

Development Charges and Housing Affordability: A False Dichotomy?

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Critics of municipal development charges often argue that these one-time levies on property development make housing unaffordable by raising the cost of housing production. This paper argues that properly formulated development charges actually improve housing affordability.

[Read the full paper: https://uoft.me/DevelopmentCharges](https://uoft.me/DevelopmentCharges)

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Conclusions:

Development charges are an efficient way for municipalities to recover an appropriate share of the costs of growth-related capital works.

Housing affordability does not just reflect housing production costs; in a municipal context, it is also impacted by property taxes, user fees, and the value of the municipal services enjoyed by residents.

Without development charges, residents would face either inefficiently high property tax rates and user fees or inefficiently low levels of municipal service or both.

Modelling shows that the introduction of properly formulated development charges improves the welfare of the average household and thus housing affordability.