

Frequently Asked Questions about Growth Funding Tools

We know that growth funding tools are complex and technical, and you may have questions. This document provides answers to the most frequently asked questions about the funding tools.

This FAQ is organized into 5 sections to make it easier for you to find the answers you're looking for.

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Section 1: Legislation related to Growth Funding Tools

What is Bill 197?

[Bill 197](#), the COVID-19 Economic Recovery Act, 2020, amended several statutes including those that affect municipal planning, development charges, environmental assessments, and transportation infrastructure. Changes to *the Planning Act*, which replace those previously proposed as part of the *More Homes, More Choice Act*, 2019 (Bill 108), are significant and come as the result of strong advocacy efforts from the City of Toronto and other municipalities.

Why was there a need for a new bill when we already have Bill 108?

The Province of Ontario undertook a comprehensive consultation process after releasing [Bill 108](#). The changes originally proposed in Bill 108 would have significantly reduced the City's ability to provide adequate park, recreation, and library infrastructure to support new development. The City and other municipalities advocated for a number of changes to Bill 108 and the Province of Ontario largely listened. The City Council's response to Bill 108 can be found [here](#).

Section 2: Growth Funding Tools

What are growth funding tools?

Growth funding tools are fees imposed by municipalities on new development and redevelopment. The City uses these tools to fund and to deliver public spaces, safe drinking water, transit, libraries and other infrastructure and services to support our growing population and a thriving city.

What are growth-related capital costs?

These are capital costs that result from more people using City infrastructure. Capital costs are fixed, one-time expenses incurred on the purchase of land, buildings, construction, and equipment as part of urban development.

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Why do we need new or enhanced services and/or infrastructure?

Toronto is one of the fastest growing cities in North America and is forecast to continue to grow. Growth increases pressure on existing city resources as more people and businesses start accessing services and making use of existing infrastructure such as the parks, roads and water that keep our city functioning. This means we need to add new, or enhance existing, infrastructure to support new residents and businesses to ensure that the quality and availability of those services and infrastructure does not decline.

As a taxpayer and resident of the City of Toronto, will I be responsible to cover the cost of new infrastructure to support the growing population?

When building our city, growth should pay for growth. This means that new developments and redevelopments – not current residents – should cover the cost of additional services and facilities, such as parks, roads and water to support our growing city and ensure a high quality of life. The City has a comprehensive plan for livable, vibrant, and complete communities, mainly paid through growth funding tools. Changes to legislation will determine how the City can approach various levels of funding and the tools needed to support this growth.

Section 3: Development Charges

Are all new developments subject to development charges?

Most new developments are subject to development charges, including new, expanded and converted buildings (meaning buildings that are changed to serve a different use). For more information, visit [Article I: Development Charges](#) in Chapter 415 of the Municipal Code.

Who is responsible for paying these charges?

Development charges are paid by individuals or entities looking to construct new buildings, expand buildings or convert buildings for a different use.

What do development charges pay for?

The legislation sets out the list of services that can be funded by development charges, including:

- housing/shelter
- childcare
- water
- sewers
- storm water management
- transit
- roads
- parks and recreation facilities (but not parkland acquisition)
- long-term care
- by-law enforcement
- emergency preparedness
- development-related studies

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- waste diversion
- police services
- fire protection services
- ambulance
- libraries

When are development charges paid?

For the majority of projects, development charges are calculated, payable and collected as of the date the building permit is issued. Under recent changes to the legislation, the charges for rental, institutional and non-profit housing are deferred until occupancy and paid in instalments over 5 or 20 years, with interest.

How are development charges calculated?

Development charges are calculated by multiplying the number of residential units created or the amount of new non-residential gross area created by a project, by the applicable development charges rate. Certain exemptions and credits apply. More information can be found on the City's [development charges webpage](#).

Section 4: About the Parkland Dedication Rate

What is parkland dedication?

Section 42 of the *Planning Act* authorizes municipalities to require development (or redevelopment) proposals to contribute a portion of the development site to a municipality as parkland. The amount of parkland required is determined by the type and location of development. For non-residential developments (such as commercial or office) the amount of parkland required is two per cent of the proposed development site. For residential developments, the amount of parkland required is five per cent of the proposed development site. The two per cent and five per cent parkland dedication requirements are known as the "base rates".

What is an alternative parkland dedication rate?

