THE CORPORATION OF THE CITY OF VAUGHAN

CORPORATE POLICY

POLICY TITLE: **DC DEFERRAL FOR MAJOR OFFICE BUILDINGS**

POLICY NO.: **12.C.25**

Section:	Finance & Budgets		
Effective Date:	January 27, 2026	**Date of Last Review:**	November 3, 2026
Approval Authority: Council		**Policy Owner:** DCM, Corporate Services, Chief Financial Officer & City Treasurer	

POLICY STATEMENT

This policy governs the City-Wide Development Charges (DCs) deferral for new Major Office Buildings identified as one of the complete communities and large non-residential incentives in the Community Improvement Project Area (CIPA) of the Community Improvement Plan By-law.

PURPOSE

This policy incentivizes the construction of new Major Office Buildings within the City of Vaughan to accelerate the delivery of modern, employment-intensive office space. It empowers the local business community to grow in Vaughan, promotes a transformative, ambitious and purpose-driven economy that is open to head offices and other major offices, and serves as a strategic initiative to attract new capital and talent.

SCOPE

This policy applies to new Major Office Buildings either stand-alone or in mixed-use buildings which have a minimum of four storeys above grade and a minimum of 75,000 square feet or 6,967 square meters of Gross Floor Area and are identified as being located within the Secondary Plan Areas or along the Primary Corridors in the designated CIPA.

This policy only applies to City-Wide DCs and excludes Area-Specific Development Charges (ASDCs). This policy will have a duration of five (5) years or a maximum of 600,000 square feet or 55,741 square metres of Major Office Building having development charge deferrals, whichever occurs first.

POLICY TITLE: **DEVELOPMENT CHARGES DEFERRAL FOR MAJOR OFFICE BUILDINGS**

POLICY NO.: **12.C.25**

LEGISLATIVE REQUIREMENTS

This policy is prepared pursuant to the Development Charges Act, 1997, S.O. 1997, c.27, as amended, and also Section 28 of the Planning Act, R.S.O. 1990, c. P. 13, as amended.

DEFINITIONS

1. **Community Improvement Plan:** a plan for the community improvement of a community improvement project area, as defined under Section 28 pf the Planning Act.

2. **Community Improvement Project Area (CIPA) (By-law 14-2026):** Pursuant to Section 28 of the Planning Act, R.S.O 1990, c. P.13 the City has designated a Community Improvement Project Area as per policies 10.1.2.14 to 10.1.2.16 of the Vaughan Official Plan 2010 and policy 5.3.1.19 of the adopted Vaughan Official Plan, 2025 that defines areas within the City that a municipality may provide financial incentives to stimulate investments.

3. **Gross Floor Area (GFA):** As defined in the City-wide Development Charges By-law, as amended and replaced from time to time.

4. **Major Office Building:** A building, structure, or any part thereof used for office purposes in which one or more persons are employed in the administration, direction, or management of a business, agency, brokerage, or organization, or by professionally qualified persons and their support staff, and having a minimum GFA of 75,000 square feet (6,967 square metres). A Major Office Building can be stand-alone or located within a mixed-use building.

5. **Primary Corridors:** Regional streets identified as Primary Corridor in schedule 1B of the adopted Vaughan Official Plan, 2025, includes but are not limited to Highway 7 and a portion of Bathurst Street. Should the regional streets and corridors identified in this policy change in the future, this policy will be deemed to be amended as such to reflect those changes.

6. **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.

7. **Storey:** As under the City's Development Charges By-law; or any successor. A storey means the portion of a building other than the cellar or unfinished attic which lies between the surface of the floor and the surface of the next floor above, and if there is no floor above it, then the surface next above it, provided its height is not less than 2.3 metres.

POLICY

Terms of the Deferral Policy

1. Development Charges Deferral Agreement

Any developer wishing to defer development charges for a Major Office Building under this policy must submit an application through the CIP process associated to the CIP By-law 14-2026 and, if approved, enter into a development charge deferral agreement with the City of Vaughan and provide a security acceptable to the City. The deferral agreement, or notice thereof, shall be registered on title to lands on which the Major Office Building is located, at the expense of the developer.

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

2. Size Threshold Tier and DC Deferral Entitlement

Size Threshold Tier (Total GFA)	Development Charges Deferral Guidance
75,000 sq.ft. to 149,999 sq. ft.	50% of the development charges are deferred until the office building charges use
150,000 sq. ft. to 249,999 sq. ft.	75% of the development charges are deferred until the office building changes use
250,000 sq. ft. to 600,000 sq. ft.	100% of the development charges are deferred until the office building changes use

*Note: Deferral percentages are determined based on the total office GFA within the Major Office Building. Once the total office GFA falls within a tier, the corresponding deferral percentage applies to the entire office GFA of the Major Office Building (not only the portion above the threshold).

