City of Mississauga

Agenda

MISSISSAUGA

Council

Date: December 8, 2021

Time: 9:30 AM

Location: Council Chambers, Civic Centre, 2nd Floor
300 City Centre Drive, Mississauga, Ontario, L5B 3C1
And Online Video Conference

Members

Mayor Bonnie Crombie	
Councillor Stephen Dasko	Ward 1
Councillor Karen Ras	Ward 2
Councillor Chris Fonseca	Ward 3
Councillor John Kovac	Ward 4
Councillor Carolyn Parrish	Ward 5
Councillor Ron Starr	Ward 6
Councillor Dipika Damerla	Ward 7
Councillor Matt Mahoney	Ward 8
Councillor Pat Saito	Ward 9
Councillor Sue McFadden	Ward 10
Councillor George Carlson	Ward 11

Participate Virtually, Telephone OR In-Person

Advance registration is required to participate and/or make a comment in the meeting virtually, by telephone or in-person.

To attend the meeting in-person proof of identification and being fully vaccinated against COVID-19 at point of entry to the Council Chamber is required.

Any materials you wish to show the Committee during your presentation must be provided as an attachment to the email. Links to cloud services will not be accepted. Comments submitted will be considered as public information and entered into public record.

To register, please email angie.melo@mississauga.ca and for Residents without access to the internet, can register by calling Angie Melo at 905-615-3200 ext. 5423 no later than Monday, December 6, 2021 before 4:00PM. You will be provided with directions on how to participate from Clerks' staff.

Contact

Angie Melo, Legislative Coordinator, Legislative Services
905-615-3200 ext. 5423
Email: angie.melo@mississauga.ca

Find it Online: http://www.mississauga.ca/portal/cityhall/councilcommitteesMeetings of Council streamed live and archived at Mississauga.ca/videos

1. CALL TO ORDER

2. INDIGENOUS LAND STATEMENT

"We acknowledge the lands which constitute the present-day City of Mississauga as being part of the Treaty and Traditional Territory of the Mississaugas of the Credit First Nation, The Haudenosaunee Confederacy the Huron-Wendat and Wyandotte Nations. We recognize these peoples and their ancestors as peoples who inhabited these lands since time immemorial. The City of Mississauga is home to many global Indigenous Peoples.

As a municipality, the City of Mississauga is actively working towards reconciliation by confronting our past and our present, providing space for Indigenous peoples within their territory, to recognize and uphold their Treaty Rights and to support Indigenous Peoples. We formally recognize the Anishinaabe origins of our name and continue to make Mississauga a safe space for all Indigenous peoples."

3. APPROVAL OF AGENDA

4. DECLARATION OF CONFLICT OF INTEREST

5. MINUTES OF PREVIOUS COUNCIL MEETING

6. PRESENTATIONS - Nil

7. DEPUTATIONS

7.1. Alim Nathoo, Resident with respect to speed bumps and lowering speed limit in the area of Rathburn Road East and Ponytrail Drive (Ward 3)

7.2. Shari Lichterman, Commissioner, Corporate Services and Chief Financial Officer with respect to Tourism Mississauga – Annual Report and 2022 Business Plan and Budget

Item 11.1.

8. PUBLIC QUESTION PERIOD - 15 Minute Limit

Public Comments: Advance registration is required to participate and/or to make comments in the virtual public meeting. Any member of the public interested in speaking to an item listed on the agenda must register by calling 905-615-3200 ext. 5423 or by emailing angie.melo@mississauga.ca by Monday, December 6, 2021 before 4:00PM.

Pursuant to Section 42 of the Council Procedure By-law 0139-2013, as amended:

Council may grant permission to a member of the public to ask a question of Council, with the following provisions:

1. Questions may be submitted to the Clerk at least 24 hours prior to the meeting;
2. A person is limited to two (2) questions and must pertain specific item on the current agenda and the speaker will state which item the question is related to;
3. The total speaking time shall be five (5) minutes maximum, per speaker, unless extended by the Mayor or Chair; and
4. Any response not provided at the meeting will be provided in the format of written response

9. MATTERS PERTAINING TO COVID-19

10. CONSENT AGENDA

11. INTRODUCTION AND CONSIDERATION OF CORPORATE REPORTS

11.1. Tourism Mississauga – Annual Report and 2022 Business Plan and Budget

11.2. Outdoor Artificial Ice Facilities for City Parks

11.3. The Regional Municipality of Peel Road Maintenance and Repair Agreement Extension

11.4. City Response to BILD and ALTUS Group Report on Municipal Reserves

12. PRESENTATION OF COMMITTEE REPORTS

12.1. General Committee Report 20 - 2021 dated December 1, 2021

12.2. Budget Committee Report 5-2021 - November 22, 23 and 29, 2021

13. UNFINISHED BUSINESS - Nil

14. PETITIONS - Nil

15. CORRESPONDENCE - Nil

16. NOTICE OF MOTION

16.1. A Motion to regulate the use of wood burning stoves (Councillor K. Ras)

17. MOTIONS

17.1. To close to the public a portion of the Council meeting to be held on December 8, 2021 to deal with various matters. (See Item 22 Closed Session)

18. INTRODUCTION AND CONSIDERATION OF BY-LAWS

18.1. A by-law to authorize the execution of an Indemnity Agreement among 1515422 Ontario Inc., The Regional Municipality of Peel and The Corporation of the City of Mississauga 2688 Dundas Street West

(SP 07 195 Ward 2)

18.2. A by-law to authorize the execution of a Development Agreement (Consent) between Desjardins Financial Security Life Assurance Company and SWBC MEC 4 Ltd. and The Corporation of the City of Mississauga, 2 & 4 Robert Speck Parkway

(B66/20 & B67/20 W4)

18.3. A by-law to authorize the execution of a Development Agreement, and other related documents between Daniels Square One Inc., OMERS Realty Management Corporation and ARI SQ1 GP Inc., and The Corporation of the City of Mississauga

Southeast corner of Rathburn Road West and Confederation Parkway (H OZ 19/002 W4)
PDC-0030-2021/May 10, 2021

18.4. A by-law to amend Zoning By-law Number 0225-2007, as amended to remove the "H" Holding Provision By-law Southeast corner of Rathburn Road West and Confederation Parkway 395 Square One Drive, 4225 and 4235 Confederation Parkway (Ward 4)

PDC-0030-2021/May 10, 2021

18.5. A by-law to Adopt Mississauga Official Plan Amendment No. 133, NYX Tannery Ltd., OZ 18/012 W11

PDC-0063-2021/October 25, 2021

18.6. A by-law to amend Zoning By-law Number 0225-2007, as amended, south side of Tannery Street, west of Broadway Street51 and 57 Tannery Street and 208 Emby Drive (W11)

PDC-0063-2021/November 15, 2021

18.7. A by-law to Adopt Mississauga Official Plan Amendment No. 130, Jacan Construction Ltd. (LJM Developments) OZ 19/006 W2

PDC-0068-2021/November 15, 2021

18.8. A by-law to amend Zoning By-law Number 0225-2007, as amended, Northwest of Lakeshore Road West and Lorne Park Road, at Albertson Crescent and Bramblewood Lane, 1110 Lorne Park Road (W2)

PDC-0068-2021/November 15, 2021

18.9. A by-law to authorize the execution of an amendment to the Road Maintenance and Repair Agreement with the Regional Municipality of Peel (Wards 1, 2, 3, 4, 7, 8, 9, & 10)

Item 11.3. /December 8, 2021

18.10. A by-law to establish a new Tax-Funded Planning and Studies RF and to amend By-law 0298-2000, the Reserves and Reserves Funds By-law

BC-0037-2021/November 13, 2021

18.11. A by law to establish a new Discretionary DC Exemption RF and to amend By-law 0298-2000, the Reserves and Reserves Funds By-law

GC-0040-2021/February 3, 2021

18.12. A by law to amend By-law 0298-2000, the Reserves and Reserves Funds By-law to close the Mississauga Rapid Transit (Mississauga Transitway) Reserve Fund Account #35184, and transfer the balance of $2,725,836.84 to the Capital Reserve Fund Account 33121

BC-0014-2021/May 5, 2021

18.13. A by-law to amend By-law 0295-2020, as amended, being the Stormwater Fees and Charges By-law

BC-0060-2021/ November 22, 23 & 29, 2021

18.14. A bylaw to authorize the issuance and sale of debentures up to a maximum principal amount of $50,000,000.00 for the purposes of the City of Mississauga and to apply to The Regional Municipality of Peel for the issuance of debentures for such purposes

BC-0053-2021/November 22, 23 & 29, 2021

18.15. A by law to authorize the issuance and sale of debentures up to a maximum principal amount of $52,000,000.00 for the purposes of the City of Mississauga and to apply to The Regional Municipality of Peel for the issuance of debentures for such purposes

BC-0053-2021/November 22, 23, & 29, 2021

18.16. A by law to approve transfer of funds from the Tax Capital Reserve Fund (33121) and the DCA Roads and Related Infrastructure Reserve Fund (31335) to the existing PN 19-188 (TWOE00382) Noise Wall Program Retrofit

GC-0284-2021/May 26, 2021

18.17. A by law to approve transfer of funds from Tax Debt (#37778) to Capital Reserve Fund (# 33121) for PN 21-195 (TWOE00158) LED City Wide Traffic Signal Lens Replacement Project

BC-0006-2021 & BC-0007-2021/February 22, 2021

18.18. A by law to transfer funds between various Stormwater Reserve Funds and certain capital projects approved in the 2022 Capital Budgets

BC-0060-2021/November 22, 23, & 29, 2021

18.19. A by law to transfer funds between various Reserve Funds and certain capital projects approved in the 2022 Capital Budget

BC-0060-2021/November 22, 23 & 29, 2021

18.20. A by-law to amend By-law No. 555-2000, as amended, Maximum Rate of Speed & Neighbourhood Speed Limited Project (Various Wards)

Traffic By-law Delegation for routine traffic matters 0051-2020/March 25, 2020

18.21. A by-law to amend the Business Licensing By-law 0001-2006, as amended, the Outside Fireworks Vendors Licensing By-law 0340-2001, as amended, and the Fireworks By-law 0293-2001, as amended to replace reference of Chinese New Year to Lunar New Year

Resolution 0217-2021/November 24, 2021

19. MATTERS PERTAINING TO REGION OF PEEL COUNCIL

20. COUNCILLORS' ENQUIRIES

21. OTHER BUSINESS/ANNOUNCEMENTS

22. CLOSED SESSION

(Pursuant to Section 239(2) of the Municipal Act, 2001)

22.1. Litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board

Appeal of the Decision of the Committee of Adjustment with respect to File No. A101/20, 2035 Stonehouse Crescent, Jayne Frutti (Ward 8)

22.2. Litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board

Legal Advice Concerning Seating on MiWay Buses

22.3. Personal matters about an identifiable individual, including municipal or local board employees

Approval of the election of Directors to the Tourism Mississauga Board of Directors for a Three Year Term

22.4. A position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board

Naming Rights for Churchill Meadows Sports Park (Ward 10)

23. CONFIRMATORY BILL

A by-law to confirm the proceedings of the Council of The Corporation of the City of Mississauga at its meeting held on December 8, 2021

24. ADJOURNMENT

City of Mississauga
Corporate Report

MISSISSAUGA

Date: November 16, 2021 To: Mayor and Members of Council From: Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer	Originator's files: Meeting date: December 8, 2021

Subject

Tourism Mississauga – Annual Report and 2022 Business Plan and Budget

Recommendation

1. That Council approve the 2022 Business Plan and Budget for Tourism Mississauga with a gross cost of $4,482,000, $354,000 transfer to reserve and net cost of zero (funded from MAT reserve).
2. That the staff complement supporting Tourism Mississauga be increased by 3 positions.
3. That the 2020 audited financial statements for Tourism Mississauga be received for information.
4. That Council approve the election of the directors named in the Memo to Council dated November 15, 2021 to the Board of Directors for Tourism Mississauga for a new three (3) year term, commencing on the date when the resolutions referred to in Recommendation #6 below are signed.
5. That Council reconfirm that the auditor for the City (or designate) shall be the auditor for Tourism Mississauga, and shall have all of the rights and powers of an auditor provided under the Municipal Act, 2001.
6. That Council as the sole voting member of Tourism Mississauga, delegate authority to the City Clerk to sign all necessary Tourism Mississauga resolutions to represent the annual general meeting for Tourism Mississauga and to give effect to Council's decision as the sole voting member to approve the 2022 Budget and Business plan, reconfirm the auditor and approve the election of Directors to the Board for a three year term.
7. That all necessary by-laws be enacted.

Executive Summary

- Tourism Mississauga is a Municipal Services Corporation that was formed to promote tourism in the City of Mississauga. The Corporation is controlled 100 per cent by the City, funded by Municipal Accommodation Tax (MAT), with Council acting as the sole voting member.

- According to By-law No.1 for Tourism Mississauga, Council is required to approve the business plan and budget on an annual basis. On November 25, 2020, Council approved the 2021 Business Plan and Budget (Resolution 0355-2020) with the business plan having a focus on domestic audiences and hyper-local travel to help drive recovery.

- The 2022 Business Plan and Budget (Appendix 1) has a focus on the rebuilding of business and sports travel and domestic leisure travel audiences to help drive recovery. The proposed budget recommends a substantial increase in marketing investment with three additional Full Time Equivalents (FTEs) totalling approximately $300K.

- Tourism Mississauga has no impact on City budget as it is funded entirely from the MAT reserve. The 2020 financial statements audit report (Appendix 2) conducted by KPMG LLP concludes that the corporation is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. In addition, there has been no change to the risk exposure from 2019 with the exception of the general economic risk due to the Covid-19 pandemic.

- The Board of Directors is compromised of three City Councillors and 14 external stakeholders. By-law No. 1 limits each Director (not including a City Councillor) to serve up to three consecutive three year terms. Currently, five members have expressed interest in sitting on the Board for a new term. With Council's approval of their election, each member will serve for another three year term.

Background

On July 3, 2019, Council authorized staff to proceed with establishing a Municipal Services Corporation for the purpose of promoting Mississauga as a tourism destination, and to comply with the provincial regulations regarding the Municipal Accommodation Tax use of funds (MAT).

A corporation named Tourism Mississauga was established as the destination marketing organization for Mississauga. As the sole voting member, Council acts as the primary 'shareholder' or owner approving decisions and recommendations of the Board of Directors, and according to By-law No.1 for Tourism Mississauga, is required to approve the business plan and budget on an annual basis, be presented with an annual auditor report and approve the election of Directors on an annual basis.

On November 25, 2020, Council approved the 2021 Business Plan and Budget (Resolution 0355-2020) with the business plan having a focus on domestic audiences and hyper-local travel to help drive recovery. The service model was separated into three strategic focus areas namely, Destination Development, Destination Marketing and Destination Management. Despite restrictions and the impact of the Covid-19 pandemic, there has been great success with key initiatives advanced in each service model category. The City secured numerous sport tourism bids including the Canadian Indoor Rowing Championships, Ontario Parasport Games and Ontario Summer Games. In addition, Tourism Mississauga launched various incentive programs and marketing campaigns, and enhanced several destination marketing tools including the development of new digital assets and customer management tools for sales.

Comments

2022 Business Plan and Budget

The 2022 Business Plan and Budget (Appendix 1) has a focus on the rebuilding of business and sports travel and domestic leisure travel audiences to help drive recovery. Highlights and initiatives of the business plan include**:**

- Sales and marketing tactics that will attract and support existing and emerging sport and business related events and festivals in the City of Mississauga that result in large economic spin-offs**.**
- Marketing and communication initiatives that promote Mississauga as a stand-alone destination.
- Opportunities to develop strategic partnerships and leverage additional resources to advance tourism initiatives.
- 2021 financial overview & 2022 proposed budget.

The proposed budget recommends a substantial increase in marketing investment with three additional Full Time Equivalents (FTEs) totalling approximately $300K. The new FTEs, as with all Tourism Mississauga staff, would be City of Mississauga employees and include a senior marketing position, salesperson and a sales support administrator. Through leveraging the MAT funding, these positions will help to increase tourism activity in the City and successfully execute the approved tourism plan and tactics.

2020 Financial Statements

According to By-law No. 1, the financial statements and the report from the auditor are to be presented to Council on an annual basis. The 2020 financial statements audit report (Appendix 2) conducted by KPMG LLP stated that the corporation is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. In addition, there has been no change to the risk exposure from 2019 with the exception of the general economic risk due to the Covid-19 pandemic. It concluded that the situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time.

Approval of Auditor

According to section 68 of the Not-for-Profit Corporations Act, the members of a not-for-profit corporation are require to appoint an auditor to hold office until the close of the next annual meeting. In order to meet this legislative requirement, staff is requesting that Council reconfirm that the auditor for the City (or designate) shall be the auditor for Tourism Mississauga.

Annual General Meeting

As a municipal services corporation, Tourism Mississauga is required to have an annual general meeting for Council as the sole voting member. According to By-law No.1, meetings of the membership can be captured by way of a resolution, in lieu of a meeting. Subject to Council's approval of the recommendations in this report, resolutions will be prepared to be signed by the City Clerk which will represent the annual general meeting for 2021 for Tourism Mississauga.

Board of Directors

The role of the Board of Directors is to provide financial oversight (develop a budget and allocation of resources); program planning (develop a business plan and/or strategic plans); develop/adopt policies; and performance measurement and monitoring.

The Board of Directors is composed of three City Councillors and 14 external stakeholders. These stakeholders represent relevant tourism sectors in the City, namely Accommodations, Retail/Restaurant/Culinary, Attractions/Festivals/Events and Other Services/Organizations/Venues.

The Board of Directors was established with staggered terms to ensure a minimum two thirds of experienced board members. Each member is entitled to serve three consecutive terms of three years each. Five Directors of the Board have offered to serve another three year term on the Board, as outlined in the Closed Session Memorandum to Council from the CEO of Tourism Mississauga dated November 15, 2021 and submitted on the December 8, 2021 Council agenda.

With Council's approval of their election, each member will serve another three year term. By approving the election of these Directors, the Board will have 15 members with 2 vacancies. The vacancies will be filled through the standard nomination process as defined in By-law No. 1 of Tourism Mississauga.

Financial Impact

Tourism Mississauga has no impact on the City tax levy as it is funded entirely from the MAT reserve; specifically the 50% of the net annual MAT collected that is legislated to be directed to a not for profit tourism entity. The proposed budget which has been approved by the Board for $4,482,000 gross cost, $354,000 transfer to MAT reserve and zero net cost (funded from MAT) is shown on slide 20 of appendix 1. The budget proposes that the complement supporting Tourism Mississauga be increased by 3 as outlined on slide 32 of Appendix 1.

Conclusion

Tourism Mississauga has been established as a destination marketing organization for Mississauga, with the mandate to continue the successful implementation of the Council-approved Tourism Master Plan. With Council's approval of the 2022 Business Plan and Budget and approval of the election of the Directors as set out in this report, Tourism Mississauga can continue to drive recovery and successfully support the anticipated increase of tourism activities in the City.

Attachments

Appendix 1: Tourism Mississauga 2022 Business Plan and Budget
Appendix 2: Tourism Mississauga 2020 Financial Statements

Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Julia Giovinazzo, Business Advisor, Business Support Services.

mississauga tourism

Tourism Mississauga

2022 Business Plan & Budget

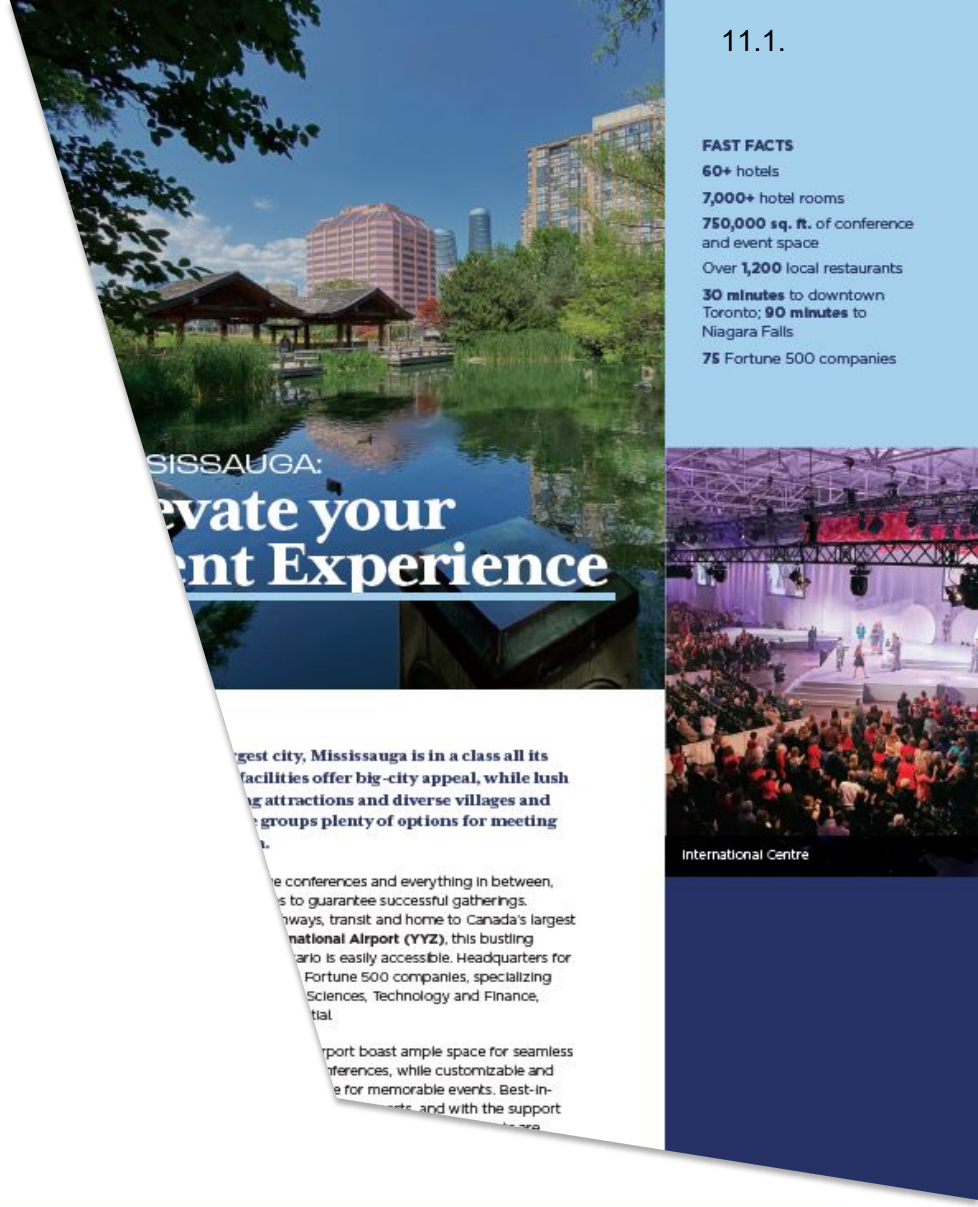
Presented By: Victoria Clarke and Toni Frankfurter

