



Parkland Dedication and Payment-in-lieu of Parkland Analysis

Town of Lincoln
December 4, 2023

Agenda



- Introductions
- Legislative Overview
- Parkland Policies
- The Town's Current Policies & Practice
- Summary of the Analysis and Observations
- Questions

Parkland Dedication Analysis



Purpose:

- Allows municipalities to ensure that their park systems grow in tandem along with their community, providing essential parkland for their residents.
- The dedication of parkland is a requirement under the Planning Act



Why Review Parkland Dedication Policies?



- In some municipalities, Finance departments do not have direct input into the creation of parkland dedication policies and/or the application of the policies
- Based on targets set out in the parks and recreation master plan or other documents, there may be a significant financial impact
- A Parkland dedication By-law is required to utilize the alternative rates for dedications or payment-in-lieu (as required through Bill 197 and Bill 23)



Legislative Overview

Parkland Legislative Overview



- The Planning Act provides municipalities with the authority to impose conditions on development and redevelopment to receive parkland or payment-in-lieu of parkland.

S. 51.1

For subdivisions

- No by-law required (impose as condition)
- 5% for res and institutional and 2% commercial/ industrial
 - Dedication
 - PIL
- Alternative rate for residential
 - Dedication (1ha for 600* units)
 - PIL (1ha for 1,000* units)
- Timing of PIL – day before approval of draft plan

S. 42

For all development and redevelopment

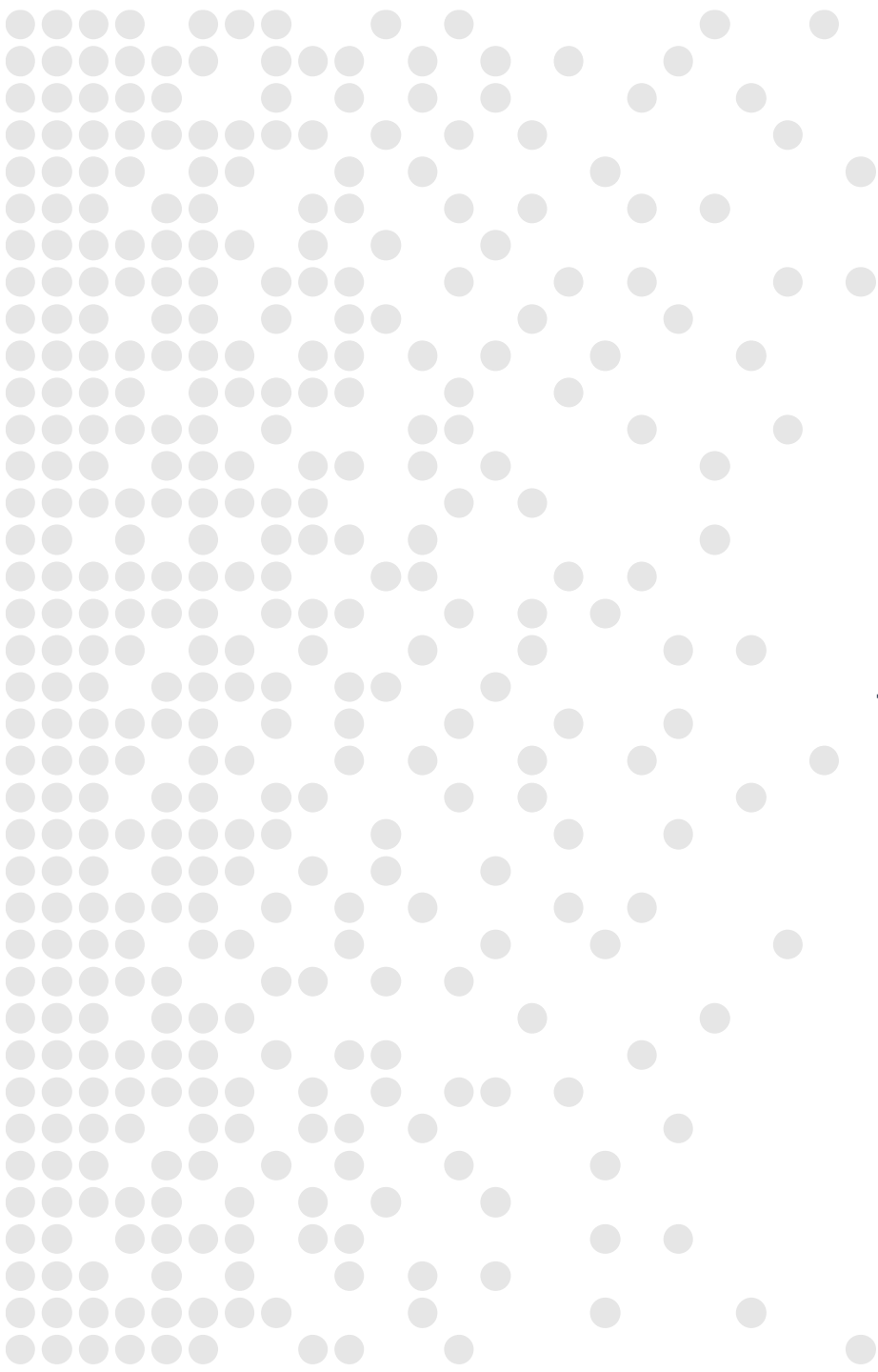
- by-law required
- 5% for res and institutional and 2% commercial/ industrial
 - Dedication
 - PIL
- Alternative rate for residential
 - Dedication (1ha for 600* units)
 - PIL (1ha for 1,000* units)
- Timing of PIL – day before building permit

