



# IMPACTS OF DEVELOPMENT CHARGE REDUCTIONS AND MECHANISMS TO INCREASE HOUSING AFFORDABILITY IN YORK REGION

Presented to  
Special Meeting of  
York Regional Council

Presented by  
Erin Mahoney,  
Chief Administrative Officer and  
Laura Mirabella,  
Commissioner, Finance and Regional Treasurer

Presented on  
April 3, 2025



# Purpose



As directed by Council, at Committee of the Whole on January 16, 2025, this presentation is to:

“Report back regarding the application of the current Development Charges Bylaw and associated policies, including the options and impacts around possible development charge reductions, as well as other potential mechanisms for increasing the affordability of housing in York Region.”



# Agenda

- Where in the World Are We?  
Benjamin Tal, Deputy Chief Economist,  
CIBC World Markets
- Development Charges
- Development Charge Reduction Options and Impacts
- Advocacy
- Recommendations



**WHERE IN THE WORLD ARE WE?**

**BENJAMIN TAL, DEPUTY CHIEF ECONOMIST, CIBC WORLD MARKETS**

# DEVELOPMENT CHARGES BACKGROUND AND HOUSING AFFORDABILITY LEVELS

# Development Charges



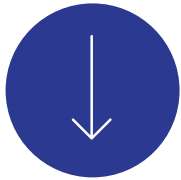
Development Charges are not a general revenue source, they are a cost recovery tool



Development Charges may be imposed against land to pay for increased capital costs to accommodate growth



Eligible services include water, wastewater, roads, police, paramedics and transit



Ability to use Development Charges to fund growth infrastructure is reduced due to recent changes to Act



If a municipality does not use Development Charges, tax levy and user rate funds growth infrastructure

# York Region's Development Charge for Various Housing Types

| Region DC Service         | Single and Semi Detached | Multiple (Townhome) | Large Apartment (≥ 700 sq. ft.) | Small Apartment (< 700 sq. ft.) | % of Residential DC Rate |
|---------------------------|--------------------------|---------------------|---------------------------------|---------------------------------|--------------------------|
| Roads                     | \$30,414                 | \$25,304            | \$19,638                        | \$12,772                        | 34%                      |
| Wastewater                | \$24,597                 | \$20,464            | \$15,882                        | \$10,329                        | 28%                      |
| Water                     | \$10,516                 | \$8,749             | \$6,789                         | \$4,415                         | 12%                      |
| <b>Subtotal – Hard</b>    | <b>\$65,527</b>          | <b>\$54,517</b>     | <b>\$42,309</b>                 | <b>\$27,516</b>                 | <b>73%</b>               |
| Transit                   | \$9,030                  | \$7,513             | \$5,830                         | \$3,792                         | 10%                      |
| YNSE                      | \$6,855                  | \$5,703             | \$4,427                         | \$2,878                         | 8%                       |
| TYSSE                     | \$4,049                  | \$3,370             | \$2,615                         | \$1,700                         | 5%                       |
| Police                    | \$1,266                  | \$1,053             | \$817                           | \$532                           | 1%                       |
| Ambulance                 | \$899                    | \$748               | \$580                           | \$379                           | 1%                       |
| Public Works              | \$645                    | \$536               | \$415                           | \$270                           | 1%                       |
| Public Health             | \$457                    | \$380               | \$295                           | \$191                           | 1%                       |
| Waste Diversion           | \$425                    | \$353               | \$275                           | \$179                           | <1%                      |
| Growth Studies            | \$206                    | \$172               | \$133                           | \$87                            | <1%                      |
| Courts                    | \$76                     | \$64                | \$49                            | \$31                            | <1%                      |
| <b>Subtotal – General</b> | <b>\$23,908</b>          | <b>\$19,892</b>     | <b>\$15,436</b>                 | <b>\$10,039</b>                 | <b>27%</b>               |
| <b>Total Region DC</b>    | <b>\$89,435</b>          | <b>\$74,409</b>     | <b>\$57,745</b>                 | <b>\$37,555</b>                 | <b>100%</b>              |

Note: Numbers may not sum due to rounding. Council approved rates enacted in 2022 have been indexed annually by the Non-Residential Building Construction Price Index (NRBCPI)

# DC Rates and Parkland Dedication in York Region (Single/Semi-Detached Unit)

| Municipality *                      | Education DC | GO Transit DC | Provincial Subtotal | Local Municipal DC | Parkland Dedication | Local Municipal Subtotal | York Region DC Rate | Total Due        | York Region DC Share of Total Due |
|-------------------------------------|--------------|---------------|---------------------|--------------------|---------------------|--------------------------|---------------------|------------------|-----------------------------------|
| Aurora                              | \$8,184      | \$433         | \$8,617             | \$39,264           | \$8,750             | \$48,014                 | \$89,435            | <b>\$146,066</b> | <b>61%</b>                        |
| East Gwillimbury                    | \$8,184      | \$433         | \$8,617             | \$56,763           | \$8,750             | \$65,513                 | \$89,435            | <b>\$163,565</b> | <b>55%</b>                        |
| Georgina                            | \$8,184      | \$433         | \$8,617             | \$26,712           | \$8,750             | \$35,462                 | \$89,435            | <b>\$133,514</b> | <b>67%</b>                        |
| King                                | \$8,184      | \$433         | \$8,617             | \$55,958           | \$8,750             | \$64,708                 | \$89,435            | <b>\$162,760</b> | <b>55%</b>                        |
| Markham                             | \$8,184      | \$433         | \$8,617             | \$74,787           | \$12,860            | \$87,647                 | \$89,435            | <b>\$185,699</b> | <b>48%</b>                        |
| Newmarket                           | \$8,184      | \$433         | \$8,617             | \$42,585           | \$8,750             | \$51,335                 | \$89,435            | <b>\$149,387</b> | <b>60%</b>                        |
| Richmond Hill                       | \$8,184      | \$433         | \$8,617             | \$47,534           | \$6,710             | \$54,244                 | \$89,435            | <b>\$152,296</b> | <b>59%</b>                        |
| Vaughan                             | \$8,184      | \$433         | \$8,617             | \$94,466           | \$11,430            | \$105,896                | \$89,435            | <b>\$203,948</b> | <b>44%</b>                        |
| Whitchurch Stouffville              | \$8,184      | \$433         | \$8,617             | \$45,017           | \$8,750             | \$53,767                 | \$89,435            | <b>\$151,819</b> | <b>59%</b>                        |
| <b>Average % Share of Total Due</b> |              |               | <b>5%</b>           |                    |                     | <b>38%</b>               | <b>56%</b>          |                  |                                   |

\*Source: Local municipal websites, as of January 30, 2025. Vaughan DC rates are before November 2024 reductions.

