



Building in
Brampton, Caledon,
Toronto & York Region

City of Toronto Executive Committee Meeting
January 24, 2018
EX30.3 Development Charges Bylaw Review
Habitat GTA Deputation

Good morning. My name is Ene Underwood and I am the CEO of Habitat for Humanity Greater Toronto Area.

As a non-profit developer of affordable ownership housing for working, lower income families, we play an important role in relieving pressure on social housing and affordable rental housing stock.

As you know, Habitat for Humanity is a charity. As such, a major source of our funds to build homes comes from private donations – both from individuals and businesses in the communities in which we work. I cannot tell you the number of times that Habitat GTA donors have expressed surprise and disappointment in learning that an average 23% of our cost to build affordable ownership homes is consumed by the government fees and taxes we pay on the homes we build. Our donors are surprised to learn that while affordable rental projects in Toronto experience relief of development charges and other fees, affordable ownership organizations like Habitat for Humanity, Options for Homes and others pay the full freight. They find it counter-intuitive to learn that the list of infrastructure paid for out of DCs includes affordable housing – and yet, we as an affordable housing provider are paying these fees.

Habitat for Humanity GTA currently has a build pipeline of lands that we own or have under contract through which we can deliver another 200 affordable ownership homes in Toronto over the next five years. Approximately 150 of these home building opportunities have been made possible by creative partnerships with the City of Toronto – including Build Toronto, Section 37 arrangements with developers, and through lobbying for support from City Councillors.

At the current level of Development Charges, Habitat GTA will pay \$5.3 million in DCs over the next five years on these 200 homes – a number that will increase to \$10.5 million based on the proposed new DCs.

Let me be clear. This \$10.5 million will need to come from charitable donations from individuals and businesses who donate to Habitat GTA because they recognize that government alone cannot solve the unprecedented affordable housing challenges facing this city.

To quantify the impact of the proposed new Development Charge rates, for every 6 Habitat homes on which we pay DCs, at the new rate, these fees equate to the cost of a 7th home – which we won't be able to build.

So, let's consider what that missed opportunity translates into and why it should concern us all. For every Habitat home we build in Toronto, we:

- Free up a much needed social housing or affordable rental unit
- Generate new property tax revenues – which today amount to over \$1.2 million from Habitat homeowners across the GTA.
- Create a publicly funded capital repair backlog of \$0 as Habitat homeowners bear full responsibilities for the maintenance and upkeep of their homes.

Hence, from the lens of our donors, particularly knowing that the City fully waives development charges for affordable rental projects – whether built by non-profit or for-profit developers – it is a great concern to know that the impact of development charges on Habitat GTA will be doubled.

From the economic vantage point of the city, the \$10.5 million that we would pay on Development Charges on our 200 homes over the next 5 years represents less than 0.01% of the \$2.6 billion in potential revenues from DCs for all new residential development in Toronto.

Habitat GTA is asking Toronto Council to consider using this as an opportunity to harmonize the treatment of Habitat for Humanity units and other non-profit affordable ownership units with the Development Charges relief that is currently extended to affordable rental units. Rather than treating this as an exemption as is the case with affordable rental units, **we recommend that development charges be deferred and payable with an equity-sharing component to the City of Toronto in 20 years.**

This provides a solution that is consistent with the “growth pays for growth” objective of Development Charges. The owners of these homes would not be getting a “free ride” and neither would the non-profit affordable ownership provider. Rather, the Development Charges would still be paid – but at a later date. The cash burden of building the non-profit affordable homes would be reduced, enabling non-profit ownership providers to maximize the role we can play as partners with the City of Toronto in addressing ongoing affordable housing needs.

In summary:

- **Development Charges erode the impact of donor contributions for building Habitat homes.**
- **Similarly, Development Charges reduce the impact that Habitat for Humanity can have in building more affordable housing in Toronto.**
- **Deferral of Development Charges is a rational, economically sound alternative that will meet the combined objectives of “growth paying for growth” and addressing the affordable housing needs of this growing city.**