

Government Charges and Fees on New Homes in the Greater Toronto Area

Independent Real Estate Intelligence

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Prepared for:

**Building Industry and Land Development
Association**

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EXECUTIVE SUMMARY

Altus Group Economic Consulting was retained by the Building Industry and Land Development Association (BILD) to review the government charges and fees on new homes in the Greater Toronto Area (GTA).

BILD is the voice of the land development, home building and professional renovation industry in the GTA, and represents more than 1,400 member companies. BILD advocates on behalf of the industry, as well as future homebuyers to keep government charges and fees fair and reasonable.

Our review of government charges 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. It is important for readers to know the various fees and charges that governments collect from the development of new homes.

We have collected and compiled information on government charges for six GTA municipalities. The rates and fees reviewed in this report are current as of February 2013. This report is specific to residential home building, and does not review government charges on mixed-use or non-residential development.

The government charges reviewed in this report are paid for by land owners, developers, home builders and home buyers. The fees paid for by land owners, developers and home builders can have direct implications on the prices of new homes in the GTA. Charges paid for by new home buyers increase the costs of home ownership, and have implications on the amount of income available to pay for mortgage costs.

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 across the GTA has increased by 70%, while the average selling price of new high-rise homes has increased by 61%.

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 have also been a factor in the increased price for new homes in the GTA.

In most municipalities, the most significant government charge for new homes are development charges, which comprise from 33% to 52% of the government charges on new homes (in the five municipalities outside of the City of Toronto). Since 2004, for the municipalities studied in this report, development charges have increased between 143% and 357%.¹

Based on our review, we have found that:

- The average government charges for each new single-detached home are roughly \$116,200, or roughly 22.6% of the average price for a new home. For the six municipalities we have reviewed, the charges per home range from \$83,000 in the Town of Bradford West Gwillimbury to \$145,800 in the City of Markham.
- For a new condominium apartment, the average government charges per apartment are approximately \$64,000, or roughly 19.7% of the average price for a new condominium apartment. For the six municipalities we have reviewed, the charges per condominium apartment range from \$47,600 in the Town of Bradford West Gwillimbury to \$79,200 in the Town of Oakville.

¹ For each municipality reviewed in this report, DC rates, and the rates of other fees are current as of February 1, 2013.

Figure 1

Summary of Government Charges per New Home, Greater Toronto Area

Municipality	Low-Rise Development		High-Rise Development	
	Government Charges per Home	Estimated Value of Single-Detached Units ¹	Government Charges per Apartment	Estimated Value of New Condominium Apartment Units ²
	<i>Dollars per Unit</i>			
Oakville / Halton Region	141,300	590,000	79,200	380,800
Brampton / Peel Region	133,500	490,000	64,500	289,500
Markham / York Region	147,700	600,000	77,800	368,900
Bradford West Gwillimbury / Simcoe County	83,000	410,000	47,600	250,600
Ajax / Durham Region	92,400	460,000	47,900	250,600
City of Toronto	101,000	540,000	66,900	406,900

¹ Value of single-detached units based on 2,000 square foot home on 36' foot lots

² Value of condominium apartments based on average price of apartment in building with 150 1-bedroom apartments 600 ft2 in size each, 125 1-bedroom + den apartments 710 ft2 in size each, 150 2-bedroom apartments 920 ft2 in size each, 50 2-bedroom + den apartments 1,180 ft2 in size each, and 25 3-bedroom apartments 1,310 ft2 in size each.

Source: Altus Group Economic Consulting

- On average, 56% of government charges are levied on land owners, developers, or home builders. Charges levied during the development and/or building process are likely to get passed on to new home buyers, so long as the market will allow for an increase in prices. Where the market will not respond to an increase in prices, increased government charges will either slow the demand for new homes, or require developers to absorb the additional costs.
- On average, the other 44% of government charges are imposed directly on new home buyers. These charges add to the costs of home ownership, and reduce the amount of income available to home owners to pay for other costs of living.

Given the variety of government charges imposed on both developers and home buyers, the effect these charges have on the price of new homes, the impact the charges have on the income available for new home buyers to pay for the costs of housing, and the rationale behind each charge for the governments that levy them, the topic covered in this report is a complex one, for which there are no easy answers.

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1 INTRODUCTION

Altus Group Economic Consulting was retained by the Building Industry and Land Development Association (BILD) to review the government charges and fees on new homes in the Greater Toronto Area (GTA).

1.1 Building Industry and Land Development Association (BILD)

The Building Industry and Land Development Association (BILD) is the voice of the land development, home building and professional renovation industry in the Greater Toronto Area, and represents more than 1,400 member companies across the GTA.

The building industry is part of the economic foundation of the GTA and Ontario. In 2011, the value of new home construction in the GTA amounted to \$24.6 billion, with more than 193,000 jobs created in the new home construction, renovation and related fields last year. These jobs generated more than \$10 billion in wages for local households, as well as:

- \$1.8 billion in federal and provincial income tax revenues;
- \$840 million in CPP premiums;
- \$330 million in employment insurance premiums;
- \$1.6 billion in HST revenues to the federal government, and another \$1.9 billion to the provincial government; and
- \$1.9 billion in harmonized sales tax revenues.²

1.2 Study Purpose

Our review of government charges attempts to help readers understand the variety of charges, and the significant costs associated with the approval, building, development and ultimate occupancy of new homes across the GTA.

² Building Industry and Land Development Association.

The government charges analyzed and summarized in this report are incurred by land owners, developers, home builders and/or purchasers, and have implications for the affordability of new housing in the Greater Toronto Area.

For the government charges that are paid for by the developer or home-builder, these costs often get passed on to the end-user of a home, through increased prices or rents, where the market will allow for such increases.

Figure 2 shows the trend in the average price of new absorbed single-detached homes in six selected GTA municipalities, based on CMHC data. Since 2005, single-detached home prices have increased by between 46% and 100%.

Figure 2 Average Price of New Absorbed Single-Detached Units, GTA Municipalities

Year	Oakville	Brampton	Markham	Bradford West Gwillimbury	Ajax	Toronto (Scarborough)
	<i>Dollars per Unit</i>					
2005	532,331	370,881	381,833	292,271	321,088	349,258
2006	655,362	375,675	419,549	361,312	374,217	389,105
2007	736,788	399,021	462,911	373,940	440,897	449,287
2008	711,006	433,461	482,853	375,788	503,188	440,334
2009	934,754	460,487	548,447	366,913	474,272	509,653
2010	958,735	483,190	580,844	393,419	481,555	517,660
2011	1,588,261	524,958	564,458	429,614	502,159	539,902
2012	1,065,177	562,491	608,807	427,958	533,152	629,243
	<i>Percent</i>					
% Change	100	52	59	46	66	80

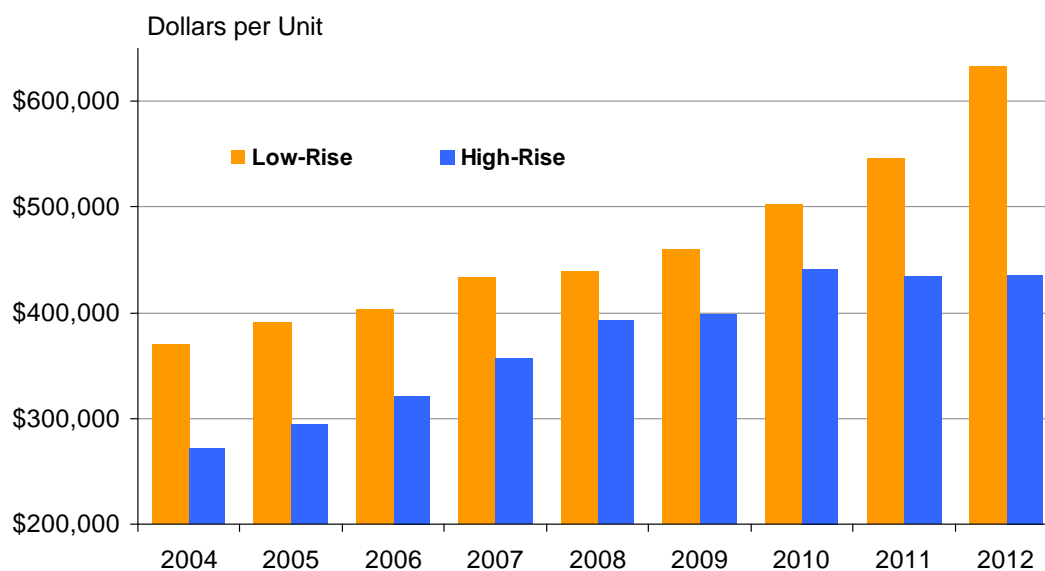
Source: Altus Group Economic Consulting based on CMHC Housing Now reports

Figure 3 shows the increase in average prices for low-rise and high-rise homes, based on RealNet data, which shows that the average price of low-rise homes across the Greater Toronto Area have increased by 70% over the 2004-2012 period, while the average price of high rise apartments have increased by 61%.³

³ Low-rise includes single-detached, link, semi-detached, and townhouse units. High-rise includes apartments, loft and stacked townhouses.

Figure 3

Average New Home Price, Low-Rise and High-Rise, 2004-2012



Source: Altus Group Economic Consulting based on Realnet data

In addition to the charges paid for by the developer or home builder, other costs are paid for directly by the purchaser of a new home. While government charges imposed directly on a home buyer do not increase the price of a new home, they do add to the costs of home ownership. Increases to the government charges paid for by new home owners can have direct impacts on the amount of income available to pay for a mortgage, as well as other costs of living.

Additionally, costs that are paid for by a developer or home builder, and then passed on through higher home prices, are also carried by home owners, through the increased interest costs associated with a larger mortgage required to finance an increased home price.⁴

⁴ For example, a house with a \$500,000 mortgage would pay approximately \$291,800 in interest costs over the life of the mortgage (over and above the principal repayment). For every additional \$10,000 in the mortgage principal, the interest costs increase by \$5,830 over the life of the mortgage (Mortgage costs based on a 25-year amortization, 4% interest rate, monthly payments).

2 METHODOLOGY

This section presents the methodology used in the calculation of government charges on new housing developments in the Greater Toronto Area. This report is specific to residential home building, and does not review government charges on mixed-use or non-residential development.

2.1 Selected GTA Municipalities

This report will analyze the government charges associated with both low-rise and high-rise developments in the four GTA regional municipalities (York, Durham, Halton and Peel), Simcoe County and the City of Toronto. For each regional municipality/County, we have selected one lower-tier municipality:

- Town of Ajax (Durham Region);
- City of Markham (York Region);
- Town of Oakville (Halton Region);
- City of Brampton (Peel Region);
- Town of Bradford West Gwillimbury (Simcoe County); and
- City of Toronto.

We have collected our information based on publicly available information or where information was not readily available, through correspondence with contacts at various government agencies. The rates for charges reviewed in this report are those that were posted by each municipality or government agency as of the time of writing this report.

2.2 Low-Rise Development

2.2.1 *Development Assumptions*

In order to quantify the total government charges for a new low-rise development in the Greater Toronto Area, we have estimated the costs associated with the application, approval and build-out of a hypothetical residential subdivision. The characteristics of the hypothetical low-rise development are as follows:

- 500 single-detached homes, each with 36 foot frontages;
- At average household size of 3.7 persons per home, the development would be built at a density of 50 persons per net hectare, which would mean the gross land area required would equal 46.3 hectares. At a net-to-gross ratio of 80%, the net land area would be 37.0 hectares; and
- We have assumed that there would be approximately 3,300 metres of local roads within the development.⁵

These development assumptions have been held constant across all six of the municipalities to allow for an “apples-to-apples” comparison. It should be recognized that the low-rise development used in this report is hypothetical only, and may not be a realistic development option in some of the municipalities reviewed.

2.2.2 *Common Assumptions*

In building our model, we have used several assumptions that were kept constant across each municipality:

Required Planning Applications – we have assumed that the low-rise development would require both lower-/single-tier and upper-tier official plan amendments, a zoning by-law amendment and plan of subdivision approval.

Average Home Size - we have assumed that each single-detached home would be 2,000 square feet, which, according to RealNet data, is roughly consistent with the average size of new single-detached homes on 36-foot lots.

Down Payment Amount - we have assumed that the average buyer of the homes would have a 15% down payment, meaning that the remaining 85% would be financed through a CMHC insured mortgage. This assumption is

⁵ 36 feet frontage per unit x 500 units = 18,000 feet of frontage. Assuming 2 units on each side of every street = 9,000 feet of road frontage, plus an assumed 20% of roads frontage for parks, etc. = 10,800 feet of roads, or 3,291 metres.

the key input in determining the amount of CMHC mortgage insurance required.

Value of Engineering Works - Our estimate of the value of engineering works is based on the 2012 Altus Group Cost Guide, which provides an estimate of the costs for site servicing. For houses on local roads, site servicing costs are estimated to be \$2,700 per metre of road frontage (which is the low end of the range provided in the Cost Guide). As we have assumed that the low-rise development will have approximately 3,300 metres of local road frontage, this means that the site servicing costs would amount to approximately \$8.9 million.

