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A D A M O R T G A G E A N D H O U S I N G C O R P O R A T I O N

# LEVIES, FEES, CHARGES, TAXES AND TRANSACTION COSTS ON NEW HOUSING

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# **Levies, Fees, Charges, Taxes and Transaction Costs on New Housing**

**Prepared For:  
Canada Mortgage and Housing Corporation  
and  
Canadian Home Builders' Association**

**By:  
Greg Lampert  
Marc Denhez**

Canada Mortgage and Housing Corporation  
Société canadienne d'hypothèques et de logement

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Association canadienne des constructeurs d'habitations

This project was funded by Canada Mortgage and Housing Corporation (CMHC) and Canadian Home Builders' Association (CHBA) but the views expressed are the personal views of the author(s) and CMHC/CHBA accepts no responsibility for them.

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ISBN # NH15-171/1997E 0-660-16913-4

Printed in Canada  
Produced by CMHC

**Canada**

# EXECUTIVE SUMMARY

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For several years, those involved in the housing industry in Canada have expressed concerns about the cumulative effect of the various government and institutional costs associated with purchasing a new home. Some costs, such as development charges, can be quite substantial, but there are a number of smaller levies, fees, charges, taxes and transaction costs which, cumulatively, can amount to a significant sum. These costs have a direct effect on the overall cost of housing and ultimately, on housing affordability.

This study, prepared by Greg Lampert and Marc Denhez, examines the levies, fees, charges, taxes and transaction costs which would accrue on modest new housing in 26 municipalities across Canada. It confirms that these costs represent significant amounts – from less than \$14,000 in a few municipalities to more than \$65,000 for a relatively expensive house in Burnaby, B.C. Typically, the cumulative amount of levies, fees, charges, taxes and transaction costs totals between \$15,000 and \$45,000 in most of the municipalities examined in the study. They total over 20 percent of the value of typical modest new single-detached and row dwellings in many municipalities.

In comparing the costs and charges among the 26 municipalities, a typical modest house in each municipality is used as the base for the analysis. The 20th percentile price of newly completed houses defines the price of the *typical* house. (In other words, 80 percent of the new single-detached houses in the municipality would cost more to buy.) Because of differences in local market conditions, the price of the *typical* house varies from a low of \$85,000 in St. John's to a high of \$479,200 in Burnaby.

The types of levies, fees, charges, taxes and transaction costs can be disaggregated into several distinct categories: local charges, provincial and federal sales taxes, and transaction costs. The findings of the report in each of these areas are summarized below.

## Local Charges

There are a number of local municipal charges for various aspects of the land development approvals process and the development and building of new housing. For the purposes of this report the charges have been grouped into four categories:

- Infrastructure charges: mainly development (cost) charges, lot levies, hectarage assessments, engineering fees, etc.;
- Land dedications;
- Development application processing fees; and
- Building permit and plumbing fees.

The totals for these charges vary widely among the 26 municipalities. They range from a low of \$1,110 for a *typical* house in Charlottetown to a high of \$23,355 for a *typical* house in Vaughan, Ontario. The factor that most impacted the variation of local charges among municipalities is the amount of the infrastructure charges. These charges sometimes include amounts for “soft” services such as education and recreational facilities. In many municipalities, these infrastructure charges can exceed \$10,000. The highest encountered in this study was in Vaughan, where the charges for a *typical* single-detached house totaled \$19,170 (including \$2,350 in education development charges). In many municipalities, the infrastructure charges are relatively low – zero in some cases, and less than \$5,000 in many others.

To some extent, the variation in infrastructure charges reflects differences among the 26 municipalities in the methods of providing infrastructure (e.g. roads and sewer and water). In some Quebec municipalities, for example, all infrastructure work is undertaken by the municipality. In most other parts of Canada, developers install these internal services within their subdivisions using the municipality's specifications; however, there are significant differences among municipalities in the way that developers and municipalities share the costs of

financing and installing the required external services. These differences in financing infrastructure account, to some extent, for the variability in infrastructure charges among municipalities. Therefore, the total development costs faced by developers in municipalities with relatively low infrastructure charges are not necessarily less than those in municipalities with high infrastructure charges.

In addition, development charges for “soft” services such as education and recreational facilities can add a significant amount to the cost of new housing.

The infrastructure charges in several of the municipalities in this study are a fixed dollar amount based on each dwelling type. In particular, development (cost) charges tend to be levied on a per-unit basis; and, where this scheme applies it is by far the heaviest municipal infrastructure charge. Since similar charges apply for both small and large houses, the charges have a proportionately greater impact on the price of smaller, more affordable houses (i.e., they represent a larger percentage of the ultimate price of a smaller house).

The other types of local charges (land dedications, development application processing fees and building and plumbing permits) are relatively small compared to infrastructure charges. In most municipalities, they total less than \$3,000 and are often significantly less than that.

## **Provincial Sales Taxes**

All provinces except Alberta have provincial sales taxes. There are no sales taxes in the two territories. In most provinces, the sales tax applies to building materials; in Quebec, the harmonized provincial sales tax applies to the final price of a house (as with the GST). Three Atlantic provinces are in the process of harmonizing their provincial taxes with the GST. The analysis in this study, however, applies to the situation prior to harmonization in these provinces.

Estimates prepared for this study indicate that St. John’s has the highest effective rate of provincial sales tax: 4.9 percent of the price of a *typical* house. Quebec has an effective rate of provincial sales tax of 4.34 percent of the price of a typical new house (allowing for the rebate on houses priced below \$175,000). In other provinces, the effective rate of provincial sales tax ranges as low as 1.2 percent (in Burnaby, B.C.) and 1.7 percent (in Saanich, B.C.).

A significant factor in the effective rate of provincial sales tax payable on new housing is the price of the land. Since land is not subject to provincial sales tax, high land costs tend to reduce the sales tax share of the total price of the house/land package.

## **GST**

Buyers of new owner-occupied housing priced below \$350,000 are eligible for a rebate of a portion of the GST; the effective GST payable is 4.48 percent of the price of these dwellings. Above \$350,000, the rebate is progressively reduced so that the full GST applies to new owner-occupied dwellings priced at \$450,000 or more.

With the exception of the \$479,200 *typical* new single-detached house in Burnaby, all of the dwellings in this study would be subject to the effective 4.48 percent rate of GST. On the Burnaby house, the GST payable would be \$33,544.

As part of the research for this study, the authors examined the differences between the various levies, fees, charges and taxes that apply to new housing for owner-occupants versus rental housing. The only significant difference related to the GST and the harmonized provincial sales tax in Quebec. For rental housing, there is no rebate of the GST or the Quebec provincial sales tax. New rental housing is subject to the full 7 percent GST and, in Quebec, the full 6.5 percent provincial sales tax.

## Transaction Costs

Purchasers of new houses face transaction costs both in transferring the title and in obtaining a mortgage. Legal fees, certificates, land transfer taxes, registration charges (both for the transfer of title and the mortgage) and fees associated with arranging the mortgage can add up to a significant amount. Developers also face transaction costs in purchasing the land for new housing, and in the final sale of the house.

Estimates prepared for this report indicate that these transaction costs are usually equivalent to between 3.5 and 4.5 percent of the price of a *typical* house (assuming that the purchaser obtains a 90 percent mortgage on the house). The most significant individual transaction cost is the mortgage insurance premium – 2.5 percent of the value of a mortgage equivalent to 90 percent of

the value of the house. Other costs vary by province, especially registration fees and land transfer taxes.

## Total Levies, Fees, Charges, Taxes and Transaction Costs

The cumulative total of levies, fees, charges, taxes and transaction costs is significant, as is evident in Table 1. Expressed as a percent of the *typical* single-detached house price, the total of these charges range from 8.7 percent in Yellowknife to over 27 percent in Laval and Beauport. Of course, not all of these charges are included in the purchase price of a *typical* house. (GST and most transaction costs are payable in addition to the house price.) The percentage figures seen in the far right column of the table were calculated simply as a means of comparison.

**Table 1**  
**\*Total Levies, Fees, Charges, Taxes and Transaction Costs**  
**Typical Single-Detached Houses**

Municipality	Typical House Price	Levies, Fees, Charges, Taxes and Transaction Costs						Total as Percent of Price
		Local Charges	PST	Warranty	GST	Transaction Costs	Total	
St. John's, Nfld.	\$85,000	\$1,450	\$4,129	\$200	\$3,808	\$4,054	\$13,640	16.0
Charlottetown, P.E.I.	\$96,800	\$1,110	\$3,894	\$200	\$4,337	\$3,928	\$13,468	13.9
Halifax, N.S.	\$90,000	\$1,615	\$3,599	\$200	\$4,032	\$5,110	\$14,557	16.2
Moncton, N.B.	\$123,200	\$1,886	\$5,316	\$200	\$5,519	\$4,555	\$17,476	14.2
Laval, Que.	\$108,000	\$14,712	\$4,687	\$315	\$4,838	\$4,847	\$29,400	27.2
Saint-Hubert, Que.	\$116,400	\$12,837	\$5,052	\$315	\$5,215	\$5,170	\$28,588	24.6
Beauport, Que.	\$90,000	\$12,518	\$3,906	\$299	\$4,032	\$4,302	\$25,057	27.8
Gatineau, Que.	\$102,800	\$2,253	\$4,462	\$315	\$4,605	\$4,708	\$16,343	15.9
Kanata, Ont.	\$169,600	\$17,627	\$4,958	\$600	\$7,598	\$7,492	\$38,275	22.6
Mississauga, Ont.	\$217,900	\$19,970	\$5,735	\$650	\$9,762	\$9,369	\$45,486	20.9
Vaughan, Ont.	\$230,000	\$23,355	\$6,258	\$650	\$10,304	\$9,759	\$50,326	21.9
London, Ont.	\$129,900	\$9,387	\$3,242	\$550	\$5,820	\$6,276	\$25,274	19.5
Sudbury, Ont.	\$110,000	\$6,653	\$2,962	\$550	\$4,928	\$5,508	\$20,601	18.7
Winnipeg, Man.	\$117,000	\$3,790	\$2,891	\$200	\$5,242	\$4,618	\$16,740	14.3
Regina, Sask.	\$119,000	\$6,871	\$3,953	\$308	\$5,331	\$4,551	\$21,014	17.7
Saskatoon, Sask.	\$107,100	\$10,503	\$3,594	\$308	\$4,798	\$4,228	\$23,431	21.9
Calgary, Alta.	\$121,000	\$5,000	-	\$195	\$5,421	\$4,387	\$15,003	12.4
Edmonton, Alta.	\$129,500	\$7,344	-	\$195	\$5,802	\$4,595	\$17,935	13.8
Grande Prairie, Alta.	\$115,000	\$3,865	-	\$180	\$5,152	\$4,231	\$13,428	11.7
Surrey, B.C.	\$269,900	\$19,870	\$5,202	\$185	\$12,092	\$11,321	\$48,669	18.0
Burnaby, B.C.	\$479,200	\$3,543	\$5,921	\$185	\$33,544	\$21,906	\$65,099	13.6
Saanich, B.C.	\$281,700	\$12,518	\$4,716	\$185	\$12,620	\$12,202	\$42,241	15.0
Kelowna, B.C.	\$154,600	\$11,850	\$3,160	\$185	\$6,926	\$6,615	\$28,736	18.6
Prince George, B.C.	\$164,000	\$3,116	\$3,881	\$185	\$7,347	\$6,830	\$21,360	13.0
Whitehorse, Y.T.	\$145,000	\$4,250	-	\$185	\$6,496	\$5,256	\$16,187	11.2
Yellowknife, N.W.T.	\$165,000	\$1,341	-	-	\$7,392	\$5,604	\$14,337	8.7

\*Figures may not add due to rounding

In dollar figures, the municipalities with the highest total levies, fees, charges, taxes and transaction costs are:

**Burnaby** – \$65,099 or 13.6 percent of the price (\$479,200) of a *typical* house. The total is high because the full 7 percent GST applies and because of high transaction costs (\$21,906), due mainly to land transfer taxes and the mortgage insurance fee.

**Vaughan** – \$50,326 or 21.9 percent of the price (\$230,000) of a *typical* house. Local charges (\$23,355) account for almost half of this total, mainly due to high infrastructure charges. However, GST (\$10,304) and transaction costs (\$9,759) also represent a significant portion of the total.

**Surrey** – \$48,669 or 18.0 percent of the price (\$269,900) of a *typical* house. Local charges (\$19,870), GST (\$12,092) and transaction costs (\$11,321) account for most of this total.

**Mississauga** – \$45,486 or 20.9 percent of the price (\$217,900) of a *typical* house. As with Vaughan and Surrey, local charges (\$19,970), GST (\$9,762) and transaction costs (\$9,369) account for most of the total.

**Saanich** – \$42,241 or 15.0 percent of the price (\$281,700) of a *typical* house. Local charges, GST and transaction costs are each roughly \$12,000.

**Kanata** – \$38,275 or 22.6 percent of the price (\$169,600) of a *typical* house. Local charges of \$17,627 are by far the largest share of the total.

**Laval, Saint-Hubert and Beauport** – \$25,057 to \$29,400 or 25-28 percent of a *typical* house in each municipality. Local charges (\$12,500 to \$14,700) are relatively high compared to the value and size of the house; however, the municipalities install all of the internal and external subdivision services. The provincial sales tax payable on these houses is also high relative to houses in the other provinces.

With the exception of Burnaby, all of the municipalities with relatively high total levies, fees, charges, taxes and transaction costs on *typical* houses have high local charges of \$12,000 or more. The impact of local charges on housing prices analysis is evident from the analysis of the municipalities with the lowest totals of levies, fees, charges, taxes and transaction costs:

**Grande Prairie** – \$13,428 or 11.7 percent of the price of a *typical* house. Local charges account for \$3,865. There is no provincial sales tax in Alberta.

**Charlottetown** – \$13,468 or 13.9 percent of the price of a *typical* house. Local charges total \$1,110.

**St. John's** – \$13,640 or 16.0 percent of the price of a *typical* house. Local charges total \$1,450.

**Yellowknife** – \$14,337 or 8.7 percent of the price of a *typical* house. There is no provincial sales tax in the territories and local charges total only \$1,341.

**Halifax** – \$14,557 or 16.2 percent of the price of a *typical* house. Local charges total \$1,615.

**Calgary** – \$15,003 or 12.4 percent of the price of a *typical* house. Local charges are higher (\$5,000) but there is no provincial sales tax.

**Whitehorse** – \$16,187 or 11.2 percent of the price of a *typical* house. No provincial sales tax applies, but local charges total \$4,250.

**Gatineau** – \$16,343 or 15.9 percent of the price of a *typical* house. Provincial sales tax is relatively high (given the modest house) but local charges are only \$2,253 since developers install much of the infrastructure. Gatineau also recovers some of its infrastructure costs through a local improvement tax paid by home-owners over time.

In total, the levies, fees, charges, taxes and transaction costs were estimated for 26 municipalities – at least one in all provinces



and territories. When making comparisons of charges among the municipalities, be mindful that circumstances for each municipality come into play, which could explain some of the differences in the total charges. *Typical* house sizes and prices vary substantially, as do the means of financing infrastructure, as discussed previously.

### **Other Costs Imposed on Developers and Builders**

The estimates prepared for this report confirm that the total amount of levies, fees, charges, taxes and transaction costs required in the development, building and ultimate purchase of a new home are substantial. However, these estimates represent only the costs that are directly attributable (and payable) to various parties. They do not include a number of other factors that are less readily quantifiable, but which nonetheless add to the cost of new housing. Examples include:

**Lengthy land development and approvals process.** The costs involved for developers in navigating the complex land development approvals process in many municipalities can be quite substantial. They can multiply if re-zoning of the site is required.

**Contentious building and land development requirements.** These comprise a variety of issues, including: unnecessary expensive requirements in building codes; requirements for deposits and letters of credit; and regulations surrounding the development of “contaminated” land.

**Electric and gas utility costs.** These were not included in the estimates prepared for the study. However, the costs for these utilities can be substantial: the fees charged by utilities can be high as can the cost of meeting required standards for installed services, which often exceed the standards found in neighbouring jurisdictions.

**Changes in taxes and regulations.** The study only identified costs that apply at the present time. Changes in the rules with respect to taxes and charges that apply to the housing industry can have a significant effect on the amounts payable on new housing.

The assumptions required for the analysis also necessarily limited some of the costs that might easily be involved in the development and building of new housing. For example, the estimates assume that the land is appropriately zoned for new housing.

From the foregoing observations, it is evident that the estimates presented in this report should be considered to be at the bottom of the range of the costs that governments and other parties impose on the development and building of new housing. Many regulations and policies impose other costs that are less readily quantifiable but which, nonetheless, must be borne by developers and builders – and are ultimately reflected in higher housing costs.



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# 1.0 – INTRODUCTION

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For several years, those involved in the housing industry in Canada have expressed concerns about the cumulative effect of the various government and institutional costs associated with purchasing a new home. Some costs, such as development charges, can be quite substantial, but there are a number of other smaller levies, fees, charges, taxes and transaction costs which, cumulatively, can amount to a significant sum. These costs have a direct effect on the overall cost of housing, and ultimately, on housing affordability.

Greg Lampert and Marc Denhez were engaged by Canada Mortgage and Housing Corporation (CMHC) and the Canadian Home Builders' Association (CHBA) to examine how these various mandated costs affect the final cost of a home in selected municipalities across Canada. This report presents the findings of the work.

The report is organized into four chapters:

1. **Introduction** – The remainder of this introductory section presents a review of the methodology used in obtaining and analyzing the information on levies, fees, charges, taxes and transaction costs, and the selection process of the 26 Canadian municipalities included in the analysis.
2. **Overview of levies, fees, charges and taxes** – This section describes the various mandated charges that apply to new housing. It also includes a discussion of different methods of determining particular charges among the municipalities and other jurisdictions, as well as a review of the amounts of the various levies, fees, charges and taxes that would apply to new housing in each of the 26 municipalities.

3. **Overview of transaction costs** – As well as a description of the various transaction costs involved in the development and purchase of new housing, this chapter includes a review of the amounts of the various transaction costs for each of the 26 jurisdictions involved.
4. **Total levies, fees, charges, taxes and transaction costs** – This section analyzes the total charges for new housing in each of the 26 municipalities and the portion of new housing prices represented by the various levies, fees, charges, taxes and transaction costs.

In addition, appendices include detailed tabulations and descriptions of the various levies, fees, charges, taxes and transaction costs in each of the municipalities.

The study presents estimates of the amounts of these mandated costs on new housing in each of the municipalities without comment on whether these various charges are justified based on the services rendered or costs incurred by governments or other agencies responsible for the charges. The purpose of this study is to illustrate the total amounts of these charges compared with typical housing prices.

**Exhibit 1-1  
List of Municipalities**

<b>Newfoundland:</b> St. John's	<b>Manitoba:</b> Winnipeg
<b>Prince Edward Island:</b> Charlottetown	<b>Saskatchewan:</b> Regina Saskatoon
<b>Nova Scotia:</b> Halifax	<b>Alberta:</b> Calgary Edmonton Grande Prairie
<b>New Brunswick:</b> Moncton	<b>British Columbia:</b> Surrey (Vancouver MA) Burnaby (Vancouver MA) Saanich (Victoria MA) Kelowna Prince George
<b>Quebec:</b> Laval (Montreal MA) Saint-Hubert (Montreal MA) Beauport (Quebec MA) Gatineau (Hull MA)	<b>Yukon:</b> Whitehorse
<b>Ontario:</b> Kanata (Ottawa MA) Mississauga (Toronto MA) Vaughan (Toronto MA) London Sudbury	<b>Northwest Territories:</b> Yellowknife

**Note:** MA refers to metropolitan area

with only multiple housing; in these cases, suburban municipalities with a mix of housing activity were substituted.

- **Two municipalities in the largest urban areas –** The list includes two municipalities with high volumes of housing activity in each of the Toronto, Montreal, and Vancouver metropolitan areas. In the Ottawa-Hull region, an Ontario municipality and a Quebec municipality were selected.
- **Other municipalities –** Some smaller municipalities in the larger provinces were included in order to provide a mix of both large and small municipalities in the study.

**1.1 Selection of Municipalities**

A total of 26 municipalities are included in the analysis and are listed in Exhibit 1-1. The municipalities were chosen jointly by the study team, CMHC and the CHBA, with the following broad criteria in mind:

- **Each province and territory –** At least one municipality should be included from each of the provinces and territories. This ensures that differences in provincial and territorial levies, fees, charges, taxes and transaction costs are included in the analysis.
- **Major centres –** The list generally includes the municipality with the largest volume of new housing activity in the urban area with the most activity in each province and territory. In some cases, the municipality with the largest volume was a central municipality

The 26 municipalities selected are considered to represent typical municipalities across Canada.

**1.2 Collection of the Information**

Three distinct information-gathering exercises were conducted for each of the 26 municipalities selected for analysis. In each case, respondents were faxed a letter explaining the project and soliciting information on topics in their area of expertise. The three information-gathering exercises were directed at:

1. **Municipal officials –** A senior municipal official was faxed a request for information on the various levies, fees and charges in the municipality. In many cases, these requests were passed to several other municipal officials who had expertise in particular areas.



2. **Homebuilders** – Several builders and developers in each municipality were asked for information on typical prices, costs and sizes of modest new single-detached and row dwellings. This information was important because many of the charges and taxes are based on price, cost or dwelling size.
3. **Lawyers** – In each municipality, lawyers were asked to complete a form outlining various types of transaction costs, fees and taxes associated with both land purchases by developers and the ultimate sale of the home to the homebuyer.

An initial round of contact with knowledgeable CMHC and housing industry officials in each community identified appropriate respondents in each group for each of the 26 municipalities.

The process of information collection involved extensive verification with sources for two reasons: to obtain cooperation and to ensure that the information collected was as complete and accurate as possible.

Information was collected from each of the warranty programs in operation across Canada. In addition, various sources were consulted to obtain information on provincial sales taxes, land transfer taxes, registry fees, and so on.

The study would not have been possible without the cooperation of over 200 respondents from the 26 selected municipalities: builders and developers, local homebuilder association officers, local CMHC representatives, lawyers, officials of municipal, regional and provincial governments across Canada, and many others.

The authors wish to acknowledge the essential contributions of these contacts. We also wish to acknowledge and thank the officials at the CHBA and the CMHC National Office who assisted with the assignment: John Kenward, Paul Gravelle, Brian Gray and David Scherlowski. This study truly could not have been undertaken without the cooperation of a large number of people.

Nonetheless, it seems appropriate to add a disclaimer emphasizing that the findings presented in this report are a composite of information received from many sources. The authors have made every effort to contact well-reputed informants and to cross-check the data. It is impossible, however, to guarantee the accuracy of all of the figures that have been offered by these sources. For an exact picture of the levies, fees, charges, taxes and transaction costs in any given locality, the reader is reminded that there is no substitute for direct consultations with the municipality and the legal community.

Readers who have comments on the information presented here are invited to provide them to Greg Lampert, 51 Maybourne Ave., Scarborough, Ontario, M1L 2W1 (fax: 416-752-0704). It is intended that a revised version of the report will be prepared if significant additional information becomes available.

## 2.0 – OVERVIEW OF LEVIES, FEES, CHARGES AND TAXES

**Exhibit 2-1**  
**Characteristics of Typical Single-Detached Houses**

Municipality	Price	House Size (sq. ft.)	Lot Size (front ft.)
St. John's	\$85,000	1,000	40
Charlottetown	\$96,800	1,100	40
Halifax	\$90,000	1,000	30
Moncton	\$123,200	1,400	50
Laval	\$108,000	1,300	35
Saint-Hubert	\$116,400	1,300	50
Beauport	\$90,000	1,000	50
Gatineau	\$102,800	1,200	35
Kanata	\$169,600	1,800	35
Mississauga	\$217,900	2,000	30
Vaughan	\$230,000	2,200	30
London	\$129,900	1,400	40
Sudbury	\$110,000	1,000	40
Winnipeg	\$117,000	1,200	35
Regina	\$119,000	1,200	45
Saskatoon	\$107,100	1,100	45
Calgary	\$121,000	1,300	30
Edmonton	\$129,500	1,400	35
Grande Prairie	\$115,000	1,000	45
Surrey	\$269,900	2,100	35
Burnaby	\$479,200	2,300	50
Saanich	\$281,700	1,800	55
Kelowna	\$154,600	1,250	50
Prince George	\$164,000	1,400	55
Whitehorse	\$145,000	1,300	55
Yellowknife	\$165,000	1,300	55

single-detached houses in each of the 26 municipalities. Appendix A presents details on how these were derived. In brief, the prices of these *typical* houses represent the first quintile<sup>1</sup> of the price distribution of single-detached houses in each municipality, according to CMHC's Market Absorption Survey in mid-1996. The size of the house and the lot frontage were estimated by the authors based on information from local builders and developers, as well as from CMHC and other sources.

Clearly, there is a significant difference among the 26 municipalities in what

The housing industry faces a large number of levies, fees, charges and taxes from a variety of sources including all levels of government, utilities and new home warranty programs. This chapter reviews the various charges that apply at the local, provincial and federal levels of government, as well as other institutions.

Assessing and comparing levies, fees, charges and taxes among municipalities is fraught with a number of difficulties. The most challenging of these include:

- **Diverse dwelling characteristics** – The prices and characteristics of a typical new home vary significantly across the country. Exhibit 2-1 presents the prices, dwelling sizes and lot frontages of *typical* modest

would be considered a *typical* new modest house. They range from a 1,000-square foot house on a 40-foot lot selling for \$85,000 in St. John's, Newfoundland to a 2,300-square foot house on a 50-foot lot in Burnaby, B.C. that sells for over \$475,000. They are different not only in size and price but also in the quality of the finishes and the cost of construction and land. Therefore, when comparing levies, fees, charges and taxes among municipalities, whether as a total dollar figure or as a percentage of the house price, it is necessary to keep these differences in dwelling characteristics and prices in mind.

Estimates of levies, fees, charges and taxes for the *typical* modest single-detached house are highlighted in this chapter. Estimates are

also presented for *typical* row dwellings. Also, in an effort to facilitate comparisons among municipalities, estimates are presented for a *standard* single-detached house with the same dwelling size and lot size (see page 13 and Appendix A for a description of the *standard* house).

- **Different methods of financing infrastructure** – Another major challenge in comparing levies, fees, charges and taxes among various jurisdictions is the variety of methods used across Canada to finance the infrastructure necessary for residential development. As illustrated later in this chapter, municipal levies to cover the cost of providing services (e.g. sewers, water and roads) are among the largest single charges facing developers in many municipalities in Canada. This reflects the fact that installing the infrastructure necessary for residential development is extremely expensive.
- In most municipalities, the developer is responsible for providing the infrastructure within the subdivision; some municipalities, particularly in Quebec, install the services and are repaid over time by the ultimate home purchasers through a local improvement charge on their property taxes. Most municipalities also require developers to contribute at least part of the cost of installing the trunk services (such as water, sewers and roads) outside of the subdivision. In some cases, development charges cover all or most of the services and connections required for the subdivision; in others, developers are still responsible for significant additional infrastructure construction, including the installation of over-sized services to accommodate future development (which may eventually be reimbursed). In addition, in Ontario, for example, development charges cover a variety of costs including the provision of schools and other “soft” services, which can amount to a significant sum.

Obviously, with varying shares of the initial capital cost of infrastructure being borne by

developers and municipalities, and with varying standards (and installation costs) of infrastructure across the country, it is difficult to draw conclusions about the real burden of costs being imposed on the housing industry by one municipality compared with another. In some municipalities, it may appear that charges are relatively low compared to others; however, this does not necessarily mean that the total cost to the developer is lower if the developer is responsible for bearing the cost of designing and installing a greater share of the infrastructure necessary to service the subdivision. This is something that must be kept in mind when interpreting the information presented in this study.

The local-level levies, fees and charges that apply to the *typical* single-detached house in each of the 26 municipalities are reviewed first in this chapter. This is followed by a review of the levies, fees, charges and taxes that apply to the *typical* row house and the *standard* single-detached house. Finally, the provincial and federal charges and taxes, and warranty program fees that apply to the *typical* house are presented.

## 2.1 Local Charges for *Typical* Single-Detached Houses

Local and regional governments have a number of charges that apply to new housing, which fall under four categories:

- Infrastructure charges: includes development (cost) charges, lot levies, hectarage assessments, water and sewer connection fees, engineering fees for municipal approval and/or supervision of infrastructure work;
- Land dedications;
- Development application processing fees: includes subdivision application fees, development approvals fees, and so on; and
- Building permit and plumbing fees.

A more detailed description of each is provided below, along with estimates of the amounts payable for *typical* single-detached houses in each of the 26 municipalities.

### 2.1.1. Infrastructure Charges

As noted above, the means of financing the infrastructure necessary for residential development is one of the key issues facing municipalities. It was also a key issue for the authors of this report in attempting to estimate the levies, fees and charges associated with developing new housing. Among the 26 municipalities covered in this study, a variety of methods are used to finance infrastructure:

- **Internal subdivision services** – In most municipalities, the developer is responsible for installing services (roads, sewer and water, etc.) in the subdivision. These services must meet municipal standards, which can vary significantly from one municipality to the next.

Of the 26 municipalities included in this study, only three are themselves responsible for the installation of services within subdivisions: Laval, Saint-Hubert and Beauport, all in the Province of Quebec. In Gatineau, the fourth Quebec municipality, both the developer and municipality are responsible for part of the internal subdivision servicing. In Saskatoon, the municipality installs services in subdivisions in the large municipal land bank and charges developers according to a prepaid schedule; however, on privately-owned land, developers are responsible for installing internal subdivision infrastructure.

- **External subdivision services** – All municipalities, of course, install and maintain trunk services. Connections from the subdivision to these trunk services must also be built. Many municipalities (especially in Quebec and Ontario) undertake the construction of these connections. In most other parts of the country, however, developers are responsible for connections from the borders of their subdivisions to the existing trunk services. Otherwise, they must pay specific additional charges to cover the extension of services to the subdivision.

