

Executive Report

Prepared by Hemson for the City of Mississauga

Parks Plan and Parkland Conveyance By-Law Summary Report

March 2, 2022



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Executive Summary

The parkland conveyance by-law (the by-law) is the City of Mississauga's primary tool for acquiring new parkland in line with new growth. As permitted under Sections 42, 51.1 and 53 of the *Planning Act, 1990*, the by-law enables the City to require, as a condition of development or redevelopment, subdivision and consent, land for parks and other recreational purposes, or an equivalent amount of cash-in-lieu of land (CIL).

The *Planning Act* also sets out legislated maximums for how much land a by-law may require depending on the land use. These limits include:

- a Standard Rate of two (2) percent of land for Commercial and Industrial Uses and five (5) percent of land for all other uses, including residential; and;
- an Alternative Rate for residential uses intended to reflect the increased demand that comes from increasingly dense and vertical forms of development, allowing up to one (1) hectare of land for every 300 dwelling units, or an equivalent of one (1) hectare of land for every 500 dwelling units if requiring cash-in-lieu.

The City of Mississauga's current parkland conveyance by-laws (By-Law 0400-2006 and By-Law 0166-2007) utilize both the Standard Rate of five percent for a minimum residential requirement, and an Alternative Rate of one ha per 300 units, currently capped at a rate of \$11,370 per unit for medium- and high-density residential uses when requiring CIL. This Fixed Unit Rate (FUR) was calculated based on average medium density land values, indexed by 3% semi-annually.

However, given the rapid increases in land values in recent years, particularly in Mississauga's Urban Growth Centre and other Major Nodes, the purchasing power of the FUR has failed to keep pace. This has resulted

in the City facing increasing challenges to providing necessary parkland where growth pressures are highest.

A. Recent Legislative Changes and the Need for a New Conveyance By-Law

Following the passage Bill 197, the *COVID-19 Economic Recovery Act, 2020*, a number of changes were made to the *Planning Act* related to parkland dedication requirements. While the overall structure and limits of the practice remain largely unchanged, any in-force by-law utilizing the Alternative Rate at the time when Bill 197 received Royal Assent on June 21, 2020, will now expire as of September 2022. As such, the City of Mississauga will need to pass a new by-law to continue utilizing parkland conveyance to its full potential.

At the same time, the recent legislative changes now grant the Ontario Lands Tribunal (OLT) the power to hear appeals related to any part of a by-law involving the Alternative Rate, including the power to change the Alternative Rate as the Tribunal deems appropriate. This change places an increased level of scrutiny on the by-law, requiring heightened transparency towards the justification for any Alternative Rate requirement and the parkland provision targets the City is seeking to achieve.

It is in this context that the City has undertaken a review of its parkland needs as part of a new Parks Plan, and prepared an updated approach to the parkland conveyance by-law.

B. The Parks Plan and Future Parkland Need

Building upon the Official Plan, municipal policies, the Provincial policy Statement (2020) and A Place to Grow, the Growth Plan for the Greater Golden Horseshoe (2019), and previous municipal plans and strategies for parkland, City staff prepared a new Parks Plan, which serves as Mississauga's city-wide parkland provision strategy for City parks and parks

managed by the City. In addition to determining parkland needs across the city, and identifying and prioritizing areas that are anticipated to present parkland deficits in connection to anticipate growth, the Parks Plan also serves to satisfy the requirements of the *Planning Act* by demonstrating the need to require the dedication of land for the parkland conveyance by-law.

The Parks Plan includes an updated analysis methodology that considers Mississauga's 2,950 ha of municipal parks by location and classification, split between destination and community parks (1,810 ha) and greenlands (1,140 ha). The distinction between these two groups is important, as the former represent the types of parkland that would be considered appropriate to meet the requirements of the parkland conveyance by-law, while the latter is comprised of municipally owned passive and natural areas that are generally associated with natural hazards or significant natural areas where development is restricted. This analysis results in a city-wide provision rate of 2.28 ha of destination and community parks for every 1,000 residents in 2021.

Based on this assessment, the Parks Plan recommends Mississauga continue its policy of requiring a minimum parkland provision target of 1.2 ha of parkland per 1,000 residents as a city-wide benchmark. Recognizing that parkland provision levels vary from neighbourhood to neighbourhood, and the challenges of providing parkland in an urban infill context, the Parks Plan now recommends the following local provision targets:

- A minimum of 12% of total area by 2041 for the Urban Growth Centre (UGC)¹ and Major Nodes; and
- A minimum of 1.2 ha per 1,000 residents for all other residential Character Areas.

¹ The 12% provision for the UGC takes into account the four downtown areas (Downtown Core, Downtown, Cooksville, and Downtown Fairview and Downtown Hospital) as a whole.

These alternate targets for the UGC and Major Nodes mirror parkland provision in other dense urban areas from other comparators from across Canada and the United States², while also reflecting the challenges of providing parkland in an increasingly urban context.

Beyond understanding parkland provision as it exists today, the Parks Plan also considers future population growth to project parkland need to 2041. This analysis serves to identify the quantum and location of parkland need being generated by new growth, as summarized in the table on the following page.

The 76.3 ha³ of parkland need is attributed specifically to growth, and serves as the basis for calculating the Alternative Rate for the parkland conveyance by-law on the principle that growth pays for growth. This parkland requirement does not account for the need linked to existing local deficiencies, as these needs are the result of historic investments and not the impacts of future growth. While these deficits are ineligible for inclusion in the calculation of the need created by new growth, this does not preclude the City from directing CIL funds collected from the Parkland Conveyance By-law to projects that address both new parkland demand and existing gaps in the park system.

² For additional detail on municipal comparators, please refer to the City of Mississauga Downtown Growth Area Parks Provision Strategy, Appendix V.

³ The combined 76.3 ha of parkland need identified here reflects the need identified in the Parks Plan as of January 2022, and formed the basis for the calculated rate. Statistical information presented in this document is based on the best information available. Prior to the publication of the Parks Plan, this figure was revised upwards.

Urban Growth Centre and Major Nodes	Location Area	Parkland Area 2021	Confirmed Future Parkland Conveyances	Net Parkland Req. by 2041 (12% of Land Area)
UGC (Cooksville, Core, Fairview & Hospital)	558.5 ha	47.6 ha	0.8 ha	18.8 ha
Uptown Major Node	98.0 ha	5.2 ha	0.5 ha	6.1 ha
Central Erin Mills Major Node	122.6 ha	7.1 ha	-	7.7 ha
Lakeview Waterfront Major Node	104.6 ha	7.0 ha	15.0 ha	-
Total Requirement (UGC + Major Nodes):				32.5 ha
Other Character Areas	Estimated Population Growth 2022-2041	Parkland Req. by 2041 (1.2 ha per 1,000 people)	Confirmed Future Parkland Conveyances	Net Parkland Req. by 2041 (1.2 ha per 1,000 people)
Other Character Areas	41,200	49.4 ha	5.6 ha	43.8 ha
Total Requirement (Other Character Areas):				43.8 ha
Total Citywide Parkland Requirement:				76.3 ha

Source: City of Mississauga

C. Revised Methodology for Conveyance By-Law

Mississauga’s current Fixed Unit Rate approach to the Alternative Rate represents a compromise intended to simplify the conveyance requirements for medium and high-density development. Under this approach, the costs are predictable regardless where a project is located. At the same time, the CIL may not reflect the actual value of the land dedication that would

otherwise be required, in some cases charging more or less than what the dedication would actually be worth.

A key issue with Mississauga’s current by-law is that the Fixed Unit Rate of \$11,370 is failing to keep pace with current land values, specifically in areas where high-density development is becoming more prevalent. A review of medium and high-density land values over the past three years indicates an average land value of \$26.5 million per hectare⁴. If the Fixed Unit Rate were to be recalculated today using the same methodology, it would result in a new FUR of approximately \$53,100 per unit.

Recognizing the impact such a rate increase would have and the nuances of local land values that must be accounted for under recent changes to the *Planning Act*, a new approach to the Alternative Rate is proposed for the parkland conveyance by-law update. This new approach would require the lesser of a site-specific valuation at one hectare per 500 units, or a Maximum Capped Rate per unit that is calculated based on citywide parkland requirement.