We have split the \$8.9 million servicing costs based on cost splits used in the 2009 Delta Urban study prepared for BILD.⁶ The approximately \$8.9 million in servicing costs is assumed to be broken down as follows:

- \$3,199,000 for road works;
- \$853,100 for site preparation;
- \$2,687,200 for water and sanitary sewer services; and
- \$2,148,700 for storm sewers, manholes, catch basins and storm water management pond(s).

2.2.3 *Variable Assumptions*

We have also made a number of assumptions that vary from one municipality to another:

Value of Single-Detached Homes – using RealNet data for new single-detached homes in each lower-tier municipality, we compiled data on prices for new single-detached homes marketed since 2006, and indexed the prices per square foot to 2012 dollars. We have controlled for both the size of lot and

⁶ Delta Urban Inc., *Municipal Fees and Related Charges: A Comparative Study of Development Costs Across the Greater Toronto Area*, (November 25, 2009).

size of the house, by only including houses on 34' to 38' lots, and only houses between 1,500 and 2,500 square feet in size.⁷

Land Value – It is necessary to acknowledge the differences in land values among the municipalities reviewed in this report. An assumption regarding land value is required for the calculation of property taxes payable during the application process (while the land is vacant) and to the estimate of the cost of a cash-in-lieu of parkland payment. To determine the land value in each municipality, we have taken RealNet data on the average price per hectare for land sales in each of the lower-tier municipalities. Each land sale in RealNet's database was then indexed to 2012 dollars using Statistics Canada's New Housing Price Index for land in the Toronto/Oshawa CMA.⁸

2.3 High-Rise Development

Similar to our low-rise development analysis, the high-rise development used for the analysis in this report is assumed to be residential-only, and not a mixed-use building.

2.3.1 Development Assumptions

In order to quantify the government charges for a new high-rise development, we have estimated the costs associated with the application, approval and building of a hypothetical condominium apartment building. The characteristics of the high-rise development are as follows:

- 500 condominium apartments contained in a high-rise development, located at the intersection of two arterial roads;
- The development would be built on 4.0 gross hectares of land (and would be a square-shaped site at the intersection of two arterial

⁷ The prices per square foot for new units from Realnet were indexed to 2012 value using the Realnet price index for low-rise units, based on the date each development's price lists were updated.

⁸ For the price of low-density land, we used Realnet's "low-density" land sale category. Where we need an estimate of the value of raw vacant land, we used Realnet's database of land sales for "long-term" land in each of the lower-tier municipalities. For Bradford West Gwillimbury, as no land sales were found in the Realnet database, we used East Gwillimbury as a proxy. For Toronto, we have only used land sales from the outer municipalities of the former Metro Toronto – Etobicoke, Scarborough and North York.

roads, and therefore would have 200 metres of frontage on each of its two arterial frontages);

- Parking would be provided through the construction of an underground garage.

The development assumptions have been held constant across all six of the municipalities to allow for an “apples-to-apples” comparison. It should be recognized that the high-rise development used in this report is hypothetical only, and may not be a realistic development option in some of the municipalities reviewed.⁹

2.3.2 *Common Assumptions*

In building our model, we have used several assumptions that were kept constant across each municipality:

Required Planning Applications – we have assumed that the high-rise development would require both lower-/single-tier and upper-tier official plan amendments, a zoning by-law amendment, site plan approval, and plan of condominium approval.

Mix and Size of Apartments – the mix of apartments shown in Figure 4 is assumed for the purposes of this analysis. Our assumptions would see the high-rise development include 150 one-bedroom apartments, 125 one-bedroom plus den apartments, 150 two-bedroom apartments, 50 two-bedroom plus den apartments, and 25 three-bedroom apartments.

The average apartment sizes are based on the average sizes in new high-rise developments across the GTA. See Figure 4 for the assumed mix and sizes of apartments in the hypothetical high-rise development.

The mix and size of apartments shown in Figure 4 may not reflect the mix and size of apartments and apartment buildings being built in municipalities in the GTA nor those reviewed in this report. However, we require this

⁹ In particular, the assumptions may not be realistic for a development in the City of Toronto. To address this, we have run our calculations on a more typical Toronto high-rise building, which is assumed to be built on a smaller site. The calculation of government charges per unit for a smaller site high-rise building in Toronto is presented in a footnote later in this report.

assumption to be uniform across all six municipalities, so that the results of this report can be compared on an “apples-to-apples” basis.

Figure 4 Unit Mix and Unit Sizes, Hypothetical High-Rise Development

	One-Bedroom	One-Bedroom + Den	Two-Bedroom	Two-Bedroom + Den	3-Bedroom	Total
	<i>Square Feet</i>					
Average Size per Unit (ft ²)	600	710	920	1,180	1,310	-
	<i>Percent</i>					
Share of Units	30%	25%	30%	10%	5%	100%
	<i>Units</i>					
Units by Type	150	125	150	50	25	500
	<i>Square Feet</i>					
Building Area (Units)	90,000	88,750	138,000	59,000	32,750	408,500

Source: Altus Group Economic Consulting

Down Payment Amount - we have assumed that the average buyer of the condominium apartments would have a 15% down payment, meaning that the remaining 85% would be financed through a CMHC insured mortgage. This assumption is the key input in determining the amount of CMHC mortgage insurance required.

Gross to Net Area within the Condominium Building(s): We have assumed that the gross floor area within the apartments would comprise approximately 80% of the total area within the high-rise building(s). The remaining 20% of the building(s) would include the lobby, storage areas, amenity rooms, and other common areas. An assumption of the gross floor area of the building(s) is necessary for the calculation of building permit fees payable in some municipalities we have reviewed.

Value of Engineering Works - Our estimate of the value of Engineering Works is based on the 2012 Altus Group Cost Guide, which estimated costs for site servicing. For developments built with arterial road frontage, servicing amounted to \$3,800 per metre of frontage. As we have assumed that the high-rise development will have approximately 400 metres of arterial

road frontage, this means that the site servicing costs would amount to approximately \$1.5 million.¹⁰

We have split the \$1.5 million servicing costs based on cost splits used in the 2009 Delta Urban study prepared for BILD. The approximately \$1.5 million in servicing costs is assumed to be broken down as follows:

- \$547,100 for road works;
- \$145,900 for site preparation;
- \$459,600 for water and sanitary sewer services; and
- \$367,500 for storm sewers, manholes, catch basins and a storm water management pond.

2.3.3 *Variable Assumptions*

We have also made a number of assumptions for the high-rise development that vary from one municipality to another:

Value of Condominium Apartments – using RealNet data for new condominium apartments marketed in each municipality since 2006, we have calculated the average prices for each apartment type in each municipality. Using RealNet’s price index for high-rise apartments, the sales price for each development were indexed to 2012 dollars, based on the date that prices for each development were last updated by RealNet. We have controlled for apartment size by each type by removing apartments from the calculation that were more than 20% larger or smaller than the average apartments that have been marketed since 2006.

Land Value – It is necessary to acknowledge the differences in land values among the municipalities reviewed in this report. An assumption regarding land value is required for the calculation of property taxes payable during the application process (while the land is vacant) and the estimate of the cost of a cash-in-lieu of parkland payment. To determine the land value in each municipality, we have taken the average price per hectare for high-density

¹⁰ These costs allow for underground storm, sanitary sewer, water and hydro services, earthworks, curbs, asphalt roadways and sidewalks.

land sales in each of the lower-tier municipalities; with older land sales indexed using Statistics Canada New Housing Price Index for land in the Toronto/Oshawa CMA.¹¹

Amount of Underground Parking Required - The amount of parking required in each building would vary depending on the parking requirements in each municipality. Any differences in the size of the parking garages required may cause a difference in the cost of the required building permits.¹²

3 TYPES OF GOVERNMENT CHARGES

This section reviews the various government charges levied on new development and/or purchasers of newly-built homes. The charges reviewed include those levied by lower-tier or upper-tier municipalities, school boards, conservation authorities, the provincial government or provincial agencies, and the federal government and its agencies.

3.1 Development Charges

3.1.1 *Municipal Development Charges*

The *Development Charges Act* grants authority to municipalities to enact a development charges by-law to impose a charge against land to be developed where the development will increase the need for municipal services, thus offsetting capital costs.

Municipal development charges collect funds for services deemed as being eligible in the *Development Charges Act*, such as Parks & Recreation, Libraries, Fire Services, Police Services, Water, Sewer, Roads, Transit, etc. Where there is both an upper-tier and lower-tier municipality, the services included in each

¹¹ Where we need an estimate of the value of raw vacant land, we used Realnet's database of land sales for "long-term" land in each of the lower-tier municipalities. For Bradford West Gwillimbury, as no land sales were in the Realnet database, we used East Gwillimbury as a proxy.

¹² While higher parking requirements in a given municipality may also increase the cost of constructing an underground parking garage, we have not included these additional costs in our analysis as additional construction costs are not a direct government charge.

respective development charge are based on which tier is the provider of each service.

Each of the lower-tier/single-tier municipalities reviewed in this report imposes development charges for a variety of services. The development charge rates seen in the six lower- and single-tier municipalities, per single-detached home are:

- Town of Ajax: \$12,029 per single-detached home;
- Town of Oakville: \$18,957 per single-detached home;
- City of Brampton: \$25,351 per single-detached home;
- City of Markham: \$19,626 per single-detached home;
- Town of Bradford West Gwillimbury: \$29,024 per single-detached home; and
- City of Toronto: \$19,412 per single-detached home.

The rates for other unit types (apartments, townhouses, etc.) vary from the rates charged per single-detached home shown above.

Each municipality's respective upper-tier municipality (except Toronto, which is a single-tier municipality) also impose development charges for a variety of Regional/County services. The DC rates in the upper-tier municipalities per single-detached home are:

- Durham Region: \$20,940 per single-detached home;
- Halton Region: \$35,275 per single-detached home;¹³
- Peel Region: \$35,532 per single-detached home;
- York Region: \$40,107 per single-detached home;
- Simcoe County: \$6,172 per single-detached home.

¹³ For the purposes of this analysis, we have excluded Halton Region's proposed Developer Financing Program and the Recovery DC, as well as Bradford West Gwillimbury's early payment agreement funding amounts.

As required under the *Development Charges Act*, these development charges are to be reviewed at least every five years, and are indexed either annually or semi-annually, depending on the municipality.

The municipal DC's included in this report are based on the DC's as of February 2013.

3.1.2 Education Development Charges

Education development charges (EDC's) are collected by local municipalities on behalf of the local school boards. EDC's are used to fund the acquisition of school sites, and related costs (site preparation, etc.) to accommodate growth-related pupils. EDC's are typically charged by both public and separate school boards, and are usually levied on both residential and non-residential growth.

3.1.3 GO Transit Development Charges

Development charges are also levied to collect funds for growth-related projects associated with the GO Transit system. Each City/Region in the Greater Toronto & Hamilton Area has been allocated a share of the projected growth-related capital costs associated with the GO transit system, with the municipal, provincial and federal governments each in total funding one-third shares of the capital costs.

The GO Transit development charge were originally approved for a two-year period, with the by-laws expiring December 31, 2003. Since then, the GO Transit development charges have been updated regularly to fund a rolling ten-year budget. The expiry of the GO Transit development charges have been extended by Metrolinx through Ontario Reg. 518/10 to December 31, 2013.

The regional municipalities in the GTA (York, Peel, Durham and Halton) have implemented GO Transit development charge by-laws to fund their share of the program under the *Development Charges Act*.

