

COMMITTEE OF THE WHOLE (WORKING SESSION) – MAY 4, 2022

COMMUNICATIONS

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<u>Distributed April 29, 2022</u>	
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<u>Distributed May 3, 2022</u>	
C4. Paula J. Tenuta and Victoria Mortelliti, BILD, Upjohn Road, Toronto, dated May 4, 2022	3
C5. Don Given, Malone Given Parsons Ltd., Renfrew Drive, Markham, dated May 3, 2022	3

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Please note there may be further Communications.



COMMUNICATION C1.

ITEM NO. 1

**COMMITTEE OF THE WHOLE
(WORKING SESSION)**

May 4, 2022

YEAR 3 KEY RESULTS

2018-2022 Term of Council Service Excellence Strategic Plan



Moving Toward the Vision

Each four-year term of Council Strategic Plan incrementally contributes toward the achievement of the Vaughan Vision.

March 19, 2019 approval of 2018-2022 Term of Council Service Excellence Strategic Plan

Informed by:

- City's Vision, Mission and Values
- 2018 Citizen Satisfaction Survey Results
- 2018 Business Sector Survey Results
- 2018 Employee Engagement Survey results
- Business plans from each portfolio, office and department
- 2019 Budget and 2020-2022 Financial Plan
- Priorities identified by the Mayor and Members of Council

Strategic Planning Levels



Term of Council Service Excellence Strategic Plan 2018-2022

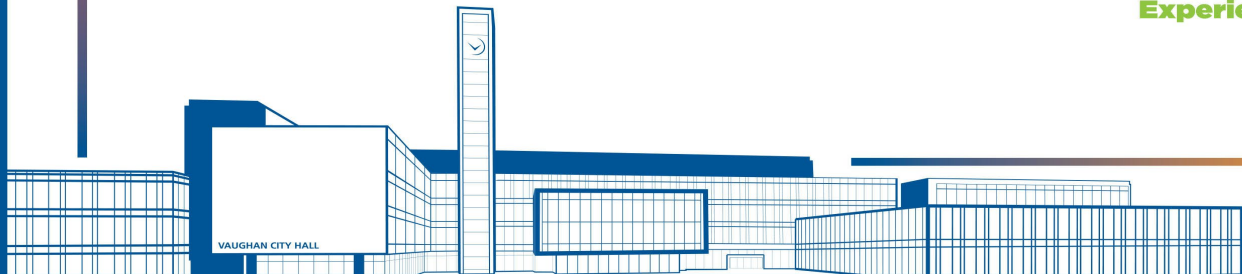
Mission
Citizens first
through Service
Excellence.

Vision
A city of choice that promotes diversity,
innovation and opportunity for all citizens,
fostering a vibrant community life that is
inclusive, progressive, environmentally
responsible and sustainable.

Values
Respect
Accountability
Dedication

The 2018-2022 Term of Council Service Excellence Strategic Plan reinforces the City of Vaughan's mission, vision and values, representing the core of how the administration will go above and beyond to deliver on Council's priorities through Service Excellence.

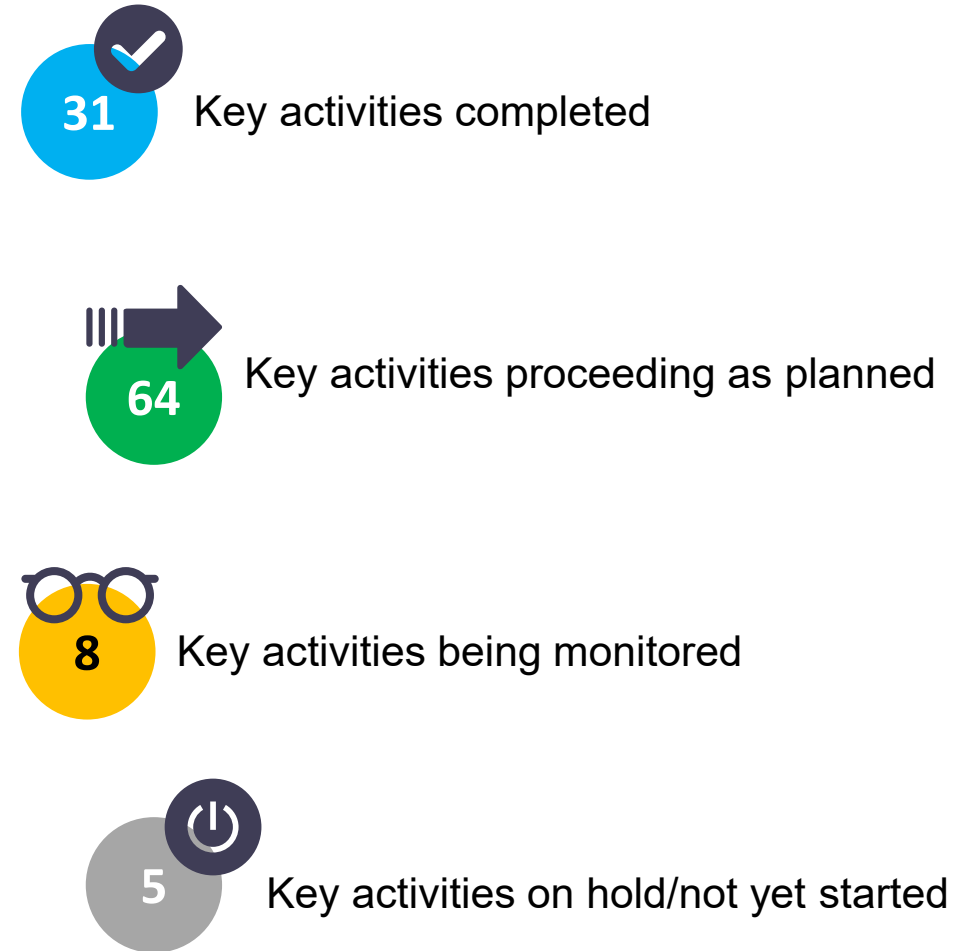
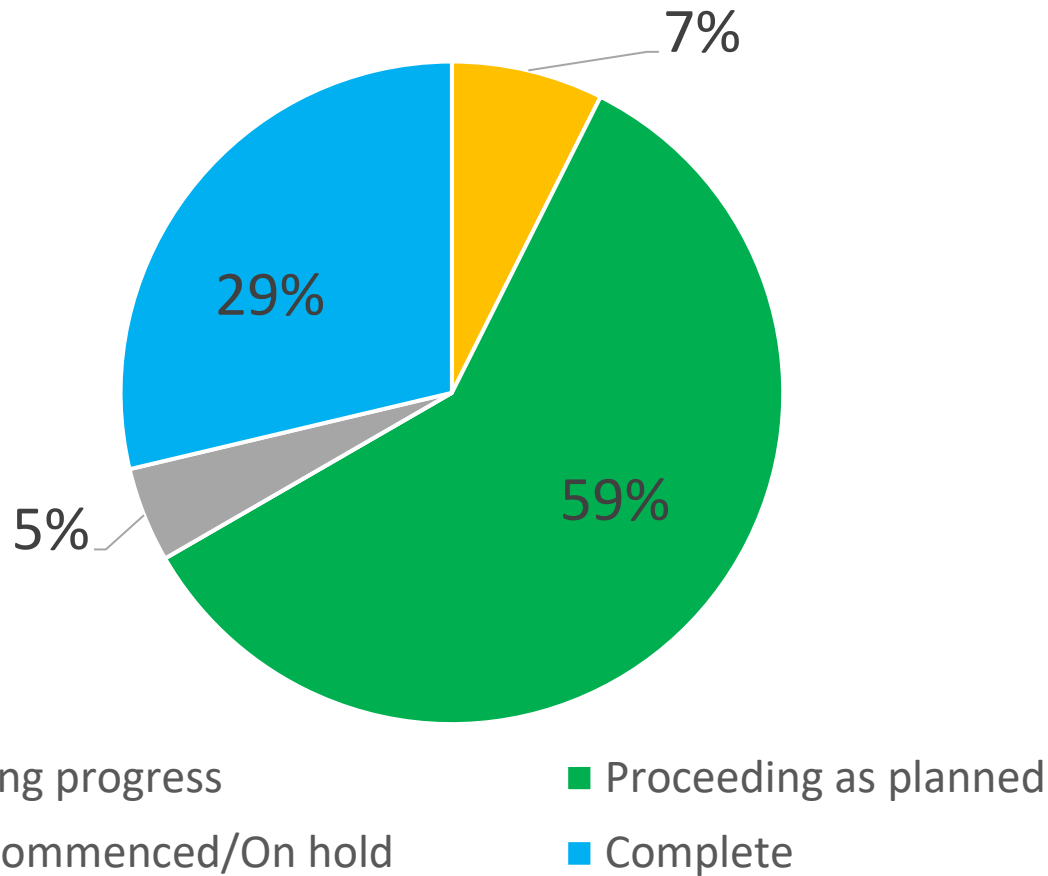
The Strategic Plan identifies the strategic priorities that the administration will focus on to support the City of Vaughan in being a City of Choice for both residents and businesses.



2021 OVERALL PROGRESS



2018-2022 Term of Council
Service Excellence Strategic Plan
108 Key Activities



KEY ACTIVITIES

TRANSPORTATION AND MOBILITY



- Kirby Road Extension, Dufferin Street to Bathurst Street (Design)
- Vaughan Transportation Plan
- Bass Pro Mills Drive from Hwy 400 to Weston Road (EA)
- Langstaff Road (EA)
- Kirby Road Widening, Jane Street to Dufferin Street (EA)
- Huntington Road Widening
- Canada Drive & America Avenue Bridge
- Huntington Road Ramp extension
- Major Mackenzie Drive Center Turn lane (widening)
- Mobility Pilot around GO stations
- University of Toronto IOT initiatives
- Advance the Vaughan Super Trail initiative
- Implementation of GO Expansion
- GTA West Transportation Corridor EA study
- Yonge Subway Extension (design)
- Teston Road missing link (EA)
- Major Mackenzie Drive widening adjacent to hospital (construction)

- Kirby Road, from Dufferin Street to Bathurst Street (EA)
- Bass Pro Mills Drive from Romina Drive to Jane Street
- MoveSmart Mobility Management Strategy
- Highway 427 Extension (construction)
- Complete the Pedestrian and Cycling Master Plan Update
- Deliver Clark Avenue active transportation facility
- York Region Bus Rapid Transit (Hwy 7, Centre Street, Bathurst Street - Construction)

KEY ACTIVITIES

CITY BUILDING



- Develop the VMC as a complete community [includes development of Edgeley Park (Phase 1) and construction of Central Park (Phase 1)]
- Undertake the City's Growth Management Strategy (Vaughan Vision 2051)
- Complete the City of Vaughan Official Plan Review
- Advance 900-acre vision for North Maple Regional Park
- Work with the Region of York to increase availability and affordability of housing choices
- Promote transit-friendly and walkable communities by completing Secondary Plans in priority transit areas
- Co-ordinate the development of the Yonge Steeles Corridor as a complete community
- Facilitate the completion and opening of the new Cortellucci Vaughan Hospital
- Complete the Vaughan Hospital Precinct Feasibility Study
- Open a new branch of Vaughan Public Libraries at the Cortellucci Vaughan Hospital



KEY ACTIVITIES

ENVIRONMENTAL STEWARDSHIP



- Advance a home energy renovation initiative to reduce GHG emissions from residential dwellings
- Deliver the Tree Maintenance Plan
- Promote energy efficiency in the business sector in partnership with key stakeholders
- Aim to meet new energy efficiency targets in City facilities and promote green building for new developments
- Deliver an Asset Management Plan for the City's Urban Forests
- Complete the review of Green Directions Vaughan



KEY ACTIVITIES

ACTIVE, SAFE & DIVERSE COMMUNITIES



- Develop and implement modernized Property Standards, Licensing (Tow Trucks), Road Allowance (new), Short Term Rentals (new), Parking By-law (Parking Strategy) and Fence By-laws in accordance with the By-law Strategy
- Develop & Implement a Corporate Security Plan
- Conduct the feasibility study of fire-station 7-2
- Open new library and recreation space at VMC
- Revitalization of Garnet. A Williams Community Centre
- Seek Council approval on Age Friendly Community Action Plan
- Develop Creative and Cultural Amenities and Nurture Community Engagement
- Increase Public Art Awareness and Develop Community Public Art Place-making
- Provide a comprehensive fire protection program through public education and fire code enforcement
- Implement recommendations from the School Crossing Guard Program Review
- Design of fire station 7-12
- Implement strategies to support sustainable fire protection and emergency services
- Develop and Implement a City-Wide Events Intake Process
- Creation and development of the Great Walks of Vaughan Program
- Advance the development of an inclusive citizen engagement framework
- Inclusion Charter Action Plan
- Land acquisition for fire station 7-11
- Opening of fire station 7-4
- Land acquisition for fire station 7-12
- Undertake the design of the new community centre, library & park in the Carrville area

KEY ACTIVITIES

ECONOMIC PROSPERITY, INVESTMENT & SOCIAL CAPITAL



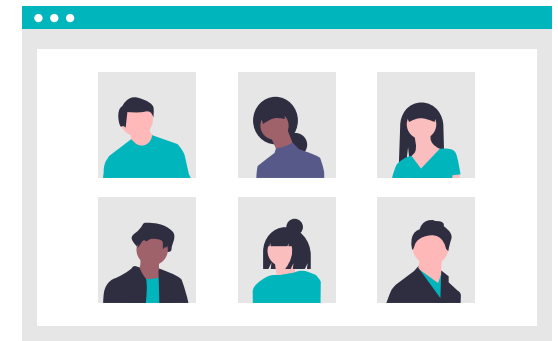
- Advance Smart City and technology led economic development opportunities
- Promote Vaughan's advantages, strategic projects, market opportunities and local businesses in targeted global centers (International Business Development)
- Invest in the Tourism and Accommodation Industry
- Engage the Vaughan business community and regional partners; strengthen networks and relationships and make business and labour connections to regional and international networks
- Build economic resiliency in Vaughan's priority sectors through, for example project and policy development related to key sectors in a post-COVID context
- Develop Vaughan as an entrepreneurial and small-business and innovation hub
- Increase Vaughan's Brand Recognition as the place to be (to Think, Start-up, Invest and Visit)
- Secure Vaughan as the Region's largest employment centre through programs that will help our business owners build resilience into their businesses and adapt to the new normal
- Promote the Development of Vaughan's Industrial Sectors and Business Parks
- Contribute to the development of a complete community in the VMC by improving awareness of the VMC as a premier office and retail business location, activating public spaces through signature events, and setting the stage for a creative and cultural hub
- Attract a post-secondary institution to Vaughan
- Promote Vaughan's City Building Projects through Mayor and Members of Council attending the 2019 trade mission to Israel organized by the Vaughan Chamber of Commerce

KEY ACTIVITIES

GOOD GOVERNANCE



- Develop an Enterprise Risk Management program
- Execute the Internal Audit Risk Plan
- Initiate and pilot an Enterprise Content Management System
- Develop a Long-range Fiscal Plan and Forecast
- Continue to refine Fiscal Framework policies to support financial sustainability
- Generate alternative revenue sources through city-wide Sponsorship, Advertising and Grants
- Complete the Strategic Asset Management Policy and Asset Management Plans for core assets
- Conduct Ward Boundary review
- Explore Voting Technology
- Establish an Enterprise Project and Change Management Office
- Establish an Audit Committee

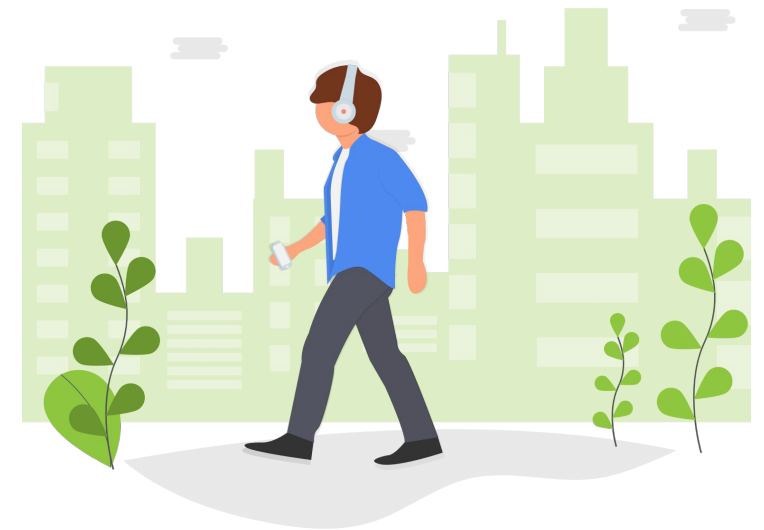


| KEY ACTIVITIES

CITIZEN EXPERIENCE



- Define the citizen experience and develop a service level framework
- Conduct the Citizen Satisfaction Survey
- Implement an Open Data Program
- Implement the Customer Relationship Management System
- Implement Digital Strategy Initiatives
- Implement the new vaughan.ca website

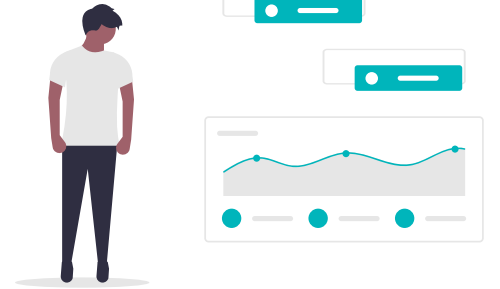


KEY ACTIVITIES

OPERATIONAL PERFORMANCE



- Develop contract management framework
- Implement Ideas@Work
- Review and enhance the development application and approval (DAAP) process
- Conduct the Public Works Service Level Review
- Develop Data Management & Data Analytics Framework
- Establish Corporate Performance Measurement (CPM) program and related performance scorecards for each portfolio/department
- Establish a Strategic Innovation and Process Improvement function and create a culture of continuous improvement and leverage existing technology and systems
- Implement the Finance Modernization project
- Counter Service Transformation



| KEY ACTIVITIES

STAFF ENGAGEMENT



- Foster a culture of Service Excellence by increasing staff engagement (conduct staff engagement surveys)
- Implement Phase 3 (full performance management module for all staff) of Talent Management System (Halogen)
- Develop a Workplace Wellness Program
- Continue the delivery of the Learning and Organizational Development Program
- Develop a Mentorship Program
- Implement Workforce Management (Time and Attendance Program)
- Establish alternative work arrangements policy and procedures
- Develop a Senior Leadership Team Governance Model
- Develop and Implement a Succession Planning Framework
- Implement Phase 2 (All staff learning module) of the Talent Management System (Halogen) to all staff





YEAR 3 KEY RESULTS

**2018-2022 Term of Council
Service Excellence Strategic Plan**





COMMUNICATION C2.
ITEM NO. 2
COMMITTEE OF THE WHOLE
(WORKING SESSION)
May 4, 2022

Term of Council Strategic Plan 2022-2026

Presentation to Committee of the Whole – Working Session

May 4th, 2022

Overview of Strategic Planning Process (Q1-Q4 2022)



Stakeholder Engagement

The 2022-2026 Strategic Plan must reflect Vaughan as a whole. Central to the strategic planning process is consultation and engagement with Council, Senior Leadership, the City Task Forces as well as broader City staff and the community.

Who we have engaged to date

Group	No.	Method
Mayor & Councillors	9	1:1 interviews; working session
Senior Leadership Team Executive	7	1:1 interviews
Senior Leadership Team	40	Workshops; select 1:1 interviews
City Task Forces	7	1:1 meetings
Departments	3	Focus groups



Who we will engage in the coming months

Community

Working with Corporate & Strategic Communications on multiple avenues for community conversations on the Strategic Plan (e.g., Town hall, Bang the Table digital engagement, potential community focus groups)

Ongoing Staff Engagement

Continuing to work with staff to ensure alignment between the City's strategic direction and its business planning activities

Council

Engage with new Council in January 2023 to receive input on the Strategic Plan

Approach to Developing the Renewed Strategic Plan

The Strategic Planning approach aims to refine, streamline, and update the existing priorities, objectives, and key activities to reflect the Vaughan context today and into the next Term of Council.



Insights on the Current Strategic Plan

Overall, the current Strategic Plan is a foundational document at the City that resonates across the organization.

Strengths

1

The current Strategic Plan generally *includes the right priorities and focus areas*

2

The current Strategic Plan is *well integrated into the City's operations and business planning*

3

The Strategic Plan *is well communicated and understood by staff*

4

The existing Strategic Plan *should be "tweaked, not torn down"*



Opportunities

1

Streamlining and Updating Strategic Priorities

Streamline overlapping priority areas and integrate new or emerging strategic priorities to reflect Vaughan's focus areas at this moment in time and over the next 4 years

2

Ensuring balance and consistency across the Plan

Achieve a 'common feel' across the Plan in terms of the level of specificity of the objectives and key activities and ensure that the Plan is balanced

3

Strengthening Key Activities

Refine key activities as "SMART" goals to improve clarity on continuous versus time-bound activities and support effective tracking, measurement, and evaluation of success

4

Enhancing the City's Values

Develop enhanced Values section as part of the Strategic Plan to ensure that core elements of the Plan that are foundational to everything the City does – good governance, value for money, customer service – cut across the Plan

Key Takeaways from SWOT Analysis (1/2)

Vaughan is a rapidly growing City with a highly engaged community and strong political and administrative leadership.



Strengths



UNITY WITHIN THE ORGANIZATION

The City is beginning to move in a more unified direction to achieve overall goals and objectives, with a strengthened sense of shared purpose



CITY BUILDING: BUILDING ON SUCCESS

Initiatives like the Vaughan Metropolitan Centre (VMC) and Vaughan Healthcare Precinct (VHCP) are demonstrating that Vaughan is emerging as a world class City



FISCAL HEALTH & INNOVATION

There have been substantial and successful modernization efforts led by the financial services team. The City is fiscally healthy – with low debt, and healthy reserves



CITY TASK FORCES & COMMUNITY ENGAGEMENT

The City's task forces are highly engaged and play a critical role in representing and advancing community needs and priorities



Weaknesses



GROWTH MANAGEMENT

There is a need to “get growth right”. Balancing population increases and development with meeting the rising needs of the community and concerns about environmental sustainability, all against a backdrop of provincial planning policies, is a challenge



CUSTOMER SERVICE

When it comes to service delivery, there is an opportunity to increase the focus on responsive and attentive customer service by better understanding where gaps exist and how services can be rendered more accessible and impactful

Key Takeaways from SWOT Analysis (2/2)



Opportunities



ROAD SAFETY AND INCLUSIVE MOBILITY

Mobility, movement, and active transportation are critical to the well-being of residents. Further focus on including more micro-mobility options, such as bike lanes on residential roads, can improve usability of roads and road safety overall



A COMMUNITY FOR EVERYONE

Build an inclusive, accessible, and equitable community for all ages, ethnicities and cultures, and ensure supportive systems, policies, and infrastructure



TECHNOLOGY AND MODERNIZATION

The City has a number of ongoing initiatives to transform its business operations and how it delivers services. It should continue to advance this focus on innovation and future-readiness



ECONOMIC DEVELOPMENT AND PROSPERITY

Continue to promote Vaughan's core economic sectors while also supporting its small business ecosystem and emerging tech and innovation sectors to grow economic activity and talent attraction

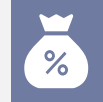


CONTINUED ADVOCACY FOR TRANSPORTATION INITIATIVES

Continue to advocate on the City's behalf for regional transportation initiatives and improvements



Threats



FISCAL SUSTAINABILITY

There is a desire to keep taxes within reasonable levels while also managing the cost of delivering services, meeting growth needs for renewed/enhanced infrastructure, and managing skyrocketing inflation



VULNERABILITY TO DECISIONS OF OTHER GOVERNMENTS

Many Council and community priorities, including elements of planning & development and transportation, are informed by the province, and the City is somewhat limited in what it can and control and/or deliver on its own



HOUSING AFFORDABILITY (ACROSS THE CONTINUUM)

There is a disconnect between supply and demand, which is putting a strain on young people, families, and the shrinking middle class



CLIMATE CHANGE, ENVIRONMENT & HERITAGE PROTECTION

The City is contending with how to protect parkland, natural heritage, and cultural heritage given both the magnitude and speed of growth in Vaughan and the impacts of climate change

Emerging Themes for Consideration in the Renewed Strategic Plan

In addition to the existing themes, these additional focus areas emerged that should be reflected in the updated Strategic Plan:



Vaughan is growing. The challenge remains to ensure that it grows in a way that maintains Vaughan's quality of life with measures to promote housing attainability and affordability



Active and alternative modes of transportation and improved accessibility of public transit are critical to both community and the administration



Ensure that everything the City does is grounded in ensuring a welcoming and vibrant community for residents of all ages, including older adults



The City is already driving several data-driven, Smart City initiatives, and this can be more strongly delineated in the Strategic Plan



Sustainability issues should continue to be addressed with a heightened focus on climate change



Enhance and highlight the integration of DEI into both the internal and external environment at the City



Staff engagement, succession planning, and talent attraction and retention is critical for the City, particularly in an emerging post-COVID context



Customer service, business transformation and governance initiatives should be continued, with an emphasis on modernization and data driven decision-making

Next Steps

- 1 Continue stakeholder engagement, including with the community and staff
- 2 Meet with the new 2022-2026 Council to gain their input into the Strategic Plan
- 3 Finalize Strategic Plan (March 2023)



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COMMUNICATION C3.

ITEM NO. 3

**COMMITTEE OF THE WHOLE
(WORKING SESSION)**

May 4, 2022

Parkland Dedication By-Law

**Working Session Presentation
of Draft By-law provisions**

May 4, 2022

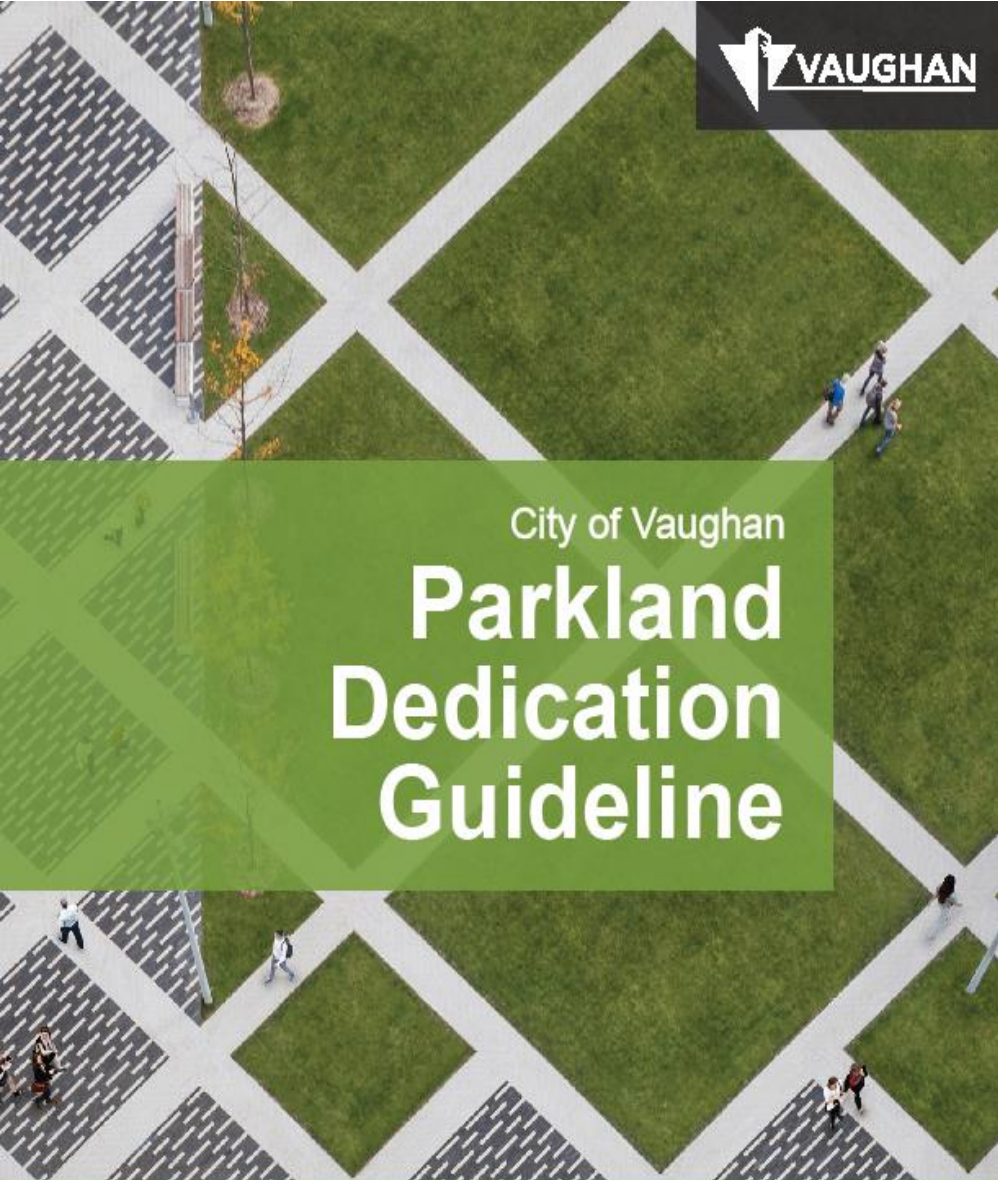


Agenda

1. Recap on Parkland Dedication Guideline
 - Need for the study
 - Timeline
 - Key recommendations
 - Key amendments
 - Consultation
2. Financial Model/CIL Fixed Unit Rate
3. By-Law provisions on parkland credits
4. Proposed CIL unit rate transition period
5. Next steps

The Need for a Parkland Dedication Guideline Study

- The City's current Cash-in-Lieu By-law was last **updated in 2012**, and the City **does not** currently have a Parkland Dedication By-law.
- Provincial changes to the Planning Act, through **Bill 108** (Royal Assent on June 6, 2019), **Bill 138** (Royal Assent on December 10, 2019) and Bill **197** (Royal Assent on July 21, 2020)
- Changes to the policy and regulatory regime for **Parkland Dedication** (Sections 42 and 51), **Development Charges** (DCs) and the collection of **Community Benefits** (Section 37) which are intended to provide **certainty and predictability** regarding the costs of development.
- Province has mandated a deadline of **September 18, 2022**, to implement legislative and administrative changes
- The Study and its findings will assist in the formulation of the **City's Parkland Dedication By-Law**

An aerial photograph of a park area with a prominent diamond-shaped path pattern. The paths are light-colored and intersect to form a grid of diamond shapes. The spaces between the paths are green grass. Several people are seen walking along the paths. A green semi-transparent box is overlaid on the lower-left portion of the image, containing the title text.

City of Vaughan
**Parkland
Dedication
Guideline**

January, 2022

The Planning Partnership
Monteith Brown
N. Barry Lyon Consultants

Parkland Dedication Guideline Study

What is the Product?

- A document with a comprehensive list of items to consider in order to help guide parkland dedication protocols, payment-in-lieu and the use of payment-in-lieu;
- The study included considerations that leave **'no stone unturned'** and give **due consideration** for all options with the ultimate goal of achieving and ensuring parkland needs to meet projected growth to 2051 is effectively met. This list was provided with the understanding that the City and Council will conduct additional analysis and review to ensure a parkland dedication process that is **FAIR, CONSISTENT AND TRANSPARENT.**
- A document aligned with current best practices which will **ultimately help inform** the future Parkland Dedication By-Law, DC Study and CBC Strategy.

Parkland Dedication Guideline Study & By-Law

Project Milestones and Progress

Project
Kick-Off

Phases
of
Work

	Q3 2020	Q4 -2020	Q1- 2021	Q2 - 2021	Q3- 2021	Q4 - 2021	Q1 - 2022	Q2 - 2022	Q3 - 2022
	Phase 1 Current State Analysis	Phase 2 Research + Principle Framework	Phase 3 Consultation Plan + First Draft Document	Phase 3 Continued + Stakeholder Engagement	Phase 4 Draft Document and Presentation to Project Team	Phase 4A Refinements to Document & Financial Model	Phase 5 Presentation + Report to Council	Develop draft By-Law	By-Law Public Notice 40 days from enactment
							February 15 Council endorsement with additional direction	May 4 CoW(W.S)	June 28 By-Law enactment

The image features a Vaughan logo in the top left corner, consisting of a stylized 'V' and the word 'VAUGHAN' in a bold, sans-serif font. The background is a photograph of a park monument, a tall stone tower with a clock face, situated on a hillside with trees and a stone staircase leading up to it. The image has a blue and green color overlay.

Parkland Dedication Guideline Study

Key Items Considered

- Broadening the Definition of Parkland
- Off-site Parkland Dedication Opportunities
- Parkland within the Greenbelt and Oak Ridges Moraine Area
- New Park Typologies
- Parkland within Strategic Growth Areas
- Financial Considerations and Cash-in-Lieu of Parkland update

The left side of the slide features a background image of a park monument with a tall tower and stone steps. The Vaughan logo is overlaid on the top left of this image. The logo consists of a stylized 'V' with horizontal lines to its right, followed by the word 'VAUGHAN' in a bold, sans-serif font.

Parkland Dedication Guideline Study

Key amendments to be taken into consideration

- Support of dual uses on underground storm facilities whereby parks are located on the surface;
- Support providing parkland credit for passive recreational uses such as trails and sitting areas;
- Support providing parkland credits for POPS;
- Support providing parkland credits for Strata ownership; and
- Provide clear and measurable guidelines to assess these passive recreational amenities, POPS and Strata from a parkland dedication Planning Act perspective.

Parkland Dedication Guideline Study

Stakeholder Engagement Strategy

Mayor and Members of Council (MMOC)

- Interviews with MMOC conducted between **June 9 – 28, 2021**
- Consultations conducted between **January 17 – 27, 2022**

Senior Leadership Team (SLT-E)

- Presentation and consultation with Senior Leadership Team – Executive on **January 12, 2022**

Growth Management Committee (GMC)

- Updates and presentation to GMC on **November 19, 2020, July 8, 2021 & December 9, 2021**

BILD

- Consultations with BILD on **November 4, 2020, July 21, 2021, October 13, 2021, and November 24, 2021,**
- CIL rate and By-Law consultation on **March 8, 2022, and April 8, 2022**

Public Survey

- Online survey from **April 19 to May 3, 2021**
- Over 300 respondents

Financial Model/CIL fixed unit rate

Financial Package to Achieve the Parkland System within the City and Strategic Growth Areas

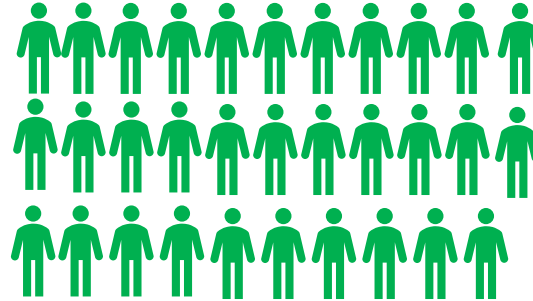
- A financial unit rate which recognizes the need to generate both land and cash-in-lieu of parkland dedication
- Consider all financial tools to generate land/cash for land acquisition or park improvements through:
 - A New Parkland Dedication By-Law focused on implementing S. 42, 51.1 & 53 of the Planning Act
 - New Community Benefits Charge By-Law (S. 37 of the Planning Act); and
 - Updated Development Charged By-Law may assist
- City's current CIL Fixed Unit Rate is **\$8,500 per unit**
- At this rate, the City would only be able to fund **37%** of its parkland needs (acquisition costs, park redevelopment efforts and park enhancement costs)

Vaughan Population & Estimated Growth

2016 - 2051



Population of
Vaughan –
2016 Census



324,100



Estimated
growth by 2031
– ATMP (2018)



100,400



Estimated growth
by 2041 – Parks
Redevelopment
Strategy



72,900



Estimated
additional
growth by
2051 – York
Region



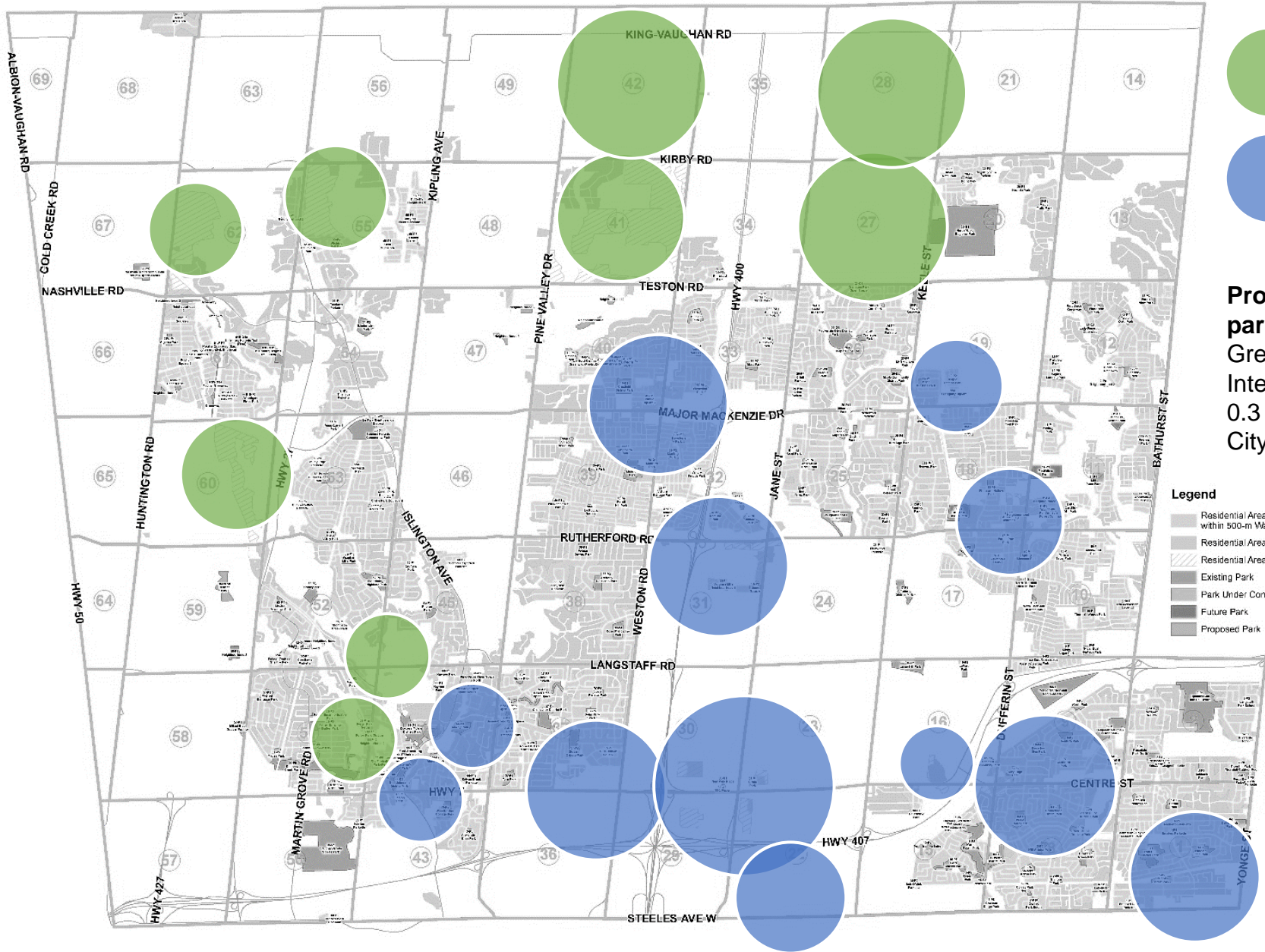
71,300

Estimated total
population
of Vaughan by 2051

568,700



Financial Model - Vaughan Growth and Intensification Areas



- Greenfield Growth Areas
- Intensification Growth Areas

Projected 2051 population and parkland distribution
 Greenfield: 44% (108 k) - 91 Ha
 Intensification: 56% (136k)- 41 Ha at 0.3 Ha per 1000
 City-wide parks: 212 Ha

- Legend**
- Residential Area - Serviced by a Park within 500-m Walking Distance
 - Residential Area - Under Serviced
 - Residential Area - Potential Growth Area
 - Existing Park
 - Park Under Construction
 - Future Park
 - Proposed Park

Parkland Needs

- From a quantitative perspective, approximately **344.3 ha** of additional parkland is required by 2051 (as per the Parkland Provision Target Rate from the 2018 Active Together Master Plan) servicing both local and City-wide park typologies.
- The **use of CIL** for the redevelopment of existing parkland (PRS) and enhancing local parkland within strategic growth areas.
- Parkland needs should ensure a **balance between quantitatively and qualitative** perspectives. The need to appropriately design and size park spaces local to the growth area will have a greater positive community impact rather than a larger park space located further away from the area of growth.
- Consider **off-site dedication** opportunities and consider dedication/acquisition of **unconstrained lands** that are within the Greenbelt/ORM.

Financial Model - Analysis

- Economic **Reality-Check**
- Incorporate potential **CIL approaches** from Developer's perspective to consider:
 - Ability to make targeted **rate of return**
 - Ability to acquire land at **market rates**
- Development pro-formas across **varied market locations and built forms**
- CIL rates will need to be **considered within perspective of new rates/ fees:**
 - Community Benefits Charge (**CBC**)
 - Development Charges (**DC**)
- **Can development still proceed? Viable investment?**

CIL Fixed Rate Formula



* Discounting Current CIL Account Amount

1
Land
Acquisition
Cost

ATMP Target Rate
2.0 ha/1000 residents

Population - 2051
~ 569,000 residents

Population Increase
2031 - 2051
~ 144,200 residents

Existing Park Inventory to 2018
603.6 ha



New Park Inventory 2018-2021
30.3 ha



Owned/To be Conveyed/Not Yet Constructed
111.8 ha



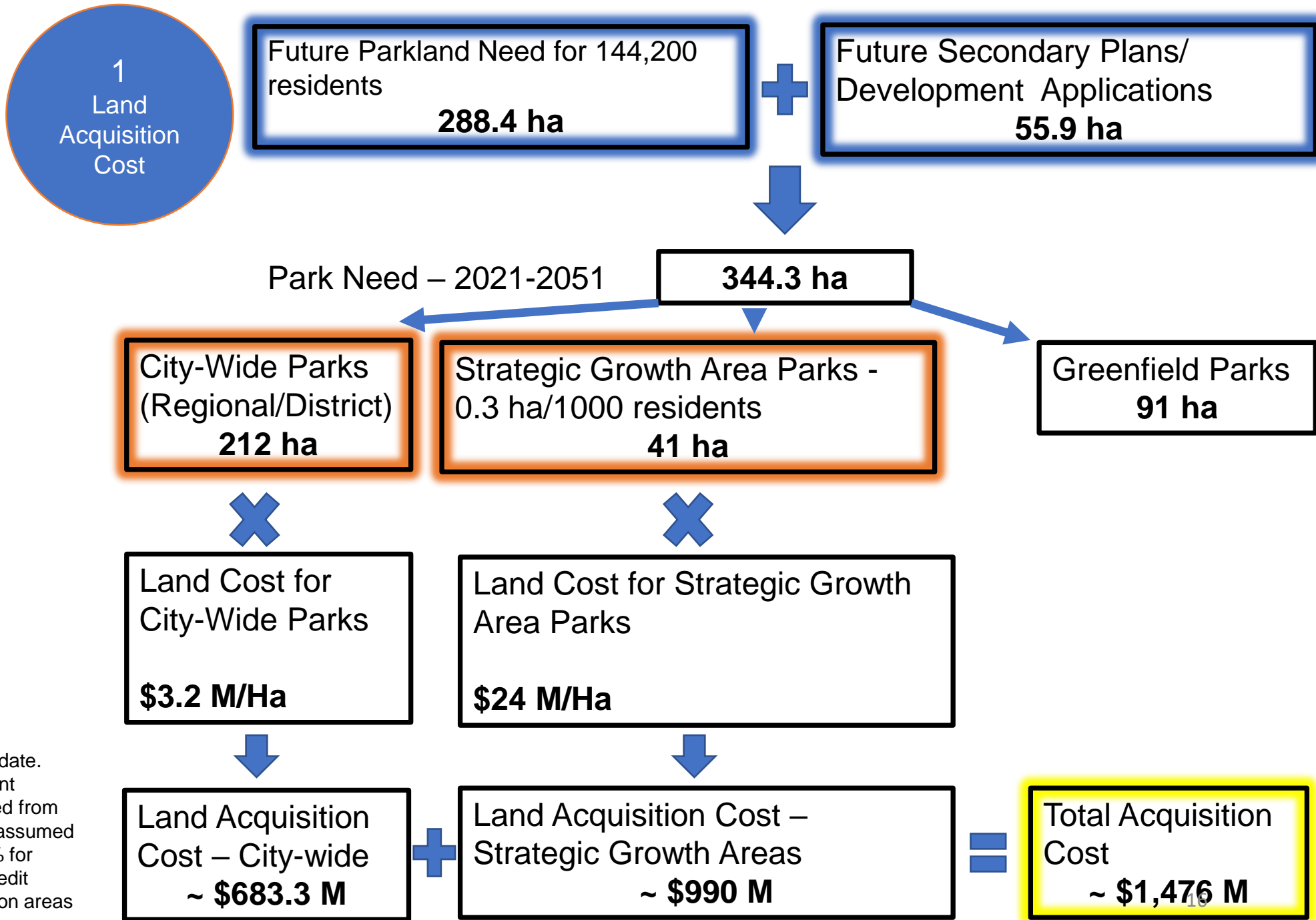
Future Secondary Plans/
Development Applications
55.9 ha



Future Parkland Need for 144,200
residents
288.4 ha



Total Parkland Need to 2051
1,090 ha



Land rates based on 2022 DC update. Total is net of, Current CIL Account Amount (\$98 million), CIL collected from future commercial development (assumed value of 20 ha of land value at 2% for Blocks 58/59/34/35) and strata credit (assume 3 Ha across intensification areas at 1/3 of land rate).



2018 Parks Redevelopment Strategy – Identified Parks
\$ 29 M



2018 Parks Redevelopment Strategy – Parks Without
Major Amenities
\$ 12.5 M



Parks Redevelopment – Parks from 2031 - 2051
\$ 45 M



New Equipment Costs to Service Redeveloped Parks –
to 2051
\$ 25 M



**Total Park Redevelopment Cost
~ \$112 M**



Strategic Growth Area Parks -
0.3 ha/1000 residents
41 ha



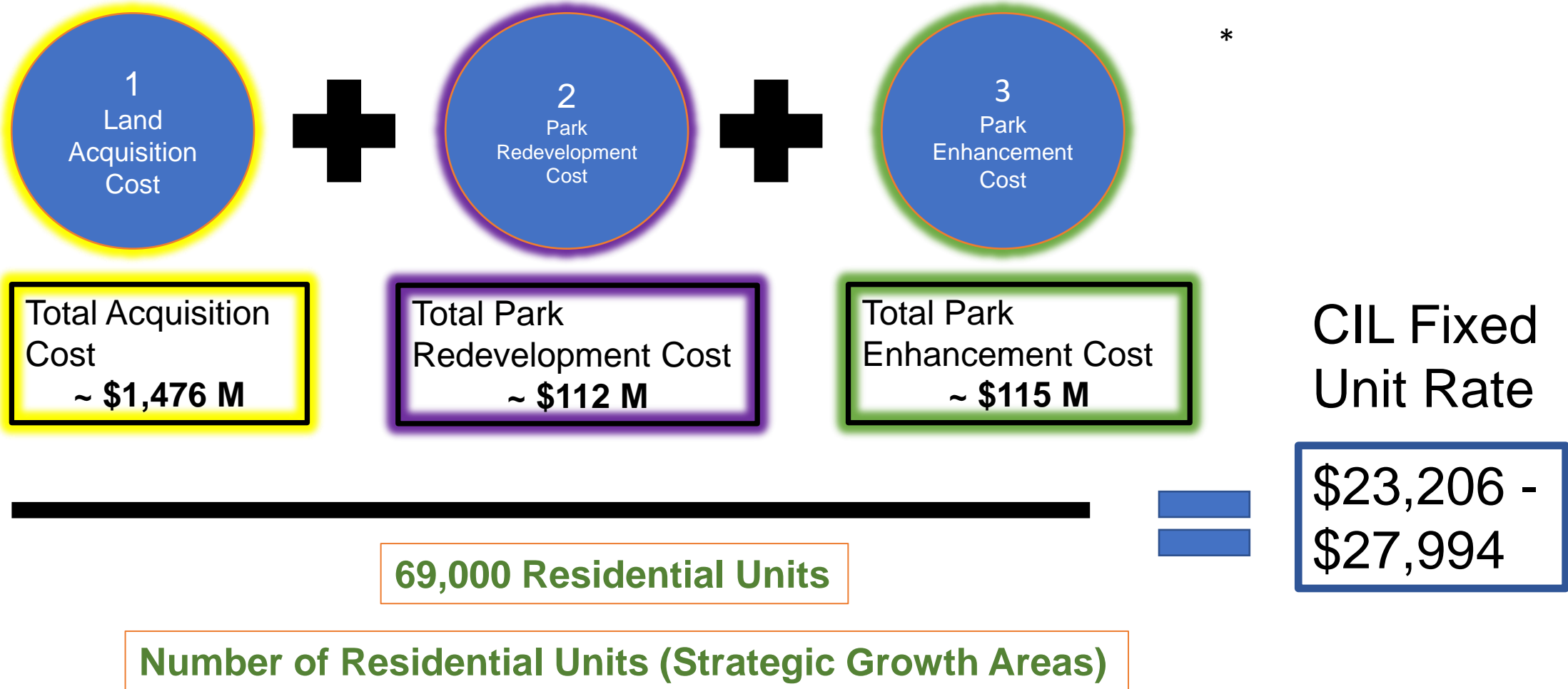
Park Enhancement Rate Per m²
\$280/m²



Total Park Enhancement Cost
~ \$115 M

Cost est. per TPP at \$1000/sqm. Discounted by current DC contribution of approx. \$300 and applied to 40% of parks (Urban and Public Square Type 1) which will likely require enhancements.

