

## **Final Report**

Prepared by Hemson for the City of Markham

# **Parkland Acquisition Strategy 2021-2031**

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# Executive Summary

Hemson Consulting was retained by the City of Markham to assist with the review, analysis, and update of its parkland dedication policies in light of recent legislative changes brought about with the passage of Bill 197, the *COVID-19 Economic Recovery Act, 2020*, and subsequent changes to the *Planning Act*, R.S.O. (the Act). This Parkland Acquisition Strategy report summarizes the findings of the review, identifying the issues and challenges facing the City of Markham as it seeks to provide parkland as its communities grow, and presenting a preferred parkland dedication policy approach to support the City in this effort.

## **A. Purpose of the Parkland Acquisition Strategy**

Parks are integral components of complete, healthy and liveable communities, and a diverse and accessible parkland system is an essential component to the quality of life in cities. As such, the provision of local parkland is a cornerstone of successful community planning and development.

Like other municipal services, the demand for parkland increases as communities grow. This is true for both new communities in Markham and those already established that are now experiencing intensification through infill development.

In many parts of the city, Markham has been able to grow its parks and open space system as the community has grown. However, as the city reaches build-out in some areas, and as the City and Region's policies increasingly shift growth towards urban infill, the City of Markham is challenged in providing a reasonable level of parkland provision, particularly in neighbourhoods experiencing the highest concentrations of growth.

## i. What are Parkland Dedication Policies?

The practice of requiring parkland dedications as a condition of growth has long been the core tool for municipalities seeking to provide new parkland in step with the needs of their growing communities. The Province of Ontario has historically enabled its municipalities to pass by-laws that require developers to convey land, or provide the equivalent in the form of Cash-In-Lieu (CIL), to the municipality for parks purposes. The legislation related to this practice is outlined under both Section 42 (development and redevelopment) and Section 51.1 (subdivision) of the *Planning Act* (the Act).

Under the Act, municipalities may levy a **standard rate** of between 2% and 5% of the land being developed, or an **alternative rate** of up to one hectare of land for every three hundred residential units or an equivalent to one hectare of land for every five hundred units when requiring CIL of land.

## ii. Markham's Current Approach to Parkland Dedication

Markham's Conveyance of Parkland By-law (By-law no. 195-90) establishes the authority for the City to require parkland as a condition of development, draft plan of subdivision, and consent. The By-Law was originally passed in 1990, and later amended in 1994.

Under the by-law, all development in Markham is subject to dedication rates standard under the Section 42 of the *Planning Act*, equal to 5% of a dedication's site for residential uses and 2% for non-residential uses. In addition, the by-law utilizes an alternative rate for residential development or redevelopment that requires the maximum amount as permitted by the *Act*.

Prompted by rapidly rising land values across the city, Markham adopted the "Interim Parkland Cash-in-Lieu Strategy" in July 2021. The policy reduced all parkland dedication CIL payments for medium and high-density residential Apartments by 25%. In addition, the Interim Strategy provides greater CIL

reductions for Affordable Housing provisions. This includes 35% reduction for purpose built rental units, 50% reduction for affordable rental units, and 100% reduction for non-profit sector subsidized rental units as approved by Council.

In order to maintain the City's minimum parkland provision rate under this reduced dedication requirement, the interim strategy contemplated a "Proximity Ring" methodology for the allocation of cash-in-lieu funds collected from medium and high-density development. This new methodology redistributes levied cash across the City in to areas where the cost of land is lower, allowing the City to purchase more land with the reduced amount of funds.

### **iii. Recent Legislative Changes Require a New Dedication By-Law**

The recent passage of Bill 197: *The COVID-19 Economic Recovery Act, 2020* resulted in a number of adjustments to the *Planning Act*. While these adjustments do not fundamentally change the maximum alternative rate a municipality can require under the Act, they now require municipalities to pass new by-laws, which are now subject to greater scrutiny due to expanded powers of appeal that are now granted to the Ontario Land Tribunal (OLT). Parkland dedication by-laws that used the alternative rate and were in-force as of July 21, 2020 will now expire as of September 18, 2022. As such, the City of Markham is required to pass a new by-law and accompanying Parks Plan to continue utilizing an alternative parkland dedication approach.

## **B. Markham's Current Parkland Provision and Acquisition Strategies**

In response to Bill 197, Markham has prepared an updated Parks Plan that examines the supply, provision, and distribution of parkland, providing an up-to-date understanding of parkland need across the municipality. The

Parks Plan also establishes local provision at the level of the City's Parkland Service Districts, Intensification Areas, and Future Urban Area. These definitions, along with its criteria for measuring parkland provision levels provided at both the local and citywide level, inform and ground the assumptions for the analysis in the Parkland Acquisition Strategy.

Crucially, the Parks Plan also supports a minimum parkland provision target of 1.2 ha per 1,000 residents, which mirrors policies under the City of Markham Official Plan.

#### **iv. Parkland Provision Rates in Markham**

A parkland provision rate is a high-level indicator of the relationship between parkland supply and population. As of 2021, as identified by the Parks Plan, there is a total of 473.1 hectares of *City Parks* within Markham's municipal boundary, resulting in a citywide provision rate of 1.33 ha per 1,000 residents.

Within Markham's Intensification Areas specifically, the provision level was just 0.55 ha per 1,000 people in 2021, or less than half of the City's minimum provision level target. This is both due to the considerably higher population being concentrated into specific areas and the density of development and its effects on land values, highlighting the challenges that face the City when seeking to provide parkland within these neighbourhoods. As these areas are intended by both local and provincial policy to continue to accommodate a heightened share of future growth, the provision of new parks both within and nearby these areas is a key concern for the Parkland Acquisition Strategy.

#### ***Parkland Provision Rates, City of Markham, 2021***

<b>Population (2021)</b>	354,590
<b>Total Area (ha)</b>	473.10
<b>Citywide Provision (ha/1,000)</b>	1.33
<b>Intensification Area Provision (ha/1,000)</b>	0.55

## **v. Future Growth and Parkland Need in Markham**

The City of Markham is expected to see considerable population growth over the period of 2021-2031, particularly in Intensification Areas. Based on forecast figures prepared by York Region as part of the most recent Development Charges Background Study, the City of Markham is anticipating a growth of 90,070 net additional residents, and 32,670 new net new units, by 2031. In order for Markham to ensure it will be able to maintain its minimum parkland provision standard, the City will need 108.08 ha of additional parkland over the next 10 years. Net of the 29.57 hectares of parkland already secured as part of executed development agreements; meaning Markham will still need to secure an additional 78.52 hectares.

### ***Parkland Need Associated with Growth to 2031***

<b>Population Growth (2021-2031)</b>	90,070
<b>Parkland Need Generated to 2031</b>	108.08 ha
<b>Secured Parkland to 2031</b>	29.57 ha
<b>Remaining Parkland Need to 2031</b>	78.52 ha

## **vi. Challenges Facing Future Parkland Acquisition**

In the face of rapid urban growth, Markham's current approach to parkland dedication faces serious challenges in seeking to achieve the City's stated parkland provision goals whilst also balancing the impacts of the policy against other growth-related objectives.

As the City seeks to focus growth into strategic, transit-oriented communities, the resulting densities and competition for land are making it increasingly difficult for both the City and development partners to acquire sufficient land to meet policy requirement. Rising land values are also making it financially challenging for new development to provide the requisite amount of CIL, while the City faces its own issues to ensure the effective use of its CIL reserves.



## **C. Recommended Approach to the Alternative Rate**

Building on a thorough analysis of policy best practices, supplemented by consultation with Staff, Council, and members of the development community, this Parkland Acquisition Strategy proposes a new approach to the Parkland Dedication By-law. This new approach balances the competing issues of parkland provision at a local and citywide level, whilst also mitigating the impact on higher-density forms of development, both within Markham's designated Intensification Areas and across the city.

### **i. Key Principles Guiding the Development of the Recommended Approach**

In order to meet Markham's unique needs, five key principles were established to provide a framework for creating a new alternative parkland dedication policy:

- Meeting the Minimum Citywide Provision Target
- Maintaining a Direct Link between Parkland and Population
- Targeting a Lower Local Parkland Provision in Intensification Areas
- Charging a Reduced Rate for High-Density Residential
- Reallocating Parkland Acquisitions across the City to Opportunity Areas and Areas in Need

### **ii. Recommended Alternative Rate Approach**

Based on comprehensive financial analysis using a Parkland Dedication Forecast Model, it was determined that Markham will be able to achieve a minimum standard of 0.4 ha of local parkland relative to population growth in the City's designated Intensification Areas, while also maintaining a citywide provision rate of 1.2 ha per 1,000. This approach would rely on an alternative by-law rate of 0.55 ha per 500 apartment units, while continuing to require 1 ha per 300 units for all Ground-oriented units.

### ***Recommended Structure for Parkland Dedication Rate***

	<b>Intensification Area</b>	<b>Non-Intensification Area</b>
<b>Apartments</b>	0.55 ha/ 500 units	
<b>Ground-Oriented</b>	1 ha/300 units (dedication) or 1 ha/500 units (CIL)	

After ensuring dedications and purchases achieve a minimum standard of 0.4 ha per 1,000 residents within the Intensification Areas (or approximately 10.37 net additional hectares by 2031<sup>1</sup>), Markham will be able to re-direct the remaining CIL funding elsewhere to be put towards larger, city-serving parks and recreational facilities. To maximize parkland and minimize costs, it is recommended that portions of these acquisitions (approximately 12 hectares) be put towards parks along the urban periphery<sup>2</sup>, where the City may be able to acquire and develop larger destination parks. By following this approach, it is projected that the City will be able to achieve its parkland acquisition objectives by 2031, while also reducing the policy burden placed on higher density forms of development.

### ***Estimated Parkland Acquired Including Secured Parks to 2031***

	<b>Already Secured</b>	<b>New Acquisitions</b>	<b>Total Added</b>
<b>Intensification Areas</b>	9.83 ha	10.37 ha	20.20 ha
<b>Non-Intensification Areas</b>	19.74 ha	56.02 ha	75.76 ha
<b>Urban Periphery</b>	-	12.13 ha	12.13 ha
<b>TOTAL</b>	<b>29.57 ha</b>	<b>78.52 ha</b>	<b>108.08 ha</b>

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<sup>1</sup> Beyond the 9.83 ha already secured in the Intensification Areas.

<sup>2</sup> Refers to undeveloped lands located along the Urban Growth Boundary.

At a citywide level, the proposed policy approach would result in an average cost of \$33,240 per unit. Apartment units average to approximately \$30,460, while Ground-oriented units average to approximately \$34,980 per unit<sup>3</sup>.

***Estimated Average Per Unit Charge Under Preferred Approach***

	<b>Average CIL per Unit (Citywide)</b>
<b>All Units</b>	\$33,240
<b>Apartments</b>	\$30,460
<b>Ground-Oriented</b>	\$34,980

Including both parkland already secured and parkland acquired through the alternative rate to 2031, the Markham's total area of parkland would increase to 581.21 hectares. With a forecast population of 444,660 in 2031, this would bring Markham's cumulative parkland provision rate to 1.31 ha per 1,000 people, remain above the City's target minimum of 1.2 ha per 1,000.

***Projected Total Parkland Provision Rate by 2031***

	<b>Population</b>	<b>Park Area (ha)</b>	<b>Provision Rate (ha per 1,000)</b>
<b>Current (2021)</b>	354,590	473.13	1.33
<b>Additions (2022-2031)</b>	90,070	108.08	1.20
<b>Future (2031)</b>	444,660	581.21	1.31

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<sup>3</sup> It is important to note that these figures represent averages spread across all neighbourhoods based on mean land values and development densities within each neighbourhood. Depending on the location and density of a project, the cost per unit may vary from the calculated average, in some cases significantly higher or lower, as determined by site-specific appraisal.

### iii. Sensitivity Testing and Further Considerations

While the Parkland Dedication Forecast Model is intended to represent a best-case scenario where all projects provide a parkland contribution in line with on the policy principles described, other policies have the potential to reduce the dedication requirements for certain projects. Two policies in particular have been identified as likely reductions to the projected parkland modelling work:

- Discretionary dedication reductions set by Council policy in order to incentivize the delivery of not-for-profit and other preferred forms of affordable housing (assumed at 2.5% to 10% of all units); and
- Parkland dedication limits imposed by the province in cases where an area is designated as a Transit Oriented Community (TOC).

Given the nature of these policy interventions, the foregone dedication value is not assumed to be offset by an increase in the effective alternative rate, or elsewhere within the parkland dedication policy framework. Instead, it is assumed as foregone dedication value. In effect, these impacts represent land that the City will need to offset via different means of acquisition, including property tax or grant funded purchases, or otherwise will result in a decline the City's parkland provision rate.

- The impacts of offering an exemption for affordable forms of housing is estimated at between \$22.5 million and \$90 million (or between 2.0 ha and 7.8 ha of forgone parkland) depending on how broad of a definition the City chooses to use when offering such an incentive.
- The dedication caps imposed on TOCs by the province currently only apply to the Bridge station area in Langstaff, and are estimated at a loss of \$24 million (1.4 ha worth of land) by 2031. However, the impact of this cap is understated here, as the bulk of growth in this area is expected to occur after the 2031 horizon, when the impacts of the policy will become much more pronounced.

Taken together, these two sensitivities could result in a shortfall of up to 9.2 hectares of land, valued at up to \$114 million. If the City is unable to offset these losses through other parkland acquisition tools, including property tax or grant funded purchases, the 10-year provision rate would decline to 1.10 ha per 1,000 new residents, resulting in a 2031 total provision rate of 1.29 ha per 1,000 residents.

***Cumulative Impact of Sensitivity Testing, High Scenario, 2031***

	<b>Population</b>	<b>Parkland</b>	<b>Provision Rate</b>
<b>2022-2031 Growth</b>	90,070	98.88 ha	1.10 ha per 1,000
<b>2031 Total</b>	444,660	572.01 ha	1.29 ha per 1,000

## **D. Implementation**

The Parkland Acquisition Strategy demonstrates a clear path forward for the City of Markham to achieve its parkland provision objectives over the next 10 years. The report concludes by recommending that the City:

- Move forward with the passage of the updated Parkland Dedication By-law in advance of the September 18<sup>th</sup> deadline for the current by-law, while instituting the acquisition and allocation approach detailed in the report;
- Institute a program to actively monitor parkland acquisitions in order to track the performance of the new by-law;
- Work with Council to identify if further exemptions or reductions should be extended to other forms of affordable or purpose-built rental housing beyond those already offered;
- Develop a formal policy for accepting stratified or otherwise encumbered lands in strategic areas of parkland need following a comprehensive review of financial and legal risks; and
- Conduct a comprehensive review of the Parkland Dedication By-law and the Parkland Acquisition Strategy in 5-years' time, alongside the next update to the Development Charges by-law.

