Comparison of Government Charges on New Homes in Major Canadian and US Metro Areas

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Altus Group BILD

Comparison of Government Charges on New Homes in Major Canadian and US Metro Areas

Prepared for:

Building Industry and Land Development Association (BILD)

Prepared by:

Altus Group Economic Consulting

33 Yonge Street Toronto Ontario M5E 1G4

Phone: (416) 641-9500 Fax: (416) 641-9501

economics@altusgroup.com

altusgroup.com

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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 several metropolitan areas across Canada, as well as selected metropolitan areas in the United States.

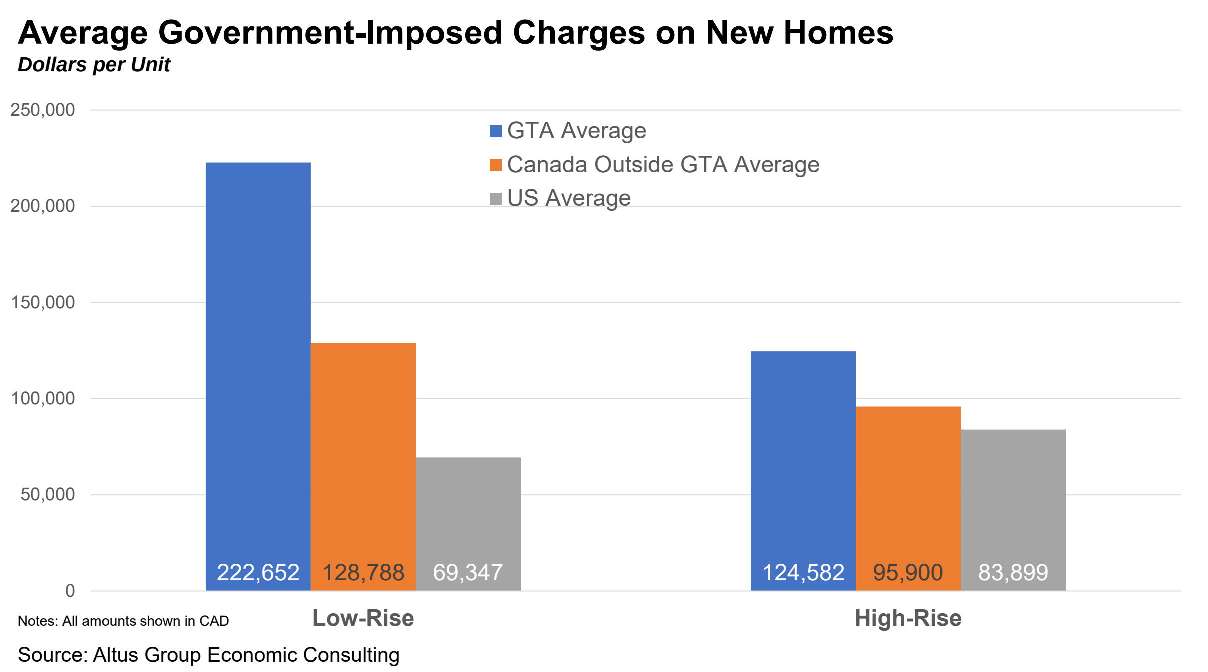
BILD is the voice of the land development, home building and professional renovation industry in the GTA, and represents more than 1,500-member companies. BILD advocates on behalf of the industry, as well as future homebuyers to keep government charges and fees fair and reasonable.

The study 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, as well as four other urban areas in Canada (Ottawa, Montreal, Vancouver and Calgary), as well as six metropolitan areas in the United States (New York, Chicago, Boston, Miami, Houston and San Francisco). 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 various government charges are modelled by utilizing two hypothetical development scenarios. The first, a 'low-rise' development consisting of single-detached homes, and the second, a 'high-rise' development consisting of a condominium apartment building.

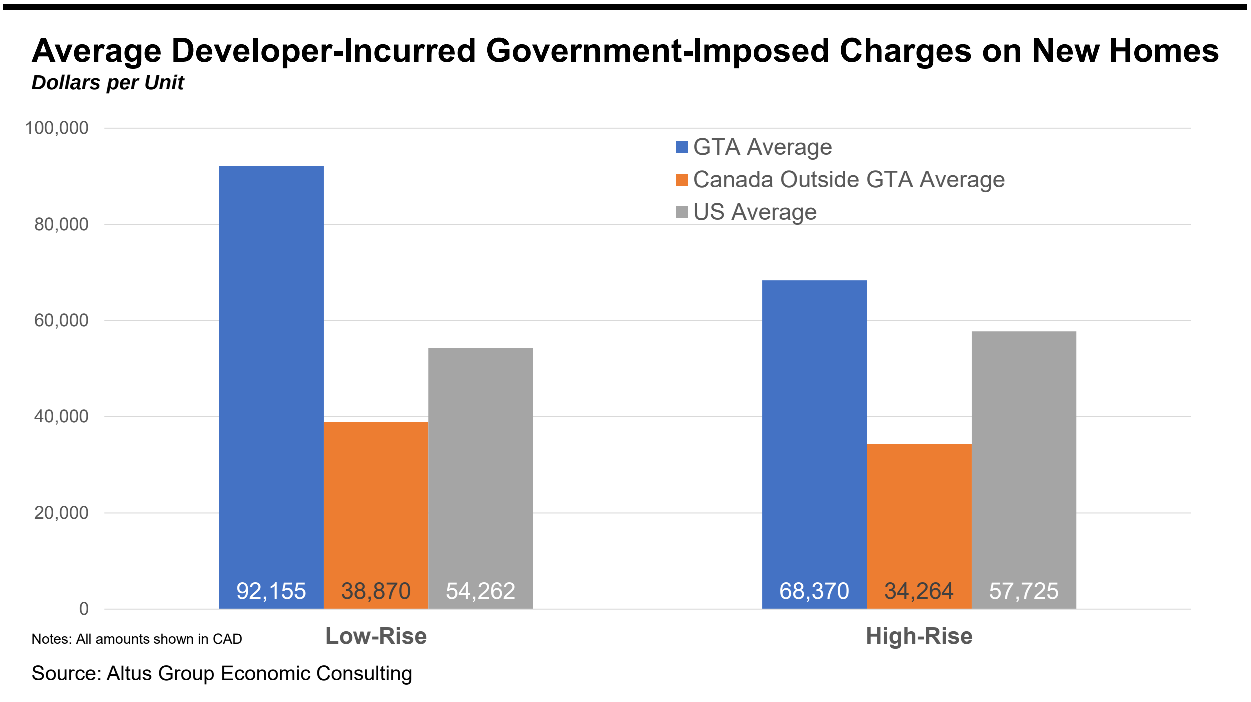
Based on our review, we have found that the average government-imposed charges on new homes are significantly higher in the Greater Toronto Area than they are in both other Canadian urban areas, and in the US metro areas, with the difference particularly high for low-rise housing, where government-imposed charges in the GTA are, on average, over 3-times higher on a per unit basis than they are on average in the six US metropolitan areas, and roughly 1.75-times higher than in the other Canadian urban areas.



For high-rise developments the average per unit charges in the GTA are roughly 50% higher than those in the six US metropolitan areas, and roughly 30% higher than in the other Canadian urban areas.

When the government charges are expressed as a percentage of new housing prices, the charges applicable for new homes in the GTA (19.4% to 20.7%) greatly exceed the other Canadian urban areas (14.9% to 15.9%), and the US metro areas (6.5% to 8.2%).

A major driver why the US metro area charges are lower than both the GTA and other Canadian urban areas is that the US metropolitan areas surveyed do not impose sales taxes on new housing, whereas in the Canada, the sales tax included on new homes (before rebates can be applied) ranges from 5% to almost 15%.



The developer-incurred government charges, when expressed as a percentage of new housing prices, are again significantly higher in the GTA (8.6% to 10.8%) than in the other Canadian urban areas (4.6% to 4.7%) and US metro areas (4.4% to 6.2%).

The most significantly reason why developer-incurred government-imposed charges in the GTA are higher than elsewhere appears to be due to the high development charge costs imposed on new homes, which are approaching $100,000 per unit in some jurisdictions, and comprise 68% to 82% of developer-incurred charges on high-rise and low-rise development, respectively.

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1 INTRODUCTION

1.1 RETAINER

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 several metropolitan areas across Canada, as well as selected metropolitan areas in the United States.

1.2 BUILDING INDUSTRY AND LAND DEVELOPMENT ASSOCIATION (BILD)

The Building Industry and Land Development Association (BILD) is the voice of the home building, residential and non-residential land development and professional renovation industry in the GTA. The industry that BILD represents designs, sells and builds quality complete communities where people live, work, play and shop.

The more than 1,500-member companies of BILD come from all corners of the industry. In addition to home builders, land developers, and professional RenoMark™ renovators, BILD members include financial and professional service organizations, trade contractors, and manufacturers and suppliers of all types of home-oriented products.

BILD is a non-profit, industry funded organization that works to improve the communication between their industry and government, provide enhanced opportunities for their members, promote the welfare of the industry, and protect the interests of consumers.

BILD's mission is to enhance the health, vitality and reputation of the home building, residential and non-residential land development, and professional renovation industry. For more information visit bildgta.ca

1.3 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 major metropolitan areas within Canada, and provide comparison with selected metropolitan areas within the United States.

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.

1.4 CAVEAT

The model summarized in this report utilizes assumptions regarding land values and housing prices. The values used are used only as the basis for modelling government charges for the specific hypothetical scenarios described in this report and are meant to reflect a typical or common land value or housing price in certain defined geographic areas, rather than an indicator of average values or prices across metropolitan areas.

The conclusions and estimates regarding applicable government charges should be used with caution as they relate to specific characteristics of the model scenarios and may not be applicable to other prospective developments in a given jurisdiction, as many government charges are dependent upon site location, development size, housing prices, land values and other elements that vary from one development to the next.

While every effort has been made to capture all of the applicable government charges in each jurisdiction, and to verify our understanding first-hand with relevant staff and/or officials, we are unable to confirm with absolute certainty that all applicable charges have been captured in all jurisdictions. We have also ignored several minor charges and levies that various government agencies may levy on certain developments and focused the report on the major charges of significant values.

Finally, all housing prices, land prices, and government charges for Canadian metropolitan areas are expressed in Canadian dollars (CAD) and are expressed in US dollars (USD) when dealing with the US metropolitan areas.

2 METHODOLOGY

This section of the report presents the key aspects of methodology used, including the municipalities selected for study and the development scenarios used to base our modelling upon.

2.1 DEVELOPMENT ASSUMPTIONS

2.1.1 Low-Rise Development Assumptions

The estimation of costs associated with the application, approval and build-out of a residential subdivision have been based on a hypothetical low-rise development scenario, the characteristics of which are as follows:

- 125 single-detached homes, each with 36-foot frontages;
- At average household size of 3.25 persons per single-detached home, the development is assumed to be built at a density of 60 persons per net hectare, which would mean the net land area required would equal 7.71 hectares.[2] At a net-to-gross ratio of 80%, the net land area would be 9.64 hectares (23.80 acres); and
- We have assumed that there would be approximately 690 metres of local roads within the development.

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

We have assumed that each single-detached home within the low-rise scenario is 2,500 square feet in size, which is roughly consistent with the average size of a new single-detached home on a 36-foot lot in the Greater Toronto Area.

Our estimate of the value of engineering works is based on the 2019 Altus Group Construction Cost Guide, which provides an estimate of the costs for site servicing on local roads of $3,000 per metre of road frontage. Based on the assumed length of roads to be constructed in our low-rise development scenario, this means that the site servicing costs would amount to approximately $2.1 million.

2.1.2 High-Rise Development Assumptions

The characteristics of the high-rise development are as follows:

- 125 condominium apartments contained in a high-rise development, located at the intersection of two arterial roads;
- The development would be built on 0.52 gross hectares of land (and would be a square-shaped site at the intersection of two arterial roads, and therefore would have approximately 70 metres of frontage on each of its two arterial frontages);
- Parking would be provided through the construction of an underground garage.

Similar to the low-rise development scenario, the high-rise development assumptions have been held constant across all areas to allow for an "apples-to-apples" comparison. Also, the high-rise development used in this report is hypothetical only and may not necessarily be a realistic development option in some of the metropolitan areas reviewed.

The apartment units within the hypothetical building in the high-rise scenario is assumed to include 75 'large' apartments (2-bedrooms or more) and 50 'small' apartments (bachelor and 1-bedroom). The average apartment sizes are assumed to be 900 square feet per unit for large apartments and 650 square feet per unit for small apartments, which equates to an overall average unit size of 800 square feet per unit. The mix and size of apartments may not reflect the mix and size of apartments and apartment buildings being built in certain municipalities.

We have assumed that the gross floor area within the apartment units would comprise approximately 80% of the total area within the high-rise building. The remaining parts of the building would include the lobby, storage areas, amenity rooms, and other common areas.

The estimated costs for site servicing are based on 2019 Altus Group Construction Cost Guide, which estimates that servicing along arterial roads is approximately $4,300 per metre of frontage. As we have assumed that the high-rise development will have approximately 140 metres of arterial road frontage, this means that the site servicing costs would amount to approximately $620,000.

2.1.3 Land Value Assumptions

As some government charges are calculated using land value as an input, it is necessary to acknowledge differences in land values among the municipalities reviewed in this report. To determine the land value in each municipality, we have utilized data on land transactions in each municipality, where information was available.

2.1.4 Home Price Assumptions

The modelling of government charges is reliant in some cases on the prices of new homes, particularly for sales taxes, land transfer taxes, etc.. The average prices used in the analysis are based on average selling prices per square foot in the assumed development areas within each municipality, for housing units of similar size and scale as those within each of the low-rise and high-rise models.

2.2 SELECTED MUNICIPALITIES

2.2.1 Canadian Urban Areas

Figure 1 shows the Canadian municipalities for which we the government charges applicable to development of both low-rise and high-rise development will be estimated.

Figure 1

Metropolitan Area	Municipalities Subject to Low-Rise Scenario	Municipalities Subject to High-Rise Scenario
Greater Toronto Area	Town of Bradford West Gwillimbury City of Brampton City of Markham City of Pickering Town of Oakville City of Toronto	City of Brampton City of Markham Town of Oakville City of Toronto
City of Ottawa	City of Ottawa (outside Greenbelt, assumed to be in Kanata community)	City of Ottawa
Greater Montreal Area	Laval Longueuil	City of Montreal
City of Calgary	City of Calgary	City of Calgary (Established Area)
Metro Vancouver Area	City of Burnaby City of Surrey	City of Vancouver

The information on government charges applicable to new housing developments are based on publicly available information, or where information was not available, through correspondence with contacts at various government agencies. The rates for charges reviewed in this report are those that were posted (or proposed) by each municipality or government agency as of the time of writing this report.

2.2.2 US Metropolitan Areas

We have based our study on six (6) metropolitan areas across the United States, with the low-rise and high-rise development scenarios assumed to be located in the areas within the metropolitan areas listed in Figure 2.

