



# THE CORPORATION OF THE CITY OF VAUGHAN

## CORPORATE POLICY

**POLICY TITLE: TIME-LIMITED EXEMPTION OF CITY-WIDE DEVELOPMENT CHARGES FOR RESIDENTIAL DEVELOPMENTS**

**POLICY NO.: 12.C.28**

<b>Section:</b>	Finance & Budgets		
<b>Effective Date:</b>	February 25, 2026	<b>Date of Last Review:</b>	Click or tap to enter a date.
<b>Approval Authority:</b> Council	<b>Policy Owner:</b> DCM, Corporate Services, Chief Financial Officer & City Treasurer		

### POLICY STATEMENT

A policy governing an indefinite deferral of City-Wide Development Charges for Residential Developments that qualify for the time-limited exemption.

### PURPOSE

The purpose of this policy is to establish a clear, implementable policy framework for an indefinite deferral of City-Wide Development Charges that qualify for the City's exemption program for Residential Developments. This policy is intended to stimulate housing construction, support provincial housing priorities, and assist in accelerating residential construction to achieve the City's housing targets.

### SCOPE

This policy only applies to City-Wide Development Charges with respect to Residential Development and excludes Area-Specific Development Charges.

### LEGISLATIVE REQUIREMENTS

The City is permitted to enter into agreements pursuant to section 27(1) of the Act 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."

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Furthermore, section 27(2) of the Act 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.”

This policy was prepared in accordance with the Act.

**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:** A charge imposed with respect to growth related net capital costs against a defined land area for specified services under the applicable by-law.
- 3) **Building Permit:** A permit or conditional permit issued under the *Building Code Act, 1992*, S.O. 1992, c. 23, as amended, revised, re-enacted or consolidated from time to time, which permits the construction of a building or structure, or which permits the construction of the foundation of a building or structure.
- 4) **City:** The Corporation of the City of Vaughan.
- 5) **City-Wide Development Charges:** Charges collected from developers that are imposed by by-law against land to help to pay for the increased capital cost of infrastructure and municipal services required because of new development, as prescribed by the Act.
- 6) **Housing Start:** With respect to Residential Development that is low-rise (as defined in the City’s official plan), means the completion of the foundation for a building where dwelling units will be located. With respect to Residential Development that is mid-rise or high-rise (as defined in the City’s official plan), means the completion of the lowest level of the poured concrete foundation.
- 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), in accordance with the City’s Letter of Credit Policy

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12.C.04, as may be amended, replaced, re-enacted or consolidated from time to time.

**8) Residential Development:** A development of a residential use building, or the residential use portion of a mixed-use building, which includes, but is not limited to, single detached dwellings, semi-detached dwellings, row or townhouses and apartment buildings.

**9) Section 27 Agreement:** An agreement entered into between a developer and the City pursuant to Section 27 of the Act.

**POLICY**

**1) PROGRAM WINDOW AND DURATION**

- a) A Residential Development that qualifies under this exemption policy may receive an indefinite deferral of City-Wide Development Charges.
- b) This Policy may be in effect for a maximum period of 20 months, constituting the program window (February 25, 2026 – October 31, 2027) (the “**Program Window**”).
- c) The Mayor and Members of Council may at their discretion terminate this Policy any time after an initial six-month period from the Policy’s effective date.

**2) QUALIFYING CRITERIA**

To qualify for an indefinite deferral of City-Wide Development Charges under this Policy, all of the following milestones must be achieved before the expiry of the Program Window:

- a) Enter into a Section 27 Agreement under the Act. Such agreement may only be entered into if the applicant is in a position to immediately obtain a Building Permit from the City.
- b) Obtain Building Permits for the qualifying residential unit(s).
- c) Provide the City with confirmation of the completed Housing Start for the qualifying residential unit(s):
  - i) Pass the backfill/foundation inspection conducted by the City’s Building Standards Department for low-rise (as defined in the City’s official plan) Residential Developments; or

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ii) Submit formal, certified proof (such as a certification letter stamped and signed by a licensed professional engineer or architect), confirming the completion of the lowest level of the poured concrete foundation for mid-rise and high-rise (as defined in the City's official plan) Residential Developments.

j) If this Policy is terminated early after the initial six-month period, any development for which there is a fully executed Section 27 Agreement under this Policy before the termination date will remain eligible for the exemption, provided that all other requirements of this Policy, including without limitation, construction and inspection milestones, are met before the expiry of the Program Window.