3.1.4 *Area-Specific Development Charges*

Two of the municipalities reviewed in this report impose area-specific development charges. We have therefore made assumptions regarding the area that the hypothetical development would fall within:

- Town of Oakville / Halton Region – Halton Region imposes a higher development charge for homes built in the greenfield area than those built within the built boundary. For this analysis we have assumed that the low-rise development is located within the Greenfield DC area, and that the high-rise development is located within the built boundary area;
- City of Markham / York Region – The City of Markham charges area-specific DC rates depending on where a home is being developed within the City, over and above its 'Town-wide' DC rate. For this analysis, we have assumed that both the low-rise and high-rise hypothetical development are located in the Cathedral area of the City, which is subject to an area-specific DC of \$3,500 per hectare;

3.1.5 *Trend in Development Charges*

Development charges are the generally the most significant component of government charges in the municipalities we have reviewed in this report (Toronto being the exception). For the five municipalities outside of the City of Toronto:

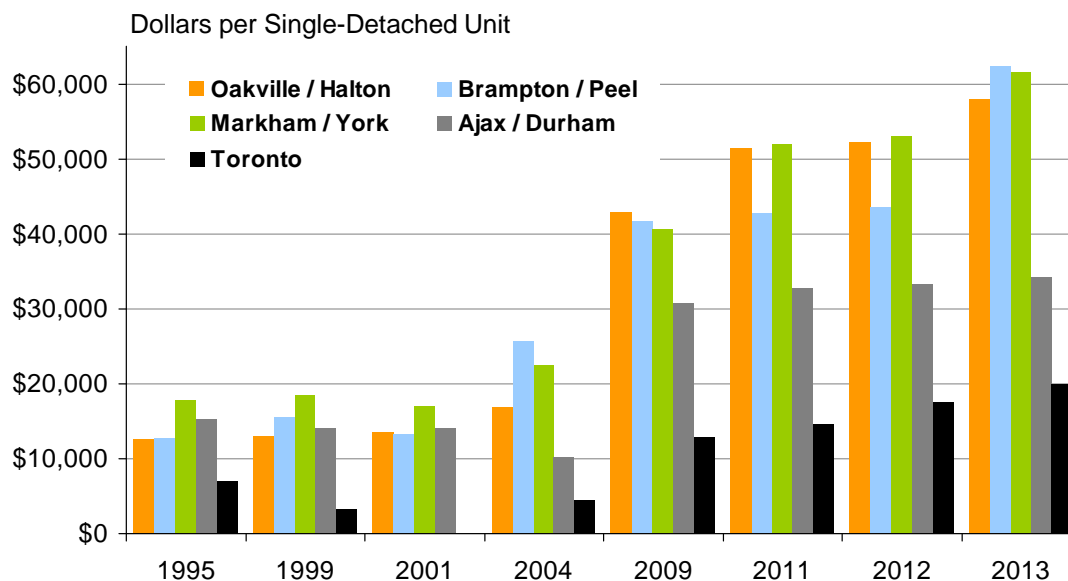
- For low-rise development, DCs comprise from 39% to 48% of all government charges;
- For high-rise development, DCs comprise between 34% and 53% of all government charges.

Figure 5 shows the significant increases to development charge rates since the mid-1990's in five of the six municipalities¹⁴, combining the various DC's payable per single-detached home. Since 1995, DC rates have increased from at least 124% in the Town of Ajax/Durham Region, to as much as 386% in the City of Brampton/Peel Region.

¹⁴ Historical data on Bradford West Gwillimbury's DC rates were not available.

Figure 5

Development Charges per Single-Detached Home, Selected GTA Municipalities



Note: Data for Bradford West Gwillimbury not shown as data for several of the years prior to 2009 was not available

Source: Altus Group Economic Consulting

3.2 Municipal Approvals & Permits

There are various fees and charges associated with the municipal approval for a development, a number of fees for the permits required for the construction of the building(s), and engineering fees and permits for the infrastructure works associated with a development.

We have attempted to group these fees into three main categories outlined below, but in many municipalities, there is no clear delineation between the departments that review plans, approve plans, and/or issue permits.

3.2.1 Planning Review Fees

For this analysis, we have assumed that the low-rise hypothetical development would require both lower- and upper-tier official plan amendments (the latter not being applicable in the City of Toronto), a zoning by-law amendment and a plan of subdivision.

We have assumed that the high-rise development would also require official plan amendments, a zoning by-law amendment, as well as plan of condominium and site plan approval.

To capture the planning review fees associated with the hypothetical developments, we have applied any applicable lower-tier or upper-tier planning review fees associated with these amendments and plan submissions.

In some municipalities, planning review fees are also charged by local Conservation Authorities and/or Health Departments. Where applicable, we have included those fees in the calculation of government charges.

3.2.2 *Building Permit Fees*

Each of the lower-/single-tier municipalities charges building permit fees, for the construction of each residential home, which they charge on a per square metre or per square foot basis.

3.2.3 *Engineering and Servicing Fees*

Each lower- and upper-tier municipality reviewed charges a variety of engineering and service fees for the development, review, inspection, connection and/or assumption of a development's water, sanitary sewer and storm sewer services. The various engineering and servicing related fees may include:

- Servicing and Subdivision Agreement & Assumption Fees;
- Engineering Inspection Fees (typically charged as a percentage of the engineering works to be done);
- Site Alteration, Soil Removal, Fill and Lot Grading Fees.
- Legal Fees

3.2.4 *Peer Review Costs*

Often, municipalities will charge for peer review of various technical documents submitted as part of a development application (i.e., stormwater

management plan, sound studies, etc.). Municipalities will typically require that developers fund the cost of these peer review studies.

Given the difficulty in quantifying the cost of the various peer reviews required for a development, we have not included these costs in our analysis. However, these costs should also be kept in mind when assessing the various government charges imposed on development.

3.3 Hydro/Utility Fees

In each municipality, the hydro-electricity provider charges service connection fees on new development. These are either recovered through future user rates, or imposed on the developer through a cost sharing agreement for the cost of the system to be built.

We have found the applicable charge levied by the hydro-electricity provider in most of our subject municipalities; however we did not receive responses from some. For municipalities where we were not able to obtain information, we have applied the average charge per new home in municipalities where information was available, as a proxy.

3.4 Property Taxes

During the development process, developers are required to pay property tax on the vacant land until such time that homebuyers begin to pay property tax on their individual properties. We have taken a similar approach to estimate these property taxes as the one used in the November 2009 Delta Urban report:

For low-rise development, we have assumed a five-year application/development period, including a 2.5-year period where the lands are assessed and taxed as farmland, and another 2.5-year period where the lands are assessed and taxed as residential.¹⁵

¹⁵ While the second 2.5-year period would more likely see a “farmland awaiting development” tax rate applied, this tax rate is not shown in some municipalities. Therefore, to be consistent across all municipalities, we have instead applied the residential tax rate for the second 2.5-year period.

For high-rise development, we have assumed a similar five-year application/development period, with the lands taxed as residential for the entire five-year period (based on the assumption that they are likely within the existing built-up area of a municipality).

3.5 Parkland Dedication / Cash-in-Lieu

Municipalities often acquire parkland and other forms of open space through parkland dedication requirements imposed on new developments. Alternatively, a developer may provide “cash-in-lieu” of parkland dedication to a municipality.

Section 42 of the *Ontario Planning Act* says that as a condition of development or redevelopment of land, that land in an amount not exceeding 5% of the land to be conveyed to the municipality for park or other public recreational purposes (section 42(1)). Alternatively, for residential developments, the land conveyed to the municipality may also be provided at a rate of 1 hectare per 300 dwelling units (section 42 (3)).

These rates are used in each municipality reviewed in this report, except the City of Toronto, which has an alternative parkland dedication rate of 2% of land area, or 0.4 hectares per 300 units. In Toronto, the payments are capped based on the size of the development site and the value of the site. For 1-5 hectare sites, the value of the payment cannot exceed 15% of the value of the site. For smaller sites (less than 1 hectare), this cap is 10% of the value of the site, while for larger sites (greater than 5 hectares) this cap is 20% of the value of the site. However, in no case can the parkland dedication or cash-in-lieu thereof be less than 5% of the site or value of the site.

Section 51.1 of the *Ontario Planning Act* says that in lieu of providing the land for parkland to the municipality, the developer may instead provide a payment to the municipality in the amount of the value of the land to be conveyed. Section 51.1 (4) says that the value of the land is to be determined as of the day before approval of the draft plan of subdivision.

We have calculated the value per hectare for development land in each municipality, based on the average price per hectare for low and/or high-density land in each of the lower-tier municipalities, taken from RealNet land sale data.

The one exception to this land value methodology is in our calculation of City of Brampton cash-in-lieu value, which prescribes land values for developments proceeding with cash-in-lieu payments in a given year. The City of Brampton's 2013 parkland dedication rates are \$550,000 per acre for single-detached homes, and \$1,575,000 (but adjusted by 60% to \$630,000) per acre for apartments.

Under the City of Toronto's alternative parkland dedication rate, parkland is to be dedicated at a rate of 0.4 hectares per 300 units.

3.6 Public Art Contributions

The Town of Oakville, the City of Markham and the City of Toronto each have public art contributions for development, set each at up to 1% of the construction cost of development.

Other municipalities appear to allow for contributions to public art, but these appear to be voluntary in nature and/or provided through Section 37 (where applicable).

3.7 Section 37

Section 37 of the *Ontario Planning Act* allows for increases in permitted height and/or density through the zoning by-law in return for community benefits, provided that Official Plan policies are in place.

Section 5.1.1 of the *City of Toronto Official Plan* sets out the City's policies regarding the provision of height and/or density incentives through Section 37 of the Planning Act. The *City of Toronto Official Plan* sets out a number of community benefits that may be provided in return for increased height and/or density, including parkland/park improvements, streetscape improvements, public art, child care facilities, etc.

While Section 37 contributions are often provided by private developers when developing in Toronto, there is no publicly available formula or method for how these are calculated and/or arrived at. Therefore, we have not attempted to include these costs in our analysis. However, they are a significant government charge, and should be kept in mind when reading this report and assessing its results.

The use of Section 37 is not as common in other municipalities outside of the City of Toronto, however it is a tool that is available through the *Ontario Planning Act*.

3.8 Tarion Enrolment Fee

For new homes, builders are required to pay a warranty enrolment fee to Tarion. The enrolment fee varies by the sale price of the home, based on the Tarion Enrolment Fee Calculation table. For example, for homes priced in the \$350,000 to \$400,000 range, the total enrolment fee is \$881.40 per home.

3.9 CMHC Mortgage Insurance

To obtain CMHC mortgage loan insurance, lenders are required to pay an insurance premium a cost that gets passed onto the borrower. The CMHC mortgage loan insurance is calculated as a percentage of the mortgage loan. The higher the percentage of the total price that is borrowed for, the higher percentage that is required to be paid in insurance premiums.

Examples of CMHC mortgage insurance premiums and loan-to-value ratios are as follows:

- Loan-to-Value ratio of 80% - 1.00% premium
- Loan-to-Value ratio of 85% - 1.75% premium
- Loan-to-Value ratio of 90% - 2.00% premium
- Loan-to-Value ratio of 95% - 2.75% premium

For the purposes of this analysis, we have assumed that buyers will have on average an 85% loan-to-value ratio, and therefore will require a 1.75% mortgage loan insurance premium.

3.10 Harmonized Sales Tax (less Eligible Rebates)

New home sales are subject to the Harmonized Sales Tax of 13%, of which 5% is the federal portion (GST), and 8% is the provincial portion (PST).

The GST payable (or federal portion) is eligible for a rebate of 36% for houses priced at \$350,000 or less, with the amount of rebate declining for houses

priced between \$350,000 and \$450,000 (on a straight line basis). There are no GST rebates available on homes priced above \$450,000.

The PST payable (or provincial portion) is also subject to a rebate, which is calculated by applying a 75% factor to the PST payable, up to a maximum rebate of \$24,000.

3.11 Land Transfer Tax

The provincial land transfer tax applies to the purchase of homes in Ontario. The progressive tax rates applied to each home are:

- 0.5% on amounts up to and including \$55,000;
- 1.0% on amounts exceeding \$55,000 up to and including \$250,000;
- 1.5% on amounts exceeding \$250,000 up to and including \$400,000; and
- 2% on amounts exceeding \$400,000.

First-time home buyers are eligible for a rebate on all or part of the land transfer tax owing, up to a maximum rebate of \$2,000. For the purposes of this analysis, we have assumed that 40% of the home buyers would be first-time home buyers and eligible for the land transfer tax rebate.

The City of Toronto also imposes its own municipal land transfer tax (MLTT), which is imposed on home sales. The rates and stages of the tax are similar to the Ontario land transfer tax, however, new home buyers are eligible for a rebate up to \$3,725 of the municipal land transfer tax owing on a property.

4 CONCLUSIONS

4.1 Low-Rise Development

Figure 6 summarizes the government charges imposed on low-rise development in each municipality and breaks down the various costs by type. The total amount of government charges are compared to the estimated

price for a new 36' single-detached home in each municipality, by calculating the ratio of total government charges to new home prices.¹⁶

Figure 6 Summary of Government Charges, Greater Toronto Area, by Type, Low-Rise Development

Upper-Tier Municipality	Town of Oakville Halton Region	City of Brampton Peel Region	City of Markham York Region	Town of Bradford West Gwillimbury Simcoe County	Town of Ajax Durham Region	City of Toronto
<i>Dollars</i>						
Average New Home Price - 36' Detached	590,000	490,000	600,000	410,000	460,000	540,000
<i>Dollars / Unit</i>						
Government Charges by Type						
Lower-Tier/Single-Tier DCs	18,957	25,351	19,950	29,024	12,029	19,412
Upper-Tier DCs	35,275	35,532	40,107	6,172	20,940	n.a.
Education DCs	3,665	2,146	2,020	1,088	1,964	544
GO Transit DCs	1,032	476	314	n.a.	647	n.a.
Planning Review Fees	1,922	2,268	1,390	452	534	1,121
Building Permits	2,694	2,399	2,293	2,747	1,807	3,136
Engineering and Servicing	1,357	2,223	3,567	329	1,589	1,654
Property Tax	2,237	2,241	1,708	2,569	1,775	2,876
Hydro	2,049	3,000	1,900	1,900	2,049	1,396
Parkland Dedication	4,584	6,286	3,405	4,041	2,508	6,846
Tarion Enrolment	1,187	1,040	1,187	961	1,040	1,130
CMHC Mortgage Insurance	8,776	7,289	8,925	6,099	6,843	8,033
Harmonized Sales Tax	50,858	38,353	52,108	24,031	33,807	44,605
Land Transfer Tax	6,738	4,936	6,918	3,583	4,875	10,234
Total	141,331	133,540	145,791	82,996	92,405	100,987
<i>Percent</i>						
Government Charges as % of Average New Home Price	24.0%	27.3%	24.3%	20.2%	20.1%	18.7%
<i>Dollars / Unit</i>						
Charges Paid By						
Developer	72,910	79,962	75,940	47,383	44,832	36,719
Home Owner	68,421	53,578	69,851	35,613	47,573	64,268
<i>Percent</i>						
Share of Charges Paid By						
Developer	52%	60%	52%	57%	49%	36%
Home Owner	48%	40%	48%	43%	51%	64%

Source: Altus Group Economic Consulting

In total, government charges for the six municipalities range from \$83,000 per home in the Town of Bradford West Gwillimbury to \$145,800 per home in the City of Markham:

- \$145,800 per home in the City of Markham/York Region;
- \$141,300 per home in the Town of Oakville/Halton Region

¹⁶ As some government charges are paid for by home buyers, not all of the government charges would affect, or be included, in the price of a home. Therefore, the ratio of government charges to new home prices should not be interpreted as the 'tax rate' on new homes. This ratio is merely shown to allow for a comparison across municipalities, and should be used with caution.

