

Development Charges Update (Hard Services)

Part Two

GENERAL COMMITTEE

Reduction/Elimination of Area Specific Development Charges (ASDC)

Comparison to large GTA Municipalities use of Area Specific by-laws as a means of allocating growth-related capital costs

Municipalities with ASDC's	Municipalities without ASDC's
Markham (27)	Toronto
Vaughan (14)	Mississauga
Richmond Hill (13)	Brampton
	Oakville
	Burlington
	York Region

Reduction/Elimination of ASDC

- Based on the adopted criteria, it is recommended that the ASDC capital cost be reduced by:
 - 1) Removing \$18M in Local Costs – to be collected through Development Agreements
 - 2) Reallocating \$97M to Town Wide Hard
 - Allocation to TWH include: 3rd lanes (roads), intersection improvements/signals, illumination, watermains >300mm and enhanced streetscape
- The majority of ASDC's will now contain:
 - Sanitary Sewers costs
 - Storm Water Management costs
 - Road costs in ASDC 8 (Milliken) and 42b-9 (East Precinct)

Allocation of Growth-Related Capital Cost

Cost Component	Total Capital Cost	Transferred to Local Costs	Transferred to TWH	Remains in ASDC
	\$'000	\$'000	\$'000	\$'000
Illumination	8,465	293	7,933	239
Intersection	15,479	-	15,479	-
Roads	52,542	7,742	34,743	10,057
Sidewalks	11,257	436	10,684	137
Storm Water Management	26,821	1,418	1,496	23,907
Sanitary Sewers	20,598	1,416	67	19,114
Structures	2,258	2,032	-	226
Studies	1,816	1,155	9	652
Water	22,138	1,898	19,345	895
Enhanced Streetscape	9,674	1,972	7,334	369
Total	171,047	18,363	97,089	55,596

Percentage Allocation

100%

11%

57%

33%

ASDC Review

- Of the 27 ASDC's in the 2004 By-laws, it is proposed that 14 be retained as a result of reallocations to TWH and transfers of Local Costs to be recovered through Development Agreements
- There are 3 new ASDC areas proposed:
 - Milliken Mills (Area 8)
 - Rodick Road Planning District (Area 17)
 - 404 North Employment Lands (Area 49)
- The total ASDC areas will now stand at 17 and the opportunity exists to further reduce (merge/eliminate) these areas through future discussions with the Development Community

Proposed Area Specific Development Charges (ASDC) (By Ward)

Ward	Area Specific		Current 2004 By-Laws (Indexed)	2007 with Cost Escalations & New Projects	Proposed 2007 Charge with Transfers to TWH and Local Costs
			Charge \$/hect.	Charge \$/hect.	Charge \$/hect.
1	Shouldice	Area 21	42,413	44,556	-
3	North Hwy 7 (PD 1-7)	Area 9	289,369	533,898	420,858
3	South Unionville	Area 42A	168,945	77,536	35,060
3	South Unionville - Helen Avenue	Area 42A-1	519,491	753,170	753,170
3	Markham Centre - South Hwy 7	Area 42B-6	201,178	527,336	392,601
3	Markham Centre - Remington	Area 42B-7	\$72,711	55,959	-
3	Markham Centre - Sciberras	Area 42B-8	896,605	1,453,144	268,301
3	Markham Centre - East Precinct	Area 42B-9	654,279	534,203	485,001
3, 6	Markham Centre	Area 42B	\$140,230	227,326	-
4	Wisper	Area 45A	33,609	45,299	6,033
4	Berczy	Area 45B	14,288	5,749	5,749
5	Mount Joy	Area 23	201,280	35,771	-
5	Cornell	Area 41	32,694	39,196	-
5	Greensborough	Area 43	35,098	60,082	-

<-- Area By-laws with no charges based on 2007 proposal

Proposed Area Specific Development Charges (ASDC) (By Ward)

Ward	Area Specific		Current 2004 By-Laws (Indexed)	2007 with Cost Escalations & New Projects	Proposed 2007 Charge with Transfers to TWH and Local Costs
			Charge \$/hect.	Charge \$/hect.	Charge \$/hect.
6	Buttonville North	Area 3A	218,502	314,722	-
6	Woodbine North	Area 12	3,209	977	-
6	Markham Centre - Cox	Area 42B-1	\$172,436	80,047	-
6	Markham Centre - Clegg	Area 42B-2	\$100,955	145,900	-
6	Markham Centre - IBM	Area 42B-3	\$18,201	10,896	-
6	Markham Centre - Hotel	Area 42B-4	159,036	1,037,217	956,489
6	Cathedral	Area 46	37,855	32,665	2,789
6	Angus Glen	Area 47A	72,375	70,086	-
6	York Downs	Area 47B	40,140	35,949	21,339
6	404 North Employment Lands	Area 49	-	63,958	35,209
7, 8	Armada	Area 5	15,519	40,173	8,084
7	Armada NE	Area 7	30,288	38,951	11,222
7	Box Grove	Area 44B	41,874	45,237	-
2, 6, 8	Don Mills / Browns Corner	Area 4	75,346	60,250	9,233
8	Milliken Mills	Area 8	-	453,534	296,518
8	Rodick Road - Planning District	Area 17	-	625,160	296,907

<-- Area By-laws with no charges based on 2007 proposal

Impact of Shift in Capital Costs from ASDC to TWH (Sample of two housing types)

- The transfer of \$97M of Area Specific cost to Town Wide Hard results in a decrease in charges for some areas and an increase for others

Single Family Homes

- The change in cost per unit ranges from a reduction of 54% to an increase of 15% (maximum). Only two areas increased by 15%.

