

## **Alternative Parkland Dedication Rate - Interim Report**

**Date:** June 27, 2022

**To:** Executive Committee

**From:** General Manager of Parks, Forestry and Recreation and Chief Planner and Executive Director, City Planning

**Wards:** All

### **SUMMARY**

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The Province of Ontario has introduced legislative changes to the *Planning Act* which requires the City to review and update three of its growth-related funding tools (GFTs):

- Development Charges (DC);
- Community Benefits Charges (CBC); and
- Alternative Parkland Dedication Rate.

This report is one of three reports on the individual GFTs being presented to City Council for concurrent consideration. Staff have developed recommendations related to the GFTs through an integrated and comprehensive approach to funding growth which incorporates engagement feedback.

This report recommends a phased approach to the consideration and implementation of a new alternative parkland dedication framework, including interim re-enactment of the City's current alternative parkland dedication by-law in 2022, continued engagement on staff's proposed approach and analysis of the impacts of Bill 109's legislative changes through early 2023 and presentation of a new by-law in the second quarter of 2023.

In accordance with provincial legislation, the City must adopt a parkland dedication by-law before September 18, 2022, to be able to apply an alternative parkland dedication rate. The *Planning Act's* standard parkland dedication rates of 5% for residential uses and 2% for non-residential uses remain unchanged as a result of provincial legislative changes.

Toronto's park system plays an essential role in supporting a healthy, equitable, competitive and livable city, and helps to make communities more resilient to contemporary challenges, from climate change to COVID-19. Parkland dedication

resulting from development projects is an important tool for growing and improving Toronto's park system.

Under the current by-law, population growth significantly outpaces growth of the city's parkland system. As a result, Toronto's parkland provision per provision is declining rapidly, especially in high-growth areas. This decline has negative impacts on the park system, putting more pressure on existing parks, increasing operating and maintenance costs, potentially resulting in user and programming conflicts, and making it more difficult to locate and build new recreational facilities. An updated alternative parkland dedication framework will better position the City to respond to the strains of growth on the parkland system and ensure that these green spaces can support a healthy, resilient Toronto in the decades ahead.

Since Bill 197 was enacted in 2020, City staff have undertaken detailed analysis of present and future parkland need and provision across Toronto's varied geography. This analysis has informed the development of a proposed density-responsive parkland dedication framework that is oriented to the growth resulting from development projects. This approach links new residents and parkland need with the delivery of new parkland, no matter the form of development.

Late in the process of developing and consulting on the updated alternative parkland dedication framework, the Province introduced legislation, Bill 109, *More Homes for Everyone Act*, which made further changes to the parkland dedication legislative framework in the *Planning Act*. Bill 109's changes reduce the alternative parkland dedication rate for sites designated by the Province as transit-oriented communities relative to the current alternative rate and obligate Ontario municipalities to accept encumbered parkland. The rates established through Bill 109 lock in a site-based parkland dedication approach contrary to staff's proposed density-responsive approach. The Bill received Royal Assent on April 14, 2022. Bill 109's significant changes to parkland dedication legislation necessitate further analysis to understand the potential impact on parkland dedication and parkland need over the medium term, given the number and importance of "transit-oriented community lands". To this end, this report recommends continued engagement on the proposed density-responsive parkland dedication approach through early 2023 in anticipation of a final report to City Council in the second quarter of 2023.

As an interim measure to ensure continued application of an alternative rate, this report recommends that City Council re-adopt the City's current alternative parkland dedication by-law. Recommendations at this stage include an Official Plan Amendment (Attachment 1 of this report) and a reimplementations of the current Parkland Dedication By-law inclusive of the statutory requirements stemming from Bill 109's changes to the *Planning Act*. (Attachment 2). The policies in the Official Plan Amendment conform to the Growth Plan for the Greater Golden Horseshoe, 2020 and are consistent with the Provincial Policy Statement, 2020.

In developing the policy recommendations, several factors were considered including:

- Infrastructure needs to service the growth in residents

- Results of the preliminary impact analysis that indicated although GFTs are not a primary driver of housing prices, current economic conditions with increasing inflation and construction costs (which the City also faces in its infrastructure projects) warrants a measured implementation of the new rates to mitigate the impact of rate changes on new development
- Feedback from public, community and industry stakeholders

As part of further work, staff will continue to engage City Divisions and stakeholders and report back in 2023 on the proposed density-responsive parkland dedication approach and related matters.

## RECOMMENDATIONS

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The General Manager of Parks, Forestry and Recreation and Chief Planner and Executive Director, City Planning recommend that:

1. City Council direct the General Manager, Parks, Forestry and Recreation and the Chief Planner and Executive Director, City Planning to continue stakeholder and public consultation on an updated Alternative Parkland Dedication Rate, including continued consultation on a density-responsive alternative parkland dedication approach and parkland need in the context of Bill 109's changes to the *Planning Act* and report back with final recommendations in the second quarter of 2023.
2. City Council amend the Official Plan substantially in accordance with Official Plan Amendment 588 City-wide Alternative Parkland Dedication Rate, in Attachment 1 to this report.
3. City Council amend the City of Toronto Municipal Code Chapter 415, Development of Land, substantially in accordance with the draft Parkland Dedication By-law in Attachment 2 to this report.
4. City Council authorize the City Solicitor to make such stylistic and technical changes to the draft Official Plan Amendment and the draft Parkland Dedication By-law as may be required.

