



Report to: Development Services Committee

Report Date: June 26, 2012

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**SUBJECT:** Servicing Allocation Update  
**PREPARED BY:** Jamie Bosomworth, Manager Strategy and Innovation

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**RECOMMENDATION:**

- 1) That the report dated June 26, 2012, titled “Servicing Allocation Update”, be received
- 2) That Council redistribute “current” allocation as noted in Table 2 and in detail in Attachment “A”;
- 3) That Council distribute 2015 conditional servicing allocation as noted in Table 3 and shown in detail in Attachment “C” to this report;
- 4) That Council delegate to the Commissioner of Development Services the authority to assign “current” and 2015 conditional allocation to developments that are ready to proceed to building permits based on anticipated construction timelines, established protocols and complexity of construction;
- 5) And That Staff be authorized and directed to do all things necessary to give effect to this resolution.

**EXECUTIVE SUMMARY:**

This report includes an update and redistribution of “current” allocation, an update on the schedule of the Region’s infrastructure program and their protocol for distribution of 2015 conditional allocation. The report also outlines our proposed distribution of 2015 conditional allocation, an update on the previous conditions required for development areas for receiving allocation and comments on Markham’s servicing opportunities and challenges.

Since the last round of servicing allocation in January 2011, staff have been proceeding with draft plan approval and site plan approval of developments with existing allocation (pre 2011/12, 2011/12 and 2013 conditional allocation). Since that time the Region has released all high density developments with 2013 allocation for building permits. With the opportunity of exchanging high density allocation with low density, there is sufficient allocation to release all low density developments with 2013 conditional allocation to a building permit. Therefore, all previous allocation the Town has received (pre 2011/12, 2011/12 and 2013 allocation) have no further allocation restrictions to proceeding to a building permit and are identified in this report as “current” allocation.

Staff have reviewed the status of “current” allocation used to date and recommend adjustments to the distribution identified in Table 1 of this report. In summary, this redistribution reflects developments that have received minor adjustments to their development, reconciliation within development areas and a transfer of allocation between developments. This has resulted in an increase in the Town reserve to 192 persons servicing capacity.

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The Region is currently on schedule for completion of the Real Time Control of Flow Control Structures by January 1, 2013 making the allocation distributed for 2013 available for occupancy. The next piece of infrastructure required to provide additional servicing capacity is the South East Collector sewer which is currently on schedule for completion by January 1, 2015.

The Region requires revenue through development charges collected at building permit stage to pay for the \$3.6 billion worth of infrastructure related to development over the next 10 years. There is currently an oversupply of assigned allocation to developments that are not moving through the system quickly enough to keep pace with the payment for the infrastructure works. The Region has developed a new protocol for distributing allocation dependent on the completion of the South East Collector sewer to ensure development catches up with assigned allocation. The Region is providing a 4-year supply of assigned allocation to each municipality based on the past 5 year building activity. The Region and the municipalities need to provide servicing capacity to developments that are able to utilize it in a timely manner. In addition they are continuing to require each municipality to assist in meeting the 10% inflow and infiltration requirements as a condition of the environmental assessment for the South East Collector sewer.

In Markham's case, the Region has determined our 5-year growth rate is 8,201 people per year and our current assigned allocation that has not received a building permit is 24,603 population which is roughly a 3-year supply. To ensure we maintain our 4-year supply of building activity the Region is providing the Town with an additional 8,200 population of 2015 conditional allocation.

To adjust to the Region's new protocol staff are proposing to redistribute current allocation to high density developments that expect to receive a building permit prior to July 1, 2013. The remaining current high density allocation will be redistributed to low density developments that are ready to proceed to a building permit by July 1, 2013. Any high density current allocation that was used for redistribution will be reinstated with 2015 conditional allocation. By ensuring we are providing allocation to those developments that will use it, there is an expectation the Town will receive additional 2015 conditional allocation at the next round of distribution to ensure the Town maintains its 4-year supply of growth. The redistribution of current allocation is shown in Table 2 and Attachment A and the distribution of 2015 conditional allocation is shown on Table 3 and Attachment "C".

Table 4 provides an update to the previous conditions Staff had applied to development areas for them to receive previous allocation.

