

# Staff Report



To	<b>Committee of the Whole</b>
Service Area	Infrastructure, Development and Enterprise Services
Date	Tuesday, February 6, 2024
Subject	<b>Payment-in-lieu of Off-street Parking Policy</b>

## Recommendation

1. That the Payment-in-lieu of Off-street Parking Policy effective March 1, 2024 attached as Attachment-1 to the report entitled "Payment-in-lieu of Off-street Parking Policy", be approved.
2. That Schedule A of the Development Application Fee Bylaw be amended to include the "Estimated cost of a parking space" and the "Payment-in-lieu of Off-street Parking application fee".

## Executive Summary

### Purpose of Report

This report presents the Payment-in-lieu of Off-street Parking Policy (PIL), which is an action from the council-approved [2023 Downtown Parking Master Plan](#) (DPMP)

### Key Findings

Guelph is doing what it takes to create more housing options to address Ontario's housing crisis. As part of the [City's housing pledge](#), City staff continue to create tools that provide flexibility and make it easier for housing to be approved and for more affordable housing to be built. The City's [Strategic Plan](#) directs staff to take action to improve housing supply. Other City plans and policy documents, such as the [Transportation Master Plan](#), Downtown Parking Master Plan, [Downtown Secondary Plan](#), and [Race to Zero](#), direct staff to conduct City business in a way that supports growth, modal choice, the economy and the environment.

The approval of the PIL implements a program that was included in the City's application for funding from the federal [Housing Accelerator Fund \(HAF\)](#). This policy is one of the tools and incentives the City can offer to further support the delivery of housing units, including affordable housing units.

Considering these strategic and policy directions, City staff have created a PIL that is intended to bring flexibility into the development review process, while ensuring the City is fiscally responsible. The expected outcomes include creating a downtown that supports people, the environment and creates opportunities for a thriving community and economy via enabling private investment in the future. This work aligns well with the City's growth priorities and infrastructure renewal plans for downtown.

[Section 40](#) of the Planning Act allows a municipality to enter into agreements and accept monetary payment for exemptions to the requirement of providing parking in accordance with the applicable Zoning By-law.

At the discretion of the City, a PIL provides developers with an alternative option to provide less on-site parking than what is required in the [Zoning By-law](#). This increases the number of tools and flexibility available to developers to build residential units Downtown, particularly where it is not feasible to provide all or a portion of the required parking on site. Funds collected through the PIL contribute towards future municipally-owned parking facilities or transportation demand management initiatives.

### **Strategic Plan Alignment**

This new policy presented in this report aligns with the City's Strategic Plan by supporting the City's housing pledge and to foster a thriving, competitive and safe downtown through collaboration with our community partners. This policy provides developers and those building housing units the opportunity to make a financial contribution to support the supply of parking and transportation options where the cost of retrofitting or space constraints do not allow for parking on site.

### **Future Guelph Theme**

City Building

### **Future Guelph Objectives**

City Building: Improve housing supply

### **Financial Implications**

The PIL is a new financial tool in the City's growth-revenue portfolio that will enable new housing units in the Downtown. Funds collected from the PIL will be placed in the Parking Payment-in-lieu Reserve Fund (303) to be used to offset the future capital costs to construct public parking facilities and implement transportation demand management initiatives. The General Reserve and Reserve Fund Policy will require an update to reflect the PIL Policy once approved. It is anticipated to capture this update in the annual reserve and reserve fund report to Council in May 2024.

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## **Report**

Guelph is doing what it takes to create more housing options to address Ontario's housing crisis. As part of the City's housing pledge, City staff continue to create tools that provide flexibility and make it easier for housing to be approved and for more affordable housing to be built. The City's Strategic Plan directs staff to take action to improve housing supply. Other City plans and policy documents, such as the Transportation Master Plan, Downtown Parking Master Plan, Downtown Secondary Plan, and Race to Zero, direct staff to conduct city business in a way that supports growth, modal choice, the economy and the environment.

Considering these strategic and policy directions, City staff have created a Payment-in-lieu of Off-street Parking Policy that is intended to bring flexibility into the development review process, while ensuring the City is fiscally responsible. The expected outcomes include creating a downtown that supports people, the environment and creates opportunities for a thriving community and economy via

enabling private investment in the future. This work aligns well with the City's growth priorities and infrastructure renewal plans for downtown.

The approval of the Payment-in-lieu of Off-street Parking Policy implements a program that was included in the City's application for funding from the federal [Housing Accelerator Fund \(HAF\)](#). This policy is one of the tools and incentives the City can offer to further support the delivery of housing units, including affordable housing units. The implementation of a Payment-in-lieu of Off-street Parking Policy can also help to maximize density and development potential, particularly on smaller lots.

The Payment-in-lieu of Off-street Parking Policy (see Attachment-1) outlines procedures for staff to enter into agreements with applicants in the Downtown Secondary Plan area rather than providing parking on-site. The policy allows for a combination of on-site parking and payment-in-lieu of parking to be utilized to facilitate development.

Based on analysis from the 2023 DPMP, the existing parking supply is generally sufficient to meet the current parking demand in the core areas. However, a long-term plan is required to ensure that the municipal parking supply remains sufficient to accommodate future demand. While there are many ways to achieve this, a commonly used tool in medium to larger sized urban municipalities, where the availability of parking spaces may be limited in higher density areas, is through a payment-in-lieu of parking policy.