Figure 2

Metropolitan Area	Municipalities Subject to Low-Rise Scenario		Municipalities Subject to High-Rise Scenario	
	City	County	City	County
New York	Borough of Closter	Bergen County	Borough of Manhattan	New York County
Boston	Town of Plymouth	Plymouth County	City of Boston	Suffolk County
Miami	City of Homestead	Miami-Dade County	City of Miami	Miami-Dade County
Houston	City of Conroe	Montgomery County	City of Houston	Harris County
Chicago	City of Joliet	Will County	City of Chicago	Cook County
San Francisco	Dublin	Alameda County	San Francisco	San Francisco

3 TYPES OF GOVERNMENT CHARGES

In the appendices to this report, a detailed breakdown of the various types of charges applicable to new development is provided. However, at a high-level, the government charges applicable to new housing development in Canada and the United States can be categorized as follows:

- **Infrastructure Charges** – these fees are widely used across Canada, though they are often presented under different names. For example, in Ontario, they are called 'development charges' and there they recover municipal costs related to infrastructure (roads, water works, sanitary sewer works, etc.) and other community capital works (recreation centres, libraries, etc.). In the United States, these charges are most commonly known as "Impact Fees";
- **School Charges** – these fees typically generate money for local school boards to acquire school sites or construct school buildings.;
- **Planning Approval Fees** – this category includes fees related to changes or amendments to planning documents, applying for and obtaining building permits, fees for engineering construction and inspection, etc.;
- **Parkland Fees** – fees obtained by municipalities to purchase or acquire parkland, when not available to be specifically dedicated by a developing landowner;
- **Density Bonusing Fees** – these are contributions obtained by municipalities from developments that may be exceeding the erstwhile permitted density, and are typically directed to community infrastructure needs arising from the expected surplus in housing units/people being accommodated in a development relative to the original plans. These are used extensively in Ontario under section 37 of the Planning Act, and in Vancouver through the Community Amenity Contributions program;
- **Land Transfer Taxes** – fees levied by Provincial governments in Canada (and sometimes municipal governments, such as Toronto) on the value of property being transferred from a seller to a buyer. These are also used extensively in the United States, and are often levied by cities, towns and/or counties;

- **Sales Taxes** – the sales taxes on homes in Canada include the GST, which is a "Goods and Services" tax levied by the Federal government, and the Provincial Sales Tax (PST) levied by most Provincial governments on the purchase price of a new housing unit. Rebates are sometimes made available to homebuyers, depending on the purchase price of the home;
- **Inclusionary Zoning** – the requirement to include affordable housing in certain developments, depending on location, development size or type. Developers may also be given the option to include affordable housing in return for additional density or provide monetary contributions in lieu of inclusion within the development itself. These programs are used relatively widely across the United States, but are not yet used in the Canadian urban areas surveyed for this report;
- **Mortgage Insurance** – in Canada, lenders are required to obtain insurance on most mortgages below $1,000,000, based on the size of the down payment being made by the purchaser. The costs of the insurance premium are passed onto the borrower, and these costs are often embedded within ongoing mortgage payments. Homebuyers in the United States typically obtain private mortgage insurance (or "PMI'"). The requirement for mortgage insurance lenders to include mortgage insurance on loans from Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation).

4 Quantum of Charges Applicable to Canadian Development Scenarios

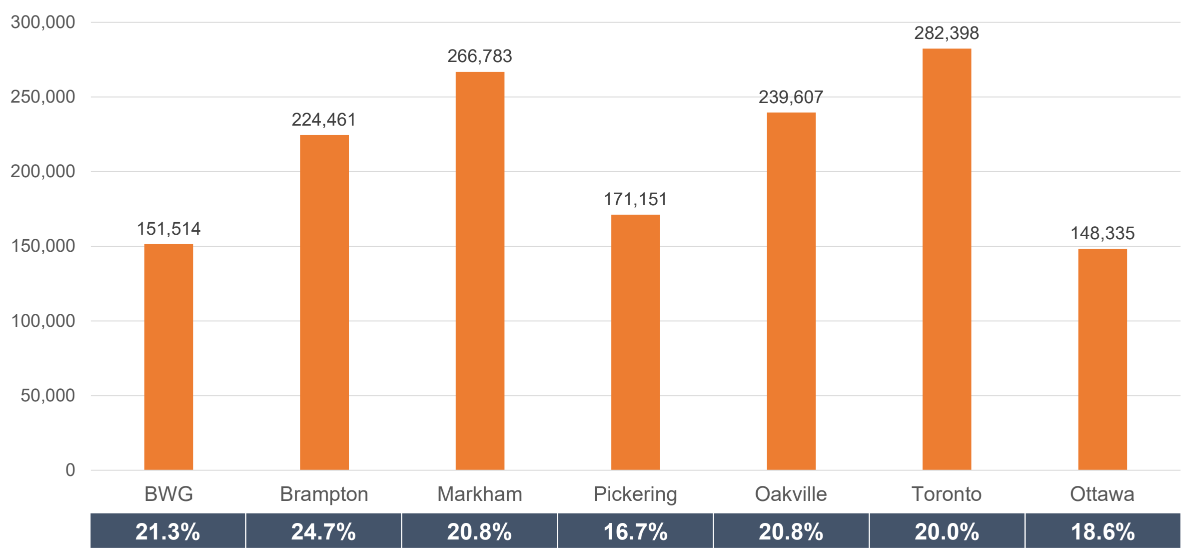
4.1 GREATER TORONTO AREA & OTTAWA

4.1.1 Fees by Scenario

The charges on low-rise development in the selected GTA municipalities vary significantly on a per unit basis, but when expressed as percentage of housing prices, they range from 16.7% (Pickering) to 24.7% (Brampton).

The charges for a low-rise housing unit in Ottawa are much less than in most of the GTA municipalities, both on a per unit basis, and as expressed as percentage of new housing prices (18.6%).

Figure 3 **Total Government Charges on New Homes, Selected Ontario Municipalities**
Dollars per Single-Detached Unit



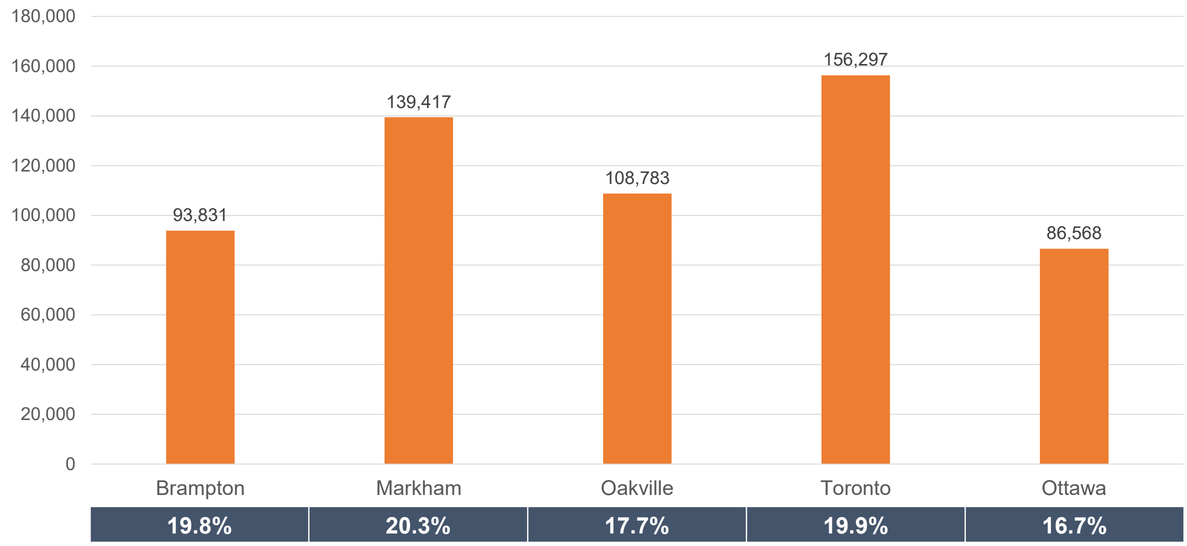
Source: Altus Group Economic Consulting based on information from various municipalities

For high-rise development, the charges imposed by the selected GTA municipalities vary more significantly as a percentage of housing prices, ranging from 17.7% (Oakville) to 20.3% (Markham).

The charges for a new high-rise development in Ottawa amount to approximately $86,600 per unit, or 16.7% of the average price.

Figure 4

Total Government Charges on New Homes, Selected Ontario Municipalities
Dollars per Apartment Unit



Source: Altus Group Economic Consulting based on information from various municipalities

4.1.2 Fees by Type of Charge

When comparing the charges applicable by unit type in the selected Greater Toronto Area municipalities, the three largest government charges on new low-rise homes are HST, development charges and land transfer taxes. For high-rise units, the most significant charges in the Greater Toronto Area are development charges, HST and parkland dedication (or cash-in-lieu).

Figure 5

	Greater Toronto Area			
	Low-Rise		High-Rise	
Rank	Type of Charge	Dollars per Unit	Type of Charge	Dollars per Unit
1	HST	103,258	Development Charges	46,381
2	Development Charges	75,534	HST	30,995
3	Land Transfer Tax	19,701	Parkland Dedication	17,183
4	Parkland Dedication	10,504	CMHC Mortgage Insurance	15,882
5	CMHC Mortgage Insurance	7,538	Land Transfer Tax	9,335

In the City of Ottawa, HST on the new high-rise homes far exceeds the per unit development charges imposed by the City and local school boards. Given that prices in Ottawa are generally below $1,000,000, the costs associated with CMHC mortgage insurance are still a major factor.

Figure 6

	City of Ottawa			
	Low-Rise		High-Rise	
Rank	Type of Charge	Dollars per Unit	Type of Charge	Dollars per Unit
1	HST	70,509	HST	38,377
2	Development Charges	38,765	Development Charges	17,257
3	CMHC Mortgage Insurance	22,250	CMHC Mortgage Insurance	14,458
4	Land Transfer Tax	11,015	Land Transfer Tax	6,071
5	Parkland Dedication / CIL	2,447	Parkland Dedication / CIL	5,379

4.2 METRO VANCOUVER

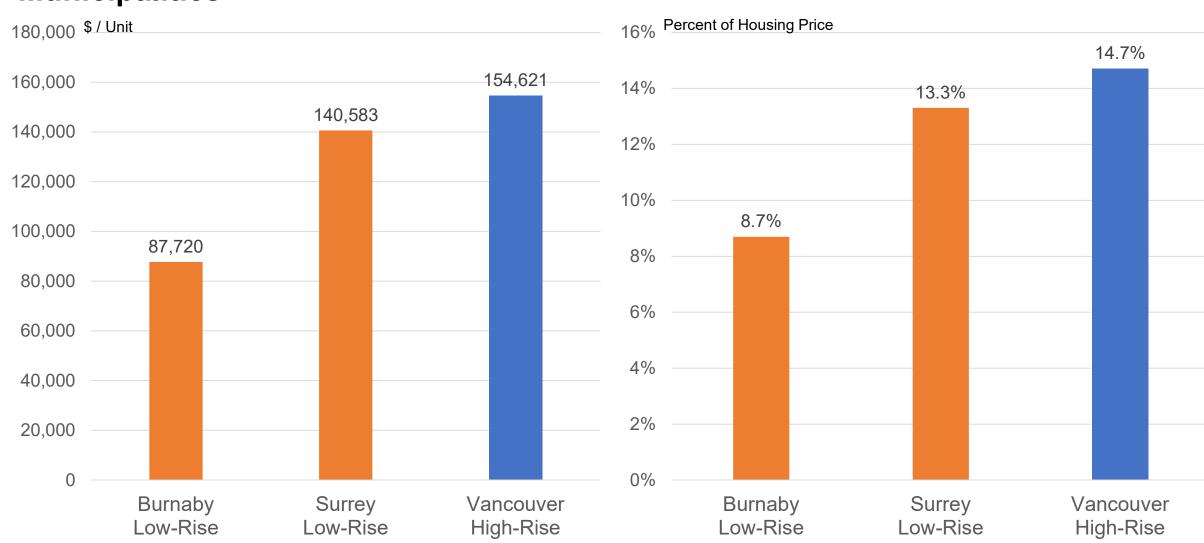
4.2.1 Fees by Scenario

Figure 7 shows the total government charges on a per unit basis applicable to the three development scenarios (low-rise in Burnaby and Surrey, and high-rise in Vancouver).

The fees for a high-rise development in Vancouver are greater than the low-rise scenarios in Burnaby and Surrey. This appears to be due to the significantly higher Development Cost Charges (DCCs) applicable in the City of Vancouver than in Burnaby or Surrey.

Figure 7

Total Government Charges on New Homes, Selected Metro Vancouver Municipalities



Source: Altus Group Economic Consulting based on information from various municipalities

For low-rise development, the charges in Burnaby are significantly lower than in Surrey, due to much lower infrastructure charges than in Surrey.

4.2.2 Fees by Type of Charge

The most significant charge for both low-rise and high-rise development in the Greater Vancouver Area is GST, while CMHC mortgage insurance second highest. Both of these charges are based on prices of homes. Third highest for both scenarios are the various development cost charges imposed by local governments.

Figure 8

	Metro Vancouver			
	Low-Rise		High-Rise	
Rank	Type of Charge	Dollars per Unit	Type of Charge	Dollars per Unit
1	GST	49,190	GST	20,256
2	Infrastructure Charges	25,639	CMHC Mortgage Insurance	13,522
3	Property Transfer Tax	17,676	Infrastructure Charges	12,781
4	Parkland	14,034	Parkland	6,375
5	Building Permit Fees	5,482	Building Permit Fees	2,387

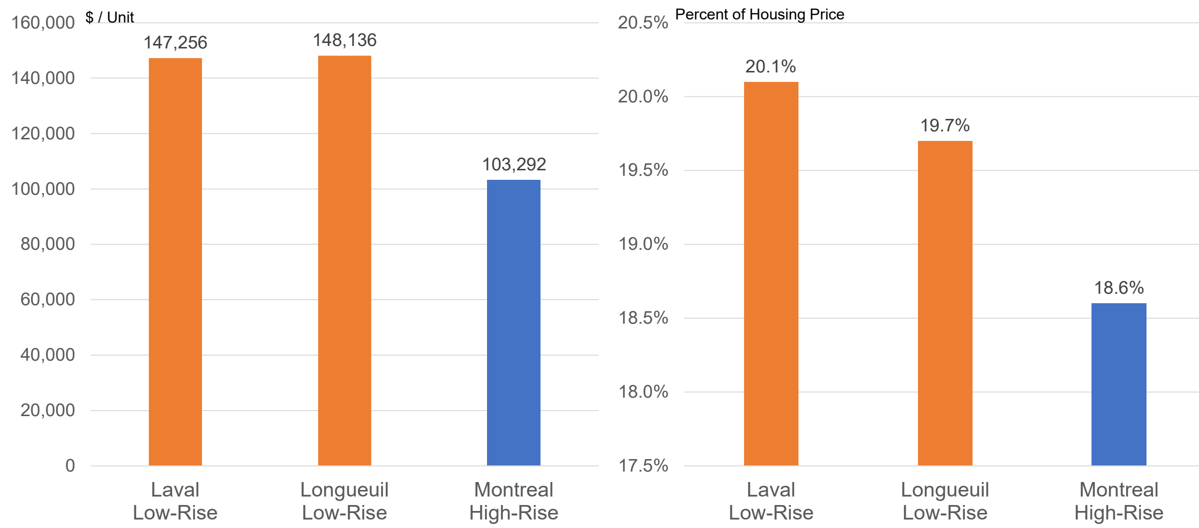
4.3 GREATER MONTREAL

4.3.1 Fees by Scenario

The charges imposed on low-rise homes in Laval and Longueuil amount to roughly 20% of the price of a new home, or roughly $148,000 in each location, while the charges imposed on a high-rise home in the City of Montreal amounts to just under 19% of average price, but are lower at $103,300, reflective of the lower price for high-rise homes in Montreal on average, compared to low-rise homes.