## FINANCIAL IMPACT

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The GFTs allow municipalities to require new development to pay for infrastructure and services required as a result of growth in population and employment in order to support complete communities. That is, that growth should pay for growth. This ensures that growth costs are not borne by existing taxpayers in the form of high property taxes or user rates and that service levels are not adversely affected as the City grows.

Cash-in-lieu resulting from the Alternative Parkland Dedication Rate is a fundamental funding tool for the City. On average, it accounts for roughly 25 to 30 percent of Parks, Forestry and Recreation's annual capital budget, including parkland acquisition and park

improvement projects. Between 2016 and 2019, approximately \$200 million was received.

As Toronto intensifies, the current alternative parkland dedication framework results in declining parkland provision and cash-in-lieu per person. An updated framework will be brought forward in 2023. Over the long term, limitations on the parkland dedication tool will require the City to use a wide variety of tools at its disposal to address parkland pressures throughout the city. These limitations include the potential impacts of Bill 109's recent changes to parkland dedication legislation in the *Planning Act* affecting Provincially-designated transit-oriented community (TOC) lands which have the effect of reducing the parkland dedication on TOC lands relative to the current alternative rate.

Future capital budgets and plans for Parks, Forestry and Recreation will be adjusted to reflect the cumulative financial impact of the updated GFTs as they are implemented.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

## **EQUITY IMPACT**

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The City plans for parks on a system-wide level for all Torontonians, including equity-deserving communities. The Parkland Strategy's Guiding Principles of Expand, Improve, Connect and Include prioritize equity considerations by requiring the Strategy's implementation to ensure that parks and open spaces are inclusive and inviting spaces accessible to people of all ages, cultures, genders and abilities. As one of the six lenses used in identifying parkland need, the City considers equity across the entire parks system, including park supply, distribution and access. Income level is another key factor incorporated in the identification of parkland need, with investment geared toward supporting equity-deserving communities.

Access to parkland is critical to supporting improved public health outcomes. It creates opportunities for increased physical activity and reductions in cardiovascular disease as well as stress reduction and an improved sense of community. Parkland also serves an important community and climate resilience function with regard to its role in reducing the urban heat island effect and regulating temperature, among other benefits. Particularly during extreme weather events such as prolonged heat waves when low-income and other vulnerable communities are at greater risk of harm due to a lack of access to air conditioning or other cooling options, parkland and its associated recreational infrastructure can serve as vital spaces to escape the heat.

## **CLIMATE IMPACT**

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A connected, healthy and resilient parks and open space system is crucial to supporting the City's mitigation and adaptation to climate change. Toronto's parks, including but not limited to the extensive ravine system, provide a range of critical ecosystem services, such as stormwater management, temperature regulation, wind mitigation, erosion and

sediment control, and carbon sequestration, that directly respond to the pressures of climate change. As the Toronto continues to grow, expanding, improving and maintaining the City's parks system will be critical to supporting the City's strategic climate objectives.

## **DECISION HISTORY**

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In November 2017, Council adopted a report 'Parkland Strategy: Preliminary Report', which provided an overview of the Strategy and the preliminary analysis undertaken to improve the methodology for measuring park provision across the Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX29.3>

In November 2017, Council adopted a report 'Review of the City's Alternative Parkland Dedication Rate under Section 42 of the Planning Act', which provided background analysis and rationale for updating the City's alternative parkland dedication framework to better respond to the realities of development trends in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX29.4>

In November 2019, Council adopted the Parkland Strategy as Toronto's parks planning framework and directed staff to report back on the advancement of the Parkland Strategy every five years, and to use the Parkland Strategy to inform the development of local-level parks plans, prioritization of land acquisition for parks, the review of development applications and preparation of planning studies, and strategic partnerships to support the parks system.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX10.3>

In June 2021, Council received a report 'Bill 197 and Growth-Related Funding Tools Update'. The report provided an update on the City's approach to the legislative requirements set out in Bill 197 for municipal growth funding tools and outlined a work plan to deliver updated City bylaws for Council consideration in Q2 2022.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX24.4>

In July 2021, Council received the report 'Planning Act (Section 42) Reserve Funds Statement, 2016-2019', which provided documentation of contributions, spending and financial activity associated with cash-in-lieu of parkland dedication payments secured through Section 42 of the Planning Act for the fiscal years 2016 to 2019.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX25.24>

In May 2022, Council received the report 'City of Toronto Review of Bill 109: More Homes for Everyone Act, 2022', which provided commentary and recommendations with respect to the legislative changes introduced in Bill 109. City Council expressed its concerns that Bill 109 received Royal Assent before the stated commenting period of April 29, 2022 expired and requested further consultation with the Province such that the City can fully understand and analyze the impact of any proposed changes comprehensively, including the cumulative financial impacts.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.PH33.11>

## BACKGROUND

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This section provides background information on the alternative parkland dedication rate in context of the growth-funding tool review and is organized as follows:

1. The City's Approach to Growth-Related Funding
2. Expanding Parkland to Serve a Growing Toronto
3. Policy Context & Recent Legislative Changes
4. The Parkland Strategy and Parkland Provision in Toronto
5. Cash-in-Lieu of Parkland Allocation Policy
6. Challenges with the Current Approach
7. Developing a New Alternative Parkland Dedication
8. Consultation

### 1. The City's Approach to Growth-Related Funding

The alternative parkland dedication rate is one of three growth-related funding tools being reviewed in compliance with Provincial requirements and prescribed timelines. GFTs are charges imposed by municipalities on new development that are intended to pay for essential capital costs to serve the growing population, including municipal services and infrastructure. The three GFTs (alternative parkland dedication rate, CBCs and DCs) have been reviewed together to ensure an integrated and holistic approach to funding growth. They are being reviewed concurrently to understand the full implications of the provincial legislative changes and apply a set of charges that appropriately reflect the infrastructure needs and market conditions of Toronto in the coming years. The City of Toronto's GFT project is guided by the following three principles:

**Complete communities:** As the city grows, it is important to plan for a mix of housing types, employment uses, a diversity of land uses, community amenities and street connectivity in order to promote the development of complete communities where people will continue to want to live, work and play.

