



# Parkland Dedication and Payment-in-lieu of Parkland Analysis

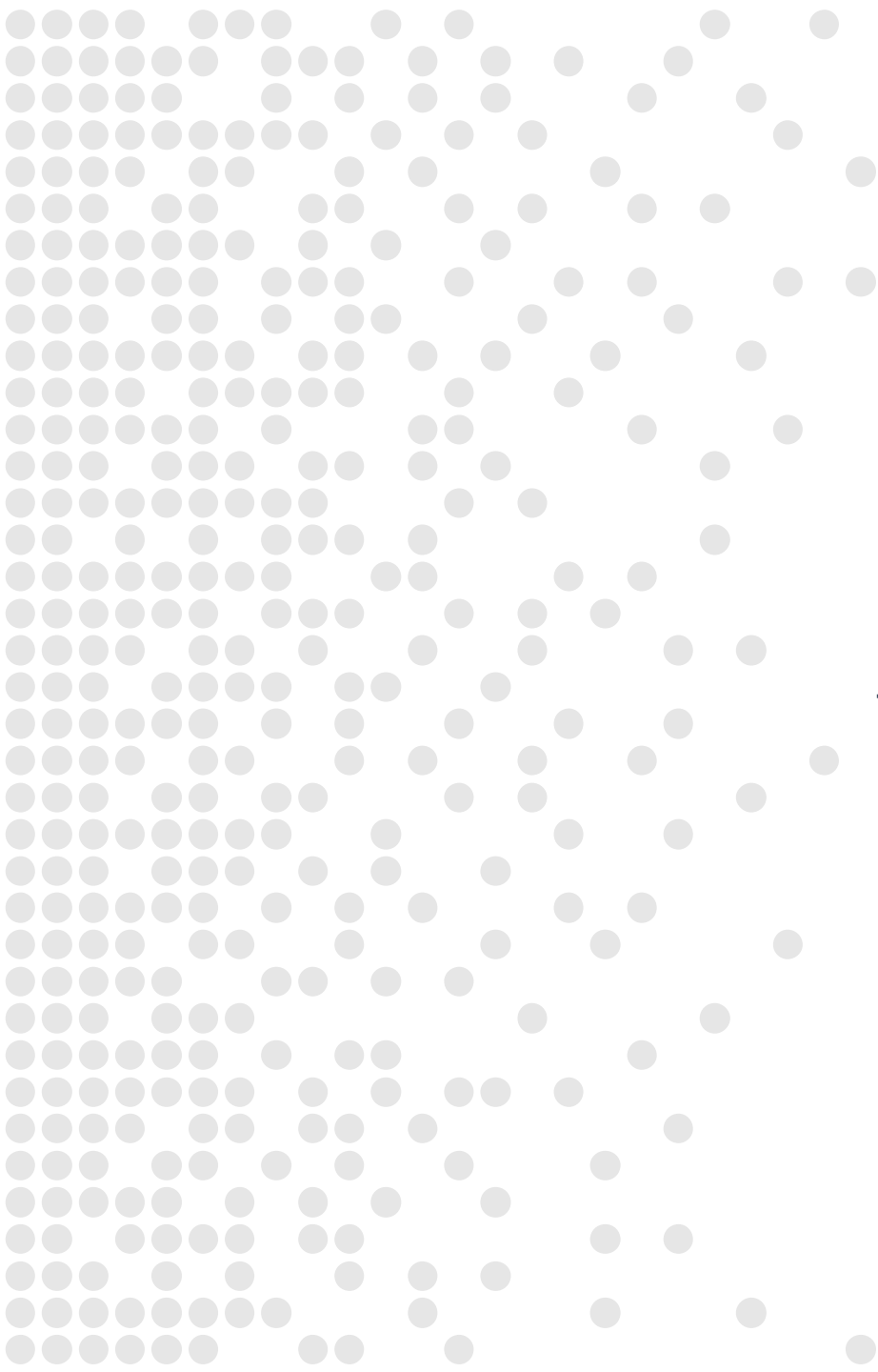
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Municipality of Lakeshore  
September 13, 2022

# Agenda



- Background and Legislative Framework
- Current Policy Framework
- Current Practice
- Impacts of Current Practice vs. Alternative Approaches
- Parkland vs. Recreation Land
- Recommendations
- Questions



## Background and Legislative Framework

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### Parkland Dedication and Payment-in-lieu of Parkland Analysis

