
Development Charges Interest

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Purpose statement

The purpose of this procedure is to establish the guidelines and process for collecting development charges interest in accordance with the Development Charges Interest Policy.

Scope

This procedure applies to development applications that are eligible for the regulated deferral and payment of development charges in instalments, and/or development charges rate freeze as provided in Section 26.1 and Section 26.2 of the *Development Charges Act, 1997* (DCA).

Procedure

Development charges interest shall be collected for developments eligible to pay in Instalments and/or Rate Freeze as outlined in this procedure.

The interest rate for development charges interest will be the lesser of the prime lending rate of the town's principal financial institution and the maximum interest rate permitted under the DCA, should a maximum interest rate be prescribed.

Development charges interest collected shall be maintained in development charges reserve funds, separated by municipal service/class of services, in relation to which the interest applies.

Instalments

As per Section 26.1 of the DCA, as of January 1, 2020 specified development types are able to defer the payment of development charges. Under the Regulation, developments that meet the definition of rental housing, institutional, or non-profit housing, are payable in equal annual instalments beginning at occupancy and continuing on,

- the following five anniversaries of that date, in the case of a type of development defined as rental housing development or institutional development; or
- the following 20 anniversaries of that date, in the case of a type of development defined as non-profit housing development.

Development charges interest may be collected on the amounts outstanding from when the development charges would have been payable under section 26 of the DCA (permit issuance) until full payment is received. For the purposes of instalments, interest shall be calculated as follows:

- The interest rate will be established on the date the development charges would have been payable in accordance with Section 26 of the DCA
- The interest rate will be fixed for the duration of the instalment payments
- Simple interest will be accrued from the date the development charges would have been payable in accordance with Section 26 of the DCA to the date of each instalment payment
- The town shall be notified, unless occupation of the development is authorized by a building permit under the *Building Code Act*, within five business days of the development first being occupied. If the Owner fails to comply, the development charges, including any interest payable in accordance with this procedure, is payable immediately
- In accordance with subsection 26.1(8) and section 32 of the DCA, if an installment is not paid when it is due, the amount unpaid, including any interest payable in respect of it in accordance with the DCA and this procedure, shall be added to the tax roll and shall be collected in the same manner as property taxes
- If any part of the development is changed so that it no longer consists of (i) rental housing development that is not non-profit housing development; (ii) institutional development; or (iii) non-profit housing development, then the development charges, including any interest payable, but excluding any instalments already paid in accordance with the DCA and this procedure, is payable immediately

- Developments eligible to pay development charges in instalments may enter into an agreement with the town to confirm payment arrangements with respect to the development, prior to building permit issuance
- Early payment agreements will be offered, as permitted under Section 27 of the DCA

Rate Freeze

As per Section 26.2 of the DCA, where the development of land results from the approval of a site plan or zoning by-law amendment for which a complete application was received on or after January 1, 2020, the development charges shall be calculated on the development charges rates in effect on the date of the site plan planning application, or a zoning amendment application if a site plan application does not apply, including interest. If multiple planning applications apply to the development, the later application shall be used. The development charges rates will be locked in for a period of 2 years from the approval of the related planning application.

Development charges interest for the purposes of the rate freeze shall be calculated as follows:

- The interest rate will be established on the date of the relevant complete planning application as determined in Section 26.2 of the DCA
- The interest rate will be fixed for the duration of the rate freeze
- Simple interest will be accrued on the first day of each month from the date of the related planning application as determined in Section 26.2 of the DCA to the date the development charges are payable

References and related documents

Building Code Act
Development Charges Act, 1997
Development Charges By-law
Development Charges Interest Policy |

Definitions

Development charges: means any Development Charges that may be imposed pursuant to a By-law enacted under the authority of the *Development Charges Act, 1997*.

Institutional: means development of a building or structure intended for use,

- (a) as a long-term care home within the meaning of subsection 2(1) of the *Long-Term Care Homes Act, 2007*;

- (b) as a retirement home within the meaning of subsection 2(1) of the *Retirement Homes Act, 2010*;
- (c) by any of the following post-secondary institutions for the objects of the institution:
 - (i) a university in Ontario that receives direct, regular, and ongoing operating funding from the Government of Ontario;
 - (ii) a college or university federated or affiliated with a university described in subclause (i), or
 - (iii) an Indigenous institute prescribed for the purposes of section 6 of the *Indigenous Institutes Act, 2017*;
- (d) as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion; or
- (e) as a hospice to provide end of life care.

Non-profit housing: means development of a building or structure intended for use as residential premises by,

- (a) a corporation without share capital to which the *Corporations Act* applies, that is in good standing under that Act and whose primary object is to provide housing;
- (b) a corporation without share capital to which the *Canada Not-for-profit Corporations Act* applies, that is in good standing under that Act and whose primary object is to provide housing; or
- (c) a non-profit housing co-operative that is in good standing under the *Co-operative Corporations Act*.

Owner: means the owner of land or a person who has made application for an approval for the development of land upon which a development charge is imposed.

Prime lending rate: means the prime rate of the municipality's principal financial institution, currently RBC Royal Bank, or its successor.

Rental housing: means development of a building or structure with four or more dwelling units all of which are intended for use as rented residential premises.

Regulation: means O.Reg.82/98 as amended or successor regulation.

Simple interest: means calculating interest by multiplying the daily interest rate by the principal by the number of days elapsed.

Responsibilities

The Treasurer or designate shall be responsible to:

- ensure development charges interest collected is in compliance with this procedure, the Development Charges By-law and the DCA
- ensure this procedure and interest rates being used are be made available on the Town's Development Charges webpage
- execute agreements related to Section 26.1 of the DCA, including Development Charges Instalment Agreements and Early Payment Agreements under Section 27 of the DCA
- conduct an annual review of the interest rate, and report on interest collected as a component of the Development Charges Annual Report to Council |