Each project will provide the lesser of:

Value of 1 ha of land per 500 units *(based on subject site land value)* <OR> **Number of Units X Calculated Maximum Cap** *(based on City-wide parkland requirement)*

The citywide parkland requirement factor used to calculate this Maximum Capped Rate reflects the provision standards identified in the Parks Plan against the forecast of future development and population. The value of this required land is estimated using a weighted average based on medium- and high-density land transactions over the last three years, distinguished between transactions in the UGC and Major Nodes and transactions in all other residential Character Areas.

⁴ The original Fixed Unit Rate was calculated using a 3-year straight average of all medium density land transactions in 2012, and has been indexed by 3% semi annually.

The weighted values for the UGC and Major Nodes are grouped together based on similarities in their land values and available site sizes, while the other Character Areas represent a wider area of site acquisition opportunities, including larger City-serving parks. These weighted values are used on the principle that they reflect the value of the land new developments would otherwise have to convey, while also reflecting the City’s intent to acquire land in areas where the need created by growth is the highest, which increasingly tends to reflect the value of recent developments in an infill context.

Alternative Rate: Maximum Capped Rate Inputs	
UGC and Major Nodes Requirement	32.5 ha
Other Character Areas Requirement	43.8 ha
Total Parkland Requirement	76.3 ha
Average Cost Per Ha – UGC + MN	\$42,300,000
Average Cost Per Ha – Other Areas	\$8,000,000
Estimated Total Land Cost	\$1,724,000,000
Less Est. Low Density Res + Non Res Parks via Standard Rate	\$192,000,000
Less CIL Reserve Balance	\$133,000,000
Land Cost Covered by Alt. Rate	\$1,398,000,000
Forecast Alt. Rate Eligible Units	60,850
Max Per Unit Rate (Unadjusted)	\$22,980
Adjustment Up Factor (<i>accounting for projects not providing max rate</i>)	9.3%
Maximum Per Unit Rate	\$25,112

Source: Hemson Consulting, using data from the City of Mississauga.

Figures have been rounded and are in 2021 dollars.

Under this approach, the total value of the land to be acquired is estimated at \$1.724 billion. After netting off estimated contributions from non-residential and low-density development (estimated at \$192 million), and accounting for existing CIL reserve balances (\$133 million) this leaves \$1.398 billion remaining to be addressed by the Alternative Rate. Based on the growth forecast, Mississauga will add approximately 60,850 new medium- and high-density residential by 2041, excluding those units that have already been credited for providing a parkland contribution. This would equate to a maximum charge of approximately \$22,980 per unit.

However, not every project will be required to pay the Maximum Capped Rate under this approach, as some would instead pay a lower amount based on a site-specific valuation. Based on an analysis of development trends and land values, it is anticipated that projects falling under the Maximum Capped Rate due to lower than average land values would result in a revenue shortfall of approximately \$118.7 million. To account for this shortfall, it is estimated that the rate would need to be adjusted upwards by 9.3%, resulting in a Maximum Capped Rate of \$25,112 per unit.

In addition to the changes proposed for the Alternative Rate requirement, it is also proposed that the requirement for office development be reduced from 5 percent of site to 2 percent in order to be consistent with other non-residential uses.

D. Implementation Considerations

The proposed approach to the parkland conveyance by-law would result in an increase in the CIL requirement expected from medium- and high-density residential development, though not all projects would be expected to pay the capped amount depending on their site-specific valuation.

The prevailing understanding of land economics suggest that developers will need to incorporate this rate change into the cost they offer for development sites. However, rate changes may put downward pressure on the delivery of

new housing supply if developers are not given enough time to reflect these changing expectations into the land purchase price. This is of particular concern for in-process projects which have been approved but have not yet reached the building permit stage.

To account for these changes and allow these factors to work their way through the market, it is proposed that the Maximum Capped Rate be phased in, with in-stream protection offered for those projects that have submitted complete building permit applications prior to the effective date, or any such dates to be determined as part of a rate transition plan developed by the City. By delaying the full implementation of the Maximum Capped Rates in this manner, Mississauga will blunt some of the impacts of the proposed policy change at the cost of forgone CIL revenues that would have otherwise been required during the implementation period.

Any efforts to further reduce the Maximum Capped Rate will have an impact of Mississauga's future parkland provision rate. These calculated rates represent the estimated cost the City would need to recover from development in order to provide parkland required as a result of pressure that new growth places on our park system.

Currently no adjustments are proposed to the City's list of land uses that are exempt from the parkland conveyance by-law.

1. Introduction

Hemson Consulting was retained by the City of Mississauga to assist with a review and update of its parkland conveyance by-law. The purpose of this review is to assess the effectiveness of the City's current approach and recommend any changes that may be necessary to ensure the policy is effective in meeting Mississauga's future parkland needs in the context of changing development patterns, land values, and legislative requirements.

This Parkland Conveyance By-law Update Report (the 'report') summarizes the findings of that review and describes the underlying methodology for the proposed update to the City's conveyance by-law, specifically changes to the Alternative Rate, which applies to medium and high-density residential subdivisions and developments. This analysis is timely as it explains the linkage between the by-law, *Mississauga Official Plan* policies, and the need for parkland identified in the City's Parks Plan.

A. The Parks Plan and the Need for Parkland in Mississauga

The provision of parks and publicly accessible open spaces is considered an integral component of a complete and livable community. These spaces offer valuable services and benefits to residents, both as local and destination locations. Parks provide spaces to connect with community and with nature, opportunities to engage in recreational activities and to take refuge from urban life, among others. Provincial and municipal policies highlight the importance of parks in this regard, encouraging the provision of robust and accessible parks, recreation and open space systems.

As summarized in the introduction to its Parks Plan, the City of Mississauga aspires to provide a park system with a wide range of park experiences for all season and options for people of all ages and abilities, while also

enhancing ecological features. Building upon the foundations of previous parkland reviews undertaken by the City, the Parks Plan serves as Mississauga's city-wide parkland provision strategy for City parks and parks managed by the City (by agreements with Credit Valley Conservation, Toronto and Region Conservation Authority, and the Region of Peel).

The Parks Plan examines the need for parkland in Mississauga and guides the growth and improvement of the City's parks and open space system. In doing so, it responds to the questions of how much parkland is necessary to meet the needs of Mississauga's residents today and in the future, where and what type of parks are required, and how these lands can be acquired and made available to the public.

B. Tools to Support the Acquisition of Parkland

When it comes to the acquisition and improvement of lands for parks and recreation related purposes, municipalities in Ontario have a number of financial and policy tools at their disposal. Besides parkland dedication requirements addressed under Section 42, 51.1 and 53 in the *Planning Act*, levies through property taxes, development charges, and Community Benefit Charges are examples of tools that can be used to serve the development of parkland.

Amongst these tools, the practice of requiring parkland dedications as a condition of subdivision or development has long been the primary tool for municipalities, including Mississauga, seeking to provide new parkland in step with the needs of their growing communities. In the Ontario context, parkland dedication, along with Cash-In-Lieu of land contributions (CIL), are governed by the *Planning Act*. Specifically, parkland dedication is enabled under Section 42 (as a condition of development and redevelopment), Section 51.1 (as a condition of subdivision approval), and Section 53 (as a condition of consent).

These sections of the *Planning Act* set out the requirements for a municipality seeking to levy a parkland requirement by-law, along with prescribed maximums as to how much the municipality can require. Though these specific sections of the *Planning Act* have been subject to several legislated adjustments over the years, including the most recent changes under Bill 197, the *COVID-19 Economic Recovery Act, 2020*, the fundamental principle behind their application has remained constant: that municipalities may require parkland as a condition of growth and development.

i. Growth-related Capital Framework

At their core, parkland dedication policies follow the principle that growth pays for growth. This principle is well established in the practice of planning for community growth amongst North American jurisdictions. In Ontario, both the *Planning Act* and the *Development Charges Act* include provisions that enable municipalities to enact by-laws to this effect by requiring new development provide contributions, be they financial or otherwise, intended to offset the increased pressure that said development will place on existing infrastructure and community amenities. To ensure fairness and accountability under the core tenets of this ‘growth-related capital framework’, the requirements of these by-laws must be set such that they reflect a reasonable standard that can be expected to be provided by each new development project relative to the demand they create.