November 24, 2021

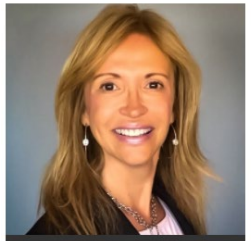
Presentation Overview

Business Plan Summary

Business Plan Summary



Tourism Mississauga - Board of Directors



TONI FRANKFURTER

Chair, Tourism Mississauga

The Waterside Inn Hotel & Conference Centre

Accommodation / Hotel Representative

SAM KOHLI

Vice Chair, Tourism Mississauga

Malton BIA/Greater Toronto Executive Centre/Appraiser

Services / Organizations / Venues Representative

LESLEY BOUGHEN

Secretary, Tourism Mississauga

Oxford Properties Group

Retail / Restaurant Representative

STEPHEN DASKO

City of Mississauga Council Member

Ward 1 Councillor

PAT SAITO

City of Mississauga Council Member

Ward 9 Councillor

DIPIKA DAMERLA

City of Mississauga Council Member

Ward 7 Councillor

BRAD BUTT

Mississauga Board of Trade

Services / Organizations / Venues Representative

RON DUQUETTE

Corporate Filmmaker (Retired)

Attractions / Festival / Event Representative

TREVOR GRAHAM

The International Centre

Services / Organizations / Venues Representative

EILEEN KEOWN

Mississauga Symphony Orchestra

Attractions / Festival / Event Representative

LORRIE MCKEE

Greater Toronto Airport Authority

Services / Organizations / Venues Representative

LOUIE MANZO

Warrick Manzo & Dunn Inc. Advertising Agency

Services / Organizations / Venues Representative

TERRY MUNDELL

Greater Toronto Hotel Association

Accommodation / Hotel Representative

JOHN PAPPAS

The Crooked Cue Restaurant

Retail / Restaurant Representative

FRANK RUSSO

Four Points Toronto Airport Hotel

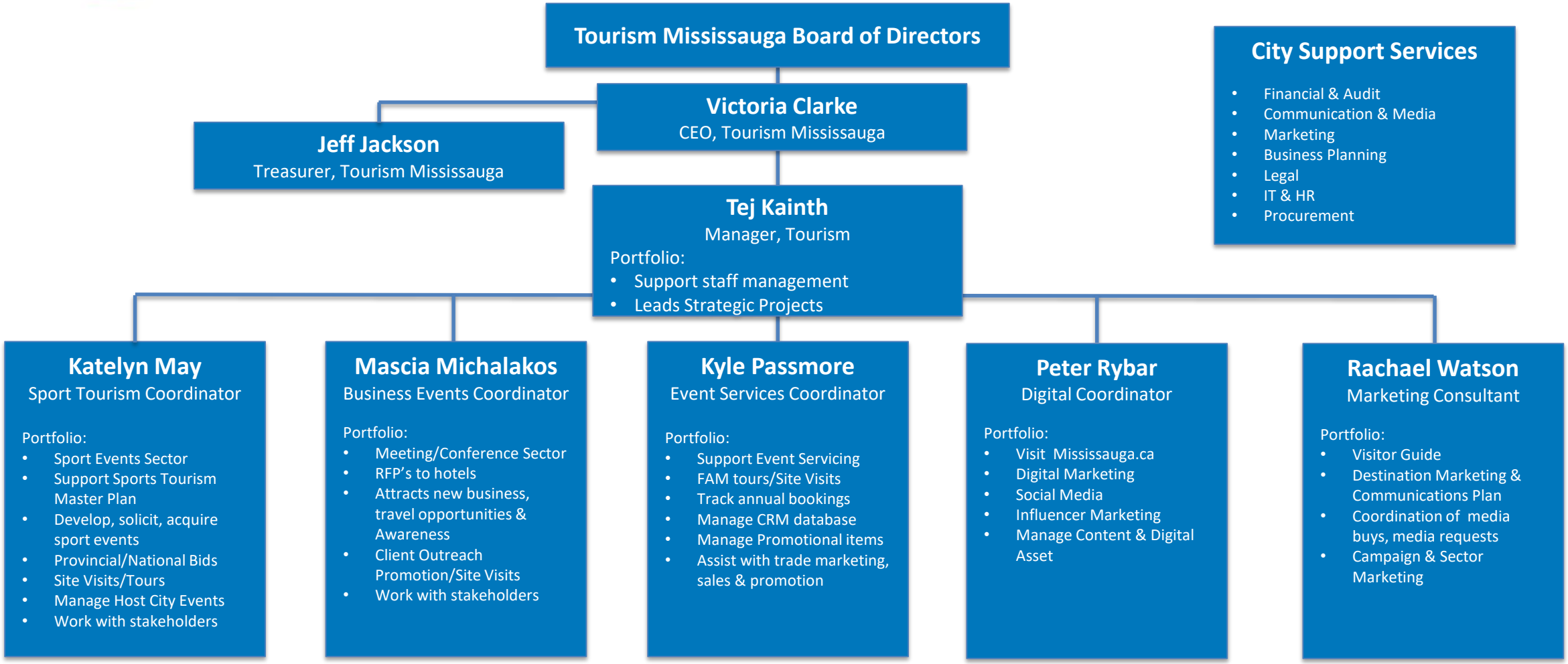
Accommodation / Hotel Representative

SUSAN STEWART

Olympian, Coach & Author

Sport / Event / Organization Representative

Tourism Mississauga Organization Structure

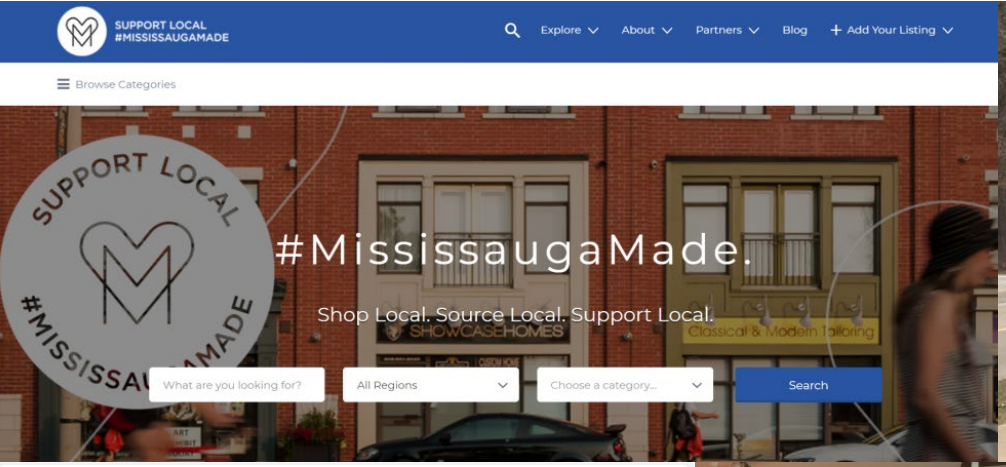


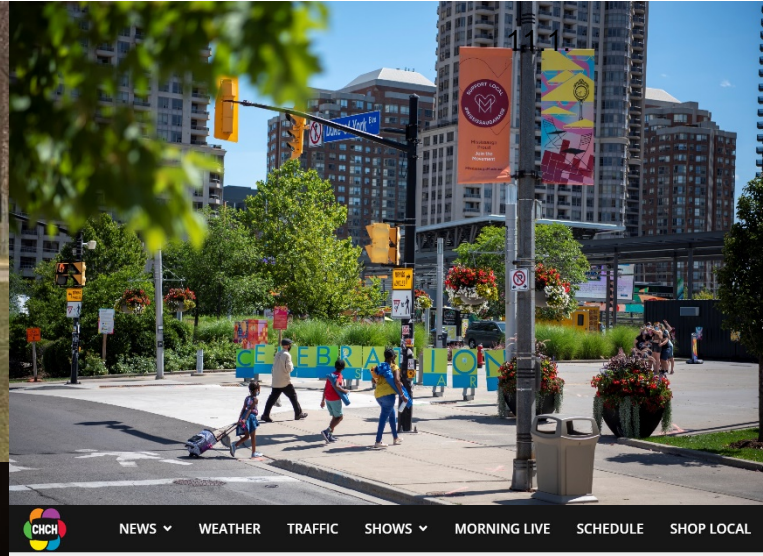
Tourism Mississauga Mandate

Tourism Recovery Services

2021 Highlights & Initiatives

- Hosted 12+ Social Media Influencers





insauga
May 26 at 1:33 PM

Read more: https://www.insauga.com/celebrity-chefs-qa-with-some-of...

Kicking off the #MississaugaMade Chef Series with Rick Matharu from Rick's Good Eats!

#TourismWeek #VisitMississauga #BurgerDay

INSAUGA.COM
#MississaugaMade Chef Series: Rick Matharu from Rick's Good Eats
Learn More

THE NEWS MISSISSAUGA
READERS' CHOICE AWARDS 2021
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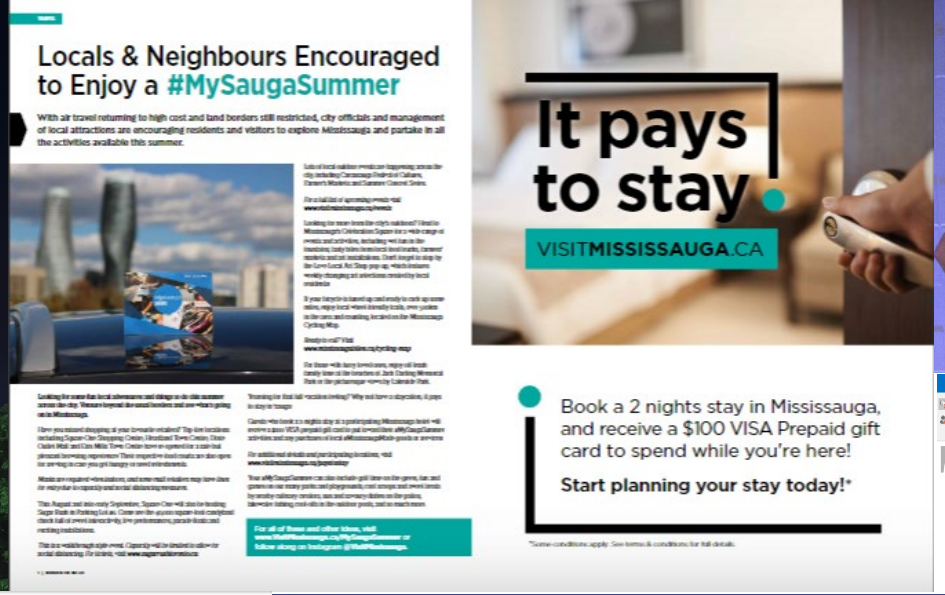
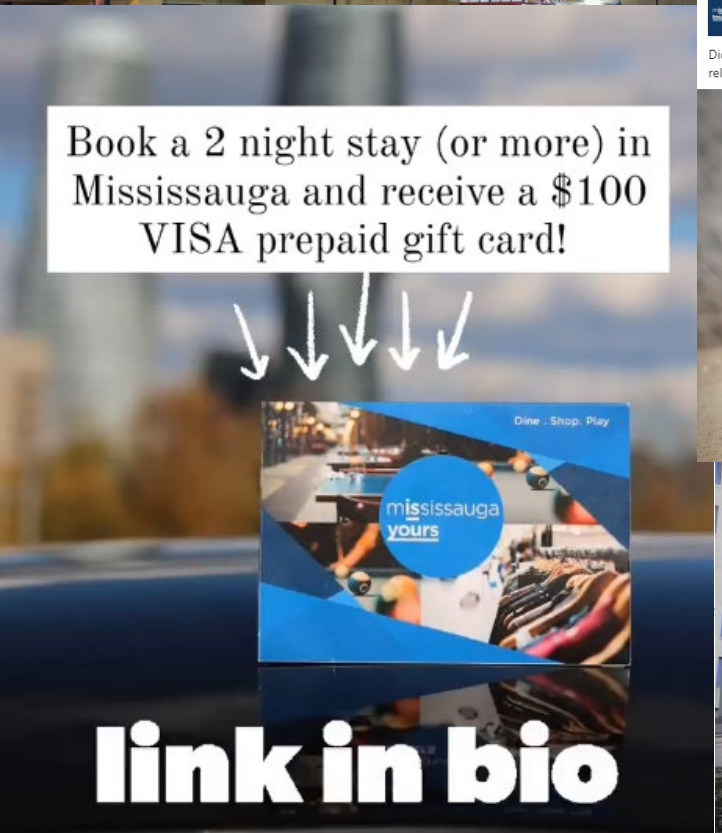

Locals & Neighbours Encouraged to Enjoy a #MySaugaSummer
With air travel returning to high cost and land borders still restricted, city officials and management of local attractions are encouraging residents and visitors to explore Mississauga and partake in all the activities available this summer.

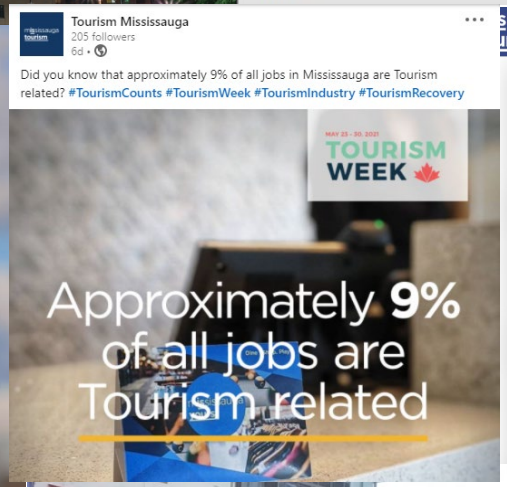
It pays to stay.
VISITMISSISSAUGA.CA

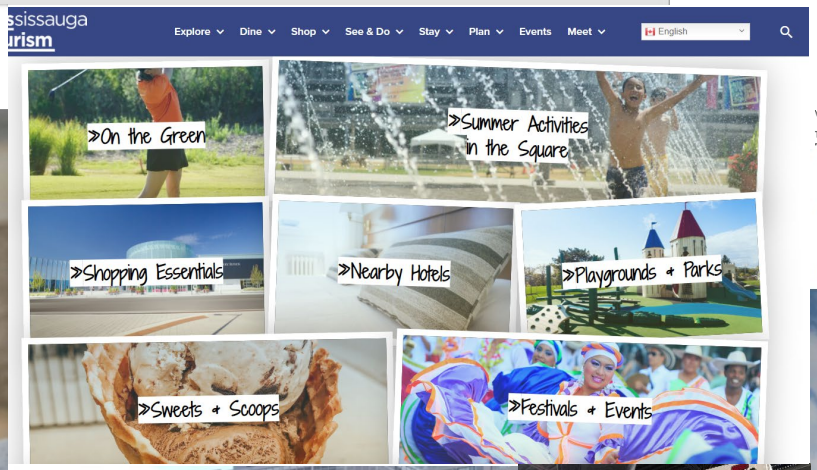

Thank You
mississauga tourism
encore

Book a 2 nights stay in Mississauga, and receive a $100 VISA Prepaid gift card to spend while you're here!
Start planning your stay today!*


Show your support for Tourism in Mississauga next week!


Book a 2 night stay (or more) in Mississauga and receive a $100 VISA prepaid gift card!
Dine . Shop. Play
mississauga yours
link in bio


Tourism Mississauga
205 followers
6d •
Did you know that approximately 9% of all jobs in Mississauga are Tourism related? #TourismCounts #TourismWeek #TourismIndustry #TourismRecovery
TOURISM WEEK
Approximately 9% of all jobs are Tourism related


Explore
Dine
Shop
See & Do
Stay
Plan
Events
Meet
English
On the Green
Summer Activities in the Square
Shopping Essentials
Nearby Hotels
Playgrounds + Parks
Sweets + Scoops
Festivals + Events


Tourism Mississauga Celebrates Tourism Week 2021
MAY 23 – 30, 2021
TOURISM WEEK
Valued Tourism Stakeholders and Partners:
Tourism Mississauga is committed to raising awareness about the importance of the tourism industry and

Tourism Mississauga
205 followers
4d •
Did you know that sport tourism in Mississauga results in approximately $12-15 million a year in economic impact to the city? #TourismCounts #TourismWeek #TourismIndustry #TourismRecovery #SportTourism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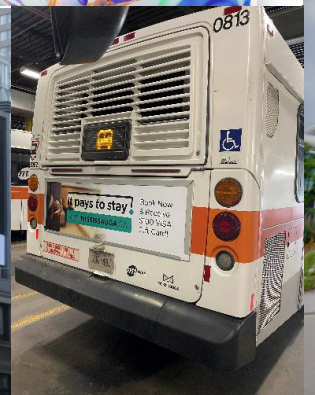
0813
It pays to stay!


TOURISM WEEK
paramount FINE FOODS CENTRE
$12-15 million
annual economic impact
mississauga tourism
#TourismCounts

2021 Highlights & Initiatives

- India Day Drive-Thru Parade (Q3)
- Bollywood Monster Mash-Up (Q3)
- Carrassauga Drive-Thru Festival (Q3)
- Silver Salmon Challenge (Q3)
- Inaugural Festival of Trees (Q4)

- Professional Convention Management Association – virtual event
- Canadian Society of Association Executives – virtual event
- Meeting Planners International – Toronto and Ottawa – virtual events
- International Congress and Convention Association – virtual event
- Canadian Meetings and Events Expo 2022 – **in-person tradeshow**

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DESTINATION NEXT

Stakeholder Assessment Survey
Mississauga, ON

mississauga tourism

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Join our First Annual Sport Huddle! To kick off the planning season, we are inviting your organization to join Tourism Mississauga's First Annual Sport Huddle, and have an opportunity to meet our team of specialists. ...see more

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ADRENALIN SPORT EVENT RESEARCH PORTAL

MISSISSAUGA ONTARIO, CANADA 1 RESULTS

Welcome to Mississauga! Mississauga is Canada's sixth largest city, located in Southern Ontario on the beautiful waterfront of Lake Ontario. Conveniently a 30-minute drive from downtown Toronto, Mississauga is also within close reach of Niagara Falls and other day trips and less than 90 minutes from the US border. Mississauga is well equipped with first-class sport event venues and facilities of all scale

OVERVIEW

Sport Facilities 130
Hotels & Accommodation 62
Total Guest Rooms 7000

SPECIAL OFFERS

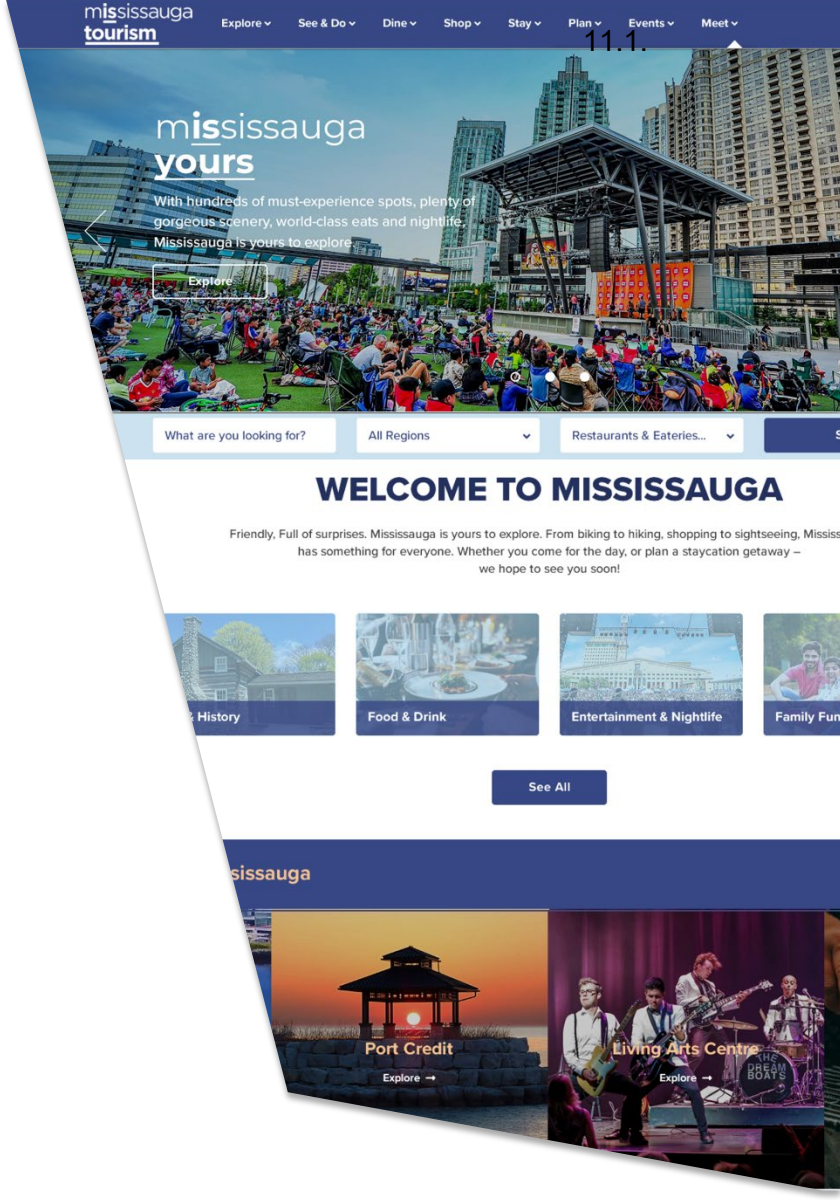
Sport Event Hosting Incentive Program

2021 Highlights & Initiatives

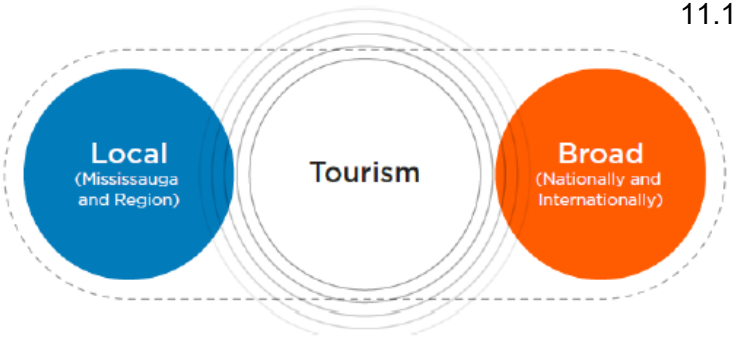
2021 Highlights & Initiatives

- New Website Launch (Q3)
- Digital Self-Guided Local Gem Passport (Q4)
- Development of new digital assets and curated content
- Developing Customer Management Tool for Sales

- Hosted Accommodation Partner Roundtable
- Hosted Sport Tourism Huddle with Local Sport Organizations (Q4)
- Hosted Destination NEXT Workshop & Assessment (Q4)
- Joined Destination Internationals under the Canadian DMO Chapter
- Attended Tourism Industry Association of Ontario & Canada Conferences