# Legislative Background – *Planning Act*



- Parkland dedication is a means by which municipalities acquire land for park purposes
- There are two (2) types of parkland dedication:
  1. Dedicating physical land; or
  2. The payment of money in lieu of dedicating land (payment-in-lieu)
- The *Planning Act* provides municipalities with the authority to impose conditions on development and redevelopment to receive parkland or payment-in-lieu of parkland



# Parkland Dedication Alternatives

## **Dedication:**

- 2% of land for commercial or industrial development or
- 5% of land for any other development (i.e. residential and institutional)

OR

- 1 hectare for each 300 dwelling units

## **Cash-in-lieu of Dedication:**

- Total land value of 2% for commercial or industrial development or 5% for residential or institutional development

OR

- 1 hectare for each 500 dwelling units

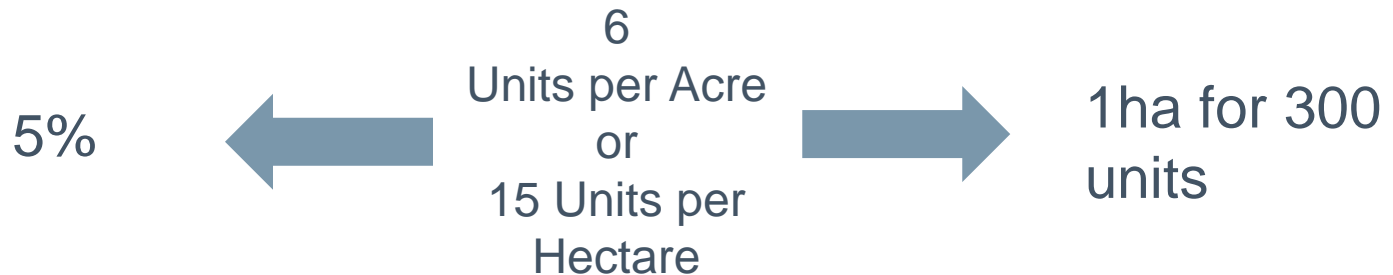
**What is the better alternative for the Municipality?**



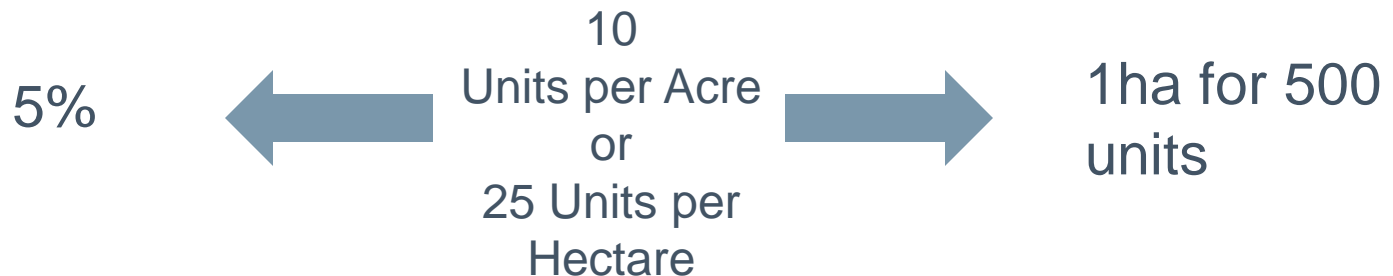
# Parkland Dedication Alternatives

## Breakeven Point (Density of Development)

- If municipality receives **land dedication**:



- If municipality receives **cash-in-lieu**:





# Timing for Parkland Dedication and Payment-in-Lieu

## Section 51.1 of Planning Act

- Impose as a condition of agreement
- No by-law is required
- Value for PIL is the day before approval of the draft subdivision agreement

## Section 42 of Planning Act

- Impose at the time of building permit
- A by-law is required
- Value for PIL is the day before building permit



## Current Policy Framework

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### Parkland Dedication and Payment-in-lieu of Parkland Analysis



# Current Policies

## Parkland Dedication



- The O.P. and the current Parkland Dedication By-law allow for the requirement of land to be dedicated (or Payment-in-Lieu) at:
  - 5% of land for residential developments
  - 2% for all other developments
- The Municipality is also able to utilize the alternative rate of 1 hectare of land for each 300 dwelling units, if it provides a greater amount of dedication than the 5% rate.

# Current Practice

## Parkland Dedication



- Rather than requiring land dedication, the Municipality generally receives payment-in-lieu for residential development and redevelopment.
- The payment-in-lieu is based on the current per lot fees of \$1,200 per urban lot and \$600 per rural lot.
- Parkland dedications requirements for non-residential development have not been imposed historically.



