

Committee of the Whole (Working Session) Report

DATE: Wednesday, October 07, 2020

WARD(S): ALL

**TITLE: PROPERTY MATTER
PRESENTATION OF LAND ACQUISITION STRATEGY**

FROM:

Nick Spensieri, Deputy City Manager, Infrastructure Development

ACTION: DECISION

Purpose

To present the Land Acquisition Strategy (LAS) for Council's decision and approval. The LAS prepared by Ernst and Young LLP Orenda Corporate Finance and MHBC Planning (the "Consultant") is intended to provide strategies and tools for the acquisition of land in a strategic and cost effective manner as well as an approach to managing third-party property inquiries when the City receives unsolicited proposals for real property.

Report Highlights

- The Consultant team was selected through a competitive bid process Q3 2018.
- Terms of reference for the document was developed by the LAS Steering Committee to guide all of the City's property requirements.
- The Land Acquisition Strategy supports forecasted growth and intensification needs for the City and provides the City with tools, policies and processes to guide the strategic timely and cost-effective acquisition of land. The report further considers alternatives to full acquisition of lands, specifically "public-public" or "public-private" partnerships, easements, partial takings and stratified title.
- The Land Acquisition Strategy contains nineteen (19) recommendations structured around the analysis of the demand for parkland and recreational trails, municipal land including libraries, community centres, and fire stations, and natural heritage lands.
- Identified within the LAS, the consultants undertook a review of the City's approach to managing third-party real property inquiries when unsolicited proposals involving real property transactions are received.
- On June 5, 2019, Ernst and Young LLP and MHBC Planning presented emerging themes and preliminary findings to Committee of the Whole Working Session.
- On April 30, 2020, the final recommendations were presented by the Consultants to Growth Management Committee and the project Steering Committee.

Recommendations

1. That the presentation of the Land Acquisition Strategy by Ernst and Young LLP Orenda Corporate Finance and MHBC Planning, and presentation material be received;
2. That City Council approve the Land Acquisition Strategy;
3. That the implementation of all recommendations in the Land Acquisition Strategy be approved to guide the development of future polices, guidelines and strategies for investments in municipal land holding decision-making.

Background

The City requires a land acquisition strategy to maintain and/or enhance service levels consistent with City policies, and to ensure the appropriate growth and distribution of city-wide municipal services and facilities until 2041. With this in mind, the development of a land acquisition strategy and associated policies was intended to establish guiding principles for the strategic acquisition of lands, along with financial strategies, support implementation of the Growth Management plans and to achieve fiscal accountability.

Ernst and Young LLP Orenda Corporate Finance Inc. and MHBC Planning (the “Consultant”) were retained by the City in 2018 through a competitive bid process to develop a Land Acquisition Strategy (LAS), which consisted of researching, assessing, developing and identifying land acquisition strategies that could be employed to establish land acquisition requirements for the next few decades based on defined standards and/or levels of service. It was noted that real property that is acquired through planning and Draft Plan of Subdivision processes will continue to be dealt with as part of those processes and in accordance with the *Planning Act*.

One of the key elements of the Consultant’s exercise was stakeholder consultation. City departments were represented on the LAS Steering Committee and engaged throughout the study. Numerous comments were received and incorporated into the LAS report, and helped form the final recommendations.

The LAS Steering Committee comprised of the following City departments was formed at the commencement of the project to work on the strategy:

- Parks Development
- Development Planning
- Recreation Services
- Vaughan Public Libraries
- Fire and Rescue Services
- Infrastructure Delivery
- Legal Services
- Development Engineering
- Policy Planning and Environmental Sustainability

- Transportation Services, Parks and Forestry Operations
- Environmental Services
- Infrastructure Planning and Corporate Asset Management
- Financial Planning and Development Finance
- Real Estate

On June 5, 2019, the Consultant presented emerging themes and preliminary findings to Committee of the Whole Working Session. At that time, the analysis of unsolicited third-party requests for real property was approved to be added to the scope of the LAS.