CIL Fixed Rate Formula



Summary

Total population: **569k**
 Total forecasted parkland: **1,090 Ha**

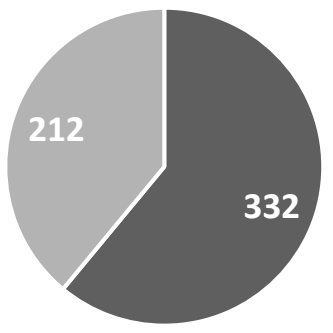
2
 Ha/1000

Intensification growth: **69k units**
 136k pop

0.3
 Ha/1000

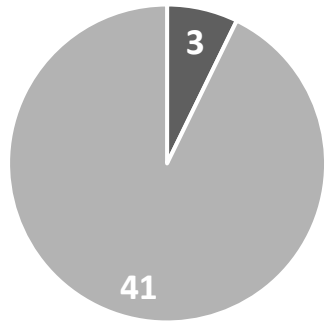
Land need

City-Wide Parks (Regional and District Parks) - Ha



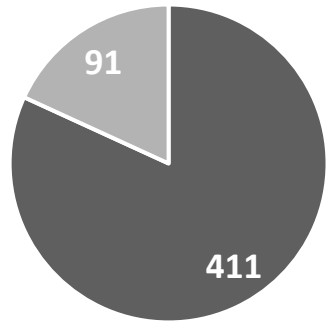
212 Ha

Parks in Intensification Areas - Ha

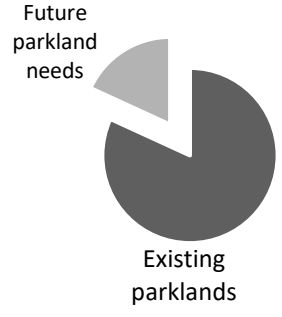


41 Ha

Parks in Greenfield - Ha



91 Ha



Park Redevelopment Costs

\$1,476 million¹

+

\$112 million

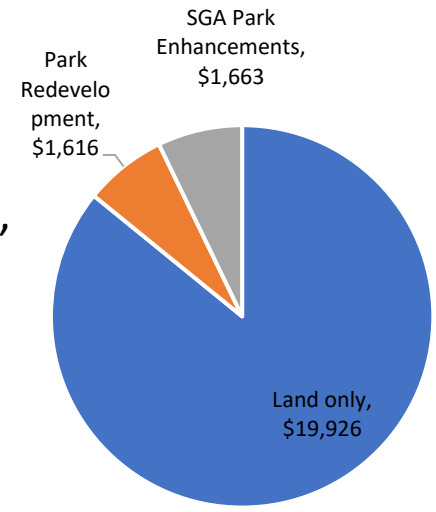
+

Intensification Area Parks Enhancements costs

\$115 Million²

Calculated CIL, Per Unit, Uninflated³

\$23,206 - \$27,994



Notes:

¹ Land rates based on 2021 DC update. Total is net of CIL collected from future commercial development (assumed value of 20 ha of land value at 2% for Blocks 58/59/34/35) and strata credit (assume 3 Ha across intensification areas at 1/3 of land rate).

² Cost est. per TPP at \$1000/sqm. Discounted by current DC contribution of approx. \$300 and applied to 40% of parks (Urban and Public Square Type 1) which will likely require enhancements.

³ Net of funds in current CIL account - \$98 million

Financial Model – Varied Rates

CIL Unit Rate	Percentage of Funding Generated to meet City Parkland Funding Needs to 2051	Anticipated Amount of CIL Funding Generated
\$8,500 per unit (Current Rate)	37%	\$586M
\$10,000 per unit	43%	\$690M
\$12,000 per unit	52%	\$828M
\$17,000 per unit	73%	\$1.2B
\$20,000 per unit	86%	\$1.4B
\$23,200 per unit (Low End of Range Proposed) - \$27,994 per unit (High End of Range Proposed)	100%	\$1.6B - \$1.93B

Total Parkland Funding Required **\$1.6B - \$1.93B**
(0.3-0.4ha/1000 residents)

By-Law Provisions

Parkland credits, CIL rate, Off Site Dedication

- Land first
- No parkland required
- Proposed credits
- No credit
- Proposed CIL unit rate increase transition period

Land First Approach

The *City's* preference is for dedication by land conveyance.

Where on-site land dedication is not feasible, the *City* may accept off-site land dedication it considers suitable towards meeting the overall parkland dedication requirement.

No parkland required

	Draft By-law provisions
Specific types of development	<ul style="list-style-type: none"> • Place of worship. • Affordable housing . • Not-for-profit organization. • City of Vaughan buildings. • Region of York buildings. • Colleges, universities or a schools. • Cortellucci Vaughan Hospital associated buildings. • Nursing homes as defined by the Long-Term Care Homes Act, hospices. • Replacement of any building that is a direct result of destruction. • The enlargement of an existing single detached or semi-detached dwelling unit. • Additional Residential Units within an existing residential dwelling such as a basement apartment or secondary suite. • Enlargement of an existing commercial purpose, industrial purpose or institutional purpose building or structure where the size of the subject site is unchanged. • Temporary buildings or structures.
Up to 20% mixed use	Mixed-use development where the non-residential GFA is equal to or less than 20% of the total GFA, no parkland dedication shall be imposed on the non-residential portion.

Proposed credits

	Draft By-law provisions	Rationale
OP parks	100% credit for lands that meet the City's Official Plan definition of parkland (Neighbourhood Parks, District Parks, etc.).	Full credit for dedication of unencumbered, fully programmable land.
Strata Park	66% credit for Strata Parks in the form of open space located at ground level on top of buildings or structures, including but not limited to parking garages.	Partial credit for dedication of land with encumbrances and restrictions. Net parkland benefit of approx. 2/3rds (surface and air rights).
Dual Use SWM or other infrastructure	66% credit for lands that contain underground Storm Water Management facilities.	Subject to an agreement.
Passive recreational uses	66% credit for lands encumbered by utility corridors or infrastructure.	Partial credit for dedication of land with encumbrances and restrictions.
	Up to 66% credit for lands encumbered by Greenbelt, or lands located within the Oak Ridges Moraine, that do not meet other criteria e.g. no credit, 33%, or other.	Net parkland benefit varies but must meet the City's parkland objectives for passive or active programming. Subject to an agreement.
POPS	33% credit for lands proposed to offer a Privately Owned Public Space (POPS).	

No credit

	Draft By-law provisions	Rationale
Natural heritage features	Natural Heritage Network or associated buffer.	<p>No credit due to encumbrances and restrictions.</p> <p>No opportunities for active or passive programming.</p> <p>Gratuitous dedication of land can be considered at the City’s discretion.</p>
Hazardous Lands	Lands susceptible to flooding, poor drainage, erosion issues, extreme slopes, and other adverse physical conditions.	
Open SWM	Open storm water management facilities.	
Contaminated lands	Contaminated lands.	
Recreational programming restrictions	Lands that prohibit public programming use.	
	Sustainability features.	

Proposed CIL unit rate increase transition period

Steps	CIL Unit Rate	Increase	Date
Step 0	\$8,500		Current
Step 1	\$11,300	+\$2,800	18-Sep-22
Step 2	\$15,050	+\$3,750	1-Mar-23
Step 3	\$20,050	+\$5,000	1-Mar-24
Step 4	\$27,994	+\$7,994	1-Mar-25
Step 5	4.25% annually ¹		1-Mar-26

¹ In 2012, \$8,500 unit rate was based on land value of \$2,550,000/Ha for medium density. Present medium density land value is \$12,354,831/Ha - equivalent to a 17% annual increase. Proposing increasing CIL on an annual basis based on a quarter of the historical increase.

Proposed By-Law transition

The valuation date of land value for payment-in-lieu or the alternative fixed rate per unit shall be:

Type of application	Timing
All other development and redevelopment	The day before the day the building permit is issued.

Parkland Dedication By-Law

Next Steps

- Enact Parkland Dedication By-Law on June 28, 2022 (to meet Provincial deadline of September 18, 2022)
- Public notice period open to August 8, 2022
- Potential appeals to the OLT
- Develop supporting policies



Comments and Questions?



May 4, 2022

Mayor Bevilacqua and Members of Council
Committee of the Whole (Working Session)
City of Vaughan
2141 Major MacKenzie Dr W,
Maple, ON
L6A 1T1

Sent via email to clerks@vaughan.ca.

**RE: COMMITTEE OF THE WHOLE (WORKING SESSION)
ITEM # 5.3 PARKLAND DEDICATION BY-LAW**

The Building Industry and Land Development Association (BILD) is in receipt of item 5.3 Parkland Dedication By-law as currently presented on the agenda for the May 4th Committee of the Whole Working Session.

BILD, our members and our consultants have been closely monitoring this review process and have been kept apprised by staff through a series of engagement sessions. BILD thanks City staff for the information sharing and transparent dialogue to date. We are firm believers that constructive dialogue with the industry is essential to offer the greatest chance of success for consensus on this very important matter.

In addition to the delegation being presented at today's meeting by BILD's lawyer Ira Kagan from Kagan Shastri LLP, we wanted to attach within this submission the correspondences shared with staff to date.

As this process is ongoing BILD looks forward to continued transparency and dialogue.

A handwritten signature in black ink, appearing to read "Paula J. Tenuta".

Paula J. Tenuta, MCIP, RPP
SVP, Policy & Advocacy

A handwritten signature in black ink, appearing to read "Victoria Mortelliti".

Victoria Mortelliti
Manager, Policy & Advocacy

CC: BILD Review Team
BILD York Chapter
Gabe Di Martino, York Chapter Co-Chair
Mike McLean, York Chapter Co-Chair
Ministry of Municipal Affairs and Housing

The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. It's 1,500 member companies consists not only of direct industry participants but also of

supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.

April 25, 2022

Jamie Bronsema
Director of Parks Infrastructure Planning and Development
City of Vaughan
2141 Major MacKenzie Dr W,
Maple, ON L6A 1T1,

Sent via email to Jamie.Bronsema@vaughan.ca

Dear Mr. Bronsema

**RE: PARKLAND DEDICATION REVIEW – BILD Comments
April 8th Meeting with BILD**

The Building Industry and Land Development Association (BILD) acknowledges and thanks City staff for meeting with BILD members and representatives on April 8th where staff provided an update to its Parkland Dedication Review. BILD believes that constructive dialogue with the industry is essential to offer the greatest chance of success for consensus on this important matter.

Following our engagement sessions with the City - our members, in addition to our consultants from Kagan Shastri LLP and Altus Group sent us the following remarks to submit to the City. With this, we thank you for the opportunity to submit this correspondence for your consideration as the City begins this review. Please note, additional comments will be provided when the City releases the background information and the draft Parkland Dedication By-law.

Study on the Impact of Affordability and Intensification

Regardless of the ultimate parkland rate and cash-in-lieu that the City adopts, it should do so only after it has studied the impact of such rate on accommodating required intensification and housing affordability. The City's decision must be consistent with the *Provincial Policy Statement* and must conform to the *Growth Plan*, both of which have policies respecting housing affordability and requiring intensification through higher forms of residential density.

Parkland Cap and Sliding Rate

In order to ensure that the parkland dedication for higher density development does not add an undue burden on housing affordability and does not have a chilling effect on intensification, the parkland dedication requirements, whether in land or cash-in-lieu, must be subject to a percentage cap. The City might also consider applying a sliding scale where the rate decreases as density increases.

In addition, BILD supports a reasonable parkland cap on all intensification areas in the City – regardless of whether they are Transit-Oriented Communities or not.

Parkland Redevelopment vs Parkland Enhancement Costs

The City's materials continue to refer to these two matters separately and assign costs to them. Those costs are then included in the costs of new growth. BILD remains concerned that these costs are not exclusively growth related and that they might in fact overlap with each other. New residential development should not pay for enhancements to existing parks or

recreational facilities which are not the direct result of growth and should only fund that portion of such enhancements which are directly and exclusively required because of growth.

Transition Rules

BILD appreciates that City staff recognize the importance of transition. BILD believes that transition is critical in order to protect end user purchasers from unexpected rising parkland costs. Parkland costs are ultimately paid by purchasers; many being first time homeowners. Given the number of years between the filing of a development application, the sale of units and the issuance of building permits (i.e. when cash-in-lieu is paid), it is essential that there be transition rules for the new Parkland Dedication By-law. That transition should start at the time the development application is filed such that the parkland rate is locked in at that time.

Early Acquisition of Parkland *(as previously mentioned in our October 2021 letter)*

Outlined within BILD's Study New Homeowner Money in the Government's Bank; How Unspent Municipal Reserves are Impacting Building Livable Affordable Communities in the GTA (2021), Altus cites that the early acquisition of parkland, where possible, provides significant benefits for municipalities, developers, and existing/future residents. These benefits include:

- Significant cost savings for Municipalities;
- Ensures Community Amenities are in place when people move in; and
- Reduced need for significant parkland dedication or cash-in-lieu requirements.

With early acquisition, the City would publicize the parkland fee schedules and any related formulas so they can be factored into the early planning stages of the development planning process. Specifically, the City would disclose the parkland rate at the time of development application approval for new homes to the builder instead of at the building permit stage. This transparency by the City will be passed along from the builder to the homebuyers of these units earlier on in order to lessen the financial risk at the time of occupancy. We firmly believe that the attainability of homes for all new home-purchasers in the GTA should include the right to not be financially burdened with the cost of parkland that could have been managed earlier at a lower cost of service provision.

Parkland Credits

BILD appreciates and supports the principle of parkland credit where the parkland provided is other than on-site, unencumbered, fee simple. The amount of the credit needs to properly reflect the usability of the parkland being offered and must be at a sufficient credit level to encourage landowners to provide the parkland instead of simply paying cash-in-lieu. Based on the material presented on April 8th, it appears that more work needs to be done to get the credit value correct. Below are some examples:

- Off-site parkland should be credited at a 1:1 value and not based on the relative value of the off-site parcel to an on-site parcel. If the off-site parcel is appropriately located and can serve new growth, then no discount is warranted. The effect of applying a discount would be to increase the cost of housing.
- The City should provide a parkland credit for developments that include sustainability elements as provided for in sections 42(6.2 & 6.3) of the Planning Act.
- A full parkland credit should be provided for tableland in the provincial greenbelt which is permitted by provincial, regional and City policy as the case may be, to be used for park and recreational purposes. As is the case with off-site parkland, the value of the credit should not be limited by the assumed value of the Greenbelt land. While the Greenbelt land will not have the same value as urban development land, the

acquisition of Greenbelt lands allows the City to avoid higher acquisition costs elsewhere in the urban area of the City. The difference in value has no bearing whatsoever on the contribution that the land itself will make to meeting the active and passive recreational needs of the new residents. The same principle applies to strata parks, POPS and dual use (i.e. park / swm) facilities. All of these lands have a valuable role to play in meeting the active and passive park and recreational needs of the new residents and the credit assigned to them should be based on the ability of those facilities to provide the park and recreational function and not on the assumed value of the land.

Additional Considerations

1. As outlined in the Planning Act, the City is allowed to put exemptions for Parkland/PCIL. As such, BILD recommends **exemptions** of Parkland/Parkland Cash-in-lieu for units that are deemed affordable. This would be a step in the right direction for the City, as a partner to the industry in making housing more affordable in our Province.
2. On our April 8th call the City referenced the utilization of the Region PPU and \$12 million rate. To clarify for our members, what is the background of doing so?

As your community building partner we thank you for considering this submission. We look forward to our continued conversations and would also appreciate a response in writing to this correspondence.

Thank you,



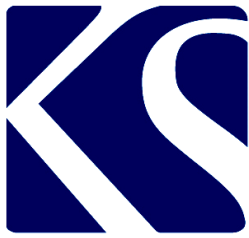
Paula J. Tenuta, MCIP, RPP
SVP, Policy & Advocacy



Victoria Mortelliti
Manager, Policy & Advocacy

CC: BILD Review Team
BILD York Chapter

The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. It's 1,500 member companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.



**Kagan
Shastri** ^{LLP}
LAWYERS

IRA T. KAGAN
Tel. 416.368.2100 x 226
Direct Fax: 416.324.4224
ikagan@ksllp.ca

File #: 20177

February 7, 2022

By Email

His Worship, The Honourable Mayor Maurizio Bevilacqua and Members of City Council
The Corporation of the City of Vaughan
2141 Major Mackenzie Drive
Vaughan, ON., L6A 1T1

Attn: Mr. Todd Coles, City Clerk

Dear Mayor Bevilacqua:

**Re: Committee of the Whole Meeting (February 9, 2022)
Agenda Item 5.1
Parkland Dedication Guideline Study
Report of the Deputy City Manager, Infrastructure**

We are legal counsel to BILD with respect to the City's ongoing parkland study and ultimate parkland dedication by-law. Please accept this letter as BILD's (York Chapter) preliminary comments on the Parkland Dedication Guideline Study, which Committee of the Whole is considering at the February 9, 2022 meeting.

BILD acknowledges and thanks city staff and its external consultants for meeting with BILD representatives through the study process to date. BILD believes strongly that constructive dialogue with the industry is essential to offer the greatest chance of success for consensus on this important matter. That is why BILD brought a full team to participate with city staff and the external consultants during the consultation meetings to date and why BILD, through those meetings, provided constructive comments to the city. That is also why, regrettably, BILD was disappointed with the extremely compressed timeline (a mere week) that it was given to prepare for the February 9, 2022, Committee of the Whole meeting. One week was simply insufficient time to review the over 150-pages of material and to prepare fulsome comments. Accordingly, the comments in this letter represent BILD's preliminary comments on material. These comments should be considered together with the previous BILD submissions¹, attached to this letter.

BILD recognizes that parkland is an essential component of good planning, in building complete communities and in the quality of life for Vaughan residents and businesses. BILD members also accept their share of responsibility for providing parkland with new development. It is critical to remember,

¹ BILD letter to Mayor and Council dated November 30, 2020; BILD letter to City Manager dated June 22, 2021; and BILD letter to City Manager dated October 12, 2021.

however, that parkland dedication can, if left unchecked and not properly calibrated, represents a very significant increase in the price of housing, which burden is ultimately paid by the purchasers. Often these purchasers are first-time homebuyers who are least positioned to carry such a large burden. The current housing affordability crisis only further magnifies this issue. It is, therefore, incumbent upon the city to ensure that it does everything within its authority to mitigate the price of housing while ensuring that future Vaughan residents have access to adequate parkland. The city's ultimate parkland dedication by-law must be consistent with the Provincial Policy Statement and must conform with the Growth Plan. Central to both of those provincial documents are the principles of intensification within urban areas (and especially the built boundary), and affordability. Accordingly, the city's goal to achieve parkland through the development approval process must be tested against impacts on planned intensification and required affordability.

It is also critical that the city ensure that parkland dedication rules (including cash-in-lieu) not be used to supplement (i.e. fix) any existing parkland deficiencies for existing residents. Doing otherwise would unfairly place an additional burden on new homeowners for an existing deficiency that they had no hand in. Doing so would not be respecting the principle that growth pays for growth.

We all, collectively, also need to explore new, innovative, more efficient, and more cost-effective ways to deliver parkland through development. The staff report is commendable for offering some suggestions in this respect, but BILD believes that more can and must be done. Some of BILD's suggestions are discussed below.

LAND VERSUS CASH-IN-LIEU

City staff have recommended that the city take a 'land first' approach to parkland dedication. That principle cannot, however, be applied in a manner which does not take proper account of the impacts on intensification and affordability. Additionally, that principle has the potential to be misused resulting in unacceptable consequences. For example, the 'land first' approach should never be used as a tool to effectively kill a development project. The city should not, for example, require parkland dedication which is so large, or which is so located as to makes the development (or any reasonable development) impossible. The size and location of parkland should always be evaluated by using good planning principles which seek to balance the need for parkland with promoting intensification and improving housing affordability. While it might be tempting to use the parkland dedication tool to kill a development, the city must resist such temptation.

WHAT QUALIFIES AS PARKLAND AND DESERVES PARKLAND CREDIT?

If the city is going to take a 'land first' approach, then this question becomes extremely important. As noted above, the city must broaden its thinking on what qualifies as parkland and what is entitled to parkland credit. City staff and the external consultants are to be commended for starting down this path and BILD recognizes and applauds this, but more is needed to get this right.

Parkland is far more than just baseball diamonds, soccer pitches and splash pads. More and more people desire trails for walking, running and cycling and sometimes the best of these is not located on flat, open areas, but are instead located in woodlands, valleys and otherwise undeveloped (or undevelopable) areas. Historically, however, municipalities have not recognized such lands as being eligible for parkland dedication even though accepting them as parkland would promote intensification and lessen the burden on affordability. This historical thinking must change and such that all land which could serve a park or public recreational purpose be recognized as parkland and be eligible for parkland dedication credit. BILD would be pleased to meet with staff and the city's external consultants to work on the details of this.

Related to this is the matter of parks in the provincial greenbelt. As the staff report notes, parks are permitted and encouraged in the Greenbelt through multiple greenbelt policies², subject of course to adhering to the rules respecting *Key Natural Heritage Features*. Recently York Region adopted ROPA 7 which awaits ministerial approval. City staff and its external consultants recognize the merits of parkland in the provincial greenbelt³ and BILD supports this.

OFF-SITE PARKLAND

Off-site parkland is parkland, should be recognized as such and credited appropriately. City staff and its external consultants are supportive of off-site parkland⁴ and BILD commends this but as the saying goes, the devil is in the details. Planned properly, off-site parkland has an important role to play. It allows, for example, parkland to be provided outside of key intensification areas but close by such that those new residents who live in the intensification areas can utilize it. Such off-site parkland means that more efficient use can be made of lands within the intensification area by accommodating more people in areas with higher order transit services. To encourage and achieve off-site parkland, the amount of the credit must be fair and reasonable, and this is where BILD encourages more discussion with the city.

STRATA PARKS, POCKET PARKS, SLIVER PARKS AND POPS

Like off-site parkland, strata parks, pocket parks, sliver parks and POPS all have an essential role to play in achieving more parkland for future development. Gone must be the days when a municipality would only consider ‘fee simple ownership’ as acceptable parkland dedication. While fee simple ownership will remain an important parkland dedication element, it cannot be the only acceptable alternative. City staff and its external consultants propose some measures towards this end⁵ but in BILD’s opinion, stop short of taking full advantage of the benefits offered by these different types of parks.

Strata parks result in city ownership of the surface (with appropriate depth) and developer/condo ownership of below grade to be used for required underground parking for the development. Keeping the parking below grade is a well-established urban design principle and so it should be encouraged. The surface park delivers the recreational or open space required for the development. Those who use the park are often unaware (or do not care) that there is parking beneath the park. Staff and the external consultants support strata parks subject to the appropriate parkland credit being established. BILD agrees and notes that Town of Newmarket dealt with this same issue when it updated its Parkland Dedication By-law⁶ in late 2017.

Regrettably, city staff are not supportive of recognizing pocket parks, sliver parks and POPS for parkland credit.⁷ BILD believes that all these parks play an important role in providing open space and open space connectivity, especially in a highly urbanized setting. If these spaces are desirable and encouraged by the city, then they must be eligible for parkland credit. The Town of Newmarket’s Parkland Dedication By-law provides parkland credit for all of these types of parks and BILD encourages the city to do likewise. BILD would be pleased to work with city staff and the external consultants to discuss the appropriate credits.

² See policies 1.2.2.(3), 1.2.3, 3.3.3.(1, 2 & 3)

³ See items #4 & 45 in Attachment 2 of the February 9, 2022, staff report.

⁴ See items #3, 5, 15, 16 & 31 in Attachment 2 of the February 9, 2022, staff report.

⁵ See items #3, 8, 24 & 25 in Attachment of the February 9, 2022, staff report.

⁶ Parkland Dedication By-law 2017-56, as amended.

⁷ See items #8 & 15 in Attachment 2 of the February 9, 2022, staff report.

POPS should be accepted for parkland credit and to do otherwise is, in BILD's respectful opinion, short-sighted. In some ways POPS offer the best of both worlds for the city. They are subject to public easements which means they provide important public open space without taxpayer dollars having to build or maintain them. Of course, to be eligible for a parkland credit the POPS should meet reasonable and relevant criteria in terms of location, accessibility and design. The POPS should be accessible from the public realm and inviting to members of the public to use. BILD would be pleased to work with the city on creating these criteria. BILD requests that City Council not accept the staff recommendation that POPS not be eligible for parkland credit and instead, direct staff to create appropriate criteria for parkland eligibility.

Finally, city staff and its external consultants are recommending that within strategic growth area, that "all residents are within a maximum of 2.5-minute walk (200 metres) from a defined urban park space element"⁸. This seems difficult to achieve unless the city accepts POPS, Sliver and Pocket Parks as being eligible for parkland dedication.

DUAL USE PARKS AND SWM FACILITIES

City staff and the external consultants recommend against a parkland credit being provided for lands which accommodate storm water management and in the case of lands which serve a dual purpose, that the storm water management portion of the land be netted out. In BILD's respectful opinion, this policy misses a valuable opportunity. As noted at the outset of this letter, a dwindling land supply and increased intensification force us all to think differently and to make more efficient use of land. Storm water management facilities need not be limited to surface ponds. Rather, they can be buried underground in tanks. This is a proven technology. Like strata parks, the surface of such dual use lands can be effective open space while the area beneath is used for storm water management. Just as condominiums house people vertically, the dual use facility (SWM/Parks) accommodates municipal facilities vertically. If the engineering proves the viability of these dual use facilities, and the surface provides active or passive open space for the residents of the new development, then there is no compelling reason to disqualify it from a parkland dedication credit. In this case, both elements of the dual use facility will be owned by the city. BILD requests that the city not miss the opportunity to make a more efficient use of scarce urban land and that it direct staff to provide a parkland credit for such dual use facilities.

PARKLAND DEDICATION RATES – SLIDING SCALE

The city staff report does not recommend any specific parkland dedication rate or formula, but this is centrally important to BILD and the future purchasers of housing units. In terms of cash-in-lieu, the city has been a leader. Its current fixed rate avoids the devastating result from an application of the maximum rate under the Planning Act.

BILD has a concern with staff consideration #14 that recommends that for Strategic Growth Areas, that 20% of the gross land are identified as urban parkland. After accounting for other undevelopable lands such as roads, storm water management, etc., the amount of land available for development would appear to be significantly impacted. By comparison, the City of Mississauga uses a 12% ratio for its high-density urban areas.

BILD recommends that the city include an appropriate percentage cap on parkland dedication and also consider a sliding scale which reduces the rate as density increases. Both are tools which counter the devastating effects of application of the maximum rate under the Planning Act. Without these tools the amount of parkland dedication can easily exceed the entire development site area, or the value of the

⁸ See item #14 in Attachment 2 of the February 9, 2022 staff report.

entire site when cash-in-lieu is utilized.

SUSTAINABILITY MEASURES PER SECTIONS 42(6.2 & 6.3) OF THE PLANNING ACT

Something that appears to be missing by the city staff report is consideration of existing provisions in the Planning Act which provide parkland credit for sustainability design. At a time when climate change demands much attention, the city may be missing an opportunity to do something concrete about it, as contemplated by the Planning Act. Section 42(6.2 & 6.3) provide as follows:

Redevelopment, reduction of payment

(6.2) If land in a local municipality is proposed for redevelopment, a part of the land meets sustainability criteria set out in the official plan and the conditions set out in subsection (6.3) are met, the council shall reduce the amount of any payment required under subsection (6) or (6.0.1) by the value of that part. 2006, c. 23, s. 17 (1); 2015, c. 26, s. 28 (6).

Same

(6.3) The conditions mentioned in subsection (6.2) are:

1. The official plan contains policies relating to the reduction of payments required under subsection (6) or (6.0.1).
2. No land is available to be conveyed for park or other public recreational purposes under this section. 2006, c. 23, s. 17 (1); 2015, c. 26, s. 28 (7).

BILD encourages the city to direct staff to bring forward recommendations to implement these sections of the Planning Act.

PURCHASE PARKLAND SMARTER AND CREATE A LAND BANK

Item 39 in Appendix 2 of the staff report recommends as follows:

It is suggested that the City consider the establishment of a Land Bank for public parkland purposes, either as a mechanism to counter-act the inflationary effects of the cost of land, or to ensure that land is available for public park purposes as the City continues to urbanize and intensify over time.

BILD supports this recommendation. The city has considerable resources at its disposal to acquire and bank land. As the author of numerous growth reports and as the driving force behind new city-wide Official Plans, it is in the best position to know where to acquire future parkland. It has considerable existing parkland cash-in-lieu reserve funds which it can utilize to hedge against future land price increases.

MISCELLANEOUS MATTERS

Similar to the chart found at page 10 of Appendix 2 to Attachment 1, BILD requests that city staff produce a similar table with specific detail showing the size, scale, typology and geography for future parkland acquisitions (221.7 hectares), and sites acquired through parkland cash-in-lieu funds in particular. Should the city set a fixed per unit cap on parkland cash-in-lieu, the methodology used to calculate the per unit rate should reflect the weighted distribution of parkland to be acquired from both a

geographic perspective, but also a park parcel size perspective.

BILD supports staff recommendation #40 to have a separate account and annual reporting for parkland cash-in-lieu activities. This report should detail the land parcels acquired, as well as site sizes, cost of acquisition, and other relevant details to ensure that the reports provide all relevant information.

CONCLUSION

BILD thanks you for considering this submission, hopes that City Council will give serious consideration to them and looks forward to continued, meaningful, dialogue with city staff and its external consultants. BILD also requests that more, sufficient time be provided to review and comment on documents in the future. Thank you.

Yours very truly,

A handwritten signature in cursive script that reads "Ira Kagan". The signature is written in black ink and is positioned below the "Yours very truly," text.

Ira T. Kagan
Enclos.

cc. BILD
Daryl Keleher (Altus Group Economic Consulting)

June 22, 2021

Mr. Nick Spensieri
City Manager
City of Vaughan
2141 Major Mackenzie Drive
Vaughan, ON
L6A 1T1

Dear Mr. Spensieri,

RE: New Role as City Manager and Request to Meet

On behalf of the Building Industry and Land Development Association, we would like to congratulate you on your recent appointment as the City of Vaughan's City Manager. We are very excited to continue working with you in this new capacity and to further strengthen the working partnership between BILD and the City.

We are actively engaged with the City through the important work brought to the Vaughan Developers Liaison Committee, as well as consultations that occur through our BILD York Chapter banner. We request a meeting at your convenience to provide an overview of BILD York Chapter activities and roles, as well as to discuss key files at the City of Vaughan that are of mutual interest.

We wanted to take this opportunity to bring you up to speed on one of the key files that we have been engaged in, which is the City's Parkland Policy review. From the beginning of this review BILD formulated a Vaughan Parkland Dedication Working Group to support the chapters review. This group has made two submissions to date and has had 2 preliminary meetings with staff – first in November 2020 and again on February 11th - detailed as follows:

November 30th Parkland Letter

BILD first made a submission on November 30, 2020, in response to the City's November 4, 2020 preliminary stakeholder meeting. Although there were no materials or details shared at this meeting, BILD expressed our desire to participate in fulsome consultation ahead of the release of the guidance document to ensure our comments are used to inform the document. BILD also used this submission to seek better understanding of the status and utilization of the City's \$63 million dollars in parkland reserves – whether this money been spent, and if not, how this money will be spent. We also noted that it would be helpful context to include in the guideline reporting, how new parkland policy review will be incorporated in a pre and post CBC regime. These questions provide the framework to facilitate greater collaboration and transparency in the decision-making process.

December 9th – BILD Parkland Policy Position Submission

Following this submission, and in response to the various parkland discussions happening across the GTA, including Vaughan, on December 9, 2020, BILD invited its Chapter members to attend an internal consultation for Parkland Dedication in the GTA and Simcoe. 80 members took part in this discussion and the result was the release of the BILD Parkland Policy Position on February 1st – which is attached for your review. The position focuses on 8 themes that are intended to inform the parkland work happening at the City of Vaughan and elsewhere. The 8 themes include:

- Aligning Goals

- Creating a Plan
- Defining Parkland
- An Efficient Use of Land
- Methodology
- Dialogue and Decision-making
- Collecting Parkland
- Timing of Collection

It was BILDs intention that both the November 30, 2020 submission and the BILD Parkland Policy Position would inform the City's ongoing parkland discussions. However, since these submissions, BILD has yet to receive a response back from staff to either of the submissions. We look forward to receiving staffs response to both of our submissions and arranging follow-up consultation meetings to discuss this further.

VMC Parks and Wayfinding Master Plan

Most recently, the City has provided a commenting opportunity through the VMC Parks and Wayfinding Master Plan review with an online survey that is open until June 30th. We would request that the comments within this letter and our previous submissions be considered for that matter as well.

In order to ensure that we collectively determine a parks program that best meets the needs of both the City and our industry members, there needs to be a significant improvement in the consultation surrounding these parkland related discussions. BILD and our members would like to share the following thoughts as these parkland related reviews move forward:

- The survey is premature because it is addressing programming before the land uses have not been finalized through the VMC Master Plan Update and Secondary Plan Update, and further, the land has not been acquired from the VMC landowners.
- There are serious concerns that the survey feeds into the resident's desires and/or wants without taking into account any understanding that this comes at a cost, let alone a land use planning perspective.
- While we do recognize that the City - through this VMC parks masterplan, secondary plan, and Black creek parks project update - has been hosting various opportunities to gain insight from Vaughan residents, we strongly urge the City to strengthen its direct consultation with the impacted VMC landowners.
- While the City continues to consult with the public on details of park design and features, we ask that the City to not negate the importance of first defining the themes as outlined in our position paper, including determining what effective use of land looks like, how land is collected, and when and how alternative parkland is calculated.
- As noted in the BILD Position, there needs to be further direction on the City accepting different types of parks and open spaces – and, the associated credits that would be given to each type.
- BILD strongly believes that there is a need to not only address these areas in advance of determining the details as suggested in the City's VMC consultation sessions, but also providing consistency and continuity between these two parkland related discussions.
- Lastly, we would request that the City reconfirm the timeline for this review.

As noted in our November 2020 letter, BILD continues to make our Vaughan parkland working group available to staff as a forum for discussion. In order to ensure that parkland within the City of Vaughan is managed in a consistent and effective manner, we ask that staff begin to meaningfully engage our industry well in advance of the parkland guidance document being released in Q3 2021, as identified by staff.

As indicate, we would appreciate the opportunity to meet with you to further discuss these files, our submissions, and how we can work closer together in assuring a mutually beneficial outcome in both the VMC and the City-wide parkland work. We strongly believe that through transparency, openness, and fairness, we will be able to collectively determine a parks program that best meets the needs of both the City, new homeowners, and our industry members. Again, congratulations and we look forward to working with you.

Sincerely,



Dave Wilkes
BILD President & CEO

Cc: Martin Tavares, City of Vaughan
Gabe DiMartino, BILD York Chapter Chair
Mike McLean, BILD York Chapter Chair

October 12, 2021

Kevin Huang, MES, MCIP, RPP
Senior Planner, Parks Infrastructure
City of Vaughan
2141 Major Mackenzie Drive
Vaughan, ON
L6A 1T1

Sent via email to Kevin.Huang@vaughan.ca

RE: City of Vaughan Parkland Policy Review – July 21st Consultation

As we continue through the City of Vaughan's Parkland Policy Review, BILD and our York Chapter members would like to thank staff for the presentation heard at the July 21st Developer Liaison Committee (DLC) meeting regarding the City's *Parkland Dedication Guideline Document*. The DLC forum has proven to be a successful space for collaboration and we appreciate being a part of the ongoing consultations as it relates to Parkland Policy.

Following this meeting, BILD met with our internal Vaughan Parkland Working Group that we established in late last year, in order to discuss the material presented more thoroughly. From the discussions that were had at this working group meeting, and in advance of our October 13th discussion we have encompassed the following comments for your staff's consideration during the preparation of the second draft of the Parkland Document.

Though, prior to discussing our principal sentiments, BILD would like to attach for your reference in Appendix 1 our most recent study entitled *New Homeowner Money in the Government's Bank; How Unspent Municipal Reserves are Impacting Building Livable Affordable Communities in the GTA (2021)*. Altus Group was retained by BILD in order to review trends in the collection and usage of various government charges in the Greater Toronto Area (GTA), including Parkland Cash-in-Lieu (CIL). It summarizes how these charges are levied, how the quantum of charges imposed has changed over time, how the charges are utilized year-to-year, and how much municipalities have in their reserve funds. Specifically in York Region, Altus focused on the Cities of Vaughan and Markham. Further into this submission we will summarize some of our findings.

Principal Sentiments

On December 9, 2020 BILD and KPMG hosted a Parkland Dedication consultation with our members in order to understand the challenges related to parkland in the Greater Toronto Area (GTA). Attached in Appendix 2 is the report that was drafted based on our consultation, and it discusses the four main themes (transparency, flexibility, fairness and predictability) that consistently arose during the consultation across all three component areas; scope, process and financials. At a very high level, these themes are summarized below:

1. **Transparency** | We firmly believe that municipalities must be transparent with all stakeholders in order to give everyone the opportunity to understand the predictable provision goals for parkland.
2. **Flexibility** | The means and methods to obtain parkland need to be flexible to accommodate innovative methods not previously utilized for parkland typology and uses given reduced land area for all citizens.

3. **Fairness** | As your partners in community building, we see many opportunities for fairness in relation to how decisions are made and how discussions take place, and how there may be opportunities to empower our industry to help make. In addition, the City must keep in mind fairness to the home-buyers of these homes since home attainability is a difficulty in the Province.
4. **Predictability** | Municipalities must review their parkland dedication processes and programs to ensure they are predictable, clear and aligned with broader growth strategies such as Official Plans and Secondary Plans.

The themes presented in KPMG's report should be considered by the City as goals that will aid in the creation of a successful, Made-in-Vaughan solution to Parkland Policy. These themes and the challenges currently being associated to them in Vaughan were discussed at length in our internal working group meeting earlier this month. These challenges and areas for improvement can be found below.

As a friendly reminder, this work aided in BILD's formulation of our Cross-Jurisdictional Parkland Position, which has been re-attached for your reference in Appendix 3.

Collection of Parkland

Our members have mentioned that there is a lack of transparency, flexibility, fairness and predictability in relation to the City's parkland dedication scope, processes and financials has resulted in many challenges during project planning and delivery.

To ensure a positive outcome of this review, Vaughan must encompass predictable methods for collecting and implementing parkland. Our discussion highlighted that for many, the existing parkland rates do not sufficiently account for project-by-project realities and impacts. With this, **BILD recommends that Vaughan must adopt predictable methods of parkland dedication costing through the use of percentage caps, as well as the continuation of fixed/graduated rates.** For additional predictability purposes, these rates should apply for a minimum 5-year term. Our members suggest that with an agnostic approach to costing parkland, Vaughan could better reflect these nuances so the costs of parkland do not outstrip the value of development/growth. As an example, in the City of Toronto there is the cap for Parkland, and we have always pointed to and supported this approach.

As you are aware, the need for flexibility when addressing parkland dedication is crucial because the needs and capacity of each applicant and project varies. As such, **BILD recommends that the City should be in the position to satisfy its parkland desires with various formulas for on-site, off-site, table, non-table, and non-traditional lands while providing flexibility with the financial tools to do so.**

It is important for the City to keep in mind that there is a need for flexibility in the use of financial tools, formulas and processes in order to encourage the design of innovative and unique development projects in Vaughan. Everything that has been mentioned above, would help to manage the growing costs of parkland on project delivery.

Early Acquisition of Parkland

Outlined within BILD's Study *New Homeowner Money in the Government's Bank; How Unspent Municipal Reserves are Impacting Building Livable Affordable Communities in the GTA (2021)*, Altus cites that the early acquisition of parkland, where possible, provides significant benefits for municipalities, developers, and existing/future residents. These benefits include:

- Significant cost savings for Municipalities;
- Ensures Community Amenities are in place when people move in; and
- Reduced need for significant parkland dedication or cash-in-lieu requirements.

With early acquisition, the City would publicize the parkland fee schedules and any related formulas so they can be factored into the early planning stages of the development planning process. Specifically, the City would disclose the parkland rate at the time of development application approval for new homes to the builder instead of at the building permit stage. This transparency by the City will be passed along from the builder to the homebuyers of these units earlier on in order to lessen the financial risk at the time of occupancy. We firmly believe that the attainability of homes for all new home-purchasers in the GTA should include the right to not be financially burdened with the cost of parkland that could have been managed earlier at a lower cost of service provision.

Parkland Reserves in Vaughan

As outlined in Altus' Study, over the 2016-2019 period, the City of Vaughan has used its parkland Cash-in-Lieu (CIL) reserves primarily for various land acquisitions as well as minor parkland development projects. The City's parkland CIL balance at the end of 2019 was \$72.5 million, up from \$68.1 million in 2016. Over the four-year period, the City received \$62 million in revenues, including interest earnings, while spending \$55.8 million, almost all of which was for land acquisition purchases.

Provided with this, our members would like a clearer understanding from the City of where parkland money 'goes' once it is paid as it relates to projects, and more broadly what the goals and objectives are related to parkland and the reserve monies that are collected. At this time, **we are kindly requesting a detailed accounting for all Parkland Collection and Cash-in-lieu of Parkland (CILP) paid to the City and paid out by the City over the past 10-15 years, similar to the manner in which expenditures from the City's DC reserve fund are required to be reported.** This will aid in our understanding of where the money has been historically allocated.

BILD also has a few concerns regarding the notion that Vaughan is seeking to make-up for the current parkland deficiencies through new growth, meaning that new growth will also have to provide space for existing residences which is supposed to be fairly provided by tax dollars. To correct this narrative, **we kindly ask the City to confirm their strategy for making up for current parkland deficiencies prior to completing the second draft of the Parkland Document. The City's Parks Plan should also ensure that the significant existing surplus of CIL reserves are accounted for and used to offset any future calculated parkland funding needs.**

Moving forward, Vaughan must be transparent about how the parkland reserve funds will be used. For additional transparency, Vaughan is encouraged to look to their development charges background study for the level of detail that could be provided.

Additional Considerations

- Attached for your reference in Appendix 4, is the *Province's Building Blocks for Sustainable Planning - 9 in a Series of 12*. This resource shares that municipalities are able to authorize a reduction in the amount of cash-in-lieu of parkland payments if sustainability features are included in the redevelopment proposals. **BILD strongly encourages Vaughan to exercise this option in the City's Official Plan and Parkland Policies. Please see Appendix 4 for full details.**

- Our members recommend that additional consideration must be given to on-site parkland. Further, we support that up-to 100% credit should be provided when it comes to strata parks and privately-owned public space (POPS).
- As for existing school sites, Vaughan must consider the neighbourhoods around school sites are going to eventually mature and could be sold by the school boards, and those sites could be bought by the City for Parkland purposes. As an example, the Town of Oakville spent approximately \$2.7 million for the procurement of a surplus site from the Halton Catholic District School Board. In addition to providing parks within residential areas, acquiring sites from school boards enables a chain of transactions that generate numerous benefits for a community - if a site declared surplus is sold and was first purchased using Education Development Charge (EDC) funds, the amount paid with EDCs is required to be returned to the School Board's EDC Reserve Fund once that property is sold, and those funds can be used by the school board to purchase school sites elsewhere in their jurisdiction.

While this review continues, and as the City comes forward with different draft iterations of the Parkland Policy, BILD's comments are subject to change. As your community building partners we look forward to being an ongoing resource for the City throughout this review, and kindly ask to be apprised of all updates moving forward. We are happy to discuss the contents of this letter further at our meeting on October 13th. In the interim should you have any questions, please feel free contact the undersigned.

Respectfully,

A handwritten signature in black ink, appearing to read "Paula J. Tenuta".

Paula J. Tenuta MCIP, RPP
SVP, Policy & Advocacy
BILD

A handwritten signature in black ink, appearing to read "Victoria Mortelliti".

Victoria Mortelliti
Manager, Policy & Advocacy
BILD

The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. It's 1,500 member companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.

New Homeowner Money in the Government's Bank:

*How Unspent Municipal Reserves are
Impacting Building Livable, Affordable
Communities in the GTA*

Independent Real Estate Intelligence

October 5, 2021



**New Homeowner Money in the
Government's Bank:**
*How Unspent Municipal Reserves are Impacting
Building Livable, Affordable Communities in the GTA*

Prepared for:

BILD

Prepared by:

Altus Group Economic Consulting

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October 5, 2021

EXECUTIVE SUMMARY

Altus Group Economic Consulting was retained by BILD to review trends in the collection and usage of various government charges in the Greater Toronto Area (“GTA”). The study summarizes how these charges are levied, how the quantum of charges imposed has changed over time, how the charges are utilized year-to-year, and quantifying funds that municipalities have in reserve. The study focuses on a total of 16 GTA municipalities, including a mix of upper-tier, single-tier and lower-tier municipalities.

Upper- /Single- Tier	City of Toronto	York Region	Peel Region	Halton Region	Durham Region	Simcoe County	City of Barrie
Lower- Tier		Vaughan, Markham	Mississauga, Brampton	Oakville, Burlington	Whitby, Oshawa	BWG	

DEVELOPMENT CHARGES

As of Year-End 2019, Nearly \$3.3 Billion was Available in DC Reserve Funds for New Community Infrastructure

Over the 2013-2019 period, the studied municipalities saw their combined development charge (DC) reserve fund balances increase to \$3.25 billion as of 2019, an increase of \$1.35 billion from 2013.

The City of Toronto was responsible for the majority of the increase in DC reserves, as the City’s DC reserve fund balance rose by \$839 million over the 2013-2019 period, and as of year-end 2019, the reserve fund had a surplus of \$1.2 billion.

Figure ES- 1

Change in DC Reserve Fund Balances, Studied Municipalities	
2013	\$1.91 billion
2019	\$3.25 billion
Change 2013-2019	+\$1.34 billion (+70%)

The build-up of DC reserve fund balances seen in some GTA municipalities represents community infrastructure paid for by recent developments that has not been built. Based on recent annual average DC expenditures, the combined reserve fund surplus represents several years worth of funded infrastructure spending.

Development Charge Rates Have Increased by an Average of 156% Since 2009

Over the 2009-2021 period, development charges in the Greater Toronto Area have increased significantly by an average of 156% (using the single-detached unit rates) in the studied municipalities, which equates to an annual average increase of 8.5% per year.

The average DC rate for a single-detached unit (SDU) has increased from \$31,500 per unit in 2009 to approximately \$80,600 per SDU in 2021. The highest DC rate charged is in the City of Vaughan, at a rate of \$118,400 per SDU (City and Region of York rates combined).

Similarly, average DC rates for apartment units have increased by approximately 125% since 2009.

Slower than Forecast Housing Growth (Among Other Factors) Caused DC Revenues to Fall Short of Projections

Over the 2013-2019 period, the study municipalities received a combined \$10 billion in DC revenues, and spent \$10.4 billion. However, both the revenues and expenditures are each approximately 62% of forecast revenues/expenditures from municipal DC studies.

Figure ES- 2

	Projected (2013-2019)	Actual (2013-2019)	Actual as % of Projected
DC Revenues	\$16.1 billion	\$10.0 billion	63%
DC Expenditures	\$16.5 billion	\$10.4 billion	62%

The shortfall in DC revenues relative to forecasts is due to numerous factors, but primarily due to housing and non-residential space growth being slower than projected, as all municipalities (except the City of Toronto and Peel

Region) saw significant shortfalls in population and employment growth relative to forecast.

In the aggregate, municipalities appear to have responded to lower than forecast DC revenues by proportionately reducing DC expenditures. However, some municipalities have disproportionately delayed expenditures relative to the shortfall in DC revenues.

For example, while the City of Vaughan's DC revenues were 85% of projections, the City's expenditures were only 29% of expenditure plans as set out in DC background studies. Other municipalities spending disproportionately less include Whitby, Toronto and Oshawa.

Figure ES- 3

Comparison of Projected and Actual DC Revenues and Expenditures, 2013-2019

Sorted by Difference in DC Expenditures & DC Revenues (as % of Respective Projections)

Municipality	Actuals as % of Projections		Difference
	DC Revenues	DC Expenditures	
	Percent		Pct Pts
Peel Region	59%	98%	40
York Region	61%	85%	24
Markham	49%	60%	11
Bradford West Gwillimbury	98%	108%	10
Barrie	84%	90%	6
Burlington	67%	68%	1
Halton Region	70%	69%	(1)
Brampton	61%	55%	(6)
Mississauga	65%	56%	(8)
Durham Region	37%	26%	(11)
Oakville	77%	57%	(21)
Simcoe County	78%	56%	(22)
Oshawa	69%	43%	(25)
Toronto	77%	41%	(36)
Whitby	51%	14%	(37)
Vaughan	85%	29%	(56)

Source: Altus Group Economic Consulting

Other municipalities, particularly those responsible for major water and wastewater infrastructure investments that are required to be installed prior to growth occurring, such as York Region and Peel Region, continued to spend DC funds as planned, despite seeing shortfalls in DC revenues relative to forecast.

PARKLAND CASH-IN-LIEU

Municipalities acquire parkland and other forms of open space through parkland dedication requirements imposed on new developments.

Alternatively, a landowner can provide funds in lieu of parkland dedication to a municipality where physical land dedication is not possible to incorporate into the development, known as ‘cash-in-lieu’ of parkland, or “Parkland CIL”, at a rate not to exceed 1 hectare per 500 dwelling units. Despite the statutory allowance, some municipalities choose to apply fixed per unit rates for parkland, a capped percentage of land area, or a combination thereof, so as to not discourage high-density development.

Based on Parkland CIL revenues and expenditures over the 2015-2019 period, there is a significant mismatch between Parkland CIL revenues and expenditures from reserves, with the municipalities studied receiving a total of \$193 million per year in Parkland CIL revenues but spending only \$108 million per year (or 56% of revenues). Only one municipality studied (Town of Oakville) spent more than 85% of revenues generated.

Figure ES- 4

Change in Parkland CIL Reserve Fund Balances, Studied Municipalities	
2013	\$375 million
2019	\$1.48 billion
Change 2013-2019	+\$1.1 billion (+294%)

The imbalance between Parkland CIL revenues and expenditures has caused Parkland CIL reserve fund balances to increase by nearly 300% over the 2009-2019 period, from \$375 million in 2009 to \$1.48 billion in 2019. Every municipality studied has seen increases of 60% or more to their reserve fund balances since 2009. The City of Toronto has the largest parkland CIL reserve fund balance, at \$1.03 billion as of 2019, up 372% or \$815 million from 2009. Numerous municipalities have also seen Parkland CIL reserve fund increases of more than 300% since 2009, including Toronto (+372%), Whitby (+331%), Brampton (+488%), Markham (+441%) and Barrie (+644%).

A key concern with increasing Parkland CIL reserve funds is that the unused money in Parkland CIL reserves, based on likely rates of interest/investment earnings, are unlikely to keep pace with increases in land values, which can diminish the purchasing power of the funds kept in reserve.

To make better use of the Parkland CIL funds generated from new development, municipalities should seek opportunities wherever possible to acquire parklands as early in the planning process as possible (whether in greenfield environments or emerging high-density/urban areas), as it provides an opportunity to save substantial funds by avoiding future appreciation of land prices and avoiding competing in the market while trying to acquire new lands. This approach, based on our review of two recent cases in the GTA, can result in substantial cost savings for municipalities and ensure that community amenities are in place when development of an area is underway.

SECTION 37 DENSITY BONUSING

The former Section 37 of the *Planning Act* (to no longer be in effect as of September 2022) allows for increases in permitted height and/or density through the zoning by-law in return for ‘community benefits’.

Section 37 contributions were meant to help municipalities provide community infrastructure required by the people being accommodated in a development over and above the permitted as-of-right zoning. While Section 37 provisions are used in some ‘905’ municipalities, it has been most frequently utilized in the City of Toronto.

Over the 2017-2019 period, the City of Toronto received roughly \$61 million per year in cash contributions, or \$184 million over the three-year period. Of the \$184 million in Section 37 cash contributions received, roughly half was earmarked for specific improvements such as affordable housing, parkland improvements, streetscape improvements, public agency space, public art, library improvements, child care facilities, etc.

At the end of 2019, the City had a surplus of approximately \$303 million in its Section 37 reserve fund, with over 70% of this balance attributed to four Wards within Downtown Toronto.

