

INFORMATION REPORT

TO:	Chair and Members Planning Committee
COMMITTEE DATE:	October 6, 2015
SUBJECT/REPORT NO:	Status Update on the Review of Parkland Dedication Rates for Higher Density Development (PED15166) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Peter De Iulio Senior Project Manager 905-546-2424 Ext. 1345 Stephen Robichaud Director of Planning and Chief Planner
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

Council Direction:

At the September 15, 2015, Planning Committee staff provided a verbal update on this matter and advised Committee that there would be an Information Report included on the October 6, 2015 agenda reporting on the Parkland Dedication Sub-Committee review.

Information:

Background

On June 16, 2015, Planning Committee considered the following item “Options Respecting Parkland Dedication Fees” and passed the following Motion:

“That a Working Group of the Planning Committee be established with the membership consisting of Councillors Farr, Pearson and Partridge to meet with staff to discuss the various options regarding Parkland Dedication fees and report back to the next Planning Committee meeting.” This Motion was ratified by Council on June 24, 2015.

On June 24, 2015, the working group met to discuss various options for changes to the Parkland Dedication By-law.

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On August 11, 2015, Planning Committee considered a Notice of Motion to provide for an 18-month reduction in the parkland dedication for ground-related residential uses, small scale conversions and heritage buildings (see Appendix “A” to this Report).

This Motion was ratified by Council on August 14, 2015.

On August 17, 2015, notice was placed in the Hamilton Spectator advising the public that the proposed Motion would be considered by the Planning Committee at its meeting on September 1, 2015.

On September 1, 2015, the Planning Committee considered the motion, with minor administrative changes, considered at the August 11, 2015 Planning Committee (see Appendix “B” to this Report).

As a result of the ad in the Hamilton Spectator, a delegation request was received from Caroline Baker (GSP Group) on behalf of New Horizon Development Group. The delegation was received by the Planning Committee and the following Motion was passed:

“That staff meet with the Parkland Dedication Sub-Committee to discuss a strategy to address the issue of affordability with respect to Parkland Dedication fees charged to higher density projects having more than 6 units, obtain input from the Hamilton Halton Home Builders Association regarding this matter and report back to Committee with a verbal update at the September 15, 2015 meeting.” This Motion was ratified by Council on September 9, 2015.

On September 9, 2015, staff met with the Parkland Dedication Sub-Committee to discuss options for higher density projects.

On September 14, 2015, staff discussed the various initiatives that the City is undertaking to address the Parkland Dedication issue with the Development Industry Liaison Group (DILG). The DILG members expressed appreciation of the City’s efforts and wanted to ensure that there is fairness and equity for the industry.

On September 15, 2015, Planning staff provided Planning Committee with a verbal update on the meetings that had occurred since the September 1, 2015, Planning Committee meeting and advised that a written report would be provided for the October 6, 2015, Planning Committee meeting.

Comments:

Relevant Policies

The current Parkland Dedication By-law was passed by Council on June 10, 2009. The applicable rates of dedication are as follows:

- “a. In the case of lands to be developed for an individual single family residence in a rural area, the parkland dedication shall be based on the amount of two and one half percent (2.5%) of a 0.405 hectare (1 acre) building lot (this section is not applicable to development within designated Rural Settlement Areas).
- b. In the case of lands proposed to be developed or redeveloped for residential purposes:
 - i. at a density less than 20 units per hectare, dedication of land in the amount of five percent (5%) of the Net land area to be developed or redeveloped;
 - ii. at a density of 20 units per hectare to 75 units per hectare, dedication of land at a rate of 1.0 hectare of the Net land area for each 300 dwelling units proposed, except for street townhouse dwellings which shall be at a land dedication rate of 0.6 hectare of the Net land area for each 300 dwelling units proposed;
 - iii. at a density of 75 units per hectare to 120 units per hectare, dedication of land at a rate of 0.6 hectare of the Net land area for each 300 dwelling units proposed;
 - iv. at a density greater than 120 units per hectare, dedication of land at a rate of 0.5 hectare of the Net land area for each 300 dwelling units proposed;
 - v. notwithstanding Clause ii., a maximum land dedication of five percent (5%) of the Net land area will apply to developments of single and semi-detached lots, duplexes and a maximum of two (2) apartment dwellings above a commercial use.
- c. In the case of lands proposed for development or redevelopment for commercial purposes, including a golf course or driving range, land in the amount of two percent (2%) of the Net land area to be developed or redeveloped.