This round of allocation, and the expectation we will receive additional allocation next year, sets Markham in a good situation related to allocation.

**PURPOSE:**

This report is to advise Committee of the following:

- Provide an update and redistribution of pre 2011/12, 2011/12 and 2013 conditional allocation, all now identified as "current" allocation;

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- Provide an update with regard to Regional infrastructure and protocols for future distribution of allocation;
  - Recommendation for distribution of 2015 “conditional” allocation;
  - Update outstanding conditions from previous distributions;
  - A brief discussion of the Town’s opportunities and challenges with respect to servicing allocation constraints.

**BACKGROUND:**

The Town has been managing development under Regional servicing allocation restrictions (water and sanitary sewer capacity) since 1996. Servicing allocation is only required for residential developments and is distributed by population (units are calculated using a person per unit ratio for each type of unit; single detached, semi-detached, townhouse or apartment). Distribution of servicing allocation is determined by a ranking system based on Council approved criteria established in December 2002 (i.e. transportation infrastructure delivery, implementation of Markham Centre, good urban design, transit supportive, etc.) and augmented by additional considerations outlined in February 2005 report (i.e. filling in holes of development, ready to proceed, sustainability requirements such as LEED and SHIP programs). Council adopted a “use it or lose it” policy ensuring developments with allocation move through the system in a reasonable time frame.

The Region has been distributing a yearly supply of servicing allocation to each municipality and in turn Markham Council has distributed that allocation to various development areas or specific developments. Most recently, in January 2011, Council adopted a Staff report that re-distributed “existing” allocation, endorsed the Regional conditions for 2013 distribution related to working with the Region on inflow and infiltration solutions and recommended a distribution of 2013 “conditional” allocation.

In 2007, the Region established a protocol to permit occupancy of residential units concurrently with the required infrastructure being operational. Building permits are released based on the construction timelines which vary between high and low density developments. For low density developments the Region releases building permits 6 months before the infrastructure is operational. For high density developments, the building permit release from the Region varies between 18 and 36 months depending on the complexity of construction.

In the January, 2011 report, Council approved in principle the distribution of exchanged allocation from high density developments to low density developments subject to the Region providing a release. After the Town received this release from the Region for complex high density buildings, Council approved a staff recommendation in October, 2011, authorizing the exchange from high density developments to low density of 51.9% of the low density developments receiving 2013 allocation. In January 2012, Staff received an additional release from the Region for all high density developments thereby permitting the remaining 48.1% of the low density developments to proceed to building permit. This has ensured all developments with 2013 conditional allocation, whether they are high or low density, have no further restrictions and combined with previous allocation will now be referred to in this report as simply “current” allocation.

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**Draft Approval with no Allocation**

Where allocation is not available, the Region has allowed local municipalities to continue approval of draft plan of subdivisions. This is intended to keep development applications advancing through the lengthy review and approval time frames. The Region's flexibility with regard to draft approval without allocation is subject to the following being met:

- Official Plan (containing growth management policies, phasing provisions and holding by-law provisions) and Secondary Plan are adopted;
- Detailed infrastructure needs have been determined through Master Servicing Plan, Community Design Plan and Phasing Plan;
- Section 34(5) By-law (municipal servicing) is in place;
- No pre-sales agreement and indemnity agreement being in place; and
- Hold provisions on zoning with regard to timing of servicing allocation

**Region's Policy for Sustainable Development**

Markham Council, in 2008, adopted the requirement for all high density developments to meet a minimum 35% incentive level by satisfying the "Sustainable Development Through LEED" criteria developed by the Region. Developments must satisfy the following criteria to receive this benefit:

- Significant water conservation is achieved
- Location is served by Viva transit or other major YRT route
- Site is within a Regional Centre or Corridor, or Local Centre
- Building meets Regional Transit Oriented Development (TOD) guidelines including supporting an overall, long-term density target of 2.5 Floor Space Index
- Three stream waste reduction is incorporated into the building
- A minimum LEED Silver certification is achieved

All distribution for high density developments includes a 35% LEED benefit permitting the Town to distribute additional allocation to those developments that need it.

