

Recent Developments with (Extra) Development Charges

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We have previously written on the issue of the unrelenting rise of the rate of development charges in Ontario. Recent actions by a number of municipalities, effectively tracked by the Building Industry and Land Development Association (BILD), confirm that this upward trend continues.

The most notable current increases were adopted by City of Toronto Council at its meeting of 11 October 2013. Subject to any successful appeals of Toronto by-law 1347-2013, development charges in Toronto will rise over the next two years by over 75% for singles and semi-detached houses and will double in the case of multiple units. Coincident with this rise is the proposed rise in the development charges rates by the Toronto Catholic District School Board, where residential rates will increase by 141%. Development charges are also slated to rise, if more modestly, in a number of municipalities from Pickering to Peel Region to Innisfill.

The impact of these DC increases will be profound on development across the GTA and a shock to builders whose projects are in the approvals stage and will now be subject to increased rates at building permit issuance. As these charges are typically downloaded to purchasers, the impact on new housing and condominium prices will be equally detrimental.

What is also extraordinary about this process of downloading the costs of development to the private sector is the leverage a number of municipalities, notably regional municipalities, increasingly have over the sector. In the experience of the writer, developers are increasingly willing to forgo appeals of municipal by-laws, including development charge by-laws, and agree to financing of infrastructure under financing schemes that lie outside of the authority of the *Planning Act*, to ensure that they are not denied access to necessary infrastructure or water/waste water allocation.

Thus land owners and developers have to be vigilant in their review of development and other charges to understand what issues this will create for project and financing costs. They also have to consider the political costs of opposing these municipal schemes. While it may make

sense to launch an appeal in Toronto where infrastructure is already existent, it may be a more difficult decision in areas of infrastructure scarcity.

We will continue to monitor these matter and update again in a future issue. Please contact the writer should you require assistance in reviewing and understanding the development charges that may impact your project or in challenging development charges proposed to be imposed by a municipality or school board.

We would be pleased to assist in determining whether Toronto landowners or builders should be appealing the new City of Toronto development charges by-law. It is important to note **the deadline for such appeals is Thursday 21 November 2013.**