C. Changing Growth Patterns Require Updated Policy Approaches

When it comes to municipal parks, provision standards are commonly defined and tracked in terms of the area of parkland per capita on a city-wide basis. This figure is often used as a baseline for determining the expected level of parkland contribution from new development, with many Ontario municipalities identifying a target minimum parkland provision

standard in their official plans, secondary plans and municipal Parks Plans. However, the allocation of parkland often varies between neighbourhoods, and this city-wide figure may obscure deficiencies of parkland at the local level, particularly in neighbourhoods that are underserved by or lack direct access to nearby parks.

Municipalities also have the discretion to set alternative provision targets for specific neighbourhoods should they deem appropriate, such as may be the case in areas planned for significant levels of intensification. Both Provincial and municipal policies encourage development in areas served by higher-order transit. Mississauga is currently experiencing the most urban development in these areas, including within its Urban Growth Centre (UGC) and other Major Nodes. This shift to an urban community with higher densities is concentrating development activity and new population into specific neighbourhoods, resulting in the land becoming scarcer and more expensive, while demand for local parkland coincidentally increases.

Historically, a significant amount of the City's parkland was conveyed to Mississauga through the subdivision process. However, with Mississauga having effectively reached build out, most future growth is anticipated to be accommodated via infill redevelopment of existing lands. As such, the acquisition of parkland and cash-in-lieu as a condition of the development approval process will be particularly important for providing local and accessible parks and recreational amenities in areas of future growth.

The City's Parks Plan recognizes and accounts for these challenges, providing a measured assessment of parkland need through to 2041. This includes an outlook for future population growth and the subsequent amount of parkland that will be needed in-step, as a condition of that growth, to ensure Mississauga continues to offer a connected, vibrant and accessible parks and open space system for all of its residents.

The parkland conveyance by-law is the core tool to ensure that Mississauga grows its parks system in line with this vision. With recent changes to the *Planning Act* now requiring the replacement of the City’s current parkland conveyance by-law, and new powers of appeal now granted to the Ontario Lands Tribunal (OLT), it is time for Mississauga to consider a new by-law that reflects these challenges and requirements. This report builds upon the direction of the Mississauga Official Plan and the needs identified in the Parks Plan to present a new and refined approach to the parkland conveyance by-law that will support Mississauga’s communities as they continue to grow.

D. Report Approach

This report is organized into five sections, each covering a key aspect of the parkland conveyance by-law update, as follows:

1. Introduction
2. Legislative Framework
3. Parks Plan and Official Plan Requirements
4. Current Conveyance By-Law
5. Proposed Conveyance By-Law Update

2. Legislative Framework

Parkland dedication and cash-in-lieu contributions in Ontario are governed by the *Planning Act, 1990*. Per the *Act*, dedications are primarily enabled as a condition of development or redevelopment (Section 42), as a condition of plan of subdivision approval (Section 51.1) and as a condition of consent (Section 53). Recent changes to the *Planning Act* as a result of Bill 197, the *COVID-19 Economic Recovery Act, 2020*, have resulted in changes to the applicability of these tools, most significant amongst which is the ability to appeal a parkland dedication by-law to the OLT. Beyond that, the changes have otherwise left the structure and limitation of these specific policy tools intact.

Historically, much of Mississauga's parkland conveyances have been provided as a condition of subdivision under Section 51.1. However, as Mississauga approaches build out and opportunities for new subdivisions will become less common, Section 42 has become the City's primary tool for parkland acquisition^{5,6}. This chapter of the report summarizes the key features of these parkland dedication policies, the history of their application and evolution in Ontario, and how recent changes to the *Planning Act* under Bill 197 have changed how municipalities will need to think about requiring parkland as a condition of subdivision or development.

⁵ It is worth noting that the legislated requirements and limitations of the Section 42 and Section 51.1 are functionally similar, with the most significant difference being the point at which land or CIL conveyance can be required.

⁶ Section 51.1 of the *Planning Act* may also be invoked as a condition of condominium conversion or development, per Section 9 of the *Condominium Act*.

A. Parkland Dedication Policy Framework in Ontario

The practice of requiring parkland dedications as a condition of growth has long been the core tool for municipalities seeking to provide new parkland in step with the needs of their growing communities. The Province of Ontario has historically enabled its municipalities to pass by-laws that require developers convey land, or an equivalent amount of CIL, to the municipality for parks purposes under both Section 42 and Section 51.1 of the *Planning Act*. As the form of urban development changed over time, the methods through which these tools could be applied have also changed.

i. Standard Rate Dedication Policies

Originally, Section 42 and 51.1 was limited to a ‘Standard Rate’⁷ which limited dedications to a set percentage of the site size based on land use. This Standard Rate approach is still permitted today with no significant changes or requirements for levying such a requirement.

- For commercial or industrial development, the maximum amount cannot be greater than 2 percent of the land area.
- For all other development, including residential uses, a municipality can require up to 5 percent of the land area.

These dedication rates mirror standards that have commonly been applied in different jurisdictions across North America. The approach originated during the post-war period when development patterns were primarily suburban and low-density in nature. With development typically occurring in the context of the subdivision of larger greenfield sites, these rates were often sufficient to provide parkland commensurate to the size and density of the neighbourhoods being developed. However, these rates do not

⁷ The term Standard Rate is used for the purpose of this report to refer to the baseline requirement of both Section 42 and 51.1, as permitted by the *Planning Act*, which do not require additional policy consideration to be required by by-law.

accurately reflect the need created by higher density vertical forms of development, most notably for those residential projects that take place in an urban infill context.

ii. **Alternative Rate Dedication Policies**

In 1973, the *Planning Act* was amended to provide municipalities the ability to create an Alternative Rate approach for calculating dedication requirements. This method, which was calculated in terms of the amount of land the municipality could require relative to the number of residential units being built, better reflected the demand being created by higher density residential development. The original Alternative Rate permitted a requirement up to a maximum of one hectare of land for every 120 dwelling units under subsection 35b(3) of the 1973 consolidation of the *Planning Act*.

This limit was later decreased to one hectare of land for every 300 dwelling units as part of the R.S.O. 1980 consolidation of the *Planning Act*. This maximum rate was based on the prevailing assumptions for parkland need and occupancy patterns at the time, designed to translate to a rate of approximately one hectare per 1,000 persons, or 10 m² of parkland per person.

The upper limit of a parkland dedication by-law was later adjusted once more as part of amendments to the *Planning Act* with the passage of Bill 73, the *Smart Growth for Our Communities Act, 2015*. However, this change only limited the maximum requirements when considering CIL payments to an amount equivalent to one hectare per 500 units, leaving the maximum rate for land dedications unchanged.

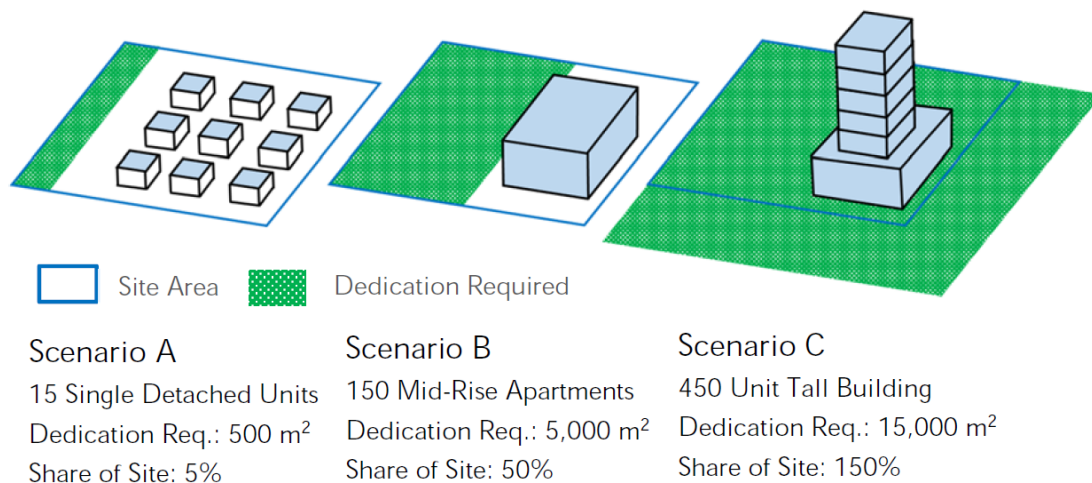
This amendment also brought in the requirement for municipalities to have corresponding policies in their official plans, supported by a Parks Plan, that both consider the need for parkland and speak to the use of the Alternative Rate, should a municipality seek to levy the Alternative Rate approach. However, the requirement for a Parks Plan only applies to Official Plan

policies adopted after July of 2016. Any policies related to the Alternative Rate adopted prior to this date remain unaffected by the requirement.

