

October 9, 2025

Memorandum to: NAIOP Canadian Chapters

From: Daryl Keleher, MCIP, RPP, Principal
 Keleher Planning & Economic Consulting Inc.

Re: Analysis of Government Charges in Major Canadian Markets

Our File: P1253

Keleher Planning & Economic Consulting Inc. (KPEC) was retained by NAIOP to undertake research into the government charges and fees imposed on new housing development in four major Canadian housing markets – Toronto, Calgary, Edmonton and Vancouver. The report estimates fees and charges paid by developers and builders to various levels of government but does not take into account other costs such as HST or other costs/foregone revenues that are expected to be put into force and effect in the coming weeks and months.

BACKGROUND AND PURPOSE OF REPORT

The report assesses government charges and fees imposed on new housing development in four major Canadian cities in five ways:

- How much the fees and charges cost builders and developers currently and the range of charges imposed;
- How they have changed over time from 2010 to 2025;
- How the quantum of fees and charges compares to the other studied municipalities;
- How they compare to anticipated revenues (rents);
- How they compare to hard construction costs.

As of mid-2025, the current climate with respect to development feasibility is and has been characterized for some time as one of escalating construction costs, and more recently by falling demand resulting in prices and rents that are stagnant or declining. The implications of this environment where both revenue and cost components of the pro-forma are worsening at the same time, is that only those projects with revenues (prices/rents) that are sufficiently high enough to clear their respective cost hurdle will continue to proceed. In addition, erosion of projected revenues and escalation of costs each have direct effects on the availability and cost of financing necessary to fund construction of projects.

However, in markets where both costs are increasing and revenues are decreasing, the likelihood of costs converging with revenues such that projects become infeasible increases significantly due to the compounding effects of the market and cost shifts.

SUMMARY OF ANALYSIS

The development scenario used to quantify and measure fees and charges imposed on new development is based on a typical high-density building constructed in an existing built-up urban area. In the cities of Calgary and Edmonton, charges not included are those typical of a greenfield development but not imposed in an urban infill environment such as parkland requirements for subdividing landowners.

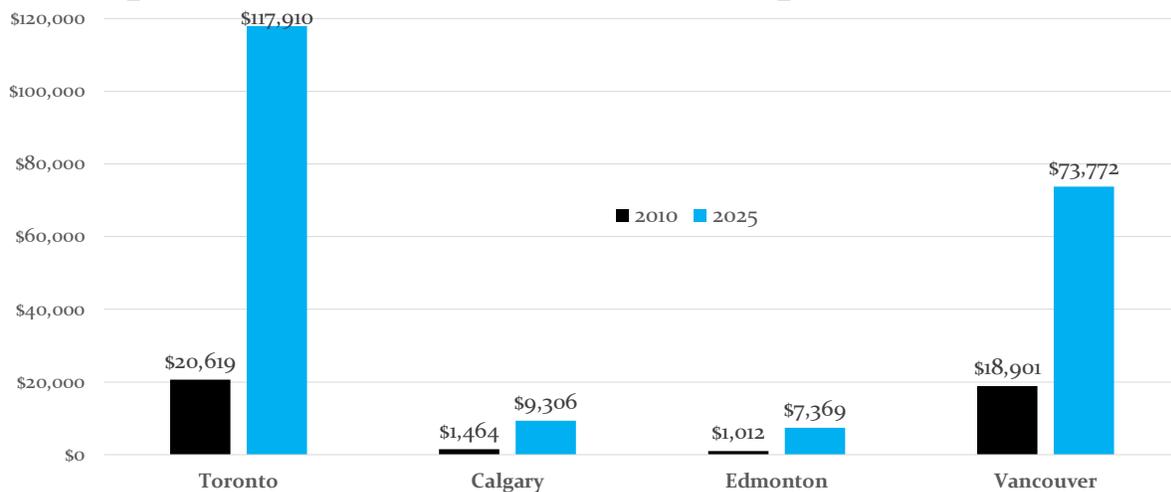
Quantum of Fees and Charges and Historic Increases

The analysis finds that government charges have increased substantially, with the quantum of charges increasing in all jurisdictions, and the highest charges seen in Toronto and Vancouver. Since 2010, the fees and charges studied have increased from 290% to 628% in the four municipalities studied.

