

Municipality of Lakeshore – Report to Council

Growth and Sustainability

Planning Services



To: Mayor and Members of Council

From: Daniel Mercer, Division Leader – Community Planning, RPP, MCIP

Date: November 15, 2024

Subject: Review of the Parkland Dedication By-law and Summary of Consultations

Recommendation

Direct the Clerk to read By-law 110-2024, being a by-law to provide for the dedication of parkland or the payment of cash in lieu thereof as a condition of development or redevelopment, during the Consideration of By-laws, as presented at the December 10, 2024 Council meeting.

Strategic Objectives

5b) Modernize Citizen-Centered Services - Bylaw Modernization (including a calendar of bylaw review and effective enforcement strategies/capabilities)

Background

Parkland Dedication By-laws, as required under the *Planning Act*, allow municipalities to charge developers monetary fees, known in the Act as cash in lieu, but referred to in this report and presentation as payments-in-lieu, as a condition of planning approvals. These fees are used by municipalities to ensure their park systems grow in tandem with their community, providing essential parkland for their residents.

Parkland Dedication By-law revenues can be used for the acquisition of parkland throughout the Municipality that may or may not be associated with growth-related development. In addition, the parkland dedication revenue can be used for other public recreational purposes. It is an important component of implementing Lakeshore's Parks and Recreation Master Plan (2017).

The Municipality's current Parkland Dedication By-law (By-law 90-2022) was adopted in October 2022. It allows a payment-in-lieu (PIL) rate of \$2000 per rural and urban residential lot. Prior to this, and dating back to 2014, the payment-in-lieu rates were \$600 per rural residential lot, and \$1200 per urban residential lot. In keeping with the provisions of the Planning Act, the By-law also allows the option for a percentage of

land to be dedicated for parkland (i.e.: 5% of land for residential or institutional developments or 2% for non-residential uses such as commercial and industrial.

In recent years there have been numerous changes to provincial legislation affecting how municipalities can charge parkland dedication fees and, as a result, Watson & Associates Economists Ltd. (“Watson”) has been assisting Administration with analysis, public engagement, and By-law development.

At the September 27, 2022 Council meeting the following motion was passed:

Direct Administration to prepare a draft Parkland Dedication By-law to include a \$2,000 fee per lot for both rural and urban lots for adoption at the October 11, 2022 Council meeting.

As a result, the By-law with a flat fee of \$2,000 per lot was prepared and passed on October 11, 2022 (By-law 90-2022). Also at the September 27, 2022 meeting a second motion was passed:

Direct Administration to consult with the development community and bring further reports to Council as necessary regarding phasing in the parkland dedication fee.

Subsequent to this, the Government of Ontario's Bill 23, was adopted in November of 2022, and sets out the most recent change to how municipalities administer Parkland Dedication By-laws. On December 12, 2023 Council received a report from Administration outlining the legislative changes and recommended next steps. This report also included an economic analysis of payment-in-lieu options developed by Watson.

At the December 12, 2023 Council Meeting, the following resolutions were adopted:

Receive the Watson & Associates Economists Ltd. Parkland dedication Memo entitled “Parks Plan - Parkland Dedication and Payment-in-lieu of Parkland Analysis” dated November 20, 2023; and

Direct Administration with the assistance of Watson & Associates Economists Ltd. to undertake public engagement to review a draft Parkland Dedication By-law to regulate the dedication of parkland or the payment in lieu thereof as a condition of development or redevelopment to implement the changes made by Bill 23, as presented at the December 12, 2023 Council Meeting.

This report is intended to address this resolution and provide background to the draft Parkland Dedication By-law proposed as By-law 110-2024 during “Consideration of By-laws” at this meeting.

Comments

As a result of the provincial legislative changes, most of the municipalities in the County were updating the parkland dedication By-laws at the same time. Therefore, a joint engagement session with local municipalities was proposed with the public, local school boards, and the development community in order to present the analysis and proposed changes and seek feedback.

Lakeshore, Essex, Tecumseh, LaSalle, Leamington and Kingsville planning staff partnered together with Watson as the consultant. Public consultations were held on Thursday, April 4th, 2024 on the proposed by-law(s) and payment-in-lieu amounts. The public was also provided with an opportunity to provide written feedback and comments by email until April 15, 2024. This also ensured that there was a united County-wide approach to how fees would be charged, especially considering that all local municipalities typically deal with the same developers and builders who would be impacted by the proposals. Note that Amherstburg independently updated their own parkland dedication by-law in early 2023 and prior to this joint proposal, as a result, did not need to participate.

Several key changes were identified across the County with existing parkland dedication by-laws that would be addressed with the proposed versions presented for consultation. It was recommended that the parkland dedication fees be reviewed. The amount of PIL of parkland needed to be updated to take into consideration the current costs of land in the Municipality. In addition, the 2017 Lakeshore Parks and Recreation Masterplan recommended that the Parkland Dedication By-law be updated to help raise revenue for future recreation needs.