Though the Alternative Rate approach better reflects the demand for parkland generated by dense forms of development, it is not without its own challenges. As illustrated in Figure 1, when development densities increase, the maximum dedication requirement for the Alternative Rate can easily begin to approach and even exceed the size of many development sites. Even when applying a rate well below the maximum permitted by the *Planning Act*, such an approach can result in land or CIL requirements so significant that they make development challenging, or even unfeasible.

Figure 1: Illustration of Alternative Rate Parkland Dedication Requirements on a 1 ha Development Site

(Assuming Uncapped Alternative Rate of 1 ha per 300 units)



Source: Hemson Consulting

B. Parkland Dedication under Bill 197

Whereas previous amendments to the *Planning Act* resulted in incremental changes to parkland dedication policies, changes proposed under Bill 108: *The More Homes, More Choices Act, 2019*, would have drastically changed the way municipalities in Ontario could require parkland as a condition of development. These changes were ultimately never implemented as the

result of consultation between municipal governments and the Province. However, the subsequent passage of Bill 197: *The COVID-19 Economic Recovery Act, 2020*, which reverted many of the changes proposed under Bill 108, has resulted in a number of adjustments to the *Planning Act* which require local municipalities to reconsider how they will levy the Alternative requirement for parkland dedications.

i. Expiry of Existing By-Laws

For starters, per subsection 42(4.26), any parkland conveyance by-law that utilizes the Alternative Requirement and was in force as of July 21, 2020, when Bill 197 received Royal Assent, will now be repealed as of September 18, 2022. If a municipality wishes to continue utilizing the Alternative requirement to calculate land dedications as a condition of development, they must now pass a new by-law under the new framework set forth by Bill 197.

ii. New Powers of Appeal

While the limitations of both the Standard and Alternative Rate are generally unchanged, Bill 197 introduces a new 40-day window following the passage of any by-law utilizing the Alternative Rate where said by-law may now be appealed to the Ontario Lands Tribunal (OLT). Appeals are limited specifically to policies related to the Alternative Rate for land (subsection 42(3)) and Alternative CIL Rate (subsection 42(6.0.1)), for which the OLT may now dismiss the appeal, order the municipality to amend the Alternative Rate components of the by-law, or it may choose to amend the Alternative Rate component as the Tribunal sees fit.

This right of appeal is a new dynamic for municipalities to consider when preparing a parkland conveyance by-law, as the OLT did not hitherto have the legislated purview to review or change these policies so long as they conformed with the *Planning Act* maximums. Given the novel nature of this appeals process, there is currently no precedent for how the Tribunal may

choose to assess the merits of such an appeal. However, it is expected that municipalities will need to present a reasonable rationale for how they chose to set their Alternative Rate dedication requirements, in line with the need for parkland articulated in their official plan policies and as demonstrated in their Parks Plan.

iii. Consideration for Reduction of Payment

Another new addition to Section 42 specifically allows a municipality to identify sustainability criteria in its official plan related to its CIL policies for parkland dedications. Per subsection 42(6.2), if a project meets these sustainability criteria, the municipality must reduce the CIL payment required by the value of the identified elements. What can be considered under these sustainability criteria are not specified in the legislation, leaving their qualification up to municipal discretion. While municipalities have historically demonstrated a degree of discretion when choosing to credit parkland dedications for the purposes of CIL payments, this new requirement effectively enables a municipality to codify such credits.

However, the policy mandate that a municipality must reduce the payment by the value of these sustainable elements under this new requirement raises some concerns about how these elements should be valued. In particular, if the description of an eligible sustainability element were considered too vague or broad, it could unintentionally undermine the municipality's parkland provision objectives. Given the uncertainty regarding this requirement, it is not recommended that Mississauga consider adopting any official plan policies to this effect until such time as this policy and its implications can be reviewed further.

3. Parks Plan and Official Plan Requirements

In light of the newly implemented right of appeal and powers granted to the OLT, it is imperative that Mississauga present a clear expectation of parkland need to justify its parkland conveyance by-law. To this end, Mississauga's Parks Plan provides a foundational assessment of parkland need, both as it exists today and in terms of how it is expected to change with population growth over the next 20 years. The Mississauga Official Plan includes policies which both speak to the need for parkland in the municipality, and the use of the Alternative Rate, as required by the *Planning Act*.

This chapter serves to summarize the key findings of the Parks Plan, the policies in the Mississauga Official Plan, and their implications for the City's parkland conveyance by-law.

A. The Parks Plan

The Parks Plan serves as the cornerstone document for understanding the need for parkland in the City of Mississauga and, consequently, serves as the key justification for the use of the Alternative Rate in the parkland conveyance by-law, as is required by subsections 42(4.1) and 51.1(2.1) of the *Planning Act*. The Parks Plan builds upon analysis conducted for previous City parkland plans, including the Downtown Area Parkland Provision Strategy, the Future Directions Parks & Forestry Master Plan, the Credit River Parks Strategy, and the Waterfront Parks Strategy, among others. In preparing the Parks Plan, the City also incorporated feedback from various public meetings and surveys, and undertook consultation with members of the development industry and all local school boards that operate within Mississauga.

i. Existing Parkland Supply

The Parks Plan identifies 471 parks, approximately 250 kilometres of paved parks trails and over 1,000 different parks assets⁸ in the City of Mississauga. A total of 2,950 ha of municipally owned parks are identified in the Parks Plan inventory, of which 1,810 ha are classified as community and destination parks, with the remaining 1,140 ha classified as greenlands. Based on the estimated population of 795,040 in 2021, this results in a city-wide parkland provision rate of 2.28 ha for every 1,000 residents for community and destination parks, and 3.7 ha for every 1,000 residents when all greenlands are added.

The distinction between the two classifications is relevant to the parkland conveyance by-law as the former category is comprised of the types of parks that the City would consider acceptable to satisfy a land dedication requirement. On the other hand, greenlands, while technically considered parks, are generally comprised of lands associated with natural hazards or other areas where development is restricted. As such, the former represents a more apples-to-apples measurement of the types of parkland the city would be seeking as a condition of development.

The Parks Plan also recognizes the contributions of schools and Privately Owned Public Spaces (POPS) in that they play an ancillary role in supporting and augmenting the municipal parks and open space system. However, due to issues of access, ownership, and programming, these lands are not included in the parkland supply inventory, nor are such uses considered as acceptable substitutions for a parkland dedication.

⁸ Parks assets include facilities and features including sports fields, courts, playgrounds, bridges, splash pads, and various others.

ii. Parkland Provision Targets

The City of Mississauga, through plans and Official Plan policy, has historically sought to provide a minimum parkland target of 1.2 ha per 1,000 residents. This target was established largely to address active recreation needs in line with historic provision rates, both within Mississauga and as considered common amongst many Canadian and United States community contexts⁹.

The Parks Plan assessed how this provision standard is applied on both a city-wide and local service area scale. Parkland counted for this provision include destination parks, community parks, and a limited number of greenlands that had been historically developed with destination or community park-style features. The assessment demonstrated that while Mississauga is achieving and even exceeding this target at a city-wide scale, neighbourhood specific assessments using residential Character Areas demonstrate a disparity of parkland provision at the local level.

⁹ Standards for parks and recreational land have long been the subject of much discussion in the context of planning for urban communities across North America, with design standards reaching back as the early 1900s targeting approximately 12.5% of the total area of a city or approximately 15 acres (6 ha) per 1,000 population based on prevailing development densities at the time (New York State Department of Parks, 1914). A report published the American Society of Planning Officials on the subject of Standards for Outdoor Recreational Areas in January of 1965 indicated a range of municipal park provision targets ranging from 4 acres (1.6 ha) to 10 acres (4.0 ha) per 1,000 residents across major North American urban communities. It is noted that these standards largely reflected the suburban development patterns of the post-war period, and as development patterns evolved, so too have local standards.

