

Toronto builders decry hidden fees on new homes

There is a lot more than just the basic price of a new house for buyers in the Toronto area, with development charges approaching \$50,000 in some cases.

Housing development fees in Ontario are among the highest in North America, with some 30% of the purchase price in the Greater Toronto Area going to various government fees, according to two new studies.

The Residential and Civil Construction Alliance of Ontario (RCCAO) and Residential Construction Council of Ontario (RESCON) produced the joint studies, concluding that government fees, levies and regulatory costs were exceedingly driving up housing costs in Toronto and its surrounds.

In one of the studies, Ryerson University professor David Amborski for the RCCAO concluded that municipal development charges alone now add between \$30,000 to \$50,000 to the price of a new home.

Taken community by community, Oakville had the highest development charges for single and semi-detached homes, totaling \$50,458 on average. Not far behind were Markham at \$46,457, Milton at \$43,399, Newmarket at \$41,528, Vaughan at \$41,245, Burlington at \$40,181, and Brampton at \$40,180.

To take such figures in perspective, the report noted that average development charges in the Greater Vancouver Area averaged \$23,418. Other cities are even lower, such as the average of \$7,475 in Calgary and \$1,425 in Edmonton. In the U.S., the average development charge is \$8,328, with the highest state – California – averaging \$21,648.

While many of the development charges in Ontario are billed directly to developers, they are nonetheless passed on in the cost of the purchase price, said the report.

“We understand that government must be able to fund the infrastructure investments, but this should not be at the expense of housing affordability,” said Richard Lyall, president of RESCON.

The reports recommend various alternatives, such as raising property taxes or implementing a land value capture tax.