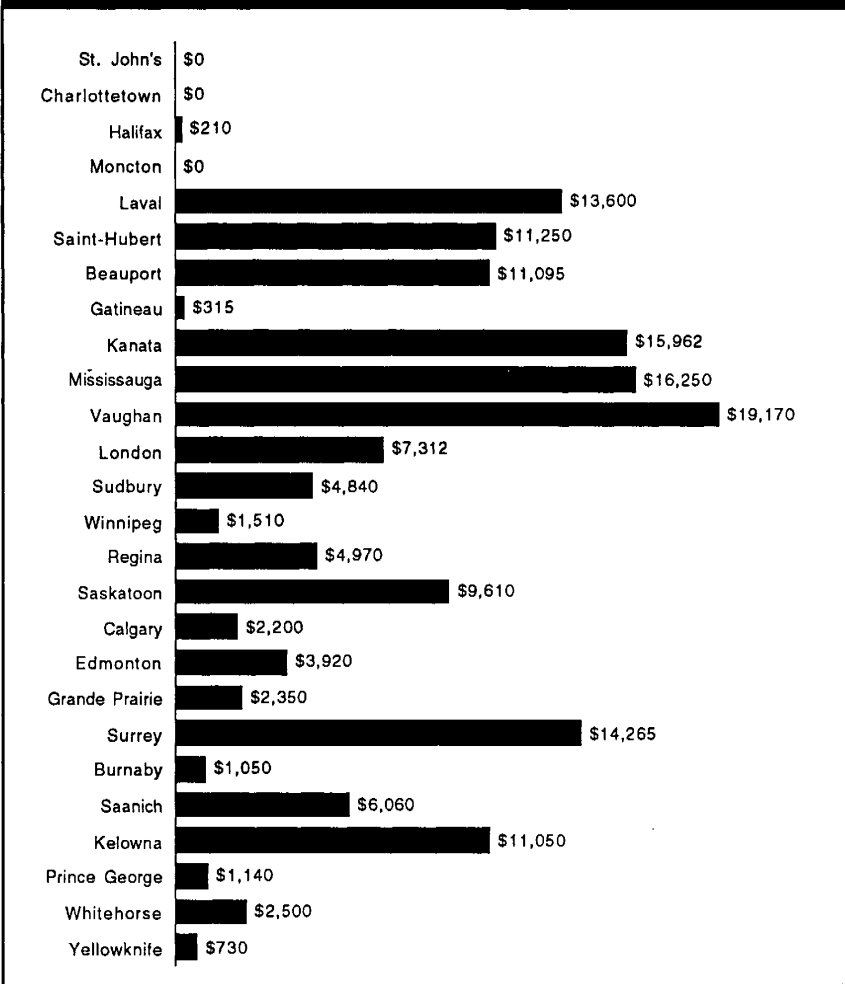
These arrangements can be very complex since services may need to be oversized to accommodate development on other adjacent lands – with payments front-ended by one developer but repayable by others when their subdivisions come on stream.

In addition, in some provinces, development charges are imposed to cover “soft” services such as schools and recreation facilities. These can total a significant sum, which must be paid up-front by the developers.

For purposes of the study, infrastructure charges have been defined so as to include all charges levied by municipalities relating to the installation of services. This covers three main types of charges:

- **Development (cost) charges** (also called lot levies and hectarage assessments) – These are typically levied by municipalities on a per unit or per land-area basis to defray some or all of the costs incurred by municipalities in installing trunk services and/or connections from the trunk services to the subdivision lot line. As noted, in Quebec municipalities, these can also include internal subdivision services. In Ontario, eligible expenditures for which development charges can be levied include soft services such as education. The municipal expenditures eligible for inclusion in the base for development charges are currently under review by the provincial government.
- **Water and sewer connection fees** – In some municipalities, these are significant charges of \$1,000 or more per dwelling.
- **Engineering fees** – Many municipalities require subdivision developers to contribute fees to cover the costs of approval and supervision of infrastructure work on the subdivisions (as well as required external engineering work). These fees are generally a fixed percentage of the cost of installing the infrastructure.

**Exhibit 2-2  
Infrastructure Charges  
Typical Single-Detached Houses**



charges that would apply in each of the 26 municipalities for the *typical* single-detached house. In municipalities that have development (cost) charges, they are by far the largest infrastructure charges. Since these are generally levied on a per unit basis, similar charges would apply for both small and large houses. Therefore, as a percentage of the ultimate price of the dwelling, these charges are proportionately higher for smaller houses compared to larger houses.<sup>2</sup>

Highlights of Exhibit 2-2 include:

- The municipality with the highest infrastructure charges for a *typical* single-detached house among the 26 municipalities covered here is Vaughan (\$19,170).
- Kanata and Mississauga have the next highest infrastructure charges (roughly \$16,000) for the

Where applicable, development (cost) charges (or lot levies or hectareage assessments) are by far the largest component of infrastructure charges. The charges for water and sewer connection fees are significant in some municipalities but tend to be token amounts (or non-existent) in most. Engineering fees present difficulties in comparing costs faced by developers. In some municipalities, fees are payable; in others, the developer is responsible for engaging a third-party engineering firm to perform the work on behalf of the municipality.

Appendix A presents the details behind the infrastructure charges in each municipality and the assumptions used in estimating the charges. Exhibit 2-2 presents a review of the infrastructure

*typical* house. In each of the Ontario municipalities, development charges account for the majority of infrastructure charges. As noted above, in Ontario, development charges can include soft services such as schools and recreational facilities. Also, because development charges in Ontario generally cover the majority of costs associated with connections to external services (unlike many other municipalities), developers do not have to incur the costs of these connections.

- Surrey has the fourth highest infrastructure charge for the *typical* house (\$14,265).
- Laval, Saint-Hubert and Beauport have infrastructure charges in the

\$11,000–\$13,600 range for the *typical* house. These municipalities generally install both the external and internal subdivision services and charge the builder a fixed per metre fee. In the other Quebec municipality, Gatineau, there is only a modest infrastructure charge: developers typically install most of the internal services. In the few instances where the municipality installs the service, the property owner reimburses the municipality through a “local improvement tax.”

- Several of the municipalities have infrastructure charges that are constant regardless of house or lot size. All five Ontario municipalities have a fixed schedule of development charges for each type of dwelling. These account for all, or virtually all, of the infrastructure charges in these municipalities. Similarly, in the B.C. municipalities that have development (cost) charges, there is little or no variation in the charges to reflect the size of the dwelling. In most of the other municipalities, the infrastructure charges are either relatively insignificant, or they vary by lot size.

As noted above, ascertaining the actual net costs to developers associated with municipal infrastructure charges is extremely difficult. Many municipalities have infrastructure charges that are relatively low, but most of these municipalities require the developer to incur greater costs in terms of the construction of connections to trunk services.

### 2.1.2 Land Dedications

Most municipalities require developers to either dedicate 5–10 percent of the land in a subdivision for recreational purposes or provide “cash in lieu” of this portion of land. These land dedications are over and above the land that must be set aside for roads and other public uses (e.g. walkways) within the subdivision. For the purposes of this analysis, the land dedications required in each municipality have been converted into estimates of the value of the land that would be surrendered (less the estimated servicing costs and the amount of the infrastructure charges).

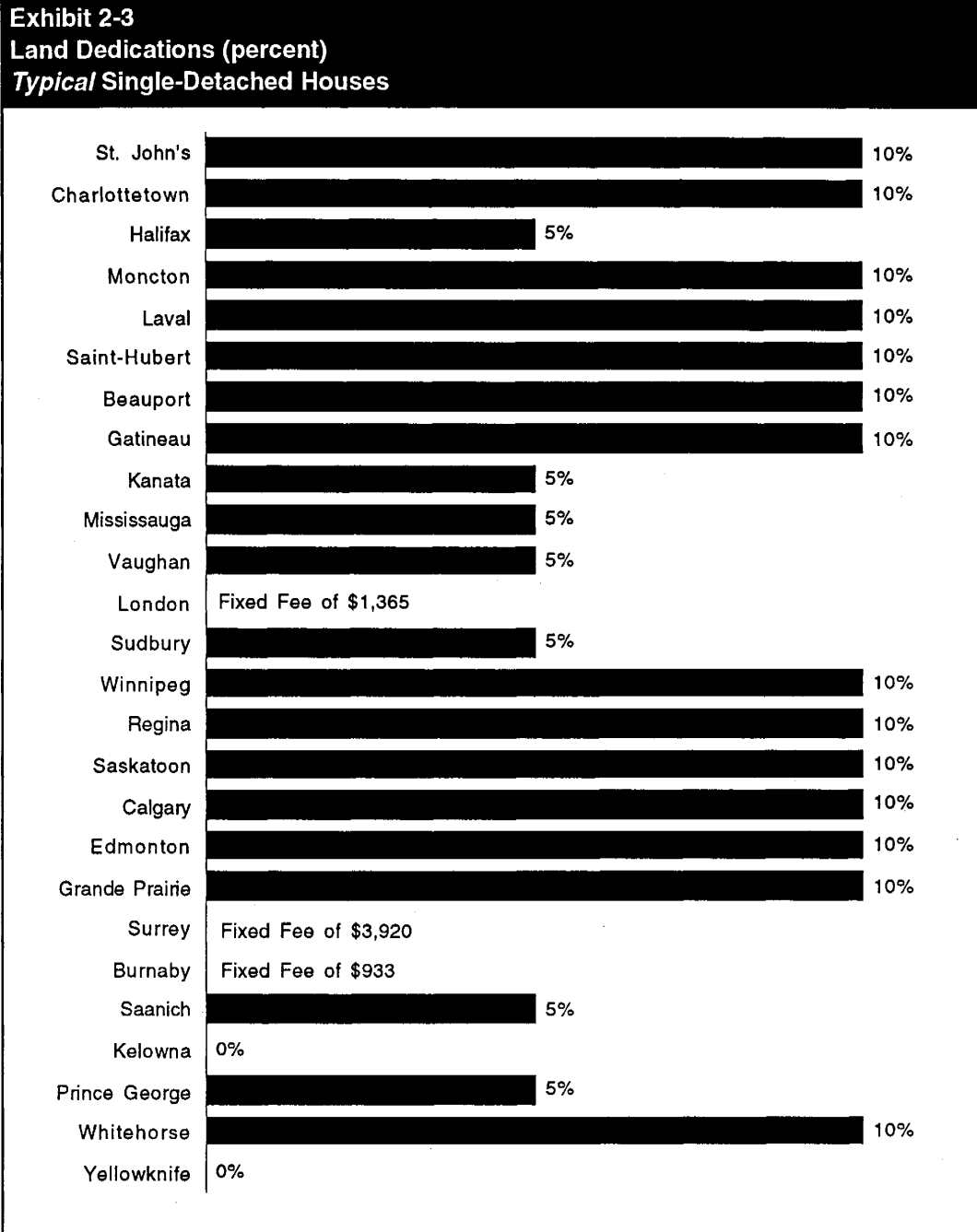
Generally, municipalities will allow “cash in lieu” payments to substitute for land dedications. In most cases, the cash amount is estimated based on the value of the land that would be required, less the servicing costs; however, some municipalities require that “cash in lieu” payments be calculated based on the value of the serviced land. In Regina, for example, “cash in lieu” payments are calculated as 10 percent of the value of the subdivided land, plus the hectareage assessment levy of \$60,000 per gross acre. Some municipalities have a fixed schedule of fees for “cash in lieu” payments.

Exhibit 2-3 presents a review of the share of new subdivision land which the 26 municipalities require for public land use dedications. Highlights of Exhibit 2-3 include the following:

- Most municipalities require either 5 or 10 percent of land to be set aside for public uses.
- A few municipalities, such as Kelowna and Yellowknife, have no public land dedication requirements.
- Some municipalities require cash contributions rather than land dedications. Of the 26 municipalities, the following require cash contributions:
  - London: \$1,365
  - Surrey: \$2,720–\$5,120 (average \$3,920). The amount is collected as part of the development cost charge.<sup>3</sup>
  - Burnaby: \$933

### 2.1.3 Development Application Processing Fees

Most municipalities have a standard set of fees and charges relating to subdivision applications. The fees involved in processing these applications vary significantly among the municipalities: a few have no fees; some have a relatively modest fee structure; some have an extensive array of fee schedules for various parts of the approval process. On a per unit basis, these charges are



relatively small compared to the overall burden of levies, fees and charges borne by new housing. Typical municipal development application processing fees include:

- Subdivision application fees
- Subdivision processing fees
- Site plan approval
- Administration fees
- Advertising fees

**Exhibit 2-4  
Development Application Processing Fees  
Typical Single-Detached Houses**

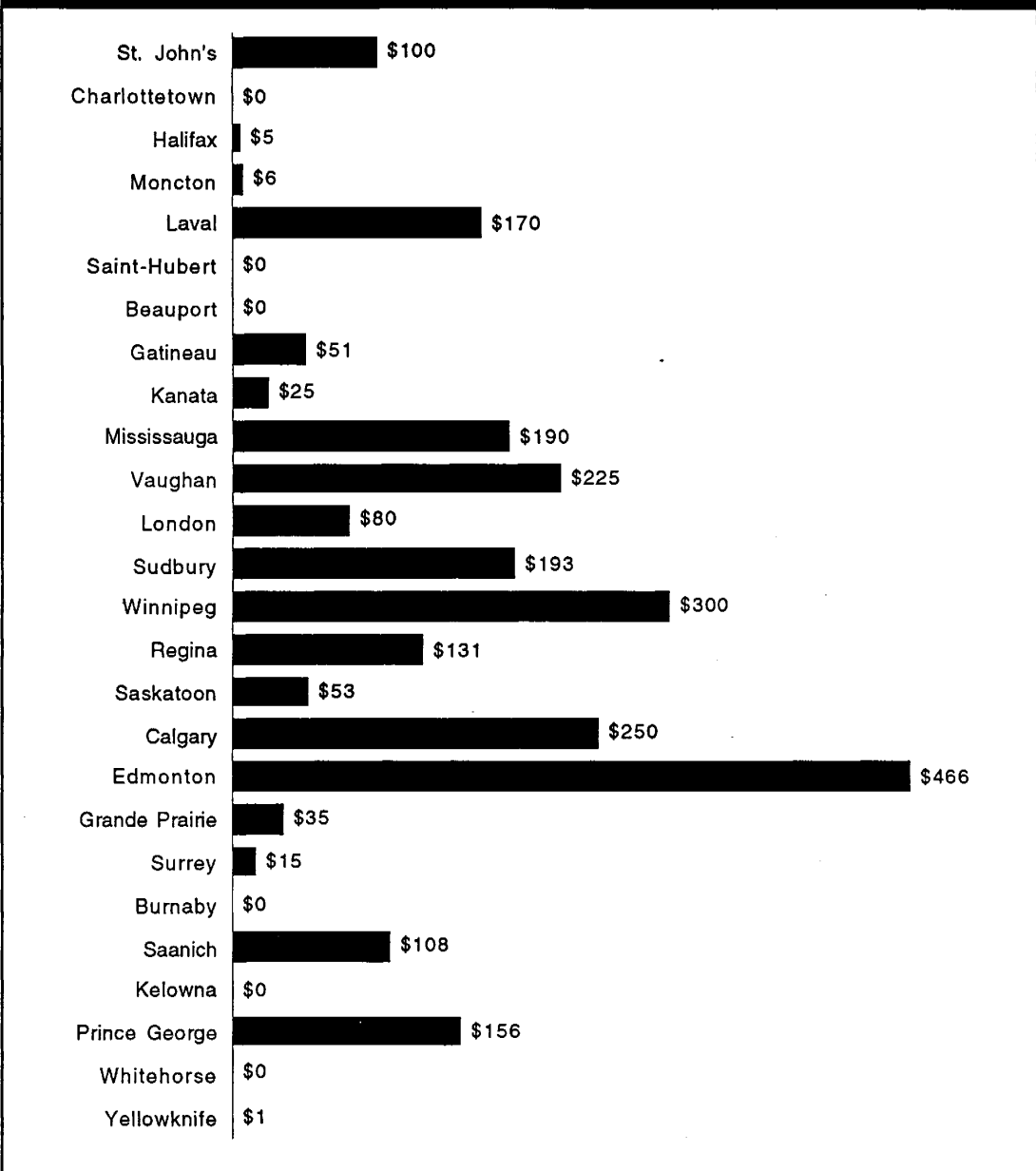


Exhibit 2-4 presents the estimated development application processing fees per unit for each of the 26 municipalities for the *typical* single-detached house. In estimating the fees associated with the processing of development applications, it is assumed that the fees relate to a 40-lot parcel of land with 220 front feet of developable lots per acre. The subdivision is also assumed to have the appropriate zoning in place, so the fees and other

costs associated with rezoning do not apply. If a rezoning is required, depending on the circumstances of the site in question, the additional costs could be substantial. Costs would include not only the fees payable to the municipality but also out-of-pocket costs (e.g. for consultants) and financing charges while the rezoning process takes place.



Highlights of Exhibit 2-4 regarding the estimated development application processing fees per unit in each of the 26 municipalities include the following:

- Edmonton has the highest development application processing fees for the assumed 40-lot subdivision (\$466 per lot).
- Winnipeg, Calgary and Vaughan have the next highest development application processing fees at \$225–\$300 per lot.
- Mississauga is the only one of the 26 municipalities that has development application processing fees from two levels of municipal government (both the City of Mississauga and the Region of Peel). In total, these fees account for \$190 per lot for a 40-lot subdivision.
- Several municipalities have either no fee or marginal fees of less than \$50 per lot to process the subdivision described above.

#### 2.1.4 Building Permit and Plumbing Fees

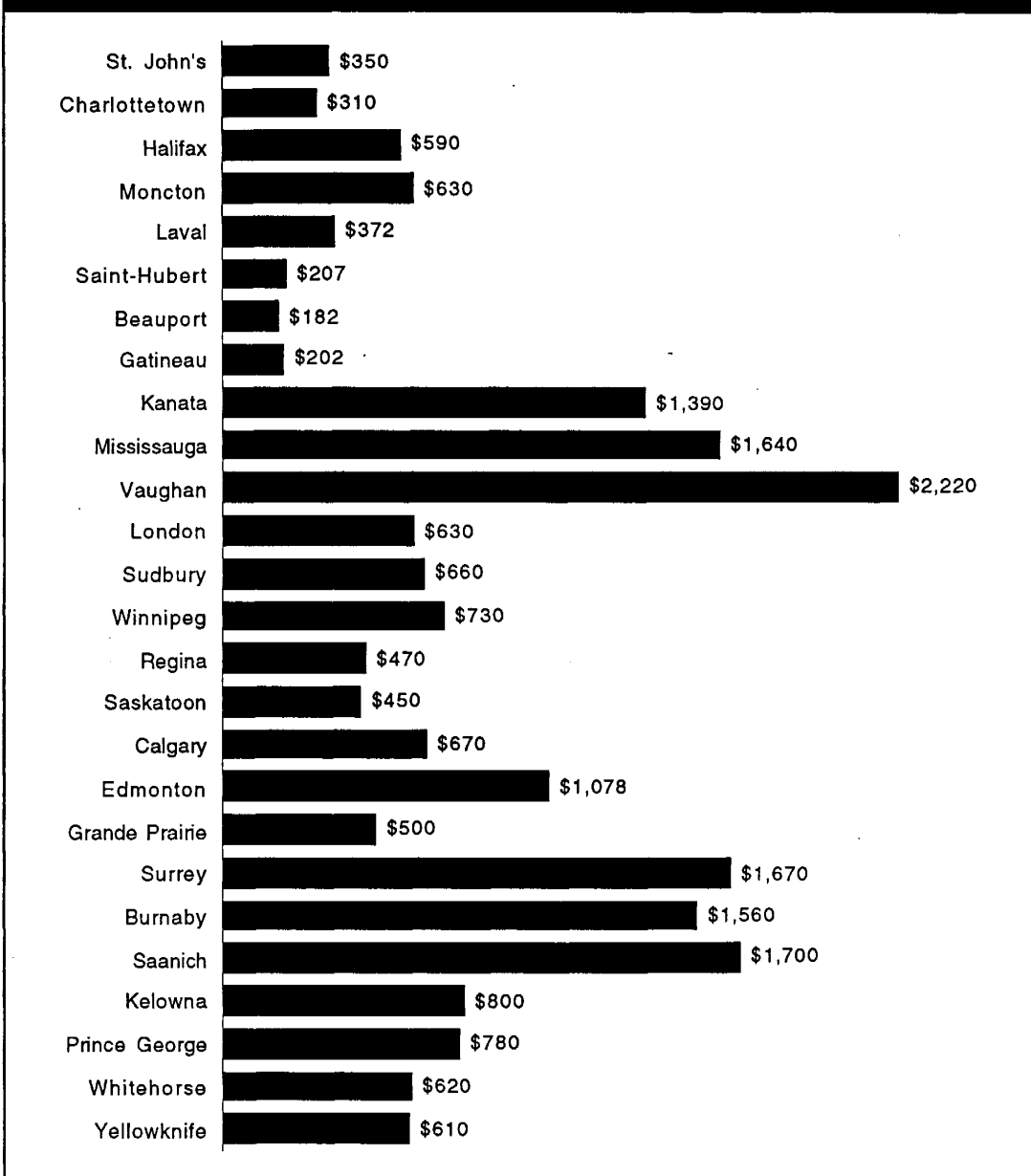
All municipalities have building permit fees that apply to the approval and inspection of new buildings. Some also have separate fees for approval and inspection of plumbing and other parts of the building; however, in many municipalities, these are included in the basic building permit fee. For the purposes of this study, all of these fees related to the construction

of the *typical* house have been combined into one estimated fee. Details of the actual fee schedules in each municipality are included in Appendix A.

Typical types of local fees and charges for the construction phase of new housing include:

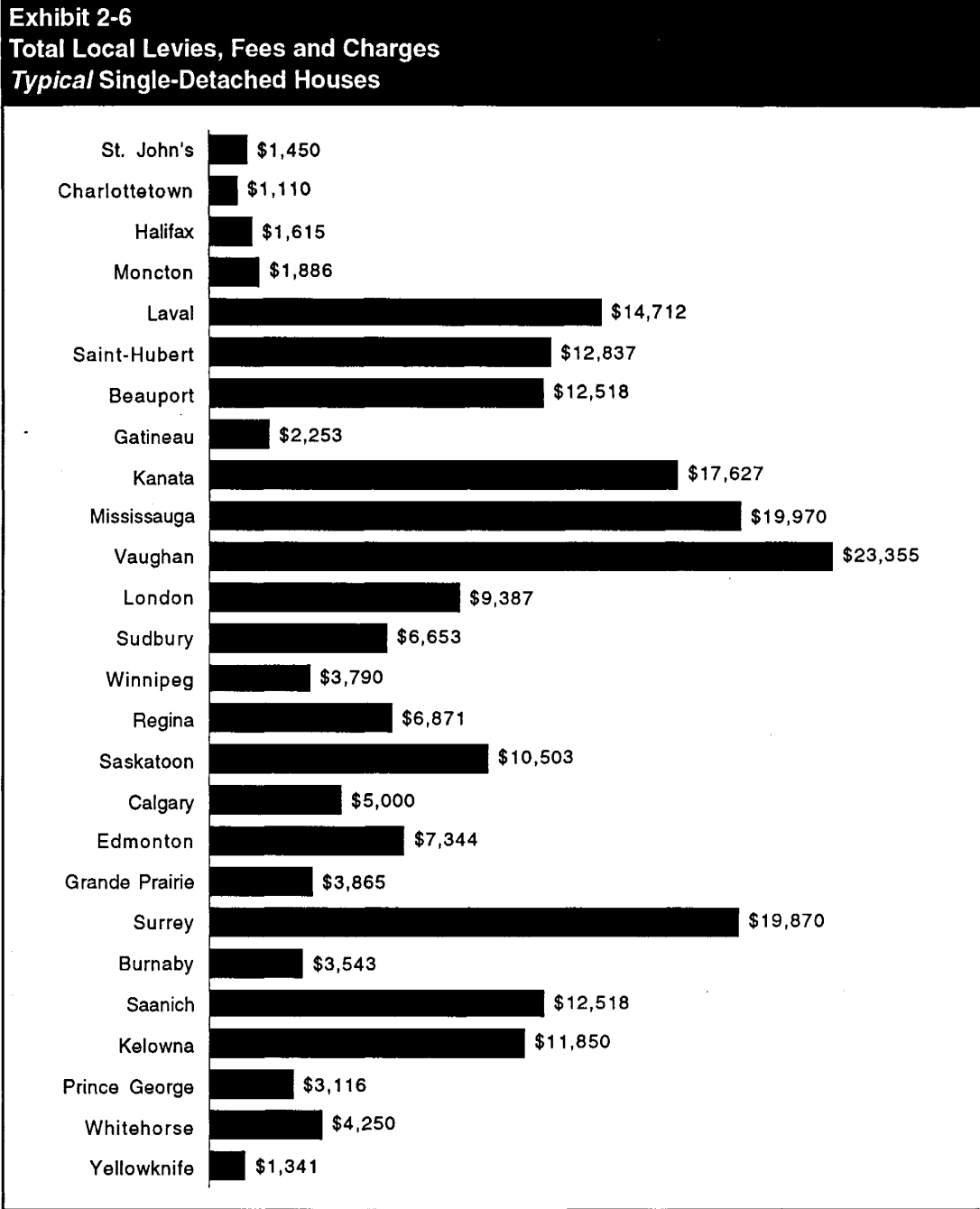
- **Plumbing permits and fees** – These are generally expressed in terms of some standard amount per fixture (sink, toilet, bath, etc.). Often, there is a flat charge for a minimum number of fixtures.
- **Building permit fee** – This is usually a fixed amount per \$1,000 of construction value or is calculated as a fee per square foot of the building. In some cases, the municipality specifies a reference source for the calculation of value per square foot of construction since there is an incentive for applicants to reduce the estimated cost of construction in order to realize a lower building permit fee. In some cases, municipalities also require a deposit, which is refundable following the completion of the building to the satisfaction of municipal inspectors. Refundable deposits are not included in the fees shown here.
- **Mechanical or electrical permits** – Some municipalities charge separate fees for each component of the building. These fees may correspond to the value of the part of the construction in question.

**Exhibit 2-5  
Building Permit and Plumbing Fees  
Typical Single-Detached Houses**



The estimated costs of these various fees and charges related to the construction phase for the *typical* single-detached house are provided in Exhibit 2-5. Highlights include the following:

- Vaughan has the highest fees for the *typical* new house: \$2,220 for a house of 2,200 square feet. The majority of this total is accounted for by the building permit fee of \$9.75 per square metre.
- The next highest fees are charged in the municipalities of Saanich (\$1,700 for an 1,800-square-foot house), Surrey (\$1,670 for a 2,100-square-foot house), Mississauga (\$1,640 for a 2,000-square-foot house) and Burnaby (\$1,560 for a 2,300-square-foot house).
- St. John's, Charlottetown and the four Quebec municipalities have the lowest



building permit and plumbing fees of less than \$400. All six of these municipalities had *typical* single-detached house sizes of 1,300 square feet or less.

**2.1.5 Total Estimated Local Levies, Fees and Charges for Typical Single-Detached Houses**

Exhibit 2-6 presents the total municipal levies, fees and charges for the *typical* single-detached

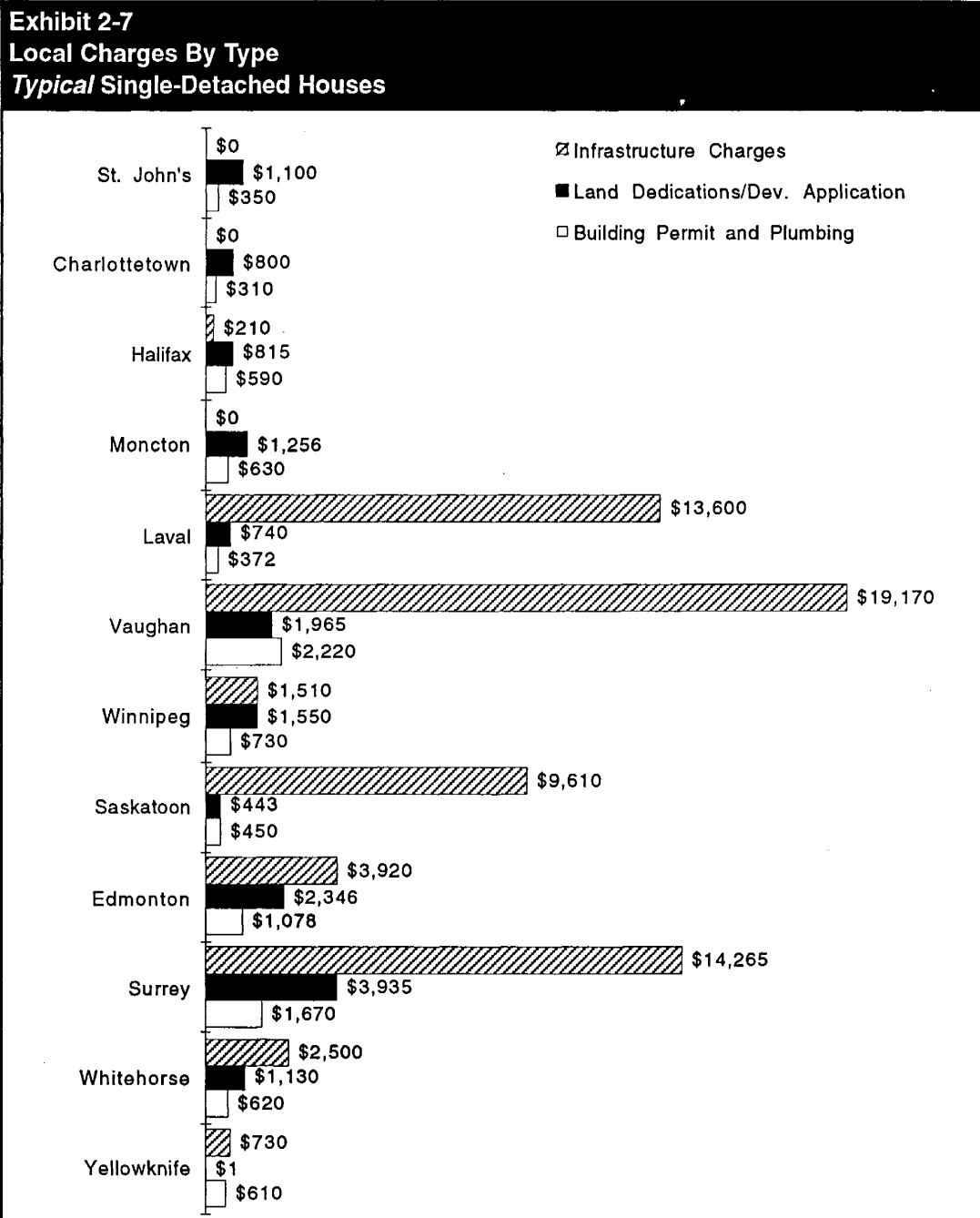
house for each of the 26 municipalities, representing the cumulation of infrastructure charges, estimated value of land dedications, development approvals processing fees and building permit and plumbing fees that have been presented in the previous sections (2.1.1–2.1.4).

