



DEVELOPMENT CHARGES & COMMUNITY BENEFITS CHARGE



General Committee
February 28th, 2022



Agenda

1. DC Background Study – Progress Update
2. Summary of Adjustments
3. Development Forecast
4. Preliminary City Wide Hard DC Rates
5. Preliminary City Wide Soft DC Rates
6. Preliminary Total Development Charge Rates
7. Preliminary Area Specific DCs
8. Proposed Policy Changes
9. Community Benefits Charge
10. Timelines
11. Resolution

1. DC Background Study – Progress Update

- Adjustments have been made with respect to the planning period and development forecast (detailed on next slides)
- Inventory, capital programs and DC rates have been determined
- Developer Consultations held November 11th, December 3rd, and February 10th
 - Preliminary CWS Inventory, CWH/CWS Capital Programs provided for review
 - Items raised were around post period benefit and specific infrastructure
 - Staff are currently reviewing comments received on February 11th and drafting a response
- Potential for adjustments to be made as a result of items raised by Developers Group

2. Summary of Adjustments

- **Adjustments**
 - Inventories and replacement costs updated to end of 2021
 - Initial 2021 population estimate overstated- adjustments made to reflect more accurate data
 - Amount of population and employment growth to 2031 is greater than previously provided

Net impact of these changes is a 6.4% increase in residential DC rates from what was presented at previous GC meeting

3. Development Forecast

INITIAL DRAFT		
	2020 Estimate	2031
Population		
Total	356,480	444,660
Growth		88,180

INITIAL DRAFT		
	2020 Estimate	2031
Employment	161,079	215,800
Growth		54,721

ADJUSTED FORECAST		
	2021 Estimate	2031
Population		
Total	354,589	444,660
Growth		90,071

ADJUSTED FORECAST		
	2021 Estimate	2031
Employment	160,225	215,800
Growth		55,575

4. Preliminary City Wide Hard DCs

- Proposed 2022 CWH Residential Rates

Preliminary City-Wide Hard Charges	Current Residential Charge	Proposed 2022 Residential Charge	Increase/ (Decrease)	Increase/ (Decrease)
	\$/Unit	\$/Unit	\$	%
Single/Semi Detached	\$23,850	\$31,943	\$8,093	34%
Multiple Unit (Townhouse)	\$18,239	\$24,763	\$6,524	36%
Large Apartment	\$14,284	\$19,488	\$5,204	36%
Small Apartment	\$10,501	\$13,691	\$3,190	30%
Average Rate Increase				34%

4. Preliminary City Wide Hard DCs – cont'd

- Proposed 2022 CWH Non-Residential Rates

Preliminary City-Wide Hard Charges	Current Non-Residential Charge	Proposed 2022 Non-Residential Charge	Increase/ (Decrease)	Increase/ (Decrease)
	\$/m ²	\$/m ²	\$	%
Industrial/Office/Institutional	\$121.48	\$177.42	\$55.94	46%
Retail	\$159.04	\$221.13	\$62.09	39%
Mixed Use*	\$77.48	\$107.73	\$30.25	39%
Average Rate Increase				41%

*Mixed-use refers to non-residential GFA within a residential structure, such as retail space within a residential condo building

5. Preliminary City Wide Soft DCs

- Proposed 2022 City Wide Soft Residential Rates

Preliminary City-Wide Soft	Current Residential Charge	Proposed 2022 Residential Charge	Increase/ (Decrease)	Increase/ (Decrease)
	\$/Unit	\$/Unit	\$	%
Single/Semi Detached	19,088	26,744	7,656	40%
Multiple Unit (Townhouse)	14,599	20,734	6,135	42%
Large Apartment	11,432	16,316	4,884	43%
Small Apartment	8,406	11,463	3,057	36%
Average Rate Increase				40%