- \$133,500 per home in the City of Brampton/Peel Region;
- \$101,000 per home in the City of Toronto;
- \$92,400 per home in the Town of Ajax/Durham Region; and
- \$83,000 per home in Town of Bradford West Gwillimbury/Simcoe County.

As a percentage of average new home price, government charges range from 18.7% in the City of Toronto to 27.3% in the City of Brampton.

The most significant government charge imposed on new homes development charges, which range from approximately \$20,000 per single-detached home in the City of Toronto to \$63,500 dollars per single-detached home in the City of Brampton. Other significant costs include Harmonized Sales Tax, engineering and servicing fees, CMHC mortgage insurance, building permits, parkland dedication and land transfer taxes.

The figures in Appendix A show the government charges, for each municipality, by level of government, and by type of cost.

4.2 High-Rise Development

Figure 7 summarizes the government charges for high-rise development in each municipality. The government charges are broken down by type, and then totalled. The total government charges are then compared to the estimated price for a new condominium apartment in each municipality, by calculating the ratio of total government imposed costs to average prices (based on the mix of apartments in our hypothetical high-rise development).

Figure 7

Summary of Government Charges, Greater Toronto Area, by Type, High-Rise Development

Upper-Tier Municipality	Town of Oakville Halton Region	City of Brampton Peel Region	City of Markham York Region	Town of Bradford West Gwillimbury Simcoe County	Town of Ajax Durham Region	City of Toronto
Average Condominium Apartment Price	380,800	289,500	368,900	250,600	250,600	406,900
<i>Dollars</i>						
Government Charges by Type						
	<i>Dollars / Unit</i>					
Lower-Tier/Single-Tier DCs	9,222	12,938	9,985	14,228	5,610	10,587
Upper-Tier DCs	13,146	18,680	21,272	4,278	9,804	n.a.
Education DCs	3,665	2,146	2,020	1,088	1,964	544
GO Transit DCs	539	250	151	n.a.	332	n.a.
Planning Review Fees	2,532	694	475	206	497	525
Building Permits	1,594	1,179	984	1,509	929	1,570
Engineering and Servicing	324	798	780	51	693	283
Property Tax	995	848	698	707	834	1,797
Hydro	142	142	140	140	142	145
Parkland Dedication	14,367	5,189	10,388	6,955	8,543	12,207
Public Art Contribution	2,102	-	2,102	-	-	2,102
Tarion Enrolment	881	723	881	723	723	961
CMHC Mortgage Insurance	5,664	4,306	5,487	3,728	3,728	6,053
Harmonized Sales Tax	20,806	14,767	19,360	12,627	12,783	24,392
Land Transfer Tax	3,189	1,883	3,029	1,317	1,317	5,722
Total	79,169	64,542	77,753	47,556	47,899	66,887
<i>Percent</i>						
Government Charges as % of Average New Home Price	20.8%	22.3%	21.1%	19.0%	19.1%	16.4%
Charges Paid By						
	<i>Dollars / Unit</i>					
Developer	49,368	43,444	49,737	29,744	29,930	30,576
Home Buyer	29,801	21,098	28,016	17,812	17,969	36,312
Share of Charges Paid						
	<i>Percent</i>					
Developer	62%	67%	64%	63%	62%	46%
Home Buyer	38%	33%	36%	37%	38%	54%

Source: Altus Group Economic Consulting

In total, government charges for high-rise in the selected municipalities range from \$47,600 per apartment in the Town of Bradford West Gwillimbury to \$79,200 per apartment in the Town of Oakville:

- \$79,200 per apartment in the Town of Oakville/Halton Region;
- \$77,800 per apartment in the City of Markham/York Region;
- \$66,900 per apartment in the City of Toronto¹⁷;

¹⁷ We have also calculated the government charges per unit for Toronto based on a significantly smaller site of 0.3 hectares (0.75 acres). Instead of government charges of \$66,900 per apartment, the government charges would be \$53,400 per apartment, or 20% lower. The change in costs is due to lower parkland dedication costs, property taxes and engineering costs, all driven by the smaller site size.

- \$64,500 per apartment in the City of Brampton/Peel Region;
- \$47,900 per apartment in the Town of Ajax/Durham Region;
- \$47,600 per apartment in the Town of Bradford West Gwillimbury/Simcoe County;

As a percentage of the average price of a new apartment, government charges range from 16.4% in the City of Toronto to 22.3% in the City of Brampton.

The most significant government charge on new high-rise homes are development charges, which range from \$11,100 per apartment in the City of Toronto to \$34,000 per apartment in the City of Brampton. Other significant costs include parkland dedication/cash-in-lieu, Harmonized Sales Tax, engineering and servicing fees, CMHC mortgage insurance, building permits and land transfer taxes.

The figures in Appendix B show the government charges for each municipality by level of government, and by type of cost.

4.3 Implications and Conclusions

Government charges are imposed on either the land owner/developer/home builder (development charges, building permits, planning approval fees, parkland dedication, etc.), or the home buyer (CMHC mortgage insurance, HST, land transfer tax, etc.)

For low-rise homes, an average of 51% of government charges are paid for by developers/home builders, with the remaining 49% paid for directly by home buyers.

For high-rise homes, an average of 61% of government charges are paid for by developers/home builders, with the remaining 39% paid for directly by home buyers.

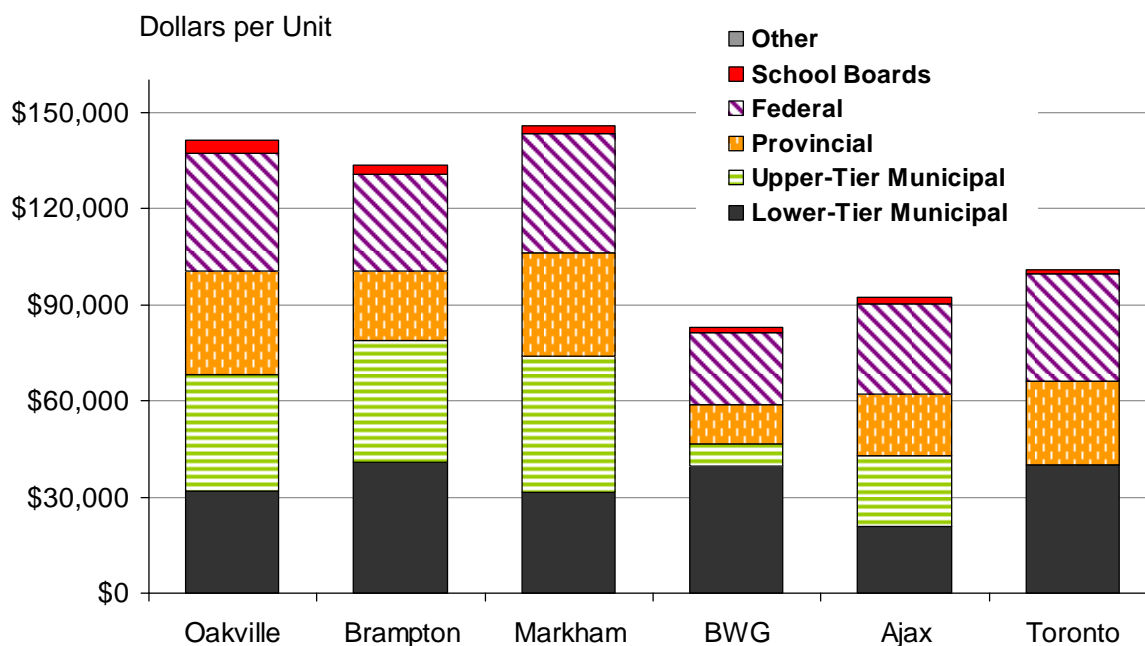
Government charges imposed on land owners/developers/home builders can have direct impacts on the price of new housing, as increased costs are likely to get passed on to new home buyers where the market will allow for increase house prices. Where the housing market may not allow for increased

house prices, homes will either become more difficult to market, prices will have to moderate, or developers will have to absorb the additional costs.

Charges imposed on new home buyers increase the costs of home ownership and reduce the amount of income available to pay on-going mortgage costs, as well as other costs of living. Additionally, where charges imposed on developers/home builders are passed on to home buyers through higher prices, home buyers will have both a higher mortgage principal to repay, but will also have higher interest costs associated with a higher mortgage.

Appendix A
Summary Charts for Costs of Low-Rise
Development

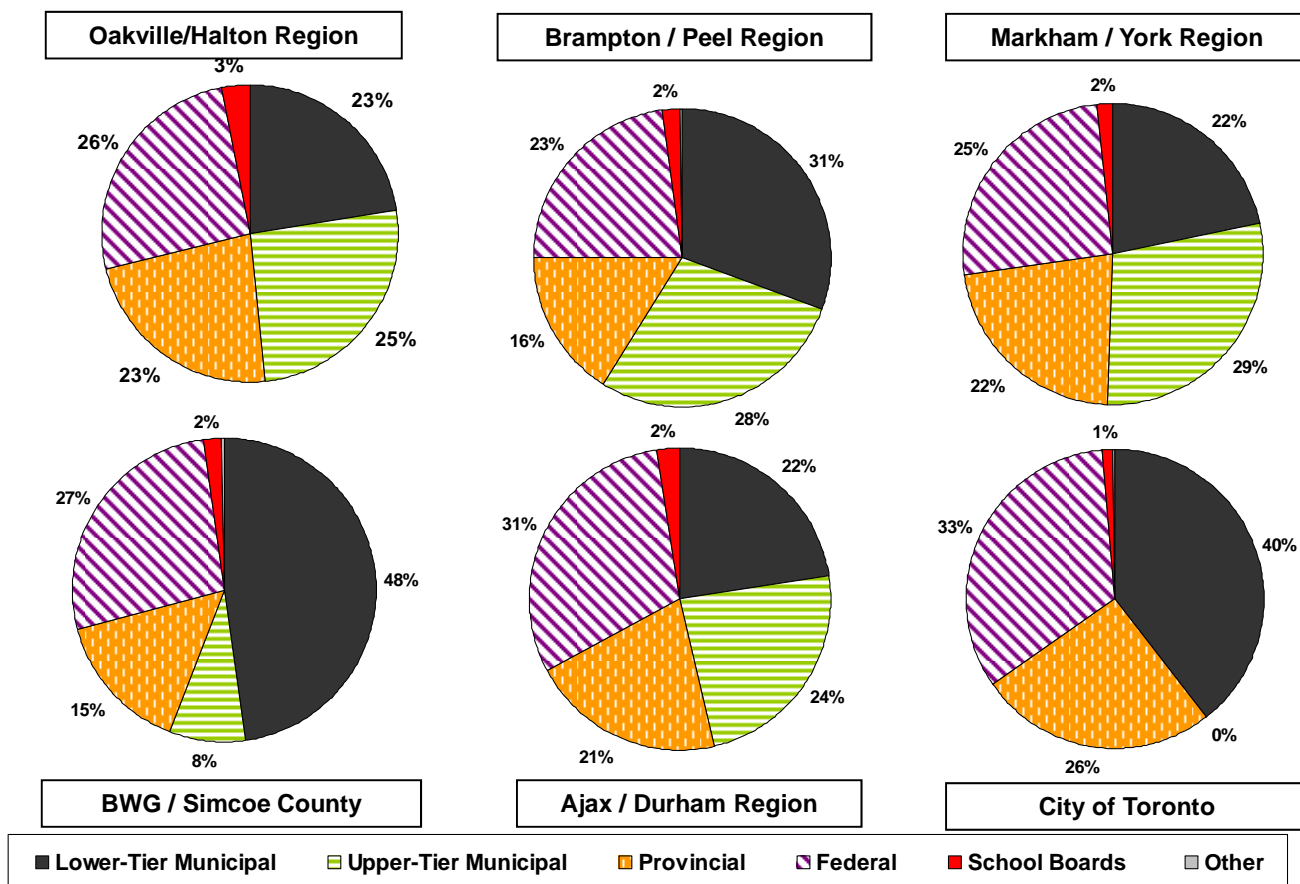
Government Charges per Low-Rise Home, by Level of Government, Selected GTA Municipalities



