



Development Charges in Ontario

Consultation Document • Fall 2013

Development Charges Act, 1997 Review Consultation Document

Ontario is reviewing its development charges system, which includes the Development Charges Act and related municipal measures that levy costs on development (i.e. section 37 and parkland dedication provisions of the *Planning Act*), to make sure it is predictable, transparent, cost-effective and responsive to the changing needs of communities.

The Ministry of Municipal Affairs and Housing is consulting in the fall of 2013 with municipalities, the building and development industry and other key stakeholders on what changes to the system are needed.

This document is intended to help focus the discussion and identify potential targeted changes to the current framework.

Development Charges Act, 1997

The [*Development Charges Act, 1997*](#) lays out Ontario's regulatory and legislative framework which municipalities must follow to levy development charges.

This legislation resulted from negotiations with municipalities and developers and is based on the core principle that development charges are a primary tool in ensuring that "growth pays for growth".

Development Charges Act, 1997 Processes

To determine a development charge, a municipality must first do a background study. The background study provides a detailed overview of a municipality's anticipated growth, both residential and non-residential; the services needed to meet the demands of growth; and a detailed account of the capital costs for each infrastructure project needed to support the growth. The growth-related capital costs identified in the study are then subject to deductions and adjustments required by the legislation. These include:

- **Identifying services ineligible for a development charge.** The reason some services are exempt from development charges is that they are considered "discretionary" and not required for development to occur (e.g. entertainment and cultural facilities).
- **Requiring a service level cap tied to a ten-year historical average.** Capital costs for each service must be reduced by the costs associated with a service level greater than a 10-year

Did you know?

200 of Ontario's municipalities collect development charges.

\$1.3 B in development charge revenue was collected in 2011.

Development charges accounted for 14 per cent of municipal tangible asset acquisition financing in 2011.

historical average. This ensures new resident/business do not receive a service level greater than that provided to current residents/businesses.

- **Reducing capital costs by the amount of growth-related infrastructure that benefits existing development.** For example, installation of a new transit line needed to service growth becomes part of the overall municipal system and therefore also benefits existing residents. Municipalities must estimate the financial impact of this benefit and reduce growth-related capital costs accordingly.
- **Reducing capital costs by an amount that reflects any excess capacity for a particular service.** Municipalities must account for uncommitted excess capacity for any municipal service for which they levy a development charge. For example, if a municipality wants to construct a new library they must examine if the current municipal library system is at capacity. If the system is not at capacity, a deduction to growth-related capital costs for the new library must be made. An exception is made if a municipal council indicates that excess capacity at the time it was created is to be paid for by new development.
- **Reducing capital costs by adjusting for grants, subsidies or other contributions.** If a municipality receives a grant, subsidy or other contribution for a municipal service for which a development charge is being levied growth-related capital costs must be reduced to reflect the grant, subsidy or other contribution. This attempts to prevent “double-dipping”.
- **Reducing capital costs for soft services (e.g. parkland development, transit, libraries) by 10 per cent.** The legislation specifically identifies seven municipal services for which growth-related capital costs are not subject to a 10% discount (i.e. water, wastewater, storm water, roads, electrical services, police and fire). All other services are therefore subject to a 10% discount. This measure was put in place so that a portion of growth-related costs is paid out of municipal general revenues. The deductions and adjustments attempt to identify the capital cost that can be attributed to the infrastructure needed to service growth and development. Therefore, revenue municipalities raise through development charges will help ensure growth-related capital costs are not borne by existing taxpayers.

While the legislation provides for deductions and adjustments, in some instances the Act does not specify how these are determined by municipalities. For example, municipalities must account for the impact of growth-related infrastructure benefits on existing development but the Act does not say how this impact is to be calculated.

Based on an analysis of current background studies for 19 of the largest municipalities in Ontario (single and lower tier) capital costs recovered from development charges on average accounted for 44 per cent of gross capital expenditure estimates for services that would be eligible for development charges. At a regional level (Durham, Halton, York and Peel) development charges recovered 63 per cent of gross capital

Did you know?

Hard services, such as roads, water, sewer and waste water, account for 67 per cent of all collection.

Greater Toronto Area municipalities collect 70 per cent of all development charges in Ontario.

expenditures (See Appendix Figure 1).

Eligible Services

The **Development Charges Act, 1997** sets out specific services on which development charges cannot be imposed to pay for growth-related capital costs. This is a significant change from the **Development Charges Act, 1989** which gave municipal councils the authority to pass by-laws imposing charges on all forms of development to recover the net capital costs of services related to growth.

The scope of services funded under the Act was reduced by eliminating services which are not considered essential for new development and which benefit the community more broadly.