Figure 9

Total Government Charges on New Homes, Selected Greater Montreal Area Municipalities



Source: Altus Group Economic Consulting based on information from various municipalities

4.3.2 Fees by Type of Charge

The vast majority of government charges on new homes, both low-rise and high-rise are sales taxes on new homes, and the provincial QST in particular, ranging from 66% of all government charges for low-rise homes and over 70% for high-rise homes. The rebates for the QST are relatively ineffective in urbanized areas like the Greater Montreal Area, as they are not available for homes priced above $300,000.

Compared to other jurisdictions across Canada, the other infrastructure charges levied on new homes in the Montreal area are relatively minimal.

Figure 10

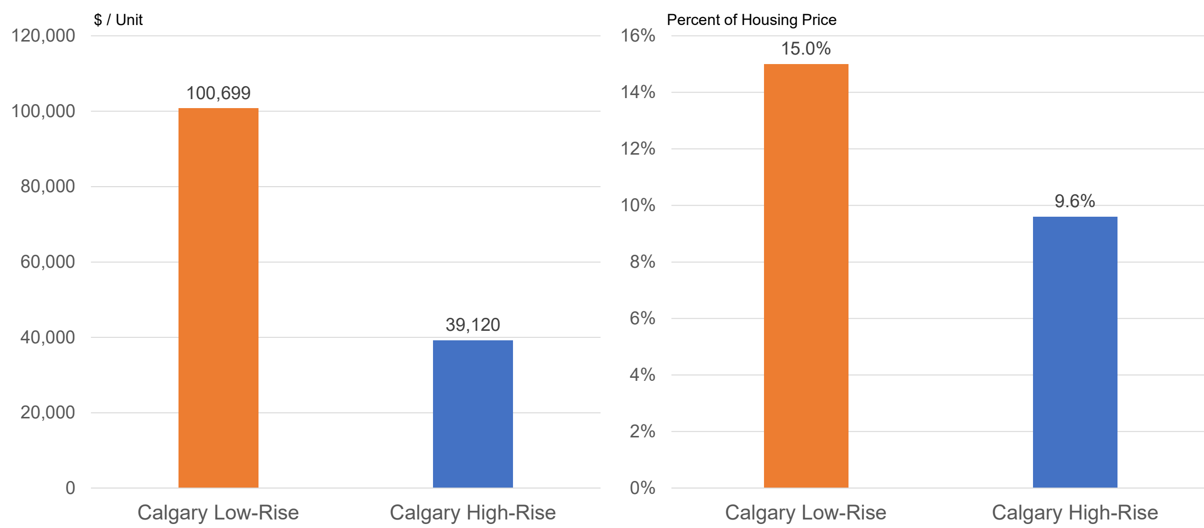
	Greater Montreal Area			
	Low-Rise		High-Rise	
Rank	Type of Charge	Dollars per Unit	Type of Charge	Dollars per Unit
1	GST/QST	96,816	GST/QST	38,582
2	CMHC Mortgage Insurance	20,739	CMHC Mortgage Insurance	9,388
3	Parkland	19,920	Land Transfer Tax	2,969
4	Land Transfer Tax	8,198	Parkland	1,421
5	Infrastructure Charges	1,462	Building Permit Fees	440

4.4 CITY OF CALGARY

4.4.1 Fees by Scenario

The fees for a low-rise home in Calgary amount to just over $100,600 per unit, or 15.0% of the housing price. For high-rise, the fees are substantially less, or approximately $39,100 per unit, and 9.6% of the housing price. The key differences are the large range in off-site levy costs between a greenfield scenario and within the City's established area, and the government charges that are directly related to housing price (GST).

Figure 11 **Total Government Charges on New Homes, City of Calgary**



Source: Altus Group Economic Consulting based on information from the City of Calgary

4.4.2 Fees by Type of Charge

The most significant government-imposed charge on low-rise development in the City of Calgary are off-site levies. For high-rise, the GST is the most significant charge, with off-site levies being only the third largest charge imposed on new high-rise developments.

Figure 12

	City of Calgary			
	Low-Rise		High-Rise	
Rank	Type of Charge	Dollars per Unit	Type of Charge	Dollars per Unit
1	Off-Site Levies	36,354	GST	14,669
2	GST	30,778	CMHC Mortgage Insurance	11,357
3	CMHC Mortgage Insurance	18,737	Off-Site Levies	8,005
4	Land Dedication	10,235	Building Permit Fees	4,780
5	Building Permit Fees	3,522	Planning Fees	303

5 CONCLUSIONS

5.1 COMPARISON OF CANADIAN METROPOLITAN AREAS

5.1.1 Low-Rise Scenario

The figure below ranks the jurisdictions where the low-rise development scenario was studied. When government charges are measured as a proportion of housing prices, the four highest jurisdictions studied are within the Greater Toronto Area (Toronto and Pickering are the exceptions), being as high as 24.7% in Brampton.

Figure 13

Government Charges as % of Housing Price, Ranked, Low-Rise Scenario

Rank	Municipality	Metropolitan Area	Government Charges as % of Housing Price
1	Brampton	Toronto	24.7%
2	Bradford West Gwillimbury	Toronto	21.3%
3	Markham	Toronto	20.8%
4	Oakville	Toronto	20.8%
5	Laval	Montreal	20.1%
6	Toronto	Toronto	20.0%
7	Longueuil	Montreal	19.7%
8	City of Ottawa	Ottawa	18.6%
9	Pickering	Toronto	16.7%
10	City of Calgary	Calgary	15.0%
11	Surrey	Vancouver	13.3%
12	Burnaby	Vancouver	8.7%

When the charges incurred by developers only are isolated (which includes development charges, planning and approvals fees, parkland dedication, etc.), the top four municipalities are in the Greater Toronto Area (Pickering and Toronto are again the two exceptions).

Figure 14

Developer Incurred Government Charges as % of Housing Price, Ranked, Low-Rise Scenario			
Rank	Municipality	Metropolitan Area	Government Charges as % of Housing Price
1	Brampton	Toronto	11.3%
2	Oakville	Toronto	9.8%
3	Markham	Toronto	9.5%
4	Bradford West Gwillimbury	Toronto	8.6%
5	City of Calgary	Calgary	7.6%
6	Toronto	Toronto	6.9%
7	Surrey	Vancouver	6.8%
8	City of Ottawa	Ottawa	5.6%
9	Pickering	Toronto	5.6%
10	Laval	Montreal	3.2%
11	Longueuil	Montreal	2.7%
12	Burnaby	Vancouver	2.2%

When expressed on a per square foot basis, the developer incurred charges in four GTA municipalities exceed $38.98 per square foot and are as high as $48.44 in the City of Markham.

Figure 15

Developer Incurred Government Charges, per Square Foot, Ranked, Low-Rise Scenario			
Rank	Municipality	Metropolitan Area	Government Charges per Square Foot
1	Markham	Toronto	48.44
2	Oakville	Toronto	45.19
3	Brampton	Toronto	41.13
4	Toronto	Toronto	38.98
5	Surrey	Vancouver	28.56
6	Bradford West Gwillimbury	Toronto	24.55
7	Pickering	Toronto	22.87
8	City of Calgary	Calgary	20.47
9	City of Ottawa	Ottawa	17.82
10	Laval	Montreal	9.29
11	Burnaby	Vancouver	8.89
12	Longueuil	Montreal	8.27

5.1.2 High-Rise Scenario

Of the jurisdictions where the high-rise scenario was tested, the Greater Toronto Area has four of the five highest government charges when expressed as a percentage of housing price. Generally, the high-rise government charges are lower than low-rise government charges when expressed as a percentage of housing price.

Figure 16

Government Charges as % of Housing Price, Ranked, High-Rise Scenario			
Rank	**Municipality**	Metropolitan Area	Government Charges as % of Housing Price
1	Markham	Toronto	20.3%
2	Toronto	Toronto	19.9%
3	Brampton	Toronto	19.8%
4	City of Montreal	Montreal	18.6%
5	Oakville	Toronto	17.7%
6	City of Ottawa	Ottawa	16.7%
7	City of Vancouver	Vancouver	14.7%
8	City of Calgary	Calgary	9.6%

When the developer incurred government charges are isolated, the four GTA municipalities are the four highest among the jurisdictions studied, ranging from 9.3% to 12.5% of the price of a new high-rise apartment unit.

Figure 17

Developer Incurred Government Charges as % of Housing Price, Ranked, High-Rise Scenario			
Rank	**Municipality**	Metropolitan Area	Government Charges as % of Housing Price
1	Brampton	Toronto	12.5%
2	Markham	Toronto	11.7%
3	Toronto	Toronto	9.8%
4	Oakville	Toronto	9.3%
5	City of Vancouver	Vancouver	8.2%
6	City of Ottawa	Ottawa	5.3%
7	City of Calgary	Calgary	3.2%
8	City of Montreal	Montreal	1.7%

When the developer incurred charges are expressed on a per square foot basis, the four GTA municipalities and the City of Vancouver are far and away the most expensive jurisdictions, ranging from $57.24 per square foot in the Town of Oakville to $86.62 in the City of Vancouver.

The developer incurred charges per square foot are significantly higher than the same for the low-rise scenarios. For the four GTA municipalities with both high-rise and low-rise scenarios in this study, the average developer incurred charges per square foot are $68 per sf for the high-rise scenario but are $43 per sf for the low-rise scenario.

Figure 18

Developer Incurred Government Charges, per Square Foot, Ranked, High-Rise Scenario			
Rank	Municipality	Metropolitan Area	Government Charges per Square Foot
1	City of Vancouver	Vancouver	86.62
2	Markham	Toronto	80.02
3	Toronto	Toronto	76.81
4	Brampton	Toronto	59.41
5	Oakville	Toronto	57.24
6	City of Ottawa	Ottawa	27.66
7	City of Calgary	Calgary	13.09
8	City of Montreal	Montreal	9.69

5.2 COMPARISON OF US METROPOLITAN AREAS

Figure 19 compares the estimated government charges applicable to new housing across the six US metro areas.

For the low-rise scenario, just three of the six metro areas have government-imposed charges that exceed 10% of housing prices. On a per unit basis, only the San Francisco area has charges that exceed $100,000 per unit.

The average low-rise scenario generates $52,100 per unit ($USD) in government charges, while the high-rise scenario on average generates $63,000 per unit ($USD). These amounts equate to 8.2% and 6.5% of low-rise and high-rise housing prices, respectively.

Figure 19

Comparison of Government Charges on New Homes, US Metro Area, Low-Rise and High-Rise Scenarios						
	Low-Rise			High-Rise		
	Per Unit	As % of Housing Price	Per Square Foot	Per Unit	As % of Housing Price	Per Square Foot
Metro Area	*$ / Unit (USD)*	*Percent*	*$ / SF (USD)*	*$ / Unit (USD)*	*Percent*	*$ / SF (USD)*
Boston	68,079	10.7%	27.23	58,048	6.2%	58.05
New York	43,975	5.3%	17.59	59,681	3.2%	59.68
Chicago	18,970	6.0%	7.59	26,602	4.4%	26.60
Miami	47,939	12.5%	19.18	89,690	13.3%	89.69
Houston	12,131	4.0%	4.85	14,123	2.7%	14.12
San Francisco	121,751	10.5%	48.70	130,345	9.0%	130.35
Average	52,141	8.2%	20.86	63,082	6.5%	63.08

Figure 20 shows the charges incurred by developers only, as some of the charges (mortgage insurance, transfer taxes in some areas) are incurred by home buyers. However, the vast majority of government charges imposed are levied on developers and builders.

When the analysis is limited to developer-incurred charges, the average low-rise scenario imposes government charges of $40,800 per unit ($USD) on the developer, while the high-rise scenario results in $43,400 per unit ($USD) in charges upon a developer. These amounts equate to 6.2% and 4.4% of low-rise and high-rise housing prices, respectively.

Figure 20 **Comparison of Developer/Builder Incurred Government Charges on New Homes, US Metro Area, Low-Rise and High-Rise Scenarios**

	Low-Rise			High-Rise		
	Per Unit	As % of Housing Price	Per Square Foot	Per Unit	As % of Housing Price	Per Square Foot
Metro Area	*$ / Unit (USD)*	*Percent*	*$ / SF (USD)*	*$ / Unit (USD)*	*Percent*	*$ / SF (USD)*
Boston	56,723	8.9%	22.69	41,206	4.4%	41.21
New York	29,098	3.5%	11.64	26,658	1.4%	26.66
Chicago	13,295	4.2%	5.32	11,063	1.8%	11.06
Miami	39,300	10.2%	15.72	74,532	11.1%	74.53
Houston	5,296	1.7%	2.12	2,446	0.5%	2.45
San Francisco	101,078	8.8%	40.43	104,508	7.2%	104.51
Average	40,798	6.2%	16.32	43,402	4.4%	43.40

6 Comparison of Canada and US Metro Areas

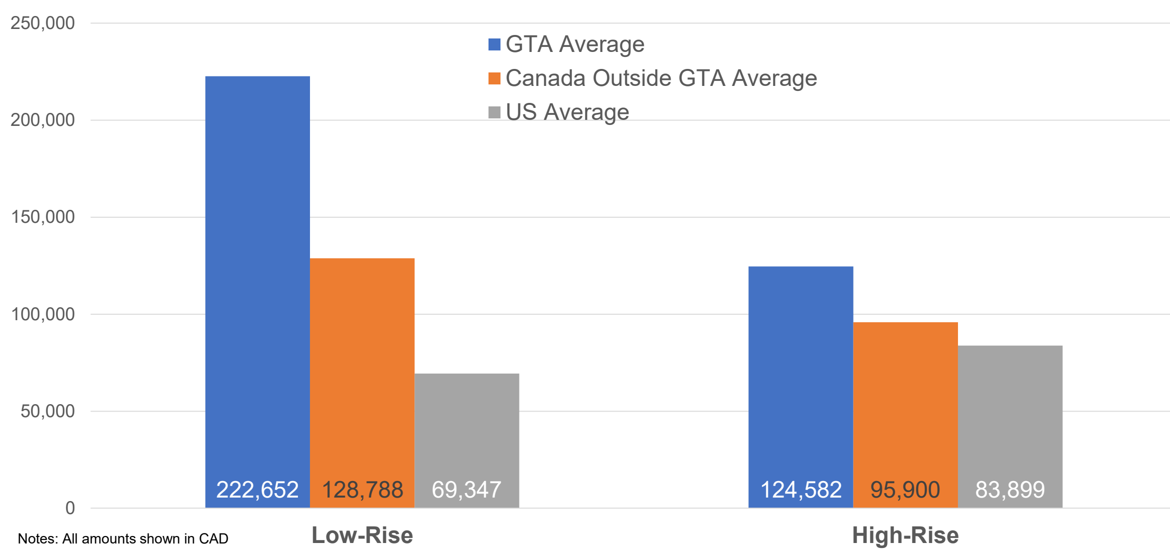
The figure below compares the estimated government charges imposed on new housing in the six US metro areas to the amounts estimated for the same scenarios in various Canadian cities, both in the Greater Toronto Area (GTA) and elsewhere in Canada. The dollar values of the government charges in the US metropolitan areas have been converted to Canadian dollars for the purposes of the comparison with the government charges applicable in Canadian metro areas.[1]

The average charges in Canadian cities outside the GTA are far greater than they are in almost all of the US metro areas, with the charges per low-rise unit in the GTA ($222,700 or $89 per sf) being just over 3-times higher than the US average ($69,400 when converted to $CAD or $28 per sf).

