

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 23, 2013

Item 1, Report No. 17, of the Committee of the Whole (Working Session), which was adopted without amendment by the Council of the City of Vaughan on April 23, 2013.

**1 CASH-IN-LIEU OF PARKING
FILE 15.101
WARDS 1 TO 5**

The Committee of the Whole (Working Session) recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Planning and the Commissioner of Engineering and Public Works, dated April 16, 2013, be approved;
- 2) That the strategy and policy of Cash-in-Lieu of parking be brought back to a future Committee of the Whole (Working Session) for Council's input; and
- 3) That Communication C9, presentation material, entitled "*Cash In Lieu of Parking, Presentation to Council Working Session April 16, 2013*", be received.

Recommendation

The Commissioner of Planning and the Commissioner of Engineering and Public Works recommend:

1. THAT this report which discusses cash-in-lieu parking be received for information;
2. THAT Staff be directed to develop a cash-in-lieu of parking strategy with clearly defined principles and objectives as one tool of many used in an overall Transportation Demand Management initiative.

Contribution to Sustainability

As the City of Vaughan continues to support responsible growth to meet the needs of residents, it is important that staff develop policy tools that enable the municipality to achieve this goal. Cash-in-lieu of parking is one such tool that will allow the City to better manage its existing supply of parking and help shape demand for alternative modes of transportation.

Economic Impact

There are no new economic implications resulting from the receipt of this report. Funding for the Vaughan Metropolitan Centre parking standards review is already part of the comprehensive Zoning By-law project, which is a funded project.

Communications Plan

The cash-in-lieu of parking initiative was first addressed in the City of Vaughan Citywide Parking Standards Review. The consultation process to-date for the Parking Standards Review including cash-in-lieu of parking involved City and Regional staff from the following departments; Policy Planning, Development Planning, Enforcement Services, Economic Development, Office of the City Manager, Building Standards, Engineering, Public Works, York Region Planning and Development Services Department, City of Markham Planning, and VIVA Transit.

In November 2012 staff prepared a report on the proposed policy by-law amendment for the Vaughan Sub-Committee of Council meeting of November 22, 2012.

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On February 26, 2013 Council received a report on amendments to the City of Vaughan Comprehensive Zoning By-law 1-88 respecting parking and bicycle parking standards for the

Vaughan Metropolitan Centre (VMC). The report also noted that staff intended to bring forward to a future Committee of the Whole meeting a cash-in-lieu by-law and paid parking strategy.

Subsequently, a presentation on cash-in-lieu of parking was provided to the March 6, 2013 Senior Management Team Meeting.

Purpose

The purpose of this report is to provide Council with information for the development of a cash-in-lieu of parking strategy for the City of Vaughan that could be applied on a trial basis in areas such as the Vaughan Metropolitan Centre (VMC).

Background - Analysis and Options

The intention of cash-in-lieu of parking is to provide compensation to the City for assuming the responsibility of providing parking when a landowner or developer cannot meet the minimum parking requirements established in the City's zoning by-law.

The City of Vaughan's parking standards and requirements are described in detail in City's Comprehensive Zoning By-law 1-88. Parking standards are generally determined based on gross floor area (GFA) and in some instances based on occupancy generated by a particular use situated in a given building. When the required number of parking spaces cannot be provided, the landowner/developer may enter into an agreement with the City to provide cash-in-lieu of parking. Cash-in-lieu of parking is a policy tool commonly used in larger urbanized municipalities where the availability of parking spaces can be limited in higher density or heritage areas.

Cash-in-lieu of parking policies assume that an automobile user will be displaced by the inadequate provisions of private parking and will therefore occupy an on-street or off-site public parking space instead. Thus, the City requires financial compensation for assuming a portion of a private uses parking requirements.

The funds collected are required by law to be contributed to a reserve fund where they may be invested or spent according to the municipality's needs. Typically, the funds are used to construct additional public parking spaces to offset increased pressure caused by the lack of private parking spaces. The municipality has the discretion to determine what type of public parking is required in a given area and how best to provide it using the funds collected.