2+ Bedroom Apartments

- The change in cost per unit ranges from a reduction of 15% to an increase of 15% (maximum). Only two areas increased by 15%.

Total Town Charge Per Unit for Single Family Home (Includes TWH, TWS & ASDC)

Residential Charges Per Unit for Single/Semi Detached Homes							
Ward	Area Specific		Current 2004 By- Laws (Indexed)	2007 with Cost Escalations & New Projects	Proposed 2007 Charge with Transfers to TWH (incl. Local Costs)	2007 Cost Escalations & New Projects vs Proposed Charge with Transfers	
			Total	Total	Total	Variance	Variance
	Description	Area	\$	\$	\$	\$	%
1	Shouldice	21	11,322	14,747	13,988	(759)	-5%
3	North Hwy 7 (PD 1-7)	9	25,849	43,532	42,205	(1,326)	-3%
3	South Unionville	42A	18,765	16,687	16,115	(572)	-3%
3	South Unionville - Helen Avenue	42A-1	39,385	56,430	58,292	1,862	3%
3	Markham Centre - South Hwy 7	42B-6	20,661	43,146	42,080	(1,066)	-2%
3	Markham Centre - Remington	42B-7	13,104	15,418	16,511	1,093	7%
3	Markham Centre - Sciberras	42B-8	61,568	97,605	98,264	659	1%
3	Markham Centre - East Precinct	42B-9	47,314	43,550	43,796	246	1%
3, 6	Markham Centre	42B	17,076	25,498	14,523	(10,976)	-43%
4	Wismer	45A	10,804	14,791	14,433	(358)	-2%
4	Berczy	45B	9,667	12,464	14,326	1,862	15%
5	Mount Joy	23	20,667	14,230	13,988	(242)	-2%
5	Cornell	41	10,750	14,432	13,988	(444)	-3%
5	Greensborough	43	10,892	15,660	14,306	(1,354)	-9%

Town Wide Charges:

Town Wide Hard	3,142	6,441	8,303
Town Wide Soft	5,685	5,685	5,685
	8,827	12,126	13,988

Total Town Charge Per Unit for Single Family Home (Includes TWH, TWS & ASDC)

Residential Charges Per Unit for Single/Semi Detached Homes							
Ward	Area Specific		Current 2004 By- Laws (Indexed)	2007 with Cost Escalations & New Projects	Proposed 2007 Charge with Transfers to TWH (incl. Local Costs)	2007 Cost Escalations & New Projects vs Proposed Charge with Transfers	
			Total	Total	Total	Variance	Variance
	Description	Area	\$	\$	\$	\$	%
6	Buttonville North	3A	21,680	30,642	13,988	(16,654)	-54%
6	Woodbine North	12	9,016	12,183	13,988	1,805	15%
6	Markham Centre - Cox	42B-1	18,970	16,835	13,988	(2,847)	-17%
6	Markham Centre - Clegg	42B-2	14,766	20,708	22,210	1,502	7%
6	Markham Centre - IBM	42B-3	9,898	12,767	13,988	1,221	10%
6	Markham Centre - Hotel	42B-4	18,182	73,139	70,252	(2,887)	-4%
6	Cathedral	46	11,054	14,047	14,410	363	3%
6	Angus Glen	47A	13,084	16,249	17,365	1,116	7%
6	York Downs	47B	11,188	14,241	15,243	1,003	7%
6	404 North Employment Lands	49	8,827	15,888	16,597	709	4%
7, 8	Armadale	5	9,740	14,489	14,464	(26)	0%
7	Armadale NE	7	10,609	14,417	14,648	231	2%
7	Box Grove	44B	11,290	14,787	13,988	(799)	-5%
2, 6, 8	Don Mills / Browns Corner	4	13,259	15,670	14,531	(1,139)	-7%
8	Milliken Mills	8	8,827	38,804	31,430	(7,374)	-19%
8	Rodick Road - Planning District	17	8,827	48,900	31,453	(17,447)	-36%

Town Wide Charges:

Town Wide Hard	3,142	6,441	8,303
Town Wide Soft	5,685	5,685	5,685
	<u>8,827</u>	<u>12,126</u>	<u>13,988</u>



Total Town Charge Per Unit for a 2+ Bedroom Apartment (Includes TWH, TWS & ASDC)

