

Memorandum

To: Mayor & Members of Council

CC: CAO & Commissioners, Joel Lustig, Catherine Conrad

From: Mark Visser, Senior Manager, Financial Strategy & Investments

Date: April 11, 2017

Re: Section 37

During the Section 37 Allocation Policy presentation to General Committee on April 3, 2017, several questions and concerns were raised. This memo is to respond to those items.

How do the City of Vaughan and the Town of Richmond Hill allocate & administer their Section 37 collections?

The following are key excerpts from the Vaughan Section 37 policy:

“A reasonable planning relationship between the community benefit and the proposed development refers, in the first instance, to geographic proximity. The highest priority would be for community benefits in the immediate vicinity of the site, and then in the local area. Where provided for in City Policy, funding may be considered as part of a Section 37 agreement to address particular City-wide needs, which cannot be adequately addressed in the vicinity of the development, such as funds for improvement of a district park, or for broadly accessed amenities.”

“Planning staff responsible for making recommendations on development applications to Vaughan Council in accordance with the Planning Act and other Provincial policy will lead negotiations with owners/developers regarding the nature of Section 37 community benefits. Planning staff will also coordinate input from other departments on the appropriate provision and costing of community benefits.”

“Where Council has approved studies or plans for a particular geographic area of the City, including Secondary Plans, which outline the range of community facilities, services or matters that should be provided or supported on a priority basis, these findings will inform negotiations regarding the provision of Section 37 benefits for these areas.”

“The Mayor, Regional Councillors, and Ward Councillor will be consulted by the Planning Department between the time of the Public Hearing and the preparation of the Comprehensive Staff Report to Committee of the Whole.”

“As part of the consultation, the Planning Department will provide the Mayor and Councillors with information regarding community benefits that were identified...”

Vaughan’s S37 Policy has no specific split between City wide and local benefits or any definition of what constitutes “immediate vicinity” or “local area”. This could create some inequities between planning areas. The Markham approach ensures that every area retains at least 60% of the money collected. Vaughan’s policy does not appear to have any minimum.

Richmond Hill does not have a published Section 37 policy.

Toronto’s policy permits Section 37 to be spent on City wide affordable housing projects, but also has no specified percentages.

Provide more detail on what the consultation process should be (use the Development Services Subcommittees such as Thornhill Subcommittee, Unionville Subcommittee, etc)

The concept is that the Sub-committees (e.g. Unionville, Milliken, Markham, Thornhill) will be used to gather feedback from residents, Councillors and staff on Section 37 opportunities. Any projects that are identified through the Sub Committees will be analyzed by staff and brought forward to General Committee or Budget Sub-committee for review. Council is the final decision maker as Section 37 inflows from development will be put into a Section 37 Reserve until a project is approved through the above process. However, transferring funds out of Reserves requires Council approval, therefore the policy has to reflect that.

A timeframe as to the delivery of the community benefit should be included

A meeting and process timeline framework will be developed. However, Council has the ultimate authority on the timing of when it will approve a Section 37 recommendation. The goal will be to have a reasonable relationship between the timing when the money is collected and when the projects would be identified and started.

Consider obtaining extra charges when lands are converted from employment use to residential

This will be examined along with the update of the calculation methodology. It may not fit within a Section 37 analysis as Section 37 relates to increases in height/density. A change of use may not result in more square feet. However, if the City is creating value for a developer, we should examine ways for the City to share in the benefits.

Outline the calculation methodology used to collect the funds from developers

Section 37 is a negotiated amount between the City and a developer. The current practice is that the City tries to negotiate for approximately \$3,000-3,200 per uplift unit. The number of uplift units is calculated based on the number of proposed units less the number of units permitted by zoning by-laws. Since the zoning by-laws do not necessarily reflect densities that are permitted under Markham's Official Plan, the number of uplift units are capped at 50% of the total development. Therefore, if a developer is building 1,000 units but only has zoning permissions for 200 units, the City only charges Section 37 on 500 units (at approximately \$3,000-3,200 per uplift unit for a Section 37 payment of \$1,500,000 to \$1,600,000). Staff are currently looking at changing this formula (pending a review of the existing zoning by-laws) by potentially linking the Section 37 rate to land value.

Ensure that when Section 37 is used for Capital Projects that it is a special community enhancement over what was already expected and/or planned for

Section 37 is not meant to act as a funding source for projects that already have a funding strategy. The policy is meant to use Section 37 money on projects that will fulfil a community need but do not have an identified funding source. This should include projects contemplated in a Masterplan but have not been undertaken because there was no funding. Section 37 funds should ordinarily not be used to fund projects that are outside of existing plans or policies or Masterplans unless there is a unique emerging requirement that was not envisioned within existing frameworks and standards.

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