

Policy Category	Name of Policy
Financial	Affordable Residential Units Regional Development Charges Exemption Policy

Policy Owner	Corporate Services, Financial Management & Planning, Associate Director, Budget Planning & Strategy
Approval Body	Council
Approval Date	September 25, 2025
Effective Date	September 25, 2025
Review by Date	Every five years or upon expiry of a Regional Development Charges By-law

1. Scope of Policy

This Policy establishes principles and practices for exempting Affordable Residential Units, as defined in this Policy, from the Regional Development Charges in accordance with section 4.1 of the DC Act.

2. Eligibility

To be eligible for the Exemption under this Policy, a residential unit must be intended to be an Affordable Residential Unit from the time that the unit is first rented or sold and meet the definition of Affordable Residential Unit, including the requirement that the unit shall be rented or sold to person(s) who are dealing at Arm’s Length with the owner, at all times for the duration of the Affordability Period, subject to further requirements of this Policy.

3. Application Requirements

- 3.1. A person who, but for the Exemption, is required to pay the Regional Development Charges may apply to Director, Director, Financial Management & Planning for the Exemption and, if approved, enter into the Exemption Agreement with Niagara Region in respect of one or more units that are intended to be Affordable Residential Units.
- 3.2. A complete application for the Exemption shall be filed with Director, Financial Management & Planning and shall include the following:
 - 3.2.1. legal description of the property;

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- 3.2.2. description of the development proposal, including the number of units intended to be Affordable Residential Units and proposed form of tenure (i.e. rental and/or ownership);
- 3.2.3. information about any existing financing secured against title to the property, including balances owed, copies of registered instruments and an estimate of the fair market value of the property as supported by the most up-to-date professional property value appraisal or other documentation satisfactory to Director, Financial Management & Planning;
- 3.2.4. site plans, floor plans/drawings, or preliminary concept plans, if available;
- 3.2.5. payment of all applicable application fees as per the Fees and Charges By-law; and
- 3.2.6. any such further documents and information that Director, Financial Management & Planning may require for the purposes of processing the application.

3.3. If the application is incomplete, as determined by Director, Financial Management & Planning, the applicant will be notified in writing and will have thirty (30) days from the date of the notice to submit any outstanding documents or information, failing which the processing of the application may be terminated and application fees partially or fully refunded at the discretion of Director, Financial Management & Planning.

3.4. Upon receipt of a complete application, Director, Financial Management & Planning will notify the applicant in writing that the application is considered complete. Director, Financial Management & Planning will then endeavour to review the complete application within three (3) weeks of the written notice and determine the amount of the Exemption that the applicant is eligible for, if any, having regard to the number of Affordable Residential Units proposed and the applicable Regional Development Charges at the time of the application. Upon completion of the review, Director, Financial Management & Planning will notify the applicant in writing of the next steps in respect of the application.

4. Exemption Agreement and Other Instruments

- 4.1. To take advantage of the Exemption, the registered owner of the property must enter into the Exemption Agreement with Niagara Region to secure the proposed Affordable Residential Unit(s).
- 4.2. The following instruments shall be registered against title to the property at the sole cost of the owner prior to the issuance of the Building Permit in respect of the proposed Affordable

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Residential Unit(s), in priority to all other instruments on title, save and except permitted encumbrances:

- 4.2.1. Where new ownership units are proposed:
 - 4.2.1.1. The Exemption Agreement; and
 - 4.2.1.2. The Section 118 Restriction, to be replaced with the Collateral Charge prior to the sale of each unit as more specifically set out in policy 4.4;
- 4.2.2. Where a new rental building is proposed:
 - 4.2.2.1. The Exemption Agreement; and
 - 4.2.2.2. The Collateral Charge;
- 4.2.3. Where additional residential rental units are proposed in existing or new houses or buildings, including a detached house, semi-detached house or rowhouse on a separate parcel of land:
 - 4.2.3.1. The Exemption Agreement; and
 - 4.2.3.2. The Collateral Charge;
- 4.3. At the time of the issuance of the Building Permit in respect of the proposed Affordable Residential Unit(s), the developer/owner must provide to the Chief Building Official of the applicable local area municipality proof of instruments identified in policy 4.2 above registered within one hundred and eighty (180) days prior to the Building Permit issuance.
- 4.4. Upon completion of the construction of any new ownership units, the developer/owner may request Director, Financial Management & Planning to consent to the deletion of the Section 118 Restriction to allow the individual Affordable Residential Units to be transferred to purchasers. As a condition of Niagara Region’s consent to delete the Section 118 Restriction, the developer/owner will register, at its sole cost, the Collateral Charge against title to each Affordable Residential Unit.
- 4.5. To continue benefiting from the Exemption, any transferee acquiring title to the property or an Affordable Residential Unit from the first owner must enter into an agreement with Niagara Region and execute all such other documents as may be required by Niagara Region to assume all the obligations of the previous owner under the Exemption Agreement and to assume the Collateral Charge for the balance of the Affordability Period.

