

## Statutory Public Meeting

# Development Charges Background Study & Community Benefits Charges Strategy



Tuesday April 12<sup>th</sup>, 2022



# Purpose of Today's Meeting

Primary purpose is to provide the public with an opportunity to make representation on the proposed 2022 Development Charges By-law and 2022 CBC Strategy

## Development Charges

- Statutory Public Meeting required by Section 12 of the *Development Charges Act*
- 2022 DC Background Study was made publically available on **March 17<sup>th</sup>**

## Community Benefits Charges (CBC)

- Under subsection 37 (10) of the *Planning Act* a municipality enacting a CBC By-law must consult with the public
- Latest CBC Consultation held **March 31<sup>st</sup>**
- 2022 CBC Strategy was made publically available on **April 6<sup>th</sup>**

# Agenda

- Development Charges:
  - Legislative Changes
  - Services Included in the Study
  - Growth Forecast Summary
  - Capital Program Summary
  - Summary of Proposed City-Wide DC Rates
  - Comparison of Current & Proposed DC Rates
  - Area Specific Development Charges
  - DC Policy Changes
- CBC Strategy:
  - CBC Background Information
  - CBC Strategy Service Areas
  - CBC Growth Forecast
  - CBC Capital Program Summary
  - Land Value Estimates
  - CBC Charge per Unit and Revenue Estimates
- Project Timeline

# Development Charges

# Changes in Effect as of September 18, 2020

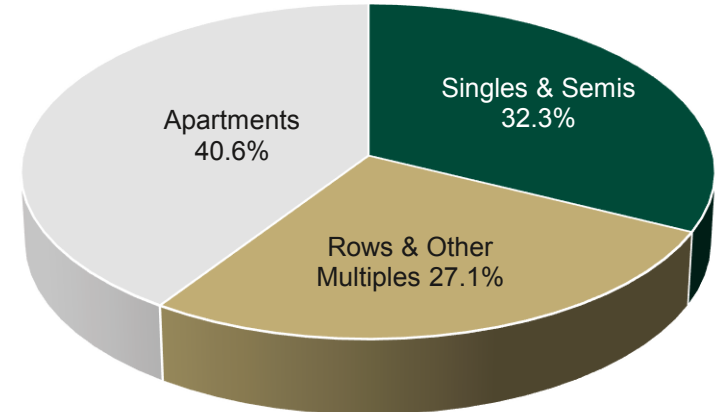
- Two years to transition to the new regimes. Municipalities may continue to levy development charges for services outside those prescribed under section 2(4) of the *Development Charges Act* until the earlier of:
  - September 18, 2022;
  - The date the municipality's DC By-law, as it relates to those services, is repealed; or
  - The date a CBC By-law is passed.
- Removal of the 10% statutory deduction for some services.
- Parkland changes
- Density bonusing (Section 37) tool no longer applies after September 18, 2022

# Services Included in the 2022 DC Background Study

- General Government
- Library
- Fire Services
- Indoor Recreation
- Park Development & Facilities
- Public Works
- Waste Diversion
- City-Wide Hard

# Residential Growth Forecast

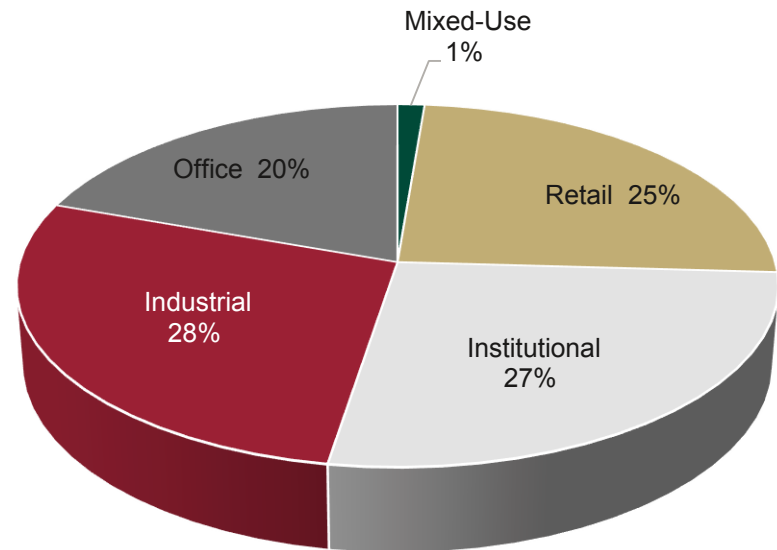
	2021 Estimate	Planning Period	
		2022 - 2031	
		Growth	Total at 2031
<b>Residential Development Forecast</b>			
Total Occupied Dwellings	114,233	32,673	146,905
<i>Singles &amp; Semis</i>		10,545	
<i>Rows &amp; Other Multiples</i>		8,853	
<i>Apartments</i>		13,274	
Total Population			
Census	354,589	90,071	444,660