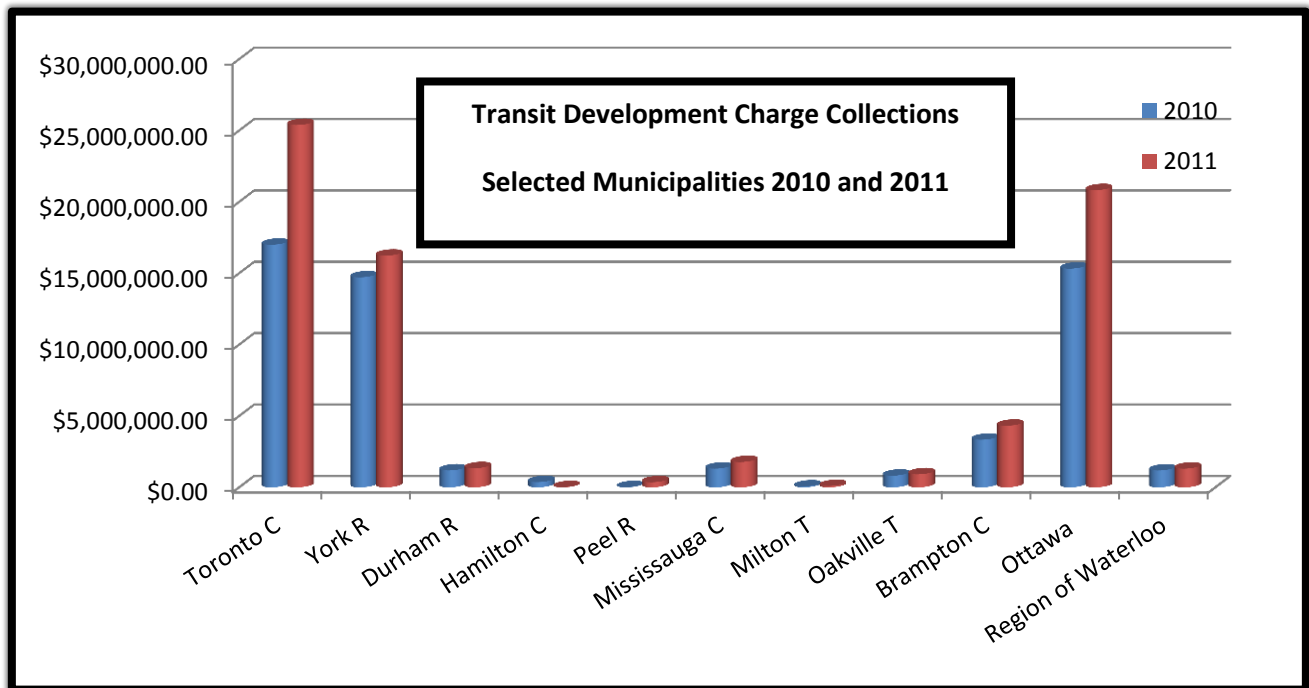
Municipalities have argued that a number of services that are currently ineligible, such as hospitals and waste management should be made eligible services for a development charge. Municipalities would also like to recover the full cost of new growth associated with particular services that are currently subject to a discount, such as transit.

The collection of development charges for transit is subject to a 10 per cent discount along with services such as parkland development, libraries, daycares, and recreational facilities. This broad category is generally referred to as “soft services” as opposed to “hard” services, such as roads and water which are not subject to the discount. The 10 per cent discount is seen as a way of ensuring that municipalities do not “gold plate” services with development money above and beyond general municipal standards.

Did you know?

In 2011, 37 municipalities collected \$74.2M in transit development charges; reserves stood at \$259.4M.

Without the 10 per cent discount applied to transit development charges, municipalities would have collected an additional \$8.2M.



Services for which a development charge is levied are also subject to the 10-year historical service average cap. Municipalities and transit supporters have suggested that transit levies be based on a peak or forward- looking service average. This would potentially allow municipalities to better co-ordinate transit infrastructure with planned growth.

Did you know?

A number of recent reports (i.e. Metrolinx Investment Strategy, Environmental Commission of Ontario and Environmental Defence) have advocated for amendments to the *Development Charges Act, 1997*, reflecting those made for the Toronto-York Subway Extension, for all transit projects in Ontario.

Transparency and Accountability

Public input

Municipalities must pass a development charge by-law within one year of the completion of a background study. Before passing the by-law, a municipality is required to hold at least one public meeting, making both the by-law and background study publicly available at least two weeks before the meeting.

