



DEVELOPMENT CHARGES

What is a Development Charge?

A Development Charge is a once-off capital charge imposed by the City of Cape Town on a developer in order to cover the cost of municipal engineering services required as a result of the intensification of land use.

Development Charges are imposed at the time of a land development application, and are calculated to determine the fair share of the actual capital cost of municipal infrastructure required to service that particular development.

Where do Development Charges come from?

Development Charges have been applied for many years, but have previously been called Developer Contributions, Bulk Infrastructure Contribution Levies (BICLs), and Engineering Services Contributions.

The City of Cape Town is legally able to require payment of Development Charges as a condition of approval of land development application in terms of section 40 of the Land Use Planning Act, 3 of 2014. Development Charges are applied according to an approved policy, which is available on the City of Cape Town website.

What are Development Charges used for?

Development Charges cover the cost of external engineering services. This includes bulk and link infrastructure for water, sewerage, roads, transport, stormwater and solid waste outside the development boundary, and which directly serves the development (as well as other areas).

The Development Charges policy requires that the City of Cape Town generally spends the funds according to the service for which it was paid and in the district in which it was paid. Development Charges do not cover the cost of internal engineering services (inside the site boundary) which must be paid for by the developer.

When do Development Charges apply?

Development Charges apply when changes in the lawful land use or zoning increases the theoretical loading on municipal infrastructure.

Simply put, the developer whose development creates an additional impact on municipal infrastructure is liable to contribute towards the extra investment that the City has to make in municipal infrastructure to accommodate that increased loading.

Where the calculated impact of the new land use rights is less than the impact of existing rights, no Development Charge will be imposed.

The City has set the following impact thresholds, up to which Development Charges will not have to be paid:

- Early childhood development centre up to 34 children per erf;
- Home occupation up to 50m² per erf;
- Home child care up to six children per erf;
- House shop up to 50m² per erf;
- Second dwelling and granny flat up to 60m² per erf; and
- Bed and breakfast establishment up to the first three bedrooms of an existing dwelling.

How are Development Charges calculated?

A Development Charge is calculated based on the impact on municipal services infrastructure that a development will have and this is multiplied by a pre-determined unit cost. The unit costs were determined through a comprehensive engineering modelling exercise.

The total Development Charge for any land development application is the sum of the amounts calculated for each of the six municipal services. The calculation of the charges is undertaken using a spreadsheet calculator tool, which can be downloaded from the City of Cape Town website and used to estimate Developer Charges.

This calculator is being made available for information purposes only, and only calculations done internally by the City of Cape Town will be used to calculate final Development Charges. An Implementation Guide is also available online to accompany the policy and must be read prior to using the calculator.

How does the Developer pay Development Charges?

Development Charges are part of the standards [DAMS process](#) and the calculated amount will be reflected in the conditions of approval of the land development application. This amount may increase due to inflation if time has lapsed, or decrease if the developer installs services to offset the Development Charge.

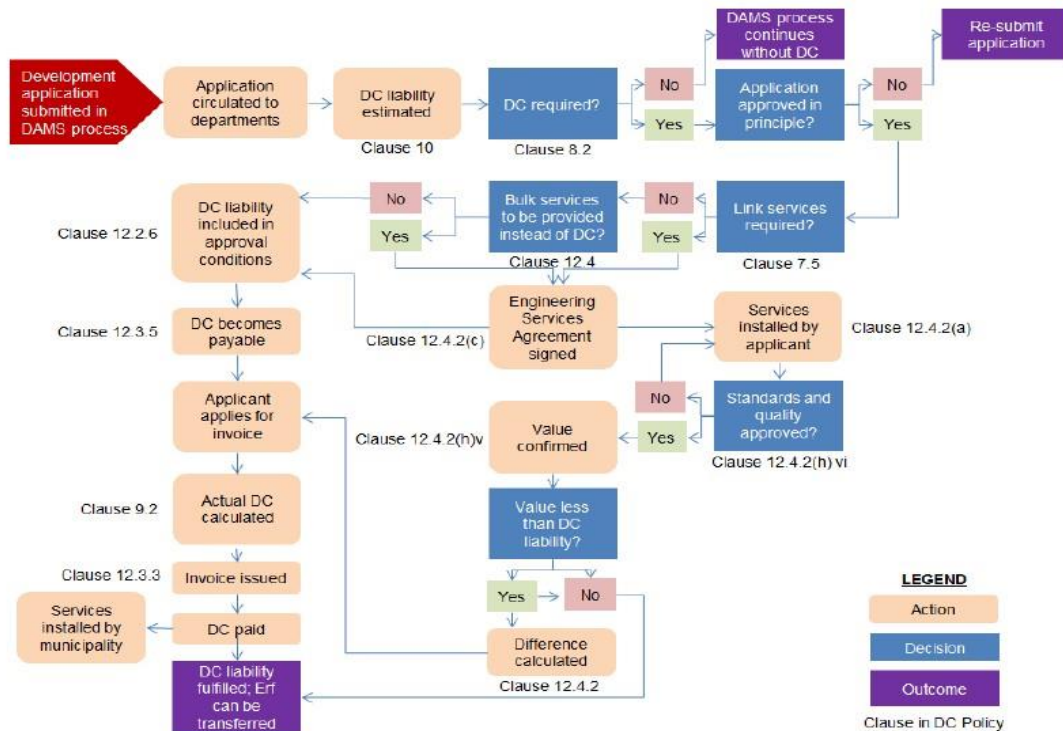
The final Development Charge payable will be re-calculated when the developer is able to, or required to pay. The timing of payments is different for different types of land development, but is generally before final approvals are given and before the site can be used. Use of the site before Development Charges have been paid in full is unlawful.

Development Charges can be paid by EFT based on an invoice provided by the City of Cape Town. The banking details will be provided on the invoice. The process of calculation and payment is shown in the flow diagram (Page 4).

Installing services instead of paying Development Charges

A developer may agree with the City of Cape Town to install bulk engineering services instead of paying Development Charges. In the case of link engineering services, the developer has to install them.

In either case an Engineering Services Agreement needs to be signed between the City and the developer, which outlines the exact services to be constructed and the standards to which they must be provided.



Development Charges calculation and payment process