



Report to: Development Services Committee

Date Report Authored: June 10, 2014

SUBJECT: Servicing Allocation Update
PREPARED BY: Jamie Bosomworth, Manager, Strategy and Innovation, ext. 2180

RECOMMENDATION:

- 1) That the report dated June 10, 2014, titled "Servicing Allocation Update", be received;
- 2) That Council authorize Staff to distribute "Current" and 2015 allocation to those developments proceeding to a building permit within a reasonable time frame at either Site Plan Endorsement Stage, Draft Plan of Subdivision Approval stage or other stage of lot creation and to notify the Region of York of servicing allocation distribution;
- 3) That Council authorize Staff to distribute 2017/18 allocation and any additional allocation distributed to Markham by the Region to those developments ready to proceed;
- 4) That Council authorizes Staff to submit to the Region the tracking and monitoring report attached as Attachment D;
- 5) That Staff report back to Committee upon finalization of the Region's Guidelines for their new Sustainable Development through LEED program and their Servicing Incentive Program and Markham's own Sustainable Guidelines and Standards;
- 6) And That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

This report is to advise Committee of the following:

- Provide an update of the distribution of allocation received pre 2011, 2011/12 and 2013 all now identified as "Current" allocation;
- Provide an update with regard to Regional infrastructure and protocols for distribution of allocation;
- Discuss the distribution of additional 2015 and 2017/18 allocation received from the Region;
- Explain that the current allocation situation allows us now to streamline administration procedures in assigning allocation and reporting to the Region due to the city having more allocation than available supply of active developments;
- Discuss action required for new Sustainable programs recently approved by the Region of York;
- A brief discussion of the Town's opportunities and challenges with respect to servicing allocation constraints.

BACKGROUND:

The Town has been managing development under Regional servicing allocation restrictions (water and sanitary sewer capacity) since 1996. Servicing allocation is tracked for all residential developments and is distributed by population (units are calculated using a person per unit ratio for each type of unit: single detached, semi-detached, townhouse or apartment).

Distribution of servicing allocation was determined by a ranking system based on Council approved criteria established in December 2002 and augmented in February 2005 (i.e. transportation infrastructure delivery, implementation of Markham Centre, good urban design, filling in holes of development, ready to proceed, etc.). Council has also adopted a "Use it or Lose it" policy to ensure that developments with allocation move through the system in a reasonable time frame.

The Region has been distributing servicing allocation to each municipality and in turn Markham Council has distributed that allocation to Trustees of various development areas or specific developments. Most recently, in June 2012, Council adopted a Staff report that re-distributed "current" allocation, recommended a distribution of 2015 "Conditional" allocation of 8,200 population and delegated to the Commissioner of Development Services the authority to assign servicing allocation to developments that are ready to proceed to building permits based on anticipated construction timelines, established protocols and complexity of construction.

To ensure occupancy of residential units concurrent with the required infrastructure being operational, the Region established protocols for pre-sales of draft plan of subdivisions and building permit release for ground related and high rise developments based on construction timelines. Developers can initiate pre-sales of draft plan of subdivisions one year before infrastructure is operational and building permit release for ground related units six months before infrastructure is operational. For high density developments, building permit release varies between 18 and 36 months of infrastructure being operational depending on the complexity of construction.

The latest release from the Region was received on April 7, 2014, permitting pre-sales of draft plan of subdivisions and permitting release of building permits for all high density developments with 2015 distribution. With this recent release, there are no further restrictions for high density developments and the only condition remaining for ground related units is building permit release for 2015 distribution which is expected by the third quarter of this year. Therefore, "current allocation" is defined as all allocation received prior to the 2015 distribution.

Region's Program for Sustainable Development

Markham Council, in 2008, adopted the requirement for all medium and high density developments to meet a minimum 35% incentive level of the "Sustainable Development Through LEED" program developed by the Region. All allocation distribution for high density developments in the City includes a 35% LEED benefit permitting the city to distribute additional allocation to those developments that need it.

