



Report to: General Committee

Report Date: November 15, 2011

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

RECOMMENDATION:

- 1) That the report titled “Development Charges Indexing – January 1, 2012” be received;
- 2) That Council approve an increase in development charges of 2.10%, effective January 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 January 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 2.10%. This represents the increase in the Statistics Canada Quarterly, Construction Price Statistic for non-residential buildings in Toronto for the second and third quarters of 2011. This follows an increase of 2.20% on July 1, 2011 and is the third 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 1.37% since its enactment and the Town Wide Hard and Area Specific DC’s have been indexed up by 11.47%. 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
Total Compounded Increase	<u>11.47%</u>	

TOWN WIDE SOFT

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
Total Compounded Increase	<u>1.37%</u>	

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

Based on the recommended increase, the new Development Charge rates effective January 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	\$8,780	\$8,964	\$10,101	\$10,314
Townhouse	\$6,909	\$7,054	\$7,930	\$8,096
Apartment:				
Large > 750 sq ft	\$5,434	\$5,548	\$6,243	\$6,375
Small < or = 750 sq ft	\$3,265	\$3,334	\$3,750	\$3,828

Non-Residential		
	Before Indexing	After Indexing
Town Wide Soft (per square metre)		
Industrial/ Office/ Institutional	\$8.32	\$8.49
Retail	\$9.03	\$9.22
Mixed Use	\$5.70	\$5.82
Town Wide Hard (per net hectare)		
Retail/ Industrial/ Office/ Institutional	\$183,984	\$187,848

Area Specific Development Charge (per net hectare)			
Area	Description	Before Indexing	After Indexing
4	Don Mills / Browns Corner	\$32,067	\$32,740
5	Armada	\$11,676	\$11,921
7	Armada NE	\$15,189	\$15,508
8	Milliken Mills	\$214,307	\$218,807
9	PD 1-7	\$555,068	\$566,724
17	Rodick / Miller Road Planning District	\$320,131	\$326,854
42A	South Unionville	\$59,803	\$61,059
42A-1	South Unionville - Helen Avenue	\$840,745	\$858,401
42B	Markham Centre	\$52,810	\$53,919
42B-2	Markham Centre - Clegg	\$69,878	\$71,345
42B-4	Markham Centre - Hotel	\$926,679	\$946,139
42B-6	Markham Centre - South Hwy 7	\$351,271	\$358,648
42B-8	Markham Centre - Sciberras	\$591,324	\$603,742
42B-9	Markham Centre - East Precinct	\$573,011	\$585,044
44A	Rouge North East	\$7,525	\$7,683
45A	Wisper	\$7,257	\$7,409
46	Cathedral	\$3,391	\$3,462
47B	York Downs	\$26,395	\$26,949
49	404 North Employment Lands	\$18,810	\$19,205

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 second and third quarters of 2011 increased mainly as a result of higher construction materials and fuel prices. 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:

16/11/2011

X 

Joel Lustig
Treasurer/Acting Commissioner Corporate Ser...