**Municipal fees (Regional and local) represent just under 10% of average new home prices in York Region**



# DC Rates and Parkland Dedication in York Region (Small Apartment Unit)

| Municipality *                      | Education DC | GO Transit DC | Provincial Subtotal | Local Municipal DC | Parkland Dedication | Local Municipal Subtotal | York Region DC Rate | Total Due       | York Region DC Share of Total Due |
|-------------------------------------|--------------|---------------|---------------------|--------------------|---------------------|--------------------------|---------------------|-----------------|-----------------------------------|
| Aurora                              | \$8,184      | \$158         | \$8,342             | \$15,153           | \$5,250             | \$20,403                 | \$37,555            | <b>\$66,300</b> | <b>57%</b>                        |
| East Gwillimbury                    | \$8,184      | \$158         | \$8,342             | \$27,207           | \$8,000             | \$35,207                 | \$37,555            | <b>\$81,104</b> | <b>46%</b>                        |
| Georgina                            | \$8,184      | \$158         | \$8,342             | \$12,823           | \$8,000             | \$20,823                 | \$37,555            | <b>\$66,720</b> | <b>56%</b>                        |
| King                                | \$8,184      | \$158         | \$8,342             | \$24,071           | \$4,000             | \$28,071                 | \$37,555            | <b>\$73,968</b> | <b>51%</b>                        |
| Markham                             | \$8,184      | \$158         | \$8,342             | \$32,055           | \$6,400             | \$38,455                 | \$37,555            | <b>\$84,352</b> | <b>45%</b>                        |
| Newmarket                           | \$8,184      | \$158         | \$8,342             | \$18,060           | \$3,140             | \$21,200                 | \$37,555            | <b>\$67,097</b> | <b>56%</b>                        |
| Richmond Hill                       | \$8,184      | \$158         | \$8,342             | \$21,310           | \$6,710             | \$28,020                 | \$37,555            | <b>\$73,917</b> | <b>51%</b>                        |
| Vaughan                             | \$8,184      | \$158         | \$8,342             | \$42,307           | \$7,000             | \$49,307                 | \$37,555            | <b>\$95,204</b> | <b>39%</b>                        |
| Whitchurch Stouffville              | \$8,184      | \$158         | \$8,342             | \$20,366           | \$4,000             | \$24,366                 | \$37,555            | <b>\$70,263</b> | <b>53%</b>                        |
| <b>Average % Share of Total Due</b> |              |               | <b>11%</b>          |                    |                     | <b>38%</b>               | <b>50%</b>          |                 |                                   |

\*Source: Local municipal websites, as of January 30, 2025. Vaughan DC rates are before November 2024 reductions.

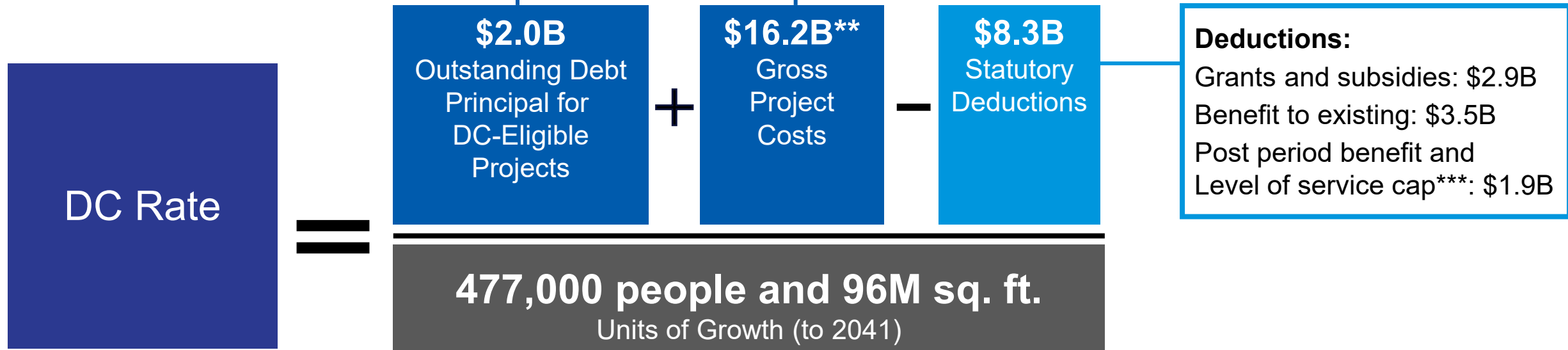
**Municipal fees (Regional and local) represent just under 10% of average new home prices in York Region**

# DC Rate Calculation Methodology - 2022 DC Bylaw Rates

## Examples of projects with outstanding debt:

- Spadina Subway Extension
- YDSS SouthEast Collector Sewer
- Toronto and Peel Cost Shared Agreements

**Include Priority Projects\*:** BRTs - \$2.9B, YNSE - \$1.12B, Upper York WRC - \$550M, West Vaughan Sewage Servicing - \$389M, Mid-Block Crossings - \$289M, Primary Trunk Sewer - \$229M, Police Vehicles - \$133M, Ambulance Facilities - \$50M

