
For Information

**REPORT TITLE: Response to Resolution 2025-786 Requesting Information on the
Expansion of the DC Deferral and Grant Program**

**FROM: Davinder Valeri, CPA, CA, Chief Financial Officer and Commissioner of
Corporate Services**

OBJECTIVE

To provide Council with the financial impact and estimate of residential units that could become eligible for the retroactive expansion of eligibility of development charge (DC) grants under Peel Region's DC Deferral and Grant Program should Council approve the extension of retroactive eligibility in accordance with Resolution 2025-786.

REPORT HIGHLIGHTS

- On October 23, 2025 Regional Council passed Resolution 2025-786 requesting that staff report back providing the number of residential units that would become eligible for an expanded retroactive eligibility under the Region's DC Deferral and Grant Program.
- The goal of the overall program is to meet the Provincial objective of Building Homes Faster by reducing the cost of home ownership, with the infrastructure costs instead funded by upper levels of government.
- Through consultations between Peel Region and local city staff from all three municipalities and based on readily available information, staff collectively identified an additional 1,404 residential units that could become eligible for 50 per cent DC grants-in-lieu at a cost of approximately \$45 million.
- In previous council reports, staff used financial modeling to estimate \$448 million in upside for DC grants-in-lieu under the DC Deferral and Grant Program. With the potential of further expansion of retroactive eligibility of the Program, the additional 1,404 units would bring the estimated shortfall to \$493 million.
- Peel Region's DC reserve funds including previously approved capital commitments is a deficit balance of approximately \$4.2 billion which is planned to be funded by future development charges collection.
- The Federal budget and the Ontario Fall Economic statement was unclear of funding sources to support the DC grant-in-lieu shortfall resulting from the DC Deferral and Grant program. If no funding commitment is provided by upper levels of government, Peel Region will need to increase Utility rates and raise Property taxes or reduce future capital expenditures. Staff continue to have conversations with the province to seek funding clarity and will update details of the financial impact to Utility rate and Property tax in later reports, after Council's deliberations.
- The proposed 2026 Peel Region Budget does not include any financial impacts from the DC Deferral and Grant Program.
- To manage cash flow, should Council implement the extension in retroactive eligibility to all 1,404 units identified, Peel Region could choose to reimburse the 50 per cent DC grants-in-lieu refunds at occupancy to ease the financial pressure.

Response to Resolution 2025-786 Requesting Information on the Expansion of the DC Deferral and Grant Program

- Expansion of retroactive eligibility will put further strain on Peel Region's DC reserve fund balances, as potential refunds of approximately \$80 million will be associated with the 1,404 additional units, subject to Council direction.
-

DISCUSSION

1. Background

The purpose of this report is to provide Council with information requested pertaining to Resolution 2025-786, passed on October 23, 2025, which reads as follows:

That the development charge deferral and grant program as set out in Resolution No. 2025-495, and as amended by Resolution No. 2025-583, be extended to January 31, 2026 for those residential developments for which a plan of subdivision was registered prior to January 29, 2025, municipal servicing is currently in place, and for which the Region is satisfied that building permits are immediately available for issuance for units that have not been built or sold, pending confirmation of the number of eligible units and approval of Council at the next Regional Council meeting.

Regional Council previously approved Resolution 2025-495 on June 26, 2025, which established the Region of Peel's Development Charges Deferral and Grant Program (the "Program"). The Program, which took effect July 10, 2025, was established to incentivize the building community and spur building activity by providing development charge ("DC") deferrals and grants-in-lieu of DCs to new residential developments based on a set of eligibility criteria.

On July 10, 2025, Regional Council approved Resolution 2025-583, which expanded the program to allow for participation by developments that had paid Region DCs prior to July 10, 2025. The expansion of the offering was limited to developments that had either paid Region DCs and pulled building permits following January 29, 2025, or had paid Region DCs, and for which a plan of subdivision had been registered following January 29, 2025.

