



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members Planning Committee
COMMITTEE DATE:	May 15, 2018
SUBJECT/REPORT NO:	Parkland Dedication By-law Review – Large Scale Intensification, Multi-storey Residential Developments (PED18105) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Danielle Lapp (905) 546-2424 Ext. 1639
SUBMITTED BY:	Glen Norton Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the Parkland Dedication By-law attached as Appendix “A to Report PED18105 be passed;
- (b) That the Parkland Dedication and Cash-in-Lieu of Parkland Procedure, attached as Appendix “B” to Report PED18105 be adopted and replace Parkland Dedication and Cash-in-Lieu of Parkland Policy.

EXECUTIVE SUMMARY

In September 2015, Council established a temporary reduction of parkland dedication rates for 18 months, expiring in March 2017, for small-scale intensification projects. Phase I of the Parkland Dedication review focused on these small-scale intensification projects. In March 2017, Staff Report PED17032 recommended making the reduced rates for accessory dwelling units, up to six dwelling units above commercial use, street townhouses outside a plan of subdivision, and additional dwelling units within a building designated under the *Ontario Heritage Act* permanent. These reduced rates were approved by Council and were implemented through the Rural Hamilton Official Plan Amendment (RHOPA) 13 and the Urban Hamilton Official Plan Amendment (UHOPA) 73 to the Parkland By-law by By-law 17-039. Bill 73, *Smart Growth for our Cities Act 2015* changes were also included as part of the Phase I review.

In October 2015, Council established a temporary \$7,500 per unit cap on high density residential projects (densities of 300 units per hectare or greater) until such time that staff completed a Parkland Dedication review. Accordingly, Phase II of the Parkland Dedication review has focused on dedication rates for large scale intensification and multi-storey residential development.

The guiding principles established at the outset of the Phase II review were: equity, certainty for the development community, consistency, ease of administration, relationship to market value of land, satisfaction of demand for parkland, and transparency. Analysis of potential alternate dedication rates for townhouse units and multiple dwelling units was undertaken with the goal to achieve a balance of these guiding principles. The recommended changes that are the subject of this Report apply to instances where cash-in-lieu of parkland dedication is required. Where land is conveyed to satisfy parkland dedication requirements, the existing dedication rates are recommended to remain.

Among the alternatives considered, dollar caps per unit and fixed dollar amounts per unit were considered to best achieve a balance of the principles while minimizing any negative impact to the Parkland Reserve.

To account for variations in land values across the City of Hamilton, rates were considered for three separate areas of the City:

- Ancaster, Flamborough, Dundas, Westdale;
- Lower Hamilton (excluding Downtown CIP Area); and,
- Hamilton Mountain, Stoney Creek, Glanbrook.

Townhouse Units

With respect to townhouse units, staff recommend that cash-in-lieu of parkland dedication be calculated based on a maximum dedication rate of 1 hectare for every 500 dwelling units, but subject to the following dollar caps per unit (subject to annual indexing):

Area	Cap per Townhouse Dwelling Unit
Ancaster, Flamborough, Dundas, Westdale	\$10,000
Lower Hamilton (excluding Downtown CIP Area)	\$9,000
Hamilton Mountain, Stoney Creek, Glanbrook	\$8,000

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Multiple Dwelling Units

With respect to multiple dwelling units, staff recommend cash-in-lieu of parkland dedication be fixed at the following dollar amounts per unit (subject to annual indexing):

Area	Fixed Rate per Multiple Dwelling Unit
Ancaster, Flamborough, Dundas, Westdale	\$8,000
Lower Hamilton (excluding Downtown CIP Area)	\$7,000
Hamilton Mountain, Stoney Creek, Glanbrook	\$6,000

Downtown Community Improvement Project Area

As part of the Phase II review, staff also analysed the impact of the current parkland dedication reduction in the Downtown Community Improvement Project (CIP) area and considered alternative dedication rates. To reduce the significant loss to the Parkland Reserve, while also support development, staff recommend that the parkland dedication reduction in the Downtown CIP area be phased out over several years. Staff recommended a two-year lead time before any rate changes come into effect, and that the rates are increased each year thereafter, as follows:

Effective Date	Dedication Rate / Flat Fee
Date of Passing of By-law	5% of the Net Land Area
April 1, 2020	\$2,000 per unit
April 1, 2021	\$3,500 per unit
April 1, 2022	\$5,000 per unit
April 1, 2023	To be determined as part of five-year review of all rates

Staff were also directed to ensure that only those portions of a development that do not exceed Schedule F – Figure 1 of Zoning By-law 05-200 Respecting Downtown Zones are eligible for reduced rates. To that end, staff recommended the portion of a development in the Downtown CIP area that exceeds Schedule F – Figure 1 of Zoning By-law 05-200 be subject to a cash-in-lieu of parkland dedication rate of 1 hectare per 500 dwelling units.

Housekeeping Amendments

Additional housekeeping amendments to the Parkland Dedication By-law and accompanying Procedure are recommended to clarify definitions, ensure consistent language, and expand on procedures with respect to calculating parkland requirements.

