

THE CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

STAFF REPORT

DATE: August 23, 2022

TO: Committee of the Whole

FROM: Andrew Hodge, Deputy Treasurer

SUBJECT: Development Charge Interest Policy

RECOMMENDATION:

THAT Committee of the Whole recommend that the report entitled “Development Charge Interest Policy” be received;

AND THAT Committee of the Whole recommend that the “Development Charge Interest Policy”, be adopted by Council;

AND THAT Committee of the Whole recommend that Council authorize staff to do all things necessary to give effect to this resolution.

BACKGROUND:

This report is regarding the changes introduced by Bill 108, More Homes, More Choice Act, 2019 (“Bill 108”), and further amended by Bill 138, Plan to Build Ontario Together Act, 2019 (“Bill 138”), and to establish the rules and practices for charging interest for frozen DC rates and phased payments, as permitted under sections 26.1 and 26.2 of the Development Charges Act, 1997, as amended.

DISCUSSION:

Development Charges are an important source of revenue to fund growth-related infrastructure. Bill 108 amended the Development Charges Act, 1997, and the Planning Act, in ways that impact how municipalities determine and collect development charges. The sections of Bill 108 pertaining to the freezing of rates and phased payments for certain types of development came into effect on January 1, 2020. Prior to these changes, development charges were typically calculated and charged at prevailing rates at the time of building permit issuance. Bill 138 amended the Development Charges Act, 1997 to reverse some of the changes from Bill 108, through limiting the types of development that would be eligible to pay development charges in annual installments to rental housing, institutional and non-profit housing developments. Office and industrial development are not eligible to pay development charges in annual installments.

DC rates are now to be frozen at the site plan or zoning bylaw application date and allows municipalities to charge interest on frozen and phased development charges. Once an application is approved, building permit issuance must occur within two years to maintain the frozen rate. If the two-year period elapses, the prevailing development charge rates in effect at the time the permit is issued will be applied. The most transparent methodology to allow municipalities to communicate and apply the interest rate to be charged is to formally adopt a DC Interest Policy.

OPTIONS:

Option A. Adopt the Development Charge Interest Policy as attached and begin charging and collecting interest on Development Charges being collected through installments as applicable starting July 1st, 2022.

Option B. Have no Development Charge Interest Policy and have no interest amount applied to Development Charges being paid through installments to the municipality.

FINANCIAL IMPLICATIONS:

The Development Charge Interest Policy will allow the municipality to charge and collect interest on the Development Charges being paid to the municipality through installments. Interest not charged and collected on these installment amounts would need to be mitigated either with another form of revenue such as property taxes, or through a corresponding reduction in spending during future annual budgeting processes. Adopting an Interest Rate Policy is meant to ensure that the municipality remains revenue neutral regarding the changes to the Development Charges Act, 1997 and, is consistent with good fiscal policy.

SUMMARY:

The adoption of a Development Charge Interest Policy will ensure the municipality can charge and collect interest on Development Charges being paid through installment payments as of July 1st, 2022.

Respectfully submitted by,

Reviewed by:

Andrew Hodge,
Deputy Treasurer

Ken Kelly,
CAO

Jeff Letourneau,
Director Corporate Services & Treasurer

ATTACHMENTS:

1. Development Charge Interest Policy