With a payment-in-lieu policy, developers have the option to apply for payment-in-lieu of parking instead of meeting on-site parking requirements outlined in the Zoning By-law. Funds collected through [PIL](#) are intended to be used for the acquisition of lands, improvement, construction of municipal parking facilities and transportation demand management initiatives.

The decision to accept payment-in-lieu of parking will be evaluated on an application-specific basis using the criteria set out in the proposed policy (see Attachment-1). The policy generally provides the opportunity for the City to ensure that excess parking demand generated by the proposed development can be accommodated by the municipal parking system.

Payment-in-lieu of off-street parking policies offer advantages to both municipalities and developers some of which include:

1. More efficient use of parking spaces: Private parking is only used by patrons of a specific business or facility, while municipal parking is used for various purposes over more hours of the day.
2. Better urban design: Provides the City with the ability to monitor the quantity and accessibility of parking by taking on more responsibility for a greater share of the available parking in the core areas. This can support local businesses/services and improve transportation modal split by encouraging walking, cycling and public transit use.
3. Greater flexibility for developers: Allows developers to reduce the amount of land used for on-site parking by designing structures with payment-in-lieu of parking in mind. Flexible parking requirements incentivize efficient use of developable land.

4. Revenue generation for municipal parking and transportation initiatives:  
Provides a revenue source to assist in the provision of public parking facilities and possibly transportation demand management.

### **Approval Process**

When an applicant identifies that they intend to apply for Payment-in-lieu of Off-street Parking for their development proposal, they will be encouraged to apply Transportation Demand Management (TDM) measures to reduce the overall parking requirement for their site. Through a variety of tools and TDM measures, outlined in a parking justification study, a parking ratio lower than the rate required by the Zoning By-law may be considered. Once the appropriate parking ratio for the proposed development is determined, the number of spaces that will be provided through PIL can be determined. The PIL agreement must be executed and payment made prior to the issuance of a building permit.

The proposed approval process for the City to enter into a PIL agreement would include the application being reviewed against the criteria as set out in the Policy (Attachment-1).

Approval Memos would be provided to the General Manager of Planning and Building Services and Chief Planner, or their designate, for review and approval. At that time, and in collaboration with the appropriate City departments, the City would formally enter into a PIL agreement with the applicant.

The authority to enter into Section 40 PIL agreements is delegated to the General Manager of Planning and Building Services as outlined in the Delegation of Authority Bylaw (2023)-20794. The outcomes of this delegation of authority include:

- Reduced staff time preparing reports and by-laws;
- Fewer administrative requirements of Council, allowing focus on more complex applications;
- Time savings for applicants, allowing applicants to get to building permit faster.

### **Rate**

Attachment-1 to this report outlines the rates for PIL. The PIL rate will be a percentage of the estimated cost of a parking space depending on whether a new development/redevelopment is being proposed or the conversion of existing floor area or an addition to an existing building is proposed. Further, the rate (or percentage) uses a tiered approach to the amount of the payment per parking space depending on the number of spaces being applied for. The estimated cost of parking spaces is proposed to be set at \$60,000 for 2024. It is further proposed that this rate be indexed annually consistent with the Non-Residential Building Construction Price Index. This estimate is based on providing a parking space within a structure as the majority of the City's Downtown parking spaces are provided in above-grade structures.

As outlined in Attachment-1 and based on the cost of a parking space being \$60,000, the PIL payment for a parking space ranges from \$7,500 (12.5%) to \$54,000 (90%) as a percentage of the cost of a space, depending on the type of development being proposed and the number of spaces requested through PIL.

The PIL policy is designed to provide additional flexibility to activate existing built space within the Downtown Secondary Plan area which may be underutilized or not used at all. The PIL policy is also designed to provide flexibility and be a tool available to all developments while ensuring the City is fiscally responsible with respect to the construction of future parking supply.

### **Financial Implications**

The PIL is a new financial tool in the City's growth-revenue portfolio that will enable new housing units in the Downtown. Funds collected from the PIL will be placed in the Parking Payment-in-lieu Reserve Fund (303) to be used to offset the future capital costs to construct public parking facilities and implement transportation demand management initiatives. The General Reserve and Reserve Fund Policy will require an update to reflect the PIL Policy once approved. It is anticipated to capture this update in the annual reserve and reserve fund report to Council in May 2024.

To facilitate the application of the PIL, two fees were required to be added to Schedule A of the City's Development Application Fee Bylaw. The first is an application fee to reflect the staff time to review and process the PIL request which would be indexed annually as per the Development Application Fee Bylaw. The second is the value of a structured parking stall which is used in the calculation of PIL charge and is indexed annually as per the PIL Policy.

### **Consultations and Engagement**

Economic Development staff including the Downtown Revitalization Advisor were consulted on this report.

Community engagement was conducted generally through the Downtown Parking Master plan work. Staff have informed affected groups including the development community and downtown Guelph business association of the policy specifics; however, staff have not conducted detailed community engagement on the policy so that the policy could come into effect as soon as possible to support the housing crisis.

### **Attachments**

Attachment-1 Payment-in-lieu of Off-street Parking Policy

### **Departmental Approval**

Antti Vilkkko, General Manager, Facilities and Energy Management

Krista Walkey, General Manager, Planning and Building Services

James Goodram, Manager, Economic Development and Tourism

Doug Godfrey, General Manager, Operations

Tara Baker, Treasurer, General Manager, Finance

Robin Gerus, General Manager, Guelph Transit

Jennifer Charles, Acting General Manager, Legal Services

### **Report Author**

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**This report was approved by:**

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**This report was recommended by:**

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