5. Preliminary City Wide Soft DCs – cont'd

- Proposed 2022 City Wide Soft Non-Residential Rates

Preliminary City-Wide Soft	Current Non-Residential Charge m ²	Proposed 2022 Non-Residential Charge M ²	Increase/ (Decrease)	Increase/ (Decrease)
	[A]	[B]	[B-A]	%
Retail	18.73	20.69	1.96	10%
Industrial/Institutional/Office (IOI)	14.29	16.59	2.3	16%
Mixed Use	9.13	9.98	0.85	9%
Average Rate Increase				12%

6. Preliminary Total Development Charges

- Proposed 2022 Residential Rates

Categories	Current Residential Charge	Proposed 2022 Residential Charge	Increase/ (Decrease)	Increase/ (Decrease)
	\$/Unit	\$/Unit	\$	%
Single/Semi Detached	42,938	58,687	15,749	37%
Multiple Unit (Townhouse)	32,838	45,497	12,659	39%
Large Apartment	25,716	35,804	10,088	39%
Small Apartment	18,907	25,154	6,247	33%
Average Rate Increase				37%

6. Preliminary Total Development Charges

- Proposed 2022 Non-Residential Rates

Non-Residential	Current Non-Residential Charge	Proposed 2022 Non-Res Charge	Increase/ (Decrease)	Rate Diff
	\$/m ²	\$/m ²	\$	%
Retail	177.77	241.82	64.05	36%
Industrial/Institutional/Office (IOI)	135.77	194.01	58.24	43%
Mixed Use	86.61	117.71	31.10	36%
Average Rate Increase				38%

6. Preliminary Total Development Charges

- Proposed 2022 Residential Rate Increase vs. Prior Study Rate Increases

	2013	2017	Preliminary 2022
Single/Semi Detached	14%	48%	37%
Multiple Unit (Townhouse)	12%	46%	39%
Large Apartment	21%	35%	39%
Small Apartment	50%	33%	33%
Average Increase	24%	41%	37%

7. Preliminary Area Specific DCs

Area Name	Area	Proposed ASDC Charge \$/ha	Current ASDC Charge (Jan. 2022)	Increase / (Decrease)	% Increase / (Decrease)
Yonge Steeles Corridor	1B	\$ 1,467,253	\$ 1,601,203	\$ (133,950)	-8%
Armadale ¹	5	\$ 8,857	\$ 14,907	\$ (6,050)	-41%
Armadale NE ¹	7	\$ 15,489	\$ 21,371	\$ (5,882)	-28%
PD 1-7 ¹	9	\$ 736,670	\$ 1,619,499	\$ (882,829)	-55%
Rodick/Miller Road Planning District	17	\$ 616,306	\$ 781,527	\$ (165,221)	-21%
Buttonville Airport	18	\$ 166,122	\$ 195,401	\$ (29,279)	-15%
Mount Joy ¹	23	\$ 173,322	\$ 212,510	\$ (39,188)	-18%
Markham Centre - South Unionville - Helen Ave ¹	42A.1	\$ 176,576	\$ 206,824	\$ (30,248)	-15%
Markham Centre ¹	42B	\$ 7,997	\$ 9,975	\$ (1,978)	-20%
Markham Centre - Clegg ¹	42B.2	\$ 169,076	\$ 207,411	\$ (38,335)	-18%
Markham Centre - Hotel ¹	42B.4	\$ 895,820	\$ 1,133,603	\$ (237,783)	-21%
Markham Centre - South Hwy 7 ¹	42B.6	\$ 1,236,921	\$ 1,643,753	\$ (406,832)	-25%
Markham Centre - Sciberras ¹	42B.8	\$ 1,490,071	\$ 1,871,942	\$ (381,871)	-20%
Markham Centre - East Precinct ¹	42B.9	\$ 236,433	\$ 297,852	\$ (61,419)	-21%
Cathedral ¹	46	\$ 9,522	\$ 12,924	\$ (3,402)	-26%
York Downs ¹	47B	\$ 8,210	\$ 31,034	\$ (22,824)	-74%
404 North	49	\$ 18,167	\$ 79,008	\$ (60,841)	-77%
Future Urban Area	50A	\$ 12,952	\$ 16,509	\$ (3,557)	-22%
Future Urban Area - Employment Block	50A-1	\$ 122,986	\$ -	\$ 122,986	
Future Urban Area - Robinson Glen	50A-2	\$ 1,512	\$ 767	\$ 745	97%
Future Urban Area - Berczy Glen Block	50A-3	\$ 208,547	\$ -	\$ 208,547	
Future Urban Area - Angus Glen Block	50A-4	\$ 64,628	\$ -	\$ 64,628	

