

ADMINISTRATIVE DIRECTIVE

Category: Finance

Title: Development Charges Interest Rates

Directive Number: FIN-200

Approved by: CAO/CLT, C465-2020

Administered by: Finance, Corporate Services Department

Effective Date: December 9, 2020

1. Background

The Province passed significant amendments to the Development Charges Act in 2019 through the introduction of Bill 108, More Homes, More Choice Act, 2019, including the imposition of a freeze of development charge rates and phasing of development charge payments. These came into effect on January 1, 2020.

As a result of the enactment of Bill 108, DC rates are now frozen on the date as indicated on the Notice of Complete Application for the site plan application, or rezoning application if no site plan approval is required. Furthermore, residential rental and institutional development (prescribed as a long-term care home, retirement home, post-secondary institution, Royal Canadian Legion, and hospice) can now defer the first installment of their DC payment to occupancy of the building and have the remaining payments phased over five years (six DC installments in total). In the case for non-profit development, the phasing period is 20 years (21 DC installments in total).

In addition to the changes above, the Province has amended the DC Act to include Section 26.1 (7) which provides municipalities the authority to charge interest on the development charges that are subject to rate freezes and/or deferred.

2. Definitions

- 2.1 “Building Permit” means a permit under the Building Code Act, in relation to a building or structure
- 2.2 “Development Charges Deferral Agreement” means an agreement between the applicant and the City that sets out terms and the schedule for DC Deferral installment and interest payments, in a form satisfactory to the City

Solicitor and with contents satisfactory to the Commissioner of Corporate Services and Treasurer.

- 2.3 “DCs” means development charges calculated in accordance with the Development Charges Act, 1997, as amended from time to time.
- 2.4 “DC Deferral” means the deferral of DCs in accordance with section 26.1 of the Development Charges Act, 1997.
- 2.5 “DC Rate Freeze” means the freezing of the DC rate at the rate in effect on the Site Plan Application Date, or Zoning By-law Application Date if there is no site plan application, in accordance with Section 26.2 of the DCA.
- 2.6 “DC Interest Rate” means the interest rate applicable to an Eligible Applicable, determined in accordance with the rate table attached as Schedule 1.
- 2.7 “Eligible Application” means an application that is subject to the payment of interest in accordance with the following:
- a. Applications for which qualify for a DC Rate Freeze; or
 - b. Applications to which a DC Deferral applies in accordance with the terms of a Development Charge Deferral Agreement.
- 2.8 “Occupancy” means occupation of a building authorized by a permit under the Building Code Act.
- 2.9 “Site Plan Application Date” means the date a site plan application is deemed complete by the City.
- 2.10 “SOP” means Standard Operating Procedures, a supporting document with step-by-step instructions to help staff carry out routine tasks that operationalize a Council Policy or Administrative Directive, program and/or service.
- 2.11 “Zoning By-law Application Date” means the date an application for an amendment to a zoning by-law passed under Section 34 of the *Planning Act* is deemed complete.

3. Purpose

The purpose of this Administrative Directive is to establish guidelines with respect to charging interest in accordance with Sections 26.1 (7) DCA.

4. Application and Scope

This Administrative Directive applies to Eligible Applications.

4.1 Exceptions

This Administrative Directive does not apply to developments for which DCs are calculated and paid at issuance.

5. Outcomes

The intention of this Administrative Directive is to apply the DC Interest Rate consistently to all Eligible Applications.

6. Mandatory Requirements

6.1 Interest Rates

- a. The DC Interest Rate(s) apply to Eligible Applications.

6.2 Rules Regarding the DC Rate Freeze

- a. For Eligible Applications that have been subject to more than one site plan application or zoning by-law application, the later application will determine the date at which the DC rates are locked in.
- b. The DC Rate Freeze shall be in effect for two years from the date the complete application respecting an Eligible Application is received. If a building permit has not been issued with respect to an Eligible Application within two years of the date the Eligible Application was deemed complete, DCs shall be calculated at the DC rates in effect at the time of building permit issuance.
- c. DCs and applicable interest payable with respect to a DC Rate Freeze is payable at building permit issuance, in accordance with the SOP(s).

6.3 Rules Regarding DC Deferrals

- a. DCs and applicable interest payable with respect to a DC Deferral is payable at occupancy of the building, in accordance with the applicable SOP.

6.4 Additional Rules Regarding Payment of DCs and interest on Eligible Applications

- a. Interest payments respecting Eligible Applications will be calculated and administered in accordance with the applicable SOP.
- b. In the event that the DC Interest Rate is amended by Council, the new DC Interest Rate shall apply to the period of time between the DC Interest Rate amendment to building permit issuance, or a subsequent amendment to the DC interest Rate.

- c. For an Eligible Application that has qualified for a DC Rate Freeze and is eligible for a DC Deferral, the full amount of the interest on the DC Rate Freeze will be payable at the same time as the first instalment of DC deferral payment program and in accordance with SOPs.

7. Roles and Responsibilities

7.1 Council:

- a. Approve the DC Interest Rate.

7.2 Treasurer:

- a. Amend the Administrative Directive and SOP, with the exception of the DC Interest Rate.

7.3 Finance:

- a. Calculate and invoice Developers for DCs and DC Freeze Interest,
- b. Advise Development Planning Staff and Building Staff if information for this purpose has not been provided.

7.4 Building Department

- a. Not issue building permits in respect of Eligible Applications for which the DCs and DC Rate Freeze interest have not been paid in full.
- b. Provide Finance Staff with notice when the building permit is ready to be issued.

7.5 Development Services

- a. Email Finance Staff on all notices of complete application.

8. Monitoring and Compliance

Monitoring and compliance of the DC interest rate will be assigned to Finance in collaboration with the Chief Building Officer, in conjunction with the SOPs.

Failure to comply with this Administrative Directive may result in delays to the processing of building approvals.

9. References and Resources

This Administrative Directive should be read and applied in conjunction with the following references and resources as updated from time to time. Please note that some of the following documents may not be publicly available.

External references

- Development Charges Act, 1997, S.O. 1997, c. 27

References to related bylaws, Council policies, and administrative directives

- Development Charges By-law Number 129-2019
- Development Charges By-law Number 130-2019
- Development Charges By-law Number 131-2019
- Development Charges By-law Number 132-2019
- Development Charges By-law Number 133-2019
- Development Charges By-law Number 134-2019
- Development Charges By-law Number 135-2019
- Development Charges By-law Number 136-2019

References to related corporate-wide procedures, forms, and resources

- Applicable SOP(s)

Revision History

Date	Description
2020/12/09]	Approved by Council Resolution No. C465-2020
2023/12/09]	Next Scheduled Review <i>(typically three years after approval)</i>

Schedule 1
to the Development Charges Interest Rates Administrative Directive
Effective January 1, 2020

City of Brampton Development Charges Interest Rates	
Interest Rate Type	Interest Rate to be Applied
DC Rate Freeze, in accordance with Section 26.2 of the DCA	5.5%
DC Deferral, in accordance with section 26.1 DCA	0.0%