**Growth pays for growth:** New development should pay for the growth-related infrastructure, services, and facilities needed to support the new population and employment. Changes to provincial legislation should maintain municipal revenues – that is, the City should not be worse off as a result.

**Practical and predictable:** Growth funding tools will be transparent, predictable and practical to administer and implement.

The GFT project is a significant city-wide exercise that has required the collaborative effort of staff across many City Divisions, as well as the City Agencies, Boards and Corporations. In addition, staff undertook a comprehensive engagement with key stakeholders: the public, development industry, community organizations and school boards.

### 2. Parkland Dedication in a Growing Toronto

Toronto's park system plays an essential role in supporting a healthy, equitable, competitive and livable city for residents, workers, businesses and visitors. Parks are

critical pieces of social infrastructure, promoting physical and mental health, social cohesion and a sense of local identity. These spaces also serve as green infrastructure by creating habitats, mitigating stormwater impacts, sequestering carbon and reducing the urban heat island among other ecosystem services.

The City is required to use provincial forecasts for growth management and long-term planning. Within these forecasts, the City of Toronto expects to reach a minimum population of 3.65 million in 2051, with 1.98 million jobs. This would represent an additional 615,000 residents and 283,000 jobs over 2021.

As Toronto grows and changes, the park system likewise needs to grow and change to support equitable access and respond to increasing demand for green space and recreational amenities such as sports fields, playgrounds and splash pads. The ongoing COVID-19 pandemic has underscored the need for high quality and abundant green and open spaces for people to safely socialize, gather and recreate. This need is especially critical to serve residential units in taller buildings that do not offer access to private backyards, estimated to be over 40 percent of all dwellings in Toronto.

One of the most important tools that the City has for securing new parks and improving existing parks is parkland dedication, authorized through Section 42 of the *Planning Act*. This tool allows the City to require developments to dedicate a portion of a development site as public parkland or to require cash-in-lieu of a physical parkland dedication. When the City has an opportunity to receive parkland dedication, land is prioritized as this is the most direct and cost-effective way to expand and improve the parks system.

### **3. Policy Context & Recent Legislative Changes**

#### *Section 42 of the Planning Act*

The *Planning Act* establishes the basis for land use planning in Ontario. Section 42 of the *Planning Act* enables a municipality to pass a by-law to require parkland dedication as a condition of development or redevelopment. The *Planning Act* sets out a standard rate for parkland dedication of two percent of the land area for commercial or industrial development and five percent for residential uses.

Section 42 enables municipalities to establish an alternative requirement for parkland dedication for residential uses. Alternative parkland dedication rates (alternative rates) may be no greater than one hectare per 300 dwelling units for land dedications or one hectare per 500 dwelling units for a payment in lieu of parkland dedication. To use an alternative parkland dedication rate, a municipality must adopt supporting Official Plan policies and must complete a parks plan which examines the need for parkland in a municipality.

Where Council deems that land is unsuitable for park purposes, for example because site size is too small, Section 42 allows municipalities to require cash-in-lieu of parkland dedication (CIL). Where CIL is provided, the *Planning Act* requires that the payment of cash to a municipality reflect the value of land that would otherwise be required to be provided. These cash-in-lieu funds are required by the *Planning Act* to be used

exclusively for the capital costs of expanding and improving the parks system and its associated recreational facilities. Section 42 cash-in-lieu of parkland revenue cannot be used to support operating costs nor can it overlap with the use of revenue derived from development charges or community benefits charges.

### *Bill 197*

The Province made amendments to the *Planning Act* through the *COVID-19 Economic Recovery Act* (Bill 197), which came into effect in September 2020. While Bill 197 does not impact the standard parkland dedication rates, it does obligate municipalities to re-examine and re-implement any alternative rate policies.

The deadline for implementing a new alternative rate is September 18, 2022. After this deadline, any in-force alternative rate ceases to have effect. This includes any area-specific alternative rates that are described in Secondary Plans. If a new alternative rate is not approved prior to this deadline, the City will be limited to collecting parkland dedication based on the *Planning Act* standard rate of 5 percent for residential. In comparison, the current alternative parkland dedication rate utilizes a rate that is capped at between 10 - 20 percent of the site based on its size.

A reversion to standard rates would present a significant reduction in the amount of parkland dedication that the City could secure either through the provision of new parkland to support growth or securing CIL, which funds roughly 25 to 30 percent of the Parks, Forestry and Recreation's ten year Capital Plan. The foregone revenue of such a scenario is estimated to be in the hundreds of millions of dollars over the course of the Parks, Forestry and Recreation 2022-2031 Ten-Year Capital Plan.