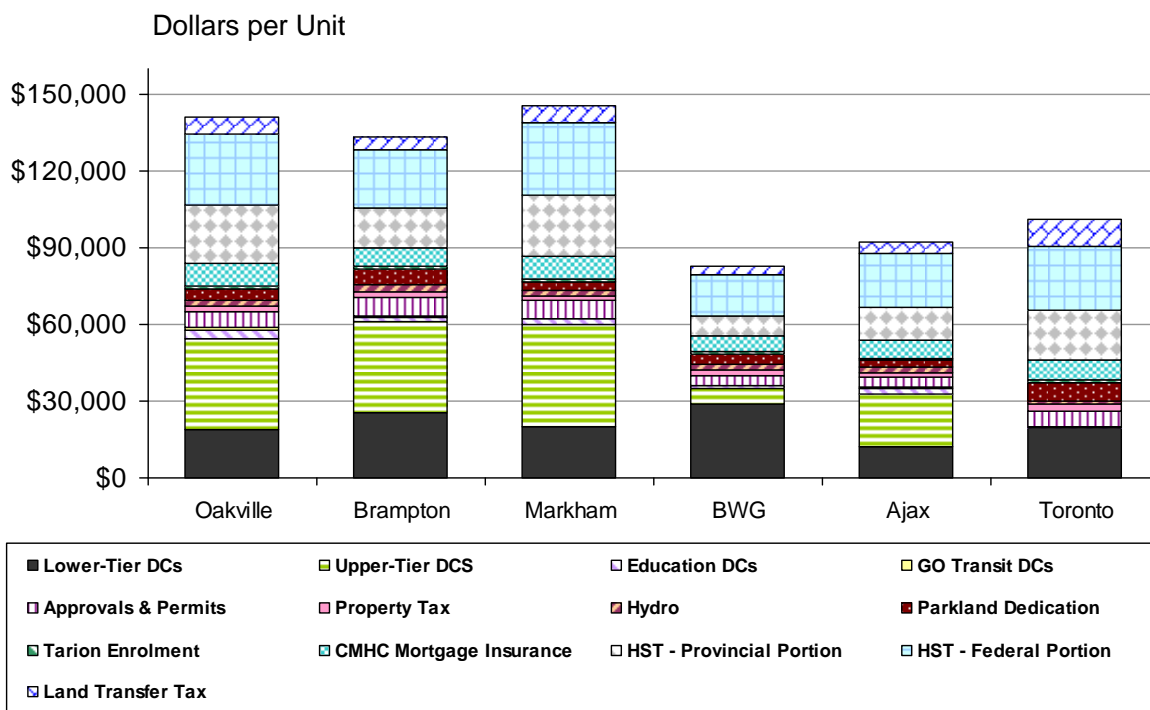
	Oakville / Halton	Brampton / Peel	Markham / York	BWG / Simcoe	Ajax / Durham	Toronto
Level of Government						
Lower-Tier Municipal	31,850	40,766	31,561	39,635	20,672	39,869
Upper-Tier Municipal	36,501	37,847	42,197	6,806	22,179	n.a.
Provincial	32,194	21,654	32,419	12,420	19,364	26,167
Federal	36,434	30,442	37,033	22,253	27,849	33,438
School Boards	4,196	2,572	2,437	1,590	2,259	1,368
Other	156	258	146	291	81	146
Total	141,331	133,540	145,791	82,996	92,405	100,987
Average New Home Price - 36' Detached	590,000	490,000	600,000	410,000	460,000	540,000

Source: Altus Group Economic Consulting

Share of Government Charges, Low-Rise Development, by Level of Government, Selected GTA Municipalities



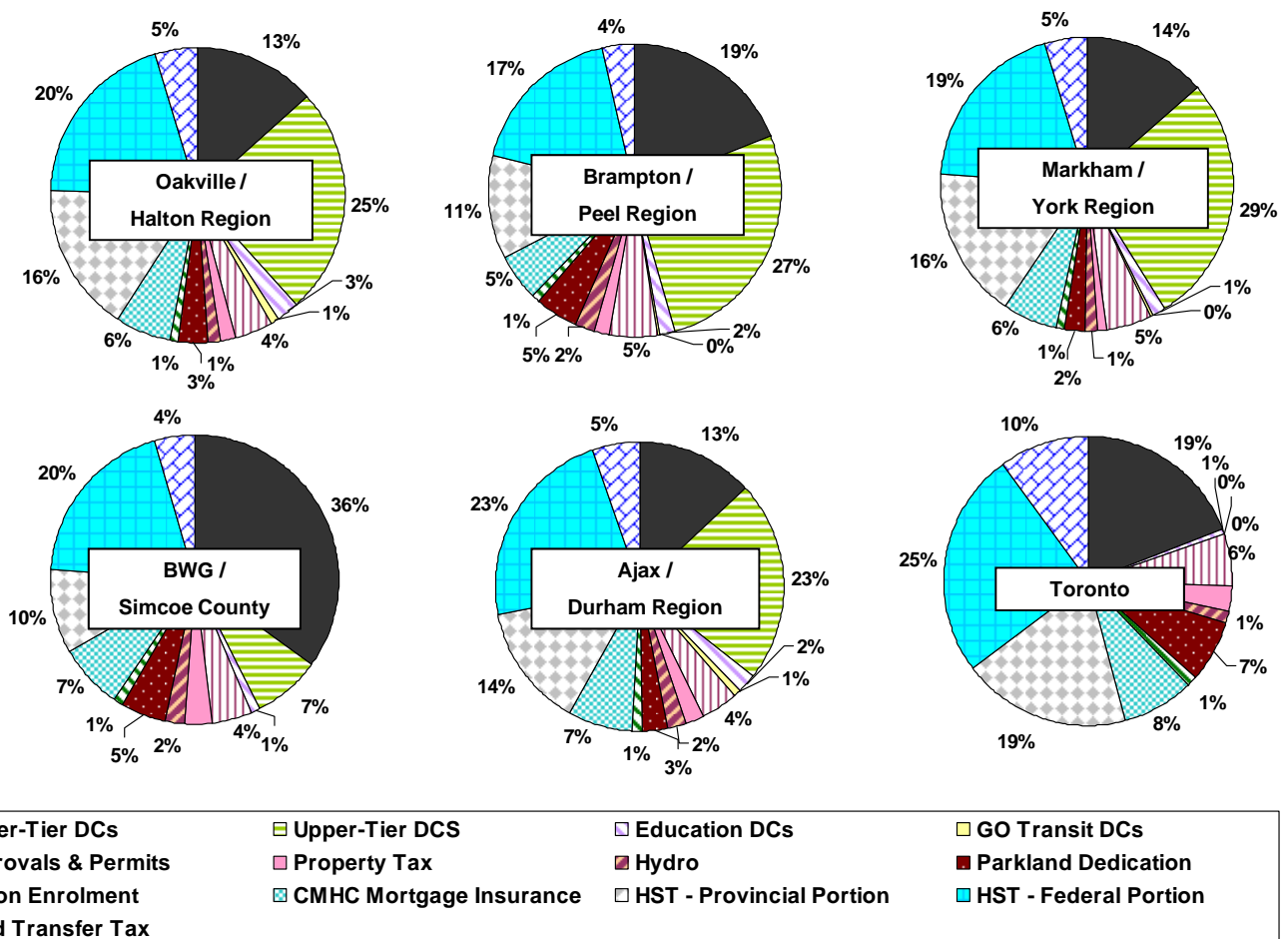
Government Charges per Home, by Type of Cost, Low-Rise Development, Selected GTA Municipalities



	Oakville / Halton	Brampton / Peel	Markham / York	BWG / Simcoe	Ajax / Durham	Toronto
	<i>Dollars / Unit</i>					
Lower Tier DCs	18,957	25,351	19,950	29,024	12,029	19,412
Upper-Tier DCs	35,275	35,532	40,107	6,172	20,940	n.a.
Education DCs	3,665	2,146	2,020	1,088	1,964	544
GO Transit DC's	1,032	476	314	-	647	-
Planning Review Fees	1,922	2,268	1,390	452	534	1,121
Building Permits	2,694	2,399	2,293	2,747	1,807	3,136
Engineering and Servicing	1,357	2,223	3,567	329	1,589	1,654
Property Tax	2,237	2,241	1,708	2,569	1,775	2,876
Hydro	2,049	3,000	1,900	1,900	2,049	1,396
Parkland Dedication	4,584	6,286	3,405	4,041	2,508	6,846
Tarion Enrolment	1,187	1,040	1,187	961	1,040	1,130
CMHC Mortgage Insurance	8,776	7,289	8,925	6,099	6,843	8,033
HST - Provincial Portion	23,200	15,200	24,000	7,877	12,800	19,200
HST - Federal Portion	27,658	23,153	28,108	16,155	21,007	25,405
Land Transfer Tax	6,738	4,936	6,918	3,583	4,875	10,234
Total	141,331	133,540	145,791	82,996	92,405	100,987
Average New Home Price - 36' Detached	590,000	490,000	600,000	410,000	460,000	540,000

Source: Altus Group Economic Consulting

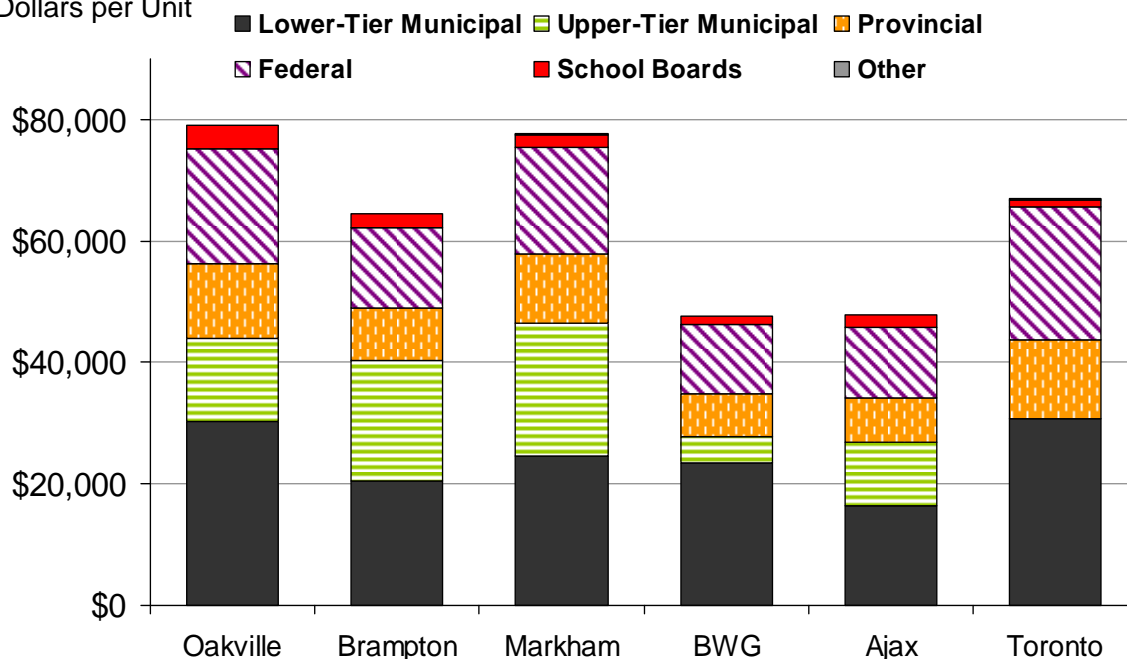
Share of Government Charges by Type of Cost, Low-Rise Development, Selected GTA Municipalities



Appendix B
High-Rise Development

Government Charges per High-Rise Apartment, by Level of Government, Selected GTA Municipalities

