



Development Charges Implementation Policy

Department: Financial Services

Effective Date: November 26, 2024

Council Approval: November 26, 2024

1. Policy Statement

This Policy is to summarize the development charge (D.C.) by-law implementation policies related to D.C. exemptions that are in effect but may not be included within the City's D.C. by-laws due to changes in D.C. legislation since the by-laws were passed. This Policy also establishes a financial risk management framework governing the charging of interest, as permitted under sections 26.1, 26.2, and 26.3 of the Development Charges Act (D.C.A.) that provides a transparent process while protecting the City's financial interests.

This Policy will support the City of Cornwall's ability to invest and build growth-related infrastructure for an expanding population and employment base in a way that is transparent and fiscally sustainable.

The fundamental principle of funding growth-related capital costs is that 'growth should pay for growth'. This Policy serves to ensure that there is compensating interest income to fund the lost D.C.s that will result from the D.C. rate freeze and deferred payment requirements.

This Policy will support the City of Cornwall's ability to build growth-related infrastructure in a way that is fiscally sustainable and will help to achieve the following objectives:

- Reliable delivery of growth-related City programs and services.
- Continued delivery of complete communities in a financially sustainable way.

- Fair and equitable treatment of all stakeholders involved in delivering housing supply, including residents, businesses and developers.

This Policy applies to all building permit applications and to development applications that are eligible for a D.C. deferral and/or D.C. freeze provided in Section 26.1 and Section 26.2 of the D.C.A., respectively.

The City currently imposes City-wide D.C.s through by-law 2023-027 that was passed on March 27, 2023 and by-law 2020-112 that was passed on September 14, 2020 for sanitary sewage services within the Brookdale Avenue North Corridor.

2. Definitions

For the purpose of this Policy, the following definitions shall apply:

02.01 Adjustment Date – means January 1, April 1, July 1 or October 1

02.02 Affordable Residential Unit – means:

Affordable residential unit, rented:

- a) A residential unit intended for use as a rented residential premises shall be considered to be an affordable residential unit if it meets the following criteria;
 - i. The rent is no greater than the lesser of,
 - the income-based affordable rent for the residential unit set out in the Affordable Residential Units bulletin, and
 - the average market rent identified for the residential unit set out in the Affordable Residential Units bulletin
 - ii. The tenant is dealing at arm’s length with the landlord.

Affordable residential unit, ownership:

- a) A residential unit not intended for use as a rented residential premises shall be considered to be an affordable residential unit if it meets the following criteria;
 - i. The price of the residential unit is no greater than the lesser of,
 - the income-based affordable purchase price for the residential unit set out in the Affordable Residential Units bulletin, and
 - 90 per cent of the average purchase price identified for the residential unit set out in the Affordable Residential Units bulletin,

- ii. The residential unit is sold to a person who is dealing at arm's length with the seller.
- 02.03 Affordable Residential Units Bulletin – means the bulletin entitled the “Affordable Residential Units for the Purposes of the *Development Charges Act, 1997* Bulletin”, as it is amended from time to time, that is published by the Minister of Municipal Affairs and Housing on a website of the Government of Ontario
- 02.04 Average Prime 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.
- 0.2.05 Attainable Residential Unit – shall be considered to be an attainable residential unit if it meets the following criteria:
 - a) The residential unit is not an affordable residential unit.
 - b) The residential unit is not intended for use as a rented residential premises.
 - c) The residential unit was developed as part of a prescribed development or class of developments.
 - d) The residential unit is sold to a person who is dealing at arm's length with the seller.
 - e) Such other criteria as may be prescribed
- 02.06 Development – means 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 the effect of increasing the size of usability thereof, and includes redevelopment.
- 02.07 Development Charge – a charge imposed against land pursuant to any City Development Charges By-law.
- 02.08 Development Charge Deferral – requirement for qualifying developments to spread D.C.s over multiple annual installment payments as defined in Section 26.1 of the D.C.A.
- 02.09 Development Charge Freeze – locking in D.C. rates as defined in Section 26.2 of the D.C.A.
- 02.10 Development Charges Act (D.C.A.) – the Development Charges Act, 1997, as amended and all regulations thereto.

