



BUILDING MARKHAM'S FUTURE TOGETHER
2020 – 2023 Strategic Plan



Parkland Acquisition Study Overview and Status Update

Development Services Committee – February 2, 2022





Today we will discuss...

- Introduction and Background
- Parks Provision Levels in Markham
- Markham's Current Approach to Alternative Rate
- Key Issues for Alternative Rate Review and Acquisition Strategy
- Next Steps & Discussion



Introduction and Background



New Framework for “Growth-Related” Capital



Development Charges Act (DCs)

- Used to fund initial round of capital infrastructure
- Prescribed list of eligible services
- Certain “soft” services removed from list (e.g. parking, cemeteries, airports)
- No eligible services subject to 10% discount



Planning Act: Community Benefits Charges (CBCs)

- Initial round of capital, can overlap with DCs
- In-kind contributions permitted
- Capped at 4% of land value
- Imposed only on development with 5 or more storeys & 10 or more housing units
- Only local municipalities can charge



Planning Act: Parkland Acquisition & Cash-in-Lieu

- Parkland acquisition and Cash-in-Lieu (CIL)
- Standard rate:
 - 5% for residential
 - 2% for commercial, industrial
 - 5% for institutional, places of religious assembly, and other uses
- Alternative, higher rate may apply based on units/ha
- Cash-In-Lieu permitted
- Parks Plan

All tools are appealable to OLT (with conditions)



Planning Act: Parkland Dedication and CIL

- Requirement under s.42 and s.51 of *Planning Act*
- New development required to contribute land for parks or pay Cash-In-Lieu (CIL) equivalent
- Alternative (higher) rate may apply based on ha/units up to prescribed limit
 - 1 ha per 300 units (land)
 - 1 ha per 500 units (CIL)
- Most significant tool available to municipalities with regards to acquiring and developing parkland



Other Tools Include:

- Partnerships
- Federal & Provincial Grants
- DCs (development) & CBCs
- Capital Reserves
- Property Taxes
- Debt Financing



Parks Plan

- Planning Act requires municipalities have Parks Plan that examines the need for parkland in order to levy Alternative Rate
 - Will serve as the keystone document for any appeals
- Parks Plan being developed by The Planning Partnership
 - Includes updated inventory of current parkland supply





Building on Previous Parkland Studies

2013: Original Parkland Dedication By-Law Update

- Comprehensive review of best practices for parkland dedication
- Draft Parkland Dedication By-Law in consultation with Council and stakeholders
- Put on hold pending the outcome of Richmond Hill OMB hearing

2016-18: Update to 2013 work respecting new legislation

- Considered more comprehensive 'Parks Plan' to justify Alternative Rate (per Bill 73)
- Detailed overview of Markham parks system, trends, and parks tools
- Recognition of new legislated cap on cash-in-lieu
- Put on hold in 2018 in response to potential implication of Bill 108

2021-22: 2018 work re-defined in response to Bill 197

- New Parkland Dedication By-law required by September 18, 2022



Parks Provision Levels In Markham



Provision Level Targets

- Official Plan identifies a minimum parkland provision target of 1.2 ha per 1,000 residents
 - Similar to other municipal comparators
 - Lower than Planning Act maximum for land dedications
(assuming average of 2.0 persons per unit)
 - Some cities considering alternative target for intensifying areas
- Revised parkland inventory being developed by staff to ensure up to date and accurate provision standard for policy review



Updated Provision Analysis Methodology

- **2018 Draft Strategy analysis:**
 - Based on 2016 population
 - Included lands that would not receive parkland credits (including environmental lands, woodlots, buffer areas, others)
- **Updated analysis:**
 - Based on estimated 2021 population in the DC population forecast
 - Includes only parkland elements that would be considered eligible for parkland credits under current parkland policies
 - Presents apples-to-apples, defensible standard for provision

2016 Citywide Provision
1.53 ha/1,000 people



2021 Citywide Provision
1.28 ha/1,000 people



Updated Provision Analysis for 2021

2021 Parkland Provision by Service District & Population Intensification Areas and Parkland Assessment Areas **1.2 ha / 1,000 OP Target**



Parkland Provision Rate (1.2)

More than 15% above target (>1.38)

Average (1.02 to 1.38)

More than 15% below target (<1.02)

