

Development Charges Interest Policy – Under sections 26.2 and 26.3 of the *Development Charges Act, 1997*

Approved By: Regional Council

Approved On: June 26, 2025

Policy Statement

A policy governing the charging of interest, as permitted under sections 26.2 and 26.3 of the *Development Charges Act, 1997*.

Application

This policy applies to the charging of interest, as permitted under sections 26.2 and 26.3 of the *Development Charges Act, 1997*. This includes all types of development in York Region:

- Under section 26.2 of the *Development Charges Act, 1997*, where an application has been made for:
 - Approval of development in a site plan control area under subsection 41(4) of the *Planning Act, 1990*, or
 - An amendment to a bylaw passed under section 34 of the *Planning Act, 1990*

Purpose

The purpose of this policy is to establish the rules and practices for charging interest, as permitted under sections 26.2 and 26.3 of the *Development Charges Act, 1997*.

This policy will support York Region's ability to build growth-related infrastructure in a way that is fiscally sustainable and will help achieve the following outcomes:

- Good government providing reliable Regional programs and services
- Continued delivery of complete communities in a fiscally sustainable way
- Fair and equitable treatment of all stakeholders involved in delivering housing supply, including residents, businesses, municipalities and developers

Definitions

Act: The *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended, revised, re-enacted or consolidated from time to time, and any successor statute.

Development: The construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or changing the use from non-residential to residential or from residential to non-residential and includes redevelopment.

Development charges: The Region's development charges, including any area-specific development charges.

Development Charges Rate Certificate: A certificate issued by the local municipality, on behalf of the Region, setting out the date of a complete application under section 34 or section 41(4) of the *Planning Act, 1990*.

Total accrued amount: Equal to the total of the development charges and interest which has accrued.

Description

1. Legislative Framework

a) Development Charge Freeze under section 26.2 of the Act

Under subsection 26.2(1) of the Act, the total amount of a development charge is determined under the Region's Development Charge Bylaw on:

- i) The day an application for an approval of development under subsection 41(4) of the *Planning Act* was made, or
- ii) If clause (i) does not apply, the day an application for an amendment to a bylaw passed under section 34 of the *Planning Act* was made.

b) Interest under section 26.2 of the Act

Under subsection 26.2(3) of the Act, a municipality may charge interest on the development charge from the date of the application referred to in clause c(i) or

c(ii) to the date the development charge is payable, at a rate not exceeding the maximum interest rate determined in accordance with subsection 26.3 of the Act.

c) **Maximum Interest Rate under section 26.2**

The rules for determining the maximum interest rate are prescribed under section 26.3 of the Act. The maximum interest rate being the average prime rate, as defined under the Act, plus 1%.

2. Interest Rate Charged

The interest rate that will be charged is the maximum interest rate permitted under section 26.3 of the Act, at the time a “Development Charges Rate Certificate” is issued. This rate will be used for the duration of the agreement, except instances where a subsequent application for the same development has been made. If section 26.3 is repealed, an interest rate of 5% will be used.

For any developments that were issued a “Development Charges Rate Certificate” on or after June 1, 2022, and so long as a subsequent application is not made, an interest rate, the lower of the maximum permitted rate under section 26.3 of the Act and 5% will be used until the development charges are fully paid. For these developments, if a subsequent application is made, the interest rate charged will be the maximum interest rate permitted under section 26.3 of the Act.

3. A Compounding/Simple Interest and Prorating

For any developments issued a “Development Charges Rate Certificate” prior to November 28, 2022, interest will be compounded annually and will accrue from the date of the applicable application until November 28, 2022. As at that date, simple interest will accrue.

For any developments that were issued a “Development Charges Rate Certificate”, on or after November 28, 2022, simple interest will accrue from the date of the applicable application until the date the total accrued amount is fully paid.

In either case, a 365-day calendar year will be used for prorating.