Note that the fees and charges quantified do not include indirect costs associated with revenues foregone from units that are required to be provided as affordable ownership or affordable rental units. In many cases, depending on program details, the indirect cost of programs typically known as Inclusionary Zoning can, even when spread across all units in a development, equate to amounts exceeding \$100,000 per unit. Those programs are in place in both Toronto and Vancouver with differences in the requirements in rent thresholds, affordability terms, how net proceeds from sale of provided units are to be distributed to municipal stakeholders, and proportion of units/gross floor area required. Therefore, the fees and charges shown in this report are understating the total costs of municipal and provincially-imposed costs.

Figure 1

Change in Charges and Fees Imposed on New Rental Housing Development, Selected Canadian Municipalities



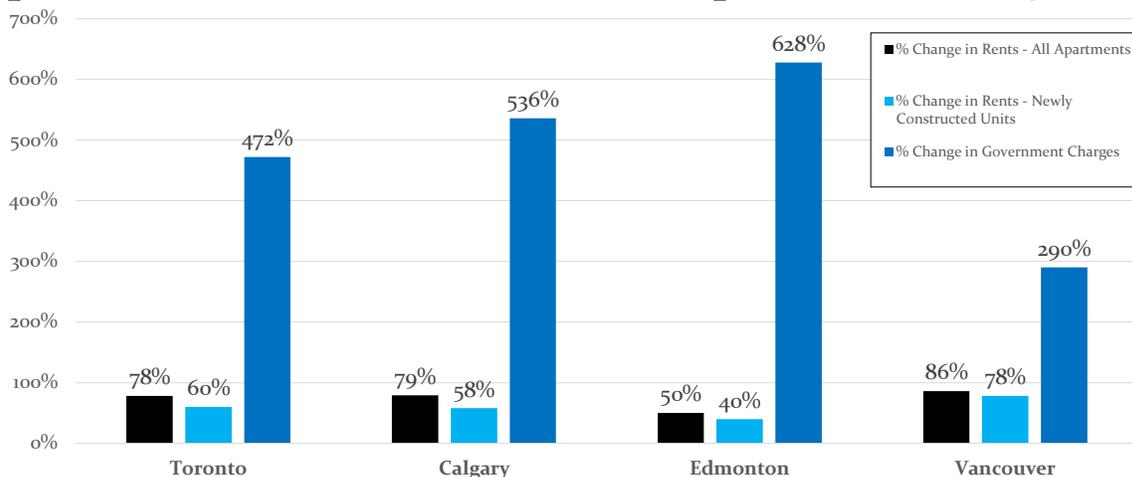
Source: Information available from cities of Toronto, Calgary, Edmonton and Vancouver, Statistics Canada, CMHC

The change in fees and charges compared to how rents have increased shows that the fees and charges imposed have escalated significantly faster than rents. In Toronto, for example, charges have increased

by 472% since 2010, compared to a 60-78% increase for apartment rents (depending on the age of the buildings surveyed).

Figure 2

Change in Rents and Government Charges on New Rental Apartments, Selected Canadian Municipalities, 2010-2025



Source: Information available from cities of Toronto, Calgary, Edmonton and Vancouver, Statistics Canada, CMHC