In the January, 2011 report, Council endorsed the "Sustainable Home Incentive Program" (SHIP) for low density developments. The purpose of this program is to advance sustainable development practices as they relate to grade related residential developments through the provision of a servicing allocation incentive. This is a voluntary program, maintained by the Region requiring a third party verification. There are two different levels of incentives for different levels of sustainability.

In order to meet Level One incentive, receiving 10% reduction in allocation water, savings must be achieved by implementing the following water conservation measures into new home construction:

- Low flow (4.8 LPF) single flush toilets installed throughout the home
- Low flow showerheads, faucets and aerators installed throughout the home
- Water efficient clothes washers
- Water efficient dishwashers
- Hot water re-circulating systems

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- Water efficiency whole home furnace humidifiers
  - Home owner education
  - Installation of smart meters
  - A minimum of 6 inches of topsoil and water-efficient, drought resistant sod throughout the development.

To achieve a Level Two incentive of 20%, developments must meet all the criteria of Level One plus:

- Installation of permeable driveway surfaces (other than sod)
  - Rainwater harvesting and storage systems for indoor and outdoor water use
- Or
- Greywater reuse.

### **OPTIONS/ DISCUSSION:**

#### **“Current” Allocation Update**

Since the distribution of allocation in January 2011, there have been some minor adjustments to the distribution as described below:

- The Wismer Commons Trustee had originally distributed the 2013 allocation to their developers that included a 10% SHIP benefit. During the processing of the developments from draft approval to registration, there was unused allocation from other developments within the Wismer Commons community that the Trustee was able to utilize. To make up the remaining shortfall the Trustee requested the Town use an additional 63.6 people from the reserve to reconcile the difference.
- The owner of Forest Bay Homes requested a transfer of allocation from their development at I7 in the Markham Road South development area to N3 in Villages of Fairtree.
- Revised Developments included; Lassater Developments had a reduction of 26 towns, B Macgregor Developments had a reduction in 13 singles, H and R Developments required an additional 13.5 singles, Vetmar revised their unit counts for a net reduction of 44.6 people, a development at the corner of 14<sup>th</sup> Ave and Kennedy road is not moving forward so there is a reduction of 54 apartments and 2 small reductions to developments by 1297482 Ont. Ltd. and Delpark Homes.

After all these changes have been made the Town reserve has increased to 192.6 people.

These adjustments/changes to the distribution are summarized in Table 1 below:

**TABLE 1: UPDATE OF CURRENT ALLOCATION**

	Project	Map #	Units	Pop.
Remaining in Reserve				5.4
Reconciliation	Wismer Commons Trustee		(17.2 sngl)	(63.6)
Transfer	Forest Bay	I7	74.7 apts	169.6
	West Village in Fairtree	N3	(30 semi, 28 town)	(169.6)
Revised Development	Lassater Dev.	B2	26 town	73.3
	B Macgregor Devs.	B12	13 sngl	48.1
	H & R Dev (School Site)	B3	(13.5 sngl)	(50)
	Vetmar	Q1		44.6
	Kennedy Rd/14 <sup>th</sup> Ave	P5	54 apt	122.6
	1297482 (Alan Lai)	P26	1 sngl	3.7
	Delpark homes, 2 Havelock	P36	3 town	8.5
<b>Total remaining in reserve</b>				<b>192.6</b>

### **Regional Infrastructure**

The Region is currently on schedule for completion of the Real Time Control of Flow Control Structures by January 1, 2013 making the allocation distributed for 2013 available for occupancy.

The next piece of infrastructure required to provide additional servicing capacity is the South East Collector sewer which is currently on schedule for completion by January 1, 2015. Remaining infrastructure for additional servicing capacity is the Duffin Creek Outfall and the Duffin Stage 1 and 2 upgrades, both scheduled for completion in 2017.

### **Regional Linkage between Infrastructure and Growth**

In a Regional report, approved by their Council dated April 19, 2012, Regional Staff indicated their ability to fund their 10-year water and wastewater capital plan of over \$3.6 billion depends on collection of Region wide development charge revenues which are collected at building permit stage. Currently there is an oversupply of assigned allocated units Region wide that are not moving through the approval system to building permits in line with the amount of spending required for the capital projects. The Region and the local municipalities need to provide servicing capacity to the right place at the right time so it can be efficiently used to pay the infrastructure costs.