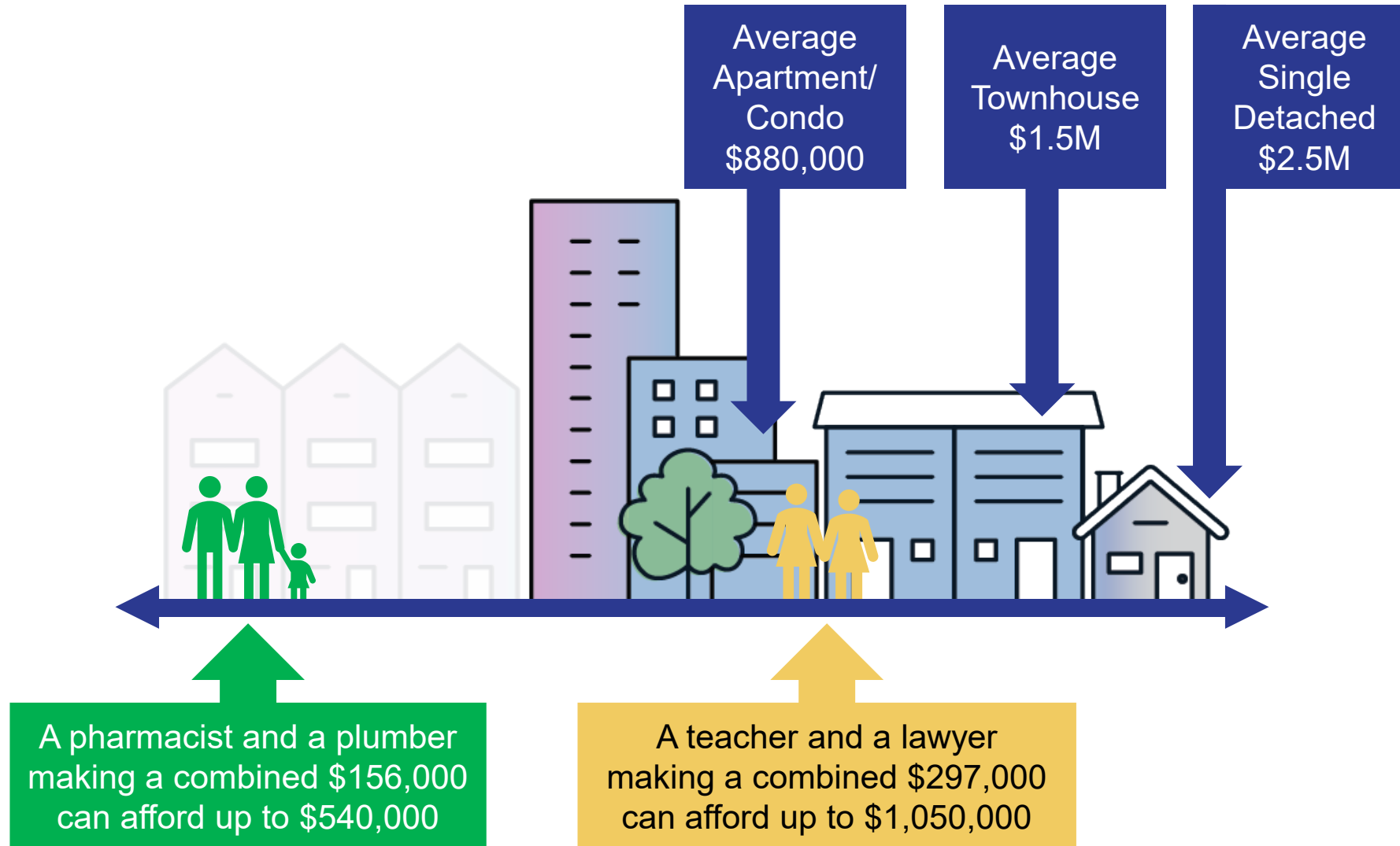


\*Project costs approximate

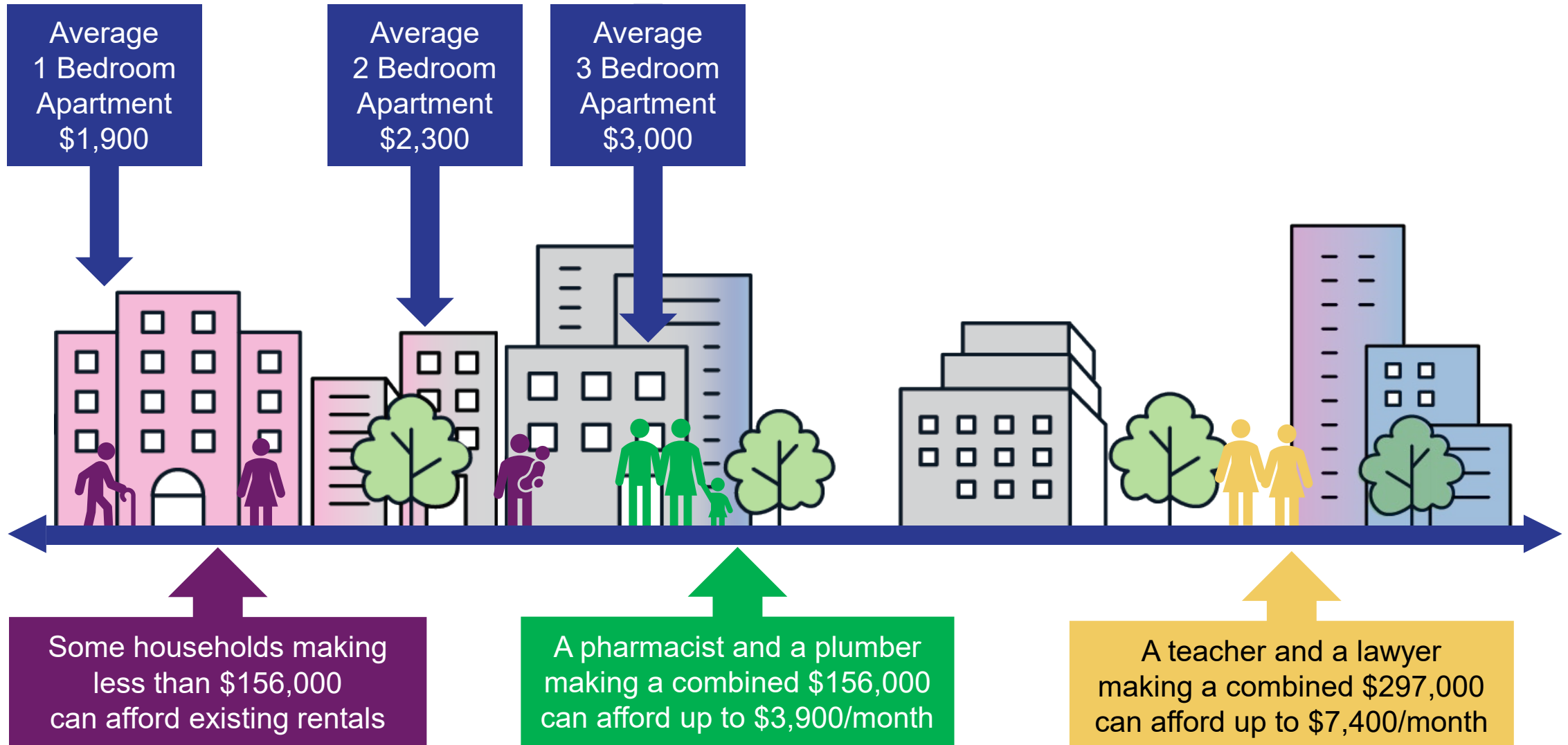
\*\*Includes Housing Services (approximately \$900M), which is no longer DC-eligible