Future Revenues Necessary to Cover Up-Front Fees and Charges

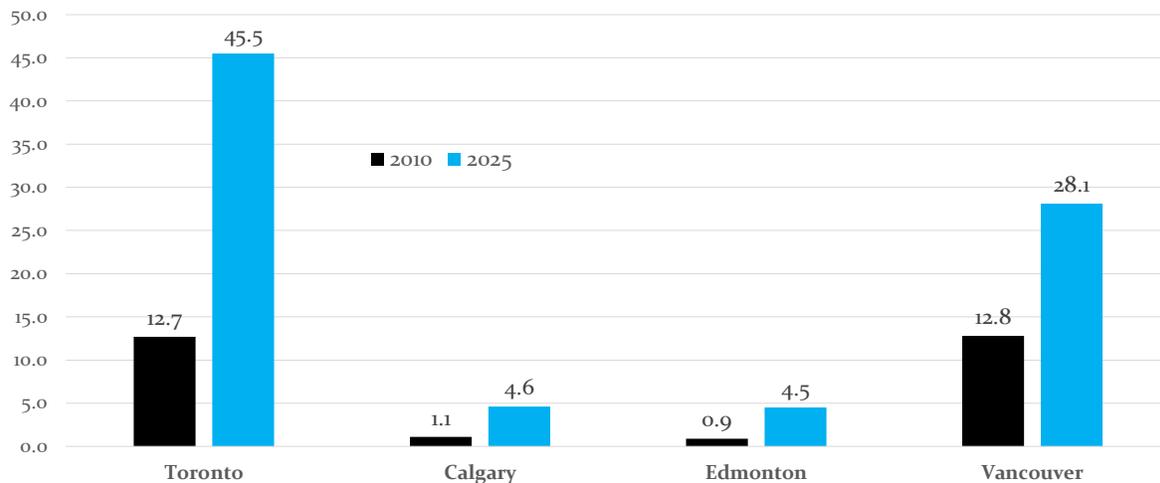
To benchmark the fees and charges across municipalities and against revenues generated for building owners once a rental building is constructed, a metric is used in this study that expresses the amount of fees and charges in terms of number of months rent. The measurement of rent used in this metric is those from buildings constructed since the year 2000 as a proxy for what a newly constructed building may be able to obtain in the rental market.

In the base year, this would equate to rents in buildings built and occupied an average of 5 years ago. In the current year, it would equate to rents in buildings built and occupied 12.5 years ago.

As an example, the \$118,000 in fees and charges payable in the City of Toronto equate to approximately 45 months of rent, meaning that it takes nearly four years of revenues to pay for the fees and charges imposed through DCs, parkland, CBCs, etc. This does not account for day-to-day operating costs associated with operating and maintaining a building, or recovery of costs associated with constructing a building including land acquisition costs, labour and materials. This ratio has increased from 13 months in 2010 to 45 months in 2025, consistent with the finding that fees and charges imposed have significantly outpaced the increases to rents.

Figure 3

Government Charges Expressed as Equivalent Number of Months of Average Rents (Buildings Constructed Since 2000 only)



Source: Information available from cities of Toronto, Calgary, Edmonton and Vancouver, Statistics Canada, CMHC

By contrast, Vancouver’s fees and charges equate to 28 months of rent, more than double the 13 months from 2010. Both Calgary and Edmonton have fees and charges that equate to over four (4) months of rent.

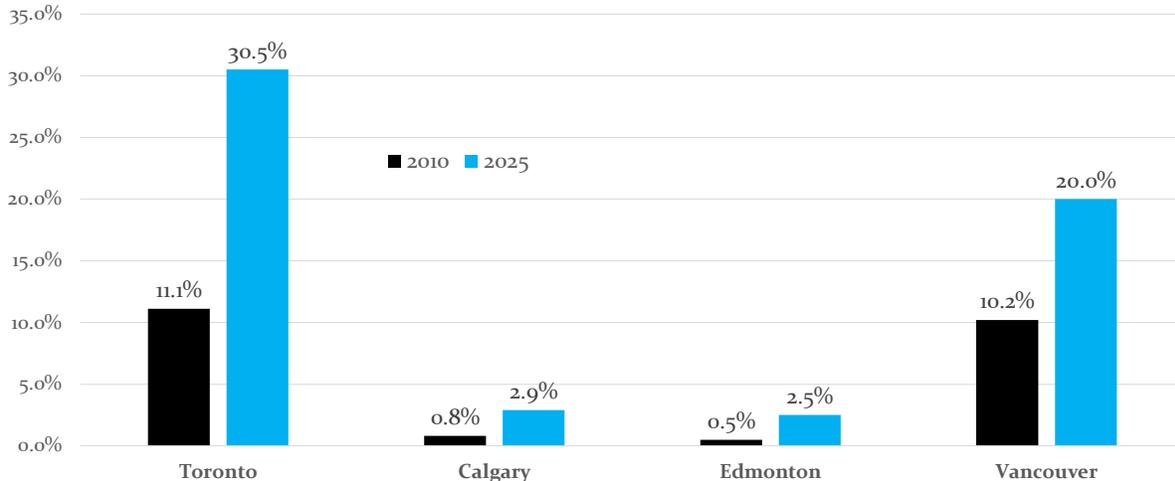
Fees and Charges in Relation to Construction Costs

