



Report to: General Committee

Report Date: May 17, 2011

SUBJECT: Development Charges Indexing – July 1, 2011
PREPARED BY: Kevin Ross, extension 2126

RECOMMENDATION:

- 1) That the report titled “Development Charges Indexing – July 1, 2011” be received;
- 2) That Council approve an increase in development charges of 2.20%, effective July 1, 2011;
- 3) And that staff be directed to do all things necessary to give effect to this report.

PURPOSE:

The purpose of this report is to recommend the indexing of development charges, effective July 1, 2011, in accordance with the Statistics Canada Quarterly, Construction Price Statistic for non-residential buildings in Toronto.

BACKGROUND:

Section 15 of the Town’s Development Charge by-laws state that the charges referred to in the “Schedule of Development Charges” shall be adjusted 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-law it is recommended that the development charges be indexed up by 2.20%. This represents the increase in the Statistics Canada Quarterly, Construction Price Statistic for non-residential buildings in Toronto for the fourth quarter of 2010 and the first quarter of 2011. This follows an increase of 1.20% on January 1, 2011 and is the second successive increase following three consecutive reductions in the indexing on July 1st, 2009 (3.06%), January 1, 2010 (2.07%) and July 1, 2010 (0.35%).

The Town’s development charge (DC) by-laws were not updated in the same year (the Town Wide Soft was approved in June 2009 and the Town Wide Hard and Area Specific approved in June 2008) and hence there is a difference in the impact of indexing on the charges. Taking this increase into account, the Town Wide Soft DC’s have been indexed down 0.71% since its enactment whereas the Town Wide Hard and Area Specific DC’s have been indexed up 9.18%. Below is a history of the indexes approved by Council (inclusive of the current recommended increase) since the DC by-laws were enacted.

Effective Date	Percentage Increase/Decrease	Adjustment Based on Index Change Between
<u>TOWN WIDE HARD/AREA SPECIFIC</u>		
July 1, 2008	3.57%	Q4, 2007 and Q1, 2008
January 1, 2009	7.74%	Q2 and Q3, 2008
July 1, 2009	-3.06%	Q4, 2008 and Q1, 2009
January 1, 2010	-2.07%	Q2 and Q3, 2009
July 1, 2010	-0.35%	Q4, 2009 and Q1, 2010
January 1, 2011	1.20%	Q2 and Q3, 2010
July 1, 2011	2.20%	Q4, 2010 and Q1, 2011
Total Compounded Increase	<u>9.18%</u>	

TOWN WIDE SOFT

July 1, 2009	-1.63%	Q1, 2009 *
January 1, 2010	-2.07%	Q2 and Q3, 2009
July 1, 2010	-0.35%	Q4, 2009 and Q1, 2010
January 1, 2011	1.20%	Q2 and Q3, 2010
July 1, 2011	2.20%	Q4, 2010 and Q1, 2011
Total Compounded Decrease	<u>-0.71%</u>	

* New DC rates were based on December 31, 2008 data.

Based on the recommended increase, the new Development Charge rates effective July 1, 2011 are shown below.

	Town Wide Hard		Town Wide Soft	
Residential Charge Per Unit	Before Indexing	After Indexing	Before Indexing	After Indexing
Single/Semi	\$8,591	\$8,780	\$9,884	\$10,101
Townhouse	\$6,760	\$6,909	\$7,759	\$7,930
Apartment:				
Large > 750 sq ft	\$5,317	\$5,434	\$6,109	\$6,243
Small < or = 750 sq ft	\$3,195	\$3,265	\$3,669	\$3,750

Non-Residential		
Town Wide Soft (per square metre)	Before Indexing	After Indexing
Industrial/ Office/ Institutional	\$8.14	\$8.32
Retail	\$8.84	\$9.03
Mixed Use	\$5.58	\$5.70
Town Wide Hard (per net hectare)		
Retail/ Industrial/ Office/ Institutional	\$180,023	\$183,984

Area Specific Development Charge (per net hectare)			
Area	Description	Before Indexing	After Indexing
4	Don Mills / Browns Corner	\$31,377	\$32,067
5	Armadales	\$11,425	\$11,676
7	Armadales NE	\$14,862	\$15,189
8	Milliken Mills	\$209,694	\$214,307
9	PD 1-7	\$543,119	\$555,068
17	Rodick / Miller Road Planning District	\$313,240	\$320,131
42A	South Unionville	\$58,516	\$59,803
42A-1	South Unionville - Helen Avenue	\$822,647	\$840,745
42B	Markham Centre	\$51,673	\$52,810
42B-2	Markham Centre - Clegg	\$68,374	\$69,878
42B-4	Markham Centre - Hotel	\$906,731	\$926,679
42B-6	Markham Centre - South Hwy 7	\$343,709	\$351,271
42B-8	Markham Centre - Sciberras	\$578,595	\$591,324
42B-9	Markham Centre - East Precinct	\$560,676	\$573,011
44A	Rouge North East	\$7,363	\$7,525
45A	Wismer	\$7,101	\$7,257
46	Cathedral	\$3,318	\$3,391
47B	York Downs	\$25,827	\$26,395
49	404 North Employment Lands	\$18,405	\$18,810

FINANCIAL CONSIDERATIONS

The Non-Residential Construction Price Index includes costs associated with the construction of industrial, commercial and institutional buildings which more closely aligns with the costs incurred by the Town of Markham. The Construction Price Index for the fourth quarter of 2010 and the first quarter of 2011 is a measure of the change in the contractors' selling price of non-residential construction projects for the period. The Town 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:

19/05/2011

X



Joel Lustig
Treasurer

19/05/2011

X



Andy Taylor
Commissioner, Corporate Services