\*\*\*Level of service cap (historic) does not apply to water, wastewater, transit, and two subways

# Affordability Levels for Housing Ownership



# Affordability Levels for Purpose-Built Rental



Affordability thresholds assume a maximum of 30% of gross income spent on rent with no adjustment for inclusion/exclusion of utilities.

The background is a solid blue color with several large, overlapping, semi-transparent shapes in a darker shade of blue. These shapes are abstract and geometric, resembling stylized letters or organic forms. The text is centered horizontally and vertically within the frame.

# DEVELOPMENT CHARGES OPTIONS AND IMPACTS



# Helping Address Housing Challenges

|                                 | Local Municipal | Regional | Provincial | Federal |
|---------------------------------|-----------------|----------|------------|---------|
| <b>Policy</b>                   |                 |          |            |         |
| Land Use                        | ✓               |          | ✓          |         |
| Housing                         | ✓               |          | ✓          | ✓       |
| <b>Financial</b>                |                 |          |            |         |
| Capital Investment and Land     | ✓               | ✓        | ✓          | ✓       |
| Property Taxes                  | ✓               | ✓        | ✓          |         |
| Development Charges             | ✓               | ✓        | ✓          |         |
| Other Municipal Fees            | ✓               |          |            |         |
| Other Tax/Revenue Sources       |                 |          | ✓          | ✓       |
| <b>Process Improvement</b>      |                 |          |            |         |
| Approval Timelines              | ✓               |          | ✓          |         |
| Facilitate Priority Development | ✓               | ✓        | ✓          | ✓       |

Tools available to each level of government to help address housing challenges

# Existing Statutory Development Charges Relief



Exempt additional residential units, in both existing and new buildings and conversions of common spaces in rental buildings



