

# Builders in Toronto get bargain

Other regions in GTA approve dramatic hikes in developers' fees to pay for infrastructure

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While Toronto was wringing its hands over a land-transfer tax that will boost the average home's cost about \$5,000, other GTA municipalities were quietly passing hikes of their own — this time on hidden development charges that will add even more to the cost of every new home or condo, regardless of price.

Some of the most dramatic increases are in Peel and York regions, where regional levies to help pay for new infrastructure jumped by between \$6,000 and \$7,000 per home — costs developers will pass on to the buyers. In York, builders are challenging the increase in court.

Toronto, traditionally a bargain by comparison, is now thinking about increasing its development charges. "I think we could double or triple our current charges," Joe Mihevc, councillor for Ward 21, St. Paul's, told the city's executive committee this week, citing "a gross inequity between what we charge and what they charge in the 905."

"We're looking to build our city and we need that money, and the development industry has to help pay for it," Mihevc said.

Similar hikes are being contemplated in Halton and Durham.

In Peel, the new rate is \$15,285 per housing unit, up from \$8,535. Peel

treasurer Dan Labrecque said the almost 80 per cent increase passed this month is a response to dramatic worldwide increases in the cost of raw materials, and the fact that development growth just isn't paying for itself any more.

Current charges aren't enough to cover the cost of providing the roads, sewers and other services new neighbourhoods need, he says.

"This is not a Peel thing. This is a national thing," said Labrecque, pointing to the fact that costs have spiked on everything from oil to steel because of overheated markets in India and China.

Add to that the demand for building materials in the south after Hurricane Katrina and in booming Alberta.

But that's only part of the story, because some municipalities have been undercharging developers for years — especially on industrial-commercial levies — in an attempt to attract employers.

Charging industrial-commercial developers the full price will add \$40 million to \$50 million per year to the coffers of York Region, said finance commissioner Lloyd Russell.

The increase on residential charges paid for every housing unit built will add \$60 million more, bringing total new revenues to almost \$110 million a year.

Paula Tenuta, of the Building Industry and Land Development As-

sociation, acknowledges the increases are dramatic.

"We're seeing such increases all across the region," said Tenuta. "Unfortunately, it gets passed on to the new homebuyer."

She said the development industry is willing to pay its fair share.

But the building industry has also warned that such hikes will spur the flight of industry and business to elsewhere in southern Ontario and even to the United States.

That was evident last week in Simcoe County, where major developers — citing the high cost of building in the GTA — proposed major industrial employment zones on prime farmland in Bradford West Gwillimbury and Innisfil, north of the Greenbelt.

Toronto's charges are much lower mainly because the city is nearly built out and most new construction is infill in areas already supplied with major services. But the city has also been discounting its charges in recent years to attract business.

With files from Jim Byers