Alternatives for Consideration – See Page 20

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The Parkland dedication fund is used to finance the acquisition of parkland under the *Planning Act*. The recommended changes to the parkland dedication will have an impact on the Parkland Reserve fund. As the recommended changes relate to specific development types which may or may not occur with the same frequency from year to year, it is difficult to predict the financial implications with great certainty.

To estimate the impact of the recommended changes on the Parkland Reserve, cash-in-lieu collected from actual projects in 2016 and 2017 were analysed. The impact of the recommended rates for townhouse and multiple dwelling units, on an annual basis is:

- Townhouse units: \$51,000, or a 0.45% reduction in total annual cash-in-lieu; and,
- Multiple dwelling units: \$108,000, or a 0.96% reduction in total annual cash-in-lieu.

While the recommendations have a slight negative impact on the Parkland Reserve, they offer many benefits in terms of creating equity and certainty for the development community, while reducing the administrative burden.

Phasing out the Downtown CIP reduction will have a positive impact on the Parkland Reserve over time as the new rates are phased in. The increases in cash-in-lieu collected in the Downtown CIP compared to what is collected today are estimated as:

- Step 1 (April 2020): \$334,877, or a 3.0% increase in total annual cash-in-lieu.
- Step 2 (April 2021): \$783,877, or a 6.09% increase in total annual cash-in-lieu.
- Step 3 (April 2022): \$1,232,877, or a 10.9% increase in total annual cash-in-lieu.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

1.0 Council Directions

In June 2015, a Working Group of the Planning Committee was formed to discuss various options regarding Parkland Dedication rates and report back to the next Planning Committee.

1.1 September 2015

At its meeting of September 1, 2015, Planning Committee passed the following Motion (Item 9.3a) which was approved by Council on September 9, 2015:

- (i) the following rates shall apply to a maximum of six apartment dwellings above a commercial use and street townhouses fronting on a public street where such developments are not part of a registered plan of subdivision;
 - (1) That notwithstanding Section 3.(1)b.ii., iii. and iv. of By-law No. 09-124, a maximum land dedication of five percent of the Net Land Area, or cash-in-lieu thereof, will apply.
- (ii) That notwithstanding Section 3.(1)b. where a second dwelling unit is added in an existing single detached dwelling, a cash-in-lieu flat fee of \$500 applies;
- (iii) That notwithstanding Section 3.(1)b. and Sections 5 and 6, where additional dwelling units are created within a building “designated” under the *Ontario Heritage Act*, a cash-in-lieu flat fee of \$500 per unit applies; and,
- (iv) That items (1), (2) and (3) be in effect for a maximum time-period of up to 18 months.

In response to this change, a delegation requested that Planning Committee address the issue of affordability of parkland fees for six units and above.

1.2 October 2015

Staff prepared Report PED15176 which identified the parkland rate of other municipalities as described in the Richmond Hill Ontario Municipal Board (OMB) decision. The staff Report also included an explanation of the rates on the basis of low density development, multiple dwellings between 200 and 299 units per hectare (UPH) and 300 UPH and above. To provide equity amongst the dwelling

types, staff recommended that a cap of \$7,500 per unit be applied to developments with densities of 300 UPH and above.

As a result, Planning Committee at its meeting of October 6, 2015 and ratified by Council on October 14, 2015, approved the following Motion:

“That on an interim basis and until staff complete a Parkland Dedication review (expected in May 2017), a \$7,500 cap be placed on the per-unit Parkland Dedication fee and indexed for inflation as it relates to densities of 300 units per hectare or greater.”

2.0 Bill 73, *Smart Growth for our Communities Act, 2015*

On July 1, 2016 changes were made to the *Planning Act* at subsection 51.1 (3.1) which introduced a cap on the cash-in-lieu of parkland to a rate of 1 hectare for each 500 dwelling units proposed or such lesser rate as may be determined by the municipality.

The City’s Official Plan policies and Parkland Dedication By-law at the time reflected the rate of 300 UPH. Given the *Planning Act* change was immediate, Planning Committee, at its meeting of July 5, 2016 and Council at its July 9, 2016 meeting, approved the following Motion:

“That until the Parkland Dedication By-law is updated, that staff be directed to apply a rate of 1 hectare of Net Land Area for each 500 dwelling units proposed with respect to Section 4. a. ii. of the By-law.”

3.0 Parkland Dedication Review

Staff reviewed the Parkland Dedication By-law and the associated Official Plan policies in two phases:

3.1 Phase I – Small Scale intensification, Ground related Housing Redevelopment, Heritage Buildings

Phase 1 addressed different rates and valuation methods for the following four small scale redevelopment / intensification scenarios.

1. a maximum of six apartment dwellings above a commercial use;
2. street townhouses fronting on a public street outside a plan of subdivision;
3. second dwelling units in an existing detached dwelling; and,
4. additional dwelling units created within a building that is designated under the *Ontario Heritage Act*.

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Staff prepared Report PED17032 which recommended the following amendments to the Official Plan policies and Parkland Dedication By-law. The amendments were approved by Council on March 8, 2017, at which time Amending By-law 17-039 was passed.

