

Status of Cash-In-Lieu of Parkland

Date: April 3, 2017

To: Executive Committee

From: General Manager, Parks, Forestry and Recreation, and Deputy City Manager & Chief Financial Officer

Wards: All wards

SUMMARY

This report responds to a request from Executive Committee to provide a summary of the Cash-In-Lieu Allocation Policy, the status of Cash-In-Lieu funding for parkland for the last 10 years, and a summary of the projected Cash-In-Lieu funds for the next five years.

The Planning Act allows municipalities to require that land be conveyed for parkland as a condition of development or redevelopment. The Act also allows municipalities, where Council deems lands to be unsuitable for parks, to accept Cash-In-Lieu of parkland equal to the value of the land that would otherwise be conveyed. Cash-In-Lieu is then collected and held in reserve funds for the purpose of parkland acquisition or parkland development.

From 2006 to September 30, 2016, the City of Toronto collected a total of \$482,930,013 Cash-In-Lieu of parkland payments from 225,208 residential units, as well as industrial development, as part of the development review process. During the same period, the City spent a total of \$260,514,216 in Cash-in-Lieu on 624 projects.

As of September 30, 2016, the City held \$382,140,538 in CIL funds designated for the acquisition of parkland and the development of park and recreation facilities, \$202,214,398 of which was allocated through existing budgets or capital plans.

An additional \$199,563,530 is projected for the next five years, which will play a key role in meeting the City's parks and facility needs, to be outlined in the forthcoming Parkland Strategy and Facilities Master Plan.

A detailed account of where spent funding has been allocated is provided in Appendices 1, 2, and 3. These appendices list projects and acquisitions and a breakdown of spent funding for capital projects and project costs that include salary recovery, consulting and professional services, construction, and all other related costs, where applicable.

RECOMMENDATIONS

The General Manager, Parks, Forestry and Recreation and the Deputy City Manager & Chief Financial Officer recommend that:

1. Executive Committee receive this report for information.

FINANCIAL IMPACT

There are no financial implications resulting from the adoption of this report.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of September 22, 2016, Executive Committee requested the City Manager to report to Executive Committee with information regarding the status of Cash-In-Lieu funding for parkland.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX17.33>

At its meeting on June 8 and 9, 2010, City Council adopted principles that form the current city-wide parkland dedication by-law.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX44.5>

COMMENTS

The City of Toronto prioritizes the dedication of new parkland when development occurs. There are a number of legislative and policy tools that guide parks planning. These include the Planning Act (the Act), the 2014 Provincial Policy Statement, the City of Toronto's Official Plan and Secondary Plans, and the Municipal Code. Our need for new parks and facilities is also informed by the Parks Plan 2013-2017, the Recreation Service Plan 2013-2017 and the Strategic Forest Management Plan, 2012-2022.

Sections 42 and 51 of the Act allow municipalities to require that land be conveyed for parkland as a condition of development or redevelopment.

Section 3.2.3.4 of Toronto's Official Plan also requires that, unless the Alternative Rate applies, residential development will be subject to the dedication of 5% of lands for parks purposes and all other development will be subject to the dedication of 2%.

The Act requires that municipalities have policies in their Official Plan dealing with the use of the Alternative Rate; and that these policies may require that land be conveyed [for parks] at a rate of one hectare for each 300 dwelling units proposed, or at such lesser rate as may be specified. The City of Toronto's Alternative Rate, established in section 3.2.3.5 of the City's Official Plan is 0.4 hectares of parkland per 300 units. This Alternative Rate is also subject to caps depending on the size of the development site.

Toronto's Alternative Rate Policy, in effect since 2008, applies to Parkland Acquisition Priority Areas. These Areas are generally those areas of the City where population growth was anticipated to occur, including those areas identified by the Official Plan as the Downtown, Centres, Avenues or other Mixed Use Areas.

An amendment to the *Planning Act in 2015* under Bill 73 now requires a 'parks plan' before adopting the alternative rate policies. This work is being undertaken through the development of a Facilities Master Plan and a Parkland Strategy.

Cash-in-Lieu of Parkland Allocation Policy

Where Council deems lands to be unsuitable for parks, sections 42 and 51 of the Planning Act allow municipalities to accept Cash-In-Lieu of parkland dedication (CIL), equal to the value of the land that would otherwise be conveyed. CIL is collected and held in reserve funds for the purposes of parkland acquisition or parkland development.