In a January, 2011 report, Regional Council endorsed the “Sustainable Home Incentive Program” (SHIP) for low density developments. This program is to advance sustainable development practices for grade related residential developments through the provision of a servicing allocation incentive. This is a voluntary program, maintained by the Region requiring a third party verification. There are two different levels of incentives for different levels of sustainability, 10% for Level One and 20% for Level Two. Participation in this Regional program has been endorsed and is encouraged by the City of Markham.

OPTIONS/ DISCUSSION:

“Current” Allocation Update

As noted earlier, “Current allocation” is allocation that has no further conditions and allows developments to proceed to a building permit without restrictions. This includes allocation received pre 2011, 2011/12 and 2013. Using the authority authorized by Council through the June 2012 report, Staff have distributed all this allocation to developments that either have been built by now or are ready to proceed to a building permit within a reasonable time frame. Attachment B provides the detail of developments receiving current allocation and should be viewed in conjunction with the Maps shown in Attachment C.

Regional Infrastructure

The Region is currently on schedule for completion of the Southeast Collector Sewer, Leslie Street Sewage Pumping Station Upgrades and the North Don Relief Sewer by the end of 2014. With the completion of this infrastructure, there will be no further conditions attached to any servicing allocation the Region has distributed to date.

Remaining infrastructure required for additional servicing capacity is the Duffin Creek Outfall and the Duffin Creek Wastewater Sewage Treatment Plant Stage 1 and 2 upgrades, both scheduled for completion in 2017.

Regional Distribution of Additional Allocation

In a report approved by Regional Council dated June 27, 2013, Council authorized the assignment of additional 2015 allocation of 43,371 people of which Markham received 14,058 people for regular distribution and 1,800 people for distribution to Regional Centre’s and Corridor developments. This provides a 4-year supply of servicing for growth to 2017 and is conditional on delivery of regional infrastructure noted above, local municipalities continuing to provide formal annual development reporting, and ongoing participation in the Region wide Inflow and Infiltration Reduction Strategy. In response to the Region’s conditions it should be noted that low density developments with 2015 allocation are restricted in receiving a building permit until the Fall of 2014. As part of this report, Staff will forward to the Region the status of Markham’s distribution of allocation. Further, Markham continues to participate in the Region wide Inflow and Infiltration Reduction Strategy.

In anticipation of future capacity availability after the completion of the Duffin Creek WPCP Outfall project, the Region is distributing an additional 50,722 people of which 11,628 people will be assigned to Markham. This will enable Markham to continue to process developments with anticipated occupancy beyond 2017/18.

Current Supply of Developments in Markham

With the complete distribution of “Current” allocation the majority of developments in the OPA 5 Urban Expansion areas will be completed. Pockets of development in these areas still require allocation but unit numbers are minimal. Other developments requiring allocation include active conversion lands and developments in Cornell, Markham Centre and OPA 15 (lands north of Hwy 7 abutting Village Parkway). Adding up remaining active developments, there is approximately 8,900 units, equating to just over 21,000 people that may be in a position to proceed to building permits over the next few years. It is difficult to determine which development will proceed at which time as the timing is dependent on the market and the length of time to acquire approvals.

Markham has a population remaining from the 2015 distribution (all “Current” allocation has been distributed) of over 16,500 people plus additional 2017/18 distribution of 11,628 people for a total of 28,128 people available for distribution to 2017/18. This is the first time Markham has been in a situation where we have more allocation available than supply, which places us in a favorable position with respect to distribution of allocation to developments.

City’s Protocol for distribution or redistribution of servicing allocation

As noted in the background, the City has established a ranking system and criteria for distributing allocation to specific developments or to trustees of development areas. In addition to these protocols, the Region is now requesting all municipalities to distribute allocation to those developments that are moving towards an issuance of a building permit to ensure allocation is used in a reasonable timeframe allowing the steady payments of Regional development charges.

