

The Corporation of the Town of Grand Valley
2026-53

By-law to adopt a Development Charge Interest Rate Policy.

WHEREAS Section 26.1(7) of the Development Charges Act, 1997, S.O. 1997, c. 27 states that a municipality may charge interest on the annual development charge instalments due and payable for specified types of developments,

AND WHEREAS The Town of Grand Valley wishes to establish a policy for the management of those interest charges,

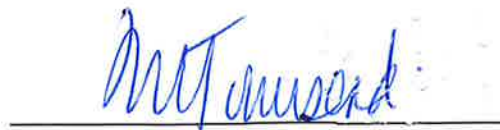
NOW THEREFORE the Council for the Corporation of the Town of Grand Valley enacts as follows:

- 1) THAT the Development Charges Interest Rate Policy be adopted in the same or substantially the same format as the policy attached as Schedule A to this By-law;
- 2) THAT this Policy shall come into effect as of the date of the passing of this by-law.
- 3) THAT By-Law 2021-26 and any previous by-laws are hereby repealed and replaced in its entirety by this by-law.

By-law given the necessary readings and passed this 22nd of September, 2026.

A blue ink signature of Steve Soloman, Mayor, written over a horizontal line.

Steve Soloman, Mayor

A blue ink signature of Meghan Townsend, Clerk, written over a horizontal line.

Meghan Townsend, Clerk

Schedule “A” – By-Law 2026-53



TOWN OF GRAND VALLEY Development Charge Interest Policy

Submission Date:	September 22, 2026
Approved By:	Council
Approval Date:	September 22, 2026
Effective Date:	September 22, 2026
By-Law Number:	2026-XX
Next Revision Due:	as required

1. PURPOSE

This policy sets out the Town of Grand Valley's policy regarding the application of interest on Development Charges (DCs) in accordance with the *Development Charges Act, 1997*. The Policy addresses the timing of DC rate determination, collection, and payment, and outlines the circumstances under which interest will be charged on DCs, including the DC rates used in the interest calculation, the applicable interest rates, and the methodology for calculating interest.

2. BACKGROUND

Section 26.1 of the *Development Charges Act, 1997* (DCA) provides for mandatory instalment payments of DCs for Rental Housing Developments and Institutional Developments. It also provides for DCs for Residential Developments to be payable at the time of occupancy. Recent amendments to the DCA provide that interest shall not be imposed on developments subject to section 26.1 of the DCA, effective November 3, 2025.

Section 26.2 of the DCA establishes that DCs for developments proceeding through site plan or zoning by-law amendment applications are determined based on the rates in effect on the date of application. The legislation permits municipalities to impose interest on those frozen rates in accordance with the DCA.

This Policy establishes the circumstances under which interest will be imposed, the applicable interest rates, and the timing and methodology for calculating interest. This ensures that the Town of Grand Valley (Town) is compensated through interest income for the financial impacts resulting from the frozen DC rates under section 26.2 of the DCA, supporting the principle that growth in the Town should pay for the cost of that growth.

3. DEFINITIONS

The following terms and definitions apply to this policy:

- a. **Act:** means the *Development Charges Act, 1997 S.O. 1997, c.27* as amended.
- b. **Adjustment Date:** January 1, April 1, July 1 or October 1.
- c. **Base Rate:** on a particular date, means the mean, rounded to the nearest hundredth of a percentage point, of the annual rates of interest announced by each of the Royal Bank of Canada, The Bank of Nova Scotia, the Canadian Imperial Bank of Commerce, the Bank of Montreal and The Toronto-Dominion Bank to be its prime or reference rate of interest in effect on that date for determining interest rates on Canadian dollar commercial loans by that bank in Canada.
- d. **Development Charges:** any Development Charges that may be imposed by the Town pursuant to a By-law enacted under the authority given to the Town under the *Development Charges Act, 1997 S.O. 1997, c.27* as amended.
- e. **Early Payment Agreement:** an agreement between the Town and a developer who is required to pay Development Charges (DC), providing for the Development Charges to be paid earlier than it would otherwise be payable. The agreement can also include the County of Dufferin.
- f. **Institutional Development:** Development of a building or structure intended for use:
 - (i) As a long-term care home within the meaning of subsection 2 (1) of the *Fixing Long-Term Care Act, 2021* or subsequent legislation;
 - (ii) As a retirement home within the meaning of subsection 2 (1) of the *Retirement Homes Act, 2010* or subsequent legislation;
 - (iii) By any of the following post-secondary institutions of the objects of the institution:
 - A university in Ontario that receives direct, regular and ongoing operating funding from the Government of Ontario,
 - A college or university federated or affiliated with a university described above, or
 - An Indigenous Institute prescribed for the purposes of section 6 of the *Indigenous Institutes Act, 2017* or subsequent legislation;
 - (iv) As a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion; or
 - (v) As a hospice to provide end-of-life care.
- g. **Maximum Interest Rate:** shall be determined in accordance with the following rules:
 - a. A Base Rate of interest shall be determined for April 1, 2022 and for each Adjustment Date after April 1, 2022. The Base Rate shall be equal to the average prime rate on,
 - (i) October 15 of the previous year, if the Adjustment Date is January 1,
 - (ii) January 15 of the same year, if the Adjustment Date is April 1,
 - (iii) April 15 of the same year, if the Adjustment Date is July 1, and
 - (iv) July 15 of the same year, if the Adjustment Date is October 1.

