



Home-Based Businesses

WHAT IS A HOME-BASED BUSINESS?

A business conducted for gain or profit within a dwelling unit by a permanent resident of the dwelling.

TYPES OF HOME-BASED BUSINESS?

A consultant, online e-commerce, personal services (hair salon, RMT) etc. Will clients be coming to your home for the purpose of doing business or are you operating a home office and may visit clients at their place of business, virtually or at a 3rd party location (festivals/markets/coffee shop)?

WHAT ARE THE ADVANTAGES OF A HOME-BASED BUSINESS?

- Less expensive than renting space.
- Can deduct business taxes for the use of your home, such as property tax, utilities, repairs, maintenance, home insurance, interest portion on mortgage
- No commuting
- Set your own hours of work
- More comfortable working environment
- Ability to spend more time working

WHAT ARE THE DISADVANTAGES OF A HOME-BASED BUSINESS?

- Space for expansion is very limited
- Isolation from colleagues and business associates
- Legal restrictions and health regulations
- Interruptions from family and friends, and difficulty staying focused on work
- Can be difficult to stay motivated

BEST PRACTICES TO SUCCEED

- Designate an area in your home for business, to allow business write-offs and to help mitigate distractions
- Don't compromise professionalism simply because you are working from home
- Make sure you are available to your clients by keeping a consistent schedule

Before Starting Up Your Business

1. Consult the Service Business London Office <https://www.servicelondonbusiness.ca/> to ensure your use is permitted in your home.
2. Contact the Building Division about permits for renovations, plumbing or structural changes.
3. Confirm whether your business requires a business license.
4. Consider registering your business name.
5. Review your business plans with your solicitor, accountant, bank manager, and insurance agent, as well as with the business advisors here at the London Small Business Centre.

City of London Contact Information:

Business Licenses: 519-930-3515

Zoning: 519-930-3510

Building Regulations: 519-661-2489

London Home-Based Business Rules

SIGNAGE: The City's Sign & Canopy By-law permits up to 2 sq. ft. non-illuminated signs mounted on the front of the dwelling without a permit.

PARKING: Parking for clients is permitted in a driveway for the dwelling but not on a grassed area.

Driveway

widths cannot exceed 40% of the width of a lot with a maximum of 19.7 feet (6.0 metres).

EMPLOYEES: The City of London By-law permits a maximum of one employee who regularly does not reside in the home.

CLIENTS: Up to five clients in a dwelling at one time for treatment or service is allowed.

DELIVERIES: Deliveries to home-based businesses are limited to small vehicles.

LOCATION

Home-based businesses may be operated only out of a single detached dwelling, semi-detached dwelling, tri-plex dwelling, four-plex dwelling or townhouse dwelling, but does not include the use of an accessory building, such as a garage. Contact the City of London Zoning Department at 519-930-3510 to ensure your use is permitted under the zoning regulations. The maximum space a business can occupy in a home is up to 25% of the total area, to a maximum of 28 sq. m. (300 sq. ft.). The City of London by-law does not permit any outdoor use or outdoor storage for business purposes.

BUSINESSES THAT CANNOT OPERATE FROM THE HOME

Retail stores or sales, food preparation or food service businesses, swimming lessons in your own pool, manufacturing, assembly or repair businesses cannot be operated from a home, except for the fabrication of handmade articles of clothing, arts or crafts.

ARE THERE EXCEPTIONS?

Exceptions are professional or service offices which do not have external signage, client visitation and employees that are considered an accessory use to the residential site. If all of these requirements are met AND the business does not fall into the aforementioned disallowed categories, it is likely legal to operate. However, remember that landlords can still refuse to allow businesses on their premises in these situations, as these scenarios are exceptions to an existing by-law, as opposed to a standalone by-law in itself.

LICENSING

Many businesses will require a license from the City of London or Municipal Office in order to operate. Hair salons, or other personal services are few examples. <https://london.ca/business-development/business-licences>

INSURANCE

Because your business is in a residential home, your homeowner's insurance policy may not cover the business assets and activities. Therefore, consult your insurance agent or broker to ensure that your business has the appropriate coverage.

What Your Homeowner's Policy DOES NOT Cover:

1. Dwellings that are not used principally as a residence. "Principally" means 80% or more of the square footage in the home must be for residential use.
2. Separate structures that are used in whole or part for business purposes.
3. Business property used for the business including all furnishings and equipment in a home office.
4. Business inventory and samples
5. Losses from unauthorized use of credit cards, cheques, forgery, or counterfeit money.
6. Accidental damage to electronic components.
7. Personal liability or medical payments to others for bodily injury or property damage arising out of any business pursuit – includes clients, repair persons, customers, suppliers, employees, etc.