# 1. Introduction

Hemson Consulting was retained by the City of Markham to assist with the review, analysis, and update of its parkland dedication policies in light of recent legislated changes brought about with the passage of Bill 197, the *COVID-19 Economic Recovery Act, 2020*, and subsequent changes to the *Planning Act*, R.S.O. (the Act). Under Section 42, 51.1 and 53 of the Act, municipalities are able to require, by means of by-law, the dedication of land for parks purposes, or an equivalent payment-in-lieu of land, as a condition of subdivision, development or redevelopment, and consent. This Parkland Acquisition Strategy report serves to summarize the findings of the review, identifying the issues and challenges facing the City of Markham as it seeks to provide parkland in step with community growth, presenting a preferred parkland dedication policy approach to support the City in this effort.

## A. Tools Supporting the Acquisition of Parkland

There are a number of tools and options available to municipalities in Ontario as it relates to the acquisition and improvement of lands for parks purposes, including through the levying of property taxes, newly introduced Community Benefit Charges, and development charges for the purposes of parkland improvement.

Amongst these tools, the practice of requiring parkland dedications as a condition of subdivision or development has long been the primary tool for municipalities, including Markham, seeking to provide new parkland in step with the needs of their growing neighbourhoods.

In the Ontario context, parkland dedication, along with cash-in-lieu of land contributions (CIL), are governed by the *Planning Act*. Specifically, parkland dedication is enabled under Section 42 (as a condition of development and redevelopment), Section 51.1 (as a condition of subdivision approval), and

Section 53 (as a condition of consent). These sections of the *Act* set out the requirements for a municipality seeking to levy a parkland requirement by-law, along with prescribed maximums as to how much the municipality can require.

Though these specific sections of the Act have been subject to several legislated adjustments over the years, including the most recent changes under Bill 197, the fundamental principle behind their application has remained constant: that municipalities may require a parkland dedication as a condition of growth and development.

#### **i. Growth-related Capital Framework**

At their core, parkland dedication policies follow the principle that growth pays for growth. This principle is well established in the practice of planning for community growth amongst North American jurisdictions. In Ontario, both the *Planning Act* and the *Development Charges Act* include provisions that enable municipalities to enact by-laws to this effect by requiring new development provide contributions, financial or otherwise, intended to offset the increased pressure said development will place on existing infrastructure and community services. In order to ensure equity and accountability under the core tenets of this ‘growth-related capital framework’, the requirements of these by-laws should be set in principle such that they reflect a reasonable standard that can be expected to be provided by each new development project relative to the demand they create.

### **B. The Provision of Parkland in an Urban Infill Context**

Parks and publicly accessible open spaces are integral components of complete, healthy and livable communities. From places to engage in recreational activity, to spaces to connect with each other and with nature, to providing the natural environment vital to a green city, urban parkland is

an asset that provides a service far beyond the surrounding neighbourhood. A diverse and accessible parkland system is an essential component to the quality of life in cities. As such, the provision of local parkland is a cornerstone of successful community planning and development.

Like other municipal services, the demand for parkland increases as communities grow. This is true for both new communities and those already established that are now experiencing intensification via infill developments. In recognition of this, the *City of Markham Official Plan* (the Official Plan) encourages the development and enhancement of existing parks and the acquisition of new parkland in creating successful residential neighbourhoods.

To help meet these objectives, the Official Plan currently relies upon a number of policies, as permitted under Section 42, 51.1 and 53 of the *Planning Act*, implemented under By-law No. 195-90 that requires new development to dedicate land, or to pay an equivalent amount of cash-in-lieu, for the purposes of providing or improving public parkland.

In many parts of the city, Markham has been able to grow its parks and open space system as the community has grown, with parkland dedications provided as a condition of subdivision and development as a major contributor. However, as the city reaches build-out in some areas, and as both the City of Markham and Region of York's policies increasingly shift growth towards intensification and urban infill, Section 42 will become the most significant policy tool to ensure the City is able to maintain a reasonable level of parkland provision. This is especially the case in neighbourhoods experiencing the highest concentrations of growth.

Observing forecasted population change to 2031, almost 40% of growth is expected to occur within Markham's designated Intensification Areas. However, only 4% of Markham's parkland inventory is currently located in these same areas.



Furthermore, this shift towards more concentrated and intensified development patterns in turn has led to increased land values in these areas as the amount of density being permitted has increased. The economic impact of this shift is a widening gap in the ability of the City's existing approach in serving the needs of the new communities in comparison to the historic provision of existing communities.

## **C. Report Approach**

The approach of this report involves three key components:

### **i. Review of Historical Policy Application and Parkland Provision Levels**

- Chapter 2 covers the current and historical legislative context surrounding the *Planning Act* and parkland acquisition, with specific focus on the permissions and requirements to levy an alternative rate in the context of recent changes post-Bill 197, the establishments of new limits under Bill 109, as well as a broader survey of growth-related tools to support the acquisition of parkland.
- Chapter 3 focuses on the City of Markham's parkland acquisition efforts to this point, including the current application of its parkland dedication by-law, as well as the City's current parkland dedication levels. This chapter also outlines growth outlook and the resultant identification of parkland need to the horizon of this review.

### **ii. Developing and Testing a Recommended Policy Approach**

- Chapter 4 provides an overview of the challenges that the City continues to face with regards to achieving its parkland acquisition objectives, with specific regards to the application of the parkland dedication by-law. This is supplemented by an overview of lessons learned from a scan of neighbouring practices as it relates to parks acquisition.

- Chapter 5 of this report provides details on the process for identifying a preferred policy approach, with particular regard to the design of the alternative rate as it applies to Markham’s apartment units and intensification areas. This includes outlining the key objectives of the policy approach, including where, how much, and what type of parkland the City should strive for as part of its parkland acquisition strategy.
- Chapter 6 of this report describes the assumptions and methodology used to develop the Parkland Dedication Forecast Model, and its associated sensitivity tests.

### **iii. Recommendations for a New Parkland Dedication By-law**

- Chapter 7 of this report consists of recommendations for an updated approach to the alternative parkland dedication by-law, including a revised approach to the Alternative Rate, prepared based on findings of this report. This final chapter also includes recommendations for policy implementation, and considerations for further study.

## 2. Legislative Framework

Parkland dedication and Cash-In-Lieu (CIL) contributions in Ontario are governed by the *Planning Act, R.S.O. 1990*. Per the *Act*, dedications are primarily enabled as a condition of development or redevelopment (Section 42), as a condition of plan of subdivision approval (Section 51.1) and as a condition of consent (Section 53). Recent changes to the *Planning Act* as a result of Bill 197, the *COVID-19 Economic Recovery Act, 2020*, have resulted in some modest changes to the applicability of these tools, most significant amongst which is the ability to appeal an alternative parkland dedication by-law to the OLT. Beyond that, the changes have otherwise left the structure and limitation of these specific policy tools intact.

This chapter of the report summarizes the key features of these parkland dedication policies, the history of their application and evolution in Ontario, and how recent changes to the *Planning Act* under Bill 197 have changed how municipalities will need to think about requiring parkland as a condition of subdivision or development.

### A. The Value of Parks

The public realm network, and the park spaces that it incorporates, is a critical contributor to the quality of both life and place in the context of complete and livable communities. This includes supporting both physical and psychological health and development, promoting positive social outcomes and environmental health, whilst also providing economic value in terms of both direct and indirect value to the neighbourhoods and broader communities in which they are located.<sup>4</sup>

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<sup>4</sup> For additional information on the values provided by local parkland, please refer to Chapter 2 of the City of Markham Parks Plan, 2022.

Municipal land use planning is subject to the *Provincial Policy Statement* (2020) (PPS), which provides policy direction on matters of provincial interest to which decisions affecting planning matters “shall be consistent with”. This includes, per Policy 1.1 of the PPS, managing and directing land use to achieve efficient and resilient development and land use patterns, achieving health, liveable and safe communities that are sustained by, among other things, the provision of recreation, park and open spaces. The role of parks is further elaborated under Policy 1.5, which promotes the planning and providing for a full range of 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 (1.5.1(b)).

The case for planning for parkland is further supported by the *Growth Plan for the Greater Golden Horseshoe, 2020* (the Growth Plan), to which all land use planning matters in Central Ontario must conform. Policy 2.2.1.4 of the Growth Plan supports the achievement of complete communities that, among other things, expands convenient access to “an appropriate supply of safe, publicly accessible open spaces, parks trails and other recreational facilities” (2.2.1.4(c)(iii)).

## **B. The History of Parkland Dedication Policies in Ontario**

The practice of requiring parkland dedications as a condition of growth has long been the core tool for municipalities seeking to provide new parkland in step with the needs of their growing communities. The Province of Ontario has historically enabled its municipalities to pass by-laws that require developers convey land, or an equivalent amount of CIL, to the municipality for parks purposes under both Section 42 and Section 51.1 of the *Planning Act*. As the form of urban development changed over time, the methods through which these tools could be applied have also changed.

## **i. Standard Rate Dedication Policies**

Originally, Sections 42 and 51.1 were limited to a “standard rate”<sup>5</sup> which limited dedications to a set percentage of the site size based on land use. This standard rate approach is still permitted today with no significant changes or requirements for levying such a requirement.

- For commercial or industrial development, the maximum amount cannot be greater than 2% of the land area.
- For all other development, including residential uses, a municipality can require up to 5% of the land area.

These dedication rates mirror standards that have commonly been applied in different jurisdictions across North America. The approach originated during the post-war period when development patterns were primarily suburban and low-density in nature. With development typically occurring in the context of the subdivision of larger greenfield sites, these rates were often sufficient to provide parkland commensurate to the size and density of the neighbourhoods being developed. However, these rates do not accurately reflect the need created by higher density vertical forms of development, most notably for those residential projects that take place in an urban infill context.

## **ii. Alternative Rate Dedication Policies and Requirements**

In 1973 the *Planning Act* was amended to provide municipalities the ability to create an alternative rate approach for calculating dedication requirements. This “alternative requirement”, which was calculated in terms of the amount of land the municipality could require relative to the number of residential units being built, better reflected the demand being created by

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<sup>5</sup> The term “standard rate” is used for the purpose of this report to refer to the baseline requirement of both Section 42 and 51.1, as permitted by the *Planning Act*, which do not require additional policy consideration to be required by by-law.

higher density residential development. The original alternative rate permitted a requirement up to a maximum of one hectare of land for every 120 dwelling units under subsection 35b(3) of the 1973 consolidation of the *Planning Act*. This is the equivalent of approximately 83 m<sup>2</sup> per unit or 31 m<sup>2</sup> per person (assuming a suburban occupancy pattern of approximately 2.7 persons per unit, as was the predominant development pattern at the time).

This limit was later decreased to one hectare of land for every 300 dwelling units as part of the R.S.O. 1980 consolidation of the *Planning Act*. This maximum rate was based on the prevailing assumptions for parkland need and occupancy patterns at the time, translating to a rate slightly greater than 1.2 ha per 1,000 persons, or 12 m<sup>2</sup> of parkland per person (again assuming an occupancy pattern of 2.7 persons per unit).

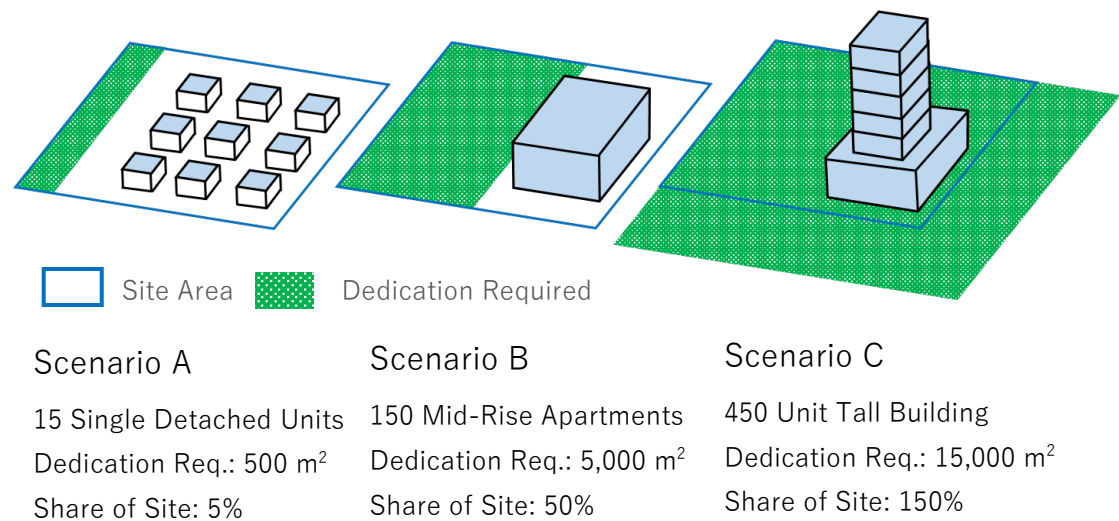
The upper limit of an alternative parkland dedication requirement was later adjusted once more as part of amendments to the *Planning Act* with the passage of Bill 73, the *Smart Growth for Our Communities Act, 2015*. However, this change only limited the maximum requirements when considering CIL payments to an amount equivalent to 1 ha per 500 units, leaving the maximum rate for land dedications unchanged.

Since 1990 the *Planning Act* has required park provision specific policies in official plans for a municipality to implement an alternative rate as part of its parkland dedication by-law. Specifically, a municipality must have policies speaking to the need for parkland and the use of the alternative rate. However, the amendments brought forward under Bill 73 also brought in the requirement for municipalities to specifically prepare a Parks Plan that examines the need for parkland, and informs the basis for an alternative rate, before adopting alternative parkland dedication policies into an official plan. However, this requirement only applies to official plan policies that were adopted after July of 2016. Any policies related to the alternative rate adopted prior to this date remain unaffected by the requirement.

Though the alternative rate approach better reflects the demand for parkland generated by dense forms of development, it is not without its own challenges. As illustrated in Figure 1, when development densities increase, the maximum dedication requirement for the alternative rate can easily begin to approach and even exceed the size of many development sites. Even when applying a rate well below the maximum permitted by the *Planning Act*, such an approach can result in land or CIL requirements so significant that they make development challenging, or even unfeasible.

**Figure 1: Alternative Rate Parkland Dedication Requirements Under Different Development Scenarios for a 1 ha Site**

(Assuming Uncapped Alternative Rate of 1 ha per 300 units)



Source: Hemson Consulting

### C. Recent Legislative Changes: Bill 197 & Bill 109

The recent passage of Bill 197: *The COVID-19 Economic Recovery Act, 2020* resulted in a number of adjustments to the *Planning Act*. While the changes did not fundamentally change the maximum alternative rate requirements for parkland dedications, they now require municipalities to pass new by-laws that are now subject to greater scrutiny due to expanded powers of appeal now granted to the Ontario Land Tribunal (OLT).

## **i. Expiry of Existing By-laws**

As per subsection 42(4.26) of the *Act*, any parkland conveyance by-law that utilizes the alternative rate and was in force as of July 21, 2020, when Bill 197 received Royal Assent, will now be repealed as of September 18, 2022. As such, if the City of Markham wishes to continue requiring land dedications as a condition of development at the alternative rate set by the City, it must now pass a new by-law under the new framework set forth by Bill 197. In the case that the City does not pass a new by-law, it will only be permitted to charge the standard rate of parkland dedication.

## **ii. New Powers of Appeal**

While the limitations of both the standard and alternative rate are generally unchanged, Bill 197 introduced a new 40-day window following the passage of any by-law utilizing the alternative rate such that said by-law may now be appealed to the Ontario Land Tribunal (OLT).

