charges will bear interest at the prime rate charged by an agreed upon 'Schedule I' Bank, wholly owned and operated in Canada, plus 2% annum. All interest will be accrued and compounded.

**POLICY TITLE: DEVELOPMENT CHARGES DEFERRAL FOR NON-LUXURY
PURPOSE BUILT RENTAL BUILDINGS**

POLICY NO.: 12.C.24

5.3 If unpaid Development Charges are added to the tax roll (Section '7'), interest will continue to accrue and be compounded until all outstanding charges are fully paid.

5.4 Notwithstanding the foregoing, the City of Vaughan will waive interest if all Development Charges are fully paid before the property undergoes a change of use from a Non-Luxury Rental Building.

5.5 For greater clarity, this Section has no effect on any interest charged in accordance with the City of Vaughan's "DC Interest Policy Under Sections 26.1, 26.2 and 26.3 of the Development Charges Act", as may be amended from time to time.

6. Restrictive Covenant and Title Restriction

6.1 A Restrictive Covenant will be registered on title to the lands stipulating that the lands cannot be used or operated as anything other than a Non-luxury Rental Building 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 shall run with the land and bind all successors and assigns.

6.2 The City of Vaughan has the right to require registration of a Title Restriction on title to the lands, prohibiting any transfer or charge of the lands without the prior written consent of the City of Vaughan.

7. Unpaid Development Charges

7.1 If any Development Charges (including any interest) are unpaid within 15 business days immediately following notification of a trigger event identified in Section '2' of this policy, 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).

7.2 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).

8. Security

8.1 The City of Vaughan may accept the following as a security, at the City of Vaughan's discretion:

POLICY TITLE: DEVELOPMENT CHARGES DEFERRAL FOR NON-LUXURY PURPOSE BUILT RENTAL BUILDINGS

POLICY NO.: 12.C.24

- 8.1.1 A form of security, including without limitation, a Charge, General Assignment of Rents, General Security Agreement and Personal Guarantees will be taken and registered simultaneously with the execution of the Development Charges deferral agreement with the City of Vaughan and the Region of York; or
- 8.1.2 A Letter of Credit, subject to the City of Vaughan's "Letter of Credit Policy", as amended, revised, re-enacted or consolidated from time to time.

9 Other Agreements Required

9.1 To take advantage of this policy, the developer must enter into a tri-party Development Charges deferral agreement with the City of Vaughan and the Region of York.

9.2 In addition, the developer will enter into any other agreements as required and at the discretion of the City Solicitor, including without limitation:

- 9.2.1 Charge;
- 9.2.2 Assignment of Rents;
- 9.2.3 Restrictive Covenant;
- 9.2.4 Pari Passu Agreement;
- 9.2.5 General Security Agreement; and
- 9.2.6 Personal Guarantees.

10 Legal and Administrative Fees

10.1 The developer will pay all legal fees of the developer and the City of Vaughan, including any costs incurred by the City of Vaughan to prepare and register any agreements required by the City Solicitor, including external legal fees incurred by the City of Vaughan, and any other associated fees in accordance with the City's Fees and Charges By-law.

11 Mixed-Use Developments

11.1 This policy does apply to Non-luxury Rental Buildings, or uses, in a mixed-use building or development.

11.2 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.

POLICY TITLE: DEVELOPMENT CHARGES DEFERRAL FOR NON-LUXURY PURPOSE BUILT RENTAL BUILDINGS

POLICY NO.: 12.C.24

12 Non-Applicability - Luxury Rental

12.1 Any rental building proposing to offer or offering rents equal to or greater than 200% of Average Market Rents 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 or will no longer qualify for the deferral under this policy and any Development Charges deferred under this policy shall become payable in accordance with Section '2' of this policy.

12. 2 The City of Vaughan reserves the right to, from time to time, and at any time, in a format acceptable to the City of Vaughan, request proof of rents. Upon request, proof of rents must be provided to the City within 30 business days. Failure to provide proof of rents may constitute a trigger event under Section '2' of the policy.

13 Effective Date

13.1 This policy will take effect the day that it is approved to the satisfaction of the City Manager, in consultation with Legal Counsel and the Deputy City Manager of Corporate Services, Chief Financial Officer and City Treasurer.

14 Roles and Responsibilities

14.1 Chief Financial Officer and City Treasurer

14.1.1 Signing of the Deferral Agreements; and

14.1.2 Maintains administrative authority and responsibility for this policy.

14.2 Director, Financial Planning & Development Finance and Deputy City Treasurer

14.2.1 Responsible for the implementation of, and adherence to, this policy.

14.3 Office of the City Solicitor

14.3.1 Drafts Deferral Agreements, in accordance with the Act

14.3.2 Prepares and registers all agreements and documents required under this policy.

14.3.3 Any other legal requirements with respect to or arising from the Deferral Agreement or this Policy.

14.4 Manager, Development Finance

POLICY TITLE: DEVELOPMENT CHARGES DEFERRAL FOR NON-LUXURY PURPOSE BUILT RENTAL BUILDINGS

POLICY NO.: 12.C.24

- 14.4.1 Responsible for tracking the deferrals and ensuring compliance with the Average Market Rents requirements;
- 14.4.2 Responsible for the collection of all Development Charges when due;
- 14.4.3 Processes the draw upon the Letter of Credit or other Security at the point Development Charges are due, as may be applicable; and
- 14.4.4 Responsible for maintaining compliance with this policy and drafting, reviewing and maintaining departmental operating procedures and processes under this policy.

14.5 Development Planning Staff

- 14.5.1 Responsible for deeming Applications complete;
- 14.5.2 Responsible for verifying Development Approvals.

ADMINISTRATION

Administered by the Office of the City Clerk.

Review Schedule:	5 Years If other, specify here	Next Review Date:	June 24, 2030
Related Policy(ies):			
Related By-Law(s):	City-Wide Development Charges By-Law 109-2022, or any successor		
Procedural Document:			
Revision History			
Date:	Description:		
24-Jun-25	Approved at Council Report No. 25 Item No. 5		