



## Schedule “A” to By-law 2020-28

### POLICY MANUAL

<b>SECTION NAME:</b> Treasury	<b>POLICY NUMBER:</b> 4-8
<b>POLICY:</b> Development Charge Interest Policy	<b>REVIEW DATE:</b> April 2025
<b>EFFECTIVE DATE:</b> April 1, 2020	<b>REVISIONS:</b>
<b>ADOPTED BY BY-LAW:</b> 2020 - 28	<b>ADMINISTERED BY:</b> Director of Finance and Treasurer

### PURPOSE

#### **Development Charge Interest Policy – Under sections 26.1 and 26.2 of the Development Charges Act, 1997**

The purpose of this policy is to establish the rules and practices for charging interest, as permitted under sections 26.1 and 26.2 of the *Development Charges Act, 1997* (DCA). This policy will support the Town of Wasaga Beach’s ability to build growth-related infrastructure in a way that is fiscally sustainable and will help achieve the following outcomes:

- Good government providing reliable programs and services
- Continued delivery of a complete community in a fiscally sustainable way
- Fair and equitable treatment of all stakeholders involved in delivering housing supply, including residents, businesses, municipalities and developers

### Definitions

- a) Act: The Development Charges Act, 1997 S.O. 1997, c.27, as amended revised re-enacted or consolidated from time to time and any successor statute
- b) 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
- c) Development Charge(s): Town of Wasaga Beach's development charges
- d) Total Accrued Amount: Equal to the total of the development charges and interest which has accrued
- e) Two Year Rate Freeze: The freezing of development charge rates from when an application is made to when the payment is due. The Province has established a two-year time limit for these rate freezes.

## SCOPE

This policy is applicable to all Development Charges which are on deferred payment plans as per Section 26.1(1), (2), and (3) of the DCA, and to Development Charges in the two-year rate freeze period.

## POLICY

### Description

#### 1. Legislative Framework

- a. Installment Payments under section 26.1 of the Act  
Under subsections 26.1(1), (2) and (3) of the Act, development charges shall be paid in equal annual instalments, beginning at the earlier of first occupancy or occupancy permit under the Building Code, Act, 1992, for:
- Rental housing development that is not non-profit housing development
  - Institutional development
  - Non-profit housing development
- b. Interest on Installment Payments under section 26.1 of the Act  
Subsection 26.1(7) of the Act allows a municipality to charge interest on the instalments from the date the development charges would have been payable, under section 26 of the Act, to the date the instalment is paid, at a rate not exceeding the prescribed maximum interest rate.
- c. Development Charge Freeze under section 26.2 of the Act  
Under subsection 26.2(1) of the Act, the total amount of a development charge is calculated on:
- i) the day an application for an approval of development in a site plan control area under subsection 41(4) of the Planning Act was made in respect of development that is the subject of the DC;

- ii) If clause (i) does not apply, the day an application for an amendment to a bylaw passed under section 34 of the *Planning Act* was made;
- iii) If neither clause i) nor clause ii) applies,
  - a. In the case of a DC in respect of a development to which section 26.1 applies, the day the DC would be payable in accordance with section 26 if section 26.1 did not apply, or
  - b. In the case of a DC in respect of a development to which section 26.1 does not apply, the day the DC is payable in accordance with section 26.
- d) Interest under section 26.2 of the Act

Under subsection 26.2(3) of the Act, a municipality may charge interest on the development charge, at a rate not exceeding the prescribed interest rate, from the date of the application referred to in clause c(i) or c(ii) to the date the development charge is payable.

- e) Maximum Interest Rate under sections 26.1 and 26.2

The Act allows a municipality to charge interest on the development charge at a rate not exceeding the prescribed maximum interest rate.

There is no prescribed maximum interest rate under subsections 26.1 and 26.2 of the Act.

## **2. Interest Rate Used**

- a. An interest rate of 4% shall be used, which is based on the Non-Residential Building Consumers Price Index (NRBCPI) for Q3 2019. The rate shall be adjusted annually on January 1<sup>st</sup> of each year to the most current NRBCPI rate available.
- b. Notwithstanding clause 2(a), a rate of 0% shall be used for payments under section 26.1, beginning at building permit, for developments that have taken advantage of a Town development charge incentive and/or relief, current or future.

## **3. Amendment or Revision to Interest Rates:**

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:

- The date the total accrued amount is fully paid, or
- A subsequent amendment or revision of the interest rate

## **4. Interest Rate Publication and Notification**

Upon Council approval, this policy and the interest rates being used shall be made available on the Town's website.

## **5. Compounding and Prorating:**

All interest shall be compounded annually and 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.

### **a) Subsequent Application(s)**

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

- The date the subsequent application is made will become the new date under which the total amount of the development charge is determined
- All interest that had accrued prior to the subsequent application shall be deemed to be zero (0)
- Interest will be compounded annually and begin to accrue from the date the subsequent application is made

### **b) Interest under section 26.1**

If a development was one of the eligible types of development for the instalment 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.

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

## **6. Effective Date**

Upon approval by Council, this policy shall take effect as at April 1, 2020 at 12 a.m. This policy may be repealed and/or modified by Council at any time.

## **7. Transition**

To allow for a transition period, this policy does not apply to any development where:

- ### **a) An application under sections 34 or 41(4) of the *Planning Act* is not required, but:**
- Still qualifies for instalment payments under section 26.1 of the Act, and
  - Has been issued a building permit for development by the municipality prior to July 1, 2020

- b) An application under subsection 41(4) of the *Planning Act* is:
- Made after January 1, 2020, and
  - Has been issued a building permit for development by the municipality prior to July 1, 2020
- c) An application for an amendment to a bylaw passed under section 34 of the *Planning Act* is:
- Made after January 1, 2020, and
  - Has been issued a building permit for development by the municipality prior to July 1, 2020

## **Responsibilities**

### **Director of Finance & Treasurer**

- Administer this policy, including but not limited to:
  - Assisting stakeholders in determining the total amount of the development charge that would be determined under the bylaw and the applicable interest rate that would apply
  - Ensure the total accrued amount is being charged and collected when due
- Collect all development charges, including interest, when due and payable

### **Director of Planning & Economic Initiatives**

- Confirm that a complete application was made for the purposes of determining the total amount of the development charge

### **Chief Building Officer**

- Ensure Occupancy and/or Occupancy Permits are communicated to Treasury each month to aid in the monitoring of collecting development charges.
- Collect all development charges, including interest, when due and payable.

## **Compliance**

The Director of Finance & Treasurer shall monitor all development applications to ensure the correct amount of the development charge is being used.

The Director of Finance & Treasurer shall also ensure that this policy is being administered correctly.

The Director of Planning & Economic Initiatives, and the Chief Building Officer, in consultation with the Director of Finance & Treasurer, shall ensure the correct amount is being used to determine the total development charge collections, and that the correct amount of interest has been received.

## **ATTACHMENTS**

None.

## **POLICY REVIEW AND PROCEDURE**

This Policy will be reviewed as required, but in any case no later than five (5) years from the date of the most recent review.

The Director of Finance and Treasurer will be responsible for initiating the review of this Policy.