← **Note:** Intensification Areas highlighted

- Updated analysis reflects revised parks data layer and estimated population change
- Most residents outside of intensification areas are well-served while those within are not
- Assists with future planning for parkland acquisition and policy development



Growth Pressure and Parkland Need

- Section 42 is a growth related tool – alternative rate (and CIL allocation) should be oriented to need created by growth
- Should not be used towards existing deficiency – this gap should be addressed by other tools:
 - Existing CIL reserves
 - Property Taxes
 - Partnerships and Grants

Estimated New Parkland Demand 2022 - 2031

New Population (net in built up area)	90,000
Parkland Demand (1.2 ha per 1,000)	108.0 ha
Future Secured Parkland (Subdivision Registered + Site Plan Approved)	29.6 ha
Net Parkland Need (Yet to be Secured)	78.4 ha

Note: Estimates based on DC population forecast
Figures have been rounded.



Markham's Current Approach to the Alternative Rate



Markham's Current Dedication Policy Approach

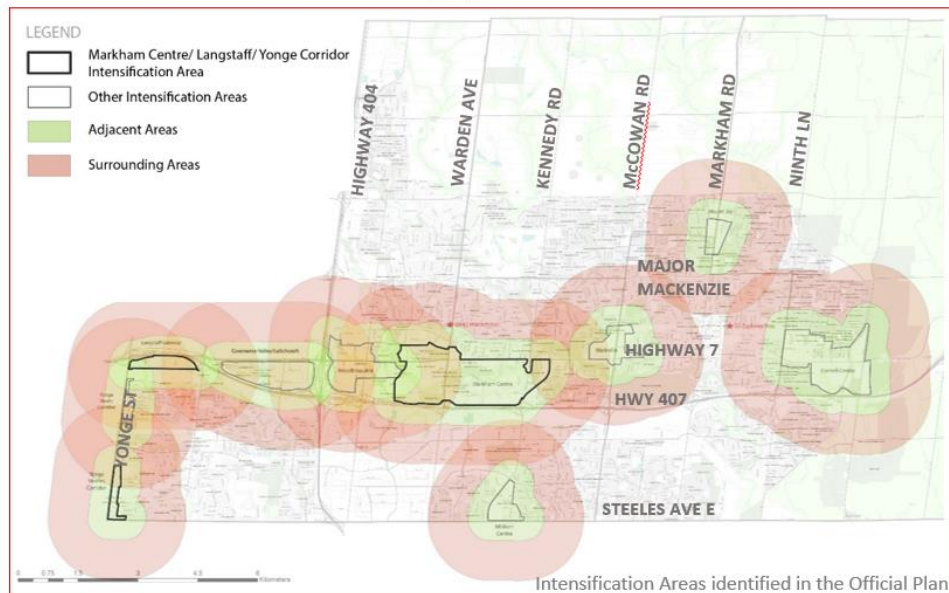
- Markham approach:
 - Land proposed for development or redevelopment for purposes other than commercial or industrial, 5% minimum of land to be conveyed;
 - For medium and high-density residential apartments:
 - 1 ha of land per 300 units (*capped at 1.214 ha per 1,000 people*), or
 - Equivalent value of 1 ha per 500 units in cash-in-lieu for portion of required parkland that could not be dedicated as land
- Interim rate contains two major changes:
 - 25% reduction in total dedication charge for medium and high density
 - Further reductions for purpose built rental, affordable rental, and non-profit sector





Review of Interim Rate

New Methodology **PROXIMITY RING APPROACH**



1/3rd PARKLAND

“INTENSIFICATION & ADJACENT AREAS”

within a 500m radius of an intensification area

1/3rd PARKLAND

“SURROUNDING AREAS”

1 km radius from the periphery of intensification & adjacent areas

1/3rd PARKLAND

“REST OF MARKHAM”

different parts of the City, or where parkland is needed most

- 25% reduction in Cash-in-Lieu rates possible based on various test scenarios across the City
- Even with the 25% reduction in CIL payment, the City is expected to meet the parkland provision target of 1.2 ha per 1,000 people



Cash in Lieu Reserve Funds

	2016	2017	2018	2019	2020	2021 (July)
Opening Balance	(4,481,635)	25,441,048	31,240,700	39,959,995	46,684,104	53,321,233
+ Revenue from developers	16,862,364	5,282,292	31,334,318	6,122,234	7,652,626	2,588,196
+ Interest	(73,914)	370,580	1,013,540	954,338	615,698	347,161
- Project funding	(13,134,232)	(146,780)	23,628,563	352,462	1,631,195	1,107,418
Closing Balance	25,441,048	31,240,700	39,959,995	46,684,104	53,321,233	55,149,172