Highlights of Exhibit 2-6 include the following:

- Vaughan, Mississauga, Surrey and Kanata are the municipalities with the highest total

of local levies, fees and charges: \$17,627–\$23,355 per *typical* new single-detached house. In all cases, infrastructure charges comprise the lion's share of the total charges: over 80 percent for the three Ontario municipalities, and 70 percent in the case of Surrey because part of the development cost charge (\$3,920) was assumed to be for public land dedication.

- The three Quebec municipalities with significant infrastructure charges, but which also install both internal and external subdivision services (Laval, Saint-Hubert, and Beauport), have the next highest charges (\$12,518–\$14,712) for the *typical* single-detached house. The fourth Quebec municipality, Gatineau, requires developers to bear most of the servicing costs, but has relatively low total municipal charges: \$2,253 for the *typical* house.



- The four Atlantic municipalities plus Yellowknife have the lowest total local levies, fees and charges for *typical* single-detached houses among the 26 municipalities. They range from a low of \$1,110 for Charlottetown and \$1,341 for Yellowknife, to a high of \$1,886 for Moncton. Of course, in these municipalities, the developers must bear the cost of the installation of internal subdivision services plus the construction of connections to municipal trunk services, unlike many of the municipalities that have higher infrastructure charges.

#### **2.1.6 Infrastructure Charges: The Most Important Local Charge in Most Municipalities**

Infrastructure charges clearly account for the majority of the local charges on new housing in the municipalities that have the largest total of levies, fees and charges. Exhibit 2-7 presents a breakdown by type of charge for 12 of the 26 municipalities: the municipalities in each of the territories and Atlantic provinces, plus one municipality in each of the other six provinces (the municipality with the highest levies, fees and charges for the *typical* single-detached house).

For each municipality, the local charges are disaggregated into the following three groups:

- Infrastructure charges;
- Land dedications and development application processing fees; and
- Building permit and plumbing fees.

Highlights of Exhibit 2-7 include the following:

- Clearly, the main factor governing differences in the volume of municipal levies, fees and charges payable on the *typical* new house is the size of the infrastructure charges that apply. While there are obviously differences among the various municipalities in the levels of other types of fees and charges, they are relatively minor compared with the volume of infrastructure charges.

- Infrastructure charges account for over 80 percent of the total levies, fees and charges in Vaughan, over 90 percent in Laval and Saskatoon, and over 70 percent in Surrey. Among the municipalities covered in this analysis, these are the municipalities with the highest total levies, fees and charges in each province. Other municipalities have lower total charges; the difference is generally due to lower infrastructure charges.

## 2.2 Local Charges for *Typical* Row Dwellings

Up to this point, the analysis of local levies, fees and charges has concentrated on the *typical* single-detached house in each municipality. This section presents estimates of the charges faced by builders of a *typical* row house in each municipality. The extension of the analysis in this report to include row dwellings is intended to assess the total charges that would apply to more modest and affordable dwellings.

Exhibit 2-8 presents a summary of the prices and sizes for *typical* row houses as well as the

**Exhibit 2-8**  
**Total Local Levies, Fees and Charges**  
*Typical* Row Dwellings

<u>Municipality</u>	<u>Price</u>	<u>House Size (sq. ft.)</u>	<u>Total Local Levies, Fees and Charges</u>
St. John's	\$74,000	900	\$1,310
Charlottetown	\$84,000	1,000	\$1,140
Halifax	\$81,000	900	\$1,384
Moncton	\$86,000	1,100	\$996
Laval	\$91,000	1,150	\$9,344
Saint-Hubert	\$92,000	1,150	\$5,557
Beauport	\$80,000	1,000	\$6,140
Gatineau	\$86,000	1,100	\$1,340
Kanata	\$119,000	1,200	\$14,374
Mississauga	\$142,000	1,200	\$18,440
Vaughan	\$153,000	1,300	\$19,275
London	\$91,000	1,200	\$7,528
Sudbury	\$91,000	900	\$5,140
Winnipeg	\$100,000	1,100	\$2,620
Regina	\$90,000	1,000	\$3,431
Saskatoon	\$87,000	1,000	\$5,813
Calgary	\$106,000	1,200	\$3,700
Edmonton	\$98,000	1,100	\$4,422
Grande Prairie	\$90,000	900	\$2,332
Surrey	\$176,000	1,400	\$17,595
Burnaby	\$270,000	1,800	\$2,719
Saanich	\$140,000	1,000	\$8,398
Kelowna	\$135,000	1,100	\$11,477
Prince George	\$100,000	1,000	\$1,936
Whitehorse	\$110,000	1,200	\$3,060
Yellowknife	\$120,000	1,200	\$1,313

estimated total local levies, fees and charges that would apply for this *typical* dwelling. Appendix A presents information on how the prices and dwelling sizes of these *typical* row dwellings were derived. Briefly, they were based on information provided by local builders and developers. In many cases, this information was used as a base to construct a more modest row dwelling, since many of the examples provided related to relatively expensive townhouse projects. The *typical* row house is intended to be a modest street townhouse on a 20-foot lot. As is evident from Exhibit 2-8, the size of the *typical* row dwelling varies from one municipality to the next. Highlights of Exhibit 2-8 include the following:

- There is a significant variation in the characteristics of the *typical* row houses among the 26 municipalities. They vary from a 900-square-foot dwelling in several municipalities, including St. John's, Halifax, Sudbury and Grande Prairie to an 1,800-square-foot dwelling in Burnaby.
- Prices also vary similarly: from \$74,000 in St. John's to \$270,000 in Burnaby.
- As with the *typical* single-detached house, the municipalities with the highest total levies, fees and charges for the *typical* row house are Vaughan (\$19,275), Mississauga (\$18,440), Surrey (\$17,595) and Kanata (\$14,374).
- The total levies, fees and charges for *typical* row dwellings in these four municipalities are lower than the totals that apply to the *typical* single-detached house in each case. However, the reduction is less than 20 percent in each of the municipalities, despite much smaller dwelling and lot sizes.
- In most municipalities, the total levies, fees and charges for the *typical* row dwelling are less than for the *typical* single-detached house; but, as with the above four municipalities, the difference is generally less than their smaller dwelling and lot size

would appear to warrant. In the case of Kelowna, the total for the *typical* row dwelling is \$11,477, only marginally below the \$11,850 for the *typical* single-detached house. One reason is that the *typical* row house is only 150 square feet smaller than the *typical* single-detached house. The main factor is that both types of dwelling attract the same development cost charge of a minimum of \$10,147 per unit.

- Most municipalities with significant infrastructure charges have a lower schedule of charges for row dwellings than for single-detached dwellings; however, they generally represent a higher proportion of the dwelling price.
- The total local levies, fees and charges are lowest in the four Atlantic municipalities and in Yellowknife — less than \$1,400 per unit.

### 2.3 Local Charges for *Standard* Single-Detached Houses

The discussion so far has related to the local charges that apply to single-detached or row dwellings that are *typical* of modest homes being built in each of 26 municipalities. As Exhibits 2-1 and 2-8 illustrate, there are significant differences in the characteristics of these *typical* dwellings, especially for single-detached houses. As a result, it is difficult to make inter-municipal comparisons of the levels of levies, fees and charges. Some differences are due simply to the fact that the dwellings and lots are different sizes.

The *standard* single-detached house is introduced in an attempt to provide a more consistent basis of comparison by using the same size of house and lot in all of the municipalities. The *standard* house is 1,200 square feet in area and is located on a 35-foot lot. The construction costs per square foot and the land costs per front foot are assumed to be the same as for the *typical* house in each municipality; so despite the common size, the prices of the *standard* house vary significantly among the 26 municipalities.

**Exhibit 2-9**  
**Total Local Levies, Fees and Charges**  
**Standard Single-Detached Houses**

**Size:** 1,200 square feet  
**Lot frontage:** 35 feet

Municipality	Price	Total Local Levies, Fees and Charges
St. John's	\$93,000	\$1,400
Charlottetown	\$100,000	\$1,020
Halifax	\$107,000	\$1,901
Moncton	\$100,000	\$1,431
Laval	\$101,000	\$14,712
Saint-Hubert	\$101,000	\$9,037
Beauport	\$94,000	\$9,083
Gatineau	\$103,000	\$2,253
Kanata	\$125,000	\$17,217
Mississauga	\$176,000	\$19,980
Vaughan	\$176,000	\$22,995
London	\$112,000	\$9,297
Sudbury	\$118,000	\$6,633
Winnipeg	\$117,000	\$3,790
Regina	\$111,000	\$5,471
Saskatoon	\$107,000	\$8,602
Calgary	\$121,000	\$5,640
Edmonton	\$117,000	\$7,235
Grande Prairie	\$122,000	\$3,215
Surrey	\$200,000	\$19,330
Burnaby	\$303,000	\$2,703
Saanich	\$183,000	\$10,028
Kelowna	\$130,000	\$11,620
Prince George	\$128,000	\$2,656
Whitehorse	\$121,000	\$3,710
Yellowknife	\$134,000	\$1,311

Exhibit 2-9 presents estimates of the prices and the total local levies, fees and charges for the *standard* house in each of the municipalities. Highlights include:

- The price of the *standard* house varies from a low of \$93,000 in St. John's and \$94,000 in Beauport to a high of \$303,000 in Burnaby and \$200,000 in Surrey. Of course, given land costs, it is unlikely that there are a large number of *standard* 1,200-square-foot houses being built in Burnaby or Surrey.

In general, the levies, fees and charges for the *standard* house are lower than for the *typical* house. The average reduction among the 26 municipalities is about 8 percent. This lower level of levies, fees and charges is due to the fact that in most municipalities, the *standard* house (and lot) is smaller than the *typical* house.

- As with the *typical* house, the municipalities of Vaughan, Mississauga, Surrey and Kanata have the highest levels of local charges for



the standard house, ranging from \$17,217 to \$22,995 for the four municipalities. This is not substantially different from the \$17,627–\$23,355 range of total levies, fees and charges for the typical houses in each of the municipalities (Exhibit 2-6). It suggests that the size of the house and lot do not have a major impact on the total local charges that apply to new houses in these municipalities.

- With the *standard* house, there is little difference in the rankings of the municipalities in terms of the amounts of levies, fees and charges incurred (compared to the ranking with the *typical* house in Exhibit 2-6). Not only do the same four municipalities have the highest charges, but the same eight municipalities have the lowest charges, in almost exactly the same order.
- Despite the significant differences in the size and cost of the *standard* versus the *typical* house in many municipalities, the relatively small differences in the total levies, fees and charges are due to the fact that the bulk of these charges (i.e. infrastructure charges) are based on a “per unit” basis and would, therefore, be the same for both the *standard* and the *typical* house. As stated previously, the use of a fixed charge per unit means that municipal charges represent a higher proportion of the total price for smaller, more modest dwellings compared with larger, more expensive ones.

In general, there appears to be relatively little difference in the total amounts (and rankings) of local levies, fees and charges for the *typical* versus the *standard* house. In the interest of keeping the narrative as concise as possible, the remainder of this report concentrates on analyzing the effects of the various levies, fees, charges, taxes and transaction costs on the *typical* single-detached and row dwellings. Estimates of the provincial and federal taxes, and transaction costs payable on the *standard* house are provided in Appendices B and C.

## 2.4 Provincial Charges and Taxes for New Housing

Two types of costs faced by new housing are dealt with here: provincial sales taxes and provincial new home warranty program fees. Many provinces also have land transfer taxes that apply when dwellings or land are sold. These are dealt with in Chapter 3, which covers the transaction costs associated with land purchases and housing sales.

### 2.4.1 Provincial Sales Taxes

New housing development generates significant revenues for most provincial governments through retail sales taxes. Neither of the territories has retail sales taxes, nor does Alberta.

With the exception of the Province of Quebec, provincial sales taxes are applied to the materials used in the construction of the dwellings. Estimating the amounts of provincial sales taxes included in new housing required estimates of the share of new dwelling<sup>4</sup> prices that were comprised of (taxable) materials (including those used in installing the infrastructure for the subdivision) in each municipality: these estimates were based on information provided by local builders and CMHC.

In Quebec, the provincial sales tax has been harmonized with the GST, so the provincial tax applies to the full sale price of the house. However, like the GST, there is a rebate of part of this tax for lower-priced ownership dwellings (those priced less than \$175,000). Since the *typical* houses included in this analysis for Quebec are in this price range, the appropriate provincial sales tax for these dwellings is equivalent to 4.34 percent of the (pre-GST) price. For rental housing, the provincial sales tax in Quebec is 6.5 percent of the sale price of the project (or the cost of the project, in the case of those building for their own portfolio).

**Exhibit 2-10**  
**Provincial Sales Tax (PST)**  
**Typical Single-Detached Houses**

<u>Municipality</u>	<u>Price</u>	<u>PST Payable</u>	<u>Percent of Price</u>
St. John's	\$85,000	\$4,129	4.9
Charlottetown	\$96,800	\$3,894	4.0
Halifax	\$90,000	\$3,599	4.0
Moncton	\$123,200	\$5,316	4.3
Laval	\$108,000	\$4,687	4.3
Saint-Hubert	\$116,400	\$5,052	4.3
Beauport	\$90,000	\$3,906	4.3
Gatineau	\$102,800	\$4,462	4.3
Kanata	\$169,600	\$4,958	2.9
Mississauga	\$217,900	\$5,735	2.6
Vaughan	\$230,000	\$6,258	2.7
London	\$129,900	\$3,242	2.5
Sudbury	\$110,000	\$2,962	2.7
Winnipeg	\$117,000	\$2,891	2.5
Regina	\$119,000	\$3,953	3.3
Saskatoon	\$107,100	\$3,594	3.4
Calgary	\$121,000	-	-
Edmonton	\$129,500	-	-
Grande Prairie	\$115,000	-	-
Surrey	\$269,900	\$5,202	1.9
Burnaby	\$479,200	\$5,921	1.2
Saanich	\$281,700	\$4,716	1.7
Kelowna	\$154,600	\$3,160	2.0
Prince George	\$164,000	\$3,881	2.4
Whitehorse	\$145,000	-	-
Yellowknife	\$165,000	-	-

Exhibit 2-10 presents estimates of the total provincial sales tax that would be payable for the *typical* single-detached house in each of the 26 municipalities covered in this study. Details about the derivation of the estimates of provincial sales tax included in new housing are provided in Appendix B.

*typical* price). Newfoundland has the highest rate of provincial sales tax (12 percent) that applies to materials. Other provinces have lower provincial sales tax rates and there is correspondingly less provincial sales tax payable on the materials used in a new house in these provinces.

Highlights of Exhibit 2-10 include the following:

- St. John's has the highest effective rate of provincial sales tax (4.9 percent of the
- All four Atlantic municipalities have relatively high effective rates of provincial sales tax, equivalent to over 4 percent of the price of the *typical* house. This is due

to the high rates of provincial sales tax (10–12 percent, compared with 7–9 percent in the other provinces with sales taxes, except for Quebec), plus the fact that land costs are relatively low in Atlantic Canada compared with many municipalities in the rest of Canada. Since land is not subject to provincial sales tax, high land costs tend to reduce the PST share of the total house price.

- In Quebec, the 4.34 percent harmonized tax is applied to the full price of the house, rather than just the materials, as is the case in other provinces.
- *Typical* houses in the other municipalities in provinces that have provincial sales tax generally attract between 1.2 and 2.4 percent “effective” rates of tax (in B.C.) up to 3.3–3.4 percent (Saskatchewan).
- Variations in the “effective” rate of provincial sales tax paid among different municipalities in the same province (and hence subject to the same rate of PST) are mainly a result of varying shares of the final house price due to (untaxed) land.
- Since Alberta and the territories have no retail sales taxes, there is no tax payable in these jurisdictions.

#### **2.4.2 Provincial New Home Warranty Program Fees**

Fees to provincial new home warranty programs are typically payable on newly built homes. In all provinces except Ontario, warranty coverage for new ownership homes is optional; however, most new homebuilder-built homes are enrolled in a warranty program. Many of the programs have a sliding fee-scale based on factors such as the length of time the builder has been enrolled in the program and past history with respect to warranty problems. For the purposes of the analysis, it is assumed that builders enroll their new homes in a warranty program and that they are eligible for the lowest enrollment fees consistent with the price and type of dwelling. The assumption that builders enroll in the warranty programs is based on the fact that mortgage insurance for new homes generally requires warranty coverage. In Chapter 3 (Overview of Transaction Costs), it is assumed that the purchaser acquires a 90 percent insured mortgage.

**Exhibit 2-11**  
**Warranty Fees**  
**Typical Single-Detached Houses**

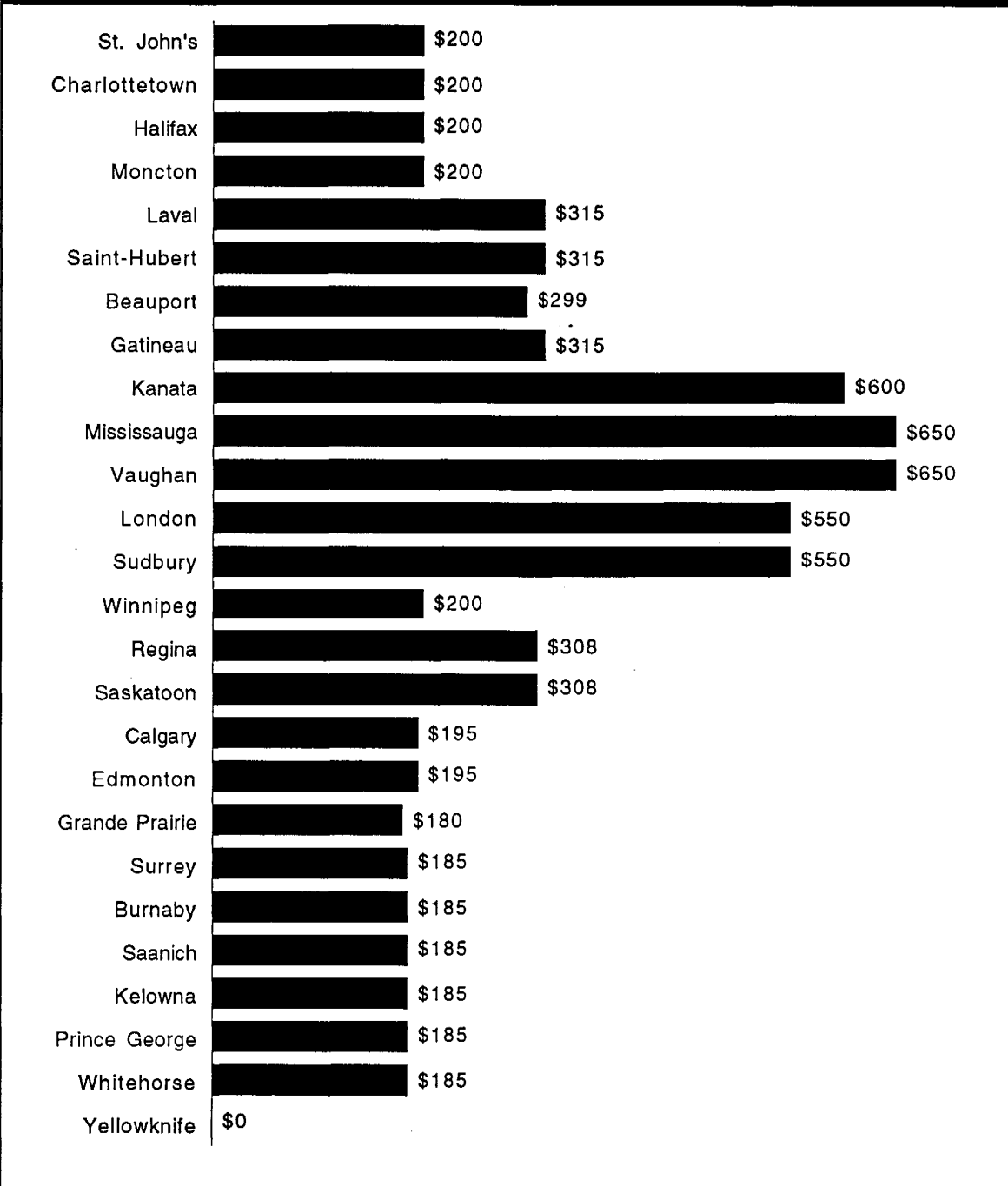


Exhibit 2-11 presents estimates of the new home warranty fees that are payable for the *typical* new single-detached house in each of the 26 municipalities. Highlights include the following:

- The fees range from a low of \$180–\$185 for the *typical* house in Alberta, B.C. and Yukon to a high of \$650 in Mississauga and Vaughan. Since there is no warranty program in the Northwest Territories, no fee applies in Yellowknife.

- By region, B.C., the Yukon and Alberta have the lowest fees, followed closely by Atlantic Canada and Manitoba. Ontario has by far the highest fees — about double the amounts for Quebec and Saskatchewan.

In Ontario and Quebec, the warranty fees are also subject to provincial sales tax. In all provinces, they are subject to the GST. In Saskatchewan, the fee includes the GST.

Appendix B presents more details about each of the provincial warranty programs, as well as the warranty program fees that would be payable on the *typical* row dwelling and the *standard* single-detached house.

## 2.5 Federal Goods and Services Tax (GST)

Prior to 1991, the federal government levied a sales tax on manufactured goods, known as the Manufacturers' Sales Tax. It was replaced by the GST in January 1991. The GST applies to all new housing, though purchasers of dwellings priced under \$350,000 are eligible for a rebate of 36 percent of the GST paid (effectively a rebate equivalent to 2.52 percent of the price of the dwelling). With this rebate, the effective rate of GST on a new dwelling (priced less than \$350,000) purchased by an owner-occupant is 4.48 percent.

For new owner-occupied dwellings priced between \$350,000 and \$450,000, the amount of the GST rebate declines progressively to nil for homes priced at \$450,000 or more. For

rental dwellings, there is no rebate. New privately-owned rental housing is subject to the full 7 percent GST applied to the sale price (if sold to another owner), or the fair market value (defined to be at least the cost of construction plus land, etc.) if the building is retained for the developer's own portfolio.

Exhibit 2-12 presents the GST that would be payable for the *typical* single-detached house in each of the 26 municipalities. As noted previously, the prices of these

**Exhibit 2-12**  
**GST Payable on Typical Single-Detached Houses**

Municipality	Typical House Price	GST Percent	GST Payable
St. John's	\$85,000	4.48	\$3,808
Charlottetown	\$96,800	4.48	\$4,337
Halifax	\$90,000	4.48	\$4,032
Moncton	\$123,200	4.48	\$5,519
Laval	\$108,000	4.48	\$4,838
Saint-Hubert	\$116,400	4.48	\$5,215
Beauport	\$90,000	4.48	\$4,032
Gatineau	\$102,800	4.48	\$4,605
Kanata	\$169,600	4.48	\$7,598
Mississauga	\$217,900	4.48	\$9,762
Vaughan	\$230,000	4.48	\$10,304
London	\$129,900	4.48	\$5,820
Sudbury	\$110,000	4.48	\$4,928
Winnipeg	\$117,000	4.48	\$5,242
Regina	\$119,000	4.48	\$5,331
Saskatoon	\$107,100	4.48	\$4,798
Calgary	\$121,000	4.48	\$5,421
Edmonton	\$129,500	4.48	\$5,802
Grande Prairie	\$115,000	4.48	\$5,152
Surrey	\$269,900	4.48	\$12,092
Burnaby	\$479,200	7.00	\$33,544
Saanich	\$281,700	4.48	\$12,620
Kelowna	\$154,600	4.48	\$6,926
Prince George	\$164,000	4.48	\$7,347
Whitehorse	\$145,000	4.48	\$6,496
Yellowknife	\$165,000	4.48	\$7,392

*typical* houses (and, therefore, the base on which the GST is calculated) are the market price of the 20th percentile dwelling in each of the municipalities. These prices are, of course, inclusive of levies, fees, charges and taxes paid in the process of developing the land and building the dwelling. Therefore, to the extent that the prices of these houses are higher due to these levies, fees, charges and taxes, the GST is “pyramiding” on these other government-mandated costs and taxes.

Highlights of Exhibit 2-12 include the following:

- *Typical* houses in all of the municipalities, except for Burnaby, qualify for the full GST rebate, so the effective rate of GST is 4.48 percent. In Burnaby, the \$479,200 house attracts the full 7 percent GST, or \$33,544.
- Since Saanich, Surrey and Vaughan have the highest *typical* house prices, they attract the highest GST — over \$10,000. St. John’s has the lowest *typical* house price (\$85,000); the GST payable on that house is \$3,808.

Estimates of the GST payable on the *typical* row dwellings and *standard* single-detached house are included in Appendix B. Chapter 4 presents estimates of total levies, fees and charges for *typical* single-detached and row dwellings, combined with the transaction costs that would generally be payable in each case. These transaction costs are the subject of Chapter 3.

## **2.6 Levies, Fees, Charges and Taxes Payable on Rental Dwellings Compared with Ownership Dwellings**

As part of the preparatory work for this study, the authors sought information on any differences in treatment of dwellings intended for rental occupancy versus dwellings intended for owner-occupancy. No significant differences were encountered in terms of municipal levies, fees and charges. The amount for local charges for a building intended for rental occupancy would be

the same if that building were intended for sale to owner-occupants.

Similarly, the provincial sales tax on the materials used in the building would be the same whether the building was intended for owners or rental occupancy. In terms of warranty coverage, the programs in Ontario, Manitoba and Saskatchewan do not cover rental housing.

The most significant difference in treatment of rental housing compared with ownership housing is presented by the GST (and the harmonized provincial sales tax in Quebec). As discussed in Section 2.5, most ownership housing is eligible for a rebate of GST, which reduces the effective tax to 4.48 percent. For rental housing, no such rebate applies. It is subject to the full 7 percent GST on the value of the new building.

Therefore, a new apartment unit that costs \$100,000 to build would be subject to \$7,000 in GST if it were intended for rental occupancy. If the same unit were sold to an owner-occupant, there would be some additional costs built into the price to cover marketing and sales commissions; but the GST payable on the new unit would likely be less than \$5,000. For a given 100-unit apartment building, the GST collected for a rental building would be over \$200,000 more than for the same building sold as condominiums. In Quebec, the harmonized provincial sales tax would also be significantly higher for rental housing compared with ownership housing.

This is a change in the federal sales tax treatment of ownership versus rental housing that commenced with the introduction of the GST. The federal Manufacturers’ Sales Tax, which was replaced by the GST, applied only to materials; therefore an apartment building would have been subject to the same amount of federal sales tax, whatever the intended occupancy.

# 3.0 – OVERVIEW OF TRANSACTION COSTS

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This chapter presents details of transaction costs, namely the costs that a buyer will face in order to execute a contract for the purchase of real estate. Most of these costs are referred to in the legal community as the fees and disbursements related to the “conveyancing” of the real estate. The information was collected from a variety of sources, including lawyers who are practising in the 26 municipalities, and who were recommended by the housing industry and/or by the Real Estate Section of the Canadian Bar Association.

For the purposes of this study, it is assumed that there are two transactions involved in the development and ultimate sale of new housing:

- The developer’s acquisition of the raw land; and
- The ultimate sale of the dwelling to the consumer/homebuyer.

Of course, there could be any number of intermediate transactions involving the land; but there would be at least these two transactions.

This chapter presents estimates of the amounts of transaction costs involved in each of these property sales for the *typical* new single-detached and row dwellings in each of the 26 municipalities. Prior to presenting these estimates, the chapter provides a general description of the various transaction costs and differences in the treatment of these costs by province/territory. Since many transaction costs are based on provincial/territorial charges, the variation in these costs among municipalities within a province is typically less than the variation among provinces.

## 3.1 Types of Transaction Costs

In general, the transaction costs associated with purchasing a dwelling (or land, in the case of a developer) can be disaggregated into two distinct contracts: those relating to the purchase itself, and those relating to the mortgage financing. The terminology relating to transaction costs varies

from one jurisdiction to another, but most basic concepts are constant. The standard transaction costs include the following:

- Surveys
- Certificates
- Lawyers/Notaries
- Land Transfer Tax/Registration
- Mortgage fees
- Other fees
- GST and Provincial Sales Tax

Each of these transaction costs is discussed below. Certain costs are computed according to a fixed formula. These typically are the costs imposed by the government. The private sector, however, is intrinsically more variable.

### 3.1.1 Surveys

Every major lender has basic requirements for an exact plan (i.e. a survey) of the real estate being mortgaged. The results of those surveys are stated in a certificate or report, which becomes a necessary part of the transaction’s paper trail.

Since surveying services are offered by the private sector, there is often considerable variation in pricing. Except in Ontario, the prices for surveys related to a home purchase range from a low of \$200 to a high of \$500, with the majority reporting prices between \$275 and \$375 if the survey was obtained by the purchaser. In Ontario, however, surveys were quoted at various prices ranging up to \$950.

In the case of the purchase of a home from a subdivision builder (as assumed in this report), it is the customary practice of most major builders to provide a survey to the homebuyer as part of the purchase. That relieves the buyer of the responsibility and expense of commissioning a survey. The builder generally negotiates a bulk price for the surveys for a subdivision that would likely be significantly less than the prices indicated above for surveys obtained by individuals.

### 3.1.2 Certificates

Transfer of title, with or without a mortgage, usually requires considerable paperwork, whether for builders or consumers. There are certificates of title, certificates attesting that there are no liens or executions against the property, certificates attesting that the property complies with planning and zoning, certificates attesting that municipal taxes have been paid and, in the case of condominiums, there are the documents of the condominium corporations and certificates attesting that the corporation is in good order. The documentation can be categorized into the following:

- **Searches at the Land Titles Office** – This concerns the vendor’s capacity to transfer clear title. The search assures the buyer that there is nobody who could have a subsisting legal claim against the property being bought. In the course of that process, certain official documents may or may not be required (depending on the province or territory) such as “abstracts of title” and “certified copies of title.” For example, in some areas, it is customary for the buyer to file a notice at the Office (called a “caveat”) that the Agreement of Purchase and Sale has been signed (and before the transfer has been finalized), although that requirement is rare. If there are existing mortgages on title, they must be cleared, although that is virtually always at the cost of the vendor.
- **Searches elsewhere than at the Land Titles Office** – For the sake of prudence, the paper trail must also address the various claims that third parties may have on the property and that are not part of usual title documents at the Land Titles Office. Many jurisdictions demand a special certificate (from the sheriff or other official) showing that there are no court seizures (“executions”) or liens outstanding against the property. Most insist on a document confirming that the property complies with municipal planning and zoning

regulations, and some require official notification of compliance with the rules of local utilities and municipal tax authorities.

