



July 7, 2022

Mayor Marianne Meed Ward and Members of Council
Environment, Infrastructure and Community Services Committee
City of Burlington
426 Brant St.
Burlington, ON
L7R 3Z6

Sent via email to clerks@burlington.ca

Dear Mayor Meed Ward and Members of Council

RE: EICS COMMITTEE | JULY 7TH – ITEM 4.1 PARK DEDICATION BY-LAW AMENDMENT (ES-06-22)

The Building Industry and Land Development Association (BILD) is in receipt of *Item 4.1 Park Dedication By-law Amendment (ES-06-22)* as currently presented on the July 7th Environment, Infrastructure and Community Services Committee agenda. On behalf of our Halton Chapter members, BILD appreciates the opportunity to provide the following comments as it relates to this work.

To begin, we are concerned with the lack of consultation on this item with the development industry. Provided the *amendment* method in which the City is taking with its Parkland Dedication By-law, more consultation was warranted to understand industry concerns prior to Council consideration. Instead, the industry is left commenting on this work directly to Council after a short review following the release of the draft by-law on June 27th.

Following the release of this draft work, BILD's legal counsel from Kagan Shastri LLP and Economic Analyst from Altus Group have prepared a series of comments and questions that we are kindly asking to be responded to in advance of Council adoption. Attached to this letter is a memorandum by Altus Group containing detailed comments and questions in which we look forward to a response.

In addition to this memorandum, BILD has the following concerns as it relates to the City's Parkland Dedication By-law amendment:

1. Housing Affordability

The province of Ontario is in a housing affordability crisis and increases such as those presented in this parkland amendment do not aid in the solution. The impact of an improperly calibrated parkland dedication requirement will further exacerbate the current housing affordability crisis. It is therefore incumbent upon the City of Burlington that it does everything within its authority to mitigate the rising price of housing while ensuring that future residents have access to adequate parkland. This necessary balance is not currently being addressed in this amendment as presented.

2. Methodology for the Proposed Increases

BILD and our consultants have a series of concerns with the Watson & Associates background report for this amendment. Following a review, we acknowledge that some of the numbers are misleading and are not justified appropriately. In addition to what is outlined in the

memorandum by Altus Group below, we are kindly requesting a meeting with the consultants in order to be walked through the numbers currently being presented.

3. Absence of a Percentage Cap

BILD recommends that the City adopt predictable methods of Parkland Dedication costing through the use of percentage caps. A survey of municipalities which are now using, or have historically used a percentage cap, reveals a suggested range between 10%-25% of the site area.

4. Parkland Credits

Parkland credits are not mentioned throughout this amendment. We strongly recommend that this by-law amendment should explicitly provide parkland credits as follows:

- a. Off-site parkland
- b. Strata parks
- c. Dual use facilities
- d. POPS
- e. Undevelopable tableland

5. Transition (Phase-in) Period

With the onerous percentage increases being proposed, BILD is disappointed to see that the City has not considered a transition or phase-in period for the new CIL rates. These increases will significantly impact the feasibility of applications currently being prepared for Building Permit. We strongly recommend a transition or phase-in period be considered in order to allow members of the industry to prepare accordingly.

In advance of adoption, we kindly ask that Council direct that these revisions, comments and questions be addressed in order to ensure that the implementation of this By-law amendment is successful. At this time, with all of the information made available in this submission, we firmly believe a delay in the implementation of this By-law amendment is needed.

As your community building partners we thank you for the opportunity to provide these comments. Should there be any questions, please do not hesitate to contact the undersigned.



Victoria Mortelliti
Manager, Policy & Advocacy

CC: BILD Review Team
Kevin Singh, Halton Chapter Co-Chair
Shane Cooney, Halton Chapter Co-Chair
Paula Tenuta, SVP, BILD
Suzanne Gillies, Committee Clerk
Marion Rabeau, City of Burlington
Members of the BILD Halton Chapter

The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. It's 1,500 member companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.

July 6, 2022

Memorandum to: Marion Rabeau, Manager of Parks Design and Construction
City of Burlington

From: Daryl Keleher, Senior Director
Altus Group Economic Consulting

Subject: Burlington Parkland
Our File: P-6874

Altus Group Economic Consulting was retained by BILD to review materials related to the City of Burlington's parkland dedication and cash-in-lieu rates. This memorandum presents our questions and comments from the materials released in advance of the July 12, 2022 Council meeting, and highlights our concerns with Staff's recommendation that City Council approves the amendments to the City's parkland dedication by-law.

QUESTIONS AND COMMENTS

- 1) The City's staff report notes that the final "Parks Provisioning Master Plan" (PPMP) will be delivered to Council in September 2022, and "will entail an assessment of current parkland service levels, guidelines and recommendations on the acquisition of parkland in the short- and long-term, as well as decision-making methodology for future parkland acquisition".