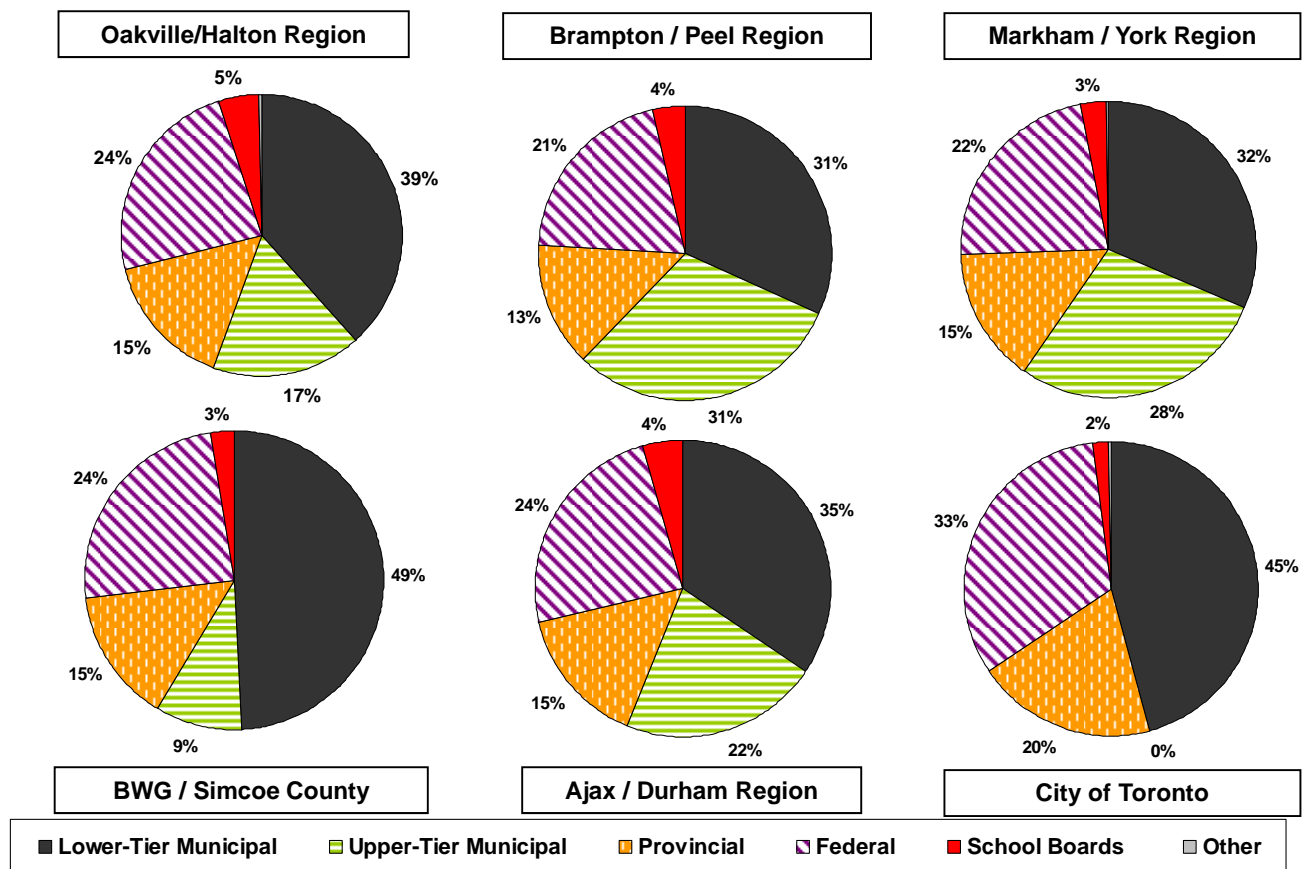
Dollars per Unit



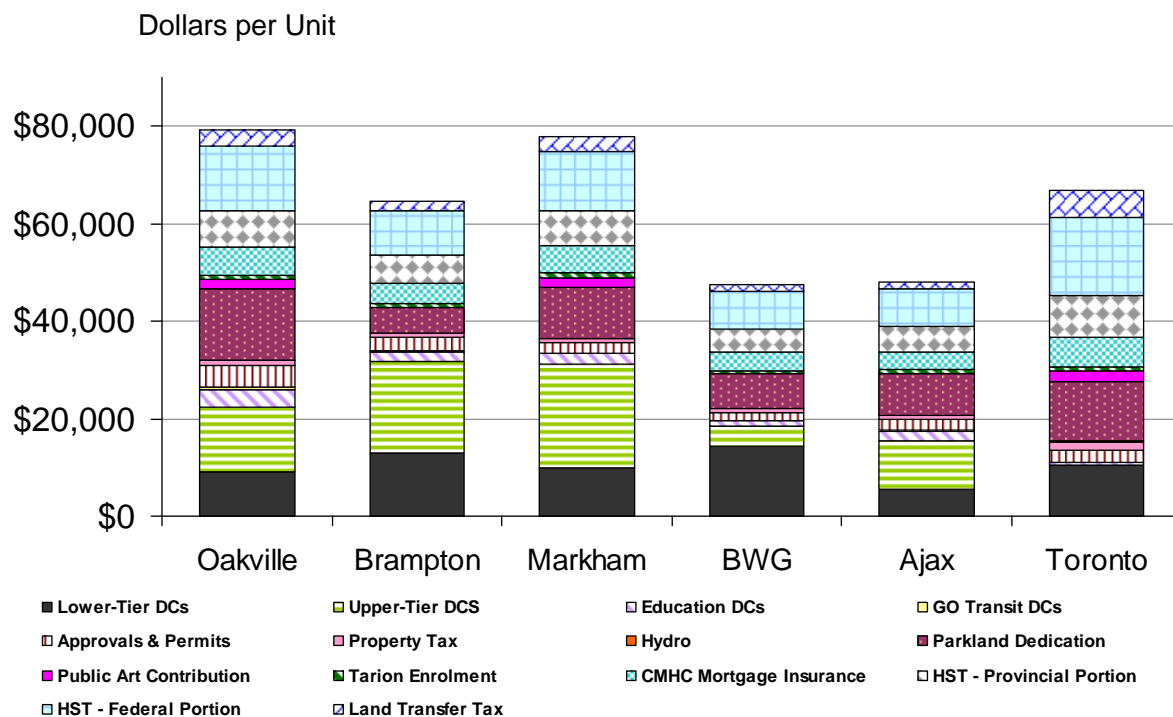
	Oakville / Halton	Brampton / Peel	Markham / York	BWG / Simcoe	Ajax / Durham	Toronto
Level of Government						
Lower-Tier Municipal	\$ 30,344	\$ 20,512	\$ 24,503	\$ 23,412	\$ 16,505	\$ 30,711
Upper-Tier Municipal	\$ 13,677	\$ 19,717	\$ 21,979	\$ 4,498	\$ 10,365	n.a.
Provincial	\$ 12,238	\$ 8,646	\$ 11,440	\$ 6,897	\$ 7,386	\$ 13,053
Federal	\$ 18,854	\$ 13,283	\$ 17,469	\$ 11,498	\$ 11,498	\$ 21,892
School Boards	\$ 3,899	\$ 2,307	\$ 2,190	\$ 1,226	\$ 2,101	\$ 1,059
Other	\$ 156	\$ 76	\$ 172	\$ 25	\$ 43	\$ 172
Total	\$ 79,169	\$ 64,542	\$ 77,753	\$ 47,556	\$ 47,899	\$ 66,887
Average Condominium Apartment Price	380,800	289,500	368,900	250,600	250,600	406,900

Source: Altus Group Economic Consulting

Share of Government Charges, High-Rise Development, by Level of Government, Selected GTA Municipalities



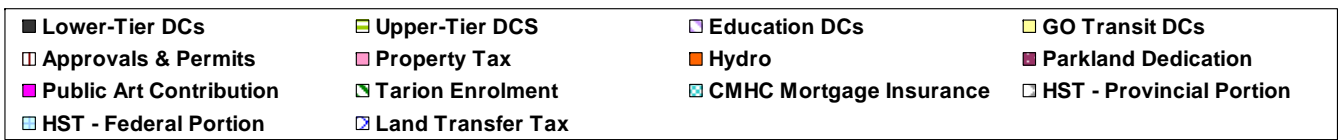
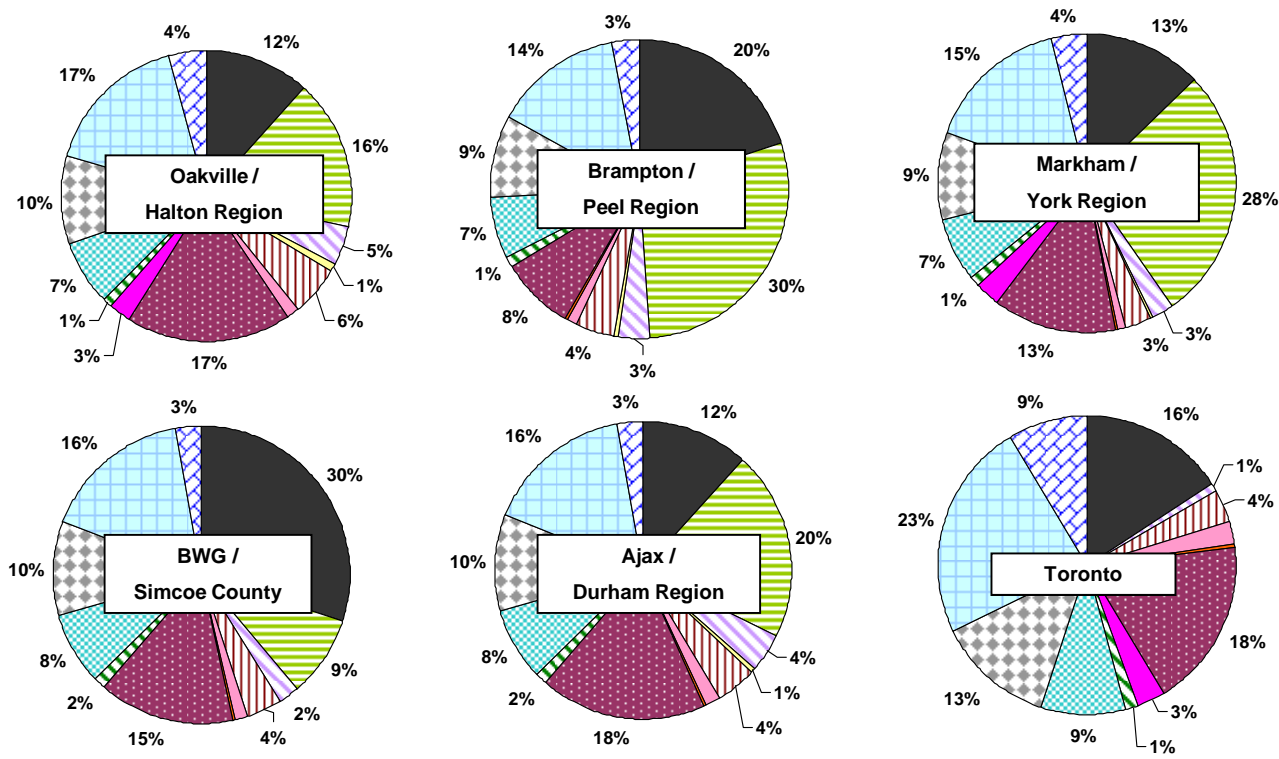
Government Charges per Apartment, by Type of Cost, High-Rise Development, Selected GTA Municipalities



	Oakville / Halton	Brampton / Peel	Markham / York	BWG / Simcoe	Ajax / Durham	Toronto
	<i>Dollars / Unit</i>					
Lower-Tier DCs	9,222	12,938	9,985	14,228	5,610	10,587
Upper-Tier DCs	13,146	18,680	21,272	4,278	9,804	n.a.
Education DCs	3,665	2,146	2,020	1,088	1,964	544
GO Transit DCs	539	250	151	n.a.	332	n.a.
Planning Review Fees	2,532	694	475	206	497	525
Building Permits	1,594	1,179	984	1,509	929	1,570
Engineering and Servicing	324	798	780	51	693	283
Property Tax	995	848	698	707	834	1,797
Hydro	142	142	140	140	142	145
Parkland Dedication	14,367	5,189	10,388	6,955	8,543	12,207
Public Art Contribution	2,102	-	2,102			2,102
Tarion Enrolment	881	723	881	723	723	961
CMHC Mortgage Insurance	5,664	4,306	5,487	3,728	3,728	6,053
HST - Provincial Portion	7,616	5,790	7,378	4,857	5,012	8,552
HST - Federal Portion	13,190	8,977	11,982	7,771	7,771	15,840
Land Transfer Tax	3,189	1,883	3,029	1,317	1,317	5,722
Total	79,169	64,542	77,753	47,556	47,899	66,887
Average Condominium Apartment Price	380,800	289,500	368,900	250,600	250,600	406,900

Source: Altus Group Economic Consulting

Share of Government Charges by Type of Cost, High-Rise Development, Selected GTA Municipalities



Appendix C
Detailed Tables

Common and Variable Assumptions, Hypothetical Low-Rise Development in Selected GTA Municipalities
Common Assumptions

Units (Single-Detached Units)	500	units
Gross Hectares	46.3	gross hectares
Net Hectares (80%)	37.0	net hectares
Density Requirement	50	persons per net hectare
Average PPU - New Single Detached unit	3.70	persons per unit
Units per Net Hectare	13.5	units / net hectare
Frontage	36	feet
Total Frontage	18,000	feet frontage
Average Size per Unit (ft2)	2,000	square feet
Average Size per Unit (m2)	186	square metres
First Time Home Buyer %	40%	