Appeals are limited specifically to policies related to the alternative rate for land (subsection 42(3)) and CIL (subsection 42(6.0.1)), for which subsection 42(4.15) states the tribunal may:

- a) Dismiss the appeal in whole or in part;*
- b) Order the council of the municipality to amend the by-law as it relates to a requirement under subsection (3) or (6.0.1) in accordance with the Tribunal's order; or*
- c) Amend the by-law as it relates to a requirement under subsection (3) or (6.0.1) in such a manner as the Tribunal may determine.*

Furthermore, limitations on the powers of the OLT are outlined in subsection 42(4.16):



*The tribunal may not amend or order the amendment of a by-law so as to,*

- a) Increase the amount of parkland that will be required to be conveyed or payment in lieu that will require to be paid in any particular case;*
- b) Add or remove, or reduce the scope of, an exemption provided in the by-law; or*
- c) Change the date, if any, the by-law will expire.*

This right of appeal is a new dynamic for municipalities to consider when preparing a Parkland Dedication By-law, as the OLT did not hitherto have the legislated purview to review or change these policies so long as they conformed to the *Planning Act* maximums. Given the novel nature of this appeals process, there is currently no precedent for how the Tribunal may choose to assess the merits of such an appeal. However, it is expected that municipalities will need to present a strong and defensible rationale for how they chose to set their alternative rate dedication requirements, in line with the need for parkland articulated in their official plan policies and as demonstrated in their Parks Plan.

### **iii. Limits on Parkland Dedication Charge in Transit-Oriented Communities**

Receiving Royal Assent April 14<sup>th</sup>, 2022, Bill 109 introduced amendments to Section 42 of the *Act* outlining new limits to the alternative dedication requirements specifically within Transit-Oriented Communities (TOC) as outlined in the *Transit-Oriented Communities Act, 2020*.

The added subsection (3.3) in particular notes:

*A by-law that provides for the alternative requirement authorized by subsection (3) shall not require a conveyance or payment in lieu that is greater than,*

*a) in the case of land proposed for development or redevelopment that is five hectares or less in area, 10 per cent of the land or the value of the land, as the case may be; and*

*b) in the case of land proposed for development redevelopment that is greater than five hectares in area, 15 per cent of the land or the value of the land as the case may be.*

Furthermore, subsection (4.28) further describes the inclusion of some encumbered lands on the development site as inclusive and counting towards the dedication requirement:

*If land proposed for development or redevelopment includes land identified as encumbered land in an order under subsection (4.27), the encumbered land,*

*a) shall be conveyed to the local municipality for park or other public recreation purposes; and*

*b) despite any provision in a by-law passed under this section, shall be deemed to count towards any requirement, set out in the by-law, applicable to the development or redevelopment.*

As the time of writing, only the “Bridge Transit-Oriented Community” (TOC), located in the Langstaff Gateway area, is the only provincially identified TOC in the City of Markham. However, it is unclear if any more will be designated in the future. These new subsections of the *Act* have significant implications on the City’s ability to acquire parkland in Transit-Oriented Communities. These impacts are further discussed in Chapter 5 of this report.

### **3. Markham's Policy Approach and Parkland Provision**

Properly identifying parkland need is a key step in ensuring that the City continues to support its parkland network and provide sufficient parkland servicing that responds to the pressure created by new growth.

An analysis of Markham's current policy approach demonstrates the need for a more nuanced approach, particularly towards Intensification Areas and the trend of development towards higher densities. While this consideration is made in Markham's Interim Parkland Cash-In-Lieu Strategy, Markham's current Parkland Dedication By-law does not include any policy consideration or dedication requirement reductions for higher-density forms of development.

This chapter describes Markham's current approach to the alternative rate in the Parkland Dedication By-law, its current provision level and associated policies outlined in its Official Plan, and the challenges and shortcomings against the pressures identified in the Parks Plan.

#### **A. Markham's Current Parkland Dedication Policies**

##### **i. Official Plan Policies**

The City of Markham's current Official Plan was adopted in 2014. However, due to currently unresolved appeals of policies pertaining to parkland, many policies from the City's previous 1987 Official Plan remain in force. Relevant portions from each plan are summarized as follows.

##### **a) 1987 Official Plan**

The 1987 Official Plan reflects the urban development context at the time of its passage, alongside the legislative requirements set forth by the Province

at the time. Key policies which remain in force today include the hierarchy of parkland and target provision rate of 3.053 hectares per 1,000 people.

Section 3.9.4 of the 1987 Official Plan also establishes a maximum limit on parkland to be achieved through parkland dedication policies permitted under the *Planning Act*, capped at 1.2141 hectares per 1,000 people, while empowering itself to:

- Utilize the maximum alternative residential dedication rate of up to 1 hectare of parkland per 300 dwelling units, as permitted by the *Planning Act*; and to
- Utilize a number of approaches to acquire parkland outside of the *Planning Act* dedication requirements.

#### **b) 2014 Official Plan**

While the parkland policies in the 2014 Official Plan remain under appeal, they also represent a more up-to-date interpretation of parkland need and park classifications, reflective of Markham's evolving development context.

The 2014 Official Plan includes policies that speak to the need for parkland under Policy 4.3.1.1 through 4.3.1.3:

*It is the policy of Council:*

4.3.1.1 *To achieve a balanced distribution of parks and open space facilities and activities to meet the diverse recreational and leisure needs of Markham's residents, workers and visitors.*

4.3.1.2 *To plan and implement an interconnected system of parks and open spaces that, together with the Greenway System, streets, utility corridors, pedestrian bicycle trails, contributes to the connectivity of Markham's communities, particularly new mixed-use neighbourhoods and intensification areas and placemaking in the public realm as identified in Section 6.1.6 of this Plan.*

*4.3.1.3 To support the implementation of Markham's Integrated Leisure Master Plan by ensuring that the standards for the provision of parkland are met or exceeded and that parkland facilities are sufficient to meet or exceed the needs of projected residential populations.*

Subsequent policies under Section 4.3 guide various aspects of parks and open space planning, including the implementation and administration process of parkland acquisition. Policies under 4.3.5 describe the expectation of using the *Planning Act* tools to their full extent in order to acquire public parkland through the development approval process (i.e., through by-laws enabled through Section 42) including area-specific parkland agreements where needed.

These policies are then implemented under Policy 10.8.2, which clarifies the maximum parkland dedication amounts to be required as a condition of development or redevelopment, including the use of the alternative rate of up to 1 hectare per 300 units, or 1.2 hectares per 1,000 persons, whichever is lesser, provided that in no case shall the conveyance be less than 5% of the land area proposed for development or redevelopment.

The provision targets presented in these policies also represent a reduction from the 1987 Official Plan policies, making them more representative of the community's changing needs, while also not being in conflict with the currently in-force policies from the previous Official Plan. For these reasons, the 2014 Official Plan policies were used to guide the 2022 update to the Parks Plan and, by extension, this Parkland Acquisition Strategy.

## **ii. Parkland Dedication Practices**

Markham's Conveyance of Parkland By-law (By-Law no. 195-90) establishes the authority for the City to require parkland as a condition of development, draft plan of subdivision, and consent. The By-Law was originally passed in 1990, and later amended in 1994.

Under the by-law, all developments in Markham are subject to a standard dedication rate of 5% of its site for residential uses and 2% for non-residential uses. These rates are standard under the *Planning Act*, and do not require any form of Parks Plan or supportive Official Plan policies.

In addition, the by-law uses an alternative rate for residential development or redevelopment for residential proposes that allows land to be conveyed to the City at a rate of 1 ha per 300 dwellings.

Effective July 1<sup>st</sup>, 2016, changes to the *Planning Act* per Bill 73 resulted in the by-law also being subject to the maximum of an equivalent value of 1 ha per 500 dwelling units when accepting cash-in-lieu of land. The value of land to be conveyed as cash-in-lieu is determined the day before the day of the issuance of the first building permit with respect to the applicable development, with payment being required prior to the issuance of the permit.

It is important to note that the decision to require cash-in-lieu is made by the City, rather than by the developer. Although this decision can be appealed to the OLT by the developer, it is at Council's discretion whether the size, shape, or location of land proposed for parkland dedication is unsuitable, and thus will require the payment of cash-in-lieu.

### **iii. Area Specific Parkland Policies**

In recognition of the increasing complexities and evolving need for parkland amongst Markham's increasingly urban planning and development activity, the City has utilized alternative approaches to securing parkland in a number of key Secondary Plan areas, including Markham Centre (see text box on the following page). These agreements are unique to the Secondary Plan area to which they apply, and include alternative agreements with regards to land dedications, cash-in-lieu valuations, and delivery agreements that deviate from the requirements of the citywide Parkland Dedication By-law.

## **Markham Centre Parkland Funding and Delivery Agreement**

A prime example of the City's custom agreements to secure parkland within a Secondary Plan Area is the Markham Centre Parkland Funding and Delivery Agreement. The agreement, which has since been partially terminated as of June 2017, was based on a set of Council endorsed principles which provided guidance on the dedication and delivery of public parks, squares and urban plazas throughout the Markham Centre Secondary Plan Area. Some of the key principles include:

- Utilizing the 1.214 hectares per 1,000 population standard for residential development (assuming an average occupancy of 2.2 persons per all unit types), a 2% standard requirement for non-residential development, and a combined rate for mixed-use forms of development.
- Targeting 60% of dedication requirements be achieved via land dedication, and the remaining 40% through CIL with valuations based on annually-updated average land values across the entire Secondary Plan area, rather than site specific valuations.
- Committing to uses CIL funds for the purchase of parkland, including the improvement of parkland to an enhanced urban standard, within Markham Centre.
- Emphasizing that lands offered for dedication need to demonstrate “substantial public benefit, as opposed to private benefit”
- Considering the possibility of granting below-grade development rights for structured parking facilities beneath parkland, where appropriate.

### **iv. Interim Parkland Cash-In-Lieu Strategy**

In July 2021, the “Interim Parkland Cash-in-Lieu Strategy” was adopted by Council, discounting all parkland dedication cash-in-lieu payments for medium and high-density residential Apartments by 25%. This decision was prompted by rapidly rising land values across Markham, particularly in the case of high-density developments, which, when coupled with Markham’s

uncapped approach to parkland dedication requirements, resulted in increasing barriers to the delivery of new high-density forms of housing.

In addition to this general reduction, there are deeper reductions for specific types of housing which Markham Council deemed to be a priority, including:

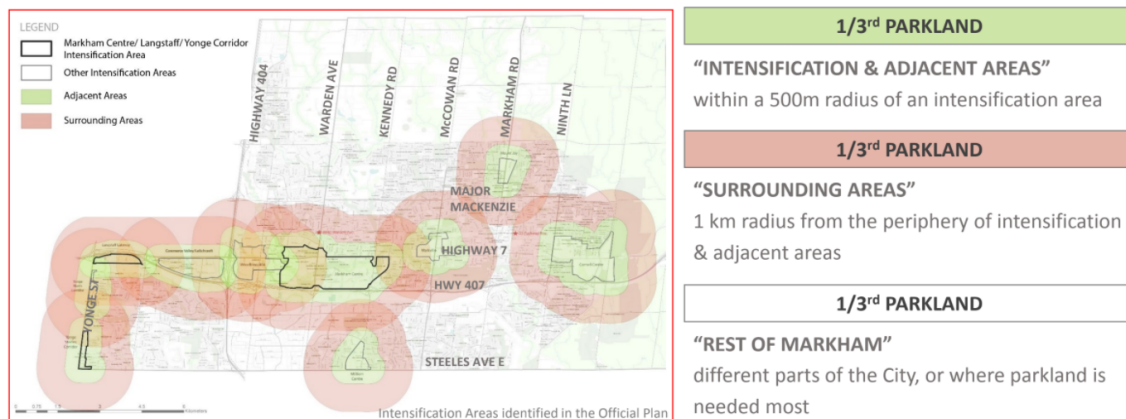
- A 35% reduction for purpose-built rental units;
- A 50% reduction for affordable rental units; and
- A 100% reduction for non-profit sector subsidized units.

In order to maintain the City's minimum parkland provision rate under this reduced approach, the interim strategy contemplated a new methodology for the allocation of cash-in-lieu funds collected from medium and high-density development. Rather than require the entire the entire value of the dedication be put towards the acquisition of parkland in the immediate vicinity of the development, where land values are often highest, the CIL could be spent in various parts of the City to achieve the same amount of parkland with the reduced amount of funding.

This "Proximity Ring" approach suggested one-third of the parkland dedication to be conveyed on-site or provided locally with the CIL funds acquired. A second third of the acquisitions would then be located in surrounding areas (up to 1.5 kilometres from the periphery of the applicable intensification area). The final third would then be located anywhere across the rest of Markham, or where parkland is needed most. A visual example of this practice is provided in Figure 2 on the following page.



**Figure 2: Interim Rate CIL Allocation Approach**



Source: City of Markham

The allocation approach contemplated in the interim strategy addresses several challenges facing the provision of parkland in an urban infill context:

- First, by distributing parkland requirements away from Intensification Areas, it lowers the average cost of land required for the City to purchase in order to achieve the minimum parkland requirement of 1.2 ha per 1,000 residents citywide, allowing the City to do more with less CIL funding.
- Second, because available land in Intensification Areas is scarce and parcels are often small and fragmented, there is a supply issue when attempting to purchase nearby land using cash-in-lieu reserves. By seeking out parkland in areas with a greater supply of available land, it potentially allows the City greater flexibility to acquire land as opportunities present themselves.

With the passing of a new Parkland Dedication By-law, the Interim Cash-In-Lieu Strategy will no longer be applicable. However, aspects of the interim strategy have proven successful and have been considered in both the final rate and allocation structure of the recommended approach.

## **v. Other Sources for Park Acquisitions and Revenues**

In addition to the requirements permitted by *Planning Act* Section 42, 51.1, Section 53 and the City's related by-laws, Ontario municipalities also have the option to acquire parkland through other means. These could include:

- Purchases using municipal property taxes;
- Grants from upper levels of government;
- Private donors;
- Community Benefit Charges;
- Debt financing; and
- The use of capital reserves.

While these tools may help municipalities acquire parkland, they typically play a limited role in the overall provision. In most major Ontario municipalities, dedication requirements through Section 42 and 51.1 by-laws account for the overwhelming majority of new parkland acquisition.

## **B. The Parks Plan and Parkland Provision in Markham**

### **i. Markham's 2022 Parks Plan**

In response to the recent changes to the *Planning Act* brought forward through Bill 197, the City of Markham has undertaken a review of the policies and procedures that contribute to the municipality's public parks system.

The foundation of this review is represented by the Parks Plan (2022) which, among other functions, examines parkland supply, provision, and distribution, and identifies an up-to-date need for parkland within the municipality. This includes an assessment of parkland provision rates at a citywide and neighbourhood level, and identification of future need based on forecast growth pressures between now and 2031.

