



# Staff Report

## Corporate & Financial Services – Finance

---

**Report To:** COW- Admin, Corp and Finance, SI, Comm. Services  
**Meeting Date:** August 25, 2025  
**Report Number:** CFS.25.045  
**Title:** Development Charge Interest Policy  
**Prepared by:** Monica Quinlan, Director of Corporate & Financial Services

---

### A. Recommendations

---

THAT Council receive Staff Report CFS.25.045, entitled “Development Charge Interest Policy”;

AND THAT Council approve the Development Charge (DC) Interest Policy attached as Appendix A;

AND THAT the Policy authorize interest to be applied to:

- DC Rate Freezes (s.26.2, DCA) at the same rate as Grey County’s policy (currently 3.5% per annum) until otherwise amended by Grey County, and
- DC Deferrals (s.26.1, DCA) in accordance with provincial legislation; and

AND THAT the Policy include an automatic compliance clause whereby if the prescribed maximum interest rate in the Development Charges Act or regulations is amended (including reductions), the Town’s rate will automatically adjust to the prescribed maximum if the policy rate is higher;

AND THAT upon proclamation of Bill 17 (Protect Ontario by Building Faster and Smarter Act, 2025) provisions that eliminate or limit interest on DC deferrals, the Town’s policy shall immediately conform (i.e., no interest will be charged on qualifying deferrals if prohibited by law).

### B. Overview

---

This report proposes a DC Interest Policy that mirrors Grey County. It sets a 3.5% per annum interest rate on DC rate freezes (s.26.2) to match Grey County and confirms interest on deferrals (s.26.1) will be as allowed by statute. Aligning with Grey County simplifies calculations and administration: one interest methodology across tiers reduces manual reconciliations, minimizes errors, speeds reviews, and creates a clearer applicant experience. Noting that staff in absence of a policy has followed the County’s rates to date.

The policy sets a 3.5% per annum interest rate on DC rate freezes (s.26.2) to match Grey County and confirms interest on deferrals (s.26.1) will be as allowed by statute. It also includes an automatic adjustment where if the DCA is updated with respect to maximum interest rates and or removes interest on deferrals the policy adapts to those changes.

## C. Background

---

The Development Charges Act, 1997 (DCA) permits municipalities to:

- Charge interest on deferred DC instalments for certain residential, rental and institutional developments under s.26.1; and
- Charge interest during DC rate freezes tied to planning applications under s.26.2; and
- Establish policies/by-laws setting the applicable interest rates and administration.

Recent and pending legislative changes (including Bill 17) alter when DCs are collected and may limit or remove municipal authority to charge interest on deferrals. The Town's policy must therefore be explicit, flexible, and compliant.

## D. Analysis

---

### 1) Policy Objectives

- Consistency with Grey County and predictability for applicants.
- Compliance with the DCA and regulations as amended (including Bill 17).
- Administrative clarity for staff and developers.
- Administrative efficiency through alignment with Grey County: common calculators/templates, fewer touchpoints, reduced rework and dispute risk.
- Financial prudence to mitigate inflation/carrying-cost impacts of the DC rate freeze while respecting deferral rules.

### 2) Key Policy Elements (Summary)

- A. DC Rate Freeze Interest (s.26.2): 3.5% per annum (matching Grey County) from the date of complete site plan / zoning application to the earlier of building permit issuance or payable date.
- B. DC Deferral Interest (s.26.1):
  - a. Applied only to the extent permitted by law.
  - b. If Bill 17 eliminates/limits interest on deferrals, the Town will charge 0% where prohibited.
  - c. Where permitted, interest accrues from the date of building permit issuance.
- C. Maximum Interest Rule: If the provincial prescribed maximum is lower than the Town policy rate, the lower (maximum) rate applies automatically. Noting that today's Maximum Interest Rate is prime + 1% (or 5.95%).
- D. Agreements & Security: For deferrals and payment plans, applicants must enter into a DC Payment/Deferral Agreement (registered on title where appropriate), including default, acceleration, and lien/tax roll provisions consistent with the DCA.

- E. Administration: Finance is responsible for calculating, invoicing, and collecting DCs and interest; Planning/Building validates application milestones.

### 3) Alternatives Considered

Staff considered setting the interest rate for DC rate freezes at a variable, prime-indexed rate (for example, Prime + 1%). This option was not recommended because it would depart from Grey County's fixed 3.5% rate, reduce alignment across the upper- and lower-tier, and introduce interest-rate volatility for applicants and administration. A fixed rate provides certainty for budgeting and simplifies calculations and reconciliations.

## **E. Strategic Priorities**

---

### **1. Organizational Excellence**

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

## **F. Environmental Impacts**

---

N/A

## **G. Financial Impacts**

---

Freeze Interest partially offsets inflation/carrying costs of delayed DC collection.

Deferral Interest revenue may be reduced or eliminated if Bill 17 prohibits interest on deferrals.

## **H. In Consultation With**

---

Adam Smith, Interim CAO

Mike Switzer, Deputy Treasurer, Manager of Budgets and Accounting

## **I. Public Engagement**

---

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Monica Quinlan, Director of Corporate & Financial Services [directorcfs@thebluemountains.ca](mailto:directorcfs@thebluemountains.ca).

## **J. Attached**

---

- 1. Development Charge Interest Policy (Appendix A)

Respectfully submitted,

Monica Quinlan,  
Director of Corporate & Financial Services

For more information, please contact:  
Monica Quinlan, Director of Corporate & Financial Services  
[directorcfs@thebluemountains.ca](mailto:directorcfs@thebluemountains.ca)  
519-599-3131 extension 231

### Report Approval Details

Document Title:	CFS.25.045 Development Charge Interest Policy.docx
Attachments:	- CFS25.045_Appendix A DC Interest Policy.pdf
Final Approval Date:	Aug 15, 2025

This report and all of its attachments were approved and signed as outlined below:

**Monica Quinlan - Aug 14, 2025 - 4:30 PM**

**No Signature found**

**Adam Smith - Aug 15, 2025 - 12:11 PM**