



MINUTES
DEVELOPMENT CHARGES SUBCOMMITTEE
September 5, 2017
York Room

Committee Members

Mayor Frank Scarpitti
Regional Councillor Nirmala Armstrong
Councillor Karen Rea
Councillor Amanda Collucci
Councillor Logan Kanapathi

Regrets:

Regional Councillor Jim Jones
Councillor Don Hamilton

Staff

Andy Taylor, Chief Administrative Officer
Trinela Cane, Commissioner of Corporate Services
Joel Lustig, Treasurer
Mark Visser, Senior Manager Financial Strategy & Investment
Kevin Ross, Manager Development Finance
Brian Lee, Director Engineering
Alain Cachola, Senior Manager, Infrastructure & Capital Projects
Laura Gold, Council/Committee Coordinator

The Development Charges Subcommittee convened at 9:25 a.m. with Councillor Logan Kanapathi in the Chair.

1. Disclosure of Interest – none declared

2. Presentation and Discussion

Mark Visser, Senior Manager Financial Strategy & Investment provided a presentation entitled "Development Charges Background Study Update". The presentation included an update on the following: stakeholder consultation; the Development Charges Deferral Policy; changes since the last meeting; the preliminary development charges rates; debt forecasts; and the timelines for approving the new Development Charges by-law.

Some of the highlights of the presentation/discussion included:

Stakeholder Consultation

There have been four stakeholder consultation sessions held with the Developers Round Table. The meetings have gone well to date. The developers two main concerns were: 1) non-growth share of the development charges; and 2) post 2031 development charges. Developers have been understanding of the proposed development charges rate increases due to the substantial increase in land and infrastructure costs.

Development Charges Deferral Policy

The Region has recently introduced a deferral of its development charges for purpose-built rentals, which will only be honoured if local municipalities also defer their development charges. Consequently, the City needs to decide if it will defer its development charges for this purpose. Providing a deferral for purpose built rentals is intended to provide developers with an incentive to build this type of development. Feedback from developers is that the Region's policy is a good first step, but may not be strong enough to encourage this type of development.

Deferring the development charges on purpose-built rentals does not align with City's current Deferral Policy for interest and security reasons, for the following reasons:

- 1) The City would not have a letter of credit, which increases its risk of being able to collect unpaid development charges, as it would have to undertake a tax sale to retrieve unpaid development charges. The risks of having to undertake a tax sale are: a future Council may not approve a tax sale; the City would only retrieve its unpaid development charges after the Federal and Provincial governments collect their unpaid taxes; and it is a longer more labour intensive process to retrieve unpaid development charges in comparison to requiring a letter of credit.
- 2) Lost interest on deferred development charges.

Provincial Fair Housing Plan

The Province will be implementing the Provincial Fair Housing Plan. The five year program is intended to encourage the construction of rental developments by providing \$125 million in development charges rebates to municipalities. The program will target communities most in need of rental properties. Staff are meeting with representatives from the Ministry of Housing on September 8th to learn more about the policy. More information is needed on the program to understand how it may help the City.

The Committee was asked to decide whether it will approve a deferral policy similar to the Region's policy or delay the approval until more information is available on the new Provincial Fair Housing Plan.

The Committee discussed the risks versus the need to encourage more affordable housing and rental properties in Markham. It asked staff to look at options for making affordable housing and rental properties more feasible in Markham.

Moved by Regional Councillor Nirmala Armstrong

Seconded by Councillor Karen Rea

That Staff implement a development charge deferral for purpose-built high density rental buildings with the following terms:

- Rate and quantum determined at building permit issuance
- Duration of 36 months with no interest applied if paid within 15 days of the deferral expiration
- Security in the form of a charge against land
- Registration on title restricting change of use for 20 years

And, That Staff continue to review other options to make both rental and affordable housing more feasible in Markham.

Carried

Changes since the Last Meeting

Since the last meeting there has been changes to the engineering related capital program. Based on this change, the capital cost recovery was reduced from \$970M to \$939M.

A Committee Member asked why the 19th Avenue Interchange was removed from the engineering related capital program. Alain Cachola, Senior Manager, Infrastructure & Capital Projects advised that the project was removed, as it is not in the Region's five year forecast. The project remains on the Region's long term list of projects to be undertaken. The project will be added back to the City's engineering capital program once it is added to the Region's five year forecast.

Staff were asked to look at the possibility of completing part of the project now or at doing the project in phases. It was suggested that a ramp going north off the 404 onto 19th Avenue be built within this development charges period to help manage traffic.

Preliminary Development Charges Rate

The preliminary development charge rates for hard and soft services were presented to the Committee.

Debt

The debt forecast for the City's Development Charges Reserve was presented to the Committee. The reserve is forecasted to be in a deficit position from 2018 to 2031, with the debt peaking in 2023. The debt is due to pre-emplacment of facilities ahead of growth, which leads to expenditures before the corresponding development charges inflow.

Timelines

Target timelines for approving the City's Development Charges By-laws are on track.

3. Adjournment

The Development Charges Sub-Committee adjourned at 10:52 am.