Rates for Small Scale Re-development / Intensification

Based on a review of other municipalities' rates, the number of units that were built between September 2015 to December 2016 and the potential future losses of the Parkland Reserve and benefits of intensification, the following permanent rate changes were recommended:

Unit Type	Method of Calculation Prior to Temporary Reduction	Proposed Method of Calculation
Street townhouses outside a plan of subdivision	Calculation based on density of development	5% of net land area
Up to six apartments above a commercial use	Calculation based on density of development	5% of net land area
Accessory dwelling unit in a single detached dwelling	5% of net land area	\$750
Additional dwelling units within a building designated under the <i>Ontario Heritage Act</i>	Calculation based on density of development	\$500

Bill 73, *Smart Growth for our Communities Act, 2015*

Changes to the *Planning Act* as a result of Bill 73 required housekeeping changes to the Urban Hamilton Official Plan (UHOP), Rural Hamilton Official Plan (RHOP), and the Parkland Dedication By-Law 09-124 be modified with respect to types of developments contemplated in Sections 3(1)b and 4(1)a to change '1.0 hectare of the Net Land Area for each 300 dwelling units' to '1 hectare of the Net Land Area for each 500 dwelling units' in instances where cash-in-lieu of parkland is required.

3.2 Phase II – Large Scale Intensification, Multi-storey Residential Developments

Phase II of the Parkland Dedication review addresses dedication rates for cash-in-lieu and valuation methods for large scale projects that include medium to high density residential (e.g. townhouses and multiple dwelling units).

Phase II also reviews the parkland dedication requirements in the Downtown Community Improvement Project area, where there is currently a significant reduction.

Finally, procedures with respect to calculating parkland dedication requirements are reviewed and clarified.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The *Planning Act* provides the legislative authority for municipalities to require the dedication of land for parks or payment of money in lieu of the conveyance as a condition of development or re-development. Subsections 42(1) and 51.1(i) of the Act, provide that the City may require land dedication in an amount not exceeding 2% of the land for commercial or industrial development, and 5% of the land for all other uses. *The Planning Act* also provides the ability to set an alternate rate for parkland, set at the rate of 1 hectare for every 300 units in the proposed development where there will be a conveyance of parkland, or the cash-in-lieu thereof value of 1 hectare for every 500 units. If the alternative requirement for parkland dedication applicable to residential uses is to be used, there must be specific policies dealing with the provision of lands for park or other recreational purposes and the use of the alternative requirement provided in the Official Plan. In this instance, the Urban and Rural Hamilton Official Plans currently contain such policies.

In instances where cash-in-lieu of the land conveyance is required, under Section 42 of the *Planning Act*, the value of the land shall be determined as of the day before the day the building permit is issued, and under Section 51.1 the value of the land shall be determined as of the day before the day of the approval of the draft plan of subdivision.

To implement the recommended rate changes and housekeeping amendments, the existing By-law 09-124 is to be repealed and replaced with the new By-law, attached as Appendix “A”. The Parkland Dedication and Cash-in-lieu of Parkland Policy would also be replaced with the new Parkland Dedication and Cash-in-Lieu of Parkland Procedure, attached as Appendix “B”.

RELEVANT CONSULTATION

Internal Departments

Public Works (Landscape Architectural Services);
Healthy and Safe Communities (Recreation);
Planning and Economic Development (Growth Management); and,
Corporate Services (Finance) and Legal Services.

External

Development Industry Liaison Group Joint Working Group (March 8, March 30, June 7 and October 4, 2017, and March 14, 2018); and, Development Industry Liaison Group (April 16, 2018).

ANALYSIS AND RATIONALE FOR RECOMMENDATION

1.0 Guiding Principles

In order to appropriately frame and scope Phase II of the Parkland Dedication review, a number of guiding principles were established. Consistent with the intent of the Phase II review, these principles focus on dedication rates for residential uses.

1.1 Equity

The residential dedication rates in By-law 09-124 decrease with increasing density. The intent of the stepped down rates was to ensure equity across development types and to compensate for the increase in land value that occurs as densities increase. Since the current By-law came into effect in 2009, land values have increased significantly and the stepped down approach is no longer equitable in all instances. The higher price of medium to high density land, combined with the higher dedication rate relative to single detached dwellings, creates inequities where the cash-in-lieu of parkland dedication required per townhouse unit or per apartment unit can be well above that required for a single detached dwelling. This principle establishes that the payment in lieu per unit should be equitable in that, on a per unit basis, a townhouse or multiple dwelling unit should not be more than a single detached dwelling.

1.2 Certainty

With land values continuing to increase and current residential dedication rates based on density being quite detailed, it can be difficult for a developer to forecast cash-in-lieu of parkland dedication for their project. This is particularly true since a payment in lieu is based on the market value of the land as of the day before the first building permit is issued. Single detached dwellings are somewhat straightforward to forecast as they are based on 5% of the market value of the land, and lot sales typically provide a good indication of market value. Projects involving townhouses and multiple dwelling units are less certain since the density calculations come into play and land values are less obvious.