- d. In the case of lands proposed for development or redevelopment for a use other than commercial and residential, and land uses specifically exempted (Section 11); land in the amount of 5% of the Net land area to be developed or redeveloped.
- e. In the case of lands proposed for development for mixed commercial and residential uses, land based on the pro rata proportion of the proposed commercial floor area to the total floor area of the building, times the Net land area of the property times 2%, plus the pro rata proportion of the proposed residential floor area to the total floor area of the building, times the Net land area times 5% (if subsections 3.(1)b.i. or 3.(1)b.v. apply, or plus the Net land area to be dedicated calculated using the density formula (if subsections 3(1)b.ii. to iv. apply)."

On July 9, 2009, Council passed By-law No. 09-150 to adopt the Urban Hamilton Official Plan. The Plan was approved by the Ontario Municipal Board (OMB) on August 16, 2013. The Parkland Dedication policies are found in Subsection F.1.18 of the Plan and mirror the rates in the Parkland Dedication By-law. The applicable policies are as follows:

"1.18 Parkland Dedication Policies

1.18.1 In considering any *development/redevelopment* proposal, plan of subdivision or consent to sever, Council shall determine whether to require the dedication of parkland or require cash-in-lieu of such dedication.

- a) Council shall require a parkland dedication in an amount not exceeding 5% for residential proposals, or alternatively, shall not exceed a rate of 1.0 hectare for each 300 dwelling units proposed, (the rate to be applied will be that which yields the greater amount of either land or cash-in-lieu), or a combination thereof for *developments* or *redevelopment* that contain a mix of residential densities.

For the purposes of calculating parkland dedication on the basis of the number of units, the following rates shall apply to any dedication of parkland or cash-in-lieu as a condition of residential *development* or *redevelopment*:

- i) For land designated to permit residential *development* or *redevelopment* with a density less than 20 units per hectare, dedication of land not to exceed an amount of 5% of the net land areas to be developed.

- ii) For land designated to permit residential *development* or *redevelopment* with a density of 20 to 75 units per hectare, parkland shall be dedicated at a rate not to exceed 1 hectare for each 300 dwelling units proposed;
- iii) For land designated to permit residential *development* or *redevelopment* with a density of 75 to 120 units per hectare, parkland shall be dedicated at a rate not to exceed 0.6 hectares for each 300 dwelling units proposed;
- iv) For land designated to permit residential *development* or *redevelopment* with a density greater than 120 units per hectare, parkland shall be dedicated at a rate not to exceed 0.5 hectares for each 300 dwelling units proposed.
- v) Notwithstanding Policy F.1.18.1 b), regardless of the density of development, a maximum land dedication of 5% of the net land area shall apply to developments of single or semi-detached lots, duplexes, and a maximum of two apartment dwellings above commercial use.
- vi) In the case of lands to be developed for an individual single detached dwelling in a rural area, the parkland dedication shall be based on an amount not to exceed 2.5% of a 0.4 hectare lot. This policy is not applicable to designated Rural Settlement Areas.
- vii) Notwithstanding Policy F.1.18.1 a), Council may consider reducing the residential parkland dedication rate for dwellings within specific geographic areas of the City and for certain types of charitable, non-profit or social/*affordable* housing, as provided for in the Parkland Dedication By-law.”