Tourism Audience



Residents

mississauga home

Sales Clients

mississauga here

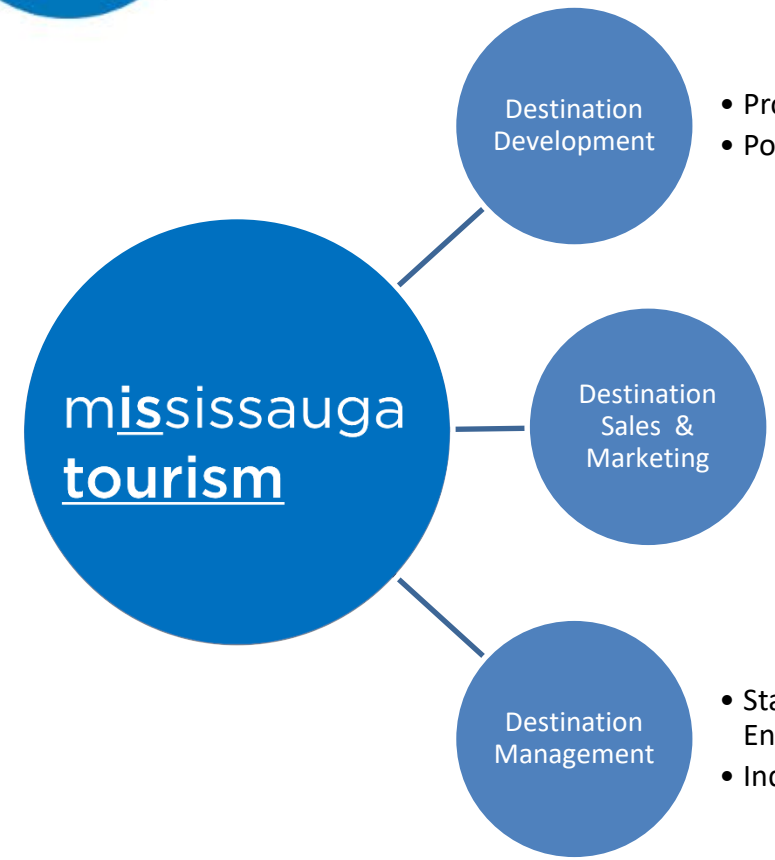
Provincial, National, International

Visitors

mississauga canada

Markets of Highest Affinity

Services Model



- Programs & Services
- Policy & Planning

- Marketing & Communications
- Business & Sport Sales
- Visitor Services

- Stakeholder Engagement/Partnerships
- Industry Insights

See Appendix 1 for initiatives

2022 Financial Update | Overview

MAT Funding | Tourism Mississauga Portion

Description	2021 ($000s)	2020 ($000s)	2019 ($000s)
Beginning Balance	11,511	10,505	4,464
Contribution for Tourism Mississauga	2,405	1,868	6,040
Program Expenditure Forecast	(2,421)	(862)	
Ending Balance	**11,495**	**11,511**	**10,505**

2021 Forecast to Budget

Description	2021 Forecast	2021 Budget	Variance
Expenditures to Deliver current Services			
Program & Services	$700,000	$850,000	$150,000
Sales & Marketing	$550,000	$535,000	-$15,000
Industry Insights	$75,000	$180,000	$105,000
Partnerships	$20,000	$30,000	$10,000
Visitor services	$15,000	$55,000	$40,000
Overhead	$272,000	$272,000	$0
Miscellaneous	$41,000	$41,000	$0
General Labour	$747,555	$777,081	$29,526
Total Expenditures	**$2,420,555**	**$2,740,081**	**$319,526**

2022 Proposed Operating Budget

Description	Comments	2022 Proposed Budget ($000s)	2021 Budget ($000s)
Expenditures to Deliver Current Services			
Programs & Services	Tactical initiatives that leverage opportunities in Destination Development, Destination Marketing and Visitor Services	1,525	850
Sales, Marketing & Communications	Tools and initiatives that will position Mississauga as a tourism destination by promoting product offerings and experiences	1,120	535
Industry Insights	Resources that will monitor, measure and forecast tourism development and industry performance	180	180
Partnerships	Opportunities for collaboration with local, regional, provincial and national tourism related associations	127	30
Visitor Services	Customer service programs and servicing tools to enhance the visitor experience in-market	55	55
Overhead	Includes labour & other operating expenses provided by the City	272	272
Miscellaneous	Includes audit fees, Board expenses, printing, office supplies, etc.	59	41
General Labour	Staff Salaries	1,144	777
Total Expenditures		**4,482**	**2,740**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Destination Development | Goals

Proposed Initiatives: Programs & Services

Tactics	Deliverables	Timeline
It Pays to Stay Program	• Incentives to support leisure travel attraction • Out of House Marketing activities	Q1 - Q2
Hotel Sales Incentive Program	• Incentives for local regional meetings	Ongoing
Co-Op Marketing Program	• Facilitate external marketing opportunities for industry and/or sector led marketing and promotion	Ongoing
Sport Event Hosting	• Citywide list for hotel partners • Sponsorship and in-kind marketing investments for: o Canadian Indoor Rowing Championship (Feb 2022) o Little Native Hockey League "LNHL" (March 2022) o Ontario Volleyball Championship (April 2022) o Ontario Parasport Games (May 2022) o Ontario Summer Games (July 2022) o Canadian Junior Lawn Bowling Championships (July 2022)	Ongoing
Business Event Hosting	• Incentives for citywide national and international business meeting attraction o ATMS	Ongoing
Festival Event Hosting TBA	• Support for existing or emerging festivals and events that support organizational pillars • Illumi • India Day	Ongoing

Proposed Initiatives: Policy & Planning

Tactics	Deliverables	Timeline
Play an active role in the development of tourism/cultural districts	• Representation on core committee • Collaboration with internal and external network	Ongoing
Initiate incubator program to identify 'early development' community cultural groups and provide support, including networking opportunities with established festival operators	• Online databases of best practices • Participate in an interdepartmental Special Events Committee and provide tourism-related support as needed	Ongoing
Develop a strategy to encourage and attract the tourism sector, providing the City a plan for tourism development throughout the municipal planning process	Tourism staff to serve on planning committees: • Cultural districts working group • Lakeview Plan • Credit Valley Trail – Mississauga Chapter • Align initiatives with other city led plans i.e. Smart City, Creative Cities, EDO	Ongoing
Work in collaboration with all BIAs, and applicable City departments/ divisions, to identify roles and responsibilities for advancing the objectives of the Tourism Master Plan	• Develop co-op marketing and destination development opportunities that will enhance BIAs as tourism destinations	Ongoing

Destination Sales & Marketing | Goals

Visitor Services

- Develop a common tourism 'key assets' awareness plan to ensure that a consistent message is provided to residents, businesses, and business travellers with respect to the tourism assets and visitor experiences available in Mississauga
- Align tourism messaging with resident communications to showcase the City's attractions, festivals and events
- Position Mississauga as a welcoming city for locals and visitor alike

Proposed Initiatives: Sales & Marketing

Tactics	Deliverables	Timeline
Brand Development	• Brand standards • Brand materials & sales collateral • Digital asset update (video and photography)	Q1 & Q2
Brand Campaigns	• Consumer campaigns • Event promotion (Festival and Sport) • Business Event attraction installations	Ongoing
Trade Events (M&C, Sport)	• MPI – 4 events • CSAE – 9 events • PCMA – 2 events • Sport Event Congress • Int'l M&C – 2 events (MPI WEC, IMEX) • Travel Trade (OMCA, RC, BQ)	Ongoing
FAM Tours and Site Visits (M&C, Sport, Media)	• Sport and Conference business FAM Tours • Site Visits • Digital Assets and virtual tours	Ongoing

Proposed Initiatives: Visitor Services

Tactics	Deliverables	Timeline
Build a local Brand Ambassador Program that targets residents, businesses, newcomers and social media influencers to be a tourist in their hometown and promote Mississauga's tourism businesses and experiences to their personal and professional networks	• Frontline Industry FAM Tours • Mississauga Made Campaign • Staycation/passport incentives • Influencer marketing campaign	Q2
Review and develop frontline visitor servicing programs city wide to enhance positive first-impressions of the destination	Update Visitor Services Strategy • Review visitor servicing tools • Consider developing a local tourism signage program and set of policies • Value added incentives • Go digital	Q1, Q2

Destination Management | Goals

Proposed Initiatives: Stakeholder & Partnerships

Tactics	Deliverables	Timeline
Continue engagement strategy for all stakeholders by hosting and/or facilitating events and workshops that relate to tourism best practices, current industry trends, and opportunities	• Annual sector roundtable events • Webinars & workshops • E-Newsletter • Tourism industry showcase	Ongoing Ongoing Ongoing Q2
Continue to maintain and expand partnerships with agencies and municipalities where feasible to advance tourism initiatives	• Maintain memberships with sector/industry led associations regional, provincial, national & international • Pursue government grants for Tourism Recovery Support programs	Ongoing Ongoing

Proposed Initiatives: Industry Insights

Tactics	Deliverables	Timeline
Determine Key Performance Indicators (KPIs) and generate industry-wide statistics program	• CRM system • Shared research resource (with Destination Toronto & Tourism Brampton) • Produce and present quarterly reports on industry performance	Q1 in progress Quarterly
Consulting Services	• Sector strategies • Tourism investment & innovation	Ongoing
Research & Data	• Tourism Sentiment Indicator Report • Smith Travel Research (STR) • Destination Next Assessment • Tourism Economics	Ongoing Ongoing In progress Q2

2022 Proposed Budget | Overhead Cost Details

Overhead Cost	2021 - ($000s)
Citywide Overhead Labour Cost Breakdown	
Marketing and Promotion	76
Finance Support	58
Community Services- Business Planning & Admin Support	41
IT Support	30
Legal Services	17
Senior Management Oversight	14
Material Management	10
Human Resources	3
Citywide Overhead Labour Cost	**249**
Citywide Overhead Operating Cost- Office Space	**23**
Total	**272**

Proposed Initiatives | Staffing

City of Mississauga - Tourism Mississauga

Financial Statements

Year Ended December 31, 2020

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Members of City of Council, Inhabitants and Ratepayers of
The Corporation of the City of Mississauga

Opinion

We have audited the financial statements of Tourism Mississauga (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021

Tourism Mississauga
Statement of Financial Position

as at December 31, 2020 with comparatives for 2019
(All dollar amounts are in $000)

	2020 $	2019 $
Financial Assets		
Due from the City of Mississauga (Note 2)	11,558	10,505
Total Financial Assets	**11,558**	**10,505**
Financial Liabilities		
Accounts payable and accrued liabilities	48	-
Net Financial Assets	**11,510**	**10,505**
Non-Financial Assets		
Prepaid expenses	1	-
Total Non-Financial Assets	**1**	**-**
Accumulated Surplus	**11,511**	**10,505**

Tourism Mississauga
Statement of Operations

for the year ended December 31, 2020 with comparatives for 2019
(All dollar amounts are in $000)

	Budget 2020 $ (Note 3)	Actual 2020 $	Actual 2019 $
Revenues			
Municipal Accommodation Tax (Note 4)	4,861	1,868	10,505
Expenses			
Purchased services from the City	542	531	-
Staff development	30	12	-
Communication	2	2	-
Transportation	4	1	-
Equipment usage charge	35	31	-
Professional services	64	10	-
Advertising and promotion	370	186	-
Materials and supplies	42	59	-
External transfers to others	350	17	-
Administrative support charged by the City	13	13	-
Total Expenses	**1,452**	**862**	**-**
Annual surplus	**3,409**	**1,006**	**10,505**
Accumulated surplus, beginning of year	10,505	10,505	-
Accumulated surplus, end of year	**13,914**	**11,511**	**10,505**

Tourism Mississauga
Statement of Change in Net Financial Assets

for the year ended December 31, 2020 with comparatives for 2019
(All dollar amounts are in $000)

	2020 Actual $	2019 Actual $
Annual surplus	1,006	10,505
Acquisition of prepaid expenses	(1)	-
Increase in Net Financial Assets	**1,005**	**10,505**
Net Financial Assets, beginning of year	10,505	-
Net Financial Assets, end of year	**11,510**	**10,505**

Tourism Mississauga
Statement of Cash Flows

for the year ended December 31, 2020 with comparatives for 2019
(All dollar amounts are in $000)

	2020 $	2019 $
Cash provided by (used in):		
Operating activities:		
Annual surplus	1,006	10,505
Items not involving cash:		
Change in non-cash working capital:		
Due from the City of Mississauga	(1,053)	(10,505)
Accounts payable and accrued liabilities	48	-
Prepaid expenses	(1)	-
Net change in cash, being cash, end of year	**-**	**-**

Tourism Mississauga
Notes to the Financial Statements

For the Year Ended December 31, 2020
(All dollar amounts are in $000)

Tourism Mississauga (the "Corporation"), incorporated under Ontario Regulation 599/06, is a Municipal Services Corporation that was formed to promote tourism in The Corporation of the City of Mississauga (the "City"). The Corporation is owned 100% by the City.

1. Significant Accounting Policies

The Corporation's financial statements are prepared by management in accordance with generally accepted accounting principles (GAAP) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the Corporation are as follows:

a) Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become measurable; expenses are the cost of goods and services acquired in the period whether or not payment has been made on invoices received.

b) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations.

c) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period.

Actual results could differ from those estimates.

d) Future accounting pronouncements

These standards and amendments were not effective for the year ended December 31, 2020, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the statement of operations. This new statement includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the Corporation's December 31, 2023 year-end).

(ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has recently been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the Corporation's December 31, 2023 year-end).

(iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the Corporation's December 31, 2023 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

(iv) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Corporation's December 31, 2023 year-end).

(v) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

Tourism Mississauga
Notes to the Financial Statements

For the Year Ended December 31, 2020
(All dollar amounts are in $000)

2. Due from the City of Mississauga

This represents the municipal accommodation tax revenue, less net expenses paid by the City on behalf of the Corporation, due from the City. There are no specific terms of repayment and the amounts do not bear any interest due from the City.

3. Budget Adoption

The 2020 budget was adopted by the Corporation on June 15, 2020, and subsequently approved by City Council on June 24, 2020.

4. Revenues - Municipal Accommodation Tax

This represents 50 percent of the City's net municipal accommodation tax revenue collected during the year of 2020. The 2019 amount represents revenue collected during the fiscal years of 2018 and 2019.

5. Financial Risk Management

It is management's opinion that the Corporation is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. There has been no change to the risk exposure from 2019, except as noted below.

General economic risk:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures include the implementation of travel bans, self-imposed quarantine periods and social distancing.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.

City of Mississauga
Corporate Report

MISSISSAUGA

Date: November 29, 2021 To: Mayor and Members of Council From: Jodi Robillos, Commissioner of Community Services	Originator's files: Meeting date: December 8, 2021

Subject

Outdoor Artificial Ice Facilities for City Parks

Recommendation

That the Corporate Report entitled "Outdoor Artificial Ice Facilities for City Parks" dated November 29, 2021 from the Commissioner of Community Services be received for information.

Executive Summary

- Evaluating outdoor ice facility park locations is best completed through the next iteration of Parks, Forestry & Environment's Future Directions Master Plan. Consideration to be given to geographic coverage across all service areas.
- Staff will consider piloting a synthetic ice location and a conversion ice system in 2023 in conjunction with the development of the Future Directions Master Plan.
- Additionally, it is recommended that new potential locations continue to be evaluated during facility redevelopments or development applications.
- Identifying the optimal facility type for each city park is a multidimensional undertaking that requires subject matter expertise based on the unique location identified.

Background

As a result of the Covid-19 Pandemic, community interest in outdoor skating facilities in Mississauga has noticeably increased. During the winter season, skating is a popular activity and supports an active healthy lifestyle for residents of all ages.

City Ice Facilities

The city-wide ice network includes 25 indoor ice pads at 12 arenas, two outdoor artificial ice pads as well as over 48 natural ice rinks. In 2019, the indoor ice pads accommodated over 44,100 rental hours as well as 10,700 participants in registered programming, in addition to drop-in programming.

The two outdoor artificial ice locations include Celebration Square and Woodhurst Outdoor Rink, both ammonia-based refrigeration plants that are operationally legislated and typically run from December through March. While the Burnhamthorpe Community Centre Outdoor Rink was recently removed to accommodate the community centre's redevelopment, a new outdoor artificial rink is currently being considered for the nearby Gulleden Park redevelopment.

The City's extensive network of natural ice rinks are operated by community volunteers with support from City staff. While artificial refrigerated rinks can operate for a longer seasonal duration, natural skating rinks operate when temperatures are consistently below freezing, typically from January through March. Due to global climate change, natural ice skating opportunities are becoming increasingly more difficult to provide.

Municipal Trending and Benchmarking

The Parks & Forestry 2019 Future Directions Master Plan indicates, "Mississauga provides more outdoor skating opportunities than most regional counterparts. Accordingly, no new community-level outdoor rinks are recommended. The City, however, may explore new outdoor ice as part of a major economic development or civic enhancement initiative."

Other regional municipalities, including Toronto and Brampton, have varying set service levels for indoor and outdoor ice. Only the City of Toronto has established per capita provisional levels for outdoor artificial ice at 1:46,300. However, the Toronto Parks & Recreation Facilities Master Plan (2019-2038) recommends an increase in the provisional target to 1:100,000. Both the City of Mississauga and City of Brampton offer outdoor artificial ice amenities but do not have set service level standards, as shown in the table below.

	City of Mississauga		City of Toronto		City of Brampton		Large GTA Cities	Large Canadian Cities
Facility Type	Current Supply	Current Provision Level	Current Supply	Current Provision Level	Current Supply	Current Provision Level	Average Provision Level	Average Provision Level
Arena (pads)	25	1:29,180	65	1:44,100	20	1:30,715	1:29,000	1:27,000
Outdoor Artificial Ice Rinks (pads)^	2*	N/A	62**	1:46,300	2***	N/A	1:228,000	1:40,000

Data Sources: Toronto Parks & Recreation Facilities Master Plan 2019-2038; Brampton Parks & Recreation Master Plan (2017)

^ Refrigerated pads
* Plus 48 natural ice rinks (neighbourhood rinks)
** Plus 5 skating trails
*** Plus 1 skating trail

Regarding future facility planning and development, the City of Toronto's master plan recommends adding five outdoor artificial ice pads and two skating trails by 2038 whereas the City Brampton's plan indicates maintaining its current supply to 2031. However, in December of 2020, the City of Brampton opened an additional 4 outdoor artificial conversion ice rinks.

Comments

As requested by Council, and in consideration of increased community demand for outdoor skating as well as global warming impacts to outdoor natural rink skating facilities, staff have researched next-steps required in the development of additional ice facilities in City parks.

Locations

A systematic analysis is required to identify appropriate locations throughout the City to ensure artificial outdoor ice accessibility in all service areas. Many factors must be taken into consideration when identifying park locations, including close proximity to community centres to utilize existing staffing compliments, ease of access for residents, on-site storage, and washroom amenities. Examples of possible locations are the basketball courts at Meadowvale Community Centre, Churchill Meadows Community Centre. Fittingly, this evaluation can be completed through the next iteration of Future Directions. Additionally, it is recommended that new locations continue to be evaluated during facility redevelopments such as Gulleden Park, or development applications such as the Lakefront development. A large scale, refrigerated skating facility is being proposed at the Lakeview site.

Outdoor Ice Facilities Types

Once locations are identified, the optimal facility type needs to be determined for each city park. This is a complex undertaking that requires extensive subject matter expertise.

A number of key design and operational requirements must be considered when determining the most suitable facility type. Design considerations included system lifespan, optimal operating temperatures, base requirements, site servicing requirements and on-site supporting amenities such as washrooms, change rooms and warming areas. Operation requirements include seasonal set-up and take down, regular maintenance, staffing, utility usage and on-site storage.

The outdoor ice facility types available in the marketplace include permanent refrigeration, conversion refrigeration and synthetic ice. Below is a brief overview of each type.

- **Permanent Refrigeration:** Refrigeration is embedded into the concrete slab and can be designed as a stand-alone rink or integrated with an off-season use, such as sports courts

or spray pads. City facilities include Woodhurst, Celebration Square and future Lakeview location. Permanent refrigeration systems have a high operational cost and require significant staff time and often additional buildings and infrastructure in order to support maintenance equipment.

- **Conversion Refrigeration**: Roll-out refrigeration installed temporarily on top of existing concrete or asphalt pads, such as sports courts. Currently there are no conversion rinks in Mississauga. One of the benefits of conversion refrigeration is it allows for multiple uses of the same facility year-round. Conversion refrigeration requires staff support to build and maintain ice similar to permanent refrigeration but often without the need for the number of staff to support larger ice plants.
- **Synthetic:** Plastic surfacing system (no refrigeration) that can be installed on any hard flat surface and operated year-round. Currently there are no synthetic rinks in Mississauga. Synthetic ice has a lower operational cost with staff required to complete inspections to ensure ice surface is flush.

Precedent examples of outdoor refrigerated and synthetic skating facilities are provided in Appendix 1 - Outdoor Permanent, Conversion and Synthetic Ice Facilities Precedents. Each example identifies location, type of system, installation date and approximate project capital cost. Operational costs vary by system and location.

Ice Surface Types

In combination with the multiple ice facility options, there are multiple ice refrigeration options available for consideration. Refrigeration systems can be ammonia-based with brine or glycol; Freon-based with brine and glycol; or CO2.

Multiple factors significantly impact the capital and operating costs of an outdoor refrigerated skating facility, including availability and proximity to site servicing and connections (water and higher voltage electrical); maintenance buildings/bunkers for storage of ice making equipment; facility size, design and customization; accommodation of accessibility requirements; Ontario Building Code Legislation; structural rink requirements; site works; and maintenance requirements.

The pros and cons of each ice refrigeration system needs to be considered based on the specific location to determine the most cost-effective, efficient, and appropriate option.

Outdoor Rink Roofs

Facility design considerations also need to include a thorough cost-benefit analysis regarding rink roofs. A roof structure is estimated at an addition $1.5 to $3 Million dollars in capital costs. With climate change, mitigation tools are required to ensure ice surfaces can remain operational for as many days as possible while also managing operational costs. Historically, a rink roof only adds an extra 4 days to the skating season at Mississauga outdoor rinks. On average, the former Burnhamthorpe Outdoor Rink had eight closure days per season due to warm weather compared to Woodhurst Outdoor Rink’s 12 closure days.

In addition to the increased capital costs, roof structures also lead to increased operational costs. These structures cause a shadow-effect on the ice, requiring higher use of artificial lighting and resulting in higher utility costs. Also, some roof types, such as the steel construction at the former Burnhamthorpe Outdoor Rink, reverberate sound which create neighbourhood noise complaint issues and higher operational costs for installing.

Financial Impact

There is no financial impact associated with this report. All outdoor ice facilities spending and future initiatives will be approved through the City's annual Capital and Operating Budget process. Examples of original capital costing and costing estimates of different systems are included in Appendix 1 and Appendix 2.

Conclusion

This report provides an overview of considerations required in the development of new outdoor ice locations in City parks.

The evaluation of outdoor ice facility locations can be undertaken as part of the next iteration of Parks, Forresty & Environments's Future Directions Master Plan, ensuring geographic coverage across all service areas and accessibility to residents. The master plan can also assess the establishment of a provisional standard for outdoor ice. Additionally, locations may be considered as part planned park redevelopments or future land development applications.

When it comes to selecting the optimal outdoor ice facility for each park location, a thorough asessment of the mutliple facility and ice surface types is necessary. This will ensure all key factors are taken into consideration to identify the ideal cost-effective solution.

