

TORONTO STAFF REPORT

June 14, 2004

To: Planning and Transportation Committee

From: Barry H. Gutteridge, Commissioner, Works and Emergency Services
Paula M. Dill, Commissioner, Urban Development Services

Subject: Harmonization of the Fee Schedules for Payment-in-Lieu of Parking.
(All Wards)

Purpose:

The purpose of this report is to propose a harmonized fee schedule for the payment-in-lieu of parking across the City of Toronto.

Financial Implications and Impact Statement:

Under current policies, payment-in-lieu of parking funds are deposited in an account for the acquisition, establishment or improvement of existing or additional parking facilities. Payment-in-lieu of parking generates approximately \$140,000 per year across the City of Toronto. The adoption of the proposed harmonized fee schedule will not significantly impact on the annual revenues raised through the payment-in-lieu process.

Consistent with current practices, the funds collected from the harmonized payment-in-lieu of parking policy, will be placed in a Parking Reserve Fund, administered by the Toronto Parking Authority, to be used to develop and maintain municipal parking facilities.

Recommendations:

It is recommended that:

- (1) under the provisions of Section 40 of the Planning Act, City Council accept the payment of funds by an applicant, where it is deemed appropriate, to exempt a project from all or part of the parking requirements of the applicable Zoning By-law;

- (2) the acceptance of payment-in-lieu of parking continue to be considered only for non-residential developments or the non-residential component of mixed-use developments;
- (3) the harmonized fee structure for payment-in-lieu of parking set out in this report be adopted;
- (4) the fee structure for payment-in-lieu of parking be reviewed every four years in order to reflect up-to-date costs for the provision of parking; and
- (5) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

City Council, at its meeting of October 28, 29 and 30, 1998, adopted as amended, the September 10, 1998 joint report of the Commissioners of Works and Emergency Services and Urban Planning and Development Services on payment-in-lieu of parking and requested:

“the Commissioners of Works and Emergency Services and Urban Planning and Development Services to report jointly, at the appropriate time, to the Urban Environment and Development Committee [now the Planning and Transportation Committee] recommending consolidated policies and practices for the new City with respect to cash payment-in-lieu of parking related to development applications”.

This report focuses on the question of introducing a common fee structure for payment-in-lieu across the City. Currently, Transportation Services Division staff use the fee structure prescribed by each of the former municipalities to determine the amount of cash payment required in lieu of providing on-site parking for developments. These fee structures (see Attachment 1) generate a mixture of flat-rate and varying payments. North York has three classes of development to which flat-rate fees apply, while Etobicoke has two flat-rate classes and a variable fee for all new development proposals. Of the varying fee schedules, Scarborough has the simplest formula, with the payment varying only by land value, whereas Toronto, York and East York have complex formulae that result in payments varying by land value, type of parking structure and class of development.

As a result of these differing fee structures, the payments required from developers vary significantly within the new City, even for developments that are similar in use and in scale. These differences become greatest when the formulae used for calculating the payments include a variable that reflects land costs. However, even in an example where land costs are standardized at \$1000 per square metre, an application for payment-in-lieu of parking for a development (Attachment 2 – Scenario 1) with a 200 square metre addition would result in a

payment that varies from \$20,000 in the former North York to \$175,000 in the former municipality of Scarborough. For further illustrative purpose, examples of the payment in lieu of parking requirement for two development scenarios are presented in Attachment 2. The two scenarios provide a clear picture of the costs involved and demonstrate that there is a need for a simpler, standardized fee structure for payment-in-lieu.

Another obvious cause for variations in the payment-in-lieu fees are the different parking standards contained in the various zoning by-laws that are currently in force across the City. These standards are currently being reviewed as part of the Zoning By-law Project and are not the subject of this report. It should be noted that revised parking standards could change the number of parking spaces to which the payment-in-lieu option would apply, thus impacting the total payment (but not the fee per parking space).