In Ontario, both municipal standards and planning tools have largely followed this range for active parkland provision, with municipalities typically planning for between 1.2 ha and up to 5 ha (City of Waterloo) per 1,000 residents. These provision ranges reflect the provision levels permitted by legislative tools, including the Alternative Rate for Section 42 and 51.1 of the *Planning Act* since the Alternative Requirement was introduced in 1973 (originally up to 1 ha per 120 dwelling units). More recent changes to the *Act*, including limiting the requirement to 1 ha per 300 dwelling units of land, reflect the lower end of the minimum provision range, assuming approximately 2.7 residents per dwelling unit.

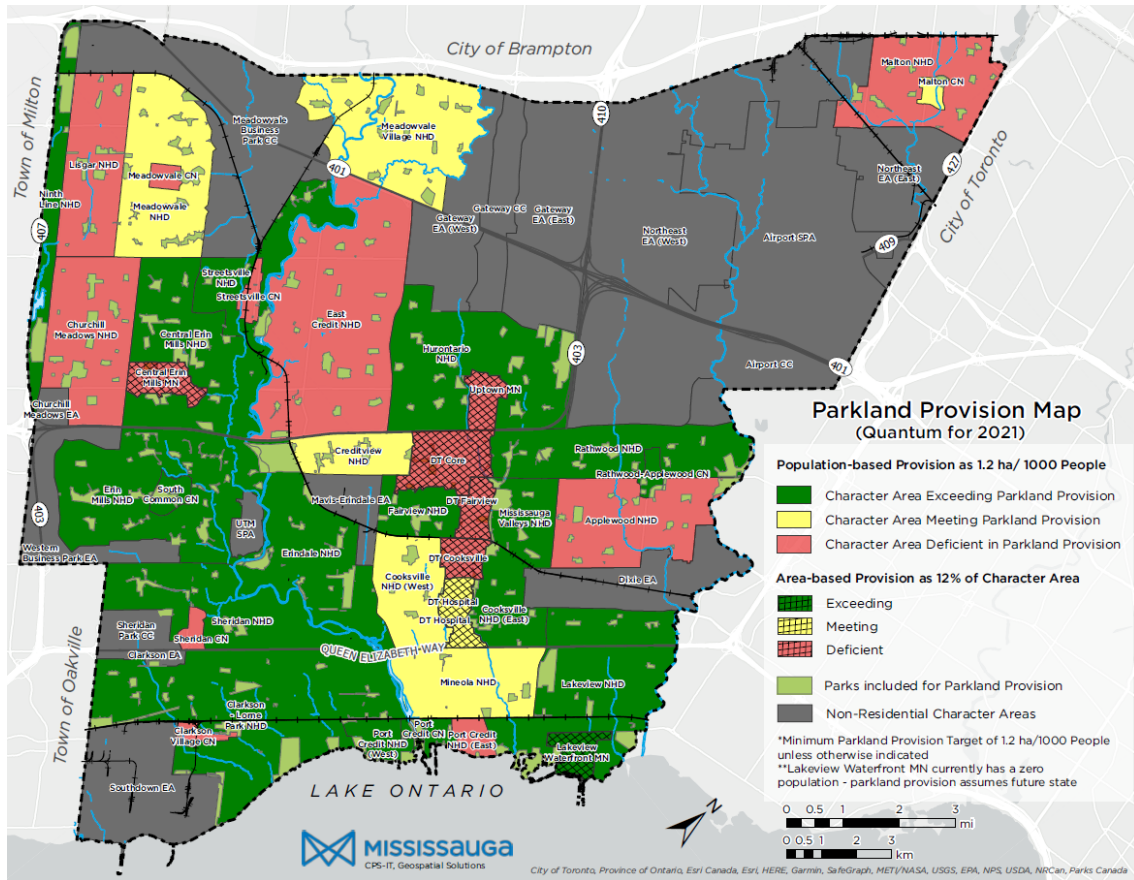
Building on the analysis conducted in previous studies, and recognizing the various challenges facing the City when seeking to provide parkland in an urban context, the Parks Plan recommends moving from a city-wide to a Character Area-based provision assessment standard. As part of this, the Plan recommends an alternative provision target equivalent to a minimum of 12% of total gross land area for the UGC and other Major Nodes. The percentage of gross area target is based on a detailed comparison of developed urban centres, and is comparable to dense urban areas such as Lower Manhattan (11.6% parkland coverage), downtown Ottawa (10.4% parkland coverage), and downtown Portland (10.3% parkland coverage). Markham's Langstaff Gateway (14%) and Vaughan Metropolitan Area (15%) represent local comparators utilizing a similar approach towards UGC parkland provision targets. This approach acknowledges the challenges of limited land supply and more appropriately reflects the realities of providing parkland in high-growth infill neighbourhoods.

Outside the UGC and Major Nodes, the City's minimum per capita parkland provision target of 1.2 ha per 1,000 people remains a viable and achievable standard in the other residential Character Areas. Prevailing development densities, the availability of land, and land costs in these residential Character Areas, allow more flexibility for the City to provide both community and destination parks that will be able to serve both the local neighbourhood and the broader City, including residents of the UGC and the Major Nodes.

iii. Current Parkland Local Provision in 2021

The Parks Plan provides a snapshot of Mississauga's parks system, and within its Character Areas, as they exist today. This analysis presents a baseline for understanding parkland demand: identifying where areas have a surplus of parkland; where areas are meeting the City's stated objectives; and where areas are currently underserved as a result of historical development patterns, population change, land acquisitions and investments in community infrastructure. The results of this analysis are illustrated in Figure 2 below, with areas below the provision standard shown in red.

Figure 2: Parkland Provision by Character Area, 2021



Source: City of Mississauga

The details related to this analysis are summarized as follows:

- While the City is currently achieving its city-wide parkland provision standard, 15 out of Mississauga’s 40 residential Character Areas are currently in a state of local parkland deficit.
- Five of the six residential Character Areas in Mississauga’s Urban Growth Centre and Major Nodes¹⁰ are currently below of their 12% of land area target, falling short by 35.90 ha.

¹⁰ The Lakeview Waterfront Major Node currently has no population, and is excluded from the 2021 assessment.

- In addition, four of the eight Community Nodes and six out of the twenty-five Neighbourhoods are in deficit, requiring an additional 42.9 ha to achieve their local provision target of 1.2 ha per 1,000 residents.
- The combined deficit amounts to 78.8 ha.

The analysis shows an uneven geographic distribution of parkland supply across the city. Some Character Areas enjoy higher parkland inventories and provision standards, while other communities, mainly the UGC and Major Nodes, are struggling to meet the City's minimum provision objectives.

The analysis also demonstrates how relying solely on a city-wide metric can be misleading, as the city-wide provision rate sits well above the minimum target, largely on account of parkland surpluses concentrated into a few neighbourhoods. However, these surpluses do not resolve the deficits in other communities, particularly in regards to the distribution of publicly-accessible parks spaces.

Deficiencies identified in the 2021 analysis provide context as to which parts of Mississauga are currently experiencing the highest levels of parkland need. This context helps to inform the fair and reasonable allocation of resources towards the acquisition and improvement of parkland, including areas where the City should prioritize the dedication of land and expenditure of funds on new acquisitions.

However, it is important to note that these are historic deficiencies, and not the pressures created by new growth. This is an important distinction, as growth-related capital policies, such as requiring parkland or CIL as a condition of development, should not be calibrated based on existing surpluses or deficiencies, but rather the need created by the growth which triggers their application.

iv. Forecast Future Demand for Parkland by 2041

The Parks Plan also contemplates the future of parkland provision through to 2041, respecting both forecast changes in population and parkland conveyances that the City has secured through agreement, but not yet received, as of December 31, 2021. As such, it presents an idea of how parkland provision would change if no new parks were added.

Based on the analysis in the Parks Plan, population in Mississauga's residential Character Areas is anticipated to continue to grow to 911,300 people by 2041, increase of 117,700 people (14.8%) over the next twenty years¹¹.

It is assumed that most of this growth will locate in high-density, transit-oriented areas. As such, it will be critical to proactively plan for and acquire parkland to ensure that the City is able to deliver parks that support the quality of life in these communities. It is also important to consider that as Mississauga's communities become more diverse, so too will their park needs and preferences.

