

Development Charge Rate Freezes and Instalment Payments

What are Development Charges?

The Township of Guelph/Eramosa collects development charges under the authority of the Development Charges Act, 1997. Development charges are fees imposed on new development to pay for increased capital costs arising from development of the area. These include capital costs related to public works, fire protection, outdoor recreation, indoor recreation, and administrative services. There are also area-specific charges for the Rockwood area, which include water and sanitation.

Development Charge Rate Freeze

As of January 1, 2020, development charge rates for the Township and the County are frozen at the time of the submission of:

- An application for development in site plan control area; or,
- An application for a zoning by-law amendment.

If neither of these apply, development charges are calculated at the time of the first building permit.

If there is **more than one application** submitted, the later application is the date for which the development charge rate freeze applies.

Interest

Once the development charge rates are frozen, interest will be imposed on the development charges from the date of the application until the charges are paid.

Time Limit

The development charge rate freeze has a limit of **two (2) years** from the date the application is approved by the municipality until one of the following:

- The date the first building permit is issued; or,
- The date the development charge is payable (in the case of payment at agreement stage for hard services).

If this time has elapsed, development charges are calculated and payable upon issuance of the first building permit or at the agreement stage (for hard services).



Notes: This is applicable to the collection of Township and County development charges **only**. There is no change to the calculation of Education development charges.

The development charge rate freeze does not apply where a municipality has entered into an early or late payment agreement.

Development Charge Instalment Payments

Section 26.1 of the Development Charges Act states that development charges **shall** be paid in equal annual instalments for the following types of developments:

Deferred Development Types	Number of Payments
Rental Housing (not non-profit): One or more buildings or structures with four or more self-contained units that are intended for use as rented residential premises.	6 annual instalments (5 years)
Institutional: One or more buildings or structures for: <ul style="list-style-type: none"> • Long-term care homes, retirement homes, or hospices • Universities and colleges • Memorial homes, clubhouses, or athletic grounds of the Royal Canadian Legion 	6 annual instalments (5 years)

The **first payment** is made on the earlier of:

- The date of issuance of the occupancy permit; or,
- The date the building is first occupied.

Development Charge Amount

The amount of the development charges is determined in accordance with the development charge rate freeze provisions described in the previous section. If the rate freeze does not apply, the amount of the charge is calculated using the current rates.

Interest

Interest will be imposed until the development charges are paid in full. Interest is calculated on the remaining outstanding balance at each instalment date.

Unpaid Amounts

If instalment payments are not made, the Township may add the instalment payments, including interest charges, to the tax roll to be collected in the same manner as taxes.

Change in Development

If any part of a development no longer consists of rental housing or institutional use, the outstanding development charges and any interest are payable immediately.

Early or Late Payment Agreement

Some developers may not want to pay in instalments. However, the Development Charges Act states that these three types of developments **shall** pay in instalments **unless** an early payment agreement is entered. If the Township enters into an early or late payment agreement, the **development charge rate freeze does not apply**.