Cash-in-lieu of parking policies offer numerous advantages to both municipalities and developers:

1. More efficient use of parking spaces: A private parking space will only be used by patrons of a specific business or facility, while public spaces will be used for various purposes over more hours of the day.
2. More intelligent urban design: The municipality improves its ability to monitor the quantity and accessibility of parking by assuming responsibility for a greater share of the available parking in a geographic area. This can support local businesses/services and a superior modal split and encourage walking friendly districts.
3. Greater flexibility for developers: Developers can reduce the amount of lot area dedicated to parking by designing structures with cash-in-lieu of parking in mind. Flexible parking requirements incentivize efficient use of developable land.

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- 4. Revenue generation for municipal parking initiatives: The municipality has access to a source of revenue to assist in the provision and management of public parking facilities.

Cash-in-lieu of parking policies are popular among municipalities because they allow for better use of urban space by consolidating parking into off-site lots, partially funding their construction, and supporting alternative modes of transportation. They also acknowledge that parking spaces have explicit costs that have been ignored in the past.

Provincial Policy

Section 40 of the Planning Act, R.S.O 1990, c. P. 13 (“the Act”) provides that a municipality and an owner or occupant of a building may enter into an agreement exempting the owner or occupant from providing or maintaining parking facilities in accordance with the applicable Zoning By-law, provided that such an agreement includes the payment of money for the exemption, and sets out the terms for the payment calculation (see Attachment #1).

York Region Official Plan

Cash-in-lieu of parking is also recognized in the York Region Official Plan which states the following:

“5.4.26 To work with local municipalities in the area of parking management, for the long term establishment of the following within the Regional Centres:

- a. A system of municipal parking authorities to develop and/or operate shared public parking facilities;
- b. Cash-in-lieu of parking policies; and,
- c. The planning for parking by structured or underground facilities in the final phasing of all site *development.*”

Vaughan Official Plan 2010 (VOP 2010)

Cash-in-lieu of Parking has also been contemplated in the City’s official plan, VOP 2010. Section 4.3.2.3 of Vaughan Official Plan states the following:

“It is the policy of Council:

- 4.3.2.3.1. To consider developing guidelines for cash-in-lieu of parking in Intensification Areas where it can be demonstrated that parking reductions will not have adverse spill-over impacts on surrounding areas, and where the provision of on-street or municipally provided parking can meet additional parking needs. Revenue generated from cash-in-lieu of parking would be used to support facilities for parking, transit, bicycling and walking.

Historical Context

The City of Vaughan has implemented one cash-in-lieu of parking by-law, By-law 159-2006, that applies to properties located in Kleinburg which are designated “Mainstreet Commercial” under Official Plan #601 (Kleinburg-Nashville Community Plan). The by-law specifies the following funding formula:

$$\text{\$} = ((\text{P} \times 40) + (\text{S} \times 28) = (\text{L} \times 12)) \times \text{M} + \text{\$m}$$

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Where: P = Land acquisition cost per m²; S = Construction cost per m² of parking spaces; L = Construction cost per m² of amenity/landscape/lighting; M = multiplier; and, \$m = Recurring maintenance charge

The value of “M” is set at 1 (or 100% of total costs) for all new construction or additions, and 0.1 (10% of total costs) for conversions and renovations. Notably, this formula includes a cost recovery component for amenity costs and recurring maintenance. Land area for all cost components are pre-calculated as well (e.g. 40 for land acquisition, 28 for construction, and 12 for amenities).

If a landowner/developer within Vaughan wishes to reduce the number of parking spaces determined to be required by By-law 1-88, they must apply to the Committee of Adjustment for a minor variance or pursue an amendment to the zoning by-law. Only within the community of Kleinburg would that variance or amendment trigger a cash-in-lieu payment.

City of Vaughan Parking Standards Review

In 2010, the City of Vaughan Policy Planning Department presented a report respecting parking standards across the City. The study concluded that minimum parking requirements generally favoured the use of personal automobiles and were equal to or higher than the requirements of many similar municipalities across Canada. As a result, design within the City of Vaughan has reflected the prevalence of the car, which may be unsustainable in the future.

The study recommended reducing minimum parking requirements and establishing maximums in Intensification Areas as well as providing for variable parking requirements based on specific adjustment factors for intensification areas identified in the City’s new Official Plan, the purpose of which is to facilitate greater control over parking utilization levels and modal split between cars and public transportation. Additionally, the study proposed developing more off-site parking for high-order transit hubs and primary centres/intensification areas such as the Vaughan Metropolitan Centre (VMC), and briefly explored the use of cash-in-lieu as a means of financing surface and structured public parking.