- b. The Base Rate of interest in effect on a particular date shall be,
 - (i) the Base Rate for the particular date, if the particular date is an Adjustment Date, and
 - (ii) the Base Rate for the last Adjustment Date before the particular date, otherwise.
- c. The Maximum Interest Rate that may be charged, in respect of a particular day after June 1, 2022, shall be an annual interest rate that is one percentage point higher than the Base Rate of interest in effect for that day.
- h. **Rental Housing Development:** means Development of a building or structure with four or more residential units, all of which are intended for use as rented residential premises.
- i. **Residential Development:** means a development of a building or structure, or portion thereof containing one or more dwelling units, as defined in the Town's DC By-law.
- j. **Town:** the Corporation of the Town of Grand Valley.
- k. **Treasurer:** the individual appointed by Town Council in accordance with the *Municipal Act, 2001*.

4. SCOPE

This Policy applies only to DCs that are subject to interest charges for all departments of the Town and is administered in accordance with the current Development Charges By-law enacted under the authority of the *Development Charges Act, 1997*, as amended or subsequent legislation. The Policy also summarizes the provisions of the Act regarding the timing of payment for Residential Developments that came into force after the Town's current DC By-law was adopted and are not reflected in that by-law.

5. DEVELOPMENT CHARGE RATE CALCULATION

- a. The *Development Charges Act, 1997* requires DCs to be determined on:
 - (i) The date a complete application is received for site plan control under the *Planning Act*, if applicable.
 - (ii) If clause (i) does not apply, the day a complete application is received for a zoning by-law amendment under the *Planning Act*, if applicable.
 - (iii) If both clauses (i) and (ii) above apply, the later of the dates on which the applications in clauses (i) and (ii) are received.
 - (iv) If both clauses (i) and (ii) above do not apply, the day of the building permit issuance.
- b. After the DC rate is calculated under (i), (ii), or (iii) above, the rate remains frozen for up to 18 months from the date the application was approved for applications received and approved after June 5, 2024. After this 18-month period has elapsed, if the first building permit has not been issued on the development, the timing of calculation of DCs will revert to the time of building permit issuance.

6. DEVELOPMENT CHARGE DEFERRED PAYMENTS

- a. Institutional Developments and Rental Housing Developments are to pay DCs owing over six (6) equal annual instalments.
- b. Timing of payment of first instalments is based on the earlier of the date of first

occupancy permit issuance and the date the building was first occupied.

- c. Timing of payment of second and all subsequent instalments shall be based on the annual anniversary date determined under subsection 6.b. above.
- d. Timing of payment of DCs for other Residential Developments shall be based on the date of first occupancy permit issuance.

7. INTEREST RATE

- a. The Act allows municipalities to impose interest on charges determined when a site plan or zoning by-law amendment application was made under S.26.2 or for deferred payments under S.26.1.
- b. The Town shall apply the Maximum Interest Rate in accordance with this Policy and the Act.
- c. For deferred payments under S.26.1 of the Act, the interest rate shall be established and begin accruing at the date of building permit issuance. The established interest rate shall accrue until November 2, 2025. Interest will not accrue as of November 3, 2025.
- d. For developments where DC rates were frozen upon site plan application or zoning by-law amendment under S.26.2 of the Act, the interest rate shall be established and begin to accrue on the date the DC rates were frozen and shall remain in effect until the building permit issuance. Notwithstanding the foregoing, the total charge payable at building permit issuance, including interest, shall not be greater than the charge that would be calculated at building permit issuance if S.26.2 of the Act did not apply.
- e. Simple interest shall accrue from the date of rate determination in accordance with this Policy and the Act.
- f. No interest shall be charged if DCs are determined and paid at building permit issuance.
- g. The Treasurer, Deputy Treasurer or designate is authorized to execute the administrative actions necessary to implement the DC interest rate.

8. EARLY PAYMENT AGREEMENTS

- a. Section 27(1) of the Act allows for DCs to be paid at an earlier date than would otherwise be required under the Act. Early Payment Agreements may be offered where a person required to pay DCs wishes to make payment earlier than otherwise required under the Act. This results in a reduction in interest owing, as calculated in this Policy.
- b. Institutional Developments, Rental Housing Developments, and Residential Developments may pay DCs earlier than otherwise required under S.26.1 of the Act without entering into an Early Payment Agreement.
- c. For developments subject to S.26.2 of the Act, where part b. above does not apply, Early Payment Agreements are available requiring payment of full DCs owing at building permit issuance.
- d. The Treasurer, Deputy Treasurer or designate is authorized to execute the administrative actions and agreements necessary to implement DC Early Payment Agreements.
- e. The Town will coordinate requests for DC Early Payment Agreements with the County of Dufferin.

9. NON-COLLECTION OF PAYMENTS

If DCs owing remain unpaid after they are payable, the amount unpaid, including any interest payment, shall be added to the property tax roll and shall be collected in the same manner as taxes.

10. REVIEW PERIOD

The Town will review and, if necessary, update this Policy at least every term of Council.