

DEVELOPMENT CHARGES BACKGROUND STUDY UPDATE

**General Committee
April 6, 2021**

Agenda

1. Current Development Charges By-laws
2. Bill 197, COVID-19 Economic Recovery Act, 2020
3. DC Background Study Objectives
4. DC Background Study Update
5. Growth-Related Capital
6. Policy Review
7. Public Consultation
8. Timeline for Background Study Update
9. Council Sub-Committee

1. Current Development Charge (DC) By-laws

- The City of Markham passed its City Wide Hard (CWH), City Wide Soft (CWS) and Area Specific Development Charge (ASDC) By-laws in December 2017
- DCs are governed by the *Development Charges Act, 1997 (DCA)* which stipulates that the maximum life of a DC By-law is 5 years from date of enactment – may be repealed/replaced earlier
- The City is required to pass new CWH, CWS and ASDC By-laws by December 13, 2022

2. Bill 197, COVID-19 Economic Recovery Act, 2020

- Proclaimed September 18th 2020 and municipalities have two years to transition to new regime (i.e. September 18th 2022)
- Includes amendments to the *DCA* and the *Planning Act*
- Changes introduced to be reflected in the new DC bylaws:
 - Soft services under the amended *DCA* will no longer be subject to a mandatory 10% discount → Municipalities can update DC by-laws any time to recover 100% of eligible costs of services
 - Option to use DCs interchangeably with Community Benefits Charges to fund growth-related capital projects
 - The City is no longer able to collect for municipal parking

2. Bill 197, COVID-19 Economic Recovery Act, 2020

- Introduction of a Community Benefits Charge (CBC)
 - Essentially 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
 - Charge is capped based on 4% of the value of land to be developed
 - Can be used to fund growth-related eligible services not fully funded through DCs
 - As CBCs will likely be applied to the non-DC portion of projects identified in the Background Study, the CBC project will be undertaken concurrently

3. DC Background Study Objectives

- a) Recover Maximum Amount for Growth-Related Costs (e.g. to recover 10% of soft services)
- b) Promote/Incentivize Specific Development Types (e.g. affordable housing)
- c) Streamline Administration and Alignment with the Region

4. DC Background Study Update

- In doing DC Background Study updates, the City uses growth forecasts that are prepared by the Region as it identifies where growth is projected to occur and where the resulting service requirements should be built
- Draft Regional forecasts anticipated to receive Council approval later in 2021
- A Regional Transportation Master Plan (TMP) will then be developed → estimated to be approved Q2 2022
- With the estimated timelines above, there is not sufficient time for the City to determine its infrastructure requirements to support the new forecasts in order to meet a December 2022 timeline

4. DC Background Study Update

- As a result, staff will move forward with updating the DC Background Study using the 2031 forecast horizon, with an anticipated date of completion by April 2022
- This will allow the City to recover the additional 10% of soft services allowed under Bill 197 at an earlier date, as opposed to December 2022 (i.e. when the current by-laws expire)
- Note that DC by-laws can be repealed *within* the 5 year timeline. Therefore, once Regional projections/master plans have been finalized, the goal would be to not wait the full five years until the next Background Study is undertaken

5. Growth-Related Capital

- Only growth-related costs can be included in the development charge
- Portions of projects related to prior growth or replacement must be financed from other sources – e.g. taxes, grants
- Increases in service levels cannot be funded through DCs, but can be funded through CBCs
- Projects oversized for future growth may be recovered from future development if not financed from development charges
- Maintenance and replacement of new and existing facilities and infrastructure are funded through tax dollars, not DCs

6. Policy Review

- Reassess various by-law provisions and policies, e.g. review treatment of non-profit daycare facilities
- Explore possible alignment with York Region policies, as far as possible
 - Treatment of stacked townhouses to be reviewed
 - Continue with alignment of apartment sizes for consistency
 - Explore other policy initiatives as they become known

7. Public Consultation

- The *Development Charges Act* requires a minimum of one Public Meeting to be held prior to the adoption of the by-laws
 - A minimum of three weeks' notice must be given
 - The Background Study and proposed By-law(s) must be made available a minimum of two weeks prior to the meeting
- The Background Study must be available to the public 60 days prior to Council approval
- Staff will engage the development community throughout the process as per past practice

8. Timeline for Background Study Update

April 2021 – June
2021

July - September
2021

September –
December 2021

January 2022

February -
March 2022

Review Growth
Forecast, Growth-
Related Capital
Requirements.
Policy Review with
Sub-Committee

Determine
Historic Service
Levels,
Preliminary
Calculations

Meetings with
Sub-Committee &
Public Consultations

Finalize
Background Study
& Council
Endorsement

Statutory Public
Meeting, Finalize
Study & By-laws

April 2022
Approval of
DC
Background
Study and By-
laws

9. Council Sub-Committee

- To align with past practice, staff will convene a Council Development Charge Sub Committee to:
 - Discuss the various policy updates
 - Review the preliminary data and charges
- Staff recommend the following participants:
 - Mayor
 - Chair of the Budget Sub Committee
 - Vice Chair of the Budget Sub Committee

QUESTIONS