Attachments

Appendix 1: Outdoor Permanent, Conversion and Synthetic Ice Facilities Precedent
Appendix 2: Outdoor Rinks

Jodi Robillos, Commissioner of Community Services

Prepared by: Stefan Szcepanski, Acting Director Parks, Forestry and Envirornment

Outdoor Permanent, Conversion and Synthetic Ice Facility Options and Costs

	PERMANENT GLYCOL SYSTEM	**CONVERSION** GLYCOL SYSTEM	**SYNTHETIC**
Design Considerations			
Requires 3 Phase Hydro Connection (yes/no)	YES	YES	NO
Requires Water Connection (yes/no)	YES	YES	NO
Optimal temperature to operate	Max. 10°C or lower	Max. 10°C or lower	Year-round
Lifespan of the system	25 YEARS	10 YEARS	12-20 YEARS (using both sides)
Is it appropriate for a new facility (yes/no)	YES	NO	YES
Is it appropriate for a retrofit of an existing concrete pad (yes/no)	NO	YES	YES
Base Requirements and system	Permanent flat concrete slab with embedded glycol based piping.	Existing flat concrete or asphalt slab with roll-out of glycol based piping system on-top.	Existing flat Compacted base, ideally concrete or asphalt base with pvc boards levelled on-top.
Recommended on-site facilities, not required.	Ice resurfacer (ice flooder, hand held or tractor mounted), accessories and storage bunker.	Ice resurfacer (ice flooder, hand held or tractor mounted), accessories and storage bunker. Additional storage area is required for off-season piping storage.	Off-season storage for pvc panels can be housed on site or off-site in a protected area. On site shed may be beneficial to store cleaning equipment.
Potential on-site support amenities to consider	Proximity to washroom/ changing area/ warming station and parking	Proximity to washroom/ changing area/ warming station and parking	Proximity to washroom/ changing area/ warming station and parking
Operational and Maintenance Requirements			
Seasonal Setup (assuming a crew of 4 with support from supplier)	Approx. 1-3 days setup: any temporary boards, curb, rubber access mats and flooding the rink and operating chiller units.	Approx. 4-6 days setup: laying out temporary piping, curbs, boards, access mats and flooding the rink and operating chiller units.	Approx. 1-2 days setup: Base if required, Laying panels similar a puzzle,

Operations and Regular Maintenance (assuming a small crew with support from supplier when needed)	Typical daily tasks to be determined per site with Park Operations and supplier for standard ice keeping to maintain quality, minimize hazards on ice and maintain equipment. This would include: visual inspection of facility, ice depth measurements, edging or chipping manually, scraping and flooding the ice. Note: Weather conditions and usage greatly impact ice maintenance. Regular refrigeration reading are also performed every 2 hours when in operation. Local refrigeration technicians can service the equipment when needed with yearly inspections.	Typical daily tasks to be determined per site with Park Operations and supplier for standard ice keeping to maintain quality, minimize hazards on ice and maintain equipment. This would include: visual inspection of facility, ice depth measurements, edging or chipping manually, scraping and flooding the ice. Note: Weather conditions and usage greatly impact ice maintenance. Regular refrigeration reading are also performed every 2 hours when in operation. Local refrigeration technicians can service the equipment when needed with yearly inspections.	Daily Inspection Clean surface with a power scrubber or cleaner whenever surface is dirty.
Seasonal Closing Requirements	Approx. 1-3 days to take-down: temporary items and allow pad to drain.	Approx. 4-6 days to take-down: temporary items, piping and allow pad to drain.	Approx. 1-3 days to take-down: panels, temporary boards etc.
Utility usage when in operation	MEDIUM (embedded system is more efficient than roll-out conversion system)	HIGH	LOW
Recommended Storage	On-site storage for: equipment, utilities and temporary accessories	On-site, off site or temporary trailer for: equipment, utilities and temporary accessories.	Onsite, off-site secured area for: Panels stored flat, utilities and temporary accessories

Costs including supply and installation, engineering consulting, administration and soft costs, and approvals/permits. Servicing, site integration and accessories costs are not included.			
Hockey Rink (30m x 65m)	$975,000.00	$507,000.00	$663,000
Skating Loop (250m x 4m)	$1,055,000	Not recommended	Not recommended
Accessories Costs, supply only:			
Ice Resurfacer/ Zamboni	$100,000.00	$100,000.00	N/A
Hockey rinks Dasher Boards including penalty boxes and netting	+/-$160,500.00	+/-$160,500.00	+/-$160,500.00
Skating Trail temporary curbs, handrails, line painting etc.	+/-$50,000.00	N/A	+/-$50,000.00
Rubber matting, skating accessories, cleaners etc.	+/- 15,000.00	+/- 15,000.00	+/- 15,000.00

PERMANENT RINK

Example 1: Freelton Community Park Rink, Freelton, ON

Type of System: Permanent Ice Rink (approx. 18m x 31m) Glycol Refrigeration System
Supplier: Custom Ice
Supply and Installation Cost: $425K
Completed: 2016

Example 2: Sherbourne Common, Toronto, ON

Type of System: Permanent Ice Rink with Spray Pad (approx. 18m x 31m) Glycol Refrigeration System
Supplier: Custom Ice
Supply and Installation Cost: $650K
Completed: 2015

PERMANENT SKATING TRAIL

Example 1: Dieppe Skating Oval, Dieppe, NB

Type of System: Permanent Skating Trail (approx. 700m2) Glycol Refrigeration System
Supplier: Custom Ice
Supply and Installation Cost: $500K
Completed: November 2017

CONVERSION RINK

Example 1: Downtown Truro Rink, Truro, NS

Type of System: Conversion Rink (approx. 30m x 43m) Glycol Refrigeration System on existing plaza
Supplier: Custom Ice
Supply and Installation Cost: $300K
Completed: 2016

SYNTHETIC RINK

Example 1: Taj Gibson (NBA Player), Fort Greene, NY

Type of System: Synthetic Rink (approx. 18m x 31m) on existing basketball courts
Supplier: Can-Ice
Supply and Installation Cost: $140K
Completed: 2019

Example 2: Hidden Valley Neighbourhood Ice Rink, Burlington ON

Type of System: Synthetic Rink (approx. 12m x 18m) on existing parking lot
Supplier: Glice
Supply and Installation Cost: $43K
Completed: 2021

Example 3: Valleybrook Park Ice Rink, Brampton ON

Type of System: Synthetic Rink (approx. 22m x 36m) on existing tennis courts
Supplier: Glice
Supply and Installation Cost: $110K
Completed: 2020

City of Mississauga
Corporate Report

MISSISSAUGA

Date: November 25, 2021 To: Mayor and Members of Council From: Geoff Wright, P.Eng, MBA, Commissioner of Transportation and Works	Originator's files: Meeting date: December 8, 2021

Subject

The Regional Municipality of Peel Road Maintenance and Repair Agreement Extension

Recommendation

That a by-law be enacted to authorize the Commissioner of Transportation and Works and the City Clerk to execute, on behalf of The Corporation of the City of Mississauga, a Fourth Amending Road Maintenance and Repair Agreement with the Regional Municipality of Peel, in a form satisfactory to the City Solicitor, as outlined in the report from the Commissioner of Transportation and Works, dated November 23, 2021 and entitled "The Regional Municipality of Peel Road Maintenance and Repair Agreement Extension".

Executive Summary

- The existing Road Maintenance and Repair Agreement between the City of Mississauga
(the "City") and the Region of Peel (the "Region") will expire on December 31, 2021.
- The City is currently participating in the Road Access Control and Operational Efficiencies (RACOE) staff working group.
- An amending agreement is required to extend the term of the existing agreement for a one year period ending on December 31, 2022.
- The proposed amending agreement will automatically renew for consecutive periods of six months each on the same terms and conditions. Either party can give written notice 30 days before the end of a six month period or 30 days before December 31, 2022 to terminate the agreement.

Background

The City and the Region of Peel previously entered into an agreement that was executed in January 2009, which expired in December 2013, for the maintenance and repair of three

regional roads by the City (the "Agreement"). These roads included Regional Road 17 (Cawthra Road), Regional Road 20 (The Queensway), and Regional Road 19 (Winston Churchill Boulevard between Lakeshore Road and Dundas Street West). A map showing the locations of the roads listed above has been attached as Appendix 1.

The Agreement specifies that the City performs maintenance activities on behalf of the Region in accordance with Regional Road Standards on the above-noted roads. Typical maintenance activities include pothole patching, depression and settlement repairs, guiderail repairs, snow plowing, snow removal, salting, spring cleanup and traffic signage. The Agreement has served the City and the Region well and there are no issues in the continuation of this Agreement. A copy of the Region's levels of service has been attached as Appendix 2.

A first amending agreement was entered into on June 10, 2015, extending the term to December 31, 2017. The City and the Region entered into the second amending agreement, dated January 11, 2018 whereby the Agreement was extended and amended, with its extended term ending on December 31, 2019. Most recently, the City and the Region entered into the third amending agreement, dated March 22, 2020 whereby the term of the agreement was extended to December 31, 2021. The third amending agreement also replaced Schedule A and B of the Agreement and consolidated the Region of Peel Road Maintenance Standards in a chart.

Present Status

The Agreement, as amended, will expire as of December 31, 2021. The City and the Region wish to enter into a fourth amending agreement to extend the term for a further one year period from January 1, 2022 to December 31, 2022 with an option to extend the term for consecutive periods of six months each. The Transportation and Works Department therefore recommends that the Fourth Amending Road Maintenance and Repair Agreement ("Fourth Amending Agreement") with the Region be approved to achieve this extension.

Comments

The City and the Region wish to extend the term of the Agreement beyond December 31, 2021 as provided for in the Agreement and third amending agreement. The significant terms of the Fourth Amending Agreement are as follows:

- The Fourth Amending Agreement shall extend the term of the Agreement for a further one year term commencing on January 1, 2022 and ending on December 31, 2022 (the "Extended Term").
- The Fourth Amending Agreement shall automatically renew on the same terms and conditions for consecutive terms of 6 months each upon expiry of the Extended Term (each referred to as a "Renewal Period"). Either party may give written notice for termination of the Agreement no later than 30 days prior to the end of any Renewal period or the Extended Term.

- Except as otherwise provided in the Fourth Amending Agreement, all other terms and conditions of the Agreement and its three previous amendments remain unchanged, unmodified and in full force.
- In the event the parties negotiate and finalize a new agreement through the Road Access Control and Operating Efficiencies Working Group during the Extended Term or any Renewal Period, the Fourth Amending Agreement shall terminate automatically upon execution of such new agreement.

Both the Transportation and Works Department and Legal Services Staff of the Corporate Services Department have reviewed the Fourth Amending Agreement and find the conditions acceptable.

The City is participating in the Road Access Control and Operational Efficiencies working group which consists of staff members from the Region of Peel, City of Brampton, Town of Caledon, and City of Mississauga. The working group is investigating opportunities to improve on the effective and efficient utilization of resources between municipalities while ensuring that a consistent level of service is maintained from a corridor perspective. The final outcomes from this working group may impact the details of the Agreement. As such, amending agreements are prepared to extend the term of the existing Agreement until the any final recommendations are received and approved.

Financial Impact

The proposed Fourth Amending Agreement with the Region of Peel does not have a financial impact to the City. All activities performed by the City on behalf of the Region are 100 percent recoverable from the Region in accordance with the agreement.

Conclusion

The City and the Region of Peel previously entered into an Agreement that was executed in January 2009, which expired in December 2013, for the maintenance and repair of three regional roads by the City. A first amending agreement extended the term to December 31, 2017. The City and the Region entered into a second amending agreement in 2018 which ended on December 31, 2019. The City and the Region entered into a third amending agreement, which extended the term for a further two-year period commencing on January 1, 2020 and ending on December 31, 2021. The City and the Region now wish to enter into the Fourth Amending Agreement to extend the term for a further one-year period commencing on January 1, 2020 and ending on December 31, 2021 with an option to renew for consecutive 6-month terms.

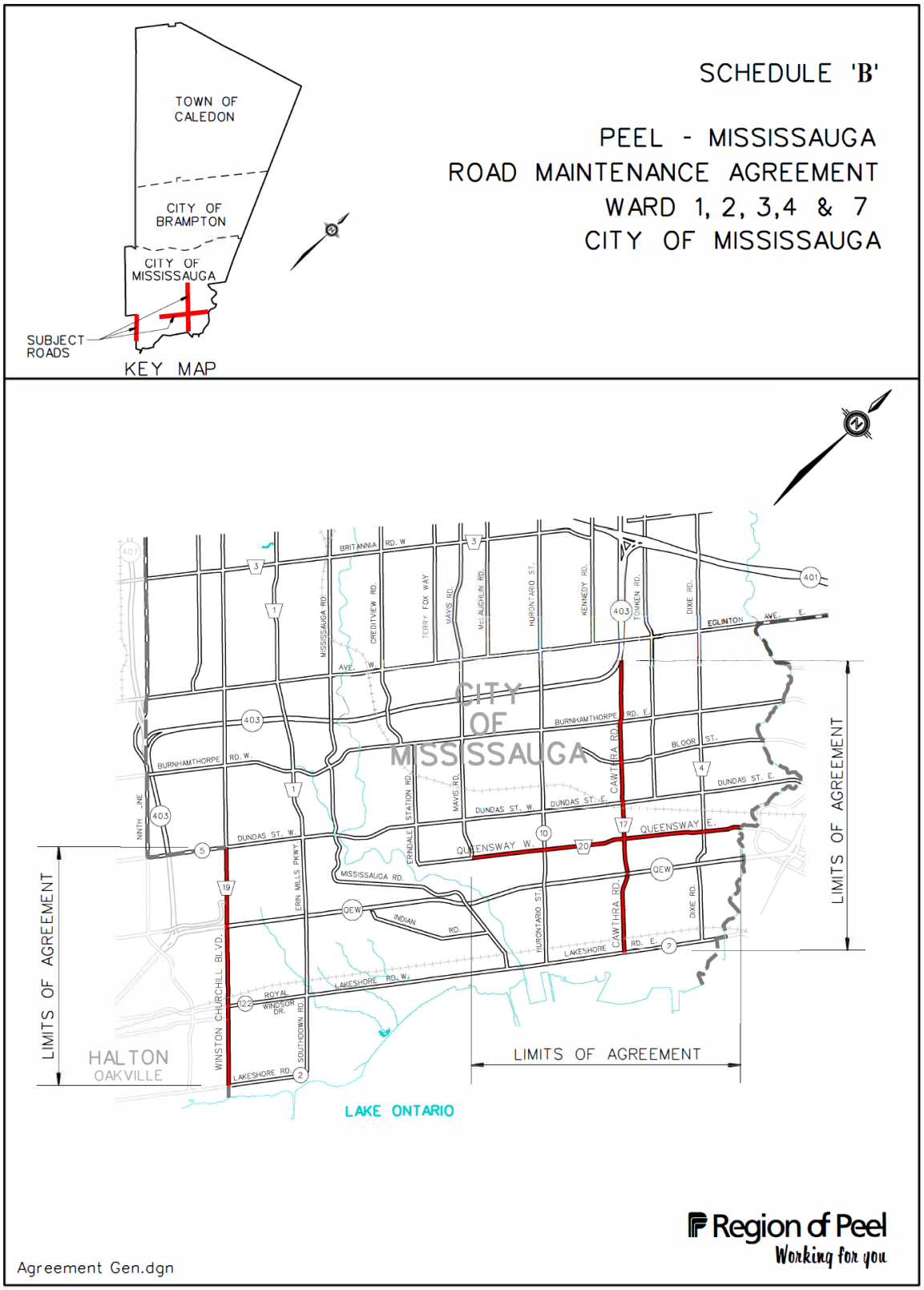
Attachments

Appendix 1: Road Surface Maintenance Map
Appendix 2: Region of Peel Road Maintenance Standards

Geoff Wright, P.Eng, MBA, Commissioner of Transportation and Works

Prepared by: Scott Holmes, Senior Manager, Works Operations and Maintenance Division

Appendix 1: Road Surface Maintenance Map



Appendix 2: Region of Peel Road Maintenance Standards

Peel Level of Service Maintenance Activities that have a Provincial Minimum Maintenance Standard

	Roadway Winter Maintenance				Designated Bicycle Lane Winter Maintenance				Weather monitoring		Roadway Maintenance														
	Winter Snow Accumulation				Snow & Ice Accumulation				October 1 to April 30	May 1 to Sept 30	Potholes						Shoulder Drop Off		Debris/ Litter Pickup	Roadway Surface Cracks			Surface Discontinuities		
	Spreading and Plowing				Anti-icing, Spreading and Plowing				Current and forecast		Paved Surface			Paved & non paved shoulder											
	Accumulation (cm) greater than or equal to	Time (in hours)	Icy formation prevention (in hours)	Treatment of Ice (in hours)	Accumulation (cm) greater than or equal to	Time (in hours)	Icy formation prevention (in hours)	Treatment of Ice (in hours)	Time (in hours)		Surface area (in cm2)	Depth (in cm)	Time (in days)	Surface area (in cm2)	Depth (in cm)	Time (in days)	Depth (in cm) for a distance of 20m	Time (in days)	Time (in hours)	Width (in cm)	Depth (in cm)	Time (in days)	Height (in cm)	Time (in days)	Bridge deck
Minimum Maintenance Standard (MMS)	2.5	4	6	3	2.5	8	6	3	3 times - once per shift or once per calendar day; 24 hours preceding an alleged formation of ice or accumulation of snow	Once per calendar day	600	8	4	1500	8	7	8	4	Deploy resources,as soon as practicable after becoming aware	5	5	30	5	2	If exceeds 5cm -deploy resources as soon as practicable after becoming aware of the fact to repair
Responsive (Reactive) Maintenance	**Maintain as bare as possible throughout winter precipitation event (Enhancement to MMS)****	4	6	3	2.5	8	6	3	**4 times per calendar day; 24 hours preceding an alleged formation of ice or accumulation of snow**	**Twice per calendar day**	600	8	4	1500	8	7	8	4	Deploy resources,as soon as practicable after becoming aware	5	5	30	5	2	If exceeds 5cm -deploy resources as soon as practicable after becoming aware of the fact to repair
Scheduled Routine Maintenance	**Anti-icing ahead of frost events and weather events, not applied if salt application applied in previous 48 hours or temperatures below -10C**																Resurfacing and adding granular is completed annually in construction season - 2 continuous grading cycles peryear		Once in Spring and ahead of grass cutting activity				Permanent repairs completed in construction season		

N/S = No Standard

Enhance Peel Level of Service

** Bare pavement means in winter conditions, the pavement surface is maintained as bare as possible throughout winter precipitation event and returning pavement to bare condition within 4 hours once the precipitation has stopped. Peel aims to proactively achieve a bare pavement by utilizing anti-icing technique, monitoring weather conditions and use the snow fencing in areas of drifting snow.

1.

	Structure Maintenance					Patrol		Roadside Maintenance		
	Bridge Deck					Roadway Patrol		Sign Maintenance		Luminaries
	Surface area (in cm2) - Spalls	Depth (in cm) Spalls	Time (in Days) For repair of spalls	Inspection	Time (in Days) For Graffiti	Winter	Summer	Regulatory signs (on list below***)	All other Regulatory and warning signs (Days)	Time (in Days)
Minimum Maintenance Standard (MMS)	600	8	4	N/S	N/S	Same as summer unless there is a probability of snow accumulation on roadways, ice formation on roadways or icy roadways then it is performed at intervals deemed necessary by the municipality to check for such conditions.	3 times every 7 days	As soon as practicable	7	Once per calendar year, with each inspectiontaking place not more than 16 months from the previous inspection. 3 or more consecutive on same side of highway and or 30% of high-mast in any KM ofhighway are to be repaired within 7 days
Responsive (Reactive) Maintenance	600	8	4		Graffiti removal within 30 days after becoming aware; unless of sensitive nature which will be dealt with as soon as practicable	October 1st to November 1st	Respond to weather	Response within 1 hourof becoming aware	7	Contact Traffic Engineering as soon as practicable after becoming aware
Scheduled Routine Maintenance	Wash bridge deck annually in Spring			Visual inspection annually in Spring; Engineering inspection every 2 years		**Once per 24 hours/ 7 days a week (Enhancement to MMS) November to April 15**	**4 times every 7 days (Enhancement to MMS)**	Straighten signs onceper year	Straighten signsonce per year	

***Level One Regulatory Signs as per MMS

1. Checkerboard
2. Curve sign wit
3. Do not enter
4. Load Restrict
5. Low Bridge
6. Low Bridge Ah
7. One Way
8. School Zone S
9. Stop
10. Stop Ahead
11. Stop Ahead, New
12. Traffic Signal Ahead, New
13. Two-Way Traffic Ahead
14. Wrong Way
15. Yield
16. Yield Ahead
17. Yield Ahead, New

	Winter Maintenance			Storm Maintenance			Roadside Maintenance					
	Snow Removal	**Snow Clearing**	**Spring Clean Up**	**Catch Basin**		**Storm Sewer**	**Urban Mowing**	**Rural Mowing**	**Debris/ Litter Pick up**	**Tree Removal**	**Brush Cutting**	**Weed Control**
	Time (in hours)	Time (in hours)	Time (in Days)	Inspection and cleaning Time (in Days)	Maintenance Time (in Days)	Maintenance Time (in Days)	Time (in cuts)	Time (in cuts)	Time (in hours)	Time (in days)	Time (in days)	Time (in days)
MMS	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S
Responsive (Reactive) Maintenance	Priority Areas: •Sight line – removed as soon as practicable post event; •Pedestrian Safety- (High pedestrian traffic passage) removed as soon as practicable post event; ; •Structures - if storage is limited, ahead of the next storm or as soon as practicable post event; •Underpass - if storage is limited, ahead of the next storm or as soon as practicable post event; •Roadside windrows - where roadside storage is limited, ahead of the next storm or as soon as practicable post event.	After snow plowing operations are complete, situations that pose hazard or risk to the travelled portion of the roadway are cleared as soon as practicable after becoming aware.		Flooding or 5cm+ standing water respond immediately; Hazard marked and temporary repairs completed within 24 hours after becoming aware and repaired within 90 days.	Hazard marked and temporary repairs completed within 24 hours after becoming aware and repaired within 90 days.	Flooding or 5cm+ standing water respond immediately after becoming aware;	Within 7 days of request, (Outside of scheduled cuttings)	Within 7 days of request (Outside of scheduled cuttings)	Deploy resources, as soon as practicable after becoming aware	Hazards responded to immediately after becoming aware. Full clean up achieved within 7 days	Hazards responded to immediately after becoming aware. Full clean up achieved within 7 days	Based on findings and responded to only by Certified Staff Weed Control Inspector.
Scheduled Routine Maintenance		Install plough markers annually in Fall	Annually at the end of winter maintenance; 1 cycle per season Material swept to the road surface for pick up shall remain on no greater than 48 hours, and shall not constitute a hazard to the road users.	1/3 of the system cleaned once per year in Fall. Failed asset, permanent repaired within 90 days after becoming aware	Scheduled based on priority ranking, during construction season.	Silt and debris removed when accumulations cause back ups under normal conditions.	12 cuts per season starting in May.	Twice per year - Summer months 1st cut mid-July, 2nd cut by end of September	Once in Spring and prior to each Urban mowing cut	Non-hazardous trees removed as scheduled.	Non-hazardous within 90 days of becoming aware.	

