

# Report to Council



**Date:** July 22, 2024

**To:** Council

**From:** City Manager

**Subject:** Subdivision, Development and Servicing Bylaw No. 7900 & Development Application Fees Bylaw No. 12552 Amendments for alternative Works and Services Programs

**Department:** Development Engineering

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## **Recommendation:**

THAT Council receives, for information, the report from Development Engineering, dated July 22, 2024, with respect to amending Subdivision, Development and Servicing Bylaw No. 7900 and Development Application Fees Bylaw No. 12552;

AND THAT Bylaw No. 12685, being Amendment No. 27 to Subdivision, Development and Servicing Bylaw No. 7900, be forwarded for reading consideration;

AND THAT Bylaw No. 12686, being Amendment No. 2 to Development Application Fees Bylaw No. 12552, be forwarded for reading consideration;

AND FURTHER THAT Council authorize the supplemental incentive funding as described in this report to a maximum of \$1.5M with funding from development reserves.

## **Purpose:**

To provide an alternative infrastructure Works and Services delivery model.

## **Council Priority Alignment:**

Affordable Housing  
Transportation

## **Background:**

Neighbourhood street urbanization is an important component for supporting accessibility and mobility, reducing heat-island effect through urban tree canopy coverage, and incentivizing infill development on "turn-key" serviced streets. As a condition of subdivision approval or building permit issuance, a

developer is typically required to provide directly attributable works and services at their cost. These may include upgrading their street frontage, servicing for water and sanitary sewer, and mitigating any offsite infrastructure or environmental impacts. Works and servicing requirements are assessed in accordance with Schedule 7 of Bylaw No. 7900 to the level of service standard outlined in Schedules 1, 4, and 5 of Bylaw No. 7900. When works are required, a developer must either construct them or pay cash-in-lieu of construction for the City to complete the works.

As a historical practice, where street frontage and utility improvements were required of a developer but the improved standard was not compatible with the existing condition, the City would collect cash-in-lieu of construction and take on the responsibility of delivering the infrastructure at a future date in conjunction with a larger project. However, because any individual street block requires a large majority of redevelopment before enough funds are accumulated for construction, construction projects have seen rapid cost inflation, and neighbourhood street urbanization has no funding sources other than from development, the City has not been able to deliver in a timely manner on its commitments for neighbourhood street urbanization.

Additionally, while infill housing development has been identified as a key driver of increased housing supply and affordability, the costs associated with servicing infill developments has increased substantially in recent years and smaller-scale housing projects are facing significant headwinds. Shared infrastructure, such as street frontage, transit shelters, and fire hydrants have neighbourhood-scale benefits and can be the difference between a “go” and a “no-go” for a small-scale development if they are required to front-end these costs to service their development.

## **Discussion:**

Options to accelerate the delivery of neighbourhood street renewal and urbanization have historically been constrained by a lack of funding for complete projects and dedicated staff resources for delivery. Neighbourhood street urbanization is currently 100% developer-funded, which does not well-represent the benefit to existing users that renewed streets provide. As a solution, staff are proposing an overhaul to the Neighbourhood Street Urbanization Program to diversified funding sources and to include a predictable and sustainable delivery schedule with a dedicated staff resource.

There are currently two programs that exist in the 2024 Financial Plan related to neighbourhood street urbanization. The *Local Street Urbanization Program* and the *Roadway Urbanization Program* (see [Page 340](#)). The intent of the proposed change is to facilitate an integration of these two programs for the 2025 Financial Plan, with detailed budget requests for projects coming at that time.

The proposed amendments to Bylaw No. 7900 are to provide a “Works and Services Program” framework as an alternative delivery method for some directly attributable works and services. The programs are expected to equitize costs to developers for shared infrastructure without having to front-end costs. The programs are currently proposed to include Neighbourhood Street Urbanization alongside Transit Shelter upgrades and Fire Hydrant coverage to support infill housing. Participation in the program would be voluntary as an alternative to paying cash-in-lieu; the program rates must be set lower to encourage participation and will need average costs from prior years to ensure fairness and sustainability.

The proposed funding framework acknowledges a shared benefit and responsibility, with City-funds providing a targeted 30% supplement to the program to incentivize development within the Core Area, near Urban Centres, which will serve to reduce costs to infill development relative to a developer’s cost

to construct without any supplemental funding. The supplement is proposed to be from development reserves to establish the program over two years and provide an opportunity to explore more sustainable funding sources for long-term program delivery in consultation with Council and the development industry. If supported, a future report to Council will capture the implementation details for this funding allocation.

The proposed amendment to Development Application Fees Bylaw No. 12552 is administrative in nature and in response to the establishment of the proposed funding framework. The fire hydrant levy would continue to be collected via Bylaw No. 7900 alongside the other components of the “Works and Services Program” framework.

#### **Conclusion:**

The proposed changes to Bylaw No. 7900 and Bylaw No. 12552 will help facilitate the predictable, sustainable, and accelerated delivery of neighbourhood street urbanization and renewal through establishing “Works and Services Programs” as an alternative delivery framework that the development industry may participate in to benefit from accelerated approval times and reduced costs.

To ensure the financial sustainability of the program, alternative funding sources are necessary. As an interim approach, it is proposed that \$1.5M from development reserves be allocated to the program to supplement a targeted 30% of the cost, deployed to incentivize infill development within the Core Area, near Transit Supportive-Corridors and Urban Centres. As the program delivers neighbourhood streets, staff will review the benefit of this program and seek input from Council and the development industry on sustainable funding options, which would allow for the program to continue longer-term.

#### **Internal Circulation:**

Development Planning  
Financial Planning  
Integrated Transportation

#### **Considerations applicable to this report:**

**Legal/Statutory Authority:** Local Government Act, S.506, 508; Community Charter S.194

**Financial/Budgetary Considerations:** Future budget requests will follow typical procedure.

#### **Considerations not applicable to this report:**

**Legal/Statutory Procedural Requirements:**

**Existing Policy:**

**Consultation and Engagement:**

**Communications Comments:**

**Submitted by:** N. Chapman, Development Engineering Manager

**Approved for inclusion:** R. Smith, Division Director, Planning, Climate Action & Development Services

CC:

M. Antunes, Financial Planning Manager

B. Hallam, Integrated Transportation Manager

N. Kilmartin, Development Planning Manager