Installment payments for rental housing over six years



Discount for market rentals based on number of bedrooms

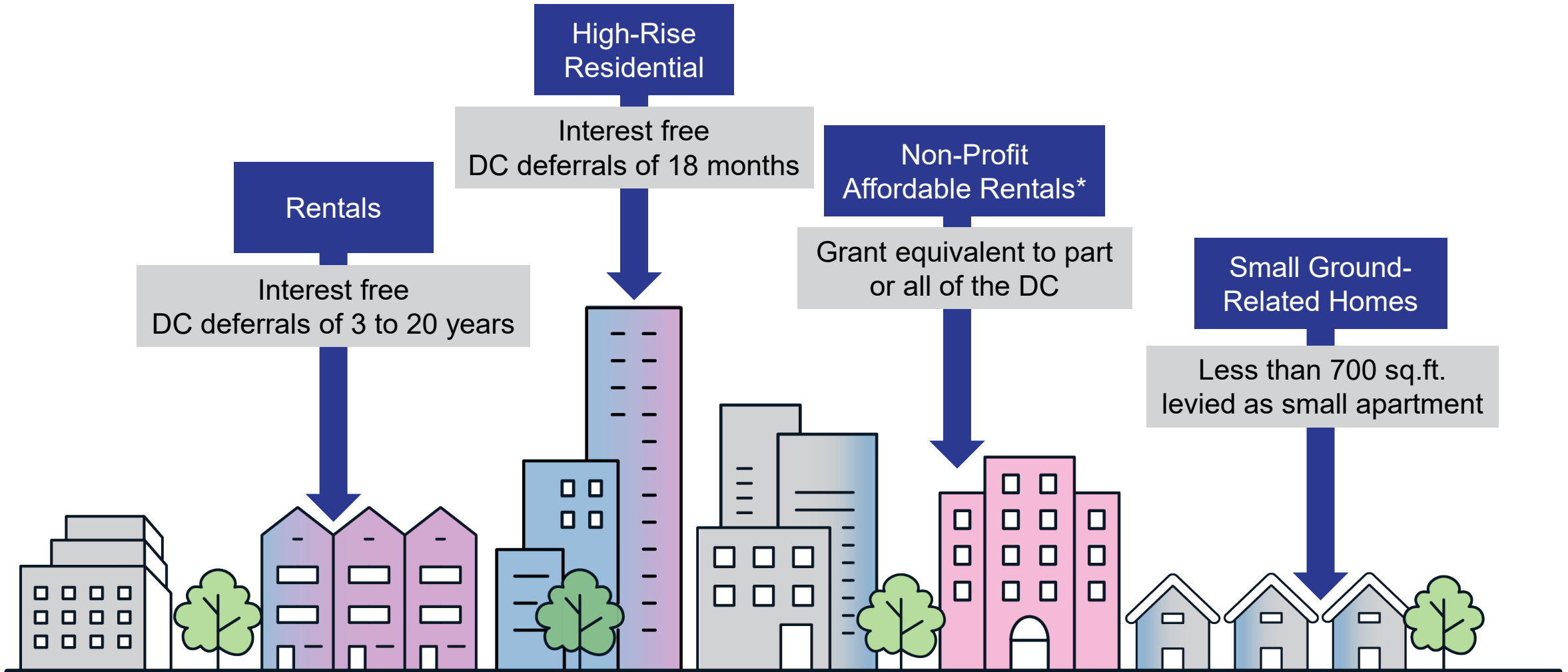


Exempt affordable rental and ownership



Exempt non-profit residential development

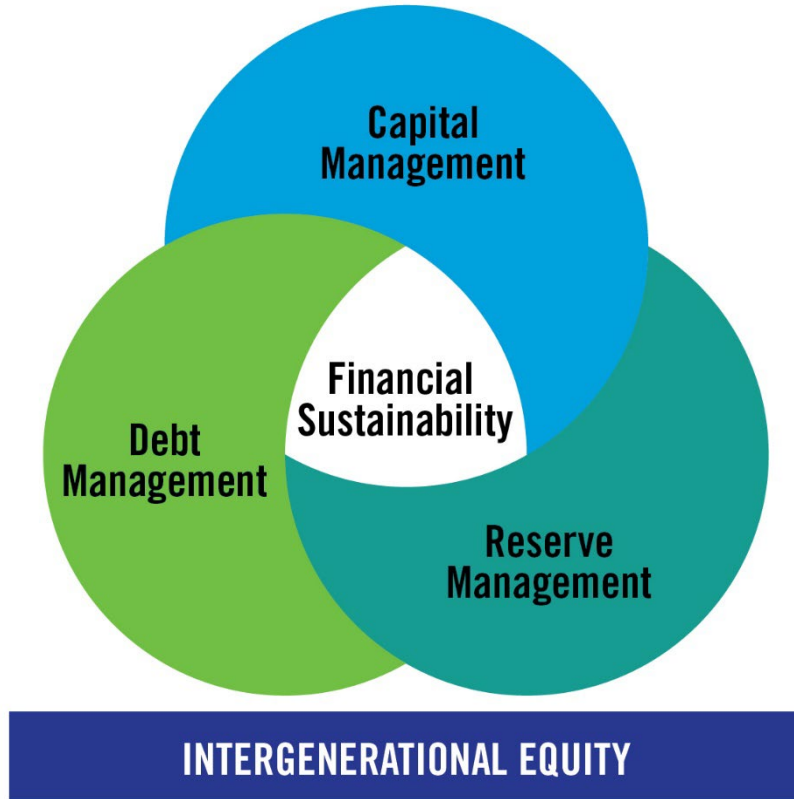
# Existing Council Directed Development Charges Relief



York Region offers more DC deferral programs than other upper tier municipalities

*\*Introduced prior to Bill 23 exemptions for non-profit housing and affordable rental*

# Fiscal Strategy



1. Keeping growth affordable and existing infrastructure in a state of good repair
2. Maintaining the AAA credit rating
3. Maintaining fiscal flexibility to respond to evolving needs and economic changes
4. Treating current and future tax and rate payers fairly by striving for intergenerational equity

