

MEETING NOTES
Development Charges Sub-Committee
January 15, 2013
10:00 a.m. – 12:00 p.m.

Members: Regional Councillor Gordon Landon, Chair, Councillor Don Hamilton, and Councillor Carolina Moretti Staff: 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: Mayor Frank Scarpitti, Regional Councillor Jim Jones, Councillor Logan Kanapathi
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Agenda Item	Discussion	Action Item
1. Call to Order	The Development Charges Sub-Committee convened at 10:09 a.m. without quorum with Regional Councillor Gordon Landon presiding as Chair.	None
2. Review of Minutes	The minutes of the Development Charges Sub-Committee meeting held on December 13, 2012 were deferred.	
3. Policy Issues	Staff provided Committee with a presentation, and reviewed the policy discussions of the December 13, 2012 meeting. Staff presented additional policy options for consideration of the committee: a) Incentive for Larger Apartment Units Staff reviewed the current development charge rates for large and small apartment units. Staff recommended the option of a single DC rate for all apartment units to encourage larger units. The committee discussed options to encourage the development of larger apartment units. Committee discussed defining smaller apartments as any unit with a square footage less than or equal to 750 sq.ft. Committee discussed That the City adopt a policy to apply a single blended development charge rate to all	

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	apartment units regardless of size. b) Calculation of Development Charges Staffs recommend that the City adopt a development charges policy that the development charges be calculated at the rate in effect when a building permit is issued. Staff noted that the current policy is that the development charges are calculated at the rate in effect when a building permit application is received. Committee discussed, That the City adopt a policy that development charges be calculated at the rate in effect when a building permit is issued. c) Exemption for Expansion of Gross Floor Area Staff recommended that the City adopt a development charges policy that will exempt office building from development charges where the expansion of the office building is equal to or less than 50% of the original gross floor areas of the structure. Staff noted that this policy recommendation is currently applied to industrial buildings only, and that the adoption of such a policy would provide an incentive to expand office buildings. Committee discussed, That the City adopt a policy that any expansion of an office buildings be exempt from development charges provided that the expansion is equal to or less than 50% of the original gross floor area.	

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4. Review of Goals and Growth Forecasts	a) Development Charges Policy Goals Staff reviewed the City's three goals in any amendments to Development Charges, namely: 1. Using Development Charges to recover the maximum amount of growth-related costs while reducing financial risk; 2. Using development charges to provide incentives for high-density, mixed-use developments, office and community use facilities; and, 3. Streamlining the administration of the development charges. b) Growth Forecasts Staff advised committee of the expected growth forecasts for the City, during the period of 2013-2031.	
5. Preliminary City Wide Hard Development Charges	a) Preliminary City Wide Hard Development Charges Calculations Staff reviewed the hard services capital infrastructure paid by City Wide Hard Development Charges, including but not limited to: (a) Roads (b) Sidewalks (c) Illumination (d) Intersections (e) Stormwater management (f) Sanitary Sewers (g) Structures, such as bridges; (h) Special projects (e.g. streetscaping, bike lanes); (i) Water; and, (i) Studies Staff noted that City Wide Hard Development Charges are calculated, in the case of residential charges, on a per unit basis, and in the case of non-residential	

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	charges, on a per hectare basis. Staff advised the committee that the capital program to be funded by city wide hard development charges totals approximately \$1 Billion, and includes all required hard services infrastructure to support growth and development to the build out of the urban boundary in 2031. Staff reviewed the preliminary calculations used in determining the City Wide Hard Development Charges, including any variances from previous charges. Based on the preliminary calculations, staff advised the committee that the adjusted City Wide Hard Development charges will be: (a) \$2,947 per capita; and (b) \$223,280 per hectare. b) City Wide Hard Development Charges Policy Recommendations - Enhanced Streetscaping Staff recommended that the City adopt a new policy that enhanced streetscaping of internal roads be 100% funded from local costs. Staff advised that the current policy is to fund enhanced streetscaping from City Wide Hard Development Charges (25%), Area Specific Development Charges (50%) and non-growth funding sources (25%). Committee discussed, That the City adopt a policy that enhanced streetscaping on internal roads within a plan of subdivision or abutting site plan be funded 100% from local costs, and That the City adopt a policy that enhanced streetscaping on external and regional roads be funded 50% from city wide hard development charges and 50% from non-growth funding sources. c) City Wide Hard Development Charges Policy Recommendations – Roads Staff recommended that the City adopt a policy the a 4th lane of roads be funded	

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	100% from City Wide Hard Development Charges, and that the 3rd Lane be funded by the local developer. Staff noted that the current policy is that both the 3rd and 4th lane of a road be funded 100% from city wide hard development charges. Committee discussed, That the City adopt a policy that the 4th lane of a residential subdivision road be funded 100% from City Wide Hard Development Charges; and, That the City adopt a policy that a residential subdivision road of 3 lanes or less be entirely funded by the local developer.	
6. Preliminary Area Specific Development Charges	Staff recommended that the City attempt to reduce the number of Area Specific Development Charges. Staff advised that the City could update Area Specific Development Charges by-laws by either maintaining the current status, or by adopting one city wide Area Specific Development Charges by-law and one Area Specific Development Charges by-law for Markham Centre. Staff recommend that the city maintain the current Area Specific Development Charges regime while consolidating where possible. Committee discussed, That the City adopt a policy to maintain Area Specific Development Charges by-laws, consolidate Area Specific Development Charges where possible, and transfer responsibility for the construction of some Area Specific Development Charges funded infrastructure to developers groups.	
7. City Wide Development Charges Rates Summary – City Wide Hard & Soft	Staff reviewed the summary of the preliminary City Wide hard & Soft Development Charges, including changes between 2008 and 2013.	
8. Non-growth Costs	Staff reviewed the non-growth portion of the infrastructure costs, and advised that the total annual non-growth cost is currently estimated to be approximately \$6.7 million per annum over the next 10 years.	

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9. Borrowing	Staff advised committee that the soft services 10 year capital program will be constructed ahead of growth, with 50% of the program planned for between 2013 and 2016. Based on the projected capital program timelines, staff estimate that development charges borrowing should begin in 2014-2015 and peak at approximately \$150 million in 2018.	
10. Timelines	Staff advised the Committee that the proposed timelines to approve the development charges by-laws are as follows: (a) Developer consultations – December 2012 to April 2013 (b) Council Workshop – January 21, 2013 (c) Council Sub-Committee Meeting – March 2013 (d) Finalize development charges Study – March to April 2013 (e) Public Meeting – April 2013, and (f) Council Approval – May 2013.	
11. New Business	None	
12. Date of the Next Meeting	At the call of the Chair.	
13. Adjournment	The Development Charges Sub-Committee meeting adjourned at 11:42 a.m.	