- **Condominium documents** – In the case of condominiums, the paper trail must include a copy of the documents of the condominium corporation. These can be voluminous. Traditionally, the paper trail would also include a statement attesting that the condominium fees were paid in full, and that the condominium corporation has no outstanding claims against the unit (this statement is called an “estoppel certificate”). In theory, such a certificate is unnecessary for new units, since there could be no pre-existing condominium fees that might be unpaid; however, several jurisdictions insist on estoppel certificates even for new units, presumably because the certificate includes other important items such as proof of insurance and an attestation that there are no lawsuits against the condominium corporation.

Condominium documents and certificates usually cost between \$20 and \$100. In most jurisdictions, the other certificates have a cumulative total, which ranges between a low of \$60 to a high of \$200, except in Quebec and Ontario. In Quebec, municipalities and school boards usually issue attestations that no back taxes are owing on the property, in the form of letters. These are generally issued for little or no cost. In Ontario, required municipal certificates can include not only zoning, planning and taxes, but also work orders and subdivision (both municipal and regional). In addition, Ontario appears unique in requiring certificates pertaining to payment of utilities (roughly \$30 per utility). Cumulatively, these certificates can total \$450 or more in some cases; however, in most municipalities they are in the \$270–\$300 range.

In general, these expenses (certificates, condominium documents, documents at the Land Titles Office, etc.) do not add up to a very



significant amount. The collection of these documents does not add a significant amount to legal fees, since most lawyers arrange for them to be collected by secretaries or agents.

### **3.1.3 Lawyers/Notaries**

Concerning the legal fees themselves, the invoice from a lawyer or notary will typically distinguish between the fees (“honoraria”) and a proliferation of minor costs for disbursements such as photocopying, postage, fax and courier. In some transactions, including most involving mortgages, the law may require that the spouse of the buyer obtain “independent legal advice” on the ramifications of the transaction. There will typically be legal fees attached to this consultation as well.

Not surprisingly, there are variations in the fee structure from one jurisdiction to the next, and from firm to firm within the same jurisdiction. These variations apply to the work done for both builders and consumers. For instance, in this study, over 40 lawyers were asked for the typical legal fees to transfer title on a starter home (including preparation and registration of a mortgage). Responses ranged from ± \$400 to ± \$1,100. In some cases, these included services and disbursements that are classified in this analysis in other expense categories. From the analysis of the information received, it appears that the majority of firms identified legal fees (for purchase plus mortgage) in the range of \$500 to \$750. If there is no mortgage, the cost would be roughly \$150–\$200 lower. The legal work on a mortgage alone would typically be higher than this; however, there are economies in undertaking the legal work for both the purchase and the mortgage at the same time. Of course, the legal fees vary depending on the lawyer, so these should be considered as rough estimates only.

In Ontario, there is an additional \$50 payable to cover lawyers’ insurance.

Lawyers provide an opinion on whether the buyer is acquiring clear title to the property. This opinion comes with a guarantee of accuracy, and

is usually indispensable for a mortgage. In the United States, such opinions are usually issued by a title insurance company instead of a lawyer. In some parts of Canada, title insurance companies are trying to establish themselves on the premise that they can deliver the same assurance, but at a lower price (particularly if they can reduce the need for a survey). Although the detailed calculations are beyond the scope of the present report, this development deserves to be closely monitored.

At the risk of oversimplification, the main arguments in favour of title insurance include the following:

- A title insurance company can cut \$100 or more off transaction costs, and even more if it can avoid the need for a survey.
- Title insurance has existed in the United States for a century. It has adequately met the needs of the overwhelming majority of homebuyers. If a buyer wants advice on additional matters, he/she remains free to consult a lawyer, leaving title questions to the insurance company.
- Title insurance provides security similar to that of a lawyer’s opinion. The acceptance by financial institutions will be the ultimate test in the marketplace.

Arguments in favour of retaining lawyers’ opinions include the following:

- The lower cost of title insurance is unproven.
- The U.S. system evolved as it did because of its own legal idiosyncrasies. In Canada, lawyers do more than guarantee title. They can arrange surveys and inspections, advise on family law dimensions of homebuying, and so on.
- If lawyers run into title problems, they fix them. If companies run into a problem, the aggrieved consumer will find it (arguably) harder to collect compensation from a title insurance company than to collect from a lawyer’s insurance.

**Exhibit 3-1  
Land Transfer Tax and Registration Fees**

Newfoundland:	to register title:	\$50 plus 0.4%	
	to register mortgage:	\$50 plus 0.4%	
Prince Edward Island:	to register title:		to register mortgage:
	- \$10,000		\$50
	\$10,000-\$19,999		\$100
	\$20,000-\$49,999		\$150
	\$50,000-\$99,999		\$225
	\$100,000-\$149,999		\$300
	\$150,000-\$199,999		\$375
	\$200,000+		\$450
Nova Scotia:	to register title and to register mortgage (each):		
	\$40 per document plus \$1 per page;		
	1.5% deed transfer tax (Halifax County; variable elsewhere).		
New Brunswick:	\$30 to register title; \$30 to register mortgage;		
	0.25% land transfer tax.		
Quebec:	\$71 to register title; \$71 to register mortgage;		
	land transfer tax:	first \$50,000	0.5%
		next \$200,000	1.0%
		remainder	1.5%
Ontario:	\$50 to register title; \$50 to register mortgage;		
	land transfer tax:	first \$55,000	0.5%
		next \$195,000	1.0%
		next \$150,000	1.5%
		remainder	2.0%
Manitoba:	\$50 to register mortgage;		
	land transfer tax:	first \$30,000	\$50
	(includes land title	next \$60,000	0.5%
	registration)	next \$60,000	1.0%
		remainder	1.5%
Saskatchewan:	\$20 plus 0.2% (on amounts over \$1,000) to register title;		
	\$20 plus 0.2% (on amounts over \$1,000) to register mortgage.		
Alberta:	\$35 plus 0.1% to register title;		
	\$15 plus 0.1% to register mortgage.		
British Columbia:	\$50 to register title; \$50 to register mortgage;		
	land transfer tax of 1% on the first \$200,000 and 2% thereafter.		
Yukon Territory:	to register title: \$19.50 on first \$25,000 plus 0.25% thereafter;		
	to register mortgage: \$28.00 on first \$50,000 plus 0.25% thereafter.		
Northwest Territories:	0.15% to register title;		
	0.1% to register mortgage.		

A third scenario has now arisen. On September 26, 1996, Ontario's Lawyers' Professional Indemnity Co., or LPIC (the insurer that is wholly-owned by the Law Society of Upper Canada, or the Ontario Bar) recommended a hybrid combining elements of title insurance while maintaining the role of lawyers. LPIC claims that under the new system, "savings to the home buyer are estimated at up to \$300 per transaction."

### 3.1.4 Land Transfer Tax and Registration Fees

Some form of land transfer tax applies in most jurisdictions, although in some cases, it is incorporated as part of the registration fee rather than being called a land transfer tax. In these cases, the registration fee is a disguised land transfer tax (bearing no relationship to the actual cost of filing documents at the Land Titles Office).

Land transfer taxes and/or registration fees apply to both the land purchase by the developer and the ultimate purchase of a home by the homebuyer. Although the differences in nomenclature sometimes confuse the issue, this combined category of costs can be significant.

Fees are also typically payable upon registration of a mortgage. In some jurisdictions, these fees vary with the value of the mortgage.

The range of land transfer taxes and registration fees that apply in each province and territory is presented in Exhibit 3-1. Clearly, there is significant variation in the incidence and size of the land transfer taxes and registration fees that apply. The actual amounts payable on the sale and mortgage of *typical* houses in each of the 26 municipalities are presented later in this chapter.

Occasionally, in an effort to stimulate housing sales, these taxes and fees may be reduced. In Ontario, for example, the 1996 provincial budget temporarily waived up to \$1,725 of the land transfer tax for first-time buyers of newly built homes. With this initiative, until July 1997,

first-time buyers of new homes priced below \$197,500 will pay no land transfer tax.

### 3.1.5 Mortgage Arrangements

For the purposes of this analysis, it is assumed that the purchaser of the dwelling obtains an insured mortgage. With mortgage insurance, the lender is guaranteed repayment of the loan in the event of the borrower's default. It is thus distinct from a "life-insured loan," which may provide for payment of the mortgage in the event of the death of the owner. Mortgage insurance is required for high-ratio mortgages (mortgage amounts exceeding 75 percent of the property's value).

There is a question whether mortgage insurance premiums should be considered a true transaction cost. It is treated here as such since it is indispensable for high-ratio mortgages, which are often necessary for many first-time homebuyers.

Mortgage insurance is the homebuyers' largest transaction cost. For a 90 percent mortgage (the ratio assumed in the estimates prepared for this report), the mortgage insurance premium is 2.5 percent of the value of the mortgage both for CMHC and GE Capital, Canada's two mortgage insurance companies.<sup>5</sup> The premium is higher for 95 percent mortgages (available only to first-time homebuyers) and is lower for mortgages with lower loan/value ratios.

There can be an element of "pyramiding" of costs with respect to mortgage insurance in some jurisdictions. Since the insurance premium is typically added to the mortgage principal, registration fees will be higher in jurisdictions where the mortgage registration fees are calculated as a percentage of the amount of the mortgage being registered. These jurisdictions include Newfoundland, P.E.I., Saskatchewan, Alberta, the Yukon and the Northwest Territories.

In applying for mortgage insurance (with both CMHC and GE Capital), the borrower must pay an application fee of \$235, for full-service applications and \$75 for basic service applications. If a borrower is not seeking

mortgage insurance, lenders have varying practices with regard to mortgage application fees. In most cases, they do not charge for mortgage applications, but will require that the borrower obtain an appraisal.

The preparation of mortgage documents and their registration at land titles offices is usually done by lawyers or notaries, as in Quebec. Legal work for the mortgage and purchase of the property is typically undertaken at the same time.

### 3.1.6 GST and Provincial Sales Tax

GST usually applies to legal fees, surveys and services offered by the private sector or municipalities. It does not normally apply to provincial certificates or to financial arrangements (including mortgage insurance premiums).

Quebec has a 6.5 percent sales tax harmonized with the GST; this tax applies to all parts of the transaction to which the GST applies. In Ontario, the provincial sales tax is applied to the mortgage insurance premium. In British Columbia, provincial sales tax is payable on legal fees and can be payable on some taxable disbursements and allocated expenses.

## 3.2 Transaction Costs for *Typical* Single-Detached Houses

Estimates of the transaction costs involved in the development and purchase of a *typical* new single-detached dwelling in each of the 26 municipalities are presented here. The total transaction costs are disaggregated into three groups:

- Dwelling purchase by the homebuyer;
- Mortgage acquisition by the homebuyer; and
- Transaction costs for the builder/developer in the initial acquisition of the land and the sale to the ultimate homebuyer.

### 3.2.1 Purchase Costs of the Homebuyer – *Typical* Single-Detached Houses

Exhibit 3-2 presents estimates of the transaction costs that the purchaser of a *typical* single-detached house would be responsible for in each of the 26 municipalities. These estimates do not include the transaction costs associated with obtaining a mortgage, as they are dealt with in Section 3.2.2.

Highlights of Exhibit 3-2 include the following:

- The most important purchase-related transaction costs are land transfer/registry charges and legal fees. Land transfer/registry charges vary from one province to another (as detailed in Exhibit 3-1) but generally include a basic charge for registering the title for the property, plus a fixed percentage of the value of the property – from as low as 0.1 percent of the property value (as in Alberta) up to 2 percent for the portion of a property above a certain value (above \$200,000 in British Columbia; above \$400,000 in Ontario). In the other provinces, the land transfer tax (or registry fee) is 1.5 percent or lower.
- The amounts of the land transfer tax plus registry fees for the *typical* house vary from a low of \$150–\$165 for the Alberta municipalities (due to the low registry charges) to over \$7,600 for the \$479,200 *typical* house in Burnaby. The *typical* houses in Surrey and Saanich have the next highest land transfer/registry charges (\$3,448 and \$3,684, respectively).
- As a percentage of the *typical* house price, land transfer taxes/registry fees are highest in Halifax (1.60 percent), Burnaby (1.59 percent), Saanich, Surrey, Kelowna and Prince George (1.03–1.31 percent), and Mississauga and Vaughan (0.90 percent). The lowest are the three Alberta municipalities (0.13 percent) and Yellowknife (0.15 percent).

**Exhibit 3-2**  
**Transaction Costs – Dwelling Purchase by Homebuyer**  
**Typical Single-Detached Houses**

Municipality	Price	Certificates	Land Transfer/ Registry	Legal*	Total	
					Costs	% of price
St. John's	\$85,000	\$200	\$390	\$500	\$1,090	1.28
Charlottetown	\$96,800	\$125	\$225	\$500	\$850	0.88
Halifax	\$90,000	\$100	\$1,440	\$700	\$2,240	2.49
Moncton	\$123,200	\$130	\$338	\$600	\$1,068	0.87
Laval	\$108,000	-	\$901	\$750	\$1,651	1.53
Saint-Hubert	\$116,400	-	\$985	\$750	\$1,735	1.49
Beauport	\$90,000	-	\$721	\$750	\$1,471	1.63
Gatineau	\$102,800	-	\$849	\$750	\$1,599	1.56
Kanata	\$169,600	\$315	\$1,471	\$700	\$2,486	1.47
Mississauga	\$217,900	\$265	\$1,954	\$700	\$2,919	1.34
Vaughan	\$230,000	\$270	\$2,075	\$700	\$3,045	1.32
London	\$129,900	\$280	\$1,074	\$700	\$2,054	1.58
Sudbury	\$110,000	\$285	\$875	\$700	\$1,860	1.69
Winnipeg	\$117,000	\$80	\$620	\$500	\$1,200	1.03
Regina	\$119,000	\$100	\$256	\$600	\$956	0.80
Saskatoon	\$107,100	\$100	\$232	\$600	\$932	0.87
Calgary	\$121,000	\$100	\$156	\$600	\$856	0.71
Edmonton	\$129,500	\$100	\$165	\$600	\$865	0.67
Grande Prairie	\$115,000	\$100	\$150	\$600	\$850	0.74
Surrey	\$269,900	\$75	\$3,448	\$500	\$4,023	1.49
Burnaby	\$479,200	\$75	\$7,634	\$500	\$8,209	1.71
Saanich	\$281,700	\$75	\$3,684	\$500	\$4,259	1.51
Kelowna	\$154,600	\$75	\$1,596	\$500	\$2,171	1.40
Prince George	\$164,000	\$75	\$1,690	\$500	\$2,265	1.38
Whitehorse	\$145,000	\$60	\$320	\$700	\$1,080	0.74
Yellowknife	\$165,000	\$100	\$248	\$700	\$1,048	0.63

\* Includes legal fees for arranging mortgage

- Legal fees are the most significant category of transaction costs relating to the purchase of a dwelling in most municipalities in Atlantic Canada, Saskatchewan, Alberta and the territories. Legal fees range from an estimated \$500 up to \$750, depending on the jurisdiction. These are rough estimates only since there are variations from one firm to another within the different jurisdictions. They are based on provincial averages of the information received from law firms in the course of this study. The estimates cover the cost of arranging both the purchase and the mortgage (the fees for the mortgage are roughly \$150–\$200 of the total shown). The legal fees presented in Exhibit 3-2 include GST, plus provincial sales tax in British Columbia and Quebec.
- Certificates required for searches at the Land Titles Office and other registry offices are generally less significant. However, in Ontario, they typically add \$265–\$315 to the transaction costs of a *typical* new house. In Quebec, no such certificates are required.
- Total purchase-related transaction costs for the *typical* single-detached house are naturally highest for the Burnaby, Saanich and Surrey houses due to the high land transfer taxes payable. The next highest are in Vaughan and Mississauga, although for first-time buyers in Ontario, land transfer taxes up to \$1,725 have been waived temporarily, so if the purchasers are first-time buyers, their transaction costs would be relatively small.

**Exhibit 3-3  
Transaction Costs – Mortgage Acquisition by Homebuyer  
Typical Single-Detached Houses**

Municipality	Price	Mortgage Amount	Registry	Mortgage Insurance Fees		Total	
				Application	Insurance*	Costs	% of mortgage
St. John's	\$85,000	\$76,500	\$356	\$235	\$1,913	\$2,504	3.27
Charlottetown	\$96,800	\$87,120	\$225	\$235	\$2,178	\$2,638	3.03
Halifax	\$90,000	\$81,000	\$50	\$235	\$2,025	\$2,310	2.85
Moncton	\$123,200	\$110,880	\$30	\$235	\$2,772	\$3,037	2.74
Laval	\$108,000	\$97,200	\$71	\$235	\$2,430	\$2,736	2.81
Saint-Hubert	\$116,400	\$104,760	\$71	\$235	\$2,619	\$2,925	2.79
Beauport	\$90,000	\$81,000	\$71	\$235	\$2,025	\$2,331	2.88
Gatineau	\$102,800	\$92,520	\$71	\$235	\$2,313	\$2,619	2.83
Kanata	\$169,600	\$152,640	\$50	\$235	\$4,121	\$4,406	2.89
Mississauga	\$217,900	\$196,110	\$50	\$235	\$5,295	\$5,580	2.85
Vaughan	\$230,000	\$207,000	\$50	\$235	\$5,589	\$5,874	2.84
London	\$129,900	\$116,910	\$50	\$235	\$3,157	\$3,442	2.94
Sudbury	\$110,000	\$99,000	\$50	\$235	\$2,673	\$2,958	2.99
Winnipeg	\$117,000	\$105,300	\$50	\$235	\$2,633	\$2,918	2.77
Regina	\$119,000	\$107,100	\$232	\$235	\$2,678	\$3,145	2.94
Saskatoon	\$107,100	\$96,390	\$211	\$235	\$2,410	\$2,856	2.96
Calgary	\$121,000	\$108,900	\$124	\$235	\$2,723	\$3,081	2.83
Edmonton	\$129,500	\$116,550	\$132	\$235	\$2,914	\$3,280	2.81
Grande Prairie	\$115,000	\$103,500	\$119	\$235	\$2,588	\$2,941	2.84
Surrey	\$269,900	\$242,910	\$50	\$235	\$6,073	\$6,358	2.62
Burnaby	\$479,200	\$431,280	\$50	\$235	\$10,782	\$11,067	2.57
Saanich	\$281,700	\$253,530	\$50	\$235	\$6,338	\$6,623	2.61
Kelowna	\$154,600	\$139,140	\$50	\$235	\$3,479	\$3,764	2.70
Prince George	\$164,000	\$147,600	\$50	\$235	\$3,690	\$3,975	2.69
Whitehorse	\$145,000	\$130,500	\$229	\$235	\$3,263	\$3,727	2.86
Yellowknife	\$165,000	\$148,500	\$149	\$235	\$3,713	\$4,096	2.76

\* Includes 8% provincial sales tax in Ontario

- As a percent of the price of the *typical* house, total purchase-related transaction costs are highest in Halifax (2.49 percent). The next highest are in Burnaby (1.71 percent), Sudbury (1.69 percent) and Beauport (1.63 percent). The lowest transaction costs are in Yellowknife (0.63 percent), the three Alberta municipalities (0.67–0.74 percent) and Whitehorse (0.74 percent).
- By far, the largest single transaction cost related to the mortgage is the mortgage insurance premium, which is 2.5 percent of the value of the mortgage (assumed here to be 90 percent of the price of the typical house). For the purposes of simplicity, it is assumed that the mortgage insurance premium is paid directly by the purchaser rather than added to the value of the mortgage principal – this reduces the complexity of the analysis since a higher principal amount would lead to pyramidal increases in the registry fees payable.

**3.2.2 Mortgage Transaction Costs  
– Typical Single-Detached Houses**

Most purchasers of homes require mortgages and, therefore must incur the transaction costs associated with obtaining a mortgage. These involve registry and legal fees as well as mortgage-related fees, which are summarized in Exhibit 3-3. Highlights include the following:

- The mortgage insurance application fee is \$235 (including appraisal).
- Legal fees apply for arranging the mortgage, but have been included in the legal fees for the purchase (Exhibit 3-2), so no further fees are included here.

**Exhibit 3-4  
Transaction Costs – Builder/Developer  
Typical Single-Detached Houses**

Municipality	Price	Estimated Transaction Costs	
		Costs	% of price
St. John's	\$85,000	\$460	0.54
Charlottetown	\$96,800	\$440	0.45
Halifax	\$90,000	\$560	0.62
Moncton	\$123,200	\$450	0.37
Laval	\$108,000	\$460	0.43
Saint-Hubert	\$116,400	\$510	0.44
Beauport	\$90,000	\$500	0.56
Gatineau	\$102,800	\$490	0.48
Kanata	\$169,600	\$600	0.35
Mississauga	\$217,900	\$870	0.40
Vaughan	\$230,000	\$840	0.37
London	\$129,900	\$780	0.60
Sudbury	\$110,000	\$690	0.63
Winnipeg	\$117,000	\$500	0.43
Regina	\$119,000	\$450	0.38
Saskatoon	\$107,100	\$440	0.41
Calgary	\$121,000	\$450	0.37
Edmonton	\$129,500	\$450	0.35
Grande Prairie	\$115,000	\$440	0.38
Surrey	\$269,900	\$940	0.35
Burnaby	\$479,200	\$2,630	0.55
Saanich	\$281,700	\$1,320	0.47
Kelowna	\$154,600	\$680	0.44
Prince George	\$164,000	\$590	0.36
Whitehorse	\$145,000	\$450	0.31
Yellowknife	\$165,000	\$460	0.28

**3.2.3 Transaction Costs of  
Builder/Developers –  
Typical Single-  
Detached Houses**

In securing the land on which to build a dwelling, builder/developers will also incur transaction costs. These include many of the same types of costs incurred by the purchaser, such as legal fees, land transfer taxes and registry fees. In addition, the builder will incur legal fees in the sale of the dwelling to the ultimate purchaser and will also have to provide a survey. Usually, these costs and fees will be charged through a “bulk” arrangement with a lawyer and a surveyor who will handle all of the home sales for a significantly lower amount than an individual sale would involve. Exhibit 3-4 presents estimates of the total transaction costs involved in the original purchase of the

- Fees for registering the mortgage vary significantly from one jurisdiction to another, as indicated in Exhibit 3-1. In many provinces, registration of a mortgage involves a flat fee; in others, it is a percentage of the value of the mortgage. Registration fees are highest in Newfoundland, the Yukon, Prince Edward Island and Saskatchewan.
- In total, the transaction costs involved in obtaining a 90 percent mortgage on *typical* houses in the 26 municipalities vary from a low of 2.57 percent (of the value of the mortgage) in Burnaby up to 3.27 percent in St. John’s. The fact that the mortgage insurance premium itself is 2.5 percent of the value of the mortgage confirms that this fee is by far the most important mortgage-related transaction cost.

land by the builder/developer, as well as the legal and survey fees involved in the sale of the dwelling. As noted earlier, for the purposes of this study, it is assumed that the development of the land involves only one transaction from the original land owner to the developer, who is assumed to build the homes and sell the house/land package to the ultimate purchaser, the homebuyer, also in one transaction.

By their nature, these estimates should be considered to be extremely rough since they require a number of assumptions and estimates. The estimates relate to the per lot transaction costs based on: an assumed 40-lot subdivision; and estimates of raw-land value after deducting the costs of developing the land and obtaining the necessary approvals, holding costs, developer profit, and so on. The estimated transaction costs involve legal fees, land transfer taxes and registry

fees and certificates associated with the original land purchase, plus the provision of a survey and the legal fees involved in the ultimate sale of the home.

The estimates do not specifically allow for mortgage and banking fees since these would depend on the arrangements of the sale. For example, in many cases, the original land owner may retain a stake in the development and, effectively, provide vendor financing. The estimates of transaction costs should be treated as broadly indicative of the likely range of transaction costs involved in the original purchase of land by the developer.

Highlights of Exhibit 3-4 include the following:

- The transaction costs for the builder/developer appear to be relatively small compared with the transaction costs incurred by the ultimate homebuyer. The main transaction costs for the builder/developer relate to the legal fees for the original purchase of the land and the sale of the house, as well as the provision of the survey for the buyer. The land transfer tax or registry fee payable on the original raw land purchase is relatively small (on a per-lot basis).
- Burnaby has the highest estimated transaction cost for the developer, owing to the high land costs in Burnaby. In general, the municipalities with the highest land costs have the greatest transaction costs because of the land transfer tax/registry charges.
- Even in Burnaby, the share of the *typical* house price represented by the developer's transaction costs is less than 0.6 percent. In most municipalities, it is less than 0.5 percent of the final price of the *typical* house.

### 3.2.4 Total Transaction Costs – *Typical* Single-Detached Houses

Exhibit 3-5 presents the summation of the estimated transaction costs that apply to the *typical* single-detached house in each of the

26 municipalities, as presented in Exhibits 3-2, 3-3 and 3-4.

Highlights of Exhibit 3-5 include the following:

- In most municipalities, the transaction costs represent between 3.5 percent and 4.5 percent of the final price of the *typical* house.
- Halifax has the highest transaction costs as a proportion of the *typical* house price — 5.68 percent. This is due mainly to the combination of a relatively low house price (thereby providing a low base for the calculation) and a high deed transfer tax (1.5 percent).
- Yellowknife, Whitehorse and the Alberta municipalities have the lowest transaction costs, as a proportion of the price of a *typical* house: 3.40–3.68 percent. This can be explained by the low registry fees and absence of land transfer taxes in these three jurisdictions.
- *Typical* houses in Burnaby (\$21,906), Saanich (\$12,202) and Surrey (\$11,321) have the highest dollar totals of transaction costs, due to a combination of high house prices and relatively high land transfer tax (1 percent on the first \$200,000 and 2 percent over that).
- The Ontario municipalities of Vaughan, Mississauga and Kanata have the next highest total of transaction costs for the *typical* house, mainly due to the high housing prices in these centres. Because of the high prices, the amounts payable for land transfer taxes and mortgage insurance fees are greater.
- Transaction costs associated with acquiring the mortgage generally account for more than half of the total transaction costs due to the 2.5 percent mortgage insurance premium.



**Exhibit 3-5**  
**Summary – Transaction Costs**  
**Typical Single-Detached Houses**

Municipality	Price	Homebuyers' Costs		Developers' Costs	Total	Percent of Price
		Purchase	Mortgage			
St. John's	\$85,000	\$1,090	\$2,504	\$460	\$4,054	4.77
Charlottetown	\$96,800	\$850	\$2,638	\$440	\$3,928	4.06
Halifax	\$90,000	\$2,240	\$2,310	\$560	\$5,110	5.68
Moncton	\$123,200	\$1,068	\$3,037	\$450	\$4,555	3.70
Laval	\$108,000	\$1,651	\$2,736	\$460	\$4,847	4.49
Saint-Hubert	\$116,400	\$1,735	\$2,925	\$510	\$5,170	4.44
Beauport	\$90,000	\$1,471	\$2,331	\$500	\$4,302	4.78
Gatineau	\$102,800	\$1,599	\$2,619	\$490	\$4,708	4.58
Kanata	\$169,600	\$2,486	\$4,406	\$600	\$7,492	4.42
Mississauga	\$217,900	\$2,919	\$5,580	\$870	\$9,369	4.30
Vaughan	\$230,000	\$3,045	\$5,874	\$840	\$9,759	4.24
London	\$129,900	\$2,054	\$3,442	\$780	\$6,276	4.83
Sudbury	\$110,000	\$1,860	\$2,958	\$690	\$5,508	5.01
Winnipeg	\$117,000	\$1,200	\$2,918	\$500	\$4,618	3.95
Regina	\$119,000	\$956	\$3,145	\$450	\$4,551	3.82
Saskatoon	\$107,100	\$932	\$2,856	\$440	\$4,228	3.95
Calgary	\$121,000	\$856	\$3,081	\$450	\$4,387	3.63
Edmonton	\$129,500	\$865	\$3,280	\$450	\$4,595	3.55
Grande Prairie	\$115,000	\$850	\$2,941	\$440	\$4,231	3.68
Surrey	\$269,900	\$4,023	\$6,358	\$940	\$11,321	4.19
Burnaby	\$479,200	\$8,209	\$11,067	\$2,630	\$21,906	4.57
Saanich	\$281,700	\$4,259	\$6,623	\$1,320	\$12,202	4.33
Kelowna	\$154,600	\$2,171	\$3,764	\$680	\$6,615	4.28
Prince George	\$164,000	\$2,265	\$3,975	\$590	\$6,830	4.16
Whitehorse	\$145,000	\$1,080	\$3,727	\$450	\$5,256	3.63
Yellowknife	\$165,000	\$1,048	\$4,096	\$460	\$5,604	3.40

**Exhibit 3-6**  
**Summary – Transaction Costs**  
**Typical Row Dwellings**

Municipality	Price	Homebuyers' Costs		Developers' Costs	Total	Percent of Price
		Purchase	Mortgage			
St. John's	\$74,000	\$1,046	\$2,216	\$460	\$3,722	5.03
Charlottetown	\$84,000	\$850	\$2,350	\$440	\$3,640	4.33
Halifax	\$81,000	\$2,105	\$2,108	\$550	\$4,763	5.88
Moncton	\$86,000	\$975	\$2,200	\$440	\$3,615	4.20
Laval	\$91,000	\$1,481	\$2,354	\$460	\$4,295	4.72
Saint-Hubert	\$92,000	\$1,491	\$2,376	\$480	\$4,347	4.73
Beauport	\$80,000	\$1,371	\$2,106	\$480	\$3,957	4.95
Gatineau	\$86,000	\$1,431	\$2,241	\$460	\$4,132	4.80
Kanata	\$119,000	\$1,980	\$3,177	\$590	\$5,747	4.83
Mississauga	\$142,000	\$2,160	\$3,736	\$770	\$6,666	4.69
Vaughan	\$153,000	\$2,275	\$4,003	\$780	\$7,058	4.61
London	\$91,000	\$1,665	\$2,496	\$630	\$4,791	5.27
Sudbury	\$91,000	\$1,670	\$2,496	\$630	\$4,796	5.27
Winnipeg	\$100,000	\$1,030	\$2,535	\$470	\$4,035	4.04
Regina	\$90,000	\$898	\$2,440	\$440	\$3,778	4.20
Saskatoon	\$87,000	\$892	\$2,367	\$440	\$3,699	4.25
Calgary	\$106,000	\$841	\$2,730	\$450	\$4,021	3.79
Edmonton	\$98,000	\$833	\$2,543	\$440	\$3,816	3.89
Grande Prairie	\$90,000	\$825	\$2,356	\$440	\$3,621	4.02
Surrey	\$176,000	\$2,385	\$4,245	\$650	\$7,280	4.14
Burnaby	\$270,000	\$4,025	\$6,360	\$1,260	\$11,645	4.31
Saanich	\$140,000	\$2,025	\$3,435	\$770	\$6,230	4.45
Kelowna	\$135,000	\$1,975	\$3,323	\$590	\$5,888	4.36
Prince George	\$100,000	\$1,625	\$2,535	\$470	\$4,630	4.63
Whitehorse	\$110,000	\$992	\$2,861	\$440	\$4,293	3.90
Yellowknife	\$120,000	\$980	\$3,043	\$450	\$4,473	3.73

**3.3 Transaction Costs for Typical Row Dwellings**

Exhibit 3-6 presents a summary of the transaction costs associated with the *typical* row dwelling in each of the 26 municipalities. As discussed previously, these dwellings are smaller than the *typical* single-detached houses and are located on smaller lots. For the sake of brevity, only the summary of the transaction costs for the row dwelling are presented here; the detailed estimates are included in Appendix C.

