



Policy

POL.FIN.XX.XX Development Charge (DC) Interest Policy

Policy Type: Corporate Policy (Approved by Council)
Date Approved: 2025/09/08
Department: Corporate and Financial Services
Staff Report: CFS.25.045 Development Charge Interest Policy.docx
By-Law No.:

Policy Statement

A policy governing the charging of interest, as permitted under sections 26.1 and 26.2 of the Development Charges Act, 1997.

Purpose

The purpose of this policy is to establish the rules and practices for charging interest, as permitted under section 26.1 and 26.2 of the Development Charges Act, 1997.

Application

This policy applies to all development as eligible for development charge payments under section 26.1 and 26.2 of the Development Charges Act, 1997.

Definitions

- a) "Act" means the Development Charges Act, 1997, as amended.
- 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:
 - i) Increasing the size, or
 - ii) Change the use from non-residential to residential or from residential to non-residential and includes redevelopment

- c) "Development Charges" means only the Town of the Blue Mountain development charges imposed pursuant to the Development Charge by-law(s).
- d) "Total Accrued Amount" Equal to the total of the development charges and the interest that has accrued

Procedures

1) DC Rate Freeze Interest (s.26.2)

Interest shall accrue at 3.5% per annum, compounded annually, from the date the DC amount is determined under s.26.2 (e.g., the date a complete site plan or zoning by-law amendment application is accepted) to the date the DC is payable. This fixed rate is set to align with Grey County and provide certainty for applicants and administration.

2) DC Deferral Interest (s.26.1)

Interest on statutory DC deferrals shall be applied only to the extent permitted by law. Where permitted, interest accrues from the earlier of (i) the issuance of an occupancy permit, or (ii) first occupancy, to each statutory instalment due date, and is calculated in accordance with the DCA and any applicable regulations or prescribed methods. If legislation removes or prohibits interest on deferrals for any class of development, the applicable rate under this Policy shall be 0% for the period and circumstances in which interest is prohibited.

3) Prescribed Maximum (Cap) Compliance

If a maximum interest rate is prescribed by the DCA or its regulations, and the rate specified in this Policy exceeds that maximum, the prescribed maximum shall apply automatically without further Council action. If the prescribed maximum is subsequently reduced, the Town's applicable rate will automatically adjust downward to meet the new maximum.

4) Agreements & Security

Where a development is eligible for a deferral or payment schedule, the owner shall execute a DC Deferral/Payment Agreement, which may be registered on title at the Town's discretion, and shall provide security acceptable to the Treasurer. The agreement shall include default and acceleration provisions, and unpaid DCs and any applicable interest may be added to the tax roll in accordance with the DCA.

5) Administration

The Treasurer (or designate) administers this Policy, including the calculation, invoicing, and collection of DCs and any applicable interest; the maintenance of standard

calculators/templates harmonized with Grey County; and the periodic review of this Policy to ensure compliance and alignment.

6) 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.

7) 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.

The interest rates shall also be published as part of the Town's development charges pamphlet publication.

8) 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 installment payments under section 26.1 of the Act, the total accrued amount shall continue to accrue interest on the outstanding balance. This shall continue until the date the total accrued amount has been fully paid.

9) Effective Date

Upon approval by Council this policy shall take effect immediately. This policy may be repealed and/or modified by Council at any time.

10) Early Payment Agreement

- a) Under section 26.1 of the Act, the development charges shall be paid in equal annual installments for eligible development.
- b) Under section 27 (1) of the Act, an early payment agreement will be required if the person required to pay development charges chooses to pay the full development charges plus accrued interest owing prior to building permit issuance or occupancy.
- c) The Director of Corporate and Financial Services has the authority to issue and execute all early payment agreements.

11) Termination of the Installment Schedule

The remaining balance of all development charges shall be payable within 15 days immediately following the notification / determination of any of these trigger events:

- Change of use to a development type that is not eligible for a development charge installment under the Act, as of the day the change is made.
- Sale or transfer of ownership of the property unless an agreement is entered into.
- Interest will be compounded annually and begin to accrue from the date the subsequent application is made

12) Authorization to Execute Agreements

The authorization to execute agreements related to the administration of the Development Charges By-law(s) for Payment Plans and Rate Freezes as required by the Development Charges Act be given to the Director of Corporate and Financial Services.

13) Unpaid Development Charges

If any development charges (including interest) are unpaid, those development charges (including interest) may (at the direction of the Director of Corporate and Financial Services) be added to the tax roll and collected in the same manner as taxes, in accordance with section 32 of the Act.

Interest on late payments added to the tax roll shall incur at the applicable taxation interest rate.

Exclusions

N/A

References and Related Policies

N/A

Consequences of Non-Compliance

N/A

Review Cycle

As required in correspondence with the DCA, but no less than once every 5 years.

DRAFT