



Report to: General Committee

Report Date: May 15, 2012

SUBJECT: Development Charges Indexing – July 1, 2012
PREPARED BY: Kevin Ross, extension 2126

RECOMMENDATION:

- 1) That the report titled “Development Charges Indexing – July 1, 2012” be received;
- 2) That Council approve an increase in development charges of 1.10%, effective July 1, 2012;
- 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, 2012, in accordance with the Statistics Canada Quarterly, Construction Price Statistic for non-residential buildings in Toronto.

Indexing the Town’s development charges helps to partially mitigate the impact of inflationary increases on future growth-related costs.

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 1.10%. This represents the increase in the Statistics Canada Quarterly, Construction Price Statistic for non-residential buildings in Toronto for the fourth quarter of 2011 and the first quarter of 2012. This follows an increase of 2.10% on January 1, 2012 and is the fourth 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 up by 2.49% since its enactment and the Town Wide Hard and Area Specific DC’s have been indexed up by 12.70%. 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
January 1, 2012	2.10%	Q2 and Q3, 2011
July 1, 2012	1.10%	Q4, 2011 and Q1, 2012
Total Compounded Increase	<u>12.70%</u>	
<u>TOWN WIDE SOFT</u>		
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
January 1, 2012	2.10%	Q2 and Q3, 2011
July 1, 2012	1.10%	Q4, 2011 and Q1, 2012
Total Compounded Increase	<u>2.49%</u>	

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

Based on the recommended increase, the new Development Charge rates effective July 1, 2012 are shown below.

Residential Charge Per Unit	Town Wide Hard		Town Wide Soft	
	Before Indexing	After Indexing	Before Indexing	After Indexing
Single/Semi	\$8,964	\$9,063	\$10,314	\$10,427
Townhouse	\$7,054	\$7,132	\$8,096	\$8,185
Apartment:				
Large > 750 sq ft	\$5,548	\$5,609	\$6,375	\$6,445
Small < or = 750 sq ft	\$3,334	\$3,371	\$3,828	\$3,870

Non-Residential		
Town Wide Soft (per square metre)	Before Indexing	After Indexing
Industrial/ Office/ Institutional	\$8.49	\$8.58
Retail	\$9.22	\$9.32
Mixed Use	\$5.82	\$5.88
Town Wide Hard (per net hectare)		
Retail/ Industrial/ Office/ Institutional	\$187,848	\$189,914

Area Specific Development Charge (per net hectare)			
Area	Description	Before Indexing	After Indexing
4	Don Mills / Browns Corner	\$32,740	\$33,100
5	Armadale	\$11,921	\$12,052
7	Armadale NE	\$15,508	\$15,679
8	Milliken Mills	\$218,807	\$221,214
9	PD 1-7	\$566,724	\$572,958
17	Rodick / Miller Road Planning District	\$326,854	\$330,449
42A	South Unionville	\$61,059	\$61,731
42A-1	South Unionville - Helen Avenue	\$858,401	\$867,843
42B	Markham Centre	\$53,919	\$54,512
42B-2	Markham Centre - Clegg	\$71,345	\$72,130
42B-4	Markham Centre - Hotel	\$946,139	\$956,547
42B-6	Markham Centre - South Hwy 7	\$358,648	\$362,593
42B-8	Markham Centre - Sciberras	\$603,742	\$610,383
42B-9	Markham Centre - East Precinct	\$585,044	\$591,479
44A	Rouge North East	\$7,683	\$7,768
45A	Wismer	\$7,409	\$7,490
46	Cathedral	\$3,462	\$3,500
47B	York Downs	\$26,949	\$27,245
49	404 North Employment Lands	\$19,205	\$19,416

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 2011 and the first quarter of 2012 increased mainly as a result of continued strength in the construction sector resulting in some construction material price increases. 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:

5/17/2012

X 

Joel Lustig
Treasurer

X 

Nasir Kenea
Acting Commissioner, Corporate Services