¹ All infrastructure works complete

*Rates subject to change

8. Proposed Policy Changes

(a) Streamlining Administration and Aligning with the Region

Stacked Townhouses

- Current
 - The City and Region charge stacked townhouse units based on the townhouse rate
- Staff Position
 - The number of persons per unit (PPU) more closely aligns to large apartments
 - Region to assess stacked townhouses as apartment units in their 2022 by-law update (expected passage in May 2022)
- Recommendation
 - Align with the Region and charge at the apartment rate

8. Proposed Policy Changes – cont'd

(b) City Wide Hard DC Credits

- Current Policy
 - Credits are provided based on the lesser of (1) the cost of the infrastructure as stated in the DC Background Study and, (2) the actual cost of the infrastructure
- Issue
 - When determining the total credit to be provided, the cost of the infrastructure as stated in the DC Background Study is not indexed to align with the changes in cost
 - There have been requests from developers over the years to index the cost in the Study when determining the total credit to be issued

8. Proposed Policy Changes – cont'd

(b) City Wide Hard DC Credits

- Staff Position
 - There is merit to this request as it ensures that developers who construct infrastructure on the City's behalf are compensated based on the indexed amounts collected by the City
 - When determining the total amount of credits to be provided, the indexed cost as per the Background Study, will be taken into account
- Recommendation
 - That City Wide Hard credits be provided based on the lessor of (1) the indexed cost of the infrastructure as stated in the DC Background Study and, (2) the actual cost of the infrastructure

9. Community Benefits Charge (CBC)

- A replacement for current *Section 37* (density bonusing)
- Applies to only single and lower-tier municipalities
- Can only be imposed on apartment buildings with at least 10 units and at least 5 storeys
 - No rate structure prescribed
- Can be used to fund ***growth-related*** services not fully funded through DCs
- Charge to be based on 4% of the value of land to be developed (which is the maximum prescribed amount)

Preliminary projections estimated at \$3.2M to \$4.8M per year, or approximately \$40 million over 10 years

9. Community Benefits Charge - cont'd

The By-law Process Includes:

- Consultation required (not defined)
- Council Approval & Notice of Passage
- Right of appeal to LPAT

Administration

- Establishment of a CBC “special account” or reserve fund
 - In each calendar year, a municipality shall spend or allocate at least 60% of the monies that are in the special account at the beginning of the year

9. Community Benefits Charge - cont'd

Proposed Framework

- Charge to be based on 4% of the value of land to be developed
- Proposed categories of draft capital program include:
 - Waste Management (AVAC System)
 - Roads & Other Related Infrastructure (non-DC share)
 - Urban Parks
 - Parking
 - Community Facilities (e.g. Culture)
 - Public Realm & Public Art
 - Housing
 - Administration of CBC program (e.g. staff costs)
 - Markham District Energy Expansion

9. Community Benefits Charge - cont'd

- [Draft CBC Capital Program](#) – See Appendix 1

10. Timelines

- Background Study & By-laws - published by March 17th, 2022
- Public Meeting – April 12th 2022 (DCs & CBCs)
- General Committee – May 9th 2022
- Council Approval of DC Background Study & CBC By-laws - May 17th 2022

11. Resolutions

1. That the presentation on the Development Charges Background Study and Community Benefits Charge be received; and
2. That Council approve stacked townhouse units be assessed development charges at the apartment rate; and
3. That Council approve the provision for City Wide Hard credits to be provided based on the lessor of (1) the indexed cost of the infrastructure as stated in the DC Background Study and, (2) the actual cost of the infrastructure; and
4. That staff be directed to do all things necessary to give effect to this presentation

QUESTIONS