### **Principles for Regional Distribution of 2015 Allocation**

In the Region's April report, they have established some new protocols for distributing allocation to ensure assigned servicing capacity moves through the approval system to a building permit in a timely manner.

To ensure assigned allocation is used efficiently, the Region is proposing to provide a 4-year supply of assigned allocation based on the past 5 year building activity for each municipality. This will ensure each municipality has enough allocation to keep pace with previous year's activity. They want to continue collaborating with the local municipalities to achieve 10% water efficiency and inflow and infiltration reduction as required by conditions of the environmental assessment for the south east collector. They will monitor growth rates of each municipality to ensure the capacity is in the right

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place at the right time and encourage a two year “use it or lose” policy. They will report back in 2013 outlining the building activity from each municipality and assign new allocation to each municipality to maintain their 4-year supply of assigned units.

**Markham’s Situation**

The Region has determined Markham’s 5-year growth rate is 8,201 people per year and our current assigned allocation that has not received a building permit is 24,603 population which is roughly a 3-year supply. Through their April, 2012 staff report, the Region has assigned an additional 8,200 population of 2015 allocation to Markham to maintain the Town’s 4-year supply.

**Town’s Protocol for distribution or redistribution of allocation**

As noted in the background of this report, the Town has established a ranking system and criteria for distributing allocation to developments or to trustees of development areas. Considering these protocols, and to ensure Markham continues to receive additional allocation from the Region, the Town must ensure the developments we assign allocation to will receive a building permit within a reasonable time frame. It is appropriate to re-examine the distribution of our current allocation and redistribute to those developments that are expected to receive a building permit prior to July 1, 2013.

Knowing that the South East collector is expected to be completed by January 1, 2015, high density developments will be able to receive a building permit between 18 months and 36 months depending on the complexity of the construction. Therefore, the latest time frame for a high density development with 2015 conditional allocation to receive a building permit is July 1, 2013. Staff propose to reassign “current” allocation to high density developments only if the development is expected to receive a building permit before July 1, 2013. All remaining “current” allocation will be redistributed to trustees of development areas with low density developments that are ready and waiting for allocation in order to proceed to a building permit prior to July 1, 2013.

For those high density developments that were reassigned to low density developments, staff propose to assign 2015 conditional allocation for those developments that are known to be legitimate developments advancing to the building permit stage.

For those low density developments that expect to receive a building permit after July 1, 2013 and do not have allocation, the Town will further review the transfer option from high density developments to low density similar to the process followed for allocation as described in the background section of this report.

As the Town is focusing on developments that will acquire a building permit by July 1, 2013 which will reduce our 4-year supply of assigned units, there is an expectation we will receive additional 2015 conditional allocation from the Region at the next round of distribution to reestablish our 4-year supply of assigned allocation.

Table 2 and Attachment “A” outlines the proposed redistribution of current allocation based on the protocols outlined above.

**Table 2: Proposed Re-Distribution of Current Allocation**

Development Area	Proposed Re-distribution		Total Current Allocation After Changes (Not Including LEED or Bonus)	
	Units	Pop	Units	Pop
Angus Glen/Deacon	(115.2)	(324.9)	688.0	2,286.7
Berczy	-	-	1,437.0	4,605.5
Box Grove	-	-	2,280.5	8,093.2
Cathedral	(325.9)	(838.2)	3,100.5	9,866.8
404 North	(65.0)	(147.6)	201.0	616.0
Cornell	(40.0)	767.2	5,208.8	17,334.3
Greensborough	20.0	74.0	2,052.4	6,918.3
Leitchcroft	-	-	1,013.0	2,357.3
Markham Centre	(239.0)	(542.5)	5,163.0	11,901.0
Markham Road South	-	-	336.0	859.5
Highway 48	-	-	164.0	372.3
Milliken Main Street	(451.1)	(1,118.6)	665.0	1,595.9
OPA 15	(133.0)	(301.9)	585.7	1,423.3
South Unionville	-	-	750.7	2,297.8
Swan Lake	-	-	635.0	1,787.1
Villages of Fairtree	-	-	749.6	2,417.7
Wismer Commons	420.5	1351.4	3,971.6	13,109.8
Infill	55.0	119.9	1,714.0	4,452.7
<b>Total</b>	<b>(873.7)</b>	<b>(961.2)</b>	<b>30,476.8</b>	<b>91,752.5</b>
Permitted				92,903.0
<b>Remaining Reserve of Current Allocation</b>				<b>1,150.5</b>

