

April 16, 2013

Mayor Frank Scarpitti and Members of the Council
City of Markham
101 Town Centre Boulevard
Anthony Roman Centre
Markham, ON
L3R 9W3

Dear Mayor Frank Scarpitti and Members of the Council,

RE: *City of Markham – Development Charges Update*

Building Industry and Land Development Association representatives have been actively meeting with staff and have made a number of submissions on the aforementioned review. At our latest consultation meeting held on April 10th we heard a presentation from city representatives that included responses to our inquiries from our March 20th letter. We heard that the City will continue to pursue the alternative development charges methodology as proposed by Hemson Consulting and that no transition policy be enacted due to the adverse financial impact to the City. At this meeting we also learned that these policy directions would be confirmed at the April 16th City Council meeting. Therefore, in advance of the preparation of the background study and April 16th meeting, we kindly submit the following comments for your review and further consideration.

BILD CONTESTS THE CITY OF MARKHAM'S DEVELOPMENT CHARGE METHODOLOGY

As first noted in our March 20th letter to city staff, BILD remains significantly concerned with the proposed “alternate” soft service methodology. We have received a firm legal opinion that using a combination of population and households is not reasonable or in conformity with the requirements of the *Development Charges Act* and the Act's regulations, or the decision of the Ontario Municipal Board in the *Town of Orangeville vs. Orangeville and District Home Builders' Association*. We strongly encourage you to reconsider this methodology and we would be amiable to meeting with any member of council or city staff on this specific matter.

THE RISING COST OF GOVERNMENT IMPOSED FEES

Recently, BILD retained Altus Group to prepare a report entitled “*Government Charges and Fees on New Homes in the Greater Toronto Areas*.” This draft report attempts to help readers understand the variety of charges imposed by the different levels of government and the significant costs associated with the approval, building, development and ultimate occupancy of new homes across the GTA. In advance of the release of this report, it is essential to highlight some of the key findings of this report that lend itself to this discussion of the growing concern for affordability.

Of notable mention from this report, “the issue of housing affordability poses significant challenges for the industry as it does for homebuyers in the GTA. Since 2005, the average selling price of new low-rise homes in the GTA has increased by 70 percent, while the average selling price of new high-rise homes has increased by 61 percent.”

Additionally, “while the cost of housing is also driven by a range of economic and market factors outside of the scope of this study, the increase in government charges has also been a factor in the increased price for new homes in the GTA” and “in most municipalities, the most significant government charge for new homes are development charges, which comprise from 33 percent to 52 percent of the government charges on new homes.

Since 2004, for the 6 municipalities studied in this report (including Markham), “development charges have increased between 143 percent and 357 percent.” Based on their review, they found that the average government charges for each new single-detached home are roughly \$119,200, or roughly 23.1 percent of the average price for a new home.

Among the 6 municipalities studied, Markham is at the top of the government-imposed charges list by collecting \$151,000 per new single-detached home. This represents 25.2% of the average new home price.

For high-rise development, Markham is second highest on the list of government-imposed charges by collecting \$79,200 per apartment. This represents 21.5% of the average new apartment price.

This is an unsustainable model of increasing government-imposed charges. The rising cost of government imposed charges exemplifies the necessity and merits for transition provisions to alleviate the burden of these exceeding costs.

TRANSITION PROVISIONS

BILD firmly believes that applications well under review should not be subjected to the proposed development charges increases, especially given the city’s decision to advance the review of its soft services by-law a year in advance of the expiry timeframe required by the *Development Charges Act*.

As previously noted, we believe that any project that has a signed subdivision agreement prior to the expiry of the existing by-law should not be subject to the increase, including the soft services component that is paid at the building permit stage. We would also suggest that a pre-payment option, similar to the policy in York Region be included. As well as a phasing strategy be employed, such as the one currently endorsed by the City of Vaughan.

Again, BILD recommends the inclusion of transition provisions and we would be happy to discuss any type of transition recommendations at an upcoming consultation meeting.

Thank you for the opportunity to submit comments. Please feel free to contact the undersigned if you have any questions.

Sincerely,



Danielle Chin, RPP, MCIP
Senior Planner, Policy & Government Relations

Cc: Paula Tenuta, Vice President, Policy & Government Relations
Michael Pozzebon, York Chapter Chair
BILD York Chapter Members