Figure ES- 5

Total Amount of Section 37 Density Bonus Reserves, Studied Municipalities	
2019	\$311 million

COMBINED CAPITAL RESERVES

In total, the studied municipalities have a combined \$5.05 billion in their development charge, Parkland CIL and Section 37 Density Bonus reserves. This represents a substantial backlog in growth-related infrastructure paid for by recent housing developments, and also represents an opportunity for infrastructure funding that can help to make existing and new communities more attractive to residents and businesses, and provide improved amenities such as parkland, recreation space, libraries to communities, and provide the hard infrastructure such as roads, water, and sanitary infrastructure that can provide additional capacity for new development.

Figure ES- 6

Current Combined Balances in Reserve Funds, Municipal Charges on New Development (as of year-end 2019)	
Development Charges	\$3.26 billion
Parkland CIL	\$1.48 billion
Section 37 Density Bonusing	\$311 million
Total	\$5.05 billion

The \$5.05 billion in reserves presents an opportunity for the Greater Toronto Area to stimulate the economy with stimulus funding that is presumed to be ready and available to be spent and generate economic activity and employment opportunities.

OTHER FISCAL CONSIDERATIONS

Residential Property Taxes per Household Have Only Increased by 1%-19%, After Inflation Since 2009

The property taxes per household increased for selected municipalities¹ in the range of 22% to 43% over the timeframe, which equates to an average annual

¹ The property taxes paid to upper-tier municipalities, where applicable, are embedded within the estimated property taxes per household in each lower-tier municipality.

increase of 1.80% per year to 3.28% per year. After accounting for inflation, the property tax revenues municipalities received in 2019 were little changed from what they were in 2009, with the increases to property tax revenues per household ranging from 1% to 19%.

Increases to User Fees and Service Charge Revenues Have Outpaced Increases to Property Tax Revenues in Most Municipalities

Meanwhile, user fees and service charges have increased between 10% and 78% in the studied municipalities, with the rate of change higher for user fees/services charges than for property taxes.

Debt Guideline

The Province limits a municipality's annual debt charges to 25% of net revenues (with exceptions made for York Region) – as of 2019, no municipality had debt charges above 11% of net revenues suggesting that municipalities generally have limited borrowing and have significant room to borrow funds for capital infrastructure projects even if immediate funding sources weren't available. The average debt charges as a share of net revenues in the studied municipalities was 4.6%, less than one-fifth the Provincial limit, and only moderately higher than in 2009 (4.0%).

Municipal Land Transfer Tax

The City of Toronto is the only municipality in Ontario with the authority to levy a municipal land transfer tax (MLTT), which is imposed on all real estate transactions, including the purchase of new homes and resale homes.

Over the 2009-2019 period, the City has raised \$5.45 billion in MLTT revenues, or an average of approximately \$495 million per year, with the City receiving more than \$700 million in each of 2017, 2018 and 2019. While there is potential for year-to-year volatility of MLTT revenues, the experience thus far has been that it is a reliable, steadily increasing source of funding.

The majority of funds generated go towards operating costs and tax stabilization reserves. As of 2020, the City directed just 5% of MLTT revenues to the City's capital financing reserves, but the City is exploring opportunities to direct larger portions towards the City's capital program.

The City's \$799 million in MLTT revenues in 2019 represents approximately 6.2% of all municipal operating expenditures, and the revenues (if used

entirely to fund operating costs) would be enough to fund the entirety of operating costs associated with the City's Fire Services (\$567 million) and Library Services (\$226 million) combined.

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1 INTRODUCTION

1.1 BACKGROUND

Altus Group Economic Consulting was retained by BILD to review trends in the collection and usage of various government charges in the Greater Toronto Area (“GTA”), including charges related to the development of new housing, such as development charges (“DCs”), parkland dedication or cash-in-lieu (“CIL”), and Section 37 density bonusing, as well as broader on-going charges, such as property taxes, user fees and service charges. The study summarizes how these charges are levied, how the quantum of charges imposed has changed over time, and how the charges are utilized year-to-year.

1.2 STUDY MUNICIPALITIES

In total, the study focuses on a total of 16 municipalities, including the City of Toronto, the four GTA regional municipalities (Peel, York, Halton and Durham), Simcoe County and the City of Barrie, as well as nine (9) lower-tier municipalities.

Figure 1

Upper-Tier / Single-Tier Municipalities	Lower-Tier Municipalities
City of Toronto	n.a.
York Region	Vaughan, Markham
Halton Region	Oakville, Burlington
Peel Region	Mississauga, Brampton
Durham Region	Whitby, Oshawa
City of Barrie	n.a.
Simcoe County	Bradford West Gwillimbury

1.3 TRENDS IN POPULATION AND EMPLOYMENT GROWTH

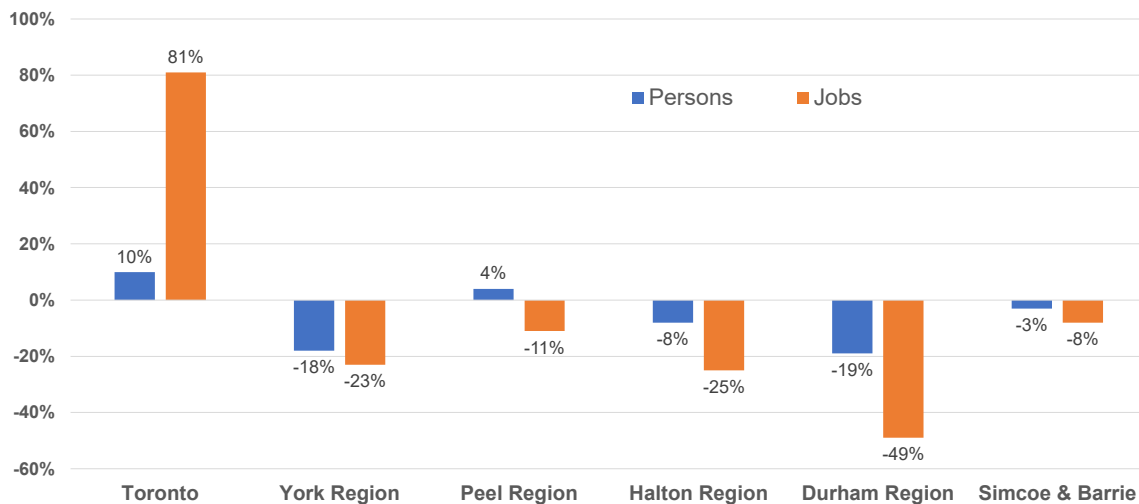
An important element in the analysis, particularly in the area of development charges is assessing how municipalities have grown compared to forecasted population and employment from Schedule 3 of the Growth Plan for the

Greater Golden Horseshoe. Municipal studies underpinning municipal fees and charges incorporate forecasted population, housing and employment from their respective Official Plans, which are to be based on forecasts of the same from the Growth Plan.

In many cases, when comparing projected revenues to actual revenues, any shortfalls can be primarily explained by a relative lack of growth compared to forecasts in most municipalities.

Figure 3

Surplus / Shortfall in Persons & Jobs Relative to Growth Plan Forecasts, 2001-2019



Source: Altus Group Economic Consulting, based on Hemson Consulting GGH: Growth Forecasts to 2051, Growth Plan for the Greater Golden Horseshoe Schedule 3, Statistics Canada Annual Demographic Estimates

Other than in the City of Toronto which saw employment growth from 2001 to 2019 that was 81% greater than forecast², all of the other upper-tier/single-tier municipalities in the GTA saw significant shortfalls of job growth relative to forecasted employment in the Growth Plan, ranging from 8% less than forecast in Simcoe/Barrie combined to 49% less than forecast in Durham Region.

Population growth in all municipalities other than the City of Toronto (+10% greater than forecast) and Peel Region (+4% greater than forecast) also saw shortfalls relative to forecasts, ranging from 3% less than forecast in Simcoe/Barrie to 19% less than forecast in Durham Region.

² The City was forecast to add 160,000 net new jobs by 2019, but added 289,000 net new jobs, or 81% higher than forecast.

The implications of a shortfall in population and/or employment growth on municipal finances is discussed in some detail later in this report.

1.4 CAVEAT

The information presented in this report is based on interpretation of various municipal policies, by-laws, rate schedules, etc. While every effort has been made to interpret these materials accurately, there can be no certainty that municipal stakeholders will apply their policies and rates in the same manner as presumed within the analysis contained in this report.

The data presented in this report is based on the latest data available as of the writing of the report. However, given the variety of types of data used, the most recent iteration of data may vary from one chart, table, or figure to the next. For example, as of the time of writing of this report, the Financial Information Return (FIR) data municipalities submit to the Ministry of Municipal Affairs was current as of 2019.³ Additionally, when looking at how data has changed over time, where possible historic data is provided going back to 2009, but in certain instances, elements of current FIR reporting only became available more recently, and so in some cases the historic data shown does not extend back to 2009.

In some cases, there are municipalities with data available for the 2020 fiscal year. While the report focuses on the 2019 year given that is the year for which all municipalities have all data reviewed available, some of the updated data for 2020 is presented in Appendix A to this report.

³ Some municipalities have a 2020 FIR available, but not all municipalities did as of the time of writing this report.

2 ANALYSIS OF DEVELOPMENT CHARGE REVENUES AND EXPENDITURES

This section of the report reviews the quantity of DC revenues and expenditures from each municipality's DC reserve fund, as well as the year-to-year balances in those reserve funds.

The actual DC revenues and expenditures are compared to projected amounts from the various municipal DC studies to understand whether there have been DC revenue shortfalls relative to forecast, with an overview of the causes of shortfalls (beyond the shortfalls in population and employment growth in most GTA municipalities), and whether similar shortfalls are evident in DC expenditures relative to forecasts.

This analysis can help readers understand whether anticipated revenue shortfalls are being met with disproportionate delaying or postponing of expenditures. Delaying capital expenditures and/or capital projects can have implications for the availability of infrastructure and servicing necessary to proceed with new housing development.

2.1 OVERVIEW OF DEVELOPMENT CHARGES

2.1.1 Municipal Development Charges

The *Development Charges Act* ("DC Act") grants authority to municipalities to enact a development charges ("DCs") by-law that imposes a charge against land to be developed where the development will increase the need for municipal services.

Municipal DCs collect funds for services deemed as being eligible in the DC Act such as Parks & Recreation, Libraries, Fire Services, Police Services, Water, Sewer, Roads, Transit, etc. Where there is both an upper-tier and lower-tier municipality, the services included in each respective municipality's DC by-law are based on which tier is the provider of each service.

Each of the lower-tier/single-tier municipalities reviewed in this report imposes DCs for a variety of services. Recent changes to the DC Act, via Bill 108 (More Homes, More Choice Act, 2019) and Bill 197 (COVID-19 Economic Recovery Act), expanded the list of services for which development charges

can be imposed. Bill 197 also removed the 10% statutory deduction for certain soft services that had previously been required under the *DC Act*.

2.1.2 Area-Specific Development Charges

Several of the municipalities reviewed in this report impose area-specific development charges (“ASDC”), which can result in varying DC rates depending on where a development is located within a jurisdiction:

- **Halton Region** – Halton Region imposes a higher DC rate for homes built in the greenfield area than those built within the Region’s built boundary;
- **City of Barrie** – The City of Barrie imposes different DC rates for the parts of the City within the former City boundaries, and the Salem and Hewitt’s Secondary Plan areas;
- **Town of Bradford West Gwillimbury** - The Town imposes different DC rates for the Bradford settlement area and the Bond Head settlement area. The rates displayed in the following section are based on the in-force rates in the Bradford settlement area; and
- **City of Markham** – The City of Markham imposes additional area-specific DC rates for homes built in certain areas within the City and levies them on a per hectare basis.

2.2 TRENDS IN DEVELOPMENT CHARGE RATES

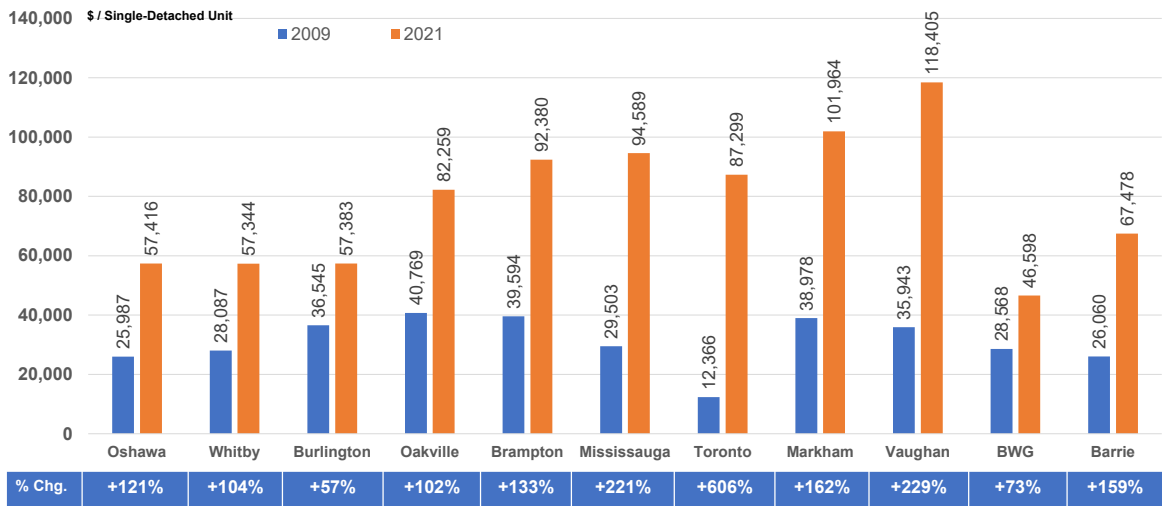
Over the 2009-2021 period, development charges in the Greater Toronto Area have increased significantly by an average of 152% for single-detached units (“SDU”) in the studied municipalities, which equates to an annual average increase of 8.0% per year.

The average DC rate has increased from \$31,500 per SDU in 2009 to \$79,400 per SDU in 2021. The highest combined DC for a single-detached unit is in the City of Vaughan at over \$118,400.

The highest DC rate increase seen since 2009 has been in the City of Toronto, where the DC rate for single-detached units increased by 606%, from \$12,366 per SDU in 2009 to \$87,300 per SDU in 2021. The DC rates increased by more than double in nine of the 11 municipalities studied (when combined with the applicable upper-tier DC rates)

Figure 4

Change in Development Charge Rates, GTA Municipalities, 2009-2021



Source: Altus Group Economic Consulting

Similar increases have been seen for other unit types – for example, average DC rates for apartment units have increased by approximately 125% since 2009.

2.2.1 What Municipal Services Do Development Charges Fund?

The DC Act, under section 2(4) allows for municipalities to levy a DC by-law for numerous services – this list of permitted services was expanded through Bill 197, however, this list largely formalizes the services that municipalities had already been collecting DCs for.

Former iterations of the DC Act were based on an ‘ineligible’ list that could not be included in a DC by-law (that included tourism facilities, landfills, cultural/entertainment facilities), with little other prescription for what could be included, so long as it was not a specified ineligible service.

Currently, the only services being recovered for in the municipalities studied in this report that are not explicitly set out as eligible services in section 2(4) of the DC Act are municipal parking services (currently charged for in Oshawa, Whitby, Oakville, Mississauga, Toronto, and Barrie), and airports (currently charged for in Barrie). These services will no longer be eligible to be collected through DC by-laws after September 18, 2022.

Figure 5 Development Charge Service Breakdown

Service	DC Act	Durham Region		Halton Region		Peel Region		Toronto	York Region		Simcoe County	Barrie
		Oshawa	Whitby	Burling.	Oakville	Bram.	Miss.		Markham	Vaughan	BWG	
Water Supply / Distribution	X	X	X	X	X	X	X	X	X	X	X	X
Wastewater Treatment / Sewers	X	X	X	X	X	X	X	X	X	X	X	X
Storm Drainage and Control	X	X	X	X			X	X	X	X		
Roads & Related (incl. Public Works)	X	X	X	X	X	X	X	X	X	X	X	X
Electrical Power Services	X											
Transit	X	X	X	X	X	X	X	X	X	X	X	X
Waste Diversion	X	X	X						X		X	
Police Services	X	X	X				X	X			X	X
Fire Services	X	X	X	X	X	X	X	X	X	X	X	
Ambulance / Paramedic	X	X	X				X	X			X	X
Libraries	X	X	X	X	X	X	X	X	X	X	X	X
Long Term Care	X	X	X				X	X			X	
Parks and Recreation	X	X	X	X	X	X	X	X	X	X	X	X
Public Health	X	X	X					X				
Child Care	X							X				
Housing Services	X	X	X				X	X			X	X
Provincial Offences Act	X											
Emergency Preparedness	X											
Parking		X	X		X		X		X			X
Airport												X

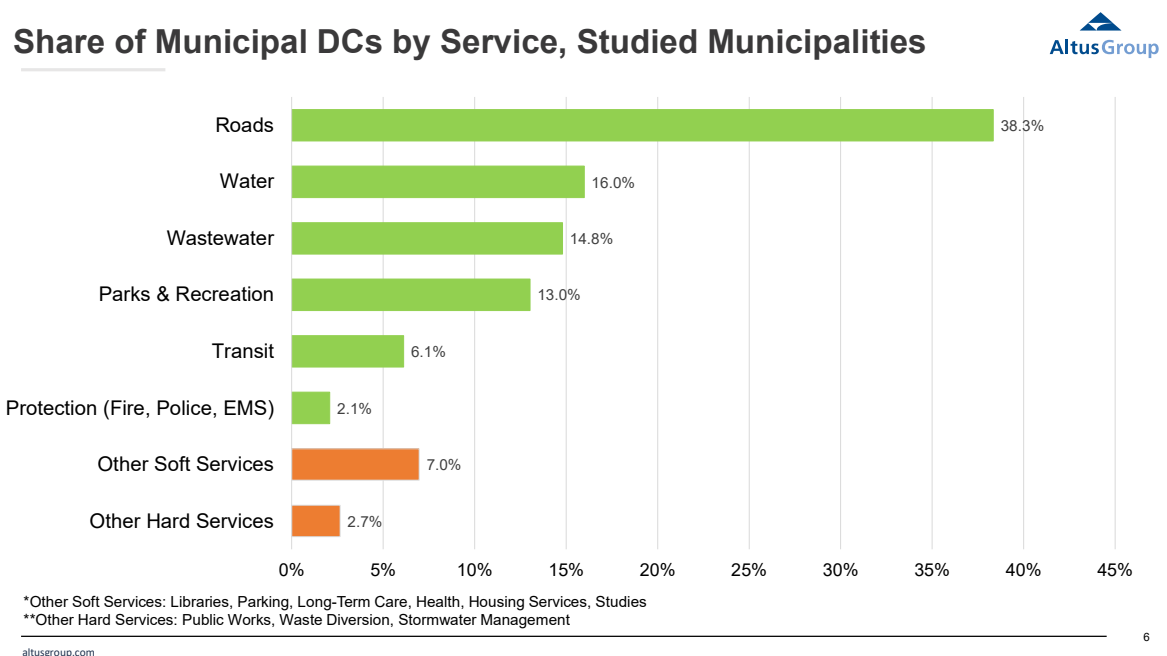
Source: Altus Group Economic Consulting based on Development Charges Act, various municipal DC by-law s

The services with the most significant charges are hard services (e.g. roads, water, wastewater, transit), however, the combined parks and indoor recreation services also represents a significant share of total DC rates in the studied municipalities. These five categories comprise approximately 90% of DC rates.

- The costliest service is Roads (and related services), which on average make up over 38% of municipal DC rates;
- Second largest is Water services, which makes up 16% of DC rates, and includes costs relating to both water supply and water distribution;

- Third largest is Wastewater services, which includes costs relating to wastewater treatment plants and wastewater collection networks, comprising nearly 15% of DC rates;
- Fourth largest is Parks and Indoor Recreation, which when combined make up 13% of DC rates. Often, Parks Development and Indoor Recreation are treated as separate services in DC by-laws, but for the purpose of this analysis they have been combined to allow for comparison between municipalities;
- Fifth largest is Transit, which on average comprises 6% of DC rates. Because of changes made to the *DC Act* in 2016, municipalities are now permitted to recover a greater proportion of transit capital costs than before by being able to recover costs above historic service levels. Transit DCs tend to vary significantly from one municipality to the next as some municipalities rely on DCs to fund expansions of systems incorporating multiple modes of service (subway, streetcar, LRT, bus), while other municipalities have relatively simple transit systems.

Figure 6



Many municipalities do not collect DCs for costs related to 'local' services, such as local roads (e.g. roads within the interior of a subdivision), local water or sewer mains (below a certain defined size threshold), local

neighbourhood parkland development, which would instead be funded directly by developers. The definition of ‘local’ work should be specified through a municipality’s local service policies/guidelines, typically published within a municipality’s DC background study.

The table below shows the range of DC rates for the five most significant DC services among the municipalities studied, as expressed per single-detached unit (or “per SDU”).

The highest DC rates for hard services such as roads, water and wastewater are in Peel Region and York Region, respectively. The combined Roads DC applicable within the City of Vaughan, which includes City and Region charges, amounts to \$58,380 per SDU. The most significant Parks & Recreation charges are \$16,770 per SDU in the City of Mississauga, while the highest DC for transit services is imposed by the City of Toronto, at \$33,200 per SDU.

Figure 7

Highest DC Rates for Hard Service DCs, Studied Municipalities

Service	Average DC Rate	Maximum DC Rate Imposed by Service	
	\$ / SDU	Rate	Municipality
Roads	31,136	58,380	Vaughan / York Region
Water	12,986	28,627	Peel Region
Wastewater	12,029	21,078	York Region
Parks & Recreation	10,575	16,769	Mississauga
Transit	4,967	33,206	Toronto

Source: Altus Group Economic Consulting based on municipal DC by-laws and pamphlets

2.3 DEVELOPMENT CHARGE REVENUES AND EXPENDITURES

Figure 8 shows actual DC revenues and expenditures, as reported in the annual Financial Information Returns (“FIRs”) that municipalities are required to submit yearly to the Ministry of Municipal Affairs and Housing.

In the aggregate, the studied municipalities spent an amount roughly proportionate to the DC revenues generated. Over the 2013-2019 period, the municipalities studied received an average of \$1.49 billion per year in

revenues and spent an average of \$1.43 billion per year from DC reserves, or 96% of annual revenues.

However, when the data is viewed by individual municipalities, there were several municipalities where annual expenditures exceeded revenues. In many of these cases (Peel Region, Barrie, York Region, Halton Region), it is those municipalities that are responsible for water supply and wastewater treatment infrastructure, which often have large up-front costs requiring debt financing to fund, with future DC revenues paying for annual debt charges.

Figure 8

Actual DC Revenues and Expenditures, 2013-2019, Annual Averages
Sorted by Expenditures as % of Revenues

Municipality	Annual Averages - 2013-2019		Expenditures as % of Revenues
	DC Revenues	DC Expenditures	
	<i>Dollars</i>		<i>Percent</i>
Markham	34,998,970	56,228,258	161%
Peel Region	261,080,168	364,673,957	140%
Barrie	24,004,526	30,781,073	128%
York Region	280,874,223	314,057,483	112%
Halton Region	173,170,535	187,452,469	108%
Burlington	4,642,225	4,762,388	103%
Bradford West Gwillimbury	15,924,985	15,604,687	98%
Simcoe County	19,971,562	19,114,183	96%
Brampton	89,950,810	84,013,467	93%
Oshawa	8,839,253	7,384,629	84%
Mississauga	34,451,182	25,587,257	74%
Oakville	30,390,428	20,652,655	68%
Toronto	340,337,391	217,009,920	64%
Durham Region	96,299,871	53,978,984	56%
Whitby	9,522,965	4,596,546	48%
Vaughan	65,382,988	23,807,129	36%
Total	1,489,842,082	1,429,705,085	96%

Note: Annual revenues include interest earnings/costs. Amounts also include debt proceeds and charges

Source: Altus Group Economic Consulting based on annual Financial Information Returns

In many other municipalities, DC expenditures made per year fell significantly short of DC revenues generated per year. For example, the City of Toronto received \$340 million in DC revenues per year over the 2013-2019 period but spent only \$217 million (or just 64% of annual revenues). There may be reasons for this disparity in some municipalities, including project delays and/or cancellations, or possibly 'saving' of funds for large expenditures in the future, rather than relying on debenture financing.

2.4 COMPARISON OF ACTUALS VS. PROJECTED

2.4.1 DC Revenues

Figure 9 shows how the projected DC revenues (from municipal DC studies) compare with actual DC revenues received over the 2013-2019 period. While the DC studies in the studied municipalities projected \$16.4 billion in DC revenues (or \$2.35 billion per year), municipalities received \$10.4 billion (or \$1.49 billion per year), equating to a shortfall in anticipated funding of approximately \$6.03 billion over the 2013-2019 period. Of the 16 municipalities studied, just one saw DC revenues exceed 90% of projections (Bradford West Gwillimbury).

Figure 9

Comparison of Projected and Actual DC Revenues, 2013-2019 Sorted by Actual as % of Projected

Municipality	Projected Revenues	Actual Revenues	Actual as % of Projected
	<i>Dollars</i>		<i>Percent</i>
Bradford West Gwillimbury	113,490,645	111,474,894	98%
Vaughan	540,191,500	457,680,918	85%
Barrie	199,811,567	168,031,679	84%
Simcoe County	179,351,000	139,800,933	78%
Oakville	275,411,114	212,732,998	77%
Toronto	3,100,627,271	2,382,361,736	77%
Halton Region	1,720,740,170	1,212,193,742	70%
Oshawa	90,221,565	61,874,770	69%
Burlington	48,286,641	32,495,575	67%
Mississauga	373,253,000	241,158,275	65%
Brampton	1,027,331,289	629,655,671	61%
York Region	3,235,446,369	1,966,119,560	61%
Peel Region	3,117,383,154	1,827,561,179	59%
Whitby	130,635,336	66,660,757	51%
Markham	502,356,550	244,992,793	49%
Durham Region	1,802,492,887	674,099,094	37%
Total	16,457,030,058	10,428,894,574	63%

Source: Altus Group Economic Consulting

2.4.1.1 Causes for DC Revenue Shortfalls

There are numerous causes for the shortfall in actual DC revenues relative to projections, including the following:

- Underperformance of residential development relative to forecasts in municipal plans (this was the case in all studied municipalities except the City of Toronto and Peel Region);

-
- Significant shortfalls in non-residential development relative to forecasts in municipal plans (in all municipalities except City of Toronto);
 - Intensified use of existing structures that brings net new population or job growth without a corresponding increase to DC revenues, such as:
 - Increases to household sizes,
 - Increased work from home employment
 - Existing office space usage being made more efficient to accommodate more jobs, rather than seeing a corresponding increase in office construction;
 - Statutory exemptions, discounts or rebates as set out in the DC Act, for certain institutional uses like elementary schools, hospitals, places of worship, etc., for the enlargement of existing industrial building (50% or less), exemptions/discounts for office space, secondary dwelling units, etc.;
 - Non-Statutory exemptions that include discounts, rebates, or exemptions provided to incentivize certain types of development.

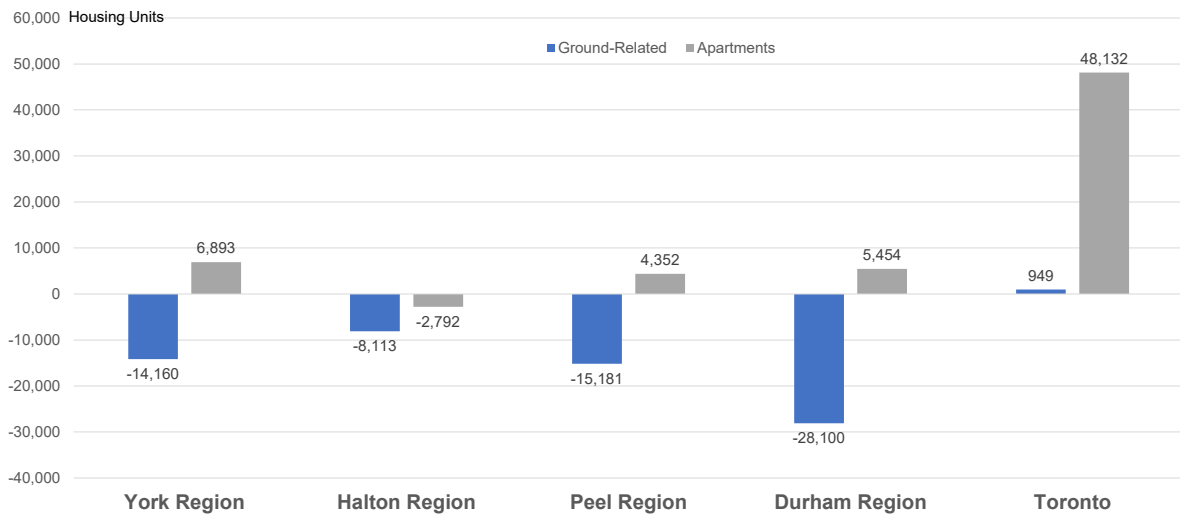
The DC Act does not allow for the cost of any exemptions, discounts or rebates to be made up through higher DC rates for other non-exempt forms of development. Instead, DC reserve funds are meant to be made 'whole' by non-DC sources of funding provided to ensure that future development does not indirectly fund the cost of exemptions.

The graph below shows how the actual number of housing starts in the four regions and the City of Toronto have compared to the amount of housing units forecast in DC studies from the 2008-2010 period. Each of the four regions saw a significant shortfall in ground-related housing units relative to forecast, ranging from a 8,110-unit shortfall in Halton Region, to a 28,100-unit shortfall in Durham Region.

As the forecasted housing units by type are used to forecast DC revenues, any housing supply shortages caused by lengthy municipal processes, planning application related appeals, servicing issues, can have direct impacts on a municipality's ability to meet DC revenue forecasts.

While there was a shortfall in ground-related housing units relative to forecast, the shortfall in ground-related housing units was not offset by significant surpluses in apartment units to bring overall municipal DC revenues back to forecast.

Figure 10 Difference in Housing Starts vs. DC Study Forecasts, 2013-2020, GTA Regions and City of Toronto



Source: CMHC Data, Various Municipal DC Background Studies

Details regarding how single-tier and upper-tier municipalities have grown compared to forecasts from the Growth Plan are provided in Appendix B to this report, providing context behind development-shortfalls contributing to DC revenue shortfalls relative to forecast.

Peel Region has studied the sources of their DC revenue shortfalls and found that compared to the Region’s 2015 DC Study, the residential DC revenues were 83% of forecast, while non-residential DC revenues were just 60% of forecast.⁴

The Region attributes the reasons for the shortfalls in each sector:

Residential DC revenue shortfall is attributed to lower than forecasted construction of single and semi-detached housing

Non-residential DC revenue shortfall [is] in part due to lower than forecasted activities in office developments and partially due to the changing nature of employment.

⁴ Peel Region, Peel’s Growth Management Program & Development Charge Performance – 2019

The Region's report notes that continued shortfalls "increases the Region's debt risk" and "may result in additional pressure on future tax and rate funding sources."

2.4.2 DC Expenditures

Figure 11 shows how the projected DC expenditures in municipal DC studies compares with actual DC expenditures made over the 2013-2019 period. While the DC studies projected \$16.1 billion in DC expenditures (or \$2.30 billion per year), municipalities spent only \$10.0 billion (or \$1.43 billion per year), which equates to only 62% of projections, or approximately \$6.1 billion short of projections.

Only four municipalities spent more than 70% of the amount projected in their DC studies, including Peel Region, York Region and the City of Barrie, all of whom are responsible for water and wastewater services in their respective jurisdictions.

Several municipalities spent less than half of their projected DC expenditures, including Oshawa (43% of projections), Toronto (41%), Vaughan (29%), Durham Region (26%), and Whitby (14%).

Figure 11

Comparison of Projected and Actual DC Expenditures, 2013-2019 Sorted by Actual as % of Projected

Municipality	Projected Expenditures	Actual Expenditures	Actual as % of Projected
	<i>Dollars</i>		<i>Percent</i>
Bradford West Gwillimbury	101,344,385	109,232,809	108%
Peel Region	2,591,948,329	2,552,717,700	98%
Barrie	238,512,179	215,467,509	90%
York Region	2,597,420,635	2,198,402,379	85%
Halton Region	1,901,791,426	1,312,167,283	69%
Burlington	48,899,472	33,336,717	68%
Markham	656,991,065	393,597,808	60%
Oakville	255,180,743	144,568,586	57%
Mississauga	318,867,700	179,110,799	56%
Simcoe County	240,768,490	133,799,283	56%
Brampton	1,072,502,100	588,094,266	55%
Oshawa	119,169,404	51,692,405	43%
Toronto	3,711,723,047	1,519,069,437	41%
Vaughan	573,985,915	166,649,906	29%
Durham Region	1,435,963,773	377,852,890	26%
Whitby	234,176,536	32,175,819	14%
Total	16,099,245,199	10,007,935,596	62%

Source: Altus Group Economic Consulting

2.5 DC SPENDING AS PROPORTION OF RESERVE FUND BALANCE

The forthcoming Community Benefits Charge system will require municipalities “spend or allocate” 60% of funds that are in the CBC reserve fund at the start of the year. There is no such requirement in the *Development Charges Act* or associated regulations.

Based on a review of what proportion of DC reserve fund balances are spent using typical DC expenditures and 2019 DC reserve fund balances, the average DC expenditures represent approximately 47% of DC reserve fund balances, though this metric can vary significantly from one municipality to the next, particularly those without large DC reserve fund balances (Simcoe County, Barrie, Peel Region).

Figure 12

DC Expenditures (Last Three Years) as % of 2019 DC Reserve Fund Balance			
Municipality	Average Annual Expenditures (2017-2019)	DC Reserve Fund Balance (2019)	Spending as % of DC RF Balance
		<i>Dollars</i>	
Toronto	313,776,365	1,223,314,054	26%
Peel Region	333,895,562	(122,578,797)	n.a.
Mississauga	37,261,018	182,734,591	20%
Brampton	59,762,299	160,568,259	37%
Halton Region	187,559,503	57,215,950	>100%
Oakville	21,811,092	80,472,790	27%
Burlington	3,717,353	28,605,758	13%
Durham Region	68,533,265	695,922,041	10%
Whitby	6,312,304	109,036,901	6%
Oshawa	7,879,477	56,521,549	14%
York Region	350,330,258	269,957,121	>100%
Markham	31,354,296	38,412,156	82%
Vaughan	33,305,154	482,519,449	7%
Simcoe County	21,313,340	1,597,622	>100%
Bradford West Gwillimbury	16,018,899	2,485,360	>100%
Barrie	41,076,215	(12,626,352)	n.a.
Total	1,533,906,401	3,254,158,452	47%

Note: Source for Peel Region DC RF balances are annual DC Reserve Fund Statements, as FIRs for Peel Region do not provide necessary information
Source: Altus Group Economic Consulting based on annual Financial Information Returns

Some municipalities spend significantly more than 100% (Halton Region, York Region, Simcoe County, BWG), while others that have a DC reserve fund deficit continue to spend DC funds (Peel Region, Barrie).

Others with significant DC reserve fund surpluses, such as Brampton (37%), Oakville (27%), Toronto (26%), Mississauga (20%), Oshawa (14%), Vaughan (7%) Whitby (6%) spend relatively small amounts relative to balances in their DC reserve fund amounts.

2.6 EXAMPLES OF DELAYED PROJECTS

There are numerous reasons why DC expenditures may be less than projected in DC studies, including:

- Capital projects frequently are delayed, cancelled, or modified;
- Political priorities or desires for certain projects can change over time,
- Municipalities can be reluctant to take-on additional debt to front-end finance large infrastructure projects given provincial debt limits, etc.

However, one downside to delaying projects is that capital costs for the works can increase significantly while the project is waiting for funds to be spent.

There are numerous examples of significant capital projects appearing in numerous DC background studies over a long period of time. However, for two examples of projects that have seen delays and associated cost increases from the delayed timing:

- The Town of Georgina's Multi-Purpose Recreation Complex first appeared in the Town's 2010 DC Study with a timing of 2016 and a gross cost of \$25.0 million, is now contained within the Town's 2021 DC Study with a revised timing of 2022 and a gross cost of \$38.1 million;
- The City of Toronto's project to add a second platform at Union Station appeared in all of the City's DC studies between 1999 and 2018, with project costs increasing from \$58 million in the 1999 DC Study to \$138 million in the 2018 DC Study.

While delaying projects provides municipalities with some temporary budgetary relief, delaying projects inevitably results in construction cost

escalation, offsetting any temporary budgetary relief the municipality may receive if the ultimate capital cost of the work increases and the infrastructure itself is necessary to construct.

The long-term benefit of delaying capital projects for needed community infrastructure is minimal and only results in an under-supply of facilities and amenities need by both existing and new residents of a community.

2.7 RESERVES AND RESERVE FUNDS

Over the 2013-2019 period, just over half of the municipalities studied saw increases to DC reserve fund balances, with 14 of the 16 municipalities having positive balances in their DC reserve funds as of 2019.

The amounts reported in Figure 13 aggregates the balances for all DC reserve funds maintained by a municipality - however, within the aggregate amount displayed, there may be a mix of service-specific DC reserve funds that are in a deficit position and others in a surplus position.

The reserve fund balances can fluctuate significantly from year-to-year for a variety of factors, including:

- Influx of funds from debt issuance, which can provide a one-time boost to the available cash balance in the reserve fund;
- Significant annual debt charges in the years following the debt issuance; and
- Committed funding for specific projects, which may lead to a significant build-up of cash balances but in actuality means that part of the positive cash balance is 'spoken for' and not necessarily available for funding other capital works.

Figure 13

Change in Development Charge Reserve Fund Balances, 2013-2019, Selected Municipalities

Municipality	DC Reserve Fund Balance (excl. Committed Funding)		
	2013	2019	Change 2013-2019
		<i>Dollars</i>	
Toronto	383,801,180	1,223,314,054	839,512,874
Peel Region	227,769,840	(122,578,797)	(350,348,637)
Mississauga	176,630,532	182,734,591	6,104,059
Brampton	(231,182,948)	160,568,259	391,751,207
Halton Region	241,536,214	57,215,950	(184,320,264)
Oakville	2,299,486	80,472,790	78,173,304
Burlington	31,645,192	28,605,758	(3,039,434)
Durham Region	399,055,041	695,922,041	296,867,000
Whitby	65,275,234	109,036,901	43,761,667
Oshawa	22,386,133	56,521,549	34,135,416
York Region	324,561,927	269,957,121	(54,604,806)
Markham	38,405,743	38,412,156	6,413
Vaughan	181,073,554	482,519,449	301,445,895
Simcoe County	995,378	1,597,622	602,244
Bradford West Gwillimbury	5,133,634	2,485,360	(2,648,274)
Barrie	37,228,317	(12,626,352)	(49,854,669)
Total	1,906,614,457	3,254,158,452	1,347,543,995

Note: Source for Peel Region DC RF balances are annual DC Reserve Fund Statements, as FIRs for Peel Region do not provide necessary information

Source:

Altus Group Economic Consulting based on annual Financial Information Returns

2.7.1 DC Reserve Fund Balances and Committed Funding

In many municipalities, DC reserve fund statements show “committed” funding for projects over a capital budgeting horizon. In the case of the City of Toronto, the DC reserve fund statement also reports on a five-year sum of committed and Council-approved capital funding. In these cases, the balance of the reserve fund, when compared to the amount and timing of committed funding can provide an indication of the relative scale of reserve balances, in terms of ‘years reserve’ of DC funding.

Using the City of Toronto as an example, as of their 2019 DC Reserve Fund Statement, the DC reserve fund balance of \$1.22 billion was more than

enough to fund the entirety of the 5-year DC capital funding commitments of \$1.15 billion, with an additional \$75 million left over plus any DC revenues received over that five-year period to build the reserve fund balance back up.

Figure 14

Year-by-Year Change in DC Reserve Fund Balance and 5-Year DC Funding Commitments

Year	Cash Balance	5-Year Commitments (Approved by Council) <i>Dollars (000)</i>	Council Approved Commitments (per year)	Years of DC Spending in Reserve	In-Year Funding/Expenditures		In-Year Revenue Surplus / (Deficit)
					Revenues	Expenditures	
					<i>Dollars (000)</i>	<i>Dollars (000)</i>	
2010	261,297	248,027	49,605	5.27	90,172	44,938	45,234
2011	311,314	284,646	56,929	5.47	131,930	81,914	50,017
2012	369,599	300,097	60,019	6.16	153,927	96,885	57,042
2013	378,227	547,421	109,484	3.45	171,020	162,392	8,628
2014	523,654	727,313	145,463	3.60	272,372	126,945	145,428
2015	629,955	817,347	163,469	3.85	273,711	167,411	106,300
2016	681,861	1,063,352	212,670	3.21	171,292	119,385	51,907
2017	643,011	1,098,771	219,754	2.93	242,784	281,634	(38,850)
2018	1,146,265	1,961,837	392,367	2.92	771,652	279,033	492,619
2019	1,223,314	1,147,598	229,520	5.33	467,347	387,253	80,095

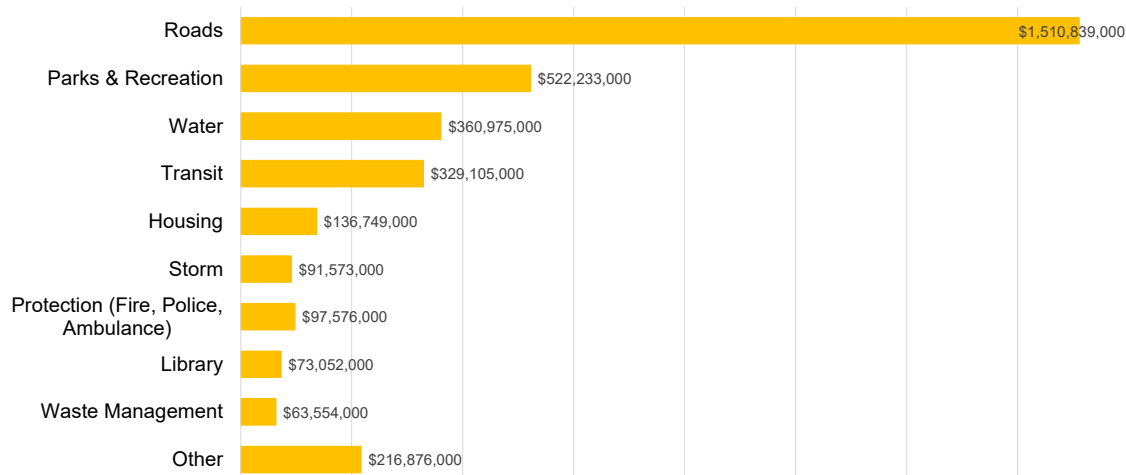
Source: City of Toronto Annual Development Charge Reserve Fund Statements, 2010-2019

2.7.2 DC Reserve Fund Balances by Service

Of the \$3.25 billion combined surplus in DC reserve funds in studied municipalities, over \$1.5 billion is within various municipal “Roads” DC reserve funds, with another \$522 million in “Parks and Recreation” reserve funds.

Figure 15

Cumulative Municipal DC Reserve Fund Balances by Service, Studied Municipalities, 2019 Year-End



*Housing includes social housing, long-term care, shelters
 **Other funds includes various smaller DC services, but also includes Wastewater, which as of year-end 2019, had a combined deficit among studied municipalities
 Source: Altus Group Economic Consulting based on 2019 Financial Information Returns

There are substantial amount of funds also in DC reserve funds for Water (\$361 million), Transit (\$329 million), and Housing (\$137 million, which includes funds for social housing, long-term care and shelters).

The table below shows the largest DC reserve fund balances by specific DC services. The largest DC reserve fund balances for roads is held by York Region at \$383 million, with the City of Vaughan also having \$294 million in DC reserve funds for new roads. For combined water/wastewater services, Durham Region has the highest DC reserve fund surplus of approximately \$462 million.

Figure 16

Service	Largest Service-Specific DC Reserve Fund Balances by Municipality, 2019 Year-End Balances					
	Largest		Second Largest		Third Largest	
	Municipality	Amount <i>Dollars</i>	Municipality	Amount <i>Dollars</i>	Municipality	Amount <i>Dollars</i>
Roads	York Region	383,167,087	Vaughan	294,940,930	Durham Region	191,378,123
W/WW	Durham Region	462,091,262	Toronto	206,563,491	Halton Region	11,258,441
Parks & Recreation	Toronto	234,948,709	Vaughan	162,158,293	Brampton	94,494,185
Transit	Toronto	297,247,829	York Region	28,078,938	Durham Region	17,186,492
Storm	Toronto	37,953,497	Mississauga	33,345,597	Burlington	6,319,393
Housing	Toronto	110,112,623	York Region	26,944,104	Peel Region	2,878,683

Source: Altus Group Economic Consulting based on Municipal Financial Information Return data

The City of Toronto has the highest balance among the four other major DC services of Parks & Recreation (\$234 million surplus), Transit (\$297 million surplus), Storm (\$38 million surplus) and Housing (\$110 million surplus).

2.8 CONCLUSIONS

Based on the analysis presented of municipal DC rates, revenues, expenditures and reserve funds, the key findings are:

- Since 2009 DC rates have increased significantly, with the average DC rate for a single-detached unit growing from \$31,500 in 2009 to \$80,600 in 2021, an average increase of 156%.
- The most significant component of municipal DCs is cost recovery for hard services. The costs for roads, water and wastewater combine to comprise approximately 70% of the average DC rate imposed, while parks development, indoor recreation and transit services also make up significant portions.
- Overall, in the aggregate, the amount of DC expenditures over the 2013-2019 period closely matches the amount of DC revenues, with actual average annual revenues of \$1.49 billion and average annual

expenditures of \$1.43 billion. However, there are significant disparities when the data is viewed by individual municipality.

- Compared to projections made in DC background studies, there was a significant shortfall compared to both forecasted revenues and expenditures. Overall, compared to forecasts in DC studies, over the 2013-2019 period, there was an overall a shortfall of \$6.0 billion of DC revenues compared to revenue projections and a similarly sized shortfall in DC expenditures compared to expenditure projections.
- Municipalities have built-up significant amounts of reserve funds, with the studied municipalities having a total of \$3.25 billion in DC reserve funds as of year-end 2019. Most municipal DC reserve funds (as a whole) are in a surplus position.
- The municipalities that have had the greatest gap in actual expenditures relative to projections have generally seen significant growth in DC reserve fund balances.
- The \$3.25 billion in DC reserve fund surplus includes over \$1.5 billion in unspent DC funds for Roads, \$522 million for Parks & Recreation, \$361 million for Water, \$329 million for Transit, and \$137 million for Housing services.
- Those municipalities with significant DC reserve fund balances are falling behind in providing the community infrastructure that recently constructed housing units and their residents need for a complete community and delays in constructing amenities such as park development, recreation facilities, transit improvements, storm water management improvements, that have been funded by new development may result in existing communities not sharing in the benefit they receive from growth-funded infrastructure.

3 ANALYSIS OF PARKLAND CASH-IN-LIEU REVENUES AND EXPENDITURES

This section of the report looks at parkland cash-in-lieu (“CIL”) revenues by year to understand how much funding for parkland acquisition is being generated by new housing development each year.

An examination of annual revenues and expenditures is also undertaken to better understand whether municipalities are spending parkland CIL funds on land acquisition and development-specific projects as development happens, or are generally ‘saving’ parkland CIL money for large land acquisitions or parkland projects (such as Toronto’s Rail Deck project)

In addition, where data and information are available, the types of expenditures municipalities are making with parkland CIL funds is reviewed to understand the size, scale, and appropriateness of the spending being done.

3.1 OVERVIEW OF CASH-IN-LIEU OF PARKLAND DEDICATION

Although Bill 108 (passed in June 2019) was intended to alter how municipalities collected funds for parkland acquisition, the recently passed Bill 197 (given assent in July 2020) instead restored most of the current parkland dedication / parkland CIL system.

Currently municipalities acquire parkland and other forms of open space through parkland dedication requirements imposed on new developments. Alternatively, a landowner can provide funds in lieu of parkland dedication to a municipality where physical land dedication is not possible to incorporate into the development.

The *Ontario Planning Act* (the “Planning Act”) says that as a condition of development or redevelopment of land, land in an amount not exceeding 5% of a development site area can be conveyed to the municipality for park or other public recreational purposes. Alternatively, for residential developments, the land conveyed to the municipality may also be provided at a rate of 1 hectare per 300 dwelling units.

The *Planning Act* also says that in lieu of providing the land for parks to the municipality, the developer may instead provide a payment to the municipality in the amount of the value of the land to be conveyed, at a rate

not to exceed 1 hectare per 500 dwelling units. The value of the land is determined as the value on the day before approval of a draft plan of subdivision.

The statutory parkland rates are used in many municipalities studied in this report when land is not provided via dedication. The summary below provides examples of the methods some municipalities use in imposing parkland dedication requirements when cash-in-lieu of parkland is relied upon instead of dedication:

- **Fixed per unit / per hectare rate:**
 - City of Vaughan imposes a fixed per unit rate of \$8,500 per high-density unit;
 - The City of Brampton, for non-high-density developments, calculates the CIL payment based on the quantity of land that would have been dedicated using a fixed per-acre land value that differs depending on the housing unit type being proposed;
 - City of Mississauga imposes a per unit fee of \$10,100 for medium- and high-density developments;
 - City of Oshawa imposes alternative parkland CIL rates for dwellings outside of subdivision plans, ranging from \$1,550 to \$7,440 per unit, depending on the unit type;
 - City of Barrie imposes a CIL rate of \$5,726 per unit for units in medium- and high-density developments;
- **Capped Percentage:**
 - City of Toronto currently limits CIL to 10%, 15% or 20%, depending on the size of the site;
- **Combination of Fixed Per Unit Rate & Capped Percentage:**
 - City of Brampton imposes a fixed per unit rate of \$4,288 per high-density unit, capped at 10% of the value of land;
- **Uncapped:**
 - Town of Bradford West Gwillimbury, Town of Whitby, Town of Oakville, Town of Milton and City of Markham do not apply caps on CIL payments from medium or high-density

developments, whether in the form of a per unit rate, a percentage cap, or a combination thereof.

3.2 AVERAGE ANNUAL REVENUES AND EXPENDITURES

In most municipalities, recent trends have seen average annual revenues significantly exceed expenditures. In aggregate, over the 2015-2019 period, the studied municipalities have received an annual average of \$193.3 million per year in parkland CIL funds, and have spent \$107.7 million per year, or just 56% of revenues received.

Of the studied municipalities, only the Town of Oakville has spent more parkland CIL funds than what was received over the 2015-2019 period. All other municipalities have seen expenditures fall behind revenues.

Figure 17

Annual Average Parkland CIL Revenues and Expenditures, GTA Municipalities, 2015-2019

	Annual Averages - Last Five Years (2015-2019)		
	Revenues	Expenditures	Expenditures as % of Revenues
	<i>Dollars</i>		<i>Percent</i>
Durham Region			
Oshawa	n.a.	n.a.	n.a.
Whitby	n.a.	n.a.	n.a.
Halton Region			
Burlington	1,302,821	208,448	16%
Oakville	9,225,779	9,654,193	105%
Peel Region			
Brampton	12,524,482	3,944,184	31%
Mississauga	17,519,366	9,208,096	53%
Toronto	120,677,996	69,121,842	57%
York Region			
Markham	15,081,060	3,468,770	23%
Vaughan	13,635,039	11,347,971	83%
Simcoe County			
Bradford West Gwillimbury	202,467	-	0%
Barrie	3,174,647	696,694	22%
Total	193,343,658	107,650,199	56%

Source:

Altus Group Economic Consulting based on Financial Information Return data

The imbalance between revenues and expenditures could in some cases be due to some municipalities 'saving up' for large parkland acquisitions. However, the effect of this is that a significant amount of money that could be used to provide public amenities to new and existing residents of municipalities is effectively being stranded for long periods of time and building up into large surpluses in CIL reserve funds (as shown in the following section of this report).