Highlights of Exhibit 3-6 include the following:

- Transaction costs for the *typical* row dwelling are lower than for the *typical* single-detached house, a function of the lower price (leading to reduced land transfer taxes and registry fees) and lower mortgage amount (leading to a lower mortgage insurance premium).

- The ranking of municipalities in terms of those with the highest and lowest transaction costs, as well as transaction costs as a percent of price, is the same for the *typical* row dwelling as for the *typical* single-detached house.
- As a percent of the price of the *typical* dwelling in each municipality, transaction costs for the row dwelling are generally higher than for the single-detached house. This is a result of the fact that many of the smaller transaction costs (legal fees, some registry fees, certificates, etc.) are generally a fixed amount per transaction.

The transaction costs for the *standard* single-detached house are not highlighted here. Detailed estimates of these costs are provided in Appendix C.

## 4.0 – TOTAL LEVIES, FEES, CHARGES, TAXES AND TRANSACTION COSTS

This final chapter of the report brings together information from the previous chapters to provide an analysis of the total amounts of levies, fees, charges, taxes and transaction costs that apply to new housing in the 26 municipalities. It draws first on the information on levies, fees, charges and taxes presented in Chapter 2, and then the information on transaction costs presented in Chapter 3, before combining the information to provide estimates of the total of these various costs in relation to the price of new housing.

### 4.1 Total Levies, Fees, Charges and Taxes – Typical Single-Detached Houses

This section presents the cumulation of all of the estimated levies, fees, charges and taxes that apply in each of the 26 municipalities, which were described in detail in Chapter 2. The information is summarized in Exhibit 4-1 which presents the estimated local charges, plus provincial sales taxes, GST and warranty program charges for the *typical* single-detached house. This information is based on estimates presented in Exhibits 2-6, 2-10, 2-11 and 2-12 of Chapter 2.

**Exhibit 4-1**  
**Levies, Fees, Charges and Taxes**  
**Typical Single-Detached Houses**

Municipality	Local Charges	Provincial Taxes	Warranty Fees	GST	Total
St. John's	\$1,450	\$4,129	\$200	\$3,808	\$9,587
Charlottetown	\$1,110	\$3,894	\$200	\$4,337	\$9,540
Halifax	\$1,615	\$3,599	\$200	\$4,032	\$9,447
Moncton	\$1,886	\$5,316	\$200	\$5,519	\$12,921
Laval	\$14,712	\$4,687	\$315	\$4,838	\$24,553
Saint-Hubert	\$12,837	\$5,052	\$315	\$5,215	\$23,418
Beauport	\$12,518	\$3,906	\$299	\$4,032	\$20,755
Gatineau	\$2,253	\$4,462	\$315	\$4,605	\$11,635
Kanata	\$17,627	\$4,958	\$600	\$7,598	\$30,783
Mississauga	\$19,970	\$5,735	\$650	\$9,762	\$36,117
Vaughan	\$23,355	\$6,258	\$650	\$10,304	\$40,567
London	\$9,387	\$3,242	\$550	\$5,820	\$18,999
Sudbury	\$6,653	\$2,962	\$550	\$4,928	\$15,093
Winnipeg	\$3,790	\$2,891	\$200	\$5,242	\$12,123
Regina	\$6,871	\$3,953	\$308	\$5,331	\$16,463
Saskatoon	\$10,503	\$3,594	\$308	\$4,798	\$19,203
Calgary	\$5,000	-	\$195	\$5,421	\$10,616
Edmonton	\$7,344	-	\$195	\$5,802	\$13,341
Grande Prairie	\$3,865	-	\$180	\$5,152	\$9,197
Surrey	\$19,870	\$5,202	\$185	\$12,092	\$37,348
Burnaby	\$3,543	\$5,921	\$185	\$33,544	\$43,193
Saanich	\$12,518	\$4,716	\$185	\$12,620	\$30,039
Kelowna	\$11,850	\$3,160	\$185	\$6,926	\$22,121
Prince George	\$3,116	\$3,881	\$185	\$7,347	\$14,530
Whitehorse	\$4,250	-	\$185	\$6,496	\$10,931
Yellowknife	\$1,341	-	-	\$7,392	\$8,733

Highlights of Exhibit 4-1 include the following:

- The total levies, fees, charges and taxes for *typical* new houses range from a low of \$8,733 in Yellowknife to a high of \$43,193 in Burnaby. Of course, as illustrated in Exhibit 4-2, the prices of the *typical* houses in each of the municipalities are quite different, which accounts for some of the differences in levies, fees, charges and taxes.
  - In the *typical* house in Burnaby, over three quarters of the total levies, fees, charges and taxes are accounted for by the GST. Since the *typical* house in Burnaby is priced above \$450,000, the full 7 percent GST applies. *typical* houses in the other 25 municipalities are all priced below \$350,000, the level at which the New Home Buyer Rebate of 2.52 percent of GST applies. Therefore, in these other municipalities, the GST payable on a *typical* new house is 4.48 percent of the price of the house.
  - The municipality with the second highest total levies, fees, charges and taxes is Vaughan. With the highest local charges (\$23,355) and relatively high GST (\$10,304), the total charges for the typical single-detached house in Vaughan are estimated at \$40,567.
  - Surrey's typical new house has the next highest total of levies, fees, charges and taxes (\$37,348). In the case of Surrey, high GST charges (\$12,092) combined with high local charges (\$19,870) account for most of the total.
  - Other municipalities with high local charges, such as Mississauga, Kanata, Saanich, Laval, Saint-Hubert, Kelowna and Beauport, all have total estimated levies, fees, charges and taxes in excess of \$20,000 for the *typical* house. In general, municipalities with low local charges tend to have significantly lower total levies, fees, charges and taxes.
- In municipalities in Atlantic Canada, the most important charges are the GST and provincial sales taxes. Local charges tend to be relatively modest.
  - Provincial sales taxes account for a large share of total charges in many of the municipalities that have low local charges. In Alberta and the two territories, there are no provincial sales taxes.
  - Warranty fees are a relatively small proportion of the total in all municipalities.

It is important to note here that the estimates presented in Exhibit 4-1 include many charges that are built into the price of the house (e.g. local charges and provincial taxes) as well as GST, which is added onto the price. While housing prices clearly must be higher in order to accommodate the various applicable charges, there is not necessarily a direct relationship between the amount of the charges and the amount by which prices are higher as a result of the charges. Depending on market circumstances, builders and developers may not be able to pass on all of the charges in the form of higher housing prices; however, it seems logical to expect that most of these charges will ultimately be borne by the homebuyer. For example, with respect to development charges, research by George Fallis on education development charges indicates that:

The impact of the education development charge falls on the current developer/ builder; but in the long run almost all of the charge will be shifted forward into the price of houses. The demand for housing is quite price inelastic . . . When demand is inelastic, it facilitates the forward shifting of the tax. . . . The development charge cannot be shifted significantly backward into input prices, because the long-run supply curve is very elastic. An elastic long run supply curve implies that inputs move in and out of the home building industry in the urban housing market relatively easily . . . Builders will not earn a very much lower return, because some of them will leave to earn a higher return

elsewhere. The only input price which tends to change with output level in the long run is the price of land. The charge will probably lead to somewhat lower prices paid for land, so that the charge will be partially paid by owners of land which will be converted to residential urban use. However, most of the tax is shifted forward [into higher prices paid by the purchasers of new homes].<sup>6</sup>

Therefore, while it seems likely that the majority of the levies, fees, charges and taxes described in this report would be passed on to the ultimate homebuyers in the form of higher prices, it is not a direct relationship — some share of the costs may be borne by the industry. Because of this, the estimates of total levies, fees, charges and taxes

are expressed here as “a percent of house price” rather than indicating that prices would necessarily rise by the amount of the total charges.

Exhibit 4-2 draws on the estimates of total levies, fees, charges and taxes presented in Exhibit 4-1 to indicate the total amount of levies, fees, charges and taxes as a percent of the price of the *typical* single-detached house in each of the 26 municipalities.

Highlights of Exhibit 4-2 include the following:

- There are substantial differences among the 26 municipalities in terms of the percent of the *typical* house price represented by levies, fees, charges and taxes. It ranges from a low of 5.3 percent in Yellowknife (where there are no provincial sales taxes and local charges are among the lowest in the country) to a high of over 20 percent in three of the Quebec municipalities.

**Exhibit 4-2**  
**Levies, Fees, Charges and Taxes as a Share of Price**  
**Typical Single-Detached Houses**

Municipality	Price	Total Levies, Fees, Charges and Taxes	Levies, Fees Charges and Taxes as Percent of Price
St. John's	\$85,000	\$9,587	11.3
Charlottetown	\$96,800	\$9,540	9.9
Halifax	\$90,000	\$9,447	10.5
Moncton	\$123,200	\$12,921	10.5
Laval	\$108,000	\$24,553	22.7
Saint-Hubert	\$116,400	\$23,418	20.1
Beauport	\$90,000	\$20,755	23.1
Gatineau	\$102,800	\$11,635	11.3
Kanata	\$169,600	\$30,783	18.2
Mississauga	\$217,900	\$36,117	16.6
Vaughan	\$230,000	\$40,567	17.6
London	\$129,900	\$18,999	14.6
Sudbury	\$110,000	\$15,093	13.7
Winnipeg	\$117,000	\$12,123	10.4
Regina	\$119,000	\$16,463	13.8
Saskatoon	\$107,100	\$19,203	17.9
Calgary	\$121,000	\$10,616	8.8
Edmonton	\$129,500	\$13,341	10.3
Grande Prairie	\$115,000	\$9,197	8.0
Surrey	\$269,900	\$37,348	13.8
Burnaby	\$479,200	\$43,193	9.0
Saanich	\$281,700	\$30,039	10.7
Kelowna	\$154,600	\$22,121	14.3
Prince George	\$164,000	\$14,530	8.9
Whitehorse	\$145,000	\$10,931	7.5
Yellowknife	\$165,000	\$8,733	5.3

- Levies, fees, charges and taxes in Beauport total 23.1 percent of the price of a *typical* house. In Laval and Saint-Hubert, the total charges represent 22.7 percent and 20.1 percent of the *typical* price, respectively. Major factors behind the high percentage for these three Quebec

municipalities are: relatively high local levies, fees and charges (mainly due to high infrastructure charges); and provincial sales taxes equivalent to 4.34 percent of the house price. Of course, GST adds a further 4.48 percent onto the price of houses priced at less than \$350,000.

- Kanata (18.2 percent), Vaughan (17.6 percent) and Mississauga (16.6 percent) have among the highest total of levies, fees, charges and taxes relative to the price of a *typical* house in those municipalities. Of the 26 municipalities, Vaughan and Mississauga have the highest local charges for the *typical* house; Kanata has the fourth highest local charges. In all three of these municipalities, the local charges account for over half of the total of all levies, fees, charges and taxes.
- In Surrey, which has the third highest total of local levies, fees and charges among the 26 municipalities, the total of all charges represents a relatively low 13.8 percent of the price of the *typical* house. This is partly a function of the relatively high price of the *typical* house there — \$269,900 compared with \$169,000–\$230,000 in Kanata, Mississauga and Vaughan, the other municipalities with the highest total local charges for the *typical* house.
- In Saskatoon, the total of levies, fees, charges and taxes represents 17.9 percent of the price of a *typical* new house. This is partly due to relatively high local charges (\$10,503) compared with most other smaller municipalities, but is also a result of the relatively low *typical* house price of \$107,100.
- Yellowknife (5.3 percent), Whitehorse (7.5 percent) and the three Alberta municipalities (8.0–10.3 percent) have total levies, fees, charges and taxes that are among the lowest of the 26 municipalities, in terms

of percent of *typical* house price. A major factor in these cases is that no provincial sales tax applies on building materials as it does in all other municipalities (except in Quebec, where the harmonized provincial sales tax applies to the house price).

- Prince George (8.9 percent) and Halifax (9.9 percent) are the only other municipalities in which the total charges are less than 10 percent. This is due mainly to relatively low local charges in these municipalities.

As noted elsewhere in this report, it is simplistic to conclude from this type of analysis that builders and developers in municipalities with high levies, fees, charges and taxes necessarily face a higher overall cost burden than those in municipalities that have lower total charges. In many of the municipalities with high charges, developers face lower costs for items such as installing infrastructure outside (or in the case of Quebec municipalities, inside) their subdivisions, since municipalities assume many or all of these costs. A comprehensive comparison of the total costs of subdivision servicing (among other things) would be required to draw conclusions in this regard.

#### 4.2 Total Transaction Costs – *Typical* Single-Detached Houses

Chapter 3 presented estimates of the transaction costs involved in the development, purchase and mortgage for a typical single-detached house in each of the 26 municipalities. The total estimated transaction costs are reproduced in Exhibit 4-3. While not generally as large as the levies, fees, charges and taxes presented in Section 4.1, these transaction costs are still significant.

Highlights of Exhibit 4-3 include the following:

- Transaction costs generally represent 3.5–4.5 percent of the price of the *typical* house in each of the 26 municipalities.

**Exhibit 4-3**  
**Transaction Costs**  
*Typical Single-Detached Houses*

<u>Municipality</u>	<u>Price</u>	<u>Transaction Costs</u>	<u>Transaction Costs as Percent of Price</u>
St. John's	\$85,000	\$4,054	4.8
Charlottetown	\$96,800	\$3,928	4.1
Halifax	\$90,000	\$5,110	5.7
Moncton	\$123,200	\$4,555	3.7
Laval	\$108,000	\$4,847	4.5
Saint-Hubert	\$116,400	\$5,170	4.4
Beauport	\$90,000	\$4,302	4.8
Gatineau	\$102,800	\$4,708	4.6
Kanata	\$169,600	\$7,492	4.4
Mississauga	\$217,900	\$9,369	4.3
Vaughan	\$230,000	\$9,759	4.2
London	\$129,900	\$6,276	4.8
Sudbury	\$110,000	\$5,508	5.0
Winnipeg	\$117,000	\$4,618	3.9
Regina	\$119,000	\$4,551	3.8
Saskatoon	\$107,100	\$4,228	3.9
Calgary	\$121,000	\$4,387	3.6
Edmonton	\$129,500	\$4,595	3.5
Grande Prairie	\$115,000	\$4,231	3.7
Surrey	\$269,900	\$11,321	4.2
Burnaby	\$479,200	\$21,906	4.6
Saanich	\$281,700	\$12,202	4.3
Kelowna	\$154,600	\$6,615	4.3
Prince George	\$164,000	\$6,830	4.2
Whitehorse	\$145,000	\$5,256	3.6
Yellowknife	\$165,000	\$5,604	3.4

- The main exceptions are Yellowknife (3.4 percent) at the low end, due to low registry fees and no land transfer tax, and Halifax (5.7 percent) at the high end, due to the relatively large deed transfer tax.

This exhibit is similar to Exhibit 3-5 in Chapter 3. Readers are referred to that section of the report for a more detailed discussion of the differences in transaction costs among the 26 municipalities.

**Exhibit 4-4**  
**Total Levies, Fees, Charges, Taxes and Transaction Costs**  
**Typical Single-Detached Houses**

Municipality	Price	Levies, Fees Charges and Taxes	Transaction Costs	Total	Total as Percent of Price
St. John's	\$85,000	\$9,587	\$4,054	\$13,640	16.0
Charlottetown	\$96,800	\$9,540	\$3,928	\$13,468	13.9
Halifax	\$90,000	\$9,447	\$5,110	\$14,557	16.2
Moncton	\$123,200	\$12,921	\$4,555	\$17,476	14.2
Laval	\$108,000	\$24,553	\$4,847	\$29,400	27.2
Saint-Hubert	\$116,400	\$23,418	\$5,170	\$28,588	24.6
Beauport	\$90,000	\$20,755	\$4,302	\$25,057	27.8
Gatineau	\$102,800	\$11,635	\$4,708	\$16,343	15.9
Kanata	\$169,600	\$30,783	\$7,492	\$38,275	22.6
Mississauga	\$217,900	\$36,117	\$9,369	\$45,486	20.9
Vaughan	\$230,000	\$40,567	\$9,759	\$50,326	21.9
London	\$129,900	\$18,999	\$6,276	\$25,274	19.5
Sudbury	\$110,000	\$15,093	\$5,508	\$20,601	18.7
Winnipeg	\$117,000	\$12,123	\$4,618	\$16,740	14.3
Regina	\$119,000	\$16,463	\$4,551	\$21,014	17.7
Saskatoon	\$107,100	\$19,203	\$4,228	\$23,431	21.9
Calgary	\$121,000	\$10,616	\$4,387	\$15,003	12.4
Edmonton	\$129,500	\$13,341	\$4,595	\$17,935	13.8
Grande Prairie	\$115,000	\$9,197	\$4,231	\$13,428	11.7
Surrey	\$269,900	\$37,348	\$11,321	\$48,669	18.0
Burnaby	\$479,200	\$43,193	\$21,906	\$65,099	13.6
Saanich	\$281,700	\$30,039	\$12,202	\$42,241	15.0
Kelowna	\$154,600	\$22,121	\$6,615	\$28,736	18.6
Prince George	\$164,000	\$14,530	\$6,830	\$21,360	13.0
Whitehorse	\$145,000	\$10,931	\$5,256	\$16,187	11.2
Yellowknife	\$165,000	\$8,733	\$5,604	\$14,337	8.7

**4.3 Total Levies, Fees, Charges, Taxes and Transaction Costs – Typical Single-Detached Houses**

This section presents the cumulation of the estimates of all the levies, fees, charges, taxes and transaction costs on the *typical* single-detached house in each of the 26 municipalities. These are presented in Exhibits 4-4 and 4-5, which are based on the information provided in Exhibits 4-2 and 4-3.

Highlights of Exhibit 4-4 include the following:

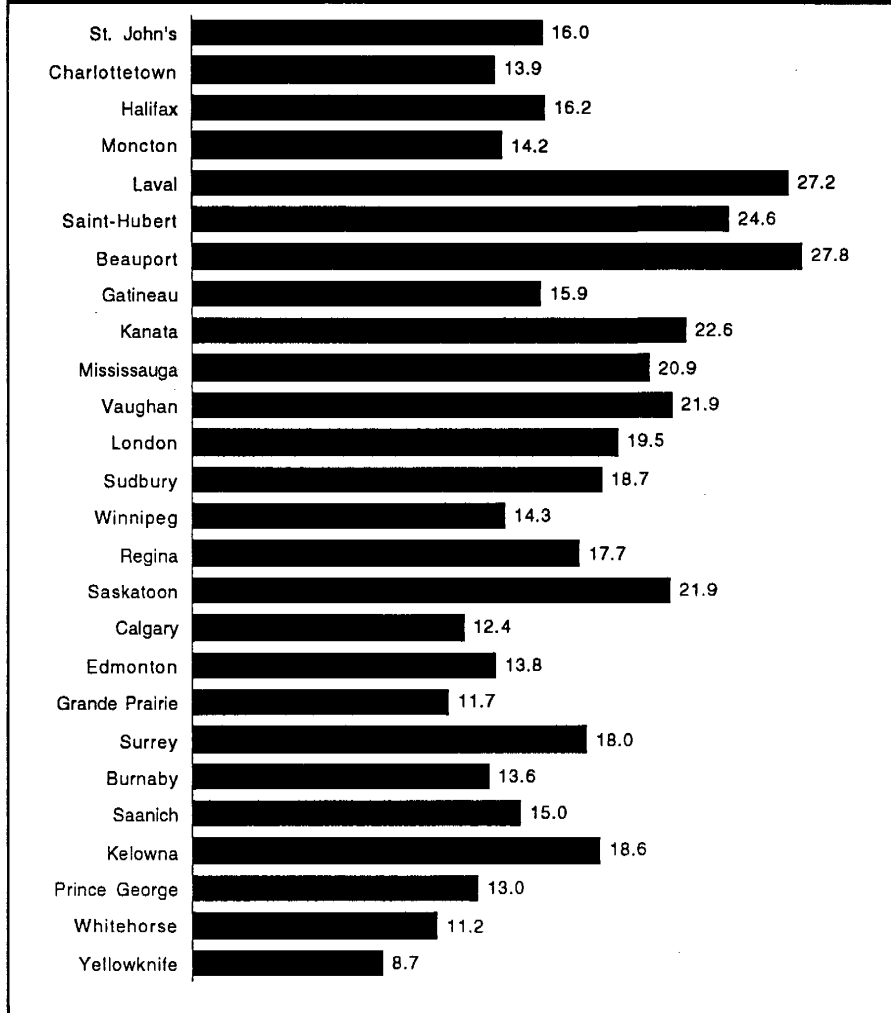
- Burnaby has the highest total of levies, fees, charges, taxes and transaction costs for the *typical* single-detached house among the 26 municipalities included in this analysis — just over \$65,000. More than half of this total

(\$33,544) is comprised of GST. The *typical* Burnaby house attracts the full 7 percent GST because it is above the cut-off point for the GST rebate.

- While Burnaby has the highest dollar total of charges for the *typical* house, as a percent of the price, the charges in Burnaby are only 13.6 percent, well below the 24.6–27.8 percent for the three Quebec municipalities of Beauport, Laval and Saint-Hubert. *Typical* houses are much less expensive in these three municipalities and total charges (\$25,057–\$29,400) are lower than for many of the other municipalities included in this study.
- Vaughan has the second highest total of levies, fees, charges, taxes and transaction costs for the *typical* house — over \$50,000.



**Exhibit 4-5**  
**Total Levies, Fees, Charges, Taxes and Transaction Costs as a**  
**Percent of Price**  
**Typical Single-Detached Houses**



Local charges total almost half of these charges (mainly due to high infrastructure charges) but GST (\$10,304) and transaction costs (\$9,759) also contribute a significant share.

- Surrey (\$48,669), Mississauga (\$45,486), Saanich (\$42,241) and Kanata (\$38,275) have the next highest total charges among the 26 municipalities included in this analysis. Except in Saanich, local charges in these municipalities comprise over 40 percent of the total. In Saanich, local charges comprise 30 percent of the total charges.

- The municipalities with the lowest total levies, fees, charges, taxes and transaction costs are:

- Grande Prairie (\$13,428) (mainly due to no provincial sales tax)
- Charlottetown (\$13,468) (low local charges)
- St. John's (\$13,640) (low local charges)
- Yellowknife (\$14,337) (low local charges and no sales tax)
- Halifax (\$14,557) (low local charges)
- Calgary (\$15,003) (no provincial sales tax)

- Generally, levies, fees, charges and taxes on a *typical* new house are significantly greater than the transaction costs for the house. In Vaughan, for example, transaction costs account for less than 20 percent of the total of levies, fees, charges, taxes and transaction costs. In Yellowknife, at the other extreme, transaction costs account for 39 percent of the total.

Exhibit 4-5 illustrates the total estimated levies, fees, charges, taxes and transaction costs as a percent of the price of the *typical* single-detached house in each of the 26 municipalities. Highlights include the following:

- As noted above, Beauport (27.8 percent), Laval (27.2 percent) and Saint-Hubert (24.6 percent) have the highest level of total charges as a percent of the price of the *typical* house, among the 26 municipalities. The total charges in these municipalities are in the \$25,057–\$29,400 range (well below the totals in many other centres), but the prices of the *typical* houses are relatively low \$108,000–\$123,200; therefore, the charges as a percent of the price are relatively high.
- Several municipalities have total charges as a percent of the *typical* house price in the 20–22.6 percent range: Kanata (22.6 percent), Vaughan (21.9 percent), Saskatoon (21.9 percent), Mississauga (20.9 percent).
- Yellowknife is the municipality with the lowest charges (8.7 percent) as a percent of the *typical* house price.

As has been stressed throughout this report, it is very important in interpreting these results to recognize that some of the differences in the levels of levies, fees, charges, taxes and transaction costs among the 26 municipalities are due to different methods of financing the infrastructure. In Beauport, Laval and Saint-Hubert, for example, the municipality installs all of the internal subdivision services, as well as the infrastructure outside of the subdivision. Not surprisingly, the local charges

in these three municipalities are among the highest of those included in the report. In other municipalities, developers typically install the internal subdivision services, but are responsible for varying shares of the design and construction of connections to trunk services outside the subdivision. Therefore, low local charges do not necessarily mean that the costs faced by builder/developers in these municipalities will be less than in the municipalities with high local charges; they may be offset by higher costs for installing infrastructure.

The size, nature and prices of the dwellings also influence some of the levies, fees, charges, taxes and transaction costs.

#### **4.4 Total Levies, Fees, Charges, Taxes and Transaction Costs – Typical Row Dwellings**

Exhibit 4-6 provides estimates of the total levies, fees, charges, taxes and transaction costs for the *typical* row dwelling in each of the 26 municipalities. As with the *typical* single-detached house, these estimates are based on the analysis of charges and transaction costs presented in Chapters 2 and 3 of the report. Only the totals are presented here. The detailed estimates are included in the appendices as are detailed estimates of the levies, fees, charges, taxes and transaction costs for the *standard* single-detached house in each of the 26 municipalities.

Highlights of Exhibit 4-6 include the following:

- In all 26 municipalities, the total levies, fees, charges, taxes and transaction costs for the *typical* row dwelling are less than those for the *typical* single-detached house presented in Exhibit 4-4.
- In general, however, as a percent of the price of the *typical* row dwelling, the total costs tend to be slightly higher in most municipalities. This is because some of the charges are calculated on a per-unit basis,

**Exhibit 4-6**  
**Total Levies, Fees, Charges, Taxes and Transaction Costs**  
**Typical Single-Detached Houses**

Municipality	Price	Levies, Fees Charges and Taxes	Transaction Costs	Total	Total as Percent of Price
St. John's	\$85,000	\$9,587	\$4,054	\$13,640	16.0
Charlottetown	\$96,800	\$9,540	\$3,928	\$13,468	13.9
Halifax	\$90,000	\$9,447	\$5,110	\$14,557	16.2
Moncton	\$123,200	\$12,921	\$4,555	\$17,476	14.2
Laval	\$108,000	\$24,553	\$4,847	\$29,400	27.2
Saint-Hubert	\$116,400	\$23,418	\$5,170	\$28,588	24.6
Beauport	\$90,000	\$20,755	\$4,302	\$25,057	27.8
Gatineau	\$102,800	\$11,635	\$4,708	\$16,343	15.9
Kanata	\$169,600	\$30,783	\$7,492	\$38,275	22.6
Mississauga	\$217,900	\$36,117	\$9,369	\$45,486	20.9
Vaughan	\$230,000	\$40,567	\$9,759	\$50,326	21.9
London	\$129,900	\$18,999	\$6,276	\$25,274	19.5
Sudbury	\$110,000	\$15,093	\$5,508	\$20,601	18.7
Winnipeg	\$117,000	\$12,123	\$4,618	\$16,740	14.3
Regina	\$119,000	\$16,463	\$4,551	\$21,014	17.7
Saskatoon	\$107,100	\$19,203	\$4,228	\$23,431	21.9
Calgary	\$121,000	\$10,616	\$4,387	\$15,003	12.4
Edmonton	\$129,500	\$13,341	\$4,595	\$17,935	13.8
Grande Prairie	\$115,000	\$9,197	\$4,231	\$13,428	11.7
Surrey	\$269,900	\$37,348	\$11,321	\$48,669	18.0
Burnaby	\$479,200	\$43,193	\$21,906	\$65,099	13.6
Saanich	\$281,700	\$30,039	\$12,202	\$42,241	15.0
Kelowna	\$154,600	\$22,121	\$6,615	\$28,736	18.6
Prince George	\$164,000	\$14,530	\$6,830	\$21,360	13.0
Whitehorse	\$145,000	\$10,931	\$5,256	\$16,187	11.2
Yellowknife	\$165,000	\$8,733	\$5,604	\$14,337	8.7

which does not account for the lower prices and sizes of these dwellings. As a result of fixed per-unit charges, smaller, more affordable dwellings are subject to higher overall charges (as a percent of the price) than larger, more expensive dwellings.

other municipalities included in this study, infrastructure charges are levied on a per-unit basis, though, in most cases, the infrastructure charges for row dwellings are less than for single-detached dwellings.

- The main exceptions to this are the three Quebec municipalities of Laval, Saint-Hubert and Beauport. Costs as a percent of the price of the *typical* row dwelling are in the 17.8–22.0 percent range (compared with 24.6–27.8 percent for the *typical* single-detached houses in these municipalities). This is mainly because the infrastructure charges in these three municipalities are levied on a per-front-metre basis. In most
- The municipalities of Mississauga, Kanata and Vaughan (24.4–24.9 percent) have the highest total of levies, fees, charges, taxes and transaction costs as a percent of the price of the *typical* row house.
- The highest total of levies, fees, charges, taxes and transaction costs for *typical* row houses are in Burnaby (\$38,149), Vaughan (\$37,390), Surrey (\$36,494) and Mississauga (\$35,370).

- In general, with the exception of the Quebec municipalities noted above, there are no major differences in the hierarchy of municipalities by the amounts of levies, fees, charges, taxes and transaction costs on *typical* row dwellings, compared with the hierarchy for *typical* single-detached houses.

#### 4.5 Other Costs Imposed on Developers and Builders

The total amounts of levies, fees, charges, taxes and transaction costs that are required in the development, building and ultimate purchase of a new home are substantial, as is indicated in Exhibits 4-4 and 4-6. However, these estimates represent only the costs that are directly attributable (and payable) to various parties; they do not include a number of other (less readily quantifiable) factors and requirements that add to the cost of new housing.