**Distribution of 2015 conditional allocation**

As noted in the protocol above, for those high density developments that we used for redistribution to low density, we will reinstate the allocation we used with 2015 conditional allocation. Table 3 and Attachment "C" provide the summary and details of this distribution, as well as the Remaining Active Units that require additional allocation. As is noted at the bottom of the table, the Town will retain a large reserve of almost 5,800 people to distribute to developments that are advancing to a building permit.

**Table 3: Proposed Distribution of 2015 Allocation**

Development Area	Proposed Distribution of 2015 Allocation		Total Allocation Distributed (Without LEED, Regional Benefit)		Leed, Regional Benefit (does not require allocation)		Remaining Active Units Requiring Allocation	
	Units	Pop	Units	Pop	Units	Pop	Units	Pop
Angus Glen/Deacon	-	-	688.0	2,286.7	61.0	138.5	-	-
Berczy	-	-	1,437.0	4,605.5	*552.3	1,923.5	1,168.2	3,781.6
Box Grove	-	-	2,280.5	8,093.2	-	-	36.0	133.2
Cathedral	370.0	839.9	3,470.5	10,706.7	65.0	147.6	34.0	175.6
404 North	65.0	147.6	266.0	763.6	-	-	159.0	448.4
Cornell	640.0	1,452.8	5,848.8	18,787.1	53.0	120.3	1,352.2	3,058.8
Greensborough	-	-	2,052.4	6,918.3	-	-	1.6	(4.7)
Leitchcroft	-	-	1,013.0	2,357.3	297.0	674.2	-	-
Markham Centre	239.0	542.5	5,163.0	11,901.0	784.0	1,779.7	4,123.0	9,359.2
Markham Road South	-	-	336.0	859.5	37.0	84.0	131.5	298.5
Highway 48	-	-	164.0	372.3	178.0	404.1	358.0	812.7
Milliken Main Street	125.0	292.6	790.0	1,888.5	-	-	82.0	187.6
OPA 15	133.0	301.9	718.7	1,725.2	380.0	862.6	61.0	139.0
South Unionville	-	-	750.7	2,297.8	89.0	202.0	(39.2)	(171.9)
Swan Lake	-	-	635.0	1,787.1	-	-	-	-
Villages of Fairtree	-	-	749.6	2,417.7	-	-	973.4	2,591.6
Wismer Commons	-	-	3,971.6	13,109.8	229.0	519.8	500.9	1,045.9
Infill	-	-	1,714.0	4,452.7	489.0	1,110.0	1,356.0	3,156.0
<b>Total</b>	<b>1,572.0</b>	<b>3,577.2</b>	<b>32,048.8</b>	<b>95,329.7</b>	<b>3,214.3</b>	<b>7,966.2</b>	<b>10,297.6</b>	<b>25,011.5</b>
Permitted		8,200.0		101,103.0				
Reserve		<b>4,622.8</b>		<b>5,773.3</b>				

**Summary of development areas after redistribution of “Current” allocation and distribution of 2015 conditional allocation**

With the redistribution of “current” allocation it allows high density developments in the following development areas to proceed to a building permit:

- Angus Glen
- Berczy village

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- Cathedral Community
  - Markham Centre
  - Markham Road South
  - Highway 48
  - OPA 15. Swan Lake
  - Wismer Commons and
  - Liberty in the Infill Area

The remaining high density developments with current allocation are proposed to be redistributed to the Trustees of development areas of low density developments that are expected to receive building permits by July 1, 2013. This redistribution to low density developments allows the following development areas to generally complete their active developments:

- Angus Glen
- Box Grove
- 404 North
- Greensborough
- South Unionville and
- Wismer Commons

After distributing 2015 conditional allocation to re-instate high density developments with previous allocation, the Town will retain a reserve of almost 5,800 people. This reserve will ensure we have allocation for those developments we expect to receive a building permit within a reasonable time frame.

