



May 30, 2022

Altus Group Economic Consulting
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Attention: Daryl Keleher, Senior Director

Thank you for your memo dated May 16, 2022, concerning the background materials supporting the Town's proposed Development Charges by-law, Parkland Dedication by-law and Community Benefits Charges by-law. Town staff and Watson and Associates Economists Ltd. (Watson) have reviewed your comments and questions and the attached is our response.

If you require further information, please do not hesitate to contact me (jkim@haltonhills.ca) or Scott O'Donnell (sodonnell@haltonhills.ca).

Thank you,

Jinsun Kim
Senior Manager of Financial Planning & Budgets

Cc: Kevin Okimi, Director of Parks & Open Space
John Linhardt, Commissioner of Planning & Development
Bronwyn Parker, Director of Planning Policy & Planning & Sustainability
Moya Jane Leighton, Town Treasurer & Director of Finance

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Memorandum

To	Jinsun Kim
From	Andrew Grunda
Date	May 25, 2022
Re:	Memorandum from Altus Group re: Halton Hills Parkland/CBC dated May 16, 2022

Fax Courier Mail Email

We have reviewed the memorandum submitted by Altus Group on behalf of the Southwest Georgetown Landowners Group Inc. (Altus Memo) to the Town of Halton Hills (Town) referenced above. The memorandum presents their questions and comments following a review of background materials relating to parkland dedication, community benefits charges (C.B.C.), and development charges (D.C.s) released by the Town. With respect to D.C.s, the May 16th Altus Memo states that “in other cases there are no follow-up questions for the Town, however, there are questions and concerns still at-issue that are not covered by the questions below, such as BTE for road projects, park development, etc.”. In our April 28, 2022 memo, we provided a fulsome response to the questions that were posed in the March 18, 2022 memo from Altus. To the extent that there are outstanding questions and concerns, we will prepare a response once we receive the specific questions and/or concerns.

We provide the following in response to the matters raised in the memo. The questions and or comments from the Altus Memo are provided in italics along with our response.

1. Parkland Dedication and Cash-in-Lieu of Parkland

1.1 Use of a Fixed Unit Rate vs. Percentage Cap

- 1) *The Parkland CIL study suggests that the Town would impose the **greater** of 20% of land value or the fixed-unit rate of \$13,200.*

The Town may wish to consider the option of imposing a cap equal to the greater of the per unit cap or 20% of land value to improve cost recovery from developments with higher-than-average land values and to cap the charge at 20% of land value for higher density developments.

The land value assumption of \$6.6 million per hectare being used as the basis to calculate the fixed- unit rate of \$13,200 per unit ignores that land values increase as



approved density increases. The usage of a flat land value assumption ignores that land values vary from site-to-site.

Using a base land value assumption of \$25 per buildable square foot, the \$13,200 per unit rate is, for all ranges of densities, the greater of the two CIL amounts, with the \$13,200 per unit rate equating to 60% of land value in all cases, well above the Town's stated objective for CIL not exceeding 20% of land value.

At an assumed \$25 pbsf land value, the \$6.6 million / ha value is reached at a density of just under 2.5 FSI, and at 2.5 FSI (which is equal to \$6.7 million/ha), the \$13,200 amount generates a CIL payable of \$1,014,883, or 60% of the overall land value, and equivalent to three-times higher than the 20% cap would generate (\$336,372).

The fixed unit rate of \$13,200 is only reached through the 20% cap when land values per buildable square foot are just over \$75 pbsf. Can the Town request that the appraisal value used is expressed on a per buildable square foot basis to ensure that projects of varying densities are treated equally?

Figure 1

Analysis of Town of Halton Hills Parkland CIL Proposal										
Land Value		25 per buildable SF								
Site Area		0.25 ha								
Average Unit Size (gross)		875								
Density	Gross Floor Area Square Feet	Units	Land Value Dollars	Land Value per Hectare \$/ Hectare	20% Parkland CIL Scenarios Percentage Cap		\$ 13,200 Fixed Unit Rate		Greater Amount per Unit \$/ Unit	Parkland CIL Payable as % of Land Value Percent
					revenues	per unit	Rate	Greater Amount		
1.0	26,910	31	672,744	2,690,978	134,549	4,375	405,953	405,953	13,200	60%
1.5	40,365	46	1,009,117	4,036,467	201,823	4,375	608,930	608,930	13,200	60%
2.0	53,820	62	1,345,489	5,381,956	269,098	4,375	811,906	811,906	13,200	60%
2.5	67,274	77	1,681,861	6,727,444	336,372	4,375	1,014,883	1,014,883	13,200	60%
3.0	80,729	92	2,018,233	8,072,933	403,647	4,375	1,217,860	1,217,860	13,200	60%
3.5	94,184	108	2,354,606	9,418,422	470,921	4,375	1,420,836	1,420,836	13,200	60%
4.0	107,639	123	2,690,978	10,763,911	538,196	4,375	1,623,813	1,623,813	13,200	60%
4.5	121,094	138	3,027,350	12,109,400	605,470	4,375	1,826,789	1,826,789	13,200	60%
5.0	134,549	154	3,363,722	13,454,889	672,744	4,375	2,029,766	2,029,766	13,200	60%
5.5	148,004	169	3,700,094	14,800,378	740,019	4,375	2,232,743	2,232,743	13,200	60%
6.0	161,459	185	4,036,467	16,145,867	807,293	4,375	2,435,719	2,435,719	13,200	60%
6.5	174,914	200	4,372,839	17,491,355	874,568	4,375	2,638,696	2,638,696	13,200	60%
7.0	188,368	215	4,709,211	18,836,844	941,842	4,375	2,841,673	2,841,673	13,200	60%

