



**Alternatives to Development Charges for Growth Related Capital Costs**  
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**FACT SHEET**

**Key Findings**

- Regional and municipal development charges in the GTA now add \$30,000 to \$50,000 to the price of a new single-family home.
- Development charges have been increasing at dramatic rates – doubling, and in some case tripling, over the last decade.
- These charges are passed on to homebuyers, and this has put upward pressure on prices making housing unaffordable for a growing number of lower and moderate income families.
- Municipalities have increasingly looked to development charges for additional revenue because these costs are indirect and hidden. Development charges are imbedded in the total purchase price, and the cost is often borne by those who are new residents to the community.
- Faced with increased fiscal pressures due to a number of factors including reductions in senior government grants for growth-related infrastructure, it is understandable that municipalities have tried to maximize the revenue that they obtain from new development. But there has to be careful consideration of the impacts of these approaches on other important municipal policy objectives.
- For example, development charges can work at cross-purposes to providing affordable housing for residents, having a balance of jobs and housing within a community, encouraging urban intensification, and promoting economic development.

## Examples of Development Charges

Following are total development charges (including regional, educational, GO transit, and local development charges) for single and semi-detached homes in various GTA communities in 2010:

Oakville	\$50,458	Richmond Hill	\$39,634
Markham	\$46,457	Mississauga	\$34,610
Milton	\$43,399	Ajax	\$31,801
Newmarket	\$41,528	Uxbridge	\$31,153
Vaughan	\$41,245	Whitby	\$30,873
Burlington	\$40,181	Pickering	\$30,155
Brampton	\$40,180	Oshawa	\$27,212

## Ontario Compared to Other Jurisdictions

- Amongst Canadian provinces, municipalities in Ontario have the greatest reliance on development charge revenue. These charges cover 100% of growth-related capital costs for such requirements as water, sewers, highways, electrical power, police, and fire prevention, plus 90% of other capital costs.
- B.C. has the second most extensive use of this financing tool in Canada. However, the development charges are significantly lower in B.C.'s major cities (with the exception of Surrey). For example, development charges in the Greater Vancouver Area are \$23,418 for a detached house.
- In Alberta, the charges are much smaller than in Ontario and B.C. – for example, \$7,475 per single family home in Calgary and only \$1,425 in Edmonton.
- In Nova Scotia, development charges have only been employed by the Halifax Regional Municipality (HRM).
- In the U.S., development charges are usually referred to as impact fees. A recent national survey calculated that the average impact fee for single family homes is \$8,328. The state with the highest average fee is California at \$21,648 followed by Florida with an average of \$8,974.

## Recommendations

- The province needs to take a leadership role by increasing funding levels for growth-related infrastructure that is integral to achieving the aims of the Growth Plan for the Greater Golden Horseshoe. Queen's Park could provide incentives to municipalities for encouraging greater intensification of development.
- The federal government should support the construction of transit facilities in urban areas. Canada stands alone among top economic nations in not having a national public transit strategy and program.
- Municipalities should examine alternatives for financing all or part of the capital cost of services currently funded through development charges, including:
  - shifting some charges to property taxes, particularly for services that benefit the wider community (beyond the new development) such as libraries, roads and new fire stations
  - implementing user charges for certain services, and/or
  - adopting land value capture techniques for transit improvements.