The following table compares the fees and charges to construction costs to understand the scale of fees and charges relative to the changes in construction costs.

As an example, the fees and charges represent 31% of the construction costs in Toronto, which has increased from 11% based on the fees/charges and estimated construction costs from 2010. The ratio of fees/charges to costs has doubled in Vancouver from 10% in 2010 to 20% in 2025. Increases were also seen in Calgary and Edmonton, but the fees and charges are relatively minor compared to the construction costs of a new purpose-built rental building.

Figure 4

Government Charges Expressed as Share of Construction Costs per Unit, Selected Canadian Municipalities



Source: Information available from cities of Toronto, Calgary, Edmonton and Vancouver, Statistics Canada, CMHC

APPROACH TO ESTIMATED CHARGES

Development Scenario

The analysis is undertaken based on a hypothetical development of a purpose-built rental apartment building with the following characteristics:

- A 200-unit purpose-built rental apartment building, with 80 two-bedroom (2BR) units, 120 one-bedroom (1BR) units;
- Site size of 0.25 hectares;
- Average unit size of 950 square feet (SF) per unit for 2-bedroom units and 600 SF per unit for 1-bedroom units;
- A ratio of leasable space to total buildable space of 80%;
- Development is assumed to be located within existing built-up areas of the cities of Vancouver, Edmonton, Calgary and Toronto;
- To calculate charges based on value of underlying land used in the City of Toronto, specific land value assumptions for land as expressed on the basis of dollars per buildable square foot are \$40 per SF in 2010 and \$225 per SF in 2025¹

¹ Based on the values assigned to land for library facilities in the City's 2008 DC Study (\$40 per buildable SF) and the City's 2022 DC Study (\$967 million for 2.03 million SF of building, or \$476 per buildable SF), land values used to underpin DC rates have

The model also accounts for discounts for purpose built rental housing including:

- Discounts to municipal DCs provided in Ontario ranging from 15-25%
- Waivers for market rentals (Class B) in Vancouver

Fees and Charges Modelled

The list of fees and underlying assumptions are provided in more detail in Appendix A to this memo.

Notes on Time Series Analysis

The estimate of current fees (shown as “NOW” in table headers in this memo) is based on currently available data, policy, by-laws and legislation through municipal and other public sources.

The estimate of former fees (shown as “THEN” in table headers in this memo) are based on information available regarding fees and charges in-effect in 2010 (+/- 6 months depending on data availability).

DETAILED ANALYSIS AND OTHER FINDINGS

Findings re: Quantum of Charges and Increases Since 2010/2016 – All municipalities have seen 9.5% - 15.4% annualized average growth rates

Figure 5

Estimated Charges Imposed on New Purpose-Built Rental Apartment Building (200 Units), Major Canadian Housing Markets

Municipality	Past Year (THEN)		Past Charges / Unit		% Change	Average Annual Change%
	Year	Past Charges	Year	Past Charges / Unit		
City of Toronto	2010	\$ 4,123,851	2010	\$ 20,619		
City of Calgary	2010	\$ 292,842	2010	\$ 1,464		
City of Edmonton	2010	\$ 202,436	2010	\$ 1,012		
City of Vancouver	2010	\$ 3,780,117	2010	\$ 18,901		

