



CUR POLICY SEMINAR

JANUARY 26, 2015



@BILDpres

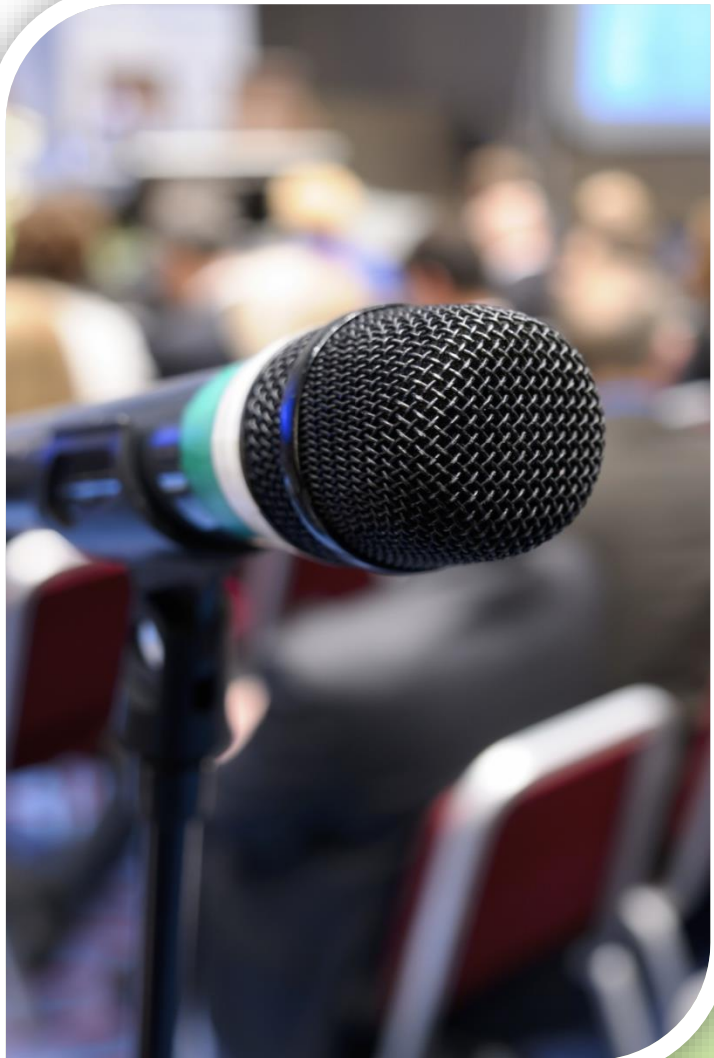
Building Industry & Land Development Association

BUILDING FUTURES WITH BIG IDEAS

**Bryan Tuckey
President & CEO**



TODAY'S OUTLINE



- Economic impact of our industry
- The cost of new infrastructure
- The cost of new housing
- Growth is beneficial to us all
- We're all in this together
- Questions

THE ECONOMIC ENGINE OF THE REGION



New housing starts – a key to economic growth in GTA communities!

Jobs in new-home construction, renovation and related fields – one of the largest employers in the region!

