



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 |

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

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

| 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 Policy
 - 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