Municipality	Current Year (NOW)		Current Charges / Unit		% Change	Average Annual Change%
	Year	Current Charges	Year	Current Charges / Unit		
City of Toronto	2025	\$ 23,582,065	2025	\$ 117,910	472%	12.3%
City of Calgary	2025	\$ 1,861,151	2025	\$ 9,306	536%	13.1%
City of Edmonton	2025	\$ 1,473,825	2025	\$ 7,369	628%	14.2%
City of Vancouver	2025	\$ 14,754,345	2025	\$ 73,772	290%	9.5%

Source: Keleher Planning & Economic Consulting based on information available from municipalities

increased by 1090% over the 2008-2022 period. For the purposes of this study, the \$40 per buildable SF has been retained as an estimate for 2010, while for 2025, as a conservative assumption \$225 per buildable SF was used

Findings re: Charges Expressed in Terms of Number of Months Rent – increases result in growing period of time necessary to generate sufficient revenues to fund upfront costs from fees and charges

Figure 6

Estimated Charges Imposed on New Purpose-Built Rental Apartment Building, and Comparison with Average Rents in Newly Built Rental Buildings in Major Canadian

Municipality	Average Rents (all units)			Charges per Unit		Charges as # of Months	
	THEN	NOW	% Change	THEN	NOW	THEN	NOW
Toronto	\$ 1,623	\$ 2,590	60%	\$ 20,619	\$ 117,910	12.7	45.5
Calgary	\$ 1,281	\$ 2,027	58%	\$ 1,464	\$ 9,306	1.1	4.6
Edmonton	\$ 1,155	\$ 1,621	40%	\$ 1,012	\$ 7,369	0.9	4.5
Vancouver	\$ 1,471	\$ 2,624	78%	\$ 18,901	\$ 73,772	12.8	28.1

Source: Keleher Planning & Economic Consulting based on information available from municipalities and CMHC Housing Portal

Findings re: Charges Expressed as Share of Construction Costs – Fees and charges have escalated 2-3 times higher than construction costs for buildings – owing to higher servicing costs and land acquisition costs embedded in fees, introduction of new fees, and evolving scope of existing fees

Figure 7

Estimated Charges Imposed on New Purpose-Built Rental Apartment Building, and Comparison with Changes in Residential Building Construction Costs, Major Canadian

Municipality	Building Construction Price Index (2023=100)			Cost of Constructed Unit		Per Unit Charges as % of Per Unit Construction Cost	
	THEN	NOW	% Change	THEN	NOW	THEN	NOW
Toronto	49.9	104.3	109%	\$ 185,000	\$ 386,683	11.1%	30.5%
Calgary	66.1	112.9	71%	\$ 185,000	\$ 315,983	0.8%	2.9%
Edmonton	68.1	110.0	62%	\$ 185,000	\$ 298,825	0.5%	2.5%
Vancouver	54.7	109.1	99%	\$ 185,000	\$ 368,985	10.2%	20.0%

Source: Keleher Planning & Economic Consulting based on information available from municipalities and Statistics Canada, Table 18-10-0289-01

Finding: Development fees and charges making an increasingly large proportion of construction budgets for purpose-built rental buildings

Figure 8

Estimated Costs of Government Charges per SF

	Costs per Unit		Costs per SF	
	THEN	NOW	THEN	NOW
Toronto	\$ 20,619	\$ 117,910	\$ 22.29	\$ 127.47
Calgary	\$ 1,464	\$ 9,306	\$ 1.58	\$ 10.06
Edmonton	\$ 1,012	\$ 7,369	\$ 1.09	\$ 7.97
Vancouver	\$ 18,901	\$ 73,772	\$ 20.43	\$ 79.75

Source: KPEC

CAVEATS AND NOTES

There are numerous assumptions in the modelled fees and charges that would understate the likely costs to a developing landowner, including:

- The City of Vancouver has seen a significant increase in DCC rates from 2024 rates to those in-effect as of January 1, 2025, and rates will continue to escalate through 2027 (by 19% over current amounts and 103%-276% over 2024 rates depending on the area). As the fees/charges modelled are those in-effect as of mid-2025, these scheduled increases are not captured in this model, but a new development application filed in mid-2025 is likely to be subject to the scheduled higher charges given the typical length of the approval process and when permits are issued and charges/fees are payable.