Developments issued a “Development Charges Rate Certificate” prior to November 28, 2022

a) **Subsequent Applications**

If a subsequent application is made for a development prior to November 28, 2022:

- The date the subsequent application is made will become the new date under which the total amount of the development charge is determined

- All interest that had accrued prior to the subsequent application will be deemed to be zero
- Interest will be compounded annually and begin to accrue from the date the subsequent application is made until November 28, 2022, and on or after this date, simple interest will accrue

If a subsequent application is made for a development on or after November 28, 2022:

- The date the subsequent application is made will become the new date under which the total amount of the development charge is determined
- All interest that had accrued prior to the subsequent application will be deemed to be zero
- Simple interest will begin to accrue from the date the subsequent application is made

Developments issued a “Development Charges Rate Certificate” on or after November 28, 2022

a) Subsequent Applications

If a subsequent application is made for a development:

- The date the subsequent application is made will become the new date under which the total amount of the development charge is determined
- All interest that had accrued prior to the subsequent application will be deemed to be zero
- Simple interest will accrue from the date the subsequent application is made

4. Capping Provision

Notwithstanding anything else in this policy, the Total Accrued Amount owed and due will not exceed the development charges calculated, based on prevailing rates at the time the development charges would be ordinarily due, for the applicable development. For greater clarity, this means that the frozen development charges rate, plus interest on that amount, will not be higher than the development charges calculated at the prevailing rates.

5. Transition

To allow for a transition period, this policy does not apply to any development where:

- a) An application under sections 34 or 41(4) of the *Planning Act* is not required, but:
 - Has been issued a building permit for development by a local municipality prior to July 1, 2020
- b) An application under subsection 41(4) of the *Planning Act* is:
 - Made after January 1, 2020, and
 - Has been issued a building permit for development by a local municipality prior to July 1, 2020
- c) An application for an amendment to a bylaw passed under section 34 of the *Planning Act* is:
 - Made after January 1, 2020, and
 - Has been issued a building permit for development by a local municipality prior to July 1, 2020

6. Grace Period

Where the local municipality has provided certification and a grace period for the payment of the total accrued amount payable, the Region may provide a grace period matching that of the local municipality, but not to exceed 14 calendar days.

For greater clarity, this grace period, if provided, would only apply to the total accrued amount payable under section 26.2 of the Act.

In the event a grace period is provided by the Region, and the total accrued amount payable is not paid within this time, the new total accrued amount payable will include the number of days in the grace period and no further grace period will be provided.

7. Publication and Notification

Upon Council approval, this policy will be made available on the Region's [development charges website](#).

8. Effective Date

This revised policy will take effect the day it is passed by Regional Council and may be repealed by the Region at any time.

Responsibilities

Director, Treasury Office, Finance Department

- Administer this policy, including but not limited to:
 - Assisting stakeholders in determining the total amount of the development charge that would be determined under the bylaw and the applicable interest rate that would apply
 - Ensure the total accrued amount is being charged and collected when due, and that it does not exceed the prevailing DC rates
- Work with local municipalities to ensure the policy is administered correctly

Director, Corporate Shared Financial Services, Finance Department

- Collect all development charges, including interest, when due and payable

Compliance

The **Director, Treasury Office**, shall ensure compliance with the Act, the development charges bylaw, this policy and all other legislative requirements.

The **Director, Treasury Office** will monitor all development applications, and in consultation with the **local municipality** ensure the correct amount of the development charge is being used.

The **Director, Treasury Office** will ensure that this policy is being administered correctly.

The **Director, Corporate Shared Financial Services**, in consultation with the **Director, Treasury Office** and the **local municipality**, will ensure the correct amount is being used to determine the total development charge collections, and that the correct amount of interest has been received.

Reference

Legislative and other authorities

- [Development Charges Act, 1997, S.O. 1997, c. 27](#)
- [Ontario Regulation 82/98](#)
- [York Region Development Charges Bylaw No. 2022-31](#)

- [Nobleton Area-Specific Development Charges Bylaw No. 2021-34](#)
- [Fees and Charges for Services and Activities Bylaw 2020-04](#)
- [Bill 17, Protect Ontario by Building Faster and Smarter Act, 2025](#)
- [Council Report, 2026 Development Charges Bylaw - Update, June 26, 2025](#)

Contact

Title	Director, Treasury Office
Branch	Treasury Office
Department	Finance Department

Approval

Council Date: June 26, 2025	Committee Date: June 12, 2025
Council Minute Item: H.1	Committee Minute Item: I.2.2

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