In doing so, the Parks Plan satisfies the legislative prerequisite for utilizing the alternative rate provisions as part of any Parkland Dedication By-law. As stated in *Planning Act* subsection 42.4.1:

*(4.1) Before adopting the official plan policies described in subsection (4), the local municipality shall prepare and make available to the public a parks plan that examines the need for parkland in the municipality.*

In this sense, the Parks Plan plays a particularly vital role in informing the Parkland Acquisition Strategy, providing a reasonable and defensible assessment of need that forms the basis of the Parkland Dedication By-law.

## **ii. Planning Areas and Geographies Relevant to Parkland**

In order to assess local conditions and inform policy development and decision-making, the Parks Plan parses out the lands within Markham's Urban Growth Boundary into 37 sub-geographies. These geographies serve as an important tool for parks planning, providing defined geographic areas for which data can be collected and analyzed in order to understand local conditions and inform policy development and decision-making. They are broken out into three key types:

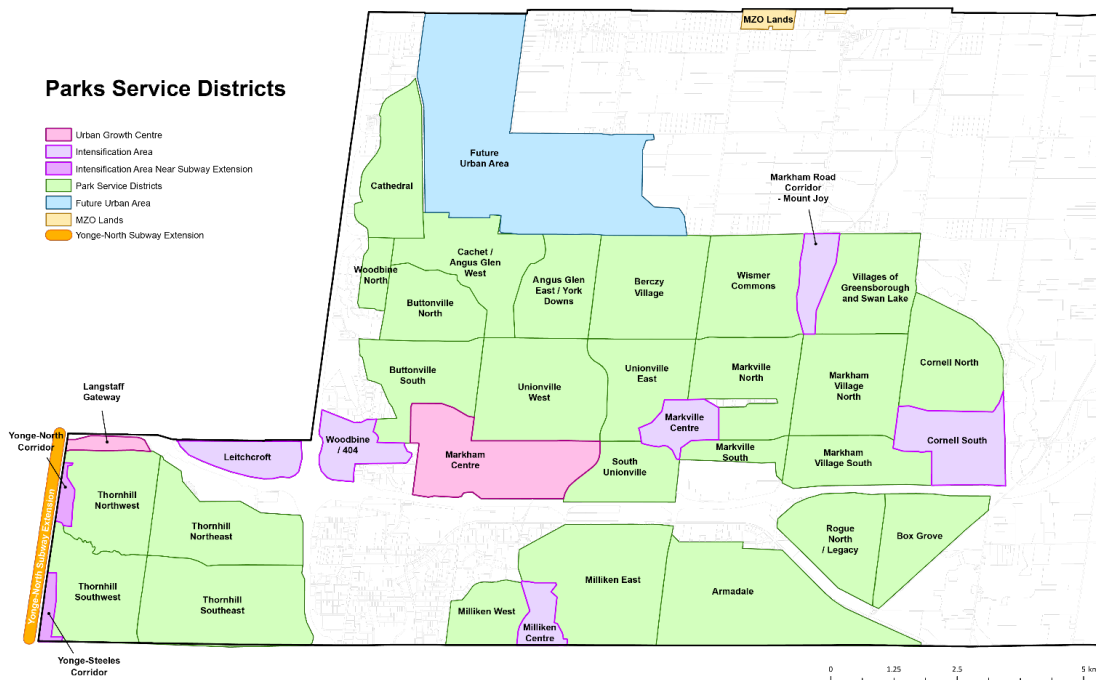
- **Intensification Areas (IA)** – areas designated by the City as locations to focus higher-density urban development. As areas anticipated to accommodate substantial future population growth, the IAs warrant special attention in both the Parks Plan and Parkland Acquisition Strategy development. There are ten (10) IAs in Markham.
- **Parkland Servicing Districts (PSD)** – geographies established by the Parks Plan, developed to allow for analysis of neighbourhood-level parkland provision within the urban boundary but outside of its Intensification Areas. The growth outlook between these areas varies,

with some remaining stable, and others expecting modest levels of infill development activity. There are a total of 26 PSDs.

- **Future Urban Area (FUA)** – a comprehensively planned future residential area that is now considered within the Urban Growth Boundary (UGB) of Markham. Although little development and population currently exists in the FUA, the area is anticipated to see considerable growth over the next 30-years.

These geographies are mapped in Figure 3 below. The Parkland Acquisition Strategy’s analysis, and its identification of the recommended approach results from an understanding of parkland provision, population and unit growth, and local land values at this level of geography.

**Figure 3: City of Markham Park Service Districts, Intensification Areas, and Future Urban Area**



Source: The City of Markham

### iii. How Parkland is Measured in Markham

The Parks Plan recognizes that Markham features a parkland system that includes a range of park types with a range of specified recreational functions. As articulated in the City's Official Plan, this system includes a range of parks and open spaces, split into a hierarchy of Destination Parks and City Parks that have a variety of functional attributes, distinguished as follows:

- **Destination Parks** – include large and unique parks that attract residents from across Markham and the Region. This includes Conservation Areas and lands associated with the Rouge Park that are intended to serve broader regional, provincial, and in some instances, national interests. In general, these parks perform an important environmental function.
- **City Parks** – refer to parkland that is both owned and maintained by the City, acquired either through the use of *Planning Act* policies or other acquisition tools. The primary function of a City Park is to serve municipal residents' day-to-day parkland needs. Includes parks that may be within Secondary Plans, Precinct Plans, or Comprehensive Block plans, which will be acquired or secured by the City over time.

Other features are considered to contribute to the City's parks and open space system, including open space lands, natural heritage areas, school sites (including associated recreational fields), and privately-owned public spaces (POPS).

It is important to note that only City Parks are considered as part of the assessment of parkland at the citywide and local level, including for evaluation against the City's Official Plan minimum provision target of 1.2 ha per 1,000 residents. While Destination Parks and other parts of the open space system provide additional uses and opportunities not typically provided by City Parks, they cannot compensate for the City's park facilities

and services that would otherwise be required under the *Planning Act* as City Parks.

This distinction is consistent with municipal comparators in how parkland provision is measured for the purpose of evaluating parkland dedication by-laws. Many municipalities, including Markham, have set out their parkland dedication policies such that only programmable, city-owned land (i.e., “table land”) would be given credit towards satisfying a development’s parkland dedication requirement.<sup>6</sup>

#### iv. Current Parkland Provision

A summary of estimated population, parkland provision, and parkland provision rates for the City of Markham as of 2021 is summarized in Table 1.

**Table 1: Parkland Provision Rates by Geography, City of Markham, 2021**

Geography	Population (2021)	Park Area (ha)	Provision Rate (ha per 1,000)
Intensification Areas	46,090	25.56	0.55
Parkland Service Districts	306,740	423.51	1.38
Future Urban Areas	160	5.09	31.67
Outside UGB	1,600	18.97	11.86
<b>Citywide Total</b>	<b>354,590</b>	<b>473.13</b>	<b>1.33</b>

Source: Hemson Consulting, based on data from the City of Markham and Region of York

The Parks Plan parkland inventory analysis identifies a total of 473.13 hectares of City Parks within the City of Markham as of 2021. At the same

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<sup>6</sup> There are a limited number of cases where the City of Markham has, at its sole discretion, accepted lands that would not be classified as part of the City Parks typology, including strata parks, as a contribution towards a parkland dedication requirement. These cases were negotiated agreements based on unique circumstances of the development at the time, and do not represent standard practice for the City.

time, the population of the City was estimated at 354,590<sup>7</sup>. This equates to a citywide parkland provision level of 1.33 hectares per 1,000.

Limiting the analysis to Markham's Intensification Areas, the provision level was just 0.55 hectares per 1,000 people in 2021, or less than half of the City's minimum provision level target. This is both due to the considerably higher population being concentrated into specific areas and the density of development and its effects on land values, highlighting the challenges that face the City when seeking to provide parkland within these neighbourhoods. As these areas are intended by both local and provincial policy to continue to accommodate a heightened share of future growth, the provision of new parks both within and nearby these areas is a key concern for the Parkland Acquisition Strategy.

#### **v. Forecast Growth to 2031**

The City of Markham is forecast to see considerable population growth over the period of 2021-2031, particularly in Intensification Areas. As shown in Table 2 on the following page, the forecast for the City of Markham is anticipating a growth of 90,070 net additional residents by 2031, with a

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<sup>7</sup> Population estimates for both the Parks Plan and the Parkland Acquisition Strategy are based on forecasts of population and households consistent with the York Region 45 percent intensification scenario used in the 2017 Development Background Study update for the Region. These forecasts were used in order to ensure the assumptions used in the Parks Plan and Parkland Acquisition Strategy are consistent with the recent update to the City of Markham Development Charges Background Study, whilst also allowing a breakdown of anticipated growth at a fine-grained level, using traffic zone geographies to estimate growth amongst each of the sub-geographies identified in the Parks Plan.

These forecasts were prepared prior to Statistics Canada releasing the results of the 2021 Census. It should be noted that the 2021 Census showed Markham with a population of 338,503, which is notably less than the regional forecast estimate for 2021. This would result in a parkland provision rate of 1.40 ha per 1,000 residents.

significant portion of this future growth expected to occur within the Intensification Areas and Future Urban Area<sup>8</sup>. This amount of growth will bring with it a commensurate amount of demand for park spaces which will require the City to acquire additional new parks if it is to ensure new residents will have access to a similar standard of parkland in the future.

**Table 2: Forecast Population Change, by Geography, City of Markham, 2021-2031**

Geography	Population (2021)	Population (2031)	10-year Change
<b>Intensification Areas</b>	46,090	80,190	34,100
<b>Parkland Service Districts</b>	306,740	333,570	26,830
<b>Future Urban Areas</b>	160	29,190	29,020
<b>Outside UGB</b>	1,600	1,720	120
<b>Citywide Total</b>	<b>354,590</b>	<b>444,660</b>	<b>90,070</b>

Source: Hemson Consulting, based on data from the City of Markham and Region of York

Additional details on forecast population growth by sub-geography are provided in Appendix 1.

#### **vi. Future Secured Parkland**

To this end, the City of Markham continues to levy its current Conveyance of Parkland By-law and other development agreements to secure additional parkland as a condition of growth. As of time of writing, the City has secured 29.57 hectares of future parkland. The bulk of this land is associated with yet to be completed developments that have already made or committed to their parkland dedication requirements at time of site plan or subdivision approval. These parklands have not yet been added to the City's parkland inventory, but are expected to be complete within the 2022-2031 period. The location of this future parkland is summarized in Table 3.

<sup>8</sup> Despite the previously noted discrepancy between the regional forecast of population for 2021 and the reported Census population in 2021, the growth increment between 2021 and 2031 is still assumed to be 90,070 for the purpose of this analysis.



**Table 3: Future Secured Parkland by Area to 2031**

	<b>Future Secured Parkland (ha)</b>
<b>Intensification Areas</b>	9.83
<b>Parkland Service Districts</b>	18.66
<b>Future Urban Area</b>	1.08
<b>TOTAL</b>	<b>29.57</b>

Source: City of Markham

#### **vii. Impact of Future Growth to 2031 on Parkland Provision**

Based on the impacts of population growth to 2031, should the City acquire no further parkland beyond that which already exists plus that which has been secured, the parkland provision citywide will fall by approximately 0.20 hectares per 1,000 over the planning horizon. As shown in Table 4, this would result in a citywide provision rate of 1.13 hectares per 1,000 residents.

**Table 4: Impacts of Population Change and Park Provision to 2031**

<b>Geography</b>	<b>Population (2031)</b>	<b>Park Area (Existing and Secured) (ha)</b>	<b>Provision Rate (ha per 1,000)</b>
<b>Intensification Areas</b>	80,190	35.39	0.44
<b>Parkland Service Districts</b>	333,570	442.17	1.33
<b>Future Urban Areas</b>	29,190	6.17	0.21
<b>Outside UGB</b>	1,720	18.97	11.05
<b>Citywide Total</b>	<b>444,660</b>	<b>502.70</b>	<b>1.13</b>

Source: Hemson Consulting, based on data from the City of Markham and Region of York

This would result in the City falling below the Official Plan and Parks Plan minimum target of 1.2 hectares per 1,000 residents by 2031. Between the different planning geographies, the Intensification Areas and Future Urban Area will experience the most significant decline in their local provisions standards as a result of the scale of the population change anticipated and

the limited quantum of existing and secured parkland, highlighting the importance of prioritizing additional parks in these areas.

#### **viii. Quantifying Parkland Need to 2031**

In order for the City to maintain the minimum provision target of 1.2 ha per 1,000 residents by 2031, the municipality would need at total of 533.59 ha of parkland, meaning it would need to acquire an additional 30.89 ha of land between now and 2031.

However, seeking to achieve only the minimum provision rate by the 2031 plan horizon would not represent good, nor equitable, planning principles. Doing so would effectively rely on existing local surpluses that were acquired as a condition of previous growth, in order to subsidize the growth occurring in the current planning period. Further, if Markham were to only achieve the minimum amount of parkland by 2031, it would only make it more difficult, and more expensive, to maintain the standard beyond that point, as the municipality will be even more built out and the land available for future parks even more scarce. Taking such an approach would effectively shift the onus and cost burden onto development in the post-2031 period.

Recognizing these issues, and respecting the contextual intricacies of achieving the City's parkland system objectives in an increasingly urban setting, the Parks Plan notes that all future growth will need to continue to provide a minimum 1.2 ha of parkland for every 1,000 new residents. In accordance with this standard, the growth of 90,070 net additional residents by 2031 results in a need of 108.08 additional hectares of parkland. After accounting for the 29.57 ha of parkland already secured as a condition of development already underway, this leaves a net requirement of 78.51 ha, as summarized in Table 5 on the following page.

**Table 5: Parkland Need Associated with Growth to 2031**

	All City Parks
Population Growth (2021-2031)	90,070
Parkland Need (1.2 ha / 1,000 new people)	108.08 ha
Already Secured Parkland by 2031	29.57 ha
Net Parkland Required	78.51 ha

Source: Hemson Consulting, based on data from the City of Markham and Region of York

If the City were to be successful in achieving this level of land acquisition, it would ensure the City continues to achieve the minimum citywide parkland provision standard by 2031 with only a modest decline in the overall provision rate, as illustrated in Table 6 below.

**Table 6: Change in Citywide Provision if Target Acquisitions Achieved**

	Population	Park Area (ha)	Provision Rate (ha per 1,000)
Current (2021)	354,590	473.13	1.33
Target (2022-2031)	90,070	108.08	1.20
Future (2031)	444,660	581.21	1.31

Source: Hemson Consulting, based on data from the City of Markham and Region of York

However, there are numerous challenges that face the City of Markham as it seeks to achieve this objective, both in terms of policy implementation and balancing needs against other municipal priorities. These are expanded upon in the following chapter.

## 4. Challenges Facing Parkland Acquisition

The Parkland Dedication By-law, and the alternative rate provisions in particular, provides the most important tool for Markham to mitigate the impacts of growth on the parks system. However, in the face of rapid urban growth, Markham's current approach to the alternative rate faces serious challenges when seeking to achieve the City's stated parkland acquisition goals while balancing policy impacts to achieve other growth-related objectives. This chapter provides an overview of the main issues facing Markham as it seeks to refine its strategy for meeting the needs of its growing community, while also summarizing lessons learned from neighbouring municipalities facing similar issues.