In October, Council also approved the creation of a dedicated reserve fund, to be funded from future contributions from upper levels of government, utility rates and property taxes, which would be used to make up for the necessary DC reserve fund shortfall created by the grants-in-lieu provided.

The goal of the overall program is to meet the Provincial objective of Building Homes Faster by reducing the cost of home ownership, with the infrastructure costs instead funded by upper levels of government.

Resolution 2025-786 contemplates the expansion of the grant offering further beyond the initial January 29, 2025, date. This report aims to provide information pertaining to the financial impacts associated with this expansion to support Council in their decision-making.

2. Findings

Regional staff reviewed the criteria established in the motion as the basis for gathering pertinent data, and engaged with counterparts at Brampton, Caledon, and Mississauga to prepare preliminary estimates of units that would be eligible under the criteria.

Response to Resolution 2025-786 Requesting Information on the Expansion of the DC Deferral and Grant Program

a) Criteria for Consideration

The eligibility criteria established in the Resolution are as follows:

- Plan of subdivision was registered prior to January 29, 2025 (*excluding condo units*)
- Municipal servicing is currently in place*
- Building permits are immediately available for issuance
- Units have not been built or sold

*It should be noted that municipal servicing would have been financed by debt which was due to be repaid through future development charges.

b) Assumptions

The primary considerations made when evaluating whether a unit may be eligible for this expansion in retroactive eligibility are that the unit is under a plan of subdivision which was registered prior to January 29, 2025, and that the associated building permit has not yet been issued.

Residential units under a plan of subdivision will predominantly be singles, semi-detached, and freehold townhouse units. For such units, and prior to the enactment of Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025* ("Bill 17") which now requires for payment of DCs at occupancy, Region DCs for hard services (water, wastewater, and roads) would have become payable upon the owner entering into a subdivision agreement, while the remaining soft service DCs (such as police services and long-term care) become payable at the time of building permit issuance. It is these units that are considered for the expanded retroactive eligibility under Resolution 2025-786.

Other types of residential units, such as those under site plan applications (typically medium and high-density apartment and non-freehold townhouse developments) or standalone building permit applications, have not been considered for retroactive eligibility, as both hard and soft service DCs would have become payable at the time of building permit issuance prior to the enactment of Bill 17. Any of these units for which a building permit has not yet been issued and has yet to pay Region DCs, would therefore instead be captured under the Program going forward when the building permit is issued, assuming all other eligibility criteria are met.

c) Unit Count Estimates

An estimate of units that would become eligible for the 50 per cent grant-in-lieu offered under the Program, should Council extend the retroactive eligibility, is presented in the table below. These unit counts have been derived through consultation between Peel Region staff and Local staff, based on the information readily available, and are subject to change pending final validation of eligibility. It should be noted that the information and details primarily reside with the local municipalities. Going forward, the Region of Peel will need more detailed information to back up the payments received from the local municipalities.

An estimated 1,404 residential units have been identified for which a plan of subdivision was registered prior to January 29, 2025, with a building permit yet to be issued.

Response to Resolution 2025-786 Requesting Information on the Expansion of the DC Deferral and Grant Program

Subdivision Registration Date	Brampton	Caledon	Mississauga	Total Units
2024	472	427		899
2023	39			39
2022	177	18		195
2021	92		47	139
Before 2021	16	112	4	132
Total Units	796	557	51	1,404

Table 1: Estimate of Eligible Units, by Municipality and Subdivision Registration Year

The 1,404 units are broken down by the year in which the associated subdivision was registered up to 2021, the year in which Peel Region's current DC By-law took effect. Remaining units for subdivisions registered prior to 2021 are grouped into one category. Appendix I includes a list of the subdivisions registered that make up these unit estimates.

If additional residential units are brought forward by developers that do comply with the expansion of retroactive eligibility and are not captured on Appendix I, then for the purposes of transparency these will be brought forward separately for Council approval.