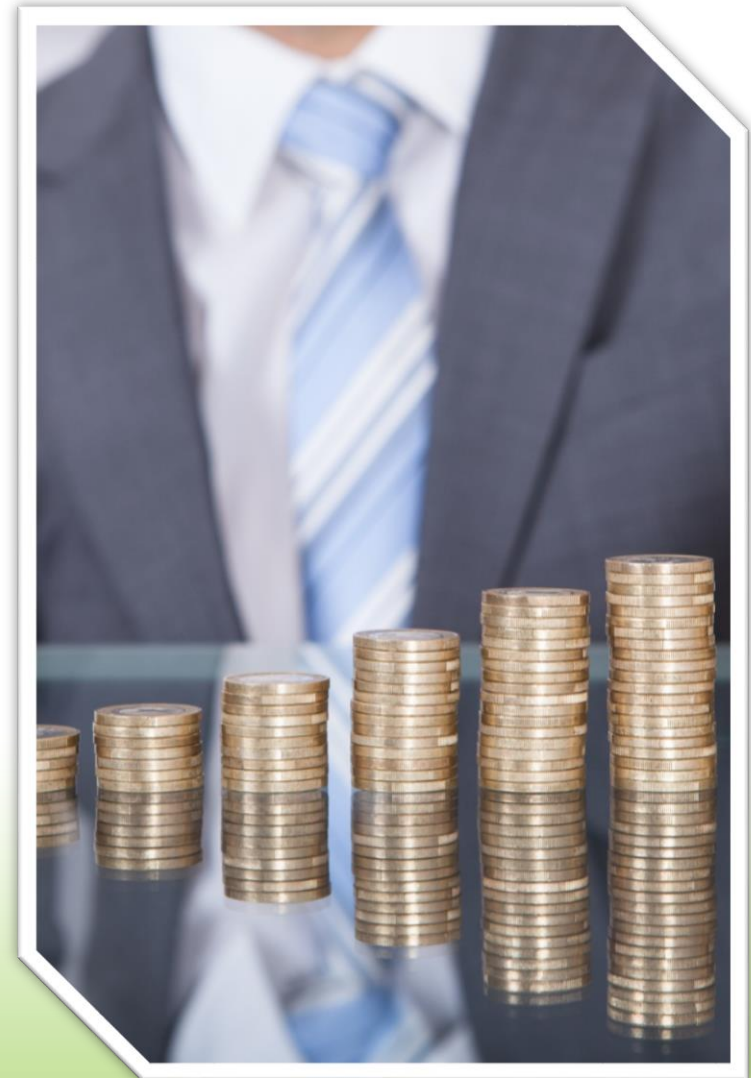


Billion in paid wages, which show up as purchases across the entire economy!

THE RISING COST OF NEW INFRASTRUCTURE

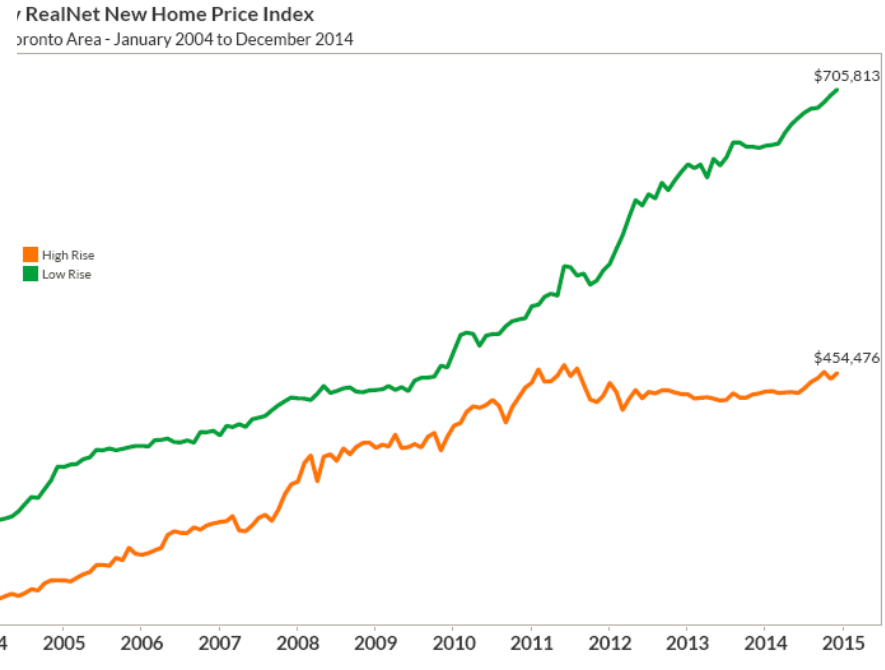
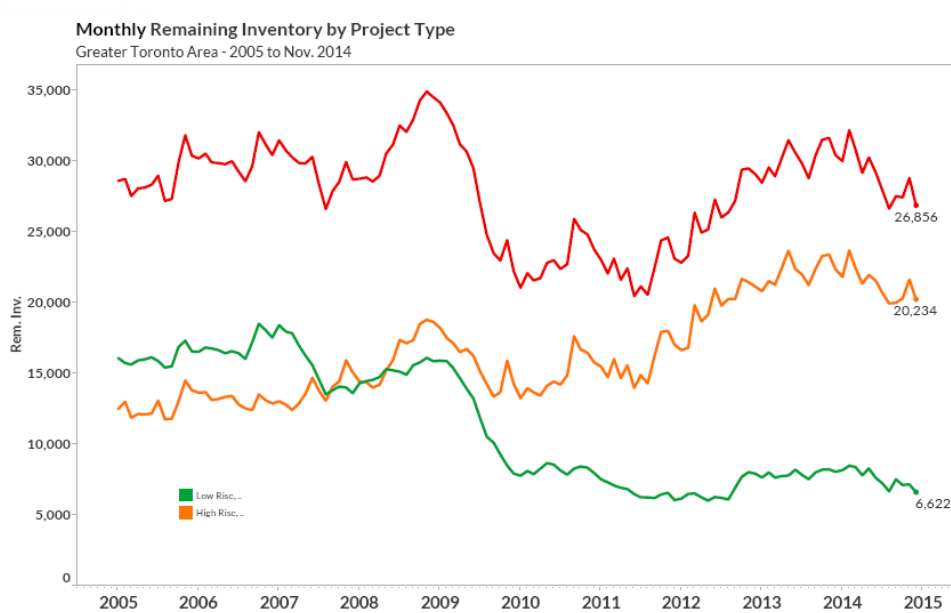
High cost of infrastructure is creating a barrier to the delivery of housing, which negatively affects the economy and our communities

