

*MUNICIPALITY OF PORT HOPE
RESOLUTION*

Date: 20 September 2022

60/2022

MOVED BY: _____

SECONDED BY: _____

WHEREAS the Council of the Municipality of Port Hope considered the proposed Amending Development Charges By-law as outlined in the 2022 Development Charges Update Study on September 6, 2022, and approved a resolution to be presented at the September 20, 2022 Council meeting to approve the Development Charges Update Study, subject to further annual review during the capital budget process;

AND WHEREAS the Council of the Municipality of Port Hope, at the September 6, 2022 Council Meeting, approved the presentation of the proposed Amending Development Charges By-law for adoption at the September 20, 2022 Council Meeting;

AND WHEREAS the proposed Amending Development Charges By-law as set out in the Development Charges Update Study highlighted the need to implement a policy with respect to Interest on Development Charges;

NOW THEREFORE BE IT RESOLVED THAT Council adopt the proposed Interest on Development Charges Policy attached hereto as Appendix "A".

Mayor Bob Sanderson

Finance Policy	Section: Finance
Policy: Interest on Development Charges	Effective: September 20, 2022
Application: Individuals or others	Approved: September 20, 2022
Exclusion(s): N/A	By-law:
Supercedes:	Resolution: 60/2022

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 **Prime Rate** means the prime rate established by the Bank of Canada.

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 will be calculated as Prime Rate plus 2 percentage points on January 1st of the year.
- b) The interest rate established on an application will be the interest rate calculated in the year of the application in 2.1 (a).
- c) The interest rate will be established at the earlier of:
 - (i) Date of calculation of development charges.
 - (ii) Date the first payment is due.
- d) The established interest rate shall remain until the final payment is received unless:
 - (i) The difference between the established interest rate and the current interest rate is greater than 2 percentage points in a succeeding year.

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.