The content of a by-law may be appealed to the Ontario Municipal Board (OMB) within 40 days of passing, after which the imposition of a specific development charge may be challenged within 90 days of the charge payable date. The OMB has broad powers to change or cancel (repeal) a by-law or to make the municipality do so. A number of appeals that are launched are settled between the parties involved before the Board makes a decision. If the Board orders a change to the by-law, it is considered to have come into force on the day that the by-law was passed. The municipality may then need to refund any amounts owed to anyone who paid the higher charge, with interest, within 30 days of the decision.

Reserve Funds

Municipalities must establish an “obligatory” reserve fund for each service for which a development charge is collected. The development charge funds must be spent on the infrastructure projects for which they were collected. In 2011, municipalities collected \$1.3B in development charges and had \$2.7B in obligatory reserves funds.

Most development charges are collected for non-discounted services with roads, water and wastewater

infrastructure accounting for the largest share.

Each year the treasurer of a municipality is required to submit a development charge statement to council and to the Minister of Municipal Affairs and Housing, providing a detailed account of activities for each reserve fund. The statement must show the connection between the infrastructure project and the reserve fund supporting it.

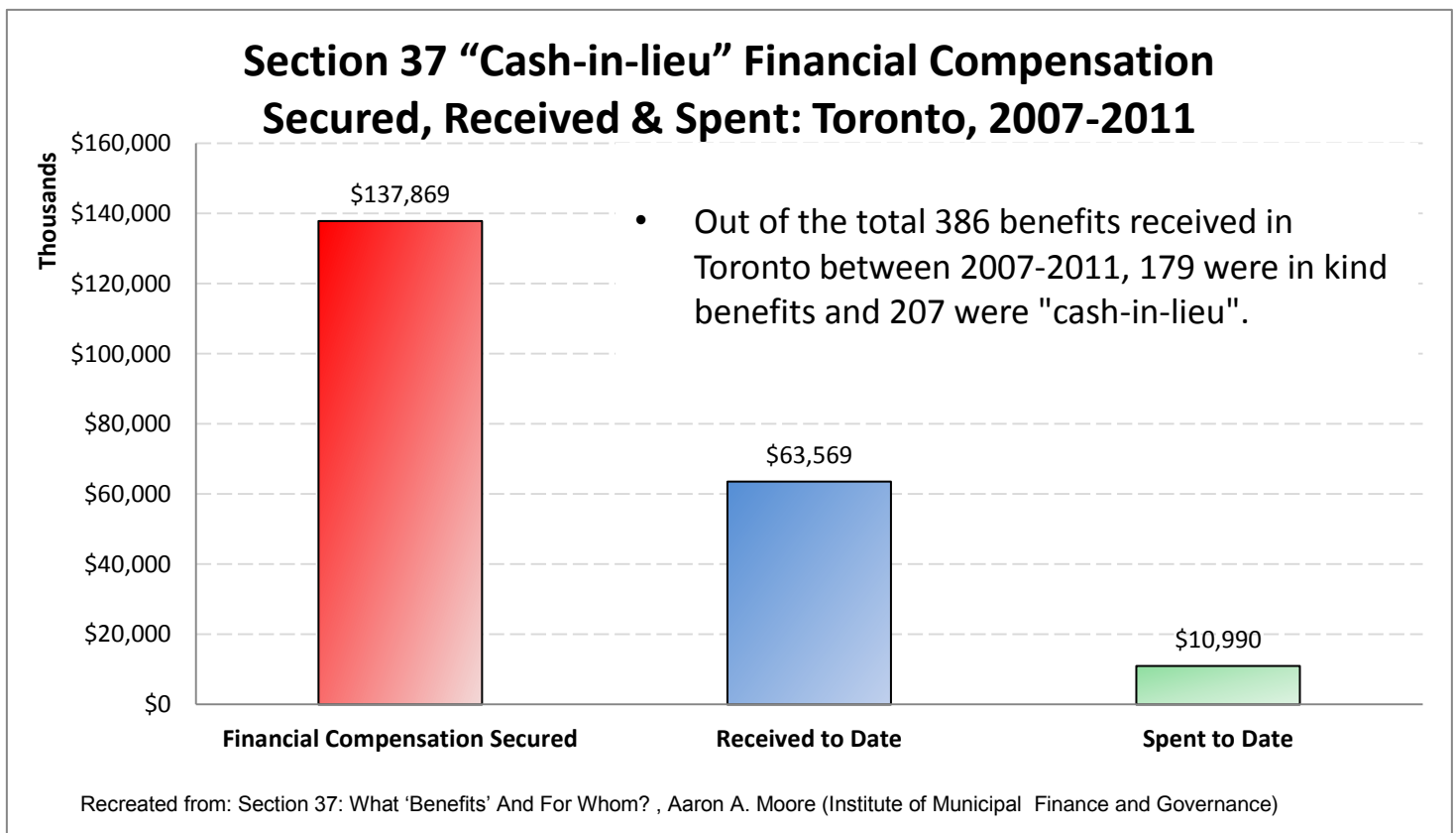
Despite the thoroughness of the development charge background study and the requirement to prepare and submit an annual development charge reserve fund statement, questions have arisen as to whether or not the funds collected are spent on projects for which they were intended.