Another key change introduced through Bill 197 is a new right of appeal, whereby an alternative rate by-law can be appealed to the Ontario Land Tribunal (OLT). The OLT has the authority to amend an alternative rate established by a municipality. The OLT's authority only extends to reducing a municipality's alternative parkland dedication rate; the OLT cannot make a decision that leads to an increase in an appealed alternative parkland dedication rate.

### *Bill 109*

The Province recently introduced further legislative changes to the *Planning Act* through the *More Homes for Everyone Act, 2022* (Bill 109), which received Royal Assent on April 14, 2022. These changes impact how the City collects parkland dedication for developments that have been designated by the Province as a "transit-oriented community" (TOC) under the *Transit-Oriented Communities Act, 2020*.

Bill 109 amends the alternative rate that can be applied to TOC developments, introducing new rate caps based on site size. Designated TOC developments on sites of five hectares or less would have an alternative rate cap of 10 percent of the land or its value as compared to 15% for sites between one and five hectares under the current alternative rate, and development on sites greater than five hectares would have a cap of 15 percent as compared to 20% under the current alternative rate. This is a reduction of up to 33%, or one-third, of parkland dedication on sites that will be developed with



high density projects. Bill 109 also authorizes the Province to identify encumbered land in a TOC development (e.g. lands subject to an easement or with below grade infrastructure) that shall fully count towards the requirement for public parkland.

The legislative changes introduced by Bill 109 will reduce the amount of parkland dedication required for TOC developments by up to one-third as compared to the current alternative rate. The full extent of the impact of this policy change is unknown at this time as more lands are anticipated to be designated as TOCs. Moreover, in accepting encumbered land towards parkland dedication, the City will also face challenges with the design, maintenance and operations of these spaces. For example, a park delivered above a below-grade parking structure can have ongoing and significant maintenance requirements, and may be limited in the types of tree planting and programming that can be supported. This will result in higher operating costs, reduced programming opportunities, and challenging urban tree conditions. Bill 109's changes also run contrary to the intended policy shift to a density-responsive parkland dedication framework by maintaining a site-size based approach to parkland dedication that does not recognize that it is the growth proposed by a development, not the size of the property, which generates demand for parkland and places pressure on existing park spaces.

Given the recent introduction of Bill 109, staff continue to analyze its impact on parkland provision and need. This additional analysis will be accounted for in the final alternative rate recommendations planned for 2023. In the interim, the current alternative parkland dedication rate is proposed to be re-implemented to ensure the City is able to continue to utilize an alternative parkland dedication rate.

#### *Toronto's Current Alternative Parkland Dedication Rate*

The City's current alternative rate is prescribed in Chapter 3 of the Official Plan and in Chapter 415, Articles III and IV, of the Municipal Code. This alternative rate has been in effect since 2008. It was developed within a different growth and policy context of the early 2000s and informed by census data from 2001. This model has not been responsive to the significant increases in development intensity and other development trends experienced in Toronto in the past decade. This has led to a widening gap between growth and equitable access to parkland, particularly in high-growth areas such as Downtown, Midtown and North York Centre.

The current alternative rate is set at 0.4 hectares per 300 dwelling units for both land dedication and CIL with caps based on site size. The rate is capped at ten percent of the development site (or its equivalent financial value) for sites less than one hectare, 15 percent for sites between one and five hectares, and 20 percent for sites greater than five hectares. The rate is set below the allowable maximum defined in the *Planning Act*, which is one hectare per 300 dwellings units. A number of land uses are exempt from parkland dedication including non-profit housing, industrial uses and public schools, among others.

The current alternative rate does not apply city-wide - it only applies to residential development within parkland acquisition priority areas, which are prescribed in Chapter 415 of the Municipal Code. These areas were identified based on a number of

considerations including areas of anticipated growth identified in the Official Plan (such as *Avenues and Mixed Use Areas*); Secondary Plan areas; and other areas of low parkland provision with anticipated development. The geography of parkland acquisition priority areas and non-priority areas was first endorsed by City Council in 2002.

In several areas across the city, area-specific alternative rates are established within individual Secondary Plans. These area-specific rates were often introduced to reflect unique contexts such as large, master-planned communities. These area-specific rates will become obsolete on September 18, 2022 as per Bill 197. This report recommends that area-specific rates in Secondary Plans be temporarily reinstated in advance of City Council's consideration of a recommended city-wide density-responsive alternative parkland dedication rate in 2023.

#### **4. The City's Parkland Strategy**

The *Planning Act* requires a parks plan be prepared in order to adopt official plan policies to implement an alternative parkland dedication rate. This requirement has been met through the City's Parkland Strategy, adopted by Council in 2019.

The Parkland Strategy is a long-term plan to guide the delivery of new parks, and the expansion and improvements of existing parks. The Strategy establishes four Guiding Principles to direct this work: Expand, Improve, Connect and Include. The Strategy applies a park catchment tool to measure and map parkland provision, parkland need and the impact of growth. It also identifies priority areas for parkland acquisition and improvements based on a number of key considerations including current and projected parkland provision levels, park distribution, equity, access and connectivity. In developing the Strategy, staff undertook extensive consultation with the public and stakeholders across the city.

Staff are updating the quantitative analyses and mapping within the Parkland Strategy to support the development and recommendation of a new alternative rate. A refresh of the Parkland Strategy will be presented as part of the final recommendations in 2023.

