

	Development Charge Deferral Policy – High-Rise Residential Buildings	
	Policy Category:	
	Policy No.:	Implementing Procedure No.:
Approving Authority: Council		Effective Date: March 25, 2025
Approved or Last Reviewed Date: March 25, 2025		Next Review Year: April 1, 2027
Area(s) this policy applies to: Development Finance		Owner Department: Development Finance
Related Policy(ies): Development Charge Deferral Policy		

Note: Questions about this Policy should be directed to the Owner Department.

1. Purpose Statement *(Outline why the organization is issuing the policy and its desired effect or outcome of the policy)*

The Development Charge Deferral Policy establishes eligibility criteria and guidelines for the administration and issuance of development charge deferrals for high-rise residential buildings.

2. Applicability and Scope Statement *(Who and what this policy applies to and/or affects)*

This Policy will apply to all landowners, developers and/or builders who apply to Markham for a deferral of City-Wide Development Charges applicable to their proposed residential high-rise building. The Policy is intended to assist applicants to proceed with their proposed development and also assist in the provision of services that contribute to a strategic goal of the City (e.g. achieving provincial housing targets). An application for approval of a deferral request is required in accordance with this Policy.

3. Background *(Indicate any reasons, history, and intent that led to the creation of the policy)*

High-rise residential development has become an increasingly important part of the City's growth plan and is integral to the achievement of the Province's housing targets. High-rise developments take years to build unlike lower density units (i.e. single detached and townhouse units) that can be completed within a year, and as such the costs associated with high-rise development have to be carried for a longer period of time, impacting the overall cost structure of the project.

This Policy is intended to provide some relief to this segment of the market by collecting the payments for development charges at a later date than provided for under the *Development Charges Act, 1997 as amended*, which should assist in lowering the carrying cost of high-rise development through its construction phase.

Development charges ("DCs") are calculated and collected on land and structures being developed pursuant to the *Development Charges Act, 1997* as amended and Markham's Development Charge by-laws. The collection of development charges occurs at the execution of a subdivision agreement and/or at the issuance of a building permit. DCs must be paid in order to secure a building permit. The Act however allows for the deferral of DCs beyond the timeline stipulated in Markham's by-laws.

Markham is permitted to enter into deferral agreements pursuant to section 27(1) of the *Development Charges Act, 1997 as amended* 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”.

The roles and responsibilities outlined in this Policy will be subject to the best practices of Markham and minor amendments to these procedures to give effect to the intent of the policy can be implemented by the Treasurer.

4. Definitions *(If applicable, define any terminology or interpret meanings of a general term)*

- a) **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.
- b) **“Applicant”:** A landowner who has applied for approval under the Planning Act to construct a building meeting the definition of a high-rise residential building.
- c) **Area Specific Development Charges (ASDC):** A charge imposed with respect to growth-related net capital costs against a defined land area for specified services under the applicable By-law.
- d) **City-Wide Development Charges (CWDC):** Includes charges levied under the City Wide Hard and City Wide Soft development charges by-laws as approved by Council.
- e) **High-rise Residential Building:** A building used, designed or intended for use as a residence for one or more individuals that is 10 or more storeys above grade and contains a minimum of 100 residential dwelling units. This would include a mixed-use development as defined in the City’s Development Charge By-laws.

5. Policy Statements *(Detail the specific regulations, requirements, or modifications to organizational behaviour to be addressed by this policy)*

Eligibility Requirements

Applicants for a deferral of CWDC must comply with all the conditions that are determined as necessary for development (e.g. *Planning Act, Building Code Act, Development Charges Act*, etc.), satisfy all the requirements for the issuance of a building permit (save and except payment of CWDC’s), agree to any other conditions imposed by the Treasurer on the deferral authorization and enter into an agreement with the City, in a form and content satisfactory to the Treasurer, which agreement shall be registered on title to the project lands.

Area Specific Development charges are not eligible for deferral under this Policy.