### A. Challenges to Achieving the Target Provision Rate

In the context of Markham's evolving urban development and the review of its parkland dedication policies, there are a number of key issues which must be recognized. These challenges are summarized as follows:

#### i. Increasing Focus on Growth in the Intensification Areas

The trend towards higher-density development in many of Markham's Intensification Areas is only anticipated to accelerate. Over the long term, the population living in Intensification Areas is expected to grow by 150% between 2021 and 2051, while the Parkland Service Districts are expected to grow by just 16%. With a greater share of future residents living in these communities, providing programmable parkland in locations that are accessible to these neighbourhoods will take on an increasing importance.

## **ii. Requiring the Same Dedication Rate for High Density Development is Financially Challenging**

As recognized as part of the interim cash-in-lieu policy, the current Parkland Dedication By-law and the maximum *Planning Act* alternative rates impose a substantial financial imposition on high-density development projects.

Requiring the same amount of land or equivalent Cash-In-Lieu of land between low- and high-density forms of development simplifies the policy, but doing so results in a comparatively more significant requirement on higher density developments due to their higher land values. However, by reducing requirements for these types of development, it will also reduce the City's ability to acquire parkland locally, where land values reflect the development potential of the neighbourhood.

## **iii. Growing Disparity in Land Values between Neighbourhoods**

An increasing factor in Markham's land economics is the disparity of land values between different neighbourhoods, driven primarily by rising densities and a limited land supply. In Intensification Areas, average land values can reach up to \$50,000,000 per hectare, while many non-Intensification Areas observe averages below \$10,000,000 per hectare. Except in cases where a landowner has been holding onto a property for an extended period – and likely paid far less for the land – this results in significant cost implications to purchase the land needed to make a dedication, or the equivalent amount of CIL if physical dedication is not possible.

## **iv. Difficulties in Securing Desirable, Local Parkland**

Another by-product of intensification is the limitations it poses on securing suitable land dedications on-site or adjacent to new residential developments. As the density of infill communities rise, less land is available for both developers and the City to acquire, driving up market land values and making it challenging to secure appropriate sites to serve as future parks – even when sufficient funds are available to make such a purchase.

## **v. Competitive Disadvantages for Municipal CIL Reserves**

As development increasingly shifts towards an infill context and the previous challenges become more apparent, CIL dedications will play an increasing role in satisfying parkland obligations. However, the City faces many of the same challenges when looking to leverage its CIL funds when making a land purchase, plus a number of others that put the City at a competitive disadvantage:

- The City is generally unable to make land purchases until it has accumulated sufficient funds in its CIL reserve to cover the cost of the purchase. However, land values increasing over time, the effective value of these CIL funds diminishes relative to the land they were originally intended to purchase.
- Disputes regarding the valuation of land when cash-in-lieu requirements are calculated can lead to an appeal at the Ontario Land Tribunal. This can limit the use of funds until the outcome of the appeal is determined.
- Purchases of land by municipal governments undergo a more rigorous due diligence process and slower transaction approval time compared to private developers. This leads to difficulties securing land that is priced at fair market value, especially when land values are rising quickly.
- Although CIL is intended to provide the City with an equivalent value of land, the City bears additional costs when acquiring land through the use of CIL funds. Legal and transactional costs, site preparation, remediation, demolition and construction costs are all borne by the City – costs which are not present when receiving a conveyance of land from a developer.

## **B. Lessons from Other Jurisdictions**

In order to assess how best to respond to these challenges, a review of municipal dedication policies and acquisition approaches was undertaken. Key findings from this review are summarized as follows:

### **i. Alternative Rate Approaches in Ontario Municipalities**

Language in the *Planning Act* does not prescribe the methodology or approach for designing an alternative rate beyond a legislative maximum rate of 1 hectare per 300 units. Therefore, approaches on how to structure a rate to meet local parkland needs are largely left to the discretion of the municipalities. While many smaller rural municipalities in Ontario have not implemented an alternative rate requirement as part of their parkland dedication by-laws, many jurisdictions have applied some form of alternative rate approach. Understanding these approaches informs the approaches Markham could potentially take for its parkland dedication policy and its own alternative rate.

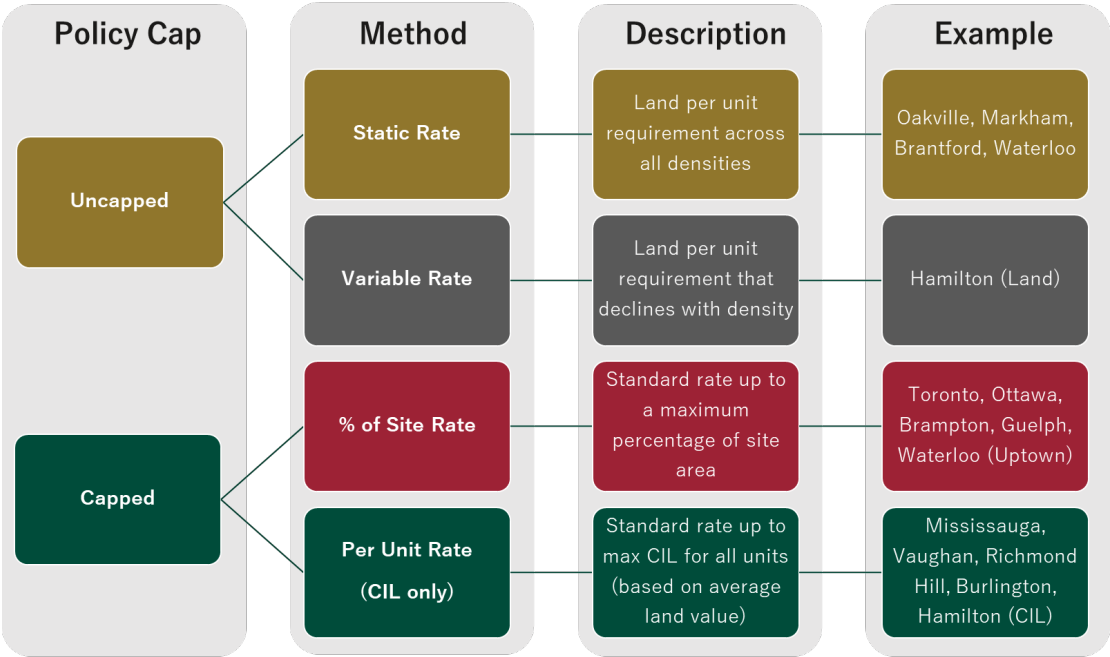
Upfront, it is important to note that the parkland dedication policies in each municipality represent their own assessment of how best to achieve their own specific needs. These needs can vary depending on each municipality's definition of parkland need, their target parkland provision, and other factors such as existing parkland, cost of land acquisition, and development trends.

At a general level, approaches to the alternative rate fall into two primary categories:

- Uncapped land per capita or per unit rates, which represent the demand created by growth with limited restriction to the impact of the policy; or
- Capped approaches, which limit the dedication requirements based on other factors, such as site size or a per unit maximum charge.

In some cases, municipalities have chosen to apply a mix of both approaches, with separate requirements for different areas, densities, or unit types. A summary of the different policy approaches is shown Figure 4.

**Figure 4: Summary of Alternative Rate Methodologies Used by Select Ontario Municipalities**



Source: Hemson Consulting

**a)      Uncapped Alternative Rates**

Including Markham’s current approach, the uncapped approach is characterized by a dedication requirement that scales uniformly with density. This approach has the benefit of reflecting the true value of land relative to all development sites, but can result in significant dedication obligations, even with a low land per unit requirement.

In addition to Markham, Waterloo charges an uncapped rate of 0.15 hectares per 300 units, while Hamilton uses a sliding scale of 1 hectare per 300 units in low-density developments, which decreases down to 0.5 hectares per 300 units for higher density developments greater than 150 units per hectare.



## **b) Capped Alternative Rates**

As a means to manage some of the challenges posed by the uncapped approach, numerous municipalities across Ontario have established a set of ‘caps’ which limit the overall dedication requirement – most commonly by tying the dedication to a maximum percentage of the land being developed, or to a maximum value per unit when accepting CIL. For example:

- The City of Toronto’s current approach charges 0.4 hectares per 300 units up to between 10% and 20% of site size depending on the overall site size.
- The City of Guelph charges the legislative maximum rate of 1 hectare per 300 units, up to 20% of the development site in its downtown, and up to 30% outside of downtown.
- In the neighbouring Town of Newmarket, development outside of the designated urban centres is charged the uncapped maximum of 1 hectare of land per 300 units. However, developments within the urban centres must provide 0.7 ha for every 1,000 residents – up to a maximum of 50% of the development site.

Alternatively, capped rates can place limits on equivalent value, rather than site size. For example:

- The City of Mississauga recently updated their by-law to require 1 hectare of land for every 300 units in low-density forms of development. Medium- and high-density forms of development (townhouses and apartments) must provide 1 hectare of land for every 500 units, with the calculation of CIL requirements capped at no more than \$25,112 per unit.
- A similar approach is applied in the City of Vaughan, which also recently updated its by-laws to require a maximum of \$27,994 per unit when calculating CIL requirements.

More details on these policy approaches are provided in Appendix 2.

## **ii. Benefits and Drawbacks of Capped Approaches**

Capped approaches provide the benefit of reducing the cost of the dedication requirement, particularly in high-density contexts, while also often making it easier to predict for both municipal staff and developers. This can reduce uncertainty in the development process and help municipalities by simplifying the administrative process for calculating dedication requirements.

The concession of this approach from a parkland planning standpoint is the disrupted linkage between population growth and parkland provision. If a cap is implemented, the difference between the capped requirement and the uncapped rate represents a gap between need created by the development and the dedication (or value of CIL) provided. This diverging gap in parkland need is most notable in areas where densities are highest, such as in intensification areas, where parkland provision is often already at its lowest.

Proponents of capped approaches note that the CIL value of capped dedications can be reallocated to other parts of the City where land is more affordable if the City wishes to maintain its provision standard. However, this often results in less parkland in the areas where growth is occurring, raising questions about access and equity for those high growth neighbourhoods where parkland provision will often only continue to decline.

It should also be noted that following the passage of Bill 197, many municipalities are also re-evaluating their alternative rate practices. In the case of municipalities where capped rates were previously applied, it is almost uniformly the case that their caps are increasing as they re-assess the effectiveness of their policies against changing development trends.

### **iii. Implications for Markham's Parkland Dedication Policy**

The above alternative rate approaches have been considered in their various forms in the context of City of Markham's current dynamics and challenges. Through a comprehensive review undertaken alongside staff, stakeholders, and the Markham's Development Services Committee, some approaches, such as the capped policies, were determined to be incompatible with the quantum and location of parkland need sought by the Markham Parks Plan.

At the same time, it was determined that it would no longer be appropriate for the City to continue levying a standard uncapped rate across all unit types, as such an approach would not support Markham's other objectives of encouraging higher-density forms of development in strategic growth locations.

Instead, a novel uncapped rate, inspired by the interim cash-in-lieu strategy and in particular the "Proximity Ring" approach, was developed. This new approach, which seeks to mitigate the impacts to higher-density apartment built-forms while still achieving Markham's parkland acquisition objectives, is described in greater detail in the following chapter.

## **5. Establishing a Recommended Policy Approach**

Building on the previous findings, this chapter summarizes how a new recommended policy approach for Markham's Parkland Dedication By-law was developed.

### **A. Key Principles Guiding the Development of the Recommended Approach**

In order to meet Markham's unique needs, five key principles were established to provide a framework for creating a new alternative parkland dedication policy. In addition, ongoing consultation with industry stakeholders and feedback from Markham City Council's Development Services Committee have helped refine the key principles and guided the finalization of the preferred approach.

#### **i. Meeting the Minimum Citywide Provision Target**

The City's minimum parkland provision standard of 1.2 ha of City Parks per 1,000 residents is articulated in both the Official Plan and the Parks Plan. As noted in the previous chapter, in order for the City to maintain this standard over the long-term, the dedication requirements of the by-law will need to be such that new growth provides enough parkland to match this standard.

#### **ii. Maintaining a Direct Link between Parkland and Population**

As established in the previous chapter, certain parkland dedication rate methodologies scale proportionally with new population, while others (particularly capped rate methods) fail to keep pace with the demand created by vertical forms of development. This discrepancy is emphasized in

higher-density areas where caps make it difficult to ensure a reasonable level of local parkland provision in neighbourhoods experiencing said growth.

Markham's minimum provision target and supporting Parks Plan recommendations demonstrate a clear need to maintain an alternative dedication rate that scales with growth at both the citywide and local level. However, there is a distinct difference in both anticipated need and land values between Markham's Intensification Areas, the Future Urban Area, and other established neighbourhoods. To this end, capped approaches were not deemed to be sufficient to meet the diverse and distinct needs across Markham's many neighbourhoods.

### **iii. Targeting a Lower Local Parkland Provision in Intensification Areas**

The Parks Plan emphasizes the need to for local, accessible parkland across the municipality. At the same time, it recognizes that the standards that apply at the citywide level may no longer be feasible to achieve in Markham's Intensification Areas, recommending instead a reduced quantum of local parks that are to be developed to an increased urban standard.

Informed by the interim Proximity Ring approach and recommended considerations outlined by the Parks Plan, the new approach should target a local parkland provision of 0.4 ha per 1,000 new residents in Intensification Areas. The remainder 0.8 ha per 1,000 new residents of parkland required to satisfy the minimum provision standard should be acquired outside of Intensification Areas through a reallocation strategy.

### **iv. Charging a Reduced Rate for High-Density Residential**

Another key challenge for parkland planning in Markham is the disparity in land value citywide. In particular, the elevated land values associated with high-density residential development that can result in unfeasible dedication requirements compared to other forms of development.

While a capped alternative rate on parkland dedications has already been identified as incompatible with Markham’s parkland needs, the preferred approach should employ a reduced uncapped alternative rate to new residential developments that are particularly affected by the increased burden of providing parkland dedications on high-value parcels.

**v.      Reallocating Parkland Acquisitions across the City to Opportunity Areas and Areas in Need**

Per Official Plan policy, Markham should aim “to achieve a balanced distribution of parks and open space facilities and activities.” In employing a reallocation approach, there is opportunity for the City of Markham to use its cash-in-lieu reserves in such a way that it achieves the citywide parkland provision standards while also addressing service area gaps through the development of new parks that are accessible to both growth areas and areas that are currently underserved by local parks.

**B.      Determining a Recommended Approach for Markham’s Alternative Parkland Dedication Rate**

In developing the recommended approach, a number of dedication rate methodologies were developed and considered in terms of how well they addressed the five aforementioned principles. Going beyond a policy review analysis, variations of the three methods below were all tested using a Parkland Dedication Forecast Model, which estimated the impact each policy approach would have on parkland provision at a local and citywide level, while also estimating the policy impact in terms of average CIL required per unit. The policy options are summarized as follows:

**i.      Option 1: Uncapped Rate with Citywide Reallocation**

The first option considered how best to achieve both the citywide provision rate of 1.2 ha per 1,000 new residents while also ensuring a lower minimum provision rate for Markham’s Intensification Areas. A number of local area

provision rates were tested, ranging between 0.2 and 0.6 ha per 1,000 new residents in the IAs before settling at a rate of 0.4 ha per 1,000. The scenarios achieved this by assuming all development outside of the Intensification Areas would provide enough land in area to achieve the minimum provision rate relative to their own growth, while solving for a rate within the Intensification Areas that would ensure the minimum rate locally before allocating the rest (via CIL) to other parts of the city.