3.3 RESERVE FUND BALANCES

Over the 2009-2019 period, the balance in parkland CIL reserve funds have increased significantly in most municipalities studied, with the aggregate amount of CIL funds increasing from \$375 million in 2009 to \$1.48 billion in 2019, an increase of 294%. Of the \$1.1 billion in additional parkland CIL funds, most of the dollar value increase is from the increase to the City of Toronto's CIL reserve fund, which has increased by \$815 million since 2009.

Figure 18

Change in Parkland Cash-in-Lieu Reserve Fund Balances, GTA Municipalities, 2009-2019

	Reserve Fund Balances - Parkland CIL			
	2009	2019	Change 2009-2019	% Change 2009-2019
Durham Region		<i>Dollars</i>		<i>Percent</i>
Oshawa	705,897	1,261,656	555,759	79%
Whitby	1,954,990	8,431,972	6,476,982	331%
Halton Region				
Burlington	7,130,871	16,636,186	9,505,315	133%
Oakville	15,226,684	35,596,055	20,369,371	134%
Peel Region				
Brampton	16,664,778	98,039,594	81,374,816	488%
Mississauga	55,056,235	132,956,080	77,899,845	141%
Toronto	219,291,142	1,034,737,470	815,446,328	372%
York Region				
Markham	10,929,696	59,165,301	48,235,605	441%
Vaughan	45,446,405	72,544,521	27,098,116	60%
Simcoe County				
BWG	712,651	1,727,843	1,015,192	142%
Barrie	2,325,194	17,304,300	14,979,106	644%
Total	375,444,543	1,478,400,978	1,102,956,435	294%

Source: Altus Group Economic Consulting based on Financial Information Return data

Over the 2009-2019 period, while parkland CIL reserve fund balances have increased by nearly 300%, the continuing escalation of land values over the same period effectively diminishes much of the purchasing power of the funds kept in CIL reserves.

The funds in CIL reserves amount to funding generated by new housing whose new residents have yet to see the benefit of the amenities that they have provided funding for. For example, the increased CIL reserve fund balance when expressed per housing start over the same 2009-2019 provides an indication of the value of parkland or parkland amenities funded by each new residential units but not yet provided. In some municipalities, the increase to the Parkland CIL balance over the 2009-2019 period equates to over \$4,000 of unexpended funds per housing start during that same period of time.

Figure 19

Change in Parkland Cash-in-Lieu Reserve Fund Balances, GTA Municipalities, 2009-2019

	Change in Reserve Fund Balance (2009-2019)	Housing Starts (2009-2019)	Net Change in Reserve Fund Balance per Additional Housing Unit
	<i>Dollars</i>	<i>Units</i>	<i>Dollars / Unit</i>
Durham Region			
Oshawa	555,759	8,639	64
Whitby	6,476,982	5,857	1,106
Halton Region			
Burlington	9,505,315	7,322	1,298
Oakville	20,369,371	14,140	1,441
Peel Region			
Brampton	81,374,816	36,109	2,254
Mississauga	77,899,845	20,772	3,750
Toronto	815,446,328	192,301	4,240
York Region			
Markham	48,235,605	25,037	1,927
Vaughan	27,098,116	25,216	1,075
Simcoe County			
Bradford West Gwillimbury	1,015,192	4,678	217
Barrie	14,979,106	5,292	2,831

Source: Altus Group Economic Consulting based on Financial Information Return data

One strategy that some municipalities could utilize to better match revenues with expenditures and more effectively realize the value of parkland funds

received is, where possible, undertake strategic acquisitions of land so that a significant proportion of parkland is pre-purchased before an area is designated for growth. This would enable the municipalities to take advantage of a period in time where land values are significantly lower than they otherwise would be later on in the planning process.

Prior to adoption official plan policies that contain specific policies dealing with the provision and acquisition of parkland, the *Planning Act* requires municipalities undertake a “Parks Plan” that examines the need for parkland in the municipality. When determining the need for additional parkland in a municipality, these Parks Plans should account for the amount of money in the municipal parkland CIL reserve fund to only determine what the ‘net’ amount of CIL funds would be required going forward used as the basis for setting parkland dedication/CIL rates to be imposed on new development. This approach would be consistent with how municipal DC background studies incorporate existing reserve fund balances into the need for net new funding.

3.4 EXAMPLES OF PARKLAND CASH-IN-LIEU RESERVE FUND EXPENDITURES

3.4.1 Oakville

Over the 2016-2019 period, the Town of Oakville has used its parkland CIL reserves on a mixture of land acquisitions and miscellaneous park improvements (e.g. playground structures and recreation buildings). The most recent prominent purchases being nearly \$16.7 million spent on the acquisition of the Deerfield Golf Club, and another approximately \$2.7 million for the procurement of a surplus site from the Halton Catholic District School Board.

3.4.2 Vaughan

Over the 2016-2019 period, the City of Vaughan has used its parkland CIL reserves primarily for various land acquisitions as well as minor parkland development projects.

The City’s parkland CIL balance at the end of 2019 was \$72.5 million, up from \$68.1 million in 2016. Over the four-year period, the City received \$62 million in revenues, including interest earnings, while spending \$55.8 million, almost all of which was for land acquisition purchases.

3.4.3 Mississauga

Based on the City's annual treasurer's statements, some of the projects for which the City has spent parkland CIL funds include land acquisitions in Downtown Cooksville, Cooksville Creek, and Credit River Valley. The City also funded \$5.7 million towards the Meadowvale Library / Community Centre.

As of the end of 2019, the City's parkland CIL reserve fund balance was \$122.3 million, nearly double what it was in 2016 at \$65.8 million. Over the 2016-2019 period, the City received nearly \$66 million in CIL contributions, while spending only \$43 million. As well, over the 2016-2019 period, the City accrued nearly \$28 million in interest earnings within the CIL reserve fund from its substantial reserve fund balance.

3.5 BEST PRACTICES

3.5.1 North Park, Town of Oakville

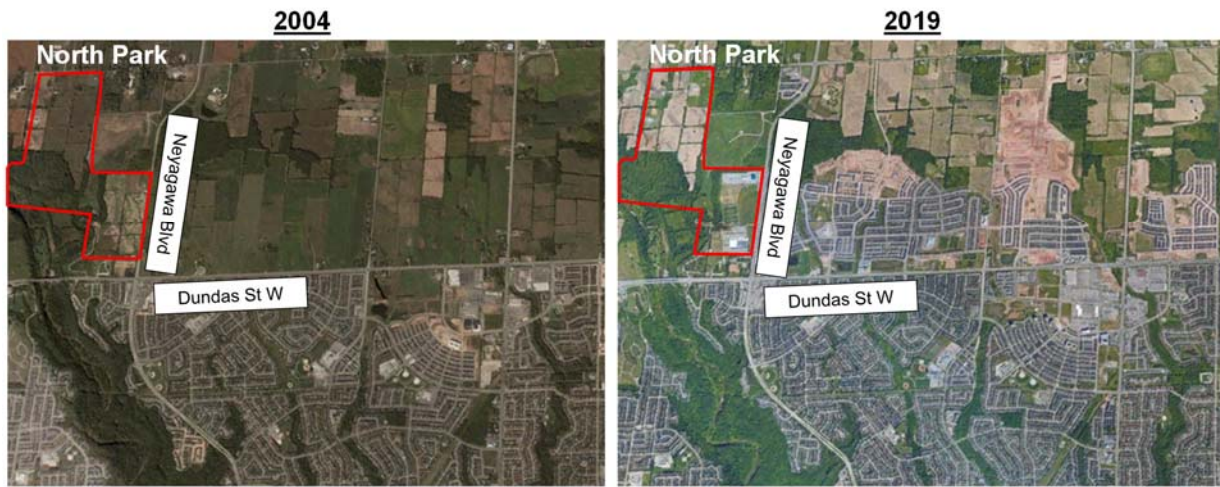
Located at the intersection of Dundas St W and Neyagawa Blvd in the Town of Oakville, the 192 acres (77 hectares) of parkland that comprise the North Park was purchased by the Town in 1991 for approximately \$6.6 million (or about \$34,000 per acre). Over 75% of the cost of the purchase in 1991 was facilitated by fees paid for by new development.⁵

The planning process for the lands within the Town located north of Dundas Street West, known as "North Oakville", took a significant amount of time in the years after the parkland purchase, with development of housing in the area only beginning after 2010.

Since the purchase of the North Park land in 1991, land costs in Oakville have risen significantly. According to the land value assumptions used in the 2009 Education Development Charge Background Study for the Halton-area school boards ("Halton 2009 EDC Study"), the value of residential land in the area in the period that North Oakville were 1600% higher than when the Town had acquired the land 20 years earlier.

⁵ See Town of Oakville By-law 1991-171

Figure 20 **North Park Area, Town of Oakville, 2004 to 2019**



Source: Altus Group Economic Consulting based on Google Maps

Had the Town waited to purchase the parkland in the area at a time closer to when development of new housing was initiated, the Town would have paid substantially more.

Using the land values from the Halton 2009 EDC Study, the cost of the land acquisition in 2009 or 2010 would have been approximately \$115 million, or \$108.6 million more than actually spent when the lands were acquired in 1991.

Figure 21 **Estimated Savings in Parkland Acquisition Costs, North Park, Town of Oakville**

<u>Year (Event)</u>	<u>Site Size</u> <i>Acres</i>	<u>Price Per Acre</u> <i>\$/ Acre</i>	<u>Total Cost / Value</u> <i>Dollars</i>
1991 (Year of Acquisition)	192	34,375	6,600,000
2010 (Year of Development)	192	600,000	115,200,000
Change		565,625	108,600,000
% Change		1645%	1645%

Note: All dollar amounts are expressed in nominal terms, and so do not account for inflation

Source: Altus Economic Consulting based on 2009 HDSB/HCDSB EDC Study

3.5.2 Bram East Community Park, City of Brampton

Located northwest of the intersection of The Gore Road and Castlemore Road in the City of Brampton, the Bram-East Community Park provides regional recreational facilities and activities to both the Bram East community, as well as future residential development within the Highway 427 Industrial Secondary Plan, which is planned to be developed with a mixture of low-, medium-, and high-density residential uses.

The City acquired the lands for the Bram-East Community Park in September 2008, purchasing 140 acres of land from a developer/landowner that had originally intended to use the land to develop housing on the site. The newly acquired land was added to an existing inventory of 100 hectares of nearby parkland that the City had already owned, creating one of Brampton’s largest community parks.⁶

Part of the lands acquired (16 acres) were later sold in 2012 and used for the ErinOakKids medical facility at the corner of The Gore Road and Castlemore Road.⁷

Figure 22

Bram-East Community Park, City of Brampton



Source: Altus Group Economic Consulting based on Google Maps

⁶ Nova Res Urbis, Greater Toronto Area Edition, September 17, 2008.

⁷ See Bylaw 204-2012

According to the City's 2017 Parks and Recreation Master Plan, the recreation planning area ("RPA") that covers this part of the City is expected to have a surplus of Community Park lands equating to approximately 9.9 hectares by 2031, even after accounting for anticipated growth in the RPA.

Given the challenges municipalities can have in acquiring parkland, and particularly so in preferred locations, the acquisition of the Bram-East Community Park lands in 2008 provided a significant base of parkland to ensure sufficient access to community parks for existing and future residents.

3.5.3 Benefits of Early Acquisition

Based on the details in the cases reviewed, and other scenarios where early acquisition of parkland is possible, it is apparent that there are significant benefits for municipalities, developers, and existing/future residents with this approach, including:

- **Significant Cost Savings for Municipalities:** Purchasing land well in advance of development, or where possible, prior to planning for specific land uses in an area can save municipalities substantial amounts of money in land acquisition expenses. As well, a more forward-looking process can help a municipality avoid competing with prospective developers in acquiring lands;
- **Ensures Community Amenities Are in Place when People Move In:** As evident from the two case studies, having parkland already acquired and parkland developed or other recreation facilities completed prior to housing development occurring in the area can help ensure that new residents moving into an area have immediate access to recreation services, amenities and programs from day one, rather than waiting years, or relying exclusively on neighbourhood parks that developers may provide within the development lands. As well, this can free-up capacity at existing facilities in other parts of a municipality;
- **Reduced Need for Significant Parkland Dedication or Cash-in-Lieu Requirements:** If a municipality was able to adequately plan and provide enough parkland in an area to meet a community or municipality's recreation needs, it may allow a municipality to place less emphasis on extracting maximum parkland CIL dollars from new development. If a municipality was able to avoid imposing a

parkland CIL charge, the costs of housing development would be lowered, equating to savings that could be passed onto new homebuyers. For every \$10,000 in avoided in costs, a new homebuyer would potentially save not only \$10,000 in purchase price costs, but also save mortgage interest costs of approximately \$5,000 over the life of the mortgage⁸;

3.6 CONCLUSIONS

Based on the analysis of municipal parkland dedication and cash-in-lieu policies, revenues, expenditures and reserve funds, the following are the key findings:

- Many municipalities studied use some form of fixed or capped approach to parkland cash-in-lieu payments, which is an important step in ensuring that undue burden is not placed on high-density developments in funding parkland acquisition costs in a municipality;
- Very few municipalities spend as much parkland CIL funds as they receive each year. As a result, reserve fund balances have increased significantly, with reserve fund balances increasing in every municipality studied. The overall parkland CIL reserve fund balance of the municipalities studied was a cumulative \$1.47 billion as of 2019. Much of the combined parkland CIL reserve fund surplus is due to the City of Toronto's 2019 year-end balance of \$1.03 billion, up from \$219 million in 2009;
- Certain municipalities with large-scale developments around major transit stations or in greenfield areas can avoid costly acquisition expenses by strategically pre-purchasing parkland during the initial stages of the planning process before an area is designated for specific land-uses, or well before higher-order transit is installed. Based on the two case studies reviewed, the cost savings for municipalities, taxpayers, and homebuyers can be significant. As well, this ensures that community amenities are in place as residents begin to populate an area.

⁸ Based on 25-year mortgage, 3.5% interest rate, monthly payments

4 ANALYSIS OF SECTION 37 REVENUES AND EXPENDITURES

This section of the report focuses on the revenues, expenditures and reserve fund balances for municipalities that utilize density bonusing as permitted within the Planning Act.

4.1 SECTION 37 – DENSITY BONUSING

In its iteration prior to the passage of Bill 108, the former Section 37 of the *Planning Act* allowed for increases in permitted height and/or density through the zoning by-law in return for ‘community benefits’, provided that the requisite Official Plan policies were in place (e.g. stating the community benefits that would be sought for granting bonusing, etc.). Section 37 contributions were meant to help municipalities provide community infrastructure required by the people being accommodated in a development over and above the permitted as-of-right zoning.

While Section 37 provisions are used in some ‘905’ municipalities, it has been most frequently utilized in the City of Toronto. The *City of Toronto Official Plan* sets out several community benefits that may be provided in return for increased height and/or density, including affordable housing, parkland/park improvements, streetscape improvements, public art, childcare facilities, etc. The contributions can be provided in the form of both cash contributions or in-kind contributions (e.g. funding the construction of a daycare, providing a connection from the development to a transit station, etc.).

While Section 37 contributions are often provided by private developers unlike all other types of charges, taxes or fees imposed by municipalities, there is often no publicly available formula or method for how Section 37 contributions are determined. Instead, Section 37 contributions are determined based on the result of negotiations between municipal staff, the municipal Councilor and an applicant, which can result in significant variation in what is provided from one development to the next, or from one area a municipality to another.

Based on our review of section 37 agreements associated with various zoning by-law amendments in the City of Toronto, in some cases cash contributions agreed upon can range anywhere from less than \$1,000 per unit, to over \$22,000 per unit in some instances.

The Section 37 system, as has been in place in Ontario for some time, is far from optimal from a public policy perspective. The results of a negotiated charge like Section 37 is contrary to basic principles that public taxation policy should adhere to, including:

- **Fairness:** paying the same as others in similar circumstances;
- **Certainty:** knowing what you'll have to pay;
- **Transparency:** knowing how the tax/charge is calculated, and how the funds are used.

Starting September 2022, the former Section 37 density bonusing system will be replaced with a Community Benefits Charge (“CBC”) system, which will impose a charge based on a percentage of the land value for developments that include both 10-or-more residential units and are 5-or-more storeys in height. This percentage has been fixed by regulation at 4% of land value, based on the value as of the day before building permit issuance.

Prior to adoption of a CBC by-law, municipalities will be required to prepare a CBC Strategy Study that will identify the facilities, services, and matters to be funded. The CBC by-law is permitted to be appealed to the Local Planning Appeals Tribunal (“LPAT”). Municipalities are also required to provide annual statements that report on details regarding reserve fund balances and specific expenditures made using CBC reserve funds.

4.2 EXAMPLES OF MUNICIPAL USAGE OF SECTION 37 DENSITY BONUSING

4.2.1 City of Toronto

According to a City of Toronto Staff Report dated September 23, 2019, the City received a total of \$184.5 million in Section 37 cash contributions over the 2016-2018 period (or \$61.5 million per year), with approximately \$91.7 million set aside for specific purposes, and another \$92.8 million ‘unattributed’ until a specific project is determined. Of the \$91.7 million for specific projects, the funds are allocated for the following specific purposes:

- \$23.9 million for affordable housing;
- \$18.1 million for parkland and/or park improvements;
- \$14.1 million for streetscape improvements;

- \$12.9 million for public agency space (non-profit arts, cultural, community or institutional facilities);
- \$10.3 million for community centres;
- \$4.0 million for the Jack Layton Ferry Terminal;
- \$2.9 million for public art; and
- \$5.5 million for miscellaneous projects, including library improvements, road improvements, non-profit child care facilities, bike share infrastructure, and local improvements to transit facilities.

As of the end of 2018, the City had a surplus of approximately \$303 million in the Section 37 reserve fund. The vast majority of this reserve fund balance (\$214 million out of \$303 million, or 71%) was attributed to four Wards within the Downtown area of the City (i.e. York Centre, University Rosedale, Toronto St. Paul's, Toronto Centre).⁹

The Wards outside of the Downtown that have the most substantial reserve fund balances include Wards 17 and 18 (i.e. Don Valley North and Willowdale), with \$14.8 million and \$14.6 million respectively, which combined make up a further 10% of the reserve fund balance.

4.2.2 Town of Oakville

Through the approval of the Liveable Oakville Plan in 2011, the Town of Oakville began to have in-force Section 37 density bonusing policies, with the first agreement made in 2012.

However, the Town has not used Section 37 extensively – since 2015, the Town has brought in just \$565,160 in developer cash contributions and has made another \$232,700 from interest earnings. Instead, the Town appears to primarily use section 37 as a tool to receive in-kind contributions, but based on conversations with Town staff, have also utilized letters-of-credit (LOCs) to fund works with drawdowns on those LOC amounts. The Town has spent just \$42,100 in funds over the 2016-2019 period, exclusively on the “Kerr Village Building Façade Improvement Grant”, but this amount would exclude in-kind contributions or those funded by LOCs. As of year-end 2019, the Section 37 Density Bonus reserve fund had a balance of approximately \$2.84 million.

⁹ Based on the 25 Ward Structure

It is noted that while the Town reports on which developments have made Section 37 agreements, the details of those agreements are not made public as they are in other jurisdictions such as the City of Toronto.

4.2.3 City of Vaughan

According to the City of Vaughan's guidelines¹⁰ for implementation of Section 37, its use in Vaughan is primarily intended for the intensification areas of the City.

The City utilizes a sizing threshold, with Section 37 provisions only being applied to projects larger than 4,000 square metres in gross floor area ("GFA") and where the proposed density exceeds 1,000 square metres in GFA over what is otherwise permitted.

The City's guidelines state that while there is no standard city-wide formula,

...On average the City will seek to achieve a value for community benefits that represent a range between 20-35% of the increase in land value resulting from the increase in height and/or density.¹¹

As of year-end 2019, the City of Vaughan had a balance of approximately \$3.06 million in its Section 37 reserve fund.

4.2.4 City of Mississauga

According to the City of Mississauga's Bonus Zoning Policy (policy number 07-03-1)¹², the City sets out minimum size requirements for a development to be eligible for Section 37 contributions. The policy states that any zoning by-law amendment in excess of maximum development limits where additional height is proposed or projects that are larger than 5,000 m² in size and where the proposed density would exceed 1,500 m² over what would otherwise be permitted.

As of the end of 2019, the City had a balance of \$1.97 million in its Bonus Zoning Reserve Fund after accruing about \$80,000 in interest and spending \$300,000 on capital projects that year.

Based on historic revenues and expenditures, over the 2016-2019 period, the City collected approximately \$2.1 million in contributions and spent \$1.0

¹⁰ City of Vaughan, Guidelines for the Implementation of Section 37 of the Planning Act

¹¹ Ibid, page 3

¹² City of Mississauga, Bonus Zoning Policy Number 07-03-01, September 26, 2012

million. As well, the reserve fund balance increased from \$1.17 million to \$1.97 million over that same period.

4.2.5 Other Municipalities

While the City of Markham does utilize Section 37, details regarding contributions and expenditures were not readily available to produce a detailed analysis.

As well, despite extensive research, it does not appear that many of the other municipalities utilize Section 37 density bonusing in any significant way. This includes the City of Brampton¹³, City of Barrie, Town of Bradford West Gwillimbury, Town of Whitby, City of Pickering, and the Town of Milton.

It should be noted that Section 37 density bonusing is a tool only used by lower-tier or single-tier municipalities and is therefore not applicable to the upper-tier municipalities that were studied in this report (i.e., Halton Region, York Region, Peel Region, Durham Region and Simcoe County).

4.3 COMMUNITY BENEFITS CHARGE

Starting in September 2022, the current Section 37 of the *Planning Act* will be replaced with a Community Benefits Charge (“CBC”) that will allow single-tier and lower-tier municipalities to levy a charge capped at 4% of land value against development, based on the value of land as of the day before first building permit.

The CBC will only be allowed to be imposed on higher-density developments that have both 5-or-more storeys and 10-or-more dwelling units.

The *Planning Act* requires that before a CBC by-law can be passed, the municipality must prepare a “CBC Strategy” study, which will largely be similar in scope to DC background studies required to be done to rationale proposed DC rates. The new CBC system will improve the required level of transparency on reporting of revenues and expenditures, as the O.Reg. 509/20 requires annual reserve fund statements, similar to the requirements under the *Development Charges Act*.

¹³ Based on Staff Report 8.2.4-1 to Committee of Council, April 24, 2019

Appeals of CBC by-laws will be allowed should the provisions of the *Planning Act* and associated regulations not be met in the imposition of the charge. The *Planning Act* also sets out a dispute mechanism for specific developments where the amount imposed may exceed the allowable cap on CBCs.

The CBC system would also require that municipalities “spend or allocate” 60% of money in CBC reserve funds at the start of the year.

4.4 CONCLUSIONS

Based on the analysis of municipal Section 37 density bonusing policies, revenues, expenditures and reserve funds, the following are the key findings:

- In most of the municipalities reviewed, the Section 37 density bonusing tool was used sparingly and contributed limited amounts to community infrastructure projects.
- Community Benefits Charges, which replaces the former iteration of Section 37 density bonusing, will become a more broadly applied charge as it affects the full land value of all high-density developments, whereas Section 37 density bonusing only applies to the incremental increase in zoning permissions;
- For most municipalities that will utilize CBCs, the new charge will represent an increase in revenues from what has been collected under the current Section 37 density bonusing system;
- For the City of Toronto, the heaviest user of the former Section 37 density bonusing system, the implementation of the new CBC regime will still lead to a substantial collection of contributions from new development for community infrastructure. However, the CBC imposed by the City of Toronto will provide applicants with greater certainty regarding the quantum to be paid for community benefits than Section 37 density bonusing did;
- Given that CBCs will be applied to all higher-density housing developments rather than just those that exceed existing zoning permissions for height and/or density, while some developments may pay less in CBCs than it may have under Section 37 density bonusing, CBCs will be imposed more broadly across the City, meaning that the impact on the City of Toronto’s finances may be negligible.

5 ANALYSIS OF OTHER FISCAL TOOLS

This section of the report reviews other fiscal considerations affecting municipal finances, such as property taxes, user fees and service charges, municipal debt limits, and the City of Toronto's municipal land transfer tax.

5.1 RESIDENTIAL PROPERTY TAXES PER HOUSEHOLD

This section reviews how municipalities have seen property tax revenues and other fees and user rates have changed over time. These tax and user rate/ fee and service charge revenues are mostly used to fund annual operating costs, however, a significant proportion of these revenues are also utilized to fund capital costs.

Figure 23 shows the change in property tax revenues per household and per capita over the 2009-2019 period. The property taxes per household increased for selected municipalities¹⁴ between 22% and 43% over the timeframe, which equates to an average annual increase of between 1.8% and 3.3% per year.

Figure 23 Change in Residential Property Taxes per Household and per Capita, 2009-2019, Selected GTA Municipalities

Municipality	Residential Property Taxes per Household			Residential Property Taxes per Capita		
	2009	2019	% Change	2009	2019	% Change
	<i>Dollars / Household</i>		<i>Percent</i>	<i>Dollars / Capita</i>		<i>Percent</i>
Markham	3,020	4,008	33%	812	1,164	43%
Vaughan	3,208	4,122	28%	906	1,267	40%
Brampton	2,717	3,848	42%	768	995	30%
Mississauga	2,275	3,188	40%	719	1,031	43%
Burlington	2,259	2,907	29%	869	1,205	39%
Oakville	3,254	4,250	31%	1,118	1,446	29%
Whitby	2,863	3,994	39%	932	1,305	40%
Oshawa	2,607	3,535	36%	1,002	1,347	34%
Bradford West Gwillimbury	2,067	2,824	37%	698	995	43%
Barrie	2,289	3,266	43%	820	1,190	45%
Toronto	1,912	2,328	22%	752	948	26%

Source: Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

¹⁴ The property taxes paid to upper-tier municipalities, where applicable, are embedded within the estimated property taxes per household in each lower-tier municipality.

The calculations in Figure 24 account for the effects of inflation, which according to measurements of the Consumers Price Index (“CPI”) in Ontario over the 2009-2019 period, increased by approximately 20%.¹⁵

In many cases, after accounting for inflation, the property tax revenues municipalities received in 2019 are little changed from what they were in 2009, with the increases to property tax revenues per household after inflation, ranging from just 1% to 19%.

Figure 24 Change in Residential Property Taxes per Household and per Capita, 2009-2019, Selected GTA Municipalities, After Accounting for Inflation

Municipality	Residential Property Taxes per Household			Residential Property Taxes per Capita		
	2009	2019	% Change	2009	2019	% Change
	<i>Dollars / Household</i>	<i>(\$2009)</i>		<i>Dollars / Capita</i>	<i>(\$2009)</i>	
Markham	3,020	3,340	11%	812	970	20%
Vaughan	3,208	3,435	7%	906	1,055	17%
Brampton	2,717	3,206	18%	768	829	8%
Mississauga	2,275	2,657	17%	719	859	19%
Burlington	2,259	2,423	7%	869	1,004	16%
Oakville	3,254	3,541	9%	1,118	1,205	8%
Whitby	2,863	3,328	16%	932	1,088	17%
Oshawa	2,607	2,946	13%	1,002	1,122	12%
Bradford West Gwillimbury	2,067	2,354	14%	698	829	19%
Barrie	2,289	2,721	19%	820	992	21%
Toronto	1,912	1,940	1%	752	790	5%

Source: Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

¹⁵ Statistics Canada Table 18-10-0004-11, Ontario CPI change 2009-2019, all-items (+20.3%), all-items excluding food (+19.5%), all-items excluding food and energy (+19.5%), all items excluding energy (+20.5%)

5.2 USER RATES/FEE REVENUES PER HOUSEHOLD

Figure 25 shows how user rates/fee and service charge revenues have changed over the 2009-2019 period when expressed on a per household and per capita basis.¹⁶

Figure 25 Change in User Fee and Service Charge Revenues per Household and per Capita, 2009-2019, Selected GTA Municipalities

Municipality	User Fees and Service Charges per Household			User Fees and Service Charges per Capita		
	2009	2019	% Change	2009	2019	% Change
	<i>Dollars / Household</i>		<i>Percent</i>	<i>Dollars / Capita</i>		<i>Percent</i>
Markham	1,774	3,144	77%	477	914	92%
Vaughan	1,887	3,355	78%	533	1,031	93%
Brampton	1,257	1,842	47%	355	476	34%
Mississauga	1,195	1,718	44%	378	555	47%
Burlington	1,162	1,343	15%	447	557	24%
Oakville	1,348	1,663	23%	463	566	22%
Whitby	1,323	1,966	49%	431	643	49%
Oshawa	1,007	1,443	43%	387	550	42%
Bradford West Gwillimbury	1,387	1,529	10%	469	538	15%
Barrie	1,241	1,859	50%	444	678	53%
Toronto	1,871	2,605	39%	736	1,061	44%

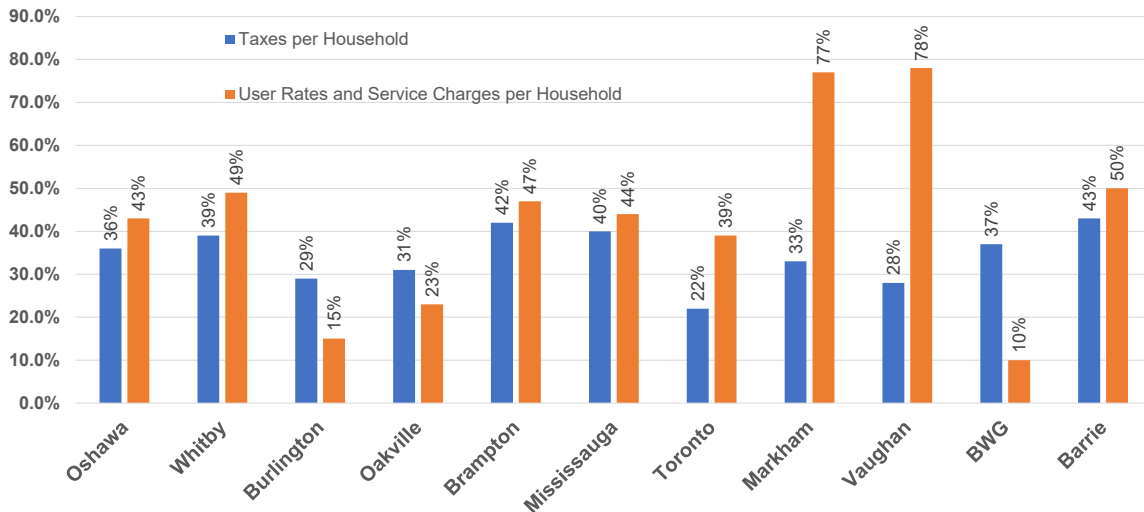
Source: Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

In some municipalities, the user rate/fee and service charge revenues have been increasing at a significantly faster pace than property tax revenues (except for Burlington and Oakville in Halton Region). This suggests increasing reliance on user rate/fee revenues for funding municipal services, and greater emphasis on rate-based revenue streams such as water and sewer user rates, parks and recreation program user fees, waste management fees, etc.

¹⁶ User fees/services charges imposed by upper-tier municipalities are allocated to the lower-tier municipalities based on the proportionate share of population in each lower-tier municipality. The user fees/service charge revenues include revenues generated by both residential and non-residential uses, but put on a 'per capita' and 'per household' basis for ease of comparison across municipalities.

Figure 26

Change in Residential Taxes per Household vs. User Rates/Service Charges Revenues per Household, 2009-2019



Source: Altus Group Economic Consulting

5.3 DEBT CHARGES AND PROVINCIAL REPAYMENT LIMITS

Ontario Regulation 403/02 provides for municipal debt limits, known as the “Annual Repayment Limit” (ARL) with municipalities not to have debt charges that exceed 25% of net revenues.

As of 2019, none of the studied municipalities have annual debt charges that are above 10.5% of annual net revenues, with the average in 2019 being 4.7%, significantly below the 25% limit, with that ratio only increasing modestly since 2009 (4.0%).

The largest increase in debt ratio was seen in Barrie (increased from 1.3% to 9.0%) and Peel Region (increased from 2.8% to 8.1%), which is due to major water and wastewater infrastructure projects being funded in those municipalities. However, despite the size of the investments made, both municipalities are still significantly below the provincial ARL.

Figure 27

Net Debt Charges as % of Net Revenues, 2009-2019

Municipality	2009	2019	Change 2009-2019
	<i>Percent</i>		<i>Pct. Points</i>
Toronto	8.0	10.5	2.6
York Region	15.6	7.8	(7.8)
Vaughan	2.8	1.6	(1.2)
Markham	-	0.3	0.3
Halton Region	7.6	3.9	(3.7)
Oakville	3.6	4.2	0.6
Burlington	4.6	8.1	3.5
Peel Region	2.8	8.1	5.3
Mississauga	-	3.3	3.3
Brampton	0.3	1.4	1.1
Durham Region	3.8	2.4	(1.4)
Whitby	2.3	0.2	(2.1)
Oshawa	7.0	5.8	(1.2)
Barrie	1.3	9.0	7.7
Simcoe County	1.9	1.7	(0.2)
BWG	3.1	6.5	3.4
Average	4.0	4.7	0.6

Note: Provincial guideline limits municipalities to have debt charges no higher than 25% of net revenues

Source: Altus Group Economic Consulting based on Financial Information Return data

Since 2011, the Province has provided for increased debt-limit rules for York Region, which enables the Region to use growth-related debt by adding a “Growth Cost Supplement” to the Ministry determined ARL. The Ministry recently extended the increased debt-limit rules for York Region for an additional 10 years, through the year 2031. The increased debt-limit rules for York Region allow the municipality to include 80% of the previous three years of DC collections to the ministry determined ARL.

As of 2019, York Region’s debt charges were 7.8% of net revenues, significantly below the ministry determined ARL.¹⁷ However, the Growth Cost Supplement utilized by the Region, as of 2020, would add 60% to the base ARL, effectively bringing the Region’s debt limit to 40% instead of the base 25% limit.

¹⁷ The Region’s debt charges increased 10.5% of net revenues for the 2020 fiscal year. This updated amount was not shown in the table as not all municipal FIRs are available for 2020.

5.4 CITY OF TORONTO - MUNICIPAL LAND TRANSFER TAX

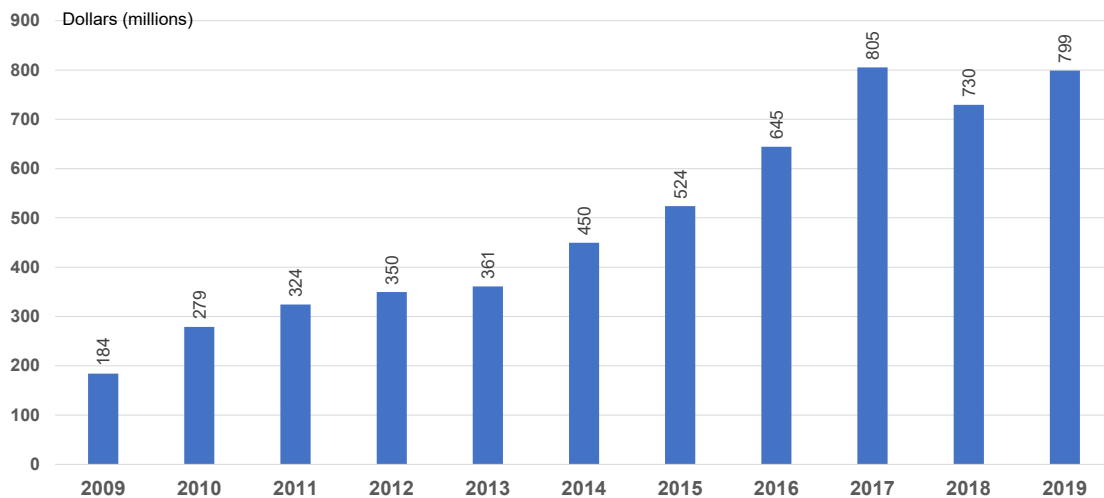
The City of Toronto, under the *City of Toronto Act, 2006*, was granted authority to impose a municipal land transfer tax (MLTT) on all properties in the City. It is the only municipality in Ontario with the authority to levy a land transfer tax, and it is imposed in addition to the Provincial land transfer tax.

The MLTT is imposed on all real estate transactions including the purchase of new homes, as well as resale homes, and other commercial transactions, with some exemptions provided for school boards, universities/colleges, hospitals, nursing homes, etc.

Over the 2009-2019 period, the City has raised \$5.45 billion in MLTT revenues, or an average of approximately \$495 million per year, with the City receiving more than \$700 million in each of 2017, 2018 and 2019.

Figure 28

City of Toronto Municipal Land Transfer Tax Revenues, 2009-2019



Source: Altus Group Economic Consulting based on Financial Information Return data

The City directs MLTT revenues to a mix of capital reserves, operating reserves, and tax rate stabilization reserves. As of 2020, the City directed 5% of MLTT revenues to the City's capital financing reserves, but the City is

exploring opportunities to direct larger portions towards the City's capital program.¹⁸

While there is potential for year-to-year volatility of MLTT revenues, the experience thus far has been that MLTT revenues are a fairly reliable, steadily increasing source of ongoing operational and capital funding for the City.

To provide context for how significant the MLTT revenues have been for the City, the \$799 million raised in MLTT in 2019 represents approximately 6.2% of all municipal operating expenditures (\$12.9 billion in 2019). The \$799 million in revenues, if used entirely to fund operating costs, is more than enough on its own to fund all of the City's operating expenses for the entire Fire Services division (\$567 million) and Library services (\$226 million).

The City's significant MLTT revenues have allowed the City to minimize property tax increases – the \$799 million generated in 2019 equates to over 18% of the City's property tax revenues generated from residential and non-residential properties (\$4.4 billion). If not for the MLTT revenues, all else being equal (service levels being unchanged from what they currently are), the City would have required the bulk of the \$799 million to come from increased revenues from the City's property tax base.

5.5 CONCLUSIONS

Based on the analysis of municipal property taxes and user rates, the following are the key findings:

- Municipalities have generally committed to limited annual property tax increases, as evident from the property taxes per household analysis that show little increases in reliance on property taxes as a funding source from each housing unit in a municipality.
- Instead, municipalities have relied on increased property tax revenues generated by new development to maintain municipal service levels for tax-based services;
- Most municipalities studied are also increasingly more reliant on user fee and service charge increases than property tax increases, with 7 of

¹⁸ City of Toronto, 2020 Operating Budget Briefing Note,
<https://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-146043.pdf>

10 municipalities seeing user rates/service charges increase at a faster pace than property tax revenues per household;

- The increases to taxes, fees and charges levied on existing ratepayers have paled in comparison to the increases seen for DCs imposed on new residential and non-residential developments.
- All municipalities studied are well within the Province's debt limit, with average debt charges as a share of net revenues increasingly only moderately since 2009.
- The City's Municipal Land Transfer Tax has provided the City with a steady and reliably growing source of funding that is primarily used to fund the City's operating costs and stabilize tax rate increases – the amount of money the City generates is roughly equivalent the entirety of operating costs for the City's Fire Services and Library Services combined. The MLTT has limited the City's need to increase property tax revenues to fund operating costs for City services.

6 CONCLUSIONS AND SUMMARY

The studied municipalities studied have a total of over \$5 billion in development-generated capital funds available to be used to provide the necessary community infrastructure for existing and future community residents and businesses.

Figure 29

Balance in Reserves and Reserve Funds - DCs, Parkland CIL and Section 37, 2019, by Municipality

	Parkland CIL	Development Charges	Section 37	Total
	<i>Dollars</i>			
Durham Region	n.a.	695,922,041	n.a.	695,922,041
Oshawa	1,261,656	56,521,549	n.a.	57,783,205
Whitby	8,431,972	109,036,901	n.a.	117,468,873
Halton Region	n.a.	57,215,950	n.a.	57,215,950
Burlington	16,636,186	28,605,758	n.a.	45,241,944
Oakville	35,596,055	80,472,790	2,840,000	118,908,845
Peel Region	n.a.	(122,578,797)	n.a.	(122,578,797)
Brampton	98,039,594	160,568,259	n.a.	258,607,853
Mississauga	132,956,080	182,734,591	1,970,000	317,660,671
Toronto	1,034,737,470	1,223,314,054	303,000,000	2,561,051,524
York Region	n.a.	269,957,121	n.a.	269,957,121
Markham	59,165,301	38,412,156	n.a.	97,577,457
Vaughan	72,544,521	482,519,449	3,055,600	558,119,570
Simcoe County	n.a.	1,597,622	n.a.	1,597,622
BWG	1,727,843	8,613,255	n.a.	10,341,098
Barrie	17,304,300	(12,626,352)	n.a.	4,677,948
Total	1,478,400,978	3,260,286,347	310,865,600	5,049,552,925

Source: Altus Group Economic Consulting based on Financial Information Returns, municipal data and reports

Compared to planned growth in population and employment, many municipalities studied have fallen short of forecasts, in part causing actual DC revenues to come in substantially below forecasted revenues, with municipalities responding (in the aggregate) to the shortfall in DC revenues by delaying capital expenditures in a proportionate manner, by delaying capital projects among other responses. Some municipalities have

disproportionately delayed DC expenditures well below the degree to which revenues have fallen short.

The delaying of infrastructure spending, while providing short-term budgetary relief, tends to only result in escalated costs in the future for the required works, with cost escalation likely beyond any interest that the funds may earn while in the reserve fund, resulting in municipalities spending substantially more money in the long-term than is saved short-term. Further, delays in spending on infrastructure that is required by new growth can give rise to further delays on the ability of new development to proceed in a timely manner if the infrastructure needed is not in place.

The roughly \$5 billion in available funds for infrastructure presents an opportunity for GTA municipalities to add much needed community amenities and infrastructure to improve the quality of life for existing residents and create capacity to accommodate new development.

Appendix A
Detailed Tables –
Development Charge Data

Figure A-1 Residential Development Charge Rates for GTA Municipalities, as of March 2009

	Single Detached Dwellings			Apartments (2+ Bedrooms) ¹			Apartments (<2 Bedrooms) ¹		
	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total
Durham Region				<i>Dollars per Unit</i>					
Oshawa	8,108	17,879	25,987	4,850	10,427	15,277	3,836	11,784	15,620
Whitby	10,208	17,879	28,087	7,171	10,427	17,598	3,914	11,784	15,698
Halton Region									
Burlington	8,702	27,843	36,545	6,751	16,663	23,414	4,748	11,146	15,894
Oakville	12,926	27,843	40,769	8,222	16,663	24,885	4,740	11,146	15,886
Peel Region									
Brampton	21,941	17,653	39,594	16,133	12,609	28,742	8,389	6,557	14,946
Mississauga	11,850	17,653	29,503	8,464	12,609	21,073	4,401	6,557	10,958
Toronto	12,366	n.a.	12,366	8,021	n.a.	8,021	4,985	n.a.	4,985
York Region									
Markham	15,540	23,438	38,978	10,220	14,602	24,822	6,130	9,445	15,575
Vaughan	12,505	23,438	35,943	7,425	14,602	22,027	7,425	9,445	16,870
Simcoe County									
BWG	28,568	4,067	32,635	16,070	2,847	18,917	11,479	2,847	14,326
Barrie	26,060	n.a.	26,060	15,236	n.a.	15,236	12,831	n.a.	12,831

¹ The DC Rates for the Regions of Peel and York differentiate large and small apartment units based off of size thresholds (i.e. 750 and 700 sf, respectively) rather than by number of bedrooms

Note: DC rates shown here are assuming that the unit is built within the urban area, on municipal water and wastewater services. No area-specific DC rates are taken into account.

Source: Altus Group Economic Consulting based on municipal and regional development charge by-laws.

Figure A-2 Residential Development Charge Rates for GTA Municipalities, Current as of January 2021

	Single Detached Dwellings			Large Apartments (2+ Bedrooms) ¹			Small Apartments (<2 Bedrooms) ¹		
	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total
Durham Region				<i>Dollars per Unit</i>					
Oshawa	24,490	32,926	57,416	15,501	19,130	34,631	9,463	12,461	21,924
Whitby	24,418	32,926	57,344	14,393	19,130	33,523	9,363	12,461	21,824
Halton Region									
Burlington	12,792	44,591	57,383	6,507	14,732	21,239	4,794	11,279	16,073
Oakville	37,667	44,591	82,259	20,244	14,732	34,976	12,206	11,279	23,484
Peel Region									
Brampton	38,869	53,510	92,380	23,369	32,752	56,121	13,465	21,662	35,127
Mississauga	41,079	53,510	94,589	27,997	32,752	60,749	15,254	21,662	36,916
Toronto	87,299	n.a.	87,299	51,103	n.a.	51,103	33,358	n.a.	33,358
York Region									
Markham	38,371	63,593	101,964	22,981	37,425	60,406	16,896	27,321	44,217
Vaughan	54,812	63,593	118,405	33,428	37,425	70,853	24,093	27,321	51,414
Simcoe County									
BWG	60,141	9,984	70,125	32,993	5,634	38,627	26,085	5,634	31,719
Barrie	67,478	n.a.	67,478	37,794	n.a.	37,794	26,531	n.a.	26,531

¹ The DC Rates for the Regions of Peel and York differentiate large and small apartment units based off of size thresholds (i.e. 750 and 700 sf, respectively) rather than by number of bedrooms

Note: DC rates shown here are assuming that the unit is built within the urban area, on municipal water and wastewater services. No area-specific DC rates are taken into account.

Source: Altus Group Economic Consulting based on municipal and regional development charge by-laws.

Appendix B
Demographic Information

DEMOGRAPHIC AND STATISTICAL DATA

Many metrics in the report are expressed on 'per capita' or 'per household' bases – this appendix provides detailed data on the population and household counts within each municipality. As well, data on housing starts and completions within each municipality are provided for context behind some of the analysis for development-driven revenues by municipality, and as compared from one municipality to the next.

POPULATION

Over the 2009-2019 period, the population in the municipalities studied has increased in the range of 6% in the City of Mississauga to 65% in the Town of Bradford West Gwillimbury. Most municipalities studied fall within a range of 12% to 23% population growth over the 10-year period.¹⁹

Figure B- 1

Municipal Population Change, 2009-2019, Study Municipalities				
Municipality	2009	2019	Change 2009-2019	% Change
		<i>Persons</i>		<i>Percent</i>
City of Toronto	2,649,010	2,963,468	314,458	12%
York Region	1,016,640	1,182,525	165,885	16%
Vaughan	279,792	326,472	46,680	17%
Markham	299,697	345,531	45,834	15%
Halton Region	493,704	597,770	104,066	21%
Oakville	183,708	212,715	29,007	16%
Burlington	174,908	191,902	16,994	10%
Peel Region	1,293,974	1,533,961	239,987	19%
Mississauga	722,664	769,420	46,756	6%
Brampton	511,080	689,856	178,776	35%
Durham Region	610,458	698,184	87,726	14%
Whitby	122,911	137,051	14,140	12%
Oshawa	149,666	175,255	25,589	17%
Simcoe County	280,061	344,816	64,755	23%
Bradford West Gwillimbury	25,987	42,854	16,867	65%
Barrie	138,442	149,854	11,412	8%

Source: Altus Group Economic Consulting based on Statistics Canada, Annual Demographic Estimates

In absolute terms of persons added, the City of Toronto has added the most at approximately 314,000 persons of net population growth over the 10-year period, higher than any of the five other upper-tier municipalities, with Peel Region being the second highest at almost 240,000 persons.

¹⁹ Exceptions: Mississauga 6%, Barrie 8%, and Brampton 35%

HOUSEHOLDS

Figure B-2 shows the number of households in each municipality, as reported for the years 2009 and 2019 in Financial Information Returns.

Figure B- 2

Municipal Household Change, 2009-2019, Study Municipalities				
Municipality	2009	2019	Change 2009-2019	% Change
		<i>Households</i>		<i>Percent</i>
City of Toronto	1,084,000	1,208,300	124,300	11%
York Region	308,852	382,571	73,719	24%
Vaughan	80,167	101,900	21,733	27%
Markham	81,719	101,401	19,682	24%
Halton Region	171,478	222,857	51,379	30%
Oakville	60,868	72,893	12,025	20%
Burlington	66,328	73,575	7,247	11%
Peel Region	383,969	450,000	66,031	17%
Mississauga	231,000	251,900	20,900	9%
Brampton	140,686	180,189	39,503	28%
Durham Region	216,400	239,100	22,700	10%
Whitby	40,174	44,770	4,596	11%
Oshawa	57,578	65,534	7,956	14%
Simcoe County	130,623	144,481	13,858	11%
Bradford West Gwillimbury	8,644	13,583	4,939	57%
Barrie	50,123	54,661	4,538	9%

Source:
Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

HOUSING STARTS BY MUNICIPALITY

The tables below show the number of housing starts by municipality over the 2009-2020 period, with data broken out and expressed as annual averages by three-year segment (Figure B- 3).

Figure B-3

Total Housing Starts, by Municipality, Three-Year Annual Averages, 2009-2020

Municipality	2009-2011	2012-2014	2015-2017	2018-2020
	<i>Units</i>			
City of Toronto	14,772	17,568	19,163	18,917
York Region	7,585	8,489	8,483	6,794
Vaughan	2,545	1,719	2,629	2,628
Markham	2,003	3,398	2,167	1,397
Halton Region	3,441	3,541	4,158	3,789
Oakville	775	1,318	1,746	1,546
Burlington	474	355	432	402
Peel Region	4,809	5,903	5,693	5,576
Mississauga	1,931	1,201	1,791	2,582
Brampton	2,525	4,228	3,269	2,405
Durham Region	2,649	2,652	4,067	3,916
Whitby	548	380	491	697
Oshawa	509	642	1,166	964
Simcoe County¹	1,464	1,630	3,074	2,267
BWG	284	262	266	154
Barrie	413	521	491	555

¹ Includes Innisfil, Springwater, Collingwood, Midland, Penetanguishene, Tay, Orillia, Severn, Ramara, Bradford West Gwillimbury, New Tecumseth, Wasaga Beach, Adjala-Tosorontio

Source: Altus Group Economic Consulting based on CMHC Housing Completions Data, 2020

POPULATION AND EMPLOYMENT GROWTH VS. GROWTH PLAN FORECASTS

The table below shows a comparison of 2019 population and employment in upper-tier and single-tier municipalities, and growth since 2001, compared to forecasts in the Growth Plan.