The requirements outlined in this document are applicable to all DC deferral applications received on or after the date that this Policy becomes effective. This policy cannot be applied retroactively.

Duration of Deferral

Development charges deferred for high-rise residential buildings will be due on the date that is the earlier of:

- a) Eighteen (18) months after the issuance date of the building permit for the High-Rise Residential Building or,
- b) the date of registration of the plan of condominium.

The deferral period will commence on the day of first building permit issuance.

Applicable DC Rates

The development charge rate payable in accordance with the deferral agreement will be the amount determined under the applicable Markham development charges by-law, and be consistent with the provisions of subsection 41(4) and section 34 of the *Planning Act*, as well as sections 26, 26.1 and 26.2 of the Act, subject to the following:

- 1) The development charge rate will be determined on the date of building permit issuance for:
 - a) Applications submitted for approval of a development in a site plan control area under subsection 41 (4) of the Planning Act for a high-rise residential building prior to January 1, 2020, or
 - b) Applications submitted for an amendment to a by-law passed under section 34 of the Planning Act prior to January 1, 2020

-OR-

- 2) Subject to the conditions of Section 26.2(5) of the Act, the development charge rate will be determined on the date of application for:
 - a) Applications submitted for the approval of a development in a site plan control area under subsection 41 (4) of the Planning Act for a high-rise residential building including and after January 1, 2020, or
 - b) Applications submitted for an amendment to a by-law passed under section 34 of the Planning Act including and after January 1, 2020

For greater clarity, if clauses 2(a) and 2(b) above do not apply to a high-rise residential building that is seeking to defer development charges including and after January 1, 2020, the development charge rate is determined on the day the development charges is payable in accordance with section 26 of the Act

Interest

Despite the Development Charge Interest Policy approved by Council under sections 26.1, 26.2 and 26.3 of the Act, no interest shall be calculated and charged for the duration of the deferral.

Duration of Policy

This Policy shall be in force for a period of 2 years and will expire on April 1, 2027 unless it is extended or amended by Council.

Approval Authority

- Approval of a deferral shall be obtained from the Treasurer prior to the issuance of the first building permit permitting construction.

- A development charge deferral agreement will be executed detailing the duration of the deferral and payments due at the expiration of the deferral period, together with any other conditions or terms required by the Treasurer.
- Development charge deferral requests that meet the eligibility requirements of this policy can be approved by the Treasurer or their delegate.

Security/Financial Obligation

- An applicant shall secure deferred DCs by way of a Letter of Credit or, Pay-on-Demand Surety Bond, in an amount equal to the DCs due at building permit issuance and in a form satisfactory to the Treasurer.
- The Letter of Credit or Pay-on-Demand Surety Bond will be drawn upon in full, to satisfy the deferred DCs in accordance with the duration specified in the executed agreement.

Fees:

- An administration fee for each deferral request will be charged for the Legal and Finance Department's review, preparation and administration of the development charge deferral agreement. The applicable fee is calculated as follows, in accordance with the current fee by-law:
 - An application fee of \$1,279.50 shall be required upon submission of the application to review a development charge deferral request;
 - A fee equivalent to 1.0% of the value of the deferral request, to a maximum of \$12,810.50, shall be payable upon execution of the deferral agreement; and
- The fees will be indexed annually in line with all the charges levied by the City under the Fee By-law.

6. Roles and Responsibilities *(Outline roles and responsibilities of those involved in the implementation of the policy)*

The Financial Services Department shall be responsible for:

- Future updates to this Policy.
- The implementation of and enforcement of this Policy.
- Ensuring the preparation of the deferral agreement to the satisfaction of the Treasurer.
- Administration of the deferral agreements and securities.
- Ensuring that the CWDC payments are collected, in accordance with this policy.

The Treasurer shall:

- Maintain administrative authority and responsibility for this Policy
- Sign deferral agreements that meet the criteria of this Policy.

The Legal Department shall:

- Prepare the deferral agreements.
- Register the deferral agreement on title.