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July 2, 2013

City Clerk's Office
Toronto City Hall
100 Queen Street West
10th floor, West Tower,
Toronto, ON M5H 2N2

Attention: Kelly McCarthy, Committee Administrator, Executive Committee

Dear Ms. McCarthy:

Re: City of Toronto Proposed Development Charges By-Law

We have reviewed the 2013 Development Charges Study as well as City Staff's recommendations respecting the proposed development charges rates and policies that will be applied across the City in anticipation of the expiry of the current development charges by-law. As one of the largest developers and builders in the City of Toronto, we have significant concerns with both the quantum of the proposed increases as well as the transition provisions that are being recommended.

Firstly, the issue of housing affordability continues to pose a significant challenge for homebuyers and the industry as a whole. Although the City is often cited by Staff as being a "bargain" compared to the surrounding *905* municipalities for DC's, such a simplistic answer does not take into account the myriad of additional taxes, development, regulatory and permit fees and charges, which in total represent about one-fifth the cost of a new home. Proposed rate increases in the range of 86% to 95% would simply be debilitating and could not be absorbed by the industry nor by homebuyers.

Secondly, the life cycle of today's typical high rise condominium project is anywhere from four to seven years depending on the size of the project and the complexity of the approvals. That means that from the time a project is first envisioned and opens for sale to the public until an above-grade permit is pulled, thus triggering DC payments, one would expect at least a two year time lag. Absent appropriate transition provisions, any increases in DC's today would likely have their greatest impact on projects sold in 2011, meaning that those unfortunate home buyers would bear the bulk of these increases at the time of their respective closings. The transition provisions currently proposed by City Staff are transitional only in name.

In our view, this issue of development charges is one that is far too important and vital to the interests of the City, the building industry and homebuyers to be rushed through without careful consideration of the collateral damage that will be caused if not properly thought through – collateral damage that will include City revenues as the quantum of these charges strangles the sales of homes throughout the City. As such, we support BILD and the members of our industry by requesting that the proposed by-law not be considered by the Executive Committee on July 3rd, but deferred to the Executive Committee meeting of October 30th to allow for additional consultation so that we can arrive at a more reasonable quantum and appropriate transition provisions, such that:

1. The proposed by-law not take effect until April 2014 when the current by-law expires.

2. At the time of implementation of the new by-law, any new adopted rates will be subject to a two year freeze, and then a four year phase-in (which is the same grandfathering and transition provision adopted by Council for the 2009 by-law review).

3. Any new rates not apply to complete applications already submitted and in process.

All of which is respectfully submitted.

Yours truly,

MENKES DEVELOPMENTS LTD.

Per:
Mark Karam
Vice President & General Counsel

Enclosure

MK/dw