The Parkland Allocation Policy directs that the first 5% of the Cash-In-Lieu be dedicated to the acquisition and development of parkland, according to Council priorities. The policy distributes CIL funds in this allocation between district-specific and city-wide funds. These allocations are further divided between acquisition and facility development.

Table 1: Cash-In-Lieu allocation (5% or below)

Potential use of funds	City-wide	District
Land Acquisition for either park or recreation facilities	25%, can be used to acquire parkland throughout the City	25%, must be used to acquire parkland within the District
Development of Park and Recreation Facilities	25%, can be used to develop and upgrade parks and recreation facilities throughout the City	25%, must be used to develop and upgrade parks and recreation facilities within the District

Allocating half of the CIL received to City-wide use enables the acquisition and development of parks in low-growth areas. City-wide CIL is also used for locations or facilities that have a wider draw and a broad attraction such as the construction of a community centre or upgrades in a regional park. Projects funded through district-

specific funds are those with a local impact, such as upgrades to a neighbourhood park or facility.

In some cases the use of both district and city-wide funding sources may be appropriate, depending on the amenity and anticipated use. Examples of projects that use both city-wide and district funds include the West Toronto Rail Path, Greenwood Outdoor Artificial Ice Rink, Leaside Memorial Gardens Arena Expansion, Warden Hilltop Community Centre, Regent Park Aquatic Centre, York Community Centre, and various sports field improvements.

In Parkland Acquisition Priority Areas that are subject to the 0.4 hectares of parkland per 300 units Alternative Rate allocation, CIL exceeds 5%. The Official Plan requires that CIL payments received in excess of 5% are to be used to acquire or develop parkland or facilities in the vicinity of the development. Unlike the first 5% of CIL, there is no set allocation of these funds between land acquisition and development.

Cash-In-Lieu funds received (2006 - 2016)

From 2006 to September 30, 2016, the City of Toronto collected a total of \$482,930,013 cash-in-lieu of parkland payments from 225,208 residential units, as well as industrial development, as part of the development review process. \$296,896,270 of these funds were collected through the first 5% and are divided between district and city-wide funds, as well as between land acquisition and development. \$186,033,743 was collected through the Alternative Rate (above 5%) and are designated for projects in the vicinity of the development.

A detailed account of the number of residential units approved during this period, accounting for the total figure included above, is included in Appendix 5.

Table 2: Total Cash-in-Lieu funds (5% or below) collected for Land Acquisition, 2006 to 2016

	NORTH	EAST	WEST	SOUTH	CITY WIDE
2006	\$193,636	\$927,086	\$26,899	\$622,823	\$1,439,100
2007	\$791,630	\$570,351	\$610,366	\$2,764,808	\$4,563,268
2008	\$773,812	\$428,432	\$706,310	\$3,518,517	\$5,190,590
2009	\$1,270,396	\$450,285	\$550,896	\$2,045,270	\$4,078,196
2010	\$335,769	\$720,291	\$764,407	\$2,489,601	\$4,229,415
2011	\$919,507	\$520,604	\$509,681	\$4,651,940	\$7,725,027
2012	\$2,279,429	\$330,765	\$995,705	\$5,660,015	\$8,023,260
2013	\$1,399,367	\$699,430	\$1,531,794	\$7,708,636	\$11,157,878
2014	\$1,403,175	\$526,829	\$1,796,863	\$7,419,758	\$11,146,624
2015	\$1,160,909	\$1,334,710	\$1,907,409	\$7,573,125	\$11,822,155
2016*	\$596,857	\$553,493	\$940,045	\$2,266,570	\$4,727,560
Total	\$11,124,487	\$7,062,276	\$10,340,375	\$46,721,063	\$74,103,073
TOTAL LAND ACQUISITION CIL COLLECTED				\$149,351,274	

**2016 totals represent the year-to-date as of September 30, 2016*

Table 3: Cash-In-Lieu funds (5% or below) collected for Development, 2006 to 2016

	NORTH	EAST	WEST	SOUTH	CITY WIDE
2006	\$872,386	\$309,264	\$26,899	\$622,823	\$1,152,350
2007	\$791,630	\$396,212	\$610,366	\$2,764,808	\$4,562,768
2008	\$773,812	\$170,444	\$706,310	\$3,507,763	\$5,158,328
2009	\$1,205,396	\$276,633	\$550,896	\$2,045,270	\$4,078,196
2010	\$335,769	\$639,639	\$764,407	\$2,489,601	\$4,229,415
2011	\$919,507	\$398,203	\$509,681	\$4,643,898	\$6,468,248
2012	\$2,279,429	\$330,765	\$995,705	\$5,725,015	\$9,265,914
2013	\$1,399,367	\$518,080	\$1,531,794	\$7,708,636	\$11,157,878
2014	\$1,403,175	\$526,829	\$1,796,863	\$7,419,758	\$11,146,624
2015	\$1,160,909	\$1,180,713	\$1,907,409	\$7,573,125	\$11,822,156
2016*	\$596,857	\$553,493	\$940,045	\$2,266,570	\$4,356,965
Total	\$11,738,237	\$5,300,275	\$10,340,375	\$46,767,267	\$73,398,842
TOTAL DEVELOPMENT CIL COLLECTED				\$147,544,996	