	Roadside Maintenance								Roadway Maintenance			
	Maintenance Strips	**Routine Shoulder**	**Shoulder Washouts**	**Sound Barrier**	**New Sign Install**	**Mailbox Repair**	**Safety Barrier**		**Maintenance Hole Repair**	**Curb and Gutter Repair**	**Summer Sweeping**	**Pavement Retrace**
	Time (in days)	Time (in hours)	Time (in days)	Time (in Days)	Time (in days)	Time (in Days)	Inspection Time (in days)	Maintenance Time (in days)	Time (in days)	Time (in hours)	Time (in hours)	Time (in hours)
MMS	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S
Responsive (Reactive) Maintenance	Temporary stabilization within 24 hours after becoming aware.		Hazards temporarily stabilized in 24 hours after becoming aware; permanent repairs in 60 days. Non hazardous completed within 90 days after becoming aware	Stabilized in 24 hours after becoming aware; Graffiti removal within 30 days after becoming aware; unless of sensitive nature which will be dealt with as soon as practicable.	In conjunction with new By-law and official request	Temporary mailbox installed within 48 hours after becoming aware.	Inspected 24 hours after becoming aware of damage due to collision and Hazard marked.	Hazards responded to 24 hrs after becoming aware and marked and temporarily fixed Associated repairs scheduled in accordance with the routine scheduled maintenance work	Hazards responded to immediately, marked and temporarily fixed within 24hrs after becoming aware.	Hazards responded to, marked and temporarily fixed within 24hrs after becoming aware. Permanent repairs to be scheduled in the construction season	Emergency Street sweeping, as required, 24 hour, 7 day per week basis with a one hour response time throughout the year, weather permitting.	Within 48 hours after becoming aware.
Scheduled Routine Maintenance	Permanent repairs completed in summer months.	Regrading - 2 cycles per year - Spring and Fall.		Within 90 days after becoming aware. Detailed Condition Assessment every 2 years (spring)		Permanent repair of post and standard mailbox within 30 days after April 1st	Inspected annually in Spring.	Permanent repairs within 90 days, during construction season, after becoming aware.	Non-hazardous within 90 days of becoming aware.	Inspected annually and scheduled based on priority ranking; >50 mm settlement is replaced; damage 70%-100% and 3metres long shall be scheduled for repair	South District - 2 Passes during summer months; North District -2 passes in Hamlets and rural intersections during summer months	Retraced once annually

City of Mississauga
Corporate Report

MISSISSAUGA

Date: October 15, 2021 To: Mayor and Members of Council From: Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer	Originator's files: Meeting date: December 8, 2021

Subject

City Response to BILD and ALTUS Group Report on Municipal Reserves

Recommendation

1. That the report entitled "City Response to BILD and ALTUS Group Report on Municipal Reserves" dated October 15, 2021 from the Commissioner of Corporate Services and Chief Financial Officer be received for information; and
2. That the report be sent to the Ministry of Municipal Affairs and Housing and Mississauga MPPs for information.

Executive Summary

- The Building Industry and Land Development (BILD) has released a report entitled "New Homeowner Money in the Government's Bank: How Unspent Municipal Reserves are Impacting Building Livable Affordable Communities in the GTA". The report was commissioned by Altus Group Economic Consulting for BILD.
- The City has concerns with a number of the assertions made in the Altus report, including:
    - The report suggests that municipalities are building reserve fund balances rather than spending it for much needed community services and infrastructure before development occurs. The report compares a number of municipalities at varying levels (i.e. single, upper and lower tiers), and includes the City of Toronto which skews the aggregate reserve fund balance reporting.
    - The Altus report does not speak to municipal financial planning or the reasons for why municipalities may plan to build up reserve funds until the timing and economics are suitable to proceed with certain projects.

The Altus report suggests that municipalities should go into debt to fund projects, in advance of development to capitalize on costs and land values at an earlier stage of development.

- It is important to note the City has a prudent financial planning and management process. One year's worth of DC revenue is held in the reserve to ensure that planned projects can continue to have a funding source should there be a downturn in the economy resulting in lower than expected revenue collections. The DC reserve fund also includes funding for committed projects.
- CIL of parkland reserves are planned to a zero balance for land and structures in the next 10 years. The only reason there would be a significant build up of money in the CIL of parkland reserve is if properties do not materialize for purchase.
- The City has a reputation of being a leader in municipal finance. The City has also instituted a number of efficiencies to ensure that development applications are approved and processed in a timely manner.
- The City has a responsibility to plan for the long-term and uses a financial planning approach that allocates funds to projects in order to deliver valuable infrastructure and services to our communities while anticipating and preparing for any future economic downturns.

Background

The Building Industry and Land Development Association (BILD) released a report entitled "New Homeowner Money in the Government's Bank: How Unspent Municipal Reserves are Impacting Building Livable Affordable Communities in the GTA" to municipalities. The report was commissioned by Altus Group Economic Consulting (Altus) for BILD. See Appendix 1 for a copy of the report.

The Altus report reviews how various municipal charges are collected, used and levied; how the quantum of charges imposed has changed over time; how they are spent year over year, and how much of those charges remain unspent in reserve funds. The report examines the following regions and municipalities:

Single-Tier	Upper-Tier	Lower-Tier
City of Toronto	York Region	Vaughan, Markham
City of Barrie	Peel Region	Mississauga, Brampton
	Halton Region	Oakville, Burlington
	Durham Region	Whitby, Oshawa
	Simcoe County	Bradford West Gwillimbury

The Altus report examines reserve fund balances for development charges (DC), cash-in-lieu (CIL) of parkland and other financial reserves of all aforementioned municipalities between 2015 and 2019 and notes the following:

- $3.3B was available in the DC reserve funds in these municipalities at the end of 2019
- DC rates in the GTA increased by an average of 156% since 2009
- A mismatch between CIL of parkland revenues versus expenditures from reserves
- A combined $5.05B of DC, CIL of parkland and Section 37 Bonus Zoning reserves of the studied municipalities. The report asserts that these municipalities are not spending fast enough to support new growth

Typically, staff do not provide responses to external reports to Council, unless requested to do so. As the largest building and land development organization in the Greater Toronto Area, BILD has a significant voice and audience for their reports. Staff felt it important to respond to BILD's Altus report in a timely manner, in order to clarify certain points. It is important to ensure accurate information in the public domain and to ensure residents are well-informed to prevent misinformation or incorrect conclusions.

Comments

This section outlines some of the main issues with the Altus report and the City's response to each.

Altus Report – Unspent Reserve Fund Balances

The Altus report suggests that municipalities are sitting on reserve fund balances rather than spending it for much needed community services and infrastructure. The Altus report appears to be premised on the idea that municipalities should install municipal services when DC funds are received and that parkland should be purchased and community centres built before residents move in. This would allow for communities to be complete when residents arrive and would remove the impact of inflation by buying and building earlier. The report suggests this would reduce costs to developers and make homes more affordable as the build/purchase costs would be less.

City Response

From a municipal perspective, it makes sense that water/wastewater pipes and roads need to be built to enable a development to take place as indicated in the report. However, fire stations, parks and community centres can often wait until later in the development cycle if other municipal facilities have existing excess capacity. The report does not discuss the cost of operating these facilities which may not be cost effective until most of the community has moved in. Further, it is often difficult to purchase land and there may be a significant delay before suitable land for parks and municipal facilities is available on the market. As a result, balances will build up in the various reserve funds before they can be spent. Most of these funds are allocated for future projects; they are not sitting idle. Like developers, municipalities need to also make economic decisions to maximize their return on investments. Municipalities must balance the need to provide services with the cost of those services and balances in the reserve funds reflect municipal timing as to when service provision is appropriate.

Altus Report – Municipal Comparison

The report combines single tiered governments (e.g. Toronto), with Regions and lower-tier municipalities. The report speaks to municipal debt as a solution for expediting projects.

City Response

The responsibilities for service delivery are very different for each of these levels of government. Peel for example has spent significant development charges funds and incurred much debt to extend its water/wastewater system into new areas. This is true for other regions as well. The report notes that these reserve fund balances are in a deficit, but do not reflect on why this is. The report seems to suggest going into debt is a good thing and not that it affects municipal financial risk in the event that development does not follow. This risk is identified in the report by noting that development numbers are not as high as originally forecast through the municipal growth forecasts, thereby putting additional development charge pressure on a smaller number of developments.

Altus Report – Toronto Included in Municipal Comparison

The report includes Toronto among the municipalities evaluated and notes many examples of its significant reserve fund balances. However, the report does not distinguish that the City of Toronto is a special case compared to lower-tier municipalities.

City Response

Toronto in many respects cannot be compared to other municipalities. Not only do they have different revenue sources, but their needs and spending patterns, as a much bigger city, are quite different**.** Of the combined $3.3B DC reserve fund balance noted in the Altus report, Toronto represents 37.6% ($1.2B). Mississauga represents 5.6% ($183M). Of the combined $1.48B CIL of parkland reserve fund balance identified in the report, Toronto represents 70%, while Mississauga represents nine per cent ($133M). In general, Toronto is building its reserves for much larger projects that are more complex and take a longer period of time to both plan and implement. Hence, their fund balances are naturally larger.

Altus Report – Stage of Growth of Municipalities

As noted above, the report compares single, upper and lower tiered governments. Not only is it questionable to compare lower tiered governments with upper and single tiers, even at the local level, municipalities compared in the report are at varying stages of growth.

City's Response

The report does not distinguish where the municipalities are in their stage of growth, i.e. built out communities such as Mississauga are categorized with municipalities experiencing greenfield development such as Brampton and Vaughan. This is easily identifiable in charts but is not commented on. Rapidly growing municipalities generally have larger fund balances.

Altus Report – Municipal Financial Management

The report provides reserve fund balances of each municipality examined, but it does not speak to how each municipality plans and manages their reserves.

City Response

The report does not provide an explanation as to how municipal reserve fund balances are managed. It does acknowledge that in some cases committed funding for specific projects are "spoken for" and not necessarily available for funding other capital works. The Altus report shows municipal DC Reserve Fund Balances excluding committed costs. The City's 2019 DC reserve fund balance is listed as $182.7M, which is correct, however, this number does include committed funding for specific projects.

Housing Affordability

It is the position of the development industry that municipal charges and fees directly impact housing affordability

Housing affordability is one factor that staff and Council consider when looking at municipal fees and charges. However, municipalities must also consider the need to maintain service levels for new growth and the impact that reduced development-related fees and charges would have on the existing tax base.

Development-related funding tools like DCs, CIL of parkland, and the new CBC are collected from property developers who add new residential units and/or non-residential space to the city. The question of "who ultimately pays" for development-related fees is complex with future homebuyers/renters, sellers of land and developers all potentially being affected, depending on prevailing market conditions.

As part of the City's 2019 Development Charges Background Study, N. Barry Lyon Consultants (NBLC) Limited with Hemson Consulting Ltd. were retained to examine housing affordability as it relates to development charges. They produced a report entitled "The Effect of Development-Related Costs on Housing Affordability" that was presented to General Committee on May 1, 2019 (Appendix 2). The report indicated that house prices for market units are determined based on supply and demand and not development related-costs. Stated differently, developers will price their units at the maximum the market can bear and while fees will impact the floor price of a unit, the actual sale price is a calculus developers make based on market competition.

The analysis indicates that the DC portion of the overall cost of average sale value of homes in Mississauga is 5.5% for a single/semi detached unit and 6.5% for a small apartment unit, a nominal portion of the overall cost for a dwelling unit. A presentation on factors affecting housing affordability will be made at a future Planning and Development Committee meeting.

Cash-in-lieu of Parkland

The City of Mississauga identifies parkland deficits and need with the goal of providing parkland at an equitable rate across the City to create complete communities and provide adequate recreational opportunities. Parkland acquisition is dependent on land availability. Planned acquisitions are not always achievable in the years projected. The CIL of parkland reserve fund planning is fluid and requires responsible financial planning to ensure funds are available when needed. Funds earmarked for acquisitions with active negotiations will give the impression of a larger balance.

In 2020-2021, the amounts transferred out of the CIL reserve for parkland acquisition totalled $44M allocated to planned projects.

The majority of CIL of parkland revenue in Mississauga is generated by medium and high-density residential development. The City collects CIL of parkland on medium and high-density residential development using a Fixed Unit Rate (FUR). The City's current FUR is $11,040 not $10,100 (rate in February 2020), as referenced in the Altus report. The FUR has increased by three per cent twice per year.

Based on the City's analysis of sale transactions, land values have increased by 10 to 12 per cent annually over the past five years. Despite the bi-annual increases, the City's FUR has not kept pace with rising land values.

While the City's preference is that parkland dedication be provided on-site, in an infill context CIL of parkland is increasingly necessary where a dedication is not practical. As Mississauga becomes a more urban City, there are less opportunities for parkland to be dedicated.

The City is at a point in its development where significant future parkland will be acquired via purchase as opposed to conveyance through the development approval process. As parkland acquisition is funded by CIL revenue, the City must collect CIL that is reflective of market value to remain competitive buyers of land and to achieve the City's parkland strategic goals.

City parks are often utilized by developers as marketing features in their new development campaigns, so there should be some acknowledgement by the developers that the City is committed to purchasing and developing park lands. It is important to the City to ensure that adequate parks and amenities are provided to the community. The City has been diligent about identifying opportunities as they arise and purchasing lands to increase its provision. A good example of this is the land parcels being acquired in Cooksville for a future park.

Planning Applications and Development

The Altus report reviews revenues against projected revenues to illustrate that most municipalities have not met their projected revenues. The report suggests that housing supply shortages caused by lengthy municipal processes, planning applications related appeals, servicing issues can have a direct impact on a municipality's ability to meet the DC revenue forecasts.

The City of Mississauga has surpassed its DC revenue projections in 2018, 2019 and 2020. From 2013 to 2019, the City has achieved 80% of its revenue projection of $345M.

According to planning application approvals, there are approximately 20,000 units[1] that could be built in the City, however, developers have not pulled their building permits to do so. Rather, they wait until the market conditions are favourable to their financial returns. The City's planning processes do not delay or hamper housing supply. In fact, the City's Planning and Building Department has instituted a number of efficiencies and innovations, such as ePlans, that have modernized the application approval process and has allowed for approvals to continue during the COVID-19 pandemic.

Further, the total annual prescribed value of all issued building permits for the past six years (2015-2020) averages $1.5B. As of September 2021, the prescribed value of building permits in Mississauga equals $1.85B.

Mississauga's Approach to Financial Management

The City of Mississauga has a sound financial plan to manage development-related charges received from developers. This financial management approach ensures that residents and businesses are provided with the services and infrastructure required to be able to live, work and play within the community, without putting too much burden on tax payers. The information below explains the practices instituted to responsibly plan the growth related projects identified in the capital program through the related reserve funds and why reserve funds are "held back". Municipal financial planning is overlooked in the Altus report.

Development Charges:

- The City ensures one-year's worth of revenue is kept in the reserve in the event projected revenues are less than expected in the next year or two due to economic downturn. If the City allocated all of the revenue, there would be a significant risk that projects underway would not have funds to be completed. This is how we determine our envelopes that are sent out to Service Areas, and the envelope becomes our target for the given year.
- Projects are planned over a 10-year horizon in the budget book
- The guiding principles are sound and result in one-year's worth of revenue ($70M by the end of the 10 years) held in the DC reserves for future planned projects.
- The DC reserve fund balances reflect unspent funds even if they are committed or allocated to a project. This will result in an inflated reserve fund balance, however, financial commitments ensures project viability and availability of funds when needed.
- There are a number of reasons why funds allocated to projects are unspent, such as:
    - Delays due to significant weather events
    - Waiting on works to be completed by other levels of government or agencies
    - Waiting on funding from other levels of government
    - Issues with suppliers and availability of construction materials
    - Saving over a number of years to accumulate enough funds for expensive projects or land acquisitions

[1] There is additional development potential in the Downtown Core where rezonings are not required.

- Future DC rates account for opening balances of the reserve funds and are allocated to projects prior to the calculation of new rate increases.

CIL of Parkland:

- The CIL of Parkland revenue is split between land acquisition and structures.
- The land portion is planned to be spent down to zero by the end of the 10 years. Expenditures planned for this same period will not nearly address parkland deficits and need. To ensure that sufficient land can be purchased for the purposes of parkland development, CIL of parkland charges should increase to keep pace with land value increases.
- The structures portion is allowed to spend down to zero by the end of 10 years.
- The City's approach is sound and the only reason there would be a significant build up of money in the CIL of parkland reserve is if properties do not materialize for purchase.

City Budget:

- The 2021 gross capital budget was $272M (not including stormwater charge funded projects). The 10-year capital program is $3.9B. This program represents all funding sources, not only DCs, but also tax funded projects supported by Mississauga residents and businesses.
- If DCs and CIL are not collected from developers, the costs would need to be transferred to residents and businesses through property taxes.

From a Mississauga perspective, a prudent financial approach suggests that balance needs to be maintained in the various reserves to offset the vagaries of the economy and when a developer will actually build. Cities can create favorable conditions for building by emplacing all facilities, but they cannot force developers to develop. Hence, cities need to protect themselves by building up reserves so that funds are available when the developers actually start to develop. Additionally, costs to build are high and a single project by itself will not provide sufficient funds to build a community centre or a regional park as examples. Unless municipalities are prepared to increase debt levels, and the BILD/Altus report seems to suggest that they should, funds need to be aggregated until the entire project or park can be economically built or purchased.

The City's sound financial management has resulted in it receiving a 'AAA' credit rating from Standard & Poor's Ratings Services (S&P) for 18 years in a row. The rating is based in part on the City's strong financial management practices, more recently the actions taken during the COVID-19 pandemic to mitigate losses and the strength of Mississauga's dynamic and diversified local economy. This 'AAA' status, with a stable outlook, highlights the City's ongoing commitment to strategic and effective financial management.

Engagement and Consultation

BILD hosted an information session for Peel Region municipalities on October 27th. Finance and Park Planning staff attended the session in addition to staff from the Region, City of Brampton

and Town of Caledon. Altus, BILD's consultant, presented the findings and provided an opportunity for questions and answers. There was not significant discussion after the presentation. City staff asked if they had contemplated separating out the various levels of governments, since the local municipal context and service delivery is quite different than the City of Toronto or Region of Peel. The consultant responded that they were trying to present the suite of services provided within a community. They indicated that changing the methodology would have made the data more confusing for the public and would have resulted in varying results.

Financial Impact

There are no financial impacts as a result of this report.

Conclusion

The City has a reputation of sound financial practices and has been awarded for many years for being responsible with municipal funds. The Altus report on municipal reserves tries to demonstrate that municipalities are not spending reserve funds fast enough. In the case of the City of Mississauga, this is not true.

The City's practice is to carry forward one year's worth of DC revenue in case there is a down-turn in the economy and revenues are lower than projected. The CIL of parkland reserve is planned to be spent to zero dollars within 10 years, and acquisition is dependent on land availability. The City has a responsibility to plan for the long-term and uses a financial planning approach that allocates funds to projects in order to deliver valuable infrastructure and services to our communities while anticipating and preparing for any future economic downturns.

Attachments

Appendix 1: BILD report entitled "New Homeowner Money in the Government's Bank; How Unspent Municipal Reserves are Impacting Building Livable Affordable Communities in the GTA"
Appendix 2: Report entitled "The Effect of Development-Related Costs on Housing Affordability" prepared by N. Barry Lyon Consultants Limited with Hemson Consulting Ltd. For the City and presented to General Committee on May 1, 2019

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Prepared by: Shahada Khan, Manager, Development Financing and Reserve Management

New Homeowner Money in the Government's Bank:

How Unspent Municipal Reserves are Impacting Building Livable, Affordable Communities in the GTA

Independent Real Estate Intelligence

October 5, 2021

Altus Group BILD

New Homeowner Money in the Government's Bank:

How Unspent Municipal Reserves are Impacting Building Livable, Affordable Communities in the GTA

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October 5, 2021

EXECUTIVE SUMMARY

Altus Group Economic Consulting was retained by BILD to review trends in the collection and usage of various government charges in the Greater Toronto Area ("GTA"). The study summarizes how these charges are levied, how the quantum of charges imposed has changed over time, how the charges are utilized year-to-year, and quantifying funds that municipalities have in reserve. The study focuses on a total of 16 GTA municipalities, including a mix of upper-tier, single-tier and lower-tier municipalities.

Upper-/Single-Tier	City of Toronto	York Region	Peel Region	Halton Region	Durham Region	Simcoe County	City of Barrie
Lower-Tier		**Vaughan, Markham**	**Mississauga, Brampton**	**Oakville, Burlington**	**Whitby, Oshawa**	**BWG**	

DEVELOPMENT CHARGES

As of Year-End 2019, Nearly $3.3 Billion was Available in DC Reserve Funds for New Community Infrastructure

Over the 2013-2019 period, the studied municipalities saw their combined development charge (DC) reserve fund balances increase to $3.25 billion as of 2019, an increase of $1.35 billion from 2013.

The City of Toronto was responsible for the majority of the increase in DC reserves, as the City's DC reserve fund balance rose by $839 million over the 2013-2019 period, and as of year-end 2019, the reserve fund had a surplus of $1.2 billion.

Figure ES- 1

Change in DC Reserve Fund Balances, Studied Municipalities	
2013	$1.91 billion
2019	$3.25 billion
Change 2013-2019	+$1.34 billion (+70%)

The build-up of DC reserve fund balances seen in some GTA municipalities represents community infrastructure paid for by recent developments that has not been built. Based on recent annual average DC expenditures, the combined reserve fund surplus represents several years worth of funded infrastructure spending.

Development Charge Rates Have Increased by an Average of 156% Since 2009

Over the 2009-2021 period, development charges in the Greater Toronto Area have increased significantly by an average of 156% (using the single-detached unit rates) in the studied municipalities, which equates to an annual average increase of 8.5% per year.

The average DC rate for a single-detached unit (SDU) has increased from $31,500 per unit in 2009 to approximately $80,600 per SDU in 2021. The highest DC rate charged is in the City of Vaughan, at a rate of $118,400 per SDU (City and Region of York rates combined).

Similarly, average DC rates for apartment units have increased by approximately 125% since 2009.

Slower than Forecast Housing Growth (Among Other Factors) Caused DC Revenues to Fall Short of Projections

Over the 2013-2019 period, the study municipalities received a combined $10 billion in DC revenues, and spent $10.4 billion. However, both the revenues and expenditures are each approximately 62% of forecast revenues/expenditures from municipal DC studies.

Figure ES- 2

	Projected (2013-2019)	Actual (2013-2019)	Actual as % of Projected
DC Revenues	$16.1 billion	$10.0 billion	63%
DC Expenditures	$16.5 billion	$10.4 billion	62%

The shortfall in DC revenues relative to forecasts is due to numerous factors, but primarily due to housing and non-residential space growth being slower than projected, as all municipalities (except the City of Toronto and Peel

Region) saw significant shortfalls in population and employment growth relative to forecast.

In the aggregate, municipalities appear to have responded to lower than forecast DC revenues by proportionately reducing DC expenditures. However, some municipalities have disproportionately delayed expenditures relative to the shortfall in DC revenues.

For example, while the City of Vaughan's DC revenues were 85% of projections, the City's expenditures were only 29% of expenditure plans as set out in DC background studies. Other municipalities spending disproportionately less include Whitby, Toronto and Oshawa.