# Non-Residential Growth Forecast

	2021 Estimate	Planning Period	
		2022 - 2031	
		Growth	Total at 2031
<b>Non-Residential Development Forecast</b>			
Place of Work Employment	160,210	55,590	215,800
Non-Residential Building Space (sq.m.)		2,550,244	

Growth in Non-Residential Building Space





# DC City-Wide Soft Capital Program Summary (\$M)

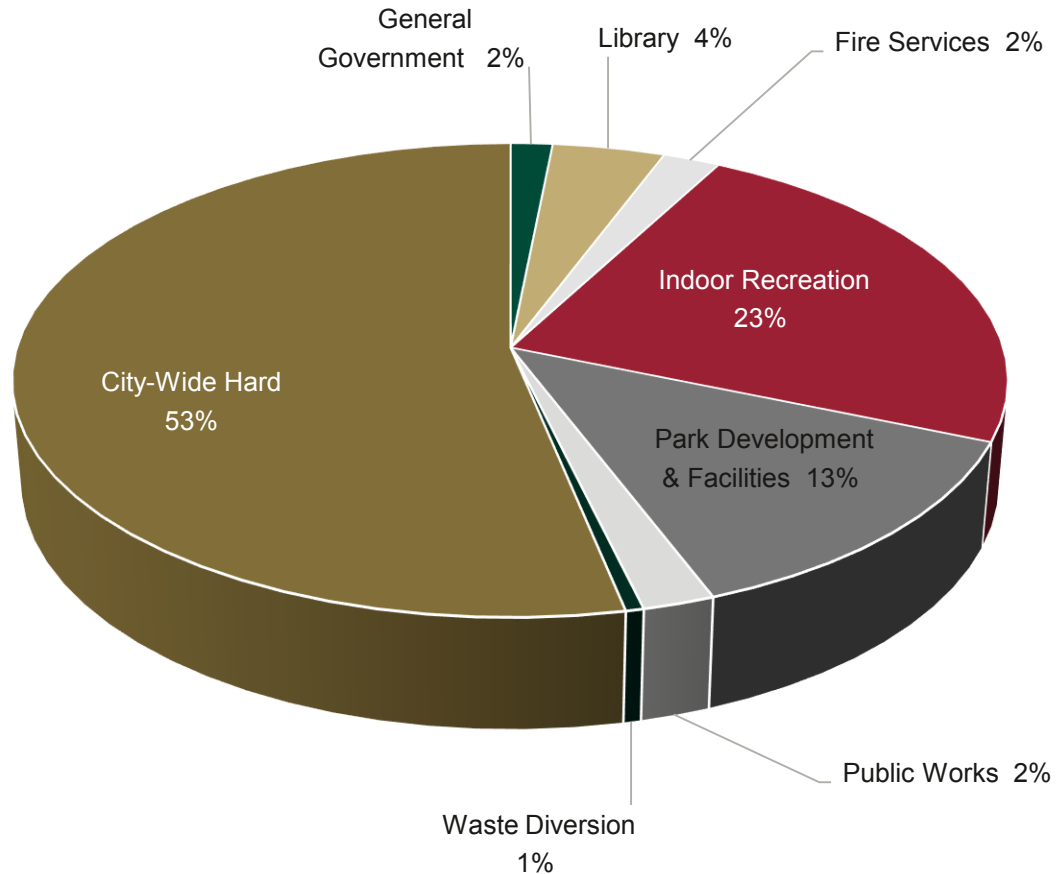
Service Area	Gross Cost	Grants	Replacement & BTE	Available DC Reserves	Other Development -Related	Total DC Eligible Costs for Recovery
General Government	\$34.10	\$0.00	\$0.00	\$0.00	\$0.00	\$34.10
Library	\$87.88	\$0.00	\$0.00	\$5.34	\$25.13	\$57.41
Fire Services	\$51.00	\$0.00	\$0.00	\$4.88	\$0.13	\$45.99
Indoor Recreation	\$348.94	\$0.00	\$0.00	\$0.00	\$18.45	\$330.49
Park Development & Facilities	\$325.99	\$0.00	\$0.00	\$28.53	\$128.31	\$169.14
Public Works	\$107.79	\$0.00	\$0.00	\$0.00	\$66.59	\$41.20
Waste Diversion	\$9.25	\$0.00	\$0.00	\$0.52	\$2.07	\$6.66
<b>TOTAL</b>	<b>\$964.96</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$39.28</b>	<b>\$240.68</b>	<b>\$685.00</b>