Discussion:

Section 40 of the Planning Act allows a municipality to accept cash payments from owners or occupants of buildings in lieu of providing parking which otherwise would be required by the applicable Zoning By-law. Payment-in-lieu assists developers in satisfying parking requirements where it is not physically feasible or desirable to provide parking on-site and where there are no opportunities for the applicant to secure off-site parking within a reasonable distance of the project. Section 40 of the Act reads, in part, as follows:

40(1) “Where an owner or occupant of a building is required under a by-law of a local municipality to provide and maintain parking facilities on land that is not part of a highway, the council of the municipality and such owner or occupant may enter into an agreement exempting the owner or occupant, from the requirement of providing or maintaining the parking facilities.”

40(2) “An agreement entered into under sub-section (1) shall provide for the making of one or more payments of money to the municipality as consideration for the granting of the exemption and shall set forth the basis upon which such payment is calculated.”

This section of the Planning Act is not intended to replace or conflict with the minor variance process. The Committee of Adjustment can decide whether the parking requirements applying to a particular site could be varied. The payment-in-lieu option would be used in a situation where the City is prepared to reduce or eliminate the parking requirement on a given site in order to apply the funds obtained towards developing and maintaining municipal parking facilities in areas of the City where municipal parking exist, or is reasonably expected to exist, sometime in the future. In this manner, payment-in-lieu of parking is not intended to be an automatic right of

the proponent, rather it is applied at the discretion of Council only after having considered the planning and transportation impacts and the usefulness of applying the funds obtained to the provision of municipal parking facilities. It is preferable for the applicant to provide on-site or some off-site parking, within close proximity to the development, to satisfy the Zoning By-law requirements of a project. As a last resort, payment-in-lieu of parking may be considered as an option only if the applicant is not able to satisfy the parking requirements of a development.

Payment-in-lieu of parking is only considered for non-residential developments or the non-residential component of mixed use developments. It is a commonly accepted planning principle and practice to supply parking on-site for residential developments.

Historically, there are approximately 20 requests for payment-in-lieu of parking each year in the City. The majority of these requests are approved and they generate approximately \$140,000 annually. However, it should be noted that the reduced or non-existent parking requirements that exist in some areas of the City, combined with expensive payment-in-lieu of parking fees that are predicated on land values discourages applicants from taking advantage of this option.

Process:

Applications for payment-in-lieu of parking will be administered through the Transportation Services Division of the Works and Emergency Services Department. Applications are expected from developers who are unable to provide the number of parking spaces required by the relevant zoning by-laws. Such applications could be submitted directly to the Transportation Services Division and need not be referred to the Committee of Adjustment. Where a developer has applied for a minor variance regarding parking and the application otherwise satisfies the requirements of the relevant sections of the Planning Act, the Committee of Adjustment can make its approval conditional on the applicant entering a payment-in-lieu of parking agreement with Council. The applicant must then make a separate application to Community Council requesting a payment-in-lieu of parking.

All applicants requesting payment-in-lieu of parking exemption shall be requested to submit a non-refundable application fee of \$300 + GST to cover the cost of processing the application, completing a title search and registering the agreement. Four of the six former municipalities had a requirement for an application fee as part of their process. North York and Scarborough are the only former municipalities that did not indicate an application fee in the respective payment-in-lieu of parking process.

Information flow for the proposed process is illustrated in Attachment 3. Upon receiving an application for payment-in-lieu of parking, Transportation Services staff will assess it to ensure that it is properly filed (i.e. application provides information on type of use, parking requirements, proposed number of parking spaces net deficiency, gross floor area (GFA) and site-plan) and satisfies the requirements of the governing legislative acts and regulations. The application shall then be assessed with specific consideration being given to the existing parking situation in the area of the application and the impacts of the proposed exemption on the surrounding neighbourhood. Staff shall then make recommendations on the application based on the findings of the assessment and after having received input from the Building Division of Urban Development Services (i.e. parking supply and zoning information) and Facilities and Real Estate Division of Corporate Services (on land value).

Where staff recommend approval of a payment-in-lieu of parking application, the amount to be paid will be specified and shall be determined as shown in the following schedule. Transportation Services staff shall indicate their recommendation through a report to Community Council.

Fee Schedule:

It is proposed that the payment-in-lieu contributions be calculated using the following simplified and combined fee schedule:

Category 1	New construction, renovations, alterations or changes in use equal to or less than 200 sq. m. GFA	\$2,500 per parking space
Category 2	New construction, renovations, alterations or changes in use greater than 200 sq. m. GFA but equal to or less than 400 sq. m. GFA	\$5,000 per parking space
Category 3	New construction, renovations, alterations or changes in use greater than 400 sq. m. GFA	[\$5,000 + \$(5 x L)] per parking space*

*Where \$5000 is the current estimated construction cost of a surface parking space and L is the current estimated land value (\$ per square metre) in the area.