**MOODY'S**  
INVESTORS SERVICE

September 30, 2024

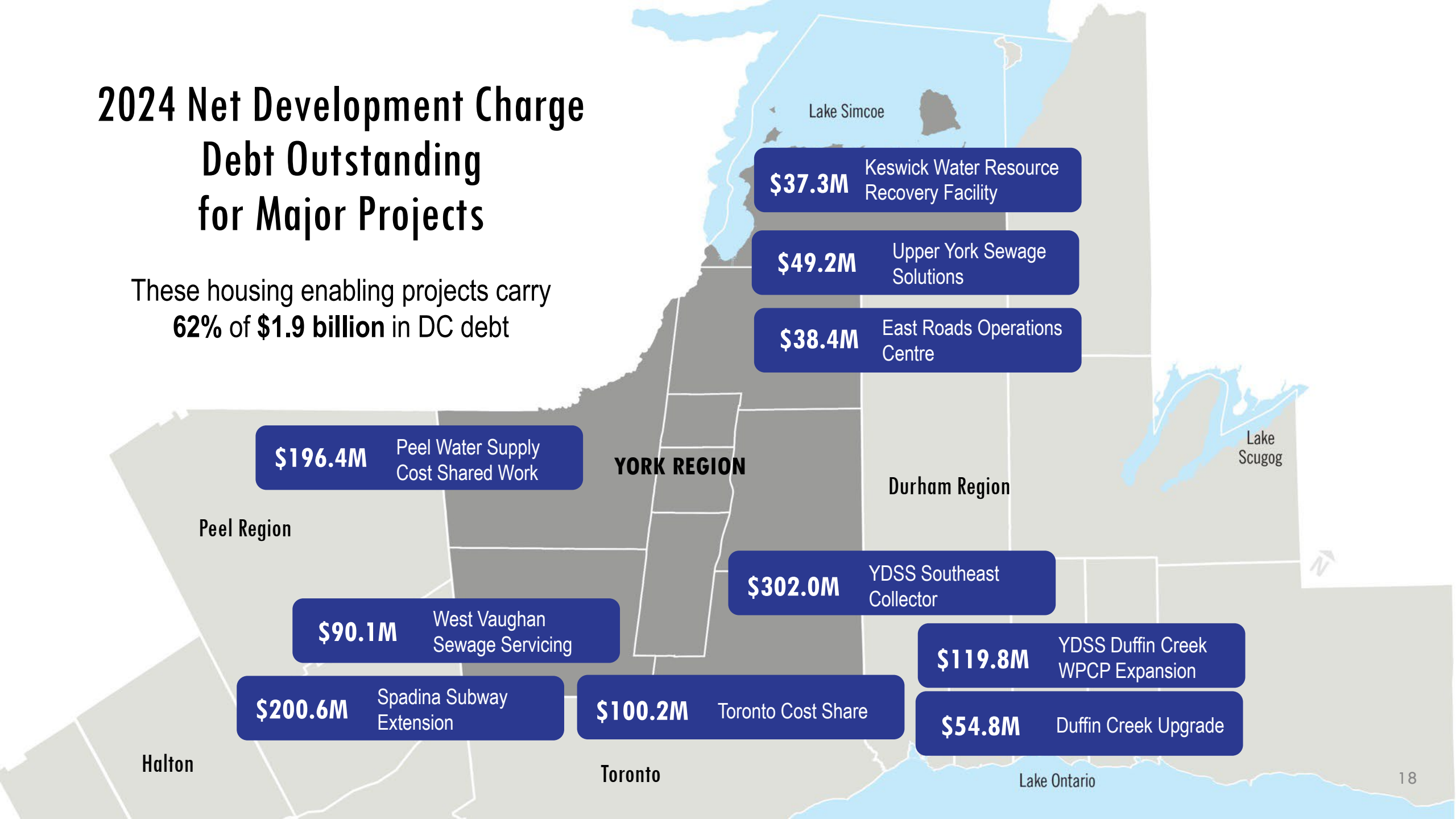
AAA  
credit rating

**S&P Global**  
Ratings

July 09, 2024

# 2024 Net Development Charge Debt Outstanding for Major Projects

These housing enabling projects carry  
**62% of \$1.9 billion** in DC debt





# Development Charge Options to Help Improve Ownership and Rental

## Before 2026 Development Charge (DC) Bylaw Update

- First-time Homebuyer DC Equivalent Rebate
- Repeal Interest Policy on Frozen DCs
- Additional Deferrals
- New Discounts

## With 2026 Development Charge (DC) Bylaw Update

- Remove DC Services or Projects
- Statutory Deduction Assumptions
- Amend Growth Assumptions



# Development Charge Options to Help Improve Ownership and Rental

## First Time Homebuyer DC Equivalent Rebate

- Direct rebate to buyer equivalent to Regional DC
- Link to land transfer tax or HST rebate as proof
- Qualifying price threshold (e.g.,  $\leq$ \$1M)
- Could introduce as pilot for duration of Council
- No impact to DC collections

### Cost:

- Assumes 7.5% apartments qualify, given a price threshold equal to or under \$1 million, which is equivalent to approximately 250 units per year
- Represents a cost of \$11 million
- Equivalent to 0.73% of the 2025 tax levy

## Repeal Interest Policy

- Currently, interest of Prime+1% charged on frozen DCs, as permitted under the Act
- Interest is meant to make up discounted shortfall
- Could repeal and not charge interest

### Cost:

- \$8M/year, assuming average annual interest collected from 2020-2024
- Equivalent to 0.3% of the 2025 tax levy and 0.9% on the user rate

# Development Charge Options to Help Improve Ownership and Rental

## Additional Deferrals

### High-Rise

- Currently 18-month deferral
- Extend to first occupancy (assumed ~36 months)

### Ground-Related

- Currently none
- Defer to first occupancy (assumed ~18 months)

### Cost:

- May require debt issuance to cover ~\$290M DCs deferred annually
- Potential for ~\$0.6 billion of deferral-related debt at occupancy
- Annual interest impact of ~\$13M per ~4,500 units
- Could need project deferrals to manage debt load

## New Discounts

### Market Rental

- Currently, 15% to 25% discount in Act
- Discount remaining portion for non-luxury rental
- Done through section 27 agreement, requiring tenure for 40 years

### Cost:

- Annual interest impact of up to \$0.8M per 500 units
- Could need project deferrals to manage debt load

### Broad Based

- No guarantee that savings passed on
- Reduces DC collections

### Cost:

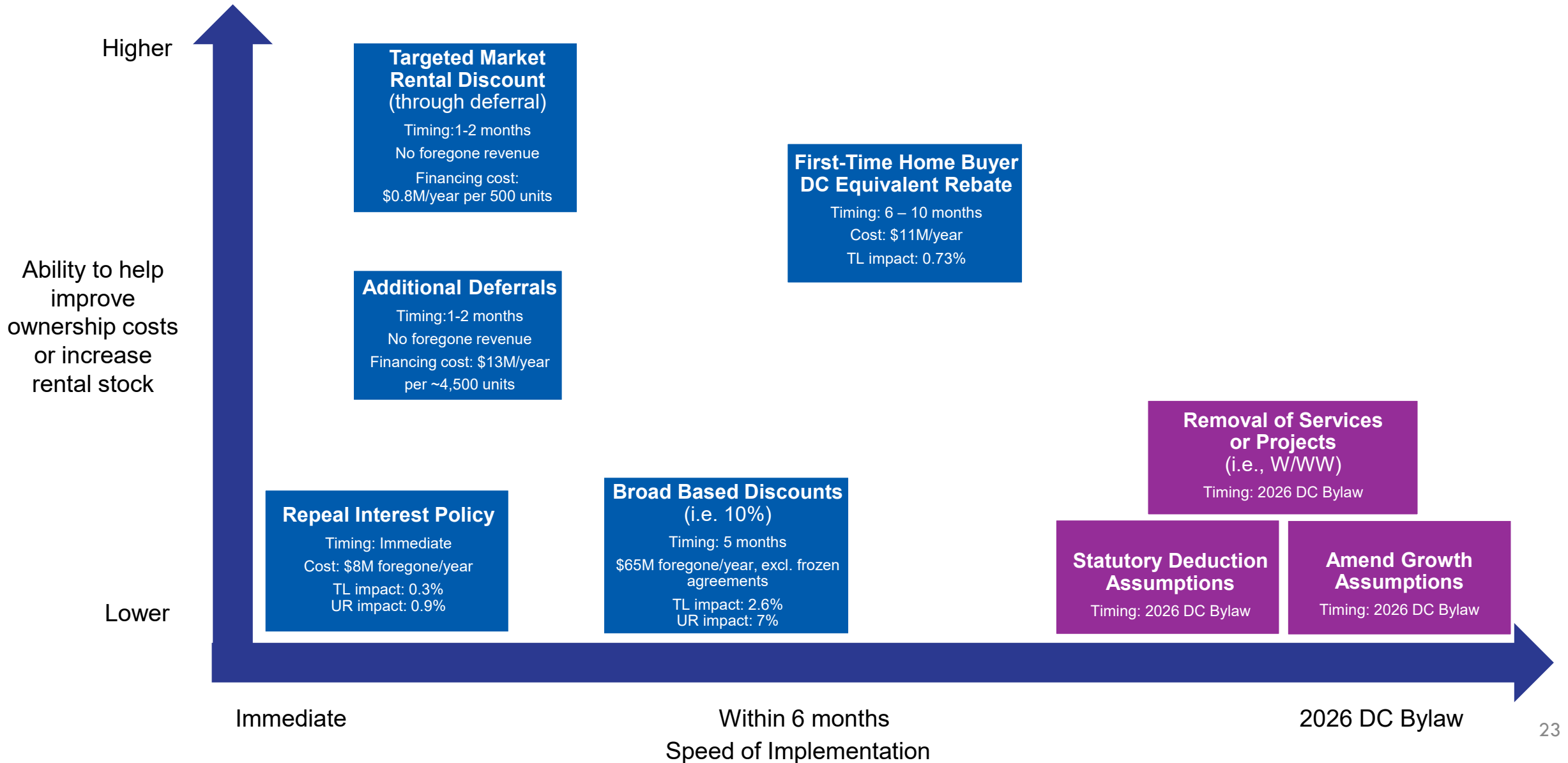
- 10% discount equivalent to 2.6% of the 2025 tax levy and 7% on the user rate