The average charges for high-rise units in the GTA are also higher than the average charges for the six US metro areas, at roughly $124,600 per unit, compared to $83,900 ($CAD) in the US metro areas. The average GTA charges amount to 19.4% of a typical housing price, compared to 6.5% in the US metro areas.

Figure 21

Average Government-Imposed Charges on New Homes
Dollars per Unit



Notes: All amounts shown in CAD

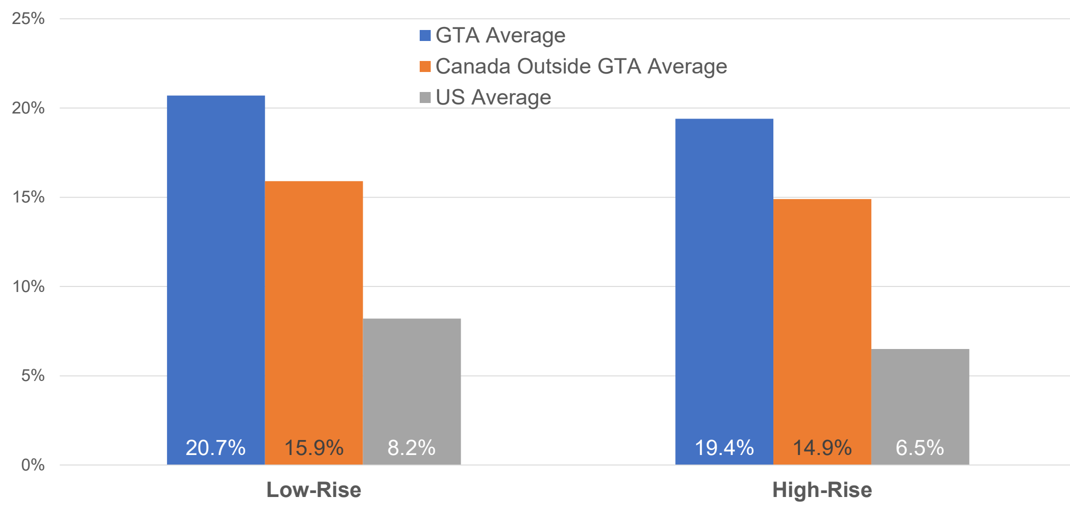
Source: Altus Group Economic Consulting

[1] A conversion rate of 1.33 CAD per USD has been used

The charges applicable to development in Canadian municipalities (both inside and outside the GTA) are generally higher due to significant costs included in housing prices through the application of sales taxes (GST, QST, HST, and/or PST, depending on the Province), which can add 5% to almost 15% onto housing prices. The cost of mortgage insurance is also generally higher in Canada than through the private mortgage insurance providers in the United States (at least for the down payment assumptions used in this study).

Figure 22 **Average Government-Imposed Charges on New Homes**

As % of Housing Price



Source: Altus Group Economic Consulting

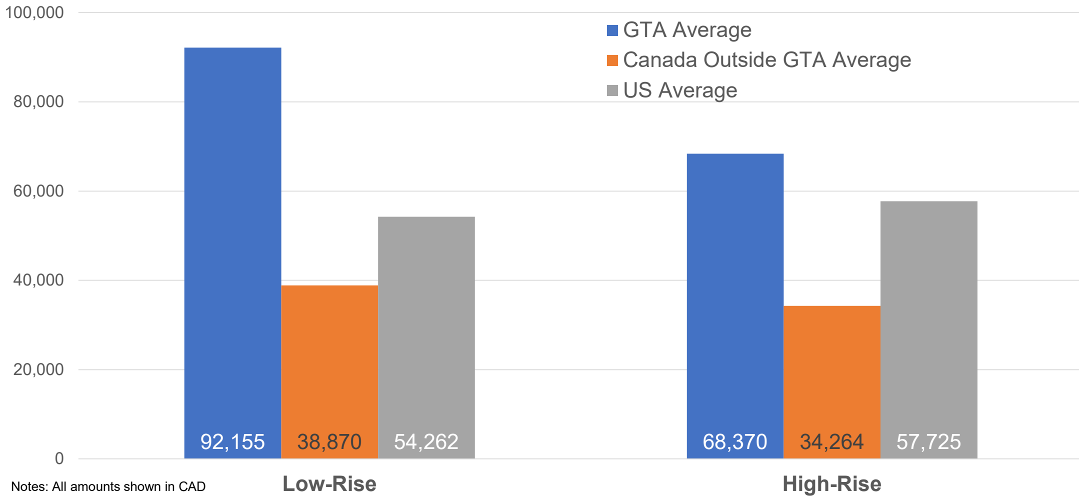
Development in the Canadian municipalities are also subject to several significant developer-incurred charges that are driving the higher costs of developing new homes in Canada, and the GTA in particular.

However, the developer-incurred charges on new housing (both low-rise and high-rise) in the GTA remain significantly higher than the US metro areas. For low-rise, these developer-incurred charges amount to 70% higher in the GTA on a per unit and per square foot basis for low-rise than in the US metro areas. For high-rise, the developer-incurred charges are roughly 20% higher in the GTA on a per unit and a per square foot basis, and more than 2-times higher when expressed as a percentage of housing prices.

Figure 23

Average Developer-Incurred Government-Imposed Charges on New Homes

Dollars per Unit



Notes: All amounts shown in CAD

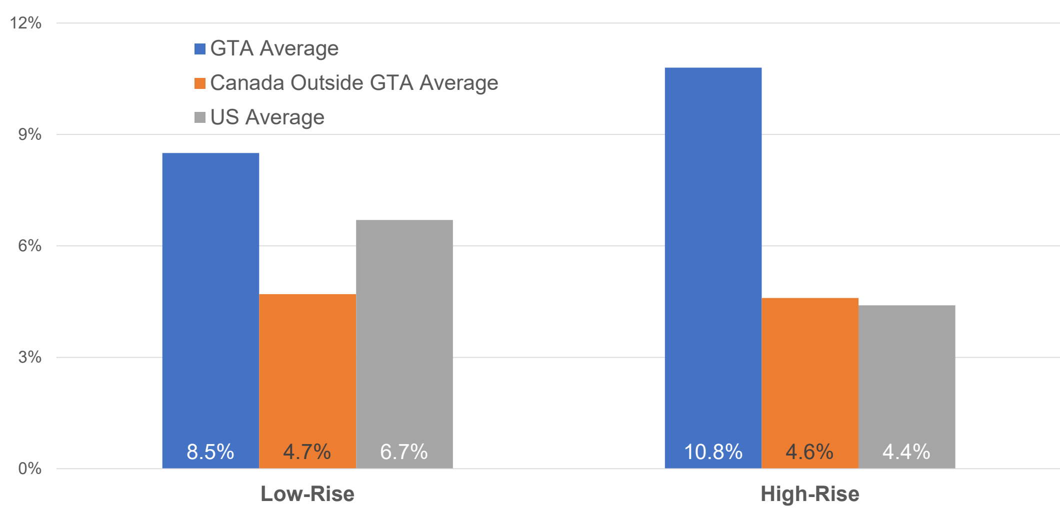
Source: Altus Group Economic Consulting

The most significant driver in the difference between developer-incurred costs in the GTA versus elsewhere in Canada and the six US metro areas appears to be the high costs associated with development charges in the GTA, which average to $75,500 per unit for the low-rise scenarios (or 82% of developer-incurred charges), and $46,400 per unit for the high-rise scenarios (or 68% of average developer-incurred charges).

Figure 24

Average Developer-Incurred Government-Imposed Charges on New Homes

As % of Housing Price



Source: Altus Group Economic Consulting

Appendix A
Detailed Overview of
Government Charges in Canada

1 Greater Toronto Area & City of Ottawa

1.1 DEVELOPMENT CHARGES

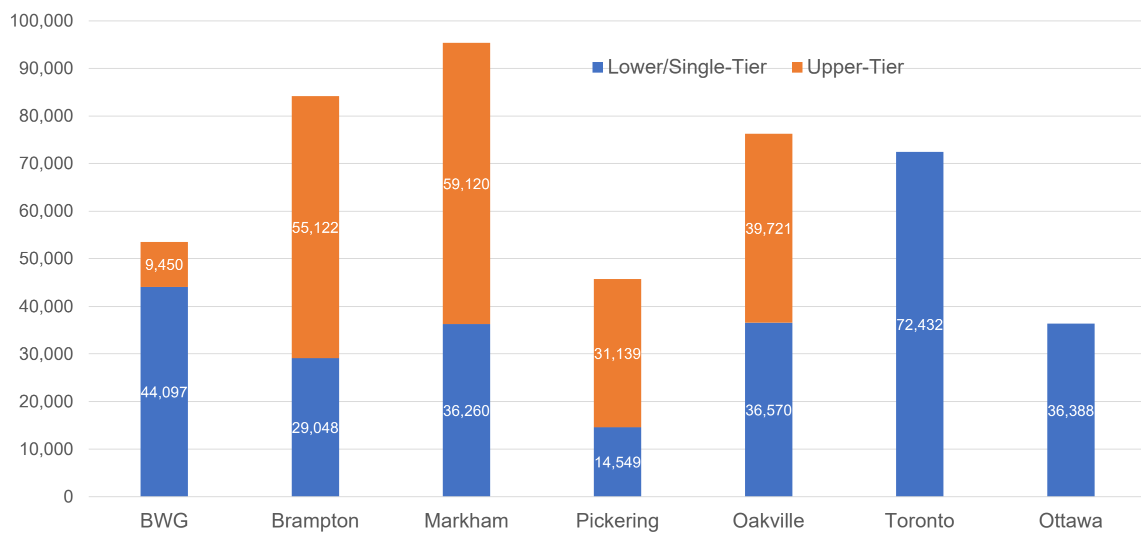
The Ontario *Development Charges Act* grants authority to municipalities to enact a development charges by-law to impose a charge against land to be developed where the development will increase the need for municipal services, thus offsetting capital costs.

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 respective municipality's DC by-law 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 (as do the upper-tier governments where present). The DC rates seen in the various Ontario municipalities reviewed in this report are shown in Figure 25 below.[2]

Figure 25 **Municipal Development Charges, Selected Ontario Municipalities**

Dollars per Single-Detached Unit



Source: Altus Group Economic Consulting based on Municipal DC By-laws

[2] The development charge rates used are based on the current DC rates as of writing in this report, or any phased-in rate increases scheduled for the remainder of 2019.

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

Several municipalities among those reviewed impose area-specific DCs depending on the location of the development site, including:

- 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 New Development scenarios fall within the Greenfield DC area, and that the Redevelopment scenarios are located within the built boundary area;
- City of Markham – The City of Markham imposes additional development charges for homes built in selected areas within the city. For this analysis we have assumed that the development is located outside the areas subject to area-specific development charges;

1.1.1 Bill 108 – More Homes, More Choice Act

In June 2019, the Province of Ontario passed Bill 108, which drastically alters how development charges are imposed in Ontario municipalities. The key changes include the removal of several 'soft services' as DC eligible services, such as recreation, library, parkland development, and child care.

Instead, these services will be recovered for from what will be known as a "Community Benefits Charge" under section 37 of the Planning Act. Bill 108 also removes the existing section 37 of the Planning Act which allows for density/height bonusing in return for community amenities, as well as removes the alternative parkland dedication rates and cash-in-lieu of parkland.

The Community Benefits Charge ("CBC") system will merge these three 'charges' into one charge, and the CBC will be based on the land value of the subject development at the time of building permit, with the CBC payable based on a prescribed percentage of land value. At this time, however, the Ontario government has not released regulations with the prescribed percentages, so it is unknown whether the CBC will generate more or less revenue for municipalities than the combination of the former soft service DCs, parkland cash-in-lieu and section 37 contributions.

The Province of Ontario has released general principles about the direction of the forthcoming regulation and set out two goals for the Community Benefits Charge, one of which is to "ensure that municipal revenues historically collected for 'soft services', parkland dedication including the alternative rate, and density bonusing are maintained".

Bill 108 also proposes several changes to what remains under the umbrella of the *Development Charges Act* as it pertains to the timing of calculation of DCs payable and the period in which DCs are paid. For the development of rental housing, institutional, industrial, commercial and non-profit housing, DCs are set either at the time of site plan application or zoning by-law amendment application, rather than at the time of building permit issuance. For these same land uses, DCs are now payable in six equal annual installments, with the first payment due at the issuance of an occupancy permit, or the date the building is first occupied.

The calculation and timing of payment of DCs for condominium and freehold residential homes remains unchanged in Bill 108.

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 by school boards 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.

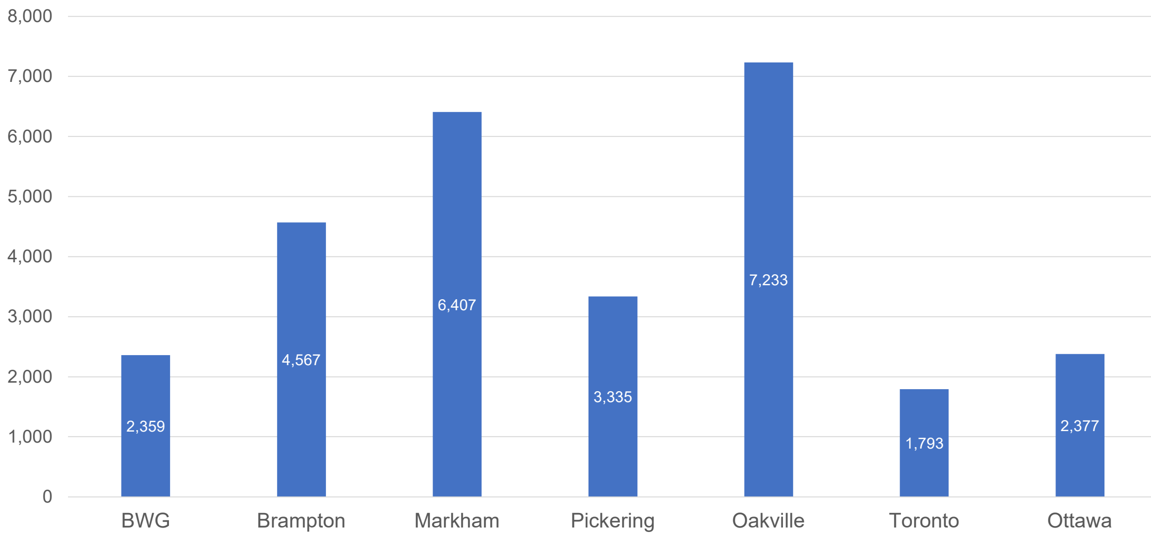
The EDC's charged by the school boards in the Ontario jurisdictions reviewed in this report are shown in Figure 26 below. They range from $1,793 in Toronto (they are only levied by the Toronto Catholic District School Board), to $7,233 in Oakville (both Public and Catholic boards levy EDCs in Halton).