The large discrepancy in costs between the pre-amalgamation municipal fee schedules results from the fact that the extremely high dollar values result from a requirement to calculate the cost using formulas dependant on land values and construction costs in all circumstances, whereas the proposed harmonized fee schedule adopts the former Etobicoke and North York practise of using fixed fees for smaller developments (under 400 square metres). Staff's review of the current fee schedules concluded that the current practise of using formulas based on property value is prohibitively expensive. It discourages applicants from using the payment-in-lieu of parking option, encouraging developers to request parking variances from the Committee of Adjustment that increase on-street parking demand without providing the municipality with additional funds to contribute towards maintaining or acquiring on-street and off-street parking.

The above schedule applies a flat-rate fee for small and medium sized developments and a variable fee for larger (> 400 sq. m.) developments. Staff's analysis of current payment-in-lieu of parking fees determined that a flat fee for minor applications is more appropriate and less financially onerous, and will encourage applicants to request this option rather than proceeding to the Committee of Adjustment. For all three categories, the fee is calculated on the Toronto Parking Authority's current estimated cost of construction of a surface parking stall (ie. \$5000) and, for Category 3, the additional amount of the average land value multiplied by a factor of five to indicate that the total cost represents an average value when compared to the related fee structures of the former municipalities. It is recommended that staff review this fee schedule every four years to reflect up-to-date costs.

The payment-in-lieu of parking contribution must be made in a lump sum payment prior to the issuance of the building permit.

All applicants are required, in accordance with Section 40(1) of the Planning Act, to enter into an agreement with the municipality exempting the applicant from the requirement of providing or maintaining on-site parking.

Collection and Use of Funds:

Consistent with current practise, all payments received by the municipality shall continue to be placed in a Parking Reserve Fund administered by the Toronto Parking Authority exclusively for the acquisition, development and improvement of municipal parking facilities. The Parking Reserve Fund is to be used in areas of the City where, in the opinion of the Toronto Parking Authority, the use is most appropriate and cost effective.

Conclusions :

The various fee schedules for payment-in-lieu of parking that currently prevail among the six former municipalities are inconsistent and should be harmonized. A new, simplified and unified schedule that can be uniformly applied across the City is proposed that combines a flat-rate fee for small and medium sized developments with a varying fee for larger (> 400 sq. m.) developments that factors in the appropriate land costs for providing parking. Overall, the new fee schedule produces a range of fees that will encourage application of the policy, especially by smaller developments that represent the majority of the applications and will benefit the most from a harmonized and equitable payment-in-lieu of parking policy.

Contact:

Nazzareno A. Capano, P. Eng.
A/Manager, Operational Planning and Policy
Transportation Services Division Services
Tel: (416) 392-7766
Tel: (416) 392-4808
E-mail: ncapano@toronto.ca

Greg Stewart
Program Manager
Urban Development Services
Tel: (416) 392-2691
Fax: (416) 392-3821
E-mail: gstewart@toronto.ca

Barry H. Gutteridge
Commissioner, Works and Emergency Services

Paula M. Dill
Commissioner, Urban Development Services

NAC/cs
(p:\2004\wes\tra\tim\pt04001tim) – cs

List of Attachments:

- Attachment 1 – Payment-in-Lieu Existing Fee Structures
- Attachment 2 – Payment-in-Lieu Sample Calculations
- Attachment 3 – Information Flow for Review of Payment-in-Lieu of Parking Applications

ATTACHMENT 1

PAYMENT-IN-LIEU EXISTING FEE STRUCTURES

The following formulas are currently used in the various former municipalities to calculate the cash amount an applicant must pay in lieu of providing the parking required under the provisions of the applicable Zoning By-law, where:

S1 = Current estimated construction cost of a surface parking space

S2 = Current estimated construction cost of a parking space in a typical above-grade garage

S3 = Current estimated construction cost of a parking space in a typical underground garage

L = Current estimated square metre land value in the area within 300 metres of the development

N = Number of spaces for which an application is being made

F = Number of floors of parking in above and below ground structures.