After accounting for recent acquisitions, the 2041 analysis projects a total of fifteen residential Character Areas would remain below the City's minimum provision standard¹². While no additional Character Areas are forecast to fall below the provision minimum provision standard over this time, the provision rate in many neighbourhoods is projected to face significant declines unless additional new parks are acquired.

¹¹ The population analysis pertains only to population in the residential Character Areas identified by the Parks Plan, and does not include existing population in non-residential areas.

¹² Population declines in the Churchill Meadows Neighbourhood, which is assumed as a result of changing occupancy patterns in established neighbourhoods, would result in the Character Area's provision standard increasing to 1.21 ha per 1,000 by 2041.

v. Parkland Required to Meet the Needs Created by Growth

To offset the pressure that a growing community will place on the existing parks system, it is expected that new development provides for the minimum parkland provision targets identified in the Parks Plan, specifically:

- A minimum of 12% of total area by 2041 for the UGC and Major Nodes; and
- A minimum of 1.2 ha per 1,000 net additional residents for all other residential Character Areas.

Based on the anticipated population change in Mississauga between 2022 and 2041, and based on the anticipated parkland conveyances to be conveyed in the coming years as a condition of existing development approvals, these standards result in the parkland need summarized in the table on the following page.

Urban Growth Centre and Major Nodes	Location Area	Parkland Area 2021	Confirmed Future Parkland Conveyances	Net Parkland Req. by 2041 (12% of Land Area)
UGC (Cooksville, Core, Fairview & Hospital)	558.5 ha	47.6 ha	0.8 ha	18.8 ha
Uptown Major Node	98.0 ha	5.2 ha	0.5 ha	6.1 ha
Central Erin Mills Major Node	122.6 ha	7.1 ha	-	7.7 ha
Lakeview Waterfront Major Node	104.6 ha	7.0 ha	15.0 ha	-
Total Requirement (UGC + Major Nodes):				32.5 ha
Other Character Areas	Estimated Population Growth 2022-2041	Parkland Req. by 2041 (1.2 ha per 1,000 people)	Confirmed Future Parkland Conveyances	Net Parkland Req. by 2041 (1.2 ha per 1,000 people)
Other Character Areas	41,200	49.4 ha	5.6 ha	43.8 ha
Total Requirement (Other Character Areas):				43.8 ha
Total Citywide Parkland Requirement:				76.3 ha

Source: Hemson Consulting, using data from the City of Mississauga

The 76.3 ha of parkland need is attributed specifically to growth, and serves as the basis for calculating the Alternative Rate for the parkland conveyance by-law on the principle that growth pays for growth. This parkland requirement does not account for the need linked to existing local deficiencies, as these needs are the result of historic investments and not the impacts of future growth. As such, they are considered ineligible under a growth-related capital framework, and are not factored into the calculation of the parkland conveyance by-law or the Alternative Rate.

B. Official Plan Policies

Beyond the Parks Plan examining the need for parkland, the *Planning Act* also requires a municipality to have specific official plan policies in effect if it wishes to levy the alternative parkland rate in their by-law. These requirements are set forth under subsections 42(4) and 51.1(2), and require policies which speak to the provision of lands for park or other public recreational purposes, and the use of the alternative requirement specifically.

These policy requirements are currently satisfied by the Mississauga Official Plan (MOP), which was adopted by City Council on September 29, 2010, and later approved at the Ontario Municipal Board on November 14, 2012, along with subsequent amendments which have been approved and brought into force in the time since.

The Provision of Land for Park or Other Public Recreational Purposes

The provision of lands for park or other public recreational purposes is satisfied under Chapter 6 – Value the Environment, specifically Policy 6.3.69:

6.3.69 The minimum city wide parkland provision is 1.2 hectares per 1 000 population

This policy, along with various other supporting policies under section 6.3 of the MOP, speak to the need for parkland and where and how it should be provided across the city. As written, this policy reflects the requirement contemplated by the Parks Plan for all residential Character Areas, excluding the UGC and Major Nodes, which have an alternative standard for local provision of 12% of gross area. This reduced target for local parkland provision reflects the economic realities of providing parkland within these neighbourhoods, while still achieving the City-wide target for overall parkland provision by 2041.

The Use of the Alternative Requirement

The use of the Alternative Rate is satisfied under Chapter 19 – Implementation, specifically Policies 19.19.2 and 19.19.3:

19.19.2 As a condition of development of land, the City may require that a portion of the land proposed to be developed or redeveloped be conveyed to the City for park or other public recreational purposes, in a form satisfactory to the City, to ensure that the lands are clean at the time of conveyance.

- a) *In the case of land proposed to be developed or redeveloped for predominantly residential purposes, the amount of land to be conveyed will be calculated using:*
- *A rate not exceeding five percent of the developable land; or*
 - *A rate not exceeding one hectare for each 300 dwelling units proposed; or,*
 - *Whichever amount is greater; ...*

19.19.3 As a condition of approval of a plan of subdivision, Mississauga will require that a portion of the land in the plan be conveyed to the City for park or other public recreational purposes in a form satisfactory to the City, to ensure that the lands are clean at the time of conveyance.

- a) *In the case of a subdivision for predominately residential purposes, the amount of land which the City will require to be conveyed will be the amount calculated using:*
- *A rate not exceeding five percent of the land included in the plan of subdivision; or*
 - *A rate not exceeding one hectare for each 300 dwelling units proposed; or whichever amount is greater; ...*

Supported by sub-clauses which clarify requirements for non-residential developments and how to handle the use of cash-in-lieu of land, these policies set the framework for levying Alternative Rate within the parkland conveyance by-law. As written, the current policies enable Mississauga to require parkland up to the maximum amount permitted by the *Planning Act*, while granting the City the discretion to levy a lower rate.

4. Current Parkland Conveyance By-Law

Mississauga's current parkland conveyance by-law requires the maximum amount permitted by the *Planning Act*, along with a Fixed Unit Rate on cash-in-lieu payments for medium and high-density residential units, as determined by policy. However, this approach faces a number of challenges in the light of evolving development trends, climbing land values, and changing legislative considerations.

This chapter provides a brief overview of the current Parkland Conveyance By-law, an assessment of its effectiveness in securing parkland in recent years, and the challenges it faces which warrant the need for a new approach.

A. Mississauga's Current By-Law Requirement

The current requirements for parkland dedication or cash-in-lieu payments in Mississauga are established by By-law Number 0400-2006. The by-law effectively requires:

- Two percent of land for commercial, industrial, religious assembly and institutional uses;
- Five percent of land for all other uses;
- One hectare of land per 300 units or the cash equivalent of one hectare of land for every 500 units where residential uses are proposed but not less than five percent of land.

This effectively requires the maximum amount as permitted by the *Planning Act*, including provisions for the Alternative Rate for residential uses.

Where cash-in-lieu is required, the value of the dedication is calculated on a site-specific basis in line with the terms set out by the *Planning Act*, with the exception of medium- and high-density residential uses. In these cases, the by-law, the value of the land may be calculated at a value less than the market appraised value in accordance with a Council approved policy.

The current iteration of this policy is the Fixed Unit Rate (FUR), which establishes an equivalent per unit CIL value. This rate was originally calculated based on three-year's medium density land value transactions across Mississauga to derive an average per hectare land value. This value was subsequently divided by 300, reflecting the maximum permissions of the *Planning Act* at the time, to arrive at the FUR.

Since its initial calculation, this rate has been increased on a semi-annual basis using an index of three percent. Following the passage of Bill 73, the formula was adjusted in August of 2016 to reflect the new maximum rate of one hectare per 500 units required by the *Planning Act*.

As of February 1st, 2022, the FUR is \$11,370 per unit.

B. Historic Provision Rates

Between 2011 and 2021 the population of Mississauga is estimated to have grown from 713,400 to 793,600, an increase of 80,200 new residents. Over the same 10-year period, the City acquired 67.8 hectares (167.5 acres) of new parkland, split between both dedications and purchases using CIL. This equates to a parkland provision rate of 0.85 ha for every 1,000 new residents, or approximately 70 percent of the City's minimum target.

