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Development Charge Interest Policy

Purpose

The purpose of this policy is to establish a framework for determining the interest rate that can be applied to Development Charges, as permitted under sections 26.1 and 26.2 of the *Development Charges Act*, 1997.

Applicability

This policy applies only to Development Charges administered in compliance with the current Development Charges By-law enacted under the authority of the *Development Charges Act* that are subject to interest charges.

Definitions

Municipality: means the Municipality of Middlesex Centre.

Treasurer: means the individual appointed by Municipal Council in accordance with the *Municipal Act*, 2001.

Development Charge: means any Development Charge that may be imposed pursuant to a by-law enacted under the authority of the *Development Charges Act*, 1997 S.O. 1997, c.27, as amended.

D.C.A.: *Development Charges Act*, 1997 S.O. 1997, c.27, as amended.

Development Charge freeze period: the time between Site Plan or Zoning By-law Amendment application and building permit issuance.

Policy

The following approach establishes the Policy for Development Charge Interest:

1. For the purposes of charging interest in accordance with Section 26.2 of the D.C.A.:

- a. The interest rate will be established based on the average prime rate as determined under section 26.3 of the D.C.A., plus one percentage point.
2. For the purposes of charging interest in accordance with Section 26.1 of the D.C.A.:
 - a. The interest rate will be established based on average prime rate as determined under section 26.3 of the D.C.A., plus one percentage point.
 - b. The interest rate shall be established at the earlier of when the Development Charge is calculated or when the first payment is due. The established interest rate shall remain in effect until the final payment is received.
 - c. Interest accruing on the unpaid balance shall be compounded annually.
3. The Treasurer or designate is authorized to execute the administrative actions necessary to implement the Development Charges interest rate.