Servicing Costs
Dollars

Road Works	3,199,029
Water / Sewer Works	2,687,184
Storm Sewer Works	2,148,681
Site Preparation	853,074
Cost of Engineering Works	8,887,968
Loan to Value Ratio	85%
CMHC Mortgage Premium	1.75%
Number of Fixtures per Unit	9.0

	Oakville	Brampton	Markham	BWG	Ajax	Toronto
Variable Assumptions						
			<i>Dollars per Square Foot</i>			
Average Value per ft2 - New Homes	\$295.54	\$244.59	\$299.12	\$203.02	\$232.45	\$270.88
			<i>Dollars per Unit</i>			
Average Home Value - 36' Detached	590,000	490,000	600,000	410,000	460,000	540,000
			<i>Dollars per Hectare</i>			
Value per Hectare (Residential)	991,163	782,955	736,273	873,732	542,255	1,480,306
Value per Hectare (Raw)	187,742	205,396	316,702	114,120	140,363	529,646
			<i>Dollars</i>			
Property Value	45,841,273	36,211,662	34,052,623	40,410,127	25,079,307	68,464,172

Source: Altus Group Economic Consulting based on Realnet Canada, Delta Urban Inc., *Municipal Fees and Related Charges*, (November 25, 2009)

Common and Variable Assumptions, Hypothetical High-Rise Development in Selected GTA Municipalities
Common Assumptions

Units (Single-Detached Units)	500 units
Gross Hectares	4.0 gross hectares
Net Hectares (80%)	3.2 net hectares
Units per Net Hectare	156.3 units / net hectare
Loan to Value Ratio	85%
CMHC Mortgage Premium	1.75%
First Time Home Buyer %	40%
Total Frontage	1,312 feet frontage
Building Area (Units)	408,500
Building Area (Total)	490,200 (20% additional area)

	One-Bedroom	One-Bedroom + Den	Two-Bedroom	Two-Bedroom + Den	3-Bedroom	Total
Unit Mix and Unit Sizes						
Average Size per Unit (ft2)	600	710	920	1,180	1,310	
Average Size per Unit (m2)	56	66	85	110	122	
Share of Units	30%	25%	30%	10%	5%	100%
Units by Type	150	125	150	50	25	500

Servicing Costs

	Dollars
Metres of Arterial Road Frontage	400
Cost of Site Servicing per Metre of Arterial Road	3,800
Site Servicing	1,520,000

	One-Bedroom	One-Bedroom + Den	Two-Bedroom	Two-Bedroom + Den	3-Bedroom	Weighted Average
Condominium Apartment Unit Pricing by Municipality						
	<i>Dollars per Unit</i>					
Oakville	279,000	314,000	422,000	597,000	646,000	380,800
Brampton	207,000	252,000	314,000	410,000	583,333	289,500
Markham	269,000	322,000	415,000	543,000	577,000	368,900
Bradford West Gwillimbury	176,000	221,000	281,000	319,000	527,000	250,600
Ajax	176,000	221,000	281,000	319,000	527,000	250,600
Toronto	300,000	361,000	451,000	600,000	626,000	406,900

Source: Altus Group Economic Consulting based on Realnet Canada, Altus Group Cost Guide 2012

Development Charge Rates and Revenues, Selected GTA Municipalities, Low-Rise Development

	Oakville	Brampton	Markham	Bradford West Gwillimbury	Ajax	Toronto
DC Rates						
	<i>Dollars per Unit</i>					
Lower-Tier (Town/City-Wide)	18,957	25,351	19,626	29,024	12,029	19,412
Lower-Tier (Area-Specific)	n.a.	n.a.	3,500 ¹	n.a.	n.a.	n.a.
Upper-Tier	35,275	35,532	40,107	6,172	20,940	n.a.
GO Transit	1,032	476	314	n.a.	647	n.a.
Education	3,665	2,146	2,020	1,088	1,964	544
DC Revenues						
	<i>Dollars</i>					
Lower-Tier (Town/City-Wide)	9,478,500	12,675,375	9,813,000	14,512,000	6,014,500	9,706,000
Lower-Tier (Area-Specific)	n.a.	n.a.	161,875	n.a.	n.a.	n.a.
Upper-Tier	17,637,490	17,765,970	20,053,500	3,086,000	10,470,000	n.a.
GO Transit	516,000	238,195	157,000	n.a.	323,500	n.a.
Education	1,832,500	1,073,000	1,010,000	544,000	982,000	272,000
Total DC Revenues	29,464,490	31,752,540	31,195,375	18,142,000	17,790,000	9,978,000
	<i>Dollars per Unit</i>					
Average DC Revenue per Unit	58,929	63,505	62,391	36,284	35,580	19,956

¹ Area-specific DC rates are per hectare

Source: Altus Group Economic Consulting based on various DC By-laws and Pamphlets

Development Charge Rates and Revenues, Selected GTA Municipalities, High-Rise Development

	Oakville	Brampton	Markham	Bradford West Gwillimbury	Ajax	Toronto
DC Rates				<i>Dollars per Unit</i>		
Lower-Tier - Large Apartments	12,019	17,134	12,138	16,325	6,628	12,412
Lower-Tier - Small Apartments	6,934	9,505	7,292	11,664	4,365	8,356
Lower-Tier (Area-Specific)	n.a.	n.a.	3,500 ¹	n.a.	n.a.	n.a.
Upper-Tier - Large Apartments	13,146	25,380	24,863	4,278	11,766	n.a.
Upper-Tier - Small Apartments	n.a.	13,198	16,884	n.a.	7,407	n.a.
GO Transit	539	340	182	n.a.	406	n.a.
Education	3,665	2,146	2,020	1,088	1,964	544
DC Revenues				<i>Dollars</i>		
Lower-Tier (Town/City-Wide)	4,611,125	6,468,896	4,978,650	7,113,775	2,804,825	5,293,400
Lower-Tier (Area-Specific)	n.a.	n.a.	14,000	n.a.	n.a.	n.a.
Upper-Tier	6,573,180	9,339,825	10,636,225	2,139,000	4,902,225	n.a.
GO Transit	269,680	125,059	75,700	n.a.	165,875	n.a.
Education	1,832,500	1,073,000	1,010,000	544,000	982,000	272,000
Total DC Revenues	13,286,485	17,006,781	16,714,575	9,796,775	8,854,925	5,565,400
				<i>Dollars per Unit</i>		
Average DC Revenue per Unit	26,573	34,014	33,429	19,594	17,710	11,131

¹ Area-specific DC rates are per hectare

Source: Altus Group Economic Consulting based on various DC By-laws and Pamphlets

Municipal Approval & Permit Fees, Low-Rise Development

	Planning Review Fees	Building Permits	Engineering Supervision & Inspection
<u>Oakville</u>		<i>Dollars</i>	
Town of Oakville	854,796	1,347,094	516,069
Region of Halton	28,321	-	143,859
Other	<u>77,980</u>	<u>-</u>	<u>18,702</u>
Total	961,097	1,347,094	678,630
<u>Brampton</u>			
City of Brampton	975,724	1,196,591	428,170
Region of Peel	31,500	-	683,295
Other	<u>126,710</u>	<u>3,000</u>	<u>-</u>
Total	1,133,934	1,199,591	1,111,465
<u>Markham</u>			
City of Markham	580,130	1,146,423	1,207,868
Region of York	42,000	-	575,825
Other	<u>72,760</u>	<u>-</u>	<u>-</u>
Total	694,890	1,146,423	1,783,693
<u>Bradford West Gwillimbury</u>			
Town of BWG	68,000	1,373,500	152,813
Simcoe County	12,700	-	11,600
Other	<u>145,450</u>	<u>-</u>	<u>-</u>
Total	226,150	1,373,500	164,413
<u>Ajax</u>			
Town of Ajax	201,720	903,307	684,697
Region of Durham	23,500	-	109,669
Other	<u>41,948</u>	<u>-</u>	<u>-</u>
Total	267,168	903,307	794,366
<u>Toronto</u>			
City of Toronto	487,783	1,568,005	826,782
Other	<u>72,760</u>	<u>-</u>	<u>-</u>
Total	560,543	1,568,005	826,782

Source: Altus Group Economic Consulting

Municipal Approval & Permit Fees, High-Rise Development

	Planning Review Fees	Building Permits	Engineering Supervision & Inspection
<u>Oakville</u>		<i>Dollars</i>	
Town of Oakville	1,166,689	796,806	108,163
Region of Halton	21,493	-	47,500
Other	<u>77,980</u>	<u>-</u>	<u>6,175</u>
Total	1,266,162	796,806	161,838
<u>Brampton</u>			
City of Brampton	290,424	586,341	69,285
Region of Peel	21,500	-	329,679
Other	<u>35,065</u>	<u>3,000</u>	<u>-</u>
Total	346,989	589,341	398,964
<u>Markham</u>			
City of Markham	109,450	491,942	253,348
Region of York	42,000	-	136,800
Other	<u>86,010</u>	<u>-</u>	<u>-</u>
Total	237,460	491,942	390,148
<u>Bradford West Gwillimbury</u>			
Town of BWG	77,800	754,355	8,725
Simcoe County	12,700	-	16,600
Other	<u>12,250</u>	<u>-</u>	<u>-</u>
Total	102,750	754,355	25,325
<u>Ajax</u>			
Town of Ajax	202,840	464,531	318,594
Region of Durham	23,500	-	27,862
Other	<u>22,390</u>	<u>-</u>	<u>-</u>
Total	248,730	464,531	346,456
<u>Toronto</u>			
City of Toronto	176,717	784,797	141,596
Other	<u>86,010</u>	<u>-</u>	<u>-</u>
Total	262,727	784,797	141,596

Source: Altus Group Economic Consulting

Property Tax Rates and Revenues, Selected GTA Municipalities, Low-Rise Development

	Oakville / Halton Region	Brampton / Peel Region	Markham / York Region	Bradford West Gwillimbury / Simcoe County	Ajax / Durham Region	City of Toronto
			<i>Gross Hectares</i>			
Hectares	46.3	46.3	46.3	46.3	46.3	46.3
			<i>Dollars per Hectare</i>			
Raw Vacant Land - Value	187,742	205,396	316,702	436,866	140,363	529,646
			<i>Percent</i>			
Property Tax Rate	0.198713%	0.290437%	0.226370%	0.282560%	0.279638%	0.192800%
			<i>Years</i>			
Years of Raw Unserved Land	2.5	2.5	2.5	2.5	2.5	2.5
			<i>Dollars</i>			
Total Property Taxes Payable - Raw Land	43,136	68,976	82,894	142,729	45,384	118,071
			<i>Dollars per Hectare</i>			
Vacant Residential Land - Value	991,163	782,955	736,273	873,732	542,255	1480306.428
			<i>Percent</i>			
Property Tax Rate	0.938318%	1.161747%	0.905489%	1.130235%	1.342943%	0.771198%
			<i>Years</i>			
Years of Served Land Before Development	2.5	2.5	2.5	2.5	2.5	2.5
			<i>Dollars</i>			
Total Property Taxes Payable - Vacant Res. Land	1,075,342	1,051,720	770,857	1,141,824	842,002	1,319,986
Total Property Taxes	1,118,478	1,120,696	853,750	1,284,552	887,386	1,438,057
Lower/Single-Tier Municipality Share	412,208	464,591	218,367	740,848	253,390	1,025,957
Upper-Tier Municipality Share	441,004	442,914	427,011	292,529	486,465	n.a.
Education Share	265,267	213,191	208,373	251,174	147,530	412,100

Note: We have used farmland tax rates for first half of five year period, and residential tax rates for second half of five year period. Not all municipalities have "farmland awaiting development" tax rates, so we have used residential tax rates to keep the assumptions consistent for each municipality

Source: Altus Group Economic Consulting based on City, Town, County and/or Region tax rates for 2012, Realnet Canada

Property Tax Rates and Revenues, Selected GTA Municipalities, High-Rise Development

	Oakville / Halton Region	Brampton / Peel Region	Markham / York Region	Bradford West Gwillimbury / Simcoe County	Ajax / Durham Region	City of Toronto
	<i>Gross Hectares</i>					
Hectares	4.0	4.0	4.0	4.0	4.0	4.0
	<i>Dollars per Hectare</i>					
Raw Vacant Land - Value	991,163	782,955	736,273	1,043,228	542,255	1,480,306
	<i>Percent</i>					
Property Tax Rate	0.938318%	1.161747%	0.905489%	1.130235%	1.342943%	0.771198%
	<i>Years</i>					
Years of Raw Unserved Land	2.5	2.5	2.5	2.5	2.5	2.5
	<i>Dollars</i>					
Total Property Taxes Payable - Raw Land	93,003	90,960	66,669	117,909	72,822	114,161
	<i>Dollars per Hectare</i>					
Vacant Residential Land - Value	4,310,092	2,865,520	3,116,319	2,086,456	2,563,036	10,172,444
	<i>Percent</i>					
Property Tax Rate	0.938318%	1.161747%	0.905489%	1.130235%	1.342943%	0.771198%
	<i>Years</i>					
Years of Served Land Before Development	2.5	2.5	2.5	2.5	2.5	2.5
	<i>Dollars</i>					
Total Property Taxes Payable - Vacant Res. Land	404,424	332,901	282,179	235,819	344,201	784,497
Total Property Taxes	497,426	423,860	348,848	353,728	417,023	898,658
Lower/Single-Tier Municipality Share	183,717	175,714	89,226	204,008	119,321	641,132
Upper-Tier Municipality Share	196,551	167,515	174,480	80,554	229,075	n.a.
Education Share	117,158	80,631	85,142	69,166	68,627	257,526