Planning Act: Section 37 (Density Bonusing) and Parkland Dedication

The **Planning Act** allows municipalities to receive “benefits” from development in exchange for allowing greater density (more compact form of development) and to require developers to contribute land for parks or other recreational use.

Section 37 (Density Bonusing)

Section 37 (Density Bonusing) allows local municipal councils to authorize increases in the height and density of development beyond the limits set out in their zoning by-law, provided they have enabling official plan policies, in exchange for providing specified facilities, services or matters, such as the



provision of public art, or affordable housing or other matter provided on or in close proximity to the property being developed.

Municipalities often undertake planning exercises through extensive public consultation to identify how their communities will grow, resulting in the adoption of official plans to reflect their vision. The application of section 37 (Density Bonusing) may be seen as departing from that approved community vision. Consequently, the application of section 37 (Density Bonusing) has sometimes been characterized as being ad hoc or unstructured. As well, questions have been raised about whether the payments are being used for the intended purpose and whether the appropriate accountability and reporting measures are in place.

Parkland Dedication

Municipalities have the authority to require that a developer give a portion of the development land to a municipality for a park or other recreational purposes either at the plan of subdivision approval or consent approval stage ([Planning Act, subsection 51.1\(1\)](#)) or as a condition of development or redevelopment of land ([Planning Act, section 42](#)). Instead of giving over the land, the municipality may require the developer to pay an amount of money equal to the value of the land that would have otherwise been given. This is known as cash-in-lieu.

In addition, municipalities have the ability to require an alternative parkland dedication rate, which is based on the principle that parkland dedicated should bear some relation to population and need. Under [subsection 42\(3\)](#) of the *Planning Act*, an alternative parkland dedication rate of up to a maximum of 1 hectare per 300 dwelling units may be imposed. In order to use this, a municipality's official plan must have specific policies dealing with the use of the alternative parkland dedication rate.

The alternative parkland dedication rate was enacted to correct an inequity because parkland conveyances based on a percentage of lot area did not provide enough parkland for higher density residential areas. The philosophy of setting an upper limit for the Alternative Rate enables municipalities to set their own standards in relation to clearly demonstrated needs. These needs must be reflected in the goals, objectives and policies of the official plan to avoid unjustified use of higher conveyance standards.

Concerns have been identified that the alternative parkland dedication rate in the *Planning Act* acts as a barrier to intensification and makes it more difficult to reach the intensification goals of the Provincial Policy Statement, set out in the Growth Plan for the Greater Golden Horseshoe.

Overall, concerns have been raised that there is a need for more accountability and transparency with section 37 (Density Bonusing) and parkland dedication.

Voluntary Payments

Several municipalities require developers to make “voluntary payments” to help pay for infrastructure costs over and above development charges. Municipalities get additional funding from the development community to help finance capital projects so as to potentially reduce the impact of growth on tax rates and the municipality’s debt capacity limits.

Economic Growth

Many stakeholders view the use of development charges as either a help or hindrance to economic growth in communities. Most of the discussion has focused on housing affordability and the development of transit, as mentioned above.

The housing sector plays a significant role in economic growth in Ontario. This is a key sector that stimulates the economy through linkages with other sectors, and is a leading employer in the Province. A healthy housing sector can have positive economic and employment impacts in many other sectors. For example, new home construction can relate to expenditures for building materials, architectural services, construction crews and contractor services, in addition to other additional costs such as landscaping improvements, new furniture and moving expenses. Incomes generated from employment in this sector have a direct impact on consumer spending.

Did you know?

Based on information obtained from Will Dunning Inc. Economic Research, 322,100 jobs and \$17.1 B in earnings resulted from the 76,742 housing starts in Ontario in 2012. In the same year, 25,416 Toronto housing starts created 89,000 jobs and resulted in \$4.7 B in wages.

Housing Affordability

Since the **Development Charges Act, 1997** was passed, development charges have risen steadily, leading some people to suggest development charges are having a direct impact on rising housing prices. Housing price increases can be due to several factors including (but not limited to) the general health of the economy, income levels, availability of financing, interest rate levels, cost of construction, material and land values.