The data and materials to be provided in the Master Plan in September 2022 will come at least two months prior to the City adopting the proposed 'transitional' by-law in July 2022, that would increase the Parkland CIL for medium and high-density development by 400-500%.

This scale of increase is far from what is typical of 'transitional' by-laws – given the size and scale of the proposed Parkland CIL increases, the City should need to provide as much data as possible to justify the increases proposed.

Given that the staff report notes that once the PPMP is completed, staff "will complete a more comprehensive update that reflects broader policy issues, and develops a clear, and robust spending policy", shouldn't the increases of this scale to Parkland CIL rates wait until a more comprehensive update is undertaken?

- 2) The City staff report notes that the current fixed per unit rates were set in 2005 and land values have increased significantly since then. The report states that:

Leaving the caps at their current state is and will continue to significantly impact Burlington's ability to acquire land using the cash-in-lieu proceeds at current prices as made evident in Chapter 3, Scenario 1 of Appendix A. Staff are recommending increasing the cap rates to \$23,600 for high density units and \$33,400 for medium density units."

While the rates have not changed since 2005, the City has still been able to significantly increase its parkland levels of service AND accrue significant Parkland CIL reserves:

- a. As per the City's 2019 DC Study, since 2009, the City's parkland provision standard has increased from 2.97 ha per 1000 people in 2009 to 3.30 ha per 1000 people in 2019, an increase of 11% in terms of parkland provision per capita.
 - b. As per the annual Financial Information Returns that the City prepares and submits to the Ministry of Municipal Affairs, the City has a surplus in its Parkland CIL reserve, which has grown from \$7.1 million in 2009 to \$16.6 million 2019, a 133% increase in the 10-year span.
- 3) The Burlington Parkland Background Report prepared by Watson & Associates Economists Ltd. (The Watson Study") notes that the City's parkland provision is at 3.69 ha/1000 residents. The PPMP progress report (presented to Council on June 9, 2022) shows that the City's existing level of parkland provision is above almost every Ontario municipality, with the PPMP noting that the City's parkland provision "is greater than almost all comparable municipalities". In many cases, the targeted parkland provision in Burlington of 3.58ha/1000 is more than **double** the standard seen in other GTA municipalities (Mississauga, Brampton, Markham, etc.).

Has the City considered rationalizing why it requires a parkland standard far in excess of almost every other major GTA municipality, and utilizing existing inventory of parkland to accommodate growth and relieve cost pressures on high-density development?

Figure 1

Municipality	Existing	Target
Burlington	3.69 ha / 1000	3.58 ha / 1000
Hamilton	2.35	2.10
Oakville	2.12	2.20
Milton	2.30	2.50
Halton Hills	2.50	2.50 / (2.20 proposed)
Mississauga	2.28	1.20
Brampton	1.80	1.60
Markham	1.41	1.70
Richmond Hill	1.7	1.60
Toronto	0.87 (2.80 with ravines)	n.a.
Barrie	2.20	2.20
Guelph	3.10	3.30
St. Catharines	4.0	3.00 (3.9 in short/medium term)
Kitchener	1.00	1.50
Ottawa	2.35	2.00

- 4) The analysis presented in Chapter 3 of the Watson Study is based on a land valuation of \$25.4 million per hectare, which appears to have been applied uniformly to all development types, including tall buildings, mid-rise apartments, townhouses and single-detached dwellings.

The use of a uniform land value assumption for all types of development is not consistent with Altus Group data on recent land transactions in the City which show that average prices per hectare fall as the density permissions of the land are lower:

- Average prices for high-density sites as being \$14.2 million per hectare since the start of 2019.
- Medium density land transactions have averaged \$10.1 million per hectare,
- Low-density land transactions have averaged \$835,000 per hectare (or \$4.6 million per hectare excluding the Millcroft Golf Club transaction in 2020) during that period.

Similarly, the calculations presented in Table 3-1 of the Watson Study, estimate that low-density development will pay an equivalent of \$150,700 per unit “based on underlying land value assumptions” by using the \$25.4 million/ha assumption for low-density, ignoring that land values are based on development densities, not a flat per hectare estimate of land value. Land values are more accurately measured on a “per buildable square foot basis”.

- 5) The sources for land value assumptions in the Watson report each appear to be based on high-density land values. Page 2-3 of the Watson Study lists the ‘variety of sources’ for land value assumptions, including:
- a. the City’s **Downtown** Burlington Fiscal Impact Study (which included an estimate for that defined area);
 - b. The City’s 2019 CIL of Parkland Report that “identified **high-density** land values of \$18.2 million per ha);
 - c. Estimates from City Realty Services with an average estimate of \$33.4 million per hectare.

Misapplying land value assumptions results in a faulty estimate that the \$60.8 million in revenues that future development to 2032 would generate would only allow for the acquisition of 2.39 hectares (at \$25.4 million per hectare). This ignores that non-high-density sites in the City will have lower land values, meaning that many parkland purchases (particularly the larger parks to be acquired) may be located on employment lands or low-density lands with much lower land values than the \$25.4 million /ha high-density land values.

