

<b>Finance Policy</b>	<b>Section:</b> Development Charges
<b>Policy:</b> Interest on Development Charges	<b>Effective:</b> November 6, 2024
<b>Application:</b> Individuals or others	<b>Approved:</b> November 5, 2024
<b>Exclusion(s):</b> N/A	<b>By-law:</b>
<b>Supersedes:</b> Resolution 60/2022	<b>Resolution:</b>

### **Purpose**

The purpose of this policy is to establish a financial risk management 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.

### **Scope**

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. Interest charges may be applied against lump sum payments and instalment payments.

Subsection 26.1 and Subsection 26.2 establish that a Municipality may charge interest on development charges from the date the development charges would have been payable to the date the development charges are paid.

## 1. Definitions

- 1.1 **D.C.A** means the Development Charges Act, 1997.
- 1.2 **Municipality** means The Corporation of the Municipality of Port Hope
- 1.3 **Treasurer** means the individual appointed by Municipal Council in accordance with the Municipal Act, 2001.
- 1.4 **Average Prime Rate** has the same meaning as defined in subsection 26.3 (1) of the D.C.A.

## 2. Policy

Interest is charged in accordance with Section 26.1 and Section 26.2 of the D.C.A.

### 2.1 Interest Rate

- a) The interest rate applied in respect of any particular day will be the maximum rate of interest permissible under paragraph 3 of subsection 26.3 (2) of the D.C.A. (i.e., Average Prime Rate plus 1 percentage point).
- b) The interest rate will be updated quarterly in accordance with the adjustment dates prescribed in subsection 26.3 (2) of the D.C.A.

### 2.2 Calculation and Timing of Interest

- a) The interest will be accrued on a quarterly basis on the unpaid balance.
- b) Interest is on a per annum basis.

## 3. Responsibilities

The Finance Department, Treasurer or designate shall review, and if necessary, update this policy on an annual basis or in conjunction with the Municipality's Development Charges By-law review.

The Treasurer, or designate is authorized to execute the administrative actions necessary to implement the Development Charges interest rate.