



BUILDING A GREATER GTA
Building Industry and Land
Development Association

June 10, 2008

Premier Dalton McGuinty
Premier of Ontario
Legislative Assembly of Ontario
Queen's Park, On M74 1A4

Dear Premier,

On May 6, 2008, on behalf of Ontario's new home purchasers, the Building Industry and Land Development Association (BILD) released "**Over the Top: The Impact of Development Charges on New Homebuyers**". The report found that since 2001, average development charges have increased 75.1 per cent, which is 6.4 times more than the rate of inflation and three times more than the new home price index. Development charges have doubled, even tripled in some municipalities, and that's under the existing legislation.

BILD is advocating for new home purchasers, who are ultimately shouldering the burden of development charges. New purchasers, whether single detached homes or condo owners, are ultimately carrying the cost of these charges which are eroding housing affordability and choice, and pushing consumers out of the new housing marketplace.

Premier, with the current Provincial-Municipal Fiscal and Service Review expected to be released shortly, BILD wishes to stress its opposition to opening up the *Development Charges Act*. Uploading the cost of social services from the local property tax base and increasing core infrastructure funding are the best solutions from the standpoints of housing affordability and economic impact.

BILD recognizes the infrastructure pressures that many municipalities face, however, development charges are not the solution to this problem. Expanding the *Development Charges Act* to cover items such as hospitals, while eliminating the current 10% municipal co-payment and ten year average service level will only result in further increases being shouldered by new home purchasers.

A strong and healthy housing market is fundamental to a strong provincial economy. In the coming months building permits and housing starts will continue to be strong, however those statistics reflect pre-sales made last year or earlier. The leading indicator, new home sales, is **down** 23 per cent through the first four months of 2008. If this

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pattern holds or worsens, the job losses in the automotive sector will pale by comparison.

The current new home sales figures reflect the growing economic concern consumers are expressing, as concerns over the decline of Ontario's manufacturing base and general employment begin to erode consumer confidence.

In this environment of economic uncertainty, expanding the scope of the *Development Charges Act*, and ultimately hitting new home purchasers with additional government imposed taxes would be crushing to the new housing market.

Premier, on behalf of new home purchasers, we would assert that they have carried enough of the cost of infrastructure. Affordability is currently in jeopardy, and ultimately, the dream of home ownership is under assault.

Sincerely,

Michael Moldenhauer
President
BILD

C: Cabinet and all MPPs