



STAFF REPORT
Financial Planning

Title: 2022 Annual Statement of Community Benefits Charges and Parkland Dedication

Report Number: CORP2023-025

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File: N/A

Attachments: Appendix A – Community Benefits Charge Reserve Fund Statement
Appendix B – Parkland Dedication Reserve Fund Statement
Appendix C – 2022 Capital Projects Funded from Parkland Dedication Reserve Fund

Ward No.: All

Recommendation:

1. That Council receives CORP2023-025 as information.

A. Executive Summary

A Community Benefits Charge (CBC) is a new growth funding tool authorized through revisions to Section 37 of the Planning Act that replaces the legacy “height and density bonusing” provisions. The CBC enables municipalities to recover growth-related capital infrastructure costs related to higher density development (i.e. buildings with five (5) or more storeys and ten (10) or more residential units) and is an additional financial tool the City now has to supplement existing growth related charges such as development charges (DCs) and parkland dedication.

Parkland Dedication (or cash in lieu of physical land conveyance) is the City’s primary tool for acquiring new parkland. Cash in lieu is primarily collected at the time of building permit issuance along with other development related charges.

The City of Waterloo retains Community Benefits Charges received and cash in lieu of Parkland Dedication received in separate reserve funds to provide financing for projects undertaken by the City as well as for reporting transparency.

Subsections 37(48) and 42(17) of the Planning Act (PA) requires that an annual report be provided to the public that outlines information as prescribed under O.Reg. 509/20. This report, CORP2023-025, will satisfy these requirements.

B. Financial Implications

For 2022, CBC collections under Section 37 of the PA totalled \$0.25 million, and cash in lieu of parkland collected under Section 42 of the PA totalled \$3.22 million. No physical land was conveyed to the City in 2022 pursuant to Sections 42 or 51.1 of the PA.

CBC collections, along with the reserve balance, are reviewed annually with the City's Extended Corporate Management Team (ECMT) and Budget Committee (as needed) to prioritize projects for funding based on the City's CBC Administration and Allocation Procedure and Council approved [CBC Strategy](#) document.

Cash in lieu of parkland collections, along with the reserve balance, are reviewed and budgeted alongside other City funding sources through the annual capital budget process.

Appendix A, 'Community Benefits Charge Reserve Fund Statement', and Appendix B, 'Parkland Dedication Reserve Fund Statement' provide a summary of activity for 2022 along with the overall reserve positions.

C. Technology Implications

None.

D. Link to Strategic Plan

(Strategic Objectives: Equity, Inclusion and a Sense of Belonging; Sustainability and the Environment; Safe, Sustainable Transportation; Healthy Community & Resilient Neighbourhoods; Infrastructure Renewal; Economic Growth & Development)

(Guiding Principles: Equity and Inclusion; Sustainability; Fiscal Responsibility; Healthy and Safe Workplace; Effective Engagement; Personal Leadership; Service Excellence)

Fiscal Responsibility.

E. Previous Reports on this Topic

CORP2020-025: 2019 Annual Statement of Parkland Dedication and Density Bonusing (May 25, 2019)

CORP2021-009: 2020 Annual Statement of Parkland Dedication and Section 37 Planning Act Contributions (May 17, 2021)

CORP2021-011: Bill 108 & 197 Timing Impact on Development Charge By-law Update and Community Benefits Charge Implementation (May 17, 2021)

CORP2022-022: 2021 Annual Statement of Parkland Dedication and Section 37 Planning Act Contributions (May 16, 2022)



2022 Annual Statement of Community Benefits Charges and Parkland Dedication CORP2023-025

Background:

Community Benefits Charge by-law, #2022-072, and Parkland Dedication by-law, #2022-073, were approved by Council on September 26, 2022, with an effective date of the same day.

Legislative Requirements:

The Planning Act (PA) legislates that a Council of a municipality that passes a Community Benefits Charge by-law, and/or a by-law under Section 42, shall provide an annual report to the public. The report shall be made available to the public by posting it on the website of the municipality.