Figure ES- 3

Comparison of Projected and Actual DC Revenues and Expenditures, 2013-2019

Sorted by Difference in DC Expenditures & DC Revenues (as % of Respective Projections)

	Actuals as % of Projections		
	DC Revenues	DC Expenditures	Difference
Municipality	*Percent*		*Pct Pts*
Peel Region	59%	98%	40
York Region	61%	85%	24
Markham	49%	60%	11
Bradford West Gwillimbury	98%	108%	10
Barrie	84%	90%	6
Burlington	67%	68%	1
Halton Region	70%	69%	(1)
Brampton	61%	55%	(6)
Mississauga	65%	56%	(8)
Durham Region	37%	26%	(11)
Oakville	77%	57%	(21)
Simcoe County	78%	56%	(22)
Oshawa	69%	43%	(25)
Toronto	77%	41%	(36)
Whitby	51%	14%	(37)
Vaughan	85%	29%	(56)

Source: Altus Group Economic Consulting

Other municipalities, particularly those responsible for major water and wastewater infrastructure investments that are required to be installed prior to growth occurring, such as York Region and Peel Region, continued to spend DC funds as planned, despite seeing shortfalls in DC revenues relative to forecast.

PARKLAND CASH-IN-LIEU

Municipalities acquire parkland and other forms of open space through parkland dedication requirements imposed on new developments.

Alternatively, a landowner can provide funds in lieu of parkland dedication to a municipality where physical land dedication is not possible to incorporate into the development, known as 'cash-in-lieu' of parkland, or "Parkland CIL", at a rate not to exceed 1 hectare per 500 dwelling units. Despite the statutory allowance, some municipalities choose to apply fixed per unit rates for parkland, a capped percentage of land area, or a combination thereof, so as to not discourage high-density development.

Based on Parkland CIL revenues and expenditures over the 2015-2019 period, there is a significant mismatch between Parkland CIL revenues and expenditures from reserves, with the municipalities studied receiving a total of $193 million per year in Parkland CIL revenues but spending only $108 million per year (or 56% of revenues). Only one municipality studied (Town of Oakville) spent more than 85% of revenues generated.

Figure ES- 4

Change in Parkland CIL Reserve Fund Balances, Studied Municipalities	
2013	$375 million
2019	$1.48 billion
Change 2013-2019	+$1.1 billion (+294%)

The imbalance between Parkland CIL revenues and expenditures has caused Parkland CIL reserve fund balances to increase by nearly 300% over the 2009-2019 period, from $375 million in 2009 to $1.48 billion in 2019. Every municipality studied has seen increases of 60% or more to their reserve fund balances since 2009. The City of Toronto has the largest parkland CIL reserve fund balance, at $1.03 billion as of 2019, up 372% or $815 million from 2009. Numerous municipalities have also seen Parkland CIL reserve fund increases of more than 300% since 2009, including Toronto (+372%), Whitby (+331%), Brampton (+488%), Markham (+441%) and Barrie (+644%).

A key concern with increasing Parkland CIL reserve funds is that the unused money in Parkland CIL reserves, based on likely rates of interest/investment earnings, are unlikely to keep pace with increases in land values, which can diminish the purchasing power of the funds kept in reserve.

To make better use of the Parkland CIL funds generated from new development, municipalities should seek opportunities wherever possible to acquire parklands as early in the planning process as possible (whether in greenfield environments or emerging high-density/urban areas), as it provides an opportunity to save substantial funds by avoiding future appreciation of land prices and avoiding competing in the market while trying to acquire new lands. This approach, based on our review of two recent cases in the GTA, can result in substantial cost savings for municipalities and ensure that community amenities are in place when development of an area is underway.

SECTION 37 DENSITY BONUSING

The former Section 37 of the *Planning Act* (to no longer be in effect as of September 2022) allows for increases in permitted height and/or density through the zoning by-law in return for 'community benefits'.

Section 37 contributions were meant to help municipalities provide community infrastructure required by the people being accommodated in a development over and above the permitted as-of-right zoning. While Section 37 provisions are used in some '905' municipalities, it has been most frequently utilized in the City of Toronto.

Over the 2017-2019 period, the City of Toronto received roughly $61 million per year in cash contributions, or $184 million over the three-year period. Of the $184 million in Section 37 cash contributions received, roughly half was earmarked for specific improvements such as affordable housing, parkland improvements, streetscape improvements, public agency space, public art, library improvements, child care facilities, etc.

At the end of 2019, the City had a surplus of approximately $303 million in its Section 37 reserve fund, with over 70% of this balance attributed to four Wards within Downtown Toronto.

Figure ES- 5

Total Amount of Section 37 Density Bonus Reserves, Studied Municipalities	
2019	$311 million

COMBINED CAPITAL RESERVES

In total, the studied municipalities have a combined $5.05 billion in their development charge, Parkland CIL and Section 37 Density Bonus reserves. This represents a substantial backlog in growth-related infrastructure paid for by recent housing developments, and also represents an opportunity for infrastructure funding that can help to make existing and new communities more attractive to residents and businesses, and provide improved amenities such as parkland, recreation space, libraries to communities, and provide the hard infrastructure such as roads, water, and sanitary infrastructure that can provide additional capacity for new development.

Figure ES- 6

Current Combined Balances in Reserve Funds, Municipal Charges on New Development (as of year-end 2019)	
Development Charges	$3.26 billion
Parkland CIL	$1.48 billion
Section 37 Density Bonusing	$311 million
Total	$5.05 billion

The $5.05 billion in reserves presents an opportunity for the Greater Toronto Area to stimulate the economy with stimulus funding that is presumed to be ready and available to be spent and generate economic activity and employment opportunities.

OTHER FISCAL CONSIDERATIONS

Residential Property Taxes per Household Have Only Increased by 1%-19%, After Inflation Since 2009

The property taxes per household increased for selected municipalities[1] in the range of 22% to 43% over the timeframe, which equates to an average annual

[1] The property taxes paid to upper-tier municipalities, where applicable, are embedded within the estimated property taxes per household in each lower-tier municipality.

increase of 1.80% per year to 3.28% per year. After accounting for inflation, the property tax revenues municipalities received in 2019 were little changed from what they were in 2009, with the increases to property tax revenues per household ranging from 1% to 19%.

Increases to User Fees and Service Charge Revenues Have Outpaced Increases to Property Tax Revenues in Most Municipalities

Meanwhile, user fees and service charges have increased between 10% and 78% in the studied municipalities, with the rate of change higher for user fees/services charges than for property taxes.

Debt Guideline

The Province limits a municipality's annual debt charges to 25% of net revenues (with exceptions made for York Region) – as of 2019, no municipality had debt charges above 11% of net revenues suggesting that municipalities generally have limited borrowing and have significant room to borrow funds for capital infrastructure projects even if immediate funding sources weren't available. The average debt charges as a share of net revenues in the studied municipalities was 4.6%, less than one-fifth the Provincial limit, and only moderately higher than in 2009 (4.0%).

Municipal Land Transfer Tax

The City of Toronto is the only municipality in Ontario with the authority to levy a municipal land transfer tax (MLTT), which is imposed on all real estate transactions, including the purchase of new homes and resale homes.

Over the 2009-2019 period, the City has raised $5.45 billion in MLTT revenues, or an average of approximately $495 million per year, with the City receiving more than $700 million in each of 2017, 2018 and 2019. While there is potential for year-to-year volatility of MLTT revenues, the experience thus far has been that it is a reliable, steadily increasing source of funding.

The majority of funds generated go towards operating costs and tax stabilization reserves. As of 2020, the City directed just 5% of MLTT revenues to the City's capital financing reserves, but the City is exploring opportunities to direct larger portions towards the City's capital program.

The City's $799 million in MLTT revenues in 2019 represents approximately 6.2% of all municipal operating expenditures, and the revenues (if used

entirely to fund operating costs) would be enough to fund the entirety of operating costs associated with the City's Fire Services ($567 million) and Library Services ($226 million) combined.

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1 INTRODUCTION

1.1 BACKGROUND

Altus Group Economic Consulting was retained by BILD to review trends in the collection and usage of various government charges in the Greater Toronto Area ("GTA"), including charges related to the development of new housing, such as development charges ("DCs"), parkland dedication or cash-in-lieu ("CIL"), and Section 37 density bonusing, as well as broader on-going charges, such as property taxes, user fees and service charges. The study summarizes how these charges are levied, how the quantum of charges imposed has changed over time, and how the charges are utilized year-to-year.

1.2 STUDY MUNICIPALITIES

In total, the study focuses on a total of 16 municipalities, including the City of Toronto, the four GTA regional municipalities (Peel, York, Halton and Durham), Simcoe County and the City of Barrie, as well as nine (9) lower-tier municipalities.

Figure 1

Upper-Tier / Single-Tier Municipalities	Lower-Tier Municipalities
City of Toronto	n.a.
York Region	Vaughan, Markham
Halton Region	Oakville, Burlington
Peel Region	Mississauga, Brampton
Durham Region	Whitby, Oshawa
City of Barrie	n.a.
Simcoe County	Bradford West Gwillimbury

1.3 TRENDS IN POPULATION AND EMPLOYMENT GROWTH

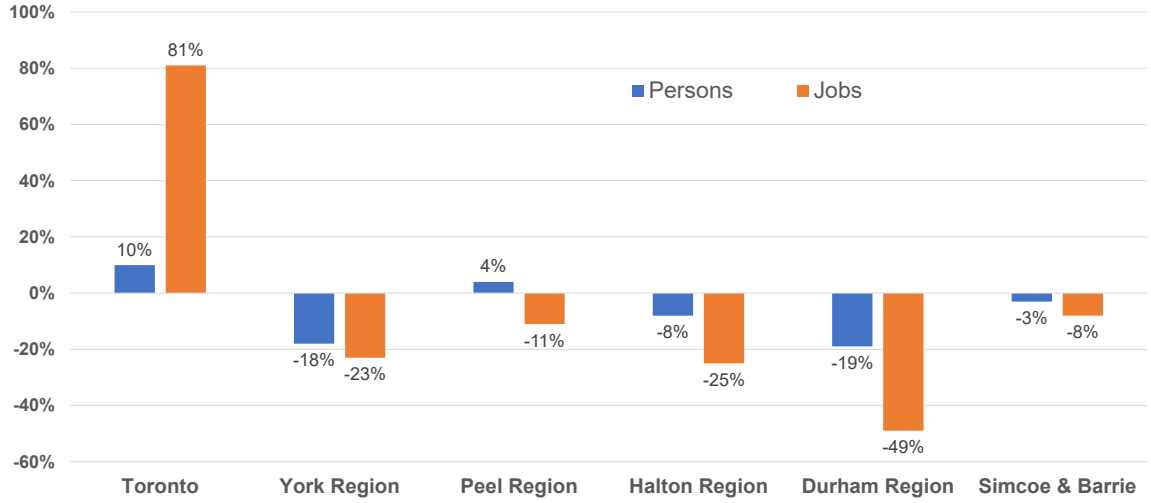
An important element in the analysis, particularly in the area of development charges is assessing how municipalities have grown compared to forecasted population and employment from Schedule 3 of the Growth Plan for the

Greater Golden Horseshoe. Municipal studies underpinning municipal fees and charges incorporate forecasted population, housing and employment from their respective Official Plans, which are to be based on forecasts of the same from the Growth Plan.

In many cases, when comparing projected revenues to actual revenues, any shortfalls can be primarily explained by a relative lack of growth compared to forecasts in most municipalities.

Figure 3

Surplus / Shortfall in Persons & Jobs Relative to Growth Plan Forecasts, 2001-2019



Source: Altus Group Economic Consulting, based on Hemson Consulting GGH: Growth Forecasts to 2051, Growth Plan for the Greater Golden Horseshoe Schedule 3, Statistics Canada Annual Demographic Estimates

Other than in the City of Toronto which saw employment growth from 2001 to 2019 that was 81% greater than forecast[2], all of the other upper-tier/single-tier municipalities in the GTA saw significant shortfalls of job growth relative to forecasted employment in the Growth Plan, ranging from 8% less than forecast in Simcoe/Barrie combined to 49% less than forecast in Durham Region.

Population growth in all municipalities other than the City of Toronto (+10% greater than forecast) and Peel Region (+4% greater than forecast) also saw shortfalls relative to forecasts, ranging from 3% less than forecast in Simcoe/Barrie to 19% less than forecast in Durham Region.

[2] The City was forecast to add 160,000 net new jobs by 2019, but added 289,000 net new jobs, or 81% higher than forecast.

The implications of a shortfall in population and/or employment growth on municipal finances is discussed in some detail later in this report.

1.4 CAVEAT

The information presented in this report is based on interpretation of various municipal policies, by-laws, rate schedules, etc. While every effort has been made to interpret these materials accurately, there can be no certainty that municipal stakeholders will apply their policies and rates in the same manner as presumed within the analysis contained in this report.

The data presented in this report is based on the latest data available as of the writing of the report. However, given the variety of types of data used, the most recent iteration of data may vary from one chart, table, or figure to the next. For example, as of the time of writing of this report, the Financial Information Return (FIR) data municipalities submit to the Ministry of Municipal Affairs was current as of 2019.[3] Additionally, when looking at how data has changed over time, where possible historic data is provided going back to 2009, but in certain instances, elements of current FIR reporting only became available more recently, and so in some cases the historic data shown does not extend back to 2009.

In some cases, there are municipalities with data available for the 2020 fiscal year. While the report focuses on the 2019 year given that is the year for which all municipalities have all data reviewed available, some of the updated data for 2020 is presented in Appendix A to this report.

[3] Some municipalities have a 2020 FIR available, but not all municipalities did as of the time of writing this report.

2 ANALYSIS OF DEVELOPMENT CHARGE REVENUES AND EXPENDITURES

This section of the report reviews the quantity of DC revenues and expenditures from each municipality's DC reserve fund, as well as the year-to-year balances in those reserve funds.

The actual DC revenues and expenditures are compared to projected amounts from the various municipal DC studies to understand whether there have been DC revenue shortfalls relative to forecast, with an overview of the causes of shortfalls (beyond the shortfalls in population and employment growth in most GTA municipalities), and whether similar shortfalls are evident in DC expenditures relative to forecasts.

This analysis can help readers understand whether anticipated revenue shortfalls are being met with disproportionate delaying or postponing of expenditures. Delaying capital expenditures and/or capital projects can have implications for the availability of infrastructure and servicing necessary to proceed with new housing development.

2.1 OVERVIEW OF DEVELOPMENT CHARGES

2.1.1 Municipal Development Charges

The *Development Charges Act* ("DC Act") grants authority to municipalities to enact a development charges ("DCs") by-law that imposes a charge against land to be developed where the development will increase the need for municipal services.

Municipal DCs collect funds for services deemed as being eligible in the DC Act such as Parks & Recreation, Libraries, Fire Services, Police Services, Water, Sewer, Roads, Transit, etc. Where there is both an upper-tier and lower-tier municipality, the services included in each respective municipality's DC by-law are based on which tier is the provider of each service.

Each of the lower-tier/single-tier municipalities reviewed in this report imposes DCs for a variety of services. Recent changes to the DC Act, via Bill 108 (More Homes, More Choice Act, 2019) and Bill 197 (COVID-19 Economic Recovery Act), expanded the list of services for which development charges

can be imposed. Bill 197 also removed the 10% statutory deduction for certain soft services that had previously been required under the *DC Act*.

2.1.2 Area-Specific Development Charges

Several of the municipalities reviewed in this report impose area-specific development charges ("ASDC"), which can result in varying DC rates depending on where a development is located within a jurisdiction:

- **Halton Region** – Halton Region imposes a higher DC rate for homes built in the greenfield area than those built within the Region's built boundary;
- **City of Barrie** – The City of Barrie imposes different DC rates for the parts of the City within the former City boundaries, and the Salem and Hewitt's Secondary Plan areas;
- **Town of Bradford West Gwillimbury** - The Town imposes different DC rates for the Bradford settlement area and the Bond Head settlement area. The rates displayed in the following section are based on the in-force rates in the Bradford settlement area; and
- **City of Markham** – The City of Markham imposes additional area-specific DC rates for homes built in certain areas within the City and levies them on a per hectare basis.

2.2 TRENDS IN DEVELOPMENT CHARGE RATES

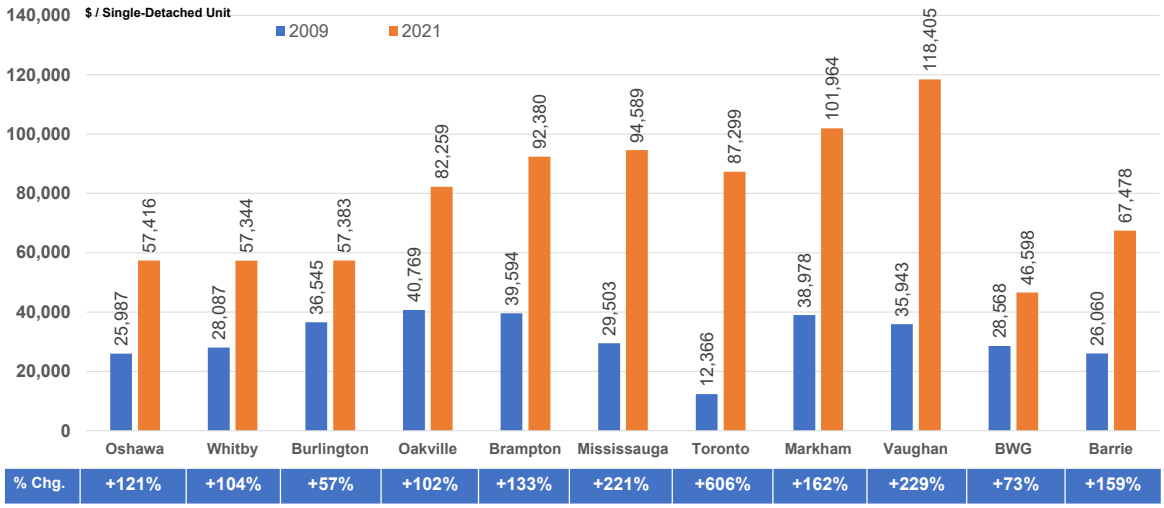
Over the 2009-2021 period, development charges in the Greater Toronto Area have increased significantly by an average of 152% for single-detached units ("SDU") in the studied municipalities, which equates to an annual average increase of 8.0% per year.

The average DC rate has increased from $31,500 per SDU in 2009 to $79,400 per SDU in 2021. The highest combined DC for a single-detached unit is in the City of Vaughan at over $118,400.

The highest DC rate increase seen since 2009 has been in the City of Toronto, where the DC rate for single-detached units increased by 606%, from $12,366 per SDU in 2009 to $87,300 per SDU in 2021. The DC rates increased by more than double in nine of the 11 municipalities studied (when combined with the applicable upper-tier DC rates)

Figure 4

Change in Development Charge Rates, GTA Municipalities, 2009-2021



Source: Altus Group Economic Consulting

Similar increases have been seen for other unit types – for example, average DC rates for apartment units have increased by approximately 125% since 2009.

2.2.1 What Municipal Services Do Development Charges Fund?

The DC Act, under section 2(4) allows for municipalities to levy a DC by-law for numerous services – this list of permitted services was expanded through Bill 197, however, this list largely formalizes the services that municipalities had already been collecting DCs for.

Former iterations of the DC Act were based on an 'ineligible' list that could not be included in a DC by-law (that included tourism facilities, landfills, cultural/entertainment facilities), with little other prescription for what could be included, so long as it was not a specified ineligible service.

Currently, the only services being recovered for in the municipalities studied in this report that are not explicitly set out as eligible services in section 2(4) of the DC Act are municipal parking services (currently charged for in Oshawa, Whitby, Oakville, Mississauga, Toronto, and Barrie), and airports (currently charged for in Barrie). These services will no longer be eligible to be collected through DC by-laws after September 18, 2022.

Figure 5

Development Charge Service Breakdown

Service	DC Act	Durham Region		Halton Region		Peel Region		Toronto	York Region		Simcoe County	Barrie
		Oshawa	Whitby	Burling.	Oakville	Bram.	Miss.		Markham	Vaughan	BWG	
Water Supply / Distribution	X	X	X	X	X	X	X	X	X	X	X	X
Wastewater Treatment / Sewers	X	X	X	X	X	X	X	X	X	X	X	X
Storm Drainage and Control	X	X	X	X			X	X	X	X		
Roads & Related (incl. Public Works)	X	X	X	X	X	X	X	X	X	X	X	X
Electrical Power Services	X											
Transit	X	X	X	X	X	X	X	X	X	X	X	X
Waste Diversion	X	X	X						X		X	
Police Services	X	X	X			X	X	X			X	X
Fire Services	X	X	X	X	X	X	X	X	X	X	X	
Ambulance / Paramedic	X	X	X			X	X	X			X	X
Libraries	X	X	X	X	X	X	X	X	X	X	X	X
Long Term Care	X	X	X			X	X				X	
Parks and Recreation	X	X	X	X	X	X	X	X	X	X	X	X
Public Health	X	X	X					X				
Child Care	X							X				
Housing Services	X	X	X			X	X	X			X	X
Provincial Offences Act	X											
Emergency Preparedness	X											
Parking		X	X		X		X		X			X
Airport	only permitted in Waterloo Region											X

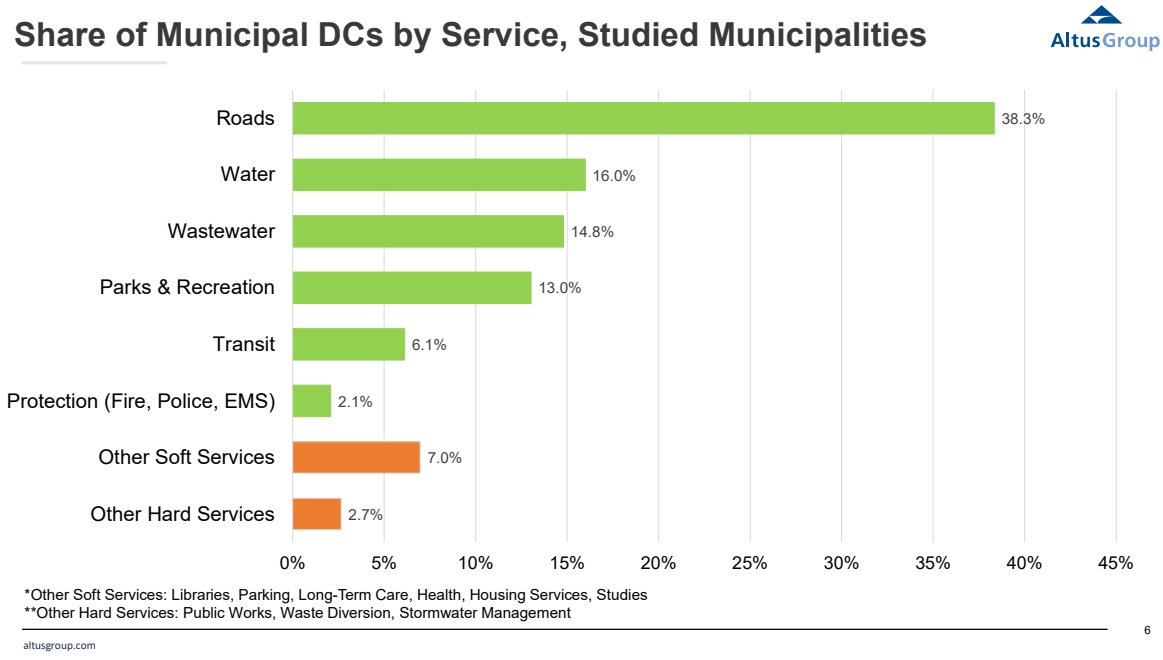
Source: Altus Group Economic Consulting based on Development Charges Act, various municipal DC by-laws

The services with the most significant charges are hard services (e.g. roads, water, wastewater, transit), however, the combined parks and indoor recreation services also represents a significant share of total DC rates in the studied municipalities. These five categories comprise approximately 90% of DC rates.