In the case of most of the City’s high-density development that will be located in MTSA’s along the Lakeshore West GO corridor, with those station areas largely surrounded by employment lands, the average industrial land transaction made since the start of 2019 is roughly \$3.7 million per hectare.

- 6) The premise of the Watson Study is that the City is estimating the value of development land to rationalize the calculated Parkland CIL cap to ensure that enough value is extracted from developed lands to afford the planned parklands to be acquired. The establishment of a Parkland CIL cap rate should be based on the value of lands likely to be **acquired**, not the value of the lands to be developed, which if the planned parklands to be acquired includes any low-density residential lands, golf course lands, employment lands, or Greenbelt lands, the cost of parkland acquisition would be much lower than it would be if all parkland parcels acquired were high-density parcels.

- 7) The calculations presented in Tables 3-1 through 3-3 of the Watson Study are difficult to understand, and may be missing steps or information that would make it more clear to the reader:
- a. How was Average Density per Application calculated? It does not appear to be related to the combination of the Average Units per Application and Average Site Area per Application, as the combination of those two averages result in a number that matches the Average Density per Application column.
 - b. What PPU's were assumed to calculate the "CIL (ha. per 1,000 population)" column?
 - c. Does the City expect to have to pay \$25.4 million per hectare to acquire the parkland areas shown in each table (11.01 hectares in Table 3-3)?
 - i. If so, does the City have specific plans for the location, size and scale of parkland needs, and are they all within high-density areas? a
 - ii. If not, does the City have specific plans for the location (neighbourhood parks, community parks, district parks, parks within the Greenbelt, etc.) and has the City considered whether the \$25.4 million per hectare assumption for acquisition cost is reasonable in each of those circumstances? If not, does the City have an expected cost of acquisition for parkland acquired on non-high-density sites?
- 8) The Watson Study shows that low-density development would pay \$50,800 per unit in parkland CIL (or equivalent land dedication). As the policies for low-density development are unchanged (5% of land area), can the City provide specific examples of Parkland CIL payments made by low-density developments in the City, and what the average amount of those has been over the past few years?
- 9) The rates to be imposed on high-density (\$23,600) and medium density (\$33,400) are rationalized by comparing the Parkland CIL of \$50,800 that would be imposed on low-density development, with the Watson Study stating that:

Considered on a per dollar value per unit basis, would suggest a cap of \$50,800 for low density development, \$33,400 for medium density development and \$23,600 for high-density development. ... Providing the dollar value per unit differentiated by dwelling unit type would be supportive of the City's intensification objectives, applying a lower charge per unit for higher density developments.

This statement is extremely misleading. The estimate of what low-density development would pay per unit (\$50,800) is based on the application of high-density land values of \$25.4 million per hectare to low-density development, which is grossly overstating low-density land values and how much Parkland CIL those low-density units would pay. Most low-density units would pay 5% of site area, but of a significantly lower underlying land value.

- The assumption of \$50,800 being 2% of site area for a low-density in Table 3-3 of the Watson Study **implies that the value of a low-density lot is \$2.54 million** (\$50,800 divided by 2% or 0.02). It should be evident to City staff and consultants that this is orders of magnitude above what low-density lots are valued at. However, for clarity the average price for a single-detached unit in new developments in the City (Alton, Bronte Enclave) was roughly \$1,035,000 in 2021.

- Based on MCAP lot values for Oakville in December 2019¹, a 40-foot lot would have a per front-foot value of \$20,000 (which includes all levies so may be overstated relative to the value that would be used for Parkland CIL calculations), or \$800,000.
 - If the 2% CIL for low-density was applied to be consistent with the standard 0.61 ha per 1000 people, the per unit rate for low-density development would be just \$16,000 per unit. As noted, this assumption is likely overstated itself, but it is used to display how overstated the estimates in the Watson report actually are from this basic approach – the above question in this memo seeks specific examples of how much low-density projects in the City have paid in Parkland CIL to confirm.
- The medium-density and high-density Parkland CIL values are significantly higher per unit than the likely actual Parkland costs imposed on low-density projects.
- In actuality, the Parkland CIL costs will be **higher** for higher-density projects (townhouses and apartments) and is likely to act as a disincentive for these types of projects in the City.

We have similar questions and concerns about whether the calculated caps for townhomes or mid-rise development are inflated, as the high-density land values are also being misapplied to the calculated caps for those types of development.

10) It is noted that the City's draft Parkland by-law states that for both medium- and high-density development, the amount imposed will be the lesser of:

- a. The number of units in the proposed development divided by 500 multiplied by the per hectare land value of the land to be developed as of the day before building permit; or
- b. \$23,600 per unit for high-density development and \$33,400 per unit for medium-density development.

Will the City provide each applicant with an estimated land value to show which of the two clauses is the 'lesser than' amount?

¹ The MCAP report does not report on Burlington, so Oakville was used as a proxy.