Whereas the GTA municipalities are subject to one or two EDCs levied by Public and/or Catholic school boards, development in the City of Ottawa is subject to four (4) separate EDCs, as each of the two English-language school boards and two French-language school boards qualify to charge an EDC, and have in-force EDC by-laws.

Figure 26

Education Development Charges, Selected Ontario Municipalities

Dollars per Unit



Source: Altus Group Economic Consulting based on various EDC by-laws

EDCs are imposed solely on a per unit basis, meaning that single-detached units are charged the same rate as townhouse and apartment units. The Ontario Education Act and associated regulations enable school boards to impose these charges on a differentiated basis (i.e., higher rates for single-detached units, lower for apartment units), but to-date, this approach has not been utilized.

1.3 PARKLAND DEDICATION / CASH-IN-LIEU (CIL)

Prior to the passage of Bill 108 by the Ontario government, municipalities often acquired parkland and other forms of open space through parkland dedication requirements imposed on new developments. Alternatively, a developer was to provide “cash-in-lieu” (“CIL”) 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)).

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, at a rate not to exceed 1 hectare per 500 dwelling units. 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.

These rates were used in each Ontario municipality reviewed in this report, except in two instances:

- **City of Toronto**: the City has an alternative parkland dedication rate of 2% of land area, or 0.4 hectares per 300 units. In Toronto, CIL payments are also capped based on the size of the development site and the value of the site:
    - For smaller sites (less than 1 hectare), this cap is 10% of 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 larger sites (greater than 5 hectares) this cap is 20% of the value of the site.
- **City of Ottawa**: For developments with residential densities of 18 dwellings per net hectare or more, the City of Ottawa's parkland requirement is calculated as one (1) hectare for every 300 dwelling units, except for apartments where the parkland conveyance is not to exceed a maximum of 10% of the land area of the site being developed. Where dedication is not possible, the payment of cash-in-lieu is not to exceed an amount equivalent to 10% of the value of the site being developed.

The passage of Bill 108 (as discussed in an earlier section) has changed things considerably for Ontario municipalities as it relates to parkland dedication and the ability to recover cash-in-lieu of parkland dedication. With the removal of provisions in the Planning Act related to alternative parkland dedication rates and cash-in-lieu of parkland, the costs of parkland acquisition will be covered by the Community Benefits Charge, but it is unknown at this point what the end costs of the CBC by-law will be on developers and landowners.

1.4 SECTION 37

Section 37 of the *Ontario Planning Act* (as it was prior to the passage of Bill 108) allowed 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.

1.4.1 City of Toronto

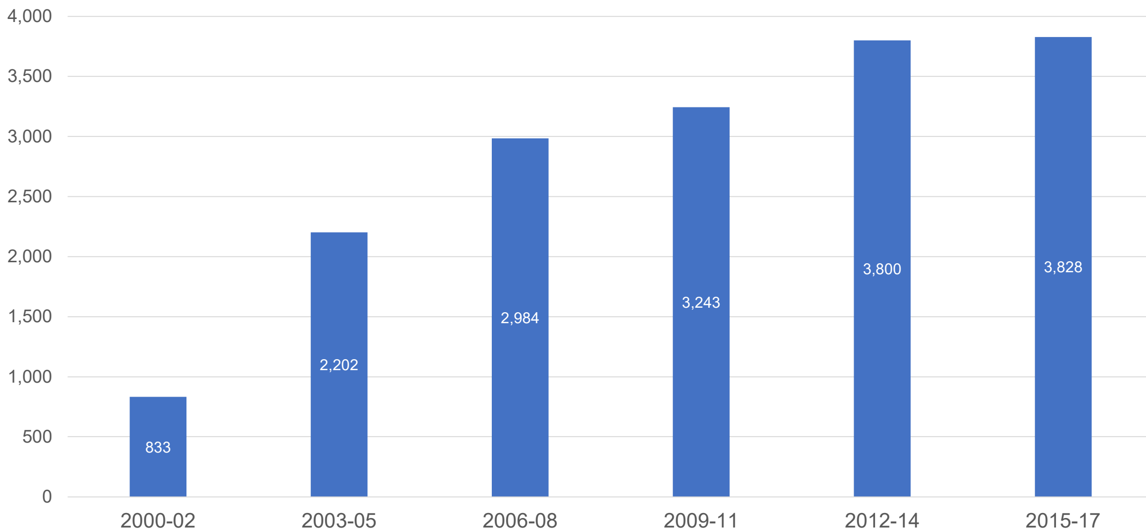
Section 5.1.1 of the *City of Toronto Official Plan* sets out the City's policies regarding the provision of height and/or density incentives through Section 37 of the *Planning Act*. The *City of Toronto Official Plan* sets out a number of community benefits that may be provided in return for increased 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. Based on our review of various zoning by-laws in the City, the cash contributions agreed to by developers and the City can vary significantly from one development to the next – in some cases less than $1,000 per unit, and in others in excess of $15,000 per unit, and up to over $22,000 per unit.

The average section 37 cash contribution has been steadily increasing since the year 2000, and over the 2015-2017 period, the average section 37 cash contribution amounted to approximately $3,800 per unit. The City also regularly secures non-cash contributions, such as rental housing replacement units, public art, playgrounds, daycare spaces, recreation facilities, etc.

Figure 27 **Average Section 37 Cash Contributions, City of Toronto**

Dollars per Unit



Source: Altus Group Economic Consulting based on various City of Toronto Zoning By-law Amendments, 2000-2017

To be conservative, we have assumed that the high-rise scenario in the City of Toronto would be subject to this average section 37 contribution over the 2015-2017 period of $3,800 per unit. However, based the range of cash contributions evident from section 37 agreements made for numerous developments across the City[3], this amount may be significantly understated.

While Section 37 is used in other GTA municipalities, it is not as widely used as it is in the City of Toronto. Therefore, in the other GTA municipalities subject to the high-rise scenario, we have assumed that Section 37 does not apply.

1.4.2 City of Ottawa

In the City of Ottawa, section 37 is used to negotiate contributions towards community benefits for developments that seek to increase a site's permitted density by 25% or more, and where the proposed building is at least 7,000 square metres in size. The City of Ottawa applies set "Value Uplift Rates" to additional density permitted via section 37, depending on the area of the City that the development is within. For Zone One, the Value Uplift Rate is $330 per square metre, while for Zone Two, the rate is $130 per square metre. For

[3] Our database includes over 260 section 37 agreements the City has approved over the 2000-2017 period.

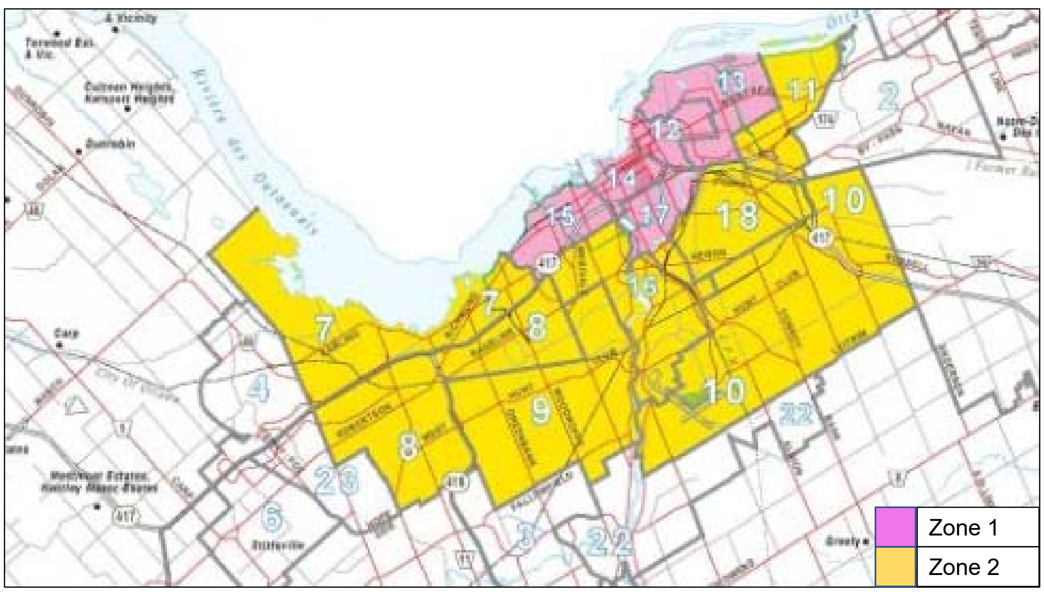
sites outside of the two geographic zones, an individual appraisal is to be undertaken by the City to determine the uplift value.[4]

The calculated Value Uplift can be 'drawn down' upon in several ways, including restoration of cultural heritage resources, provision of publicly accessible lands (internal pathways, plaza spaces), public realm improvements, or other publicly accessible benefits incorporated in the development (daycare, public art, etc.).

It is assumed that the as-of-right zoning on the site in Ottawa is 1.78 FSI, which means that the 25% threshold is met, and section 37 is applicable. Based on the Zone 2 Value Uplift Rate of $130 per square metre, the high-rise scenario would require a total section 37 payment of $304,000, or $2,435 per unit.

Figure 28

City of Ottawa, Section 37 Value Uplift Zones



Source: City of Ottawa

1.5 LAND TRANSFER TAXES

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;

[4] City of Ottawa, Section 37 Guidelines, Approved by City Council (May 24, 2017) https://documents.ottawa.ca/sites/default/files/section_37_guideline_2017_en.pdf

- 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
- 2.0% 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.

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, first-time home buyers are eligible for a rebate up to $4,475 of the municipal land transfer tax owing on a property.

1.6 HARMONIZED SALES TAXES

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.

2 METRO VANCOUVER

2.1 DEVELOPMENT COST CHARGES

The Part 14, Division 19 of the *Local Government Act*[5] grants authority to municipalities to enact a development cost charges (DCC's) 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 cost charges collect funds for services deemed as being eligible in the *Local Government Act*, such as sewage, water, drainage, highway facilities, parkland, etc.

The Cities of Vancouver and Surrey imposes development cost charges for a variety of services.[6] There are no City-wide DCC's in the City of Burnaby other than Parkland Acquisition Charges. Both the Parkland Acquisition Charges in Burnaby and the DCC's portion for parkland acquisition in the Cities of Vancouver and Surrey are considered separately in the Parkland Dedication section of this report.

In addition, Metro Vancouver imposes Development Cost Charges to Lower Mainland developments to recover the capital costs for new sanitary sewer works, namely the Greater Vancouver Sewerage and Drainage District (GVS & DD) DCC. The Lower Mainland is divided into four sewerage areas for the DCC purposes, with varying DCC rates applying to each area. Amongst the four areas, the Vancouver Sewerage Area covers almost all of the City of Vancouver and Fraser Sewerage Area covers the vast majority of the Cities of Burnaby and Surrey.

The rates in this report are based on the DCC's that will be effective on September 30, 2019.

The Metro Vancouver area is also now subject to a DCC imposed by TransLink to help fund the construction or expansion of regional transportation projects. As of January 2020, single-family dwellings will be charged a TransLink DCC of $2,100 per unit, while apartment units will be charged $1,200 per unit.

[5] *Local Government Act [RSBC 2015].* Same for the remainder of this report.

[6] In the City of Vancouver, the charges are known as Development Cost Levies.

Each of the three municipalities reviewed in this report impose area-specific development cost charges:

- **City of Vancouver** – The City of Vancouver imposes additional (in addition to the city-wide) development cost charges, namely Layered DCC's, for homes in residential development with a floor space ratio above 1.5 in certain areas (False Creek Flats and South East False Creek) within the city. Within this study, only the high-rise scenario has an FSR above 1.5. We have assumed that the high-rise development is outside of the two Layered DCC areas.
- **City of Burnaby** – The City of Burnaby imposes additional development cost charges for homes built within very defined areas within the City to fund specific capital projects, such as grade-separate pedestrian linkages, public open space, etc. For the purposes of this study, we have assumed that the development is located outside the areas subject to area-specific DCC's in Burnaby.
- **City of Surrey** – The City of Surrey imposes additional development cost charges for homes built in West Clayton and City Centre as well as higher DCC's in Anniedale-Tynehead area within the city. For this analysis we have assumed that the low-rise scenario is within the South Newton area and would only be subject to the City-wide DCCs. However, for the high-rise scenario we have assumed will be located within the City Centre area, and subject to additional area-specific DCCs.

In addition to the municipal DCC's, the City of Vancouver also charges water and sewer connection fees on a flat rate basis:

- Water Connection - $6,244 for single-detached dwelling and $12,156 for apartments.
- Sewer Connection - $11,513 for single-detached dwellings and $19,053 for apartments.

The City of Burnaby charges sanitary sewer and storm sewer connection fees on a per lot basis:

- Sanitary Sewer Connection - $91 per lot; and
- Storm Sewer Connection - $155 per lot.

2.2 SCHOOL SITE ACQUISITION CHARGES

School Site Acquisition Charges (SSAC's) are collected by local municipalities on behalf of the local school boards. SSAC's are used to fund a portion (35%) of the acquisition and servicing costs for new school sites to accommodate growth-related pupils over a 10-year period. SSAC's are levied on residential development (on a per unit basis) with varying rates based on density. The School Site Acquisition Charge Regulation prescribes the maximum SSAC's as following:

- $1,000 per unit for low-density development (up to 21 units per hectare);
- $900 per unit for medium/low-density development (21-50 uph);
- $800 per unit for medium-density development (51-125 uph);
- $700 per unit for medium/high-density development (126-200 uph);
- $600 per unit for high-density development (over 200 uph).

The Cities of Burnaby and Surrey collect SSAC's on behalf of school boards and the SSAC rates in both cities are currently at the prescribed maximum level. The City of Vancouver only imposes SSAC's in select areas of the City.

2.3 PARKLAND DEDICATION / PARKLAND ACQUISITION CHARGES

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 510 of the *Local Government Act* says that for land being subdivided, up to 5% of the land must be conveyed to the municipality, or a payment must be made to the municipality in the amount of the value of the land to be conveyed, for park purposes (section 510 (1)).

Parkland dedication requirements in the municipalities reviewed are as follows:

- **City of Vancouver** – The City of Vancouver has an alternative parkland dedication requirement – upon subdivision of a land parcel exceeding 20 acres, the City requires a parkland dedication rate of up to 10% or a payment of equivalent cash-in-lieu.

- **City of Burnaby** – The City of Burnaby imposes Parkland Acquisition Charges, which are discussed below, and has no additional public land use dedication requirements.
- **City of Surrey** – A 5% parkland dedication applies to subdivision of lands in the City of Surrey, or where dedication is not possible, a cash-in-lieu contribution equal to the value of 5% of development site is required. This is in additional to the Parkland Acquisition component of the City's DCC. For apartment development, there are no parkland dedication requirements (but DCC's, which are applicable to residential development of all housing types including apartments, include a parkland acquisition contribution).