On April 30, 2020, the Consultant presented its final recommendations to both the LAS Steering Committee and Growth Management Committee. The presentation was well received with no further comment.

Previous Reports/Authority

Presentation of Land Acquisition Strategy Status Update, June 5, 2019, Committee of the Whole (Working Session).

Analysis and Options

The Consultant completed thorough and extensive desktop review of master planning documents, regional and provincial planning policies, enabling legislation, and other municipal land acquisition strategies. In addition, the Consultant met with the LAS Steering Committee, as a whole and individually with its members, to confirm the City's land requirements, potential gaps, and related policies/legislation. Based on the review of the material, a municipal land demand forecast was prepared.

In May 2019, the Province introduced Bill 108 amendments to the *Planning Act*, to establish a new authority for municipalities to charge for community benefits for land development or redevelopment, and to the *Development Charges Act, 1997*, to address Ontario's shortage of affordable housing, and to make housing more affordable by lowering and providing certainty about municipal costs and developments charges. The current approach to acquiring municipal lands is funded through development charges and the parkland provisions within the *Planning Act*. These changes may significantly impact funding that is relied on by municipalities for the delivery of community centres, libraries, parks and open space trails. Once the province establishes the necessary information regarding the cap on the value of the community benefit, and associated regulations are issued, there should be greater clarity around specific financial implications to the City.

Strategy Recommendations

The LAS report proposes the following nineteen (19) recommendations to be implemented as part of the City's Land Acquisition Strategy:

Recommendation 1:

The City should develop a Community Benefits Charge Strategy with legislative requirements from Bill 108's changes to the *Planning Act* and *Development Charges Act*.

- Bill 108 significantly alters the City's current financial tools, which includes funding for the acquisition of land for green spaces and other municipal services. Acknowledging that impacts to this Land Acquisition Strategy will be significant, full details cannot be understood as of the publication date for the report.
- It is recommended that the City plan for a further staff report on the impact to findings from this Land Acquisition Strategy following the release of legislation.
- While existing documents (e.g. ATMP, Vaughan Super Trail) will help guide decision-making and resource allocation under the new Community Benefits Charge framework, subject to the proposed cap on Community Benefits Charge regulations, service levels may be impacted.
- To the extent possible, up-to-date values for land acquisition should inform any Community Benefits Charge Strategy to ensure accurate cost forecasting in an appreciating market.
- The City should use the development of a Community Benefits Charge Strategy as an opportunity to revisit service levels across the portfolio of community soft services.

Recommendation 2:

Developing a Parks and Open Space Strategy will help guide the City's acquisition, development, and use of Green Spaces that reflects the current operating and legislative environment.

- The City may develop policies to consider reduced parkland targets for Regional, Primary & Local Centres where mature, urban densities exist. While local City parks and open space should support minimum service levels, access to city-wide facilities and upgrades to existing parks will serve the unique needs of these new urban growth areas.
- This strategy may contemplate a flexible system for negotiating the dedication of environmental lands under special circumstances, potentially achieving "win/win" outcomes for both public and private sectors.
- The City should develop criteria, to evaluate acquisition of non-designated or environmental lands, or the acceptance of off-site parkland dedication.
- Off-site dedication policies should reflect high -priority areas identified by staff, area-specific requirements (e.g. city-wide connections) and require development agreements to ensure the quality of parkland acquired.
- The development of Privately Owned Public Space (POPS) guidelines may better position the City to negotiate for the provision of some on-site public space, particularly when negotiating an off-site dedication, with the understanding that POPS would not replace parkland dedication.

Recommendation 3:

The City should prioritize the redevelopment of existing parks and open space trails in high-priority areas over market-rate land acquisition as a means to strategically deploy CIL or CBC funding.

- Communicated as part of a Parks and Open Space Strategy, this policy approach acknowledges that limitations exist to acquire sufficient land to meet existing or emerging needs, on a fee simple basis, with CIL or future CBC funding tools.

