

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 20, 2012

Item 5, Report No. 12, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on November 20, 2012.

5 CASH-IN-LIEU OF PARKLAND DEDICATION HIGH DENSITY RESIDENTIAL DEVELOPMENT

The Finance and Administration Committee recommends:

- 1) That consideration of this matter be deferred to the December 11, 2012 Council meeting;**
- 2) That staff report back to Council on December 11, 2012, on phasing options, taking into consideration Members of Council's comments;**
- 3) That Communication C2, Confidential Memorandum from the Acting Commissioner of Legal and Administrative Services & City Solicitor, dated November 9, 2012, be received; and**
- 4) That the deputation of Ms. Danielle Chin, Building Industry and Land Development Association, Upjohn Road, Toronto, and Communication C1, dated November 9, 2012, be received.**

Recommendation

The Acting Commissioner of Legal and Administrative Services, and the Commissioners of Community Services, Planning, and Finance, recommend:

- 1) That a by-law be enacted to provide that the current formula of 1 hectare/300 units for the determination of cash-in-lieu of parkland dedication continue to be used, and that on an average of medium density values, the unit rate for high density residential development shall be \$8,500.00 per unit.
- 2) That the current formula for estimating parkland credits, being "area of parkland dedicated x 300 u/ha equals the number of units to be deducted from total units on which cash-in-lieu is payable" continue to be used.
- 3) And that staff be directed to complete a review of appropriate parkland credits for the intensification areas being the Vaughan Metropolitan Centre and the Yonge/Steeles Secondary Plan area and other Intensification areas throughout the City identified in the Vaughan Official Plan 2010, and report to a future Committee.

Contribution to Sustainability

Section 6.4 of the Active Together Master Plan recommends that the City develop a policy for dealing with higher density developments as it relates to the Parks and Open Space. The plan supports a policy of Cash-in-lieu of parkland as it accommodates the sustainable development of communities by encouraging denser development, encouraging alternative transportation and requiring reduced servicing.

Economic Impact

A higher per unit rate for high density residential development will result in increased cash-in-lieu revenue to the municipality. A higher rate would come into effect and be applied upon enactment of the by-law by Council on November 20, 2012.

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Communications Plan

Council's decision will be communicated to applicants through the development process. City staff have had three consultation meetings with BILD representatives and BILD has been provided with a copy of this report.

Purpose

The purpose of this report is to report pursuant to Council direction of June 26, 2012 regarding industry consultation.

Background - Analysis and Options

On June 18, 2012, a report regarding the cash-in-lieu of parkland dedication for high density residential development was before the Finance and Administration Committee for consideration and staff made a presentation outlining the issues, analysis and recommendations. There were a number of communications and deputations to the item.

On June 26, 2012, Council resolved:

"That consideration of this matter be deferred to allow for proper industry consultation and that the matter be brought back in September 2012 with identified rates, and appropriate phasing options, including looking at a retroactive formula to recover any loss."

A meeting was held on July 30, 2012 attended by City staff and 11 BILD representatives with further discussion of the various issues outlined in the June 18 staff report. Further information from the Active Together Master Plan was requested and provided prior to a second meeting held on September 5, 2012 which was also well attended. Comments regarding appropriate phasing options were requested from BILD. A third meeting was held on October 19, 2012 to summarize the issues and recommendations in this report, and a copy of the report was forwarded to BILD.

The issues identified and discussed at the consultation meetings are set out below.

Cash-in-Lieu Methodology Explained

Staff explained the preferred method of using a Fixed Unit Rate based on the average of medium density land values of \$885,000 per acre, rather than the previously used low density rate due to the increase in land values in Vaughan, the cost of acquiring land, and ease of administration. Staff noted that market inflation from 2005 to current period supported a minimum increase to \$7300/unit.

Discussion covered issues related to ensuring that parkland policies facilitate achievement of intensification targets, inequitable relationships between various densities, and impact on market.