- 02.11 Early Payment Agreement – a municipality may enter into an agreement with a person who is required to pay a D.C. providing for all or any part of the charge to be paid before it would otherwise be payable (as referred to in Section 27 of the D.C.A.).
- 02.12 Eligible Developments – defined under Sections 02.13 and 02.14, as per Subsection 26.1(2) of the D.C.A.
- 02.13 Institutional Development for the purposes of this Policy only, is defined as per O.Reg 82/98 meaning development of a building or structure intended for the following uses:
- a) as a long-term care home within the meaning of subsection 2 (1) of the Fixing Long-Term Care Act, 2021;
 - b) as a retirement home within the meaning of subsection 2 (1) of the Retirement Homes Act, 2010;
 - c) by any of the following post-secondary institutions for the objects of the institution:
 - i. a university in Ontario that receives direct, regular and ongoing operating funding from the Government of Ontario,
 - ii. a college or university federated or affiliated with a university described in subclause (i), or
 - iii. an Indigenous Institute prescribed for the purposes of section 6 of the Indigenous Institutes Act, 2017;
 - d) as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion; or
 - e) as a hospice to provide end of life care.
- 02.14 Interest Rate – is the maximum interest rate defined in paragraph 3 of subsection 26.3 (3) of the D.C.A.: The maximum rate of interest 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.
- 02.15 Non-Profit Housing Development for the purposes of this Policy only, is defined as per the D.C.A. meaning development of a building or structure intended for use as residential premises and developed by:
- a) a corporation to which the Not-for-Profit Corporations Act, 2010 applies, that is in good standing under that Act and whose primary object is to provide housing,
 - b) a corporation without share capital to which the Canada Not-for-profit Corporations Act applies, that is in good standing under that Act and whose primary object is to provide housing, or
 - c) a non-profit housing co-operative that is in good standing under the Co-operative Corporations Act.

- 02.16 Occupancy – the earliest of either (1) the date on which an Occupancy Permit or a Partial Occupancy Permit is issued by the City of Cornwall, or (2) the earliest date on which the use or intended use of a building or part of a building for the shelter or support of persons, animals or property commences.
- 02.17 Planning Act – the Planning Act, R.S.O. 1990 c. P.13, as amended.
- 02.18 Rental Housing Development for the purposes of this Policy only, is defined as per the D.C.A. meaning development of a building or structure with four or more residential units all of which are intended for use as rented residential premises.
- 02.19 Total Accrued Amount – equal to the total of the development charges and the interest that has accrued.

3. Purpose / Application

The purpose of this policy is provide clarity and guide the implementation of the D.C. by-laws and the rules and procedures for charging interest, as permitted under sections 26.1, 26.2, and 26.3 of the D.C.A. and included in Sections 3.19 to 3.23 of by-law 2023-027. This Policy does not supersede the provisions of the D.C. or those set out in the City’s development charge by-laws.

4. Legislative Framework

Since 2020 when by-law 2020-112 was passed, there have been a number of amendments to the D.C.A. Some of these amendments have resulted in policies that are currently in effect and must be adhered to but are not reflected in by-law 2023-027 or by-law 2020-112 because of the difference in timing between when the by-laws were passed and the legislative changes came into effect. These changes include:

04.01 The ability to charge interest on the mandatory D.C. freeze and D.C. deferrals.

- Subsection 26.2 (3) of the D.C.A. permits a municipality to charge interest from the date the D.C. is calculated to the date the D.C. is payable.
- Municipalities are permitted to charge interest pursuant to section 26.1(7) of the D.C.A (D.C. Deferral). which states: “A municipality may charge interest on the installment required by subsection (3) from the date the development charge would have been payable in accordance with section 26 to the date the

installment is paid, at a rate not exceeding the prescribed maximum interest rate determined in accordance with section 26.3

- In addition, section 26.2(3) of the D.C.A. (D.C. Freeze) states: “Where clause 1(a) or (b) 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”