1.3 Consistency

Each project should be treated consistently in terms of valuation methodology and how dedication rates are applied. As well, cash-in-lieu should generally be consistent among residential development types (e.g. single detached dwellings, townhouses, multiple dwellings).

1.4 Ease of Administration

The process of calculating cash-in-lieu should be as streamlined as possible so that amounts can be provided to applicants in a timely manner. Having many different dedication rates or requirements to treat different forms of development differently can increase the burden of administering cash-in-lieu. Clear rules and processes must also be maintained.

1.5 Relationship to Market Value of Land

Per the *Planning Act*, cash-in-lieu of parkland dedication is to be based on the value of the land that would otherwise have had to be conveyed. In exploring and assessing approaches to cash-in-lieu of parkland dedication, any fixed dedication rates or per unit caps should be grounded in the market value of the land.

1.6 Satisfy Demand for Parkland

Notwithstanding principles 1 through 5, the current need for park land as well as future demands need to be considered. Parks are critical elements that define Hamilton's quality of life and contribute to the City's aspiration of "making Hamilton the best place to raise a child". They are gathering places that help to strengthen neighbourhoods and create healthy and complete communities. The Parkland Reserve fund is challenged to meet this demand.

1.7 Transparency

The development community has expressed concern with the lack of public information with respect to the Parkland Reserve fund and how cash-in-lieu is spent. Changes to the *Planning Act* through Bill 73 now require the municipality to report on the status of the Parkland Reserve fund on an annual basis. To that end, staff brought Report FCS17065 "Parkland Dedication Reserve Status Report and Treasurer's Statement as of December 31, 2016" to Council in July 2017. This Report, which will continue on an annual basis, provides information on cash-in-lieu collected and parkland dedication funded projects.

2.0 Review of Other Municipalities

As part of Phase II of the Parkland Dedication review, cash-in-lieu of parkland dedication rates for different housing types across 14 municipalities were reviewed. A summary of the review is attached as Appendix “C” to this Report. The review found that there is no consistency across municipalities and dedication rates are wide ranging within each housing type. A slight trend was observed that higher density units have a lower dedication rate than lower density units, but this was not the case for all municipalities included in the study.

Cash-in-lieu of parkland dedication methodologies found among the municipalities included percentage of land value, density-based rates such as 1 hectare per 500 dwelling units, fixed rate per unit of land (e.g. per metre of frontage or per hectare), fixed dollar rates per unit, and dollar caps per unit. The majority of the municipalities surveyed use a mix of the above approaches, with different rates applying to different development types or densities. Of the 14 municipalities surveyed, six had fixed dollar amounts or dollar caps for high density developments.

For example, the City of Burlington caps medium density development at \$6,500 per unit and high-density development at \$5,500 per unit. These rates were established in 2005. Other nearby municipalities such as Brantford and Oakville collect the maximum allowable under the *Planning Act*.

3.0 Dedication Rates for Medium and High Density Residential

Parkland dedication for small scale intensification was reviewed and changes were implemented in March 2017 as part of Phase I of the review. In light of the guiding principles of the Phase II review and the issues experienced by staff over the past few years, the analysis and recommendations focus on dedication rates for townhouses and multiple dwelling units.

Staff analyzed parkland dedication rates for townhouses and multiple dwellings through two lenses. The first was to explore alternate dedication rates including a percentage of land value, a rate per unit (1 hectare per 500 units), a fixed dollar amount per unit, a dollar cap per unit, and a percentage of land value cap. Actual projects where cash-in-lieu was paid over the past two years were analyzed to determine the financial impact of each alternate dedication rate. The land values used for these actual projects were inflated so that the analysis was based on current market values.

The second perspective was to evaluate the cash-in-lieu per townhouse and multiple dwelling unit in relation to the typical cash-in-lieu for a single detached dwelling. One way to think about fair and reasonable cash-in-lieu rates is to consider the number of persons per dwelling unit. The figures used for planning and forecasting purposes are

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3.4 persons per single detached dwelling, 2.4 persons per townhouse unit, and 1.7 persons per apartment unit. In other words, townhouses have 25% fewer people, and apartments have 50% fewer people compared to a single detached dwelling. On this basis, it could be argued that the cash-in-lieu per townhouse unit should be 25% less than that of a single detached dwelling, and the cash-in-lieu for a multiple dwelling unit should be 50% less. While this rationale ignores the park and recreation habits of those living in each of the dwelling types, it provides a basis for determining equitable and consistent cash-in-lieu rates across dwelling types.

The recommended rates for townhouses and multiple dwelling units were arrived at by considering both of these perspectives. In addition, consideration was given to the variation in property values across the different parts of the City. For example, land values in Ancaster and Waterdown tend to be well above those in Stoney Creek. To account for this variation, it is recommended that different rates apply to Ancaster, Flamborough, Dundas, Westdale, lower Hamilton, Hamilton Mountain, Stoney Creek and Glanbrook. A map identifying the three areas is provided in Appendix “D” to this Report.