The municipalities reviewed also impose Parkland Acquisition Charges separately (in Burnaby) or include parkland acquisition contribution in DCC's (in Vancouver and Surrey)[7]:

- **City of Vancouver** – The City of Vancouver imposes Development Charge Levies to fund development-related infrastructure and the expansion of municipal servicing, including parkland acquisition and development. According to the City of Vancouver *2017 City-Wide Development Cost Levy Update Background Study Report*[8], 18% of the DCL revenues are allocated to park related projects, which amounts to $3.27 per square foot for apartment development.
- **City of Burnaby** – The City of Burnaby imposes Parkland Acquisition Charges to all new residential development within the city at the following rates:
  - $6,521 per lot for single and two-family dwellings;
  - $3.62 per square foot of gross floor area (GFA) for multiple low-density residential townhouses;
  - $3.84 per square foot of GFA for multiple medium-density residential low-rise and ground-oriented apartments; and
  - $3.55 per square foot of GFA of multiple high-density residential high-rise apartments.

[7] Based on rates effective as of October 2017.

[8] Hemson Consulting Ltd., *City-Wide Development Cost Levy Update Background Study Report*, July 11, 2017

- **City of Surrey** – The City of Surrey's city-wide DCC's include parkland acquisition contribution ranging from $4,440 to $16,173 per lot for single-family residential development, and from $8.14 to $9.27 per square foot of dwelling units for multi-family residential development.[9] For the purposes of this report, we have assumed that the applicable rate for single-family is $5,019 per lot.

2.4 DENSITY BONUSING / COMMUNITY AMENITY CONTRIBUTIONS

Section 482 of the *Local Government Act* authorizes density bonus zoning, allowing municipalities to include in zoning bylaws the option of additional (bonus) density subject to specific conditions, which can include providing community amenities.

Amongst the municipalities reviewed, the cities of Vancouver and Burnaby implements density bonus zoning policies in selected areas within their municipal boundaries. The City of Vancouver sets out density bonus contribution rates (based on net additional floor area) for each of its density bonus zoning areas. The City of Burnaby's density bonus zoning policies focus on first the development of an on-site amenity and, where such opportunity is not suitable, the cash contribution-in-lieu, which is determined on a case-by-case basis.

As indicated in the 2014 provincial guidelines for Community Amenity Contributions (CAC's)[10], local governments sometimes use an additional approach and negotiate CAC's from those seeking a change in zoning. The guidelines noted that a site-specific rezoning including a density bonus on conditions of providing amenities is essentially a rezoning with CAC's.

The City of Vancouver imposes CAC's on private rezoning applications with different approaches in two types of CAC policy areas:

- City-Wide CAC Area: this applies to most of the city, and the CAC is determined through a negotiated approach; and
- Area-Specific CAC Areas: these are areas with their own area-specific CAC and /or public benefit policies, and the CAC is determined

[9] There are lower rates for seniors housing and assisted living housing.

[10] Ministry of Community, Sport and Cultural Development, *Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability*, March 2014

through a CAC target (which is a rate set out by the City and applied on net additional floor space) and/or negotiated approach.

The CAC's in the City of Vancouver are in addition to Development Cost Levies (DCL's), in areas where DCL's apply, and are used to fund public benefits including affordable housing, child care facilities, libraries, community centres, cultural facilities, parks and open spaces, etc. The CAC target rates vary significantly from one area to another – from a low of $3.36 per square foot of net additional GFA to a high of $68.18 per square foot, based on rates effective October 2017.

The City of Surrey imposes CAC's (namely Amenity Contributions in Surrey's municipal documents) in a number of selected Neighbourhood Concept Plan areas to fund community facilities, amenities and services including police protection, fire protection, library materials, park development, etc. The City sets out the CAC rates on a per unit basis for residential development for each of its current 31 CAC policy areas. The CAC rates vary significantly from one area to another – from a low of $147 per dwelling unit to a high of a $2,101 per dwelling unit (based on rates effective October 2017), with the differences largely attributing to differing needs in each area.

Given that the quantum of the City of Burnaby's Community Benefit Bonus is based on internal City calculations of price per square foot buildable space, it is difficult to estimate how much in fees would be paid, assuming on-site amenities could not be provided.

For the purposes of this study, we have made following assumptions regarding CAC's:

- **City of Vancouver** – for the high-rise scenario, we have assumed that the site falls under the RM-5 zoning, where a floor area ratio of 1.0 is allowed. Therefore, we have based the CACs on the excess density in our high-rise scenario, at the assumed a rate of roughly $40 per additional square foot of floor area. This rate is based on the average rates achieved by the City during the five years between 2012 and 2016, where the City of Vancouver's annualized average contributions ranged from $27.66 to $51.12 per square foot of approved additional density. [11] It is assumed that CAC's would not apply to the low-rise development scenario.

- **City of Surrey** – we have assumed that the low-rise development will be within the South Newton CAC area (with a rate of $1,489 per unit), and that the high-rise development will be within the City Center CAC area (with a rate of $1,689 to $1,935 per unit, depending on the unit type).
- **City of Burnaby** – no community amenity contributions are assumed to be imposed by the City of Burnaby. According to the City's Community Benefit Bonus Policy, any increase in density over and above that permitted in the zoning by-law may be subject to the policy, but only in circumstances where the development is located in a "Town Centre area" (Brentwood Town Centre, Lougheed Town Centre, Edmonds Town Centre or Metrotown). The contribution can take the form of on-site amenities (open space, plaza, public facilities, child care facilities, etc.), or cash contributions equivalent to the increase in density. As a low-rise development is unlikely to be located in the Town Centres, it is assumed that no Community Benefits would be required of the low-rise scenario. For the high-rise scenario, it is likely that it would be located within the Town Centres. However, under the RM5 zoning, the maximum floor area ratio permitted (where underground parking is provided) allows for the hypothetical high-rise building being modelled.[12] Therefore, it is assumed that no Community Benefits would be required of the high-rise scenario in Burnaby.

2.5 PROPERTY TRANSFER TAX

The provincial Property Transfer Tax (PTT) applies to the purchase of homes in B.C. The progressive tax rates applied to each home are:

- 1.0% on amounts up to and including $200,000;
- 2.0% on amounts exceeding $200,000 up to and including $2,000,000;
- 3.0% on amounts exceeding $2,000,000.

[11] Based on City of Vancouver, *Annual Report on Community Amenity Contributions and Density Bonusing*, 2012, 2013, 2014, 2015, and 2016.

[12] Section 205.6(1) of the Burnaby Zoning By-law, allows for a floor area ratio of 1.80 plus up to an additional 0.40 for instances where underground parking is provided.

First-time home buyers are eligible for a rebate on 100% of the PTT owing for homes priced at or below $500,000, with the amount of rebate declining for homes priced between $500,000 and $525,000. There are no first-time home buyer rebates for homes priced at or above $525,000.

Buyers of newly-built homes are also eligible for a rebate on 100% of the PTT owing for homes priced at or below $750,000, with the amount of rebate declining for homes priced between $750,000 and $800,000. There are no newly-built home buyer rebates for homes priced at or above $800,000.

2.6 PROVINCIAL SALES TAX / GST

There is no Provincial Sales Tax (PST) on the purchase of real property in the Province of British Columbia. However the federal GST is still payable, with the same rebate eligibility calculations as detailed in the preceding subsection on the GST in Ontario.

3 GREATER MONTREAL

3.1 CONNECTION FEES

3.1.1 Montreal

The City of Montreal charges a water connection fee of $1,022 for the first 6.7 metres of watermains, plus $11 for each additional 0.3 metres, and a sewer connection fee of $722 per connection.

Since 2004, most infrastructure works related to new residential projects are done at the expense of developers/contractors. In these cases, the local improvement tax cannot be used to recover the costs over time from benefitting homeowners – rather, the cost of the works will likely be passed onto new homeowners through the sales prices of the housing units.

3.1.2 Laval

The City of Laval charges connection permit fees for new residential units:

- A base fee $450 per unit, plus $20 for each additional unit in a given building;
- Stormwater Drainage Fees, charged per 100m^2 of site area:
  - For sites less than 1 hectare (10,000 m^2): $75 per 100m^2;
  - For sites between 1 and 2 hectares (10,000-20,000m^2): $50 per 100m^2;
  - For sites greater than 2 hectares (20,000m^2): $25 per 100m^2.
- Water and Sanitary Sewer Connection Fees - $1,820 per connection (combined).

3.1.3 Longueuil

Longueuil imposes charges for watermains (a base fee of $700, plus $20 per linear metre) and sanitary sewers (a base fee of $100, plus $400 per connection) on new development.

3.2 SCHOOL CHARGES

In the three municipalities reviewed within Greater Montreal, there are no fees imposed on development for acquisition of school sites, or the construction of new school facilities.

3.3 PARKLAND CONVEYANCE

The Sections 117.1 and 117.2 of the *Quebec Chapter A-19.1 Act Respecting Land Use Planning and Development* says as a condition of development or redevelopment of land, a parcel of land is to be conveyed to the municipality for the purpose of a park or playground or preservation of a natural area, or an amount equivalent to the value of the parcel of land is to be paid to the municipality, or a combination of both the conveyance and payment.

Each of the Cities of Montreal, Laval, and Longueuil requires 10% of the area of the development or redevelopment site be transferred to the City, or an amount equivalent to 10% of the value of the site be paid, or a combination of both.[13]

The City of Laval also charges an additional assessment fee, at a decreasing rate on a per square metre basis, associated with establishing the land value. With a base of $100, the assessment fee starts at $0.2153 per square metre constructed and decreases gradually to $0.0269 for each additional square metre beyond the first 92,899 square metres. [14]

3.4 DENSITY BONUSING

The City of Montreal does not have any density bonusing or community amenity charges in effect.

3.5 LAND TRANSFER TAX

The land transfer tax in Quebec is commonly known as the "Welcome Tax" and the tax rates are different for the City of Montreal than they are elsewhere in the Province of Quebec.

The progressive tax rates applied to each home in the Province of Quebec outside the City of Montreal are:

[13] Based on the City of Montreal By-Law 17-055, City of Laval By-Law L-9500, and City of Longueuil By-Law CM-2003-163.

[14] Section 3.5(v) of the City of Laval Subdivision By-Law L-9500

- 0.5% on amounts up to and including $50,000;
- 1.0% on amounts exceeding $50,000 up to and including $250,000; and
- 1.5% on amounts exceeding $250,000.

The progressive tax rates applied to each home in the City of Montreal are as follows, with additional rate increases for prices above $500,000:

- 0.5% on amounts up to and including $50,000;
- 1.0% on amounts exceeding $50,000 up to and including $250,000;
- 1.5% on amounts exceeding $250,000 up to and including $500,000;
- 2.0% on amounts exceeding $500,000 up to and including $1,000,000; and
- 2.5% on amounts exceeding $1,000,000.

The City of Montreal provides financial assistance to buyers of newly-built homes who meet certain criteria though its Home Ownership Program. Two types of financial assistance are available:

- A lump-sum financial assistance is available to first-time home buyers purchasing newly-built homes under certain price thresholds. The amount of assistance available, ranging from $2,250 to $6,250, depends on buyers' household type (with or without children and number of buyers) and the purchase price of the home.
- A 100% rebate of land transfer tax ("welcome tax") for families with at least one child under 18 purchasing a newly-built three-bedroom home.

For the purposes of this analysis, we have assumed that none of the home buyers would be first-time buyers and thus no first-time home buyer financial assistance would be applicable. In addition, land transfer tax rebates through the City of Montreal's Home Ownership Program were also not considered in the analysis given that such rebates are only applicable to a specific group of home buyers purchasing a specific type of property.

3.6 QST / GST

New home sales in Quebec are subject to a 5% goods and services tax (GST – federal portion), and a 9.975% Quebec sales tax (QST – provincial portion).

The GST payable is calculated in the same manner as it is Ontario and British Columbia.

The QST payable is also subject to a rebate, which is 50% for houses priced at $200,000 or less, with the amount of rebate declining for houses priced between $200,000 and $300,000 (on a straight-line basis). There are no QST rebates available on homes priced at or above $300,000.

4 CITY OF CALGARY

4.1 OFF-SITE LEVIES

The Alberta *Municipal Government Act* grants the authority to municipalities to charge an "Off-Site Levy" in respect of land that is to be developed or subdivided. Off-Site Levies collect funds to help with the cost of off-site infrastructure, such as Water, Wastewater, Roads, Recreation, Fire and Police Services, and Libraries.

The City of Calgary charges different Off-Site Levies depending on the area of the City the land to be developed is located. For the purposes of this study we have assumed the low-rise scenario is located in "Greenfield Area – Nose Creek" and the high-rise scenario is located in the "Established Area". Development in the Centre City Plan Area is also subject to the "Centre City Levy" where a rate of $4,710 per metre of frontage is charged to recover for costs associated with utilities, community/recreation infrastructure, and alternative transportation infrastructure.

In addition to the municipal Off-Site Levies, the City of Calgary also charges water and sewer connection fees on a flat rate basis, at a rate of $26.23 per housing unit.

4.2 SCHOOL RESERVES / LAND DEDICATION

Sections 661 of the *Municipal Government Act* requires that the owner of land that is subject to a subdivision must provide land to the municipality for municipal/school reserves or the owner may provide "cash-in-lieu" of land. The municipal reserve is land that will be designated for parks, public recreation and the school reserve is land that will be used for future school sites.

The City of Calgary requires that 10% of the land area of the site being developed be transferred to the City, or an amount equivalent to 10% of the value of the land be paid, or a combination of both.

4.3 DENSITY BONUSING

Section 640 of the *Municipal Government Act* allows municipalities to attach conditions when issuing a development permit under their land use bylaw.

The land use bylaw may provide limits on the floor area, height and size of the building.

In the City of Calgary there are land use districts under the municipality's land use bylaw that allow for additional 'bonus floor area' in exchange for public amenities such as indoor community space, affordable housing, public art, cultural support space and etc. The amount of allowable bonus floor area is calculated by dividing the construction costs of the public amenities being provided by land value of the site, with an additional factor sometimes added into the calculation, depending on the type of amenity being provided. The land use bylaws provide a maximum bonus floor area ratio for sites that allow for additional floor area.

The amount of allowable bonus floor area can vary based on the land use district and type of public amenity to be provided. 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.

4.4 CITY OF CALGARY

The province of Alberta does not have a land transfer tax, however there is a fee for the transfer of the land title, which is relatively minimal ($50, plus $1 for every $5,000 of the land value).

4.5 PROVINCIAL SALES TAX / GST

There is no Provincial Sales Tax (PST) in the Province of Alberta. However the federal GST is still payable, with the same rebate eligibility calculations as detailed in the preceding subsection on the GST in Ontario.

5 OTHER GENERAL FEES APPLICABLE TO ALL CANADIAN METRO AREAS

There are various fees and charges associated with obtaining approval for a development, including for the permits required for the construction of the building(s), as well as the inspection of engineering fees infrastructure works required by a development.

Given that in many municipalities there is no clear delineation between the various planning approval, building approval, and engineering permits, for the purposes of displaying the results of our modelling, these costs will be grouped together as "municipal approvals and permit fees".