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The same requirement applies to all subsequent owners proposing to transfer the property or any Affordable Residential Unit within the Affordability Period.

- 4.6. Notwithstanding the priority requirements of this Policy in respect of the Collateral Charge, Director, Financial Management & Planning may consider reasonable requests to postpone/subordinate the Collateral Charge to other financing intended to either facilitate the purchase of an Affordable Residential Unit by an Arm's Length purchaser or secure commercial financing for the construction of the project that includes proposed Affordable Residential Unit(s).
- 4.7. Without limiting the generality of the foregoing, requests to postpone/subordinate the Collateral Charge to the following instruments will be considered reasonable:
 - 4.7.1. With respect to commercial financing to be secured against the project, a first charge with a bank listed in Schedule I or II of the Bank Act, a licensed insurer, a registered loan or trust corporation, or subsidiary of any of them, with interest not exceeding the best first mortgage rate charged by The Royal Bank of Canada to its best commercial clients plus four (4%), provided Director, Financial Management & Planning is satisfied, acting reasonably, that at the time of placement, the aggregate balance owing pursuant to the first charge and the Collateral Charge, including principal, interest and charges does not exceed the then fair market value of the property, and provided that during the Affordability Period the balance owing on the first charge does not increase above the balance owing at the time of the postponement/subordination of the Collateral Charge;
 - 4.7.2. With respect to residential financing securing loans to purchase individual units, a first charge with a bank listed in Schedule I or II of the Bank Act, a licensed insurer, a registered loan or trust corporation, or subsidiary of any of them, with interest not exceeding the best first mortgage rate charged by The Royal Bank of Canada to its residential clients plus four (4%), provided Director, Financial Management & Planning is satisfied, acting reasonably, that at the time of placement, the aggregate balance owing pursuant to the first charge and the Collateral Charge, including principal, interest and charges does not exceed the then fair market value of the property, and provided that during the Affordability Period the balance owing on the first charge does not increase above the balance owing at the time of the postponement/subordination of the Collateral Charge;
 - 4.7.3. With respect to any pre-existing financing on the property, Director, Financial Management & Planning may consent to register the Collateral Charge in second

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position to a first charge with a bank listed in Schedule I or II of the Bank Act, a licensed insurer, a registered loan or trust corporation, or subsidiary of any of them provided Director, Financial Management & Planning is satisfied, acting reasonably that at the time of placement, the aggregate balance owing pursuant to the first charge and the Collateral Charge, including principal, interest and charges does not exceed the then fair market value of the property, and provided that during the Affordability Period the balance owing on the first charge does not increase above the balance owing at the time of the registration of the Collateral Charge.

- 4.8. Following the expiry of the Term of the Exemption Agreement, the owner may submit a written request to Director, Financial Management & Planning to have the Exemption Agreement and the Collateral Charge required pursuant to this policy to be discharged from the title to the property, and Director, Financial Management & Planning will consent to any such request, provided all the obligations of the Exemption Agreement have been fulfilled to the satisfaction of Niagara Region.

5. Compliance and Audit

- 5.1. Before transferring or renting an Affordable Residential Unit, the owner/developer must provide to Director, Financial Management & Planning the date of sale or commencement of a lease, as the case may be, supported by relevant documentation, included but not limited to an executed lease agreement, executed agreement of purchase and sale and/or a draft transfer document.
- 5.2. Upon request at any time by Director, Financial Management & Planning, the owner must promptly provide rent rolls, lease agreements, agreements of purchase and sale, draft transfers, or such other documentation as may be requested, confirming that each unit exempt under this Policy continues to meet the definition of Affordable Residential Unit.
- 5.3. Without limiting the generality of policy 5.2, the owner shall provide to Niagara Region the following information:
 - 5.3.1. prompt notice of any act or event which does or may materially and adversely affect the ability of the owner to perform its obligations under the Exemption Agreement; and