Examples of additional areas where the actions of governments and other parties result in higher costs for the development of new housing include the following:

- **Lengthy land development and approvals processes** – The costs involved for developers in navigating the complex land development approvals process in many municipalities can be very substantial. These costs include items such as consultants' fees required to undertake the documentation necessary for approvals, as well as the interest costs involved in holding the land during the process. They become particularly important if rezoning of the site is required.
- **Contentious building and land development requirements** – These can include a variety of factors, including the requirement of full-height basement insulation (recently rescinded by the government of Ontario) or sprinklers in new houses. Canada Post also has regulations that are a concern to some builders and developers. In terms of land development, requirements for letters of credit or deposits impose significant costs on developers in terms of lost interest. Other requirements such as front-ending of services by developers, with collection of contributions from other developers at some undetermined date in the future, or installation of higher-than-necessary standards of municipal infrastructure, also raise costs for the development and building of new housing. Contaminated lands, and the definition of "contamination" and how it should be dealt with, pose particular problems for builders in many new developments, particularly developments in built-up areas where redevelopment is common.
- **Electric and gas utility costs** – The study did not collect information on the costs imposed on new housing by electric and gas utilities. These are extremely difficult to quantify, as the various utility companies have totally different approaches. Some companies reimburse developers for part of the cost of the installation of services; others require reimbursement of some or all of the utility's costs. Some utility companies also require standards for installed services that are in excess of those used in neighbouring jurisdictions. Except where utilities are included as part of development charges, the costs involved in the installation and connection of electric and gas utilities are not included in the estimates presented in this report.
- **Changes in taxes and regulations** – The study identified only costs that apply at the present time. Governments often change the rules with respect to taxes and charges that apply to the housing industry, changes that affect the amounts payable on new housing. One example is the changes in the tax treatment of carrying costs of land in the first phase of tax reform in the late 1980s; these changes increased the cost for developers buying and holding land for development. Other examples include: the changes in the capital cost allowance and soft cost provisions for rental housing; the proposed harmonization of provincial sales tax with

the GST (the outcome here in terms of effect on housing prices has not yet been determined); and the regulations regarding price limits on eligibility for rebate of part of the GST. This latter example is particularly significant in high-cost centres such as the B.C. Lower Mainland and Victoria, where rising housing prices have resulted in significant increases in the GST payable on new housing because the price limits are not indexed to changes in house prices.

On the other hand, some jurisdictions reduce fees and taxes in order to stimulate activity. Examples include Sudbury, where development charges have been reduced and the reduction of the Land Transfer Tax payable by first-time buyers in Ontario. Some jurisdictions (e.g. Saint John, New Brunswick) provide grants to encourage new development within their boundaries rather than in outlying areas.

The assumptions required for the analysis also limited some of the costs that might be involved in the development and building of new housing. For example, the estimates are based on the assumption that the land is appropriately zoned for new housing. Because rezonings typically involve additional fees and costs (e.g. for engaging consultants and financing costs for holding land), this assumption resulted in lower estimated costs than would have applied in the case of land that was not properly zoned.

From the foregoing observations, it is evident that the estimates presented in this report should be considered to be at the bottom of the range of the costs that governments and other parties impose on the development and building of new housing. Many regulations and policies impose other costs, which are less readily quantifiable but which, nonetheless, must be borne by developers and builders, and ultimately, are reflected in higher costs for housing.

## END NOTES

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- <sup>1</sup> The first quintile price is the price at which 20 percent of the dwellings are priced at or below, and 80 percent of dwellings are priced higher.
- <sup>2</sup> In most municipalities, development (cost) charges vary by dwelling type, not dwelling size. Typically, the charges are lower for semi-detached and row dwellings than for single-detached houses, and are lower still for apartment units.
- <sup>3</sup> For the analysis in this report, the \$3,920 land dedication fee was deducted from the development cost charge in arriving at the estimated infrastructure charges for Surrey, presented in Exhibit 2-2.
- <sup>4</sup> At the time of writing this report, three of the Atlantic provinces are planning to harmonize the provincial sales taxes with the GST. The estimates presented here relate to the situation prior to harmonization.
- <sup>5</sup> While the premiums for standard mortgage insurance are the same for both companies that offer mortgage insurance in Canada, GE Capital has a “custom” mortgage insurance option that covers a lender for only the outstanding portion of the mortgage. It is a co-insurance vehicle that reduces the lenders’ exposure to less than 75 percent of the value of the property (effectively conventional mortgage levels). The premium for a 90 percent mortgage under these custom arrangements is 2.1 percent of the value of the mortgage versus 2.5 percent for standard mortgage insurance. On a \$100,000 mortgage, this would reduce the premium from \$2,500 to \$2,100. Since this option is apparently not yet in common use, the standard mortgage insurance premiums have been used for the estimates presented in this report.
- <sup>6</sup> Fallis, George. “Who Pays Education Development Charges on New Homes?” Judicial Review, Ontario Court of Justice, General Division, Toronto, July 15, 1992.

# **APPENDIX A**

## ***Municipal Levies, Fees and Charges***

# APPENDIX A – MUNICIPAL LEVIES, FEES AND CHARGES

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This Appendix presents details of the municipal levies, fees and charges for each of the 26 municipalities covered in the study. The information was collected from municipal officials in each of the municipalities over the May–November period of 1996. The process for collecting the information included first identifying the appropriate municipal officials and then faxing them an outline of the information being sought. In all cases, follow-up was required both with the original contact and/or with other municipal, regional and utility officials responsible for specific fees and charges.

To ensure the maximum possible degree of accuracy, the estimates included in this appendix have been forwarded to the original contacts as well as to local homebuilders and developers to verify the information presented. Despite these attempts at verification, it is impossible to guarantee the accuracy of all figures that have been provided by the sources of the information. Readers who have comments on the information presented here are invited to provide them to Greg Lampert, 51 Maybourne Ave., Scarborough, Ontario M1L 2W1 (fax: 416-752-0704). It is intended that a revised version of the report will be prepared if significant additional information becomes available.

The estimates of municipal levies, fees and charges presented in this appendix relate to hypothetical new housing developments that are assumed to have the appropriate zoning in place; rezoning fees and costs therefore do not apply. The estimates are disaggregated into those that apply to the land development phase (e.g. development charges, engineering fees, development and subdivision application and processing fees, land dedications) and those that relate to the construction of the dwelling (e.g. building permits, plumbing and electrical work).

For each municipality, the detailed information on municipal levies, fees and charges is presented in three sections:

1. **Municipal levies, fees and charges** – a description of the various levies, fees and charges in each municipality based on information provided by municipal officials;
2. **Charges for *typical* modest dwellings** – estimates of the levies, fees and charges that would apply in each municipality for modest single-detached and row dwellings that are typical of those being built in the municipality; and
3. **Charges for *standard* dwellings** – estimates of the levies, fees and charges that would apply in each municipality for a 1,200-square-foot single-detached house located on a 35-foot lot.

More details about the derivation of this information are presented on the next few pages. This is followed by the detailed summaries and estimates of levies, fees and charges for each of the 26 municipalities.

## **Municipal Levies, Fees and Charges**

For each of the 26 municipalities, information on the levies, fees and charges that apply to development and construction of new housing is presented in a standardized format consisting of the following groupings:

- **Infrastructure charges** – This includes all municipal charges with respect to the installation and hook-ups to infrastructure such as sewers, water and roads. It includes:
  - development (cost) charges, lot levies, hectare assessments – charges that are intended to reimburse municipalities for all or part of the costs involved in installing trunk services and connections from the trunks to the subdivision. These are typically by far the largest component of infrastructure charges. They are generally specified on a per-unit or per-hectare



(or-acre) basis. In the cases where the charges are based on the area of the subdivision, the estimates prepared here assume 220 front feet per acre of the subdivision.

- water and sewer connection fees – charges to hook-up a building to the municipal services. Often these charges are relatively small; however, in some municipalities, they can be significant. They are typically specified on a per-unit basis.
- engineering fees – charges to defray the costs incurred by the municipality in the approval and inspection of the installation of services. These are typically specified as a share of the cost of installing the services. The estimates prepared here are based on estimates of the internal subdivision servicing costs only. This is a necessary simplification since external servicing costs, in areas where they apply, will vary significantly depending on how far the subdivision is from municipal trunk services.
- **Land dedications** – Most municipalities require developers to contribute a fixed percentage of a subdivision for public use. For the purposes of this report, it was necessary to prepare estimates of the value of this contribution. This was assumed to be the relevant percentage of the estimated value of the building lot, less the cost of infrastructure charges and the cost of servicing the lot.
- **Development application processing fees** – This includes a variety of fees required to obtain approval for developing the subdivision (e.g. subdivision application fees, development approvals fees and site plan approval). In preparing estimates of the amounts of fees that would be payable, it was assumed that the land had the appropriate zoning in place and that the planned subdivision had a total of 40 lots in each case.
- **Building permit and plumbing fees** – This includes all of the permits and fees relating to municipal approval and inspection of the construction of the dwellings. In most cases, cost of a building permit is based on a rate per \$1,000 of construction value, or the square footage of the building. Plumbing fees are typically a fixed fee per plumbing fixture.

These standard groupings are used in an attempt to present the information for each municipality in a common format. Unfortunately, virtually all municipalities have their own ways of specifying levies, fees and charges for various aspects of the land development approvals process and building process. Therefore, the charges that may apply in individual municipalities do not always fit neatly into the standardized format used here; this complicates comparisons of the various charges among municipalities.

#### **Typical Modest Dwellings**

Because the levies, fees and charges that apply to new dwellings often vary depending on the size and cost of the dwellings as well as the size of the lot, it was necessary to prepare estimates of the prices and sizes of *typical* dwellings in each municipality to provide a basis for comparison. These were derived by the consultants from several sources including published and unpublished CMHC data, as well as information provided directly by builders and developers in each municipality as part of the research for this study. The general approach in each municipality was as follows:

- CMHC data on the prices of new houses built and sold in each municipality were examined to identify the price of *typical* modest new single-detached dwellings. A special run of the Market Absorption Survey by the CMHC Market Analysis Centre data base provided the prices of single-detached houses in the first quintile (20 percent of the dwellings sold were priced at or below that level) for each of the municipalities included in the analysis. In some cases, the data set was insufficient to provide reliable estimates; in these cases, data

from the overall market area and builders' estimates were used. In Yellowknife, Whitehorse and Grande Prairie (which are not included in the Market Absorption Survey), the prices of *typical* dwellings are based on builders' estimates of the prices of modest dwellings.

- Once the base prices were established, data obtained from local builders were used to prepare rough estimates of the house sizes and land costs and sizes to correspond with these *typical* house prices. It is important to emphasize that the characteristics of the *typical* dwellings derived by this methodology differ from one municipality to the next. There can be significant variations in land and dwelling sizes, as well as in the finishes of the dwellings.
- For row dwellings, no standard source provides data on market prices, such as the CMHC Market Absorption Survey provides for single-detached houses. Therefore, the estimates of prices and costs for *typical* row dwellings were derived from information provided by builders in each municipality, as well as other sources available to the consultants. As with the *typical* single-detached house, the characteristics (e.g. size and finishes) of these *typical* row dwellings are likely to vary considerably from one municipality to the next. Also, in some municipalities, there are significant apparent differences in the costs and finishes of these dwellings compared with the modest *typical* single-detached houses. In some cases, the *typical* row dwellings appear to be located on more expensive land (perhaps more central than the single-detached houses) and have higher construction costs per square foot.

The prices, dwelling sizes and lot frontages for *typical* modest single-detached and row dwellings in each of the 26 municipalities are presented in Exhibit A-1. The levies, fees and charges that apply for each of these dwellings were estimated and are presented later in this Appendix.

Unfortunately, comparisons of the amounts of levies, fees and charges among the municipalities, and the share of dwelling prices that they comprise, are complicated by the fact that, as noted above, the characteristics of these *typical* dwellings can vary considerably from one municipality to the next. The *standard* house, described below, is introduced in an attempt to address this problem.

**Exhibit A-1**  
**Prices and Sizes of Typical Dwellings**

Municipality	Single-Detached			Row		
	Price	House Size (sq. ft.)	Lot (FF)*	Price	House Size (sq. ft.)	Lot (FF)
St. John's	\$85,000	1,000	40	\$74,000	900	20
Charlottetown	\$96,800	1,100	40	\$84,000	1,000	20
Halifax	\$90,000	1,000	30	\$81,000	900	20
Moncton	\$123,200	1,400	50	\$86,000	1,100	20
Laval	\$108,000	1,300	35	\$91,000	1,150	20
Saint-Hubert	\$116,400	1,300	50	\$92,000	1,150	20
Beauport	\$90,000	1,000	50	\$80,000	1,000	20
Gatineau	\$102,800	1,200	35	\$86,000	1,100	20
Kanata	\$169,600	1,800	35	\$119,000	1,200	20
Mississauga	\$217,900	2,000	30	\$142,000	1,200	20
Vaughan	\$230,000	2,200	30	\$153,000	1,300	20
London	\$129,900	1,400	40	\$91,000	1,200	20
Sudbury	\$110,000	1,000	40	\$91,000	900	20
Winnipeg	\$117,000	1,200	35	\$100,000	1,100	20
Regina	\$119,000	1,200	45	\$90,000	1,000	20
Saskatoon	\$107,100	1,100	45	\$87,000	1,000	20
Calgary	\$121,000	1,300	30	\$106,000	1,200	20
Edmonton	\$129,500	1,400	35	\$98,000	1,100	20
Grande Prairie	\$115,000	1,000	45	\$90,000	900	20
Surrey	\$269,900	2,100	35	\$176,000	1,400	20
Burnaby	\$479,200	2,300	50	\$270,000	1,800	20
Saanich	\$281,700	1,800	55	\$140,000	1,000	20
Kelowna	\$154,600	1,250	50	\$135,000	1,100	20
Prince George	\$164,000	1,400	55	\$100,000	1,000	20
Whitehorse	\$145,000	1,300	55	\$110,000	1,200	20
Yellowknife	\$165,000	1,300	55	\$120,000	1,200	20

**Exhibit A-2  
Estimated Prices of *Standard*  
Single-Detached Houses**

**Size:** 1,200 square feet  
**Lot frontage:** 35 feet

<u>Municipality</u>	<u>Price</u>
St. John's	\$93,000
Charlottetown	\$100,000
Halifax	\$107,000
Moncton	\$100,000
Laval	\$101,000
Saint-Hubert	\$101,000
Beauport	\$94,000
Gatineau	\$103,000
Kanata	\$125,000
Mississauga	\$176,000
Vaughan	\$176,000
London	\$112,000
Sudbury	\$118,000
Winnipeg	\$117,000
Regina	\$111,000
Saskatoon	\$107,000
Calgary	\$121,000
Edmonton	\$117,000
Grande Prairie	\$122,000
Surrey	\$200,000
Burnaby	\$303,000
Saanich	\$183,000
Kelowna	\$130,000
Prince George	\$128,000
Whitehorse	\$121,000
Yellowknife	\$134,000

**Standard Dwellings**

In an effort to facilitate comparisons of the levies, fees and charges that apply to new housing among the 26 municipalities, estimates were prepared of the charges that would apply to a standard single-detached house. The standard house is defined as having the following characteristics:

- House size — 1,200 square feet
- Lot size — 35 x 100 feet

A rough estimate of the price of a *standard* single-detached house in each of the 26 municipalities is presented in Exhibit A-2. These estimates are based on information provided by builders and developers in each municipality, as well as other information available to the consultants from CMHC and other sources. In general, the estimated prices reflect construction costs per square foot and costs per front foot for land similar to those for the *typical* single-detached house in each municipality (described previously).

**Municipal Levies, Fees and Charges in Each Municipality**

The following pages contain information on the levies, fees and charges that apply in each of the 26 municipalities. In each case, a description of the various levies, fees and charges in each municipality is presented on the right-hand page.

On the opposite page in each case, the estimated charges per dwelling unit that would apply for a *typical* modest single-detached and row dwelling and the *standard* single-detached house are presented in tabular form. This information is the basis for the discussion and exhibits on municipal levies, fees and charges presented in the main body of the report.

**Municipal Levies, Fees and Charges**

**St. John's**

<b>Estimates of Municipal Levies, Fees and Charges St. John's</b>			
	<i>Typical Dwelling</i>		<i>Standard Dwelling</i>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$85,000	\$74,000	\$93,000
Size (sq. ft.)	1,000	900	1,200
Lot Frontage (ft.)	40	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	-	-	-
Land Dedications	\$1,000	\$900	\$880
Development Application Processing Fees	\$100	\$100	\$100
Building Permit / Plumbing Fees	\$350	\$310	\$420
<b>Total:</b>	<b>\$1,450</b>	<b>\$1,310</b>	<b>\$1,400</b>

**Infrastructure Charges**

None.

The developer is responsible for the design and construction of connections to trunk services external to the subdivision as well as for the design and construction of services within the subdivision.

**Land Dedications**

The public land use dedication is up to 10 percent.

**Development Application Processing Fees**

\$100 per new lot created.

In addition, there is a \$500 per-lot development fee for subdivisions of less than 10 lots; for larger subdivisions, the fee is 10 percent of the value of the land (less any amount that has been dedicated for public recreational purposes). It is assumed here that the development fee is all subsumed under the public land dedication (see above).

**Building Permit and Plumbing Fees**

\$3.75 per square metre for one- and two-unit dwellings, excluding basements. For other dwellings, \$8 per \$1,000 of work up to \$100,000 and \$6.40 per \$1,000 of work greater than \$100,000.

**Municipal Levies, Fees and Charges**

**Charlottetown**

<b>Estimates of Municipal Levies, Fees and Charges Charlottetown</b>			
	<i>Typical</i>	<i>Dwelling</i>	<i>Standard Dwelling</i>
	Single- Detached	Row	Single- Detached
<b>Dwelling Characteristics:</b>			
Price	\$96,800	\$74,000	\$100,000
Size (sq. ft.)	1,100	1,000	1,200
Lot Frontage (ft.)	40	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	-	-	-
Land Dedications	\$800	\$900	\$700
Development Application Processing Fees	-	-	-
Building Permit / Plumbing Fees	\$310	\$240	\$320
<b>Total:</b>	<b>\$1,110</b>	<b>\$1,140</b>	<b>\$1,020</b>

**Infrastructure Charges**

None.

The developer is responsible for the design and construction of connections to trunk services external to the subdivision as well as for the design and construction of services within the subdivision.

**Land Dedications**

The public land use dedication is 10 percent.

**Development Application  
Processing Fees**

\$15 to register the subdivision roads and services agreement.

**Building Permit and  
Plumbing Fees**

\$0.10 per square foot for all types of residential development. In addition, electrical inspection charges of \$130 for a new single-detached house; for multiple dwellings, \$100 for each of the first two units and \$60 for each additional unit.

There is also a plumbing fee of \$6 per fixture.

**Municipal Levies, Fees and Charges**

**Halifax**

<b>Estimates of Municipal Levies, Fees and Charges Halifax</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$90,000	\$81,000	\$107,000
Size (sq. ft.)	1,000	900	1,200
Lot Frontage (ft.)	30	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$210	\$160	\$245
Land Dedications	\$810	\$690	\$950
Development Application Processing Fees	\$5	\$4	\$6
Building Permit / Plumbing Fees	\$590	\$530	\$700
<b>Total:</b>	<b>\$1,615</b>	<b>\$1,384</b>	<b>\$1,901</b>

**Infrastructure Charges**

No development charges.

There is an engineering fee of 2 percent of the construction cost of the infrastructure work on the subdivision.

The developer is responsible for the design and construction of connections to trunk services external to the subdivision as well as for the design and construction of services within the subdivision.

**Land Dedications**

The public land use dedication is 5 percent.

**Development Application Processing Fees**

Subdivision review fee of \$25 per acre and subdivision plan registration fee of \$71 per subdivision.

**Building Permit and Plumbing Fees**

\$5 per \$1,000 of value plus \$10 for electrical permit, plus \$0.30 per square foot of building area.

There is a \$15 fee to set up a billing account for water.

**Municipal Levies, Fees and Charges**

**Moncton**

<b>Estimates of Municipal Levies, Fees and Charges Moncton</b>			
	<i>Typical</i>	<i>Dwelling</i>	<i>Standard Dwelling</i>
	Single- Detached	Row	Single- Detached
<b>Dwelling Characteristics:</b>			
Price	\$123,200	\$86,000	\$100,000
Size (sq. ft.)	1,400	1,100	1,200
Lot Frontage (ft.)	50	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	-	-	-
Land Dedications	\$1,250	\$500	\$875
Development Application Processing Fees	\$6	\$6	\$6
Building Permit / Plumbing Fees	\$630	\$490	\$550
<b>Total:</b>	<b>\$1,886</b>	<b>\$996</b>	<b>\$1,431</b>

**Infrastructure Charges**

None.

The developer is responsible for the design and construction of connections to trunk services external to the subdivision as well as for the design and construction of services within the subdivision.

**Land Dedications**

The public land use dedication is 10 percent.

**Development Application  
Processing Fees**

\$50 per subdivision plan and \$5 per approved lot.

**Building Permit and  
Plumbing Fees**

\$7.50 per \$1,000 of construction value.

There is also a plumbing fee of \$10 plus \$3.50 per fixture.



**Municipal Levies, Fees and Charges**

**Laval**

<b>Estimates of Municipal Levies, Fees and Charges</b>			
<b>Laval</b>			
	<i>Typical Dwelling</i>		<i>Standard Dwelling</i>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$108,000	\$91,000	\$101,000
Size (sq. ft.)	1,300	1,150	1,200
Lot Frontage (ft.)	35	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$13,600	\$8,350	\$13,600
Land Dedications	\$570	\$570	\$570
Development Application Processing Fees	\$170	\$140	\$170
Building Permit / Plumbing Fees	\$372	\$284	\$372
<b>Total:</b>	<b>\$14,712</b>	<b>\$9,344</b>	<b>\$14,712</b>

**Infrastructure Charges**

Effectively \$350 per foot of taxable frontage, as measured from the centre of the street.

If there are underground service connections, the additional charge is: \$600 for one service, \$900 for two, \$1,200 for three services, in the case of a street with no base or sub-base. There is a 25 percent discount when two services are installed in the same trench.

The examples on the opposite page assume three service connections and the 25 percent discount (a total cost of \$900 per lot).

Additional infrastructure charges:

- \$150 for water connections for single-family houses;
- \$300 engineering fee per unit.

The municipality is responsible for the installation of services both inside and outside the subdivision.

**Land Dedications**

10 percent of land or cash in lieu at fair market value.

**Development Application Processing Fees**

Subdivision: \$50 plus \$50 per lot, plus an evaluation fee of \$100 plus 2¢ /sq. ft., for the first 10,000 sq. ft.; the evaluation fee for subdivisions on properties over 10,000 sq. ft. moves to \$300 + 1 1/2¢/sq. ft. for anything over 10,000 sq. ft.; on subdivisions of over 50,000 sq. ft., it is

\$900 + 1 1/4¢/sq. ft. on the area over 50,000 sq. ft.; over 100,000 sq. ft., it is \$1,525 + 1¢/sq. ft. There is an ongoing scale for larger areas.

The processing fee for infrastructure is \$100 per acre.

**Building Permit and  
Plumbing Fees**

\$270 per unit for single-family houses; otherwise, \$220 per unit.

The Quebec provincial Régie du bâtiment has a plumbing inspection fee of \$102 for single-family units and \$64 for other units.

**Municipal Levies, Fees and Charges**

**Saint-Hubert**

**Estimates of Municipal Levies, Fees and Charges  
Saint-Hubert**

	<i>Typical Dwelling</i>		<i>Standard Dwelling</i>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$116,400	\$92,000	\$101,000
Size (sq. ft.)	1,300	1,150	1,200
Lot Frontage (ft.)	50	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$11,250	\$4,500	\$7,870
Land Dedications	\$1,380	\$950	\$960
Development Application Processing Fees	-	-	-
Building Permit / Plumbing Fees	\$207	\$107	\$207
<b>Total:</b>	<b>\$12,837</b>	<b>\$5,557</b>	<b>\$9,037</b>

**Infrastructure Charges**

Street charges are effectively \$738 per metre of frontage; \$1,475 for both sides of the street. This includes water and sewage.

The municipality is responsible for the installation of services both inside and outside the subdivision.

**Land Dedications**

10 percent of land, or cash in lieu at fair market value, or a combination thereof.

**Development Application Processing Fees**

No separate charge

**Building Permit and Plumbing Fees**

\$105 for the first unit; \$30 per unit thereafter

The Quebec provincial Régie du bâtiment has a plumbing inspection fee of \$102 for single-family units and \$64 for other units.

**Municipal Levies, Fees and Charges**

**Beauport**

<b>Estimates of Municipal Levies, Fees and Charges Beauport</b>			
	<i>Typical Dwelling</i>		<i>Standard Dwelling</i>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$90,000	\$80,000	\$94,000
Size (sq. ft.)	1,000	1,000	1,200
Lot Frontage (ft.)	50	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$11,095	\$5,106	\$8,061
Land Dedications	\$1,240	\$890	\$840
Development Application Processing Fees	-	-	-
Building Permit / Plumbing Fees	\$182	\$144	\$182
<b>Total:</b>	<b>\$12,518</b>	<b>\$6,140</b>	<b>\$9,083</b>

**Infrastructure Charges**      \$585 per metre of frontage if the municipality installs the infrastructure; the developer has the option of installing infrastructure, thereby avoiding the fee.

For the estimates on the opposite page, it is assumed that the developer pays the fee.

Additional infrastructure charges:  
 – \$980 water/sewer connection fee;  
 – engineering fee of 8% of the cost of infrastructure.

**Land Dedications**      10 percent of land, cash in lieu (calculated at 10 percent of municipal assessed value) or a combination thereof.

**Development Application Processing Fees**      No separate charge

**Building Permit and Plumbing Fees**      \$80 per unit.

The Quebec provincial Régie du bâtiment has a plumbing inspection fee of \$102 for single-family units and \$64 for other units.

**Municipal Levies, Fees and Charges**

**Gatineau**

<b>Estimates of Municipal Levies, Fees and Charges Gatineau</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$102,800	\$86,000	\$103,000
Size (sq. ft.)	1,200	1,100	1,200
Lot Frontage (ft.)	35	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$315	\$225	\$315
Land Dedications	\$1,685	\$900	\$1,685
Development Application Processing Fees	\$51	\$51	\$51
Building Permit / Plumbing Fees	\$202	\$164	\$202
<b>Total:</b>	<b>\$2,253</b>	<b>\$1,340</b>	<b>\$2,253</b>

**Infrastructure Charges**

No development charges.

Infrastructure is built and paid for in two phases. Phase 1 includes sewer, water, road base, sub-base and the first coat of asphalt; this is undertaken by the developer. Phase 2 consists of sidewalks, lighting and the second coat of asphalt; this is undertaken by the municipality and is reimbursed by the ultimate property owner through a "local improvement tax," which varies depending on the development but is roughly \$10 per foot of frontage payable over 15 years.

There is an engineering fee of 4.5 percent of the cost of sewer, water, road base and sub-base (Phase 1, above); this excludes paving, sidewalks and lighting.

**Land Dedications**

10 percent of the land, cash in lieu (calculated at 10 percent of municipal assessed value) or a combination thereof. In addition, there is a park planning/landscaping fee of \$6.50 per square metre of dedicated parkland.

**Development Application Processing Fees**

For subdivisions, the fee is \$100 for the first lot and \$50 for each additional lot.

**Building Permit and Plumbing Fees**

\$100 per unit.

The Quebec provincial Régie du bâtiment has a plumbing inspection fee of \$102 for single-family units and \$64 for other units.

**Municipal Levies, Fees and Charges**

**Kanata**

<b>Estimates of Municipal Levies, Fees and Charges Kanata</b>			
	<i>Typical Dwelling</i>		<i>Standard Dwelling</i>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$169,600	\$117,000	\$125,000
Size (sq. ft.)	1,800	1,200	1,200
Lot Frontage (ft.)	35	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$15,962	\$13,259	\$15,962
Land Dedications	\$250	\$90	\$250
Development Application Processing Fees	\$25	\$25	\$25
Building Permit / Plumbing Fees	\$1,390	\$1,000	\$980
<b>Total:</b>	<b>\$17,627</b>	<b>\$14,374</b>	<b>\$17,217</b>

<b>Infrastructure Charges</b>	<b>Development Charges</b>	<b>Single/ Semi</b>	<b>Row</b>	<b>Apartment</b>
	City of Kanata	\$6,087	\$4,545	\$3,379
	Kanata Hydro	\$541	\$541	\$541
	Region of Ottawa-Carleton	\$7,000	\$5,970	\$4,323
	Education	\$1,690	\$1,690	\$1,690

In addition, there are area-specific charges relating to developments in the Bridlewood area (for single-detached houses, \$892) and the Town Centre area (for single-detached houses, \$423).

Additional infrastructure charges:

- \$125 for storm sewer connection;
- \$125 for sanitary sewer connection for low- and medium-density dwellings; and
- design review and inspection fee of 3 percent of 125 percent of the total estimated cost of the engineering work (proceeds shared between planning and engineering departments).

The developer is responsible for the installation of internal subdivision services.

<b>Land Dedications</b>	The cash in lieu of parkland is 5 percent of the value of the land.
<b>Development Application Processing Fees</b>	\$1,000 application fee for plan of subdivision.
<b>Building Permit and Plumbing Fees</b>	\$10.50 per \$1,000 value of construction, plus a surcharge of 25 percent of the value of construction, to a maximum of \$100 (for the surcharge).  There is also a plumbing fee of \$7 per drainage fixture unit.

**Municipal Levies, Fees and Charges**

**Mississauga**

<b>Estimates of Municipal Levies, Fees and Charges Mississauga</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$217,900	\$142,000	\$176,000
Size (sq. ft.)	2,000	1,200	1,200
Lot Frontage (ft.)	30	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$16,250	\$15,830	\$16,480
Land Dedications	\$1,890	\$1,360	\$2,330
Development Application Processing Fees	\$190	\$270	\$190
Building Permit / Plumbing Fees	\$1,640	\$980	\$980
<b>Total:</b>	<b>\$19,970</b>	<b>\$18,440</b>	<b>\$19,980</b>

<b>Infrastructure Charges</b>	<b>Development Charges</b>	<b>Single/Semi/Row</b>	<b>Apartment</b>
	City of Mississauga		
	Storm Drainage	\$4,851 per net acre	\$4,851 per net acre
	Transportation	\$2,320 per unit	\$1,391 per unit
	Other Services	\$4,056 per unit	\$2,433 per unit
	Hydro Mississauga	\$509 per unit	\$305 per unit
	Region of Peel	\$4,908 per unit	\$2,975 per unit
	Education	\$2,271 per unit	\$2,271 per unit

**Additional infrastructure charges:**

- \$800 per unit water and sanitary sewer connection inspection fee in the Region of Peel; and
- an engineering fee of 4.5 percent of the total estimated value of services (if less than \$100,000) to a maximum of \$4,000. If services are valued between \$100,000 and \$500,000, the fee is 4 percent to a maximum of \$17,500. For services valued above \$500,000, the fee is 3.5 percent.

