

**The Corporation of the Town of Grand Valley
2021-26**

By-law to adopt a Development Charge Interest Rate Policy.

WHEREAS Section 26.1(7) of the Development Charges Act, 1997, S.O. 1997, c. 27 states that a municipality may charge interest on the annual development charge instalments due and payable for specified types of developments,

AND WHEREAS The Town of Grand Valley wishes to establish a policy for the management of those interest charges,

NOW THEREFORE the Council for the Corporation of the Town of Grand Valley enacts as follows:

- 1) THAT the Development Charges Interest Rate Policy be adopted in the same or substantially the same format as the policy attached as Schedule A to this By-law;
- 2) THAT this Policy shall come into effect as of the date of the passing of this by-law.

READ a first, second and third time and passed this 11th of May, 2021.



Steve Soloman, Mayor



Meghan Townsend, Clerk





TOWN OF GRAND VALLEY

Development Charge Interest Policy

Submission Date: May 11, 2021
Approved By: Council
Approval Date: May 11, 2021
Effective Date: May 11, 2021
By-Law Number: 2021-_____
Next Revision Due:

1. PURPOSE

This policy sets out the situations under which interest will be charged on deferred Development Charge (DC) payments and the rates to be used in the calculation of the amounts of interest levied.

2. BACKGROUND

Recent changes to the *Development Charges Act, 1997* (DCA) provide for mandatory installment payments of DCs for rental housing, non-profit housing, and institutional development. This policy establishes the form and timing of interest applicable to these deferred payments. This ensures that the Town is compensated through interest income to fund delayed DC payments, ensuring growth in the Town pays for the cost of that growth.

3. DEFINITIONS

The following terms and definitions apply to this policy:

- a. **Development Charges:** any Development Charges that may be imposed by the Town pursuant to a By-law enacted under the authority given to the Town under the *Development Charges Act, 1997* S.O. 1997, c.27 as amended.
- b. **Early Payment Agreement:** an agreement between the town and a developer who is required to pay Development Charges (DC), providing for the Development Charges to be paid earlier than it would otherwise be payable. The agreement can also include the County of Dufferin.
- c. **Institutional Development:** Development of a building or structure intended for use:
 - i. As a long-term care home within the meaning of the *Long-Term Care Homes Act, 2007* or subsequent legislation;

- ii. As a retirement home within the meaning of *Retirement Homes Act, 2010* or subsequent legislation;
- iii. By any of the following post-secondary institutions of the objects of the institution:
 - A university in Ontario that receives direct, regular and ongoing operating funding from the Government of Ontario,
 - A college or university federated or affiliated with a university described above, or
 - An Indigenous Institute prescribed for the purposes of the *Indigenous Institutes Act, 2017* or subsequent legislation;
- iv. As a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion; or
- v. As a hospice to provide end-of-life care.
- d. **Non-profit Rental Housing Development:** Development of a building or structure intended for use as residential premises by:
 - i. A corporation without share capital to which the *Corporations Act* or subsequent legislation applies, that is in good standing under that Act and whose primary object is to provide housing;
 - ii. A corporation without share capital to which the *Canada Not-for-Profit Corporations Act* or subsequent legislation applies, that is in good standing under that Act and whose primary object is to provide housing; or,
 - iii. A non-profit housing co-operative that is in good standing under the *Co-operative Corporations Act* or subsequent legislation.
- e. **Rental Housing Development that are not Non-Profit Housing Developments:** Development of a building or structure with four or more dwelling units, all of which are intended for use as rented residential premises.
- f. **Town:** the Corporation of the Town of Grand Valley
- g. **Treasurer:** the individual appointed by Town Council in accordance with the *Municipal Act, 2001*

4. SCOPE

This policy applies only to DCs subject to interest charges for all departments of the Town, administered in compliance with the current Development Charges By-law that has been enacted under the authority given to the Town under the *Development Charges Act, 1997* as amended or subsequent legislation.

5. DEVELOPMENT CHARGE RATE CALCULATION

- a. The *Development Charges Act* requires DCs to be calculated on:
 - i. The date a complete application is received for site plan control under the *Planning Act*, if applicable.
 - ii. If clause i. does not apply, the day a complete application is received for a zoning by-law amendment under the *Planning Act*, if applicable.
 - iii. If both clauses i. and ii. above do not apply, the rate would be calculated on the day of the building permit issuance.

- b. After the DC rate is calculated under i., ii. above, the rate remains frozen for up to two (2) years from the date the application was approved. After this two (2) year period has elapsed, if the first building permit has not been issued on the development, the timing of calculation of DCs will revert to the time of building permit issuance.

6. DEVELOPMENT CHARGE DEFERRED PAYMENTS

- a. Institutional Developments and Rental Housing Developments that are not Non-Profit Housing Developments are to pay DCs owing over six (6) equal annual instalments.
- b. Non-Profit Housing Developments are to pay DCs owing over twenty-one (21) equal annual instalments.
- c. Timing of payment of first instalments for a. and b. above is based on the earlier of the date of first occupancy permit issuance and the date the building was first occupied.
- d. Timing of payment of second and all future instalments for a. and b. above is based on the annual anniversary date determined in c.

7. INTEREST RATE

- a. The *Development Charges Act* allows municipalities to impose interest on charges determined when a site plan or zoning by-law amendment application was made under S.26.2 or for deferred payments under S.26.1.
- b. The Town shall apply the Bank of Canada Prime Rate, current as of the 1st of January prior to the of calculation, plus two (2)% as the financial mechanism used as the foundation for establishing the interest rate.
- c. For deferred payments under S.26.1 of the *Development Charges Act*, the interest rate shall be established and begin accruing at the date of building permit issuance. The established interest rate shall remain in effect until the final payment is received.
- d. For developments where DC rates were frozen upon site plan application or zoning by-law amendment under S.26.2 of the *Development Charges Act*, the interest rate shall be established and begin to accrue on the date the DC rates were frozen and shall remain in effect until the building permit issuance. Notwithstanding the foregoing, the total charge payable at building permit issuance, including interest, shall not be greater than the charge that would be calculated at building permit issuance if S.26.2 of the *Development Charges Act* did not apply.
- e. Interest accruing on the unpaid balance of the DCs shall be compounded annually.
- f. No interest would be charged if DCs are calculated and paid at building permit issuance.
- g. The Treasurer, Deputy Treasurer or designate is authorized to execute the administrative actions necessary to implement the DC interest rate.

8. EARLY PAYMENT AGREEMENTS

- a. Section 27(1) of the *Development Charges Act* allows for DCs to be paid at an earlier date than would otherwise be payable. Early Payment Agreements will be offered where a developer would prefer to pay DCs at dates that are earlier than as outlines in the Act. This results in a reduction in interest owing, as calculated in this Policy.
- b. For Institutional Developments, Non-Profit Housing Developments and Rental Housing

Developments that are not Non-Profit Housing Developments, Early Payment Agreements are available as follows:

- c. For developments where DC rates are frozen at site plan application or zoning by-law amendment, and part b. above is not applicable, Early Payment Agreements are available requiring payment of full DCs owing at building permit issuance.
- d. The Treasurer, Deputy Treasurer or designate is authorized to execute the administrative actions and agreements necessary to implement DC Early Payment Agreements.
- e. The Town will coordinate requests for DC Early Payment Agreements with the County of Dufferin.

9. NON-COLLECTION OF PAYMENTS

If DCs owing remain unpaid after it is payable, the amount unpaid including any interest payment shall be added to the property tax roll and shall be collected in the same manner as taxes.

10. REVIEW PERIOD

The Town will review and, if necessary, update this Policy at least every term of Council.

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