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- 5.3.2. immediate notice of the occurrence of any breach of any term or condition on the Exemption Agreement and specifying the nature of such breach, and the steps, if any, that the owner is taking to remedy the same.
- 5.4. Without limiting the generality of policy 5.2, the new owner shall provide to Director, Financial Management & Planning within thirty (30) days of any transfer of an Affordable Residential Unit a registered transfer document confirming that the purchase price meets the criteria for an Affordable Residential Unit as of the date of the sale.
- 5.5. Without limiting the generality of policy 5.2, the owner shall provide to Director, Financial Management & Planning a copy of the lease agreement within thirty (30) days of its execution confirming that the unit meets the criteria for an Affordable Residential Unit as of the date of the lease.
- 5.6. The owner of any Affordable Residential Unit or property that contains Affordable Residential Units shall include in any agreement of purchase and sale for the unit or the property, as the case may be, a requirement that the transferee, as a condition of transfer, enter into an agreement with Niagara Region, and execute all such other documents as may be required by Niagara Region, to assume all the obligations of the owner under the Exemption Agreement and to assume the Collateral Charge for the duration of the Affordability Period.
- 5.7. For any Affordable Residential Unit(s) being used as rental accommodation, the owner shall submit an annual report to Director, Financial Management & Planning, in a form satisfactory to Niagara Region, by July 1 of each calendar year setting out the list of all Affordable Residential Units owned by the owner, the number of Affordable Residential Units rented out, the amount of monthly rent paid by each tenant for the preceding calendar year, number of days each unit was vacant in the preceding calendar year, and any other information requested by Director, Financial Management & Planning. For greater certainty, the annual report is required for all Affordable Residential Units being used as rental accommodation, including but not limited to units located in purpose built rental buildings, accessory dwelling units, and ownership units being rented out at any time within the Affordability Period.
- 5.8. Where the owner, in addition to the Exemption Agreement, has entered into or will enter into a Municipal Housing Facilities Project Agreement in respect of the same units for which the Exemption is requested pursuant to this Policy, the owner must comply with the tenant selection requirements set out in the Municipal Housing Facilities Project Agreement.

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5.9. The Affordable Residential Unit(s) being used as rental accommodations shall not be subleased or used for short-term accommodation.

5.10. The Owner shall maintain adequate records for all its Affordable Residential Units, including but not limited to lease agreements, rental receipts, agreements of purchase and sale and related documents and keep the records for at least seven (7) years.

6. Events of Default

6.1. Approval of the Exemption under this Policy may be rescinded and the Exemption Agreement terminated if any of the following events of default occur:

- 6.1.1. the owner fails to perform any covenant, agreement or undertaking of the owner contained in the Exemption Agreement and such default shall have continued for a period of at least thirty (30) calendar days after notice thereof has been given to the owner by Niagara Region;
- 6.1.2. title to the property or any Affordable Residential Unit(s) is transferred, and the purchaser has not entered into an assumption agreement to assume the obligations under the Exemption Agreement and the Collateral Charge prior to the date of transfer;
- 6.1.3. the Building Permit has not been issued for the development within one hundred and eighty (180) days of the effective date of the Exemption Agreement;
- 6.1.4. the Building Permit is cancelled, revoked or expired;
- 6.1.5. the owner/developer fails to transfer proposed Affordable Residential Unit(s) intended as ownership units within one hundred and twenty (120) days of the Occupancy, subject to reasonable requests for extension to be approved at the sole discretion of Director, Financial Management Services;
- 6.1.6. the owner/developer fails to rent proposed Affordable Residential Unit(s) intended as rental accommodation within ninety (90) days of the Occupancy, subject to reasonable requests for extension to be approved at the sole discretion of Director, Financial Management Services

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- 6.1.7. the owner fails to register on title to the property or any applicable portion thereof any instruments identified in this Policy or there is a release or a discharge of any such instruments without the consent of Niagara Region;
- 6.1.8. with respect to any Affordable Residential Unit intended as rental accommodation, the unit is vacant for more than ninety (90) days in any calendar year;
- 6.1.9. the owner fails to provide required information or provides false or misleading information to Niagara Region;
- 6.1.10. the Occupancy is not achieved within two (2) years of the date of the execution of the Exemption Agreement, subject to reasonable requests for extension to be approved at the sole discretion of Director, Financial Management Services;
- 6.1.11. any unit secured in the Exemption Agreement as an Affordable Residential Unit ceases to meet the applicable criteria for such units within the Affordability Period;
- 6.1.12. the owner fails to do anything required to be done pursuant to the Exemption Agreement;
- 6.1.13. in the event of property damage rendering any Affordable Residential Unit uninhabitable, the owner fails to proceed to repair and restore the property within one (1) year following the property damage and make the damaged unit habitable as per policy 8; or
- 6.1.14. with respect to any Affordable Residential Units used as rental accommodation, a plan of condominium is registered under the *Condominium Act, 1998*.