The annual report, as outlined in Subsections 37(48) and 42(17) of the Act, and further defined in O. Reg. 509/20 Section 7, must include the following, if applicable:

1. Community Benefits Charge report under Subsection 37(48):
 - a. Statement of the opening and closing balance of the special account and of the transactions relating to the account.
 - b. Statements identifying:
 - i. facilities, services and matters acquired during the year with funds from the special account;
 - ii. details of the amounts spent, and;
 - iii. for each facility, service or matter mentioned in subparagraph i, the manner in which any capital cost not funded from the special account was or will be funded.
 - c. The amount of money borrowed from the special account and the purpose for which it was borrowed.
 - d. The amount of interest accrued on any money borrowed from the special account.
 - e. In each calendar year, a municipality shall spend or allocate at least 60 per cent of the monies that are in the special account at the beginning of the year.
2. Parkland Dedication report under Subsection 42(17):
 - a. Statement of the opening and closing balances of the special account and of the transactions relating to the account.
 - b. Statements identifying:
 - i. land and machinery acquired, and buildings erected, improved or repaired during the year with funds from the special account;
 - ii. details of the amounts spent, and;

- iii. for each asset mentioned in subparagraph i, the manner in which any capital cost not funded from the special account was or will be funded.
- c. The amount of money borrowed from the special account and the purpose for which it was borrowed.
- d. The amount of interest accrued on any money borrowed from the special account.
- e. Beginning in 2023, and in each calendar year thereafter, a municipality shall spend or allocate at least 60 per cent of the monies that are in the special account at the beginning of the year.
- f. With respect to municipalities that are required to prepare a parks plan under Subsection 42(4.1) of the PA (i.e. parkland dedication that utilizes an alternative rate calculation), an annual report shall be provided to the public that explains how land conveyed to the municipality under Sections 42 and 51.1 of the PA, and funds from the special account (cash in lieu of parkland) spent during the preceding year, contributed to addressing the need for parkland in the municipality that was set out in the parks plan.

2022 Consolidated Statements:

Legislative changes through Bill 108: More Homes, More Choice Act, 2019, which enabled the passing of a new CBC by-law by the City, resulted in the DC services of Parking and Cemeteries no longer being eligible for funding under the DC Act. The transition provisions required that upon passing of a CBC by-law, or September 18, 2022 (whichever occurred first), that the reserve balances for these services be transferred to the newly created CBC Reserve Fund for use under the general CBC framework within the Planning Act. This resulted in a transfer of \$5.99M in 2022 from the DC Reserve to the new CBC Reserve.

Furthermore, any funds collected and held in a special account under the legacy Section 37 framework "height and density bonusing" were to also be transferred to the CBC Reserve Fund in 2022. However, these funds are to be used in accordance with the terms and conditions as outlined in the legacy Section 37 agreements between the City and Developers. A transfer of \$1.07 million was made to the CBC Reserve in 2022 relating to these legacy density bonusing agreements.

The Community Benefits Charge Reserve Fund Statement and Parkland Dedication Reserve Fund Statement have been attached as Appendix A and B respectively for reference.

Prior reporting of legacy Section 37 density bonusing contributions is no longer required under the CBC annual report, however have been split out within the CBC Reserve table for clarity. These cash contributions will remain in the CBC Reserve until such time as the associated projects have been commenced and the funds required (or as otherwise stipulated in the agreement). When capital projects that relate to the intended use of the contributions have been initiated, the funds will be transferred into those projects to be utilized during construction. In 2022, there were no projects funded from legacy Section 37 Planning Act contributions as summarized in Appendix A.

Collections:

For 2022, CBC collections under Section 37 of the PA totalled \$0.25 million, and cash in lieu of parkland collected under Section 42 of the PA totalled \$3.22 million. No physical land was conveyed to the City in 2022 pursuant to Sections 42 or 51.1 of the PA.

