

# Development Charge Interest Policy

**Policy Number:** FIN-2-2024

**Date Approved:** July XX, 2024

**Department Responsible:** Finance

**Status:** Active

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## 1. Policy Statement

- 1.1 The purpose of this policy is to establish the rules and practices for charging interest, as permitted under sections 26.1, 26.2 and 26.3 of the Development Charges Act, 1997.
- 1.2 This policy will support the City of Clarence-Rockland to build growth-related infrastructure in a way that is fiscally sustainable and will help achieve the following outcomes:
  - 1.2.1 Good government providing reliable municipal programs and services
  - 1.2.2 Continued delivery of growth-related infrastructure in a fiscally responsible manner
  - 1.2.3 Fair and equitable treatment of all stakeholders involved in delivering housing supply, including residents, businesses and developers

## 2. Scope

- 2.1 This policy applies to the charging of interest, as permitted under sections 26.1, 26.2 and 26.3 of the Development Charges Act, 1997. This includes all types of development in the City of Clarence-Rockland:
  - 2.1.1 That are eligible for instalment payments under section 26.1 of the Development Charges Act, 1997
  - 2.1.2 Under section 26.2 of the Development Charges Act, 1997, where an application for approval of development in a site plan control area under subsection 41(4) of the Planning Act, 1990 has been made, or where an application for an approval of a development in a site plan control area under subsection 41(4) of the Planning Act has not been made, but where

an application has been made for an amendment to a bylaw passed under section 34 of the Planning Act, 1990

### **3. Definitions**

- 3.1 Act - The Development Charges Act, 1997, S.O. 1997, c. 27, as amended, revised, reenacted or consolidated from time to time, and any successor statute.
- 3.2 Development - The construction, erection or placing of one or more buildings or structures on land. This includes the making of an addition or alteration to a building or structure that has the effect of increasing the size, or changing the use from non-residential to residential or from residential to non-residential and includes redevelopment
- 3.3 Development Charge(s) – City of Clarence Rockland development charges.
- 3.4 Total Accrued Amount – Equal to the total of the development charges and interest which has accrued.
- 3.5 Prime Rate - The average of annual rates of interest announced by each of the Royal Bank of Canada, The Bank of Nova Scotia, the Canadian Imperial Bank of Commerce, the Bank of Montreal and The Toronto-Dominion Bank to be its prime or reference rate of interest in effect on that date for determining interest rates on Canadian dollar commercial loans by that bank in Canada.

### **4. Policy**

#### **4.1 Legislative Framework**

##### 4.1.1 Installment payments Under section 26.1 of the Act

4.1.1.1 Under subsections 26.1(1), (2) and (3) of the Act, development charges shall be paid in equal annual installments, beginning at the earlier of first occupancy or occupancy permit under the Building Code, Act, 1992, for:

4.1.1.1.1 Rental housing development that is not non-profit housing development

4.1.1.1.2 Institutional development

4.1.1.1.3 Non-profit housing development

#### 4.1.2 Interest on Installment Payments under section 26.1 of the Act

- 4.1.2.1 Subsection 26.1(7) of the Act allows a municipality to charge interest on the installments from the date the development charges would have been payable, under section 26 of the Act, to the date the installment is paid, at a rate not exceeding the prescribed maximum interest rate.

#### 4.1.3 Development Charge Freeze under section 26.2 of the Act

- 4.1.3.1 Under subsection 26.2(1) of the Act, the total amount of a development charge is determined under the City's Development Charge Bylaw on:
  - 4.1.3.1.1 The day an application for an approval of development under subsection 41(4) of the Planning Act was made, or
  - 4.1.3.1.2 If section 4.1.3.1.1 does not apply, the day an application for an amendment to a bylaw passed under section 34 of the Planning Act was made.

#### 4.1.4 Interest under section 26.2 and 26.3 of the Act

- 4.1.4.1 Under subsection 26.2(3) of the Act, a municipality may charge interest on the development charge, at a rate not exceeding the prescribed maximum interest rate, from the date of the application referred to in section 4.1.3.1.1 or 4.1.3.1.2 to the date the development charge is payable.

#### 4.1.5 Interest Rate under sections 26.1, 26.2 and 26.3

- 4.1.5.1 The Act allows a municipality to charge interest on the development charge at a rate not exceeding the prescribed maximum interest rate of prime plus 1%.

### **4.2 Interest Rate Used**

- 4.2.1 An interest rate of prime plus 1% shall be used.

### **4.3 Amendment of Revision to Interest Rates**

4.3.1 In the event the interest rate is amended or revised, the new interest rate shall apply to the total accrued amount, prorated from the date of the interest rate amendment or revision to:

4.3.1.1 The date the total accrued amount is fully paid, or

4.3.1.2 A subsequent amendment or revision of the interest rate

#### **4.4 Interest Rate Publication and Notification**

4.4.1 Upon Council approval, this policy and the interest rates being used shall be made available on the City of Clarence-Rockland website.

#### **4.5 Computing and Prorating**

4.5.1 All interest shall accrue from the date of the applicable application until the date the total accrued amount is fully paid. A 365 day calendar year shall be used for the purposes of prorating.

4.5.1.1 Subsequent Application(s)

4.5.1.1.1 If a subsequent application(s) made for a development:

4.5.1.1.1.1 The date the subsequent application is made will become the new date under which the total amount of the development charge is determined

4.5.1.1.1.2 All interest that had accrued prior to the subsequent application shall be deemed to be zero (0)

4.5.1.1.1.3 Interest will begin to accrue from the date the subsequent application is made

4.5.1.2 Interest under section 26.1

4.5.1.2.1 If a development was one of the eligible types of development for the installment payments under section 26.1 of the Act, the total accrued amount shall continue to accrue interest from the date of the issuance of a building permit.

4.5.1.2.2 During the installment timeframe, interest shall continue to accrue on the outstanding balance. This shall continue until the date the total accrued amount has been fully paid.

#### **4.6 Effective Date**

4.6.1 Upon approval by Council, this policy shall take effect as at July 11, 2024 at 12: 00 a.m. This policy may be repealed and/or modified by Council at any time.

## **5. Roles and Responsibilities**

### **5.1 Director of Finance / Treasurer**

5.1.1 Administer this policy, including but not limited to:

5.1.1.1 Determining the total amount of the development charge that would be determined under the bylaw and the applicable interest rate that would apply

5.1.1.2 Ensure the total accrued amount is being charged and collected when due

### **5.2 Chief Building Official**

5.2.1 Enforce this policy, including but not limited to:

5.2.1.1 Informing the Treasurer when development charges should be issued

5.2.1.2 Informing the Treasurer if a development qualifies to have their development charge rate frozen under section 26.2 of the act

5.2.1.3 Informing the Treasurer if a development qualifies to have their payments deferred under section 26.1 of the act.

## **6. References and Related Documents**

The City of Clarence-Rockland will meet the requirements of the Development Charges Act, 1997

- Bill 23, More Homes Built Faster Act, 2022
- Bill 108, More Homes, More Choice Act, 2019
- Bill 138, Plan to Build Ontario Together Act, 2019
- Development Charges Act, 1997, S.O. 1997, c. 27
- Ontario Regulation 454/19
- Ontario Regulation 82/98
- Planning Act, R.S.O. 1990, c. P.13
- City of Clarence-Rockland Development Charges Bylaw

## **7. Attachments**

None