***Revised as per Bill 23**



Parkland Impacts from Bill 23

- Rate Freeze applies similar to DCs (site plan and zoning by-law amendment)
- Exemptions for additional residential units (similar to DCs)
- Exemptions for Affordable, Attainable, and Inclusionary Zoning units (similar to DCs)
- Exemption for Non-profit Housing units (similar to DCs)
- Requirement to allocate 60% of the monies in a reserve fund at the beginning of the year (similar to DCs).
- Alternative Residential Dedication and PIL Rate cut in half, only calculated on incremental units, and capped
 - Dedication – 1ha for 300 dwelling units now 1ha for 600 net residential units
 - Payment-in-Lieu – Value of 1ha for 500 dwelling units now Value of 1ha for 1,000 net residential units
 - Capped at 10% for land 5ha or less and 15% for land greater than 5ha
- Parks Plan now required to pass a parkland dedication by-law
- Allows for encumbered lands to be included in land dedicated to the Municipality



Parkland Policy Discussion

Impacts of Bill 23



Parkland Impacts from Bill 23

Parks Plan

- Parks Plan now required to pass a parkland dedication by-law
 - Wording in Act states: “Before passing a by-law under this section, the local municipality shall prepare and make available to the public a parks plan that examines the need for parkland in the municipality”





Parkland Impacts from Bill 23

Rate Freeze

- For site plan and zoning by-law amendments only, Rate Freeze applies similar to DCs (i.e. rate frozen at time of submission of **complete** application)
- The value of land is still determined in accordance with the by-law. This means that if you use s. 42, the value would be the value of the proposed type of development the day before building permit issuance
- **Would recommend the requirement of the property appraisal to be deemed a complete application**



Parkland Impacts from Bill 23

Reduced Alternative Rate

- Alternative Residential Dedication and PIL Rate cut in half, only calculated on incremental units, and capped
 - Dedication – 1ha for 300 dwelling units now 1ha for 600 net residential units
 - Payment-in-Lieu – Value of 1ha for 500 dwelling units now Value of 1ha for 1,000 net residential units
 - Capped at 10% for land 5ha or less and 15% for land greater than 5ha

Dedication	
Assume 20ha Development	
5% =	1 ha
1ha for 600 units	600 units on a 20ha development area
=	30 units per hectare
OR	12 units per acre

Payment-in-lieu	
Assume 20ha Development	
5% =	1 ha
1ha for 1,000 units	1,000 units on a 20ha development area
=	50 units per hectare
OR	20 units per acre



Parkland Impacts from Bill 23

Reduced Alternative Rate – High Density

Example:

Land Area: 1ha
Units: 120 units
Density: 120 units/ha

Dedication at 1ha/1,000 = 0.12ha*	Dedication Capped at 10% = 0.1ha*
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Loss of 20%



*Equivalent value



Parkland Impacts from Bill 23 Exemptions

- Additional residential units (similar to DCs)
 - 1% or one unit in existing rental residential buildings (4 or more rental units)
 - 2nd and 3rd additional dwelling unit in single, semi, or row house (can be two (2) in main house or one (1) in house and one in ancillary residential building)
- Non-profit Housing units (similar to DCs)
- Affordable, Attainable, and Affordable Inclusionary Zoning Units (similar to DCs)
 - Not yet in force
- Exclude exempt residential units to only capture New Residential Units:

$$\left(\frac{\text{Non-exempt residential units}}{\text{Total residential units}} \right) \times 5\%^* = \text{Applicable Parkland Dedication \%}$$