7. Remedies

- 7.1. Upon occurrence of an event of default with respect to an Affordable Residential Unit, the amount of Regional Development Charges applicable to that unit becomes immediately due and payable by the owner in accordance with section 26.1 of the DC Act and Niagara Region may do any of the following:
 - 7.1.1. request the Owner to remedy the default and provide a deadline to comply with the request;
 - 7.1.2. terminate the Exemption Agreement;

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- 7.1.3. enforce the Collateral Charge in the same manner as a mortgage in default under the *Mortgages Act*, R.S.O. 1990, c. M.40;
- 7.1.4. if the amounts owing remain unpaid after thirty (30) calendar days of the owner receiving written notice of an event of default, add the unpaid amounts, along with any interest, to the tax roll and collect them in the same manner as taxes in accordance section 32 of the DC Act; or
- 7.1.5. exercise any other right of recourse to recover amounts owed in accordance with the Exemption Agreement.

8. Property Damage

- 8.1. If any Affordable Residential Unit secured in the Exemption Agreement is damaged by fire, explosion, flood or any other unavoidable catastrophe to such an extent as to render it uninhabitable, the owner must proceed to repair, restore and make the damaged unit habitable within one (1) year of the unit being damaged.
- 8.2. Niagara Region will not terminate this Agreement as it applies to the damaged Affordable Residential Unit, provided that the owner has proceeded to repair, restore and make the damaged unit habitable, in accordance with policy 8.1, and no mortgagee of the Affordable Residential Unit has directed that the insurance proceeds payable as a result of the damage be paid towards such entity's mortgage or security.

9. Signing Authority

Authority to execute the Exemption Agreements resides with the Chief Administrative Officer and Commissioner, Corporate Services (or their respective designates authorized in writing to act on their behalf in their absence), as more specifically provided in policy 10 below.

10. Roles and Responsibilities

10.1. Regional Council

- Approves, by resolution, the Affordable Residential Units Regional Development Charges Policy and any updates, as necessary, every five years or upon expiry of the Niagara Region Development Charges By-law.

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10.2. Chief Administrative Officer or Designate in Writing

- Acts as a signatory to the Exemption Agreements, where the total amount of the Regional Development Charges exempt pursuant to this Policy is in excess of \$100,000.

10.3. Commissioner, Corporate Services/Treasurer or Designate in Writing

- Reviews and updates the Affordable Residential Units Regional Development Charges Policy, in consultation with Director, Legal & Court Services, as necessary, every five (5) years or upon expiry of the Niagara Region Development Charges By-law.
- Creates necessary guiding strategies, supporting frameworks and procedures, as required, to administer this Policy.
- Develops and maintains appropriate tracking measures for executed Exemption Agreements and reports annually to Regional Council.
Acts as a signatory to the Exemption Agreements, where the total amount of the Regional Development Charges exempt pursuant to this Policy is \$100,000 or less.

10.4. Director, Financial Management & Planning or Designate in Writing

- Reviews and approves applications.
- Collects application fees.
- Consents to requests for release/discharge or postponement/subordination of instruments from/on title in accordance with this Policy.
- Develops and establishes any forms required to be submitted pursuant to this Policy (e.g. application forms, annual report etc.)
- Issues notices of default and exercises remedies, in consultation with Director, Legal & Court Services.

10.5. Director, Legal & Court Services or Designate in Writing

- Ensures that the Exemption Agreements, assumption agreements, title instruments and other legal documentation are consistent with all applicable legislation and this Policy.
- Reviews and approves the Exemption Agreements and any other agreements that facilitate the implementation of this Policy as to form.

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- Assists Director, Financial Management & Planning with the registration, discharge of any instruments from title as well as with postponement/subordination of same in accordance with this Policy.