#### **5. Developing a New Alternative Parkland Dedication Approach**

##### *Challenges with the Current Alternative Parkland Dedication Rate*

The existing alternative rate presents challenges for the City in acquiring new parks and improving existing parks. The current alternative rate does not fully address the parkland demand generated by development because it is capped by site size regardless of density and the number of new residents.

Many of Toronto's high-growth areas are characterized by smaller land parcels where development sites are generally less than 0.5 hectares (1.2 acres); 80% of all development sites in the city are less than 0.5 hectares. For these types of developments, parkland dedication or equivalent CIL are capped at ten percent of land value or approximately 500 m<sup>2</sup> or less. This cap often results in higher-density residential developments (with more units and therefore more people), contributing far

less parkland dedication per person compared to less dense residential development. Conversely, a site size based approach can inequitably penalize "missing middle" and mid-density projects, with sites - and therefore parkland dedication - that are often the same size as high density developments with far fewer new residents. A mid-rise development of 50 units can potentially dedicate the same amount of parkland as a tall building development of 500 units.

On small or irregular parcels, on-site parkland dedication may not be feasible or desirable. In these instances, the City often accepts CIL rather than a land dedication. In order to acquire functional and programmable parkland with CIL funding, the City must pool CIL payments from multiple developments over time. However, rapidly increasing land values decrease the purchasing power of CIL over time, especially in some high growth areas where the cost of land may exceed \$70 million per acre. Even in instances where the City has sufficient funds to acquire new parkland, it must compete for limited land supply with private real estate actors who typically have fewer regulatory constraints and more financing options. Furthermore, the use of CIL for parkland acquisition does not reflect the true costs of delivering parkland (such as demolition and environmental remediation) which are generally included when parkland is conveyed directly to the City.

### *Rate Model Options*

The requirement to re-examine and re-implement the alternative rate presents an opportunity to address the challenges highlighted above, more efficiently respond to the growth pressures of contemporary Toronto, support the financial sustainability of the City's parkland acquisition and capital programs, and rectify the imbalance of economic impact between higher density and lower density development projects.

The City has retained a consultant team with expertise in land economics, real estate and urban planning to help support the development of a new alternative parkland dedication model. Given the parameters outlined in the Planning Act, there are many ways in which a new model could be structured and implemented. Key principles were developed to help guide this process. A new alternative rate will:

- Be based on the growth pressures and parkland demand generated by new development, rather than characteristics such as site size;
- Be responsive to different types of development density, rather than a one-size-fits-all approach;
- Be sensitive to development economics and responsive to future market conditions to ensure development is feasible and competitive;
- Deliver reasonable on-site parkland for various building typologies (low, mid and high density);
- Be balanced with other growth funding tools; and
- Provide an approach that is clear, implementable and predictable to help simplify and streamline development review processes.

A set of possible rate model options has been developed and informed by the guiding principles outlined above, parkland provision analysis, and by a jurisdictional scan of alternative parkland dedication models in other Ontario municipalities.

On April 12, 2022, as part of the consultation program, staff released a draft proposal outlining a "density-responsive" approach to parkland dedication. The model applies a rate cap that increases incrementally as the density proposed by a development increases, more closely aligning parkland dedication with the pressures placed on the park system by growth. This model will be subject to continuing consultation with stakeholders and the public in advance of the final report in 2023 including further analysis regarding the implications of Bill 109 for parkland provision, particularly in high-growth, transit-oriented communities.

## 6. Consultation

In coordination with the broader GFT review, a variety of consultation events for the public, stakeholder groups and development industry have been held throughout the course of the project, starting in 2021. Engagement efforts focused on building awareness of the funding tools, sharing key information to understand the study process and outcomes, and gathering feedback on priorities and preferences for updating these tools. Consultation events include the following:



The following themes emerged from the industry consultations:

- Housing affordability – how rate changes affect housing affordability
- The impact on new development – potential negative impacts on new development
- Who should pay for growth – the extent growth should pay for growth or whether growth costs should be shared by all homeowners
- Transition – how rates changes will be transitioned to allow development to adjust to the new level of charges

Feedback and comments received from the public, stakeholder groups and industry have helped to shape the proposed density-responsive approach which will be brought

forward next year. A summary of the key themes heard from the stakeholders can be found in Attachment 3.

## **7. Interim Re-enactment of the Current Alternative Rate**

This report recommends continued engagement on the proposed parkland dedication approach through early 2023 in anticipation of a final report to City Council. To ensure the City retains the ability to apply an alternative parkland dedication rate, this report presents an Official Plan Amendment (OPA) and an associated implementing by-law that re-enacts the City's current alternative rate as an interim measure in advance of staff's final recommendations anticipated in 2023.

The Official Plan Amendment and the implementing by-law will satisfy the requirements in the *Planning Act* to implement an alternative rate.

### *Official Plan Amendment*

Section 42 of the *Planning Act* requires that the Official Plan contain specific policies dealing with the provision of lands for park or other public recreational purposes and the use of alternative parkland dedication requirements.

The OPA in Attachment 1 of this report maintains the City's current alternative rate framework, including the rates captured at the level of the Official Plan and locally-specific rates outlined in select Secondary Plans. The OPA implements a simplifying technical change to policy 3.2.3.5 that removes the numeric details of the alternative rate - namely the base formula and site caps for calculating parkland dedication - and instead refers to the Parkland Dedication By-law, where these details are also presently established. The remainder of the OPA preserves the status quo for the interim.