- Water and wastewater treatment standards are continually evolving and becoming more stringent, increasing the cost of treatment facilities
- Current funding model has municipalities passing up-front infrastructure cost burden to new-home buyers
- Relying on DCs to fund growth-related water/wastewater infrastructure increases the cost of a new home by approximately \$26,000 and rising



HOUSING PRICES REACH NEW HEIGHTS

The price of a new home in the GTA has doubled in the last decade, with low-rise now exceeding



IS THE SYSTEM FAIR?



Under the current funding model, the occupants of new development bear the bulk of the cost of new infrastructure.

- Industry understands that growth must pay for growth, but these development charges must remain fair and reasonable
- New homeowner pays for all new capital infrastructure, plus their fair share of repair and upgrade of existing infrastructure through their rates.
- High cost of infrastructure is subsidizing tax and rate revenue in municipalities



THE NEW-HOME OWNERS' RESPONSIBILITY?

New-home purchasers are funding 75 years of infrastructure on the backs of a 25-year mortgage. Is this fair?

MORTGAGE

INFRASTRUCTURE



GROWTH BENEFITS US ALL

Urban growth generates benefits as well as costs, contributing to economic prosperity

- Spending on growth-related infrastructure contributes directly to economic growth by increasing the size of the economy's capital stock and indirectly through influencing productivity growth.
- Contributes to population growth, which is a key driver of economic growth
- Creates assessment rate increases, leading to additional revenue for municipalities by means of property taxes



BUILDING FUTURES IN TORONTO

AN ECONOMIC ENGINE

Economic Impacts in City of Toronto (2012)*



\$11.1 BILLION
in new home construction



\$5.7 BILLION
in renovation and repair



89,000 jobs in new home construction
and related fields, paying
\$4.7 BILLION in wages

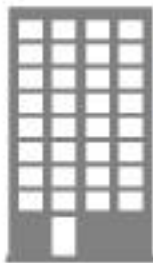


45,800 jobs in renovation
and repair, paying
\$2.4 BILLION in wages

*Based on data from Canada Mortgage and Housing Corporation and Statistics Canada

Average New Home Price (2013)*

High rise



\$493,245
↓ **6.71%**
since 2010

Low rise



\$895,368
↑ **61.52%**
since 2010

*Based on data from RealNet

New Home Sales (2013)*



11,726 **499**
High rise Low rise

*Based on data from RealNet

Construction Starts (2013)*



13,524 **2,024**
High rise Low rise

Building Permits Value (2011)*



\$6.95 BILLION

*According to most recent available data from Statistics Canada



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WE'RE ALL IN THIS TOGETHER



THANK YOU

QUESTIONS?



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