04.02 Statutory D.C. Exemptions Required by the D.C.A.

- Land owned by and used for the purposes of:
 - The City of Cornwall
 - The United Counties of Stormont, Dundas and Glengarry
 - a board of education as defined by subsection 1(1) of the Education Act, R.S.O. 1990, c.E.2;
 - the Crown in right of Ontario or the Crown in right of Canada
- Buildings or structures owned by a hospital approved as a public hospital
- Buildings or structures owned and occupied by a college or university
- The enlargement of an existing industrial building provided the enlargement is less than 50% of the existing floor area
- land vested in or leased to a university that receives regular and ongoing operating funds from the government for the purposes of post-secondary education if the development in respect of which development charges would otherwise be payable is intended to be occupied and used by the university
- The enlargement of an existing dwelling unit
- **Additional Residential Dwelling Units:**
 - a second residential dwelling unit in an existing or new single detached dwelling, semi-detached dwelling, or row-townhouse dwelling on a parcel of land on which residential use, other than ancillary residential use, is permitted, if all buildings and structures ancillary to the existing or new single detached dwelling, semi-detached dwelling, or row-townhouse dwelling cumulatively contain no more than one residential dwelling unit
 - a third residential dwelling unit in an existing or new single detached dwelling, semi-detached dwelling, or row-townhouse dwelling on a parcel of land on which residential use, other than ancillary residential use, is permitted, if no

- building or structure ancillary to the existing or new single detached dwelling, semi-detached dwelling, or row-townhouse dwelling contains any residential dwelling units
 - one residential dwelling unit in a building or structure ancillary to an existing or new single detached dwelling, semi-detached dwelling, or row-townhouse dwelling on a parcel of land, if the existing or new single detached dwelling, semi-detached dwelling, or row-townhouse dwelling contains no more than two residential dwelling units and no other building or structure ancillary to the existing or new single detached dwelling, semi-detached dwelling, or row-townhouse dwelling contains any residential dwelling units
- Non-Profit Housing
- Affordable residential units required pursuant to section 34 and 16(4) of the Planning Act (Inclusionary Zoning)
- Affordable residential units as defined herein
- Attainable residential units as defined herein of the date on which subsection 4.1 (4) of the D.C.A. is proclaimed into force
- The Development Charge payable for Rental Housing developments will be reduced based on the number of bedrooms in each unit as follows:
 - Three or more bedrooms – 25% reduction;
 - Two bedrooms – 20% reduction; and
 - All other bedroom quantities – 15% reduction.

5. Development Charge Deferral

- 05.01 Installment Payments under Section 26.1 of the D.C.A. and as defined in O.Reg 454/19.

Under Subsections 26.1(1), (2) and (3) of the D.C.A., D.C.s shall be paid in equal annual installments, beginning at the earlier of first occupancy or occupancy permit under the Building Code Act, 1992, for:

- Rental Housing Development that is not Non-Profit Housing Development; and
- Institutional Development

- 05.02 For Eligible Developments as prescribed under Subsection 26.1(2) of the D.C.A., the D.C. shall be paid in equal annual installments beginning on the earlier of the date of the issuance of a permit under

the Building Code Act, 1992, authorizing occupation of the building and the date the building is first occupied, and continuing on:

- i. the following 5 anniversaries of that date, in the case of a D.C. in respect to Rental Housing Development and Institutional Development

- 05.03 Subsection 26.1(7) of the D.C.A. allows a municipality to charge interest on the installments from the date the D.C.s would have been payable, to the date the installment is paid, at a rate not to exceed the prescribed maximum rate.
- 05.04 The Interest Rate shall be charged on the outstanding balance as at each adjustment date, until the D.C.s owing are paid in full. The interest will be calculated and charged as follows: the Interest Rate will be applied to the D.C. balance owing and will be payable on each adjustment date.
- 05.05 Early Payment Agreements will be offered if the owner of a development would prefer to pay the full D.C. owing at occupancy in accordance with Section 27 of the D.C.A.
- 05.06 Where there is a change in use of development during the course of the D.C. deferral period such that the property or properties no longer meet the definition of an Eligible Development, all outstanding D.C. payments, including any interest payable up to the date of the change in use, become payable immediately.
- 05.07 Where the party to a deferral arrangement fails to make payments in accordance with the agreed payment schedule, the account will be considered to be in default and all D.C.s become payable immediately.
- 05.08 If D.C.s or any outstanding part of D.C.s are not paid immediately as required in Section 05.06 or 05.07, all outstanding charges shall be added to the tax roll and collected in the same manner as taxes, in accordance with Section 32 of the D.C.A.. Interest on late payments added to the tax roll shall be calculated by reference to the City's tax arrears interest rate in effect at the date of default.
- 05.09 Under section 26.1 of the D.C.A., the D.C.s shall be paid in equal annual installments for Eligible Development. Under section 27 (1) of the D.C.A., an Early Payment Agreement will be required if the person required to pay D.C.s chooses to pay all or any part of a D.C. before it would otherwise be payable. If a person chooses to pay the full D.C.s plus accrued interest owing under Section 26.1 of the D.C.A. earlier than required, the General Manager, Planning,

Development and Recreation and the General Manager, Financial Services and Treasurer have the authority to issue and execute all Early Payment Agreements.