# Development Charge Options to Help Improve Ownership and Rental

| Remove DC Services or Projects  | Statutory Deduction Assumptions   | Amend Growth Assumptions  |
|---|---|---|
| <p><b>Remove Service</b></p> <ul style="list-style-type: none"> <li>• Growth paid by existing residents and businesses</li> <li>• Difficult to reinstate</li> <li>• Compete for tax levy/user rate funding</li> <li>• Removal may hinder growth</li> </ul> <p><b>Remove Projects</b></p> <ul style="list-style-type: none"> <li>• Reduced service levels or growth paid by existing residents</li> <li>• Compete for tax levy/user rate funding</li> <li>• Removal may hinder growth</li> </ul> | <p><b>Increase Benefit to Existing</b></p> <ul style="list-style-type: none"> <li>• Changes DC funding split, results in growth paid by existing residents and businesses</li> <li>• Difficult to revert</li> <li>• Could result in DC complaints pre-2026 DC Bylaw</li> <li>• Compete for tax levy/user rate funding</li> </ul> <p><b>Increase Post Period Benefit</b></p> <ul style="list-style-type: none"> <li>• Unlikely to have significant impact</li> <li>• Slower cost recovery</li> </ul> | <p><b>Increase Population</b></p> <ul style="list-style-type: none"> <li>• Significant risk of successful bylaw appeal</li> <li>• Slower cost recovery</li> </ul> <p><b>Shift Res/Non-Res Split</b></p> <ul style="list-style-type: none"> <li>• Shift costs to non-res</li> <li>• Increases cost of existing non-res incentives</li> <li>• Defensibility of shift may be challenged</li> </ul> |

Options can only be done in 2026 DC Bylaw, but could create challenges with growth, precedence, and defensibility

# Ability of Options to Help Improve Ownership Costs and Availability of Rental

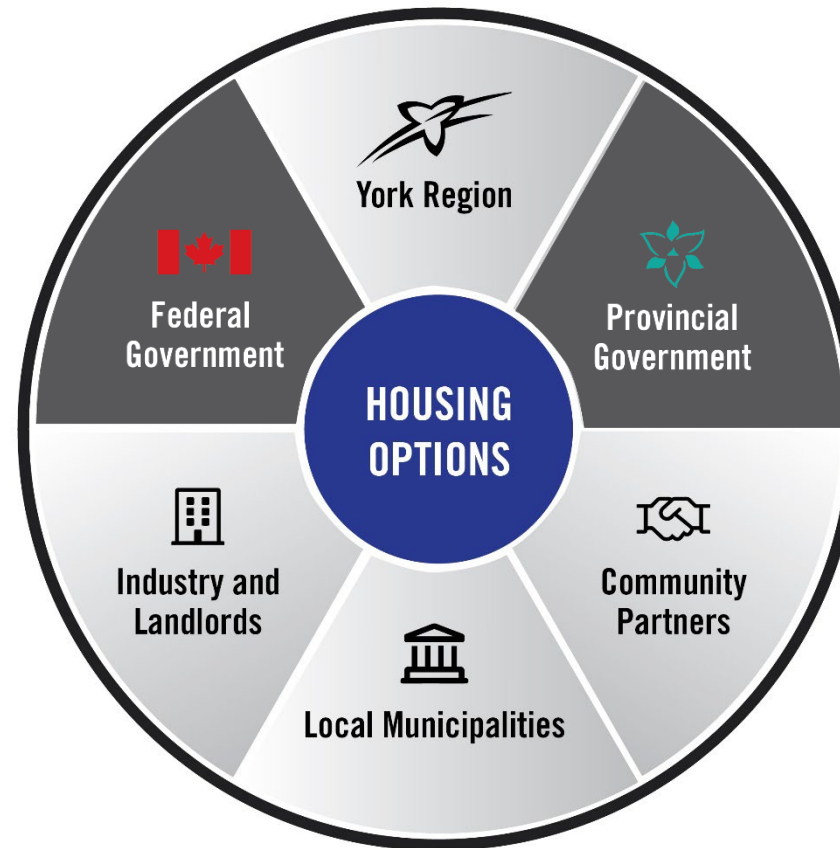




# All Levels of Government and Industry Have a Role in Addressing Housing Challenges

Addressing housing needs requires each level of government to maximize tools available to them

