

Council Memo

To **City Council**
Service Area Corporate Services
Date Monday, July 18, 2022
Subject **Community Benefits Charge and Parkland Dedication By-laws Approval – Clarity Memo**

This memo is a follow-up to the staff report "[Community Benefits Charge and Parkland Dedication By-laws – 2022-125](#)". It is intended to provide clarification of items raised at the April 13, 2022, Special Council meeting where the above report was presented, address questions directed to staff, and provide details regarding community engagement which occurred subsequent to that meeting. Further, this memo serves to inform Council that the final by-laws are included on the July 18, 2022, Council agenda for approval, and have been through a final quality control review with minor administrative changes from the drafts presented on April 13, 2022.

Growth Revenue Overview

The City is working through a multi-year, multi-phased process of reviewing, updating, and introducing development-related revenue tools. These include Development Charges (DC), Parkland Dedication (PD), and Community Benefits Charge (CBC). The current focus of this report is on an administrative review and update of the PD by-law and evaluation and implementation of a CBC by-law. In the next three years, the City will undertake a comprehensive review of the DC by-law followed by a comprehensive review of the PD by-law.

Clarification

While the PD and CBC by-laws are complementary growth revenue tools that may apply to the same development, they are separate and distinct from one another. They are applied separately and the legislation behind each is a separate section within the Planning Act. However, given that improved customer service and driving administration efficiency are primary goals of the City, staff are trying to bring all development fee collection tools into alignment with consistent rules and standardized processes for a better, more efficient interaction with the City.

Parkland Dedication By-law

Clarity on By-law changes

The current updates before Council are required due to provincial legislation that was enacted in 2020; this legislation included a requirement to re-enact the PD by-law prior to September 18, 2022, to be able to retain the current alternative rate for residential development. The Planning Act required that the retention of the

alternative rate be supported by an approved Park Plan substantiating the need for parkland at the rates prescribed. This requirement was met by the approval of the Park Plan by Council on April 25, 2022. The final step now is the approval of the updated PD by-law which will ensure the City continues to collect this critical revenue stream.

Since the current by-law came into force on January 31, 2019, some operational issues were identified. To provide better clarity and conformity with other growth revenue instruments, staff are proposing amendments to the by-law specifically to address:

- Adding new exemptions and/or updating existing exemptions to better align with other growth revenue policies. Examples include demolition reductions and additional units.
- Limiting the collection of fees for commercial development/redevelopment to area of land specific to permit application.

No additional changes are being proposed at this time, and the rates set by Council in January 2019 are the rates that staff recommend retaining at this time. For ease of reviewing the changes, staff included in Attachment-3 to this memo the red-lined version of the original 2019 PD by-law showing the differences.

Effective date of Parkland Dedication (PD) By-law

It has come to staff attention that an amendment to the motion that was originally referred by Council from April 13 is required to enact the PD by-law immediately, rather than as of September 18, 2022. As a result, staff is requesting that Council amend recommendations five and six from April 13, 2022, to read as follows:

5. That the Community Benefit Charge By-law as set out in Attachment-1 to Community Benefits Charge and Parkland Dedication By-laws Approval – Clarity Memo 2022-240 be approved effective September 18, 2022.
6. That the Parkland Dedication By-law as attached in Attachment-2 to Community Benefits Charge and Parkland Dedication By-laws Approval – Clarity Memo 2022-240 be approved effective July 19, 2022.

Addressing delegation feedback from April 13

At the April 13, 2022, Special Council Meeting, several members of the Council and the public spoke about the structure and application of the existing PD by-law as it relates to high-density development. Concerns were raised regarding the alternative rate caps included in the PD by-law and how they limited the amount collected from specific developments. Adjustments to the PD rates and/or the alternative rate caps, or different methods of prescribing parkland rates (e.g., as a unit rate) were beyond the scope of this update.

In response to this, staff have discussed options at length, considering the engagement and public process that went into setting these rates and caps just three years ago. An assessment of the legal and financial risk to making a change to this part of the PD by-law was also undertaken.

Should Council want to consider changes to the alternative rate, this is best achieved in the next comprehensive PD review which is scheduled to occur with

each new term of Council. Further analysis and consultation to ensure proper calibration of collecting revenue/land from development to meet the outcomes included in the approved Park Plan is required prior to making this type of change.