Markham’s Distribution

In the past distributions, Markham would assign allocation to specific developments or to Trustees of development areas and they would in turn distribute to individual developments. Allocation would officially be allocated by Council resolution at either site plan endorsement stage or at draft plan of subdivision approval stage. Seeing that we now have a favorable amount of allocation available to distribute, Staff recommend we eliminate the initial assignment to the Trustee or specific development and distribute allocation at the time the development is either site plan endorsed or the subdivision is draft approved. If required by Trustee agreements, the assignment could still be assigned through the Trustee at the time of specific development approvals. The Region would be advised of the official distribution of allocation by staff, eliminating the need for a council resolution.

Using the “Use It or Lose It” policy established previously and the permission to assign allocation by the Commissioner of Development Services, Markham will still have the

option of reassigning allocation if we find that a development is not proceeding to a building permit as expected.

Therefore, Staff recommends not assigning 2015 allocation as part of this report, but assigning 2015 allocation on an as needed basis to those developments acquiring site plan endorsement or draft plan of subdivision approval, knowing that the development is proceeding to a building permit.

Attachment A summarizes the distribution of “Current” and 2015 allocation and identifies the remaining active developments requiring allocation (inactive developments are those that are not requiring building permits in the next few years). Attachment B provides details of all distributions and should be read in conjunction with maps as provided in Attachment C.

Regional Changes to the Sustainability Development through LEED and Sustainable Home Incentive Programs

In a report approved at Regional Council on March 6, 2014, Council endorsed changes to the existing Sustainable Development through LEED program for high rise developments and the Sustainable Home Incentive Program for low rise developments. In addition Regional Staff are to develop a detailed set of guidelines by early summer of 2014 to provide direction to both Regional and Municipal Staff and the Development Industry in implementing this program. Staff will continue to use the previous program for distribution of high density allocation until the new guidelines have been received and endorsed by staff.

In addition, our own Staff are at the preliminary stages of creating our own Sustainable Guidelines and Standards to incorporate sustainable principles into our growth strategy and ultimately our development process for the future urban area and intensification areas.

Upon reviewing the new guidelines being prepared by the Region and our own sustainable principles and guidelines, Staff will report back to Committee to seek direction and approval for implementing Sustainable practices.

Reporting on Servicing Allocation

In April, 2012, Regional Council requested each municipality provide an annual tracking and monitoring report to the Region summarizing: Distribution of Allocation, identifying Remaining Active Developments Requiring Allocation, Allocation not Registered (Committed) and Executed Agreements by population. Attachment D provides a summary of this information and will be circulated to the Region upon endorsement of this report.

Markham's Opportunities and Challenges

The distribution of all “Current” allocation to developments that are ready to proceed to building permits will allow the city to continue to meet servicing requirements. After the completion of this round of distribution, we will have a much smaller amount of

ground related developments within the existing urban area. Any future ground related development will be coming through the Council endorsed future urban area identified within the new Official Plan. High density developments will continue primarily within the intensification nodes and corridors endorsed by Council, and we will have sufficient allocation to meet development needs as required.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

While there are no direct financial implications related to the specifics of this report, there are annual budgeting issues (capital and operating) resulting from servicing allocation distribution which staff will continue to monitor.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

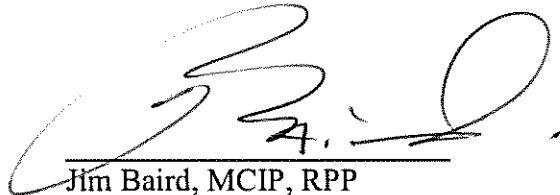
The proposed reassignment of "Current" allocation and the distribution of 2015 conditional allocation align with the strategic focus of Growth Management.

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable

RECOMMENDED

Rino Mostacci, MCIP, RPP
Director, Planning and Urban Design



Jim Baird, MCIP, RPP
Commissioner of Development Services

ATTACHMENTS:

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| Attachment A: | Summary of distribution of Current and 2015 Allocation |
| Attachment B: | Detail distribution of Current and 2015 Allocation |
| Attachment C: | Maps of Development Areas |
| Attachment D: | Tracking and Monitoring of Allocation for the Region |