Recommendation 4:

In a proposed Parks and Open Space Strategy, new parks typologies should be explored (e.g. Strata Parks, Greenways) that may inform the City's Official Plan Review process.

- Through the development of a new park typologies, the City may communicate specific criteria such as minimum width or size as well as desired configurations that provide opportunities for meaningful active and/or passive recreational programming.

Recommendation 5:

Land Acquisition Master Plans for city-wide Green Spaces should be developed that identify lands to serve high-priority areas, acquisition costs, funding alternatives and potential partnerships.

- Land acquisition master plans may consider a 10-year horizon and identify short-term and medium-term objectives, reviewed and updated every 5-years.
- This master plan may also assess various combinations of park sizes, typologies, and locations to understand city-wide provision level impact, connectivity high-priority areas, and cost implication that reflect the various land securement options.
- This study may assess various combinations of park sizes, typologies, and locations to understand city-wide provision level impacts, connectivity to high-priority areas, and cost implications that reflect various land securement options.
- The following additional strategies and policies may be evaluated as part of this:
 1. Acquiring land in high priority areas;
 2. Balance reduced parkland provision in new urban growth areas through investment of CIL or CBC in strengthened city-wide Green Space system;
 3. Easements and associated caveats to secure public access and municipal use while restricting development on private lands;
 4. Consider non-developable land for municipal recreational use (e.g. programmable open space lands, utility corridors) to reduce land acquisition costs;
 5. Land swapping and exchange of underutilized City-owned lands;
 6. Partnership or donation to appropriate not-for-profit agencies, or land trusts;
 7. Dedication transfers within multi-phase developments or between developments; and,
 8. Development setback zones on private land to facilitate public access and/or spaces.

- Illustrative cost analysis indicates trails are 40% less expensive to develop than traditional, active parkland. Land Acquisition Master Plans should consider potential city-wide service level impacts from the implementation of the Vaughan Super Trail.

Recommendation 6:

Staff guidelines for acquiring non-designated Green Spaces may be implemented to determine how the City will continue providing Green Spaces for high-priority areas of parkland deficiency or new urban growth areas.

- Identify and indicate an interest in non-designated lands that are potentially significant based on approved master plans based to address the following City priorities:
 1. Parkland to service new urban growth areas
 2. Parkland in priority areas with service level gaps
 3. Lands for city-wide trails, missing links, gap priority areas
 4. City wide land needs for Regional and District Parks
- The following additional strategies may also be considered:
 1. Assess the City’s existing land portfolio to identify underutilized properties used for land exchange or deemed surplus with proceeds directed to the Land Acquisition Reserve Fund.
 2. Review of parkland provision targets within new urban growth areas and minimum parks provision for existing communities;
 3. Review status of recreational provision targets as recommended in approved strategic plans and master plans; and,
 4. Review environmental lands with opportunities for passive recreation and public access that reflect a "significant contribution" to existing City-owned Green Spaces.

Recommendation 7:

Enabling the preservation and recycling of land value, the City should establish a Land Acquisition Reserve Fund to provide the City with a tool to more opportunistically acquire municipal land.

- Further study by Finance should develop a perspective on the potential to direct nominal annual contributions from the City’s annual operating budget.
- Finance and/or Real Estate staff should consult with other municipalities (e.g. Markham) to understand their specific application of the Land Acquisition Reserve Fund.
- The City should consider, based on historical land appreciation, the advantages of municipal land holding strategies when acquiring land for potentially undefined future municipal purposes.
- Develop guidelines and priorities that may apply Land Acquisition Reserve Funds to future, undefined municipal uses not necessarily identified in existing master plans.

Recommendation 8:

To recycle and preserve historical land acquisition funds, a Surplus Property Disposition Policy that directs proceeds towards a Municipal Land Acquisition Reserve Fund should be developed.

- The City should consider developing an official policy that directs proceeds from the sale of surplus property into the Land Acquisition Reserve Fund.