The public engagement was considered a success. A number of participants from across the County attended the event either in-person or remotely on April 4th representing residents, business owners, and the development community. No written comments were received in person or in writing by email following the in-person event. During the public engagement, some questions were raised about the proposed exemptions from PIL such as school boards, the differences in land values between municipalities, and whether municipalities could look to implement a reasonable range of fee for all areas.

Following the comment period, it was felt that a set per unit amount (i.e.: flat fee) would be the best approach to implement for residential development and provide the most certainty for developers versus requiring appraisals for each proposed development. Additional analysis was undertaken and feedback integrated into the draft By-law text as proposed for Council consideration as By-Law 110-2024. Watson retained an appraisal company (Otto & Company) to provide the following current benchmark values of low, medium, and high-density residential development lands within the Municipality of Lakeshore in order determine a per unit:

Summary Conclusions of Vacant Benchmark Value Range					
	Type of Property	Type of Value	Interest	Low (\$/sf land)	High (\$/sf land)
A	Low Density Residential – Rural	Current Market	Fee Simple	\$6.00	\$8.00
B	Low Density Residential – Urban	Current Market	Fee Simple	\$20.00	\$22.00
C	Medium Density Residential – Small	Current Market	Fee Simple	\$45.00	\$50.00
D	Medium Density Residential – Large	Current Market	Fee Simple	\$22.00	\$24.00
E	High Density Residential	Current Market	Fee Simple	\$26.00	\$28.00

The local Administrations who participated in the joint effort are now proposing similar parkland dedication By-laws to their respective Councils. The Municipality is required to give written notice of the passing of a by-law within 20 days of passage and identify the last day for appealing the By-law (40 days after passage). Details of the notice requirements are set out in O.Reg. 509/20.

If adopted by Council a three year phased in approach will be taken with new rates coming into effect starting on January 1, 2025. A comparison of the proposed fees for all six participating municipalities in the County is provided in Attachment A. Schedule 1 of the draft By-law outlines the phasing approach that would be implemented in Lakeshore:

PIL Per Unit for Residential Development

Unit Type	PIL per Unit January 1, 2025 to December 31, 2025	PIL per Unit January 1, 2026 to December 31, 2026	PIL per Unit January 1, 2027 onwards
Single-detached Rural	\$3,400	\$4,950	\$6,500
Single-detached Urban	\$3,800	\$5,550	\$7,300
Semi-detached and Multiple Dwellings	\$1,700	\$2,450	\$3,200
Apartments	\$700	\$1,050	\$1,400

Note: Rates are subject to indexing annually on January 1st per section 9(a) of this By-law according to the Statistics Canada New Housing Price Index (house and land, most recent month year-over-year) and posted by the Municipality.

Others Consulted

Sections 42 and 51.1 of the *Planning Act* require a municipality to consult with persons and public bodies as the municipality considers appropriate. A public meeting is not required under the *Planning Act*. As detailed above, consultations were carried out in April 2024.

Financial Impacts

Parks funding for development or redevelopment of parks has been identified as a significant financial pressure in Lakeshore strategic financial planning 10-year outlook documents. Land acquisition for park purposes will be negotiated with developers in communities where new parkland is needed such as the Wallace Woods secondary plan area. Increases to the parkland fees are charged to individual builders/developers at the building permit stage. Both acquisition and payment in lieu approaches will help reduce the financial burden on the general rate payers of the municipality for land acquisition and development in the future. It is also recommended that financial reviews of parkland development are done on a regular basis to avoid shortfalls in long term funding and financial planning.

To illustrate the increase in PIL fees, the 2025 proposed rate is \$3,800 for an urban single detached unit and \$1,700 for a semi-detached unit. Assuming there will be 100 single detached units, and 20 semi-detached units in a year, \$414,000 would be collected using the proposed 2025 rate as compared to \$220,000 for the 2024 current rates. Increases would be phased in over three years, as shown in the chart above. The 2027 proposed fees would generate \$794,000.

As part of the 2022 Budget process, Project CP-22-6595 Parkland Dedication By-Law Update, was authorized by Council. To date the full amount of the \$30,000 budget has been spent. The cost of holding the joint consultation meeting was minimal. Cost overages have been charged to the related Community Benefit Study also underway by Watson.

Attachments

Attachment A – Summary of Per Unit charges in each Municipality

Attachment B – Presentation: Parkland Dedication By-law (Watson and Associates)

Attachment C – Watson and Associates Economists Ltd. Report

Report Approval Details

Document Title:	Review of the Parkland Dedication By-law and Summary of Consultations.docx
Attachments:	<ul style="list-style-type: none">- Appendix A – Summary of Per Unit charges in each Municipality.pdf- Appendix B – Presentation: Parkland Dedication By-law (Watson and Associates).pdf- Appendix C – Watson & Associates Economists Ltd. Report.pdf
Final Approval Date:	Nov 27, 2024

This report and all its attachments were approved and signed as outlined below:

Prepared by Daniel Mercer

Submitted by Tammie Ryall

Approved by the Corporate Leadership Team