Figure B-4 Upper- and Single-Tier Municipality Population and Employment Change, 2001-2019, Actual vs. Growth Plan Forecasts

	Growth Plan Forecasts			Actuals (2019)	Actual Growth (2001-2019)	Actual as % of Anticipated Growth
	Base Year (2001)	Forecast (2019 est.)	Anticipated Growth (2001-2019)			
Population			<i>Persons</i>			<i>Percent</i>
City of Toronto	2,590,000	2,931,000	341,000	2,963,468	373,468	110%
York Region	760,000	1,276,000	516,000	1,182,525	422,525	82%
Halton Region	390,000	616,000	226,000	597,770	207,770	92%
Peel Region	1,030,000	1,516,000	486,000	1,533,961	503,961	104%
Durham Region	530,000	737,000	207,000	698,184	168,184	81%
Simcoe County	254,000	333,000	79,000	344,816	90,816	115%
Barrie	108,000	166,000	58,000	149,854	41,854	72%
Total	5,662,000	7,575,000	1,913,000	7,470,578	1,808,578	95%
Employment			<i>Jobs</i>			<i>Percent</i>
City of Toronto	1,440,000	1,600,000	160,000	1,729,000	289,000	181%
York Region	390,000	655,000	265,000	593,000	203,000	77%
Halton Region	190,000	314,000	124,000	283,000	93,000	75%
Peel Region	530,000	777,000	247,000	750,000	220,000	89%
Durham Region	190,000	287,000	97,000	239,000	49,000	51%
Simcoe County	85,000	118,000	33,000	120,000	35,000	106%
Barrie	53,000	84,000	31,000	77,000	24,000	77%
Total	2,878,000	3,835,000	957,000	3,791,000	913,000	95%

Source: Altus Group Economic Consulting based on Hemson Consulting, GGH: Growth Forecasts to 2051 (August 26, 2020), 2006 Growth Plan Schedule 3, Statistics Canada Annual Demographic Estimates

**Building Industry & Land Development Association
(BILD)
Parkland Dedication Consultation Summary
December 16, 2020**

Disclaimer

This document has been prepared on a basis for the internal use of the Building Industry and Land Development Association (BILD). No representation or warranty is provided that the information contained in this report is accurate, complete, sufficient or appropriate for use by any person or entity other than BILD. This document may not be relied upon by any person or entity other than BILD and any and all responsibility or liability to any such person or entity in connection with their use of this document is hereby disclaimed.

Introduction and Overview

Purpose of this document:

This document summarizes the key themes that emerged during a consultation with over 80 BILD members about the scope, process and financial elements of Parkland Dedication in Ontario. The consultation was hosted virtually on December 9th, 2020.

Context and Background: Parkland in Ontario

‘Parkland Dedication’ is a broad term that refers to the policies, processes and programs that structure the identification, allocation and costing of parkland as a condition of the development process.

The high-level scope and requirements related to parkland are defined in Section 42 of the Planning Act. Beginning in early 2019, there have been several announcements and decisions related to parkland at both the provincial and municipal level, which are described below.

- **February-19:** BILD publishes Parkland Dedication Impact Study.
- **June-19:** Bill 108 passed, announcing changes to allowances/approach to parkland.
- **July-20:** Bill 197 passed, reverting many of the parkland changes announced in 2019.
- **September 2020 – September 2022:** 2-year window for municipalities to pass a new parkland by-law in order to continue changing alternative parkland rates.
- **September-22:** full implementation of Bill 197.

BILD has facilitated several consultations over the last 18 months and has also published a detailed cost impact study related to parkland dedication.

Consultation Overview

On December 9th, BILD invited members to attend a consultation discussion about the issue of Parkland Dedication in Ontario. Recently announced policy changes and program reviews triggered this discussion, which is one of many that have occurred over the last 18 months on this topic as the policies and programs have changed and evolved over time. This consultation was attended by over 80 BILD members across two sessions.

The discussion focused on three components of Parkland Dedication: scope, process and financials. The three components are defined below:

- **Scope:** how parklands are defined or are not defined.
- **Process:** the administration of parkland by the province, municipalities and regions.
- **Financials:** the approaches taken to managing parkland funds and reserves.

How to read this document

This document summarizes the key discussion themes that emerged during the December 9th Parkland Dedication consultation with BILD members. The discussion outputs will be organized using four themes, which consistently arose during the consultation across all of the three component areas (scope, process and financials):

- 1. Predictability**
- 2. Transparency**
- 3. Fairness**
- 4. Flexibility**

Within each theme is a description of the challenge experienced by BILD members and then summarizes the related discussion that took place and the ideas that were shared.

The information in this document is summary in nature and does not reflect analysis, recommendations or a formal position. The information in this document will be further used by BILD staff to craft and communicate a position on the current, and future-state of parkland dedication in Ontario. This includes further discussion with BILD members about opportunities to achieve consensus across multiple jurisdictions within the province.

Discussion Summary

Theme 1: Predictability

Overview

The discussion highlighted that across the Province in most growing municipalities, there is a lack of predictability with the parkland dedication scope, processes and financials which are described further in the next section. Participants noted real cost and delivery impacts to their projects as a result:

- The need to tailor applications, approaches and skillsets on a municipality-by-municipality basis since things vary so widely.
- Difficulty costing-out and underwriting a project since the scope, approach and costing varies beyond what would typically be expected.
- Variation within municipalities on a project by project basis means that no two applications appear to be handled in a consistent way.

Discussion Themes

Scope

- According to participants, across municipalities and project types, there is a lack of predictability in terms of what staff/reviewers will consider a park (and the related specs). This increases application effort and cost and makes it difficult to navigate the nuances of each municipality's methodology when developing in different areas of the province.
- In some municipalities, including Toronto, the terms and definitions for parkland vary within the municipality's own regulation and by-law documentation. This results in an inconsistent experience when interacting with staff, who at times apply different definitions.

Process

- Participants indicated that the steps and timelines related to parkland dedication are not always predictable, which slows down things down and creates confusion amongst applicants about what to expect and who to talk to about their application.
- Participants also discussed that at times there is a lack of alignment between the parkland dedication review processes and decisions, and broader Official or Secondary Plan reviews that may be underway.

Financials

- In addition, participants indicated the importance of predictability when it comes to how parkland is valued and costed. The costing regime and approach municipalities take has a direct impact on project cost and delivery. Below is a summary of different approaches highlighted during the discussion:
 - Fixed cash-in-lieu rates: as applied in Mississauga, fixed per-unit rates provide clarity and predictability at the outset of a project since rates are fixed and

standardized. As detailed in the flexibility section fixed parkland rates should be designed with project size, scope and geography in mind.

- %-based caps on parkland rates: % based caps provide similar predictability as fixed cash-in-lieu rates but are further adjusted based on land value. Participants noted that Toronto's cap system in particular is one to look to.
- Uncapped rates are the least predictable, resulting in difficulties costing and planning for project design and construction. This is especially impactful if by-laws allow for the delayed costing and collection of parkland fees, such as closer to the building permit phase.

Ideas and Insights

- *Scope*: Participants suggested addressing inconsistencies and differences in how municipalities approach and scope parkland dedication, for example through standardized definitions, dimensions or specs for parkland at a local and/or provincial level.
- *Process*: Participants suggested that municipalities and regions review their parkland dedication processes and programs to ensure they are predictable, clear, and aligned with broader growth strategy like Official Plans and Secondary Plans. They suggested this include looking at both local and province-wide opportunities to standardize core aspects of parkland processes and requirements, which would improve predictability.
- *Financials*: Participants suggested to adopt predictable methods of parkland dedication costing such as fixed rates or % caps that help manage the growing costs of parkland on project delivery. Participants also cited the importance of publicizing these fee schedules and related formulas so they can be factored into early planning stages of the development process.

Theme 2: Transparency

Overview

Participants discussed that in many municipalities and regions, there is a lack of transparency in relation to parkland dedication scope, processes and financials which are described further in the next section. This lack of transparency results in several challenges during project planning and delivery:

- Slows down the application and planning process due to how requirements and standards are being applied during reviews, resulting in more application churn and delay.
- Poor customer service if the public/purchasers try to understand how parkland is allocated and delivered, particularly once the project is complete and funds have been paid to the municipality.

Discussion Themes

Scope

- In alignment with predictability, participants highlighted the lack of transparency about a municipality's goals, preferences or perspectives on parkland dedication.

Process

- Participants noted that parkland decisionmakers are not always transparent about the rationale for their decisions once made, which is particularly confusing when those decisions divert from precedent or the past experience of applicants in similar situations. This results not only in confusion for applicants, but application churn and rework.

Financials

- The discussion highlighted that most participants do not have a clear understanding of where parkland money 'goes' once it is paid to the municipalities and regions related to projects, and more broadly what the goals and objectives are related to parkland and the reserve monies that are collected.
 - One participant described paying upwards of \$6 million in 2008 for one project's parkland dedication costs, and still receiving questions from purchasers over a decade later who have yet to see municipal parklands being developed in their community.

Ideas and Insights

- *Scope*: Participants suggested that provincial and municipal stakeholders provide frequent and clear communications about parkland objectives and focus areas, which would be a useful tool when planning for a project and accommodating for parkland considerations.
- *Process*: Participants suggested that decisionmakers and staff be clear about the rationale for decisions made and have built-in opportunities for those decisions to be discussed and appealed if there are justifiable grounds to do so.
- *Financials*: Participants suggested that increasing transparency into the use of reserve funds to improve customer service and clarity. They recommend looking to the transparency and information currently shared as part of earmarking development charges.

Theme 3: Fairness

Overview

The consultation indicated that members feel there is room to improve the fairness of the parkland dedication scope, processes and financials. Participants talked about fairness in relation to how decisions are made and how discussions take place, and how there may be opportunities to empower members of Ontario's development community to help make, and in some cases challenge, decisions that are made.

Discussion Themes:

Scope

- Participants indicated that they do not feel they have the legislative and regulatory levers to challenge parkland decisions.

- Participants also noted that in many fast-growing municipalities in Ontario, existing Official Plan and Secondary Plan documents are outdated in how they value parkland (i.e. often having the 1 per 300-hectare standard, when growth with dispersed and low-density).

Process

- Currently, as noted by participants in the discussion, municipalities generally operate ‘unilaterally’ when making decisions about parkland, often missing opportunities to find ways to creatively address parkland requirements for unconventional projects. This is especially important when it comes to finding unique solutions and opportunities to identify and allocate parklands, which is discussed further within the flexibility theme.

Financials

- The consultation highlighted that for many, existing parkland rates do not sufficiently account for project-by-project realities and impacts. Participants suggested that, agnostic of approach to costing parkland, municipalities could better reflect these nuances, so the costs of parkland do not outstrip the value of development/growth:
 - Fixed rates for parkland: consider how to accommodate this approach in higher (i.e. sliding scale for per-unit rates) vs. lower density/greenfield locations and projects (considerate of differing land values and types).
 - % caps on parkland rates: consider how to further right-size cap values to accommodate project size, so as to not cripple smaller projects or unfairly burden larger projects driving significant growth in the province.
 - Parkland acquisition: participants noted that municipalities often delay the acquisition of parklands late in the development process, or do not seize opportunities to pre-buy land (for example, during the secondary planning process and charging cash-in-lieu rates based on land portfolio).
- There are other financial decisions related to parkland dedication that participants described as unfair and challenging their efforts to develop across the province. For example, when municipalities defer the purchase or collection of parkland rates to later stages of the development process (i.e. the building permit stage or in contravention of secondary plan decisions), applicants will pay a higher land value cost when its calculated.

Ideas and Insights

- *Scope:* Participants suggested a number of legislative opportunities and considerations to improve fairness, including amending the Planning Act to allow applicants to challenge decisions about the placement of parkland on a given site, or the decision to accept cash vs. land at the LPATS tribunal.
- *Process:* Participants cited the need for parkland dedication processes to include more opportunity to discuss, negotiate and collaborate with developers and applicants. These open lines of communication and discussion will give applicants a fair chance to work

together on key aspects of parkland dedication such as placement, value and alternative use opportunities.

- *Financials*: Participants have encouraged the review and adjustment of parkland rates and approaches to accommodate projects of different dimensions including their size (high rise vs. low rise), location (urban vs. greenfield) and density (low vs. high). Participants also spoke about amendments to the Planning Act that would align with the determination of value timelines (i.e. the day before approval) applied in Section 51 of the Act.

Theme 4: Flexibility

Overview

During the consultation, participants discussed the rigidity and lack of flexibility within the parkland dedication scope, processes and financials. Participants noted that the legislation and regulation surrounding parkland typically has flexibility and openness inherent in its definitions and design, but that flexibility is not always applied ‘on the ground’ when scoping, administering and/or costing parkland dedication.

The discussion indicated that this lack of flexibility can discourage the design of innovative or unique development projects, and in some cases places a disproportionate burden upon certain project types and designs.

Discussion Themes

Scope

- Participants consistently referenced the importance of flexibility when addressing parkland dedication because the needs and capacity of each applicant and project varies.
- During the consultation, participants agreed that the definition of parkland in the Planning Act lends itself to this flexibility and collaboration, defining parkland as lands to be used for public recreation and related purposes.
- Participants cited a number of personal anecdotes and examples of parkland types that warrant consideration, and in some cases have been accepted in certain Ontario municipalities as permissible parkland:
 - Untraditional parkland: Super-trails, POP parks, strata parks/parking, stormwater management ponds, greenbelt lands etc.
 - Offsetting parkland costs if other urban design improvements are made that otherwise enhance the community: libraries, bicycle racks, permeable stones etc.

Process

N/A

Financials

- The consultation highlighted that parkland dedication rates and approaches have varying impacts on projects, and that one-size-fits-all approaches have disproportionate impacts on certain project types for different reasons.

- For example, participants described the significant financial burden that standardized parkland rates impose on renovation-type projects which could be mitigated using a more flexible or tiered approach to parkland costs or allowing for reasonable exemptions.

Ideas and Insights

- *Scope:* Participants encouraged decisionmakers to take a broader and more innovative approach to defining and accepting parklands or related improvements. This document provides a number of examples of unconventional parkland that participants raised to give a sense of what creativity is required.
- *Financials:* Participants indicated that flexibility built into the fee structures would support them in completing their projects. Parkland dedication rates should be multi-dimensional (i.e. a sliding scale, varied rates etc.) to allow for this flexibility. Participants indicated that this flexibility should not come at the expense of predictability and fairness: rate structures should be inherently flexible and applied consistently to projects that are comparable.

Theme	Theme Overview	Participant Ideas and Insights	Pgs
Predictability	<p>The discussion highlighted that across the Province in most growing municipalities, there is a lack of predictability with the parkland dedication scope, processes and financials which are described further in the next section. Participants noted real cost and delivery impacts to their projects as a result.</p> <ul style="list-style-type: none"> The need to tailor applications, approaches and skillsets on a municipality-by-municipality basis since things vary. Difficulty costing-out and underwriting a project. Applications are handled differently in different municipalities. 	<ul style="list-style-type: none"> <i>Scope:</i> Participants suggested addressing inconsistencies and differences in how municipalities approach and scope parkland dedication, for example through standardized definitions, dimensions or specs for parkland at a local and/or provincial level. <i>Process:</i> Participants suggested that municipalities and regions review their parkland dedication processes and programs to ensure they are predictable, clear, and aligned with broader growth strategy like Official Plans and Secondary Plans. They suggested this include looking at both local and province-wide opportunities to standardize core aspects of parkland processes and requirements, which would improve predictability. <i>Financials:</i> Participants suggested to adopt predictable methods of parkland dedication costing such as fixed rates or % caps that help manage the growing costs of parkland on project delivery. Participants also cited the importance of publicizing these fee schedules and related formulas so they can be factored into early planning stages of the development process. 	5-6
Transparency	<p>Participants discussed that in many municipalities and regions, there is a lack of transparency in relation to parkland dedication scope, processes and financials which are described further in the next section. This lack of transparency results in several challenges during project planning and delivery:</p> <ul style="list-style-type: none"> Slows down the application and planning process; Poor customer service if the public/purchasers try to understand how parkland is allocated and delivered. 	<ul style="list-style-type: none"> <i>Scope:</i> Participants suggested that provincial and municipal stakeholders provide frequent and clear communications about parkland objectives and focus areas, which would be a useful tool when planning for a project and accommodating for parkland considerations. <i>Process:</i> Participants suggested that decisionmakers and staff be clear about the rationale for decisions made and have built-in opportunities for those decisions to be discussed and appealed if there are justifiable grounds to do so. <i>Financials:</i> Participants suggested that increasing transparency into the use of reserve funds to improve customer service and clarity. They recommend looking to the transparency and information shared as part of earmarking development charges. 	7-8
Fairness	<p>The consultation indicated that members feel there is room to improve the fairness of the parkland dedication scope, processes and financials.</p> <ul style="list-style-type: none"> Participants talked about fairness in relation to how decisions are made and how discussions take place, and how there may be opportunities to empower members of Ontario's development community to help make, and in some cases challenge, decisions that are made. 	<ul style="list-style-type: none"> <i>Scope:</i> Participants suggested a number of legislative opportunities and considerations to improve fairness, including amending the Planning Act to allow applicants to challenge decisions about the placement of parkland on a given site, or the decision to accept cash vs. land at the LPATS tribunal. <i>Process:</i> Participants cited the need for parkland dedication processes to include more opportunity to discuss, negotiate and collaborate with developers and applicants. These open lines of communication and discussion will give applicants a fair chance to work together on key aspects of parkland dedication such as placement, value and alternative use opportunities. <i>Financials:</i> Participants have encouraged the review and adjustment of parkland rates and approaches to accommodate projects of different dimensions including their size (high rise vs. low rise), location (urban vs. greenfield) and density (low vs. high). Participants also spoke about amendments to the Planning Act that would align with the determination of value timelines (i.e. the day before approval) applied in S.51. 	8-9
Flexibility	<p>During the consultation, participants discussed the rigidity and lack of flexibility within the parkland dedication scope, processes and financials.</p> <ul style="list-style-type: none"> Participants noted that the legislation and regulation surrounding parkland typically has flexibility and openness inherent in its definitions and design, but that flexibility is not always applied 'on the ground' when scoping, administering and/or costing parkland. The discussion indicated that this lack of flexibility can discourage the design of innovative or unique development projects, and in some cases places a disproportionate burden upon certain project types and designs. 	<ul style="list-style-type: none"> <i>Scope:</i> Participants encouraged decisionmakers to take a broader and more innovative approach to defining and accepting parklands or related improvements. This document provides a number of examples of unconventional parkland that participants raised to give a sense of what creativity is required. <i>Financials:</i> Participants indicated that flexibility built into the fee structures would support them in completing their projects. Parkland dedication rates should be multi-dimensional (i.e. a sliding scale, varied rates etc.) to allow for this flexibility. Participants indicated that this flexibility should not come at the expense of predictability and fairness: rate structures should be inherently flexible and applied consistently to projects that are comparable. 	9-10

*The information in this document will be further used by BILD staff to craft a position. This includes further discussion with BILD members about opportunities to achieve consensus across multiple jurisdictions within the province.



Cross-jurisdictional BILD Position: Parkland Dedication

February 2021





Backgrounder: Timeline of Recent Parkland Dedication Activities

Timeline:

**February 2019:
BILD's Parkland Dedication
and Cash-in-lieu Report**

**June 2019:
Bill 108 passed, announcing
changes to allowances/
approach to parkland**

**July 2020:
Bill 197 passed, reverting
many of the parkland
changes announced in 2019**

**September 2020 -
September 2022:
New municipal by-laws
needed to continue to
charge the alternative
parkland rates**

**December 9, 2020:
BILD members take part in
a facilitated session to
formulate a cross-
jurisdictional BILD Policy
Position**

Background:

- To support the industry's understanding of parkland dedication and cash-in-lieu policies, in February 2019, BILD undertook a study of Parkland Dedication and Cash-in-Lieu (CIL) Policies in the GTA. The report, prepared by Altus Group Economic Consulting, presented estimates of parkland dedication and CIL dedication contributions for hypothetical low-rise and high-rise developments in municipalities across the GTA.
- The report found that for low-rise development the median CIL contribution for a 200-unit low-rise subdivision has increased from \$1.7 million (or \$8,486 per unit) in 2006 to \$6.0 million (\$29,600 per unit) in 2018. For high-rise development, these CIL contributions were also significant, ranging upwards of \$20,000 to \$30,000 per unit or more, depending on the density of the building being constructed.
- Since the release of the BILD study in February 2019, there have been significant shifts in the Provincial direction for parkland, including Bill 108 and Bill 197 Legislation.
- Bill 197 ultimately reverted back to the existing Planning Act allowance where a condition is placed on development that land in an amount not exceeding 5% of the residential land to be developed be conveyed to the municipality for park or other public recreational purposes.
- Alternatively, land may be conveyed at a rate not exceeding 1 hectare per 300 dwelling units. Municipalities may authorize payment in lieu (also known as "cash-in-lieu" or "CIL") of provision of parkland, often based on the value of the land that would have otherwise been dedicated. If CIL is provided, the amount is calculated based on the new provincial maximum rate of 1 hectare per 500 dwelling units.
- Bill 197 also meant that municipalities have a 2-year window to pass a new parkland by-law in order to continue charging alternative parkland rates (September 2020 - September 2022).
- To provide a consistent BILD position for these upcoming municipal reviews, on December 9, 2020, BILD invited its Chapter members to attend an internal consultation for Parkland Dedication in the GTA and Simcoe. The discussion was organized around three themes: scope, process, and financials. 80 members took part in this discussion and the result is the formulation of a BILD Parkland Policy Position, as follows.



Aligning Goals

- There could be opportunities to standardize core aspects of parkland processes and requirements across levels of government, which would also improve predictability. One example is expanded definitions of active and passive parkland, especially when an applicant provides public recreational opportunities, which is part of the definition of conveyance in the *Planning Act*.
- Municipal parkland dedication policies should implement Provincial, Regional, and Municipal objectives, specifically those found in the Growth Plan, Provincial Policy Statement and upper/lower tier Official Plans. As noted in the Provincial text examples below, parkland policies should not act as a barrier to increasing the supply of homes that are more affordable, or to creating opportunities for a mix of unit sizes/types, or lastly, impede the ability to achieve Provincial intensification targets.

Growth Plan Sec 1.2 - "(...) Ontario government's initiative to plan for growth and development in a way that supports economic prosperity, protects the environment, and helps communities achieve a high quality of life. The Places to Grow Act, 2005, enables the development of regional growth plans that guide government investments and land use planning policies.

Growth Plan Sec 1.2.1 - "The policies of this Plan regarding how land is developed, (...) are based on the following principles: (...) Support a range and mix of housing options, including additional residential units and affordable housing, to serve all sizes, incomes, and ages of households.

PPS 1.1.1.b. - "accommodating an appropriate affordable and market-based range and mix of residential types (including single-detached, additional residential units, multi-unit housing, affordable housing and housing for older persons) (...)"

PPS Sec 1.1.1.e. - "promoting the integration of land use planning, growth management, transit-supportive development, intensification and infrastructure planning to achieve cost-effective development patterns (...), and standards to minimize land consumption and servicing costs;"

PPS Sec 1.1.1.f. "establishing development standards for residential intensification, redevelopment and new residential development which minimize the cost of housing and facilitate compact form, while maintaining appropriate levels of public health and safety."

[NTD: We had discussed including official plan policies for York and Vaughan but after further consideration we did not include these because this is a cross jurisdiction position, so we would have to add all the policies in the GTA and Simcoe. Which would be a lot to reference. The theme of related OPs is referenced above.]



Creating a Plan

- In preparing a *Parks Plan* for municipal parkland, consider your municipality's existing parkland inventory and what new acquisitions can be reasonably maintained by the municipality. This will ensure that municipalities are not requesting more parkland than they can appropriately manage or need.
- As a part of the *Parks Plan* and a municipal *Official Plan* stage (when development areas are being approved), consider early and large land acquisitions. This would ensure that municipalities are not purchasing land at a late point in time with the highest land cost. This would also allow municipalities to demonstrate how the funds that are collected will be spent, thereby improving transparency.
- To meet the parkland needs of future residents, especially in an urban infill context, all municipalities should accept off-site parkland dedication. We recognize this is already permitted in some municipalities (i.e. the Vaughan Metropolitan Centre). This ability to provide off-site parkland dedication should not be encumbered by overly complex criteria.



Defining Parkland

- Municipalities should not restrict parkland dedication to unencumbered land and accept new forms of parkland dedication. This could be established by creating a broader definition of parkland that includes both active and passive parkland. The definition of Parkland should be expanded to include:

Active Parkland, should include:

- Urban forms of parkland should be treated as active space (including urban squares, plazas, pedestrian mews, pocket parks, POPs etc.). These spaces must be designed to be accessible and inviting to the public.
- Strata parks which permit parking below grade with public ownership of the at-grade park, should be permitted and full parkland credit should be provided for these areas. Should maintenance be required that impacts the integrity of the park, the owner would be responsible for any replacement costs.
- Trails (including multi-use trails), woodlots, and valley land.
- Parks within the greenbelt for rural settings should be recognized for parkland credit, especially when they provide public recreational opportunities.

Passive Parkland should include:

- Land which will not otherwise be developable is nevertheless capable of providing public recreational purposes for matters such as, but not limited to, trails and nature walks.
- Some consideration could also be made for amenity spaces in condominiums that have a similar function to public parkland. Examples of typical amenities include: rooftop terraces, pools, libraries, landscaped sitting areas, playgrounds and barbeque facilities, all of which significantly reduce the requirements for public off-site facilities for these residents and decrease a municipality's land needs assessment.



An Efficient Use of Land

- Conservation authorities have been strong advocates for the implementation of Low Impact Development techniques (LIDs) for some time now and municipalities have also been actively working on green development standards. As an efficient use of land, LIDs and other municipal green standards should be permitted within areas where a park is proposed. Some of these methods could include bioretention swales, underground greywater storage tanks, infiltration chambers or dry detention ponds. In fact, some of these methods were used in parks in the late 70's and 80's before the use of stormwater management ponds became widespread and did not detract from the quality of the open space. As an example, dry detention ponds can still be used for a soccer field or a baseball diamond – except in cases of a major storm event, which would prevent people from using these facilities at that time anyway.



Methodology

- Municipalities should adopt predictable methods of parkland dedication costing such as fixed rates or percentage caps. For predictability purposes, these rates should apply for a minimum 5-year term. This would help to manage the growing costs of parkland on project delivery. Consider standardizing land value rates to provide certainty for the applicant and municipal staff.
- In the application of an alternative rate, parkland dedication rates should be multi-dimensional (i.e. a sliding scale whereby the greater the density the lower the rate) to account for the variability of development types and densities (a) size: high-rise, mid-rise, low-rise (b) location/geography: infill, urban, greenfield. This multi-dimensional approach should be predictable and fair. There should also be a cap on the maximum amount of parkland which is well below the statutory maximum.

- All municipalities should incorporate the Province’s Building Blocks for Sustainable Planning – 9 in a series of 12, where it states that “Municipalities can authorize a reduction in the amount of cash-in-lieu of parkland payments if sustainability features are included in redevelopment proposals”. We understand that some municipalities have already incorporated this reduction (i.e. the Town of Orangeville). We encourage all municipalities to exercise this option and include this in their Official Plans and Parkland Policies. See Appendix A for complete details.
- Municipalities should publicize their fee schedules and any related formulas so they can be factored into the early planning stages of the development planning process.
- Municipalities should be transparent about how they plan to use parkland reserve funds in a 5-year term in a public report.
- Municipalities should not impose parkland dedication requirements for adaptive re-use/renovation projects. This should be made clear in municipal policies.



Dialogue and Decision-making

- Municipal parkland dedication processes should allow for more opportunities to have dialogue and collaborate with applicants. These open lines of communication and discussion will give applicants an opportunity to discuss key aspects of their parkland dedication such as placement, land value and alternative use opportunities – before a decision has been made.
- Once parkland decisions have been made regarding an application, BILD recommends that decision-makers and staff be very transparent about the rationale for these decisions. Municipalities should have built-in opportunities for those decisions to be openly discussed to avoid appeals.
- When the decision has been made to collect land over cash-in-lieu (CIL), municipalities should not prejudice (or discount) the collection of certain types of land over others, since the variability of land (with its topographies, micro-climates and natural diversity) is inevitable. There should also be no criteria as to what is and is not acceptable unencumbered land that is being dedicated for parkland purposes as long as it is accessible and inviting.



Collecting Parkland

- Some municipalities may choose to adopt a “land-first” approach to parkland dedication requirements. While the dedication of land may be easily feasible in a greenfield context, it can be very challenging in an urban or infill context. To achieve this objective, it is best when our members are made aware of the municipality’s needs upfront, through municipal reporting and through any pre-consultation discussions. This will allow our members to plan sites appropriately.
- Where a “land-first” approach cannot be achieved, municipalities should accept cash-in-lieu and/or off-site dedications. Members should have the ability to discuss with the municipality what options are available and what decision is mutually beneficial.



Timing of Collection

- Where a plan of subdivision or condominium is being approved, the municipality should take land or CIL as a condition of approval, and not delay it to the building permit stage. This will help to lower land costs for municipal parkland acquisitions. This will also help to ensure that that parkland is provided early as a best management practice.

REDUCTION IN PARKLAND DEDICATION PAYMENTS (s. 42 (6.2) and (6.3))

For More Information

Ministry of Municipal Affairs and Housing Website:
ontario.ca/mah
ontario.ca/e-laws
 or contact your nearest Municipal Services Office (MSO):

Central MSO

777 Bay Street, 2nd Floor
 Toronto ON M5G 2E5
 General Inquiry:
 416-585-6226
 Toll Free: 800-668-0230

Eastern MSO

8 Estate Lane, Rockwood House
 Kingston ON K7M 9A8
 General Inquiry:
 613-545-2100
 Toll Free: 800-267-9438

Northeastern MSO

159 Cedar Street, Suite 401
 Sudbury ON P3E 6A5
 General Inquiry:
 705-564-0120
 Toll Free: 800-461-1193

Northwestern MSO

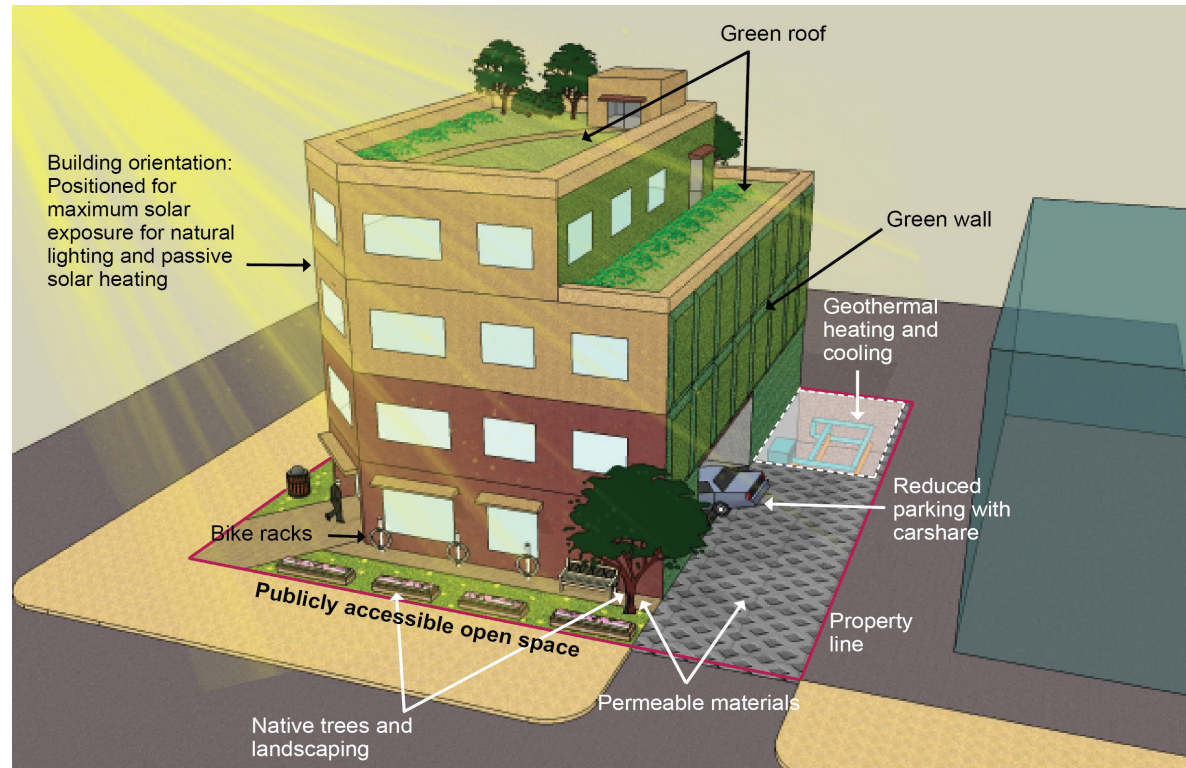
435 James Street South, Suite 223
 Thunder Bay ON P7E 6S7
 General Inquiry:
 807-475-1651
 Toll Free: 800-465-5027

Western MSO

659 Exeter Road, 2nd Floor
 London ON N6E 1L3
 General Inquiry:
 519-873-4020
 Toll Free: 800-265-4736

DISCLAIMER

This sheet deals in summarized and conceptualized fashion with complex matters that reflect legislation, policies and practices that are subject to change. All illustrations represent hypothetical scenarios of the application of various tools. For these reasons, this fact sheet should not be relied upon as a substitute for the relevant legislation, regulations and policy documents, or for specialized legal or professional advice when making land-use planning decisions.



Description of Tool

- Municipalities can authorize a reduction in the amount of cash-in-lieu of parkland payment if sustainability features are included in redevelopment proposals
- Optional tool, requires official plan (OP) policies
- Only applies where on-site parkland cannot be dedicated in redevelopment proposals

Implementation

- Municipalities must adopt OP policies and by-laws for the conveyance of land for park purposes and for cash-in-lieu payments
- Additional OP policies and by-laws are required to permit the reduction of cash-in-lieu payments for specified sustainability criteria, including:
 - Where this can be applied
 - Sustainable elements that will be credited
 - Exact cash value equivalent for each sustainable design element

Benefits

- May be a financial incentive to improve the sustainability of a redevelopment proposal
- Can support water conservation, air quality improvements and management of stormwater runoff
- Can promote energy conservation and efficiency of a redevelopment proposal

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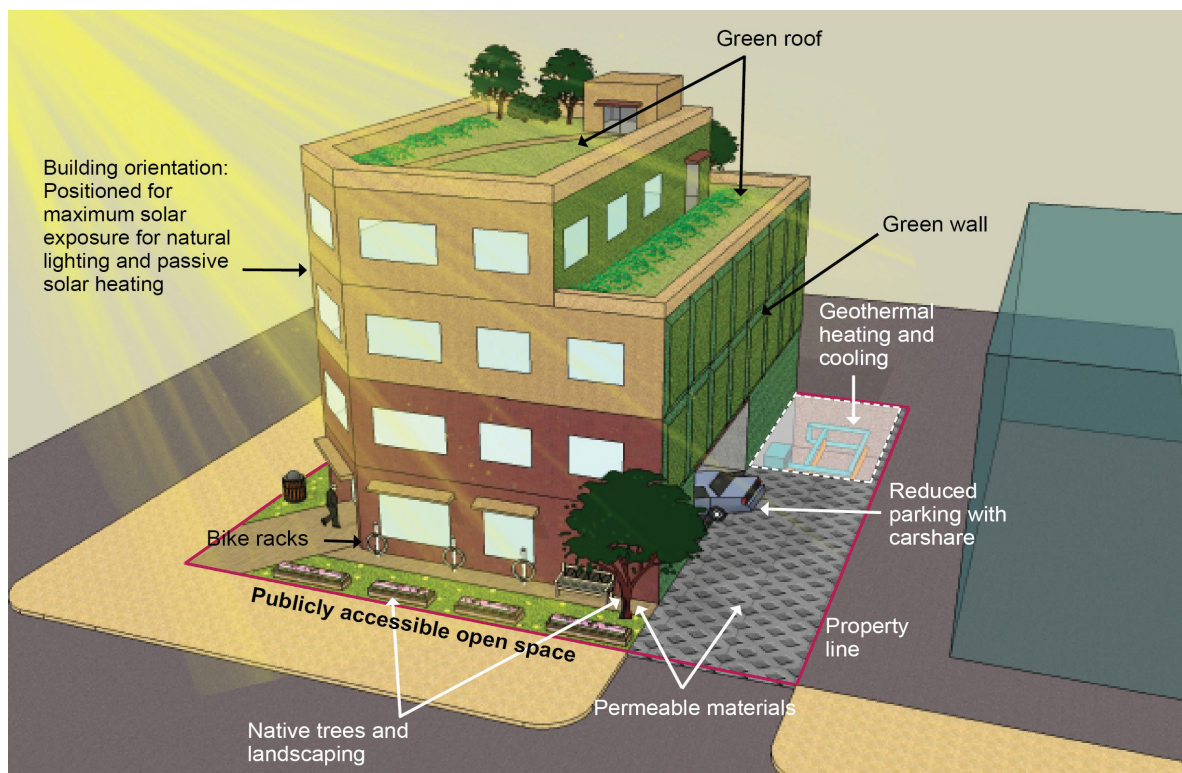
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- Can promote energy conservation and efficiency of a redevelopment proposal

October 12, 2021

Kevin Huang, MES, MCIP, RPP
Senior Planner, Parks Infrastructure
City of Vaughan
2141 Major Mackenzie Drive
Vaughan, ON
L6A 1T1

Sent via email to Kevin.Huang@vaughan.ca

RE: City of Vaughan Parkland Policy Review – July 21st Consultation

As we continue through the City of Vaughan's Parkland Policy Review, BILD and our York Chapter members would like to thank staff for the presentation heard at the July 21st Developer Liaison Committee (DLC) meeting regarding the City's *Parkland Dedication Guideline Document*. The DLC forum has proven to be a successful space for collaboration and we appreciate being a part of the ongoing consultations as it relates to Parkland Policy.

Following this meeting, BILD met with our internal Vaughan Parkland Working Group that we established in late last year, in order to discuss the material presented more thoroughly. From the discussions that were had at this working group meeting, and in advance of our October 13th discussion we have encompassed the following comments for your staff's consideration during the preparation of the second draft of the Parkland Document.

Though, prior to discussing our principal sentiments, BILD would like to attach for your reference in Appendix 1 our most recent study entitled *New Homeowner Money in the Government's Bank; How Unspent Municipal Reserves are Impacting Building Livable Affordable Communities in the GTA (2021)*. Altus Group was retained by BILD in order to review trends in the collection and usage of various government charges in the Greater Toronto Area (GTA), including Parkland Cash-in-Lieu (CIL). It summarizes how these charges are levied, how the quantum of charges imposed has changed over time, how the charges are utilized year-to-year, and how much municipalities have in their reserve funds. Specifically in York Region, Altus focused on the Cities of Vaughan and Markham. Further into this submission we will summarize some of our findings.

Principal Sentiments

On December 9, 2020 BILD and KPMG hosted a Parkland Dedication consultation with our members in order to understand the challenges related to parkland in the Greater Toronto Area (GTA). Attached in Appendix 2 is the report that was drafted based on our consultation, and it discusses the four main themes (transparency, flexibility, fairness and predictability) that consistently arose during the consultation across all three component areas; scope, process and financials. At a very high level, these themes are summarized below:

1. **Transparency** | We firmly believe that municipalities must be transparent with all stakeholders in order to give everyone the opportunity to understand the predictable provision goals for parkland.
2. **Flexibility** | The means and methods to obtain parkland need to be flexible to accommodate innovative methods not previously utilized for parkland typology and uses given reduced land area for all citizens.

3. **Fairness** | As your partners in community building, we see many opportunities for fairness in relation to how decisions are made and how discussions take place, and how there may be opportunities to empower our industry to help make. In addition, the City must keep in mind fairness to the home-buyers of these homes since home attainability is a difficulty in the Province.
4. **Predictability** | Municipalities must review their parkland dedication processes and programs to ensure they are predictable, clear and aligned with broader growth strategies such as Official Plans and Secondary Plans.

The themes presented in KPMG's report should be considered by the City as goals that will aid in the creation of a successful, Made-in-Vaughan solution to Parkland Policy. These themes and the challenges currently being associated to them in Vaughan were discussed at length in our internal working group meeting earlier this month. These challenges and areas for improvement can be found below.

As a friendly reminder, this work aided in BILD's formulation of our Cross-Jurisdictional Parkland Position, which has been re-attached for your reference in Appendix 3.

Collection of Parkland

Our members have mentioned that there is a lack of transparency, flexibility, fairness and predictability in relation to the City's parkland dedication scope, processes and financials has resulted in many challenges during project planning and delivery.

To ensure a positive outcome of this review, Vaughan must encompass predictable methods for collecting and implementing parkland. Our discussion highlighted that for many, the existing parkland rates do not sufficiently account for project-by-project realities and impacts. With this, **BILD recommends that Vaughan must adopt predictable methods of parkland dedication costing through the use of percentage caps, as well as the continuation of fixed/graduated rates.** For additional predictability purposes, these rates should apply for a minimum 5-year term. Our members suggest that with an agnostic approach to costing parkland, Vaughan could better reflect these nuances so the costs of parkland do not outstrip the value of development/growth. As an example, in the City of Toronto there is the cap for Parkland, and we have always pointed to and supported this approach.

As you are aware, the need for flexibility when addressing parkland dedication is crucial because the needs and capacity of each applicant and project varies. As such, **BILD recommends that the City should be in the position to satisfy its parkland desires with various formulas for on-site, off-site, table, non-table, and non-traditional lands while providing flexibility with the financial tools to do so.**

It is important for the City to keep in mind that there is a need for flexibility in the use of financial tools, formulas and processes in order to encourage the design of innovative and unique development projects in Vaughan. Everything that has been mentioned above, would help to manage the growing costs of parkland on project delivery.

Early Acquisition of Parkland

Outlined within BILD's Study *New Homeowner Money in the Government's Bank; How Unspent Municipal Reserves are Impacting Building Livable Affordable Communities in the GTA (2021)*, Altus cites that the early acquisition of parkland, where possible, provides significant benefits for municipalities, developers, and existing/future residents. These benefits include:

- Significant cost savings for Municipalities;
- Ensures Community Amenities are in place when people move in; and
- Reduced need for significant parkland dedication or cash-in-lieu requirements.

With early acquisition, the City would publicize the parkland fee schedules and any related formulas so they can be factored into the early planning stages of the development planning process. Specifically, the City would disclose the parkland rate at the time of development application approval for new homes to the builder instead of at the building permit stage. This transparency by the City will be passed along from the builder to the homebuyers of these units earlier on in order to lessen the financial risk at the time of occupancy. We firmly believe that the attainability of homes for all new home-purchasers in the GTA should include the right to not be financially burdened with the cost of parkland that could have been managed earlier at a lower cost of service provision.

Parkland Reserves in Vaughan

As outlined in Altus' Study, over the 2016-2019 period, the City of Vaughan has used its parkland Cash-in-Lieu (CIL) reserves primarily for various land acquisitions as well as minor parkland development projects. The City's parkland CIL balance at the end of 2019 was \$72.5 million, up from \$68.1 million in 2016. Over the four-year period, the City received \$62 million in revenues, including interest earnings, while spending \$55.8 million, almost all of which was for land acquisition purchases.

Provided with this, our members would like a clearer understanding from the City of where parkland money 'goes' once it is paid as it relates to projects, and more broadly what the goals and objectives are related to parkland and the reserve monies that are collected. At this time, **we are kindly requesting a detailed accounting for all Parkland Collection and Cash-in-lieu of Parkland (CILP) paid to the City and paid out by the City over the past 10-15 years, similar to the manner in which expenditures from the City's DC reserve fund are required to be reported.** This will aid in our understanding of where the money has been historically allocated.

BILD also has a few concerns regarding the notion that Vaughan is seeking to make-up for the current parkland deficiencies through new growth, meaning that new growth will also have to provide space for existing residences which is supposed to be fairly provided by tax dollars. To correct this narrative, **we kindly ask the City to confirm their strategy for making up for current parkland deficiencies prior to completing the second draft of the Parkland Document. The City's Parks Plan should also ensure that the significant existing surplus of CIL reserves are accounted for and used to offset any future calculated parkland funding needs.**

Moving forward, Vaughan must be transparent about how the parkland reserve funds will be used. For additional transparency, Vaughan is encouraged to look to their development charges background study for the level of detail that could be provided.

Additional Considerations

- Attached for your reference in Appendix 4, is the *Province's Building Blocks for Sustainable Planning - 9 in a Series of 12*. This resource shares that municipalities are able to authorize a reduction in the amount of cash-in-lieu of parkland payments if sustainability features are included in the redevelopment proposals. **BILD strongly encourages Vaughan to exercise this option in the City's Official Plan and Parkland Policies. Please see Appendix 4 for full details.**

- Our members recommend that additional consideration must be given to on-site parkland. Further, we support that up-to 100% credit should be provided when it comes to strata parks and privately-owned public space (POPS).
- As for existing school sites, Vaughan must consider the neighbourhoods around school sites are going to eventually mature and could be sold by the school boards, and those sites could be bought by the City for Parkland purposes. As an example, the Town of Oakville spent approximately \$2.7 million for the procurement of a surplus site from the Halton Catholic District School Board. In addition to providing parks within residential areas, acquiring sites from school boards enables a chain of transactions that generate numerous benefits for a community - if a site declared surplus is sold and was first purchased using Education Development Charge (EDC) funds, the amount paid with EDCs is required to be returned to the School Board's EDC Reserve Fund once that property is sold, and those funds can be used by the school board to purchase school sites elsewhere in their jurisdiction.

While this review continues, and as the City comes forward with different draft iterations of the Parkland Policy, BILD's comments are subject to change. As your community building partners we look forward to being an ongoing resource for the City throughout this review, and kindly ask to be apprised of all updates moving forward. We are happy to discuss the contents of this letter further at our meeting on October 13th. In the interim should you have any questions, please feel free contact the undersigned.

Respectfully,

A handwritten signature in black ink, appearing to read "Paula J. Tenuta".

Paula J. Tenuta MCIP, RPP
SVP, Policy & Advocacy
BILD

A handwritten signature in black ink, appearing to read "Victoria Mortelliti".

Victoria Mortelliti
Manager, Policy & Advocacy
BILD

The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. It's 1,500 member companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.

New Homeowner Money in the Government's Bank:

*How Unspent Municipal Reserves are
Impacting Building Livable, Affordable
Communities in the GTA*

Independent Real Estate Intelligence

October 5, 2021



**New Homeowner Money in the
Government's Bank:**
*How Unspent Municipal Reserves are Impacting
Building Livable, Affordable Communities in the GTA*

Prepared for:

BILD

Prepared by:

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October 5, 2021

EXECUTIVE SUMMARY

Altus Group Economic Consulting was retained by BILD to review trends in the collection and usage of various government charges in the Greater Toronto Area (“GTA”). The study summarizes how these charges are levied, how the quantum of charges imposed has changed over time, how the charges are utilized year-to-year, and quantifying funds that municipalities have in reserve. The study focuses on a total of 16 GTA municipalities, including a mix of upper-tier, single-tier and lower-tier municipalities.

Upper- /Single- Tier	City of Toronto	York Region	Peel Region	Halton Region	Durham Region	Simcoe County	City of Barrie
Lower- Tier		Vaughan, Markham	Mississauga, Brampton	Oakville, Burlington	Whitby, Oshawa	BWG	

DEVELOPMENT CHARGES

As of Year-End 2019, Nearly \$3.3 Billion was Available in DC Reserve Funds for New Community Infrastructure

Over the 2013-2019 period, the studied municipalities saw their combined development charge (DC) reserve fund balances increase to \$3.25 billion as of 2019, an increase of \$1.35 billion from 2013.

The City of Toronto was responsible for the majority of the increase in DC reserves, as the City’s DC reserve fund balance rose by \$839 million over the 2013-2019 period, and as of year-end 2019, the reserve fund had a surplus of \$1.2 billion.

Figure ES- 1

Change in DC Reserve Fund Balances, Studied Municipalities	
2013	\$1.91 billion
2019	\$3.25 billion
Change 2013-2019	+\$1.34 billion (+70%)

The build-up of DC reserve fund balances seen in some GTA municipalities represents community infrastructure paid for by recent developments that has not been built. Based on recent annual average DC expenditures, the combined reserve fund surplus represents several years worth of funded infrastructure spending.

Development Charge Rates Have Increased by an Average of 156% Since 2009

Over the 2009-2021 period, development charges in the Greater Toronto Area have increased significantly by an average of 156% (using the single-detached unit rates) in the studied municipalities, which equates to an annual average increase of 8.5% per year.

The average DC rate for a single-detached unit (SDU) has increased from \$31,500 per unit in 2009 to approximately \$80,600 per SDU in 2021. The highest DC rate charged is in the City of Vaughan, at a rate of \$118,400 per SDU (City and Region of York rates combined).

Similarly, average DC rates for apartment units have increased by approximately 125% since 2009.

Slower than Forecast Housing Growth (Among Other Factors) Caused DC Revenues to Fall Short of Projections

Over the 2013-2019 period, the study municipalities received a combined \$10 billion in DC revenues, and spent \$10.4 billion. However, both the revenues and expenditures are each approximately 62% of forecast revenues/expenditures from municipal DC studies.

Figure ES- 2

	Projected (2013-2019)	Actual (2013-2019)	Actual as % of Projected
DC Revenues	\$16.1 billion	\$10.0 billion	63%
DC Expenditures	\$16.5 billion	\$10.4 billion	62%

The shortfall in DC revenues relative to forecasts is due to numerous factors, but primarily due to housing and non-residential space growth being slower than projected, as all municipalities (except the City of Toronto and Peel

Region) saw significant shortfalls in population and employment growth relative to forecast.

In the aggregate, municipalities appear to have responded to lower than forecast DC revenues by proportionately reducing DC expenditures. However, some municipalities have disproportionately delayed expenditures relative to the shortfall in DC revenues.

For example, while the City of Vaughan's DC revenues were 85% of projections, the City's expenditures were only 29% of expenditure plans as set out in DC background studies. Other municipalities spending disproportionately less include Whitby, Toronto and Oshawa.

Figure ES- 3

Comparison of Projected and Actual DC Revenues and Expenditures, 2013-2019

Sorted by Difference in DC Expenditures & DC Revenues (as % of Respective Projections)

Municipality	Actuals as % of Projections		Difference
	DC Revenues	DC Expenditures	
	Percent		Pct Pts
Peel Region	59%	98%	40
York Region	61%	85%	24
Markham	49%	60%	11
Bradford West Gwillimbury	98%	108%	10
Barrie	84%	90%	6
Burlington	67%	68%	1
Halton Region	70%	69%	(1)
Brampton	61%	55%	(6)
Mississauga	65%	56%	(8)
Durham Region	37%	26%	(11)
Oakville	77%	57%	(21)
Simcoe County	78%	56%	(22)
Oshawa	69%	43%	(25)
Toronto	77%	41%	(36)
Whitby	51%	14%	(37)
Vaughan	85%	29%	(56)

Source: Altus Group Economic Consulting

Other municipalities, particularly those responsible for major water and wastewater infrastructure investments that are required to be installed prior to growth occurring, such as York Region and Peel Region, continued to spend DC funds as planned, despite seeing shortfalls in DC revenues relative to forecast.

PARKLAND CASH-IN-LIEU

Municipalities acquire parkland and other forms of open space through parkland dedication requirements imposed on new developments.

Alternatively, a landowner can provide funds in lieu of parkland dedication to a municipality where physical land dedication is not possible to incorporate into the development, known as ‘cash-in-lieu’ of parkland, or “Parkland CIL”, at a rate not to exceed 1 hectare per 500 dwelling units. Despite the statutory allowance, some municipalities choose to apply fixed per unit rates for parkland, a capped percentage of land area, or a combination thereof, so as to not discourage high-density development.

