



Development Charges Update (Soft Services)

General Committee

June 15, 2009

Purpose

- To inform Committee of the result of the additional meeting with the development community on June 3rd, 2009
- To review transition provision options and make a recommendation

Developer Issue

- Land Valuation
 - The average cost of \$2.1M/ha (\$0.85M/acre) used to value inventory is adversely affected by the inclusion of the Markham Centre lands

Town's Response

- Additional analysis verified that the average land cost used was not unduly influenced by lands in Markham Centre and \$2.1M/ha is a reasonable average

Developer Issue

- Inclusion of YMCA in Service Level Calculation
 - The YMCA should only be included if a lease or licence agreement is in force between the Town and YMCA

Town's Response

- The Town has a signed Community Access Agreement and a schedule of the time available for the Town's residents to use the facility. This was shared with and acknowledged by the developers.

Developer Issue

- Replacement Cost for Selected Facilities
 - Cost of \$390/sq.ft. used for some Community Centres and Libraries does not reflect current cost to replace these facilities

Town's Response

- The cost used is in line with last estimated cost to build the East Markham Facility. Town revised the cost down to \$375/sq.ft to eliminate the incremental cost associated with LEED silver (Gas Tax can be used to fund the uplift in costs associated with LEED).

Revised Town Wide Soft DC Rates

- The adjustment in the facility cost/sq.ft from \$390 to \$375 has resulted in a revision to the calculated charge

Unit Type	Previously Calculated Development Charge	Revised Calculated Development Charge	Difference Current vs Calculated Charge	Difference Current vs Calculated Charge
Single and Semi-Detached	\$10,232	\$10,174	(\$58)	-1%
Townhouse	\$8,033	\$7,987	(\$46)	-1%
Apartment - >750 sq. ft.	\$6,325	\$6,288	(\$37)	-1%
Apartment - <750 sq. ft.	\$3,800	\$3,777	(\$23)	-1%

Revised Town Wide Soft DC Rates

Original Calculated Charges

Unit Type	Current Development Charge	Calculated Development Charge	Difference Current vs Calculated Charge	Difference Current vs Calculated Charge
Single and Semi-Detached	\$6,566	\$10,232	\$3,666	56%
Townhouse	\$5,158	\$8,033	\$2,875	56%
Apartment - >750 sq. ft.	\$4,667	\$6,325	\$1,658	36%
Apartment - <750 sq. ft.	\$2,793	\$3,800	\$1,007	36%

Revised Calculated Charges

Unit Type	Current Development Charge	Calculated Development Charge	Difference Current vs Calculated Charge	Difference Current vs Calculated Charge
Single and Semi-Detached	\$6,566	\$10,174	\$3,608	55%
Townhouse	\$5,158	\$7,987	\$2,829	55%
Apartment - >750 sq. ft.	\$4,667	\$6,288	\$1,621	35%
Apartment - <750 sq. ft.	\$2,793	\$3,777	\$984	35%

Revised Town Wide Soft DC Rates

- The reduction in the charge reduces the maximum amount recoverable from development charges by \$1M
 - Reduces funding for Indoor Recreation/Library floor space by approximately 2,600 sq.ft.

Revised Town Wide Soft DC Rates

Service	Maximum Allowable 2009 to 2018 (\$000)		
	Maximum Allowable Envelope	Maximum Allowable Envelope	Difference after change in \$/sq. ft.
	\$390/sq ft	\$375/sq ft	
Library Board	\$11,851.8	\$12,019.8	\$168.1
Fire Services	\$11,142.4	\$11,142.4	\$0.0
Indoor Recreation	\$76,626.0	\$75,414.1	(\$1,211.9)
Park Development & Facilities	\$66,304.7	\$66,304.7	\$0.0
Public Works	\$11,783.5	\$11,783.5	\$0.0
TOTAL	\$177,708.4	\$176,664.6	(\$1,043.8)

Remaining Developer Issues

- Gross vs Net Population Methodology
 - Developers disagree with the usage of the gross population to calculate the maximum funding envelope

Town's Response

- The use of the gross population to calculate the maximum funding envelope, on a service by service basis, is appropriate
- Transitional Provisions
 - Developers have requested a provision to ease the effect of the increase. Town has reviewed three options in light of the developers request which will now be discussed

Transition Provision – Options

Option 1

- Make the new Town Wide Soft by-law and rates effective on the date of enactment (Council Approval)
- Financial Impact
 - New charges are collected immediately so there is no development charge (DC) revenue loss

Transition Provision – Options

Option 2

- Make the new Town Wide Soft by-law and rates effective August 31, 2009 when the old by-law expires
- Financial Impact
 - The Town will forego approximately \$0.5M* - \$1.2M** in DC revenue.

* based on 180 households (estimate from Building Department)

** based on 400 households (estimate from growth forecasts in the Background Study)

Transition Provision – Options

Option 3

- Make the new Town Wide Soft by-law and rates effective August 31, 2009 when the old by-law expires, however, phase-in the increase in the rates in one third increments over a one year period as follows:

Residential	Current Development Charge	31-Aug-09	28-Feb-10	31-Aug-10	Increase per Installment
Single and Semi-Detached	\$ 6,566	\$ 7,769	\$ 8,971	\$ 10,174	\$ 1,203
Townhouse	\$ 5,158	\$ 6,101	\$ 7,044	\$ 7,987	\$ 943
Apartment - >750 sq. ft.	\$ 4,667	\$ 5,207	\$ 5,748	\$ 6,288	\$ 540
Apartment - <750 sq. ft.	\$ 2,793	\$ 3,121	\$ 3,449	\$ 3,777	\$ 328
Non-Residential					
(IOI) Industrial/Office/Institutional	\$ 4.20	\$ 5.59	\$ 6.99	\$ 8.38	\$ 1.39
Mixed Use	\$ 4.20	\$ 4.71	\$ 5.23	\$ 5.74	\$ 0.51
Retail Non-Mixed Use	\$ 4.20	\$ 5.84	\$ 7.47	\$ 9.11	\$ 1.64

Transition Provision – Options

Option 3 Cont'd

- Financial Impact
 - The Town will forego approximately \$2.4M* - 5.0M** in DC revenue during this phase-in period.

* based on 1,000 households (estimate from Building Department)

** based on 2,100 households (estimate from growth forecasts in the Background Study)

Transition Provision – Options

Option 4

- Make the new Town Wide Soft by-law effective on the date of enactment (Council Approval) but charge current rates under the 2004 by-law to the following building type:
 - Apartments :– must have site plan approval by June 23, 2009, submit application for a building permit on or before June 23, 2011 and commence building within six months of permit issuance
 - Promotes strategic direction of the Town
- Financial Impact
 - Based on the number of apartments with site plan approval (1,479), the Town will forego approximately \$2.3M in DC revenue over 2 years

Transition Provision – Recommendation

- Option 1 is recommended as it has no financial impact to the Town

Resolution

- That the development charge rates included in the final background study and by-law be effective on the date of Council approval

Next Steps

- Staff report to General Committee on June 22nd, 2009
- Council Approval of the Development Charge Background Study and By-law on June 23rd, 2009