# Current Practice

## Payment-in-Lieu of Parkland – Per lot fees

- As noted, the base provisions of the Planning Act allow for a dedication requirement of the value of 5% of the land. Based on the current per lot fees, the assumed land value would be as follows:

Area	Per Lot Fee	Equivalent Lot Value at 5%
Urban Lots	\$1,200	\$24,000
Rural Lots	\$600	\$12,000

- Based on a review of vacant lands for sale in the Municipality and surrounding area, the value of land is significantly higher. This means the Municipality may consider increasing the per lot fee to closer align with the 5% provision in the Planning Act:

Estimated Lot Value	Minimum Provision in the Planning Act	Estimated Per Lot Fee
\$127,000	5%	\$6,350

- The draft by-law includes a residential per lot rate of \$6,000 for Council's consideration

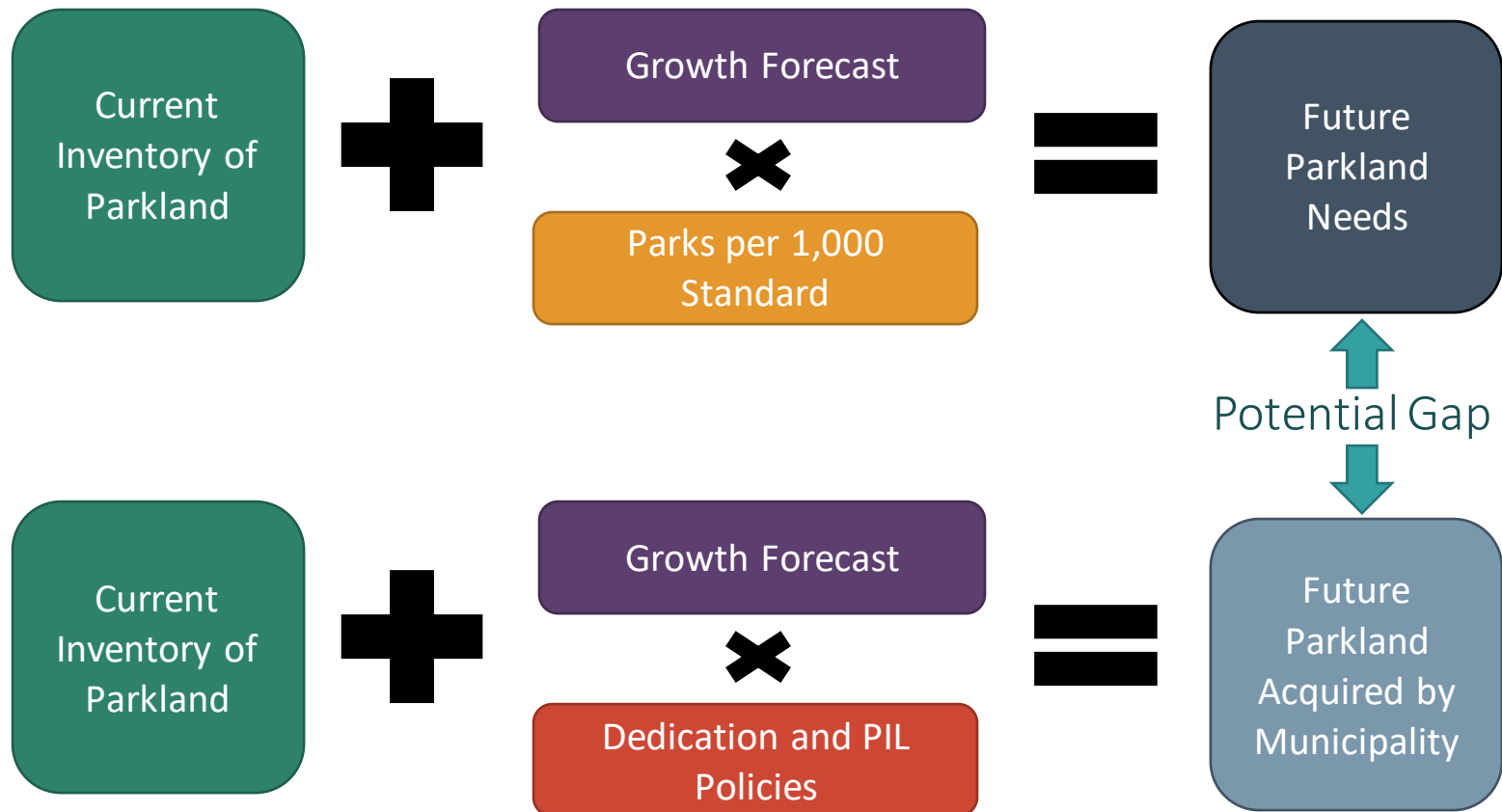


## Impacts of Current Practice vs. Alternative Approaches

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### Parkland Dedication and Payment-in-lieu of Parkland Analysis