For example, from 1998 to 2009 the composite Construction Price Index for seven census metropolitan areas across Canada rose by 53.5 per cent. The index for Toronto has increased by 57.2 per cent and for Ottawa by 52.6 per cent. Subsequently, increasing construction costs would be one factor leading to

rising development charge rates.

Analysis of development charges for Ontario's 30 largest municipalities shows rates, in some cases, have risen substantially since 1997 (see Appendix Figure 3). Most of the municipalities experiencing larger than average increases in development charges are also ones which have experienced high levels of growth.

Despite the increases, development charges as a percentage of the cost of a new home have remained somewhat stable (5 per cent to 9 per cent) since the Act first came into force. (See Appendix Figure 4)

Non-residential Development Charges

The Act also allows municipalities to levy charges for non-residential development. The way in which municipalities treat non-residential development charges may play a significant role in the attraction of industrial, commercial and institutional development. Such development can act as a lever in informing the location of employment/employers, residential neighbourhoods, transportation networks, and transit.

Some municipalities provide exemptions for particular types of non-residential development to address job creation and growth in their municipality. For example, the Cities of Toronto and Kingston exempt development charges for all industrial development and the Town of Kincardine waives the development charges for all major office development.

Growth, intensification and the Development Charges Act, 1997

Over the last decade, two provincial plans have been released that promote the importance of incorporating intensification in growth planning. The Provincial Policy Statement, integrates all provincial ministries' land use interests and is applicable province-wide, states that there should be sufficient land made available through intensification and redevelopment and, if necessary, designated growth areas, to accommodate an appropriate range and mix of employment opportunities, housing and other land uses.

The Growth Plan for the Greater Golden Horseshoe, which was developed to better manage growth in the Greater Golden Horseshoe through compact, complete communities, support for a strong economy, efficient use of land and infrastructure, the protection of agricultural land and natural areas, seeks to focus growth within intensification areas. Intensification areas include urban and intensification growth centres, intensification corridors, major transit stations areas, infill/redevelopment/brownfield sites and the expansion or conversion of existing buildings and greyfields.

The regional transportation plan, The Big Move: Transforming Transportation in the Greater Toronto and Hamilton Area (GTHA), released by Metrolinx in 2008, is consistent with the implementation of these

provincial policies by helping to shape growth through intensification.

Under the current ***Development Charges Act, 1997***, municipalities may apply development charges in ways that best suit their local growth-related needs and priorities. A number of municipalities use local development charges as an incentive for directing land and building development through reductions and exemptions of development charges in areas such as downtown cores, industrial and commercial areas and in transit nodes and corridors, where higher-density growth is desired.

Municipalities may also set area-rated development charges that reflect the higher cost of infrastructure needed to service lands that are distantly located outside of higher density, serviced areas. These charges reflect a localized need for development-related capital additions to support anticipated development.

There is significant interest in using development charges more strategically by discounting development charges where growth and development is preferred, while setting maximum payable charges in areas outside of existing service areas (e.g. greenfields).

Questions have been raised over whether this strategy is being fully utilized to achieve intensification in areas such as transit, nodes and corridors. There is concern that levying development charges generally halts growth in areas targeted for intensification and that waiving development charges in these areas should be considered to stimulate development.

Did you know?

To steer growth and encourage greater density, the City of Ottawa levies a lower development charge (\$16,447 per Single Detached Unit) for development within the inner boundary of the city's designated Greenbelt than areas beyond the outer boundary of the Greenbelt (\$24,650 per Single Detached Unit) .

ISSUES AND QUESTIONS TO DISCUSS

The Development Charges Process

1. Does the development charge methodology support the right level of investment in growth-related infrastructure?
2. Should the Development Charges Act, 1997 more clearly define how municipalities determine the growth-related capital costs recoverable from development charges? For example, should the Act explicitly define what is meant by benefit to existing development?
3. Is there enough rigour around the methodology by which municipalities calculate the maximum allowable development charges?

Eligible Services

4. The Development Charges Act, 1997 prevents municipalities from collecting development charges for specific services, such as hospitals and tourism facilities. Is the current list of ineligible services appropriate?
5. The Development Charges Act, 1997, allows municipalities to collect 100% of growth-related capital costs for specific services. All other eligible services are subject to a 10% discount. Should the list of services subject to a 10 % discount be re-examined?
6. Amendments to the Development Charges Act, 1997 provided Toronto and York Region an exemption from the 10 year historical service level average and the 10% discount for growth-related capital costs for the Toronto-York subway extension. Should the targeted amendments enacted for the Toronto-York Subway Extension be applied to all transit projects in Ontario or only high-order (e.g. subways, light rail) transit projects?