**2016 totals represent the year-to-date as of September 30, 2016*

Table 4: Alternative Rate (above 5%) Cash-in-Lieu funds collected, 2009 to 2016

	NORTH	EAST	WEST	SOUTH
2009	\$528,307	\$47,406	\$222,171	\$1,383,900
2010	\$832,777	\$67,404	\$4,297,929	\$4,776,146
2011	\$2,884,230	\$128,288	\$533,828	\$14,477,819
2012	\$7,175,977	\$167,745	\$2,921,357	\$20,451,350
2013	\$4,302,171	\$1,416,027	\$5,462,622	\$29,087,915
2014	\$1,844,201	\$584,195	\$5,852,285	\$25,699,178
2015	\$965,670	\$758,992	\$5,144,705	\$26,833,881
2016*	\$3,032,138	\$2,433,267	\$2,909,443	\$8,810,418
Total	\$21,565,471	\$5,603,324	\$27,344,341	\$131,520,607
TOTAL ALTERNATIVE RATE CIL COLLECTED			\$186,033,743	

**2016 totals represent the year-to-date as of September 30, 2016*

Cash-In-Lieu funds spent (2006 - 2016)

In the period from 2006 to 2016, a total of \$260,514,216 CIL funds were spent on 616 projects. \$75,160,841 were spent on land acquisition, \$124,875,348 spent on development and \$60,478,027 spent in the vicinity of the development where they were collected, on either land acquisition or development.

Parks, Forestry and Recreation's (PFR) capital budget is funded from various sources including debt, development charges, reserves and reserve funds, donations, contributions from other divisions, debt funding, and contributions made under sections 37, 45 and 42 of the planning act. In 2015, PFR's capital budget totalled \$240,343,574, 29% of which was funded from Cash-In-Lieu reserve funds (first 5%).

A detailed account of where spent funding has been allocated is provided in Appendices 1, 2, and 3. These appendices list projects and acquisitions and a breakdown of spent funding for capital projects and project costs that include salary recovery, consulting and professional services, construction, and all other related costs, where applicable.

Table 5: Cash-In-Lieu funds (5% or below) spent on land acquisition, 2006 to 2016

	NORTH	EAST	WEST	SOUTH	CITY WIDE
2006	\$73,572	\$2,561,684	\$1,338,095	\$344,544	\$5,054,868
2007	\$386,962	-\$60,919	\$15,066	-\$707,979	\$2,422,122
2008	\$2,548,117	\$2,354,544	\$1,546,426	\$6,370,766	\$3,200,839
2009	\$852,903	\$1,422,261	\$0	\$297,074	\$986,796
2010	\$3,734,943	\$1,631,460	\$1,439,234	\$1,083,871	\$3,599,163
2011	\$366,580	\$567,922	\$0	\$242,412	\$845,220
2012	\$739,127	-\$183,503	\$0	\$293,927	\$830,718
2013	\$1,557,945	\$270,061	\$229,702	\$5,432,258	\$1,375,385
2014	\$2,482,404	\$72,718	\$0	\$329,726	\$1,175,681
2015	\$81,894	\$0	\$0	\$174,847	\$4,683,774
2016*	\$628,868	\$675,000	\$0	\$11,205,579	\$3,154,707
Total	\$13,453,315	\$9,311,228	\$4,568,524	\$25,067,025	\$27,329,273
TOTAL CIL SPENT ON LAND ACQUISITION				\$75,160,841	

**2016 totals represent the year-to-date as of September 30, 2016 and include council-approved commitments*

Examples of projects funded from the Parkland Acquisition Cash-in-Lieu Reserve Fund include \$1.147 million towards the acquisition of 20 Starview in 2015 (future site of planned community centre), \$2.875 million for the acquisition and demolition of 7 Edithvale Drive in 2008; \$2.000 million for the acquisition of Village Securities Site in 2007; and \$6.241 million for the acquisition of 90 Lisgar Street (West Queen West Park) in 2008.