11. References and Related Documents

Development Charges Act, 1997, S.O. 1997, as amended.
Land Titles Act, R.S.O. 1990, c. L.5, as amended.
 By-law 2022-71 – Regional Development Charges By-law, as amended.
 By-law 2024-81 – Fees and Charges By-law, as amended.
 By-law 2017-89 – Municipal Housing Facility By-law, as amended.

12. Procedures

Staff have been developing detailed step-by-step procedures to administer this exemption program, reporting mechanism to Regional Council, and defined roles and responsibilities. The approval of procedures will be delegated to the CLT (Corporate Leadership Team) subject to Council approval of the Policy.

13. Related Policies

C-F-025 Regional Development Charges Payment Deferral Policy
 C-F-028 Timing for Development Charges Calculation, Instalment and Interest Policy for the Purposes of Sections 26.1 & 26.2 of the Development Charges Act

14. Definitions:

Affordability Period means twenty-five (25) years since an Affordable Residential Unit is first rented or sold;

Affordable Residential Unit means a residential unit that at all times meets criteria set out in section 4.1 of the DC Act and is rented or sold in accordance with the Exemption Agreement;

Arm’s Length shall have the meaning attributed to it in section 251 of the *Income Tax Act* (R.S.C., 1985, c. 1 (5th Supp.)), as amended, with necessary modifications;

Building Permit means the first building permit issued pursuant to the *Building Code Act, 1992, S.O. 1992, c. 23*, for the residential unit(s) the owner proposes to build in respect of which development charges are payable, including a conditional building permit;

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Bulletin means the bulletin entitled the “Affordable Residential Units for the Purposes of the Development Charges Act, 1997 Bulletin”, which is published by the Minister of Municipal Affairs and Housing;

Collateral Charge means a collateral charge registered against title to the property in favour of the Regional Municipality of Niagara in priority to all other instruments, save and except permitted encumbrances, securing the full amount of the Regional Development Charges that would have been payable by the developer/owner but for the Exemption, along with any applicable interest;

DC Act means the *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended;

Exemption means an exemption from the Regional Development Charges provided in accordance with the requirements of the DC Act and this Policy, as secured in the Exemption Agreement;

Exemption Agreement means an agreement pursuant to section 4.1(9) of the DC Act to provide affordable residential housing entered into by the registered owner of the Affordable Residential Unit(s) and Niagara Region on such terms and conditions as Niagara Region’s Chief Administrative Officer and/or the Director of Legal and Court Services, or their delegate, may consider necessary or advisable and recommend in order to fulfil the objectives of this policy or protect the interests of Niagara Region;

Fees and Charges By-law means the Regional by-law to establish fees and charges for the services and activities provided by Niagara Region and the use of its property, in accordance with section 11 of the *Municipal Act, 2001*, S.O. 2001, c.25;

Monthly Rent means the monthly rent for which a property can be leased, as designated according to the unit type in the Affordable Residential Units Bulletin;

Mortgages Act means the *Mortgages Act*, R.S.O. 1990, c. M.40, as amended;

Occupancy means meeting the occupancy requirements set out in the *Building Code Act, 1992*, including, but not limited to, a final certificate containing the prescribed information, or notice served on the Chief Building Official and any order made per an inspector or actual occupancy of any building on the property. Where partial occupancy permit is issued the first partial occupancy is deemed Occupancy for the purposes of this Policy;

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Regional Development Charges means the charges imposed by Niagara Region against land for increased capital costs required because of the need for services arising from development in the area to which the Regional Development Charges By-law applies, in accordance with subsection 2(1) of the DC Act;

Regional Development Charges By-law means By-law No. 2022-71 as amended;

Section 118 Restriction means an “Application to Annex Restrictive Covenants” pursuant to Section 118 of the Land Titles Act, registered against title to the property by the owner in priority to all other instruments, save and except permitted encumbrances, stipulating that no transfer of the property or an Affordable Residential Unit within the development shall be registered without the consent of Niagara Region; and

Term means the period of time from the execution of the Exemption Agreement by the owner of the proposed Affordable Residential Unit(s) and Niagara Region to the expiry or earlier termination of the Exemption Agreement in accordance with the terms thereof.

13. Document Control

The electronic version of this document is recognized as the only valid version.

Approval History

Approver(s)	Approved Date	Effective Date
Regional Council	September 25, 2025	September 25, 2025

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Revision History

Revision No.	Date	Summary of Change(s)	Changed by