5.1 PLANNING REVIEW FEES

It is assumed for the purposes of this report that the low-rise development scenario would require a zoning by-law amendment and a plan of subdivision. It is assumed that the high-rise development scenario would require zoning by-law amendment, plan of condominium and site plan approval. We have assumed that both low-rise and high-rise developments would require official plan amendments (in Ontario), and amendments to their equivalent documents in Vancouver, Calgary and Montreal.

In addition, all residential development requires a Development Permit in the City of Vancouver, and high-density development requires a Preliminary Plan Approval in the City of Burnaby and a Development Permit in the City of Surrey. In the City of Calgary all residential development requires a Development Permit.

For the Montreal analysis, it is assumed that the low-rise development scenario would require a zoning amendment (modification de zonage) and subdivision permits (permis de lotissement), and that the high-rise development scenario would require zoning amendment, plan of condominium and site plan approval (known in Quebec as plans d'implantation et d'integration architecturale, or "PIIA"). In addition, it is assumed that the low- and high-rise scenarios would require an amendment to the municipal master plans (plan d'urbanisme), where it is applicable.[15]

5.2 BUILDING PERMIT FEES

Each of the municipalities being reviewed charge building permit fees, for the construction of residential buildings, typically charged on a per square metre basis, or per $1,000 of value of work/construction.

5.3 ENGINEERING AND SERVICING FEES

Many municipalities charge 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; and
- Legal Fees.

Some municipalities (Burnaby and Surrey, BC) impose separate engineering fees on a per unit/lot basis or as a percentage of the costs of engineering works to be done for new home development.

The City of Vancouver includes various engineering inspection fees in relevant permit fees and does not charge additional engineering fees separately. Therefore, no separate engineering fees for the City of Vancouver are included in our modelling.

5.4 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.

[15] This is not applicable to the City of Laval. The City of Laval, as both a regional county municipality and a city, only adopts a Schéma d'aménagement et de développement (SAD) and does not need to adopt a master plan (plan d'urbanisme). Amendment to the SAD is typically initiated by the City.

The higher the percentage of the total price that is borrowed for (up to $1,000,000, after which no mortgage insurance is available), 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 75.01% to 80% - 2.40% premium
- Loan-to-Value ratio of 80.01% to 85% - 2.80% premium
- Loan-to-Value ratio of 85.01% to 90% - 3.10% premium
- Loan-to-Value ratio of 90.01% to 95% - 4.00% premium

For the purposes of this analysis, we have assumed that buyers will have on average an 90% loan-to-value ratio, and therefore will require a 3.1% mortgage loan insurance premium.

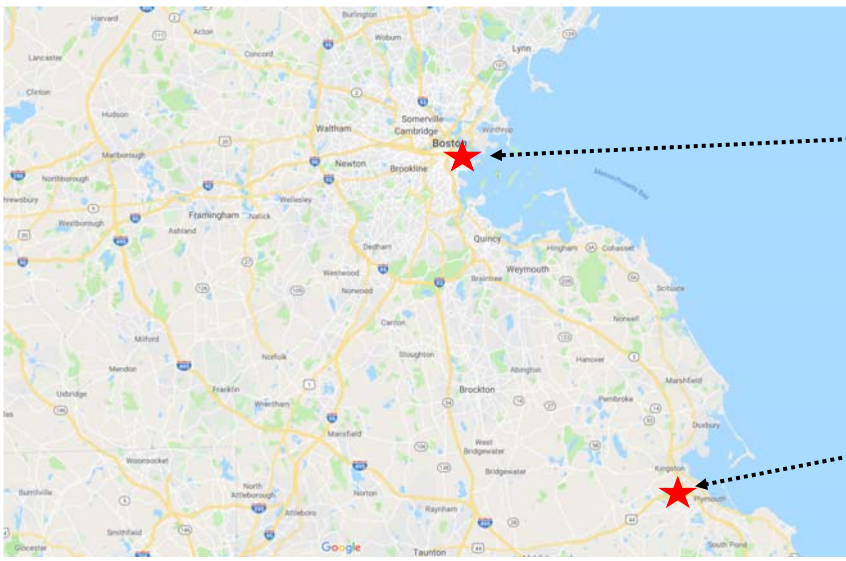
Appendix B
Detailed Overview of Government Charges in Selected US Metropolitan Areas

1 GREATER BOSTON

1.1 LOCATION OF SCENARIOS

The following figure shows where the low-rise and high-rise development scenarios are located for the purposes of quantifying the government charges applicable to typical developments in the Greater Boston area.

Figure 29 **Location of Greater Boston Development Scenarios**



High-Rise Scenario

State: Massachusetts
County: Suffolk
City: Boston
Area: South Boston

Price: $1,175 psf

Low-Rise Scenario

State: Massachusetts
County: Plymouth
City: Plymouth

Price: $247 psf

Note: Prices shown are based on active developments in area, and are meant to represent a 'typical' price for a new home similar to what is assumed in development scenarios. Prices are not meant to be reflection of average pricing in a given area or on a City-wide basis

Source: Google Maps

1.2 DESCRIPTION OF APPLICABLE CHARGES

1.2.1 Massachusetts State Charges

Sales taxes are not added onto or included in the sales prices for new homes in Massachusetts. However, the State imposes a Property Transfer Tax of $2.28 per $500 of purchase price - this tax is paid by the seller of property.

Unlike most other states across the country, the State of Massachusetts provides no legal authority to most municipalities and/or counties to impose impact fees on development.[16]

[16] However, the towns in Barnstable County are allowed to adopt an impact fee system under the Cape Cod Commission Act http://www.impactfees.com/resource/state-local/MA_model.pdf

1.2.2 County Charges

Plymouth County doesn't appear to charge fees on new housing development, as the services the county provides are limited to courthouse maintenance, parking enforcement, public safety, tourism and historical records. Plymouth County does not appear to have by-laws enabling them to set fees and charges on new housing development.

Similarly, Suffolk County, which covers the City of Boston, does not appear to levy any charges against new housing development.

1.2.3 Municipal Charges

1.2.3.1 Town of Plymouth (Low-Rise)

The Town of Plymouth charges fees for the application and approval of permits related to building, plumbing, gas, electrical, and planning and zoning review.

The Town also has an Inclusionary Housing policy in the Zoning By-law that requires that the developer provide a number of affordable housing units that is not less than 10% of the total market rate units that are constructed. Or, the developer may contribute a fee to the Plymouth Affordable Housing Trust Fund instead of constructing affordable housing units. The payment-in-lieu is based on the current pricing of affordable housing units and related land and construction costs.

1.2.3.2 City of Boston (High-Rise)

The City of Boston imposes fees for permits related to building, plumbing, and electrical. Development projects with at least 50,000 square feet of gross floor area must undergo a planning review process with the Boston Redevelopment Authority. As part of the review process the developer will agree to provide community benefits in exchange for planning approvals. There is no publicly available formula or method for how these benefits are calculated and/or arrived at. Therefore, we have not attempted to include these costs in our analysis.

The City of Boston has adopted an inclusionary housing policy for projects with 10 or more housing units. The policy requires that 15% of the market-rate units shall be made affordable to moderate-income (up to 80% of median income) and middle-income (between 80% and 120% of median income) households. The policy also has a cash-in-lieu program where the payment is calculated by multiplying the total number of market rate units by 15% and the affordable housing cost factor of $200,000. It is assumed for the purposes of quantifying charges for the high-rise scenario in Boston that the developer would opt for a cash-in-lieu payment.

1.2.4 Other Agencies

1.2.4.1 Boston Water and Sewer Commission (High-Rise)

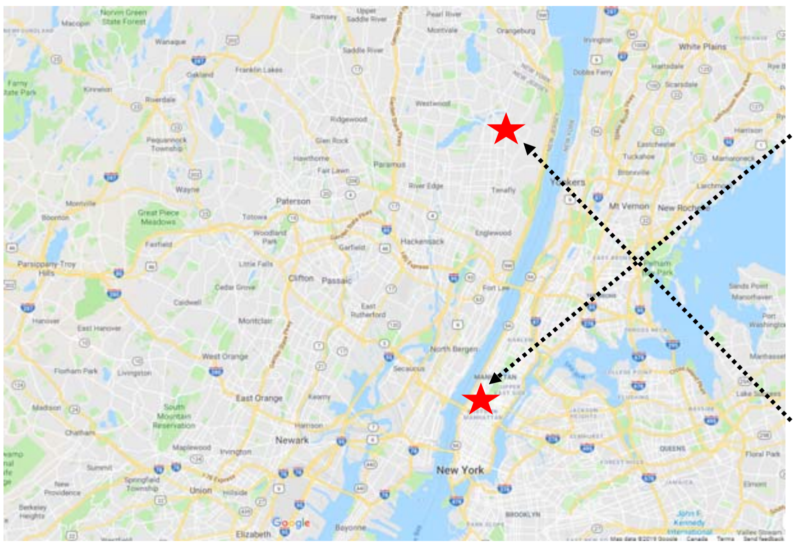
The Boston Water and Sewer Commission (BWSC) manages the drinking water and sewer services for the City of Boston. The BWSC requires a site plan review for developments that will connect to their services.

2 NEW YORK METROPOLITAN AREA

2.1 LOCATION OF SCENARIOS

The following figure shows where the low-rise and high-rise development scenarios are located for the purposes of quantifying the government charges applicable to typical developments in the New York Metropolitan Area.

Figure 30 **Location of New York Metropolitan Area Development Scenarios**



High-Rise Scenario

State: New York
County: New York
City: New York
Area: Manhattan

Price: $2,305 psf

Low-Rise Scenario

State: New Jersey
County: Bergen County
City: Closter

Price: $332 psf

Note: Prices shown are based on active developments in area, and are meant to represent a 'typical' price for a new home similar to what is assumed in development scenarios. Prices are not meant to be reflection of average pricing in a given area or on a City-wide basis

Source: Google Maps

2.2 DESCRIPTION OF APPLICABLE CHARGES

2.2.1 New York (High-Rise) / New Jersey (Low-Rise) State Charges

Sales taxes are not added onto or included in the sales prices for new homes in New Jersey and New York.

The State of New Jersey imposes a Realty Transfer Tax of $5.30 per $500 of purchase price - this tax is paid by the seller. The State also imposes a relatively minor surcharge as part of building permit process.

The State of New York imposes a Real Estate Transfer Tax of $2.00 per $500 of the purchase price – this tax is paid by the seller. The state also charges an additional tax of 1% of the sales price that applies to residences with a value of $1 million or more and a supplemental tax of 0.25% for properties with a value of $2 million or more.

While impact fees are allowed in the State of New Jersey, there is no enabling legislation allowing cities or counties to impose impact fees on new development in New York State.[17]

2.2.2 County Charges (Bergen County)

Bergen County imposes fees for planning approvals, including site plan review, subdivision review, as well as for connections to County storm drains.

2.2.3 Municipal Charges

2.2.3.1 Borough of Closter (Low-Rise)

The Borough of Closter imposes fees for application and approval of permits related to building, plumbing, mechanical, electrical, and plan review. The Borough requires an escrow deposit to cover the costs in reviewing the plans that are submitted to the municipality as part of the building/planning approval process. Funds remaining in the escrow account at the completion of the project are returned to the developer.

Closter also charges a development fee of 1.5% of the assessment value of the development, where the funds from will be used for affordable housing.

2.2.3.2 City of New York (High-Rise)

The City of New York charges fees for various building permit applications and planning approvals.

The City also runs an Inclusionary Housing Program that provides two optional floor area incentives in exchange for the creation or preservation of affordable housing, on or off-site. One program, the "R10" program provides a floor area bonus of 20% in applicable residential and commercial districts with R10 density permissions. The City also has certain Inclusionary Housing designated areas where a bonus of 33% can be obtained for providing 20% of gross floor area as affordable housing. It is assumed for the purposes of this report that the high-rise development scenario would not be on a parcel

[17] Manhattan Community Board 1, Developmental Impact Fees – Process/Analysis/Implementation, 2017-2018 https://www1.nyc.gov/assets/manhattancb1/downloads/pdf/studies-and-reports/Sarita_Impact%20Fee%20Report_2018.pdf

where inclusionary housing provision was mandatory, and that they would opt not to participate in the Inclusionary Housing Program.

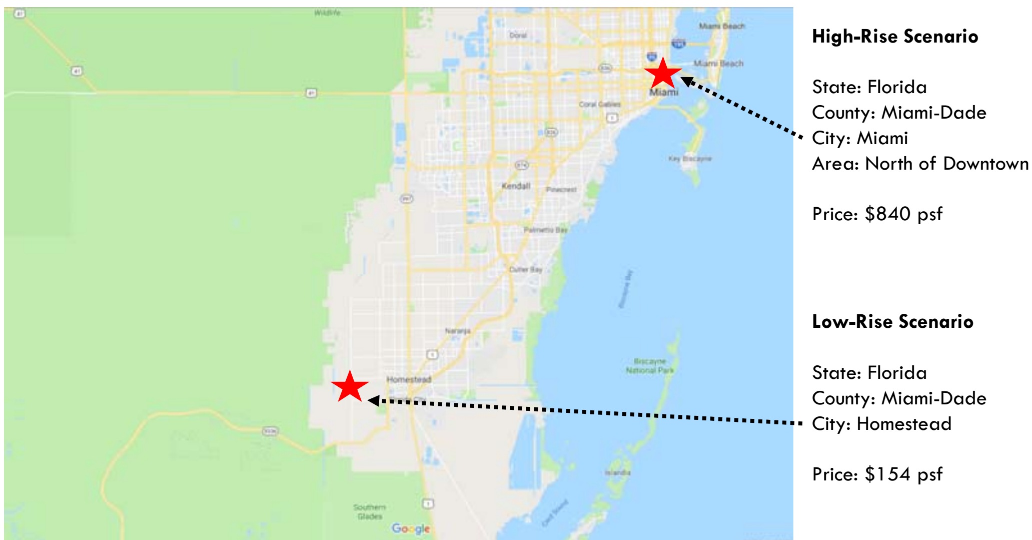
3 MIAMI METROPOLITAN AREA

3.1 LOCATION OF SCENARIOS

The following figure shows where the low-rise and high-rise development scenarios are located for the purposes of quantifying the government charges applicable to typical developments in the Miami Metropolitan Area.

Figure 31

Location of Miami Metropolitan Area Development Scenarios



Note: Prices shown are based on active developments in area, and are meant to represent a 'typical' price for a new home similar to what is assumed in development scenarios. Prices are not meant to be reflection of average pricing in a given area or on a City-wide basis

Source: Google Maps

3.2 DESCRIPTION OF APPLICABLE CHARGES

3.2.1 Florida State Charges

According to the Florida Department of Revenue, transactions that involve items that are permanently installed into a structure (or the structure itself) are not subject to the state sales tax.

3.2.2 County Charges (Miami-Dade County)

Miami-Dade County, which covers both the City of Miami and the City of Homestead, imposes several impact fees, covering costs for fire, police, schools, and parks. The County also imposes a 'supplemental' impact fee for regional impacts.

The County charges a real estate transfer tax of $0.60 per $100 of value for single-family residences, plus a surtax of $0.45 per $100 of of valuethe total consideration. The surtax is not due on transfers of single-family dwellings, however in Miami-Dade County, these real estate transfer taxes are paid by the seller of a property.