Residential Charges Per Unit for a 2+ Bedroom Apartment							
Ward	Area Specific		Current 2004 By-Laws (Indexed)	2007 with Cost Escalations & New Projects	Proposed 2007 Charge with Transfers to TWH (incl. Local Costs)	2007 Cost Escalations & New Projects vs Proposed Charge with Transfers	
			Total	Total	Total	Variance	Variance
	Description	Area	\$	\$	\$	\$	%
1	Shouldice	21	6,333	9,069	9,948	879	10%
3	North Hwy 7 (PD 1-7)	9	8,803	13,962	14,745	783	6%
3	South Unionville	42A	7,598	9,398	10,310	911	10%
3	South Unionville - Helen Avenue	42A-1	11,104	16,155	17,480	1,325	8%
3	Markham Centre - South Hwy 7	42B-6	7,921	13,896	14,724	827	6%
3	Markham Centre - Remington	42B-7	6,636	9,183	10,377	1,194	13%
3	Markham Centre - Sciberras	42B-8	14,875	23,154	24,275	1,120	5%
3	Markham Centre - East Precinct	42B-9	12,452	13,965	15,015	1,050	8%
3, 6	Markham Centre	42B	7,311	10,896	10,039	(857)	-8%
4	Wismer	45A	6,245	9,076	10,024	948	10%
4	Berczy	45B	6,052	8,680	10,005	1,325	15%
5	Mount Joy	23	7,922	8,981	9,948	967	11%
5	Cornell	41	6,236	9,015	9,948	933	10%
5	Greensborough	43	6,260	9,224	10,002	778	8%

Other Town Charges:

Town Wide Hard	1,867	4,581	5,906
Town Wide Soft	4,042	4,042	4,042
	<u>5,909</u>	<u>8,623</u>	<u>9,948</u>

Total Town Charge Per Unit for a 2+ Bedroom Apartment (Includes TWH, TWS & ASDC)

Residential Charges Per Unit for a 2+ Bedroom Apartment							
Ward	Area Specific		Current 2004 By-Laws (Indexed)	2007 with Cost Escalations & New Projects	Proposed 2007 Charge with Transfers to TWH (incl. Local Costs)	2007 Cost Escalations & New Projects vs Proposed Charge with Transfers	
			Total	Total	Total	Variance	Variance
	Description	Area	\$	\$	\$	\$	%
6	Buttonville North	3A	8,094	11,770	9,948	(1,822)	-15%
6	Woodbine North	12	5,941	8,633	9,948	1,315	15%
6	Markham Centre - Cox	42B-1	7,633	9,423	9,948	525	6%
6	Markham Centre - Clegg	42B-2	6,919	10,082	11,346	1,264	13%
6	Markham Centre - IBM	42B-3	6,091	8,732	9,948	1,216	14%
6	Markham Centre - Hotel	42B-4	7,499	18,995	19,513	518	3%
6	Cathedral	46	6,288	8,950	10,020	1,070	12%
6	Angus Glen	47A	6,633	9,324	10,522	1,198	13%
6	York Downs	47B	6,310	8,982	10,161	1,179	13%
6	404 North Employment Lands	49	5,909	9,263	10,392	1,129	12%
7, 8	Armadaale	5	6,064	9,025	10,029	1,004	11%
7	Armadaale NE	7	6,212	9,013	10,060	1,048	12%
7	Box Grove	44B	6,328	9,075	9,948	873	10%
2, 6, 8	Don Mills / Browns Corner	4	6,662	9,225	10,040	815	9%
8	Milliken Mills	8	5,909	13,158	12,913	(245)	-2%
8	Rodick Road - Planning District	17	5,909	14,875	12,917	(1,958)	-13%

Other Town Charges:

Town Wide Hard	1,867	4,581	5,906
Town Wide Soft	4,042	4,042	4,042
	<u>5,909</u>	<u>8,623</u>	<u>9,948</u>

Summary of Recommendations

- Discontinue the inclusion of local services in the development charge
- All capital projects should be included in the calculation of the development charge
- Limited exemption on non-residential developments to continue until August 31, 2009
- Discontinue the redevelopment exemption on expansions/ additions to buildings where lot levies were previously paid and, provide credit for an amount equal to the DC's originally paid (unindexed) for a change of use

Summary of Recommendations

- Defer review of the calculation base until the next Background Study
- Reduce the number of Area Specific by-laws by the transfer of growth-related capital cost to Town Wide Hard and reallocate local costs to be recovered through Development agreements

General Committee

Recommendations

- That Council endorse in principle the Development Charges Sub-Committee recommendations
- That staff be directed to meet with the development industry and present the recommendations of the DC Sub-Committee along with the financial data
- That staff provide periodic updates of results from consultations with the development industry

Next Steps

- Schedule consultation with Developers
 - Review cost implications
 - Present policy recommendations
 - Discuss opportunities for merging ASDC's with similar charges
- Updates to General Committee from December through to January
- Proposed schedule for adoption of the By-laws – 1st Quarter of 2008