# DC City-Wide Hard Capital Program Summary (\$M)

Service Area	Gross Cost	Local Costs	Replacement & BTE	ASDC & Other DC Recovery	Available DC Reserves	Other Development-Related	Total DC Eligible Costs for Recovery
Illumination	\$44.87	\$0.22	\$5.50	\$0.00	\$0.00	\$0.00	\$39.15
Intersection	\$43.64	\$0.40	\$4.27	\$0.00	\$0.00	\$0.00	\$38.96
Roads	\$599.71	\$244.06	\$0.00	\$0.00	\$10.88	\$71.84	\$272.93
Property Acquisition	\$276.06	\$15.27	\$0.00	\$0.00	\$12.30	\$0.00	\$248.50
Sidewalks	\$72.28	\$0.24	\$6.04	\$0.00	\$0.00	\$6.04	\$59.97
Storm Water Management	\$50.47	\$0.00	\$7.31	\$16.04	\$3.80	\$0.00	\$23.32
Watermain	\$80.13	\$0.69	\$0.65	\$0.36	\$6.56	\$2.50	\$69.37
Studies	\$18.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$18.00
Special Projects	\$90.51	\$19.22	\$11.19	\$0.00	\$0.00	\$7.08	\$53.02
Structures	\$503.02	\$75.68	\$0.00	\$0.00	\$19.59	\$36.52	\$371.22
Credit Agreement Projects	\$5.99	\$0.00	\$0.00	\$2.09	\$3.90	\$0.00	\$0.00
<b>TOTAL</b>	<b>\$1,784.69</b>	<b>\$355.79</b>	<b>\$34.96</b>	<b>\$18.50</b>	<b>\$57.03</b>	<b>\$123.98</b>	<b>\$1,194.44</b>