The recommended rates were determined by analyzing typical land values for townhouse and multi-residential developments in the three defined areas of the City, as well as examining the value of a single-detached lot and how this relates to the per-unit cash-in-lieu for townhouses and multiple dwelling units, as described above.

3.1 Townhouses

While alternate dedication rates were analyzed, it was found that a fixed dollar rate per unit or cap on the cash-in-lieu per unit would result in greater equity and consistency across dwelling types. This would also provide greater certainty for the development community by providing a known fixed or maximum amount of cash-in-lieu per unit.

Consideration was also given to the treatment of different forms of townhouses. Currently By-law 09-124 distinguishes between street townhouses and block townhouses within a plan of condominium. In order to be more equitable and consistent, staff recommend that townhouse units be treated equally regardless of tenure (e.g. freehold or condo, etc.). This will also reduce the administrative burden.

Recommendation

Based on the financial analysis completed, a dollar cap per townhouse per unit is recommended rather than a fixed dollar rate. Townhouse land values can vary quite considerably, so to ensure that the cash-in-lieu collected does not exceed the maximum

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allowable under the *Planning Act*, a cap per unit was considered to be more appropriate. Staff recommend that cash-in-lieu of parkland dedication for townhouse units be calculated based on a maximum dedication rate of 1 hectare for every 500 dwelling units, but subject to the following dollar caps per unit (subject to annual indexing):

Area	Cap per Townhouse Dwelling Unit
Ancaster, Flamborough, Dundas, Westdale	\$10,000
Lower Hamilton (excluding Downtown CIP Area)	\$9,000
Hamilton Mountain, Stoney Creek, Glanbrook	\$8,000

These rates shall apply to street townhouses, block townhouses, and maisonettes. The exception is street townhouses fronting on a public street where such developments are not part of a registered plan of subdivision, which are subject to a dedication rate of 5% of the net land area as implemented by By-law 17-039 (Phase I of the review). For clarity, stacked townhouses are included as multiple dwellings.

Financial Impact

While it is difficult to predict the form and number of future townhouse developments, actual projects over the past two years were analyzed to assess the impact of the recommendation. Analysis of cash-in-lieu collected in 2016 and 2017, with land values updated to reflect current values, indicated that the recommended rates would reduce the average cash-in-lieu collected per year by \$51,000. As a percentage of the total cash-in-lieu calculated in 2017, this is a 0.45% reduction in total cash-in-lieu collected.

The following table breaks down the impact of the recommended dedication rate by area.

Impact of Recommended Rates by Area Collected			
Area / Current and Recommended Rates	Total CIL (1 year average)	Impact (1 year average)	% Impact on Total 2017 CIL
Ancaster, Flamborough, Dundas, Westdale			
Current By-law (1 hectare / 500 units)	\$1,164,705		
Recommended Cap Per Unit	\$1,159,608	-\$5,097	-0.04%
Lower Hamilton			
Current By-law (1 hectare / 500 units)	n/a		
Recommended Cap Per Unit	n/a	n/a	n/a
Hamilton Mountain / Stoney Creek / Glanbrook			

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Current By-law (1 hectare / 500 units)	\$1,491,529		
Recommended Cap Per Unit	\$1,445,654	-\$45,875	-0.40%

3.2 Multiple Dwellings

Similar to townhouse dwellings, the analysis found that a fixed dollar amount or dollar cap for multiple dwelling units would improve equity, consistency, and certainty for the development community, and reduce the administrative burden.

Recommendation

Based on the financial analysis completed, a fixed dollar amount per unit is recommended for multiple dwelling units. In contrast to townhouses, a fixed dollar amount per unit was found to achieve a balance between not collecting more than allowable while minimizing the loss of parkland funds. Staff recommend that cash-in-lieu of parkland dedication for multiple dwelling units be fixed at the following dollar amounts per unit (subject to annual indexing):

Area	Fixed Rate per Multiple Dwelling Unit
Ancaster, Flamborough, Dundas, Westdale	\$8,000
Lower Hamilton (excluding Downtown CIP Area)	\$7,000
Hamilton Mountain, Stoney Creek, Glanbrook	\$6,000

These rates do not apply to up to six dwelling units above commercial use in a building that existed as of March 8, 2017, where the dedication rate is 5% of the net land area (as implemented in Phase I).

Financial Impact

Analysis of cash-in-lieu collected in 2016 and 2017, with land values updated to reflect current values, indicated that the recommended rates would reduce the average cash-in-lieu collected per year by \$108,000. As a percentage of the total cash-in-lieu calculated in 2017, this is a 0.96% reduction in total cash-in-lieu collected.

The following table breaks down the impact of the recommended dedication rate by area.