**ii. Option 2: Uncapped Rate Focused on Intensification Area Provision**

This alternate to the first option considered what a reduced policy requirement could look like if the policy still achieved the minimum provision rate within the Intensification Areas, but without allocating cash elsewhere in the city. Rates outside to the Intensification Areas remained the same. Effectively, this option reduced the rates from the first option at the cost of achieving the citywide provision rate.

**iii. Option 3: Static Capped Rate with Citywide Reallocation**

This third scenario was developed to demonstrate what sort of local and citywide provision could be achieved if the City were to adopt a static percentage of land-based cap, similar to other municipal comparators, for development inside the Intensification Areas. A number of static capped rates were considered and tested, ranging from 20% of site size to 50% of site size (or equivalent cash-in-lieu). Rates outside of the Intensification Areas were assumed to remain uncapped. Rather than solving for a minimum amount within the Intensification Areas, this approach assumed approximately 75% of land and CIL value would stay in area, while the remaining funds would be reallocated elsewhere in Markham to maximize their purchasing power.

The capped rate approach presented some of the most notable reductions to the dedication requirements in terms of implied cost per unit. However, it

also failed to achieve the minimum citywide provision standard, and also resulted in significantly less land within the Intensification Areas than either of the first two options.

### **C. Consultation on Options and Direction for Preferred Approach**

Results from the preliminary options modelling were shared both internally and at public meetings to both industry stakeholders and the City of Markham Development Services Committee (DSC). There was considerable discussion on the strengths and weaknesses of each approach. In particular:

- Option 1 was considered favourable due to it balancing the objectives of maintaining a reasonable local and citywide provision rate at the cost of a higher average dedication requirement imposition.
- Conversely, Option 3 was noted as the preferred option from members of the development community on account of it offering a more predictable requirement with a comparatively more manageable cost per unit.

Through the course of consultation, the issue of policy impact between different geographies and built forms was raised. Previously, the policy options only considered a policy reduction for units located within the defined Intensification Areas. However, higher density developments outside of these neighbourhoods were assumed to pay the *Planning Act* maximum amount. Ultimately, following a workshop to discuss the policy options at a special meeting of DSC on July 15, 2022, staff and the project team were directed to further refine Option 1 to test the impacts of a distributed approach that would ensure the local and citywide provision while also offering a reduced rate for all apartment units regardless of location.



## **D. Recommended Policy Approach**

Based on the feedback and direction provided by DSC at the special meeting on July 15<sup>th</sup>, further analysis was conducted using the Parkland Dedication Forecast Model to refine Option 1 into a revised alternative rate, with two separate rates based on development typology. This revised alternative rate now serves as the recommended policy approach, and is detailed as follows:

### **i. Legislative Maximum Alternative Rate for Ground-oriented Units**

The recommended approach maintains the existing uncapped alternative rate of 1 ha of land conveyance per 300 units, or cash-in-lieu equivalent to 1 ha of land per 500 units, for all Ground-oriented residential units including single-detached, semi-detached and street-oriented townhomes. These rates represent the maximum permitted under the *Planning Act*.

### **ii. Reduced Alternative Rate for Apartment Units**

The recommended approach introduces a reduced uncapped rate of 0.55 ha of land, or equivalent CIL, per 500 Apartment-type units<sup>9</sup>. As detailed in the following Chapter, this rate is sufficient to provide 0.4 ha/1,000 of local parkland provision in Intensification Areas as well as provide CIL for reallocation to “make up” the parkland required to meet the citywide provision target of 1.2 ha per 1,000 new residents.

### **iii. Reallocation of Parkland Cash-in-lieu to Balance Local and Citywide Provision**

In order to achieve the minimum citywide parkland rate, while also achieving a minimum level of in-area parkland contributions, the proposed approach assumes a majority of dedications from Apartment projects will be made in

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<sup>9</sup> For the purpose of the analysis and by-law implementation, Apartments are inclusive of any stacked townhome residential units.

the form of CIL, which can then be allocated strategically between local neighbourhoods and citywide projects.

The recommended approach does not mandate a specific reallocation scheme by design, as CIL reserves should remain flexible so that the City can take advantage of acquisition opportunities as they present themselves. However, in order to achieve the objectives stated in the previous section, it is assumed the City will prioritize acquisitions in areas such that they are equivalent to 0.4 ha per 1,000 residents in each neighbourhood, before directing the remaining CIL reserves to other parts of the City to maximize their utility towards achieving the citywide provision rate.

This is assumed to be accomplished through the acquisition of land for larger, city-serving parks located in established residential areas and along the urban periphery. In these areas, where land is comparatively less expensive, the City will need to prioritize the development of sporting fields and other recreation facilities, preferably in locations that are well served by transit and active transportation to ensure they remain accessible to residents throughout Markham.

Additional details on the recommended policy approach and its implications as demonstrated through the Parkland Dedication Forecast Model are detailed in the following chapter.

## 6. Parkland Dedication Forecast Model

In order to identify and justify a rate structure based on the recommended policy approach, a detailed financial modelling exercise was conducted to ensure Markham's parkland provision needs could be met. This chapter describes in detail the methodology, inputs and assumptions for determining the alternative rate structure, and the results of this modelling exercise.

### A. Overview of the Parkland Modelling Exercise

#### i. Objectives of the Model

There are three primary objectives of the modelling exercise. They are as follows:

1. Identify the reduced rate required to be charged to new Apartment units, such that Markham's citywide and local parkland provision target is satisfied and the distribution of future parkland across the city is equitable.
2. In tandem with the above objective, identify how parkland acquisitions will need to be allocated across the city such that Markham's parkland provision target is satisfied and that the distribution of future parkland across the city is equitable.
3. Provide a transparent and defensible approach to identifying parkland need and determining the rate structure associated with the preferred policy approach.

#### ii. Limitations of the Model

It is important that a disclaimer be provided outlining the high degree of uncertainty related to financial modelling for future development.

Assumptions related to the timing, location, market values, and availability of land, among many others, are made to provide an estimate of the total amount of land and CIL to be acquired through the recommended approach to the alternative parkland dedication rate. However, as these factors are interconnected, unpredictable, and easily affected by factors outside of the municipality's control, discrepancies between the model's results and the observed outcomes are inevitable.

Recognizing these limitations and uncertainties, the Parkland Dedication Forecast Model represents a reasonable outlook for future development and parkland acquisition, and represent our current understanding of growth and market trends based on the data available today.

## **B. Summary of Key Modelling Assumptions**

A number of assumptions associated with development and growth patterns were used as part of the modelling process. These include several established figures found earlier in this report, assumptions found in other forecasts and planning reports related to Markham's growth patterns, and assumptions established for the purpose of this study between municipal staff and the consulting team. The critical assumption inputs to the model are summarized as follows:

### **i. Unit Growth to 2031**

As described in Chapter 3, growth forecasts from York Region's Development Charges Background Study estimate a growth in the City of Markham to 2031 of approximately 90,070, distributed to each geography identified in the Parks Plan using traffic zone-level allocations. To estimate how this growth will translate into residential unit types, an analysis was conducted using current and upcoming development patterns, and established person-per-unit assumptions based on the same assumptions used in the City of Markham's most recent Development Charges

Background Study, as summarized in Table 7 below. The analysis informs the model of the estimated number of new residential units in each parkland area, in addition to the unit distribution across Single-detached, Semi-detached, Row house, and Apartment unit types.

**Table 7: Persons Per Unit Assumption by Residential Built Form Type**

	Single Detached	Semi-detached	Row house	Apartment
Persons Per Unit	3.83	3.39	2.89	1.92

Source: City of Markham Development Charges Background Study Appendix A, based on special run data provided by Statistic Canada

In total, an estimated 32,675 new residential units are expected by 2031, including 13,400 new Apartment units<sup>10</sup> (Table 8).

**Table 8: Citywide Unit Growth Forecast by Unit Type to 2031**

	Ground-Related	Apartments	Total Units
Citywide	19,275	13,400	32,675

Source: Hemson Consulting, based on York Region 45% intensification scenario.

## ii. Future Secured Parkland Associated Growth

As described in Chapter 3, approximately 29.57 ha of parkland has already been acquired by the City for new residential developments associated with growth in the 2021 to 2031 planning period. This future secured parkland contributes towards the 108.08 ha of parkland need associated with new growth to 2031.

<sup>10</sup> Due to differences in forecast allocation methodologies at the sub-regional level, the unit forecast shown here anticipates a slightly higher number of apartment units (~+125 or less than a 0.3% discrepancy) when compared to Appendix A of the recent City of Markham Development Charges Background Study. This difference is small enough to be considered negligible for the purposes of the modeling exercise.

To account for new population associated with this secured parkland, the model assumes it as a contribution equivalent to the parkland by-law and Official Plan target of 1.2 ha/1,000 residents. As such, the 29.57 ha of future secured parkland accounts for the parkland need of approximately 24,640 future residents, as shown in Table 9.

**Table 9: Population Growth Associated with Future Secured Parkland**

	<b>Future Secured Parkland</b>	<b>Rate of Credit</b>	<b>Associated New Residents</b>
<b>Citywide</b>	29.57 ha	1.2 ha/1,000	24,640

Source: Hemson Consulting

In instances where future secured parkland exceeds the need of local growth beyond 1.2 ha/1,000 new residents in a given neighbourhood, the remaining surplus parkland is allocated towards need generated by Apartments and Intensification Area units that would otherwise be satisfied through CIL redistribution to established residential areas (rather than satisfy local area need). This way, surplus future secured parkland does not account for the local need of any other parkland planning area.

### **iii. Land Value Assumptions**

Land values are estimated at the sub-geography level based on data provided to the City of Markham by a professional land appraiser. These land value assumptions are used to inform the assumed CIL generated by projects in each area based on predominant development density in each, along with the assumed cost of purchasing additional parkland in those neighbourhoods using CIL.

These local land value assumptions also inform two land values for calculating the cost to acquire parks using redistributed parkland acquisitions in low-density areas. One for purchases within the established residential area (including the Parkland Service Districts and Future Urban

Area), and the other in whitebelt lands on the urban periphery<sup>11</sup> of the city. The range of land value inputs by area are summarized in Table 10 below, and in greater detail in Appendix 1.

**Table 10: Average Land Values for Purposes of CIL Calculations (2022 \$)**

	Land Value per Hectare
<b>Intensification Areas</b>	\$13,600,000~\$49,400,000
<b>Non-Intensification Areas</b>	\$8,600,000~\$13,600,000
<b>Future Urban Area</b>	\$8,000,000
<b>Low Density (Established Areas)<sup>12</sup></b>	\$8,800,000
<b>Low Density (Periphery)</b>	\$1,200,000

Source: City of Markham

#### **iv. Land Dedications versus Cash-In-Lieu**

Parkland dedication requirements can be met through the direct dedication of land to be used for parkland purposes, or as cash-in-lieu of parkland for the City to then use towards parkland acquisitions. Importantly, the *Planning Act*'s maximum alternative rate allows for a higher requirement for land dedications (1 ha per 300 units) versus cash-in-lieu (1 ha per 500 units).

It remains at the City's sole discretion as to when and where a conveyance of CIL will be appropriate, with the dedication of land always being the preferred option where possible. However, for the purposes of the modelling

<sup>11</sup> The term "urban periphery" or "periphery" is referenced often in describing the methodology of the model and the recommended approach, particularly with regards to the reallocation strategy of cash-in-lieu. It should be noted that these are not official policy terms, or terms referenced by the City of Markham. The term refers to lands on the edge of the Urban Growth Boundary, characterized by a lack of development and lower than average land values. As mentioned in description of the preferred approach (Chapter 5D), the reallocation strategy is meant to guide and inform the optimal use of CIL funds, rather than direct municipal acquisition policy.

<sup>12</sup> The Low Density (Established Areas) assumption is calculated as an average of the cost per hectare of land in each of the Parkland Service Districts and Future Urban Area, weighted based on the share of population allocated to each in the growth forecast.

exercise, an assumption is made such that all Apartments citywide and Ground-oriented units in Intensification Areas provide 100% cash-in-lieu. This reflects the observed and anticipated trends as it relates to land dedications in the Intensification Areas, where physical land dedications are increasingly more difficult to secure in a form that is satisfactory to the City. This is not meant to imply that the City will not continue to seek or accept physical land dedications in these areas, only that such examples are likely to be far less frequent in the future.

Ground-oriented units in other parkland planning areas are assumed to provide, in aggregate, 25% of its charge as cash-in-lieu<sup>13</sup>. These assumptions, which are summarized in Table 11 below, were reviewed and confirmed with City staff.

**Table 11: Cash-in-Lieu/ Land Dedication Assumptions by Area by Type**

	% of Dedication as CIL
<b>Apartments</b>	
Intensification Area	100%
Non-Intensification Area	100%
<b>Ground-Oriented Units</b>	
Intensification Area	100%
Non-Intensification Area	25%

Source: Hemson Consulting

While the land dedication assumption has implications in determining the dedication requirements on units being charged at the *Planning Act* maximum rate, the model does little to differentiate the two methods of dedication beyond this. As land dedicated should represent local land

<sup>13</sup> The City of Markham maintains the need for low-density Ground-oriented units to provide the full dedication of land whenever possible. However, this assumption reflects the likelihood that in some urban infill projects, not all projects will be able to achieve the full dedication requirements through the conveyance of land on-site, requiring instead an off-site or partial CIL contribution in specific cases.



values, there is effectively no difference in value between a 1-hectare on-site dedication, and a cash-in-lieu dedication equivalent. The model therefore primarily considers both land dedications and cash-in-lieu as equivalent “dedication value” provided by the developer (represented in 2022 dollars).

#### **v. Intensification Area Provision and Cash-in-lieu Reallocation**

The assumptions in this modelling exercise and the resulting rate structure carries forward the principles of the Proximity Ring approach. It does so by assuming a lower local provision target of 0.4 ha/1,000 for any development within the Intensification Areas, along with any Apartment unit developed in other parts of the city, before solving for the remaining CIL amount needed to achieve the citywide target. While the distribution of land varies between each area based on local land values and already secured parkland, the total contribution from each development ultimately ensures the City will be able to deliver the minimum provision rate of 1.2 ha per 1,000 new residents.