Source: Altus Group Economic Consulting

The intent of the proposal to set a cap at the greater of 20% of land value or the per unit rate was to provide for greater cost recovery from developments where the combination of the land value and density of development would produce a total charge payable based on the per unit cap of less than 20% of land value. The Town will request that appraisal land values are expressed on a per buildable square foot basis to ensure varying density is accounted for.



1.2 Land Appraisal Report

- 2) *The report states that “the potential value of non-local parkland was based on a Town commissioned estimate of a large urban parcel of land at \$3.7 million per ha.”, but the report then uses values of \$6.6 million per hectare for urban areas, and \$5.3 million per hectare for rural areas and hamlets.*

By comparison, according to response from the Town to question #5 from our DC review memo, the City’s DC study uses a land value in the LOS inventory of \$3.7 million per hectare, based on the same Antec Appraisal Group appraisal as referenced in the Parks study. The use of this land value, and the 20% cap would equate to a per-unit charge of \$7,580 per unit.

What is the reason why the land values used in the calculation are higher than the supposed benchmark and what is used for land acquisition for recreation land needs in the 2022 DC Study?

Land values of \$6.6 million per ha and \$5.3 million per ha were used for the urban and rural/hamlet areas, respectively, based on the average appraised values in those areas. These land values were used for local parkland needs as those parks would be located in close proximity to residential development. Within the analysis of future parkland acquisition costs, a range of \$1.9 million per ha to \$3.7 million per ha was used to assess the potential costs for non-local parkland, depending on the park location (i.e. within the urban boundary or in a future expansion area) as the Town may have more flexibility on where to locate non-local parkland.

1.3 Local vs. Non-Local Park Land Values

- 3) *Table 4-2 applies values of \$6.6 million per hectare for ‘local parks’, and \$3.7 million per hectare for non-local parks. What is the rationale for the higher land acquisition cost assigned to local parks?*

Please see response to item #2.

1.4 Parkland Reserve

- 4) *The Parkland CIL review document does not make any reference to the Town’s existing parkland CIL reserve fund balance. Does the \$66 million shortfall in Parkland CIL revenues (Table 4-5) account for the surplus in the Town’s Parkland CIL fund (as estimated at \$8.6 million for YE 2021 in the 2022 budget and business plan)¹?*

The existing parkland reserve fund balance has not been considered in the assessment of the costs of parkland acquisition for new development as those funds will be required



to acquire parkland for development that has already occurred and made payments-in-lieu of parkland. The Town has identified that to meet existing parkland requirements in current urban areas, any purchase of land (i.e. surplus school sites) would significantly impact the current CIL balance due to urban land values. The Town is using the Council approved Parkland Acquisition Strategy as a guide to secure parkland parcels to achieve the Council approved standards for parkland provision.

1.5 Parkland Credits – POPs

- 5) *What will the Town's policies be for providing credit for Privately-Owned Publicly Accessible Spaces (POPs) within high-density developments? Many municipalities also undertaking Parkland CIL reviews are providing partial or full credit for POPs, as it can save the municipality on-going operating costs for publicly accessible localized space.*

POPs have been outlined in the Parkland Acquisition Study (approved by Council) to be considered for partial credit, however this will be reviewed as part of the Town's Official Plan Review process. At this time proposals would be considered on a case-by-case basis, with a complete legal review, based on the previous endorsement of the Parkland Acquisition Study. Once the Official Plan Review confirms an approach, the parkland dedication by-law would be updated accordingly.