### *Parkland Dedication By-law*

Chapter 415 of the City of Toronto's Municipal Code describes the mechanical and administrative details of the City's parkland dedication policy framework. As per Bill 197, the entirety of the current by-law becomes obsolete on September 18, 2022 and, as such, a full replacement is required.

The implementing by-law provided in Attachment 2 of this report largely reinstates the existing alternative rate framework, including definitions, rates, caps, use exemptions and the cash-in-lieu of parkland allocation policy. The by-law updates the cap structure established by Bill 109 as it relates to sites defined by the Province as Transit Oriented Communities and the requirement on such sites to accept encumbered parkland if so identified by the Province. This change ensures conformity with the *Planning Act*.

## **COMMENTS**

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# 1. Policy Considerations

## The Planning Act

Section 2 of the *Planning Act* establishes matters of provincial interest to which City Council shall have regard, in carrying out its responsibilities, including: the orderly development of safe and healthy communities; the adequate provision and distribution of educational, health, social, cultural and recreational facilities; the promotion of built form that provides for public spaces that are of high quality, safe, accessible, attractive and vibrant; and the mitigation of greenhouse gas emissions and adaptation to a changing climate.

Section 16 directs an official plan to contain goals, objectives and policies to manage and direct physical change and their effects on the social, economic, built and natural environment. The same section also directs official plans to policies pertaining to the mitigation of greenhouse gas emissions and climate change resiliency.

## Provincial Policy Statement

The Provincial Policy Statement (2020) (PPS) provides policy direction province-wide on land use planning and development to promote strong healthy communities, wise use and management of resources, and the protection of public health and safety. It includes policies on key issues that affect communities including public spaces, recreation, parks, trails and open space.

The PPS is issued under Section 3 of the *Planning Act* and all decisions of City Council in respect of the exercise of any authority that affects a planning matter shall be consistent with the PPS. Comments, submissions or advice affecting a planning matter that are provided by Council shall also be consistent with the PPS.

The PPS recognizes and acknowledges the Official Plan as an important document for implementing the policies within the PPS. Policy 4.6 of the PPS states that, "The official plan is the most important vehicle for implementation of this Provincial Policy Statement. Comprehensive, integrated and long-term planning is best achieved through official plans."

Policy 1.5.1(d) indicates that healthy, active communities should be promoted by planning and providing for a full range and equitable distribution of publicly-accessible built and natural settings for recreation, including facilities, parklands, public spaces, open space areas, trails and linkages, and, where practical, water-based resources.

The amendments to the Official Plan have been drafted to be consistent with PPS 2020.

## A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2020)

A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2020) (the "Growth Plan") came into effect on August 28, 2020. The Growth Plan provides a strategic framework for managing growth and environmental protection in the Greater Golden Horseshoe region, of which the City forms an integral part.

The Growth Plan builds upon the policy foundation provided by the PPS and provides more specific land use planning policies to address issues facing the GGH region. It provides a strong emphasis on intensifying urban areas, and in particular areas associated with transit, while also achieving well-designed, complete communities that meet people's daily needs.

Policy 2.2.1.4 provides direction on supporting complete communities, including the need to expand convenient access to a range of transportation options, public service facilities, an appropriate supply of safe, publicly-accessible open spaces, parks, trails and other recreational facilities, and healthy, local and affordable food options including through urban agriculture. It also calls for the provision of a more compact built form and vibrant public realm, including public open spaces; and for the integration of green infrastructure and appropriate low impact development.

Policy 4.2.5.1 encourages municipalities to develop a system of publicly-accessible parkland, open spaces, and trails that clearly demarcate public access, is based on a co-ordinated approach to trail planning and development and on good land stewardship practices for public and private lands.

The policies of the Growth Plan take precedence over the policies of the PPS to the extent of any conflict, except where the relevant legislation provides otherwise. In accordance with Section 3 of the *Planning Act*, all decisions of Council in respect of the exercise of any authority that affects a planning matter shall conform with the Growth Plan. Comments, submissions or advice affecting a planning matter that are provided by Council shall also conform with the Growth Plan.

The Growth Plan's focus is on accommodating forecasted growth in complete communities, and notes high quality public open space, adequate parkland and opportunities for recreation, as features of complete communities that support quality of life and human health. Reflecting this, the Plan contains policies encouraging municipalities to develop a system of publicly-accessible parkland, open space, and trails.

The recommended amendments to the Official Plan have been prepared to conform to the policies established in the Growth Plan 2020.

## **Toronto Official Plan**

The Official Plan is the City's primary growth management and land use planning document. The Official Plan contains policies which guide where and how the City grows its housing, sustains commercial and employment areas, ensures the stewardship of the City's green spaces, and directs the expansion and improvement of the City's transportation network, among other directions. It is authorized by the *Planning Act*, while the Provincial Policy Statement recognizes the Official Plan as the most important document for its implementation.

Chapter 2 of the Official Plan speaks to the principles and policies to steer growth and change, envisioning Toronto as the heart of a liveable urban region. It sets out the urban structure of the City, develops the strategy for directing growth within the

structure and sets out policies for the management of change. Section 2.3.2, Toronto's Green Space System and Waterfront, lays out the central role that the interconnected green space system plays in Toronto, including its environmental benefits, opportunities for active and passive recreation and social and tourism benefits.