Recommendation 9:

City assets in strategic locations near Regional or Primary centres should be maximized with municipal use intensification, where opportunities exist. Master planning may be required to determine potential future uses.

- For example, the Joint-Operations Centre has the potential to consolidate multiple uses for greater land efficiencies.
- The possible relocation of Fire Station 7-2 may provide an opportunity to re-direct historical land acquisition costs to a Land Acquisition Reserve Fund.

Recommendation 10:

Strengthen the City's robust Natural Heritage and Open Space system through active land securement which prioritizes staff resources using biological criteria and opportunities for potential "value-add" alignment with other City priorities.

- Discuss opportunities to acquire lands when presented to the City such as the sale of surplus school sites or Crown lands.
- Through consultation with Policy Planning and Environmental Sustainability, a series of biological indicators of significance were identified that the City may consider to determine the relative priority for land securement.
- Priority areas with the highest biological value or where value-added opportunities exist may be targeted for land securement efforts and staff may be directed to further investigate.
- The Conservation and Land Securement Strategy provides recommended approaches to guide the acquisition of lands through landowner contact in addition to detailed analysis of various tools and processes to support land securement.

Recommendation 11:

The City should explore opportunities for partnering with land trusts who that may be strategically positioned to acquire key parcels of valley corridors and environmentally significant lands, through both purchase and/or donation with tax credits.

Recommendation 12:

Where possible, the City should negotiate for environmentally significant parcels of land and river edge properties prior to urbanization and development. This may require a variety of methods for land securement, including but not limited to letters of intent, agreements to purchase, life interests, partial interests, direct acquisition or direct acquisition through a land trust agency.

Recommendation 13:

The City should update its Land Disposition By-Law to provide clarity to the public on City processes and guidelines in managing real property requests.

Recommendation 14:

Municipal Contribution and Risk Assessments may be used to communicate the City's desired outcomes when evaluating third-party real property requests, including offers received at less than Fair Market Value.

Recommendation 15:

Given risks associated with disposing land acquired through the City's priority position within other public circulation processes, it should be communicated that comprehensive business cases are required prior to entertaining any third-party proposals. Consultation with Legal Services may also be required.

Recommendation 16:

In order to assist with external requests, the City should create a Real Property Disposal & Leasing Landing Page on its corporate website which permits easy navigation of required forms, policies and by-laws related to the receipt of unsolicited real property proposals.

Recommendation 17:

The City should develop a Shared Use Policy which may enable Vaughan to further expand opportunities to deliver enhanced community benefits through co-located services with external partners.

Recommendation 18:

With the preparation of a formal accommodation plan, Vaughan will be equipped to effectively plan for future growth with a firm perspective on expected staff increases, space standards, and alternative workplace strategies.

Recommendation 19:

A Knowledge-Sharing and Inter-departmental Partnership culture would support City departments working together to find solutions for new requirements. The City should promote a forum for on-going discussion of needs to promote cross-department solutions.

Financial Impact

Financial impact to the City will be dependent on Council's adoption of future policies and guidelines to be developed subsequent to the implementation of Bill 108.

Broader Regional Impacts/Considerations

There are no regional impacts/considerations at this time.

Conclusion

The Land Acquisition Strategy represents the City's first report of its kind and outlines comprehensive and sustainable strategies that meet City growth projections and approach to municipal land acquisition. Staff recommend that the Committee approve the Land Acquisition Strategy as a framework to guide and evaluate timely and cost-effective land acquisition, provide a financial strategy which will support fiscal sustainability and consider alternatives to full acquisition of property and managing unsolicited requests for City owned real estate.

For more information, please contact: Paul Salerno, Senior Manager, Real Estate extension 8473

Attachments

1. Attachment 1 - Vaughan Land Acquisition Strategy Report - Feb. 2020
2. Attachment 2 - Vaughan Land Acquisition Strategy Summary Presentation - October 2020

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