**Table 12: Local Provision Target for New Growth by Area by Type**

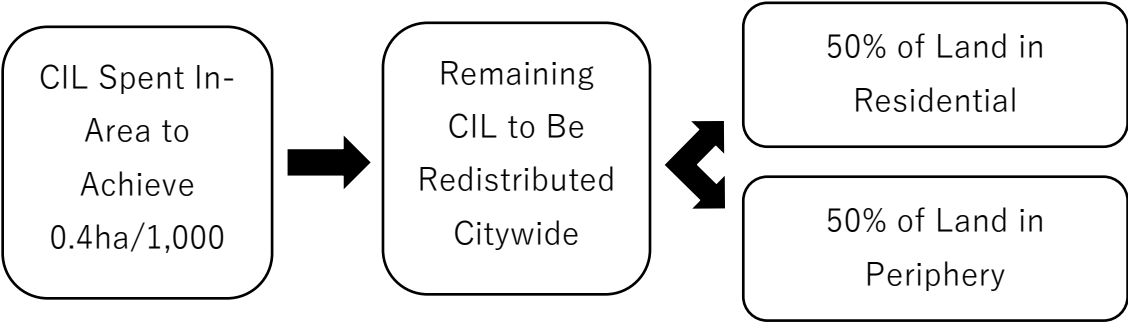
	In Area	Outside of Area	Citywide Total
<b>Intensification Area</b>			
Ground-Oriented	0.4 ha / 1,000	0.8 ha / 1,000	1.2 ha / 1,000
Apartments	0.4 ha / 1,000	0.8 ha / 1,000	1.2 ha / 1,000
<b>Outside Intensification Areas</b>			
Ground-Oriented <sup>14</sup>	1.2 ha / 1,000	0.0 ha / 1,000	1.2 ha / 1,000
Apartments	0.4 ha / 1,000	0.8 ha / 1,000	1.2 ha / 1,000

Source: Hemson Consulting

<sup>14</sup> Given the higher likelihood of Ground-oriented projects outside of the Intensification Areas being able to provide a suitable physical land dedication, these projects are not assumed to be major contributors to the citywide allocation of CIL funds. As such, the model assumes any dedications from these projects will be focused to meet the parkland need associated with their growth locally within the neighbourhood in which they are being built.

For scenarios where the local parkland target is 0.4 ha/1,000, the remaining 0.8 ha/1,000 of need generated by a given development is assumed in the model to be achieved by redistributing CIL funds elsewhere in the city. An assumption is made that 50% of the remaining need will be satisfied outside of Intensification Areas but within the other established residential areas, while the other 50% of the remaining need will be satisfied in via the purchase of undeveloped urban periphery whitebelt lands (Figure 5).

**Figure 5: Distributing Apartment and Intensification Area CIL Dedications**



Source: Hemson Consulting

It follows that apartment developments located outside the Intensification Areas may see an effective local provision up to 0.8 ha/1,000 residents, if accounting for both the 0.4 ha/1,000 designated to be met in-area as well as 50% of the 0.8 ha/1,000 of remaining need, which need not be, but could in theory be located in-area as well.

**vi. Growth Outside the Urban Growth Boundary**

As part of the unit allocation, approximately 120 population growth associated with 30 new units are anticipated to occur beyond the urban growth boundary across the life of the plan. Parkland need associated with this growth is equal to 0.14 hectares. Given historic dedication patterns, it is assumed that this parkland need will be met through the standard rate levied against these units. As such, this population and the associated units and parkland need are netted out of the parkland allocation modelling.

## C. Modelling Methodology and Process

The Parkland Dedication Forecast Model (“the model” or “the parkland model”) is a pricing model which aims to solve for the reduced parkland dedication rate that can be attributed specifically to Apartment units and the growth pressures they create as identified in the recommended approach. This rate is equal to that which would need to be charged to all new Apartment units in order to achieve the City of Markham’s parkland policy targets, including its citywide provision target of 1.2 ha/1,000 new residents.

In brief, the model estimates future need, then accounts for how this future need will be met by the estimated dedication of all residential developments. This process begins with the accounting of future secured parkland and continues until only units that will be charged the reduced parkland dedication rate (Apartments) remain. Then, a singular reduced rate necessary to satisfy the net remaining parkland need is calculated.

Below is a more in-depth, step-by-step methodology of the modelling process. Figures referenced below may have been described in previous section, but are reiterated for the sake of clarity.

1. Population growth to 2031 is allocated across the 10 Intensification Areas, 26 Parkland Service Districts, the Future Urban Area, and growth outside the Urban Growth Boundary. The forecasted growth in population is approximately **90,070** across these areas.
2. By parkland area, population is allocated across Single-detached, Semi-detached, Row house, and Apartment development typologies. A total of **32,675 units** are forecasted.
3. Parkland need generated by this new growth is calculated, by housing type. Based on the *Official Plan* minimum provision target of **1.2 ha/1,000** residents, a need of approximately **108.08 ha** of new

parkland is identified, of which **107.95 ha** is associated with growth within the Urban Growth Boundary.

4. Approximately **29.6 ha** of parkland associated with 2021-2031 growth has already been secured. This accounts for parkland need generated by approximately **24,640 new residents** and **9,330 units**. Both the future secured parkland and the associated population are netted off of future parkland need to 2031, resulting in **78.39 ha** of remaining new parkland need generated by **65,310 new residents** and **23,345 units**, split between **9,920 Apartments** and **13,425 Ground-oriented**.
5. Following this net-off, parkland need by area and by type are recalculated based on the above figures (Table 13).

**Table 13: Parkland Need Generated Net of Future Secured Parkland**

	Parkland Need (Net Future Secured)
Intensification Area	31.1 ha
Non-Intensification Area	47.3 ha
<b>Total</b>	<b>78.4 ha</b>

Source: Hemson Consulting

6. The estimated total dedication value from Ground-related units citywide is calculated using the uncapped *Planning Act* maximum alternative rate, based on assumptions outlined in the previous section. For units in Intensification Areas, the model assumes the City will acquire land within the neighbourhood to achieve a local provision rate of 0.4 ha/1,000 before the remainder of cash-in-lieu collected is redistributed citywide. This results in approximately **\$554.8 million** in estimated parkland value levied across all Ground-oriented units, **\$464.9 million** of which is redirected to local land acquisitions (equivalent to **40.6 ha**). This leaves **\$89.8 million** in CIL which is redistributed from the Intensification Areas to other parts of the city.

**Table 14: Estimated Dedication Value for Ground-Oriented Units**

	Dedication Value
<b>Total Dedication Value</b>	\$554,800,000
Dedication Spent Locally	\$464,900,000
Land Achieved Locally	40.6 ha
Residual CIL Redistributed Citywide	\$89,800,000
Land Achieved via Redistribution	18.0 ha

Source: Hemson Consulting

7. Accounting for the 40.6 ha of local acquisitions via dedications and CIL from Ground-oriented units, the remaining need required to achieve a parkland provision of 1.2 ha/1,000 new residents citywide is **37.8 ha**.
8. Spending the surplus cash-in-lieu residual of \$89,800,000 based on the allocation policy of 50% to established residential areas and 50% to the urban periphery (in terms of land acquired), nets approximately **18.0 ha** of land split evenly between the two geographies. The remaining **19.8 ha** of land is what must be provided by Apartment units using the reduced alternative rate.

**Table 15: Total Parkland Provided by Ground-oriented Units**

	Land Area	Avg. Value per Ha
<b>Intensification Areas</b>	4.6 ha	\$28,600,000
<b>Parkland Service Districts</b>	13.3 ha	\$11,400,000
<b>Future Urban Area</b>	22.8 ha	\$8,000,000
<b>CIL – Established Areas</b>	9.0 ha	\$8,800,000
<b>CIL - Urban Periphery</b>	9.0 ha	\$1,200,000
<b>TOTAL</b>	<b>58.6 ha</b>	<b>\$9,500,000</b>

Source: Hemson Consulting

9. Based on the recommended approach, Apartment units should achieve a local parkland provision of 0.4 hectares per 1,000 new residents, with the remaining parkland distributed between established residential areas and urban periphery lands. Based on the forecast estimates of **7,570 Apartments** in Intensification Areas this identifies a need of approximately **5.8 ha** of Intensification Area acquisition.
10. The breakdown for engineering the reduced Apartment rate is as follows: the rate, when charged to the remaining **9,920 new Apartments citywide**, must provide **19.8 ha** of parkland. Within those 9,920, the **7,570 Intensification Area** apartments must provide **5.8 ha** hectares of local land to achieve the provision target of 0.4 ha per 1,000 new residents within Intensification Areas. Any remaining CIL value from those units, in addition to CIL levied from the rest of the Apartments, must achieve the final **14.0 ha** across the established residential areas and the urban periphery.
11. The resultant rate to be charged to Apartment units citywide to achieve these goals is **0.535 ha per 1,000 residents** or **0.55 ha per 500 units** based on current occupancy patterns. The rate remains the same regardless of whether it is met through land dedication or CIL.

## D. Analysis Results

The results of the parkland modelling exercise show the effective rate structure, and estimated parkland provision under the dedication by-law if following the recommended approach. These outputs inform the final by-law rate to be approved by council.

### i. Rate Structure

Following the model methodology outputs, rate of 0.55 hectares of land or equivalent cash-in-lieu per 500 apartment units. This reduced rate, together with the legislative maximum rate charged to Ground-oriented units shown in Table 16, will enable Markham to ensure it can grow its parkland system in step with anticipated residential growth over the next 10 years.

**Table 16: Recommended Structure for Parkland Dedication Rate**

	Intensification Area	Non-Intensification Area
<b>Apartments</b>	0.55 ha/ 500 units	
<b>Ground-Oriented</b>	<i>Planning Act</i> Maximum Alternative Rate 1ha/300 units (dedication) or 1ha/500 units (CIL)	

Source: Hemson Consulting

### ii. Estimated Average Charge per Unit

Table 17 shows the estimated impact of the proposed policy approach in terms of the average cost of the dedication requirement in terms of the CIL value per unit, broken out by development typology.

**Table 17: Estimated Average Per Unit Charge Under Preferred Approach**

	Average CIL per Unit (Citywide)
<b>All Units</b>	\$33,240
<b>Apartments</b>	\$30,460
<b>Ground-Oriented</b>	\$34,980

Source: Hemson Consulting

At a citywide level, the proposed policy approach would result in an average cost of \$33,240 per unit. Apartment units average to approximately \$30,460, while Ground-oriented units average \$34,980 per unit.

It is important to note that these figures represent averages spread across all neighbourhoods based on mean land values and development densities within each neighbourhood. Depending on the location and density of a project, the cost per unit may vary from the calculated average, in some cases significantly higher or lower, as determined by site-specific appraisal.

### iii. **Parkland Provision and Allocation**

The modelling output with regard to parkland provision and allocation reflect the policy decisions of the recommended approach, including the reduced provision for local land for Intensification Area units and Apartment units citywide. In total, the estimated 10.37 hectares of Intensification Area parkland to be acquired reflects 0.4 hectares per 1,000 new residents in Intensification Areas, net of secured parkland. Likewise, the 78.52 hectares of parkland acquired citywide reflects 1.2 hectares of need per 1,000 new residents, net of secured parkland, split across the Parkland Service Districts, Future Urban Area, and urban periphery, as shown in Table 18.

**Table 18: Total Additional Parkland Acquired by 2031**

	<b>Estimated Parkland Acquired</b>
<b>Intensification Areas</b>	10.37 ha
<b>Non-Intensification Areas</b>	56.02 ha
<b>Urban Periphery</b>	12.13 ha
<b>TOTAL</b>	<b>78.52 ha</b>

Source: Hemson Consulting

Together, the parkland model outputs and the future secured parkland combine to achieve 108.08 hectares of newly acquired parkland between 2021-2031. This number achieves a parkland provision of 1.2 ha per 1,000



new residents relative to the 90,070 new residents forecasted to Markham within the planning horizon (Table 19).

**Table 19: Estimated Parkland Acquired Including Secured Parks to 2031**

	<b>Already Secured</b>	<b>New Acquisitions</b>	<b>Total Added</b>
<b>Intensification Areas</b>	9.83 ha	10.37 ha	20.20 ha
<b>Non-Intensification Areas</b>	19.74 ha	56.02 ha	75.76 ha
<b>Urban Periphery</b>	-	12.13 ha	12.13 ha
<b>TOTAL</b>	<b>29.57 ha</b>	<b>78.52 ha</b>	<b>108.08 ha</b>

Source: Hemson Consulting

Including both parkland already secured and parkland acquired through the alternative rate to 2031, the Markham's total area of City Parks would increase to 581.21 ha. With a forecast population of 444,660 in 2031, this would bring Markham's cumulative parkland provision rate to 1.31 ha per 1,000 people, as shown in Table 20 below. This would represent a modest decline from the current figure of 1.33 ha per 1,000, but would remain above the City's target minimum of 1.2 ha per 1,000.

**Table 20: Projected Total Parkland Provision Rate by 2031**

	<b>Population</b>	<b>Park Area (ha)</b>	<b>Provision Rate (ha per 1,000)</b>
<b>Current (2021)</b>	354,590	473.13	1.33
<b>Additions (2022-2031)</b>	90,070	108.08	1.20
<b>Future (2031)</b>	444,660	581.21	1.31

Source: Hemson Consulting

## **E. Sensitivity Testing – Impacts of Other Policies and Discretionary Exemptions**

While the Parkland Dedication Forecast Model is intended to represent a best-case scenario where all projects provide a parkland contribution in line with on the policy principles described, other policies have the potential to reduce the dedication requirements for certain projects. Two policies in particular have been identified as likely reductions to the projected parkland modelling work:

- Discretionary dedication reductions set by Council policy in order to incentivize the delivery of not-for-profit and other preferred forms of affordable housing; and
- Parkland dedication limits imposed by the province in cases where an area is designated as a Transit Oriented Community.

In order to estimate the potential impact of these policies, sensitivity tests scenarios were built into the Parkland Dedication Forecast Model, projecting the reduction in total land and equivalent value that would result.

Given the nature of these policy interventions, the foregone dedication value is not assumed to be offset by an increase in the effective alternative rate, or elsewhere within the parkland dedication policy framework. Instead, it is assumed as foregone dedication value. In effect, these impacts represent land that the City will need to offset via different means of acquisition, including property tax or grant funded purchases, or otherwise will result in a decline the City's parkland provision rate.

### **i. Potential Exemptions for Affordable Housing**

Across municipal comparators, certain forms of development are offered a reduction or exemption from a parkland dedication requirement in order to incentivize certain uses. The development of affordable, or below market

housing, is one such form of development that is commonly considered in other municipal by-laws. There is already a precedent for parkland dedication abatements in Markham, with the Interim By-law offering a full exemption for not-for-profit managed affordable rental housing projects, along with reductions for purpose-built rental and affordable rental projects.

The proposed alternative rate for apartment buildings would result in requirements in line with the reduced rates offered to purpose built and affordable rental units under the Interim Bylaw. However, it is recognized that Council may wish to continue offering the exemption for not-for-profit housing, along with further reductions for other types of affordable housing at its discretion.

In order to estimate the impacts of such an exemption, City staff assume somewhere between 2.5% and 10% of all housing units could qualify for some form of exemption or reduction. While the definitions of what would specifically qualify for a full or partial exemption were not provided, the sensitivity scenario is modelled to assume a low, medium and high impact scenario based on this range at a full (100%) exemption. The results of such an exemption are summarized in Table 21.

**Table 21: Estimated Impacts of Affordable Housing Exemption by 2031**

	<b>Low Scenario (2.5% of units)</b>	<b>Mid Scenario (5% of units)</b>	<b>High Scenario (10% of units)</b>
<b>CIL Value Forgone (2022\$)</b>	\$25,500,000	\$45,000,000	\$90,000,000
<b>Equivalent Land Forgone</b>	2.0 ha	3.9 ha	7.8 ha

Source: Hemson Consulting

## ii. Capped Dedications in Transit Oriented Communities

Bill 109 imposes a land value cap of between 10-15% to all Transit-Oriented Communities (TOC). As a provincial regulation, Bill 109 supersedes any and all municipal by-laws, including any parkland dedication by-laws.

