



The Impact of Fees, Taxes, and Charges on Housing Affordability

Rising Municipal Fees and Unspent Reserves

Over the past two decades, municipal fees on new housing have surged, with DCs increasing by as much as 900%. Between 2011 and 2023, DCs in the GTA rose by an average of 176%, with Toronto seeing a 592% increase. Several other municipalities have experienced increases exceeding 200% over the same period.

While these fees are intended to fund infrastructure, Ontario municipalities have amassed over \$12 billion in unspent DC reserves, with some of the fastest-growing municipalities accumulating significant funds without demonstrating the corresponding infrastructure investments. Similarly, parkland cash-in-lieu reserves—funds collected from developers in place of providing land for parks—have exceeded \$3 billion in key municipalities. This failure to allocate collected funds delays infrastructure upgrades, worsens housing affordability, and undermines public trust in the system.

Ensuring Transparency and Accountability

In the February 2025 election, the PC Party pledged to improve transparency and accountability in how municipalities manage DC reserves to enhance cost predictability, reduce variability between jurisdictions, and ensure fair and transparent infrastructure funding, committing to:

- Ensuring municipalities invest reserves in infrastructure supporting housing.
- Standardizing DC calculations for consistency and predictability.

To align with these commitments, Ontario should:

- Mandate that municipalities allocate DC reserves in a timely and transparent manner and establish clear, enforceable timelines for their investment in housing-related infrastructure.
- Implement province-wide DC calculation standards to prevent excessive cost increases.
- Strengthen municipal accountability to ensure collected fees are spent as intended.



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HST Rebate Reform

OHBA supports the Canadian Home Builders' Association's (CHBA) advocacy for a review and adjustment of the outdated federal HST rebate thresholds, which have remained unchanged since 1991, despite decades of rising home prices. Currently, the federal GST/HST New Housing Rebate provides a partial rebate on homes priced up to \$450,000, with a full rebate only available for homes under \$350,000. Given today's housing prices, especially in urban centers, very few homebuyers qualify for the full rebate, diminishing its effectiveness as an affordability tool. The OHBA supports adjusting these thresholds to reflect current market conditions and adopting a single-threshold/full-rebate model to ensure rebates remain effective.

The Path Forward

Housing affordability in Ontario is directly impacted by government-imposed costs, outdated tax policies, and the inefficient use of collected funds. Addressing these financial pressures is essential to improving housing supply and affordability. The province should focus on:

- Rationalizing fees, taxes, and charges to reduce the financial burden on new housing.
- Ensuring municipalities spend existing DC and parkland reserves on critical infrastructure before imposing additional cost increases.
- Modernizing HST rebate thresholds to ensure the rebate remains effective and reflective of market realities.
- Standardizing DC calculations to provide predictability for homebuilders and buyers.

By implementing these measures, Ontario can enhance housing affordability, improve infrastructure investment, and ensure municipalities and governments work towards a more transparent, predictable, and sustainable housing system.