



Report to: General Committee

Report Date: June 15, 2009

SUBJECT: Development Charges Indexing – July 1, 2009
PREPARED BY: Kevin Ross, extension 2126

RECOMMENDATION:

- 1) THAT the report titled “Development Charges Indexing – July 1, 2009” be received;
- 2) AND THAT Council approve a reduction in development charges of 3.06%, effective July 1, 2009 for Area Specific and Town Wide Hard services (under the 2008 Development Charge by-laws);
- 3) AND THAT Council approve a reduction of 3.06% in the Town Wide Soft development charges (enacted under the 2004 Development Charge by-law No. 2004-223), effective July 1, 2009, if this by-law continues to be in force on this date;
- 4) AND THAT Council approve a reduction of 1.63% in the Town Wide Soft development charges (enacted under the 2009 Development Charge by-law) effective on or after July 1, 2009, following the enactment of the by-law;
- 5) 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, 2009, in accordance with the Statistics Canada Quarterly, Construction Price Statistic for non-residential buildings in Toronto.

BACKGROUND:

2008 Development Charge By-laws – Town Wide Hard and Area Specific

Section 15 of the Town’s Development Charge by-laws, enacted on June 24, 2008, states that “The development charges referred to in Schedules “B-1” and “B-2” shall be adjusted semi-annually without amendment to this by-law, on the first day of January and the first day of July, of each year, commencing July 1, 2008, 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 Town Wide Hard and Area Specific Development charges included in the 2008 Background Study be indexed down by 3.06%. This represents the reduction in the Statistics Canada Quarterly, Construction Price Statistic for non-residential buildings in Toronto for the fourth quarter of 2008 and the first quarter of 2009. The compounded indexed increase in the 2008 by-laws since their enactment in June 2008 will be 8.17% following this reduction.

The new Town Wide Hard and Area Specific Development charges effective July 1, 2009 are shown below.

Residential Charge Per Unit	Town Wide Hard	
	Before Indexing	After Indexing
Single/Semi	\$8,974	\$8,699
Townhouse	\$7,061	\$6,845
Apartment:		
2 + Bedrooms	\$5,553	\$5,383
1 Bedroom	\$3,337	\$3,235
Non-Residential (per net hectare)		
Retail/ Industrial/ Office/ Institutional	\$188,040	\$182,286

Area Specific Development Charge Per Net Hectare			
Area	Description	Before Indexing	After Indexing
4	Don Mills / Browns Corner	\$32,775	\$31,772
5	Armadale	\$11,933	\$11,568
7	Armadale NE	\$15,523	\$15,048
8	Milliken Mills	\$219,032	\$212,330
9	PD 1-7	\$567,308	\$549,949
17	Rodick / Miller Road Planning District	\$327,191	\$317,179
42A	South Unionville	\$61,121	\$59,251
42A-1	South Unionville - Helen Avenue	\$859,284	\$832,990
42B	Markham Centre	\$53,975	\$52,323
42B-2	Markham Centre - Clegg	\$71,419	\$69,233
42B-4	Markham Centre - Hotel	\$947,113	\$918,132
42B-6	Markham Centre - South Hwy 7	\$359,016	\$348,030
42B-8	Markham Centre - Sciberras	\$604,362	\$585,869
42B-9	Markham Centre - East Precinct	\$585,647	\$567,726
44A	Rouge North East	\$7,690	\$7,455
45A	Wismer	\$7,417	\$7,190
46	Cathedral	\$3,466	\$3,360
47B	York Downs	\$26,976	\$26,150
49	404 North Employment Lands	\$19,225	\$18,637

Development Charge Soft By-law

Section 15 of the Town Wide Soft Development Charge by-law, states that the development charges referred to in Schedule "B" shall be adjusted semi-annually without amendment to the by-law, 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).

The 2004 Town Wide Soft (TWS) development charge by-law No. 2004-223 is currently in force pending Council approval of the proposed 2009 Development Charge Background Study and by-law. Based on the uncertainty of the effective date of the new

TWS by-law, the following is recommended:

- a) In the event that the 2004 TWS by-law continues to be in force on July 1, 2009, it is recommended that the rates be indexed down 3.06% consistent with the reduction in the Statistics Canada Quarterly, Construction Price Statistic for non-residential buildings in Toronto for the fourth quarter of 2008 and the first quarter of 2009. The rates in this circumstance are:

Town Wide Soft (2004 DC By-law)		
Residential Charge Per Unit	Before Indexing	After Indexing
Single/Semi	\$6,566	\$6,365
Townhouse	\$5,158	\$5,000
Apartment:		
2 + Bedrooms	\$4,667	\$4,524
1 Bedroom	\$2,793	\$2,708
Non-Residential (per square metre)		
Retail/ Industrial/ Office/ Institutional	\$4.20	\$4.07

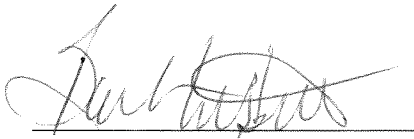
- b) When the TWS development charge rates included in the 2009 Development Charge Background Study become effective, it is recommended that the charge be indexed down 1.63%, on or after July 1, 2009, based on the Statistics Canada Quarterly Construction Price Statistic for non-residential buildings in Toronto for the first quarter of 2009. This is recommended as the values included in the 2009 Development Charge Background Study are based on pricing to December 31, 2008, so applying the reduction in the index for the first quarter in 2009 is appropriate.

FINANCIAL CONSIDERATIONS

The 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 for these services. The Construction Price Index for the fourth quarter of 2008 and the first quarter of 2009 declined mostly as a result of reductions in construction material prices and competitive conditions due to a weaker non-residential building construction market.

RECOMMENDED

BY:


Barb Cribbett, Treasurer


Andy Taylor, Commissioner
Corporate Services