- The costliest service is Roads (and related services), which on average make up over 38% of municipal DC rates;
- Second largest is Water services, which makes up 16% of DC rates, and includes costs relating to both water supply and water distribution;

- Third largest is Wastewater services, which includes costs relating to wastewater treatment plants and wastewater collection networks, comprising nearly 15% of DC rates;
- Fourth largest is Parks and Indoor Recreation, which when combined make up 13% of DC rates. Often, Parks Development and Indoor Recreation are treated as separate services in DC by-laws, but for the purpose of this analysis they have been combined to allow for comparison between municipalities;
- Fifth largest is Transit, which on average comprises 6% of DC rates. Because of changes made to the *DC Act* in 2016, municipalities are now permitted to recover a greater proportion of transit capital costs than before by being able to recover costs above historic service levels. Transit DCs tend to vary significantly from one municipality to the next as some municipalities rely on DCs to fund expansions of systems incorporating multiple modes of service (subway, streetcar, LRT, bus), while other municipalities have relatively simple transit systems.

Figure 6



Many municipalities do not collect DCs for costs related to 'local' services, such as local roads (e.g. roads within the interior of a subdivision), local water or sewer mains (below a certain defined size threshold), local

neighbourhood parkland development, which would instead be funded directly by developers. The definition of 'local' work should be specified through a municipality's local service policies/guidelines, typically published within a municipality's DC background study.

The table below shows the range of DC rates for the five most significant DC services among the municipalities studied, as expressed per single-detached unit (or "per SDU").

The highest DC rates for hard services such as roads, water and wastewater are in Peel Region and York Region, respectively. The combined Roads DC applicable within the City of Vaughan, which includes City and Region charges, amounts to $58,380 per SDU. The most significant Parks & Recreation charges are $16,770 per SDU in the City of Mississauga, while the highest DC for transit services is imposed by the City of Toronto, at $33,200 per SDU.

Figure 7

Highest DC Rates for Hard Service DCs, Studied Municipalities

	Average DC Rate	Maximum DC Rate Imposed by Service	
		Rate	Municipality
Service	*$ / SDU*	*$ / SDU*	
Roads	31,136	58,380	Vaughan / York Region
Water	12,986	28,627	Peel Region
Wastew ater	12,029	21,078	York Region
Parks & Recreation	10,575	16,769	Mississauga
Transit	4,967	33,206	Toronto

Source: Altus Group Economic Consulting based on municipal DC by-law s and pamphlets

2.3 DEVELOPMENT CHARGE REVENUES AND EXPENDITURES

Figure 8 shows actual DC revenues and expenditures, as reported in the annual Financial Information Returns ("FIRs") that municipalities are required to submit yearly to the Ministry of Municipal Affairs and Housing.

In the aggregate, the studied municipalities spent an amount roughly proportionate to the DC revenues generated. Over the 2013-2019 period, the municipalities studied received an average of $1.49 billion per year in

revenues and spent an average of $1.43 billion per year from DC reserves, or 96% of annual revenues.

However, when the data is viewed by individual municipalities, there were several municipalities where annual expenditures exceeded revenues. In many of these cases (Peel Region, Barrie, York Region, Halton Region), it is those municipalities that are responsible for water supply and wastewater treatment infrastructure, which often have large up-front costs requiring debt financing to fund, with future DC revenues paying for annual debt charges.

Figure 8

Actual DC Revenues and Expenditures, 2013-2019, Annual Averages
Sorted by Expenditures as % of Revenues

	Annual Averages - 2013-2019		Expenditures as % of Revenues
	DC Revenues	DC Expenditures	
Municipality	*Dollars*		*Percent*
Markham	34,998,970	56,228,258	161%
Peel Region	261,080,168	364,673,957	140%
Barrie	24,004,526	30,781,073	128%
York Region	280,874,223	314,057,483	112%
Halton Region	173,170,535	187,452,469	108%
Burlington	4,642,225	4,762,388	103%
Bradford West Gwillimbury	15,924,985	15,604,687	98%
Simcoe County	19,971,562	19,114,183	96%
Brampton	89,950,810	84,013,467	93%
Oshawa	8,839,253	7,384,629	84%
Mississauga	34,451,182	25,587,257	74%
Oakville	30,390,428	20,652,655	68%
Toronto	340,337,391	217,009,920	64%
Durham Region	96,299,871	53,978,984	56%
Whitby	9,522,965	4,596,546	48%
Vaughan	65,382,988	23,807,129	36%
Total	1,489,842,082	1,429,705,085	96%

Note: Annual revenues include interest earnings/costs. Amounts also include debt proceeds and charges
Source: Altus Group Economic Consulting based on annual Financial Information Returns

In many other municipalities, DC expenditures made per year fell significantly short of DC revenues generated per year. For example, the City of Toronto received $340 million in DC revenues per year over the 2013-2019 period but spent only $217 million (or just 64% of annual revenues). There may be reasons for this disparity in some municipalities, including project delays and/or cancellations, or possibly 'saving' of funds for large expenditures in the future, rather than relying on debenture financing.

2.4 COMPARISON OF ACTUALS VS. PROJECTED

2.4.1 DC Revenues

Figure 9 shows how the projected DC revenues (from municipal DC studies) compare with actual DC revenues received over the 2013-2019 period. While the DC studies in the studied municipalities projected $16.4 billion in DC revenues (or $2.35 billion per year), municipalities received $10.4 billion (or $1.49 billion per year), equating to a shortfall in anticipated funding of approximately $6.03 billion over the 2013-2019 period. Of the 16 municipalities studied, just one saw DC revenues exceed 90% of projections (Bradford West Gwillimbury).

Figure 9

Comparison of Projected and Actual DC Revenues, 2013-2019
Sorted by Actual as % of Projected

Municipality	Projected Revenues	Actual Revenues	Actual as % of Projected
	Dollars		*Percent*
Bradford West Gwillimbury	113,490,645	111,474,894	98%
Vaughan	540,191,500	457,680,918	85%
Barrie	199,811,567	168,031,679	84%
Simcoe County	179,351,000	139,800,933	78%
Oakville	275,411,114	212,732,998	77%
Toronto	3,100,627,271	2,382,361,736	77%
Halton Region	1,720,740,170	1,212,193,742	70%
Oshawa	90,221,565	61,874,770	69%
Burlington	48,286,641	32,495,575	67%
Mississauga	373,253,000	241,158,275	65%
Brampton	1,027,331,289	629,655,671	61%
York Region	3,235,446,369	1,966,119,560	61%
Peel Region	3,117,383,154	1,827,561,179	59%
Whitby	130,635,336	66,660,757	51%
Markham	502,356,550	244,992,793	49%
Durham Region	1,802,492,887	674,099,094	37%
Total	16,457,030,058	10,428,894,574	63%

Source: Altus Group Economic Consulting

2.4.1.1 Causes for DC Revenue Shortfalls

There are numerous causes for the shortfall in actual DC revenues relative to projections, including the following:

- Underperformance of residential development relative to forecasts in municipal plans (this was the case in all studied municipalities except the City of Toronto and Peel Region);

- Significant shortfalls in non-residential development relative to forecasts in municipal plans (in all municipalities except City of Toronto);
- Intensified use of existing structures that brings net new population or job growth without a corresponding increase to DC revenues, such as:
    - Increases to household sizes,
    - Increased work from home employment
    - Existing office space usage being made more efficient to accommodate more jobs, rather than seeing a corresponding increase in office construction;
- Statutory exemptions, discounts or rebates as set out in the DC Act, for certain institutional uses like elementary schools, hospitals, places of worship, etc., for the enlargement of existing industrial building (50% or less), exemptions/discounts for office space, secondary dwelling units, etc.;
- Non-Statutory exemptions that include discounts, rebates, or exemptions provided to incentivize certain types of development.

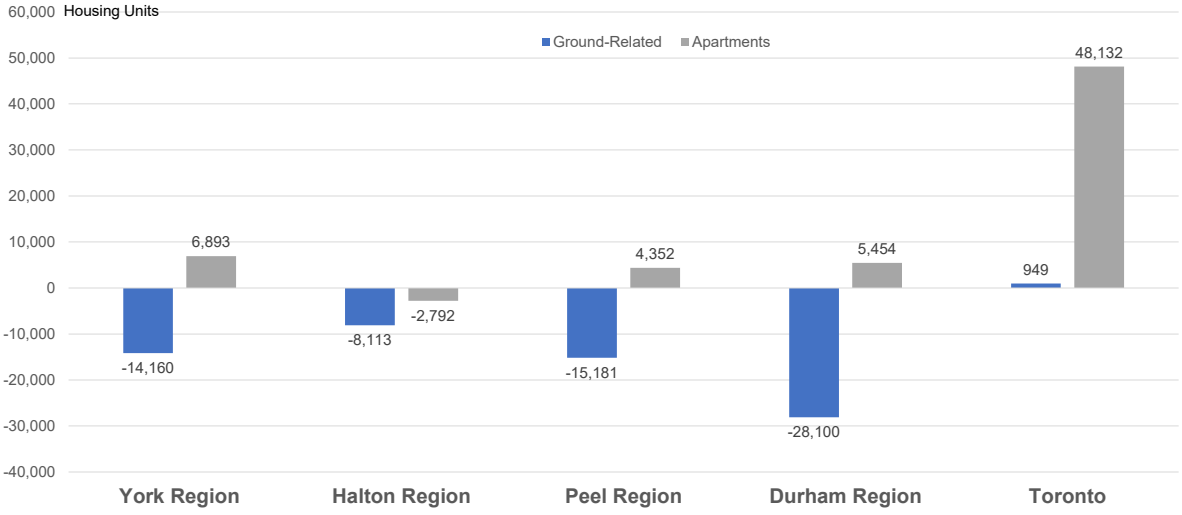
The DC Act does not allow for the cost of any exemptions, discounts or rebates to be made up through higher DC rates for other non-exempt forms of development. Instead, DC reserve funds are meant to be made 'whole' by non-DC sources of funding provided to ensure that future development does not indirectly fund the cost of exemptions.

The graph below shows how the actual number of housing starts in the four regions and the City of Toronto have compared to the amount of housing units forecast in DC studies from the 2008-2010 period. Each of the four regions saw a significant shortfall in ground-related housing units relative to forecast, ranging from a 8,110-unit shortfall in Halton Region, to a 28,100-unit shortfall in Durham Region.

As the forecasted housing units by type are used to forecast DC revenues, any housing supply shortages caused by lengthy municipal processes, planning application related appeals, servicing issues, can have direct impacts on a municipality's ability to meet DC revenue forecasts.

While there was a shortfall in ground-related housing units relative to forecast, the shortfall in ground-related housing units was not offset by significant surpluses in apartment units to bring overall municipal DC revenues back to forecast.

Figure 10 **Difference in Housing Starts vs. DC Study Forecasts, 2013-2020, GTA Regions and City of Toronto**



Source: CMHC Data, Various Municipal DC Background Studies

Details regarding how single-tier and upper-tier municipalities have grown compared to forecasts from the Growth Plan are provided in Appendix B to this report, providing context behind development-shortfalls contributing to DC revenue shortfalls relative to forecast.

Peel Region has studied the sources of their DC revenue shortfalls and found that compared to the Region's 2015 DC Study, the residential DC revenues were 83% of forecast, while non-residential DC revenues were just 60% of forecast.[4]

The Region attributes the reasons for the shortfalls in each sector:

> Residential DC revenue shortfall is attributed to lower than forecasted construction of single and semi-detached housing
>
> Non-residential DC revenue shortfall [is] in part due to lower than forecasted activities in office developments and partially due to the changing nature of employment.

[4] Peel Region, Peel's Growth Management Program & Development Charge Performance – 2019

The Region's report notes that continued shortfalls "increases the Region's debt risk" and "may result in additional pressure on future tax and rate funding sources."

2.4.2 DC Expenditures

Figure 11 shows how the projected DC expenditures in municipal DC studies compares with actual DC expenditures made over the 2013-2019 period. While the DC studies projected $16.1 billion in DC expenditures (or $2.30 billion per year), municipalities spent only $10.0 billion (or $1.43 billion per year), which equates to only 62% of projections, or approximately $6.1 billion short of projections.

Only four municipalities spent more than 70% of the amount projected in their DC studies, including Peel Region, York Region and the City of Barrie, all of whom are responsible for water and wastewater services in their respective jurisdictions.

Several municipalities spent less than half of their projected DC expenditures, including Oshawa (43% of projections), Toronto (41%), Vaughan (29%), Durham Region (26%), and Whitby (14%).

Figure 11

Comparison of Projected and Actual DC Expenditures, 2013-2019

Sorted by Actual as % of Projected

Municipality	Projected Expenditures	Actual Expenditures	Actual as % of Projected
	Dollars		*Percent*
Bradford West Gwillimbury	101,344,385	109,232,809	108%
Peel Region	2,591,948,329	2,552,717,700	98%
Barrie	238,512,179	215,467,509	90%
York Region	2,597,420,635	2,198,402,379	85%
Halton Region	1,901,791,426	1,312,167,283	69%
Burlington	48,899,472	33,336,717	68%
Markham	656,991,065	393,597,808	60%
Oakville	255,180,743	144,568,586	57%
Mississauga	318,867,700	179,110,799	56%
Simcoe County	240,768,490	133,799,283	56%
Brampton	1,072,502,100	588,094,266	55%
Oshawa	119,169,404	51,692,405	43%
Toronto	3,711,723,047	1,519,069,437	41%
Vaughan	573,985,915	166,649,906	29%
Durham Region	1,435,963,773	377,852,890	26%
Whitby	234,176,536	32,175,819	14%
Total	16,099,245,199	10,007,935,596	62%

Source: Altus Group Economic Consulting

2.5 DC SPENDING AS PROPORTION OF RESERVE FUND BALANCE

The forthcoming Community Benefits Charge system will require municipalities "spend or allocate" 60% of funds that are in the CBC reserve fund at the start of the year. There is no such requirement in the *Development Charges Act* or associated regulations.

Based on a review of what proportion of DC reserve fund balances are spent using typical DC expenditures and 2019 DC reserve fund balances, the average DC expenditures represent approximately 47% of DC reserve fund balances, though this metric can vary significantly from one municipality to the next, particularly those without large DC reserve fund balances (Simcoe County, Barrie, Peel Region).

Figure 12

DC Expenditures (Last Three Years) as % of 2019 DC Reserve Fund Balance

Municipality	Average Annual Expenditures (2017-2019)	DC Reserve Fund Balance (2019)	Spending as % of DC RF Balance
		Dollars	
Toronto	313,776,365	1,223,314,054	26%
Peel Region	333,895,562	(122,578,797)	n.a.
Mississauga	37,261,018	182,734,591	20%
Brampton	59,762,299	160,568,259	37%
Halton Region	187,559,503	57,215,950	>100%
Oakville	21,811,092	80,472,790	27%
Burlington	3,717,353	28,605,758	13%
Durham Region	68,533,265	695,922,041	10%
Whitby	6,312,304	109,036,901	6%
Oshawa	7,879,477	56,521,549	14%
York Region	350,330,258	269,957,121	>100%
Markham	31,354,296	38,412,156	82%
Vaughan	33,305,154	482,519,449	7%
Simcoe County	21,313,340	1,597,622	>100%
Bradford West Gwillimbury	16,018,899	2,485,360	>100%
Barrie	41,076,215	(12,626,352)	n.a.
Total	1,533,906,401	3,254,158,452	47%

Note: Source for Peel Region DC RF balances are annual DC Reserve Fund Statements, as FIRs for Peel Region do not provide necessary information

Source: Altus Group Economic Consulting based on annual Financial Information Returns

Some municipalities spend significantly more than 100% (Halton Region, York Region, Simcoe County, BWG), while others that have a DC reserve fund deficit continue to spend DC funds (Peel Region, Barrie).

Others with significant DC reserve fund surpluses, such as Brampton (37%), Oakville (27%), Toronto (26%), Mississauga (20%), Oshawa (14%), Vaughan (7%) Whitby (6%) spend relatively small amounts relative to balances in their DC reserve fund amounts.

2.6 EXAMPLES OF DELAYED PROJECTS

There are numerous reasons why DC expenditures may be less than projected in DC studies, including:

- Capital projects frequently are delayed, cancelled, or modified;
- Political priorities or desires for certain projects can change over time,
- Municipalities can be reluctant to take-on additional debt to front-end finance large infrastructure projects given provincial debt limits, etc.

However, one downside to delaying projects is that capital costs for the works can increase significantly while the project is waiting for funds to be spent.

There are numerous examples of significant capital projects appearing in numerous DC background studies over a long period of time. However, for two examples of projects that have seen delays and associated cost increases from the delayed timing:

- The Town of Georgina's Multi-Purpose Recreation Complex first appeared in the Town's 2010 DC Study with a timing of 2016 and a gross cost of $25.0 million, is now contained within the Town's 2021 DC Study with a revised timing of 2022 and a gross cost of $38.1 million;
- The City of Toronto's project to add a second platform at Union Station appeared in all of the City's DC studies between 1999 and 2018, with project costs increasing from $58 million in the 1999 DC Study to $138 million in the 2018 DC Study.

While delaying projects provides municipalities with some temporary budgetary relief, delaying projects inevitably results in construction cost

escalation, offsetting any temporary budgetary relief the municipality may receive if the ultimate capital cost of the work increases and the infrastructure itself is necessary to construct.

The long-term benefit of delaying capital projects for needed community infrastructure is minimal and only results in an under-supply of facilities and amenities need by both existing and new residents of a community.

2.7 RESERVES AND RESERVE FUNDS

Over the 2013-2019 period, just over half of the municipalities studied saw increases to DC reserve fund balances, with 14 of the 16 municipalities having positive balances in their DC reserve funds as of 2019.

The amounts reported in Figure 13 aggregates the balances for all DC reserve funds maintained by a municipality - however, within the aggregate amount displayed, there may be a mix of service-specific DC reserve funds that are in a deficit position and others in a surplus position.

The reserve fund balances can fluctuate significantly from year-to-year for a variety of factors, including:

- Influx of funds from debt issuance, which can provide a one-time boost to the available cash balance in the reserve fund;
- Significant annual debt charges in the years following the debt issuance; and
- Committed funding for specific projects, which may lead to a significant build-up of cash balances but in actuality means that part of the positive cash balance is 'spoken for' and not necessarily available for funding other capital works.

Figure 13

Change in Development Charge Reserve Fund Balances, 2013-2019, Selected Municipalities

	DC Reserve Fund Balance (excl. Committed Funding)		
	2013	2019	Change 2013-2019
Municipality		*Dollars*	
Toronto	383,801,180	1,223,314,054	839,512,874
Peel Region	227,769,840	(122,578,797)	(350,348,637)
Mississauga	176,630,532	182,734,591	6,104,059
Brampton	(231,182,948)	160,568,259	391,751,207
Halton Region	241,536,214	57,215,950	(184,320,264)
Oakville	2,299,486	80,472,790	78,173,304
Burlington	31,645,192	28,605,758	(3,039,434)
Durham Region	399,055,041	695,922,041	296,867,000
Whitby	65,275,234	109,036,901	43,761,667
Oshawa	22,386,133	56,521,549	34,135,416
York Region	324,561,927	269,957,121	(54,604,806)
Markham	38,405,743	38,412,156	6,413
Vaughan	181,073,554	482,519,449	301,445,895
Simcoe County	995,378	1,597,622	602,244
Bradford West Gwillimbury	5,133,634	2,485,360	(2,648,274)
Barrie	37,228,317	(12,626,352)	(49,854,669)
Total	1,906,614,457	3,254,158,452	1,347,543,995

Note: Source for Peel Region DC RF balances are annual DC Reserve Fund Statements, as FIRs for Peel Region do not provide necessary information

Source: Altus Group Economic Consulting based on annual Financial Information Returns

2.7.1 DC Reserve Fund Balances and Committed Funding

In many municipalities, DC reserve fund statements show "committed" funding for projects over a capital budgeting horizon. In the case of the City of Toronto, the DC reserve fund statement also reports on a five-year sum of committed and Council-approved capital funding. In these cases, the balance of the reserve fund, when compared to the amount and timing of committed funding can provide an indication of the relative scale of reserve balances, in terms of 'years reserve' of DC funding.

Using the City of Toronto as an example, as of their 2019 DC Reserve Fund Statement, the DC reserve fund balance of $1.22 billion was more than

enough to fund the entirety of the 5-year DC capital funding commitments of $1.15 billion, with an additional $75 million left over plus any DC revenues received over that five-year period to build the reserve fund balance back up.

Figure 14

Year-by-Year Change in DC Reserve Fund Balance and 5-Year DC Funding Commitments

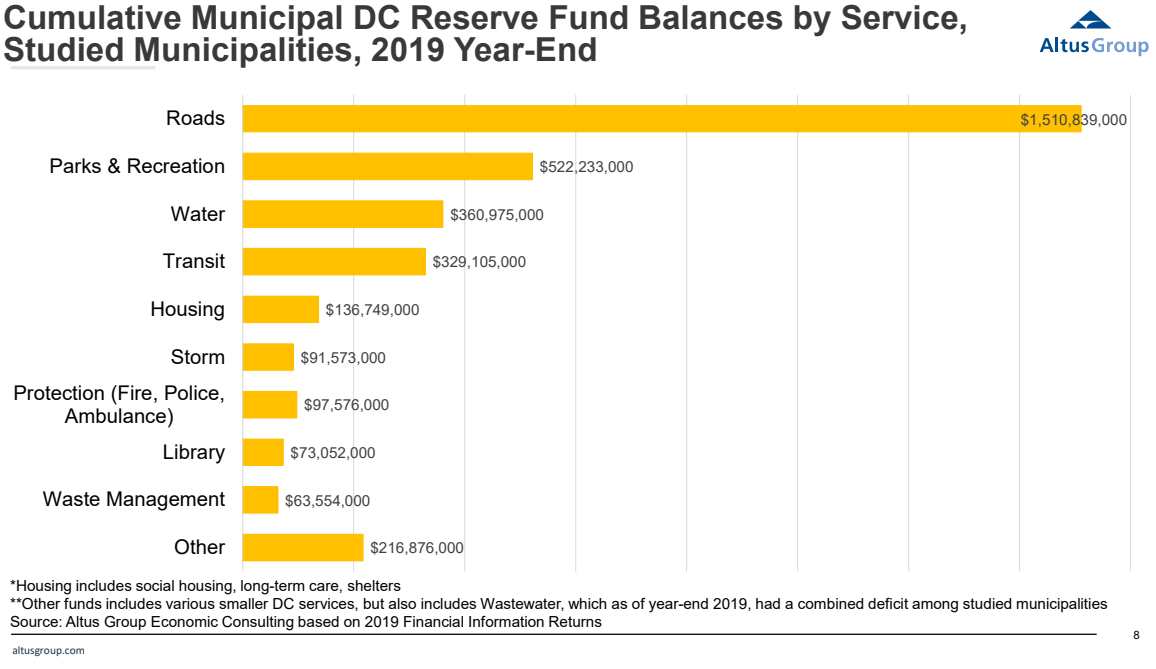
Year	Cash Balance	5-Year Commitments (Approved by Council)	Council Approved Commitments (per year)	Years of DC Spending in Reserve	In-Year Funding/Expenditures: Revenues	In-Year Funding/Expenditures: Expenditures	In-Year Revenue Surplus / (Deficit)
		Dollars (000)		*Years*		*Dollars (000)*	
2010	261,297	248,027	49,605	5.27	90,172	44,938	45,234
2011	311,314	284,646	56,929	5.47	131,930	81,914	50,017
2012	369,599	300,097	60,019	6.16	153,927	96,885	57,042
2013	378,227	547,421	109,484	3.45	171,020	162,392	8,628
2014	523,654	727,313	145,463	3.60	272,372	126,945	145,428
2015	629,955	817,347	163,469	3.85	273,711	167,411	106,300
2016	681,861	1,063,352	212,670	3.21	171,292	119,385	51,907
2017	643,011	1,098,771	219,754	2.93	242,784	281,634	(38,850)
2018	1,146,265	1,961,837	392,367	2.92	771,652	279,033	492,619
2019	1,223,314	1,147,598	229,520	5.33	467,347	387,253	80,095

Source: City of Toronto Annual Development Charge Reserve Fund Statements, 2010-2019

2.7.2 DC Reserve Fund Balances by Service

Of the $3.25 billion combined surplus in DC reserve funds in studied municipalities, over $1.5 billion is within various municipal "Roads" DC reserve funds, with another $522 million in "Parks and Recreation" reserve funds.

