
To:	General Committee
Subject and Ward(s):	FIN010-25, Development Charge Deferral Policy (Wards - All)
Date:	August 13, 2025
Department Head Approval:	C. Smith, Interim Director of Finance
Executive Management Approval:	J. Schmidt, General Manager of Community and Corporate Services
CAO Approval:	M. Prowse, Chief Administrative Officer

Recommendation(s):

1. That the Development Charge Deferral Policy (Policy No. FIN-25-010), as outlined in Appendix A, be adopted and implemented as a pilot program applicable to Building Permits issued within the next twelve (12) months.
 2. That the existing Development Charge Deferral Policy (Policy No. FIN-001-2015) be repealed
 3. That the City's Fees Bylaw be amended to remove the fee of \$1,000 associated with administration of Development Charge Deferral Policy (Policy No. FIN-001-2015).
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Executive Summary:

The purpose of this report is to propose a new Development Charge Deferral Policy

The purpose of this report is to propose a new Development Charge (DC) Deferral Policy for Committee's consideration in response to Mayoral Direction MDIR006-25, issued on May 9, 2025:

Section 284.3 of the Municipal Act provides the Head of Council the authority to give direction to staff in writing.

I, Alex Nuttall, Mayor of the City of Barrie provide the following direction to staff:

That staff be directed to prepare a Development Charge Deferral program including the following parameters:

- *The program be piloted over the next twelve months; and*

- *Where all applicable development charges that are currently required to be paid prior to building permit issuance will be deferred to the earlier of date of occupancy or within two years of building permit issuance interest free.*

Key Findings:

Proposed DC Deferral Policy

The proposed DC Deferral Policy has been developed in response to Mayoral Direction MDIR006-25. It reflects the City of Barrie's ongoing commitment to supporting housing affordability, encouraging economic development, and ensuring financial sustainability in the delivery of growth-related infrastructure. The key highlights are:

- **Applicability:** all Residential and Non-Residential developments
- **Deferral Period:** earlier of the date of first occupancy or two years from building permit issuance.
- **Interest paid:** no interest paid during deferral period
- **Security Requirements:** DCs must be fully secured prior to building permit issuance through cash, Letters of Credit, Surety Bonds, or other acceptable instruments under the City's Securities Policy. Securities will be drawn upon expiration of the deferral period.
- **Policy Period:** 12-month pilot period, Council may extend

Adjustments need to be made to the current DC bylaw if policy approved

Should Council wish to approve the DC Deferral Policy, next steps would include the following amendments to the DC Bylaw:

- Repeal requirements that the "Hard Services" component—representing approximately 80% of total development charges—be paid at the time of entering into a Subdivision Agreement;
- Repeal the provision in Development Charges By-law 2023-074 requiring the imposition of interest on future installment payments.

A separate staff report on the August 13th, 2025 General Committee agenda, **FIN013-25 DC By-law Amendment**, deals with these items.

Existing DC Deferral Policy is underutilized and should be repealed

Staff recommend that DC Deferral Policy #FIN-001-2015 be repealed and that the City's Fees Bylaw be amended to remove the administration fee of \$1,000 associated with this policy.

This policy has been in place since 2015 but has never been utilized by the development community. More favorable deferral options are available through other City programs, as

well as recent amendments to the Development Charges Act (see *Additional Background Information and Analysis* section), have rendered this policy redundant.

Financial Implications:

It is anticipated that DC revenues over the next two to three years will be notably lower due to both the City's DC Deferral Policy and forthcoming amendments to the Development Charges Act. Depending on the level of DC's collected, there may be a need for the City to increase borrowing requirements in future years, or to delay certain capital projects.

Alternatives:

The following alternatives are available for consideration by General Committee:

Alternative #1 – Committee could choose not to endorse the DC deferral policy. This alternative is not recommended as the Mayoral Direction illustrated the desire to incentivize development projects to move forward in an expeditious way.

Alternative #2 – Committee could choose to adjust the DC deferral policy to remove the security requirement at building permit issuance. This option is not recommended as it would introduce a risk to the homebuyer — specifically, that any outstanding development charges could become their responsibility when the developer applies for an occupancy permit.

Strategic Plan Alignment:

Affordable Place to Live	X	Encourage a range of housing options to make housing attainable Open for business environment to help encourage job creation
Community Safety		
Thriving Community		
Infrastructure Investments		
Responsible Governance	X	Ensure accountability

Additional Background Information and Analysis:

DC Deferrals are currently available for Rental, Industrial, High-Density Residential and Employment Lands

DC Act and By-Law: The Development Charges Act and the City's current Development Charges By-law permit the deferral of Development Charges for rental housing developments (consisting of four or more units) and institutional developments. In such cases, the charges are payable in six equal annual installments, commencing at the time of first occupancy, and are subject to interest calculated at the average prime rate plus 1%.

City's DC Deferral Policy #FIN-001-2015: The City additionally allows for deferral of DCs for Industrial uses so long as it meets certain criteria.

City's Housing Community Improvement Plan (H-CIP): The City's H-CIP further allows for DC Deferrals to the date of first occupancy for High Density Residential developments and mixed-use buildings. These deferrals are subject to interest at average Prime + 1%.

City's (Draft) Employment Lands Development Community Improvement Plan (EL-CIP): The City's draft Employment Lands Community Improvement Plan (EL-CIP), dated May 1, 2025, proposes an interest-free deferral of Development Charges (DCs) until the earlier of first date of occupancy or 18 months following the issuance of a building permit.

Bill 17 – Provides for non-rental Residential developments to defer DCs

Bill 17 received Royal Assent on June 5, 2025. While the Bill includes a provision for interest-free DC deferrals for residential developments that are not classified as rental housing, this specific section has not yet been proclaimed into force. The deferral would apply until the date of first occupancy; however, it will only take effect on a date to be determined by an order of the Lieutenant Governor in Council.

Other Municipalities

Most municipalities limit Development Charge (DC) deferrals to those expressly provided under the Development Charges Act. However, a small number of municipalities have recently introduced additional DC deferral programs to support specific development objectives. The following are examples of such initiatives:

- **City of Vaughan** and **City of Mississauga** have implemented interest-free DC deferrals for all residential developments. In Vaughan, payment is deferred to the earlier of 24 months following the issuance of the first building permit or the registration of a plan of condominium. In Mississauga, the deferral period extends to the date of occupancy. The City of Vaughan requires securities to guarantee payment of outstanding Development Charges. It is unclear at this time whether the City of Mississauga has a similar requirement in place.
- **City of Markham** offers an interest-free DC deferral for high-rise residential developments. Payments are deferred to the earlier of 18 months after the issuance of the building permit or the registration of a plan of condominium. The City of Markham requires securities to guarantee payment of outstanding Development Charges.
- **City of Toronto** permits interest-free DC deferrals for residential condominium developments that include a minimum of 5% to 10% affordable housing units. The deferral extends to the earlier of four years after the issuance of the building permit or condominium approval. This policy is limited to the first 3,000 qualifying units. It is unclear at this time whether the City of Toronto requires securities to backstop outstanding Development Charges.
- **York Region** has recently introduced several DC deferral programs for various types of developments. The programs vary by type of development. York Region requires securities to guarantee payment of outstanding Development Charges.

Consultation and Engagement:

There was no public consultation required in relation to this Report.

Environmental and Climate Change Impact Matters:

There are no environmental and/or climate change impact matters related to the recommendation.

Appendix:

Appendix A – Development Charge Deferral Policy FIN-25-010

Report Author:

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File #:

C11

Pending # (if applicable):

Not Applicable.