# Forecast Parkland Needs Analysis





# Required Parkland by 2040

- The Municipality's Parks & Recreation Master Plan identified a recommended service level of **2.83 hectares of parkland per 1,000 residents**
- Based on the anticipated population growth to 2040, the Municipality would need to receive (or purchase) **27.48 hectares of parkland**

Parkland Requirement Calculations	2016	2040*
Projected Population	36,600	46,902
Existing Standard (Community and Neighbourhood ha per 1,000)	2.83	2.83
<b>Parkland Requirement (ha)</b>	<b>103.58</b>	<b>132.73</b>
Current Inventory (2016) (ha)	105.25	105.25
<b>Additional Parkland Required (ha)</b>	<b>0.00</b>	<b>27.48</b>

\*Population projection as per 2020 D.C. background study

# Summary of Analysis

## Parkland Dedication



- Under the **current policy** (\$1,200 per urban lot and \$600 per rural lot), the Municipality could acquire 2.83 hectares of land, resulting in a deficit of **24.7 hectares**
- With the **5%/2% parkland dedication rate**, the Municipality would be in a deficit of **8.2 hectares**
- With the **alternative residential rate**, the Municipality could acquire the most amount of parkland, however there would still be a deficit of **5.4 hectares**

Summary	Current Policy (per lot fee)	5% for Residential/ Institutional and 2% for Industrial/ Commercial	1 Hectare for 300 Dwelling Units and 2% for Industrial/Commercial, 5% for Institutional
Residential Hectares	2.83	14.26	17.08
Non-residential Hectares	-	5.03	5.03
<b>Total Hectares Dedicated</b>	<b>2.83</b>	<b>19.29</b>	<b>22.12</b>
<b>Required Parkland</b>	<b>27.48</b>	<b>27.48</b>	<b>27.48</b>
<b>Deficit/(Surplus) (hectares)</b>	<b>24.65</b>	<b>8.19</b>	<b>5.37</b>



# Summary of Analysis

## Payment-in-Lieu of Parkland

- Based on an average land value of \$1.9 million per hectare, the total value of land required to maintain current service levels to 2040 is **\$52 million**
- Under the **current policy**, the Municipality would receive \$5.4 million, resulting in a deficit of **\$47 million**
- With the **5%/2% parkland dedication rate**, the Municipality would receive the most payment-in-lieu, however there would still be a deficit of **\$10 million**
- With the **alternative residential rate**, the Municipality be in a deficit of **\$18 million**

Summary	Current Policy (per lot fee)	5% for Residential/Institutional and 2% for Industrial/Commercial	1 Hectare for 500 Dwelling Units and 2% for Industrial/Commercial, 5% for Institutional	Land Dedication Equivalent Value 1 Hectare for 300 Dwelling Units and 2% for Industrial/Commercial, 5% for Institutional
Residential Recovery	\$5,381,400	\$27,094,158	\$19,475,000	\$32,458,333
Non-residential Recovery	\$0	\$15,147,580	\$15,147,580	\$15,147,580
<b>Total Payment-in-Lieu</b>	<b>\$5,381,400</b>	<b>\$42,241,738</b>	<b>\$34,622,580</b>	<b>\$47,605,913</b>
Amount Required	<b>\$52,217,054</b>	<b>\$52,217,054</b>	<b>\$52,217,054</b>	<b>\$52,217,054</b>
<b>Deficit/(Surplus) (\$)</b>	<b>\$46,835,654</b>	<b>\$9,975,316</b>	<b>\$17,594,474</b>	<b>\$4,611,141</b>



# Observations of Analysis



- As a result of the analysis, the following observations are provided:
  - The current approach of utilizing a per lot fee for all residential developments and on fee for non-residential developments provides the largest deficit
  - The 5% for residential and institutional and 2% for industrial and commercial provides for a smaller deficit
  - Use of the alternative residential rate provides the lowest deficit, with the lowest arising from acceptance of land rather than payment-in-lieu
- The Municipality should seek to maximize recovery of parkland dedication and payment-in-lieu to reduce the impact of future taxes