Reserve Funds

7. Is the requirement to submit a detailed reserve fund statement sufficient to determine how municipalities are spending reserves and whether the funds are being spent on the projects for they were collected?
8. Should the development charge reserve funds statements be more broadly available to the public, for example, requiring mandatory posting on a municipal website?
9. Should the reporting requirements of the reserve funds be more prescriptive, if so, how?

Section 37 (Density Bonusing) and Parkland Dedication Questions

10. How can Section 37 and parkland dedication processes be made more transparent and accountable?
11. How can these tools be used to support the goals and objectives of the Provincial Policy Statement and the Growth Plan for the Greater Golden Horseshoe?

Voluntary Payments Questions

12. What role do voluntary payments outside of the Development Charges Act, 1997 play in developing complete communities?
13. Should municipalities have to identify and report on voluntary payments received from developers?
14. Should voluntary payments be reported in the annual reserve fund statement, which municipalities are required to submit to the Ministry of Municipal Affairs and Housing?

Growth and Housing Affordability Questions

15. How can the impacts of development charges on housing affordability be mitigated in the future?
16. How can development charges better support economic growth and job creation in Ontario?

High Density Growth Objectives

17. How can the Development Charges Act, 1997 better support enhanced intensification and densities to meet both local and provincial objectives?
18. How prescriptive should the framework be in mandating tools like area-rating and marginal cost pricing?
19. What is the best way to offset the development charge incentives related to densities?

SUBMIT YOUR COMMENTS AND IDEAS

You are invited to share your comments and ideas by **January 10, 2014**. You can:



Share your views at a meeting.



Submit your comments through an online version of this guide at www.ontario.ca/landuseplanning

Environmental Bill of Rights Registry Number: 012-0281
www.ebr.gov.on.ca/



Email a submission to DCAconsultation@ontario.ca



Write to us at:

Development Charge Consultation
Ministry of Municipal Affairs and Housing
Municipal Finance Policy Branch
777 Bay Street, 13th Floor, Toronto, ON M5G 2E5

Preparing an Email or Mail Submission

Please structure your submission as answers to the question listed above or submit responses in each of the theme areas.

Personal Information

Personal information you provide is collected under the authority of the *Ministry of Municipal Affairs and Housing Act*.

Appendix

Figure 1

Potential Development Charges Recoverable as a Percentage of Estimated Gross Capital Costs

Municipality	Total All Services	B.E.D.**	GR Net Capital Costs	BED/Total	NET/Total
Brampton *	\$ 1,678,874,000.00	\$ 112,475,000.00	\$ 1,566,399,000.00	7%	93%
Clarington	\$ 254,239,710.00	\$ 20,571,670.00	\$ 201,312,480.00	8%	79%
Oakville*	\$ 823,629,200.00	\$ 107,088,800.00	\$ 647,754,800.00	13%	79%
Ajax	\$ 179,644,683.00	\$ 14,802,562.00	\$ 132,178,950.00	8%	74%
Vaughan*	\$ 643,512,000.00	\$ 36,829,000.00	\$ 460,066,400.00	6%	71%
Mississauga	\$ 989,730,700.00	\$ 30,593,000.00	\$ 700,515,500.00	3%	71%
Whitby	\$ 440,855,969.00	\$ 80,927,290.00	\$ 272,745,844.00	18%	62%
Kitchener	\$ 390,672,800.00	\$ 89,942,800.00	\$ 228,426,500.00	23%	58%
Hamilton	\$ 1,781,878,533.00	\$ 631,516,015.00	\$ 1,033,155,431.00	35%	58%
London	\$ 1,729,685,700.00	\$ 227,041,600.00	\$ 967,697,900.00	13%	56%
Markham	\$ 1,494,277,927.00	\$ 70,414,681.00	\$ 818,602,146.00	5%	55%
Oshawa	\$ 193,128,184.00	\$ 11,511,939.00	\$ 104,370,560.00	6%	54%
Guelph	\$ 404,908,107.00	\$ 95,688,376.00	\$ 211,504,251.00	24%	52%
Kingston	\$ 190,705,912.00	\$ 42,827,072.00	\$ 79,647,807.00	22%	42%
Greater Sudbury*	\$ 221,107,300.00	\$ 85,916,000.00	\$ 90,886,500.00	39%	41%
Burlington	\$ 229,077,092.00	\$ 45,917,472.00	\$ 90,150,635.00	20%	39%
Barrie	\$ 748,574,393.00	\$ 128,057,074.00	\$ 287,251,520.00	17%	38%
Pickering	\$ 303,321,897.00	\$ 84,875,990.00	\$ 55,980,222.00	28%	18%
Toronto	\$ 8,728,196,882.00	\$ 2,469,202,375.00	\$ 1,560,139,984.00	28%	18%
Total	\$ 21,426,020,989.00	\$ 4,386,198,716.00	\$ 9,508,786,430.00	20%	44%
Peel Reion	\$ 5,409,160,201.00	\$ 347,247,987.00	\$ 4,422,521,625.00	6%	82%
Halton Region	\$ 4,393,600,000.00	\$ 598,600,000.00	\$ 3,576,100,000.00	14%	81%
Durham Region	\$ 3,941,500,000.00	\$ 908,900,000.00	\$ 2,505,300,000.00	23%	64%
York Region	\$ 14,368,403,527.00	\$ 1,572,260,757.00	\$ 7,134,128,076.00	11%	50%
Total	\$ 28,112,663,728.00	\$ 3,427,008,744.00	\$ 17,638,049,701.00	12%	63%
Total ST/LT/Regions	\$ 49,538,684,717.00	\$ 7,813,207,460.00	\$ 27,146,836,131.00	16%	55%