Impact of Recommended Rates by Area Collected			
Area / Current and Recommended Rates	Total CIL (1 year average)	Impact (1 year average)	% Impact on Total 2017 CIL
Ancaster / Dundas / Flamborough / Westdale			
Current By-law	\$855,314		
Maximum Collectable (1 hectare / 500 units)	\$1,011,932		
Recommended Fixed Rate Per Unit	\$824,000	-\$31,314	-0.28%
Lower Hamilton			
Current By-law	\$749,263		
Maximum Collectable (1 hectare/ 500 units)	\$1,273,470		
Recommended Fixed Rate Per Unit	\$661,500	-\$87,763	-0.77%
Hamilton Mountain / Stoney Creek / Glanbrook Current By-law			
	\$1,042,217		
Maximum Collectable (1 hectare / units 500)	\$1,207,786		
Recommended Fixed Rate Per Unit	\$1,053,000	\$10,783	0.10%

3.3 Indexation of Fixed Rates or Caps

It is recommended that where a fixed rate or cap applies for the payment of cash-in-lieu of parkland dedication, such amounts be adjusted annually on April 1 starting the year following the year the By-law is approved and enacted. The adjustment will be equal to the January year-over-year price increase in Hamilton, as reported by the Teranet and National Bank of Canada House Price Index. Staff also recommend that all fixed rates and caps be reviewed and reset every five years.

4.0 Downtown Community Improvement Project Area Reduction

There is a long-standing deficiency of parkland in established neighbourhoods (largely in Lower Hamilton) and opportunities to acquire land in these areas are infrequent and costly. Reductions to parkland dedication requirements in the Downtown Community Improvement Project (CIP) area, while positive with respect to encouraging redevelopment, result in increasing the shortfall of funding available to acquire additional parkland.

In the current By-law 09-124, the parkland dedication rate for residential development in the Downtown CIP area is 5% of the net land area, regardless of density. Analysis of the cash-in-lieu collected during 2015 through 2017 in the Downtown CIP area indicates

that the typical loss in cash-in-lieu of parkland dedication resulting from this reduction is approximately 95% compared to the maximum that could be collected.

Recommendation

Staff recommend that the parkland dedication reduction in the Downtown CIP area be phased out. Staff recommend a two-year lead time before any rate changes come into effect. Thereafter, cash-in-lieu of parkland dedication for multiple dwelling units in the Downtown CIP shall be calculated based on a fixed dollar amount per unit, with the rate increasing each year thereafter, as follows:

Effective Date	Dedication Rate / Fixed Rate
Date of Passing of By-law	5% of the Net Land Area
April 1, 2020	\$2,000 per unit
April 1, 2021	\$3,500 per unit
April 1, 2022	\$5,000 per unit
April 1, 2023	To be determined as part of five year review of all rates

In addition, staff were directed to amend the parkland dedication rate to ensure that only those portions of a development that do not exceed Schedule F – Figure 1 of Zoning By-law 05-200 Respecting Downtown Zones are eligible for reduced rates. To that end, staff recommend that for developments or re-developments within the Downtown CIP area, cash-in-lieu of parkland dedication for multiple dwelling units within a portion of a development that exceeds Schedule F – Figure 1 of Zoning By-law 05-200 be calculated at the rate of 1 hectare per 500 dwelling units. It is recommended that the maximum rate of 1 hectare per 500 dwelling units (per the *Planning Act*) be applied rather than a fixed dollar amount per unit due to the significant variation in land values within the Downtown. A fixed rate would result in inequities whereby the cash-in-lieu per unit for would be the same for properties with significantly different land values.

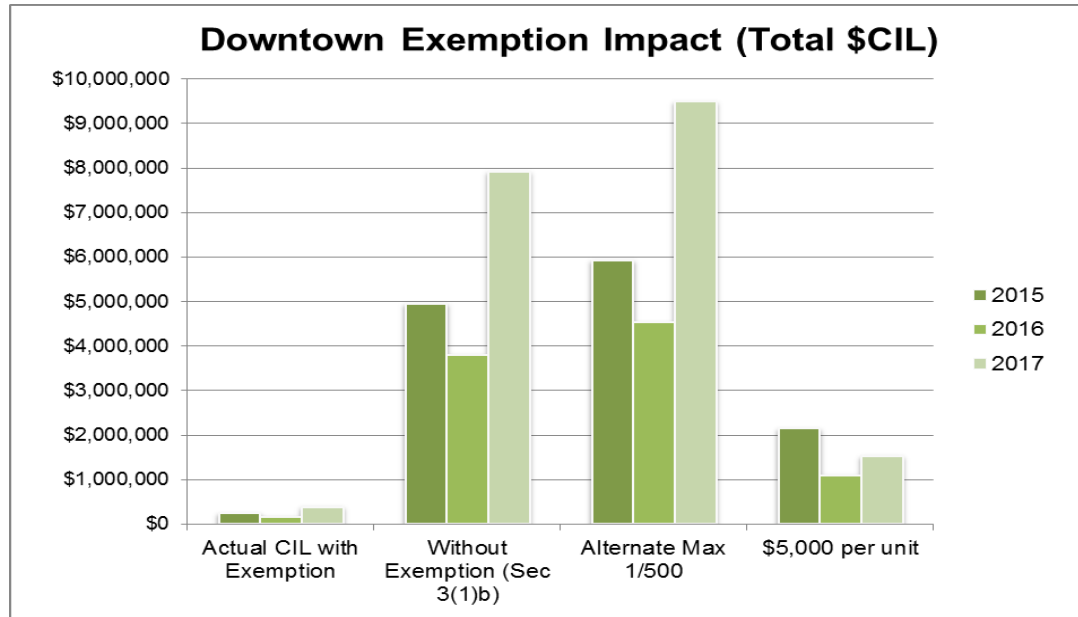
The Downtown rates described above do not apply to up to six dwelling units above commercial use in a building that existed as of March 8, 2017, where the dedication rate is 5% of the Net Land Area. As well, the dedication rate for street townhouses fronting on a public street where such developments are not part of a registered plan of subdivision are subject to a dedication rate of 5% of the Net Land Area, as implemented by By-law 17-039.