Chapter 3 of the Official Plan contains policies to guide decision making based on the Plan's goals for the human, built, economic and natural environments. Section 3.2.3, Parks and Open Spaces of the Official Plan identifies Toronto's green space system as an integral part of the City's quality of life and social well-being, and contains policies pertaining to the maintenance, enhancement and expansion of Toronto's parks and open spaces. Included within these policies is direction to add new parks particularly in growth areas and to consider the amount of existing parkland in parkland acquisition strategies.

## **2. Implementation Considerations**

Staff have prepared an Official Plan Amendment and an implementing by-law, as required by the *Planning Act*. As per Bill 197 requirements, the implementation of an Alternative Parkland Dedication Rate and associated Parkland Dedication By-law must occur prior to September 18, 2022. Staff recommend adoption of the OPA and by-law as an interim measure as consultation on a new alternative rate continues in advance of a final report and associated recommendations for a new alternative parkland dedication rate in 2023.

During this interim phase, development applications received by the City will be reviewed in accordance with the re-enacted alternative rate framework. Staff's final report in 2023 will establish recommended timelines and provisions related to the transition from the current rate to the new rate framework.

In accordance with recent changes to the *Planning Act*, the Parkland Dedication By-law and its associated Official Plan Amendment can both be appealed to the Ontario Land Tribunal. The *Planning Act* indicates that the OLT has the authority to reduce, but not increase, an alternative rate including both land and CIL rates. In the case of an appeal that results in a lesser alternative rate than adopted by City Council, the City will need to refund applicants appropriately for parkland dedications and CIL secured during the course of the appeal process. The Bill 109 changes to parkland dedication rates for Provincially-designated TOC lands cannot be appealed or changed.

## **3. Conclusion**

This report presents an Official Plan Amendment and associated by-law that re-enact the City's current alternative parkland dedication framework as an interim measure as consultation on a new framework continues. The recommended policy changes respond to legislative requirements brought about through Bill 197 which obligate municipalities to re-evaluate and re-implement alternative rates prior to September 18, 2022. If a by-law is not passed then the City will be limited to collecting parkland dedication according to *Planning Act* standard rates. The policy changes also implement the new statutory requirements of the *Planning Act* as amended by Bill 109 related to parkland dedication on provincially-designated transit-oriented community lands.



This report also articulates the challenges of the current alternative rate. An approach that more directly links growth with parkland provision, linking people with parks, is needed. Further consultation and refinement and a report in early 2023 will deliver an updated policy tool that better responds to the scale of growth in this city while ensuring development remains viable and able to support the delivery of new housing.

## **CONTACT**

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Paul Farish, Manager, Planning, Parks Development & Capital Projects, Parks, Forestry and Recreation Division, 416-392-8705, Email: [Paul.Farish@toronto.ca](mailto:Paul.Farish@toronto.ca)

## **SIGNATURE**

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**Janie Romoff**  
General Manager  
Parks, Forestry and Recreation

**Gregg Lintern, MCIP, RPP**  
Chief Planner and Executive Director  
City Planning Division

## **ATTACHMENTS**

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Attachment 1: Draft Official Plan Amendment 588  
Attachment 2: Draft Parkland Dedication By-law  
Attachment 3: Stakeholder Engagement Summary

**Attachment 1: Draft Official Plan Amendment 588**

Provided under separate cover

**Attachment 2: Draft Parkland Dedication By-law**

Provided under separate cover

### **Attachment 3: Stakeholder Engagement Summary**

As part of updating the growth funding tools, a comprehensive stakeholder engagement was conducted to understand what is important to stakeholders when it comes to growth funding tools and paying for growth. The What We Heard Engagement Report describes the approach that was taken by the Growth Funding Tools (GFT) project team to consult with approximately 1000 industry and public stakeholders throughout the duration of the project from July 2021 to Spring 2022 and documents the feedback that was received. While the engagement process for Development Charges (DCs) and the new Community Benefits Charge (CBC) is nearing completion, further consultation will continue for the Alternative Parkland Dedication Rate in the context of the recent enactment of Bill 109 and its constituent changes to the *Planning Act*.

#### **Purpose of Engagement**

Recognizing that changes to the City's growth funding tools will impact the future of Toronto's residents and businesses, the purpose of the engagement was to:

- Build awareness and share information about the growth funding tools with stakeholders who had varying levels of knowledge on the tools. Efforts were made by the project team to simplify the complex technical and legislative context of these tools by delivering information using plain language and making the content relatable by connecting the tools to stakeholders pressing interests and concerns.
- Provide meaningful opportunities for stakeholders to inform and provide feedback on changes to the growth funding tools.

#### **Stakeholder Participation**

The GFT project team reached out to a broad group of stakeholders, the general public, community groups, school boards, academic and research groups, social service organizations and representatives from major industry groups in the development, planning, and real estate industries. Specific attention was given to informing and inviting organizations that serve equity-deserving communities to participate in the engagement process through the use of targeted media and the project team also provided equity deserving organizations with the option to have separate meetings with the team. The project team will continue to engage with the stakeholders as consultations for the alternative parkland dedication rates continue.

A synopsis of the GFT project's engagement with stakeholders through online consultations is provided below.



As shown above, the City’s project team in partnership with communications firm, Argyle, consulted with approximately 1000 public and industry stakeholders through various engagement tactics such as information sessions, workshops, and meetings, as well as a project website. Throughout the project, stakeholders could also get in touch with the project team through a dedicated GFT email address ([gft@toronto.ca](mailto:gft@toronto.ca)) and approximately 50 emails from stakeholders were received.