1.6 Parks within Greenbelt

- 6) *Given that the Greenbelt bisects the Town, and runs between the urban areas of Acton and Georgetown, and that the Town has already taken this approach in building out the Trafalgar Sports Park (which is within Protected Countryside Area on Schedule A1 of the Town's OP), has the Town considered utilizing additional Greenbelt lands to provide any additional required parks that may be of a regional nature?*

Lands within the Greenbelt Plan have limited opportunities for community building uses due to policy restrictions; however, these lands remain viable on a practical and policy basis for parkland that supports housing and is part of creating a complete community. The limited uses for these lands can also bring the down the costs to the Town of acquiring the land for a large-scale community park. The goals of the Greenbelt Plan promote parkland within each of the Protected Countryside, Urban River Valleys areas:

1.2.2 Protected Countryside Goals

3. Culture, recreation and tourism

- b) Provision of a wide range of publicly accessible built and natural settings for recreation, including facilities, parklands, open space areas, trails and water-*



based/shoreline uses that support hiking, angling and other recreational activities.

1.2.3 Urban River Valley Goals

To integrate the Greenbelt into urban areas that were not part of the Greenbelt's initial boundaries, by promoting the following matters within the Urban River Valley designation:

-provision of a range of natural settings on publicly owned lands for recreational, cultural and tourism uses, including parkland, open space land and trails.

Similarly, Section 3.3 of the Greenbelt Plan states that a "system of parklands, open spaces, water bodies and trails across the Greenbelt is necessary to provide opportunities for recreation, tourism, and appreciation of cultural heritage and natural heritage."

Policy 3.3.3.2 of the Greenbelt Plan states that:

3.3.3 Municipal parkland, open space and trail strategies

For all lands falling within the Protected Countryside, municipalities should:

- 4. Develop and incorporate strategies (such as community-specific levels of provision) into official plans to guide the adequate provision of municipal recreation facilities, parklands, open space areas and trails.*

Seeking opportunities for parkland on appropriate Greenbelt lands, particularly for large regional-style parks also allows for lands outside of the Greenbelt Plan to be efficiently used for the core uses to achieve growth, including residential, commercial, and institutional uses.

The Town acknowledges that Trafalgar Sports Park was built within the Protected Countryside area. It should be noted that the Trafalgar Sports Park approvals predated the Greenbelt Plan and would not be possible today based on the location in the Greenbelt and the pertinent Greenbelt Plan policies. At present, the focus of the Parkland Acquisition Study is to acquire lands for active parkland (i.e. sports fields and more active uses), and not for passive parks that may be considered to be allowed under Provincial/Regional/Town policies for the Protected Countryside/Urban River Valley areas.

2. Community Benefits Charges (C.B.C.)

- 7) Table 4-1 carries over the \$66 million revenue shortfall from the Parkland CIL study, and after making deductions for non-residential development share of costs and non-CBC eligible portions, \$5.89 million of the revenue shortfall for Parkland CIL is*



included in the \$6.01 million in CBC eligible costs, which means that 98% of the CBC is for parkland acquisition.

Can the Town please confirm that despite the relatively limited scope of the projects and costs listed in the CBC Study it will not necessarily limit the type or amount of in-kind contributions the Town may accept?

In-kind contributions will be reviewed on a case-by-case basis and will not necessarily be limited to the types of projects or amounts identified in the C.B.C. Strategy. As outlined in Section 7.4.4 of the C.B.C. Strategy and Sections 2.7 to 2.10 of the draft C.B.C. By-Law, Council will determine if in-kind contributions would be accepted.

3. Follow-Up Questions and Comments – Development Charges

3.1 Population and Housing Forecasts – Acton

- 8) *Original Question #1: Why does the growth forecast only include 144 residential units in Acton (out of 10,837 across the Town as a whole) over the 2022-2036 period? Assuming these units are within the Acton built boundary, the forecast falls significantly short of the minimum amount of intensification planned for Acton. ...*

Response from Town: The forecast growth for Acton was derived from residential and non-residential supply opportunities identified by Town staff and growth projections that were developed as part of the Town's long-range financial planning process. These projections were based on a detailed review of development projects that are either in the planning process or in consultation with Town staff. It is important to recognize that the Town's Intensification Opportunities Study Update reflects long-term housing intensification supply opportunities to 2041, while the housing forecast provided as part of the Town's 2022 Development Charges (D.C.) Background Study reflects forecast housing demand over the 2022-2036 planning horizon. The Intensification Opportunities Study Update reflected a range of 769 – 1,286 total units for the Acton Urban Area.

Follow-Up: The DC background study forecasts used to calculate DC rates shouldn't be based on the quantity of projects in the development pipeline but match the forecasts by area used in the Town and Region's various master plans so that infrastructure plans are coordinated with development plans, whether there are specific development applications in place for an area yet or not.

The near-term growth forecast has been updated based on a detailed review of recent residential building permits since 2009, a review of residential developments in active development approvals and anticipated market demand for residential intensification between 2022 and 2036. Based on the this review it has been determined that that Town's growth forecast between Acton and Georgetown is not tracking to the 2011



Halton Best Planning Estimates. As such, adjustments have been made to the location and rate of residential development set out in the Town's D.C and C.B.C. growth forecast update between 2022 and 2036 to more closely alignment with anticipated housing development within built-up areas and designated greenfield areas. It is acknowledged that over the long-term (i.e. post 2036) demand for the housing intensification within the Acton MTSA may increase a rate greater than what has been identified during the 2022 to 2036 forecast period.