## Parkland vs. Recreation Land

### Parkland Dedication and Payment-in-lieu of Parkland Analysis

# Parkland vs. Recreation Land



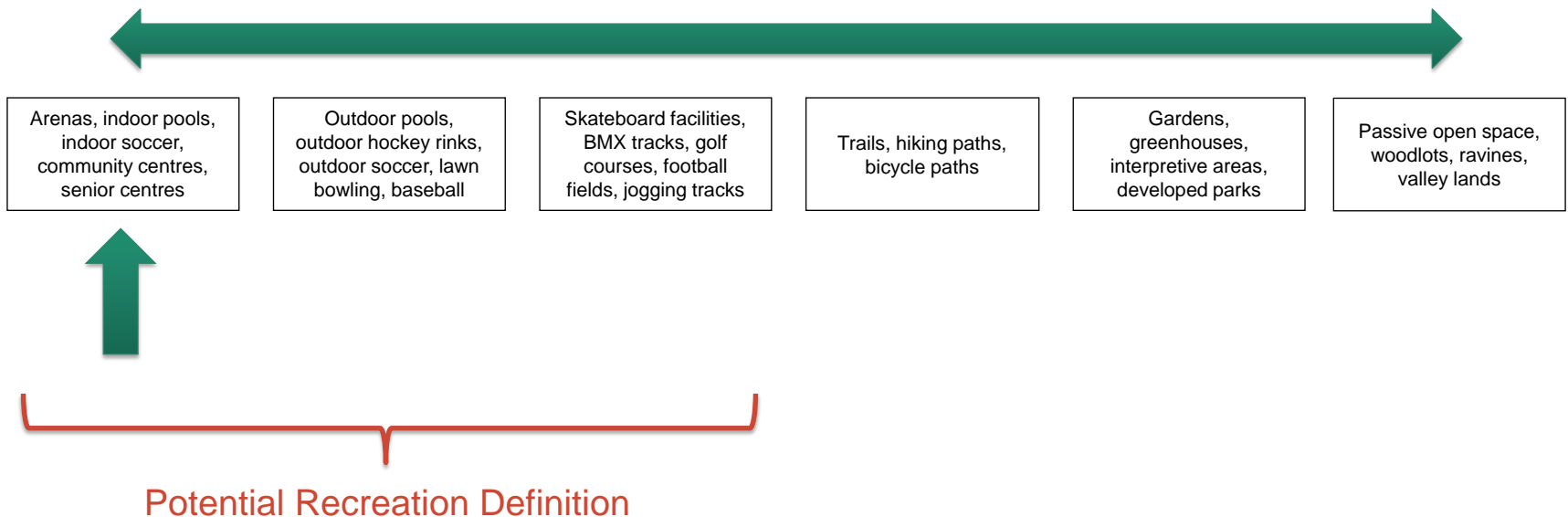
- The Development Charges Act allows for the recovery of parks and recreation growth-related capital costs, with the exception of land for park purposes.
- It is noted that land for recreation is eligible for inclusion in the Development Charge (D.C.) – however, a consideration of “recreation” may be undertaken
- For example, based on the current and historical practice:
  - An indoor soccer field built inside an air supported structure would be considered an indoor facility and the associated land may be funded with D.C.s
  - If the soccer field was constructed outside, the land would be funded from the parkland dedication reserve
  - If soccer facilities (both indoor and outdoor) were defined as “recreation” in all of the Municipality’s policies (e.g. O.P., parks and recreation master plan, zoning by-law, etc.), the Municipality could potentially recover the cost of the land from D.C.s, which would assist in reducing the potential future deficit

# Parkland vs. Recreation Land - Continuum



- There is a potential for the recreation definition to be expanded to include outdoor recreation uses such as pools, outdoor hockey rinks, outdoor soccer, lawn bowling, baseball diamonds, skateboard facilities, BMX tracks, golf courses, football fields, and jogging tracks.
- The Municipality should consider this in the next O.P. update and Master Plan

## Recreation – Parkland Continuum





## Recommendations

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### Parkland Dedication and Payment-in-lieu of Parkland Analysis



# Recommendations

- Impose parkland dedication requirements on non-residential development
- Revise the O.P. and parkland dedication by-law to provide guidance on the use of the alternative rate requirements
- Utilize per lot rates only for residential consents and severances
  - Council to consider increasing the per lot fee to \$6,000 for all residential lots (with indexing)
- Review definitions in the O.P. and Parks and Recreation Master Plan to ensure there is a clear delineation between parkland vs. recreation land to allow for more land to be recovered through D.C.s in the future
- Consider the draft Parkland Dedication By-law

# Questions



Questions