In addition to the collections noted above, positive reserve balances earned \$0.09 million in interest income for 2022 for the CBC Reserve Fund and \$0.74 million for the Parkland Dedication Reserve Fund.

Committed funds in active parkland related projects amounted to \$8.52 million at the end of 2022 (which are returned to the Parkland Reserve at year end for reporting purposes and interest allocations, then transferred back to the projects on January 1 of the following year).

This information is summarized in the consolidated statements found in Appendix A and B.

Capital Project Funding and Parks Plan Reporting:

No projects were funded from the Community Benefits Charge Reserve Fund in 2022. As outlined in Subsection 37(47) of the PA, in each calendar year, a municipality shall spend or allocate at least 60 per cent of the monies that are in the special account at the beginning of the year. As the CBC Reserve Fund was initially established in September of 2022 through various transfers from other reserves and accounts, the beginning balance was taken to be the amount transferred, which had already been allocated to various projects or initiatives such as capital project Ref#119 - Uptown Parking Expansion General in the 2022 re-stated capital budget and legacy Section 37 density bonusing agreements already in place. Therefore, the requirement under Subsection 37(47) to spend or allocate has been met for 2022. As part of the 2024-2026 budget process, staff will be identifying CBC funded projects that meet the goals of the Council approved CBC Strategy.

Appendix C shows projects funded in 2022 by the Parkland Dedication Reserve Fund (PUB), as well as funding from any other sources associated with each project. Cash in lieu contributions are deposited into this reserve fund and spent only for the acquisition of land to be used for park or other public recreational purposes, which may also include the erection, improvement or repair of buildings and the acquisition of machinery for park or other public recreational purposes. Similar to the requirement above for the CBC Reserve Fund, Subsection 42(16.1) requires that in each calendar year, a municipality shall also spend or allocate at least 60 per cent of the monies that are in the Parkland Dedication Reserve Fund at the beginning of the year. This new requirement does not begin until 2023 however, and applies in each calendar year thereafter. Therefore, no allocation requirements under Subsection 42(16.1) were needed for 2022, however, the City already budgets for the use of these funds annually through the capital planning process thereby meeting this requirement to spend or allocate through current practice.

Although there were no actual land conveyances to the City in 2022 under Sections 42 and 51.1 of the PA, cash in lieu of parkland collected and spent from the Parkland

Dedication Reserve Fund in 2022 helped contribute to addressing the need for parkland and associated amenities in the municipality as set out in the City's Parkland Strategy (parks plan) approved by Council on June 27, 2022 in staff report COM2022-025.

Some key directions of the Parkland Strategy that have been addressed through spending on specific capital projects in 2022 are as follows:

- planning for and locating parks in new neighbourhoods along with additional sports field development required to meet future needs, the Parkland Strategy recommends a west side recreation facility preferably located in the City's west end; as was initiated through the "West Side Recreation Facility Land Acquisition" project, capital Ref#228 (2022)
- some of the City's new parks will occur in areas of growth and intensification with smaller land areas and different functions and design needs than traditional parks; as initiated through the "Station Area Planning Implementation" project, capital Ref#631 (2022)

Other project spending in 2022 as listed in Appendix C has contributed to addressing the following recommendations, targets, and/or action items in the City's Parkland Strategy such as:

- adopting a city-wide parkland provision target of 3 ha/1000 population to better reflect community needs going forward and evaluating success in maintaining an appropriate level of supply city-wide
- Creation of City Parks, Community Parks, and Local Parks based on unique features and amenities (e.g. splash pads and action sports parks/skate parks), along with basic facilities such as active play fields, skating rinks, play facilities, seating, trails, and landscaping
- where it is not feasible to acquire new parks, emphasis should be placed on the revitalization of existing parks through consultation with the community and a focus on enhanced amenities

Summary:

This report provides Council with a summary of the Parkland Dedication Reserve Fund (cash in lieu of parkland) under Section 42 of the Planning Act, and the new Community Benefits Charge Reserve Fund under Section 37 of Planning Act (as amended via Bill 108). Legislative reporting requirements as indicated under Subsections 37(48) and 42(17) of the Planning Act, and further defined in O. Reg. 509/20 Section 7, have been addressed through this report

Staff will continue to report on Community Benefits Charges and Parkland Dedication activity annually to Council. The impact of collections, and any variance of budgeted items to actual funding, will be incorporated into future capital budgets and annual reporting as warranted.