- ✓ Increased direct, and predictable funding
- ✓ Include York Region in Housing Accelerator Fund
- ✓ Remove DC freeze requirement from Canada Housing Infrastructure Fund
- ✓ Update First-time Home Buyers HST Rebate to reflect market conditions
- ✓ Incentivize purpose-built rental through Federal tax system
- ✓ Contribute a one-third funding share for new community housing units



- ✓ Increase direct and predictable funding
- ✓ Include York Region in Building Faster Fund
- ✓ Fund York Durham Sewage System North expansion program
- ✓ Allocate York Region its share of Non-Residential Speculation Tax revenues
- ✓ Allocate portion of Provincial Land Transfer Tax revenues to York Region annually
- ✓ Reinstate Housing Services for DC funding and contribute one-third funding share towards new community housing units

# Incentives, Impacts and Financial Strategy Timing

| Incentives   | Impact  | Financial Strategy Timing   |
|--|---|---|
| <p><b>Defer</b> payment of all residential development charges, interest free, to first occupancy, or occupancy permit</p>                                   | <p><b>Financing Cost:</b><br/>Debt issuance ~\$290M DCs deferred annually; potential for ~\$0.6 billion of deferral-related debt<br/>\$13M/year per 4,500 units</p> | <p>Assess full impact of necessary financing as part of the 2026 Budget and Fiscal Strategy</p>       |
| <p><b>Defer</b> 100% of development charges payable on all non-luxury rental, provided the building be operated as a non-luxury rental at least 40 years</p> | <p><b>Financing Cost:</b><br/>\$0.8M/year per 500 units</p>   | <p>Assess full impact of necessary financing as part of the 2026 Budget and Fiscal Strategy</p>       |
| <p><b>Repeal</b> Interest Policy on frozen DCs</p>   | <p><b>Foregone DC Revenue:</b><br/>\$8M/year<br/>0.3% of tax levy and 0.9% user rate</p>  | <p>Assess full impact and develop a financial strategy as part of 2026 Budget and Fiscal Strategy</p> |
| <p><b>Introduce</b> a DC equivalent rebate to first time homebuyers</p>  | <p><b>Rebate Program Cost:</b><br/>\$11M/year<br/>0.7% of tax levy</p>  | <p>Subject to receipt of new senior government funding to avoid tax levy or user rate increases</p>   |

# Advocacy Vital to Success in Advancing Housing Affordability

## Federal Government

- Provide increased, direct, and predictable funding to help fund Region's housing challenges, initiatives and incentives, specifically the First-Time Home Buyers DC-equivalent rebate
- Make upper-tier municipalities eligible for additional funding through Housing Accelerator Fund and/or other new funds
- Remove DC Freeze from Canada Housing Infrastructure Fund, as impact of freeze does not cover potential funding amounts
- Amend first time homebuyer HST rebate to raise price threshold and rebate full amount
- Incentivize purpose-built rental through Federal tax system
- Contribute a one-third funding share for new community housing units

## Provincial Government

- Provide increased, direct, and predictable funding to help fund Region's housing challenges, initiatives and incentives, specifically the First-Time Home Buyers DC-equivalent rebate
- Make upper-tier municipalities eligible for additional funding through the Building Funding Fund
- Provide access to additional funding through Non-Resident Speculation Tax, Land Transfer Tax and/or other new funds
- Provide additional funding for housing enabling infrastructure like the York Durham Sewage System North expansion
- Reinstate Housing Services as DC eligible to help fund community housing
- Contribute a one-third funding share for new community housing units

# Summary



Development Charges are a cost recovery tool used to help fund vital growth-related, housing enabling infrastructure. Costs not recovered from DCs would need to be paid for by tax levy and user rates



Development Charge deferrals are currently offered for rental and high-rise condominiums. The Act currently provides DC exemptions for affordable rental and ownership and non-profit housing



Stimulating purpose-built rental supply would increase moderate income household housing options, but DC relief alone may not be sufficient



Options presented today include a first-time homebuyer rebate, enhanced DC deferrals or rental discounts and the repeal of the Region's interest policy, but all present a cost



Continued advocacy to the Provincial and Federal governments could help fund these options, specifically the First-Time Homebuyers' Rebate and repeal of the interest policy on frozen DCs, and help address Region's housing challenges

York Region's 2026 DC Bylaw to be tabled with Council in Q1 2026, with consideration of passage in Q2

# Staff Recommendations Largely Align with BILD Proposals to Region



At a meeting with staff, BILD provided recommendations, largely aligning with the Region's including:

- Defer residential DCs until occupancy
- Repeal interest policy on frozen DCs
- Provide additional supports to rental, including property tax discount
- Advocate for new and consistent funding
- Federal government update First-time Home Buyers' HST Rebate to align with current market conditions

Other BILD proposals being considered as part of 2026 DC Bylaw include:

- Reviewing treatment of land costs
- Reviewing treatment of grants



# Staff Recommend Council Direct the Following

## Incentives and Actions

If implemented, would not result in a tax levy or user rate pressure

1. Defer development charges payable on all residential development until the earlier of the date of issuance of a permit under the *Building Code Act, 1992*, authorizing occupation of the building or the date the building is first occupied.
2. Defer 100% of the development charges payable on all non-luxury rental, provided that the building be operated as a non-luxury rental for a minimum of 40 years.
3. Staff continue to review all options to mitigate development charges rate increases as part of the 2026 Development Charges Bylaw.
4. Staff assess impact of necessary financing for the proposed residential deferrals, as part of the 2026 Budget and Fiscal Strategy.

## Incentives

If implemented, would result in a tax levy or user rate pressure if funding from other levels of government not received

1. Staff assess the impact and develop a financial strategy, including funding advocacy, to support the repeal of the Region's Development Charges Interest Policy – Under sections 26.1, 26.2, and 26.3 of the *Development Charges Act, 1997*.
2. Council consider a First-Time Home Buyers' development charges equivalent rebate subject to receipt of new funding from other levels of government.

## Continued Advocacy

1. Staff prepare resolutions requesting increased, predictable and direct funding from the federal and provincial governments to support the Region's housing challenges, initiatives, and incentives.

# QUESTIONS