Note: Based on information contained in current municipal background studies. *Net of Subsidies. ** Benefit to Existing Development To determine a development charge, a municipality must first do a background study. The background study provides a detailed overview of a municipality's anticipated growth, both residential and non-residential; the services needed to meet the demands of growth; and a detailed account of the capital costs for each infrastructure project needed to support the growth.

The chart is designed to show the how much revenue municipalities recover from development charges based on the infrastructure capital costs related for municipal services considered in the background study. Using Kingston as an example, the background study identified capital costs of \$190.7 M. After making the deductions and adjustments required by the legislation Kingston was able to recover \$79.6 M from development charges representing 42% of all capital costs identified in the background study. *Benefit to Existing Development (B.E.D.)* is highlighted to show the deduction municipalities must make to account for the benefit growth-related infrastructure provides to existing residents.

Source: Based on information contained in current municipal background studies.

Figure 2

Determining Recoverable Development Charge Costs (\$ Millions)

All Services								
Municipality	Gross	Ineligible	B.E.D.	Post Period	Grants	10%	Total	Net/Gross
	Expenditure	Service Level		Capacity		Discount	Net	%
Toronto	\$8,728.20	\$910.70	\$2,469.20	\$762.80	\$2,956.10	\$69.20	\$1,560.10	18%
Uxbridge	\$26.00	\$11.20	\$3.00			\$0.34	\$11.40	44%
Region of Waterloo	\$4,393.0	\$10.10	\$598.60	\$203.90		\$4.80	\$3,576.2	81%
Transit								
Municipality	Gross	Ineligible	B.E.D.	Post Period	Grants	10%	Total	Net/Gross
	Expenditure	Service Level		Capacity		Discount	Net	%
Toronto	\$1,485.00	\$531.10	\$120.50	\$27.20	\$475.80	\$33.10	\$297.60	20%
Region of Waterloo	\$100.30	\$11.80	\$66.20			\$2.20	\$20.10	20%

To determine a development charge, a municipality must first do a background study. The background study provides a detailed overview of a municipality’s anticipated growth, both residential and non-residential; the services needed to meet the demands of growth; and a detailed account of the capital costs for each infrastructure project needed to support the growth.

The chart above indicates the various deductions and adjustments municipalities must make to the capital costs for each infrastructure project needed to support the growth. Using Uxbridge as an example, the municipality is able to collect 44% of the capital costs identified in the background study from development charges.

Source: Based on information contained in current municipal background studies for Toronto, Uxbridge and Region of Waterloo