3.2 BTE for Gellert Community Centre

- 9) *Original Question #7 – the lack of BTE for the Gellert Community Centre does not reflect the stated need for certain elements of the facility. The Town's Recreation and Parks Strategic Action Plan states that:*

*The Town has made investments to make sure that residents have access to high quality facilities while balancing fiscal responsibility. Capacity at aging or underperforming facilities such as arenas, seniors centres, and outdoor pools have been transitioned to new or substantially redeveloped facilities such as the MoldMasters SportsPlex, Acton Arena & Community Centre, **Gellert Community Centre**, and Trafalgar Sports Park. **The Gellert Community Centre and Dufferin Rural Heritage Community Centre were also built to respond to new recreational interests that emerged over the past decade and now provide residents with access to indoor aquatics, group fitness and indoor turf programs.***

The Strategic Action Plan also reported the results of a survey that found that “66% of households would use the Gellert Community Centre more often if it was expanded.”

Response from Town: The Gellert Community Centre project was included in the 2012 D.C. Background Study and identified as 100% growth-related with no benefit to existing development identified at that time. Since then, some of the new growth identified in 2012 has now been realized and forms part of the existing development. The Strategic Action Plan prepared in 2020 identifies that some of the existing residents will benefit from the use of the community centre, growth occurring between 2012-2020 would now constitute the existing community. To recognize that some of the growth initially identified in 2012 is now part of the existing development, reserve fund balances are netted against the capital costs. In other words, contributions from the growth that has occurred between 2012 and 2022 have been recognized through the reserve fund adjustment reflective of the benefit to existing.

Follow-Up – as the new facility would provide new amenities to all Town residents, it does not appear that the application of reserve funds to the project is sufficient accounting for BTE as required under the DC Act.



Section 4.10.3 of the Town's 2022 Development Charges Background Study outlines our approach with respect to deductions for the benefit to existing development. Regarding deductions for benefit to existing development, we note that:

Where existing development has an adequate service level which will not be tangibly increased by an increase in service, no benefit would appear to be involved. For example, where expanding existing library facilities simply replicates what existing residents are receiving, they receive very limited (or no) benefit as a result. On the other hand, where a clear existing service problem is to be remedied, a deduction should be made accordingly.

In the case of services such as recreation facilities, community parks, libraries, etc., the service is typically provided on a Town-wide system basis. For example, facilities of the same type may provide different services (i.e. leisure pool vs. competitive pool), different programs (i.e. hockey vs. figure skating), and different time availability for the same service (i.e. leisure skating available on Wednesdays in one arena and Thursdays in another). As a result, residents will travel to different facilities to access the services they want at the times they wish to use them, and facility location generally does not correlate directly with residence location. Even where it does, displacing users from an existing facility to a new facility frees up capacity for use by others and generally results in only a very limited benefit to existing development.

As noted in our earlier response, the primary reason for undertaking the project is to meet the demands for growth. Although existing residents will utilize the facility, their use of this facility also implies freeing capacity at other existing facilities to address the needs of new development. Moreover, as provided in the D.C. Background Study the project does not exceed the historic average level of service cap required under the D.C.A. Based on the forgoing, and the application of the reserve fund balance in the calculation of the charge, we believe the benefit to existing development for this project has been sufficiently considered.

4. Estimate Of Cumulative Impact

The table below shows the cumulative impact of recently adopted or proposed changes to key municipally imposed charges. For a two-bedroom apartment unit, the charges have or are proposed to increase by a combined \$15,300 per unit, owing to increases to the Region's DC, the Town's DC, the Town's Parkland CIL rate and the imposition of a CBC by the Town on eligible development.



Figure 2

Increase in Charges for 2-Bedroom Apartment Units, Town of Halton Hills

	<u>Current / Recent</u>	<u>Proposed / Adopted</u>	<u>Change</u>	Notes:
		<i>Dollars per Unit</i>		
Region DC	15,100	20,901	5,801	current rates as of April 2021
Town DCs	9,999	16,542	6,543	current rates in effect as of April 2022
Town Parkland CIL	11,000	13,200	2,200	
Town CBCs**	<u>-</u>	<u>750</u>	<u>750</u>	
Total	36,099	51,393	15,294	

*CBC estimated on 200-unit building, 0.25-ha site, \$25 per buildable sf land value, 750sf per unit

Source: Altus Group Economic Consulting

The estimated increase for the Town's costs (i.e. Town's D.C., Parkland CIL and C.B.C.) represents the costs required to accommodate anticipated growth as detailed in the related background studies released by the Town on April 15th, 2022.