- CIL reserves have been growing faster than City has been able to allocate to projects
- Rising land costs make it difficult to purchase new parks in areas of highest need
- Parks Plan and Acquisition Strategy will inform optimization of CIL use



Key Issues for Alternative Rate Review and Acquisition Strategy



Key Issues in Policy Review

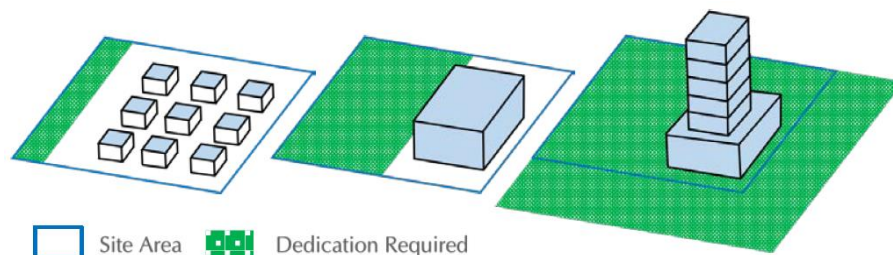
Issue		Functional Question
Does it reflect the demand being created?	→	How much land does it deliver compared to population growth?
How equitable is it?	→	Do some units pay more or less than others, accounting for land value?
How consistent is it?	→	Do different rules apply in different locations / for different built forms?
How predictable is it?	→	Can developers easily anticipate the cost when it will be due?
Is it easy to administer?	→	How much work is required to charge it?



Factors to Consider when Developing Alternative Rate

- Alternative Rate is one of few tools that can reflect the actual demand for park land (and equivalent value) created by high-density development
- However, Alternative Rate can be a significant imposition on high-density infill projects – in terms of both amount and cost of land