Based on Parkland CIL revenues and expenditures over the 2015-2019 period, there is a significant mismatch between Parkland CIL revenues and expenditures from reserves, with the municipalities studied receiving a total of \$193 million per year in Parkland CIL revenues but spending only \$108 million per year (or 56% of revenues). Only one municipality studied (Town of Oakville) spent more than 85% of revenues generated.

Figure ES- 4

Change in Parkland CIL Reserve Fund Balances, Studied Municipalities	
2013	\$375 million
2019	\$1.48 billion
Change 2013-2019	+\$1.1 billion (+294%)

The imbalance between Parkland CIL revenues and expenditures has caused Parkland CIL reserve fund balances to increase by nearly 300% over the 2009-2019 period, from \$375 million in 2009 to \$1.48 billion in 2019. Every municipality studied has seen increases of 60% or more to their reserve fund balances since 2009. The City of Toronto has the largest parkland CIL reserve fund balance, at \$1.03 billion as of 2019, up 372% or \$815 million from 2009. Numerous municipalities have also seen Parkland CIL reserve fund increases of more than 300% since 2009, including Toronto (+372%), Whitby (+331%), Brampton (+488%), Markham (+441%) and Barrie (+644%).

A key concern with increasing Parkland CIL reserve funds is that the unused money in Parkland CIL reserves, based on likely rates of interest/investment earnings, are unlikely to keep pace with increases in land values, which can diminish the purchasing power of the funds kept in reserve.

To make better use of the Parkland CIL funds generated from new development, municipalities should seek opportunities wherever possible to acquire parklands as early in the planning process as possible (whether in greenfield environments or emerging high-density/urban areas), as it provides an opportunity to save substantial funds by avoiding future appreciation of land prices and avoiding competing in the market while trying to acquire new lands. This approach, based on our review of two recent cases in the GTA, can result in substantial cost savings for municipalities and ensure that community amenities are in place when development of an area is underway.

SECTION 37 DENSITY BONUSING

The former Section 37 of the *Planning Act* (to no longer be in effect as of September 2022) allows for increases in permitted height and/or density through the zoning by-law in return for ‘community benefits’.

Section 37 contributions were meant to help municipalities provide community infrastructure required by the people being accommodated in a development over and above the permitted as-of-right zoning. While Section 37 provisions are used in some ‘905’ municipalities, it has been most frequently utilized in the City of Toronto.

Over the 2017-2019 period, the City of Toronto received roughly \$61 million per year in cash contributions, or \$184 million over the three-year period. Of the \$184 million in Section 37 cash contributions received, roughly half was earmarked for specific improvements such as affordable housing, parkland improvements, streetscape improvements, public agency space, public art, library improvements, child care facilities, etc.

At the end of 2019, the City had a surplus of approximately \$303 million in its Section 37 reserve fund, with over 70% of this balance attributed to four Wards within Downtown Toronto.

Figure ES- 5

Total Amount of Section 37 Density Bonus Reserves, Studied Municipalities	
2019	\$311 million

COMBINED CAPITAL RESERVES

In total, the studied municipalities have a combined \$5.05 billion in their development charge, Parkland CIL and Section 37 Density Bonus reserves. This represents a substantial backlog in growth-related infrastructure paid for by recent housing developments, and also represents an opportunity for infrastructure funding that can help to make existing and new communities more attractive to residents and businesses, and provide improved amenities such as parkland, recreation space, libraries to communities, and provide the hard infrastructure such as roads, water, and sanitary infrastructure that can provide additional capacity for new development.

Figure ES- 6

Current Combined Balances in Reserve Funds, Municipal Charges on New Development (as of year-end 2019)	
Development Charges	\$3.26 billion
Parkland CIL	\$1.48 billion
Section 37 Density Bonusing	\$311 million
Total	\$5.05 billion

The \$5.05 billion in reserves presents an opportunity for the Greater Toronto Area to stimulate the economy with stimulus funding that is presumed to be ready and available to be spent and generate economic activity and employment opportunities.

OTHER FISCAL CONSIDERATIONS

Residential Property Taxes per Household Have Only Increased by 1%-19%, After Inflation Since 2009

The property taxes per household increased for selected municipalities¹ in the range of 22% to 43% over the timeframe, which equates to an average annual

¹ The property taxes paid to upper-tier municipalities, where applicable, are embedded within the estimated property taxes per household in each lower-tier municipality.

increase of 1.80% per year to 3.28% per year. After accounting for inflation, the property tax revenues municipalities received in 2019 were little changed from what they were in 2009, with the increases to property tax revenues per household ranging from 1% to 19%.

Increases to User Fees and Service Charge Revenues Have Outpaced Increases to Property Tax Revenues in Most Municipalities

Meanwhile, user fees and service charges have increased between 10% and 78% in the studied municipalities, with the rate of change higher for user fees/services charges than for property taxes.

Debt Guideline

The Province limits a municipality's annual debt charges to 25% of net revenues (with exceptions made for York Region) – as of 2019, no municipality had debt charges above 11% of net revenues suggesting that municipalities generally have limited borrowing and have significant room to borrow funds for capital infrastructure projects even if immediate funding sources weren't available. The average debt charges as a share of net revenues in the studied municipalities was 4.6%, less than one-fifth the Provincial limit, and only moderately higher than in 2009 (4.0%).

Municipal Land Transfer Tax

The City of Toronto is the only municipality in Ontario with the authority to levy a municipal land transfer tax (MLTT), which is imposed on all real estate transactions, including the purchase of new homes and resale homes.

Over the 2009-2019 period, the City has raised \$5.45 billion in MLTT revenues, or an average of approximately \$495 million per year, with the City receiving more than \$700 million in each of 2017, 2018 and 2019. While there is potential for year-to-year volatility of MLTT revenues, the experience thus far has been that it is a reliable, steadily increasing source of funding.

The majority of funds generated go towards operating costs and tax stabilization reserves. As of 2020, the City directed just 5% of MLTT revenues to the City's capital financing reserves, but the City is exploring opportunities to direct larger portions towards the City's capital program.

The City's \$799 million in MLTT revenues in 2019 represents approximately 6.2% of all municipal operating expenditures, and the revenues (if used

entirely to fund operating costs) would be enough to fund the entirety of operating costs associated with the City's Fire Services (\$567 million) and Library Services (\$226 million) combined.

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1 INTRODUCTION

1.1 BACKGROUND

Altus Group Economic Consulting was retained by BILD to review trends in the collection and usage of various government charges in the Greater Toronto Area (“GTA”), including charges related to the development of new housing, such as development charges (“DCs”), parkland dedication or cash-in-lieu (“CIL”), and Section 37 density bonusing, as well as broader on-going charges, such as property taxes, user fees and service charges. The study summarizes how these charges are levied, how the quantum of charges imposed has changed over time, and how the charges are utilized year-to-year.

1.2 STUDY MUNICIPALITIES

In total, the study focuses on a total of 16 municipalities, including the City of Toronto, the four GTA regional municipalities (Peel, York, Halton and Durham), Simcoe County and the City of Barrie, as well as nine (9) lower-tier municipalities.

Figure 1

Upper-Tier / Single-Tier Municipalities	Lower-Tier Municipalities
City of Toronto	n.a.
York Region	Vaughan, Markham
Halton Region	Oakville, Burlington
Peel Region	Mississauga, Brampton
Durham Region	Whitby, Oshawa
City of Barrie	n.a.
Simcoe County	Bradford West Gwillimbury

1.3 TRENDS IN POPULATION AND EMPLOYMENT GROWTH

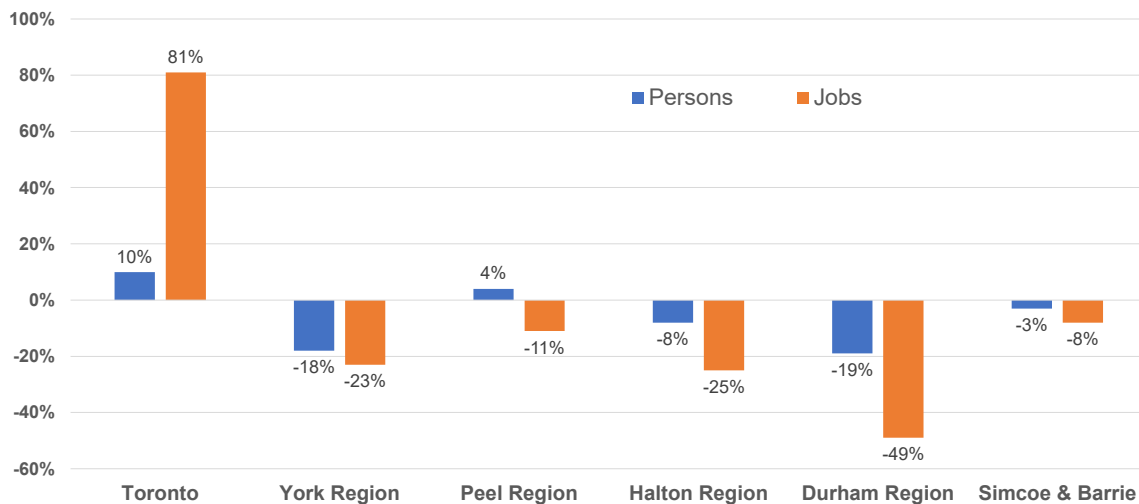
An important element in the analysis, particularly in the area of development charges is assessing how municipalities have grown compared to forecasted population and employment from Schedule 3 of the Growth Plan for the

Greater Golden Horseshoe. Municipal studies underpinning municipal fees and charges incorporate forecasted population, housing and employment from their respective Official Plans, which are to be based on forecasts of the same from the Growth Plan.

In many cases, when comparing projected revenues to actual revenues, any shortfalls can be primarily explained by a relative lack of growth compared to forecasts in most municipalities.

Figure 3

Surplus / Shortfall in Persons & Jobs Relative to Growth Plan Forecasts, 2001-2019



Source: Altus Group Economic Consulting, based on Hemson Consulting GGH: Growth Forecasts to 2051, Growth Plan for the Greater Golden Horseshoe Schedule 3, Statistics Canada Annual Demographic Estimates

Other than in the City of Toronto which saw employment growth from 2001 to 2019 that was 81% greater than forecast², all of the other upper-tier/single-tier municipalities in the GTA saw significant shortfalls of job growth relative to forecasted employment in the Growth Plan, ranging from 8% less than forecast in Simcoe/Barrie combined to 49% less than forecast in Durham Region.

Population growth in all municipalities other than the City of Toronto (+10% greater than forecast) and Peel Region (+4% greater than forecast) also saw shortfalls relative to forecasts, ranging from 3% less than forecast in Simcoe/Barrie to 19% less than forecast in Durham Region.

² The City was forecast to add 160,000 net new jobs by 2019, but added 289,000 net new jobs, or 81% higher than forecast.

The implications of a shortfall in population and/or employment growth on municipal finances is discussed in some detail later in this report.

1.4 CAVEAT

The information presented in this report is based on interpretation of various municipal policies, by-laws, rate schedules, etc. While every effort has been made to interpret these materials accurately, there can be no certainty that municipal stakeholders will apply their policies and rates in the same manner as presumed within the analysis contained in this report.

The data presented in this report is based on the latest data available as of the writing of the report. However, given the variety of types of data used, the most recent iteration of data may vary from one chart, table, or figure to the next. For example, as of the time of writing of this report, the Financial Information Return (FIR) data municipalities submit to the Ministry of Municipal Affairs was current as of 2019.³ Additionally, when looking at how data has changed over time, where possible historic data is provided going back to 2009, but in certain instances, elements of current FIR reporting only became available more recently, and so in some cases the historic data shown does not extend back to 2009.

In some cases, there are municipalities with data available for the 2020 fiscal year. While the report focuses on the 2019 year given that is the year for which all municipalities have all data reviewed available, some of the updated data for 2020 is presented in Appendix A to this report.

³ Some municipalities have a 2020 FIR available, but not all municipalities did as of the time of writing this report.

2 ANALYSIS OF DEVELOPMENT CHARGE REVENUES AND EXPENDITURES

This section of the report reviews the quantity of DC revenues and expenditures from each municipality's DC reserve fund, as well as the year-to-year balances in those reserve funds.

The actual DC revenues and expenditures are compared to projected amounts from the various municipal DC studies to understand whether there have been DC revenue shortfalls relative to forecast, with an overview of the causes of shortfalls (beyond the shortfalls in population and employment growth in most GTA municipalities), and whether similar shortfalls are evident in DC expenditures relative to forecasts.

This analysis can help readers understand whether anticipated revenue shortfalls are being met with disproportionate delaying or postponing of expenditures. Delaying capital expenditures and/or capital projects can have implications for the availability of infrastructure and servicing necessary to proceed with new housing development.

2.1 OVERVIEW OF DEVELOPMENT CHARGES

2.1.1 Municipal Development Charges

The *Development Charges Act* ("DC Act") grants authority to municipalities to enact a development charges ("DCs") by-law that imposes a charge against land to be developed where the development will increase the need for municipal services.

Municipal DCs collect funds for services deemed as being eligible in the DC Act such as Parks & Recreation, Libraries, Fire Services, Police Services, Water, Sewer, Roads, Transit, etc. Where there is both an upper-tier and lower-tier municipality, the services included in each respective municipality's DC by-law are based on which tier is the provider of each service.

Each of the lower-tier/single-tier municipalities reviewed in this report imposes DCs for a variety of services. Recent changes to the DC Act, via Bill 108 (More Homes, More Choice Act, 2019) and Bill 197 (COVID-19 Economic Recovery Act), expanded the list of services for which development charges

can be imposed. Bill 197 also removed the 10% statutory deduction for certain soft services that had previously been required under the *DC Act*.

2.1.2 Area-Specific Development Charges

Several of the municipalities reviewed in this report impose area-specific development charges (“ASDC”), which can result in varying DC rates depending on where a development is located within a jurisdiction:

- **Halton Region** – Halton Region imposes a higher DC rate for homes built in the greenfield area than those built within the Region’s built boundary;
- **City of Barrie** – The City of Barrie imposes different DC rates for the parts of the City within the former City boundaries, and the Salem and Hewitt’s Secondary Plan areas;
- **Town of Bradford West Gwillimbury** - The Town imposes different DC rates for the Bradford settlement area and the Bond Head settlement area. The rates displayed in the following section are based on the in-force rates in the Bradford settlement area; and
- **City of Markham** – The City of Markham imposes additional area-specific DC rates for homes built in certain areas within the City and levies them on a per hectare basis.

2.2 TRENDS IN DEVELOPMENT CHARGE RATES

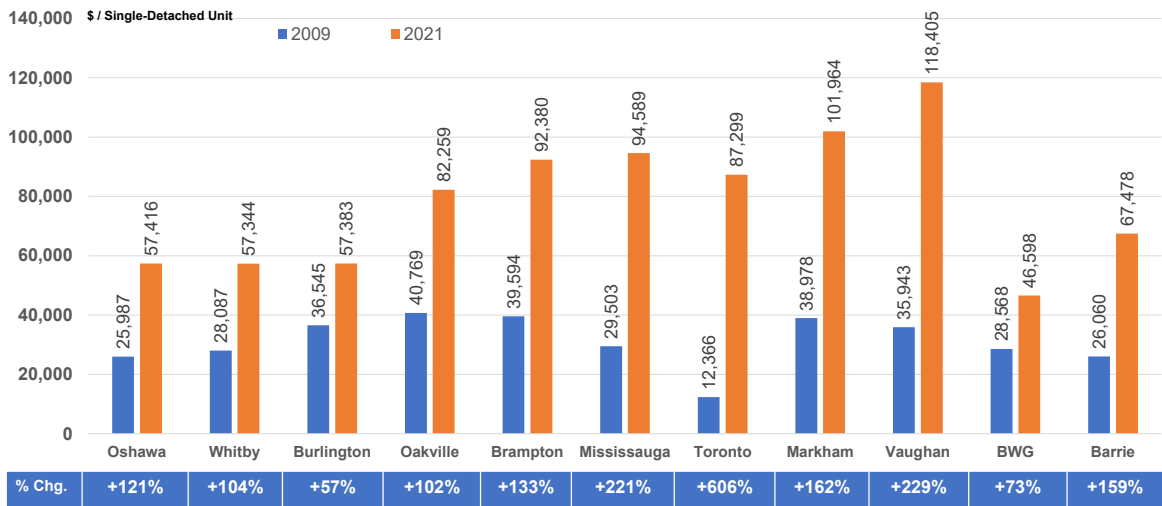
Over the 2009-2021 period, development charges in the Greater Toronto Area have increased significantly by an average of 152% for single-detached units (“SDU”) in the studied municipalities, which equates to an annual average increase of 8.0% per year.

The average DC rate has increased from \$31,500 per SDU in 2009 to \$79,400 per SDU in 2021. The highest combined DC for a single-detached unit is in the City of Vaughan at over \$118,400.

The highest DC rate increase seen since 2009 has been in the City of Toronto, where the DC rate for single-detached units increased by 606%, from \$12,366 per SDU in 2009 to \$87,300 per SDU in 2021. The DC rates increased by more than double in nine of the 11 municipalities studied (when combined with the applicable upper-tier DC rates)

Figure 4

Change in Development Charge Rates, GTA Municipalities, 2009-2021



Source: Altus Group Economic Consulting

Similar increases have been seen for other unit types – for example, average DC rates for apartment units have increased by approximately 125% since 2009.

2.2.1 What Municipal Services Do Development Charges Fund?

The DC Act, under section 2(4) allows for municipalities to levy a DC by-law for numerous services – this list of permitted services was expanded through Bill 197, however, this list largely formalizes the services that municipalities had already been collecting DCs for.

Former iterations of the DC Act were based on an ‘ineligible’ list that could not be included in a DC by-law (that included tourism facilities, landfills, cultural/entertainment facilities), with little other prescription for what could be included, so long as it was not a specified ineligible service.

Currently, the only services being recovered for in the municipalities studied in this report that are not explicitly set out as eligible services in section 2(4) of the DC Act are municipal parking services (currently charged for in Oshawa, Whitby, Oakville, Mississauga, Toronto, and Barrie), and airports (currently charged for in Barrie). These services will no longer be eligible to be collected through DC by-laws after September 18, 2022.

Figure 5 Development Charge Service Breakdown

Service	DC Act	Durham Region		Halton Region		Peel Region		Toronto	York Region		Simcoe County	Barrie
		Oshawa	Whitby	Burling.	Oakville	Bram.	Miss.		Markham	Vaughan	BWG	
Water Supply / Distribution	X	X	X	X	X	X	X	X	X	X	X	X
Wastewater Treatment / Sewers	X	X	X	X	X	X	X	X	X	X	X	X
Storm Drainage and Control	X	X	X	X			X	X	X	X		
Roads & Related (incl. Public Works)	X	X	X	X	X	X	X	X	X	X	X	X
Electrical Power Services	X											
Transit	X	X	X	X	X	X	X	X	X	X	X	X
Waste Diversion	X	X	X						X		X	
Police Services	X	X	X				X	X			X	X
Fire Services	X	X	X	X	X	X	X	X	X	X	X	
Ambulance / Paramedic	X	X	X				X	X			X	X
Libraries	X	X	X	X	X	X	X	X	X	X	X	X
Long Term Care	X	X	X				X	X			X	
Parks and Recreation	X	X	X	X	X	X	X	X	X	X	X	X
Public Health	X	X	X					X				
Child Care	X							X				
Housing Services	X	X	X				X	X			X	X
Provincial Offences Act	X											
Emergency Preparedness	X											
Parking		X	X		X		X		X			X
Airport		only permitted in Waterloo Region										X

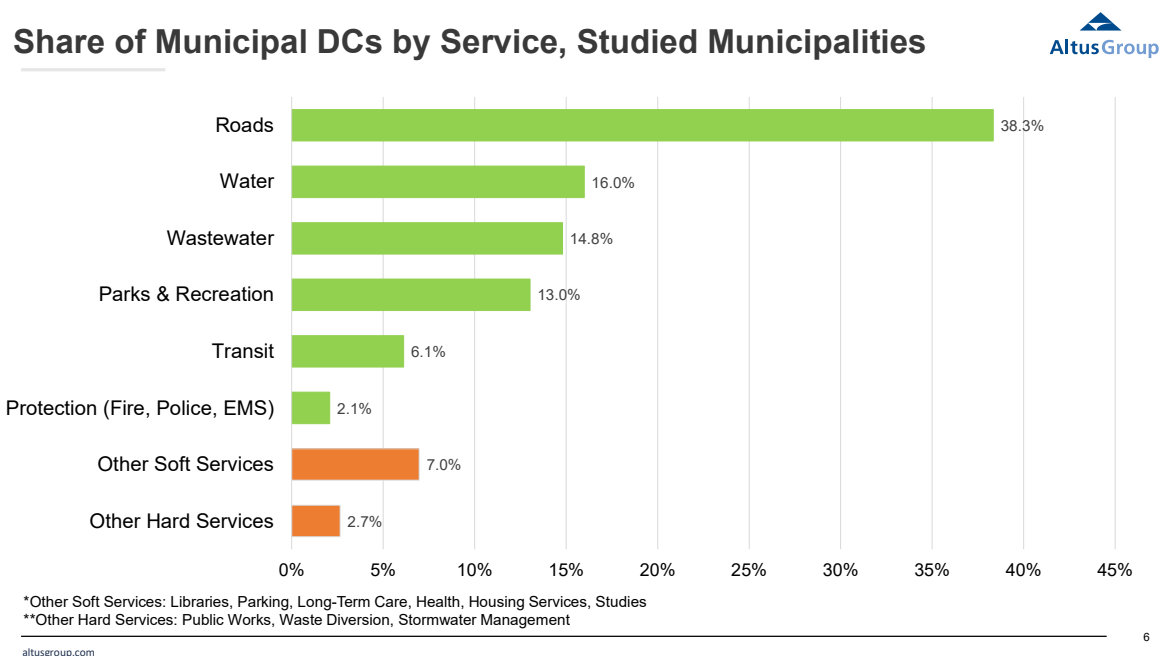
Source: Altus Group Economic Consulting based on Development Charges Act, various municipal DC by-law s

The services with the most significant charges are hard services (e.g. roads, water, wastewater, transit), however, the combined parks and indoor recreation services also represents a significant share of total DC rates in the studied municipalities. These five categories comprise approximately 90% of DC rates.

- The costliest service is Roads (and related services), which on average make up over 38% of municipal DC rates;
- Second largest is Water services, which makes up 16% of DC rates, and includes costs relating to both water supply and water distribution;

- Third largest is Wastewater services, which includes costs relating to wastewater treatment plants and wastewater collection networks, comprising nearly 15% of DC rates;
- Fourth largest is Parks and Indoor Recreation, which when combined make up 13% of DC rates. Often, Parks Development and Indoor Recreation are treated as separate services in DC by-laws, but for the purpose of this analysis they have been combined to allow for comparison between municipalities;
- Fifth largest is Transit, which on average comprises 6% of DC rates. Because of changes made to the *DC Act* in 2016, municipalities are now permitted to recover a greater proportion of transit capital costs than before by being able to recover costs above historic service levels. Transit DCs tend to vary significantly from one municipality to the next as some municipalities rely on DCs to fund expansions of systems incorporating multiple modes of service (subway, streetcar, LRT, bus), while other municipalities have relatively simple transit systems.

Figure 6



Many municipalities do not collect DCs for costs related to 'local' services, such as local roads (e.g. roads within the interior of a subdivision), local water or sewer mains (below a certain defined size threshold), local

neighbourhood parkland development, which would instead be funded directly by developers. The definition of ‘local’ work should be specified through a municipality’s local service policies/guidelines, typically published within a municipality’s DC background study.

The table below shows the range of DC rates for the five most significant DC services among the municipalities studied, as expressed per single-detached unit (or “per SDU”).

The highest DC rates for hard services such as roads, water and wastewater are in Peel Region and York Region, respectively. The combined Roads DC applicable within the City of Vaughan, which includes City and Region charges, amounts to \$58,380 per SDU. The most significant Parks & Recreation charges are \$16,770 per SDU in the City of Mississauga, while the highest DC for transit services is imposed by the City of Toronto, at \$33,200 per SDU.

Figure 7

Highest DC Rates for Hard Service DCs, Studied Municipalities

Service	Average DC Rate	Maximum DC Rate Imposed by Service	
	\$ / SDU	Rate	Municipality
Roads	31,136	58,380	Vaughan / York Region
Water	12,986	28,627	Peel Region
Wastewater	12,029	21,078	York Region
Parks & Recreation	10,575	16,769	Mississauga
Transit	4,967	33,206	Toronto

Source: Altus Group Economic Consulting based on municipal DC by-laws and pamphlets

2.3 DEVELOPMENT CHARGE REVENUES AND EXPENDITURES

Figure 8 shows actual DC revenues and expenditures, as reported in the annual Financial Information Returns (“FIRs”) that municipalities are required to submit yearly to the Ministry of Municipal Affairs and Housing.

In the aggregate, the studied municipalities spent an amount roughly proportionate to the DC revenues generated. Over the 2013-2019 period, the municipalities studied received an average of \$1.49 billion per year in

revenues and spent an average of \$1.43 billion per year from DC reserves, or 96% of annual revenues.

However, when the data is viewed by individual municipalities, there were several municipalities where annual expenditures exceeded revenues. In many of these cases (Peel Region, Barrie, York Region, Halton Region), it is those municipalities that are responsible for water supply and wastewater treatment infrastructure, which often have large up-front costs requiring debt financing to fund, with future DC revenues paying for annual debt charges.

Figure 8

Actual DC Revenues and Expenditures, 2013-2019, Annual Averages
Sorted by Expenditures as % of Revenues

Municipality	Annual Averages - 2013-2019		Expenditures as % of Revenues
	DC Revenues	DC Expenditures	
	<i>Dollars</i>		<i>Percent</i>
Markham	34,998,970	56,228,258	161%
Peel Region	261,080,168	364,673,957	140%
Barrie	24,004,526	30,781,073	128%
York Region	280,874,223	314,057,483	112%
Halton Region	173,170,535	187,452,469	108%
Burlington	4,642,225	4,762,388	103%
Bradford West Gwillimbury	15,924,985	15,604,687	98%
Simcoe County	19,971,562	19,114,183	96%
Brampton	89,950,810	84,013,467	93%
Oshawa	8,839,253	7,384,629	84%
Mississauga	34,451,182	25,587,257	74%
Oakville	30,390,428	20,652,655	68%
Toronto	340,337,391	217,009,920	64%
Durham Region	96,299,871	53,978,984	56%
Whitby	9,522,965	4,596,546	48%
Vaughan	65,382,988	23,807,129	36%
Total	1,489,842,082	1,429,705,085	96%

Note: Annual revenues include interest earnings/costs. Amounts also include debt proceeds and charges

Source: Altus Group Economic Consulting based on annual Financial Information Returns

In many other municipalities, DC expenditures made per year fell significantly short of DC revenues generated per year. For example, the City of Toronto received \$340 million in DC revenues per year over the 2013-2019 period but spent only \$217 million (or just 64% of annual revenues). There may be reasons for this disparity in some municipalities, including project delays and/or cancellations, or possibly 'saving' of funds for large expenditures in the future, rather than relying on debenture financing.

2.4 COMPARISON OF ACTUALS VS. PROJECTED

2.4.1 DC Revenues

Figure 9 shows how the projected DC revenues (from municipal DC studies) compare with actual DC revenues received over the 2013-2019 period. While the DC studies in the studied municipalities projected \$16.4 billion in DC revenues (or \$2.35 billion per year), municipalities received \$10.4 billion (or \$1.49 billion per year), equating to a shortfall in anticipated funding of approximately \$6.03 billion over the 2013-2019 period. Of the 16 municipalities studied, just one saw DC revenues exceed 90% of projections (Bradford West Gwillimbury).

Figure 9

Comparison of Projected and Actual DC Revenues, 2013-2019			
Sorted by Actual as % of Projected			
Municipality	Projected Revenues	Actual Revenues	Actual as % of Projected
	<i>Dollars</i>		<i>Percent</i>
Bradford West Gwillimbury	113,490,645	111,474,894	98%
Vaughan	540,191,500	457,680,918	85%
Barrie	199,811,567	168,031,679	84%
Simcoe County	179,351,000	139,800,933	78%
Oakville	275,411,114	212,732,998	77%
Toronto	3,100,627,271	2,382,361,736	77%
Halton Region	1,720,740,170	1,212,193,742	70%
Oshawa	90,221,565	61,874,770	69%
Burlington	48,286,641	32,495,575	67%
Mississauga	373,253,000	241,158,275	65%
Brampton	1,027,331,289	629,655,671	61%
York Region	3,235,446,369	1,966,119,560	61%
Peel Region	3,117,383,154	1,827,561,179	59%
Whitby	130,635,336	66,660,757	51%
Markham	502,356,550	244,992,793	49%
Durham Region	1,802,492,887	674,099,094	37%
Total	16,457,030,058	10,428,894,574	63%

Source: Altus Group Economic Consulting

2.4.1.1 Causes for DC Revenue Shortfalls

There are numerous causes for the shortfall in actual DC revenues relative to projections, including the following:

- Underperformance of residential development relative to forecasts in municipal plans (this was the case in all studied municipalities except the City of Toronto and Peel Region);

-
- Significant shortfalls in non-residential development relative to forecasts in municipal plans (in all municipalities except City of Toronto);
 - Intensified use of existing structures that brings net new population or job growth without a corresponding increase to DC revenues, such as:
 - Increases to household sizes,
 - Increased work from home employment
 - Existing office space usage being made more efficient to accommodate more jobs, rather than seeing a corresponding increase in office construction;
 - Statutory exemptions, discounts or rebates as set out in the DC Act, for certain institutional uses like elementary schools, hospitals, places of worship, etc., for the enlargement of existing industrial building (50% or less), exemptions/discounts for office space, secondary dwelling units, etc.;
 - Non-Statutory exemptions that include discounts, rebates, or exemptions provided to incentivize certain types of development.

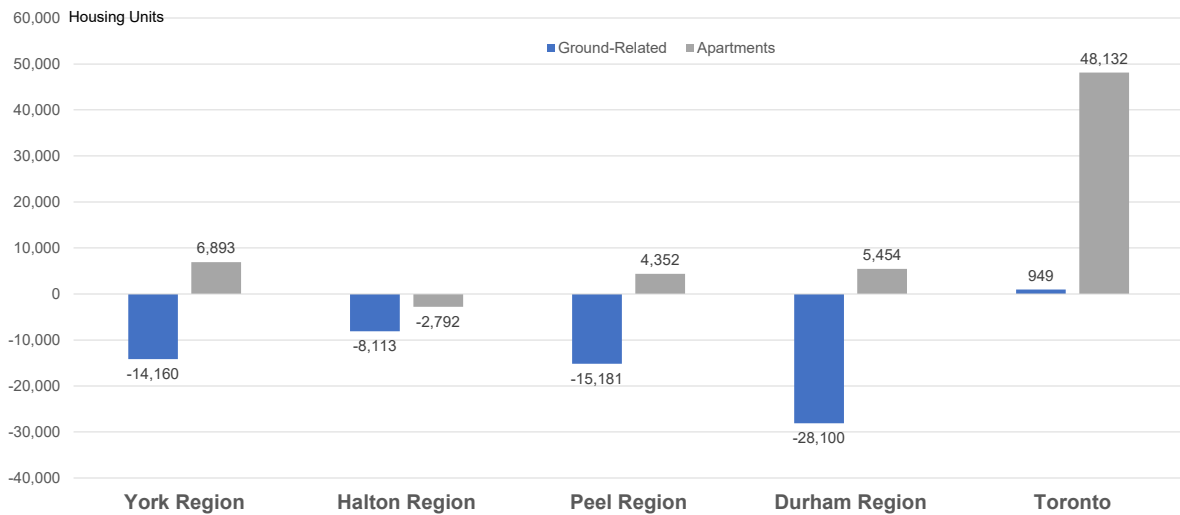
The DC Act does not allow for the cost of any exemptions, discounts or rebates to be made up through higher DC rates for other non-exempt forms of development. Instead, DC reserve funds are meant to be made 'whole' by non-DC sources of funding provided to ensure that future development does not indirectly fund the cost of exemptions.

The graph below shows how the actual number of housing starts in the four regions and the City of Toronto have compared to the amount of housing units forecast in DC studies from the 2008-2010 period. Each of the four regions saw a significant shortfall in ground-related housing units relative to forecast, ranging from a 8,110-unit shortfall in Halton Region, to a 28,100-unit shortfall in Durham Region.

As the forecasted housing units by type are used to forecast DC revenues, any housing supply shortages caused by lengthy municipal processes, planning application related appeals, servicing issues, can have direct impacts on a municipality's ability to meet DC revenue forecasts.

While there was a shortfall in ground-related housing units relative to forecast, the shortfall in ground-related housing units was not offset by significant surpluses in apartment units to bring overall municipal DC revenues back to forecast.

Figure 10 Difference in Housing Starts vs. DC Study Forecasts, 2013-2020, GTA Regions and City of Toronto



Source: CMHC Data, Various Municipal DC Background Studies

Details regarding how single-tier and upper-tier municipalities have grown compared to forecasts from the Growth Plan are provided in Appendix B to this report, providing context behind development-shortfalls contributing to DC revenue shortfalls relative to forecast.

Peel Region has studied the sources of their DC revenue shortfalls and found that compared to the Region’s 2015 DC Study, the residential DC revenues were 83% of forecast, while non-residential DC revenues were just 60% of forecast.⁴

The Region attributes the reasons for the shortfalls in each sector:

Residential DC revenue shortfall is attributed to lower than forecasted construction of single and semi-detached housing

Non-residential DC revenue shortfall [is] in part due to lower than forecasted activities in office developments and partially due to the changing nature of employment.

⁴ Peel Region, Peel’s Growth Management Program & Development Charge Performance – 2019

The Region's report notes that continued shortfalls "increases the Region's debt risk" and "may result in additional pressure on future tax and rate funding sources."

2.4.2 DC Expenditures

Figure 11 shows how the projected DC expenditures in municipal DC studies compares with actual DC expenditures made over the 2013-2019 period. While the DC studies projected \$16.1 billion in DC expenditures (or \$2.30 billion per year), municipalities spent only \$10.0 billion (or \$1.43 billion per year), which equates to only 62% of projections, or approximately \$6.1 billion short of projections.

Only four municipalities spent more than 70% of the amount projected in their DC studies, including Peel Region, York Region and the City of Barrie, all of whom are responsible for water and wastewater services in their respective jurisdictions.

Several municipalities spent less than half of their projected DC expenditures, including Oshawa (43% of projections), Toronto (41%), Vaughan (29%), Durham Region (26%), and Whitby (14%).

Figure 11

Comparison of Projected and Actual DC Expenditures, 2013-2019 Sorted by Actual as % of Projected

Municipality	Projected Expenditures	Actual Expenditures	Actual as % of Projected
	<i>Dollars</i>		<i>Percent</i>
Bradford West Gwillimbury	101,344,385	109,232,809	108%
Peel Region	2,591,948,329	2,552,717,700	98%
Barrie	238,512,179	215,467,509	90%
York Region	2,597,420,635	2,198,402,379	85%
Halton Region	1,901,791,426	1,312,167,283	69%
Burlington	48,899,472	33,336,717	68%
Markham	656,991,065	393,597,808	60%
Oakville	255,180,743	144,568,586	57%
Mississauga	318,867,700	179,110,799	56%
Simcoe County	240,768,490	133,799,283	56%
Brampton	1,072,502,100	588,094,266	55%
Oshawa	119,169,404	51,692,405	43%
Toronto	3,711,723,047	1,519,069,437	41%
Vaughan	573,985,915	166,649,906	29%
Durham Region	1,435,963,773	377,852,890	26%
Whitby	234,176,536	32,175,819	14%
Total	16,099,245,199	10,007,935,596	62%

Source: Altus Group Economic Consulting

2.5 DC SPENDING AS PROPORTION OF RESERVE FUND BALANCE

The forthcoming Community Benefits Charge system will require municipalities “spend or allocate” 60% of funds that are in the CBC reserve fund at the start of the year. There is no such requirement in the *Development Charges Act* or associated regulations.

Based on a review of what proportion of DC reserve fund balances are spent using typical DC expenditures and 2019 DC reserve fund balances, the average DC expenditures represent approximately 47% of DC reserve fund balances, though this metric can vary significantly from one municipality to the next, particularly those without large DC reserve fund balances (Simcoe County, Barrie, Peel Region).

Figure 12

DC Expenditures (Last Three Years) as % of 2019 DC Reserve Fund Balance			
Municipality	Average Annual Expenditures (2017-2019)	DC Reserve Fund Balance (2019)	Spending as % of DC RF Balance
		<i>Dollars</i>	
Toronto	313,776,365	1,223,314,054	26%
Peel Region	333,895,562	(122,578,797)	n.a.
Mississauga	37,261,018	182,734,591	20%
Brampton	59,762,299	160,568,259	37%
Halton Region	187,559,503	57,215,950	>100%
Oakville	21,811,092	80,472,790	27%
Burlington	3,717,353	28,605,758	13%
Durham Region	68,533,265	695,922,041	10%
Whitby	6,312,304	109,036,901	6%
Oshawa	7,879,477	56,521,549	14%
York Region	350,330,258	269,957,121	>100%
Markham	31,354,296	38,412,156	82%
Vaughan	33,305,154	482,519,449	7%
Simcoe County	21,313,340	1,597,622	>100%
Bradford West Gwillimbury	16,018,899	2,485,360	>100%
Barrie	41,076,215	(12,626,352)	n.a.
Total	1,533,906,401	3,254,158,452	47%

Note: Source for Peel Region DC RF balances are annual DC Reserve Fund Statements, as FIRs for Peel Region do not provide necessary information
Source: Altus Group Economic Consulting based on annual Financial Information Returns

Some municipalities spend significantly more than 100% (Halton Region, York Region, Simcoe County, BWG), while others that have a DC reserve fund deficit continue to spend DC funds (Peel Region, Barrie).

Others with significant DC reserve fund surpluses, such as Brampton (37%), Oakville (27%), Toronto (26%), Mississauga (20%), Oshawa (14%), Vaughan (7%) Whitby (6%) spend relatively small amounts relative to balances in their DC reserve fund amounts.

2.6 EXAMPLES OF DELAYED PROJECTS

There are numerous reasons why DC expenditures may be less than projected in DC studies, including:

- Capital projects frequently are delayed, cancelled, or modified;
- Political priorities or desires for certain projects can change over time,
- Municipalities can be reluctant to take-on additional debt to front-end finance large infrastructure projects given provincial debt limits, etc.

However, one downside to delaying projects is that capital costs for the works can increase significantly while the project is waiting for funds to be spent.

There are numerous examples of significant capital projects appearing in numerous DC background studies over a long period of time. However, for two examples of projects that have seen delays and associated cost increases from the delayed timing:

- The Town of Georgina's Multi-Purpose Recreation Complex first appeared in the Town's 2010 DC Study with a timing of 2016 and a gross cost of \$25.0 million, is now contained within the Town's 2021 DC Study with a revised timing of 2022 and a gross cost of \$38.1 million;
- The City of Toronto's project to add a second platform at Union Station appeared in all of the City's DC studies between 1999 and 2018, with project costs increasing from \$58 million in the 1999 DC Study to \$138 million in the 2018 DC Study.

While delaying projects provides municipalities with some temporary budgetary relief, delaying projects inevitably results in construction cost

escalation, offsetting any temporary budgetary relief the municipality may receive if the ultimate capital cost of the work increases and the infrastructure itself is necessary to construct.

The long-term benefit of delaying capital projects for needed community infrastructure is minimal and only results in an under-supply of facilities and amenities need by both existing and new residents of a community.

2.7 RESERVES AND RESERVE FUNDS

Over the 2013-2019 period, just over half of the municipalities studied saw increases to DC reserve fund balances, with 14 of the 16 municipalities having positive balances in their DC reserve funds as of 2019.

The amounts reported in Figure 13 aggregates the balances for all DC reserve funds maintained by a municipality - however, within the aggregate amount displayed, there may be a mix of service-specific DC reserve funds that are in a deficit position and others in a surplus position.

The reserve fund balances can fluctuate significantly from year-to-year for a variety of factors, including:

- Influx of funds from debt issuance, which can provide a one-time boost to the available cash balance in the reserve fund;
- Significant annual debt charges in the years following the debt issuance; and
- Committed funding for specific projects, which may lead to a significant build-up of cash balances but in actuality means that part of the positive cash balance is 'spoken for' and not necessarily available for funding other capital works.

Figure 13

Change in Development Charge Reserve Fund Balances, 2013-2019, Selected Municipalities

Municipality	DC Reserve Fund Balance (excl. Committed Funding)		
	2013	2019	Change 2013-2019
		<i>Dollars</i>	
Toronto	383,801,180	1,223,314,054	839,512,874
Peel Region	227,769,840	(122,578,797)	(350,348,637)
Mississauga	176,630,532	182,734,591	6,104,059
Brampton	(231,182,948)	160,568,259	391,751,207
Halton Region	241,536,214	57,215,950	(184,320,264)
Oakville	2,299,486	80,472,790	78,173,304
Burlington	31,645,192	28,605,758	(3,039,434)
Durham Region	399,055,041	695,922,041	296,867,000
Whitby	65,275,234	109,036,901	43,761,667
Oshawa	22,386,133	56,521,549	34,135,416
York Region	324,561,927	269,957,121	(54,604,806)
Markham	38,405,743	38,412,156	6,413
Vaughan	181,073,554	482,519,449	301,445,895
Simcoe County	995,378	1,597,622	602,244
Bradford West Gwillimbury	5,133,634	2,485,360	(2,648,274)
Barrie	37,228,317	(12,626,352)	(49,854,669)
Total	1,906,614,457	3,254,158,452	1,347,543,995

Note: Source for Peel Region DC RF balances are annual DC Reserve Fund Statements, as FIRs for Peel Region do not provide necessary information

Source:

Altus Group Economic Consulting based on annual Financial Information Returns

2.7.1 DC Reserve Fund Balances and Committed Funding

In many municipalities, DC reserve fund statements show “committed” funding for projects over a capital budgeting horizon. In the case of the City of Toronto, the DC reserve fund statement also reports on a five-year sum of committed and Council-approved capital funding. In these cases, the balance of the reserve fund, when compared to the amount and timing of committed funding can provide an indication of the relative scale of reserve balances, in terms of ‘years reserve’ of DC funding.

Using the City of Toronto as an example, as of their 2019 DC Reserve Fund Statement, the DC reserve fund balance of \$1.22 billion was more than

enough to fund the entirety of the 5-year DC capital funding commitments of \$1.15 billion, with an additional \$75 million left over plus any DC revenues received over that five-year period to build the reserve fund balance back up.

Figure 14

Year-by-Year Change in DC Reserve Fund Balance and 5-Year DC Funding Commitments

Year	Cash Balance	5-Year Commitments (Approved by Council) <i>Dollars (000)</i>	Council Approved Commitments (per year)	Years of DC Spending in Reserve <i>Years</i>	In-Year Funding/Expenditures		In-Year Revenue Surplus / (Deficit)
					Revenues	Expenditures	
					<i>Dollars (000)</i>		
2010	261,297	248,027	49,605	5.27	90,172	44,938	45,234
2011	311,314	284,646	56,929	5.47	131,930	81,914	50,017
2012	369,599	300,097	60,019	6.16	153,927	96,885	57,042
2013	378,227	547,421	109,484	3.45	171,020	162,392	8,628
2014	523,654	727,313	145,463	3.60	272,372	126,945	145,428
2015	629,955	817,347	163,469	3.85	273,711	167,411	106,300
2016	681,861	1,063,352	212,670	3.21	171,292	119,385	51,907
2017	643,011	1,098,771	219,754	2.93	242,784	281,634	(38,850)
2018	1,146,265	1,961,837	392,367	2.92	771,652	279,033	492,619
2019	1,223,314	1,147,598	229,520	5.33	467,347	387,253	80,095

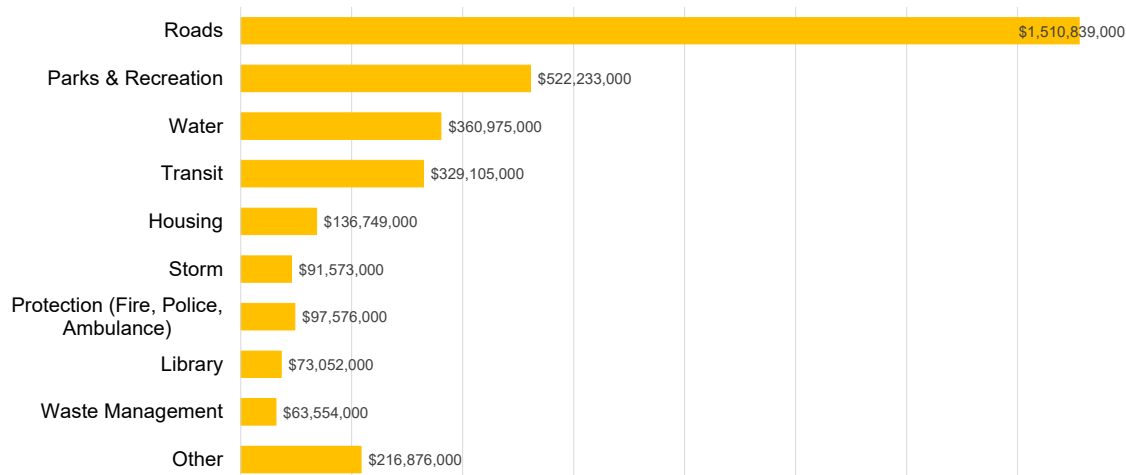
Source: City of Toronto Annual Development Charge Reserve Fund Statements, 2010-2019

2.7.2 DC Reserve Fund Balances by Service

Of the \$3.25 billion combined surplus in DC reserve funds in studied municipalities, over \$1.5 billion is within various municipal “Roads” DC reserve funds, with another \$522 million in “Parks and Recreation” reserve funds.

Figure 15

Cumulative Municipal DC Reserve Fund Balances by Service, Studied Municipalities, 2019 Year-End



*Housing includes social housing, long-term care, shelters
 **Other funds includes various smaller DC services, but also includes Wastewater, which as of year-end 2019, had a combined deficit among studied municipalities
 Source: Altus Group Economic Consulting based on 2019 Financial Information Returns

There are substantial amount of funds also in DC reserve funds for Water (\$361 million), Transit (\$329 million), and Housing (\$137 million, which includes funds for social housing, long-term care and shelters).

The table below shows the largest DC reserve fund balances by specific DC services. The largest DC reserve fund balances for roads is held by York Region at \$383 million, with the City of Vaughan also having \$294 million in DC reserve funds for new roads. For combined water/wastewater services, Durham Region has the highest DC reserve fund surplus of approximately \$462 million.

Figure 16

Service	Largest Service-Specific DC Reserve Fund Balances by Municipality, 2019 Year-End Balances					
	Largest		Second Largest		Third Largest	
	Municipality	Amount	Municipality	Amount	Municipality	Amount
	<i>Dollars</i>		<i>Dollars</i>		<i>Dollars</i>	
Roads	York Region	383,167,087	Vaughan	294,940,930	Durham Region	191,378,123
W/WW	Durham Region	462,091,262	Toronto	206,563,491	Halton Region	11,258,441
Parks & Recreation	Toronto	234,948,709	Vaughan	162,158,293	Brampton	94,494,185
Transit	Toronto	297,247,829	York Region	28,078,938	Durham Region	17,186,492
Storm	Toronto	37,953,497	Mississauga	33,345,597	Burlington	6,319,393
Housing	Toronto	110,112,623	York Region	26,944,104	Peel Region	2,878,683

Source: Altus Group Economic Consulting based on Municipal Financial Information Return data

The City of Toronto has the highest balance among the four other major DC services of Parks & Recreation (\$234 million surplus), Transit (\$297 million surplus), Storm (\$38 million surplus) and Housing (\$110 million surplus).

2.8 CONCLUSIONS

Based on the analysis presented of municipal DC rates, revenues, expenditures and reserve funds, the key findings are:

- Since 2009 DC rates have increased significantly, with the average DC rate for a single-detached unit growing from \$31,500 in 2009 to \$80,600 in 2021, an average increase of 156%.
- The most significant component of municipal DCs is cost recovery for hard services. The costs for roads, water and wastewater combine to comprise approximately 70% of the average DC rate imposed, while parks development, indoor recreation and transit services also make up significant portions.
- Overall, in the aggregate, the amount of DC expenditures over the 2013-2019 period closely matches the amount of DC revenues, with actual average annual revenues of \$1.49 billion and average annual

expenditures of \$1.43 billion. However, there are significant disparities when the data is viewed by individual municipality.

- Compared to projections made in DC background studies, there was a significant shortfall compared to both forecasted revenues and expenditures. Overall, compared to forecasts in DC studies, over the 2013-2019 period, there was an overall a shortfall of \$6.0 billion of DC revenues compared to revenue projections and a similarly sized shortfall in DC expenditures compared to expenditure projections.
- Municipalities have built-up significant amounts of reserve funds, with the studied municipalities having a total of \$3.25 billion in DC reserve funds as of year-end 2019. Most municipal DC reserve funds (as a whole) are in a surplus position.
- The municipalities that have had the greatest gap in actual expenditures relative to projections have generally seen significant growth in DC reserve fund balances.
- The \$3.25 billion in DC reserve fund surplus includes over \$1.5 billion in unspent DC funds for Roads, \$522 million for Parks & Recreation, \$361 million for Water, \$329 million for Transit, and \$137 million for Housing services.
- Those municipalities with significant DC reserve fund balances are falling behind in providing the community infrastructure that recently constructed housing units and their residents need for a complete community and delays in constructing amenities such as park development, recreation facilities, transit improvements, storm water management improvements, that have been funded by new development may result in existing communities not sharing in the benefit they receive from growth-funded infrastructure.

3 ANALYSIS OF PARKLAND CASH-IN-LIEU REVENUES AND EXPENDITURES

This section of the report looks at parkland cash-in-lieu (“CIL”) revenues by year to understand how much funding for parkland acquisition is being generated by new housing development each year.

An examination of annual revenues and expenditures is also undertaken to better understand whether municipalities are spending parkland CIL funds on land acquisition and development-specific projects as development happens, or are generally ‘saving’ parkland CIL money for large land acquisitions or parkland projects (such as Toronto’s Rail Deck project)

In addition, where data and information are available, the types of expenditures municipalities are making with parkland CIL funds is reviewed to understand the size, scale, and appropriateness of the spending being done.

3.1 OVERVIEW OF CASH-IN-LIEU OF PARKLAND DEDICATION

Although Bill 108 (passed in June 2019) was intended to alter how municipalities collected funds for parkland acquisition, the recently passed Bill 197 (given assent in July 2020) instead restored most of the current parkland dedication / parkland CIL system.

Currently municipalities acquire parkland and other forms of open space through parkland dedication requirements imposed on new developments. Alternatively, a landowner can provide funds in lieu of parkland dedication to a municipality where physical land dedication is not possible to incorporate into the development.

The *Ontario Planning Act* (the “Planning Act”) says that as a condition of development or redevelopment of land, land in an amount not exceeding 5% of a development site area can be conveyed to the municipality for park or other public recreational purposes. Alternatively, for residential developments, the land conveyed to the municipality may also be provided at a rate of 1 hectare per 300 dwelling units.