*Dedication rate

Parkland Impacts from Bill 23

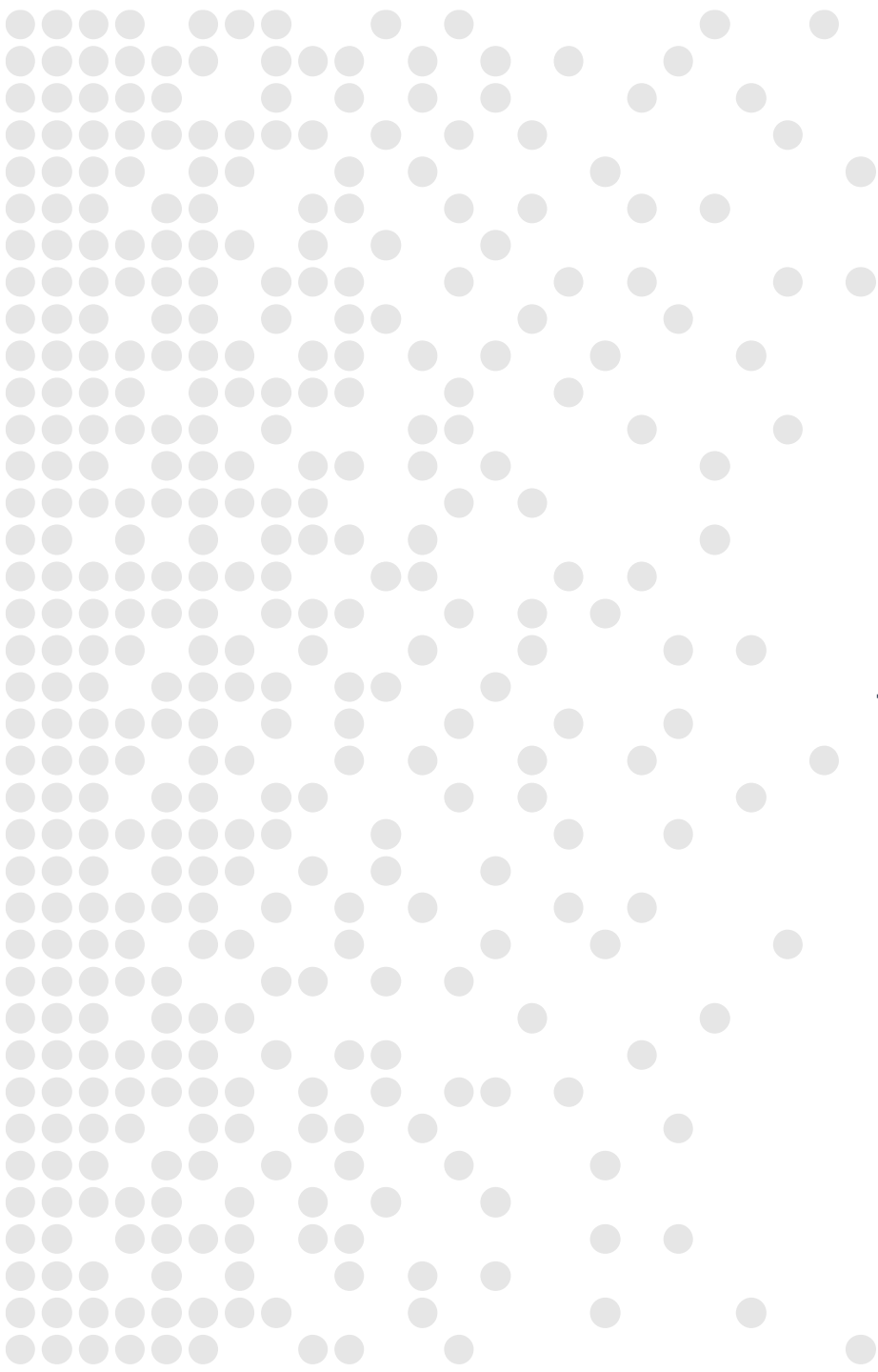
Other



Administrative Impact

- Requirement to allocate 60% of the monies in a reserve fund at the beginning of the year
- This aligns with similar requirements for Development Charges and Community Benefit Charges
- Note: Section 42(15) of the Planning Act provides the applicable uses for parkland dedication funds:

“...shall be paid into a special account and spent only for the acquisition of land to be used for park or other public recreational purposes, including the erection, improvement or repair of buildings and the acquisition of machinery for park or other public recreational purposes”



Current Policies and Practice



Current Practice

Parkland Dedication

- **Current Practice (5%/2% Rates):** The O.P. and the current Parkland Dedication By-law allow for the requirement of land to be dedicated (or Payment-in-Lieu) at:
 - 2% for Industrial and Commercial developments
 - 5% of land for other developments (residential and institutional)
- **Alternative Rate:** The Town's O.P. also identifies the utilization of the alternative rate of 1 hectare of land for each **300** dwelling units at their discretion.

