



Report to: General Committee

Date Report Authored: November 20, 2015

SUBJECT: Development Charges Indexing Reporting
PREPARED BY: Kevin Ross, Manager, Development Finance (ext. 2126)

RECOMMENDATION:

- 1) That the report titled “Development Charges Indexing Reporting” be received for information purposes;
- 2) And that staff be directed to do all things necessary to give effect to this report.

PURPOSE:

The purpose of this report is to:

- Provide Council with information regarding the indexing of development charges, effective January 1, 2016, in accordance with the Statistics Canada Quarterly, *Construction Price Statistics* for non-residential buildings in Toronto;
- Advise Council that, in accordance with the development charge by-laws, the development charge rates will be increased semi-annually, if applicable, on the first day of January and the first day of July, of each year; and
- Advise Council that information on future indexing of the development charges rates, will be provided to Council by way of the Development Charges Annual report (Development Charges Reserve Balances and Annual Activity of the Accounts), tabled in the Spring of each year.

Indexing the City’s development charges helps to mitigate the impact of inflationary increases on future growth-related costs.

BACKGROUND:

Section 15 of the City’s Development Charge by-laws state that the charges referred to in each of the by-laws’ “Schedule of Development Charges” shall be increased, if applicable, semi-annually without an amendment to the by-laws, on the first day of January and the first day of July, of each year, in accordance with the most recent change in the Statistics Canada Quarterly, *Construction Price Statistics* (Catalogue No. 62-007).

In accordance with the by-laws, the development charge rates will be indexed up by 0.6% as of January 1, 2016. This represents the increase in the prescribed index, the Statistics Canada Quarterly, *Construction Price Statistics* for non-residential buildings in Toronto, for the second and third quarters of 2015. The index applied to the 2013 development charge by-laws over the past two years were as follows:

Effective Date	Index
Jan. 1, 2014	0.3%
July 1, 2014	0.6%
Jan. 1, 2015	0.9%
July 1, 2015	1.2%

The new development charge rates effective January 1, 2016, indexed as required by the by-laws, are shown below.

Residential Charge Per Unit	City Wide Hard		City Wide Soft	
	Before Indexing	After Indexing	Before Indexing	After Indexing
Single/Semi	\$10,398	\$10,460	\$12,637	\$12,713
Townhouse	\$8,067	\$8,115	\$9,803	\$9,862
Apartment:				
Large > or = 650 sq ft	\$6,825	\$6,866	\$8,292	\$8,342
Small < 650 sq ft	\$5,076	\$5,106	\$6,167	\$6,204

Non-Residential		
	Before Indexing	After Indexing
Town Wide Soft (per square metre)		
Industrial/ Office/ Institutional	\$11.45	\$11.52
Retail	\$12.46	\$12.53
Mixed Use	\$7.78	\$7.83
Town Wide Hard (per net hectare)		
Retail/ Industrial/ Office/ Institutional	\$227,133	\$228,496

Area Specific Development Charge (per net hectare)			
Area	Description	Before Indexing	After Indexing
1B	Yonge Steeles Corridor	\$1,166,132	\$1,173,129
4	Don Mills / Browns Corner	\$154,726	\$155,655
5	Armadale	\$10,154	\$10,215
7	Armadale NE	\$12,011	\$12,083
8	Milliken Mills	\$159,263	\$160,219
9	PD 1-7	\$763,560	\$768,141
17	Rodick / Miller Road Planning District	\$227,043	\$228,406
18	Buttonville Airport	\$630,121	\$633,901
23	Mount Joy	\$49,151	\$49,446
42A-1	South Unionville - Helen Avenue	\$1,713,486	\$1,723,767
42B	Markham Centre	\$6,974	\$7,016
42B-2	Markham Centre - Clegg	\$95,592	\$96,166
42B-4	Markham Centre - Hotel	\$911,727	\$917,197
42B-6	Markham Centre - South Hwy 7	\$1,074,075	\$1,080,519
42B-8	Markham Centre - Sciberras	\$311,718	\$313,588
42B-9	Markham Centre - East Precinct	\$3,173,109	\$3,192,148
45A	Wismer	\$9,981	\$10,041
46	Cathedral	\$24,496	\$24,643
47B	York Downs	\$25,376	\$25,528
49	404 North Employment Lands	\$43,856	\$44,119

Information on any future increases to the rates will be provided to Council through the annual development charges report (Development Charges Reserve Balances and Annual Activity of the Accounts), which details all the activity in the reserves inclusive of revenues and capital expenditures. The annual report is provided in the Spring following the year to which the information relates.

Semi-annual increases to the development charge rates will be posted to the City's website prior to the effective date (first of January and July), in order to provide the development industry with the required information in advance. Members of the development industry typically contact staff for this information, prior to the effective date of the increase, so providing it online will be an enhancement to the current level of service provided.

Area Specific By-laws Currently Under Review

Included in the rates set out above are three area specific by-laws that are currently being updated: Areas 9, 42B-6 and 42B-8. If the new by-laws are approved for these areas prior to December 31, 2015, the rates in the table above will be superseded by the new, approved rates and indexed as follows:

Area	Description	New Rate Before Indexing	Rate After Indexing
9	PD 1-7	\$703,457	\$707,678
42B-6	Markham Centre - South Hwy 7	\$1,292,166	\$1,299,919
42B-8	Markham Centre - Sciberras	\$1,463,786	\$1,472,569

The rates above were calculated and finalized as a part of the background study process in August 2015, therefore effecting the indexing will assist in mitigating any capital cost increase since the rates were finalized.

FINANCIAL CONSIDERATIONS

The Statistics Canada Quarterly, *Construction Price Statistics* for non-residential buildings in Toronto includes costs associated with the construction of industrial, commercial and institutional buildings which more closely aligns with the costs incurred by the City of Markham. The prescribed index increased mainly as a result of a slight increase in the price of materials. The City will continue to monitor the changes in the index to see whether development charge revenues are keeping pace with the costs of development-related projects.

RECOMMENDED BY:

30/11/2015

30/11/2015

X 

Joel Lustig
Treasurer

X 

Trinela Cane
Commissioner, Corporate Services