



Development Charge Interest Policy

Policy Manual Section: Finance

Policy Number: F-GEN-008

Authority: 287/20

Date Approved: October 27, 2020

Department Responsible: Finance

Revision Date: N/A

Review Date: November, 2022

Status: Active

Purpose:

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.

This policy will support the Town of LaSalle'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 municipal programs and services
- Continued delivery of growth-related infrastructure in a fiscally responsible manner
- Fair and equitable treatment of all stakeholders involved in delivering housing supply, including residents, businesses and developers

Policy Statement:

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

Scope:

This policy applies to the charging of interest, as permitted under sections 26.1 and 26.2 of the Development Charges Act, 1997. This includes all types of development in the Town of LaSalle:

- That are eligible for instalment payments under section 26.1 of the Development Charges Act, 1997
- 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

Definitions:

The following definitions are applicable to this Policy:

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.

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

Development Charge(s) – Town of LaSalle's development charges, including the area-specific wastewater development charges for the Reaume/Sandwich West Parkway trunk sanitary sewer.

Total Accrued Amount – Equal to the total of the development charges and interest which has accrued.

Policy:

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 installments, beginning at the earlier of first occupancy or occupancy permit under the Building Code, Act, 1992, for:

- i. Rental housing development that is not non-profit housing development
- ii. Institutional development
- iii. 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 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.

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 determined under the Town's Development Charge Bylaw on:

- i. The day an application for an approval of development under subsection 41(4) of the Planning Act was made, or
- 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.

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 maximum 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 5% shall be used.
- 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 Municipal development incentive and/or relief, current or future.

3. Amendment of 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 of LaSalle's website.

5. Computing and Prorating

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.

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 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 from the date of the issuance of a building permit.

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.

6. Effective Date

Upon approval by Council, this policy shall take effect retroactively as at January 1, 2020 at 12: 00 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 installment payments under section 26.1 of the Act, and



- Has been issued a building permit for development by the Town prior to January 1, 2021
- 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 Town prior to January 1, 2021
- 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 Town prior to January 1, 2021

Responsibilities:

Director of Finance / Treasurer

- Administer this policy, including but not limited to:
 - 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

Chief Building Official

- Enforce this policy, including but not limited to:
 - Informing the Supervisor of Revenue when development charges should be issued
 - Informing the Supervisor of Revenue if a development qualifies to have their development charge rate frozen under section 26.2 of the act
 - Informing the Supervisor of Revenue if a development qualifies to have their payments deferred under section 26.1 of the act.

Policy Review:

The Finance Department shall review, and if necessary, update this policy in conjunction with the Town's Development Charges Bylaw review every five years.

References and Related Documents:

The Town of LaSalle will meet the requirements of the Development Charges Act, 1997

- 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
- Town of LaSalle Development Charges Bylaw