

April 12, 2022

GROWTH FUNDING TOOL Alternative Parkland Dedication Rate

The City is updating three growth funding tools: Development Charges, the new Community Benefits Charge, and the Alternative Parkland Dedication Rate. These tools allow the City to invest in and provide infrastructure and services needed to serve growing communities. The City is intending to update the growth funding tools because of some of the provincial legislative changes that take effect on September 18, 2022.

Toronto's park system functions as both critical infrastructure and a public service essential to creating complete communities and supporting the quality of life that makes Toronto an attractive and competitive place to live, visit and do business.

WHAT IS PARKLAND DEDICATION AND THE ALTERNATIVE PARKLAND DEDICATION RATE?

Parkland dedication is the main tool that the City has for securing new parkland and is supported by a range of financial tools, including development charges, to improve new and existing parks. It is authorized by Section 42 of the *Planning Act*, which allows municipalities to require development projects to contribute a portion of their site as public parkland or collect cash-in-lieu (CIL) of parkland. It identifies "base" parkland dedication rates (two percent of the land area for commercial or industrial developments and five percent for residential development) and authorizes municipalities to pass a bylaw permitting an "alternative" dedication rate. The alternative rate may only apply to residential development and may be no greater than one hectare per 300 dwelling units for land and one hectare per 500 dwelling units for CIL. An alternative rate can be more responsive to demand for parkland in high growth urban areas or in areas that have comparatively low parkland provision. In order to levy an alternative rate by by-law, the *Planning Act* requires municipalities to pass Official Plan policies to guide the provision of land for parks or other recreation purposes and the use of an alternative rate. To adopt such policies, including the alternative rate, the *Planning Act* requires municipalities to have a "parks plan" that examines the need for parkland. In the case of Toronto, the Parkland Strategy, approved by City Council in 2019, serves that purpose.

PROVINCIAL CHANGES TO THE ALTERNATIVE PARKLAND DEDICATION RATE

In 2020, the Province enacted Bill 197 which made changes to the *Planning Act*, obligating municipalities to re-assess any existing alternative parkland dedication policies. Bill 197 also allows for both the implementing bylaw as well as the Official Plan amendment to be appealed to the Ontario Land Tribunal. In accordance with the changes to the *Planning Act*, a new alternative parkland dedication rate must be passed by September 18, 2022, after

which all active alternative parkland dedication by-laws (city-wide and area specific) expire and the City may only collect parkland dedication according to base rates.

In response, the City of Toronto has released an Official Plan amendment, a bylaw, and a “refresh” of the Parkland Strategy. The Official Plan and bylaw are required to implement the new alternative rate, while the Parkland Strategy 2022 Refresh is provided to augment the Council-adopted Parkland Strategy and ensure it uses the best available data to inform parkland need analysis.

CURRENT CHALLENGES

Toronto's current alternative parkland dedication rate has been in effect since 2008 and was developed under a different growth and policy context. 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 caps range from 10 to 20 percent depending on the size of the development site.

The current alternative parkland dedication rate does not fully address the parkland demand generated by development. The majority of development in Toronto occurs on small sites of less than 0.5 hectares, which results in small parkland dedications because of the site-size based cap. This cap often results in higher-density residential developments contributing far less parkland dedication per person compared to less dense residential developments.

As a result of the small parkland dedications generated by the current approach, the City typically pools CIL payments from multiple developments over time to secure sufficient funding for larger parkland acquisitions. However, in the context of rapidly increasing land values, the purchasing power of CIL decreases over time, further limiting the City's ability to address the pressures of growth on the park system. Additional challenges with the use of cash-in-lieu to secure parkland include statutory and regulatory restrictions that limit the City's ability to compete with private purchasers, and additional costs incurred by the City through a purchase as compared to receiving a dedication of land.

TORONTO IS DEVELOPING A NEW ALTERNATIVE PARKLAND DEDICATION APPROACH THAT BETTER RESPONDS TO GROWTH

The requirement to re-examine and re-implement the alternative parkland dedication rate provides an opportunity to address the challenges highlighted above and respond to the city's current growth pressures more efficiently.

The City is proposing a shift from a site-size based parkland dedication approach to one that is based on the density of a development – in other words, the growth and demand resulting from development. The proposed approach will apply to residential development city-wide.

A density-responsive model would change how parkland dedication rate caps are applied to residential development, creating an approach where greater parkland dedication is required as the density of a project increases. In order to support the feasibility of development, the proposed alternative parkland dedication rate includes a high-density cap. A low-density cap is also applied, which sets a maximum rate that can be applied to developments under a certain density. This approach creates a "sliding scale" of parkland dedication that increases incrementally as the density of a development project increases between "low-density" and a "high-density" caps.

The current alternative rate does not adequately capture the parkland need resulting from growth. The density-responsive approach to parkland dedication scales with density, better reflecting the parkland pressure generated by residents of new developments. The City of Toronto requires the optimization and combination of multiple tools to serve a growing city.

Learn more about growth funding tools by visiting
[Growth Funding Tools Webpage](#)