Appendix A

Community Benefits Charge Reserve Fund Statement

	CBC General	Transfer From DC	Transfer 144 Park	Transfer 275 Larch	Transfer 257-263 Hemlock	Transfer 145 Columbia	CBC TOTAL
Balance as of January 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues							
Community Benefits Charges Collected	246,000	-	-	-	-	-	246,000
Transfers	-	5,993,945	205,465	2,101	550,000	308,750	7,060,262
Other Revenue:							
Funds Returned from Completed Projects	-	-	-	-	-	-	-
Interest Earned on +ve Reserve Balances	90,547	-	-	-	-	-	90,547
Total Revenues	\$ 336,547	\$ 5,993,945	\$ 205,465	\$ 2,101	\$ 550,000	\$ 308,750	\$ 7,396,808
Expenditures							
Transfers to Capital Projects	-	-	-	-	-	-	-
Other Transfers	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance as of December 31, 2022	\$ 336,547	\$ 5,993,945	\$ 205,465	\$ 2,101	\$ 550,000	\$ 308,750	\$ 7,396,808

Appendix B

Parkland Dedication Reserve Fund Statement

	General 00000	Northdale 49016	Total
Balance as of January 1, 2022	\$ 24,620,871	\$ 7,655,353	\$ 32,276,224
Revenues			
Parkland Dedication Fees Collected	3,223,887	-	3,223,887
Other Revenue:			
Funds Returned from Completed Projects			-
Interest Earned on +ve Reserve Balances	543,703	191,384	735,086
Total Revenues	\$ 3,767,590	\$ 191,384	\$ 3,958,974
Expenditures			
Transfers to Capital Projects	9,903,000	-	9,903,000
Total Expenditures	\$ 9,903,000	\$ -	\$ 9,903,000
Transfers for Year End Reporting			
Committed Funding Returned to Capital Projects	(7,581,846)	-	(7,581,846)
Committed Funding in Active Projects at Y/E	8,515,428	-	8,515,428
Total Transfers	\$ 933,582	\$ -	\$ 933,582
Balance as of December 31, 2022	\$ 19,419,043	\$ 7,846,737	\$ 27,265,780
<i>Uncommitted Balance as of December 31, 2022</i>	<i>\$ 10,903,615</i>	<i>\$ 7,846,737</i>	<i>\$ 18,750,352</i>

Appendix C

2022 Capital Projects Funded from Parkland Dedication Reserve Fund Actual Funding (in '000's)

Project Name	PUB	DC	CRF	TRS	TOTAL
Station Area Planning Implementation	4,285	1,571			5,856
RIM Park Ball Diamond Upgrades	1,706				1,706
West Side Recreation Facility - Land Acquisition	1,364	1,636			3,000
Alexandra Park - Additional Funding	500			200	700
Waterloo Park - Bauer Parking Lot Upgrade	482				482
Park Operations Yard Relocation from Bauer Lot	477				477
Waterloo Park Ball Diamonds - Additional Funding	350				350
Waterloo Park - New East/West Park Crossing	317	636			953
Splash Pads Construction	218	1,017	59		1,294
Park Shade Structures and Washrooms	164				164
Neighbourhood Action Sports Parks	40	683			723
Grand Total (\$ in '000s)	9,903	5,543	59	200	15,705

PUB - Parkland Dedication Reserve Fund
DC - Development Charges Reserve Fund

TRS - Tax Rate Stabilization Reserve Fund
CRF - Capital Reserve Fund