FINANCIAL IMPLICATIONS

a) Potential DC Grant-in-lieu

The table below represents the estimated DCs payable and the upside limit of potential 50 per cent DC grants-in-lieu that would be associated with the outstanding units. The hard service DCs paid is also presented, which are amounts that would potentially be refunded depending on Council's direction on implementing this decision.

Subdivision Registration Date	(\$) <i> millions</i>				
	Total Units	Hard Service DCs Paid	DCs Outstanding	Total DCs Payable	Potential 50% DC Grant-in- lieu
2024	899	\$57.46	\$3.71	\$61.17	\$30.58
2023	39	\$2.14	\$0.16	\$2.30	\$1.15
2022	195	\$10.72	\$0.84	\$11.56	\$5.78
2021	139	\$6.33	\$0.59	\$6.92	\$3.46
Before 2021	132	\$2.99	\$4.57	\$7.56	\$3.78
Total	1,404	\$79.64	\$9.86	\$89.50	\$44.75

Table 2: Estimate of DC Grant-In-Lieu, by Subdivision Registration Year

The potential upside limit of DC grants-in-lieu that could be provided for the 1,404 units should Council expand the retroactivity of the DC grant offering, is upwards of approximately \$45 million.

As of October 17, 2025, the initial deadline for the DC grant offering, Peel Region had processed applications to the Program that are eligible for grants-in-lieu of DCs upwards of approximately \$93 million. Staff reported an estimate of upwards of \$448 million in grant funding

Response to Resolution 2025-786 Requesting Information on the Expansion of the DC Deferral and Grant Program

(18,382 residential units) pertaining to total potential development applications in the pipeline through consultation with staff from the local municipalities, which could grow to \$493 million with the expansion in retroactive eligibility.

On October 23, 2025, Regional Council approved the extension of the DC Deferral and Grant Program deadline to January 31, 2026. The \$93 million of upside grant funding associated with processed applications is anticipated to grow as further applications are made to the program and agreements are entered into with developers, which staff will continue to monitor and report to Council as required.

b) Cash Flow Considerations

As stated in the Assumptions, the units considered in this analysis are those that had paid hard service DCs at the time the developer entered into a subdivision agreement. For the 1,404 residential units, this amounts to approximately \$80 million in DCs collected by Peel Region. Similar to the retroactive applications made under the current framework of the Program, these applications could result in a refund to the developers of \$80 million. To date, approximately \$51 million of DCs previously paid to Peel has been refunded back to the developers by Peel. Should Council implement the extension in retroactive eligibility to all 1,404 units identified and authorize refunds of DCs similar to the current framework, this may result in a total refund of approximately \$131 million (\$80 million plus \$51 million). This approach of refunding DCs is not financially sustainable for Peel as DC collections are the only mechanism available to fund the financing costs (principal and interest) of DC loans incurred for Peel's capital program to build house enabling infrastructure.

To manage cash flow and ease the financial pressure, should Council implement the extension in retroactive eligibility to all 1,404 units identified, Peel Region could reimburse the 50 per cent DC grants-in-lieu refunds at occupancy.

As of the end of October, with Peel's recent debenture issuance and the \$51 million in refunded DCs, the DC reserve fund sits in a deficit balance of approximately \$222 million. When including previously approved unspent capital funding committed, the encumbered balance is a deficit of approximately \$4.2 billion, which was intended to be paid off by future development charges which will now be impaired. With Bill 17, the residential DCs are deferred to occupancy, therefore there are minimal DC collections anticipated to offset upcoming capital expenditures. Current capital expenditures and commitments are expected to put further strain on Peel Region's DC reserve funds, which will be exacerbated if further refunds are allowed.

c) Funding Shortfall

The 2025 Federal Budget entitled *Canada Strong*, was released November 4, 2025 and the Province's 2025 Fall Economic Statement, titled *A Plan to Protect Ontario*, was released November 6, 2025. Neither budget clarifies funding sources to cover the shortfall created by the DC Deferral and Grant program. If no funding commitments are provided by upper levels of government, and as indicated in the previous staff reports, Peel Region will need to increase Utility rates and raise Property taxes or reduce future capital expenditures. Peel staff continue to have conversations with the province to seek clarity on funding amounts and timing of when funds will be provided. Since neither budgets do not provide clarity, staff will update details of the financial impact to both the Utility rate and Property tax in later reports, after Council's budget deliberations.

