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### Development Fees at the heart of affordability

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When the price of new construction homes goes up, buyers are quick to blame developers for the lack of affordability. What many don't understand is that it's actually government fees at both the municipal and provincial levels, that are major contributors to housing costs in the GTA. Development charges in our city are currently the highest in North America according to a study written by Ryerson Professor, David Amborski, for the Residential and Civil Construction Alliance of Ontario (RCCAO), and these charges are pricing first time

buyers right out of the market.

The impact on new homebuyers is clear. The higher development charges rise, less people can afford to buy new homes, and when the charges are rising faster than both home prices and inflation, housing affordability obviously suffers.

Development fees can easily add \$30,000 to \$50,000 to the price of a new home – that’s double, and in some cases even triple, the amount it was a decade ago. A release from the RCCAO in March cites mounting fiscal pressure as the catalyst for the increases, saying that “Governments have increasingly looked to housing for additional revenue because often these charges are not transparent to consumers, unlike property tax increases”.

This Band-Aid solution is both short-sighted and irreversibly harmful to our city’s economy. Not only do these development charges lock out a substantial portion of the population – low to middle income families – from the new home market; they also impact the size of the workforce directly impacting local businesses. If people can’t afford to live here, they aren’t going to look for work here.

Although the topic has received a lot of media attention in the last few months, this is not a new concern. Back in 2008, BILD released a report that condemned development charge increases across the GTA as “excessive, unsustainable and counterproductive”. The report, titled “Over the Top” also noted that the root problem facing new homebuyers is inadequate municipal funding. Faced with social service costs downloaded from the province, municipalities are beginning to view these development charges as revenue “taps” that drain homebuyers of their ability to pay. Sound familiar?

So if everyone knows, and has known for years, the impact of rising development charges on the health of the new home industry, why is it that no solution has been found? At the end of the day, what’s good for homebuyers is good for government at all levels. The more people can afford new homes, the more jobs and tax revenue the development and homebuilding industry can generate. I think it’s time someone made a move... anyone?

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