Q* = A factor which incorporates two principals:

- (1) a recognition that the applicant will not obtain any gain in equity for the property that would have occurred if a parking space was constructed; and
- (2) the inclusion of a modifier for small existing businesses while requiring a full payment for large or small development.

* Definition from former Borough of East York Payment-in-lieu of Parking Policy.

East York

Surface Parking $[S1 + (L \times 28)] \times N \times Q^*$

Above Grade $[S2 + (L \times (30.5/F))] \times N \times Q^*$

Below Grade $[S3 + (L \times (30.5/F))] \times N \times Q^*$

- for a change in the use of land, renovations, alterations or additions with a gross floor area equal to or less than 46.5 square metres Q = 0.125
- for a change in the use of land with a gross floor area greater than 46.5 square metres but equal to or less than 185 square metres or for renovations, alterations or additions with a gross floor area greater than 46.5 square metres Q = 0.25
- for a change in the use of land with a gross floor area greater than 185 square metres or for any new development Q = 0.5

Etobicoke

- Category 1 \$1000 per parking space for an addition, renovation, or alteration that increases the gross floor area by less than 50%.
- Category 2 \$2000 per parking space for a change in occupancy resulting in a higher parking requirement, or an addition, renovation, or alteration that increases the gross floor area by 50% or more.
- Category 3 For new construction, the following formulas are applied:
- Surface Parking $[S1 + (L \times 26)] \times N \times 0.5$

Garage Parking $[S2 + ((L \times 30)/6)] \times N \times 0.5$

- the fee schedule was reviewed every 12 months prior to amalgamation

North York

- Category 1 \$7500 per parking space for new developments or new buildings (including any additions to existing buildings), or changes in use (which changes arise through the zoning amendment process).
- Category 2 \$2500 per parking space for renovations, alterations or changes in use greater than 46.5 square metres.
- Category 3 \$1250 per parking space for renovations, alterations or changes in use less than 46.5 square metres.

Scarborough

For all payment-in-lieu applications $[S1 + (L \times 30)] \times N \times 0.5$

York

Surface Parking $[S1 + (L \times 26)] \times N \times 0.5$

Above Grade $[S2 + ((L \times 30)/F)] \times N \times 0.5$

Below Grade $[S3 + ((L \times 30)/F)] \times N \times 0.5$

Toronto

Surface Parking $[S1 + (L \times 26)] \times N \times 0.5$

Above Grade $[S2 + ((L \times 30)/6)] \times N \times 0.5$

Below Grade $[S3 + ((L \times 0.25 \times 30)/2)] \times N \times 0.5$

- all the formulas are tested in each application and the one used is the one most advantageous to the applicant.
- the construction costs are updated monthly from the Ontario composite index in the Canadata Southam Construction Index.

ATTACHMENT 2

EXAMPLES OF PAYMENT-IN-LIEU SAMPLE CALCULATIONS

Scenario 1 – A restaurant that is currently 200 square metres in size is expanding to 400 square metres. Existing parking supply is 15 parking stalls; requirement due to expansion is 25. Land value is approximately \$1,000 per square metre. Applicant cannot provide the 10 additional stalls, and requests a 10 stall payment-in-lieu of parking.

Payment-in-Lieu under Existing Fee Schedules:

East York - \$165,000
Etobicoke - \$ 20,000
North York - \$ 25,000
Scarborough - \$175,000
Toronto - \$155,000
York - \$155,000

Proposed New Fee Schedule

Fee for Scenario 1 - \$50,000

Scenario 2 – A brand new office building (new construction) requires 30 parking stalls. Applicant can only provide 20 stalls in a two-level below grade garage. Land value is approximately \$1,000 per square metre. Applicant cannot provide the 10 additional stalls, and requests a 10 stall payment-in-lieu of parking.

Payment-in-Lieu under Existing Fee Schedules:

East York - \$176,000
Etobicoke - \$125,000
North York - \$ 75,000
Scarborough - \$250,000
Toronto - \$118,750
York - \$175,000

Proposed New Fee Schedule

Fee for Scenario 2 - \$100,000