

Minutes
Development Charges Sub-Committee
March 26, 2013
10:00 a.m. – 12:00 p.m.

Members: Regional Councillor Gordon Landon, Chair, Mayor Frank Scarpitti, Councillor Don Hamilton, Regional Councillor Jim Jones, and Councillor Logan Kanapathi Councillor Carolina Moretti Staff: Andy Taylor, Chief Administrative Officer, Trinela Cane, Commissioner of Corporate Services, Catherine Conrad, City Solicitor, Joel Lustig, Treasurer, Mark Visser, Senior Manager of Financial Strategy & Investment and Kevin Ross, Manager of Development Finance, Alan Brown, Director of Engineering, and Stephen Huycke, Acting Deputy Clerk Regrets:;	
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Agenda Item	Discussion	Action Item
1. Call to Order	The Development Charges Sub-Committee meeting convened at 10:06 am with Regional Councillor Gordon Landon presiding as Chair.	
2. Review of Meeting Notes	Committee reviewed the meeting notes of January 15, 2013. It was noted that there was no quorum and no decisions were taken at the meeting.	
3. Stakeholder Consultation	There was a discussion about the need for a transition policy when adopting the new Development Charges By-law. Staff indicated that they are not in favour of a transition policy for developers due to the potential loss of revenue. There was a discussion about setting development charges for apartments based on the number of bedrooms. Staff advised that most municipalities have adopted square footage as the method for determining apartment size. Staff noted that there have been several stakeholder consultations sessions held by the City.	

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4. Policy Decisions – Submissions by Stakeholders	Staff reviewed stakeholder's responses to policy recommendations adopted by the Development Charges Sub-Committee. (a) Enhanced streetscaping Staff advised that the committee had adopted a policy that enhanced streetscaping on internal roads within a plan of subdivision or abutting site plan be treated as a 100% local cost. Staff noted that the stakeholders are concerned with the cost impact of this policy, and recommends that the City maintain a policy that 50% of the costs of enhanced streetscaping be refunded through Development Charges. (b) Alternative methodology The Building Industry and Land Development Association (BILD) has recommended that the City re-adopt the net methodology to historic service levels. Staff reviewed some of the issues with the net methodology and alternative methodology for calculating growth. Staff suggested the alternative methodology endorsed by the committee complies with <i>Development Charges Act</i>. Committee agreed not to amend the policy and to adopt the alternative methodology. (c) Increase in non-residential rates Staff advised that the stakeholders consider a 29% increase in non-residential Development Charges to be a disincentive for the provision of office and retail space within mixed use centres. Staff noted that Markham only collects 2%-4% of the total development charges collected when the Regional and School Board charges are taken into account. There was a discussion about the tax rates for commercial properties in Toronto when compared to Markham. (d) Transition Options The committee was advised that the stakeholders have requested a transition period for projects currently far along in the approval process. Staff noted that the City could adopt: 1) no transition policy; 2) a phase in period for any increase; or 3) a prepayment option. Staff recommended that the City not adopt a transition policy due to the financial implications.	

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	Moved by Regional Councillor Jones Seconded by Councillor Moretti That the City not adopt a transition policy for any increase in development charges. CARRIED (e) One apartment rate Staff advised the committee that the stakeholders do not support the Committee's decision to implement a single rate for all apartments. The stakeholders suggest that this will impose significantly higher costs on the most affordable housing type. It was noted that the current Development Charges by-law imposes the large unit rate on any apartment greater than 750 sq.ft. The Committee recommended that the policy of applying single apartment rate be maintained.	
5. Policy Introduction – Live/work Units	(a) Live/Work Units Slide 17 – Markham has no policy on live/work units. Staff advised that the City currently does not have a development charges policy for live/work units. It was noted that the Region of York's 2012 Development Charges By-law added an exemption for the non-residential portion of live/work units where the gross floor area does not exceed 100m² (1,076 sq.ft). Staff recommend that all of the gross floor area of live/work units be treated as residential provided that the work area is not greater than 100m². Moved by Mayor Scarpitti Seconded by Councillor Kanapathi That the City adopts a development charges policy that all of the gross floor area of live/work units be treated as residential, provided that the work area is less than 100m². And, that the non-residential charge that would be exempted is a maximum of \$755/unit. CARRIED	

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	(b) Animal Shelter Service Level. It was noted that staff had calculated a funding envelope and a rate for Animal Shelters. Staff advised that the City does not have an approved capital program to support this service level calculation during this update of the development charges by-laws. The Committee expressed its support for animal care and examining options for an animal shelter for the City. The committee expressed regret that it is not feasible to fund an animal shelter using development charges. (c) Changes in Persons Per Unit Calculations. Staff reviewed the changes in Persons Per Unit (PPU) calculations. It was noted that the PPU has been revised up for single/semi detached units and townhouses, while the PPU for apartments has gone down. (d) Change in Rates Staff reviewed the changes in residential rates since presented to the Committee on January 15, 2013.	
6. Comparable Rates	Staff reviewed a chart of comparable development charges for different unit types in other municipalities.	
7. Capital Forecast	Staff reviewed the capital forecasts for soft services.	
8. Debt	Staff reviewed the expected borrowing to fund the forecasted capital program. The Committee inquired if any borrowing for soft services would be reduced if new facilities were not pre-emplaced ahead of growth. Staff advised that that approach could reduce borrowing by about 50%.	

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Agenda Item	Discussion	Action Item
9. Non-growth costs	Committee deferred consideration of this item	
10. Public meeting	Committee deferred consideration of this item	
11. Timelines	Committee deferred consideration of this item	
12. Confidential Matters	The Committee deferred consideration of the in-camera items.	
13. Date of the Next Meeting	May 17, 2013	
14. Adjournment	The Development Charges Sub-Committee meeting adjourned at 12:02 p.m.	