In total, 107 projects were fully or partially funded through CIL land acquisition funds between 2006 and September 30, 2016. This total includes 28, 23, 28, 10 and 18 projects from the North, South, East, West and City-wide funds, respectively. 89% of acquisitions were for park purposes while 11% funded the acquisition of land for recreation purposes.

Table 6: Cash-In-Lieu funds (5% or below) spent on development, 2006 to 2016

	NORTH	EAST	WEST	SOUTH	CITY WIDE
2006	\$213,680	\$20,880	\$108,526	\$57,345	\$1,726,953
2007	\$624,985	\$99,806	\$211,529	\$248,951	\$4,508,848
2008	\$560,691	\$541,420	\$77,247	\$1,171,620	\$5,353,390
2009	\$1,036,801	\$333,227	\$434,960	\$1,504,667	\$3,775,254
2010	\$267,861	\$325,136	\$588,781	\$1,856,042	\$4,585,368
2011	\$569,265	\$194,850	\$411,808	\$2,154,841	\$4,292,486
2012	\$648,809	\$368,010	\$768,706	\$1,743,081	\$2,642,750
2013	\$1,137,570	\$620,487	\$256,765	\$2,064,178	\$1,692,346
2014	\$892,899	\$279,346	\$535,165	\$950,301	\$4,417,085
2015	\$1,642,943	\$870,152	\$2,285,033	\$4,464,089	\$11,318,444
2016*	\$3,304,370	\$1,281,005	\$1,939,648	\$11,016,166	\$29,949,052
Total	\$10,899,874	\$4,934,319	\$7,618,168	\$27,231,011	\$74,191,976
TOTAL CIL SPENT ON DEVELOPMENT				\$124,875,348	

**2016 totals represent the year-to-date as of September 30, 2016 and include council-approved commitments*

Examples of projects funded from the Parkland Development Cash-in-Lieu Reserve Fund include \$0.367 million towards construction for the new Berczy Park (construction valued at \$6.384 million); \$0.602 million for a new fitness centre at J.J. Piccininni Community Centre; \$0.523 million for a new waterplay at Elizabeth Simcoe Park; and \$0.300 million for park lighting at R.V. Burgess Park.

In total, 354 projects were fully or partially funded through CIL development funds between 2006 and September 30, 2016. This total includes 62, 90, 48, 64 and 90 projects from the North, South, East, West and City-wide funds, respectively. 81% of funds were allocated for park development purposes while 29% supported the development of new recreation facilities.

Table 7: Alternative Rate (above 5%) Cash-In-Lieu funds spent, 2009 to 2016

	NORTH	EAST	WEST	SOUTH
2009	\$0	\$0	\$0	\$0
2010	\$0	\$0	\$0	\$150,000
2011	\$35,000	\$0	\$18,094	\$419,087
2012	\$458,425	\$0	\$129,907	\$730,503
2013	\$142,602	\$108,000	\$115,901	\$2,783,337
2014	\$2,799,660	\$100,175	\$1,543,536	\$6,545,040
2015	\$2,410,584	\$986,562	\$2,653,595	\$7,924,635
2016*	\$2,339,841	\$0	\$4,013,145	\$24,070,398
Total	\$8,186,112	\$1,194,737	\$8,474,178	\$42,623,000
TOTAL ALTERNATIVE RATE CIL SPENT			\$60,478,027	

**2016 totals represent the year-to-date as of September 30, 2016 and includes council-approved commitments*

Examples of projects funded from the Alternative Rate Cash-in-Lieu Reserve Fund include \$0.502 million for a new waterplay at Martin Grove Gardens Park; \$0.555 million for park improvements including a new playground at Eglinton Park; \$0.496 million for Bathurst Street Corridor parks; and \$0.350 million for the Jack Layton Ferry Terminal Design Competition.

In total, 163 acquisition and development projects were fully or partially funded through Alternative Rate CIL funds between 2006 and September 30, 2016. This total includes 26, 96, 6, 31 and 4 projects from the North, South, East, West and City-wide funds, respectively, with 99% of these projects relating to parks acquisition and development.

A detailed account of Alternative Rate CIL funds collected and spent on a ward-by-ward basis is included in Appendix 4.

Reserve fund balances

Reserve fund balances are allocated through the budget process, based on the strategic direction generated through the various Service Plans, and in consultation with stakeholders and the community. For example, the Facilities Master Plan, scheduled to be presented for council approval in 2017, will influence subsequent Capital Plans by prioritizing future investment and opportunities for parks and recreation facility provision over the next 20 years. One of the challenges will be acquiring land for new facilities given the escalating cost of property across the City as well as funding both parks and recreation development projects within the existing and projected CIL fund balances.