Financial Impact

The following graph presents the total cash-in-lieu calculated in 2015, 2016 and 2017 for multi-residential projects that fell within the Downtown CIP area. The graph compares the actual cash-in-lieu based on the 5% Downtown rate to what could have

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been collected a) without the exemption, subject to Section 3(1)b of By-law 09-124, b) the maximum that could be collected under the *Planning Act*, and c) based on a fixed rate of \$5,000 per dwelling unit.



Based on analysis of cash-in-lieu collected for actual residential projects in the Downtown CIP since 2015, the City has been collecting, overall, 3.7% of the cash-in-lieu that could be collected using the maximum dedication rate allowed. The recommended rates will increase this ratio to 20.8% by Year 5. It is recognized that the maximum dedication rate of 1 hectare per 500 units would likely discourage development, as the average cash-in-lieu per unit under this scenario is over \$20,000. This would result in total cash-in-lieu for a project being equal or greater to the cost to acquire the land for the development. At the same time, the current dedication rate is too low to keep up with the demand for parkland in the Downtown. As a percentage of the total cash-in-lieu of parkland dedication calculated in 2017, the recommended rates will result in a 10.9% increase in the Parkland Reserve by Year 5.

Dedication Rate	Downtown Cash-in-Lieu (1 year avg.)	Average Per Unit / Fixed Rate Per Unit	% Collecting Compared to Max.	Impact (1 year avg.)	% Impact (1 year)	% Impact on Total 2017 CIL
Current Dedication Rate (5%)	\$263,790	\$1,161	3.7%	-	-	-
Maximum Collectable (1 hectare / 500 units)	\$7,201,794	\$20,689	100.0%	-	-	-
Fixed Rate Per Unit - Step 1	\$598,667	\$2,000	8.3%	\$334,877	127%	3.0%
Fixed Rate Per Unit - Step 2	\$1,047,667	\$3,500	14.5%	\$783,877	297%	6.9%
Fixed Rate Per Unit - Step 3	\$1,496,667	\$5,000	20.8%	\$1,232,877	467%	10.9%

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Note: the % impact of each step is cumulative.

5.0 Housekeeping and Procedural Amendments

Amendments to the Parkland Dedication By-law and Procedure are also recommended to update definitions, clarify staff procedures in determining parkland dedication requirements, and to ensure consistent language within the Parkland Dedication By-law and other relevant By-laws.

5.1 Housekeeping Amendments to Parkland Dedication By-law

The recital section of the By-law has been amended to clarify that provisions under Sections 42 and 51.1 of the *Planning Act* can be used for related building and equipment for park or other public recreational purposes, rather than merely for the acquisition of land. Currently, it is the City's practice to use the Parkland Reserve funds only for the acquisition of land. It is not the intent of this By-law change to indicate that staff recommend that the funds should be used for the erection of buildings or to acquire equipment. The intent is to ensure that the By-law does not restrict the use of the money or land required under these sections of the *Planning Act*.

The definition section of the By-law has been updated to ensure consistency with By-law 05-200 and other By-laws and procedures. The definition of "Agricultural Use", "Block Townhouse Dwelling", "Dwelling Unit", "Maisonette Dwelling", "Multiple Dwelling", "Street Townhouse Dwelling" are stated as "as defined in Zoning By-law 05-200". Any updates to the By-law 05-200 definitions will therefore be reflected in the Parkland Dedication By-law. In addition, "Environmental Lands" are now defined as "Natural Heritage Features" to ensure consistent language. A new definition of "Townhouse Dwelling" has been introduced as: "For the purpose of this By-law, townhouse dwellings shall include block townhouse, maisonette and street townhouse dwelling units but shall not include stacked townhouse dwellings". The recommended dedication rates differentiate between townhouse and multiple dwelling units, therefore this new definition is required for clarity. Stacked townhouse dwellings fall within the definition of Multiple Dwelling.

Throughout the By-law, minor amendments have been made to ensure consistent language between this By-law, and other planning policies and By-laws. Reference to "single detached residence" has been revised to "single detached dwelling".

The current By-law 09-124 contained separate sections for Development and Redevelopment applications and Subdivision and Consent. These sections have been combined into one section for ease of reference. Section 3 of the new By-law presents the dedication rates for land dedication for all forms of development,

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redevelopment, subdivision or consent. Section 4 of the new By-law specifies alternate dedication rates for select development types in instances where *cash-in-lieu* of parkland dedication is required.