The developer is responsible for the installation of internal subdivision services.



**Land Dedications**

The public land use dedication for singles, semis and street townhouses is 5 percent of the land or cash in the amount of 5 percent of the market value of the land (fully serviced). For medium-density (e.g. cluster townhouses) and high-density dwellings, there is a flat charge of \$3,001 per unit.

**Development Application Processing Fees**

Subdivision application fees are \$1,000 for the City and \$4,670 for the Region of Peel. In addition, the City has processing fees of \$320 per gross hectare (minimum of \$1,504 and maximum of \$20,736). The Region has an additional charge of \$20 per lot for subdivisions with more than 40 lots.

There are also site plan approval application fees for multiple units (townhouses/apartments) of \$750 for the City, plus processing fees of \$1,670 per gross hectare (minimum fee \$902 and maximum \$11,189).

In addition, there is a City Administration Fee of \$350 for registration of documents on title, which must be filed in conjunction with the Development Agreement.

For condominiums, there is an application fee of \$1,300 (City) and \$4,670 (Region).

**Building Permit and Plumbing Fees**

\$0.82 per square foot for singles, semis and townhouses of less than 4,000 square feet; \$1.03 if the total unit size is greater than 4,000 square feet. For apartment buildings, the fee is \$0.69 per square foot.

**Municipal Levies, Fees and Charges**

**Vaughan (Maple)**

<b>Estimates of Municipal Levies, Fees and Charges Vaughan (Maple)</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$230,000	\$153,000	\$176,000
Size (sq. ft.)	2,200	1,300	1,200
Lot Frontage (ft.)	30	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$19,170	\$16,230	\$19,300
Land Dedications	\$1,740	\$1,440	\$2,190
Development Application Processing Fees	\$225	\$325	\$225
Building Permit / Plumbing Fees	\$2,220	\$1,280	\$1,280
<b>Total:</b>	<b>\$23,355</b>	<b>\$19,275</b>	<b>\$22,995</b>

<b>Infrastructure Charges</b>	<b>Development Charges</b>			
		<b>Single/Semi</b>	<b>Row</b>	<b>Apartment</b>
	City of Vaughan	\$8,392	\$6,823	\$4,731
	Region of York	\$7,480	\$6,321	\$4,637
	Education	\$2,350	\$2,350	\$2,350

Charges (above) for the City of Vaughan correspond to the charges for Maple, one of the most active areas in Vaughan. The area within the City of Vaughan with the highest charges is Woodbridge, which has a development charge for a single-detached house totalling \$9,909.

Additional infrastructure charges:

- there are special service area development charges for specific areas for the provision of watermains, sanitary sewers and storm drainage facilities. For residential developments in Maple, these special area charges would total roughly \$2,380 per hectare;
- \$190 for low-density water connections; and
- an engineering fee of 3.5 percent of the total cost of installing subdivision services.

The developer is responsible for the installation of internal subdivision services.

<b>Land Dedications</b>	The public land use dedication is 5 percent.
<b>Development Application Processing Fees</b>	<p>\$3,000 initial fee for draft plan of subdivision, plus \$150 per unit for single/semi/row dwellings and \$50 per unit for blocks.</p> <p>In addition, there is a \$100-per-unit charge for site development applications for townhouse units and multi-unit blocks.</p>
<b>Building Permit and Plumbing Fees</b>	<p>\$9/m<sup>2</sup> for row and apartment buildings and \$9.75/m<sup>2</sup> for all other residential buildings.</p> <p>There is also a plumbing fee of \$10 per fixture plus \$50 for sanitary/storm inspection and \$20 for water inspection.</p>

**Municipal Levies, Fees and Charges**

**London**

<b>Estimates of Municipal Levies, Fees and Charges London</b>			
	<i>Typical Dwelling</i>		<i>Standard Dwelling</i>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$129,900	\$91,000	\$112,000
Size (sq. ft.)	1,400	1,200	1,200
Lot Frontage (ft.)	40	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$7,312	\$6,438	\$7,312
Land Dedications	\$1,365	\$500	\$1,365
Development Application Processing Fees	\$80	\$70	\$80
Building Permit / Plumbing Fees	\$630	\$520	\$540
<b>Total:</b>	<b>\$9,387</b>	<b>\$7,528</b>	<b>\$9,297</b>

**Infrastructure Charges**      Development charges of \$7,246 for single-detached, \$6,372 for row, and \$4,644 for apartments of two-bedrooms or more.

There is also a \$66 charge for single-detached and row dwellings to connect the water supply system.

The developer is responsible for the installation of internal subdivision services.

**Land Dedications**      The schedule for cash in lieu for land dedications is \$1,365 per unit for single-detached dwellings, \$500 for row dwellings and \$775 for apartments.

**Development Application Processing Fees**      \$2,000 application fee for plan of subdivision plus \$140 per hectare. In addition, there is a fee of \$700 for draft/final approval of a subdivision.

For multi-unit developments in excess of 10 units, a site plan approval fee of \$250 plus \$25 per unit is levied.

**Building Permit and Plumbing Fees**      \$9 per \$1,000 of construction value.

**Municipal Levies, Fees and Charges**

**Sudbury**

<b>Estimates of Municipal Levies, Fees and Charges Sudbury</b>			
	<i>Typical Dwelling</i>		<i>Standard Dwelling</i>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$110,000	\$91,000	\$118,000
Size (sq. ft.)	1,000	900	1,200
Lot Frontage (ft.)	40	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$4,840	\$3,855	\$4,840
Land Dedications	\$960	\$510	\$810
Development Application Processing Fees	\$193	\$185	\$193
Building Permit / Plumbing Fees	\$660	\$590	\$790
<b>Total:</b>	<b>\$6,653</b>	<b>\$5,140</b>	<b>\$6,633</b>

**Infrastructure Charges**

**Development Charges**

	Single/Semi	3-6 Units	7+ Units
City of Sudbury	\$1,000	\$1,000	\$1,000
Region of Sudbury	\$3,675	\$2,690	\$2,300

The City development charges have been temporarily reduced to \$1,000 per unit (formerly \$4,360 per single/semi-detached unit, \$3,343 for row units and \$2,633 per unit blocks of 7+ units), until the provincial government passes a revised Development Charges Act.

There is a water meter charge of \$165 per unit to connect the water supply system.

The developer is responsible for the installation of internal subdivision services.

**Land Dedications**

The public land use dedication is 5 percent.

**Development Application Processing Fees**

Base fee of \$1,400 plus \$50 per lot for the first 50 single/semi lots and \$25 per lot for each lot in excess of 50; also \$250 per block for row and apartment buildings. In addition, there is a subdivision administration fee of \$108 per lot. Condominium plan application fees are \$1,400 per plan.

**Building Permit and  
Plumbing Fees**

\$14.95 for the first \$1,000 of construction value and \$10 for each additional \$1,000. There is a basic minimum fee of \$95.

Plumbing fees are \$8.30 plus \$4.10 per fixture for most fixtures; an additional charge of \$1.85 applies to certain items such as floor drains, stacks and hot water tanks.

**Municipal Levies, Fees and Charges**

**Winnipeg**

<b>Estimates of Municipal Levies, Fees and Charges Winnipeg</b>			
	<i>Typical</i>	<i>Dwelling</i>	<i>Standard</i>
	Single- Detached	Row	Single- Detached
<b>Dwelling Characteristics:</b>			
Price	\$117,000	\$100,000	\$117,000
Size (sq. ft.)	1,200	1,100	1,200
Lot Frontage (ft.)	35	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$1,510	\$860	\$1,510
Land Dedications	\$1,250	\$910	\$1,250
Development Application Processing Fees	\$300	\$220	\$300
Building Permit / Plumbing Fees	\$730	\$630	\$730
<b>Total:</b>	<b>\$3,790</b>	<b>\$2,620</b>	<b>\$3,790</b>

**Infrastructure Charges**

Developers are required to either install facilities or contribute to the regional facilities for land drainage by the payment of a Trunk Services Rate, which varies throughout Winnipeg due to specific needs in each area; rates are typically \$5,000–\$16,000 per acre, with the majority being in the \$9,000–\$10,000 range.

Depending on the location within the City, there may also be transportation area charges or other charges.

The developer is responsible for the design and construction of connections to trunk services outside the subdivision as well as within the subdivision. Developers are eligible for paybacks for any oversizing of services or for trunk facilities for which costs are normally covered by the sewer or water utility.

There is no specific engineering fee. The developer must pay fees for the design and site supervision of service installation on behalf of the City. Services are generally provided by a private consultant and invoiced directly to the developer.

**Land Dedications**

The public land use dedication is 10 percent: 8 percent of the gross land is dedicated for park purposes; 2 percent balance is cash in lieu to provide landscaping of the parkland.

**Development Application Processing Fees**

Filing fee of \$1,525 per subdivision plus an advertising fee of roughly \$1,500. An additional lot fee of \$35 per lot applies upon approval of the subdivision.

Developers are also required to pay an administration fee toward the City's legal and administration cost in the amount of \$1,200 per acre.

**Building Permit and Plumbing Fees**

\$23 plus \$0.22 per square foot of finished space and \$0.11 per square foot of unfinished space for single-detached dwellings. For other dwelling types, \$23 for the first \$1,000 plus \$7 for each additional \$1,000 of materials and labour costs.

In addition, a total of \$256 per unit is charged for lot grading and administration services, sewer application fees and a development permit.

Plumbing fees are \$120 per single-detached dwelling; \$16 per outlet or fixture for other dwelling types.



**Municipal Levies, Fees and Charges**

**Regina**

<b>Estimates of Municipal Levies, Fees and Charges Regina</b>			
	<i>Typical</i>	<i>Dwelling</i>	<i>Standard</i>
	Single- Detached	Row	Single- Detached
<b>Dwelling Characteristics:</b>			
Price	\$119,000	\$90,000	\$111,000
Size (sq. ft.)	1,200	1,000	1,200
Lot Frontage (ft.)	45	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$4,970	\$2,210	\$3,860
Land Dedications	\$1,300	\$680	\$1,010
Development Application Processing Fees	\$131	\$131	\$131
Building Permit / Plumbing Fees	\$470	\$410	\$470
<b>Total:</b>	<b>\$6,871</b>	<b>\$3,431</b>	<b>\$5,471</b>

**Infrastructure Charges**

\$60,000 per gross hectare (Hectarage Assessment Levy).

The developer is responsible for the installation of internal subdivision services and connections to trunk services.

**Land Dedications**

10 percent of land or cash in lieu, calculated at 10 percent of the area to be developed, multiplied by the sum of the value of the subdivided undeveloped land plus the Hectarage Assessment Levy.

**Development Application  
Processing Fees**

\$57 for subdivision examination, \$57 per lot for subdivision administration and \$2,889 for concept plan approval.

**Building Permit and  
Plumbing Fees**

Under \$10,000, minimum permit fee of \$100;  
 \$10,001–\$40,000, fee of \$100 plus \$7 per \$1,000 value over \$10,000;  
 \$40,001–\$78,000, fee of \$310 plus \$5 per \$1,000 value over \$40,000;  
 \$78,001–\$100,000, \$500 flat fee;  
 over \$100,000, \$5 per \$1,000 value.

**Municipal Levies, Fees and Charges**

**Saskatoon**

<b>Estimates of Municipal Levies, Fees and Charges Saskatoon</b>			
	<i>Typical Dwelling</i>		<i>Standard Dwelling</i>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$107,100	\$87,000	\$107,000
Size (sq. ft.)	1,100	1,000	1,200
Lot Frontage (ft.)	45	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$9,610	\$5,060	\$7,790
Land Dedications	\$390	\$290	\$270
Development Application Processing Fees	\$53	\$53	\$53
Building Permit / Plumbing Fees	\$450	\$410	\$490
<b>Total:</b>	<b>\$10,503</b>	<b>\$5,813</b>	<b>\$8,602</b>

**Infrastructure Charges**

Offsite services charge of \$543 per front metre to cover trunk sewers, primary watermains, arterial roads, parks, and so on.

For subdivisions on City-owned land, all internal subdivision services are installed by the City and builders are charged an additional \$902 per front metre to cover the cost of installing these services. For privately-owned land, internal services are installed at the expense of the developer. For the purposes of the examples on the page opposite, it is assumed that the land is privately owned.

Additional infrastructure charges:

- a water and sewer connection fee of \$1,389 per lot, plus levies of \$53.30 per front metre for inspection, long-term warranty and electrical servicing; and
- a servicing agreement fee of \$1,500 per subdivision.

**Land Dedications**

The public land use dedication is 10 percent.

**Development Application Processing Fees**

\$100 plus \$50 per lot to a maximum of \$2,500.

**Building Permit and Plumbing Fees**

\$5.75 per \$1,000 of construction value for the first \$100,000 and \$4.50 per \$1,000 above \$100,000.

Plumbing fees are a minimum of \$29 for the first six fixtures plus \$5.75 for each additional fixture. Water meter charge includes a security deposit of \$10 plus a \$2 service charge.

**Municipal Levies, Fees and Charges**

**Calgary**

**Estimates of Municipal Levies, Fees and Charges  
Calgary**

	<i>Typical Dwelling</i>		<i>Standard Dwelling</i>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$121,000	\$106,000	\$121,000
Size (sq. ft.)	1,300	1,200	1,200
Lot Frontage (ft.)	30	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$2,200	\$1,470	\$2,570
Land Dedications	\$1,880	\$1,350	\$2,190
Development Application Processing Fees	\$250	\$250	\$250
Building Permit / Plumbing Fees	\$670	\$630	\$630
<b>Total:</b>	<b>\$5,000</b>	<b>\$3,700</b>	<b>\$5,640</b>

**Infrastructure Charges**

A schedule of assessment levies is applied to new subdivisions in Calgary. In some cases, these levies vary for different areas; in some cases they are standard for all areas in the City. The assessment levies (per hectare) plus the averages (according to City staff) for items with variable charges are as follows:

- Sanitary sewer: \$49–\$9,065  
(average roughly \$2,600)
- Storm sewer: \$769–\$30,809  
(average roughly \$6,300)
- Water assessment \$3,658
- Water usage \$373
- Oversize \$4,480
- Major road \$5,974
- Expressways \$2,975
- Local parks \$4,328
- Inspection \$2,075
- Subdivision signage \$300
- Community facilities \$0–\$2,487

The latter charge is voluntary and has apparently not been used much in recent years. It is not included in the charges (opposite) for typical subdivisions in Calgary.

Additional infrastructure charges:

- \$40.90 per metre for residential street lighting; for main roads, \$55.80 per metre; and
- walkway lighting is subject to a charge of \$36.40 per metre.

The developer is responsible for the installation of internal subdivision services.

**Land Dedications**

The public land use dedication is 10 percent.

**Development Application Processing Fees**

Base fee of \$2,920 (plus \$292 per hectare over 10 hectares) for submission of an “Outline Plan.” Also, an application fee of \$1,460 (plus \$146 per lot over 10 lots) for “Tentative Plan and Subdivision” and an endorsement fee of \$270 (plus \$27 per lot over 10 lots).

**Building Permit and Plumbing Fees**

\$5.50 per \$1,000 for single-detached and duplex units. For other dwelling types, the fees are as follows: up to \$20,000, minimum fee of \$25; \$20,001–\$200,000, \$5.50 per \$1,000; over \$200,000, \$6 per \$1,000.

In addition, there is a mechanical permit fee of \$0.45 per \$1,000 of the estimated construction cost of a single-detached or duplex dwelling. For other dwellings, \$15 for every \$1,000 of mechanical installation costs (minimum of \$30).

There is a grading fee of \$150 for single-family dwellings.

For single-detached and duplex dwellings, plumbing permit fees are \$1.10 per \$1,000 of construction costs and gas permit fees are \$0.25 per \$1,000. For other dwellings, fees are based on the mechanical installation costs, including systems for plumbing, drainage and gasfitting: \$20 for every \$1,000 or part thereof up to \$3,000; over \$3,000, \$75 + \$20 for every \$1,000 (minimum fee is \$27).

**Municipal Levies, Fees and Charges**

**Edmonton**

<b>Estimates of Municipal Levies, Fees and Charges Edmonton</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$129,500	\$98,000	\$117,000
Size (sq. ft.)	1,400	1,100	1,200
Lot Frontage (ft.)	35	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$3,920	\$2,330	\$3,920
Land Dedications	\$1,880	\$1,070	\$1,880
Development Application Processing Fees	\$466	\$466	\$466
Building Permit / Plumbing Fees	\$1,078	\$556	\$969
<b>Total:</b>	<b>\$7,344</b>	<b>\$4,422</b>	<b>\$7,235</b>

**Infrastructure Charges**

No fixed fee for development charges. Developers are required to make a “Permanent Area Contribution” towards sharing the cost of major storm and sanitary sewer trunks in the basin where the land is located. These contributions vary depending on the costs of installing the services, but are typically in the range of \$40,000+ per hectare. According to the City, the weighted average of the charges in all active basins is \$57,600 per hectare.

There is an inspection fee for internal subdivision services of \$2,862 per hectare (minimum 3 hectares or \$8,586).

The developer is required to pay for all internal subdivision services as well as for the construction of connections to trunk services.

**Land Dedications**

The public land use dedication is 10 percent.

**Development Application Processing Fees**

\$136 per lot on submission of a subdivision application and \$330 per lot on submission of a subdivision for approval.

**Building Permit and Plumbing Fees**

Edmonton has formulated a “House Combo Permit” which is an all-inclusive permit for construction of single-detached houses. It covers the development permit, building permit, safety codes fee, plumbing and gas permit, sewer connection fee, heating and ventilation permit, lot

grading fees, sump pump fees, water rates and electrical permits. The House Combo Permit varies with the size of the house as follows:  
under 1050 sq. ft.: \$838; 1051–1150: \$923; 1151–1250: \$969;  
1251–1450: \$1,078; 1451–1650: \$1,155; 1651–1850: \$1,232;  
1851–2050: \$1,341; 2051–2250: \$1,417; 2251–2500: \$1,510;  
2501–3000: \$1,625; 3001–3500: \$1,817; and over 3500 sq. ft.:  
\$2,202.

For row and apartment dwellings, the combo permits are still in the development stage. Rough estimates indicate that the fees for both row and apartment dwellings would be \$103 for the first four units and \$13 per unit thereafter, plus \$7.25 per \$1,000 of construction value plus \$8 per plumbing fixture.

**Municipal Levies, Fees and Charges**

**Grande Prairie**

<b>Estimates of Municipal Levies, Fees and Charges Grande Prairie</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$115,000	\$90,000	\$122,000
Size (sq. ft.)	1,000	900	1,200
Lot Frontage (ft.)	45	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$2,350	\$1,060	\$1,840
Land Dedications	\$980	\$790	\$760
Development Application Processing Fees	\$35	\$32	\$35
Building Permit / Plumbing Fees	\$500	\$450	\$580
<b>Total:</b>	<b>\$3,865</b>	<b>\$2,332</b>	<b>\$3,215</b>

**Infrastructure Charges** Levy of \$28,000 per hectare to cover the installation of off-site trunk services and transportation.

There is also an underground servicing fee of \$34 for all types of buildings.

The developer is responsible for the installation of internal subdivision services as well as for connections to the off-site trunk services.

**Land Dedications** 10 percent.

**Development Application Processing Fees** \$35 for single-detached houses, \$100 plus \$15 per unit for multiples.

**Building Permit and Plumbing Fees** \$5.75 per \$1,000 of construction value.

Plumbing fees are \$8 per fixture and there is a water meter charge of \$36.50 per meter.



**Municipal Levies, Fees and Charges**

**Surrey**

<b>Estimates of Municipal Levies, Fees and Charges</b>			
<b>Surrey</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$269,900	\$176,000	\$200,000
Size (sq. ft.)	2,100	1,400	1,200
Lot Frontage (ft.)	35	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$14,265	\$16,225	\$14,265
Land Dedications	\$3,920	\$0	\$3,920
Development Application Processing Fees	\$15	\$90	\$15
Building Permit / Plumbing Fees	\$1,670	\$1,280	\$1,130
<b>Total:</b>	<b>\$19,870</b>	<b>\$17,595</b>	<b>\$19,330</b>

Infrastructure charges include an amount for land dedications

**Infrastructure Charges**

Development cost charges vary by density for single-detached houses. Average charges for typical densities are:

- 2–2.5 units/ha \$16,530 per unit
- 4–5 units/ha \$16,950 per unit
- 14 units/ha \$17,920 per unit

These development cost charges are higher for single-detached houses than those presented in the table on the page opposite because they include an allowance for land dedications (see below). For the purposes of the analysis here, a share of the development charge (\$3,920 for single-detached houses) is assumed to be for land dedications.

For multiples, development cost charges vary from \$15,960 per unit for medium-density dwellings to \$11,950 for apartments.

**Additional infrastructure charges:**

- \$40 for connection of single-family dwellings to the sanitary sewer; and
- land development servicing agreement processing fees: \$300 per unit (maximum \$5,000) for 0–20 units; \$250 per unit (maximum \$9,000) for 21–50 units; \$200 per unit (maximum \$15,000) for 51–100 units; fixed fee of \$15,000 for over 100 units.

The developer is responsible for the installation of internal subdivision services and connections, extensions or upgrading of trunk services required for the subdivision.

**Land Dedications**

A public land use dedication is included in the development charges outlined above. For sites where parkland dedications are required, the development charges are reduced by \$2,720–\$5,120 per lot for single-family units; the average is \$3,920.

**Development Application Processing Fees**

\$600 public-hearing fee for single-detached developments. For multi-family developments, \$600 plus \$1,315 base fee plus from \$21 (high density) to \$42 (medium density) per unit.

**Building Permit and Plumbing Fees**

\$41 for the first \$1,000, plus: \$9.25 for each additional \$1,000 up to \$100,000; \$7.55 for each additional \$1,000 up to \$250,000; \$6.90 for each \$1,000 over \$250,000. In addition, electrical permit fees are payable; the average amount for a single-detached house is roughly \$160.

Plumbing fees are \$40 for the first fixture and \$16 for each additional fixture.

**Municipal Levies, Fees and Charges**

**Burnaby**

<b>Estimates of Municipal Levies, Fees and Charges Burnaby</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$479,200	\$270,000	\$303,000
Size (sq. ft.)	2,300	1,800	1,200
Lot Frontage (ft.)	50	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$1,050	\$530	\$750
Land Dedications	\$933	\$829	\$933
Development Application Processing Fees	-	-	-
Building Permit / Plumbing Fees	\$1,560	\$1,360	\$1,020
<b>Total:</b>	<b>\$3,543</b>	<b>\$2,719</b>	<b>\$2,703</b>

**Infrastructure Charges**

No development cost charges. The developer is responsible for the costs of installing all services, not only inside the subdivision, but also to connect the subdivision with the existing municipal infrastructure.

Area-specific charges sometimes apply (e.g. \$392 per unit for grade-separated crossings in Edmonds Town Centre).

Additional infrastructure charges:

- \$25 each for connection to sanitary and storm sewers; and
- an engineering fee of 4 percent of estimated cost of services both within the subdivision and those required outside the subdivision.

**Land Dedications**

Parkland acquisition charge of \$933 per unit for single and semi-detached dwellings, \$829 for townhouses, \$884 for garden apartment units and \$1,397 for three-storey apartments. No additional public land use dedication is required, though contributions of land can be used to offset some or all of the parkland acquisition charges.

**Development Application Processing Fees**

No fees for single-detached houses and row dwellings. For apartments, a preliminary plan approval application fee of 0.1 percent of construction value applies.

**Building Permit and Plumbing Fees**

\$225.50 for the first \$15,000 and \$7.75 per \$1,000 above this up to \$50,000. For projects above \$50,000, the fee is \$496.75 plus \$6.50 per \$1,000 above \$50,000.

Plumbing fees are \$25 for the first fixture and \$17 for each additional fixture. As well, \$35 each for on-site sanitary sewer and domestic water piping.

There is also a \$25 permit charge for gas appliance installations and an additional \$25 charge for vent installation.

**Municipal Levies, Fees and Charges**

**Saanich**

<b>Estimates of Municipal Levies, Fees and Charges Saanich</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$281,700	\$140,000	\$183,000
Size (sq. ft.)	1,800	1,000	1,200
Lot Frontage (ft.)	55	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$6,060	\$5,320	\$5,710
Land Dedications	\$4,650	\$1,930	\$3,040
Development Application Processing Fees	\$108	\$108	\$108
Building Permit / Plumbing Fees	\$1,700	\$1,040	\$1,170
<b>Total:</b>	<b>\$12,518</b>	<b>\$8,398</b>	<b>\$10,028</b>

**Infrastructure Charges**

Development cost charges vary from \$941 to \$13,110 by area within the District; the average is roughly \$4,000 per unit. The charges are the same for all dwelling types.

Additional infrastructure charges:

- a water meter charge of \$1,100 for a single-detached dwelling; roughly \$900 per unit for multiple-unit buildings; and
- an administration and inspection fee equivalent to 3.5 percent of the cost estimates of the works and services required in the subdivision.

The developer is responsible for the installation of internal subdivision services as well as for connections to existing trunk services.

**Land Dedications**

The public land use dedication is 5 percent.

**Development Application Processing Fees**

\$400 for the first lot and \$100 for each additional lot. The fee is \$250 for a development permit for an apartment building.

**Building Permit and Plumbing Fees**

\$50 for the first \$1,000 plus \$12 per \$1,000 (or part thereof) up to \$500,000, plus \$8 per \$1,000 above \$500,000.

Plumbing fees are \$17 per fixture plus \$30 for sewer connection and \$30 for water service connection.

**Municipal Levies, Fees and Charges**

**Kelowna**

<b>Estimates of Municipal Levies, Fees and Charges Kelowna</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$154,600	\$135,000	\$130,000
Size (sq. ft.)	1,250	1,100	1,200
Lot Frontage (ft.)	50	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$11,050	\$10,700	\$10,840
Land Dedications	-	-	-
Development Application Processing Fees	-	\$27	-
Building Permit / Plumbing Fees	\$800	\$750	\$780
<b>Total:</b>	<b>\$11,850</b>	<b>\$11,477</b>	<b>\$11,620</b>

**Infrastructure Charges**

Development cost charges of a minimum of \$10,147 for singles, semis and row dwellings, and \$7,532 for apartment dwellings. Higher charges apply in many areas – up to \$16,000 in some districts.

Additional infrastructure charges:

- a water meter charge of \$225 to connect single-detached and row dwellings to the water system; and
- an engineering fee of 3 percent of cost for review and approval.

The developer is responsible for the installation of internal subdivision services and the construction of connections from the subdivision to trunk services.

**Land Dedications**

The City has no land dedication requirement other than what might be required for road widening or creek dedication. Parks are funded through the Development Cost Charge Fund, which reimburses developers for land required for parks.

**Development Application Processing Fees**

No charge for development applications for single-detached dwellings. Fee of \$1,085 for development permit applications for multiple-unit projects.

**Building Permit and Plumbing Fees**

\$40 plus \$7.25 per \$1,000 up to \$100,000 in value; above \$100,000, \$5.70 per \$1,000. Single-detached dwellings valued at \$490 per m<sup>2</sup> (one-storey, no basement), \$670 per m<sup>2</sup> (one-storey, unfinished

basement), \$860 per m<sup>2</sup> (two-storey, no basement), \$940 per m<sup>2</sup> (two-storey, unfinished basement). Add \$3,000/\$4,800 for single/double carports, and \$5,000/\$9,000 for single/double garage. For multiples, use construction value.

\$38 for permits for installation of appliances including vent and gas piping (1-2 appliances) in single-family dwellings; \$19 for each additional appliance. In multiple-unit dwellings, \$29 for each appliance in individual units.

A plumbing fee of \$40 plus \$10 per fixture also applies.

**Municipal Levies, Fees and Charges**

**Prince George**

<b>Estimates of Municipal Levies, Fees and Charges Prince George</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$164,000	\$100,000	\$128,000
Size (sq. ft.)	1,400	1,000	1,200
Lot Frontage (ft.)	55	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$1,140	\$840	\$1,140
Land Dedications	\$1,040	\$360	\$640
Development Application Processing Fees	\$156	\$156	\$156
Building Permit / Plumbing Fees	\$780	\$580	\$720
<b>Total:</b>	<b>\$3,116</b>	<b>\$1,936</b>	<b>\$2,656</b>

**Infrastructure Charges**

Development cost charges of \$990 for single-detached dwellings and \$690 for row and apartment units (37 dwellings per hectare or less). For multiples with densities in excess of 37 units per hectare: \$608 (38–74 units per hectare) and \$567 (75+ units per hectare).

There is also a charge of \$50 each for water, sanitary sewer and storm sewer connections.

The developer is responsible for the installation of internal subdivision services as well as for connections to existing trunk services.

**Land Dedications**

The public land use dedication is 5 percent.

**Development Application Processing Fees**

\$250 plus \$50 per lot for a subdivision application, plus \$100 per lot inspection fee. Development permits for block developments are \$350 per block.

**Building Permit and Plumbing Fees**

\$70 for the first \$1,000 plus \$7 for each additional \$1,000 up to \$50,000. Above \$50,000 in value, \$413 plus \$4 per \$1,000 of value in excess of \$50,000. Value is estimated based on \$75 per square foot for one-storey dwellings with an unfinished basement; for two-storey dwellings, the main floor is \$65 per square foot and the second floor is \$45 per square foot (if finished), \$30 per square foot (if unfinished). For multi-family residential dwellings, the cost of construction is \$65,000 per unit.

There is also a plumbing fee of \$65 plus \$7 per fixture.



**Municipal Levies, Fees and Charges**

**Whitehorse**

<b>Estimates of Municipal Levies, Fees and Charges Whitehorse</b>			
	<u>Typical Dwelling</u>		<u>Standard Dwelling</u>
	Single-Detached	Row	Single-Detached
<b>Dwelling Characteristics:</b>			
Price	\$145,000	\$110,000	\$121,000
Size (sq. ft.)	1,300	1,200	1,200
Lot Frontage (ft.)	55	20	35
<b>Estimated Levies, Fees and Charges:</b>			
Infrastructure Charges	\$2,500	\$2,000	\$2,500
Land Dedications	\$1,130	\$500	\$630
Development Application Processing Fees	-	-	-
Building Permit / Plumbing Fees	\$620	\$560	\$580
<b>Total:</b>	<b>\$4,250</b>	<b>\$3,060</b>	<b>\$3,710</b>

**Infrastructure Charges**      \$2,500 for an urban single-detached lot and \$1,250 for a rural lot; \$2,000 for a row unit and \$1,500 for an apartment unit. The urban area development charge has been used in the analysis here.