Table 8: Summary of remaining balances for all Parkland Reserve Funds

Reserve Fund	Balance as of September 30, 2016	Committed Funds: 2016 Budget	Committed Funds: 2017-2025 capital plan	Uncommitted Funds
Parkland Acquisition	\$ 144,039,990	\$ 11,942,932	\$3,483,902	\$128,613,156
Parkland Development	\$ 91,882,646	\$ 68,725,014	\$60,848,539	-\$37,690,907*
Alternative Rate**	\$ 143,580,809	\$ 32,225,239	\$7,589,738	\$103,765,832
Other Reserve Funds***	\$ 2,637,093	\$ 870,550	\$0	\$1,766,543
Total	\$382,140,538	\$ 113,766,735	\$71,922,179	\$196,454,624

**The uncommitted funds balance is negative as PFR's 2017-2025 capital plan includes commitments against projected funds that have yet to be received and not included in this chart.*

***As outlined in this report, Alternative Rate CIL must be used within the vicinity of the development from which they were generated.*

****In addition to the minor legacy funds, four other Reserve Funds were established by Council to hold funds secured under section 42 for specific purposes, totalling \$5,262,964 from 2006 to September 30, 2016.*

Five-year projection of Cash-In-Lieu funds (2017 - 2021)

Projecting the amount of CIL that will be received over the next five years is difficult due to a number of factors:

- CIL is determined through the appraisal process of a proposed developments. In order to project future cash-in-lieu payments, staff in Appraisal Services in Real Estate consider development statistics such as site area, unit count, whether it is a mixed-use development and what the required parkland dedication rate is. Without the statistics Appraisal Services cannot project the future cash-in-lieu of parkland dedication for areas of the City.
- Even when appraisals are completed to determine the cash-in-lieu for a particular development, the appraisals are only reliable for six months due to the fluctuating real estate market with values in some areas of the City changing on a daily basis.
- Other factors relate to not knowing whether the City will require on-site or off-site parkland dedication on a future development rather than cash-in-lieu, or not knowing the number of new residential lots that will be created across the City

through severance, or the number of commercial and industrial building conversions to residential which all generate cash-in-lieu.

In order to generate the projected cash-in-lieu values anticipated over the next five years (2017-2021), an average of the previous five year actuals (2011-2015) is used.

Table 9: 5-year Cash-in-Lieu revenue projection, 2017 - 2021

	West	East	North	South	City-wide
5-year Average (2011-2015)	\$2,696,581	\$1,181,836	\$2,864,955	\$13,216,781	\$19,947,153
Estimated Projection 2017-2021	\$13,482,905	\$5,909,180	\$14,324,775	\$66,083,905	\$99,735,765
5-year average total					\$39,907,306
Total estimated projection, 2017-2021					\$199,536,530

In a growing city, having funds to acquire and develop parkland is essential to achieving our park and recreation strategic plans for Toronto. It is also essential that funding tools allow us to address gaps in service and ensure that parkland acquisition and recreation facility development occurs in a balanced way across the city, in areas of both high and low-growth.

While the costing of the Facility Master Plan and Parkland Strategy are not yet known, in a city where parkland acquisition can cost tens of millions of dollars and park and facility development costs are in the same order of magnitude, CIL funding plays a critical role but alone cannot provide for all investments.

CONTACT

Michael Schreiner, Director, Park Development and Capital Projects, Parks, Forestry and Recreation Division, Tel: 416-392-8453, E-mail: michael.schreiner@toronto.ca

Shairoz Murji, Acting Director, Financial Reporting Accounting Services, Office of the Treasurer, Tel: 416-397-5829, E-mail: shairoz.murji@toronto.ca

SIGNATURE

Roberto Rossini
Deputy City Manager & Chief Financial Officer

Janie Romoff
General Manager, Parks, Forestry and Recreation

ATTACHMENTS

Appendix 1: Parkland Acquisition Cash-in-lieu Reserve Fund, Breakdown by Project
Appendix 2: Parkland Development Cash-in-Lieu Reserve Fund, Breakdown by Project
Appendix 3: Alternative Rate Cash-in-Lieu Reserve Fund, Breakdown by Project
Appendix 4: Alternate Rate Cash-in-Lieu Reserve Fund, Collections and Expenses by Ward
Appendix 5: Approved Residential Units by Ward and Approval Year, 2006-2016