# Residential City-Wide DC Rates by Unit Type

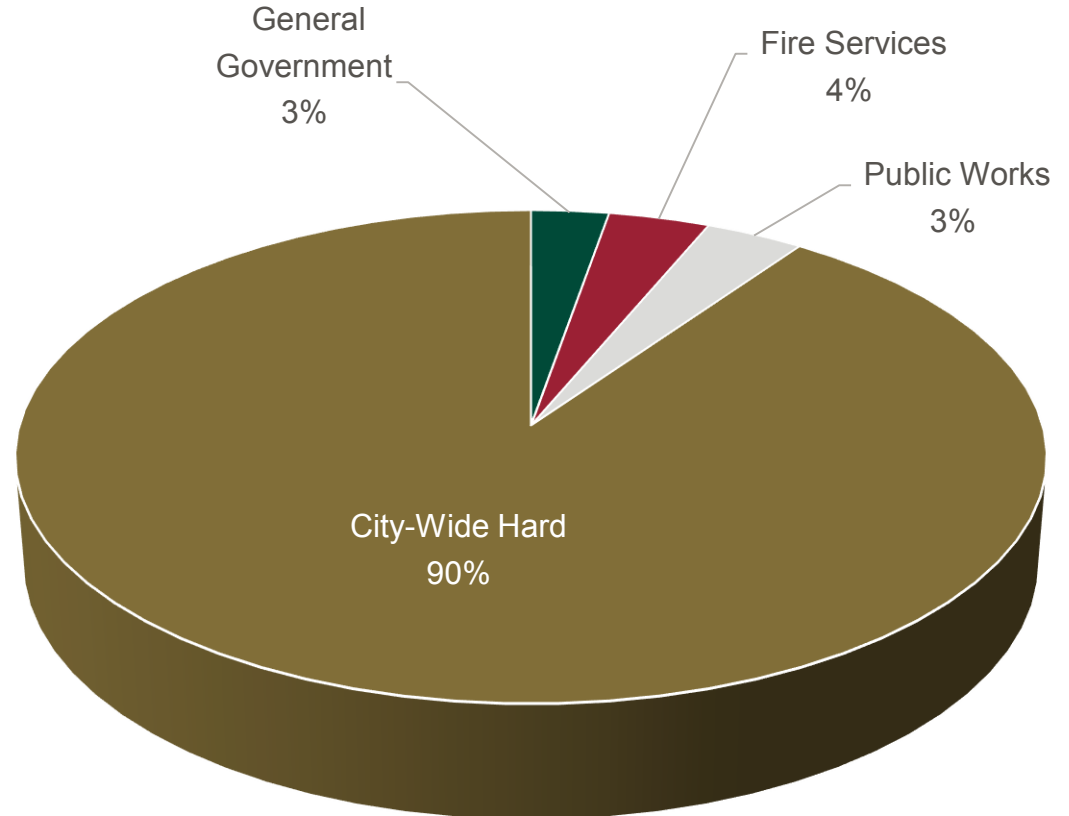
Residential Charge Per Unit	
<b>Singles &amp; Semis</b>	\$57,977
<b>Rows &amp; Other Multiples</b>	\$44,947
<b>Large Apartments (&gt; 700 sq.ft.)</b>	\$35,372
<b>Small Apartments (&lt; 700 sq.ft)</b>	\$24,850



*Note: Percentages in graph are rounded.*

# Non-Residential City-Wide DC Rates per Sq.M.

Non-Residential Charge per Sq.M	
Retail	\$236.96
Industrial, Office, Institutional	\$190.11
Mixed-Use	\$115.29