Figure 3

Historical Perspectives of Municipal Development Charges

Municipality	2nd Gen (at enactment)	3rd Gen (at enactment)	2013	2013/2Gen
Greater Sudbury	\$2,450.00	\$3,079.00	\$14,829.00	505%
Mississauga	\$3,333.53	\$6,442.56	\$16,887.11	407%
Toronto	\$4,370.00	\$12,366.00	\$19,412.00	344%
London	\$5,152.00	\$13,714.00	\$17,009.00	230%
Brantford	\$4,763.00	\$9,305.00	\$15,017.00	215%
Markham	\$7,170.00	\$10,174.00	\$22,357.00	212%
Cambridge	\$4,322.04	\$7,322.20	\$11,788.00	173%
Kingston	\$5,608.00	\$9,490.00	\$15,138.00	170%
Oakville T	\$9,620.00	\$12,044.00	\$25,530.00	165%
Barrie	\$13,728.00	\$26,060.00	\$30,707.00	124%
Guelph	\$11,721.00	\$24,053.00	\$24,208.00	107%
Waterloo City	\$5,750.00	\$13,372.00	\$11,753.00	104%
Windsor	\$9,006.00	\$15,787.00	\$17,792.00	98%
Clarington	\$8,377.00	\$14,623.00	\$15,518.00	85%
Brampton	\$14,029.59	\$24,415.09	\$25,518.97	82%
Richmond Hill	\$7,002.00	\$11,654.00	\$12,152.00	74%
Kitchener (Suburban)	\$5,634.00	\$9,887.00	\$9,662.00	71%
Vaughan	\$7,922.00	\$12,284.00	\$12,715.00	61%
Whitby	\$7,722.00	\$10,208.00	\$12,058.00	56%
Ajax	\$7,709.00	\$11,631.00	\$12,029.00	56%
Ottawa (inside Greenbelt)	\$10,566.00	\$15,446.00	\$16,447.00	56%
Hamilton	\$7,887.00	\$10,014.00	\$10,445.00	32%
Pickering	\$7,813.00	\$9,694.00	\$10,114.00	29%
Oshawa	\$6,232.00	\$6,920.00	\$7,256.00	16%
Burlington	\$7,075.00	\$7,538.00	\$8,018.00	13%
Chatham-Kent	\$1,013.00	\$4,640.00	NA	
Average	\$4,646.07	\$8,986.60	\$16,554.64	139%

Rates are those for Single Detached units.

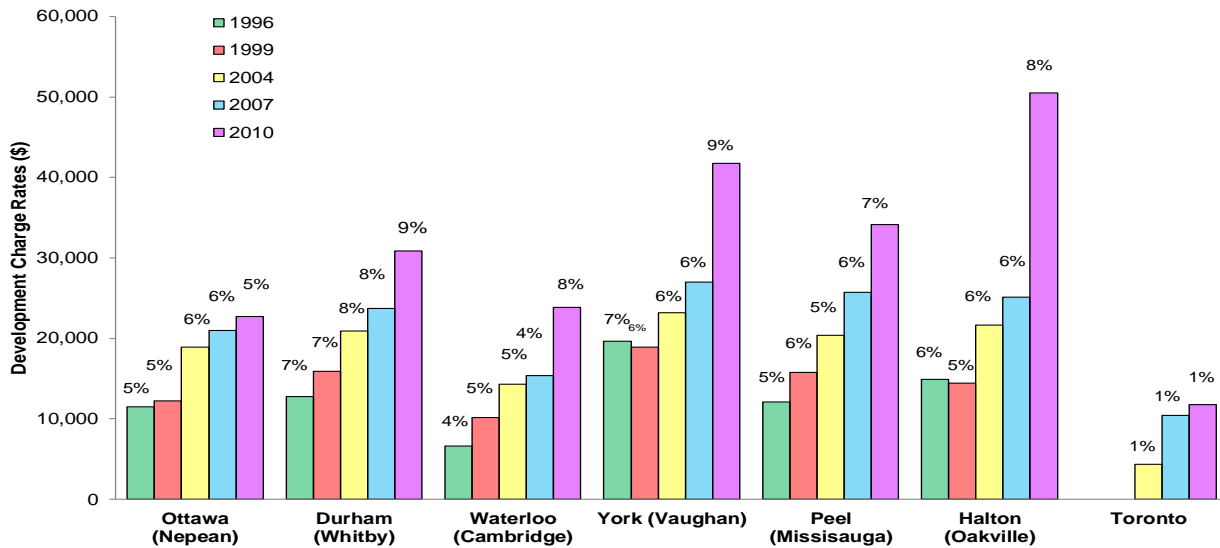
When the current legislation came into force municipalities that wished to levy a development charge were required to enact a development charge by-law. The initial by-laws are referred to as first generation by-laws, generally enacted in 1998 to 2000 period.

The legislation requires municipalities to undertake a new background study at least once every five years and enact a new by-law based on the new study. In the 2003 to 2005 period municipalities began the process of preparing new background studies and new by-laws. These by-laws are referred to as second-generation. Third-generation by-laws represent the renewal process municipalities undertook in the 2008 to 2010 period.

Source: Based on information contained in current municipal background studies for Toronto, Uxbridge and Region of Waterloo

Figure 4

Development Charges and Cost of New Housing



Note: Toronto data for 1996 and 1999 was not available.

The chart indicates the impact development charge have on the cost of new housing. For example, for Mississauga development charges have historically comprised 5 to 7 percent of the cost of a new house.

Source: Information for 1996, 1999, 2004 was compiled for the Ministry by CN Watson and Associates. Data for 2007 and 2010 was prepared by the Ministry of Municipal Affairs and Housing based on municipal development charge by-laws and housing price data from CMHC.