



Policy Manual

Policy Number: FINANCE-013

Subject: DEVELOPMENT CHARGE INTEREST POLICY

Policy Statement:

Purpose / Objective

The fundamental principle of funding growth-related capital projects is that “Growth should pay for Growth”. This policy governs interest calculations to compensate for lost income that result from legislated Development Charge rates being set earlier in the planning process rather than at building permit issuance and the annual installment program for certain developments as legislated under the Development Charges Act, 1997, S.O. 1997, c. 27 (as amended from time to time) (the “DCA”).

The purpose of this policy is to establish practices for charging interest as permitted under section 26.1, 26.2 and 26.3 of the DCA.

Related Policy Guidelines

1.0 Definitions/Interpretation

1.1 Institutional Development:

A development of a building or structure intended for use:

- a) as a long-term care home within the meaning of subsection 2 (1) of the Long-Term Care Homes Act, 2007, S.O. 2007, c. 8 (as amended from time to time);
- b) as a retirement home within the meaning of subsection 2(1) of the Retirement Homes Act, 2010, S.O. 2010, c. 11 (as amended from time to time);
- c) by any of the following post-secondary institutions for the objects of the institution:
 - a. a university or college in Ontario that receives direct, regular and ongoing operating funding from the Government of Ontario,
 - b. a college or university federated or affiliated with a university described in subclause (i)
- d) an Indigenous Institute prescribed for the purposes of section 6 of the Indigenous Institutes Act, 2017, S.O. 2017 c. 34 Sched 20, (as amended from time to time);
- e) as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion; or

f) as a hospice to provide end of life care.

1.2 Non-Profit Housing:

A building or structure intended for use as residential premises by:

- a) a corporation without share capital to which the Corporations Act R.S.O. 1990 c. C.38 (as amended from time to time) applies, that is in good standing under that Act and whose primary object is to provide housing;
- b) a corporation without share capital to which the Canada Not-for-profit Corporations Act S.C. 2009 c. 23 (as amended from time to time) applies, that is in good standing under that Act and whose primary object is to provide housing; or
- c) a non-profit housing co-operative that is in good standing under the Co-operative Corporations Act R.S.O. 1990, c. C.35 (as amended from time to time).

1.3 Rental Housing:

A building or structure with four or more dwelling units all of which are intended for use as rented residential premises.

2.0 Scope

This policy is to be interpreted and applied in accordance with the requirements of the DCA and any regulations passed thereunder (“the regulations”). Terms used in the policy have the meanings applicable to those terms in the corresponding sections of the DCA and the regulations.

3.0 Administration

Statement of Policies and Goals

a) Installment Payments under section 26.1 of the DCA

Under subsections 26.1(1), (2) and (3) of the DCA, development charges shall be paid in equal installments, beginning at the earlier of first occupancy or occupancy permit under the Building Code Act, 1992, for:

- Rental Housing development that is not non-profit housing development
- Institutional development
- Non-profit housing development

b) Interest on Instalment Payments under section 26.1 of the DCA

Subsection 26.1(7) of the DCA allows a municipality to charge interest on the instalments from the date the development charges would have been payable under Section 26 of the DCA to the date the instalment is paid, at a rate not exceeding the prescribed maximum interest rate.

If a development qualifies for installment payments under section 26,1 of the DCA, 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.

The applicable interest applied to the installment payments determination shall be the rate in effect as of the occupancy date and shall remain fixed for the term of the instalment period, as long as installment payments are remitted as per the Installment Payment Schedule.

c) Development Charges Freeze under section 26.2 of the DCA

Under subsection 26.2(1) of the DCA the total amount of development charge is determined under the City of Brantford Development Charge By-law in effect on the date application is determined to be made.

d) Interest under Section 26.2 of the DCA

Under subsection 26.2(3) of the DCA, a municipality may charge interest on the development charge from the date the application is deemed received, at a rate not exceeding the prescribed maximum interest rate. The total development charge plus interest will not be greater than the development charge amount that would otherwise be payable if the rates were not frozen under section 26.2 of the DCA. All development charges are payable prior to the issuance of a building permit, unless identified under section 26.1 of the DCA.

e) Interest Rate

Interest rates will be calculated in accordance with the maximum interest rate under subsection 26.3 of the DCA.

f) Compounding and Prorating

All interest shall continue to accrue and be compounded annually beginning based on the application dates as outlined in section 26.1 and section 26.2 of the DCA until the date the total accrued amount is fully paid. A 365 day calendar year shall be used for the purpose of prorating all interest calculations

g) Late Payment Interest on Unpaid Development Charges

If any development charges (including interest) are unpaid, those development charges (including interest) may (at the discretion of the treasurer) be added to the tax roll and collected in the same manner as taxes, in accordance with section 32 of the DCA. Interest on late payments added to the tax roll shall incur the applicable taxation interest rate.

4.0 Application Made Dates

For the purpose of this policy, the following establishes the application received date(s) included under section 26.2 of the DCA:

- a) The date the application was stamped received by the Planning Department of the City of Brantford shall apply to all Site Plan Applications.
- b) The date the application is deemed complete by the Planning Department of the City of Brantford will apply to all applications to amend the Zoning By-law.

5.0 Incomplete or Unapproved Applications

For all eligible development under section 26.2 of the DCA if a Site Plan Application or Zoning By-law Amendment Application is deemed incomplete by the City of Brantford, or if said application (s) are not approved by the City of Brantford, the application(s) does not apply to section 3.0(c) of this policy.

<p>Date of Enactment: February 23, 2021</p>	<p>Related by By-law Number/ Staff Report Number: 2021-55</p>
<p>Review Date: September 13, 2023</p> <p>Amendment Dates: September 13, 2023</p>	<p>Department Responsible for Review: Finance</p>
<p>Date of Next Review: September 13, 2027</p>	<p>Applicable Legislation/ Legislative Authority: Development Charges Act</p>