



2023 Development Charges Supplemental Information

Annual Indexing of Development Charge Rates

- **Development Charges will be increasing by 15.6% for 2023**
- The City of London *Development Charge By-law* was approved by Municipal Council on October 20, 2020 and came into effect on January 1, 2021.
- DC rates are subject to annual indexing using the Statistics Canada Quarterly, Non-Residential Building Construction Price Index, as prescribed by the *Development Charges Act*.
- The City of London does not have the authority to set its own index rate. The Development Charges Act and Regulation prescribes the index to be used by municipalities.



Indexing development charges helps to mitigate the impact of inflationary increases on future growth-related capital costs as indexing is intended to reflect changes to construction cost increases. This will help ensure that originally planned infrastructure timing is maintained and new development can proceed without delay.

2023 Development Charge Interest Rate

- Consistent with the Council approved Development Charges Interest Rate Policy (<https://london.ca/council-policies/development-charge-interest-rate-policy>), an annual interest rate has been determined using a 5-year average of the Non-residential Building Construction Price Index. For 2023, this interest rate has been calculated at 7.7%.
- The *Development Charges Act* permits interest to be charged on development charges in certain circumstances.

The interest rate will be applicable as follows:

Non-deferred Developments subject to a Site Plan Application or Zoning By-law Amendment

- Interest begins accruing from the day a complete application is received until the day the building permit is issued within the two year 'frozen period'.
- If the 'frozen period' has expired, then interest will not be applied, however the DC rate will revert to the rate in effect at the time of permit issuance.



Deferred Developments subject to a Site Plan Application or Zoning By-law Amendment

- Interest begins accruing from the day a complete application is received until the day of each instalment (instalments beginning on the date the building is first occupied and continuing on each anniversary), if a building permit is issued within the two year ‘frozen period’.
- If the ‘frozen period’ has expired, then interest is applied from the date of building permit issuance until the day of each instalment, noting that the DC rate will revert to the rate in effect at the time of permit issuance.

No Site Plan Application or Zoning By-law Amendment?

- DC rate established at the time of permit issuance with no interest.

Alternative Payment Agreements

Non-Profit Housing Developments

- Interest begins accruing from the day a complete application is received until either the day the building permit is issued or 1 or 2 years after building permit issuance, if a building permit is issued within the 2 year ‘frozen period’. If the ‘frozen period’ has expired, then interest is applied from the date of building permit issuance until either 1 or 2 years after building permit issuance, noting that the DC rate will revert to the rate in effect at the time of permit issuance.

Rental Housing (that is not non-profit) and Certain Institutional Developments

- Interest begins accruing from the day a complete application is received until the day the building permit is issued, if a building permit is issued within the 2 year ‘frozen period’. If the ‘frozen period’ has expired, then interest will not be applied, however the DC rate will revert to the rate in effect at the time of permit issuance.

City Hall Year-End Closure

- City Hall is closed for the holiday break generally between December 24 and 31. All building permit applications submitted after this time will be considered received in the new year.

Learn more
at london.ca/dc



Contact:

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