

April 19, 2000

To: Joanne Flint – Chair
Planning and Transportation Committee

From: Councillor Michael Walker

Subject: Development Charges – Refund Program for First Time Home Buyers

Recommendation:

That the Commissioner of Urban Planning and Development Services be requested to formulate a “*Development Charge Refund Program for First Time Home Buyers*” and report back to the Planning and Transportation Committee with their recommendations.

Background:

The implementation of citywide Development charges will have a direct impact on the price of housing in the City of Toronto. These charges will inevitably be passed directly onto the purchasers of new homes and will likely have a negative impact on the ability of first time homebuyers to purchase newly constructed homes. While this policy is applied evenly to all developers in all areas of the City based on the number of units, it is in essence a regressive tax since the developer is sure to pass these costs onto the purchaser.

The Province of Ontario, with the implementation of the “First Time Homebuyers Tax Rebate Program”, has provided an incentive and bonus for people to buy homes. This system encourages current tenants to make the leap to ownership. This type of system encourages first time homebuyers to enter the housing market and should be applied to the new system of Development Charges.

The rising cost of rental housing in the City of Toronto makes it extremely difficult for current tenants to build reserves or savings for the purposes of making a down payment on a new home or condominium. By creating this program City Council would mitigate the effects of high and increasing rents on citizens desiring to own property.

Under such a system, a first time homebuyer would apply directly to the City for a refund of the charge that was assessed the developer in the approval/permit process. This policy would

assure that any development charge that has been passed to the first time homebuyer by the developer would be recovered. This system would also encourage developers to plan more projects that include affordable options for first time homebuyers. It would also address the problems of affordability as cited by the Toronto Real Estate Board in their submission regarding the 2000 City of Toronto Operating Budget.

Yours sincerely,

Michael Walker
Councillor - North Toronto