Note: Assumes use of residential tax rate for first half of five year period, and multi-residential tax rate for second half of five year period

Source: Altus Group Economic Consulting based on City, Town, County and/or Region tax rates for 2012, Realnet Canada

Parkland Dedication Rates and Revenues, Tarion Enrolment Fees, CMHC Mortgage Insurance Premiums and Hydro Costs, Selected GTA Municipalities, Low-Rise Development

	Oakville	Brampton	Markham	Bradford West Gwillimbury	Ajax	City of Toronto ²
Parkland Dedication / Cash-in-Lieu						
			<i>Hectares</i>			
5% of Land; or	2.31	2.31	2.31	2.31	2.31	2.31
1 hectare per 300 units (except Toronto - 0.4ha/300)	1.67	1.67	1.67	1.67	1.67	0.67
Greater Amount	2.31	2.31	2.31	2.31	2.31	2.31
			<i>Dollars per Hectare</i>			
Value per Hectare	991,163	1,359,031	736,273	873,732	542,255	1,480,306
			<i>Dollars</i>			
Total Value of Parkland Dedication	2,292,064	3,142,760	1,702,631	2,020,506	1,253,965	3,423,209
Tarion						
			<i>Dollars per Unit</i>			
Average Sales Price of New Homes	590,000	490,000	600,000	410,000	460,000	540,000
Tarion Enrolment Fee - Per Unit	1,187	1,040	1,187	961	1,040	1,130
			<i>Dollars</i>			
Tarion Enrolment Fee Revenues	593,250	519,800	593,250	480,250	519,800	565,000
CMHC Mortgage Insurance						
			<i>Dollars per Unit</i>			
Average Sales Price of New Homes	590,000	490,000	600,000	410,000	460,000	540,000
			<i>Percent</i>			
Loan Value (10% downpayment)	90%	90%	90%	90%	90%	85%
CMHC Mortgage Insurance Premium	2%	2%	2%	2%	2%	2%
			<i>Dollars per Unit</i>			
Mortgage Value	531,000	441,000	540,000	369,000	414,000	459,000
CMHC Mortgage Insurance Premium - Per Unit	9,293	7,718	9,450	6,458	7,245	8,033
			<i>Dollars</i>			
Total CMHC Mortgage Insurance Premiums	4,646,250	3,858,750	4,725,000	3,228,750	3,622,500	4,016,250
Hydro Costs	1,024,500 ¹	1,500,000	950,000	950,000	1,024,500 ¹	698,000

¹ Information not available for Ajax or Oakville. Instead, average of other four municipalities used as proxy.

² City of Toronto parkland fees capped at 20% of value of site, but payments must be a minimum of 5% of value of site using the 0.4 hectares / 300 unit rate

Source: Altus Group Economic Consulting based on CMHC, Tarion and various Official Plan policies

Parkland Dedication Rates and Revenues, Tarion Enrolment Fees, CMHC Mortgage Insurance Premiums and Hydro Costs, Selected GTA Municipalities, High-Rise Development

	Oakville	Brampton	Markham	Bradford West Gwillimbury	Ajax	City of Toronto ³
Parkland Dedication / Cash-in-Lieu						
			<i>Hectares</i>			
5% of Land; or	0.20	0.20	0.20	0.20	0.20	
1 hectare per 300 units (except Toronto - 0.4 ha/300)	1.67	1.67	1.67	1.67	1.67	0.67
Greater Amount	1.67	1.67	1.67	1.67	1.67	0.67
			<i>Dollars per Hectare</i>			
Value per Hectare	4,310,092	1,556,709 ¹	3,116,319	2,086,456	2,563,036	10,172,444
			<i>Dollars</i>			
Total Value of Parkland Dedication	7,183,486	2,594,514	5,193,864	3,477,427	4,271,727	6,103,467
Tarion						
			<i>Dollars per Unit</i>			
Average Sales Price of New Homes	380,800	289,500	368,900	250,600	250,600	406,900
Tarion Enrolment Fee - Per Unit	881	723	881	723	723	961
			<i>Dollars</i>			
Tarion Enrolment Fee Revenues	440,700	361,600	440,700	361,600	361,600	480,250
CMHC Mortgage Insurance						
			<i>Dollars per Unit</i>			
Average Sales Price of New Homes	380,800	289,500	368,900	250,600	250,600	406,900
			<i>Percent</i>			
Loan Value (10% downpayment)	90%	90%	90%	90%	90%	85%
CMHC Mortgage Insurance Premium	2%	2%	2%	2%	2%	2%
			<i>Dollars per Unit</i>			
Mortgage Value	342,720	260,550	332,010	225,540	225,540	345,865
CMHC Mortgage Insurance Premium - Per Unit	5,998	4,560	5,810	3,947	3,947	6,053
			<i>Dollars</i>			
Total CMHC Mortgage Insurance Premiums	2,998,800	2,279,813	2,905,088	1,973,475	1,973,475	3,026,319
Hydro Costs	70,833²	70,833²	70,000	70,000	70,833²	72,500

¹ The City of Brampton prescribes land value for parkland dedication of \$630,000 per acre, which is reduced by 60% from \$1,575,000 per acre

² Information not available for Oakville, Brampton or Ajax. Instead, average of other three municipalities used as proxy

³ Value of land provided through City of Toronto parkland dedication rate of 0.4 hectares / 300 units not to exceed 15% of value of site

Source: Altus Group Economic Consulting based on CMHC, Tarion and various Official Plan policies

Calculation of Harmonized Sales Tax Payable on New Homes, Selected GTA Municipalities, Low-Rise Development

	Oakville		Brampton		Markham		Bradford West Gwillimbury		Ajax		Toronto	
	Provincial	Federal	Provincial	Federal	Provincial	Federal	Provincial	Federal	Provincial	Federal	Provincial	Federal
Harmonized Sales Tax	<i>Dollars per Unit</i>											
Average Sales Price - Single-Detached	590,000	590,000	490,000	490,000	600,000	600,000	410,000	410,000	460,000	460,000	540,000	540,000
Value of Consideration	553,153	553,153	463,063	463,063	562,162	562,162	393,845	393,845	436,786	436,786	508,108	508,108
	<i>Percent</i>											
Share of HST Rate	8%	5%	8%	5%	8%	5%	8%	5%	8%	5%	8%	5%
	<i>Dollars per Unit</i>											
Share of HST Payable	47,200	27,658	39,200	23,153	48,000	28,108	31,508	19,692	36,800	21,839	43,200	25,405
Rebate	24,000	-	24,000	-	24,000	-	23,631	3,538	24,000	832	24,000	-
Remaining Payable per Unit	23,200	27,658	15,200	23,153	24,000	28,108	7,877	16,155	12,800	21,007	19,200	25,405
	<i>Dollars</i>											
Total HST Revenues	11,600,000	13,828,829	7,600,000	11,576,577	12,000,000	14,054,054	3,938,455	8,077,269	6,400,000	10,503,410	9,600,000	12,702,703

Source: Altus Group Economic Consulting based on Canada Revenue Agency, GST/HST Info Sheet, (July 2010)

Calculation of Harmonized Sales Tax Payable on New Homes, Selected GTA Municipalities, High-Rise Development

	Oakville		Brampton		Markham		Bradford West Gwillimbury		Ajax		Toronto	
	Provincial	Federal	Provincial	Federal	Provincial	Federal	Provincial	Federal	Provincial	Federal	Provincial	Federal
Harmonized Sales Tax	<i>Dollars per Unit</i>											
Average Sales Price of Condo Apts	380,800	380,800	289,500	289,500	368,900	368,900	250,600	250,600	250,600	250,600	406,900	406,900
Value of Consideration	367,610	367,610	280,523	280,523	356,918	356,918	242,829	242,829	242,829	242,829	391,060	391,060
	<i>Percent</i>											
Share of HST Rate	8%	5%	8%	5%	8%	5%	8%	5%	8%	5%	8%	5%
	<i>Dollars per Unit</i>											
Share of HST Payable	30,464	18,381	23,160	14,026	29,512	17,846	19,426	12,141	20,048	12,141	32,552	19,553
Rebate	22,848	5,191	17,370	5,049	22,134	5,864	14,570	4,371	15,036	4,371	24,000	3,713
Remaining Payable per Unit	7,616	13,190	5,790	8,977	7,378	11,982	4,857	7,771	5,012	7,771	8,552	15,840
	<i>Dollars</i>											
Total HST Revenues	3,808,000	6,594,969	2,895,000	4,488,372	3,689,000	5,990,881	2,428,295	3,885,271	2,506,000	3,885,271	4,276,000	7,919,901

Source: Altus Group Economic Consulting based on Canada Revenue Agency, GST/HST Info Sheet, (July 2010)

Land Transfer Tax Revenues, Selected GTA Municipalities, Low-Rise Development

	Oakville	Brampton	Markham	Bradford West	Ajax	Toronto	
				Gwillimbury		City	Provincial
Land Transfer Tax							
				<i>Dollars</i>			
0.5% of value up to \$55,000	275	275	275	275	275	275	275
1% of value between \$55,000 and \$250,000	1,950	1,950	1,950	1,950	1,950	n.a.	1,950
1.5% of value between \$250,000 and \$400,000	2,250	2,250	2,250	2,158	2,250	n.a.	2,250
1% of value between \$55,000 and \$400,000						3,450	n.a.
2% amounts exceeding \$400,000	3,063	1,261	3,243	-	1,200	2,162	2,162
Total Payable per Unit - Before Rebates	7,538	5,736	7,718	4,383	5,675	5,887	6,637
				<i>Units</i>			
Units Not Occupied by First-Time Buyers	300	300	300	300	300	300	300
				<i>Dollars</i>			
Revenue from Non-First Time Buyers	2,261,419	1,720,878	2,315,473	1,314,805	1,702,500	1,766,149	1,991,149
				<i>Units</i>			
Units Occupied by First-Time Buyers	200	200	200	200	200	200	200
				<i>Dollars</i>			
Total Revenue Before Rebate	1,507,613	1,147,252	1,543,649	876,536	1,135,000	1,177,432	1,327,432
Rebate	2,000	2,000	2,000	2,000	2,000	3,725	2,000
Total Rebates	400,000	400,000	400,000	400,000	400,000	745,000	400,000
Revenue from First-Time Buyers	1,107,613	747,252	1,143,649	476,536	735,000	432,432	927,432
Total Land Transfer Tax Revenues	3,369,032	2,468,131	3,459,122	1,791,341	2,437,500	2,198,581	2,918,581

Source: Altus Group Economic Consulting based on CMHC, Tarion and various Official Plan policies

Land Transfer Tax Revenues, Selected GTA Municipalities, High-Rise Development

	Oakville	Brampton	Markham	Bradford West	Ajax	Toronto	
				Gwillimbury		City	Provincial
Land Transfer Tax							
				<i>Dollars</i>			
0.5% of value up to \$55,000	275	275	275	275	275	275	275
1% of value between \$55,000 and \$250,000	1,950	1,950	1,950	1,950	1,950	n.a.	1,950
1.5% of value between \$250,000 and \$400,000	1,764	458	1,604	(108)	(108)	n.a.	2,116
1% of value between \$55,000 and \$400,000						3,361	n.a.
2% amounts exceeding \$400,000	-	-	-	-	-	-	-
Total Payable per Unit - Before Rebates	3,989	2,683	3,829	2,117	2,117	3,636	4,341
				<i>Units</i>			
Units Not Occupied by First-Time Buyers	300	300	300	300	300	300	300
				<i>Dollars</i>			
Revenue from Non-First Time Buyers	1,196,745	804,855	1,148,632	635,233	635,233	1,090,681	1,302,271
				<i>Units</i>			
Units Occupied by First-Time Buyers	200	200	200	200	200	200	200
				<i>Dollars</i>			
Total Revenue Before Rebate	797,830	536,570	765,755	423,488	423,488	727,120	868,181
Rebate	2,000	2,000	2,000	2,000	2,000	3,636	2,000
Total Rebates	400,000	400,000	400,000	400,000	400,000	745,000	400,000
Revenue from First-Time Buyers	397,830	136,570	365,755	23,488	23,488	-	468,181
Total Land Transfer Tax Revenues	1,594,575	941,424	1,514,387	658,721	658,721	1,090,681	1,770,451

Source: Altus Group Economic Consulting based on CMHC, Tarion and various Official Plan policies