The developer is responsible for the installation of internal subdivision services.

**Land Dedications**      10 percent.

**Development Application Processing Fees**      None.

**Building Permit and Plumbing Fees**      \$30 plus \$6 per each \$1,000 of construction value or portion thereof up to \$100,000. For projects with construction values above \$100,000, the fee is \$624 plus \$4.50 per each \$1,000 of value above \$100,000.

Plumbing fees are \$6.50 per fixture or a minimum of \$30, whichever is greater. For row and apartment complexes, the fee is based on the total number of fixtures in the complex.

**Municipal Levies, Fees and Charges**

**Yellowknife**

**Estimates of Municipal Levies, Fees and Charges  
Yellowknife**

	<u>Typical Dwelling</u>	<u>Standard Dwelling</u>
	Single-Detached	Row Single-Detached
<b>Dwelling Characteristics:</b>		
Price	\$165,000	\$120,000
Size (sq. ft.)	1,300	1,200
Lot Frontage (ft.)	55	20
		35
<b>Estimated Levies, Fees and Charges:</b>		
Infrastructure Charges	\$730	\$730
Land Dedications	-	-
Development Application Processing Fees	\$1	\$3
Building Permit / Plumbing Fees	\$610	\$580
<b>Total:</b>	<b>\$1,341</b>	<b>\$1,313</b>
		<b>\$1,311</b>

**Infrastructure Charges**

\$600 for single-detached and row dwellings, \$400 for two-bedroom apartments.

There is also a water meter charge of \$100 plus a connection fee of \$30.

The developer is responsible for the installation of internal subdivision services.

**Land Dedications**

No public land use dedication, as the land is released from the publicly owned land reserve.

**Development Application Processing Fees**

\$50 for single-detached developments, \$100 for other types of developments.

**Building Permit and Plumbing Fees**

\$25 plus \$0.35 per square foot for single-detached and duplex units; for other dwelling types, \$25 plus \$5.50 per \$1,000 of construction costs (excluding mechanical). Mechanical permits for heating, ventilation and air conditioning (HVAC) systems are \$25 plus \$5.50 per \$1,000 of mechanical construction costs.

Plumbing fees are \$25 plus \$6 per fixture.

## ***APPENDIX B***

### ***Sales Taxes and Warranty Fees***

# APPENDIX B – SALES TAXES AND WARRANTY FEES

**Exhibit B-1**  
**GST Payable**  
**Typical and Standard Dwellings**

Municipality	<i>Typical</i> Single-Detached House	<i>Typical</i> Row House	<i>Standard</i> Single-Detached House
St. John's	\$3,808	\$3,315	\$4,166
Charlottetown	\$4,337	\$3,763	\$4,480
Halifax	\$4,032	\$3,629	\$4,794
Moncton	\$5,519	\$3,853	\$4,480
Laval	\$4,838	\$4,077	\$4,525
Saint-Hubert	\$5,215	\$4,122	\$4,525
Beauport	\$4,032	\$3,584	\$4,211
Gatineau	\$4,605	\$3,853	\$4,614
Kanata	\$7,598	\$5,331	\$5,600
Mississauga	\$9,762	\$6,362	\$7,885
Vaughan	\$10,304	\$6,854	\$7,885
London	\$5,820	\$4,077	\$5,018
Sudbury	\$4,928	\$4,077	\$5,286
Winnipeg	\$5,242	\$4,480	\$5,242
Regina	\$5,331	\$4,032	\$4,973
Saskatoon	\$4,798	\$3,898	\$4,794
Calgary	\$5,421	\$4,749	\$5,421
Edmonton	\$5,802	\$4,390	\$5,242
Grande Prairie	\$5,152	\$4,032	\$5,466
Surrey	\$12,092	\$7,885	\$8,960
Burnaby	\$33,544	\$18,900	\$21,210
Saanich	\$12,620	\$6,272	\$8,198
Kelowna	\$6,926	\$6,048	\$5,824
Prince George	\$7,347	\$4,480	\$5,734
Whitehorse	\$6,496	\$4,928	\$5,421
Yellowknife	\$7,392	\$5,376	\$6,003

This Appendix provides details on the taxes payable on new dwellings, as well as details on the fees paid to the new home warranty programs in operation in each of the provinces. There are three sections in the Appendix:

1. Federal Goods and Services Tax (GST)
2. Provincial Sales Taxes
3. Warranty Program Fees

## 1. Federal Goods and Services Tax (GST)

The GST is payable on all new housing built in Canada. For ownership housing (as opposed to rental housing) priced below \$350,000, there is a rebate of 2.52 percent of the 7 percent GST (i.e. 36 percent of the tax paid is refunded), so the effective rate of GST on these new dwellings is 4.48 percent. For dwellings priced above \$450,000, the full 7 percent GST rate applies. For homes priced between \$350,000 and \$450,000, the rebate is phased out progressively. Exhibit B-1

presents the GST that would be payable (after the rebate) for the *typical* single-detached and row dwelling and the *standard* single-detached house in each of the 26 municipalities.

For newly-built private rental housing, the full 7 percent GST of the value is payable.

## 2. Provincial Sales Taxes

With the exception of Alberta, each province levies a retail sales tax. Neither the Yukon nor the Northwest Territories has a retail sales tax.

In Quebec, a 6.5 percent provincial sales tax is applied to the sale price of the housing, plus GST; but, like the GST, there is a rebate of 36 percent of this tax for lower-priced dwellings. In this case, the cut-off price is \$175,000 regarding the provincial sales tax rebate and is phased out for dwellings priced between \$175,000 and \$200,000; for dwellings priced above \$200,000, there is no rebate. The effective Quebec sales tax on new ownership housing priced at \$175,000 or less is 4.34 percent and is applied to the price of the dwelling prior to adding the GST. Rental housing in Quebec is subject to the full 6.5 percent provincial sales tax, which is levied on the sale price or cost of the rental project.

For the eight other provinces with retail sales taxes, there is tax payable on the materials used in construction of new housing. In general, all construction material inputs in these provinces are subject to the provincial sales tax, but there are exemptions (e.g. insulation installed in new homes in B.C. is not subject to the provincial sales tax). The products to which provincial sales taxes do not apply in the other provinces comprise a very small proportion of the overall dwelling costs.

The provincial sales tax rates for the provinces other than Quebec and Alberta are:

• Newfoundland	12%
• Prince Edward Island	10%
• Nova Scotia	11%
• New Brunswick	11%
• Ontario	8%
• Manitoba	7%
• Saskatchewan	9%
• British Columbia	7%

Several provinces are currently in discussions with the federal government concerning the harmonization of their provincial sales tax with the GST to form a combined federal-provincial sales tax of 15 percent. To date, the details regarding how this new harmonized tax would apply to new housing have not been finalized.

**Exhibit B-2**  
**Provincial Sales Tax Payable**  
**Typical and Standard Dwellings**

<u>Municipality</u>	<i>Typical</i> <u>Single-Detached</u> <u>House</u>	<i>Typical</i> <u>Row</u> <u>House</u>	<i>Standard</i> <u>Single-Detached</u> <u>House</u>
St. John's	\$4,129	\$3,442	\$4,764
Charlottetown	\$3,894	\$3,297	\$4,142
Halifax	\$3,599	\$3,129	\$4,306
Moncton	\$5,316	\$3,927	\$4,450
Laval	\$4,687	\$3,931	\$4,403
Saint-Hubert	\$5,052	\$3,979	\$4,371
Beauport	\$3,906	\$3,472	\$4,087
Gatineau	\$4,462	\$3,748	\$4,462
Kanata	\$4,958	\$3,404	\$3,403
Mississauga	\$5,735	\$3,353	\$3,727
Vaughan	\$6,258	\$3,602	\$3,727
London	\$3,242	\$2,615	\$2,785
Sudbury	\$2,962	\$2,505	\$3,409
Winnipeg	\$2,891	\$2,571	\$2,891
Regina	\$3,953	\$3,133	\$3,843
Saskatoon	\$3,594	\$3,133	\$3,788
Calgary	-	-	-
Edmonton	-	-	-
Grande Prairie	-	-	-
Surrey	\$5,202	\$3,550	\$3,156
Burnaby	\$5,921	\$4,700	\$3,198
Saanich	\$4,716	\$2,540	\$3,124
Kelowna	\$3,160	\$2,882	\$2,891
Prince George	\$3,881	\$2,609	\$3,193
Whitehorse	-	-	-
Yellowknife	-	-	-

Estimates of the amounts of provincial sales tax included in the prices and costs of new housing in each municipality have been prepared for this report. Estimates are provided in Exhibit B-2 for the *typical* single-detached and row dwellings as well as for the standard single-detached house.

The estimates are based on housing prices and costs that were obtained from builders in each of the municipalities, as well as information obtained from local CMHC offices. Estimates were derived of the actual share of housing costs that were comprised of materials subject to provincial taxes using the following information: price and cost information (described above); estimates of typical profits and overhead costs; information

compiled by CMHC on the share of construction costs (comprised of items such as site overhead costs and labour and building materials). Also, estimates of the share of the servicing costs for new subdivisions that are comprised of materials (and are, therefore, subject to provincial sales taxes) were also derived. The provincial sales tax rates were applied to these estimates of the value of materials involved in land development and new housing construction to obtain the estimates of the amounts of provincial sales tax included in each of the dwellings in each municipality.



**Exhibit B-4**  
**New Home Warranty Fees**  
*Typical and Standard Dwellings*

Municipality	<i>Typical</i> Single-Detached House	<i>Typical</i> Row House	<i>Standard</i> Single-Detached House
St. John's	\$200	\$200	\$200
Charlottetown	\$200	\$200	\$200
Halifax	\$200	\$200	\$200
Moncton	\$200	\$200	\$200
Laval	\$315	\$299	\$315
Saint-Hubert	\$315	\$299	\$315
Beauport	\$299	\$299	\$299
Gatineau	\$315	\$299	\$315
Kanata	\$600	\$550	\$550
Mississauga	\$650	\$550	\$600
Vaughan	\$650	\$600	\$600
London	\$550	\$525	\$550
Sudbury	\$550	\$525	\$550
Winnipeg	\$200	\$200	\$200
Regina	\$308	\$299	\$308
Saskatoon	\$308	\$299	\$308
Calgary	\$195	\$180	\$195
Edmonton	\$195	\$165	\$180
Grande Prairie	\$180	\$150	\$195
Surrey	\$185	\$185	\$185
Burnaby	\$185	\$185	\$185
Saanich	\$185	\$185	\$185
Kelowna	\$185	\$185	\$185
Prince George	\$185	\$185	\$185
Whitehorse	\$185	\$185	\$185
Yellowknife	-	-	-

The warranty program fees are subject to payment of 7 percent GST; in Ontario and Quebec, provincial sales taxes are applicable as well. In Saskatchewan, the GST is included in the fee.

Exhibit B-4 presents the warranty fees that would apply to each of the *typical* single-detached and row dwellings, and to the *standard* single-detached house.



***APPENDIX C***  
***Transaction Costs***

## APPENDIX C – TRANSACTION COSTS

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This Appendix provides information on the estimates of transaction costs involved in the development and ultimate sale of new housing in each of the 26 municipalities. The estimates of transaction costs relate to three dwelling types:

- *Typical* single-detached houses;
- *Typical* row dwellings; and
- *Standard* single-detached houses.

The characteristics of each of these dwellings are described in detail in Appendix A.

The estimates of the transaction costs involved in the development and ultimate sale of each of these three dwellings in the 26 municipalities are based on information obtained from lawyers

and other sources. The process of determining estimate amounts is described in Chapter 3 of the report. Descriptions of the various transaction costs and differences in these costs among the various jurisdictions are also provided in Chapter 3.

Details of the breakdown of transaction costs for the *typical* row dwelling and *standard* single-detached house are not provided in the main body of this report; only the total amounts of transaction costs for the *typical* row dwelling are highlighted. The breakdown of the transaction costs (by component) for the *typical* row dwelling (Exhibits C-1 to C-4) and *standard* single-detached house (Exhibits C-5 to C-8) is provided in this appendix.

**Exhibit C-1**

**Transaction Costs – Dwelling Purchase  
Typical Row Dwellings**

Municipality	Price	Certificates	Land Transfer/		Total	
			Registry	Legal*	Costs	% of price
St. John's	\$74,000	\$200	\$346	\$500	\$1,046	1.41
Charlottetown	\$84,000	\$125	\$225	\$500	\$850	1.01
Halifax	\$81,000	\$100	\$1,305	\$700	\$2,105	2.60
Moncton	\$86,000	\$130	\$245	\$600	\$975	1.13
Laval	\$91,000	-	\$731	\$750	\$1,481	1.63
Saint-Hubert	\$92,000	-	\$741	\$750	\$1,491	1.62
Beauport	\$80,000	-	\$621	\$750	\$1,371	1.71
Gatineau	\$86,000	-	\$681	\$750	\$1,431	1.66
Kanata	\$119,000	\$315	\$965	\$700	\$1,980	1.66
Mississauga	\$142,000	\$265	\$1,195	\$700	\$2,160	1.52
Vaughan	\$153,000	\$270	\$1,305	\$700	\$2,275	1.49
London	\$91,000	\$280	\$685	\$700	\$1,665	1.83
Sudbury	\$91,000	\$285	\$685	\$700	\$1,670	1.84
Winnipeg	\$100,000	\$80	\$450	\$500	\$1,030	1.03
Regina	\$90,000	\$100	\$198	\$600	\$898	1.00
Saskatoon	\$87,000	\$100	\$192	\$600	\$892	1.03
Calgary	\$106,000	\$100	\$141	\$600	\$841	0.79
Edmonton	\$98,000	\$100	\$133	\$600	\$833	0.85
Grande Prairie	\$90,000	\$100	\$125	\$600	\$825	0.92
Surrey	\$176,000	\$75	\$1,810	\$500	\$2,385	1.36
Burnaby	\$270,000	\$75	\$3,450	\$500	\$4,025	1.49
Saanich	\$140,000	\$75	\$1,450	\$500	\$2,025	1.45
Kelowna	\$135,000	\$75	\$1,400	\$500	\$1,975	1.46
Prince George	\$100,000	\$75	\$1,050	\$500	\$1,625	1.63
Whitehorse	\$110,000	\$60	\$232	\$700	\$992	0.90
Yellowknife	\$120,000	\$100	\$180	\$700	\$980	0.82

\* Includes legal fees for arranging mortgage.

**Exhibit C-2**  
**Transaction Costs – Mortgage**  
**Typical/Row Dwellings**

Municipality	Price	Mortgage		Registry	Mortgage Insurance Fees		Total	
		Amount			Application	Insurance*	Costs	% of mortgage
St. John's	\$74,000	\$66,600		\$316	\$235	\$1,665	\$2,216	3.33
Charlottetown	\$84,000	\$75,600		\$225	\$235	\$1,890	\$2,350	3.11
Halifax	\$81,000	\$72,900		\$50	\$235	\$1,823	\$2,108	2.89
Moncton	\$86,000	\$77,400		\$30	\$235	\$1,935	\$2,200	2.84
Laval	\$91,000	\$81,900		\$71	\$235	\$2,048	\$2,354	2.87
Saint-Hubert	\$92,000	\$82,800		\$71	\$235	\$2,070	\$2,376	2.87
Beauport	\$80,000	\$72,000		\$71	\$235	\$1,800	\$2,106	2.93
Gatineau	\$86,000	\$77,400		\$71	\$235	\$1,935	\$2,241	2.9
Kanata	\$119,000	\$107,100		\$50	\$235	\$2,892	\$3,177	2.97
Mississauga	\$142,000	\$127,800		\$50	\$235	\$3,451	\$3,736	2.92
Vaughan	\$153,000	\$137,700		\$50	\$235	\$3,718	\$4,003	2.91
London	\$91,000	\$81,900		\$50	\$235	\$2,211	\$2,496	3.05
Sudbury	\$91,000	\$81,900		\$50	\$235	\$2,211	\$2,496	3.05
Winnipeg	\$100,000	\$90,000		\$50	\$235	\$2,250	\$2,535	2.82
Regina	\$90,000	\$81,000		\$180	\$235	\$2,025	\$2,440	3.01
Saskatoon	\$87,000	\$78,300		\$175	\$235	\$1,958	\$2,367	3.02
Calgary	\$106,000	\$95,400		\$110	\$235	\$2,385	\$2,730	2.86
Edmonton	\$98,000	\$88,200		\$103	\$235	\$2,205	\$2,543	2.88
Grande Prairie	\$90,000	\$81,000		\$96	\$235	\$2,025	\$2,356	2.91
Surrey	\$176,000	\$158,400		\$50	\$235	\$3,960	\$4,245	2.68
Burnaby	\$270,000	\$243,000		\$50	\$235	\$6,075	\$6,360	2.62
Saanich	\$140,000	\$126,000		\$50	\$235	\$3,150	\$3,435	2.73
Kelowna	\$135,000	\$121,500		\$50	\$235	\$3,038	\$3,323	2.73
Prince George	\$100,000	\$90,000		\$50	\$235	\$2,250	\$2,535	2.82
Whitehorse	\$110,000	\$99,000		\$151	\$235	\$2,475	\$2,861	2.89
Yellowknife	\$120,000	\$108,000		\$108	\$235	\$2,700	\$3,043	2.82

\* Includes 8% provincial sales tax in Ontario

**Exhibit C-3**  
**Transaction Costs – Developer**  
*Typical Row Dwellings*

<u>Municipality</u>	<u>Price</u>	<u>Estimated Transaction Costs</u>	
		<u>Costs</u>	<u>% of price</u>
St. John's	\$74,000	\$460	0.62
Charlottetown	\$84,000	\$440	0.52
Halifax	\$81,000	\$550	0.68
Moncton	\$86,000	\$440	0.51
Laval	\$91,000	\$460	0.51
Saint-Hubert	\$92,000	\$480	0.52
Beauport	\$80,000	\$480	0.6
Gatineau	\$86,000	\$460	0.53
Kanata	\$119,000	\$590	0.5
Mississauga	\$142,000	\$770	0.54
Vaughan	\$153,000	\$780	0.51
London	\$91,000	\$630	0.69
Sudbury	\$91,000	\$630	0.69
Winnipeg	\$100,000	\$470	0.47
Regina	\$90,000	\$440	0.49
Saskatoon	\$87,000	\$440	0.51
Calgary	\$106,000	\$450	0.42
Edmonton	\$98,000	\$440	0.45
Grande Prairie	\$90,000	\$440	0.49
Surrey	\$176,000	\$650	0.37
Burnaby	\$270,000	\$1,260	0.47
Saanich	\$140,000	\$770	0.55
Kelowna	\$135,000	\$590	0.44
Prince George	\$100,000	\$470	0.47
Whitehorse	\$110,000	\$440	0.4
Yellowknife	\$120,000	\$450	0.38

**Exhibit C-4**  
**Summary – Transaction Costs**  
**Typical Row Dwellings**

Municipality	Price	Homebuyers' Costs		Developers' Costs	Total	Percent of Price
		Purchase	Mortgage			
St. John's	\$74,000	\$1,046	\$2,216	\$460	\$3,722	5.03
Charlottetown	\$84,000	\$850	\$2,350	\$440	\$3,640	4.33
Halifax	\$81,000	\$2,105	\$2,108	\$550	\$4,763	5.88
Moncton	\$86,000	\$975	\$2,200	\$440	\$3,615	4.2
Laval	\$91,000	\$1,481	\$2,354	\$460	\$4,295	4.72
Saint-Hubert	\$92,000	\$1,491	\$2,376	\$480	\$4,347	4.73
Beauport	\$80,000	\$1,371	\$2,106	\$480	\$3,957	4.95
Gatineau	\$86,000	\$1,431	\$2,241	\$460	\$4,132	4.8
Kanata	\$119,000	\$1,980	\$3,177	\$590	\$5,747	4.83
Mississauga	\$142,000	\$2,160	\$3,736	\$770	\$6,666	4.69
Vaughan	\$153,000	\$2,275	\$4,003	\$780	\$7,058	4.61
London	\$91,000	\$1,665	\$2,496	\$630	\$4,791	5.27
Sudbury	\$91,000	\$1,670	\$2,496	\$630	\$4,796	5.27
Winnipeg	\$100,000	\$1,030	\$2,535	\$470	\$4,035	4.04
Regina	\$90,000	\$898	\$2,440	\$440	\$3,778	4.2
Saskatoon	\$87,000	\$892	\$2,367	\$440	\$3,699	4.25
Calgary	\$106,000	\$841	\$2,730	\$450	\$4,021	3.79
Edmonton	\$98,000	\$833	\$2,543	\$440	\$3,816	3.89
Grande Prairie	\$90,000	\$825	\$2,356	\$440	\$3,621	4.02
Surrey	\$176,000	\$2,385	\$4,245	\$650	\$7,280	4.14
Burnaby	\$270,000	\$4,025	\$6,360	\$1,260	\$11,645	4.31
Saanich	\$140,000	\$2,025	\$3,435	\$770	\$6,230	4.45
Kelowna	\$135,000	\$1,975	\$3,323	\$590	\$5,888	4.36
Prince George	\$100,000	\$1,625	\$2,535	\$470	\$4,630	4.63
Whitehorse	\$110,000	\$992	\$2,861	\$440	\$4,293	3.9
Yellowknife	\$120,000	\$980	\$3,043	\$450	\$4,473	3.73

**Exhibit C-5  
Transaction Costs – Dwelling Purchase  
Standard Single-Detached Houses**

Municipality	Price	Certificates	Land Transfer/ Registry	Legal*	Total	
					Costs	% of price
St. John's	\$93,000	\$200	\$422	\$500	\$1,122	1.21
Charlottetown	\$100,000	\$125	\$300	\$500	\$925	0.93
Halifax	\$107,000	\$100	\$1,695	\$700	\$2,495	2.33
Moncton	\$100,000	\$130	\$280	\$600	\$1,010	1.01
Laval	\$101,000	-	\$831	\$750	\$1,581	1.57
Saint-Hubert	\$101,000	-	\$831	\$750	\$1,581	1.57
Beauport	\$94,000	-	\$761	\$750	\$1,511	1.61
Gatineau	\$103,000	-	\$851	\$750	\$1,601	1.55
Kanata	\$125,000	\$315	\$1,025	\$700	\$2,040	1.63
Mississauga	\$176,000	\$265	\$1,535	\$700	\$2,500	1.42
Vaughan	\$176,000	\$270	\$1,535	\$700	\$2,505	1.42
London	\$112,000	\$280	\$895	\$700	\$1,875	1.67
Sudbury	\$118,000	\$285	\$955	\$700	\$1,940	1.64
Winnipeg	\$117,000	\$80	\$620	\$500	\$1,200	1.03
Regina	\$111,000	\$100	\$240	\$600	\$940	0.85
Saskatoon	\$107,000	\$100	\$232	\$600	\$932	0.87
Calgary	\$121,000	\$100	\$156	\$600	\$856	0.71
Edmonton	\$117,000	\$100	\$152	\$600	\$852	0.73
Grande Prairie	\$122,000	\$100	\$157	\$600	\$857	0.7
Surrey	\$200,000	\$75	\$2,050	\$500	\$2,625	1.31
Burnaby	\$303,000	\$75	\$4,110	\$500	\$4,685	1.55
Saanich	\$183,000	\$75	\$1,880	\$500	\$2,455	1.34
Kelowna	\$130,000	\$75	\$1,350	\$500	\$1,925	1.48
Prince George	\$128,000	\$75	\$1,330	\$500	\$1,905	1.49
Whitehorse	\$121,000	\$60	\$260	\$700	\$1,020	0.84
Yellowknife	\$134,000	\$100	\$201	\$700	\$1,001	0.75

\* Includes legal fees for arranging mortgage

**Exhibit C-6  
Transaction Costs – Mortgage  
Standard Single-Detached Houses**

Municipality	Price	Mortgage Amount	Registry	Mortgage Insurance Fees		Total % of Mortgage
				Application	Insurance*	
St. John's	\$93,000	\$83,700	\$385	\$235	\$2,093	3.24
Charlottetown	\$100,000	\$90,000	\$225	\$235	\$2,250	3.01
Halifax	\$107,000	\$96,300	\$50	\$235	\$2,408	2.8
Moncton	\$100,000	\$90,000	\$30	\$235	\$2,250	2.79
Laval	\$101,000	\$90,900	\$71	\$235	\$2,273	2.84
Saint-Hubert	\$101,000	\$90,900	\$71	\$235	\$2,273	2.84
Beauport	\$94,000	\$84,600	\$71	\$235	\$2,115	2.86
Gatineau	\$103,000	\$92,700	\$71	\$235	\$2,318	2.83
Kanata	\$125,000	\$112,500	\$50	\$235	\$3,038	2.95
Mississauga	\$176,000	\$158,400	\$50	\$235	\$4,277	2.88
Vaughan	\$176,000	\$158,400	\$50	\$235	\$4,277	2.88
London	\$112,000	\$100,800	\$50	\$235	\$2,722	2.98
Sudbury	\$118,000	\$106,200	\$50	\$235	\$2,867	2.97
Winnipeg	\$117,000	\$105,300	\$50	\$235	\$2,633	2.77
Regina	\$111,000	\$99,900	\$218	\$235	\$2,498	2.95
Saskatoon	\$107,000	\$96,300	\$211	\$235	\$2,408	2.96
Calgary	\$121,000	\$108,900	\$124	\$235	\$2,723	2.83
Edmonton	\$117,000	\$105,300	\$120	\$235	\$2,633	2.84
Grande Prairie	\$122,000	\$109,800	\$125	\$235	\$2,745	2.83
Surrey	\$200,000	\$180,000	\$50	\$235	\$4,500	2.66
Burnaby	\$303,000	\$272,700	\$50	\$235	\$6,818	2.6
Saanich	\$183,000	\$164,700	\$50	\$235	\$4,118	2.67
Kelowna	\$130,000	\$117,000	\$50	\$235	\$2,925	2.74
Prince George	\$128,000	\$115,200	\$50	\$235	\$2,880	2.75
Whitehorse	\$121,000	\$108,900	\$175	\$235	\$2,723	2.88
Yellowknife	\$134,000	\$120,600	\$121	\$235	\$3,015	2.79

\* Includes 8% provincial sales tax in Ontario



**Exhibit C-7**  
**Transaction Costs – Developer**  
**Standard Single-Detached Houses**

<u>Municipality</u>	<u>Price</u>	<u>Estimated Transaction Costs</u>	
		<u>Costs</u>	<u>% of price</u>
St. John's	\$93,000	\$460	0.49
Charlottetown	\$100,000	\$440	0.44
Halifax	\$107,000	\$550	0.51
Moncton	\$100,000	\$460	0.46
Laval	\$101,000	\$460	0.46
Saint-Hubert	\$101,000	\$530	0.52
Beauport	\$94,000	\$510	0.54
Gatineau	\$103,000	\$490	0.48
Kanata	\$125,000	\$600	0.48
Mississauga	\$176,000	\$840	0.48
Vaughan	\$176,000	\$810	0.46
London	\$112,000	\$800	0.71
Sudbury	\$118,000	\$710	0.6
Winnipeg	\$117,000	\$500	0.43
Regina	\$111,000	\$460	0.41
Saskatoon	\$107,000	\$450	0.42
Calgary	\$121,000	\$450	0.37
Edmonton	\$117,000	\$450	0.38
Grande Prairie	\$122,000	\$450	0.37
Surrey	\$200,000	\$940	0.47
Burnaby	\$303,000	\$2,700	0.89
Saanich	\$183,000	\$1,420	0.78
Kelowna	\$130,000	\$740	0.57
Prince George	\$128,000	\$680	0.53
Whitehorse	\$121,000	\$460	0.38
Yellowknife	\$134,000	\$470	0.35



**Exhibit C-8**  
**Summary – Transaction Costs**  
**Standard Single-Detached Houses**

Municipality	Price	Homebuyers' Costs		Developers' Costs	Total	Percent of Price
		Purchase	Mortgage			
St. John's	\$93,000	\$1,122	\$2,712	\$460	\$4,294	4.62
Charlottetown	\$100,000	\$925	\$2,710	\$440	\$4,075	4.08
Halifax	\$107,000	\$2,495	\$2,693	\$550	\$5,738	5.36
Moncton	\$100,000	\$1,010	\$2,515	\$460	\$3,985	3.99
Laval	\$101,000	\$1,581	\$2,579	\$460	\$4,620	4.57
Saint-Hubert	\$101,000	\$1,581	\$2,579	\$530	\$4,690	4.64
Beauport	\$94,000	\$1,511	\$2,421	\$510	\$4,442	4.73
Gatineau	\$103,000	\$1,601	\$2,624	\$490	\$4,715	4.58
Kanata	\$125,000	\$2,040	\$3,323	\$600	\$5,963	4.77
Mississauga	\$176,000	\$2,500	\$4,562	\$840	\$7,902	4.49
Vaughan	\$176,000	\$2,505	\$4,562	\$810	\$7,877	4.48
London	\$112,000	\$1,875	\$3,007	\$800	\$5,682	5.07
Sudbury	\$118,000	\$1,940	\$3,152	\$710	\$5,802	4.92
Winnipeg	\$117,000	\$1,200	\$2,918	\$500	\$4,618	3.95
Regina	\$111,000	\$940	\$2,950	\$460	\$4,350	3.92
Saskatoon	\$107,000	\$932	\$2,853	\$450	\$4,235	3.96
Calgary	\$121,000	\$856	\$3,081	\$450	\$4,387	3.63
Edmonton	\$117,000	\$852	\$2,988	\$450	\$4,290	3.67
Grande Prairie	\$122,000	\$857	\$3,105	\$450	\$4,412	3.62
Surrey	\$200,000	\$2,625	\$4,785	\$940	\$8,350	4.18
Burnaby	\$303,000	\$4,685	\$7,103	\$2,700	\$14,488	4.78
Saanich	\$183,000	\$2,455	\$4,403	\$1,420	\$8,278	4.52
Kelowna	\$130,000	\$1,925	\$3,210	\$740	\$5,875	4.52
Prince George	\$128,000	\$1,905	\$3,165	\$680	\$5,750	4.49
Whitehorse	\$121,000	\$1,020	\$3,133	\$460	\$4,612	3.81
Yellowknife	\$134,000	\$1,001	\$3,371	\$470	\$4,842	3.61

**PE0247**