Figure 9

DCC	2024 Rates	Current as of January 1, 2025	Rates Effective as of January 1, 2026	Rates Effective as of January 1, 2027
Vancouver Sewerage Area (per apartment unit)	\$1,988	\$6,298	\$6,772	\$7,484
Fraser Sewerage Area (per apartment unit)	\$4,269	\$7,302	\$7,855	\$8,686

- The City of Toronto has recently been enabled by the Province of Ontario to impose Inclusionary Zoning in its various Protected Major Transit Station Areas (PMTSAs) such that 5% of units/GFA in these areas must be provided as affordable for a period of 25 years. The definition of affordable is required to meet provincially-defined thresholds that are municipal specific. As of mid-2025, 'affordable' is defined as:

- Units (of all types) with prices below \$374,100
- Monthly Rents of:
 - \$1,456 for studio apartments;
 - \$1,715 for 1-bedroom apartments;
 - \$1,985 for 2-bedroom apartments; and
 - \$2,250 for 3-bedroom apartments.
- The City of Vancouver imposes inclusionary zoning at rates of 20% which is not a direct fee/charge, but an indirect cost in the form of foregone/reduced revenues. The costs have been excluded from the modeling in this analysis as they can be offset by increased density bonusing in many cases and would make for a less apples-to-apples comparison with other jurisdictions in this study due to their lack of such policy or awaiting details of a pending policy in the case of Toronto.

APPENDIX A – DETAILED OVERVIEW OF GOVERNMENT CHARGES MODELLED

Type of Charge	Description	Applicable Municipalities
Development Charge (Toronto) Off-Site Levies (Calgary, Edmonton) Development Cost Levies (Vancouver) Development Cost Charges (Metro Vancouver)	Charges for recovery of infrastructure costs for a range of services	All Toronto DCs discounted 15-25% for purpose-built rental based on number of bedrooms, based on legislated discounts in Provincial DC Act. Edmonton: Includes Arterial Roadway Assessments, Sanitary Sewer Trunk Charge and Expansion Assessment Charge Calgary – based on Established Area off-site levy rates Vancouver includes local and regional municipality DCCs
Community Benefits Charges (Toronto)	Surcharge for higher-density developments (5+ storeys and 10+ units)	Toronto – Section 37 of Planning Act – 4% of land value Assumed to not apply to older development under ‘density bonusing’ system of s37
Community Amenity Contributions	Density bonusing to offset impacts of growth and fund new community facilities	Vancouver – Section 482 of Local Government Act Calgary Edmonton
Parkland Dedication / Cash-in-Lieu	Share of site to be dedicated as parkland (or provided as cash payment in lieu of dedication)	Toronto – cash-in-lieu of land value at lesser of 0.4ha/300 units or 10% of site area Calgary / Edmonton applicable in greenfield environments where subdivision required. Development in established

Type of Charge	Description	Applicable Municipalities
		areas assumed to be not qualifying for requirement. Vancouver – funded through parkland DCC
Building Permit Fees	Charges to recover municipal costs of inspecting constructed buildings	Toronto, Calgary, Vancouver, Edmonton
Planning Fees / Development Permit Fees	Charges to recover municipal costs of reviewing development applications	Toronto, Calgary, Vancouver, Edmonton
Municipal Land Transfer Taxes	Taxes imposed by municipality on value of property transfers	Toronto – City of Toronto Act
Provincial Land Transfer Taxes / Property Transfer Taxes	Taxes imposed by Province on value of property transfers	Toronto/Ontario Vancouver/BC Alberta – Land Title Transfer fees (\$5/\$5000 in value)
Education Development Charges / School Site Acquisition Charges	Charges imposed to recover costs to acquire school sites	Toronto (on behalf of Toronto Catholic District School Board only, with increases capped by Provincial legislation), Vancouver
Inclusionary Zoning	Requirement to include below-market housing within new market developments	Vancouver – enabled by LGA s.482.7(3) and Vancouver Charter 565.17. Often required as community benefit through density bonusing. Toronto – enabled by recent regulations but awaiting delineation of PMTSAs. Impact not possible to measure at this time.