To direct this work to be included in the next PD by-law review, targeted for 2024 upon the completion of the comprehensive DC by-law, the following motion language could be tabled by Council:

That staff be directed through the next PD by-law review, expected in 2024, to review and engage on the impact of the alternative rate caps in relation to the approved Park Plan.

Community Benefits Charge

Following the April 13, 2022, Special Council meeting, staff conducted several community engagement activities to allow for conversations regarding this new tool to be had.

Have your say Guelph

From April 3 to May 3, 2022, information regarding the potential introduction of a CBC was available via the [Have Your Say section of Guelph.ca](#). From April 19 to May 3, 2022, a questionnaire was posted that allowed for input about the proposed CBC. Two questions were asked regarding the community support for implementing the new four per cent charge on residential development and the list of exemptions included in the by-law.

The majority of the 33 respondents, 73 per cent, either somewhat or support the approval of the CBC, while 18 per cent indicated that they do not support its application in Guelph. With regards to exemptions, a number of those who support the approval indicated they would like to see some of the exemptions removed, however, the exemptions currently identified are those that are specifically mandated by the legislation.

Public open house

On April 27, 2022, staff held a virtual public open house for residents and developers, the session was presented by the City's consultants, Watson and Associates, with similar content to the April 13, 2022, Council presentation, 26 people attended. After the presentation by the consultants, most questions were with regard to clarity. Questions about what types of development will pay the charge, how it relates to DC and PD, and what services the funding will support.

Developer feedback and engagement

On May 16, 2022, staff received a memo from Altus Group Economic Consulting (Altus Group) who were engaged to review and comment on the CBC by-law on behalf of the Guelph and District Home Builders' Association (GDHBA) and the Guelph Wellington Development Association (GWDA). To address the questions and comments a virtual meeting was held on June 7, 2022, with the City's consultants Watson and Associates, city staff, and members of the GDHBA, GWDA and Altus Group. Through the discussion, all the questions were addressed, and a written follow up response will be provided.

Additional feedback - exemptions

Through the various engagement processes the core feedback has been a focus on growth being responsible for funding the costs of capital investment related to the demand of growth and ensuring that the process is fair and transparent and ready for implementation seamlessly ahead of September 18, 2022, when this fee will go live.

The engagement feedback identified housing affordability as a concern as this new CBC fee is proposed to be added on new development in Guelph. Housing affordability is a much broader issue than the impact of a new development fee. In fact, this fee replaces revenue lost from recent legislation changes related to parking and density bonusing, and also may reduce the need to increase property taxes for capital investments related to arts and culture in the future. Council can impact/reduce fees by reducing the underlying cost of service (reducing service levels) which can be assessed during the budget process and background study reviews.

Additionally, some feedback suggested that adding exemptions for certain types of housing is a way to address housing affordability. Staff do not disagree that fee incentives in by-laws are an option, however, would strongly recommend doing this through a Community Improvement Plan or similar type strategy like the [Affordable Housing Financial Incentives Program Framework](#) that provides Council the ability to evaluate the individual merits of a development to meeting the City's goals. Staff have previously advised Council in 2020 of this position through the [Waivers of Development Fees for Non-profit Organizations Report](#) in response to Council queries on a similar matter. Following this approach also allows the City to take a holistic exemption view across all development fees rather than piecemeal via different by-laws on different time horizons. When exemptions are written into by-laws, there is no ability by the Council to ensure the incentive provided is aligned with City goals and increases the risk of error in application because of the non-standard, manual approach to fee calculation that ensues.

Recently, to reinforce the success that targeted incentive programs can have, the [City has partnered with the County of Wellington](#) to distribute grant funds to help increase the supply of affordable housing units in Guelph. Utilizing this partnership, the City can ensure the grant funds are being put to the highest and best use and gain the best value for the City tax dollars. These grants can then be used to fund City development fees and/or other costs.

It is important to remember that all fees that are exempted will be made up by the general property tax base. Eliminating fees on development does not eliminate the infrastructure cost. The infrastructure will still need to be paid for, it's a matter of a decision about the allocation of what user group will pay.

Attachments

Attachment-1 - Community Benefits Charges By-law (2022) - 20714

Attachment-2 - Parkland Dedication By-law (2022) - 20717

Attachment-3 - PDBL 2022 Redline vs PDBL (2019)- 20366

Attachment-4 - Staff Presentation

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