### **Presentation to Development Services Committee and Developers Round Table**

Staff provided the similar presentation to Development Services Committee on May 15, 2012 and to the Developers Round Table Group on May 24, 2012. The presentation provided background related to previous distributions of allocation, identified the LEED and SHIP sustainability programs already in place, the Regional protocol for distribution of the 2015 allocation, a proposed redistribution of current allocation and the proposed distribution of 2015 conditional allocation. The presentation at both venues was well received with little discussion.

### **Summary of Changes since June presentation**

Since the presentations at both Development Services Committee and the Developer's Roundtable meeting staff have received comments and feedback from various developers which has resulted in some minor adjustments to the distribution tables. All other issues identified in the correspondence and the feedback received has been addressed in the distribution tables or through communications to the authors of the submission.

### **Conditions to be met from previous distributions**

In previous distributions of allocation, conditions have been applied to developments or development areas when the allocation was granted. Staff have reviewed these conditions and have concluded the conditions have been met or have been included as part of a development application secured through an agreement or are still being negotiated with the development area. Table 4 summarizes these conditions:

<b>TABLE 4: UPDATE ON CONDITIONS TO BE MET FOR PREVIOUS DISTRIBUTIONS</b>	
<b>Development Area</b>	<b>Condition (s)</b>
Angus Glen/Deacon	Construction of bridge between East and West Village in accordance with MNR/TRCA approval schedule. Requirement included in a development agreement
Markham Centre	Construction of Courtyard Lane extension south of Clegg Road is secured in a development agreement
Markham Centre and OPA 15	Front end financing of Highway 7 sanitary and storm sewer has been secured through an agreement
Milliken Main Street	Completion of Gorvette Road & Midland Avenue Extension (completion date to be finalized- area study underway)
South Unionville	Front end financing of outstanding property acquisition and construction of the balance of South Unionville Avenue has been secured through an agreement
Wisper Commons	<ul style="list-style-type: none"> <li>• Construction of the completion of Castlemore Ave. through the community has been completed</li> <li>• Construction of Roy Rainey bridge in accordance with MNR/TRCA approved schedule has been secured through an agreement</li> </ul>

### **Markham's Opportunities and Challenges**

The redistribution of current allocation to developments that are ready to proceed to building permits allows the Town to continue to meet servicing requirements. After the completion of this round of distribution, we will have a much smaller amount of ground related developments within the existing urban area. Any future ground related development will be coming through the Council endorsed urban expansion within the new Official Plan areas. High density developments will continue within the intensification nodes and corridors endorsed by Council, and we will have sufficient allocation to meet development needs as required.

### **FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)**

While there are no direct financial implications related to the specifics of this report, there are annual budgeting issues (capital and operating) resulting from servicing allocation constraints which staff will continue to monitor.

### **HUMAN RESOURCES CONSIDERATIONS**

Not applicable

### **ALIGNMENT WITH STRATEGIC PRIORITIES:**

The proposed reassignment of current allocation and the distribution of 2015 conditional allocation align with the strategic focus of Growth Management.

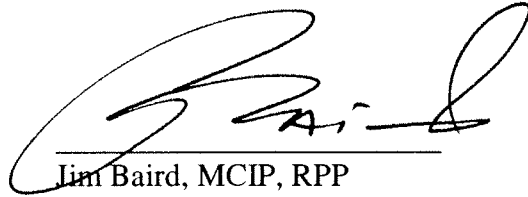
### **BUSINESS UNITS CONSULTED AND AFFECTED:**

Not applicable

**RECOMMENDED BY:**



Rino Mostacci, MCIP, RPP  
Director, Planning and Urban Design



Jim Baird, MCIP, RPP  
Commissioner of Development Services

**ATTACHMENTS:**

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|----------------|--|
| Attachment "A" | Detailed Tracking of Re-distribution of "Current" Allocation |
| Attachment "B" | Development Area Maps  |
| Attachment "C" | Detailed Tracking of 2015 Assigned Allocation                |