Staff also stressed that the City is responsible to residents to implement an increase to rates similar to other GTA municipalities that will provide sufficient funds to purchase parkland at current values.

Staff confirmed that the purpose of the June 18, 2012 report was to provide justification for an increase in the rates based on market activity and policies of other municipalities.

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Active Together Master Plan Review and Needs Discussed

BILD members acknowledge that Richmond Hill and Markham are charging rates similar to or higher than \$8500/u, but preferred a process linked to completion of the Active Together Master Plan.

BILD members had questions regarding the Parkland needs and supply, indicating a needs assessment should be tied to the review of the Active Together Master Plan to identify actual demand in high density areas. The standard suburban park design may not be suitable for high density areas, therefore, a new definition may need to be developed along with types of parks and consideration of amenities on site.

Staff provided the members with excerpts from the 2008 Active Together Master Plan which describe the current and forecasted park supply and needs, and active parkland deficiencies to build-out for 2031. Staff also noted that the Active Together Master Plan provides for an Acquisition Plan and a Request for Proposals will be issued shortly to retain consultants to provide a report on an acquisition strategy which will also identify and prioritize parcels.

Staff to review City policies regarding utilization of Cash-In-Lieu Funds

On June 26, 2012, Council directed that staff review City policies regarding the utilization of cash-in-lieu funds and develop a program that would consider that an appropriate percentage of the funds collected be used to retrofit parkland in the vicinity of the residential development providing the funds.

BILD was advised of this resolution. One of the concerns raised by the development industry was that funds collected through cash-in-lieu in the high density areas would not be used in those areas for the benefit of those residents, but would be used to purchase parkland elsewhere in the City. This Council direction provides assurance that some of the funds will be utilized in the immediate vicinity directly for the benefit of the residents in the high density areas. It also means that there is additional need for funds to provide for both parkland acquisition and parkland retrofitting.

The Commissioner of Community Services is reviewing parkland retrofit requirements in light of this direction and will be reporting to Council by year end.

Further review of Credits currently underway

As outlined in the June 18, 2012, report, the Vaughan Official Plan provides for parkland dedication credits through the development process. Staff recommended that the current formula for estimating parkland credits, being “area of parkland dedicated x 300units/per hectare equals the number of units to be deducted from the total units on which cash-in-lieu is payable”, continue to be used.

The development industry raised two issues regarding credits: firstly, the request for more credits attributable to other lands, including public squares, privately owned-publicly accessible amenity or open space areas, or woodlots (those not included in the City's Development charge woodlot acquisition plan). Staff have been giving consideration to parkland credits for public squares and possibly trails adjacent to open space systems or that provide connectivity to public park systems.

The second issue regarding credits is the calculation of the appropriate parkland credit to be given for a strata park, which is a park with an underground parking lot underneath. Staff are currently reviewing this issue and a future report on Strata parking under parks and roads generally will be brought to a future Committee in the near future.

The June 18 report also included a recommendation that staff be directed to complete a review of appropriate parkland credits within the intensification areas being the Vaughan Metropolitan Centre and the Yonge/Steeles Secondary Plan area.

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Staff confirmed that the City is reviewing alternative methods of providing credits and that the new Official Plan provides some flexibility in Intensification Areas. Further, staff noted that development trends will require an annual review to discuss unforeseen emerging issues or changes to municipal policies.

The staff recommendation to provide credits for parkland conveyed (100% fee simple) to the City on the basis of deducting number of units is the same method used by Richmond Hill. Mississauga differs slightly by using the specific development density rather than the 1 ha/300u, thereby providing a higher credit. Markham deducts the area of the site from the gross area of the parkland requirement based on 1.21 ha/1,000 people calculation.

