



Development Services Department
 Building Division
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DC Deferrals:

- Payment of Developments Charges is deferred for *rental housing development, institutional development, and non-profit housing development* until the date the building is first occupied; the occupancy approved date from the inspection process.
- The charge for *rental housing development and institutional development* would be payable in six equal annual instalments. Interest is be payable in respect of these payments at a rate of prime + 2%. The Prime interest rate, as indicated from the Bank of Canada to be used will be the rate in effect at the time of building permit issuance. Interest is charged between building permit issuance and occupancy. Interest continues to be charged on the outstanding balance for future instalment payments, which occur on the anniversary of occupancy.
- An agreement to pay all charges up front at building permit issuance would alleviate all interest payments.
- The charge for *non-profit housing development* would be payable in twenty-one equal annual instalments. These payments are not subject to interest.

DC Deferral Payment Example

Interest Rate 4.45%

Date	Outstanding Balance	Principal Payment	Interest Payment	Total Payment
Building Permit (BP)	\$120,000	\$-	\$-	\$-
Occupancy = BP + 6 months	\$120,000	\$20,000	\$2,670	\$22,670
Occupancy + 1 year	\$100,000	\$20,000	\$4,450	\$24,450
Occupancy + 2 years	\$80,000	\$20,000	\$3,560	\$23,560
Occupancy + 3 years	\$60,000	\$20,000	\$2,670	\$22,670
Occupancy + 4 years	\$40,000	\$20,000	\$1,780	\$21,780
Occupancy + 5 years	\$20,000	\$20,000	\$890	\$20,890
TOTAL		\$120,000	\$16,020	\$136,020

DC Freeze (When a Development Charge is determined):

- Development charge rates are to be frozen at an earlier point in time (subject to the payment of interest) including, for example, when an application is made for site plan approval under section 41 of the *Planning Act*. If site plan control does not apply to an application, the relevant date for freezing of the rate payable is the date of an application for an amendment to a zoning by-law under section 34 of the *Planning Act*.
- If both applications are made for a development, the relevant date is the later of the two applications.
- If neither application above applies or if more than 2 years has lapsed between the approval of the planning application noted above and the date of the first permit issuance, the rate in effect at the time of building permit issuance.
- These sections apply only to applications made after January 1, 2020.

- The City's policy regarding rates for DC Freeze includes:
 - An annual interest rate of Prime + 2% will be charged for any DC rate frozen during the development process. The interest is charged from the time of complete planning application to the time of building permit issuance.
 - The Prime interest rate to be used will be the rate in effect when complete applications are submitted.

DC Freeze Rate Example		
DC Rate	\$10,000	per unit
Prime Interest Rate + 2	5.25%	per year
Years Frozen	1.5	years
Effective Interest Rate	7.875%	
Applicable DC Rate	\$10,787.50	per unit

Additional Information:

For information regarding the administration of the City of Kitchener Development Charges By-law, please contact:

Tammy Hogg, Manager of Permits, tammy.hogg@kitchener.ca