Analysis

With the recent rise in land values in Hamilton over the past five years (almost 50%), there has been a significant rise in the per unit parkland dedication charge for higher density development. This has created an inequity and disincentive to intensification, contrary to Provincial and City policies. This is a common problem throughout the Greater Toronto-Hamilton Area (GTHA), where municipalities are struggling to revise their By-laws (Markham, Newmarket, Richmond Hill, Vaughan). This had led the Province to introduce changes to the *Planning Act* (Bill 73), as well as a high-profile OMB case. In a Board decision with respect to proposed parkland dedication policies in the Town of Richmond Hill Official Plan, evidence was presented on the parkland

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dedication rates applied in other municipalities. In particular, the following comparisons were noted in the OMB decision:

- The City of Toronto uses an alternative parkland dedication rate of 0.4 ha per 300 units; caps the dedication / cash-in-lieu at 10% of the development site area for sites less than 1 ha, 15% in the case of sites of 1-5 ha and 20% in the case of sites greater than 5 ha;
- The City of Markham uses an alternative rate of 1 ha per 300 units, but caps the dedication at 1.2141 ha per 1,000 population (for high density residential this equates to 0.70 ha per 300 units based on 1.91 persons per unit);
- The new Town of Aurora Official Plan provides that in the Town's intensification area the alternative rate of 1 ha per 300 units will not be applied and instead the typical rate of 5% of the land for residential and 2% of the land for non-residential will be applied;
- The City of St. Catharines includes a sliding scale in its official plan based on density as well as a cap of 30% of the lands proposed for development or re-development;
- The City of Guelph Official Plan uses the alternative rate of 1 ha per 300 units, but caps the dedication at 20% of the lands included in the development proposal. A further cap for high density residential development is included in its parkland dedication by-law;
- The City of Windsor applies the alternate rate of 1 ha per 300 units, but incorporates a cap at a maximum of 25% of the site area; and,
- The City of Brampton uses the alternate rate of 1.0 ha per 300 units and also provides in its official plan that Council may reduce the cash-in-lieu payment by 50% for a residential project (subject to certain requirements).

In accordance with Council direction, staff was directed to review interim adjustments for high density developments in advance of completing a more thorough review of the entire Parkland Dedication By-law. Real Estate and Planning staff have looked at some interim adjustments such as a reduction in the density formula as well as a cap, both as a percentage or fixed rate, for higher density development (200 units per hectare (uph) or higher). Based on the various alternatives, the reduction in rates would be between 0-76%.

The average cash-in-lieu rate for lower density forms of development; single detached dwellings (11-12 m frontage) and townhouse dwelling units is \$7,500. The current rate for multiple residential developments over 200 uph and up to 300 uph is less than

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\$7,500. To bring equity to the higher density developments, staff proposes that this rate (\$7,500 per unit) be established as a cap for higher density development. With such a cap, the parkland dedication rates for higher density developments over 300 uph would be reduced between 14-48%. This alternative would not affect the current rate for development less than 300 uph. Staff is supportive of implementing this cap on high density development since this rate is deemed to be equitable and reasonable for the 18-month review period that will expire on May 1, 2017. In addition, to ensure equity, the cap should be indexed for inflation based on real estate property values, with the cap rate adjusted on January 1, 2016, and January 1, 2017.

Staff examined 21 proposed developments that could be constructed within the next 18 months. Of these 21 proposed developments, only six would be affected by the proposed changes. These six proposed developments consist of 625 units. Based on the current parkland dedication rates, \$5,290,912 would be collected by the City. The proposed \$7,500 cap alternative will result in revenues of \$4,469,950, a reduction of \$820,962 (7.2%). However, the current value of taxes (2015) to the City for these development sites is \$34,975. The estimated annual tax impact of the additional units to the City is \$1,509,375, an increase of \$1,474,400 (4,215%). This estimate is based on 2015 market value of the units and the 2015 tax rate.

Staff note that since 2012, the average annual cash-in-lieu of parkland dedication collected by the City is just over \$7 million. Staff also note that the year over year average home price increase based on the Realtors Association of Hamilton-Burlington statistics since 2010 has averaged 8% per annum.

Appendices:

Appendix "A" - August 11, 2015, Planning Committee Notice of Motion

Appendix "B" - September 1, 2015, Planning Committee Motion

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