Section 42 of the *Planning Act* authorizes municipalities to develop an alternative parkland dedication rate to a maximum of one hectare of land for every 300 residential units or the cash-in-lieu equivalent (learn about cash-in-lieu below) of one hectare of land for every 500 residential units. The alternative parkland dedication rate applies only to residential development or redevelopment and must be informed by a "parks plan" that examines the need for parkland in a municipality.

What is the current alternative parkland dedication rate?

Toronto's current alternative parkland dedication rate is 0.4 hectares for every 300 residential units to a maximum of 10 per cent, 15 per cent, or 20 per cent of the development site depending on the size of the development site. Sites less than one hectare are "capped" at 10 per cent, sites between one and five hectares at 15 per cent, and sites greater than five hectares at 20 per cent. The alternative rate currently applies

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only in "Parkland Acquisition Priority Areas" as described by [Toronto Municipal Code Chapter 415](#).

Does Toronto have a "parks plan"?

Yes. The City of Toronto's [Parkland Strategy](#) is our "parks plan." Adopted by City Council in November 2019, the Parkland Strategy guides long-term planning for new parks and expansion and improved access to existing parks. The Parkland Strategy's maps and parkland provision analyses are being updated as part of developing a new alternative parkland dedication rate to ensure the best available data in 2021 is reflected.

What is cash-in-lieu of parkland dedication?

The *Planning Act* allows municipalities to require that land be conveyed for parkland as a condition of development or redevelopment. However, in some cases, the land is not suitable to be conveyed as a park. For example, a development site may be too small to generate a functional park space. In such cases, municipalities may accept cash-in-lieu of parkland equal to the value of the land that would otherwise be conveyed. Cash-in-lieu is received by the City and held in reserve funds for the purpose of purchasing or developing parkland.

How does the City use cash-in-lieu of parkland dedication?

Section 42 funds (or parkland dedication funds) comprise approximately one-third of Parks, Forestry and Recreation's (PFR) 10-year Capital Budget and Plan, and can only be used to fund parkland acquisition and development projects including public recreation facilities such as community recreation centres, playgrounds, sports fields, and arenas. The City's cash-in-lieu generated through parkland dedication is divided up into several reserve funds.

The cash-in-lieu is used to support the PFR Division's Capital Plan and is guided by the [Parkland Strategy](#), the [Facilities Master Plan](#), and other core PFR strategic plans.

Section 42 of the *Planning Act* and associated regulations require an annual publicly available statement of special accounts (cash-in-lieu reserve funds) including contributions, spending and balances. More information about PFR's cash-in-lieu status can be found in the [Reserve Fund Statement Report, 2016-2019](#).

Are all development sites going to have new parks?

No, some development sites may be too small to host both a proposed park and the proposed development, some developments may not result in a large enough park to be useful, and there may be instances where it makes more sense to expand the parkland system near the development site instead of creating a smaller park on the site itself. In these cases, the City will request that the required on-site parkland be provided off-site, or that parkland be provided as cash-in-lieu of land which the City of Toronto then uses to purchase lands for new parks and/or improve existing parks.

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Section 5: About Engagement

Why should I engage with the City on these tools and provide feedback?

Through this engagement, you can help us identify priorities when it comes to sustaining growth to create and support complete communities. We will be hosting informative engagement sessions with you, the greater community, businesses across the city, and Indigenous, Black and equity-deserving communities to foster inclusive conversations on how we can support Toronto's future growth in a sustainable way. Opportunities to participate are can be found at toronto.ca/growthfundingtools.

I don't know anything about growth funding tools, so how can I participate?

We understand that these tools can be complex, but through engagement and information sessions we will help you understand the role they play and why they're important. We are offering several public information sessions to enable our diverse stakeholders to join us in an open and inclusive conversation to gain valuable input on how we can best determine how we allocate funds for our City's future growth.

How will the changes to the City's growth funding tools impact me?

As a resident of the city, you are affected by how the city grows and changes and how that growth and change is supported by City services and infrastructure. How and to what extent those services and infrastructure are funded may have a major impact on the availability of those services (such as childcare or library services) and your experience using the infrastructure. There may also be impacts to how you pay for these services. If the City's current funding tools do not cover the full cost of supporting that growth, the City will need to explore other financial tools to ensure the sustainability of infrastructure and services for a growing population.

In the short-term, issues identified by the public and stakeholders will let us know what's important to them – and what to consider as we refine the growth funding tools. Feedback from engagement could also inform policy decisions. In the longer-term, public interest, engagement, and involvement in funding tools will support City staff in making decisions that reflect Torontonians' current ideas, priorities, and concerns.