*Note: Percentages in graph are rounded.*

# Residential Rate Comparison: Current vs. Calculated Rates

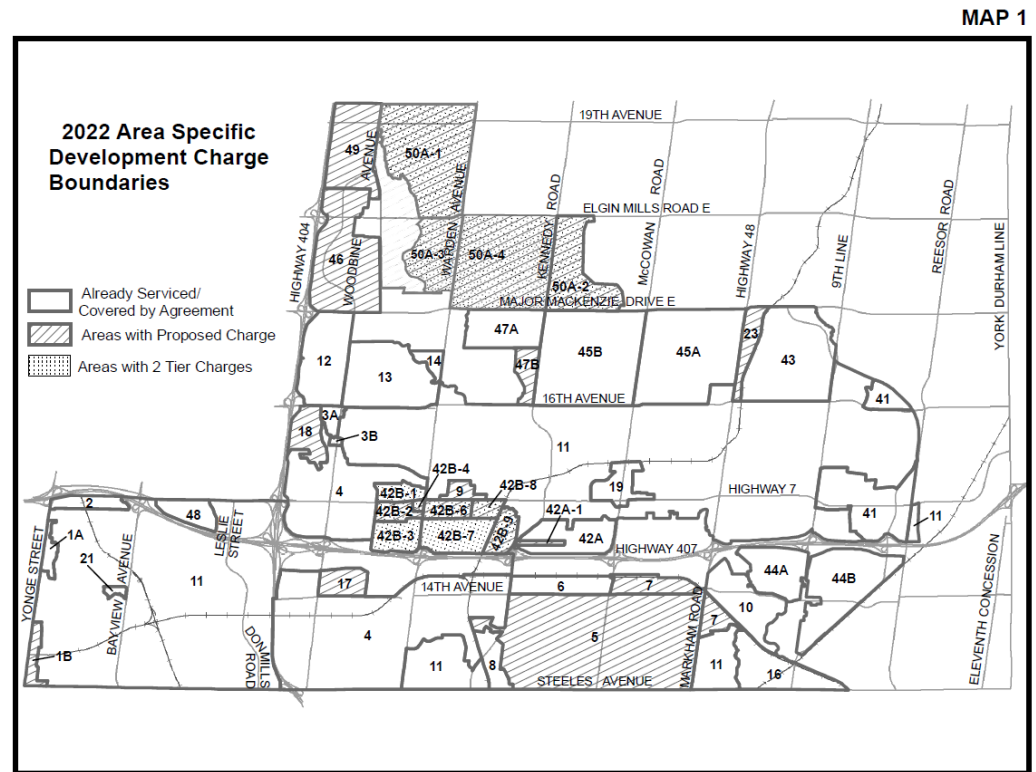
Categories	Current Residential Charge	Calculated Residential Charge	Difference in Charge	
	\$/Unit	\$/Unit	\$	%
Single/Semi Detached	42,938	57,977	15,039	35%
Multiple Unit (Townhouse)	32,838	44,947	12,109	37%
Large Apartment	25,716	35,372	9,656	38%
Small Apartment	18,907	24,850	5,943	31%
<b>Average Rate Increase</b>				<b>35%</b>

# Non-Residential Rate Comparison: Current vs. Calculated Rates

Categories	Current Non-Residential Charge	Calculated Non-Residential Charge	Difference in Charge	
	\$/m2	\$/m2	\$	%
Retail	177.77	236.96	59.19	33%
Industrial/Institutional/Office (IOI)	135.77	190.11	54.34	40%
Mixed Use	86.61	115.29	28.68	33%
<b>Average Rate Increase</b>				<b>35%</b>

# Area-Specific Development Charges

- 3 new ASDC areas added in the new urban area. Total of 22 ASDCs (up from 19 in the 2017 DC By-laws)
- Most ASDCs have no new infrastructure requirements and are mainly for cost recovery



# Area-Specific Development Charges

Area		Total ASDC Recoverable (\$M)	Land Area (HA)	Development Charge (\$/HA)
Yonge Steeles Corridor	1B	\$12.41	8.46	\$1,467,253
Armadale	5	\$0.24	27.60	\$8,857
Armadale NE	7	\$0.40	25.81	\$15,489
PD 1-7	9	\$2.88	3.90	\$736,670
Rodick/Miller Road Planning District	17	\$17.67	28.67	\$616,306
Buttonville Airport	18	\$8.80	53.00	\$166,122
Mount Joy	23	\$2.65	15.27	\$173,322
Markham Centre - South Unionville - Helen Ave	42A.1	\$0.38	2.16	\$176,576
Markham Centre	42B	\$0.81	100.99	\$7,997
Markham Centre - Clegg	42B.2	\$0.70	4.16	\$169,076
Markham Centre - Hotel	42B.4	\$0.45	0.50	\$895,820
Markham Centre - South Hwy 7	42B.6	\$5.97	4.83	\$1,236,921
Markham Centre - Sciberras	42B.8	\$7.15	4.80	\$1,490,071
Markham Centre - East Precinct	42B.9	\$1.46	6.18	\$236,433
Cathedral	46	\$0.55	57.99	\$9,522
York Downs	47B	\$0.12	15.00	\$8,210
404 North	49	\$1.01	55.67	\$18,167
Future Urban Area	50A	\$7.59	585.81	\$12,952
Future Urban Area - Employment Block	50A-1	\$27.06	220.00	\$122,986
Future Urban Area - Robinson Glen	50A-2	\$0.25	165.74	\$1,512
Future Urban Area - Berczy Glen Block	50A-3	\$22.11	106.00	\$208,547
Future Urban Area - Angus Glen Block	50A-4	\$9.18	142.00	\$64,628