6. Development Charge Rate Freeze

06.01 Subsection 26.2(1) of the D.C.A. provides that D.C.s are to be calculated on:

- a) the day an application for an approval of development in a site plan control area under Subsection 41(4) of the Planning Act, was made in respect of development that is the subject of the D.C.;
- b) if clause (a) above does not apply, the day an application for an amendment to a bylaw passed under Section 34 of the Planning Act was made in respect of the development that is the subject of the D.C.;
- c) if neither clause (a) nor clause(b) applies, the date the D.C. would have been payable under Section 26 of the D.C.A., which is normally building permit issuance.

06.02 Interest Under Section 26.2 of the D.C.A.

Under Subsection 26.2(3) of the D.C.A., a municipality may charge interest on the D.C., at a rate not exceeding the prescribed maximum interest rate, from the date of the application referred to in clause 06.01 a) or b) to the date the D.C. is payable.

7. Interest Rate Used For Development Charge Deferral and Development Charge Freeze

07.01 Interest Rate means the base rate of interest (average prime rate) plus one (1) percent immediately prior to:

- a) the date the D.C. would have been payable under Section 26 of the D.C.A. for the installment payments under Section 26.1 of the D.C.A.; or,
- b) the date an application for an approval of the development was made under Subsection 41(4) or Subsection 34 of the Planning Act for the D.C. freeze under Section 26.2 of the D.C.A.

07.02 In respect of Section 26.2, interest will not be charged if the D.C.s in effect on the day the planning application for an approval of the development was made is the same as would have been calculated on the date of building permit issuance.

Compounding and Prorating

07.03 All interest shall be compounded annually and accrue from the applicable date identified in Section 7 of this Policy, until the date of the Total Accrued Amount is fully paid. A 365-day calendar year shall be used for prorating all interest calculations.

07.04 Subsequent Application(s) under Section 26.2 of the D.C.

If a subsequent application(s) is made for a development:

- the date the subsequent application is made will become the new date under which the total amount of the D.C. is determined;
- all interest that had accrued prior to the subsequent application shall be deemed zero (0); and,
- interest will be compounded annually and begin to accrue from the date the subsequent application is made.

Interest Rate Publication / Policy Communication

07.05 The current Interest Rate shall be posted on the City of Cornwall website, and the website shall be updated within 5 business days of each adjustment date (i.e., January 1st, April 1st, July 1st, and October 1st).

07.06 An interest rate notice shall also be published as part of the City's annual D.C.s pamphlet publication.

8. Unpaid Development Charges

08.01 If any D.C.s (including interest) are unpaid, those D.C.s (including interest) shall be added to the tax roll and collected in the same manner as taxes, in accordance with section 32 of the D.C.A.

Interest on late payments added to the tax roll shall incur the applicable taxation interest rate.

9. Development Charge Exemptions

09.01 In addition to the statutory exemption summarized in Section 04.02, the City's D.C. by-law includes the following non-statutory exemptions

- A non-residential farm building or structure
- Places of worship, cemeteries, and burial sites
- Infill development within a priority area of the Heart of the City Community Improvement Policy Area; and m) development described in sections 2(2) of the Development Charges Act.


- Brownfield Community Improvement Areas

10. Effective Date

10.01 Upon approval by City of Cornwall Council, this Policy shall take effect retroactively as at November 26, 2024 at 12 a.m. This Policy may be repealed or modified by Council at any time.

11. Policy Administration

11.01 The General Manager, Financial Services and Treasurer is the delegated authority to make administrative changes to this Policy as may be required from time to time due to legislative or other changes, if in the opinion of the Treasurer, the amendments do not change the objective of the Policy.

X  Digitally signed by Justin Towndale
DN: cn=Justin Towndale, o=City of Cornwall, ou=Office of the Mayor, email=jtowndale@cornwall.ca, c=CA
Date: 2025.01.06 15:01:07 -05'00'

Mayor

X Tracey Bailey  Digitally signed by Tracey Bailey
Date: 2024.12.20 14:19:48 -05'00'

Chief Administrative Officer