The implementation of these standards in the VMC along with a cash-in-lieu of parking strategy would be timely and would support the intent of the VMC Plan, which provides in Policy 4.6.5 that “Transit supportive parking standards shall be adopted by the City to facilitate the development of the VMC.” Furthermore, this exercise will also serve as a pilot study where findings may ultimately be applied in other areas either planned for or receiving higher order transit. It will also serve to inform the preparation of the City’s new comprehensive Zoning By-law.

Municipal Practice Review

Municipalities in Ontario and other provinces across Canada have implemented cash-in-lieu of parking policies with varied requirements and different policies guiding their specific strategy. (summarized in Attachment #2) In the municipalities reviewed, both flat rates and formulas have been utilized to determine the amount collected for the cash-in-lieu payment. In some instances such as Richmond Hill, a combination of a flat rate for maintenance purposes is collected, and a formula is also applied to determine the rate of the cash-in-lieu payment. In the case of Calgary, a 100% of the cost of each parking space not provided is required for the cash-in-lieu of parking payment. Other interesting policies include a variable rate depending on location.

Key Issues

The following are key issues to consider when drafting and implementing a new cash-in-lieu for parking policy and by-law for the City of Vaughan:

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1. Decision Criteria: There are several decision criteria that should be established to determine when to approve cash-in-lieu of parking. While this criteria should not be considered exhaustive, it is important that the approval of cash-in-lieu of parking adheres to the City's stated policy objectives for the provision of parking in specific areas of the City.
 - a) Minimum percentage of parking reduction allowed: The parking standards review recommends a maximum of 15 spaces or 10% of the total requirement, whichever is greater. This should be reviewed to determine feasibility of minimums in different intensification areas of the City.
 - b) Reasoning for request: Is there a valid reason for requesting a reduction to the required number of parking spaces which would then trigger the cash-in-lieu requirement. Are there alternative options available which would permit the landowner/developer to provide the required number of spaces? If the Owner can provide the required number of spaces, would the City support providing less?
 - c) Availability of parking in the area. What is the estimated current and future parking demand? Can the area sustain a reduction in parking availability?
 - d) Feasibility of providing off-site parking in the area: Is off-site parking, either publicly or privately operated, available in the area?
 - e) Establishment of precedence: Would approving a request for parking reduction and the cash-in-lieu payment create a bad precedent for future applications? Does the proposed reduction undermine the intentions of established minimum parking standards set out in the zoning by-law?

2. Funding: The City must determine the appropriate level of funding to be provided by the landowner/developer. Typically funding levels remain at or below 50% of the total cost of providing each parking space for the following reasons:
 - a) To acknowledge that public parking will be used by patrons of many local businesses, not strictly patrons of the business providing the cash-in-lieu.
 - b) To acknowledge that businesses relinquish ownership of the parking space to the municipality and thereby a potential revenue stream.
 - c) To encourage site plan submissions that maximize the use of available land space for occupancy purposes in high density areas, fostering intelligent and environmentally sustainable urban design.
 - d) To acknowledge that public parking spaces will not be available for some time after the payment is made.
 - e) To subsidize the production of public infrastructure.

Requiring a contribution greater than 50% of the total cost may be prohibitive for many landowners/developers and small businesses in the case of cash-in-lieu parking. Therefore, cash-in-lieu of parking should be treated as one funding tool among many in support of Transportation Demand Management initiatives including public parking.

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Furthermore, it is difficult to estimate the full cost of public parking facilities as they are often not constructed until a certain level of demand for such infrastructure is met or the funds available in the reserve account reach a certain threshold (e.g. 50% of total project costs). As such, the funds may sit idle for some time before being deployed, at which point they may no longer be reflective of the desired funding level. The funding level will be an estimate of the total cost at best.

Another funding consideration is that, as a one-time payment for capital costs, cash-in-lieu of parking policies do not compensate the City for annual operating expenses of public parking facilities. Whereas the landowner/developer would be responsible for maintenance if the parking space remained private, cash-in-lieu of parking shifts the maintenance liability to the municipality. The Parking Standards Review identified opportunities to support priced parking at future city-owned parking surfaces and structures, which could provide the necessary revenues to fund the remaining construction cost and operate the facility. However, such strategies require a deliberate effort on behalf of the City to manage parking to ensure pricing is competitive and not undermined by nearby available free parking.