The County has a voluntary "Workforce Housing Development Program" that provides density bonuses and other incentives for the development of workforce housing, which is defined as housing that is affordable for families whose incomes are within 60 to 140% of the County's area median income. It is assumed that the developer of the hypothetical low-rise scenario would not opt-in to this voluntary program.

3.2.3 Municipal Charges

3.2.3.1 Homestead (Low-Rise)

The City of Homestead imposes fees for the application and approval of permits related to building, plumbing, mechanical, electrical, and plan review.

3.2.3.2 City of Miami (High-Rise)

The City of Miami imposes impact fees on police, fire, and parks and recreation services. There are also area-specific impact fees levied in numerous areas throughout the City, including the Downtown, where per square foot impact fees for streets, storm sewers, solid waste, parks and general services are charged. These area-specific impact fees amount to $0.68 per square foot.

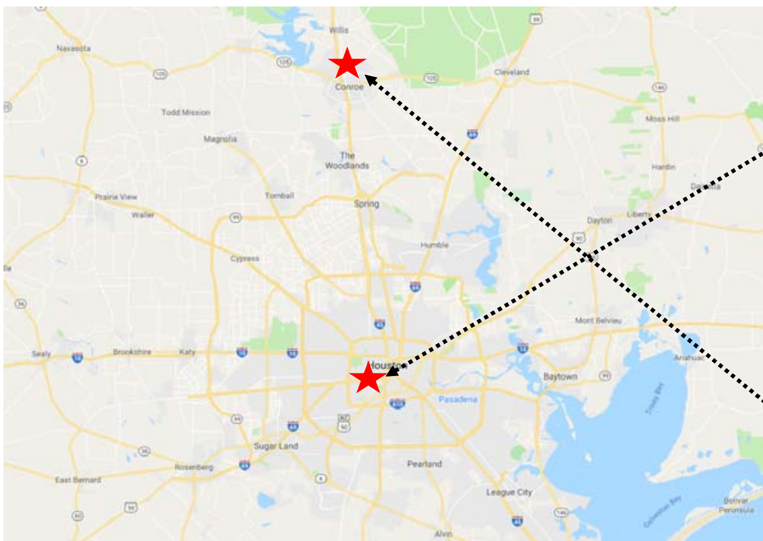
The City has recently passed an inclusionary zoning ordinance that affects properties within Miami's Omni CRA district. In return for being allowed to construct additional square footage, properties must include affordable housing (including workforce housing) in their developments. Affordable housing is defined as 80% of the area median income (AMI), while workforce housing is for people making up to 140% of AMI. A condominium development must include a minimum of 10% workforce housing and a minimum of 5% affordable housing.

4 GREATER HOUSTON AREA

4.1 LOCATION OF SCENARIOS

The following figure shows where the low-rise and high-rise development scenarios are located for the purposes of quantifying the government charges applicable to typical developments in the Greater Houston area.

Figure 32 **Location of Greater Houston Development Scenarios**



High-Rise Scenario

State: Texas
County: Harris
City: Houston
Area: West of Downtowon

Price: $649 psf

Low-Rise Scenario

State: Texas
County: Montgomery
City: Conroe

Price: $127 psf

Note: Prices shown are based on active developments in area, and are meant to represent a 'typical' price for a new home similar to what is assumed in development scenarios. Prices are not meant to be reflection of average pricing in a given area or on a City-wide basis

Source: Google Maps

4.2 DESCRIPTION OF APPLICABLE CHARGES

4.2.1 Texas State Charges

Sales taxes are not added onto or included in the sales prices for new homes in Texas. Currently the State of Texas does not impose a Property Transfer Tax on real estate transactions.

4.2.2 County Charges

4.2.2.1 Montgomery County (Low-Rise)

Montgomery County charges fees related to planning approvals and building permit which only apply to projects outside the City of Conroe's limits. For the purposes of this study, it was assumed that the low-rise development was built within the city limits, and that the County charges would therefore not apply.

Montgomery County requires that any new residential construction obtain a development permit to ensure that the project complies with the County's floodplain management regulations.

4.2.3 Municipal Charges

4.2.3.1 City of Conroe (Low-Rise)

The City of Conroe imposes fees for the application and approval of permits related to building, plumbing, water, sewer, electrical, and subdivision approval, as well as connection fees for residential connections to the water and sewer system.

The City of Conroe has an open space policy where in lieu of providing open space in the development, the developer may make a payment to the municipality in an amount equal to the average predevelopment value of a like quantity of land within the development.

4.2.3.2 City of Houston (High-Rise)

The City of Houston charges fees for various building permit applications and planning processes. Houston imposes impact fees on wastewater, water and drainage services.

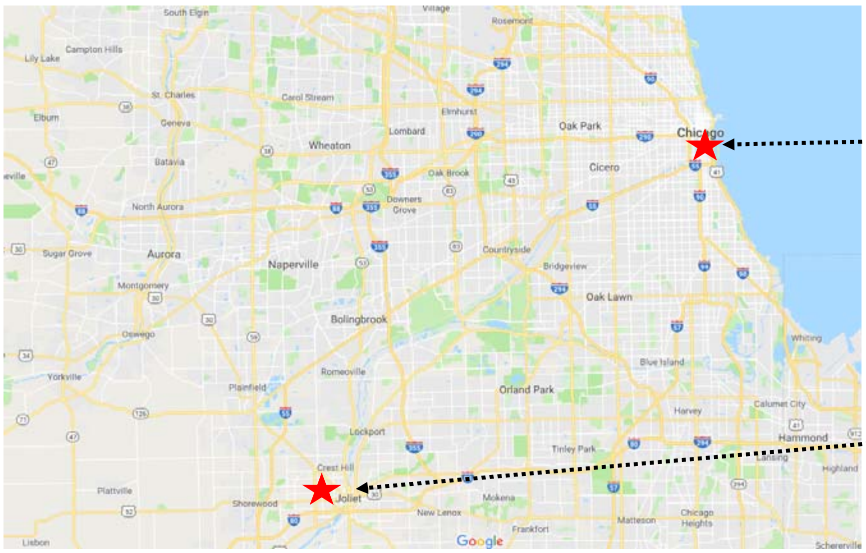
The City also requires that developers dedicate land for park purposes or make a payment in-lieu of the land dedication. The fee in-lieu of the land dedication is set at $700 per dwelling unit.

5 CHICAGO METROPOLITAN AREA

5.1 LOCATION OF SCENARIOS

The following figure shows where the low-rise and high-rise development scenarios are located for the purposes of quantifying the government charges applicable to typical developments in the Chicago Metropolitan Area.

Figure 33 **Location of Chicago Metropolitan Area Development Scenarios**



High-Rise Scenario

State: Illinois
County: Cook
City: Chicago
Area: Downtown Chicago, River North

Price: $760 psf

Low-Rise Scenario

State: Illinois
County: Will
City: Joliet

Price: $126 psf

Note: Prices shown are based on active developments in area, and are meant to represent a 'typical' price for a new home similar to what is assumed in development scenarios. Prices are not meant to be reflection of average pricing in a given area or on a City-wide basis

Source: Google Maps

5.2 DESCRIPTION OF APPLICABLE CHARGES

5.2.1 Illinois State Charges

As new housing construction is defined as "real property", sales taxes are not added onto or included in the sales prices for new homes in Illinois.

5.2.2 County Charges

5.2.2.1 Will County (Low-Rise)

Will County charges for plan examination for new developments and site development permits, but does not appear to impose any other fees, such as impact fees, etc.

5.2.2.2 Cook County (High-Rise)

Cook County imposes charges for building permits as well as certain planning review fees.

5.2.3 Municipal Charges

5.2.3.1 City of Joliet (Low-Rise)

The City of Joliet charges fees for various building permit applications and planning processes. The City also requires that developers dedicate land for school sites or make a cash contribution in lieu of actual land dedication where the number of children generated from a development is too few to support a stand-alone school. If the cash contribution option is relied upon instead, a detached single-family home would pay $2,943 per unit for elementary schools and $968 per unit for high schools (assuming 4-bedroom single-detached units).

The City also charges a Real Estate Transfer Tax of $3.00 per $1,000 in purchase price - this tax is paid by the seller.

5.2.3.2 City of Chicago (High-Rise)

The City of Chicago imposes a Real Property Transfer Tax of $5.25 per $500 of transfer price, which includes $1.50 per $500 added in April 2008 for providing funding to the Chicago Transit Authority. Of the $5.25 per $500 tax rate, the buyer is responsible for $3.75 per $500 and the seller is responsible for $1.50 per $500.

The City also imposes an Open Space Impact Fee, which is charged on a per unit basis, depending on the size of the residential unit, but generally ranges from $313 to $1,253 per unit.

The City also imposes Zoning Review Fees and building permit fees.

The City's Affordable Requirements Ordinance ("ARO") requires residential developments that receive City financial assistance or involve City-owned land to provide a percentage of housing units at affordable prices. Where the number of housing units being developed is greater than 10, the developer must provide 10% of the units at affordable prices. Where financial assistance is received by the City, the share increases to 20%. It is assumed that the high-rise development scenario would be on privately-owned land and would not receive financial assistance, so for the purposes of this report, ARO would not apply.

In 2016, the City of Chicago brought the Neighbourhood Opportunity Bonus into effect, which allows for additional development in the Downtown area, and provides funding sources to encourage commercial development in underperforming areas of the City. The cost is determined by taking 80% of the median cost of land per buildable square foot. The median costs are prescribed and range from $22 to $43 per square foot.

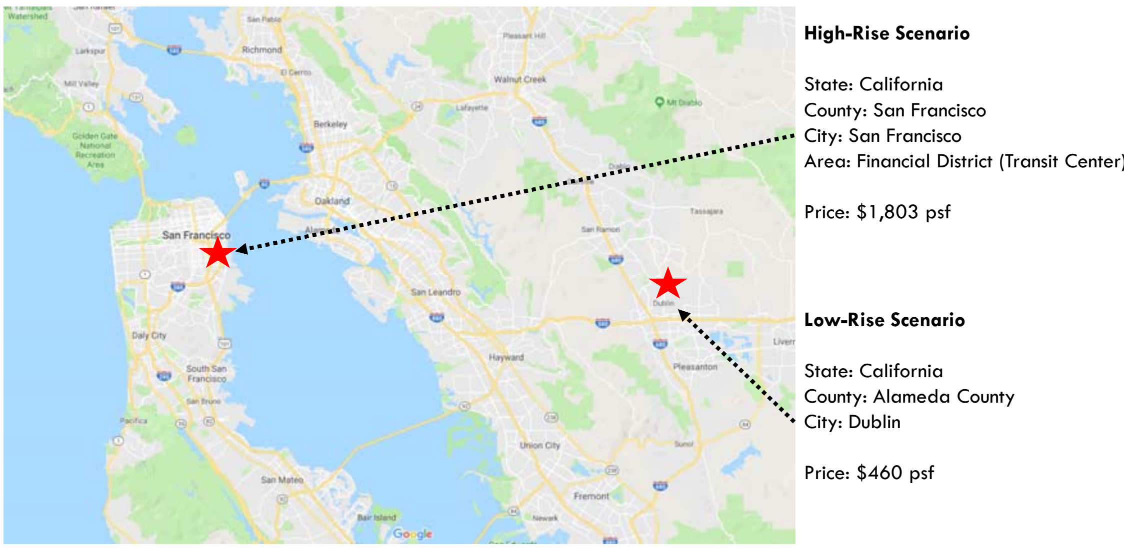
It is assumed that the high-rise development scenario used in this report, is allowed for 100,000 square feet, with the remaining 25,000 square feet a requested bonus amount. Using the Downtown North cost of land per buildable square foot, this would therefore require a contribution of $860,000, or $6,880 per unit.

6 SAN FRANCISCO BAY AREA

6.1 LOCATION OF SCENARIOS

The following figure shows where the low-rise and high-rise development scenarios are located for the purposes of quantifying the government charges applicable to typical developments in the San Francisco area.

Figure 34 **Location of San Francisco Bay Area Development Scenarios**



Note: Prices shown are based on active developments in area, and are meant to represent a 'typical' price for a new home similar to what is assumed in development scenarios. Prices are not meant to be reflection of average pricing in a given area or on a City-wide basis

Source: Google Maps

6.2 DESCRIPTION OF APPLICABLE CHARGES

6.2.1 California State Charges

The State of California does not impose sales taxes on the purchase of new homes.

6.2.2 County Charges

6.2.2.1 San Francisco County (High-Rise Scenario)

San Francisco County does not appear to levy any charges against new development.

6.2.2.2 *Alameda County (Low-Rise Scenario)*

The Alameda County Community Development Agency levies building permit fees, including for construction, electrical, plumbing and mechanical permits.

6.2.3 Municipal Charges

6.2.3.1 *City of San Francisco (High-Rise Scenario)*

The City of San Francisco imposes several impact fees, including transportation sustainability fees, wastewater and water capacity charges, a school impact fee, as well as fees for child care, open space, and 'transit delay mitigation'.

There is also a substantial impact fee related to Inclusionary Affordable Housing, which amounts to $199.50 per sf, as applied to between 20% and 33% of a project's gross floor area, depending on the size of the project.

6.2.3.2 *City of Dublin (Low-Rise Scenario)*

The City of Dublin imposes several impact fees. For the fiscal year 2019-2020, the impact fees imposed on new single-detached housing are summarized in the table below. The Public Facilities Impact Fee is $26,311 per single-detached unit. There are also numerous other fees associated with fire services, traffic impacts, freeway interchanges and transportation. In total, the various impact fees amount to $66,725 per unit.

The City has an ordinance (Inclusionary Zoning Regulations Ordinance) that requires 12.5% of the units constructed in a Residential Development be reserved for occupancy by low- and moderate-income households in for-sale units, or by Very Low-, Low-, and Moderate-Income households in rental units. The Ordinance permits a developer to meet up to 40% of its obligation by paying an "In-Lieu" fee, leaving a 60% "must-build" requirement, with the units needing to be "Below Market Rent" units (or "BMR Units") and are to remain affordable for 55 years through restrictions recorded against the property.

For the low-rise development scenario, the applicant would need to provide 16 affordable housing units (125 units x 12.5% = 15.625 units, rounded up to 16). Six (6) of these 16 units could be provided via cash in-lieu, with the remaining 10 units needing to be constructed within the development. The Affordable Housing In-Lieu Fee is $197,253 per unit provided in-lieu.

The "must-build" units must be allocated 60% to Moderate Incomes and 40% to Low Incomes. The maximum sales price for the BMR ownership units are based on incomes so that annual housing expenses do not exceed 35% of the maximum income level for Low- and Moderate-Income Households.

6.2.4 Other Agencies

6.2.4.1 Dublin San Ramon Services District (Low-Rise)

The Dublin San Ramon Services District (DSRSD) is responsible for the provision of water and wastewater services in the City of Dublin and surrounding area. The DSRSD levies fees related to project planning and plan review, including a $3,205 application fee and a per unit fee of $615 per single-family home for plan review for the first five units, and $190 for each additional residential unit.

6.2.4.2 Dublin Unified School District (Low-Rise)

The School District in the area levies charges on new development of $8.55 per square foot for all residential development.