Note: As per Bill 23, this has changed to one (1) hectare for each 600 net residential units.



Current Practice

Payment in Lieu of Parkland

- There are two (2) approaches to imposing payment in lieu of parkland on development and redevelopment in the Town
 - **Current Policy (5%/2% Rates)** : impose the equivalent value of 5% of the land area for residential and institutional development and the equivalent value of 2% of the land area for commercial, and industrial development; and
 - **Alternative Rate**: impose the equivalent value of one (1) hectare of land for each **500** net residential units for residential development.

Note: As per Bill 23, this has changed to one (1) hectare for each 1,000 net residential units.



Summary of the Analysis and Observations

Required Parkland by 2043



- The Town's Parks, Recreation and Cultural Master Plan identified a recommended service level of **2.2 hectares of parkland per 1,000 residents.**
- Based on the anticipated population growth to 2043, the Town would need to receive (or purchase) **35.41 hectares of parkland.**

Parkland Requirement Calculations	Current Parkland Inventory	Acres Required in 2043 Based on a Population of 38,650	Additional Parkland Needed
Projected Population		38,650	
Total Parkland Required (Ha)	49.62	85.03	35.41



Summary of Analysis

Parkland Dedication

- With the **5%/2% parkland dedication rate**, the Town would receive 5.66 hectares of land.
- With the **alternative residential rate**, the Town could acquire 6.80 hectares of land.
- Using a combination of the base provisions of **5% and 2%**, along with the **alternative rate** would allow the Town to potentially maximize their land contribution with 7.36 hectares of land.

Summary	5% for Residential and Institutional 2% for Commercial and Industrial	1 Hectare for 600 Net Residential Units, 2% for Commercial and Industrial, and 5% for Institutional	Potential Maximum Contribution
Residential (Ha)			
Singles	2.12	1.56	2.12
Towns	1.49	1.99	1.99
Apartments	1.21	2.42	2.42
Total Residential (Ha)	4.82	5.96	6.53
Non-residential (Ha)			
Industrial	0.13	0.13	0.13
Commercial	0.27	0.27	0.27
Institutional	0.43	0.43	0.43
Total Non-residential (Ha)	0.84	0.84	0.84
Total Residential and Non-residential (Ha)	5.66	6.80	7.36



Summary of Analysis

Payment-in-Lieu of Parkland

- With the **5%/2% parkland dedication rate**, the Town would receive approximately \$30.40 million.
- With the **alternative residential rate**, the Town would receive approximately \$36.53 million.
- Using a combination of the base provisions of **5% and 2%**, along with the **alternative rate** would allow the Town to potentially maximize their land contribution with approximately \$42.38 million.

Summary	5% for Residential and Institutional 2% for Commercial and Industrial	1 Hectare for 1,000 Net Residential Units, 2% for Commercial and Industrial, and 5% for Institutional	Potential Maximum Contribution
Residential (Ha)			
Singles	7,845,682	3,452,100	7,845,682
Towns	7,307,125	5,845,700	7,307,125
Apartments	11,981,020	23,962,041	23,962,041
Total Residential (Ha)	27,133,827	33,259,841	39,114,848
Non-residential (Ha)			
Industrial	322,174	322,174	322,174
Commercial	1,333,977	1,333,977	1,333,977
Institutional	1,613,043	1,613,043	1,613,043
Total Non-residential (Ha)	3,269,195	3,269,195	3,269,195
Total Residential and Non-residential (Ha)	30,403,022	36,529,036	42,384,042
Value of Hectares Required by 2043	\$ 201,224,999	\$ 201,224,999	\$ 201,224,999
Deficit/(Surplus)	\$ 170,821,977	\$ 164,695,963	\$ 158,840,957

Observations



- As a result of the analysis, the following observations are provided:
 - Parkland Dedication:
 - Utilize the alternative rate for residential development (where the alternative rate provides for more dedication)
 - Consider including in the O.P., guidance on when to use the alternative rate (e.g., when density is greater than 20 units per hectare).
 - Payment-in-Lieu
 - It is recommended that the Town require an appraisal be submitted with the application to ensure the appropriate value of land is being dedication.
 - The Town may consider using the alternative rate where the rate provides for more payment in lieu than the 5% rate.

Questions?