As of August 2022, Bridge TOC, which overlaps with a significant portion of the Langstaff Gateway Intensification Area, is the only provincially identified TOC within the City of Markham.

As shown in Table 22, the impact of Bill 109 on the Parkland Dedication Forecast Model is relatively subdued by 2031, reducing the total quantum of acquisitions by approximately 1.4 ha to 2031. However, this figure is understated in the longer term, as the bulk of development in Bridge TOC is not anticipated to occur until after the 2031 horizon, when the impacts of the policy will become much more pronounced.<sup>15</sup>

**Table 22: Estimated Impacts of TOC Dedication Caps by 2031**

	Citywide Shortfall Impact <sup>16</sup>
Cash Value Foregone (2022 \$)	\$24,000,000
Equivalent Parkland Foregone	1.4 ha

Source: Hemson Consulting

## iii. Cumulative Sensitivity Scenario Impact

As shown in Table 23 on the following page, the combined impacts of both the affordable housing exemptions and dedication caps imposed by Bill 109 are estimated at up to \$114 million (or 9.2 ha of parkland) that would need

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<sup>15</sup> The regional traffic zone level forecast for Langstaff Gateway projects the area to grow to 1,740 population by 2031. However, preliminary build out scenarios for the Bridge TOC area (which comprise a portion of Langstaff Gateway) contemplate population as high as 40,980. As such, the forecast figures used in this sensitivity analysis represent less than 4.3% of the planned build out for the area.

<sup>16</sup> Represents a blended value of land delivered in area, coupled with land to be purchased in other parts of Markham using redistributed CIL funds.

to be offset elsewhere. Otherwise, the total parkland provision rate by 2031 would fall to 1.29 ha per 1,000 residents, while the parkland delivered relative to population change would be equivalent to 1.10 ha per 1,000 new residents.

**Table 23: Cumulative Impact of Sensitivity Testing, High Scenario, 2031**

	Population	Parkland	Provision Rate
<b>2022-2031</b>	90,070	98.88 ha	1.10 ha per 1,000
<b>2031 Total</b>	444,660	572.01 ha	1.29 ha per 1,000

Source: Hemson Consulting

## **F. Further Considerations**

The City of Markham does not have a formal policy when it comes to accepting encumbered or stratified lands in order to satisfy a parkland dedication requirement. However, the City does reserve the right, at its sole discretion, to accept and credit such a contribution.

Given the increasing difficulty facing the provision of parkland in the urban development context, it is both recognized that there are likely to be an increasing number of cases where such a dedication would be appropriate for the municipality to consider accepting. However, a number of challenges remain with regards to how best to credit such a dedication due to additional costs related to the development and upkeep of such assets. As well, there is a need to determine the appropriate type of strata title ownership, ascertain access rights and the applicable insurance and indemnification obligations; all of which shall be formalized in agreements between the City and the landowner in order to protect the City's interests.

For example, a park built on top of a parking or stormwater management structure will have limitations with regards to how it can be developed and programmed. At the same time, the maintenance of the structure beneath the park will also require the eventual stripping of the surface layer (and

associated park assets) to replace and repair vapour membranes, presenting considerable replacement costs to the City.

Due to the lack of clear policy direction or reliable assumptions for valuing a stratified park dedication against future replacement costs, the Parkland Dedication Forecast Model does not include an assumption for how the City might accept these types of parks over the next 10 years. However, it is recommended that the City continue to use its discretion in cases where it may be appropriate to accept such a dedication.

It is also recommended the City conduct a comprehensive study on replacement and maintenance costs, consider feasibility, and assess the risks and benefits associated with these types of parks to determine if a formal policy for crediting these types of dedications would be appropriate at the time of the next by-law update.

## 7. Implementation

This Parkland Acquisition Strategy has demonstrated a path forward for the City of Markham to achieve its parkland provision objectives over the next 10 years. This chapter provides an overview of the steps required to implement the Strategy, including passage of the updated parkland dedication by-law, associated corporate policies, internal acquisition guidelines, and monitoring principles.

### A. Passage of New By-Law

The first major step to achieving the parkland objectives identified in the Strategy will be the adoption of the new Parkland Dedication By-law. Due to sunset clauses introduced as part of Bill 197, the current in-force by-law (By-Law no. 195-90) will expire as of September 18, 2022. This warrants utmost urgency to ensure the City continues to be able to require parkland as a condition of development.

Despite appeals to the parkland policies in the 2014 Official Plan, the in force policies from Markham's 1987 Official Plan provide a sufficient framework to enable the adoption of the parkland dedication policies as proposed. Along with the passage of the new Parks Plan, Markham will meet the legislative requirements to pass a new and defensible by-law.

The proposed by-law will be presented alongside this report.

Following passage of the new by-law, City clerks will have 20-days to provide written notice of the passing of the by-law, noting the 40-day window after passage in which the new by-law may be appealed to the Ontario Lands Tribunal.

## **B. Considerations for Policy Implementation via Corporate Policies**

It is recognized that Council may choose to encourage the development of specific forms of preferred development, specifically affordable forms of housing, by exempting or reducing the parkland dedication requirement for these uses.

### **i. Affordable Housing Reduction and Exemptions**

As noted in the sensitivity testing section of this report, the total financial and provision level impacts will vary depending on how broadly the definitions are written for any exemptions or reductions. Previous exemptions only applied for Apartment units managed by not-for-profit housing organizations, which may be appropriate to continue. However, the City may wish to expand these abatements to other forms of housing at its discretion, or based on other City-building objectives.

Due to uncertainty regarding how broadly this policy may be interpreted, it is recommended that City staff continue to consult with members of the community and development industry to determine how best to structure such a policy. As this policy would represent a discretionary reduction or exemption to the alternative rate, the City may be able to implement such a change via accompanying corporate policy.

### **ii. Crediting for Stratified and Encumbered Lands for Parks**

Recognizing the challenges with delivering park spaces in some of Markham's highest growth neighbourhoods, including the Intensification Areas, it may be appropriate to implement a similar corporate policy that provides a formal mechanism for crediting stratified, or otherwise encumbered, parklands in specific cases. Having a formal crediting policy would provide guidance and certainty for applicants considering development proposals where such park assets may be warranted.



These policies should only be implemented after staff have had a chance to properly review and assess the long-term financial implications of these types of parks to ensure the City is not exposing itself to unnecessary risk with such a policy. In the interim, the City may still credit these assets towards a by-law requirement on a case-by-case, discretionary basis.

### **C. Parkland Acquisition Tracking and Purchase Strategy**

The Parkland Acquisition Strategy details the general expectations for both citywide and local parkland provision standards over the next 10 years. This includes an estimation of how much land will be required within the Intensification Areas and how much should be achieved elsewhere.

In order to track the City's progress towards these goals, it is recommended City staff implement a parkland acquisition-tracking program. Such a program would involve noting every time a parkland dedication or land acquisition is made, noting the size and type of park, tracked by each of the sub-geographies identified in the Parks Plan. Active tracking would allow staff to monitor and report on progress towards the parkland goals identified in the Strategy, while also identifying where neighbourhoods may be falling behind, or in need of priority parkland provision.

### **D. Regularly Scheduled Parkland Acquisition Strategy and Dedication By-law Reviews**

In addition to regular monitoring, it is recommended that the City conduct a more fulsome review of the Parkland Dedication By-law and this Parkland Acquisition Strategy to ensure that progress remains on track and that the targets remain appropriate. It is recommended this comprehensive review be conducted on a five-year revolving basis, alongside the legislated review of municipal development charges.

# **Appendix 1**

## **Parkland Planning Area Growth Summary Table**

	2021 Population	2031 Population	'21-'31 Pop. Growth	'21-'31 Unit Growth	Ground-Rel. Unit Growth	Apartment Unit Growth	Average Land Value
<b><u>Parkland Servicing Districts</u></b>	<b>306,740</b>	<b>333,570</b>	<b>26,830</b>	<b>9,270</b>	<b>6,625</b>	<b>2,645</b>	<b>-</b>
Armada	33,300	39,900	6,600	2,215	1,770	445	8,649
Berczy Village	23,090	23,640	550	200	120	80	9,884
Boxgrove	11,180	11,970	790	315	190	125	8,649
Buttonville North	6,810	6,830	20	10	0	10	9,884
Buttonville South	8,800	8,990	180	85	15	70	10,811
Cachet	3,280	3,470	200	55	50	5	9,884
Cathedral	12,970	15,470	2,500	765	690	75	9,884
Cornell North	17,790	21,000	3,210	915	915	-	9,575
Greensborough/Swan Lake	15,700	15,700	-	-	-	-	9,575
Markham Village North	12,220	12,310	90	40	15	25	10,811
Markham Village South	8,380	8,690	310	135	55	80	10,811
Markville North	12,410	12,390	(10)	-	-	-	10,811
Markville South	1,918	1,925	10	5	-	5	10,811
Milliken East	25,590	26,620	1,040	430	215	215	10,811
Milliken West	6,010	6,010	(10)	-	-	-	10,811
Rouge North Legacy	8,310	8,380	70	25	15	10	8,649
South Unionville	6,050	6,370	320	165	-	165	12,046
Thornhill East	15,260	15,770	510	240	50	195	11,120
Thornhill Northwest	7,820	8,450	640	205	185	20	12,046
Thornhill South West	7,560	7,600	40	20	5	15	12,046
Thornhill Southeast	9,300	9,400	100	45	10	40	11,120

	2021 Population	2031 Population	'21-'31 Pop. Growth	'21-'31 Unit Growth	Ground-Rel. Unit Growth	Apartment Unit Growth	Average Land Value
Unionville East	7,630	7,600	(20)	-	-	-	12,046
Unionville West	15,490	18,340	2,850	1,235	495	740	12,046
Wisper Commons	22,190	22,970	780	270	135	135	10,811
Woodbine North	4,220	4,210	(10)	-	-	-	9,884
York Downs/Angus Glen East	3,490	9,550	6,060	1,885	1,695	190	13,591
<b><u>Intensification Areas</u></b>	<b>46,090</b>	<b>80,190</b>	<b>34,100</b>	<b>15,150</b>	<b>4,790</b>	<b>10,360</b>	<b>-</b>
Cornell South	3,450	8,140	4,700	1,600	1,280	320	27,182
Markham Rd. Corridor-Mount Joy	3,080	7,540	4,460	1,855	925	925	27,182
Markville Centre	5,650	5,850	200	105	-	105	29,653
Markham Centre	14,980	29,430	14,460	6,835	1,365	5,470	39,537
Milliken Centre	7,270	10,560	3,290	1,365	685	685	13,591
Woodbine / 404	630	850	220	115	-	115	29,653
Leitchcroft	5,780	9,670	3,890	1,840	370	1,475	37,066
Langstaff Gateway	50	1,740	1,690	800	160	640	39,537
Yonge North Corridor	960	950	-	-	-	-	49,421
Yonge Steeles Corridor	4,250	5,460	1,210	630	-	630	49,421
<b>Future Urban Area</b>	<b>160</b>	<b>29,190</b>	<b>29,030</b>	<b>8,230</b>	<b>7,835</b>	<b>395</b>	<b>8,030</b>
<b>Other Areas</b>	<b>1,600</b>	<b>1,720</b>	<b>120</b>	<b>30</b>	<b>30</b>	<b>-</b>	<b>1,200</b>
<b>TOTAL</b>	<b>354,590</b>	<b>444,660</b>	<b>90,070</b>	<b>32,675</b>	<b>19,275</b>	<b>13,400</b>	<b>-</b>

Note: All population and unit figures are rounded, sums may not equal to total , land values are in 2022 \$000's per ha

## **Appendix 2**

# **Municipal Comparator Alternative Parkland Dedication Rates**

	<b>Brampton</b>	<b>Guelph</b>	<b>Hamilton</b>	<b>Mississauga</b>	<b>Newmarket</b>
<b>By-law Year</b>	2013	2022	2018	2022	2022
<b>Provision Target<sup>i</sup></b>	1.6ha/1,000 people	3.3ha/1,000 people	2.1ha/1,000 people	12% of UGC & Nodes 1.2ha/1,000 elsewhere	2.2ha/1,000 people
<b>Alternative Rate Summary<sup>ii</sup></b>	<i>Planning Act</i> maximum <sup>iii</sup> . Cap on CIL equal to the greater of \$4,403 (2022, indexed) or 10% of the value of land.	1ha per 500 units, capped in <i>Downtown</i> at 20% of land/value. Outside <i>Downtown</i> , uncapped for low density, capped at 30% above a density of 100 units per ha.	0.5ha~1.0ha per 300 units scaling by density. For CIL, <i>Planning Act</i> maximum except in areas with indexed per unit caps from \$5,000~10,000 (2022).	1ha per 300~500 units by density for land conveyance. <i>Planning Act</i> maximum for CIL capped at indexed per unit rate of \$25,112 (2023).	<i>Planning Act</i> maximum. In <i>Urban Centres</i> : 0.7ha per 1,000 people, capped at 50% of site/value. Physical parkland requirement for large sites in <i>UC</i> s.
	<b>Ottawa</b>	<b>Richmond Hill</b>	<b>Toronto</b>	<b>Vaughan</b>	<b>Waterloo</b>
<b>By-law Year</b>	2022	2019	2022	2022	2011
<b>Official Plan Provision Target</b>	2.0ha/1,000 people	1.37ha/1,000 people	< 12m <sup>2</sup> per person = low provision priority area	2.0ha/1,000 people	5.0ha/1,000
<b>Alternative Rate Summary</b>	<i>Planning Act</i> maximum. Scaling cap based on residential building type from 10~25% of site/value.	<i>Planning Act</i> maximum. Cap of 1 hectare per 730 people. For CIL, per unit cap of \$10,000 for apartment units and \$11,500 for townhouses.	0.4ha per 300 units, with variable cap at 10-20% of site/value based on site size.  <i>Proposed revision:</i> Caps of 15-25% based on density.	<i>Planning Act</i> maximum for land conveyance. For CIL, per unit cap of \$15,050 (2023) (indexed to \$27,994 by 2025).	0.15 ha per 300 units citywide except in Uptown where rate is reduced to 0.10 ha per 300 units, with a cap of 15% of site/value.

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<sup>i</sup> Types of parkland considered as part of the parkland inventory used to calculate a provision or service level may differ across municipalities. Therefore, provision targets cannot always be compared as “apples-to-apples” and should be referenced only at a high level.

<sup>ii</sup> Represents a high-level summary of alternative rate dedication requirements presented in the by-law specifically for residential developments. Parkland dedication by-laws include numerous exemptions, conditions, and other stipulations. As such, this summary does not capture the entire nuance of each parkland dedication by-law.

<sup>iii</sup> “*Planning Act* maximum” refers to the maximum alternative rate allowed under the *Planning Act*. For land conveyance this is equal to the greater of 5% of the developable site or 1 hectare per 300 dwelling units. For cash-in-lieu of land, this is equal to the greater of 5% of the developable site or 1 hectare per 500 dwelling units.