The *Planning Act* also says that in lieu of providing the land for parks to the municipality, the developer may instead provide a payment to the municipality in the amount of the value of the land to be conveyed, at a rate

not to exceed 1 hectare per 500 dwelling units. The value of the land is determined as the value on the day before approval of a draft plan of subdivision.

The statutory parkland rates are used in many municipalities studied in this report when land is not provided via dedication. The summary below provides examples of the methods some municipalities use in imposing parkland dedication requirements when cash-in-lieu of parkland is relied upon instead of dedication:

- **Fixed per unit / per hectare rate:**
 - City of Vaughan imposes a fixed per unit rate of \$8,500 per high-density unit;
 - The City of Brampton, for non-high-density developments, calculates the CIL payment based on the quantity of land that would have been dedicated using a fixed per-acre land value that differs depending on the housing unit type being proposed;
 - City of Mississauga imposes a per unit fee of \$10,100 for medium- and high-density developments;
 - City of Oshawa imposes alternative parkland CIL rates for dwellings outside of subdivision plans, ranging from \$1,550 to \$7,440 per unit, depending on the unit type;
 - City of Barrie imposes a CIL rate of \$5,726 per unit for units in medium- and high-density developments;
- **Capped Percentage:**
 - City of Toronto currently limits CIL to 10%, 15% or 20%, depending on the size of the site;
- **Combination of Fixed Per Unit Rate & Capped Percentage:**
 - City of Brampton imposes a fixed per unit rate of \$4,288 per high-density unit, capped at 10% of the value of land;
- **Uncapped:**
 - Town of Bradford West Gwillimbury, Town of Whitby, Town of Oakville, Town of Milton and City of Markham do not apply caps on CIL payments from medium or high-density

developments, whether in the form of a per unit rate, a percentage cap, or a combination thereof.

3.2 AVERAGE ANNUAL REVENUES AND EXPENDITURES

In most municipalities, recent trends have seen average annual revenues significantly exceed expenditures. In aggregate, over the 2015-2019 period, the studied municipalities have received an annual average of \$193.3 million per year in parkland CIL funds, and have spent \$107.7 million per year, or just 56% of revenues received.

Of the studied municipalities, only the Town of Oakville has spent more parkland CIL funds than what was received over the 2015-2019 period. All other municipalities have seen expenditures fall behind revenues.

Figure 17

Annual Average Parkland CIL Revenues and Expenditures, GTA Municipalities, 2015-2019

	Annual Averages - Last Five Years (2015-2019)		
	Revenues	Expenditures	Expenditures as % of Revenues
	<i>Dollars</i>		<i>Percent</i>
Durham Region			
Oshawa	n.a.	n.a.	n.a.
Whitby	n.a.	n.a.	n.a.
Halton Region			
Burlington	1,302,821	208,448	16%
Oakville	9,225,779	9,654,193	105%
Peel Region			
Brampton	12,524,482	3,944,184	31%
Mississauga	17,519,366	9,208,096	53%
Toronto	120,677,996	69,121,842	57%
York Region			
Markham	15,081,060	3,468,770	23%
Vaughan	13,635,039	11,347,971	83%
Simcoe County			
Bradford West Gwillimbury	202,467	-	0%
Barrie	3,174,647	696,694	22%
Total	193,343,658	107,650,199	56%

Source:

Altus Group Economic Consulting based on Financial Information Return data

The imbalance between revenues and expenditures could in some cases be due to some municipalities 'saving up' for large parkland acquisitions. However, the effect of this is that a significant amount of money that could be used to provide public amenities to new and existing residents of municipalities is effectively being stranded for long periods of time and building up into large surpluses in CIL reserve funds (as shown in the following section of this report).

3.3 RESERVE FUND BALANCES

Over the 2009-2019 period, the balance in parkland CIL reserve funds have increased significantly in most municipalities studied, with the aggregate amount of CIL funds increasing from \$375 million in 2009 to \$1.48 billion in 2019, an increase of 294%. Of the \$1.1 billion in additional parkland CIL funds, most of the dollar value increase is from the increase to the City of Toronto's CIL reserve fund, which has increased by \$815 million since 2009.

Figure 18

Change in Parkland Cash-in-Lieu Reserve Fund Balances, GTA Municipalities, 2009-2019

	Reserve Fund Balances - Parkland CIL			
	2009	2019	Change 2009-2019	% Change 2009-2019
		<i>Dollars</i>		<i>Percent</i>
Durham Region				
Oshawa	705,897	1,261,656	555,759	79%
Whitby	1,954,990	8,431,972	6,476,982	331%
Halton Region				
Burlington	7,130,871	16,636,186	9,505,315	133%
Oakville	15,226,684	35,596,055	20,369,371	134%
Peel Region				
Brampton	16,664,778	98,039,594	81,374,816	488%
Mississauga	55,056,235	132,956,080	77,899,845	141%
Toronto	219,291,142	1,034,737,470	815,446,328	372%
York Region				
Markham	10,929,696	59,165,301	48,235,605	441%
Vaughan	45,446,405	72,544,521	27,098,116	60%
Simcoe County				
BWG	712,651	1,727,843	1,015,192	142%
Barrie	2,325,194	17,304,300	14,979,106	644%
Total	375,444,543	1,478,400,978	1,102,956,435	294%

Source: Altus Group Economic Consulting based on Financial Information Return data

Over the 2009-2019 period, while parkland CIL reserve fund balances have increased by nearly 300%, the continuing escalation of land values over the same period effectively diminishes much of the purchasing power of the funds kept in CIL reserves.

The funds in CIL reserves amount to funding generated by new housing whose new residents have yet to see the benefit of the amenities that they have provided funding for. For example, the increased CIL reserve fund balance when expressed per housing start over the same 2009-2019 provides an indication of the value of parkland or parkland amenities funded by each new residential units but not yet provided. In some municipalities, the increase to the Parkland CIL balance over the 2009-2019 period equates to over \$4,000 of unexpended funds per housing start during that same period of time.

Figure 19

Change in Parkland Cash-in-Lieu Reserve Fund Balances, GTA Municipalities, 2009-2019

	Change in Reserve Fund Balance (2009-2019)	Housing Starts (2009-2019)	Net Change in Reserve Fund Balance per Additional Housing Unit
	<i>Dollars</i>	<i>Units</i>	<i>Dollars / Unit</i>
Durham Region			
Oshawa	555,759	8,639	64
Whitby	6,476,982	5,857	1,106
Halton Region			
Burlington	9,505,315	7,322	1,298
Oakville	20,369,371	14,140	1,441
Peel Region			
Brampton	81,374,816	36,109	2,254
Mississauga	77,899,845	20,772	3,750
Toronto	815,446,328	192,301	4,240
York Region			
Markham	48,235,605	25,037	1,927
Vaughan	27,098,116	25,216	1,075
Simcoe County			
Bradford West Gwillimbury	1,015,192	4,678	217
Barrie	14,979,106	5,292	2,831

Source: Altus Group Economic Consulting based on Financial Information Return data

One strategy that some municipalities could utilize to better match revenues with expenditures and more effectively realize the value of parkland funds

received is, where possible, undertake strategic acquisitions of land so that a significant proportion of parkland is pre-purchased before an area is designated for growth. This would enable the municipalities to take advantage of a period in time where land values are significantly lower than they otherwise would be later on in the planning process.

Prior to adoption official plan policies that contain specific policies dealing with the provision and acquisition of parkland, the *Planning Act* requires municipalities undertake a “Parks Plan” that examines the need for parkland in the municipality. When determining the need for additional parkland in a municipality, these Parks Plans should account for the amount of money in the municipal parkland CIL reserve fund to only determine what the ‘net’ amount of CIL funds would be required going forward used as the basis for setting parkland dedication/CIL rates to be imposed on new development. This approach would be consistent with how municipal DC background studies incorporate existing reserve fund balances into the need for net new funding.

3.4 EXAMPLES OF PARKLAND CASH-IN-LIEU RESERVE FUND EXPENDITURES

3.4.1 Oakville

Over the 2016-2019 period, the Town of Oakville has used its parkland CIL reserves on a mixture of land acquisitions and miscellaneous park improvements (e.g. playground structures and recreation buildings). The most recent prominent purchases being nearly \$16.7 million spent on the acquisition of the Deerfield Golf Club, and another approximately \$2.7 million for the procurement of a surplus site from the Halton Catholic District School Board.

3.4.2 Vaughan

Over the 2016-2019 period, the City of Vaughan has used its parkland CIL reserves primarily for various land acquisitions as well as minor parkland development projects.

The City’s parkland CIL balance at the end of 2019 was \$72.5 million, up from \$68.1 million in 2016. Over the four-year period, the City received \$62 million in revenues, including interest earnings, while spending \$55.8 million, almost all of which was for land acquisition purchases.

3.4.3 Mississauga

Based on the City's annual treasurer's statements, some of the projects for which the City has spent parkland CIL funds include land acquisitions in Downtown Cooksville, Cooksville Creek, and Credit River Valley. The City also funded \$5.7 million towards the Meadowvale Library / Community Centre.

As of the end of 2019, the City's parkland CIL reserve fund balance was \$122.3 million, nearly double what it was in 2016 at \$65.8 million. Over the 2016-2019 period, the City received nearly \$66 million in CIL contributions, while spending only \$43 million. As well, over the 2016-2019 period, the City accrued nearly \$28 million in interest earnings within the CIL reserve fund from its substantial reserve fund balance.

3.5 BEST PRACTICES

3.5.1 North Park, Town of Oakville

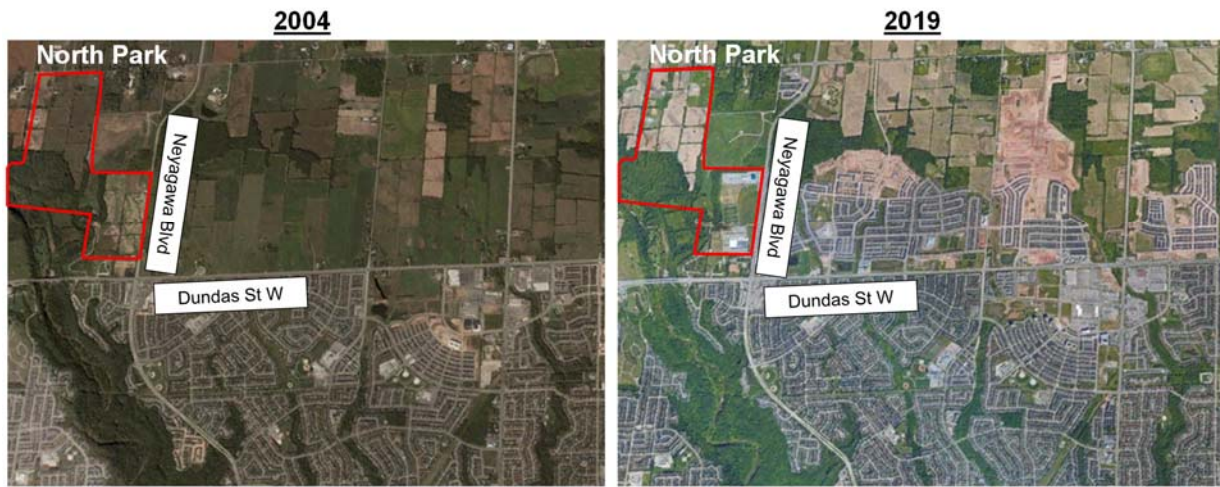
Located at the intersection of Dundas St W and Neyagawa Blvd in the Town of Oakville, the 192 acres (77 hectares) of parkland that comprise the North Park was purchased by the Town in 1991 for approximately \$6.6 million (or about \$34,000 per acre). Over 75% of the cost of the purchase in 1991 was facilitated by fees paid for by new development.⁵

The planning process for the lands within the Town located north of Dundas Street West, known as "North Oakville", took a significant amount of time in the years after the parkland purchase, with development of housing in the area only beginning after 2010.

Since the purchase of the North Park land in 1991, land costs in Oakville have risen significantly. According to the land value assumptions used in the 2009 Education Development Charge Background Study for the Halton-area school boards ("Halton 2009 EDC Study"), the value of residential land in the area in the period that North Oakville were 1600% higher than when the Town had acquired the land 20 years earlier.

⁵ See Town of Oakville By-law 1991-171

Figure 20 **North Park Area, Town of Oakville, 2004 to 2019**



Source: Altus Group Economic Consulting based on Google Maps

Had the Town waited to purchase the parkland in the area at a time closer to when development of new housing was initiated, the Town would have paid substantially more.

Using the land values from the Halton 2009 EDC Study, the cost of the land acquisition in 2009 or 2010 would have been approximately \$115 million, or \$108.6 million more than actually spent when the lands were acquired in 1991.

Figure 21 **Estimated Savings in Parkland Acquisition Costs, North Park, Town of Oakville**

<u>Year (Event)</u>	<u>Site Size</u> <i>Acres</i>	<u>Price Per Acre</u> <i>\$/ Acre</i>	<u>Total Cost / Value</u> <i>Dollars</i>
1991 (Year of Acquisition)	192	34,375	6,600,000
2010 (Year of Development)	192	600,000	115,200,000
Change		565,625	108,600,000
% Change		1645%	1645%

Note: All dollar amounts are expressed in nominal terms, and so do not account for inflation

Source: Altus Economic Consulting based on 2009 HDSB/HCDSB EDC Study

3.5.2 Bram East Community Park, City of Brampton

Located northwest of the intersection of The Gore Road and Castlemore Road in the City of Brampton, the Bram-East Community Park provides regional recreational facilities and activities to both the Bram East community, as well as future residential development within the Highway 427 Industrial Secondary Plan, which is planned to be developed with a mixture of low-, medium-, and high-density residential uses.

The City acquired the lands for the Bram-East Community Park in September 2008, purchasing 140 acres of land from a developer/landowner that had originally intended to use the land to develop housing on the site. The newly acquired land was added to an existing inventory of 100 hectares of nearby parkland that the City had already owned, creating one of Brampton’s largest community parks.⁶

Part of the lands acquired (16 acres) were later sold in 2012 and used for the ErinOakKids medical facility at the corner of The Gore Road and Castlemore Road.⁷

Figure 22

Bram-East Community Park, City of Brampton



Source: Altus Group Economic Consulting based on Google Maps

⁶ Nova Res Urbis, Greater Toronto Area Edition, September 17, 2008.

⁷ See Bylaw 204-2012

According to the City's 2017 Parks and Recreation Master Plan, the recreation planning area ("RPA") that covers this part of the City is expected to have a surplus of Community Park lands equating to approximately 9.9 hectares by 2031, even after accounting for anticipated growth in the RPA.

Given the challenges municipalities can have in acquiring parkland, and particularly so in preferred locations, the acquisition of the Bram-East Community Park lands in 2008 provided a significant base of parkland to ensure sufficient access to community parks for existing and future residents.

3.5.3 Benefits of Early Acquisition

Based on the details in the cases reviewed, and other scenarios where early acquisition of parkland is possible, it is apparent that there are significant benefits for municipalities, developers, and existing/future residents with this approach, including:

- **Significant Cost Savings for Municipalities:** Purchasing land well in advance of development, or where possible, prior to planning for specific land uses in an area can save municipalities substantial amounts of money in land acquisition expenses. As well, a more forward-looking process can help a municipality avoid competing with prospective developers in acquiring lands;
- **Ensures Community Amenities Are in Place when People Move In:** As evident from the two case studies, having parkland already acquired and parkland developed or other recreation facilities completed prior to housing development occurring in the area can help ensure that new residents moving into an area have immediate access to recreation services, amenities and programs from day one, rather than waiting years, or relying exclusively on neighbourhood parks that developers may provide within the development lands. As well, this can free-up capacity at existing facilities in other parts of a municipality;
- **Reduced Need for Significant Parkland Dedication or Cash-in-Lieu Requirements:** If a municipality was able to adequately plan and provide enough parkland in an area to meet a community or municipality's recreation needs, it may allow a municipality to place less emphasis on extracting maximum parkland CIL dollars from new development. If a municipality was able to avoid imposing a

parkland CIL charge, the costs of housing development would be lowered, equating to savings that could be passed onto new homebuyers. For every \$10,000 in avoided in costs, a new homebuyer would potentially save not only \$10,000 in purchase price costs, but also save mortgage interest costs of approximately \$5,000 over the life of the mortgage⁸;

3.6 CONCLUSIONS

Based on the analysis of municipal parkland dedication and cash-in-lieu policies, revenues, expenditures and reserve funds, the following are the key findings:

- Many municipalities studied use some form of fixed or capped approach to parkland cash-in-lieu payments, which is an important step in ensuring that undue burden is not placed on high-density developments in funding parkland acquisition costs in a municipality;
- Very few municipalities spend as much parkland CIL funds as they receive each year. As a result, reserve fund balances have increased significantly, with reserve fund balances increasing in every municipality studied. The overall parkland CIL reserve fund balance of the municipalities studied was a cumulative \$1.47 billion as of 2019. Much of the combined parkland CIL reserve fund surplus is due to the City of Toronto's 2019 year-end balance of \$1.03 billion, up from \$219 million in 2009;
- Certain municipalities with large-scale developments around major transit stations or in greenfield areas can avoid costly acquisition expenses by strategically pre-purchasing parkland during the initial stages of the planning process before an area is designated for specific land-uses, or well before higher-order transit is installed. Based on the two case studies reviewed, the cost savings for municipalities, taxpayers, and homebuyers can be significant. As well, this ensures that community amenities are in place as residents begin to populate an area.

⁸ Based on 25-year mortgage, 3.5% interest rate, monthly payments

4 ANALYSIS OF SECTION 37 REVENUES AND EXPENDITURES

This section of the report focuses on the revenues, expenditures and reserve fund balances for municipalities that utilize density bonusing as permitted within the Planning Act.

4.1 SECTION 37 – DENSITY BONUSING

In its iteration prior to the passage of Bill 108, the former Section 37 of the *Planning Act* allowed for increases in permitted height and/or density through the zoning by-law in return for ‘community benefits’, provided that the requisite Official Plan policies were in place (e.g. stating the community benefits that would be sought for granting bonusing, etc.). Section 37 contributions were meant to help municipalities provide community infrastructure required by the people being accommodated in a development over and above the permitted as-of-right zoning.

While Section 37 provisions are used in some ‘905’ municipalities, it has been most frequently utilized in the City of Toronto. The *City of Toronto Official Plan* sets out several community benefits that may be provided in return for increased height and/or density, including affordable housing, parkland/park improvements, streetscape improvements, public art, childcare facilities, etc. The contributions can be provided in the form of both cash contributions or in-kind contributions (e.g. funding the construction of a daycare, providing a connection from the development to a transit station, etc.).

While Section 37 contributions are often provided by private developers unlike all other types of charges, taxes or fees imposed by municipalities, there is often no publicly available formula or method for how Section 37 contributions are determined. Instead, Section 37 contributions are determined based on the result of negotiations between municipal staff, the municipal Councilor and an applicant, which can result in significant variation in what is provided from one development to the next, or from one area a municipality to another.

Based on our review of section 37 agreements associated with various zoning by-law amendments in the City of Toronto, in some cases cash contributions agreed upon can range anywhere from less than \$1,000 per unit, to over \$22,000 per unit in some instances.

The Section 37 system, as has been in place in Ontario for some time, is far from optimal from a public policy perspective. The results of a negotiated charge like Section 37 is contrary to basic principles that public taxation policy should adhere to, including:

- **Fairness:** paying the same as others in similar circumstances;
- **Certainty:** knowing what you'll have to pay;
- **Transparency:** knowing how the tax/charge is calculated, and how the funds are used.

Starting September 2022, the former Section 37 density bonusing system will be replaced with a Community Benefits Charge ("CBC") system, which will impose a charge based on a percentage of the land value for developments that include both 10-or-more residential units and are 5-or-more storeys in height. This percentage has been fixed by regulation at 4% of land value, based on the value as of the day before building permit issuance.

Prior to adoption of a CBC by-law, municipalities will be required to prepare a CBC Strategy Study that will identify the facilities, services, and matters to be funded. The CBC by-law is permitted to be appealed to the Local Planning Appeals Tribunal ("LPAT"). Municipalities are also required to provide annual statements that report on details regarding reserve fund balances and specific expenditures made using CBC reserve funds.

4.2 EXAMPLES OF MUNICIPAL USAGE OF SECTION 37 DENSITY BONUSING

4.2.1 City of Toronto

According to a City of Toronto Staff Report dated September 23, 2019, the City received a total of \$184.5 million in Section 37 cash contributions over the 2016-2018 period (or \$61.5 million per year), with approximately \$91.7 million set aside for specific purposes, and another \$92.8 million 'unattributed' until a specific project is determined. Of the \$91.7 million for specific projects, the funds are allocated for the following specific purposes:

- \$23.9 million for affordable housing;
- \$18.1 million for parkland and/or park improvements;
- \$14.1 million for streetscape improvements;

- \$12.9 million for public agency space (non-profit arts, cultural, community or institutional facilities);
- \$10.3 million for community centres;
- \$4.0 million for the Jack Layton Ferry Terminal;
- \$2.9 million for public art; and
- \$5.5 million for miscellaneous projects, including library improvements, road improvements, non-profit child care facilities, bike share infrastructure, and local improvements to transit facilities.

As of the end of 2018, the City had a surplus of approximately \$303 million in the Section 37 reserve fund. The vast majority of this reserve fund balance (\$214 million out of \$303 million, or 71%) was attributed to four Wards within the Downtown area of the City (i.e. York Centre, University Rosedale, Toronto St. Paul's, Toronto Centre).⁹

The Wards outside of the Downtown that have the most substantial reserve fund balances include Wards 17 and 18 (i.e. Don Valley North and Willowdale), with \$14.8 million and \$14.6 million respectively, which combined make up a further 10% of the reserve fund balance.

4.2.2 Town of Oakville

Through the approval of the Liveable Oakville Plan in 2011, the Town of Oakville began to have in-force Section 37 density bonusing policies, with the first agreement made in 2012.

However, the Town has not used Section 37 extensively – since 2015, the Town has brought in just \$565,160 in developer cash contributions and has made another \$232,700 from interest earnings. Instead, the Town appears to primarily use section 37 as a tool to receive in-kind contributions, but based on conversations with Town staff, have also utilized letters-of-credit (LOCs) to fund works with drawdowns on those LOC amounts. The Town has spent just \$42,100 in funds over the 2016-2019 period, exclusively on the “Kerr Village Building Façade Improvement Grant”, but this amount would exclude in-kind contributions or those funded by LOCs. As of year-end 2019, the Section 37 Density Bonus reserve fund had a balance of approximately \$2.84 million.

⁹ Based on the 25 Ward Structure

It is noted that while the Town reports on which developments have made Section 37 agreements, the details of those agreements are not made public as they are in other jurisdictions such as the City of Toronto.

4.2.3 City of Vaughan

According to the City of Vaughan's guidelines¹⁰ for implementation of Section 37, its use in Vaughan is primarily intended for the intensification areas of the City.

The City utilizes a sizing threshold, with Section 37 provisions only being applied to projects larger than 4,000 square metres in gross floor area ("GFA") and where the proposed density exceeds 1,000 square metres in GFA over what is otherwise permitted.

The City's guidelines state that while there is no standard city-wide formula,

...On average the City will seek to achieve a value for community benefits that represent a range between 20-35% of the increase in land value resulting from the increase in height and/or density.¹¹

As of year-end 2019, the City of Vaughan had a balance of approximately \$3.06 million in its Section 37 reserve fund.

4.2.4 City of Mississauga

According to the City of Mississauga's Bonus Zoning Policy (policy number 07-03-1)¹², the City sets out minimum size requirements for a development to be eligible for Section 37 contributions. The policy states that any zoning by-law amendment in excess of maximum development limits where additional height is proposed or projects that are larger than 5,000 m² in size and where the proposed density would exceed 1,500 m² over what would otherwise be permitted.

As of the end of 2019, the City had a balance of \$1.97 million in its Bonus Zoning Reserve Fund after accruing about \$80,000 in interest and spending \$300,000 on capital projects that year.

Based on historic revenues and expenditures, over the 2016-2019 period, the City collected approximately \$2.1 million in contributions and spent \$1.0

¹⁰ City of Vaughan, Guidelines for the Implementation of Section 37 of the Planning Act

¹¹ Ibid, page 3

¹² City of Mississauga, Bonus Zoning Policy Number 07-03-01, September 26, 2012

million. As well, the reserve fund balance increased from \$1.17 million to \$1.97 million over that same period.

4.2.5 Other Municipalities

While the City of Markham does utilize Section 37, details regarding contributions and expenditures were not readily available to produce a detailed analysis.

As well, despite extensive research, it does not appear that many of the other municipalities utilize Section 37 density bonusing in any significant way. This includes the City of Brampton¹³, City of Barrie, Town of Bradford West Gwillimbury, Town of Whitby, City of Pickering, and the Town of Milton.

It should be noted that Section 37 density bonusing is a tool only used by lower-tier or single-tier municipalities and is therefore not applicable to the upper-tier municipalities that were studied in this report (i.e., Halton Region, York Region, Peel Region, Durham Region and Simcoe County).

4.3 COMMUNITY BENEFITS CHARGE

Starting in September 2022, the current Section 37 of the *Planning Act* will be replaced with a Community Benefits Charge (“CBC”) that will allow single-tier and lower-tier municipalities to levy a charge capped at 4% of land value against development, based on the value of land as of the day before first building permit.

The CBC will only be allowed to be imposed on higher-density developments that have both 5-or-more storeys and 10-or-more dwelling units.

The *Planning Act* requires that before a CBC by-law can be passed, the municipality must prepare a “CBC Strategy” study, which will largely be similar in scope to DC background studies required to be done to rationale proposed DC rates. The new CBC system will improve the required level of transparency on reporting of revenues and expenditures, as the O.Reg. 509/20 requires annual reserve fund statements, similar to the requirements under the *Development Charges Act*.

¹³ Based on Staff Report 8.2.4-1 to Committee of Council, April 24, 2019

Appeals of CBC by-laws will be allowed should the provisions of the *Planning Act* and associated regulations not be met in the imposition of the charge. The *Planning Act* also sets out a dispute mechanism for specific developments where the amount imposed may exceed the allowable cap on CBCs.

The CBC system would also require that municipalities “spend or allocate” 60% of money in CBC reserve funds at the start of the year.

4.4 CONCLUSIONS

Based on the analysis of municipal Section 37 density bonusing policies, revenues, expenditures and reserve funds, the following are the key findings:

- In most of the municipalities reviewed, the Section 37 density bonusing tool was used sparingly and contributed limited amounts to community infrastructure projects.
- Community Benefits Charges, which replaces the former iteration of Section 37 density bonusing, will become a more broadly applied charge as it affects the full land value of all high-density developments, whereas Section 37 density bonusing only applies to the incremental increase in zoning permissions;
- For most municipalities that will utilize CBCs, the new charge will represent an increase in revenues from what has been collected under the current Section 37 density bonusing system;
- For the City of Toronto, the heaviest user of the former Section 37 density bonusing system, the implementation of the new CBC regime will still lead to a substantial collection of contributions from new development for community infrastructure. However, the CBC imposed by the City of Toronto will provide applicants with greater certainty regarding the quantum to be paid for community benefits than Section 37 density bonusing did;
- Given that CBCs will be applied to all higher-density housing developments rather than just those that exceed existing zoning permissions for height and/or density, while some developments may pay less in CBCs than it may have under Section 37 density bonusing, CBCs will be imposed more broadly across the City, meaning that the impact on the City of Toronto’s finances may be negligible.

5 ANALYSIS OF OTHER FISCAL TOOLS

This section of the report reviews other fiscal considerations affecting municipal finances, such as property taxes, user fees and service charges, municipal debt limits, and the City of Toronto's municipal land transfer tax.

5.1 RESIDENTIAL PROPERTY TAXES PER HOUSEHOLD

This section reviews how municipalities have seen property tax revenues and other fees and user rates have changed over time. These tax and user rate/ fee and service charge revenues are mostly used to fund annual operating costs, however, a significant proportion of these revenues are also utilized to fund capital costs.

Figure 23 shows the change in property tax revenues per household and per capita over the 2009-2019 period. The property taxes per household increased for selected municipalities¹⁴ between 22% and 43% over the timeframe, which equates to an average annual increase of between 1.8% and 3.3% per year.

Figure 23 Change in Residential Property Taxes per Household and per Capita, 2009-2019, Selected GTA Municipalities

Municipality	Residential Property Taxes per Household			Residential Property Taxes per Capita		
	2009	2019	% Change	2009	2019	% Change
	<i>Dollars / Household</i>		<i>Percent</i>	<i>Dollars / Capita</i>		<i>Percent</i>
Markham	3,020	4,008	33%	812	1,164	43%
Vaughan	3,208	4,122	28%	906	1,267	40%
Brampton	2,717	3,848	42%	768	995	30%
Mississauga	2,275	3,188	40%	719	1,031	43%
Burlington	2,259	2,907	29%	869	1,205	39%
Oakville	3,254	4,250	31%	1,118	1,446	29%
Whitby	2,863	3,994	39%	932	1,305	40%
Oshawa	2,607	3,535	36%	1,002	1,347	34%
Bradford West Gwillimbury	2,067	2,824	37%	698	995	43%
Barrie	2,289	3,266	43%	820	1,190	45%
Toronto	1,912	2,328	22%	752	948	26%

Source: Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

¹⁴ The property taxes paid to upper-tier municipalities, where applicable, are embedded within the estimated property taxes per household in each lower-tier municipality.

The calculations in Figure 24 account for the effects of inflation, which according to measurements of the Consumers Price Index (“CPI”) in Ontario over the 2009-2019 period, increased by approximately 20%.¹⁵

In many cases, after accounting for inflation, the property tax revenues municipalities received in 2019 are little changed from what they were in 2009, with the increases to property tax revenues per household after inflation, ranging from just 1% to 19%.

Figure 24 Change in Residential Property Taxes per Household and per Capita, 2009-2019, Selected GTA Municipalities, After Accounting for Inflation

Municipality	Residential Property Taxes per Household			Residential Property Taxes per Capita		
	2009	2019	% Change	2009	2019	% Change
	<i>Dollars / Household</i>	<i>(\$2009)</i>		<i>Dollars / Capita</i>	<i>(\$2009)</i>	
Markham	3,020	3,340	11%	812	970	20%
Vaughan	3,208	3,435	7%	906	1,055	17%
Brampton	2,717	3,206	18%	768	829	8%
Mississauga	2,275	2,657	17%	719	859	19%
Burlington	2,259	2,423	7%	869	1,004	16%
Oakville	3,254	3,541	9%	1,118	1,205	8%
Whitby	2,863	3,328	16%	932	1,088	17%
Oshawa	2,607	2,946	13%	1,002	1,122	12%
Bradford West Gwillimbury	2,067	2,354	14%	698	829	19%
Barrie	2,289	2,721	19%	820	992	21%
Toronto	1,912	1,940	1%	752	790	5%

Source: Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

¹⁵ Statistics Canada Table 18-10-0004-11, Ontario CPI change 2009-2019, all-items (+20.3%), all-items excluding food (+19.5%), all-items excluding food and energy (+19.5%), all items excluding energy (+20.5%)

5.2 USER RATES/FEE REVENUES PER HOUSEHOLD

Figure 25 shows how user rates/fee and service charge revenues have changed over the 2009-2019 period when expressed on a per household and per capita basis.¹⁶

Figure 25 Change in User Fee and Service Charge Revenues per Household and per Capita, 2009-2019, Selected GTA Municipalities

Municipality	User Fees and Service Charges per Household			User Fees and Service Charges per Capita		
	2009	2019	% Change	2009	2019	% Change
	<i>Dollars / Household</i>		<i>Percent</i>	<i>Dollars / Capita</i>		<i>Percent</i>
Markham	1,774	3,144	77%	477	914	92%
Vaughan	1,887	3,355	78%	533	1,031	93%
Brampton	1,257	1,842	47%	355	476	34%
Mississauga	1,195	1,718	44%	378	555	47%
Burlington	1,162	1,343	15%	447	557	24%
Oakville	1,348	1,663	23%	463	566	22%
Whitby	1,323	1,966	49%	431	643	49%
Oshawa	1,007	1,443	43%	387	550	42%
Bradford West Gwillimbury	1,387	1,529	10%	469	538	15%
Barrie	1,241	1,859	50%	444	678	53%
Toronto	1,871	2,605	39%	736	1,061	44%

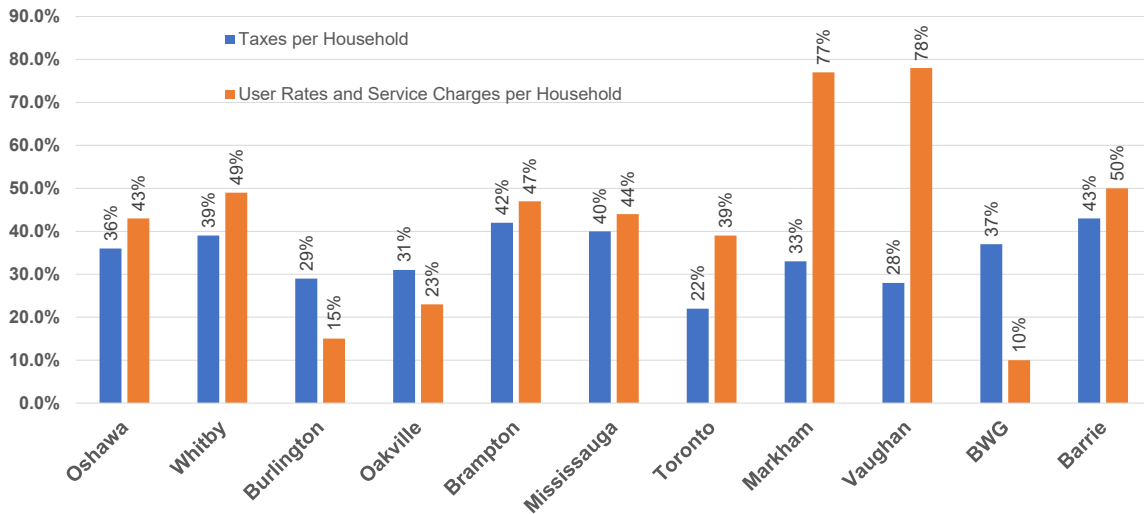
Source: Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

In some municipalities, the user rate/fee and service charge revenues have been increasing at a significantly faster pace than property tax revenues (except for Burlington and Oakville in Halton Region). This suggests increasing reliance on user rate/fee revenues for funding municipal services, and greater emphasis on rate-based revenue streams such as water and sewer user rates, parks and recreation program user fees, waste management fees, etc.

¹⁶ User fees/services charges imposed by upper-tier municipalities are allocated to the lower-tier municipalities based on the proportionate share of population in each lower-tier municipality. The user fees/service charge revenues include revenues generated by both residential and non-residential uses, but put on a 'per capita' and 'per household' basis for ease of comparison across municipalities.

Figure 26

Change in Residential Taxes per Household vs. User Rates/Service Charges Revenues per Household, 2009-2019



Source: Altus Group Economic Consulting

5.3 DEBT CHARGES AND PROVINCIAL REPAYMENT LIMITS

Ontario Regulation 403/02 provides for municipal debt limits, known as the “Annual Repayment Limit” (ARL) with municipalities not to have debt charges that exceed 25% of net revenues.

As of 2019, none of the studied municipalities have annual debt charges that are above 10.5% of annual net revenues, with the average in 2019 being 4.7%, significantly below the 25% limit, with that ratio only increasing modestly since 2009 (4.0%).

The largest increase in debt ratio was seen in Barrie (increased from 1.3% to 9.0%) and Peel Region (increased from 2.8% to 8.1%), which is due to major water and wastewater infrastructure projects being funded in those municipalities. However, despite the size of the investments made, both municipalities are still significantly below the provincial ARL.

Figure 27

Net Debt Charges as % of Net Revenues, 2009-2019

Municipality	2009	2019	Change 2009-2019
	<i>Percent</i>		<i>Pct. Points</i>
Toronto	8.0	10.5	2.6
York Region	15.6	7.8	(7.8)
Vaughan	2.8	1.6	(1.2)
Markham	-	0.3	0.3
Halton Region	7.6	3.9	(3.7)
Oakville	3.6	4.2	0.6
Burlington	4.6	8.1	3.5
Peel Region	2.8	8.1	5.3
Mississauga	-	3.3	3.3
Brampton	0.3	1.4	1.1
Durham Region	3.8	2.4	(1.4)
Whitby	2.3	0.2	(2.1)
Oshawa	7.0	5.8	(1.2)
Barrie	1.3	9.0	7.7
Simcoe County	1.9	1.7	(0.2)
BWG	3.1	6.5	3.4
Average	4.0	4.7	0.6

Note: Provincial guideline limits municipalities to have debt charges no higher than 25% of net revenues

Source: Altus Group Economic Consulting based on Financial Information Return data

Since 2011, the Province has provided for increased debt-limit rules for York Region, which enables the Region to use growth-related debt by adding a “Growth Cost Supplement” to the Ministry determined ARL. The Ministry recently extended the increased debt-limit rules for York Region for an additional 10 years, through the year 2031. The increased debt-limit rules for York Region allow the municipality to include 80% of the previous three years of DC collections to the ministry determined ARL.

As of 2019, York Region’s debt charges were 7.8% of net revenues, significantly below the ministry determined ARL.¹⁷ However, the Growth Cost Supplement utilized by the Region, as of 2020, would add 60% to the base ARL, effectively bringing the Region’s debt limit to 40% instead of the base 25% limit.

¹⁷ The Region’s debt charges increased 10.5% of net revenues for the 2020 fiscal year. This updated amount was not shown in the table as not all municipal FIRs are available for 2020.

5.4 CITY OF TORONTO - MUNICIPAL LAND TRANSFER TAX

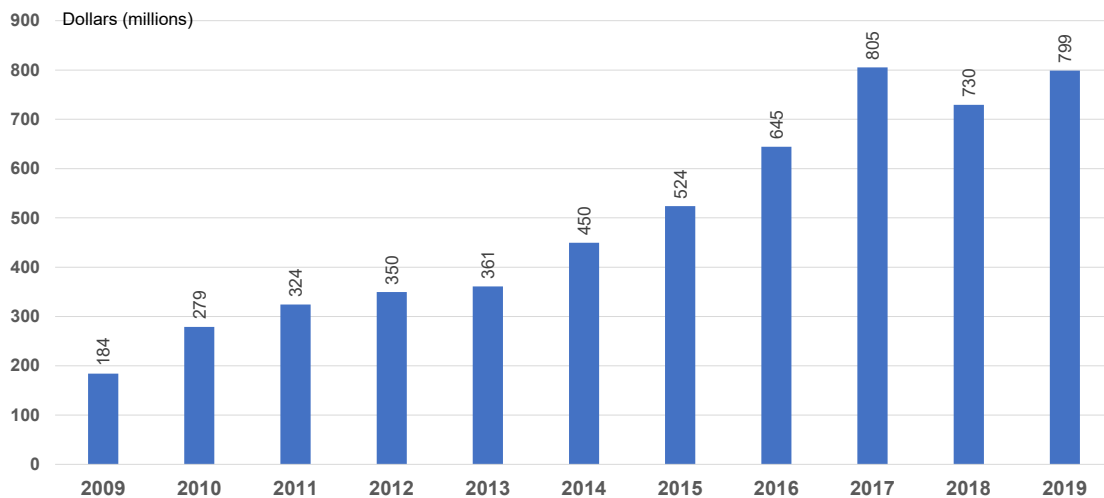
The City of Toronto, under the *City of Toronto Act, 2006*, was granted authority to impose a municipal land transfer tax (MLTT) on all properties in the City. It is the only municipality in Ontario with the authority to levy a land transfer tax, and it is imposed in addition to the Provincial land transfer tax.

The MLTT is imposed on all real estate transactions including the purchase of new homes, as well as resale homes, and other commercial transactions, with some exemptions provided for school boards, universities/colleges, hospitals, nursing homes, etc.

Over the 2009-2019 period, the City has raised \$5.45 billion in MLTT revenues, or an average of approximately \$495 million per year, with the City receiving more than \$700 million in each of 2017, 2018 and 2019.

Figure 28

City of Toronto Municipal Land Transfer Tax Revenues, 2009-2019



Source: Altus Group Economic Consulting based on Financial Information Return data

The City directs MLTT revenues to a mix of capital reserves, operating reserves, and tax rate stabilization reserves. As of 2020, the City directed 5% of MLTT revenues to the City's capital financing reserves, but the City is

exploring opportunities to direct larger portions towards the City's capital program.¹⁸

While there is potential for year-to-year volatility of MLTT revenues, the experience thus far has been that MLTT revenues are a fairly reliable, steadily increasing source of ongoing operational and capital funding for the City.

To provide context for how significant the MLTT revenues have been for the City, the \$799 million raised in MLTT in 2019 represents approximately 6.2% of all municipal operating expenditures (\$12.9 billion in 2019). The \$799 million in revenues, if used entirely to fund operating costs, is more than enough on its own to fund all of the City's operating expenses for the entire Fire Services division (\$567 million) and Library services (\$226 million).

The City's significant MLTT revenues have allowed the City to minimize property tax increases – the \$799 million generated in 2019 equates to over 18% of the City's property tax revenues generated from residential and non-residential properties (\$4.4 billion). If not for the MLTT revenues, all else being equal (service levels being unchanged from what they currently are), the City would have required the bulk of the \$799 million to come from increased revenues from the City's property tax base.

5.5 CONCLUSIONS

Based on the analysis of municipal property taxes and user rates, the following are the key findings:

- Municipalities have generally committed to limited annual property tax increases, as evident from the property taxes per household analysis that show little increases in reliance on property taxes as a funding source from each housing unit in a municipality.
- Instead, municipalities have relied on increased property tax revenues generated by new development to maintain municipal service levels for tax-based services;
- Most municipalities studied are also increasingly more reliant on user fee and service charge increases than property tax increases, with 7 of

¹⁸ City of Toronto, 2020 Operating Budget Briefing Note,
<https://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-146043.pdf>

10 municipalities seeing user rates/service charges increase at a faster pace than property tax revenues per household;

- The increases to taxes, fees and charges levied on existing ratepayers have paled in comparison to the increases seen for DCs imposed on new residential and non-residential developments.
- All municipalities studied are well within the Province's debt limit, with average debt charges as a share of net revenues increasingly only moderately since 2009.
- The City's Municipal Land Transfer Tax has provided the City with a steady and reliably growing source of funding that is primarily used to fund the City's operating costs and stabilize tax rate increases – the amount of money the City generates is roughly equivalent the entirety of operating costs for the City's Fire Services and Library Services combined. The MLTT has limited the City's need to increase property tax revenues to fund operating costs for City services.

6 CONCLUSIONS AND SUMMARY

The studied municipalities studied have a total of over \$5 billion in development-generated capital funds available to be used to provide the necessary community infrastructure for existing and future community residents and businesses.

Figure 29

Balance in Reserves and Reserve Funds - DCs, Parkland CIL and Section 37, 2019, by Municipality

	Parkland CIL	Development Charges	Section 37	Total
	<i>Dollars</i>			
Durham Region	n.a.	695,922,041	n.a.	695,922,041
Oshawa	1,261,656	56,521,549	n.a.	57,783,205
Whitby	8,431,972	109,036,901	n.a.	117,468,873
Halton Region	n.a.	57,215,950	n.a.	57,215,950
Burlington	16,636,186	28,605,758	n.a.	45,241,944
Oakville	35,596,055	80,472,790	2,840,000	118,908,845
Peel Region	n.a.	(122,578,797)	n.a.	(122,578,797)
Brampton	98,039,594	160,568,259	n.a.	258,607,853
Mississauga	132,956,080	182,734,591	1,970,000	317,660,671
Toronto	1,034,737,470	1,223,314,054	303,000,000	2,561,051,524
York Region	n.a.	269,957,121	n.a.	269,957,121
Markham	59,165,301	38,412,156	n.a.	97,577,457
Vaughan	72,544,521	482,519,449	3,055,600	558,119,570
Simcoe County	n.a.	1,597,622	n.a.	1,597,622
BWG	1,727,843	8,613,255	n.a.	10,341,098
Barrie	17,304,300	(12,626,352)	n.a.	4,677,948
Total	1,478,400,978	3,260,286,347	310,865,600	5,049,552,925

Source: Altus Group Economic Consulting based on Financial Information Returns, municipal data and reports

Compared to planned growth in population and employment, many municipalities studied have fallen short of forecasts, in part causing actual DC revenues to come in substantially below forecasted revenues, with municipalities responding (in the aggregate) to the shortfall in DC revenues by delaying capital expenditures in a proportionate manner, by delaying capital projects among other responses. Some municipalities have

disproportionately delayed DC expenditures well below the degree to which revenues have fallen short.

The delaying of infrastructure spending, while providing short-term budgetary relief, tends to only result in escalated costs in the future for the required works, with cost escalation likely beyond any interest that the funds may earn while in the reserve fund, resulting in municipalities spending substantially more money in the long-term than is saved short-term. Further, delays in spending on infrastructure that is required by new growth can give rise to further delays on the ability of new development to proceed in a timely manner if the infrastructure needed is not in place.

The roughly \$5 billion in available funds for infrastructure presents an opportunity for GTA municipalities to add much needed community amenities and infrastructure to improve the quality of life for existing residents and create capacity to accommodate new development.

Appendix A
Detailed Tables –
Development Charge Data

Figure A-1 Residential Development Charge Rates for GTA Municipalities, as of March 2009

	Single Detached Dwellings			Apartments (2+ Bedrooms) ¹			Apartments (<2 Bedrooms) ¹		
	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total
Durham Region				<i>Dollars per Unit</i>					
Oshawa	8,108	17,879	25,987	4,850	10,427	15,277	3,836	11,784	15,620
Whitby	10,208	17,879	28,087	7,171	10,427	17,598	3,914	11,784	15,698
Halton Region									
Burlington	8,702	27,843	36,545	6,751	16,663	23,414	4,748	11,146	15,894
Oakville	12,926	27,843	40,769	8,222	16,663	24,885	4,740	11,146	15,886
Peel Region									
Brampton	21,941	17,653	39,594	16,133	12,609	28,742	8,389	6,557	14,946
Mississauga	11,850	17,653	29,503	8,464	12,609	21,073	4,401	6,557	10,958
Toronto	12,366	n.a.	12,366	8,021	n.a.	8,021	4,985	n.a.	4,985
York Region									
Markham	15,540	23,438	38,978	10,220	14,602	24,822	6,130	9,445	15,575
Vaughan	12,505	23,438	35,943	7,425	14,602	22,027	7,425	9,445	16,870
Simcoe County									
BWG	28,568	4,067	32,635	16,070	2,847	18,917	11,479	2,847	14,326
Barrie	26,060	n.a.	26,060	15,236	n.a.	15,236	12,831	n.a.	12,831

1 The DC Rates for the Regions of Peel and York differentiate large and small apartment units based off of size thresholds (i.e. 750 and 700 sf, respectively) rather than by number of bedrooms

Note: DC rates shown here are assuming that the unit is built within the urban area, on municipal water and wastewater services. No area-specific DC rates are taken into account.

Source: Altus Group Economic Consulting based on municipal and regional development charge by-laws.

Figure A-2 Residential Development Charge Rates for GTA Municipalities, Current as of January 2021

	Single Detached Dwellings			Large Apartments (2+ Bedrooms) ¹			Small Apartments (<2 Bedrooms) ¹		
	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total
Durham Region				<i>Dollars per Unit</i>					
Oshawa	24,490	32,926	57,416	15,501	19,130	34,631	9,463	12,461	21,924
Whitby	24,418	32,926	57,344	14,393	19,130	33,523	9,363	12,461	21,824
Halton Region									
Burlington	12,792	44,591	57,383	6,507	14,732	21,239	4,794	11,279	16,073
Oakville	37,667	44,591	82,259	20,244	14,732	34,976	12,206	11,279	23,484
Peel Region									
Brampton	38,869	53,510	92,380	23,369	32,752	56,121	13,465	21,662	35,127
Mississauga	41,079	53,510	94,589	27,997	32,752	60,749	15,254	21,662	36,916
Toronto	87,299	n.a.	87,299	51,103	n.a.	51,103	33,358	n.a.	33,358
York Region									
Markham	38,371	63,593	101,964	22,981	37,425	60,406	16,896	27,321	44,217
Vaughan	54,812	63,593	118,405	33,428	37,425	70,853	24,093	27,321	51,414
Simcoe County									
BWG	60,141	9,984	70,125	32,993	5,634	38,627	26,085	5,634	31,719
Barrie	67,478	n.a.	67,478	37,794	n.a.	37,794	26,531	n.a.	26,531

1 The DC Rates for the Regions of Peel and York differentiate large and small apartment units based off of size thresholds (i.e. 750 and 700 sf, respectively) rather than by number of bedrooms

Note: DC rates shown here are assuming that the unit is built within the urban area, on municipal water and wastewater services. No area-specific DC rates are taken into account.

Source: Altus Group Economic Consulting based on municipal and regional development charge by-laws.

Appendix B
Demographic Information

DEMOGRAPHIC AND STATISTICAL DATA

Many metrics in the report are expressed on 'per capita' or 'per household' bases – this appendix provides detailed data on the population and household counts within each municipality. As well, data on housing starts and completions within each municipality are provided for context behind some of the analysis for development-driven revenues by municipality, and as compared from one municipality to the next.

POPULATION

Over the 2009-2019 period, the population in the municipalities studied has increased in the range of 6% in the City of Mississauga to 65% in the Town of Bradford West Gwillimbury. Most municipalities studied fall within a range of 12% to 23% population growth over the 10-year period.¹⁹

Figure B- 1

Municipal Population Change, 2009-2019, Study Municipalities				
Municipality	2009	2019	Change 2009-2019	% Change
		<i>Persons</i>		<i>Percent</i>
City of Toronto	2,649,010	2,963,468	314,458	12%
York Region	1,016,640	1,182,525	165,885	16%
Vaughan	279,792	326,472	46,680	17%
Markham	299,697	345,531	45,834	15%
Halton Region	493,704	597,770	104,066	21%
Oakville	183,708	212,715	29,007	16%
Burlington	174,908	191,902	16,994	10%
Peel Region	1,293,974	1,533,961	239,987	19%
Mississauga	722,664	769,420	46,756	6%
Brampton	511,080	689,856	178,776	35%
Durham Region	610,458	698,184	87,726	14%
Whitby	122,911	137,051	14,140	12%
Oshawa	149,666	175,255	25,589	17%
Simcoe County	280,061	344,816	64,755	23%
Bradford West Gwillimbury	25,987	42,854	16,867	65%
Barrie	138,442	149,854	11,412	8%

Source: Altus Group Economic Consulting based on Statistics Canada, Annual Demographic Estimates

In absolute terms of persons added, the City of Toronto has added the most at approximately 314,000 persons of net population growth over the 10-year period, higher than any of the five other upper-tier municipalities, with Peel Region being the second highest at almost 240,000 persons.

¹⁹ Exceptions: Mississauga 6%, Barrie 8%, and Brampton 35%

HOUSEHOLDS

Figure B-2 shows the number of households in each municipality, as reported for the years 2009 and 2019 in Financial Information Returns.

