



Report to: Council

Meeting Date: July 14, 2020

SUBJECT:	Development Charge Indexing Follow-up
PREPARED BY:	Kevin Ross, Manager, Development Finance & Payroll, ext. 2126

RECOMMENDATION:

1. That the report entitled, “*Development Charge Indexing Follow-up*”, dated July 14, 2020, be received;
2. That Council delegate authority to the Treasurer, at his discretion and on a temporary basis up to December 31, 2020, to enter into agreements permitted under Section 27 of the *Development Charges Act, 1997* to mitigate the effects of the indexing of development charge rates on July 1, 2020; and,
3. That Council approve an administration fee in the amount of \$1,500, exclusive of HST, to cover the City’s financial and legal costs associated with the review and administration of these agreements; and further,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

PURPOSE:

This report is a follow-up to a staff memorandum provided to the Development Services Committee (“DSC”) on June 29, 2020 in relation to the scheduled July 1st, 2020 development charge indexing.

BACKGROUND:

Staff were requested by DSC to determine whether the development charge (“DC”) indexing due on July 1st, 2020 could be suspended to provide COVID-19 related relief to the development industry. Markham DC rates were increased by 1.2% on July 1st, 2020, which equates to an increase in the range of \$198 for a small apartment to \$450 for a single/semi-detached unit.

The City has 20 DC by-laws, 2 City-wide by-laws and 18 area-specific DC by-laws (the “DC by-laws”). All of the City’s DC by-laws require that DC rates be increased by the indexing rate, which is in accordance with the Statistics Canada Quarterly, Construction Price Statistics rate.

OPTIONS/ DISCUSSION:

Staff are cognizant of the pressure being felt by residents and businesses as a result of the necessary disruption in the economy to control the spread of COVID-19. The City has already provided financial relief in the form of water rates, municipal accommodation tax, stormwater fees and user fees.

Staff have reviewed the City's DC by-laws and the *Development Charges Act, 1997, as amended* ("DCA"), and have determined that an amendment to the DC By-laws would be required in order to make changes to the indexing timeline as stated in the by-laws. An amendment to the DC by-laws would require adherence to the statutory provisions and timelines as prescribed in the DCA which include completion of a DC Background Study, making it available at least 60 days prior to the by-law amendment, and holding a public meeting with at least 20-days notice. Compliance with the statutory provisions will mean the timeline for amending the DC By-laws will be at least 3 months and, there may be no ability to make the changes retroactive to reduce the DC rates that have already been indexed.

Given the prescriptions under the DCA, staff have determined that undergoing a DC by-law amendment in order to provide COVID-19 relief would not provide timely assistance to those requiring it. Staff have researched actions taken by other municipalities with respect to indexing, and while DC by-law amendments were explored by some municipalities, those municipalities ultimately did not proceed with an amendment. All GTHA municipalities whose indexing became due on or before July 1st, 2020 have indexed their rates. Municipalities in Halton Region (with the exception of Oakville), have provided for payment agreements pursuant to Section 27 of the DCA to allow for the payment of the pre-indexed rate for the two month period following the index of the rate.

In order to provide some relief to landowners requiring assistance, staff recommend that Council delegate authority to the Treasurer to review and resolve COVID-19 related DC requests from landowners, as it relates to the development charge rate(s) applicable to a proposed development through an agreement with the City under Section 27 of the DCA. The boundary within which staff can resolve requests from landowners will be governed by the following:

- The term of the delegated authority will end on December 31, 2020
- The prevailing DC rate can be reduced by no more than 1.2%
- The landowner be required to articulate how the disruption has impacted their project
- In the case of development charges paid at the registration of a plan of subdivision, the plan of subdivision must be registered, the draft plan conditions must be cleared by December 1, 2020 and, the plan of subdivision must be registered by noon (12pm) on December 23, 2020, after which the prevailing rate at the time of the registration of the plan applies
- Building permits for the proposed development must be filed and accepted by the Building department by October 1, 2020 and issued by noon (12pm) on December 31, 2020, after which the prevailing rate at the time the building permit is issued applies

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- Landowner to execute an agreement with the City pursuant to section 27 of the DCA and pay the requisite fees prior to the issuance of a building permit

The aforementioned terms will provide relief to landowners on the cusp of proceeding with their development but now being challenged by the current (and necessary) safety restrictions brought on by COVID-19.

Providing the ability to assist residents and businesses in need during COVID-19 has been a hallmark of the City and other levels of government. By providing staff the ability to assist, based on request, the City will be able to provide assistance to landowners who face unanticipated costs and delays as a result of the pandemic.

FINANCIAL CONSIDERATIONS

The cost associated with this delegated authority is estimated to be less than \$200,000 as not all landowners are anticipated to make a request for relief.

Staff are seeking Council approval to introduce a general administration fee of \$1,500 to cover the Finance and Legal staff time to review and prepare agreements related to this report.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The comments in this report support the City's efforts to enable a strong economy, manage growth, protect the natural environment, and ensure growth related services are fully funded, which are the key elements of the Engaged, Diverse and Thriving City; Safe and Sustainable Community; and Stewardship of Money and Resources strategic priorities.

BUSINESS UNITS CONSULTED AND AFFECTED:

Comments from the Legal Department are included in this report.

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

Arvin Prasad
Commissioner, Development Services