

April 12, 2022

## **GROWTH FUNDING TOOL Community Benefits Charge**

The City is updating three growth funding tools: Development Charges, the new Community Benefits Charge, and the Alternative Parkland Dedication Rate. These tools allow the City to invest in and provide infrastructure and services needed to serve growing communities. The City is intending to update the growth funding tools because of some of the provincial legislative changes that take effect on September 18, 2022.

### **WHAT IS A COMMUNITY BENEFITS CHARGE?**

The Community Benefits Charge (CBC) is the new Section 37 of the *Planning Act* replacing the previous authority to permit increased height and/or density in exchange for community benefits ('Density Bonusing').

CBCs can be levied on developments and redevelopments that are at least five storeys in height and contain at least ten residential units. Previously, Section 37 was a site by site negotiation. The new Section 37 is now linked to the appraised value of the land and restricted so that the CBC cannot exceed four percent of land value at the time of a building permit being issued.

The City is required to enact a CBC bylaw, supported by a CBC strategy, before it can impose a CBC to pay for the capital costs of facilities, services and matters required because of development or redevelopment. The City is intending to pass a CBC bylaw prior to the expiration of the current Density Bonusing authority on September 18, 2022.

CBCs can work in conjunction with the City's development charges and/or alternative parkland dedication rate, if the same share of the costs are not already recovered by these other two tools.

### **WHAT IS A CBC STRATEGY?**

A CBC strategy is required by the *Planning Act* to identify the facilities, services and matters that will be funded with CBCs, and must be completed prior to the passage of a CBC bylaw.

The City's CBC Strategy identifies capital projects under the umbrella of eight service categories identified below which provides the City with flexibility to fund a wide range of growth-related capital costs through the CBC.

- Parks and Recreation
- Active and Sustainable Transportation
- Community Facilities
- Protective Services
- Subsidized Housing
- Waste Management
- Public Realm Improvements
- Civic Administration

The CBC Strategy demonstrates the City's capital needs arising from eligible development, and serves to substantiate levying a four percent CBC. While the CBC will apply to more developments than Density Bonusing, the four percent cap on land value is anticipated to generate less funding than secured through Density Bonusing, which had no cap.

### **WHAT TYPES OF FACILITIES CAN CBC FUNDS BE USED FOR?**

CBC funds can be allocated to growth-related capital costs. Allocation of funds may be diversified to a wide range of community investments, consistent with the CBC Strategy's service categories outlined above, to ensure the development of complete communities. For example, eligible CBC expenditures could include investments in affordable housing, child care facilities, parks, libraries and the public realm.

As CBC funds are not assigned to specific investments at pre-identified locations, the *Planning Act* allows the City to respond to growth-related capital needs as funds are received. The *Planning Act* also requires CBC funds to be deposited into a special account. Each year, at least 60 per cent of funds in the account must be spent or allocated to specific projects.

### **CAN IN-KIND CONTRIBUTIONS BE PROVIDED?**

In-kind contributions can be accepted, however, there are challenges that may limit the feasibility of securing in-kind benefits. The *Planning Act* does not provide the authority to register agreements on title to land, which is necessary to secure the facilities, services and matters, and ensure future owners are automatically bound by the provisions in the agreement.

Another challenge that may limit the scope of appropriate in-kind benefits available to the City is the four percent of land value cap. Under the *Planning Act*, the City must advise the owner of the value that will be attributed to the in-kind contribution. This will have to happen at a planning approval stage; whereas, the appraisal for the site's land value comes much later at building permit issuance. This leaves a potential for a wide discrepancy between the value of the in-kind benefit and the ultimate CBC owing.

Despite the challenges and limits of accepting in-kind contributions once the CBC regime is effect, consideration will be given to how and what in-kind contributions might be feasible and of benefit to the City.

### **WHAT ABOUT BENEFITS SECURED UNDER THE PREVIOUS SECTION 37 (DENSITY BONUSING)?**

Previously secured Section 37 benefits will be allocated consistent with original purposes as secured through a site-specific zoning bylaw and a Section 37 agreement.

Learn more about growth funding tools by visiting  
[Growth Funding Tools Webpage](#)