


Development Charge Interest Rate Policy

Regional Council Meeting

July 9, 2020



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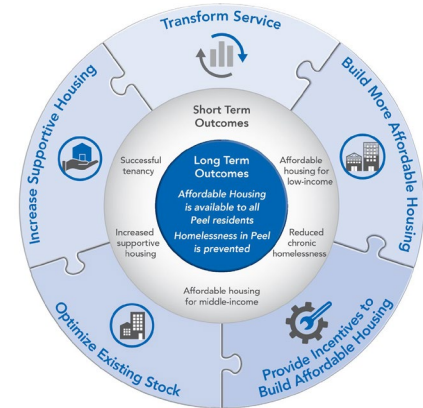
- ❑ **The report titled “Development Charge Interest Rate Policy – Bill 108” was deferred from the March 12, 2020 Regional Council agenda to a future Regional Council meeting by July 9, 2020.**

- ❑ **Ongoing Collaboration and Engagement**
 - Three focus group meetings were held prior to March 12 amongst Finance staff from the Region and the local municipalities.
 - Since March 12 three Inter-Municipal Working Group meetings have been held with local municipalities’ staff across multiple disciplines.

- ❑ **Outcomes :**
 - ✓ General agreement on rate setting rationales and principles for DC Freeze
 - ✓ Local municipal staff support the proposed regional DC freeze interest rate of 5.5%
 - ✓ The Region has responsibilities for funding Affordable Housing (primarily Social Housing)
 - ✓ Local Municipal and Regional policy for DC deferral interest rates may differ

Change in the Provincial Policy Landscape

- **Bill 108, More Homes, More Choice Act, 2019:** The Province is seeking to increase the supply of housing and to tackle Ontario's housing crisis.
- **The Region supports this goal:**
 - ❑ Council approved the Housing Master Plan in 2019
 - ❑ The Region has initiated the development of an Affordable Housing Incentives Pilot Program.



Legislation Changes: DC Freeze and Deferral



DC Freeze

- When a site plan application is made
- When a zoning by-law amendment application is made



DC Deferral

- Rental housing development that is not non-profit housing development (6 annual installments)
- Institutional development (6 annual installments)
- Non-profit housing development (21 annual installments)

Policy Principles and Objectives



- Growth Pays for Growth
- Financial Risk Management
- Advance and Support Council Priorities
- Predictability
- Non-Punitive
- Ease of Administration

Proposed DC Freeze Interest Rate

Section 26.2(3) of the DCA

- “Where...applies, the municipality may charge interest on the development charge, at a rate not exceeding the prescribed maximum interest rate, **from the date of the application referred to in the applicable clause to the date the development charge is payable.**”



DC Freeze Interest Rate

- Proposed rate of **5.5%** per annum
- Building permits issued **prior to August 1st, 2020** will have a rate of **0%** per annum



To recover additional costs associated with the DC freeze

Interest rates effective immediately and retroactively as of January 1st, 2020.

Rental Housing Need in Peel

- ❑ 32% of all households cannot secure housing that costs less than 30% of their income
- ❑ About 25% of all households in Peel are renters
- ❑ Rental vacancy rate is 1.2% and new purpose-built rental stock has only increased by 2.1% (800 units 2011—2019)
- ❑ Variety of built forms are needed to contribute to a healthy future rental stock
- ❑ Regional housing program would be supported by financial tools available through the Development Charges Policies

Snapshot – Other Regional Municipalities

Neighbouring Regional Municipalities	DC Deferral
York	0% deferral rate per York Deferral Policy
Halton	0% deferral rate per Halton Deferral Policy
Waterloo	Work-in-progress
Durham	10.3-24 Work-in-progress

Proposed DC Deferral Interest Rate Policy

Section 26.1(7) of the DCA

- “A municipality may charge interest on the instalments required...**from the date the development charge would have been payable in accordance with section 26 to the date the instalment is paid, at a rate** not exceeding the prescribed maximum interest rate.”



DC Deferral Interest Rate

- Proposed rate of **0%** per annum
 - Mandatory DC Payment Agreement
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- **To support increased affordable housing supply**
 - **Not all eligible developments are considered as affordable housing units**
 - **The Act contemplates one single rate**

- ❑ Work with local municipalities to implement new policies
- ❑ Monitor and evaluate effectiveness of program
- ❑ Review policy with each Development Charge By-law review
- ❑ Amend policy as necessary to ensure ongoing effectiveness of program
- ❑ Interest rates updated periodically