BILD has also suggested the following as additional credits which are of importance to the industry:

- To prioritize intensification in urban areas, develop policies to implement the Planning Act provision for “Reduction in Parkland Dedication Payments” which outline tools a municipality can use to help implement the PPS intensification policies. This permits a reduction in payments if sustainability features, such as green roofs, are included in the development (Section 42 (6.2 and 6.3 of the Planning Act);
- Definition of parkland should include stratified title agreements to create efficiencies in land use design;
- If parkland is viewed as open space for recreational purposes, then some credits should be given for plazas, public squares, public/private easements and dry storm water management areas;
- Prepayment of Cash-in-Lieu to contribute to advance/earlier purchase of parkland.

Staff recognize the potential to provide credits for these items which will be identified in further reports to be completed in the future. Calculations for credits for strata-title parkland will be discussed in this future report.

Further consultation meetings will be held with BILD and the development community on credits.

Phasing

Staff reviewed the phasing options set out in the June 2012 report. BILD's position is to request a general deferral of an increase or a phased in approach. However, there was no consensus regarding the phasing options. Three options were outlined in the June 18, 2012 report:

1. Implementation to be effective July 1, 2012 at the rate of \$8500 per unit
2. Implementation of the increase to be phased in as follows:

July 1, 2012 increase by \$1000 per unit
September 1, 2012, increase by \$1700 per unit
November 1, 2012, increase by \$1700 per unit

3. Implementation to be effective September 1, 2012 the rate of \$8500 per unit.

These dates have passed, and given Council's request for a retroactive formula to recover any loss, a phased approach for the implementation of the per unit rate would not be applicable. No retroactive formula is needed if implementation of the increase to \$8500 per unit is effective upon enactment of a bylaw on November 20, 2012. If a phased approach to payment is preferred, payment could be made in stages. One phasing option would be to require payment at a per unit rate of \$6000 as of

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November 20, 2012 with a further payment of \$2500 per unit payable at the issuance of the full building permit. This would apply to those applications which meet the following criteria: those applications which as of November 20, 2012 have received site plan approval, have an executed Letter of Undertaking or Site Plan agreement with securities in place, and which are at the stage in the Building Standards Department review that a building permit could be issued. Staff have reviewed the applications currently filed with the Building Standards Department and there are only three high density applications where issuance of a foundation permit is pending.

The development industry bears any risks that costs may increase after the pre-sales, including uncertainty related to unexpected increases in Cash-in-lieu or development charges. From a public perspective, the City and the Region have invested significant resources in infrastructure upgrading including transit systems in order to accommodate intensification, and the future residents will require the parkland level of service to be delivered. The City's proposed rates are reasonable.

Also, for those applications currently being processed, should a building permit be issued and Cash-in-Lieu paid at the higher rate prior to adoption of policies on credits, staff recommend that those owners be able to avail themselves of any new credits if applicable.

This means if an applicant obtains a building permit in December, and pays Cash-in-Lieu at the new rate, and a report on credits is approved in early 2013, that applicant would be able to take advantage of those credits. This would alleviate any perceived disadvantage of an increase in the rate for those applicants who have been issued a building permit since November 2012. The new credit policy would contain this authorization.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

None

Conclusion

The meetings with BILD members provided staff with the opportunity to explain the rationale for the recommendations and provided BILD members an opportunity to discuss the issues facing the development industry.

BILD's position is that an increase should be deferred until the Active Together Master Plan is reviewed and updated, or that there should be a phased-in approach. However, since the purpose of cash-in-lieu payments is to provide revenue for parkland acquisition and due to the increase in land values since 2005, the unit rates must be increased to fund current acquisitions. Staff advised that the acreage rate of \$885,000/ac is in the lower end of the medium density range and may not cover purchase prices. Also, the use of funds for retrofit of parks in intensification areas contributes to the need for funds.

Therefore, staff request approval of the recommendations in this report. Staff will review potential for additional credits, policies and process for strata-title arrangements, other public facilities and retrofit policies, and report by year end.

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Attachments

Attachment 1-June 26, 2012 Council extract

Report prepared by:

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Senior Manager of Real Estate

Heather Wilson
Acting Commissioner of Legal and
Administrative Services

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)