Response to Resolution 2025-786 Requesting Information on the Expansion of the DC Deferral and Grant Program

Peel Region faces significant risks due to operating with DC reserve funds in deficit and increasing debt servicing costs. The shift to collecting DCs at occupancy exacerbates cash flow challenges for funding growth infrastructure. Timely funding of grants-in-lieu is critical to mitigate these financial pressures

RISK CONSIDERATIONS

Peel Region has remained steadfast in its aggressive approach towards advancing growth related capital infrastructure in an effort to build capacity for future development and address Provincial housing targets. In doing so, Peel Region has been forced to operate with its DC reserve funds in a deficit balance and continues to issue DC related debt to support these infrastructure investments, acknowledging the timing difference inherent to DC collections and spending. With the statutory shift in the collection of DCs to occupancy under Bill 17, Protect Ontario by Building Faster and Smarter Act, 2025, this has further exacerbated the cash flow challenges Peel Region is facing to fund growth infrastructure, as well as covering the growing annual debt servicing costs. Funding the grants-in-lieu of DCs under the Program as expeditiously as possible is necessary to mitigate the cash flow challenge. A financial forecast of the DC Reserves was included in the June 12, 2025 report to Council indicating the growing DC Reserves deficit balance over the next several years, even after significant debt issuances.

The Province recently introduced Bill 60, *Fighting Delays, Building Faster Act, 2025*, which proposes a couple of key legislative changes that will significantly impact Peel Region including amendments to the *Municipal Act, 2001* that will transfer jurisdiction of water and sewage public utilities to the local municipalities in Peel on January 1, 2029, or on a date to be prescribed by the Minister. Bill 60 also proposes a new *Water and Wastewater Public Corporation Act, 2025* (“*WWPC Act*”) that will enable a public corporation to provide water and sewage services on behalf of lower-tier municipalities that will be identified by the Minister in a regulation. The new WWPC Act is silent on Peel Region’s ability to impose DCs to pay for growth related water and wastewater infrastructure, as well as how existing DC reserve fund balances (negative), obligations for capital works-in-progress, and the associated debt would be treated. This added uncertainty also applies to the grant-in-lieu of DC obligations made under this Program.

CONCLUSION

Through consultations between Peel Region and Local staff, and based on information readily available, an estimated 1,404 additional residential units have been identified which could become eligible for grants-in-lieu of DCs should Council decide to expand the retroactive eligibility of the Program. The upside limit of grants-in-lieu of DCs associated with the 1,404 units is approximately \$45 million. This increases the total potential DC grant liability to approximately \$493 million (previous estimate of grants-in-lieu of DCs associated with all residential units in the pipeline of \$448 million plus the new units of \$45million). As of the end of October, the DC reserve fund balances sit at an estimated deficit balance of \$222 million, with the encumbered balance being a deficit of approximately \$4.2 billion. A further expansion of the retroactive eligibility of the Program would intensify pressure on Peel Region’s finances and cash flows. Staff will continue to monitor and report activity under the Program.

The report emphasizes transparency by indicating that any further eligible units beyond the 1,404 identified will be separately brought forward for Council approval. The 2026 Peel Region Budget currently does not include financial impacts from the DC Deferral and Grant Program.

Response to Resolution 2025-786 Requesting Information on the Expansion of the DC Deferral and Grant Program

APPENDICES

Appendix I – Response to Resolution 2025-786 - Potential Eligible Units



Davinder Valeri, CPA, CA, Chief Financial Officer and Commissioner of Corporate Services

Authored By: Greg Eleftheriou, Supervisor, Financial Policy & Development Finance