July 3, 2013

Kelly McCarthy, Committee Administrator
Executive Committee
City of Toronto
100 Queen Street West, 10th floor
Toronto ON
M5H 2N2

Subject: Development Charges

Recommendation

This letter is to urge the City to phase-in any increase in Development Charges and Levies with the following principles:

A. Effective Date: in April 2014, when the current By-law expires;

B. 2 year Freeze: for projects that are in stream, many of which are pre-sold; the purchasers of these units will be faced with large payments at time of closing; and a

C. Multi year Phase-in: to mitigate the impact on affordability of home ownership.

In addition, we request that the Executive Committee defer consideration on this item till fall i.e. after thanksgiving for further consultations and refinements with stakeholders.

Comments

We are a mid-size real estate development firm that has developed several in-fill projects in the City over the last 25 years. Our target market is the bottom and middle third of the price range; i.e. outside the Central Area of the City. The salient reasons in support of our submission are:

Page 1 of 2
1. **Maintain Affordability - Owned or Rental Homes**

A report completed by the Altus Group indicates that about 16.5% of the current cost of a housing unit in Toronto is attributed to fees, charges and levies.

The development charges are paid by the Buyer; the Builder may pay the levies, but the cost is passed on to the Buyer. These levies are regressive as they are greater burden on lower priced homes (about $300 per square foot) than homes that are closer to downtown unit prices (about $600 per square foot).

Many of the new housing units are rented; rental of new condominiums is a major source of increased supply of rental housing in Toronto.

2. **Increased Property Taxes from New Housing**

The building industry has completed about 15,000 units of housing, each year, over the past few years. The increased property taxes are about:

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15,000 \text{ units/year} \times 3,000 \text{ property taxes/unit} = 45 \text{ million per year}
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These taxes and ongoing utility charges for water and sewers help fund a significant portion of infrastructure capital costs each year.

3. **Development Time Frames**

New developments have long time frames for developers, builders and prospective buyers. The approval process is longer and much more expensive since amalgamation.

We urge your committee to adopt phase-in measures to mitigate hardship to purchaser of an unit in the pre-construction or planning stages.

Sincerely,

NAMARA DEVELOPMENTS LTD
per:

[Signature]

Rashmi M. Nathwani, MBA, MSc, P. Eng