



Dear members of the Executive Committee,

RE: EX34.1 - Growth Funding Tools - Development Charges

About More Neighbours Toronto

[More Neighbours Toronto](#) is a volunteer-only organization of housing advocates that believe in building more multi-family homes of all kinds for those who dream of building their lives in Toronto. We advocate for reforms to increase our city's ability to build more homes in every neighbourhood. We are a big-tent organization with members across the political spectrum who are committed to counterbalancing the anti-housing agenda that has dominated Toronto's politics, created an affordability crisis, and has cost-burdened a new generation of aspiring residents. We are firmly committed to the principle that housing is a human right and believe Toronto should be inclusive and welcoming to all.

Summary of Position

More Neighbours Toronto opposes the 46% increase in development charges (DCs). Increasing DCs at this scale will:

- Cause housing development to slow at a time when we need it the most.
- Lead to increased cost of housing for new residents.
- Exacerbate tax burden inequity in Toronto.

We request that you **vote against the proposed increase**.

Position

Since 2009, the City has increased development charges by over 600%, and has tripled them since 2018. In the midst of a housing crisis, now is not the time to be disincentivizing the construction of new housing that we desperately need by sharply raising taxes once again.

A [recent report](#) from the CMHC estimates that Ontario needs to build 2.6 million homes in the next nine years for housing to be affordable again. In order to meet this goal, we would need to triple production immediately. The chilling effect on new development from higher development charges would make this harder, if not impossible to achieve. Already, up to [5,000 homes](#) are at risk of being cancelled due to high interest rates and soaring construction costs - and that's before this development charge increase. Gentle density, missing middle, and small developer-led projects are the type of housing that City Council says it wants, yet they are the housing projects most at risk of being cancelled due to this development charge increase.

DCs are a regressive tax. While some may pretend that developers will pay the increased development charges, the truth is that, in a market where supply elasticity is low, the burden will fall on renters and new homeowners. Infrastructure costs are being shifted to new residents in

order to keep property taxes low for existing homeowners, who have made windfall gains off of the housing crisis.

The biggest increase to DCs is for affordable housing, which is more than doubling. There are a few questions to raise when it comes to affordable housing:

First, does building new housing cause a larger need for affordable housing? We believe it to be the opposite. Older and recent research concludes that building new housing increases affordability. New housing is, by itself, a public benefit. Building new housing does not increase the need for affordable housing—it decreases it. How, then, can increased DCs for affordable housing be justified under the “growth pays for growth” principle?

Second, who should pay for affordable housing? The approach taken so far by the City is to have new residents who can afford market-rate housing pay for affordable housing, through DCs and Inclusionary Zoning (IZ) without any offsets. In fact, the City plans to continue charging DCs on the affordable units mandated by IZ! This ignores existing homeowners who have seen an unprecedented increase in wealth and profit from the housing crisis. If affordable housing is a responsibility of society as a whole, then society as a whole should pay for it through general taxes.

The City of Toronto's future is the responsibility of all of its residents and homeowners. Therefore, the City budget should be shared more equitably between those property owners who have lived in Toronto for decades and newer residents. Increasing the Municipal Property tax (Mill Rate) and the rate of the dedicated City Building Fund (CBF) would be a more equitable source of paying for our growth - and delivering on the big ticket items of transit and affordable housing.

Regards,

Jacob Dawang
More Neighbours Toronto