Share of a 1 ha Site Required Under Maximum Planning Act Alternative Rate

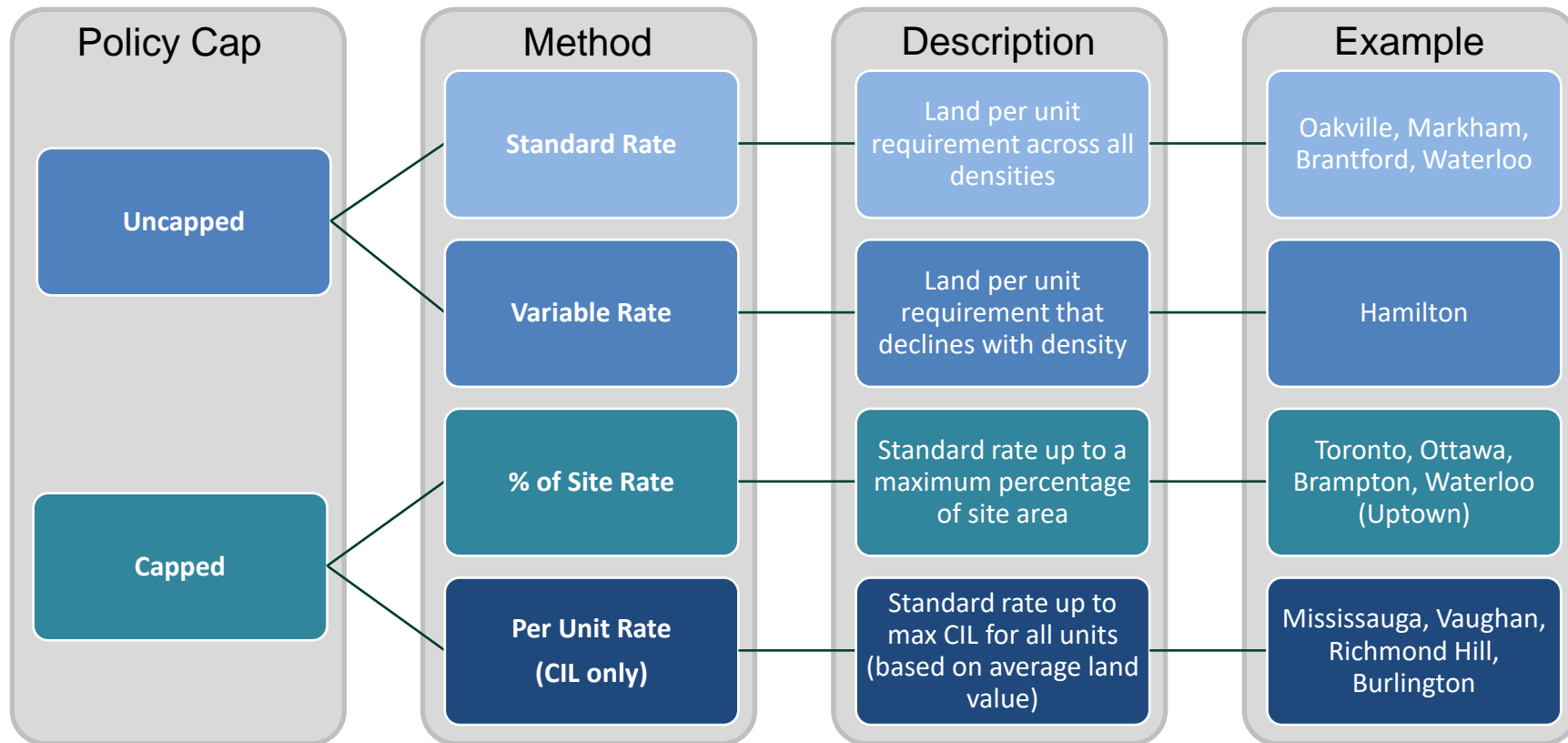


Scenario A	Scenario B	Scenario C
15 Single Detached Units	150 Mid-Rise Apartments	450 Unit Tall Building
Dedication Req.: 500 m ²	Dedication Req.: 5,000 m ²	Dedication Req.: 15,000 m ²
Share of Site: 5%	Share of Site: 50%	Share of Site: 150%

Note: Assumes uncapped Alternative Rate of 1 ha per 300 units



Alternative Rate Methodologies

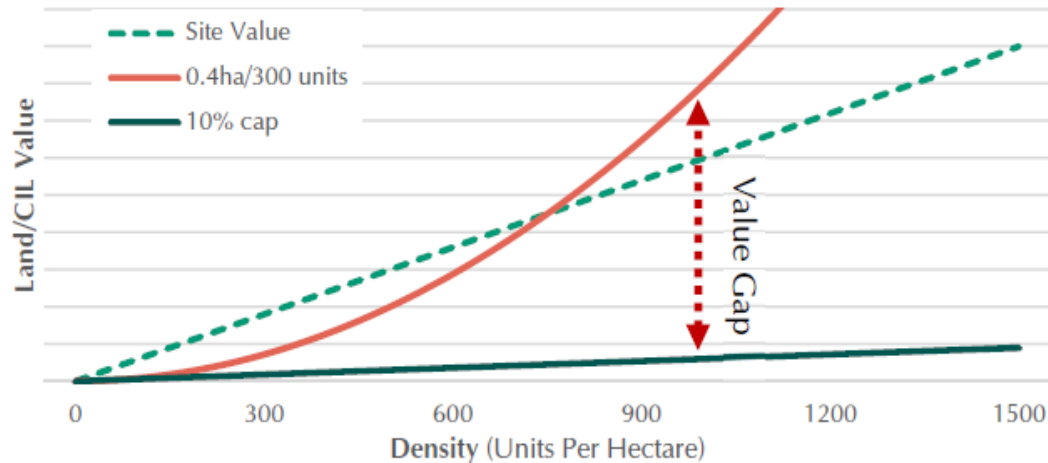




Impact of Capping Alternative Rate

- Caps limit impact and cost associated with land (or CIL) as densities increase
- Capping alternate rate results in rising gap between dedication received and parkland provision standard

Example of Cap Rate Impact – City of Toronto Current Policy, Sites <1 ha





Acquisition vs. Development

- Maintaining provision standard in intensification areas will become more difficult over time
- Urban parks tend to require a higher design standard to meet needs of high-growth communities
- May be appropriate to review if alternate standard for intensification areas is warranted





Potential Alternative Targets for Intensification Areas

- Provincial and local policy is directing more growth to smaller area – local per capita provision unfeasible to maintain
- Urban parks are more expensive to acquire, require higher design standards
- Alternative target may be more defensible if challenged

