EX16.3.3

June 27, 2016

Mayor John Tory and members of the Toronto Executive Committee
10th floor, West Tower
City Hall
100 Queen Street West
Toronto, ON
M5H 2N2

RE: City of Toronto's June 28th Executive Committee Meeting, Agenda Item: EX16.3 Updated Assessment of Revenue Options under the *City of Toronto Act, 2006*
Revenue Options Study: Development Levy and Municipal Land Transfer Tax

As first noted in our February 8, 2015 letter to this committee, the Building Industry and Land Development Association (BILD), NAIOP Greater Toronto and the Real Property Association of Canada (REALpac) are in a coalition with the Building Owners and Managers Association Toronto (BOMA), the International Council of Shopping Centres (ICSC), and the Toronto Financial District BIA with respect to the municipal revenue assessment currently underway.

This collective is comprehensively reviewing all supplementary information available for the City's *Updated Assessment of Revenue Options under the City of Toronto Act, 2006*. Of notable mention, the coalition has a keen interest in any potential *parking space levy*. Under separate cover, the coalition has submitted a formal response to the Executive Committee in advance of the June 28th meeting.

However, as associations representing the development side of the real estate industry; BILD, NAIOP and REALpac's interests extend far beyond the potential application of a parking space levy. In addition to the work of the coalition, we would like to take this opportunity to express our significant interest in any exploration of a *development levy* and any revisions to the *municipal land transfer tax.*

Our associations view a development levy as a duplicate tax to those that are already imposed upon the development industry thorough the City's Development Charges By-law, Municipal Land Transfer Tax and through other planning tools such as Section 37 agreements. The City's own consultant, KPMG, has indicated in their study that a development levy "would not necessarily address its intended purpose" and that "certain design approaches may ultimately be deemed infeasible." Moreover, the imposition of such a levy runs counter to provincial policy directing growth to urban areas well serviced by transit and other infrastructure, and will also further negatively impact housing affordability in the City – already a significant concern for the City and priority for the province.

As noted in the KPMG report "the Development Charges Act section 59(1) prohibits supplemental development taxes…" and the potential treatment of a development levy as a 'wealth tax' is also illegal under the current legislation. Not to mention, the City would be undertaking the highly complex task of determining land valuations in a fluctuating marketplace with all the administrative burden that would accompany it. Finally, the City's own consultant advises that there are no precedent setting municipalities that have taken on this uncharted levy (where the charges are based on the increase in the value of land at the time of development) and the annual revenue potential is limited and volatile.

We strongly encourage Council to carefully consider the advice of its expert consultant and look to a financial revenue option that does not put further undue financial burden on one section of the economy.

On behalf of our respective associations, thank you for the opportunity to submit these comments and we look forward to meaningful consultation with Finance staff. Please feel free to contact the undersigned if you have any questions with respect to this letter.

Sincerely,

Danielle Chin MCIP RPP
Senior Manager, Policy & Government Relations

CC: *Peter Wallace, City Manager, City of Toronto*
Roberto Rossini, Deputy City Manager & Chief Financial Officer, City of Toronto
Brooks Barnett, REALpac
Jeremy Wedgbury, President of NAIOP Greater Toronto
Gary Switzer, BILD Toronto Chapter Chair
Members of the Real Estate Coalition for the City of Toronto's Updated Assessment of Revenue Options