For clarity, clause 4(2)(b) now states that “for the purposes of this By-law, the existing use shall be the legally established use as per the City’s Building Division records”. It has been staff’s practice that in instances where the existing use is not the legally recognized use, for example, the building contains illegal dwelling units, for the purposes of calculating parkland dedication, staff rely upon the existing use as determined by the Building Division’s records. For greater clarity, this has been made explicit in the recommended By-law.

The current By-law 09-124 contains examples with respect to offsetting calculations for redevelopments. These examples have been removed from the By-law and added to the accompanying Procedure, in an effort to streamline the By-law itself.

Through Amending By-law 17-039, which came into effect in March 2017, flat rates were implemented for the addition of one dwelling unit in an existing single detached dwelling and for the addition of dwelling units in a building which is designated or located within a heritage district under the *Ontario Heritage Act*. By-law 17-039 specified that these rates were to increase annually on April 1 according to the year-over-year median sale price in Hamilton as reported by the Realtors Association of Hamilton-Burlington. The By-law is updated to reflect the indexed rates for these development types as of April 1, 2018. In addition, a clarification to the clause respecting the flat fee rate apply to the addition of one dwelling unit in an existing single detached dwelling, is required. The flat fee rate should also apply to circumstances where an additional dwelling unit has been created on the same lot as an existing single-detached unit (e.g. coach house converted to a dwelling). At this time, the 5% rate would apply, but this type of development is more akin to an additional dwelling unit in an existing building.

In subsection 10(2) of the new By-law, it has been clarified that for the purposes of timing of payment and the effective date of valuation, the first building permit includes the foundation permit where applicable. This is consistent with historical practice as well as with legal interpretation of the *Planning Act*’s reference to “first building permit”.

Finally, subsection 12(8) has been added to clarify that when a development or redevelopment contains more than one use, some of which are exempt from parkland dedication but some of which are not, parkland dedication will be calculated based on the prorata proportion of the non-exempt floor area to the total floor area of the building. For example, if a commercial day care use forms part of a place of worship

development, parkland dedication will be required on the portion of the development used for the commercial day care.

5.2 Housekeeping Amendments to Parkland Dedication Procedure

Section 2.c. with respect to determining parkland requirements is amended to clarify the City's requirements when land is conveyed for park purposes. In particular, it is clarified that the site is to be fenced only where the park abuts privately owned land.

Section 4, Parkland Credits, has been amended to minimize the accumulation of park credits that sit as liabilities against the Parkland Reserve fund. Currently, the valuation of park credits increases over time. The new recommended procedure is that any remaining park credits after all phases of a subdivision have been registered shall be paid by the City at the time of registration of the final phase of the plan of subdivision, subject to approval of funding by the City. The Director of Planning shall continue to have authority to allow credits to be used to satisfy other parkland dedication requirements elsewhere in the City.

Section 5.a.ii., the administrative procedure with respect to subdivision plans is also amended by inserting a clause that states that if the number of residential units is unknown for certain Blocks within the plan, densities will be assumed based on minimum densities. If the final number of residential units exceeds the assumed densities, cash-in-lieu for the additional units will be required at building permit stage. If the final number of units is less than the assumed densities, the over dedication will be paid out by the City. The intent of this clause is to ensure that park credits are applied to the entirety of a subdivision before any remaining over dedication is paid out.

Section 5.d., Offsetting Procedure, is inserted to provide examples of the City's procedure for calculating parkland dedication requirements for redevelopments. These examples were previously included in the By-law.

Finally, Section 6.c. has been added to note that the activities and status of the Parkland Reserve Fund shall be reported on annually, in accordance with Section 42 of the *Planning Act*.

ALTERNATIVES FOR CONSIDERATION

There could be numerous alternatives for consideration, however, the recommended revisions represent a balance between maximizing parkland dedication given current park requirements and existing deficiencies in light of population levels, and, treating the development community in a reasonable, consistent and equitable manner.

Alternative methods for calculating cash-in-lieu for townhouses and multiple dwelling units that Council could consider include:

- Apply a flat 5% of land area / value for all forms and densities of development;
- Set a fixed rate per unit for both townhouses and multiple dwelling units;
- Set a dollar cap per unit for both townhouses and multiple dwelling units; and,
- Change the density-based formula (e.g. 1 hectare per 500 dwelling units) to step down with increasing density.

With respect to the recommendation that the Downtown CIP area reduction be phased out, Council could:

- Maintain the 5% dedication rate regardless of density;
- Phase out the reduction at an accelerated rate, by removing the lead time or introducing a fixed amount per unit without phasing it in; and,
- Apply a density-based formula (e.g. 1 hectare per 500 dwelling units).

The recommended approach represents an effort to balance the City's policy objectives respecting affordable housing, intensification of development, and incentivizing downtown development.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" - Parkland Dedication By-law

Appendix "B" - Parkland Dedication Procedure

Appendix "C" - Summary of Parkland Dedication Rates by Other Municipalities

Appendix "D" - Map of Areas for Dedication Rates

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