



# Development Charges in London

## ? What are development charges?

Development charges are fees collected to help pay for the cost of growth infrastructure required to service new development, such as roads, transit, water and sewer infrastructure, community centres and fire, police and library facilities. Development charges do not pay for operating costs or infrastructure renewal.

## ? Who pays?

The owner of the land that develops or redevelops the land, or any building or structure on the land.

### Growth costs are recovered to:

 build new infrastructure supporting growth	 pay down existing debt for past growth works	 limit taxpayers paying for costs that serve growth
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Development charges assist in financing capital projects required to meet the increased need for services resulting from growth and development. They may only be used for the purpose for which they are collected.

## ? When are development charges calculated and paid?

For all development types, except those associated with Site Plan or Zoning By-law Amendment applications, the development charge is calculated and collected on the date the first building permit is issued.

For Site Plan or Zoning By-law Amendments, the development charge rate is calculated the day a complete application is received and frozen from the date of application approval for a period of up to two years.

For Site Plan, an application approval is defined as the day a letter for conditional site plan control has been issued.

For Zoning By-law Amendments an application approval is defined as the day the zoning is in force and effect under the *Planning Act*.

If a building permit has been issued within the two year frozen period following application approval, then the development charge is collected on the date the first building permit is issued. If the building permit has not been issued within the two year frozen period, then the development charge is calculated and collected on the date the first building permit is issued.



## Deferred development charge types

**Rental housing** (not non-profit) and certain **Institutional** developments (includes but not limited to long-term care homes, retirement homes, certain post-secondary institutions, Royal Canadian Legion facilities, and hospices) are required to pay DCs in six annual instalments beginning on the date the building is first occupied and continuing on the following five anniversaries of that date.

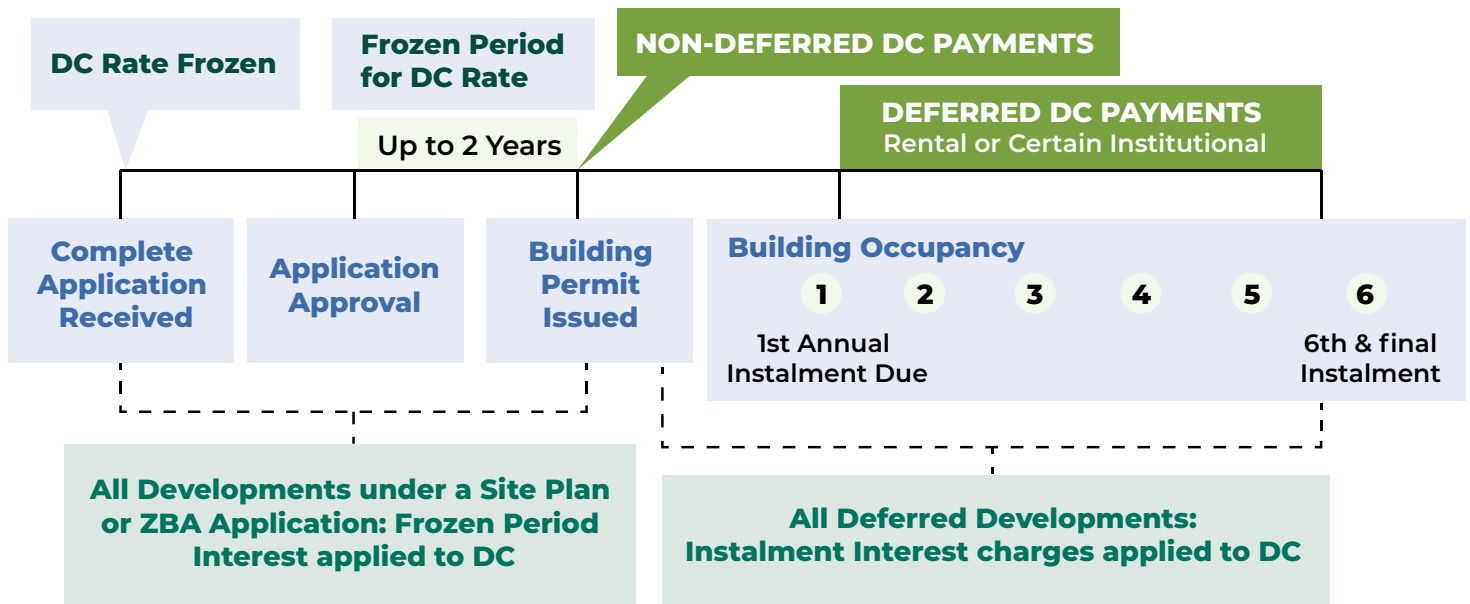
### Notice of occupation

When the building, or part thereof, is able to be occupied, the owner shall schedule an interior final or partial occupancy inspection with the City's Building Division. At this point, the owner is required to pay the first annual DC instalment, including interest, to the Building Division.

