

Corporate Policy



If this information is required in an alternate format,
please contact the Accessibility Co-ordinator at 905-623-3379 ext. 2131

POLICY TYPE:	Financial
SUBSECTION:	
POLICY TITLE:	Development Charges Interest Policy
POLICY #:	
POLICY APPROVED BY:	Council
EFFECTIVE DATE:	January 1, 2021
REVISED:	
APPLICABLE TO:	

1. Purpose

- 1.1 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*.
- 1.2 This policy will support the Municipality's ability to build growth-related infrastructure in a way that is financially sustainable and will help achieve the following outcomes:
 - a. Good government providing reliable programs and services
 - b. Continued delivery of complete communities in a fiscally sustainable way
- 1.3 Fair and equitable treatment of all stakeholders involved in delivering housing supply including residents, businesses and developers.

2. Scope

- 2.1 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 Municipality of Clarington:
 - a. That are eligible for instalment payments under section 26.1 of the *Development Charges Act, 1997*

- b. 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*.

3. Definitions

- 3.1 Act – The *Development Charges Act, 1997*, as amended, revised, re-enacted, or consolidated from time to time, and any successor statute.
- 3.2 Affordable Housing Development – For the purpose of this policy affordable housing developments shall qualify for, and receive funding from, the Regional Municipality of Durham specifically for the provision of affordable housing development.
- 3.3 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.
- 3.4 Development Charge(s) – The Municipality of Clarington’s development charges.
- 3.5 Total Accrued Amount – Equal to the total of the development charges and interest which has accrued.

4. Regulatory Framework

- 4.1 Under 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:
 - a. Rental housing development that is not non-profit housing development
 - b. Institutional development
 - c. Non-profit housing development

- 4.2 Subsection 26.1 (7) of the *Development Charges Act, 1997* allows a municipality to charge interest on the instalments from the date of the development charges would have been payable under section 26 of the Act, to the date the instalment is paid, at a rate not to exceed a prescribed maximum rate.
- 4.3 Subsection 26.2 (1) of the Act states that the total amount of a development charge is determined on:
- a. The day an application for an approval of development under subsection 41 (4) of the *Planning Act* was made, or
 - b. If clause (a) does not apply, the day an application for an amendment to a bylaw passed under section 34 of the *Planning Act* was made.
- 4.4 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 application referred to in paragraph 4.3 to the date the development charge is payable.
- 4.5 The Act allows a municipality to charge interest on the development charge at a rate not exceeding the prescribed maximum interest rate.

5. Policy

- 5.1 For deferred development charges per paragraph 4.1 the interest rate shall be set annually on June 30, for the period July 1 to December 31, and December 31 for the period January 1 to June 30 of the following year based on the Bank of Canada's daily bank rate + 2 per cent.
- 5.2 Notwithstanding section 5.1, for affordable housing development, the interest rate shall be 0%.
- 5.3 Notwithstanding section 5.1, for hospices qualifying for the deferral of development charges, the interest rate shall be 0%.
- 5.4 A development shall be charged interest in accordance with paragraph 5.1 on any unpaid development charges from the date that it no longer qualifies as an affordable housing development or a hospice.
- 5.5 The interest rate for development charges qualifying under paragraph 4.3 and 4.4 shall be set in the same manner as paragraph 5.1.

- 5.6 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 change to:
- a. The date the total accrued amount is fully paid, or
 - b. The date of a subsequent change in the interest rate
- 5.7 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. For the purposes of proration, a calendar year is 365 days
- 5.8 If a subsequent application(s) is made for a development:
- a. The date the subsequent application is made will become the new date under which the total amount of the development charge is determined;
 - b. All interest that had accrued prior to the subsequent application shall be deemed to be \$0;
 - c. Interest will be compounded annually and begin to accrue from the date the subsequent application is made; and
 - d. The amount of the development charges will be calculated as of the date of the subsequent application.
- 5.9 If a development was one of the eligible types of development for 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. Interest shall accrue on the outstanding balance until the total accrued amount has been fully paid.

6. Effective Date and Transition

- 6.1 This policy shall take effect on the date it is approved by Council.
- 6.2 This policy may be repealed and/or modified by Council at any time
- 6.3 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:
 - i. Still qualifies for instalment payments under section 26.1 of the Act, and
 - ii. 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:
 - i. Made after January 1, 2020, and
 - ii. 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:
 - i. Made after January 1, 2020, and
 - ii. Has been issued a building permit for development by the Municipality prior to July 1, 2020