Intensification Area Provision	
Total Area	1,413.8 ha
2021 Parks	27.6 ha
2021 Population (<i>est</i>)	46,150
2021 Provision	0.60 ha / 1,000
2031 Forecast Pop. Growth	34,100
Parks Required (1.2 ha per 1,000 – new residents by 2031)	40.9 ha



Key Considerations for Alternate Rate

- Uncapped Alternative rate can make high density developments in infill context unfeasible
- However, using a capped approach could result in declining provision standard – particularly in high-growth and adjacent neighbourhoods
- CIL is preferred alternative to land for developers, but presents challenges and shortcomings for City
- Need to consider role of incentives and alternatives to encourage land provision



Preliminary Policy Benchmarking

- Benchmarking provides an idea of how Markham's parkland dedication requirement compares to neighbours
- Important to keep in mind that each municipality's policies reflect their own land costs and parkland needs
- Most neighbouring policies are over 10 years old and may not reflect actual land costs or development patterns
- Different alternative rates may also result in different costs based on where and what type of development is proposed



Preliminary Benchmarking Example

- Hypothetical high-rise in Markham Centre
 - Site Size: 1 ha
 - Land Value: \$34.6 million
 - New Units: 300



	Toronto		Mississauga		Waterloo	Markham	
Alternative Rate Approach	15% of site <i>(current)</i>	35% of site ¹ <i>(proposed)</i>	\$11,040/unit <i>(current)</i>	\$30,500/unit ² <i>(proposed)</i>	0.1 ha/ 300 units	1ha/500 units	Interim 25% Reduction
Total CIL	\$5,190,000	\$12,110,000	\$3,312,000	\$9,150,000	\$3,460,000	\$20,760,000	\$15,570,000
CIL Per Unit	\$17,300	\$40,370	\$11,040	\$30,500	\$11,533	\$69,200	\$51,900

Note: Outputs could vary significantly by location and built form

1: Maximum of proposed range presented to date (15%-35%)

2: Projects would pay lesser of per unit rate or site specific 1ha / 500 unit rate



Future Benchmarking Direction

- Look at multiple locations, densities and built forms across Markham to better understand policy impacts
- Comparator municipalities have not yet released updated rates and methodologies, but most capped rates are expected to increase
- Will be able to provide updated analysis once preliminary rates are officially released
- Barring major deviation, Markham's current approach likely to remain most significant policy in terms of cost per unit



Next Steps and Discussion



Project Timeline and Deliverables – Phase 1

September 2021 to January 2022

1. Review Current Policy

- Kick off meetings
- Technical meetings with consulting team
- Progress update with Staff

2. Review Recent Development Trends and Acquisitions

- Analysis of current park dedications and CIL collections against population growth
- Meeting with Steering Committee to present findings
- Intro meeting with development industry stakeholders

3. Review Updated Parkland Provision Standard Analysis

- Review direction, methods and findings from Parks Plan refresh
- Two meetings with TPP to coordinate studies
- Update to City staff

4. Phase I Report Out

- Present memo summarizing findings, issues and direction for policy testing to Steering Committee
- Meeting with industry stakeholders
- Presentations to steering committee and DSC



Project Timeline and Deliverables – Phase 2

December 2021 to May 2022

5. Develop Policy Alternatives

- Identification and high-level analysis of pros and cons of policy alternatives
- Meeting with staff to confirm preferred policies
- Update meeting with Steering Committee

6. Model Financial Implications

- 10-year land and CIL analysis of preferred policies
- Summary report out to Steering Committee
- Update meeting with steering committee

7. Options and Implementation

- Draft Acquisition Strategy Report
- Draft review with Steering Committee
- Final presentation to industry stakeholders
- Presentation to steering committee
- **Presentation to DSC**

8. Post Consultation and Final Report

- Final review of findings and input with Steering Committee
- Finalization and submission of Acquisition Strategy Report
- **Presentation of Final Report to Council**



Next Steps

- Update municipal comparators as new parks rates are introduced
- Refine additional scenarios for alternative rate benchmarking
- Build out forward-looking development forecast model using city-provided development data
- Test a number of rate scenarios through the model to determine feasibility and sensitivity
- Ongoing coordination and alignment with on-going DC Background Study, CBC Strategy, and Affordable Housing and Rental Strategy incentives



Discussion