# DC By-law Policy Changes

- Robinson Glen ASDC (50A-2) to be divided into two:
  - Will separate high and low density land areas
- Addition of the following ASDC areas:
  - Future Urban Area – Employment Block (Area 50A-1)
  - Future Urban Area – Berczy Glen Block (Area 50A-3)
  - Future Urban Area – Angus Glen Block (Area 50A-4)
- Included Sanitary Sewer Oversizing in local service definitions
- Stacked townhouse units to be assessed at the apartment rate

# DC Policy Changes

- 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
- Capital costs for multi-year Area Specific Development Charge credit/reimbursement agreements to be indexed

# Community Benefits Strategy

# Background Info: Community Benefits Charges (CBCs)

- CBCs replacing previous height/density “bonusing” under s.37 of Planning Act
- Imposed by by-law (no term limit / statutory expiry)
- Only local municipalities can charge
- Can only be levied against higher density development
  - 5 or more storeys, **AND**
  - 10 or more residential units
- Requires a “strategy”
- In-kind contribution permitted
- Still requires “nexus tests” between servicing needs and development

Regulation sets cap at **4%** of land value the day before a building permit is issued

# CBC Strategy Service Areas

- Waste Management
- Community Facilities
- Roads & Other Related Infrastructure
- Urban Park Facilities
- Parking
- Public Realm / Public Art
- Housing
- Markham District Energy Expansion
- Administration

# Forecast of CBC Eligible Occupied Apartment Units

Year	All Apartments		CBC Eligible Units	
	Total Occupied Apartments	Annual Growth	Total Occupied Apartments	Annual Growth
2022	27,689	3%	24,920	3%
2023	28,909	3%	26,018	3%
2024	30,159	3%	27,143	3%
2025	31,442	3%	28,297	3%
2026	32,757	1%	29,481	1%
2027	34,091	3%	30,682	3%
2028	35,459	3%	31,913	3%
2029	36,861	3%	33,175	3%
2030	38,299	3%	34,470	3%
2031	39,774	3%	35,797	3%
<b>Total Growth (2022- 2031)</b>	<b>13,274</b>		<b>11,946</b>	

\* Percentage of total occupied apartment units that are CBC Eligible = 90% based on the City of Markham's current development pipeline data.

# CBC Capital Program Summary (\$000)

Service Area	Net Cost	Replacement & BTE	Total Dev-Related Cost	2022 DC Study Share	Remaining Dev-Related	Total CBC-Related Costs
Waste Management	\$36,000	\$0	\$36,000	\$0	\$36,000	\$36,000
Community Facilities	\$12,000	\$0	\$12,000	\$0	\$12,000	\$3,042
Roads & Other Related Infrastructure	\$93,933	\$16,704	\$77,229	\$58,525	\$18,704	\$18,704
Urban Park Facilities	\$58,190	\$0	\$58,190	\$0	\$58,190	\$58,190
Parking	\$12,088	\$0	\$12,088	\$0	\$12,088	\$7,485
Public Realm & Public Art	\$10,000	\$0	\$10,000	\$0	\$10,000	\$8,750
Housing	\$10,000	\$0	\$10,000	\$0	\$10,000	\$10,000
District Energy	\$25,000	\$0	\$25,000	\$0	\$25,000	\$15,479
Administration	\$300	\$0	\$300	\$0	\$300	\$300
<b>TOTAL</b>	<b>\$257,511</b>	<b>\$16,704</b>	<b>\$240,807</b>	<b>\$58,525</b>	<b>\$182,282</b>	<b>\$157,950</b>

# Land Value Estimates by Area (High Density Residential)

Area	\$/Hectare	Total Land Area (HA)	Total Land Value	# of Units	\$/Unit	4% cap (\$/Unit)
East	\$16,308,600	5.52	\$90,023,472	916	\$98,279	<b>\$3,900</b>
West	\$33,976,800	1.53	\$51,984,504	965	\$53,870	<b>\$2,200</b>
North*	\$21,744,800	0	\$0	0	\$0	<b>\$0</b>
Centre	\$38,054,500	8.61	\$327,649,245	2,875	\$113,965	<b>\$4,600</b>
<b>Weighted Average - CBC Charge per Unit by Area (4% Cap)</b>						<b>\$3,825</b>

\*Currently no CBC eligible units in this area.