In the event more than one developer wishes to enter into a development charges deferral agreement with the City on the same day and avail themselves of this policy, the result of which would exceed the square footage cap, it will be up to the City Manager and the Deputy City Manager of

Corporate Services, City Treasurer and Chief Financial Officer to determine qualification and whether the square footage cap may be exceeded.

Development charges are deferred immediately following the date the building permit is issued by the City. The deferred development charges become payable at any time should any of the following trigger events occur:

- Change of use from a Major Office Building
- 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)

3. Development Charge Rates

The development charge rate will be the amount determined under the applicable City-Wide Development Charges By-law in effect and in accordance with the Development Charges Act in effect on the date the development charges first become payable. This policy cannot be used in conjunction with any other development charge reduction or deferral program.

4. Development Charges Payable

The amount of the development charges payable to the City of Vaughan, as required under the Development Charges Act, will be based on the rates determined under Section ‘3’ of this policy multiplied by the GFA of the office building less the amount of the deferral as determined under Section ‘2’ of this policy, which will be determined on the day that the developer enters into a development charge deferral agreement with the City of Vaughan.

For greater clarity, the qualifying Gross Floor Area will only be on a per building basis.

5. Interest and Unpaid Development Charges

Interest on deferred development charges under Section ‘4’ will be calculated from the date of building permit issuance to the date the development charges are fully paid, if and when they become payable. Deferred development charges will bear interest at prime plus 2% per annum (Schedule I bank), accrued and compounded.

Notwithstanding the foregoing, provided that there is no default under any agreements entered into pursuant to this policy, the City of Vaughan will waive interest if all development charges, including the deferred development charges, are fully paid to the City before the property undergoes a change of use from a Major Office Building to another use.

For greater clarity, this Section does not affect interest charged under the City's DC Interest Policy pursuant to Sections 26.1, 26.2 and 26.3 of the Development Charges Act, as amended.

6. Security

The City requires the developer of any Major Office Building approved for development charge deferral to provide financial security in an amount equal to the deferred development charges. The form and acceptability of such security shall be at City's sole discretion. Acceptable forms of security may include the following:

- A Charge in favour of the City registered against the lands on which the Major Office Building is located, securing the principal amount of the deferred development charges plus interest calculated and payable in accordance with this policy;

- 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; or

- A Pay-On-Demand Surety Bond, subject to the City's Surety Bond Policy, as amended, revised, re-enacted or consolidated from time to time.

7. Other Security and Agreements Required

To take advantage of this policy, the developer must enter into a development charges deferral agreement with the City of Vaughan, provide the security listed in Section 6 above and provide such other security and enter into other agreements as required and at the discretion of the City Solicitor, including without limitation:

- Assignment of Rents;
- A Site-specific General Security Agreement in favour of the City to be registered under the Personal Property Security Act (Ontario);

- Unlimited Guarantee and Postponement of Claim of a guarantor in favour of the City to be registered under the Personal Property Security Act (Ontario); and
- Such other documents or agreements as the City may require from time to time.

8. Legal and Administrative Fees

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 on title 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.

9. Effective Date and Duration

This policy will take effect the day that it is approved to the satisfaction of the policy committee, with a duration of 5 years or a maximum of 600,000 square feet or 55,741 square metres of Major Office Building having development charge deferrals, whichever occurs first.

10. Roles and Responsibilities

Deputy City Manager, Corporate Services and the Chief Financial Officer and City Treasurer

- Signing of the Deferral Agreements and any amendments or terminations thereto; and
- Maintains administrative authority and responsibility for this policy.

Director, Financial Planning & Development Finance and Deputy City Treasurer

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

Office of the City Solicitor

- Drafts Deferral Agreements, in accordance with the Development Charges Act, and any other agreements as may be required pursuant to this policy.
- Prepares and registers agreements and documents pursuant to this policy.

- Any other legal requirements with respect to or arising from the Deferral Agreement or this policy.

Manager, Development Finance

- Responsible for tracking the deferrals and collection of all development charges when due;
- Processes the draw upon the letter of credit or other security at the point development charges are due, as may be applicable; and
- Responsible for maintaining compliance with this policy and drafting, reviewing and maintaining departmental operating procedures and processes under this policy.
- Update this policy.

ADMINISTRATION			
Administered by the Office of the City Clerk.			
Review Schedule:	5 Years If other, specify here	**Next Review Date:**	November 3, 2031
Related Policy(ies):			
Related By-Law(s):	109-2022		
Procedural Document:			

Revision History	
Date:	**Description:**
27-Jan-26	Approved at Council Report No. 1 Item No. 8
03-Nov-26	Administrative amendments approved at Policy Committee.