With respect to the 67.8 ha of parkland acquired over this time, only 8.3 ha was purchased in the UGC, and none was acquired in the Major Nodes. The reason for this imbalance between the UGC and Major Nodes when compared to acquisitions in the rest of the city is the cost and opportunity of

adding new sites. Given the level of development activity in the UGC and Major nodes, there are few sites available for the City to acquire, either through dedication or purchase using CIL. When sites do become available, they tend to be much smaller, and often significantly more expensive, making it difficult to make significant contributions to the parks and open space system in the City's fastest growing neighbourhoods.

C. Challenges Facing the Current Approach

Mississauga's current Fixed Unit Rate approach represents a compromise intended to simplify the conveyance requirements for high-density development. Under this approach, the costs are predictable regardless where a project is located. At the same time, the CIL may not reflect the actual value of the land dedication that would otherwise be required, leading to the potential for a discrepancy between the CIL requirement and the value of what the equivalent land dedication would actually be worth.

A key issue with Mississauga's current by-law is that the FUR of \$11,370 is failing to keep pace with current land values. The original rate was only calculated exclusively on medium-density land values, and does not take into account the significant cost differences that exist when trying to purchase parks in high-density neighbourhoods where growth pressures, and land costs, are highest.

A review of medium- and high-density land values over the past three years indicates an average land value of \$26.5 million per hectare. If the Fixed Unit Rate were to be recalculated using the same underlying methodology as when it was originally calculated, accounting for recent land value escalation and the cost of acquiring lands in high-density neighbourhoods, it would result in a new FUR of approximately \$53,100 per unit.

5. Proposed Conveyance By-Law

Recognizing both the impact such a rate increase would have and the nuances of local land values that must be accounted for under recent changes to the *Planning Act*, a new approach to the Alternative Rate is proposed for the parkland conveyance by-law update.

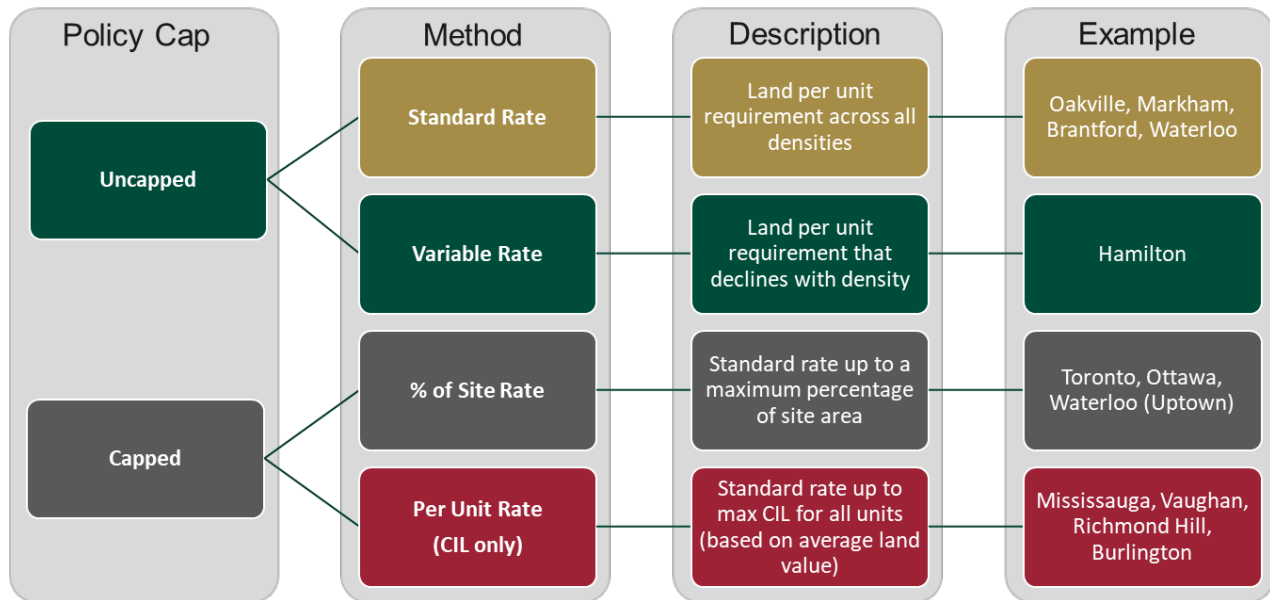
This chapter provides an overview of how this new methodology for the Alternative Rate was derived, how it would function, and implementation options for Mississauga to consider for introducing such a change.

A. Process for Evaluating the Alternative Rate

In assessing Mississauga's existing approach to the Parkland Conveyance By-law and the options available when it comes to levying the Alternative Rate requirement, a wide range of policy variations were considered. Working within limitations set out under the *Planning Act*, there are numerous examples of how municipalities in Ontario choose to levy the Alternative Rate requirement in their own parkland conveyance by-laws.

As summarized in Figure 3 on the following page, these policy options range from uncapped applications of the Alternative Rate, that require land on a per unit or per capita basis, similar to how it is articulated in the *Planning Act*, to lesser requirements that set dedication limits based on other metrics, such as site size or average land values. Each of these options presents different strengths and challenges as it relates to the amount of parkland they might provide, the burden they place on different forms of development, the predictability of the requirement in terms of revenue forecasting, and the ease of administration for the municipality itself.

Figure 3: Sample Alternative Rate Methodologies in Ontario



A review of these options was undertaken in consultation with City staff, including testing various hypothetical development sites against different dedication requirements based on methods applied by other municipalities. Over the course of this review, it was determined that a refinement of Mississauga’s FUR approach presented the best fit for achieving the City’s parkland provision objectives in terms of land to be acquired, whilst also reflecting stakeholder concerns regarding the predictability of the rate and staff concerns regarding administration of the policy.

B. Recommended Approach for New Alternative Rate

This recommended new Alternative Rate approach requires the lesser of a site-specific valuation at one hectare per 500 units, or a Maximum Capped Unit Rate per unit that is calculated based on the estimated value the growth-related parkland requirement identified in the Parks Plan.

Each project will provide the lesser of:

Value of 1 ha of land per 500 units *(based on subject site land value)* <OR> **Number of Units X Calculated Maximum Cap** *(based on City-wide parkland requirement)*

The components of calculating this Maximum Capped Rate are summarized in Figure 4, and described as follows:

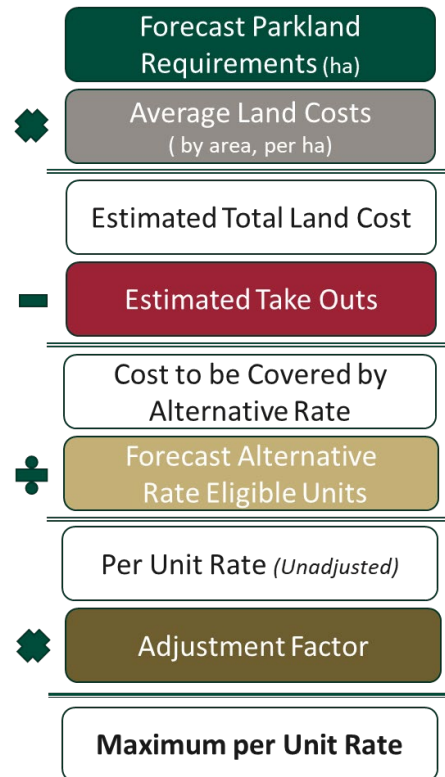
i. Forecast Parkland Requirements

The parkland requirement factor used to calculate the Maximum Capped Rate is the quantum of parkland needed to meet the City’s provision standards relative to new growth, as identified in the Parks Plan.

This requirement is split into two categories based on the residential Character Areas in which the land is required:

- The UGC and Major Nodes (32.5 ha)
- All other residential Character Areas (43.8 ha)

Figure 4: Maximum Capped Rate Calculation Method



ii. Average Land Costs

The value of the required new parkland required by 2041 is estimated using a weighted average based on recent medium- and high-density land transactions in each of the policy areas over the past three years, indexed to 2021 dollars.

- The UGC and Major Nodes (\$43.3 million per ha)
- All other residential Character Areas (\$8.0 million per ha)

The weighted values for the UGC and Major Nodes are grouped together based on similarities in their land values and available site sizes, while the

Other Character Areas represent a wider area of site acquisition opportunities. These weighted values are used on the principle that they reflect the value of the land new developments would otherwise have to convey, while also reflecting the City's intent to acquire land in the nearby area, which increasingly tends to reflect the value of recent developments in an infill context.

iii. Estimated Total Land Costs

Multiplying the weighted average land cost for each area (split between the UGC and Major Nodes and other residential Character Areas) against the respective parkland requirement in those areas generates an estimated total land cost of \$1.724 billion.