Figure B- 2

Municipal Household Change, 2009-2019, Study Municipalities				
Municipality	2009	2019	Change 2009-2019	% Change
		<i>Households</i>		<i>Percent</i>
City of Toronto	1,084,000	1,208,300	124,300	11%
York Region	308,852	382,571	73,719	24%
Vaughan	80,167	101,900	21,733	27%
Markham	81,719	101,401	19,682	24%
Halton Region	171,478	222,857	51,379	30%
Oakville	60,868	72,893	12,025	20%
Burlington	66,328	73,575	7,247	11%
Peel Region	383,969	450,000	66,031	17%
Mississauga	231,000	251,900	20,900	9%
Brampton	140,686	180,189	39,503	28%
Durham Region	216,400	239,100	22,700	10%
Whitby	40,174	44,770	4,596	11%
Oshawa	57,578	65,534	7,956	14%
Simcoe County	130,623	144,481	13,858	11%
Bradford West Gwillimbury	8,644	13,583	4,939	57%
Barrie	50,123	54,661	4,538	9%

Source:
Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

HOUSING STARTS BY MUNICIPALITY

The tables below show the number of housing starts by municipality over the 2009-2020 period, with data broken out and expressed as annual averages by three-year segment (Figure B- 3).

Figure B- 3

Total Housing Starts, by Municipality, Three-Year Annual Averages, 2009-2020

Municipality	2009-2011	2012-2014	2015-2017	2018-2020
	<i>Units</i>			
City of Toronto	14,772	17,568	19,163	18,917
York Region	7,585	8,489	8,483	6,794
Vaughan	2,545	1,719	2,629	2,628
Markham	2,003	3,398	2,167	1,397
Halton Region	3,441	3,541	4,158	3,789
Oakville	775	1,318	1,746	1,546
Burlington	474	355	432	402
Peel Region	4,809	5,903	5,693	5,576
Mississauga	1,931	1,201	1,791	2,582
Brampton	2,525	4,228	3,269	2,405
Durham Region	2,649	2,652	4,067	3,916
Whitby	548	380	491	697
Oshawa	509	642	1,166	964
Simcoe County¹	1,464	1,630	3,074	2,267
BWG	284	262	266	154
Barrie	413	521	491	555

¹ Includes Innisfil, Springwater, Collingwood, Midland, Penetanguishene, Tay, Orillia, Severn, Ramara, Bradford West Gwillimbury, New Tecumseth, Wasaga Beach, Adjala-Tosorontio

Source: Altus Group Economic Consulting based on CMHC Housing Completions Data, 2020

POPULATION AND EMPLOYMENT GROWTH VS. GROWTH PLAN FORECASTS

The table below shows a comparison of 2019 population and employment in upper-tier and single-tier municipalities, and growth since 2001, compared to forecasts in the Growth Plan.

Figure B-4 Upper- and Single-Tier Municipality Population and Employment Change, 2001-2019, Actual vs. Growth Plan Forecasts

	Growth Plan Forecasts			Actuals (2019)	Actual Growth (2001-2019)	Actual as % of Anticipated Growth
	Base Year (2001)	Forecast (2019 est.)	Anticipated Growth (2001-2019)			
Population			<i>Persons</i>			<i>Percent</i>
City of Toronto	2,590,000	2,931,000	341,000	2,963,468	373,468	110%
York Region	760,000	1,276,000	516,000	1,182,525	422,525	82%
Halton Region	390,000	616,000	226,000	597,770	207,770	92%
Peel Region	1,030,000	1,516,000	486,000	1,533,961	503,961	104%
Durham Region	530,000	737,000	207,000	698,184	168,184	81%
Simcoe County	254,000	333,000	79,000	344,816	90,816	115%
Barrie	108,000	166,000	58,000	149,854	41,854	72%
Total	5,662,000	7,575,000	1,913,000	7,470,578	1,808,578	95%
Employment			<i>Jobs</i>			<i>Percent</i>
City of Toronto	1,440,000	1,600,000	160,000	1,729,000	289,000	181%
York Region	390,000	655,000	265,000	593,000	203,000	77%
Halton Region	190,000	314,000	124,000	283,000	93,000	75%
Peel Region	530,000	777,000	247,000	750,000	220,000	89%
Durham Region	190,000	287,000	97,000	239,000	49,000	51%
Simcoe County	85,000	118,000	33,000	120,000	35,000	106%
Barrie	53,000	84,000	31,000	77,000	24,000	77%
Total	2,878,000	3,835,000	957,000	3,791,000	913,000	95%

Source: Altus Group Economic Consulting based on Hemson Consulting, GGH: Growth Forecasts to 2051 (August 26, 2020), 2006 Growth Plan Schedule 3, Statistics Canada Annual Demographic Estimates

**Building Industry & Land Development Association
(BILD)
Parkland Dedication Consultation Summary
December 16, 2020**

Disclaimer

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Introduction and Overview

Purpose of this document:

This document summarizes the key themes that emerged during a consultation with over 80 BILD members about the scope, process and financial elements of Parkland Dedication in Ontario. The consultation was hosted virtually on December 9th, 2020.

Context and Background: Parkland in Ontario

‘Parkland Dedication’ is a broad term that refers to the policies, processes and programs that structure the identification, allocation and costing of parkland as a condition of the development process.

The high-level scope and requirements related to parkland are defined in Section 42 of the Planning Act. Beginning in early 2019, there have been several announcements and decisions related to parkland at both the provincial and municipal level, which are described below.

- **February-19:** BILD publishes Parkland Dedication Impact Study.
- **June-19:** Bill 108 passed, announcing changes to allowances/approach to parkland.
- **July-20:** Bill 197 passed, reverting many of the parkland changes announced in 2019.
- **September 2020 – September 2022:** 2-year window for municipalities to pass a new parkland by-law in order to continue changing alternative parkland rates.
- **September-22:** full implementation of Bill 197.

BILD has facilitated several consultations over the last 18 months and has also published a detailed cost impact study related to parkland dedication.

Consultation Overview

On December 9th, BILD invited members to attend a consultation discussion about the issue of Parkland Dedication in Ontario. Recently announced policy changes and program reviews triggered this discussion, which is one of many that have occurred over the last 18 months on this topic as the policies and programs have changed and evolved over time. This consultation was attended by over 80 BILD members across two sessions.

The discussion focused on three components of Parkland Dedication: scope, process and financials. The three components are defined below:

- **Scope:** how parklands are defined or are not defined.
- **Process:** the administration of parkland by the province, municipalities and regions.
- **Financials:** the approaches taken to managing parkland funds and reserves.

How to read this document

This document summarizes the key discussion themes that emerged during the December 9th Parkland Dedication consultation with BILD members. The discussion outputs will be organized using four themes, which consistently arose during the consultation across all of the three component areas (scope, process and financials):

- 1. Predictability**
- 2. Transparency**
- 3. Fairness**
- 4. Flexibility**

Within each theme is a description of the challenge experienced by BILD members and then summarizes the related discussion that took place and the ideas that were shared.

The information in this document is summary in nature and does not reflect analysis, recommendations or a formal position. The information in this document will be further used by BILD staff to craft and communicate a position on the current, and future-state of parkland dedication in Ontario. This includes further discussion with BILD members about opportunities to achieve consensus across multiple jurisdictions within the province.

Discussion Summary

Theme 1: Predictability

Overview

The discussion highlighted that across the Province in most growing municipalities, there is a lack of predictability with the parkland dedication scope, processes and financials which are described further in the next section. Participants noted real cost and delivery impacts to their projects as a result:

- The need to tailor applications, approaches and skillsets on a municipality-by-municipality basis since things vary so widely.
- Difficulty costing-out and underwriting a project since the scope, approach and costing varies beyond what would typically be expected.
- Variation within municipalities on a project by project basis means that no two applications appear to be handled in a consistent way.

Discussion Themes

Scope

- According to participants, across municipalities and project types, there is a lack of predictability in terms of what staff/reviewers will consider a park (and the related specs). This increases application effort and cost and makes it difficult to navigate the nuances of each municipality's methodology when developing in different areas of the province.
- In some municipalities, including Toronto, the terms and definitions for parkland vary within the municipality's own regulation and by-law documentation. This results in an inconsistent experience when interacting with staff, who at times apply different definitions.

Process

- Participants indicated that the steps and timelines related to parkland dedication are not always predictable, which slows down things down and creates confusion amongst applicants about what to expect and who to talk to about their application.
- Participants also discussed that at times there is a lack of alignment between the parkland dedication review processes and decisions, and broader Official or Secondary Plan reviews that may be underway.

Financials

- In addition, participants indicated the importance of predictability when it comes to how parkland is valued and costed. The costing regime and approach municipalities take has a direct impact on project cost and delivery. Below is a summary of different approaches highlighted during the discussion:
 - Fixed cash-in-lieu rates: as applied in Mississauga, fixed per-unit rates provide clarity and predictability at the outset of a project since rates are fixed and

standardized. As detailed in the flexibility section fixed parkland rates should be designed with project size, scope and geography in mind.

- %-based caps on parkland rates: % based caps provide similar predictability as fixed cash-in-lieu rates but are further adjusted based on land value. Participants noted that Toronto's cap system in particular is one to look to.
- Uncapped rates are the least predictable, resulting in difficulties costing and planning for project design and construction. This is especially impactful if by-laws allow for the delayed costing and collection of parkland fees, such as closer to the building permit phase.

Ideas and Insights

- *Scope*: Participants suggested addressing inconsistencies and differences in how municipalities approach and scope parkland dedication, for example through standardized definitions, dimensions or specs for parkland at a local and/or provincial level.
- *Process*: Participants suggested that municipalities and regions review their parkland dedication processes and programs to ensure they are predictable, clear, and aligned with broader growth strategy like Official Plans and Secondary Plans. They suggested this include looking at both local and province-wide opportunities to standardize core aspects of parkland processes and requirements, which would improve predictability.
- *Financials*: Participants suggested to adopt predictable methods of parkland dedication costing such as fixed rates or % caps that help manage the growing costs of parkland on project delivery. Participants also cited the importance of publicizing these fee schedules and related formulas so they can be factored into early planning stages of the development process.

Theme 2: Transparency

Overview

Participants discussed that in many municipalities and regions, there is a lack of transparency in relation to parkland dedication scope, processes and financials which are described further in the next section. This lack of transparency results in several challenges during project planning and delivery:

- Slows down the application and planning process due to how requirements and standards are being applied during reviews, resulting in more application churn and delay.
- Poor customer service if the public/purchasers try to understand how parkland is allocated and delivered, particularly once the project is complete and funds have been paid to the municipality.

Discussion Themes

Scope

- In alignment with predictability, participants highlighted the lack of transparency about a municipality's goals, preferences or perspectives on parkland dedication.

Process

- Participants noted that parkland decisionmakers are not always transparent about the rationale for their decisions once made, which is particularly confusing when those decisions divert from precedent or the past experience of applicants in similar situations. This results not only in confusion for applicants, but application churn and rework.

Financials

- The discussion highlighted that most participants do not have a clear understanding of where parkland money 'goes' once it is paid to the municipalities and regions related to projects, and more broadly what the goals and objectives are related to parkland and the reserve monies that are collected.
 - One participant described paying upwards of \$6 million in 2008 for one project's parkland dedication costs, and still receiving questions from purchasers over a decade later who have yet to see municipal parklands being developed in their community.

Ideas and Insights

- *Scope*: Participants suggested that provincial and municipal stakeholders provide frequent and clear communications about parkland objectives and focus areas, which would be a useful tool when planning for a project and accommodating for parkland considerations.
- *Process*: Participants suggested that decisionmakers and staff be clear about the rationale for decisions made and have built-in opportunities for those decisions to be discussed and appealed if there are justifiable grounds to do so.
- *Financials*: Participants suggested that increasing transparency into the use of reserve funds to improve customer service and clarity. They recommend looking to the transparency and information currently shared as part of earmarking development charges.

Theme 3: Fairness

Overview

The consultation indicated that members feel there is room to improve the fairness of the parkland dedication scope, processes and financials. Participants talked about fairness in relation to how decisions are made and how discussions take place, and how there may be opportunities to empower members of Ontario's development community to help make, and in some cases challenge, decisions that are made.

Discussion Themes:

Scope

- Participants indicated that they do not feel they have the legislative and regulatory levers to challenge parkland decisions.

- Participants also noted that in many fast-growing municipalities in Ontario, existing Official Plan and Secondary Plan documents are outdated in how they value parkland (i.e. often having the 1 per 300-hectare standard, when growth with dispersed and low-density).

Process

- Currently, as noted by participants in the discussion, municipalities generally operate ‘unilaterally’ when making decisions about parkland, often missing opportunities to find ways to creatively address parkland requirements for unconventional projects. This is especially important when it comes to finding unique solutions and opportunities to identify and allocate parklands, which is discussed further within the flexibility theme.

Financials

- The consultation highlighted that for many, existing parkland rates do not sufficiently account for project-by-project realities and impacts. Participants suggested that, agnostic of approach to costing parkland, municipalities could better reflect these nuances, so the costs of parkland do not outstrip the value of development/growth:
 - Fixed rates for parkland: consider how to accommodate this approach in higher (i.e. sliding scale for per-unit rates) vs. lower density/greenfield locations and projects (considerate of differing land values and types).
 - % caps on parkland rates: consider how to further right-size cap values to accommodate project size, so as to not cripple smaller projects or unfairly burden larger projects driving significant growth in the province.
 - Parkland acquisition: participants noted that municipalities often delay the acquisition of parklands late in the development process, or do not seize opportunities to pre-buy land (for example, during the secondary planning process and charging cash-in-lieu rates based on land portfolio).
- There are other financial decisions related to parkland dedication that participants described as unfair and challenging their efforts to develop across the province. For example, when municipalities defer the purchase or collection of parkland rates to later stages of the development process (i.e. the building permit stage or in contravention of secondary plan decisions), applicants will pay a higher land value cost when its calculated.

Ideas and Insights

- *Scope:* Participants suggested a number of legislative opportunities and considerations to improve fairness, including amending the Planning Act to allow applicants to challenge decisions about the placement of parkland on a given site, or the decision to accept cash vs. land at the LPATS tribunal.
- *Process:* Participants cited the need for parkland dedication processes to include more opportunity to discuss, negotiate and collaborate with developers and applicants. These open lines of communication and discussion will give applicants a fair chance to work

together on key aspects of parkland dedication such as placement, value and alternative use opportunities.

- *Financials*: Participants have encouraged the review and adjustment of parkland rates and approaches to accommodate projects of different dimensions including their size (high rise vs. low rise), location (urban vs. greenfield) and density (low vs. high). Participants also spoke about amendments to the Planning Act that would align with the determination of value timelines (i.e. the day before approval) applied in Section 51 of the Act.

Theme 4: Flexibility

Overview

During the consultation, participants discussed the rigidity and lack of flexibility within the parkland dedication scope, processes and financials. Participants noted that the legislation and regulation surrounding parkland typically has flexibility and openness inherent in its definitions and design, but that flexibility is not always applied ‘on the ground’ when scoping, administering and/or costing parkland dedication.

The discussion indicated that this lack of flexibility can discourage the design of innovative or unique development projects, and in some cases places a disproportionate burden upon certain project types and designs.

Discussion Themes

Scope

- Participants consistently referenced the importance of flexibility when addressing parkland dedication because the needs and capacity of each applicant and project varies.
- During the consultation, participants agreed that the definition of parkland in the Planning Act lends itself to this flexibility and collaboration, defining parkland as lands to be used for public recreation and related purposes.
- Participants cited a number of personal anecdotes and examples of parkland types that warrant consideration, and in some cases have been accepted in certain Ontario municipalities as permissible parkland:
 - Untraditional parkland: Super-trails, POP parks, strata parks/parking, stormwater management ponds, greenbelt lands etc.
 - Offsetting parkland costs if other urban design improvements are made that otherwise enhance the community: libraries, bicycle racks, permeable stones etc.

Process

N/A

Financials

- The consultation highlighted that parkland dedication rates and approaches have varying impacts on projects, and that one-size-fits-all approaches have disproportionate impacts on certain project types for different reasons.

- For example, participants described the significant financial burden that standardized parkland rates impose on renovation-type projects which could be mitigated using a more flexible or tiered approach to parkland costs or allowing for reasonable exemptions.

Ideas and Insights

- *Scope:* Participants encouraged decisionmakers to take a broader and more innovative approach to defining and accepting parklands or related improvements. This document provides a number of examples of unconventional parkland that participants raised to give a sense of what creativity is required.
- *Financials:* Participants indicated that flexibility built into the fee structures would support them in completing their projects. Parkland dedication rates should be multi-dimensional (i.e. a sliding scale, varied rates etc.) to allow for this flexibility. Participants indicated that this flexibility should not come at the expense of predictability and fairness: rate structures should be inherently flexible and applied consistently to projects that are comparable.

Theme	Theme Overview	Participant Ideas and Insights	Pgs
Predictability	<p>The discussion highlighted that across the Province in most growing municipalities, there is a lack of predictability with the parkland dedication scope, processes and financials which are described further in the next section. Participants noted real cost and delivery impacts to their projects as a result.</p> <ul style="list-style-type: none"> The need to tailor applications, approaches and skillsets on a municipality-by-municipality basis since things vary. Difficulty costing-out and underwriting a project. Applications are handled differently in different municipalities. 	<ul style="list-style-type: none"> <i>Scope:</i> Participants suggested addressing inconsistencies and differences in how municipalities approach and scope parkland dedication, for example through standardized definitions, dimensions or specs for parkland at a local and/or provincial level. <i>Process:</i> Participants suggested that municipalities and regions review their parkland dedication processes and programs to ensure they are predictable, clear, and aligned with broader growth strategy like Official Plans and Secondary Plans. They suggested this include looking at both local and province-wide opportunities to standardize core aspects of parkland processes and requirements, which would improve predictability. <i>Financials:</i> Participants suggested to adopt predictable methods of parkland dedication costing such as fixed rates or % caps that help manage the growing costs of parkland on project delivery. Participants also cited the importance of publicizing these fee schedules and related formulas so they can be factored into early planning stages of the development process. 	5-6
Transparency	<p>Participants discussed that in many municipalities and regions, there is a lack of transparency in relation to parkland dedication scope, processes and financials which are described further in the next section. This lack of transparency results in several challenges during project planning and delivery:</p> <ul style="list-style-type: none"> Slows down the application and planning process; Poor customer service if the public/purchasers try to understand how parkland is allocated and delivered. 	<ul style="list-style-type: none"> <i>Scope:</i> Participants suggested that provincial and municipal stakeholders provide frequent and clear communications about parkland objectives and focus areas, which would be a useful tool when planning for a project and accommodating for parkland considerations. <i>Process:</i> Participants suggested that decisionmakers and staff be clear about the rationale for decisions made and have built-in opportunities for those decisions to be discussed and appealed if there are justifiable grounds to do so. <i>Financials:</i> Participants suggested that increasing transparency into the use of reserve funds to improve customer service and clarity. They recommend looking to the transparency and information shared as part of earmarking development charges. 	7-8
Fairness	<p>The consultation indicated that members feel there is room to improve the fairness of the parkland dedication scope, processes and financials.</p> <ul style="list-style-type: none"> Participants talked about fairness in relation to how decisions are made and how discussions take place, and how there may be opportunities to empower members of Ontario's development community to help make, and in some cases challenge, decisions that are made. 	<ul style="list-style-type: none"> <i>Scope:</i> Participants suggested a number of legislative opportunities and considerations to improve fairness, including amending the Planning Act to allow applicants to challenge decisions about the placement of parkland on a given site, or the decision to accept cash vs. land at the LPATS tribunal. <i>Process:</i> Participants cited the need for parkland dedication processes to include more opportunity to discuss, negotiate and collaborate with developers and applicants. These open lines of communication and discussion will give applicants a fair chance to work together on key aspects of parkland dedication such as placement, value and alternative use opportunities. <i>Financials:</i> Participants have encouraged the review and adjustment of parkland rates and approaches to accommodate projects of different dimensions including their size (high rise vs. low rise), location (urban vs. greenfield) and density (low vs. high). Participants also spoke about amendments to the Planning Act that would align with the determination of value timelines (i.e. the day before approval) applied in S.51. 	8-9
Flexibility	<p>During the consultation, participants discussed the rigidity and lack of flexibility within the parkland dedication scope, processes and financials.</p> <ul style="list-style-type: none"> Participants noted that the legislation and regulation surrounding parkland typically has flexibility and openness inherent in its definitions and design, but that flexibility is not always applied 'on the ground' when scoping, administering and/or costing parkland. The discussion indicated that this lack of flexibility can discourage the design of innovative or unique development projects, and in some cases places a disproportionate burden upon certain project types and designs. 	<ul style="list-style-type: none"> <i>Scope:</i> Participants encouraged decisionmakers to take a broader and more innovative approach to defining and accepting parklands or related improvements. This document provides a number of examples of unconventional parkland that participants raised to give a sense of what creativity is required. <i>Financials:</i> Participants indicated that flexibility built into the fee structures would support them in completing their projects. Parkland dedication rates should be multi-dimensional (i.e. a sliding scale, varied rates etc.) to allow for this flexibility. Participants indicated that this flexibility should not come at the expense of predictability and fairness: rate structures should be inherently flexible and applied consistently to projects that are comparable. 	9-10

*The information in this document will be further used by BILD staff to craft a position. This includes further discussion with BILD members about opportunities to achieve consensus across multiple jurisdictions within the province.



Cross-jurisdictional BILD Position: Parkland Dedication

February 2021





Backgrounder: Timeline of Recent Parkland Dedication Activities

Timeline:

**February 2019:
BILD's Parkland Dedication
and Cash-in-lieu Report**

**June 2019:
Bill 108 passed, announcing
changes to allowances/
approach to parkland**

**July 2020:
Bill 197 passed, reverting
many of the parkland
changes announced in 2019**

**September 2020 -
September 2022:
New municipal by-laws
needed to continue to
charge the alternative
parkland rates**

**December 9, 2020:
BILD members take part in
a facilitated session to
formulate a cross-
jurisdictional BILD Policy
Position**

Background:

- To support the industry's understanding of parkland dedication and cash-in-lieu policies, in February 2019, BILD undertook a study of Parkland Dedication and Cash-in-Lieu (CIL) Policies in the GTA. The report, prepared by Altus Group Economic Consulting, presented estimates of parkland dedication and CIL dedication contributions for hypothetical low-rise and high-rise developments in municipalities across the GTA.
- The report found that for low-rise development the median CIL contribution for a 200-unit low-rise subdivision has increased from \$1.7 million (or \$8,486 per unit) in 2006 to \$6.0 million (\$29,600 per unit) in 2018. For high-rise development, these CIL contributions were also significant, ranging upwards of \$20,000 to \$30,000 per unit or more, depending on the density of the building being constructed.
- Since the release of the BILD study in February 2019, there have been significant shifts in the Provincial direction for parkland, including Bill 108 and Bill 197 Legislation.
- Bill 197 ultimately reverted back to the existing Planning Act allowance where a condition is placed on development that land in an amount not exceeding 5% of the residential land to be developed be conveyed to the municipality for park or other public recreational purposes.
- Alternatively, land may be conveyed at a rate not exceeding 1 hectare per 300 dwelling units. Municipalities may authorize payment in lieu (also known as "cash-in-lieu" or "CIL") of provision of parkland, often based on the value of the land that would have otherwise been dedicated. If CIL is provided, the amount is calculated based on the new provincial maximum rate of 1 hectare per 500 dwelling units.
- Bill 197 also meant that municipalities have a 2-year window to pass a new parkland by-law in order to continue charging alternative parkland rates (September 2020 - September 2022).
- To provide a consistent BILD position for these upcoming municipal reviews, on December 9, 2020, BILD invited its Chapter members to attend an internal consultation for Parkland Dedication in the GTA and Simcoe. The discussion was organized around three themes: scope, process, and financials. 80 members took part in this discussion and the result is the formulation of a BILD Parkland Policy Position, as follows.



Aligning Goals

- There could be opportunities to standardize core aspects of parkland processes and requirements across levels of government, which would also improve predictability. One example is expanded definitions of active and passive parkland, especially when an applicant provides public recreational opportunities, which is part of the definition of conveyance in the *Planning Act*.
- Municipal parkland dedication policies should implement Provincial, Regional, and Municipal objectives, specifically those found in the Growth Plan, Provincial Policy Statement and upper/lower tier Official Plans. As noted in the Provincial text examples below, parkland policies should not act as a barrier to increasing the supply of homes that are more affordable, or to creating opportunities for a mix of unit sizes/types, or lastly, impede the ability to achieve Provincial intensification targets.

Growth Plan Sec 1.2 - "(...) Ontario government's initiative to plan for growth and development in a way that supports economic prosperity, protects the environment, and helps communities achieve a high quality of life. The Places to Grow Act, 2005, enables the development of regional growth plans that guide government investments and land use planning policies.

Growth Plan Sec 1.2.1 - "The policies of this Plan regarding how land is developed, (...) are based on the following principles: (...) Support a range and mix of housing options, including additional residential units and affordable housing, to serve all sizes, incomes, and ages of households.

PPS 1.1.1.b. - "accommodating an appropriate affordable and market-based range and mix of residential types (including single-detached, additional residential units, multi-unit housing, affordable housing and housing for older persons) (...)"

PPS Sec 1.1.1.e. - "promoting the integration of land use planning, growth management, transit-supportive development, intensification and infrastructure planning to achieve cost-effective development patterns (...), and standards to minimize land consumption and servicing costs;"

PPS Sec 1.1.1.f. "establishing development standards for residential intensification, redevelopment and new residential development which minimize the cost of housing and facilitate compact form, while maintaining appropriate levels of public health and safety."

[NTD: We had discussed including official plan policies for York and Vaughan but after further consideration we did not include these because this is a cross jurisdiction position, so we would have to add all the policies in the GTA and Simcoe. Which would be a lot to reference. The theme of related OPs is referenced above.]



Creating a Plan

- In preparing a *Parks Plan* for municipal parkland, consider your municipality's existing parkland inventory and what new acquisitions can be reasonably maintained by the municipality. This will ensure that municipalities are not requesting more parkland than they can appropriately manage or need.
- As a part of the *Parks Plan* and a municipal *Official Plan* stage (when development areas are being approved), consider early and large land acquisitions. This would ensure that municipalities are not purchasing land at a late point in time with the highest land cost. This would also allow municipalities to demonstrate how the funds that are collected will be spent, thereby improving transparency.
- To meet the parkland needs of future residents, especially in an urban infill context, all municipalities should accept off-site parkland dedication. We recognize this is already permitted in some municipalities (i.e. the Vaughan Metropolitan Centre). This ability to provide off-site parkland dedication should not be encumbered by overly complex criteria.



Defining Parkland

- Municipalities should not restrict parkland dedication to unencumbered land and accept new forms of parkland dedication. This could be established by creating a broader definition of parkland that includes both active and passive parkland. The definition of Parkland should be expanded to include:

Active Parkland, should include:

- Urban forms of parkland should be treated as active space (including urban squares, plazas, pedestrian mews, pocket parks, POPs etc.). These spaces must be designed to be accessible and inviting to the public.
- Strata parks which permit parking below grade with public ownership of the at-grade park, should be permitted and full parkland credit should be provided for these areas. Should maintenance be required that impacts the integrity of the park, the owner would be responsible for any replacement costs.
- Trails (including multi-use trails), woodlots, and valley land.
- Parks within the greenbelt for rural settings should be recognized for parkland credit, especially when they provide public recreational opportunities.

Passive Parkland should include:

- Land which will not otherwise be developable is nevertheless capable of providing public recreational purposes for matters such as, but not limited to, trails and nature walks.
- Some consideration could also be made for amenity spaces in condominiums that have a similar function to public parkland. Examples of typical amenities include: rooftop terraces, pools, libraries, landscaped sitting areas, playgrounds and barbeque facilities, all of which significantly reduce the requirements for public off-site facilities for these residents and decrease a municipality's land needs assessment.



An Efficient Use of Land

- Conservation authorities have been strong advocates for the implementation of Low Impact Development techniques (LIDs) for some time now and municipalities have also been actively working on green development standards. As an efficient use of land, LIDs and other municipal green standards should be permitted within areas where a park is proposed. Some of these methods could include bioretention swales, underground greywater storage tanks, infiltration chambers or dry detention ponds. In fact, some of these methods were used in parks in the late 70's and 80's before the use of stormwater management ponds became widespread and did not detract from the quality of the open space. As an example, dry detention ponds can still be used for a soccer field or a baseball diamond – except in cases of a major storm event, which would prevent people from using these facilities at that time anyway.



Methodology

- Municipalities should adopt predictable methods of parkland dedication costing such as fixed rates or percentage caps. For predictability purposes, these rates should apply for a minimum 5-year term. This would help to manage the growing costs of parkland on project delivery. Consider standardizing land value rates to provide certainty for the applicant and municipal staff.
- In the application of an alternative rate, parkland dedication rates should be multi-dimensional (i.e. a sliding scale whereby the greater the density the lower the rate) to account for the variability of development types and densities (a) size: high-rise, mid-rise, low-rise (b) location/geography: infill, urban, greenfield. This multi-dimensional approach should be predictable and fair. There should also be a cap on the maximum amount of parkland which is well below the statutory maximum.

- All municipalities should incorporate the Province’s Building Blocks for Sustainable Planning – 9 in a series of 12, where it states that “Municipalities can authorize a reduction in the amount of cash-in-lieu of parkland payments if sustainability features are included in redevelopment proposals”. We understand that some municipalities have already incorporated this reduction (i.e. the Town of Orangeville). We encourage all municipalities to exercise this option and include this in their Official Plans and Parkland Policies. See Appendix A for complete details.
- Municipalities should publicize their fee schedules and any related formulas so they can be factored into the early planning stages of the development planning process.
- Municipalities should be transparent about how they plan to use parkland reserve funds in a 5-year term in a public report.
- Municipalities should not impose parkland dedication requirements for adaptive re-use/renovation projects. This should be made clear in municipal policies.



Dialogue and Decision-making

- Municipal parkland dedication processes should allow for more opportunities to have dialogue and collaborate with applicants. These open lines of communication and discussion will give applicants an opportunity to discuss key aspects of their parkland dedication such as placement, land value and alternative use opportunities – before a decision has been made.
- Once parkland decisions have been made regarding an application, BILD recommends that decision-makers and staff be very transparent about the rationale for these decisions. Municipalities should have built-in opportunities for those decisions to be openly discussed to avoid appeals.
- When the decision has been made to collect land over cash-in-lieu (CIL), municipalities should not prejudice (or discount) the collection of certain types of land over others, since the variability of land (with its topographies, micro-climates and natural diversity) is inevitable. There should also be no criteria as to what is and is not acceptable unencumbered land that is being dedicated for parkland purposes as long as it is accessible and inviting.



Collecting Parkland

- Some municipalities may choose to adopt a “land-first” approach to parkland dedication requirements. While the dedication of land may be easily feasible in a greenfield context, it can be very challenging in an urban or infill context. To achieve this objective, it is best when our members are made aware of the municipality’s needs upfront, through municipal reporting and through any pre-consultation discussions. This will allow our members to plan sites appropriately.
- Where a “land-first” approach cannot be achieved, municipalities should accept cash-in-lieu and/or off-site dedications. Members should have the ability to discuss with the municipality what options are available and what decision is mutually beneficial.



Timing of Collection

- Where a plan of subdivision or condominium is being approved, the municipality should take land or CIL as a condition of approval, and not delay it to the building permit stage. This will help to lower land costs for municipal parkland acquisitions. This will also help to ensure that that parkland is provided early as a best management practice.

REDUCTION IN PARKLAND DEDICATION PAYMENTS (s. 42 (6.2) and (6.3))

For More Information

Ministry of Municipal Affairs and Housing Website:
ontario.ca/mah
ontario.ca/e-laws
 or contact your nearest Municipal Services Office (MSO):

Central MSO

777 Bay Street, 2nd Floor
 Toronto ON M5G 2E5
 General Inquiry:
 416-585-6226
 Toll Free: 800-668-0230

Eastern MSO

8 Estate Lane, Rockwood House
 Kingston ON K7M 9A8
 General Inquiry:
 613-545-2100
 Toll Free: 800-267-9438

Northeastern MSO

159 Cedar Street, Suite 401
 Sudbury ON P3E 6A5
 General Inquiry:
 705-564-0120
 Toll Free: 800-461-1193

Northwestern MSO

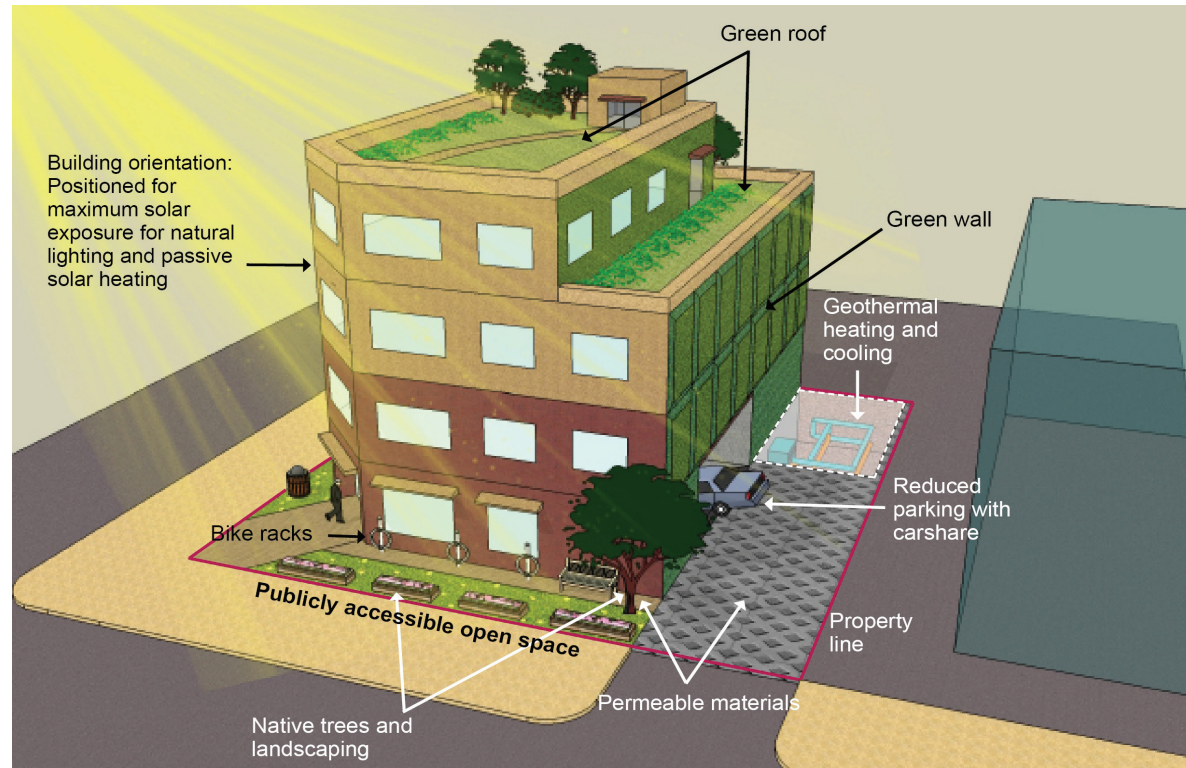
435 James Street South, Suite 223
 Thunder Bay ON P7E 6S7
 General Inquiry:
 807-475-1651
 Toll Free: 800-465-5027

Western MSO

659 Exeter Road, 2nd Floor
 London ON N6E 1L3
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 519-873-4020
 Toll Free: 800-265-4736

DISCLAIMER

This sheet deals in summarized and conceptualized fashion with complex matters that reflect legislation, policies and practices that are subject to change. All illustrations represent hypothetical scenarios of the application of various tools. For these reasons, this fact sheet should not be relied upon as a substitute for the relevant legislation, regulations and policy documents, or for specialized legal or professional advice when making land-use planning decisions.



Description of Tool

- Municipalities can authorize a reduction in the amount of cash-in-lieu of parkland payment if sustainability features are included in redevelopment proposals
- Optional tool, requires official plan (OP) policies
- Only applies where on-site parkland cannot be dedicated in redevelopment proposals

Implementation

- Municipalities must adopt OP policies and by-laws for the conveyance of land for park purposes and for cash-in-lieu payments
- Additional OP policies and by-laws are required to permit the reduction of cash-in-lieu payments for specified sustainability criteria, including:
 - Where this can be applied
 - Sustainable elements that will be credited
 - Exact cash value equivalent for each sustainable design element

Benefits

- May be a financial incentive to improve the sustainability of a redevelopment proposal
- Can support water conservation, air quality improvements and management of stormwater runoff
- Can promote energy conservation and efficiency of a redevelopment proposal

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REDUCTION IN PARKLAND DEDICATION PAYMENTS (s. 42 (6.2) and (6.3))

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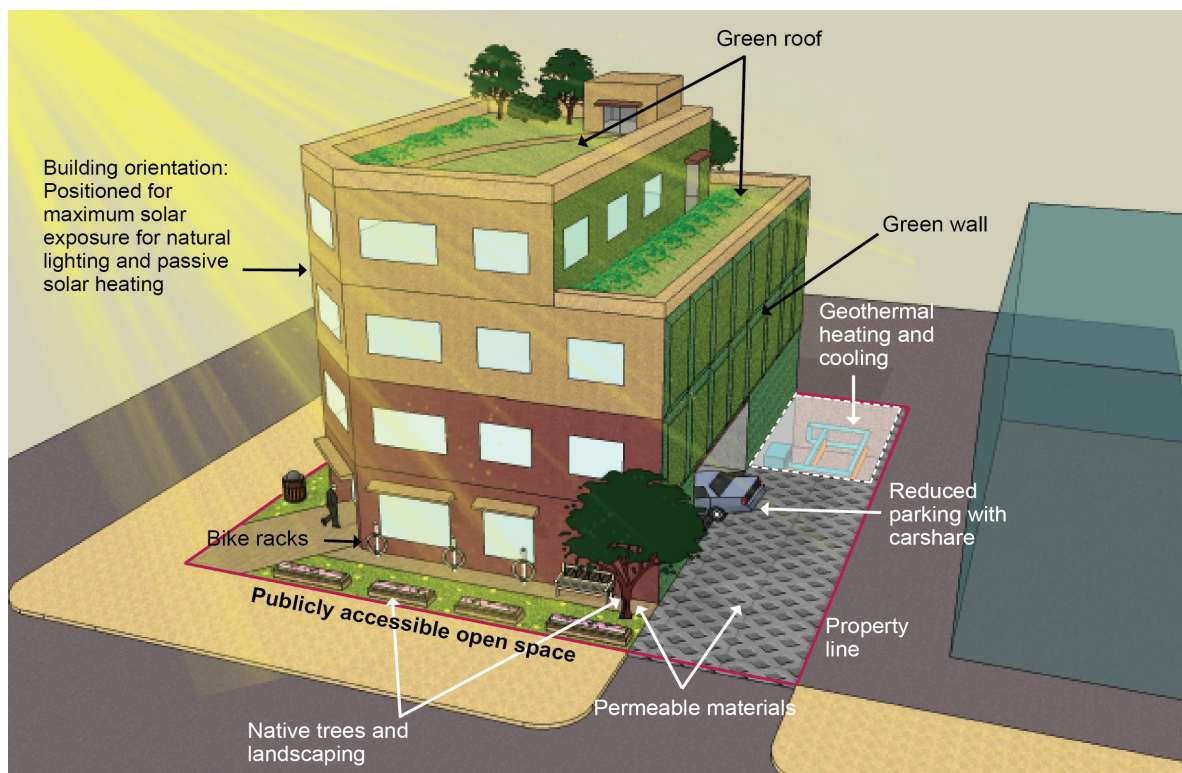
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BUILDING A GREATER GTA
Building Industry and Land
Development Association

November 30, 2020

Mayor Bevilacqua
City of Vaughan
2141 Major Mackenzie Drive
Vaughan, ON
L6A 1T1

Dear Mayor Bevilacqua and Members of Council,

Re: City of Vaughan Parkland Policy Review – December 2nd Council Workshop

The Building Industry and Land Development Association is the voice of the home building, land development and professional renovation industry in the Greater Toronto Area. The building and renovation industry provides \$33 billion in investment value and employs 271,000 people in the region. BILD is proudly affiliated with the Ontario and Canadian Home Builders' Associations.

BILD York chapter members recently attended a preliminary stakeholder consultation session on November 4th for the preparation of a Vaughan Parkland Dedication Guideline Document. At the session we learned that there will be a Council Workshop on December 2nd where staff will deliver a status update of their internal parkland policy review and that their intent is to complete their guideline document by Q2 2021. Following this session, BILD formulated a Vaughan Parkland Working Group. It is imperative to note that we were not provided with any draft proposals at our November 2nd meeting, and as such we are unable to provide any detailed comment at this time, but we would like to take this opportunity to express the following:

1. Ahead of further materials being release, it would be beneficial for us to understand the issues surrounding this parkland dedication and the problem the City is trying to solve through this review. As staff begin to form the guideline document ahead of further consultation with the building industry, we ask that staff share these details.
2. We anticipate that the fulsome component of the stakeholder consultation is yet to come, as identified as task 3 of the timeline within the report. We look forward to those discussions as early as possible in order to provide comment that will feed into the guideline document.
3. We understand that in 2019 the City of Vaughan held \$63 million dollars in parkland reserves. We would like to understand the status and utilization of this account balance. Has this money been spent, and if not, how this money will be spent. As this review progresses, we are hoping to gain a better understanding of how the reserve is being used, including a list of projects where the money is accounted for.
4. It would be helpful context to include in the guideline reporting, how this work will be incorporated in a pre and post CBC regime. We would like to understand if another reviews would occur once the City's CBC is prepared, adopted and comes into force.

As this review begins to move forward, we would like to make our Vaughan parkland working group available to staff as a forum for discussion. We believe this forum for discussion can be used as a way to collectively determine a parks program that best meets the needs of both the City and our industry members.

20 Upjohn Rd, Suite 100
North York, ON M3B 2V9

Tel: 4163913445
Fax: 4163912118
www.bildgta.ca



BUILDING A GREATER GTA
Building Industry and Land
Development Association

As your community building partners, we look forward to a continued positive and transparent working relationship in the years to come. If you have any questions, please do not hesitate to contact the undersigned.

Stay safe and healthy,

Jennifer Jaruczek
Planner, Policy & Advocacy BILD

cc. Gabe DiMartino, BILD York Chapter Co-Chair
Mike Mclean, BILD York Chapter Co-Chair
BILD Vaughan Parkland Working Group
Martin Tavares, City of Vaughan
Kevin Huang, City of Vaughan

20 Upjohn Rd, Suite 100
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Fax: 4163912118
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**COMMUNICATION C5.
ITEM NO. 3
COMMITTEE OF THE WHOLE
(WORKING SESSION)
May 4, 2022**

Don Given
905 513 0170 x109
dgiven@mgp.ca

May 3, 2022

MGP File: 11-2003

Mayor and Members of Council
City of Vaughan
2141 Major Mackenzie Drive
Vaughan, ON L6A 1T1

via email: clerks@vaughan.ca

Dear Mayor Bevilacqua and Members of Council:

**RE: Parkland Dedication By-law– May 4, 2022 Committee of the Whole (Working Session) Report
Comments from Block 41 Landowners Group**

Malone Given Parsons Ltd. (“MGP”) is the Planning Consultant for the Block 41 Landowners Group, who own approximately 297 gross hectares of land within the City of Vaughan. Block 41 is one of two New Community Areas intended to accommodate growth up to the 2031 planning horizon in the City of Vaughan.

On behalf of the Block 41 Landowners Group (“LOG”), we have reviewed the Parkland Dedication By-law Committee of the Whole (Working Session) Report, dated May 4, 2022. We are concerned that the proposed credits for parks within Greenbelt lands do not reflect the active programming that is achievable and intended for these lands.

Lands within the Greenbelt Plan that are not encumbered or restricted from typical park programming and comply with the City’s Official Plan definitions for parkland should be granted more than the proposed 66% credit. As such, we respectfully request that Council allow for 100% parkland credit for lands within the Greenbelt Plan boundary subject to the lands qualifying as a park as per the policies of the City’s Official Plan. In addition, Greenbelt parkland should be subject to Section 3(1) of the Draft By-law.

Furthermore, we respectfully request that Passive Recreational Uses (i.e. trails), POPS, and Strata Parks be granted 100% parkland credit, consistent with Council’s February 15, 2022 resolution.

ROPA 7 Facilitates Active Recreational Parks Within the Greenbelt Plan

The permission for active parkland and recreational uses within the Greenbelt Plan will be facilitated by the approval of Regional Official Plan Amendment No. 7 (“ROPA 7”), which has been adopted by York Region Council and is currently being reviewed by the Ministry of Municipal Affairs and Housing. We note that, at its core, ROPA 7 proposes a designation change within the York Regional Official Plan to recognize these portions of the Greenbelt

Plan as rural areas. It further clarifies the permission for active recreational uses within rural areas of the Protected Countryside, in accordance with the Greenbelt Plan policies.

Alternatively, this permission is also facilitated by the current 2021 Draft York Region Official Plan, which shows the intended result of ROPA 7 under the proposed updated framework. Ministerial approval of these policies as part of the updated York Region Official Plan will also facilitate the permission for active recreational uses within the Greenbelt Plan.

Parks Within the Greenbelt Plan Contribute to the City's Goals

Among the key elements of the new Parkland Dedication By-law presented to Council, we understand that it is the City's preference for land conveyance over payment-in-lieu of parkland. In our opinion, the reduced credit for parkland within the Greenbelt Plan is contrary to this goal as it removes incentive for landowners to explore options for land dedication.

It is recognized that every acre of land is valuable in the creation of communities. Lands within the Greenbelt Plan have limited opportunities for community building uses due to policy restrictions; however, these lands remain viable on a practical and policy basis for parkland that supports housing and is part of creating a complete community. In turn, this allows for lands outside of the Greenbelt Plan to be efficiently used for the core uses to achieve growth, including residential, commercial, and institutional uses.

The policies of the Greenbelt Plan permit major recreational uses (which includes active recreational uses) on rural lands within the Protected Countryside designation. In our opinion, there is "tableland" within the Greenbelt Plan, being lands within the Greenbelt Plan Area boundary that are not encumbered by natural heritage and/or hydrologic features and their vegetation protection zones, which would otherwise be developable except for their inclusion in the Greenbelt. These tableland Greenbelt lands can functionally provide the same parkland benefit and active programming potential as tablelands outside of the Greenbelt Plan.

An estimated 13,500 residents are currently planned for in Block 41. With a total of 20.35 ha of proposed parkland, Block 41 will achieve a service level of approximately 1.5 ha per 1,000 residents. Block 41 contributes to achieving the City-wide target of 2 ha per 1,000 residents and represents 22% of the Greenfield Community conveyance target of 91 ha. The proposed parkland quantum is in addition to the Community Centre block and additional multi-use trails that connect the Block 41 community with natural heritage spaces and the surrounding area.

If the City's preference is to receive land conveyance, granting 100% credit for lands within the Greenbelt Plan will further this goal. In doing so, the City will receive land viable for active park programming that is characteristically the same as lands outside of the Greenbelt Plan. In our opinion, the park's function should NOT be weighed against the park's location if both parks provide a similar level of programmability. Whether the park is within or outside of the Greenbelt Plan, it is a recreational amenity to residents and a significant part of a complete community.

Parks Within the Greenbelt Plan in Block 41 Are Proposed for Active Programming

As part of the Block Plan process, Block 41's Landscape Architect has prepared Facility Fit Plans for each proposed park to demonstrate potential programming, which are currently under review by the City's Parks Department. Active recreational uses are proposed within the Greenbelt Plan boundary, as permitted by the Greenbelt Plan policies.

It appears that the only difference in the amount of credit contemplated for parkland lies solely on the location of each park area – either outside or within the Greenbelt Plan Area boundary. We are concerned with this approach as it does not recognize the function of the parkland. The programmability of each park block proposed within Block 41 remains the same despite their location within or outside of the Greenbelt Plan boundary.

The proposed parks within the Greenbelt Plan are located and oriented to generally meet the requirements for parks under the City of Vaughan Official Plan as well as the Block 41 Secondary Plan. Therefore, the characteristics of the proposed Greenbelt Plan parks are similar to parks located wholly outside of the Greenbelt Plan. Accordingly, Greenbelt Plan parks should also be considered under the category of parks eligible for 100% credit, being lands that meet the City's Official Plan definitions for parkland.

Trails and Passive Recreational Uses

We recognize that the City's Draft Parkland Dedication Bylaw provides a 66% credit for passive recreational uses such as trails. The Draft Bylaw assumes that passive uses (trails) would only be developed on Greenbelt Lands, which is not the case. Trails and other passive recreational uses have been developed outside of the Greenbelt Plan Area throughout the City.

Furthermore, the proposed 66% credit for passive recreational uses (trails) is not consistent with the February 15, 2022, Council resolution that provides direction on the new Parkland Dedication Bylaw to consider:

"That passive recreational uses such as trails and sitting areas approved by staff be given full parkland credit through the Planning Act dedication requirements".

As such, we request that the Draft Parkland Dedication Bylaw be amended to be consistent with Council's direction to provide 100% credit for passive parkland (trails).

Privately-Owned Public Spaces (POPS) and Strata Parks

Similarly, the City's Draft Parkland Dedication Bylaw proposes a 33% credit for POPS and 66% credit for Strata Parks. This is inconsistent with the February 15, 2022, Council resolution that provides direction on the new Parkland Dedication Bylaw as follows:

"That Consideration 24 and Consideration 25 of the Parkland Dedication Guideline, as outlined in Attachment 1, be amended to state that Vaughan supports providing full parkland credits for POPS as well as Strata ownership".

As such, we request that the Draft Parkland Dedication Bylaw be amended to be consistent with Council's direction to provide 100% credit for POPS and Strata Parks as well.

Provisions for Greenbelt Parkland

The Draft Parkland Dedication Bylaw requires owners to enter into an agreement with the City, which provides that the lands are designed, built and maintained to City standards and that the parks are to be open and accessible to the public at all times. These requirements imply that Greenbelt parks would not be conveyed to the City as public parks.

In our opinion, there is no functional difference between parkland located within or outside of the Greenbelt Plan boundary. Parkland proposed within the Greenbelt Plan Area will provide viable lands for active park programming that is characteristically the same as lands outside of the Greenbelt Plan. As such, Greenbelt Parkland should not be treated any differently and should be subject to Section 3(1) of the Draft Bylaw.

Conclusion

As noted, the location of parkland should not be outweighed by the function that it provides to the community. Greenbelt Plan parks that comply with the City's Official Plan definition of parks should be treated as a typical tableland park for conveyance at a similar credit percentage and subject provisions.

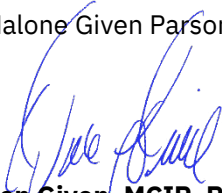
In addition, passive recreational uses (i.e. trails) and POPS are not fully credited under the Draft By-law and require amendment to be consistent with Council's previous direction for 100% credit.

We thank you for the opportunity to provide input on the Parkland Dedication By-law and look forward to continuing to engage with Staff through further discussions.

Should you have any questions or wish to discuss our comments, please do not hesitate to contact me at 905.513.0170

Yours very truly,

Malone Given Parsons Ltd.



Don Given, MCIP, RPP
Founder

cc *Block 41 Landowners Group*
Vince Musacchio, City of Vaughan