3. Funding Calculation: The calculation for cash-in-lieu of parking can be based on either a flat rate or a mathematical formula. A flat rate is easier to administer than a formula, but does not reflect the true cost of parking construction. Many flat rates provide much less than the desired funding level and may be eroded by inflation. Furthermore, flat rates may inadvertently encourage landowners/developers to apply for cash-in-lieu of parking as it would be less costly than constructing the required parking on site. Additionally, using a flat rate without any differentiation between various land use areas in the City may result in a skewed level of parking provision.

A funding formula is preferred as it is able to accurately account for changing construction and land costs. While more time-consuming than a flat rate, the use of a funding formula accounts for multiple variables such as size and design of a parking space and land cost in a given area. A typical cash-in-lieu of parking funding formula is as follows:

$$\text{Contribution} = (C + (L \times P)) \times N \times S$$

Where: C= Construction cost of parking space; L = Land cost per m²; P = Area of parking space in m²; N = Number of parking spaces; S = Share of contribution towards total costs

For multi-level parking facilities the land cost per parking space (L x P) is divided by the number of levels. The value of “C” (Construction) would increase significantly for multi-level parking facilities to account for the increased construction cost of an above grade or an underground parking garage.

4. Application Process: Currently the City of Vaughan's development application process has the ability to facilitate cash-in-lieu of parking, when deemed appropriate. The current process includes:
 - a) Pre-Application consultation meeting with planning staff
 - b) Application submission process for complete applications
 - c) Application review process including Council approval
 - d) Execution of approval documents/agreements

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Applications where a parking reduction is justified would then require an approval through Committee of Adjustment for a minor variance or through a zoning by-law amendment addressing the parking reduction. The Planning Act contains no stipulations respecting appeals based on the merit of cash-in-lieu of parking requirement. It should be noted however, if the minor variance application or zoning by-law amendment application is refused for other reasons, both the minor variance or zoning by-law applications can be appealed to the Ontario Municipal Board.

5. Policy Objectives and Implementation: There are only two requirements under the Planning Act respecting cash-in lieu of parking:
 - a) Cash-in-lieu of Parking Agreements must result in the payment of money from the landowner/developer to the municipality.
 - b) The funds resulting from cash-in-lieu of parking agreement be deposited into a special account.

As a result, the City may determine the appropriate conditions to support a parking reduction and the resulting amount of the associated cash-in-lieu payment, how that payment is calculated as well as how the collected funds will be spent. As guiding policy is limited respecting cash-in-lieu of parking it is important that prior to creating and implementing cash-in-lieu of parking policy and strategy, City staff consider the policy objectives that are being pursued. Failure to do so may result in a cash-in-lieu parking policy which does not contribute to the overall sustainability of the City's parking strategy and may be detrimental to future Transportation Demand Management efforts.

Next Steps

Applying cash-in-lieu of parking relies on parking requirements that are reasonable and appropriate. Therefore, until a new City-wide zoning by-law is in place, cash-in-lieu should not be applied everywhere in the City. However, an opportunity exists to apply a cash-in-lieu of parking requirement in the VMC as the City is in the process of implementing new parking standards for the VMC.

As cash-in-lieu of parking for the VMC was addressed through the February 26, 2013 Public Hearing report, staff is in a position to bring to a future Committee of the Whole meeting a report addressing cash-in-lieu of parking and parking standards for the VMC. As a result of this earlier notification draft by-laws addressing cash-in-lieu of parking and new parking standards could be brought forward for the VMC concurrently if deemed desirable.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

N/A

Conclusion

The information contained in this report summarizes the rationale and benefits of preparing a cash-in-lieu strategy and identifies the opportunity for drafting a zoning by-law amendment to

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implement the strategy within the VMC. Establishing a cash-in-lieu of parking policy initially in the VMC and when appropriate City-wide is one tool among many that the City can utilize as a part of its Transportation Demand Management initiative. Cash-in-lieu of parking is a fund generating tool that can also facilitate the more efficient use of parking and intelligent urban design for the VMC and potentially other areas in the City.

Subject to the input solicited at this meeting and through further staff review, a comprehensive report coupling the VMC's new parking standards that recognizes the opportunity for cash-in-lieu of parking will be brought forward to a future Committee of the Whole meeting.

Attachments

1. Excerpt from Section 40 of the Planning Act respecting Cash-in-lieu of Parking
2. Municipal Cash-In-Lieu of Parking Policies Summary Table

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)