**Alternative payment agreement option** Owners may choose to enter into an alternative payment agreement with the City and pay in full on the date the first building permit is issued.



## Development charges timeline





## Interest Charges

**Frozen Period Interest** will be applied when a building permit has been issued within the frozen period and shall accrue from the date a complete application is received until the building permit is issued.

**Instalment Interest Charges** are paid on each annual instalment and is accrued from the date the building permit is issued until the final payment is received.

Interest rates are based on the lowest average prime rate from major Canadian banks plus 1% for the respective interest period. Interest is adjusted 4 times annually on January 1, April 1, July 1 and October 1. Interest will be applied and calculated using the lowest rate in effect at any point during the frozen period and / or the instalment period. For example:

### Scenario 1: Rising Interest Rate Environment – Non Deferred Development

Milestone	Interest Rate In Effect	Interest Rate Applied
Complete Application	3.5%	
Application Approval	4%	
Building Permit Issued (payment due)	5%	3.5%

### Scenario 2: Fluctuating Interest Rate Environment – Deferred Development

Milestone	Interest Rate In Effect	Interest Rate Applied
Complete Application	5%	
Application Approval	4.5%	
Building Permit Issued	4.8%	
Occupancy (first installment payment due)	5.5%	4.5%
Second Installment Due	5.5%	4.5%
Third Installment Due	6.5%	4.5%
Fourth Installment Due	5%	4.5%
Fifth Installment Due	4%	4%
Sixth Installment Due	3%	3%





## Development Charge Exemptions



**Non-profit Housing developments** intended for residential use by a registered non-profit corporation in good standing are exempt from development charges.



**Exemption for residential units in **existing** detached, semi-detached or rowhouse include:**

- an enlargement of an existing dwelling unit;
- a second unit IF, all buildings and structures ancillary to the existing unit does NOT cumulatively contain more than 1 unit;
- a third unit IF, there is NO ancillary structure containing any residential units on the parcel of land;
- 1 ancillary unit in a building or structure IF, there are no more than 2 units in the existing building AND there is no existing ancillary structure containing residential units.



**Exemption for residential units in **new** detached, semi-detached or rowhouse include:**

- a second unit IF, all buildings and structures ancillary to the new building does NOT cumulatively contain more than 1 unit;
- a third unit IF, there is NO ancillary structure containing any residential units on the parcel of land;
- 1 ancillary unit in a building or structure IF, there are no more than 2 units in the new building AND there is no ancillary structure containing any residential units.



**Exemption for existing rental residential buildings** with four or more units where the creation of the greater of one unit or 1% of the existing residential units are exempt from development charges.



**Existing Industrial buildings that are enlarged by 50% or less** are exempt from the amount of the development charge in respect of the enlargement on a one time basis. For more details refer to s. 36 of the DC By-law. <https://london.ca/by-laws/development-charges-law-cp-1551-227>



**Universities Exempt**

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 is exempt from development charges imposed under the Development Charges Act, 1997 if the development in respect of which development charges would otherwise be payable is intended to be occupied and used by the university.



## **Development Charge Discounts**



**Discount for new residential rental housing developments** which contain 4 or more units are discounted as follows:

- 3+ bedroom units reduced by 25%;
- 2 bedroom units reduced by 20%; and
- 1 bedroom units reduced by 15%.



### **50% Institutional Development Discount**

- public hospitals, defined under the Public Hospitals Act;
- places of worship or cemeteries/burial grounds;
- non-profits exempt from taxation under section 3 of Assessment Act

Learn more  
at [london.ca/dc](https://london.ca/dc)



### **Contact:**

#### **Development Finance for DC Study**

519-661-CITY (2489) x 7335 or [devfinance@london.ca](mailto:devfinance@london.ca)

#### **Building Division for Administration of DC By-law**

519-661-4555 or [building@london.ca](mailto:building@london.ca)

#### **Planning and Development for CIPs and Growth Forecasts**

519-661-4980 or [planning@london.ca](mailto:planning@london.ca)

Please note: Brochure content is for information purposes and should not be considered to be an interpretation of the Development Charges Act, London's current DC By-law or a determination of charges, if any, that may apply to any specific application to a proposed development.

Learn more at  
**[london.ca/dc](https://london.ca/dc)**