A Note Regarding Costs Associated with the Development and Improvement of Parkland

In addition to the acquisition of land for parks purposes, the *Planning Act* also permits a municipality to direct any CIL funds collected under Section 42 and 51.1 toward the erection and improvement of buildings on parkland and the acquisition of machinery for park or other recreational purposes. As such, it is within Mississauga's power to also consider some specific parkland development costs in addition to their land acquisition objectives when calculating the requirements of the parkland conveyance by-law.

However, any funds collected in this manner cannot be put towards projects which are already being covered by other growth-related tools. Specifically, any projects, or portions of works, planned to be funded via Development Charges or the new Community Benefits Charge.

To avoid the potential for overlap, the methodology for calculating the parkland conveyance Alternative Rate does not currently consider any costs associated with parkland development or improvement.

This does not preclude Mississauga from directing CIL funds collected under the parkland conveyance by-law to specific improvement projects, so long as the improvements meet the criteria under the *Act* and have not already been fully funded by DC or CBCs, nor does it prohibit the City from including these costs as part of a rate calculation update in the future.

iv. Estimated Take Outs

In order to determine the costs to be covered by the Alternative Rate, the calculation nets out estimated CIL contributions from projects subject to the Standard Rate, and uncommitted CIL reserves from the total costs.

An analysis of CIL revenues indicates that projects providing the Standard Rate for residential (5% of site) and non-residential (2% of site) development have historically been equivalent to approximately 25% of the current FUR. Projecting this value out over the course of the next 20-years would equate to an estimated value of \$192 million in 2021 dollars.

Based on the most recently available reporting, Mississauga's CIL reserve fund balance as of year end 2021 was \$133 million.

Both of these figures are netted off from the estimated total land costs.

v. Cost to be Covered by the Alternative Rate

After netting off estimated contributions from non-residential and low-density development, and accounting for existing CIL reserve balances, this leaves \$1.398 billion remaining to be addressed by the Alternative Rate.

vi. Forecast for Alternative Rate Eligible Units

The forecast for units that would be eligible for the Alternative Rate requirement is derived from the Development Charge forecast, which itself is based on the 2051 growth targets identified in Schedule 3 of the *Growth Plan for the Greater Golden Horseshoe*. The forecast of occupied housing

units between 2022 and 2041 for Mississauga identifies a total of 70,660 new units, 8,720 of which are rows (townhomes) and 58,990 of which are apartments. This results in an estimated total of 67,710 net new units that would be eligible for the Alternative Rate over the next 20 years. This figure serves as the denominator for determining the Maximum Capped Rate.

Unit Type	Unit Count
Alternative Rate Eligible Units	67,710
Unit Credits Already Issued through Parkland Agreements	6,860
Net Eligible Alternative Rate Units	60,850

Recognizing that some projects in the development pipeline have already been credited as a result of existing parkland conveyance agreements, such as those located in the master planned developments in Lakeview and Port Credit / Brightwater, this figure must be netted down to account. In this regard, there are currently 6,860 units in the pipeline that have effectively already made their parkland contribution, so these units are netted out of the eligible Alternative Rate calculation – resulting in a net eligible unit count of 60,850.

vii. Base Maximum Per Unit Rate (Unadjusted)

With a target land valuation just shy of \$1.4 billion against 60,850 Alternative Rate eligible units, this results in a preliminary calculated rate of \$22,980 per unit. This figure represents the amount (in 2021 dollars) that would be required from all Alternative Rate eligible units over the next 20-years for the City to achieve its parkland requirement for new growth.

viii. Adjustment Factor

However, under this new approach, not all projects will provide the maximum calculated rate. Recognizing that some projects may be subject to a lower CIL requirement when calculating their site specific-land valuation against the 1 ha per 500 units method, most medium density townhome projects and some smaller apartment developments would potentially pay less on a per unit basis.

Based on an analysis of development trends and land values using the same transaction data to estimate the weighted land value inputs, it is anticipated that projects falling under the Maximum Capped Rate would result in a revenue shortfall of approximately \$118.7 million. To account for this shortfall resulting from lower-value sites, it is estimated that the rate would need to be adjusted upwards by 9.3%, resulting in a Maximum Capped Rate of \$25,112 per unit.

Figure 5: Summary of Maximum Capped Rate Calculation

Alternative Rate: Maximum Capped Rate Inputs	
UGC and Major Nodes Requirement	32.5 ha
Other Character Areas Requirement	43.8 ha
Total Parkland Requirement	76.3 ha
Average Cost Per Ha – UGC + MN	\$42,300,000
Average Cost Per Ha – Other Areas	\$8,000,000
Estimated Total Land Cost	\$1,724,000,000
Less Est. Low Density Res + Non Res Parks via Standard Rate	\$192,000,000
Less CIL Reserve Balance	\$133,000,000
Land Cost Covered by Alt. Rate	\$1,398,000,000
Forecast Alt. Rate Eligible Units	60,850
Max Per Unit Rate (Unadjusted)	\$22,980
Adjustment Up Factor (<i>accounting for projects not providing max rate</i>)	9.3%
Maximum Per Unit Rate	\$25,112

Source: Hemson Consulting, using data from the City of Mississauga.

Figures have been rounded are in 2021 dollars.

C. Implementation Considerations

The Maximum Capped Rates calculated in this report represent the estimated cost (in 2021 dollars) the City of Mississauga would need to recover from development, relative to the impact created by new growth, as identified in the Parks Plan. Any efforts to reduce the Maximum Capped Rate could have a detrimental impact on Mississauga's future parkland provision rate. If the rates were to be reduced, Mississauga would either need to collect additional funding from other sources, including the tax base, or consider the prospect of a reduced parkland provision standard.

i. Affordability and the Phasing of the Capped Rate Change

The proposed approach to the parkland conveyance by-law would result in a significant increase in the CIL requirement expected from medium- and high-density residential units, though not all projects would be expected to pay the capped rate depending on their site-specific valuation.

The prevailing understanding of land economics suggest that, barring specific stipulations in sales contracts, developers will be unable to pass on the cost of additional fees related to the delivery of new housing beyond what the market will bear, and instead will need to incorporate this rate change into the cost they offer for development sites if they are to achieve their desired return on investment.

However, if developers are not given enough time to reflect these changing expectations into the land purchase price, rate changes may put downward pressure on the delivery of new housing supply – which in turn could put upward pressure on housing prices by shifting demand and supply conditions. This is of particular concern for in-process projects that have been approved but have not yet reached the building permit stage, as these projects have limited opportunities to reflect the changing policy requirements within existing sales agreements, potentially choosing instead to put these projects on hold, or cancel them outright.

To account for these changes and allow these factors to work their way through the market, it is proposed that the Maximum Capped Rate be phased in, with in-stream protection offered for those projects that have submitted complete building permit applications prior to the effective date, or any such dates to be determined as part of a rate transition plan developed by the City. By delaying the full implementation of the Maximum Capped Rates in this manner, Mississauga will blunt some of the impacts of the proposed policy change at the cost of forgone CIL revenues that would have otherwise been required during the implementation period.

Further analysis and consultation will be required to determine the appropriate timing for a phase in schedule.

ii. Indexing of Rates

Following the phase in period, it is recommended that the City continue to index the Maximum Capped Rate on a semi-annual basis to reflect land value increases that are expected to continue. A rate increase of 4% every six months¹³ is recommended to ensure the rate does not fall too far behind market land values over time.

In addition, it is recommended that a comprehensive land value assessment and Maximum Capped Rate update be undertaken every five years, in line with the legislated requirement for the DC update, to ensure the parkland conveyance by-law requirement remains in step with land values at the time.

iii. Exemptions

Currently no adjustments are proposed to the City's list of land uses that are exempt from the parkland conveyance by-law.

¹³ A semi-annual index rate of 4% is recommended as a middle ground between the current index rate of 3% and the increases of 5 to 6% that would be required to reflect historic increases to average land values over the past 5 years.