**3) DISQUALIFYING CRITERIA**

Any of the following events will render a residential unit ineligible for development charges exemption under this Policy:

- a) Any residential unit where physical construction activity has commenced prior to February 25, 2026.
- b) Any residential unit where physical construction has started prior to the lawful issuance of a Building Permit.
- c) Any residential unit where development charges have been previously paid. In the case where a portion of development charges was previously paid, the remaining portion of development charges is eligible for the incentive. To clarify, no refunds of previously paid development charges will occur.

**4) TRANSITION FROM PRIOR AGREEMENTS**

Where a developer has an existing Section 27 Agreement under the Development Charges Rate Reduction and Deferral for Residential Developments Policy (12.C.22), then the following subsections apply:

- a) Residential Developments that have previously entered into a Section 27 Agreement under the Development Charges Rate Reduction and Deferral for Residential Developments Policy (12.C.22) are eligible for this new incentive, provided the units otherwise comply with the qualifying and disqualifying criteria under this Policy.
- b) To qualify for an exemption under this Policy, eligible developments must enter into a new Section 27 Agreement under this Policy. The developer's existing Section 27 Agreement under the Development Charges Rate Reduction and

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Deferral for Residential Developments Policy (12.C.22) shall remain in effect; however, a new Section 27 Agreement is required for the purposes of this Policy.

- c) Upon execution of a new Section 27 Agreement under this Policy, any Letter of Credit previously provided by the developer under the Development Charges Rate Reduction and Deferral for Residential Developments Policy (12.C.22) shall be retained by the City. The City shall only release and return the Letter of Credit to the developer if the development charges are exempt under this Policy. If the development charges are not exempt under this Policy, then the Letter of Credit shall be released in accordance with the terms of the Section 27 Agreement executed under the Development Charges Rate Reduction and Deferral for Residential Developments Policy (12.C.22).

**5) 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.
  - ii) Responsible for determining the foregone revenue and adjustment required to budget process.
- c) City Solicitor, Office of the City Solicitor
  - i) Drafts Section 27 Agreements, in accordance with Section 27 of the Act.
  - ii) Any other legal requirements with respect to or arising from the Section 27 Agreement or this policy.
- d) Inspector, Building Standards
  - i) Responsible for conducting backfill/foundation inspections for low-rise residential developments in a timely manner.
- e) Manager, Development Finance
  - i) Verify the successful backfill/foundation inspection status for low-rise developments.

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- ii) Receive, review, and verify the formal, certified proof of construction (such as a stamped certification letter from a professional engineer or architect) submitted by the owner for mid-rise and high-rise developments.
- iii) Responsible for authorizing the release and return of the applicable Letter of Credit (previously provided under Policy 12.C.22) upon successful verification of all required building permit, physical construction and formal inspection milestones.
- iv) Responsible for maintaining compliance with this policy and drafting, reviewing and maintaining departmental operating procedures and processes under this policy.

**ADMINISTRATION**

*Administered by the Office of the City Clerk.*

<b>Review Schedule:</b>	Other (specify) 6 months	<b>Next Review Date:</b>	August 26, 2026
<b>Related Policy(ies):</b>	12.C.22 – Development Charges Rate Reduction and Deferral for Residential Developments 12.C.04 – Letter of Credit		
<b>Related By-Law(s):</b>			
<b>Procedural Document:</b>			

**Revision History**

<b>Date:</b>	<b>Description:</b>
28-Apr-26	Approved at Council. Report No. 17 Item No. 7
Click or tap to enter a date.	
Click or tap to enter a date.	

<b>Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 5/13/2026 11:05:03 AM</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> Revised - Time Limited DC Exemption Policy Final - May 12 - Clean.docx	
<b>Modified filename:</b> Revised - Time Limited DC Exemption Policy Final - May 13 - Clean.docx	
<b>Changes:</b>	
<u>Add</u>	2
<del>Delete</del>	2
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>4</b>