Feedback from industry and public stakeholders was instrumental in helping the GFT project team understand what is important to stakeholders when it comes to funding growth. The stakeholder feedback informed the most recent updates to the bylaws and policies that are being recommended to Committee and Council in July 2022.

### Stakeholder Feedback Themes

The following key themes emerged at the industry and public consultations:

- **The impact of rate increases on new development:** Stakeholders from the development industry revealed concerns about the potential impact that updates to the GFTs could have on current and future development projects. In addition, rental housing developers were concerned about the viability of building rental housing with the new rates. Industry participants also noted other existing financial pressures such as rising construction costs and high land values.

In earlier engagement sessions, public stakeholders expressed the sentiment that new developments are creating a strain on existing services, particularly roads and transit, and that while residents are not against growth, it needs to be accompanied by appropriate investment in their communities to support new density. As such, the request was made for the City to explore additional revenue tools as GFTs alone will neither be sufficient to support the City’s growth nor can they be used to fund operating and maintenance costs.

- **Who should bear the cost of growth:** Feedback varied on this topic. Some public stakeholders stated that “growth should pay for growth” and costs of growth should not be passed on to existing residents through property taxes while others shared the view that costs of growth should be shared by all residents, as everyone benefits from growth.

Developers also wanted to know whether infrastructure and service costs in high growth areas will be area-specific or whether all developments would be subject to the same fees. Questions were raised about the rate structure of GFTs and how it reflects Toronto’s unique development context, whether GFTs could be used to incentivize development in particular areas of the city and how other financial tools such as property taxes could be leveraged to fund capital projects for the City. Discussions with respect to how rates are calculated, how the three tools work together and how they will be implemented also took place.

- **Significant interest in the new Community Benefits Charge (CBCs):** Public stakeholders asked what services can be funded, how they could be more involved with CBC funding allocations and how future funding including in-kind contributions will be allocated towards eligible CBC projects.

Representatives of school boards indicated schools should be considered under the list of eligible services for CBCs as growth affects school capacity and school investment is needed. In addition, school boards requested that ongoing partnership and collaboration work continue with the City to support mutual interest in supporting residents and building complete communities.

- **Housing affordability:** Public stakeholders asked how GFT rate increases could affect the affordability of new housing and whether the affordability of existing housing units would be preserved.
- **Transition period for GFTs:** Industry representatives were very interested in the timeline and transition period for the GFT rate increases. More specifically, representatives wanted to know when the new rates will come into effect and about the City’s transition period to protect projects in the City’s development pipeline and to allow for industry to adapt to the new rates. Industry raised questions about how these changes will impact the viability of development applications, including those that are already in progress. Representatives flagged the cumulative impact of all policy tools on projects and encouraged maintaining existing discretionary exemptions.
- **General feedback on growth:** Public stakeholders generally did not oppose growth, but would prefer it to be accompanied by appropriate investments within communities. In addition, some residents in high growth areas felt disproportionately affected by growth and wanted to understand how GFTs could be focused to support areas when development is occurring, making it important to ensure that “growth pays for growth”. Public stakeholders also asked whether DCs and CBCs will be prioritized to fund critical projects and expressed concerns about residential and commercial gentrification pricing people and businesses out of neighbourhoods. Overall, participants generally expressed the need to ensure that Toronto remains a

place where people can afford to live and work.

- **Technical:** Development industry stakeholders provided various technical comments and questions on the DC, CBC and Parkland Studies and Strategies that were being prepared. A total of eighteen industry and technical meetings were conducted with approximately 550 industry stakeholders for the duration of the GFT project. These included detailed technical meetings on the DC study calculations, as well as general high level meetings about the project approach and key considerations. Industry was informed about the growth funding tools throughout the process and their input was considered and incorporated where appropriate in the final documents supporting the respective bylaws.
- **Changes to Parkland Dedication:** Industry representatives also asked questions about the parkland dedication policy framework and recent legislative changes. Matters of industry interest regarding parkland included the use of existing Section 42 cash-in-lieu reserves, how the City determines parkland need, and how Bill 109's recent legislative changes to parkland dedication legislation on transit-oriented community lands would be implemented by the City. Industry representatives also requested the City explore additional exemptions, transition provisions, and other matters to mitigate the financial impact of any parkland dedication changes proposed.

### **The City's Response to Stakeholder Feedback**

The City acknowledges the valuable feedback received from stakeholders during the industry and public consultations and used this feedback to inform the recommended updates to the bylaws, and policies. Specifically, stakeholder feedback informed the provision of adequate transition periods to protect the development projects that are in the pipeline and to provide adequate time for rate changes to be incorporated into future projects while adjusting to prevailing economic conditions. These policy changes are provided in the GFT reports being presented to the Executive Committee in July 2022.

The project team made effort to respond to all clarifications and technical questions from stakeholders. Additionally, the project team has collaborated with relevant City Divisions to flag stakeholder feedback that was not directly relevant to the GFT project, such as matters relating to the City's budgeting and financial planning processes.

A complete What We Heard Report with more details on the stakeholder feedback can be found on the [GFT website](#)

While a significant portion of industry and public engagements for the growth funding tools is complete, a statutory public meeting at the Executive Committee on July 12, 2022 is another opportunity for stakeholders to provide input. At this meeting, reports, bylaws and studies for all three tools – development charges, community benefits charge and alternative parkland dedication – will be presented.