- Land value estimates provided by the City of Markham's appraisers
- Forecast shares of total units based on historical building permits for CBC qualifying units over the last 5 years and current apartment development data

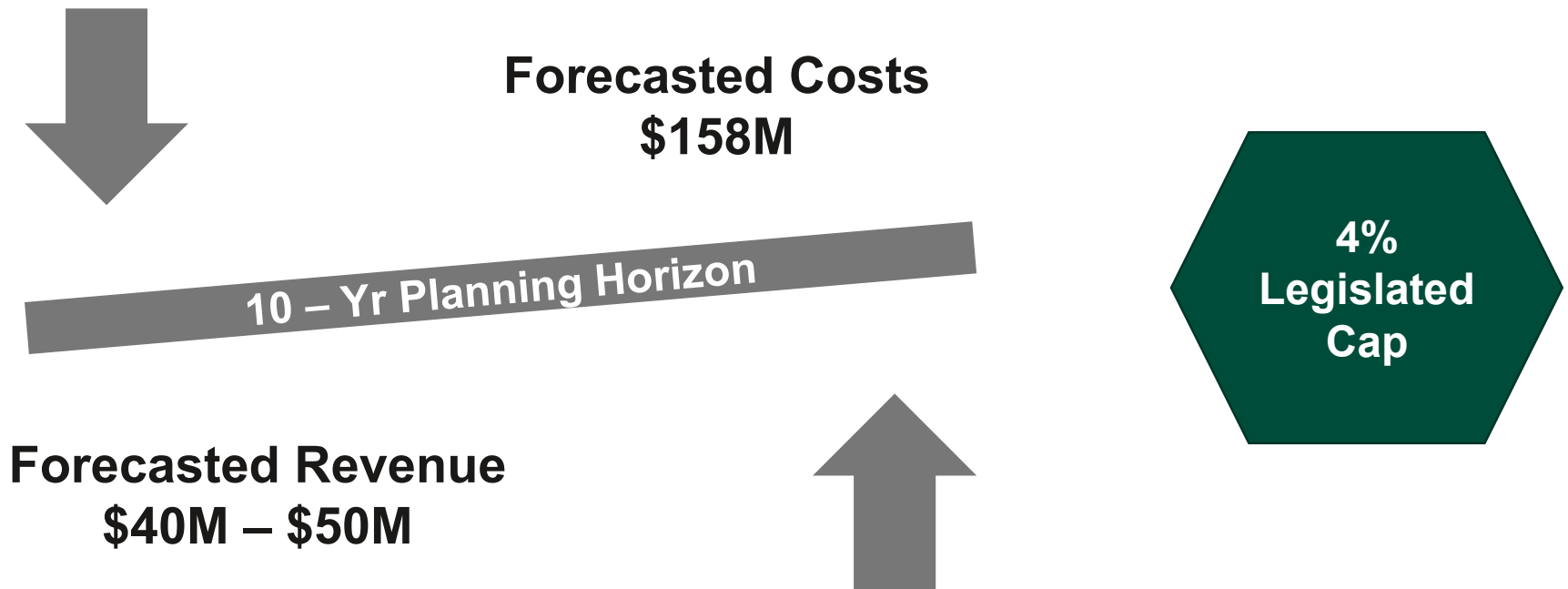


# CBC Revenue Estimate

Total Growth in CBC Eligible Units (2022 – 2031)	Average CBC Charge per Unit	Total Revenue
11,946	\$3,825	\$45,693,450

- **Estimated CBC 2022-2031 Revenue is \$40M-\$50M**

# Revenue Forecast vs Capital Costs (2022-2031)



# Project Timeline