Figure 15



There are substantial amount of funds also in DC reserve funds for Water ($361 million), Transit ($329 million), and Housing ($137 million, which includes funds for social housing, long-term care and shelters).

The table below shows the largest DC reserve fund balances by specific DC services. The largest DC reserve fund balances for roads is held by York Region at $383 million, with the City of Vaughan also having $294 million in DC reserve funds for new roads. For combined water/wastewater services, Durham Region has the highest DC reserve fund surplus of approximately $462 million.

Figure 16

Largest Service-Specific DC Reserve Fund Balances by Municipality, 2019 Year-End Balances

	Largest		Second Largest		Third Largest	
	Municipality	Amount	Municipality	Amount	Municipality	Amount
Service		*Dollars*		*Dollars*		*Dollars*
Roads	York Region	383,167,087	Vaughan	294,940,930	Durham Region	191,378,123
W/WW	Durham Region	462,091,262	Toronto	206,563,491	Halton Region	11,258,441
Parks & Recreation	Toronto	234,948,709	Vaughan	162,158,293	Brampton	94,494,185
Transit	Toronto	297,247,829	York Region	28,078,938	Durham Region	17,186,492
Storm	Toronto	37,953,497	Mississauga	33,345,597	Burlington	6,319,393
Housing	Toronto	110,112,623	York Region	26,944,104	Peel Region	2,878,683

Source: Altus Group Economic Consulting based on Municipal Financial Information Return data

The City of Toronto has the highest balance among the four other major DC services of Parks & Recreation ($234 million surplus), Transit ($297 million surplus), Storm ($38 million surplus) and Housing ($110 million surplus).

2.8 CONCLUSIONS

Based on the analysis presented of municipal DC rates, revenues, expenditures and reserve funds, the key findings are:

- Since 2009 DC rates have increased significantly, with the average DC rate for a single-detached unit growing from $31,500 in 2009 to $80,600 in 2021, an average increase of 156%.
- The most significant component of municipal DCs is cost recovery for hard services. The costs for roads, water and wastewater combine to comprise approximately 70% of the average DC rate imposed, while parks development, indoor recreation and transit services also make up significant portions.
- Overall, in the aggregate, the amount of DC expenditures over the 2013-2019 period closely matches the amount of DC revenues, with actual average annual revenues of $1.49 billion and average annual

expenditures of $1.43 billion. However, there are significant disparities when the data is viewed by individual municipality.

- Compared to projections made in DC background studies, there was a significant shortfall compared to both forecasted revenues and expenditures. Overall, compared to forecasts in DC studies, over the 2013-2019 period, there was an overall a shortfall of $6.0 billion of DC revenues compared to revenue projections and a similarly sized shortfall in DC expenditures compared to expenditure projections.
- Municipalities have built-up significant amounts of reserve funds, with the studied municipalities having a total of $3.25 billion in DC reserve funds as of year-end 2019. Most municipal DC reserve funds (as a whole) are in a surplus position.
- The municipalities that have had the greatest gap in actual expenditures relative to projections have generally seen significant growth in DC reserve fund balances.
- The $3.25 billion in DC reserve fund surplus includes over $1.5 billion in unspent DC funds for Roads, $522 million for Parks & Recreation, $361 million for Water, $329 million for Transit, and $137 million for Housing services.
- Those municipalities with significant DC reserve fund balances are falling behind in providing the community infrastructure that recently constructed housing units and their residents need for a complete community and delays in constructing amenities such as park development, recreation facilities, transit improvements, storm water management improvements, that have been funded by new development may result in existing communities not sharing in the benefit they receive from growth-funded infrastructure.

3 ANALYSIS OF PARKLAND CASH-IN-LIEU REVENUES AND EXPENDITURES

This section of the report looks at parkland cash-in-lieu ("CIL") revenues by year to understand how much funding for parkland acquisition is being generated by new housing development each year.

An examination of annual revenues and expenditures is also undertaken to better understand whether municipalities are spending parkland CIL funds on land acquisition and development-specific projects as development happens, or are generally 'saving' parkland CIL money for large land acquisitions or parkland projects (such as Toronto's Rail Deck project)

In addition, where data and information are available, the types of expenditures municipalities are making with parkland CIL funds is reviewed to understand the size, scale, and appropriateness of the spending being done.

3.1 OVERVIEW OF CASH-IN-LIEU OF PARKLAND DEDICATION

Although Bill 108 (passed in June 2019) was intended to alter how municipalities collected funds for parkland acquisition, the recently passed Bill 197 (given assent in July 2020) instead restored most of the current parkland dedication / parkland CIL system.

Currently municipalities acquire parkland and other forms of open space through parkland dedication requirements imposed on new developments. Alternatively, a landowner can provide funds in lieu of parkland dedication to a municipality where physical land dedication is not possible to incorporate into the development.

The *Ontario Planning Act* (the "Planning Act") says that as a condition of development or redevelopment of land, land in an amount not exceeding 5% of a development site area can be conveyed to the municipality for park or other public recreational purposes. Alternatively, for residential developments, the land conveyed to the municipality may also be provided at a rate of 1 hectare per 300 dwelling units.

The *Planning Act* also says that in lieu of providing the land for parks to the municipality, the developer may instead provide a payment to the municipality in the amount of the value of the land to be conveyed, at a rate

not to exceed 1 hectare per 500 dwelling units. The value of the land is determined as the value on the day before approval of a draft plan of subdivision.

The statutory parkland rates are used in many municipalities studied in this report when land is not provided via dedication. The summary below provides examples of the methods some municipalities use in imposing parkland dedication requirements when cash-in-lieu of parkland is relied upon instead of dedication:

- **Fixed per unit / per hectare rate:**
    - City of Vaughan imposes a fixed per unit rate of $8,500 per high-density unit;
    - The City of Brampton, for non-high-density developments, calculates the CIL payment based on the quantity of land that would have been dedicated using a fixed per-acre land value that differs depending on the housing unit type being proposed;
    - City of Mississauga imposes a per unit fee of $10,100 for medium- and high-density developments;
    - City of Oshawa imposes alternative parkland CIL rates for dwellings outside of subdivision plans, ranging from $1,550 to $7,440 per unit, depending on the unit type;
    - City of Barrie imposes a CIL rate of $5,726 per unit for units in medium- and high-density developments;
- **Capped Percentage**:
    - City of Toronto currently limits CIL to 10%, 15% or 20%, depending on the size of the site;
- **Combination of Fixed Per Unit Rate & Capped Percentage**:
    - City of Brampton imposes a fixed per unit rate of $4,288 per high-density unit, capped at 10% of the value of land;
- **Uncapped**:
    - Town of Bradford West Gwillimbury, Town of Whitby, Town of Oakville, Town of Milton and City of Markham do not apply caps on CIL payments from medium or high-density

developments, whether in the form of a per unit rate, a percentage cap, or a combination thereof.

3.2 AVERAGE ANNUAL REVENUES AND EXPENDITURES

In most municipalities, recent trends have seen average annual revenues significantly exceed expenditures. In aggregate, over the 2015-2019 period, the studied municipalities have received an annual average of $193.3 million per year in parkland CIL funds, and have spent $107.7 million per year, or just 56% of revenues received.

Of the studied municipalities, only the Town of Oakville has spent more parkland CIL funds than what was received over the 2015-2019 period. All other municipalities have seen expenditures fall behind revenues.

Figure 17

Annual Average Parkland CIL Revenues and Expenditures, GTA Municipalities, 2015-2019

	Annual Averages - Last Five Years (2015-2019)		
	Revenues	Expenditures	Expenditures as % of Revenues
Durham Region	*Dollars*		*Percent*
Oshawa	n.a.	n.a.	n.a.
Whitby	n.a.	n.a.	n.a.
Halton Region			
Burlington	1,302,821	208,448	16%
Oakville	9,225,779	9,654,193	105%
Peel Region			
Brampton	12,524,482	3,944,184	31%
Mississauga	17,519,366	9,208,096	53%
Toronto	120,677,996	69,121,842	57%
York Region			
Markham	15,081,060	3,468,770	23%
Vaughan	13,635,039	11,347,971	83%
Simcoe County			
Bradford West Gwillimbury	202,467	-	0%
Barrie	3,174,647	696,694	22%
Total	193,343,658	107,650,199	56%

Source:
Altus Group Economic Consulting based on Financial Information Return data

The imbalance between revenues and expenditures could in some cases be due to some municipalities 'saving up' for large parkland acquisitions. However, the effect of this is that a significant amount of money that could be used to provide public amenities to new and existing residents of municipalities is effectively being stranded for long periods of time and building up into large surpluses in CIL reserve funds (as shown in the following section of this report).

3.3 RESERVE FUND BALANCES

Over the 2009-2019 period, the balance in parkland CIL reserve funds have increased significantly in most municipalities studied, with the aggregate amount of CIL funds increasing from $375 million in 2009 to $1.48 billion in 2019, an increase of 294%. Of the $1.1 billion in additional parkland CIL funds, most of the dollar value increase is from the increase to the City of Toronto's CIL reserve fund, which has increased by $815 million since 2009.

Figure 18

Change in Parkland Cash-in-Lieu Reserve Fund Balances, GTA Municipalities, 2009-2019

	Reserve Fund Balances - Parkland CIL			
	2009	2019	Change 2009-2019	% Change 2009-2019
Durham Region		*Dollars*		*Percent*
Oshawa	705,897	1,261,656	555,759	79%
Whitby	1,954,990	8,431,972	6,476,982	331%
Halton Region				
Burlington	7,130,871	16,636,186	9,505,315	133%
Oakville	15,226,684	35,596,055	20,369,371	134%
Peel Region				
Brampton	16,664,778	98,039,594	81,374,816	488%
Mississauga	55,056,235	132,956,080	77,899,845	141%
Toronto	219,291,142	1,034,737,470	815,446,328	372%
York Region				
Markham	10,929,696	59,165,301	48,235,605	441%
Vaughan	45,446,405	72,544,521	27,098,116	60%
Simcoe County				
BWG	712,651	1,727,843	1,015,192	142%
Barrie	2,325,194	17,304,300	14,979,106	644%
Total	375,444,543	1,478,400,978	1,102,956,435	294%

Source: Altus Group Economic Consulting based on Financial Information Return data

Over the 2009-2019 period, while parkland CIL reserve fund balances have increased by nearly 300%, the continuing escalation of land values over the same period effectively diminishes much of the purchasing power of the funds kept in CIL reserves.

The funds in CIL reserves amount to funding generated by new housing whose new residents have yet to see the benefit of the amenities that they have provided funding for. For example, the increased CIL reserve fund balance when expressed per housing start over the same 2009-2019 provides an indication of the value of parkland or parkland amenities funded by each new residential units but not yet provided. In some municipalities, the increase to the Parkland CIL balance over the 2009-2019 period equates to over $4,000 of unexpended funds per housing start during that same period of time.

Figure 19

Change in Parkland Cash-in-Lieu Reserve Fund Balances, GTA Municipalities, 2009-2019

	Change in Reserve Fund Balance (2009-2019)	Housing Starts (2009-2019)	Net Change in Reserve Fund Balance per Additional Housing Unit
Durham Region	*Dollars*	*Units*	*Dollars / Unit*
Oshawa	555,759	8,639	64
Whitby	6,476,982	5,857	1,106
Halton Region			
Burlington	9,505,315	7,322	1,298
Oakville	20,369,371	14,140	1,441
Peel Region			
Brampton	81,374,816	36,109	2,254
Mississauga	77,899,845	20,772	3,750
Toronto	815,446,328	192,301	4,240
York Region			
Markham	48,235,605	25,037	1,927
Vaughan	27,098,116	25,216	1,075
Simcoe County			
Bradford West Gwillimbury	1,015,192	4,678	217
Barrie	14,979,106	5,292	2,831

Source: Altus Group Economic Consulting based on Financial Information Return data

One strategy that some municipalities could utilize to better match revenues with expenditures and more effectively realize the value of parkland funds

received is, where possible, undertake strategic acquisitions of land so that a significant proportion of parkland is pre-purchased before an area is designated for growth. This would enable the municipalities to take advantage of a period in time where land values are significantly lower than they otherwise would be later on in the planning process.

Prior to adoption official plan policies that contain specific policies dealing with the provision and acquisition of parkland, the *Planning Act* requires municipalities undertake a "Parks Plan" that examines the need for parkland in the municipality. When determining the need for additional parkland in a municipality, these Parks Plans should account for the amount of money in the municipal parkland CIL reserve fund to only determine what the 'net' amount of CIL funds would be required going forward used as the basis for setting parkland dedication/CIL rates to be imposed on new development. This approach would be consistent with how municipal DC background studies incorporate existing reserve fund balances into the need for net new funding.

3.4 EXAMPLES OF PARKLAND CASH-IN-LIEU RESERVE FUND EXPENDITURES

3.4.1 Oakville

Over the 2016-2019 period, the Town of Oakville has used its parkland CIL reserves on a mixture of land acquisitions and miscellaneous park improvements (e.g. playground structures and recreation buildings). The most recent prominent purchases being nearly $16.7 million spent on the acquisition of the Deerfield Golf Club, and another approximately $2.7 million for the procurement of a surplus site from the Halton Catholic District School Board.

3.4.2 Vaughan

Over the 2016-2019 period, the City of Vaughan has used its parkland CIL reserves primarily for various land acquisitions as well as minor parkland development projects.

The City's parkland CIL balance at the end of 2019 was $72.5 million, up from $68.1 million in 2016. Over the four-year period, the City received $62 million in revenues, including interest earnings, while spending $55.8 million, almost all of which was for land acquisition purchases.

3.4.3 Mississauga

Based on the City's annual treasurer's statements, some of the projects for which the City has spent parkland CIL funds include land acquisitions in Downtown Cooksville, Cooksville Creek, and Credit River Valley. The City also funded $5.7 million towards the Meadowvale Library / Community Centre.

As of the end of 2019, the City's parkland CIL reserve fund balance was $122.3 million, nearly double what it was in 2016 at $65.8 million. Over the 2016-2019 period, the City received nearly $66 million in CIL contributions, while spending only $43 million. As well, over the 2016-2019 period, the City accrued nearly $28 million in interest earnings within the CIL reserve fund from its substantial reserve fund balance.

3.5 BEST PRACTICES

3.5.1 North Park, Town of Oakville

Located at the intersection of Dundas St W and Neyagawa Blvd in the Town of Oakville, the 192 acres (77 hectares) of parkland that comprise the North Park was purchased by the Town in 1991 for approximately $6.6 million (or about $34,000 per acre). Over 75% of the cost of the purchase in 1991 was facilitated by fees paid for by new development.[5]

The planning process for the lands within the Town located north of Dundas Street West, known as "North Oakville", took a significant amount of time in the years after the parkland purchase, with development of housing in the area only beginning after 2010.

Since the purchase of the North Park land in 1991, land costs in Oakville have risen significantly. According to the land value assumptions used in the 2009 Education Development Charge Background Study for the Halton-area school boards ("Halton 2009 EDC Study"), the value of residential land in the area in the period that North Oakville were 1600% higher than when the Town had acquired the land 20 years earlier.

[5] See Town of Oakville By-law 1991-171

Figure 20

North Park Area, Town of Oakville, 2004 to 2019

Source: Altus Group Economic Consulting based on Google Maps

Had the Town waited to purchase the parkland in the area at a time closer to when development of new housing was initiated, the Town would have paid substantially more.

Using the land values from the Halton 2009 EDC Study, the cost of the land acquisition in 2009 or 2010 would have been approximately $115 million, or $108.6 million more than actually spent when the lands were acquired in 1991.

Figure 21

Estimated Savings in Parkland Acquisition Costs, North Park, Town of Oakville

Year (Event)	Site Size *Acres*	Price Per Acre *$ / Acre*	Total Cost / Value *Dollars*
1991 (Year of Acquisition)	192	34,375	6,600,000
2010 (Year of Development)	192	600,000	115,200,000
Change		565,625	108,600,000
% Change		1645%	1645%

Note: All dollar amounts are expressed in nominal terms, and so do not account for inflation

Source: Altus Economic Consulting based on 2009 HDSB/HCDSB EDC Study

3.5.2 Bram East Community Park, City of Brampton

Located northwest of the intersection of The Gore Road and Castlemore Road in the City of Brampton, the Bram-East Community Park provides regional recreational facilities and activities to both the Bram East community, as well as future residential development within the Highway 427 Industrial Secondary Plan, which is planned to be developed with a mixture of low-, medium-, and high-density residential uses.

The City acquired the lands for the Bram-East Community Park in September 2008, purchasing 140 acres of land from a developer/landowner that had originally intended to use the land to develop housing on the site. The newly acquired land was added to an existing inventory of 100 hectares of nearby parkland that the City had already owned, creating one of Brampton's largest community parks.[6]

Part of the lands acquired (16 acres) were later sold in 2012 and used for the ErinOakKids medical facility at the corner of The Gore Road and Castlemore Road.[7]

Figure 22

Bram-East Community Park, City of Brampton

Source: Altus Group Economic Consulting based on Google Maps

[6] Nova Res Urbis, Greater Toronto Area Edition, September 17, 2008.

[7] See Bylaw 204-2012

According the City's 2017 Parks and Recreation Master Plan, the recreation planning area ("RPA") that covers this part of the City is expected to have a surplus of Community Park lands equating to approximately 9.9 hectares by 2031, even after accounting for anticipated growth in the RPA.

Given the challenges municipalities can have in acquiring parkland, and particularly so in preferred locations, the acquisition of the Bram-East Community Park lands in 2008 provided a significant base of parkland to ensure sufficient access to community parks for existing and future residents.

3.5.3 Benefits of Early Acquisition

Based on the details in the cases reviewed, and other scenarios where early acquisition of parkland is possible, it is apparent that there are significant benefits for municipalities, developers, and existing/future residents with this approach, including:

- **Significant Cost Savings for Municipalities**: Purchasing land well in advance of development, or where possible, prior to planning for specific land uses in an area can save municipalities substantial amounts of money in land acquisition expenses. As well, a more forward-looking process can help a municipality avoid competing with prospective developers in acquiring lands;
- **Ensures Community Amenities Are in Place when People Move In**: As evident from the two case studies, having parkland already acquired and parkland developed or other recreation facilities completed prior to housing development occurring in the area can help ensure that new residents moving into an area have immediate access to recreation services, amenities and programs from day one, rather than waiting years, or relying exclusively on neighbourhood parks that developers may provide within the development lands. As well, this can free-up capacity at existing facilities in other parts of a municipality;
- **Reduced Need for Significant Parkland Dedication or Cash-in-Lieu Requirements**: If a municipality was able to adequately plan and provide enough parkland in an area to meet a community or municipality's recreation needs, it may allow a municipality to place less emphasis on extracting maximum parkland CIL dollars from new development. If a municipality was able to avoid imposing a

parkland CIL charge, the costs of housing development would be lowered, equating to savings that could be passed onto new homebuyers. For every $10,000 in avoided in costs, a new home-buyer would potentially save not only $10,000 in purchase price costs, but also save mortgage interest costs of approximately $5,000 over the life of the mortgage[8];

3.6 CONCLUSIONS

Based on the analysis of municipal parkland dedication and cash-in-lieu policies, revenues, expenditures and reserve funds, the following are the key findings:

- Many municipalities studied use some form of fixed or capped approach to parkland cash-in-lieu payments, which is an important step in ensuring that undue burden is not placed on high-density developments in funding parkland acquisition costs in a municipality;
- Very few municipalities spend as much parkland CIL funds as they receive each year. As a result, reserve fund balances have increased significantly, with reserve fund balances increasing in every municipality studied. The overall parkland CIL reserve fund balance of the municipalities studied was a cumulative $1.47 billion as of 2019. Much of the combined parkland CIL reserve fund surplus is due to the City of Toronto's 2019 year-end balance of $1.03 billion, up from $219 million in 2009;
- Certain municipalities with large-scale developments around major transit stations or in greenfield areas can avoid costly acquisition expenses by strategically pre-purchasing parkland during the initial stages of the planning process before an area is designated for specific land-uses, or well before higher-order transit is installed. Based on the two case studies reviewed, the cost savings for municipalities, taxpayers, and homebuyers can be significant. As well, this ensures that community amenities are in place as residents begin to populate an area.

[8] Based on 25-year mortgage, 3.5% interest rate, monthly payments

4 ANALYSIS OF SECTION 37 REVENUES AND EXPENDITURES

This section of the report focuses on the revenues, expenditures and reserve fund balances for municipalities that utilize density bonusing as permitted within the Planning Act.

4.1 SECTION 37 – DENSITY BONUSING

In its iteration prior to the passage of Bill 108, the former Section 37 of the *Planning Act* allowed for increases in permitted height and/or density through the zoning by-law in return for 'community benefits', provided that the requisite Official Plan policies were in place (e.g. stating the community benefits that would be sought for granting bonusing, etc.). Section 37 contributions were meant to help municipalities provide community infrastructure required by the people being accommodated in a development over and above the permitted as-of-right zoning.

While Section 37 provisions are used in some '905' municipalities, it has been most frequently utilized in the City of Toronto. The *City of Toronto Official Plan* sets out several community benefits that may be provided in return for increased height and/or density, including affordable housing, parkland/park improvements, streetscape improvements, public art, childcare facilities, etc. The contributions can be provided in the form of both cash contributions or in-kind contributions (e.g. funding the construction of a daycare, providing a connection from the development to a transit station, etc.).

While Section 37 contributions are often provided by private developers unlike all other types of charges, taxes or fees imposed by municipalities, there is often no publicly available formula or method for how Section 37 contributions are determined. Instead, Section 37 contributions are determined based on the result of negotiations between municipal staff, the municipal Councilor and an applicant, which can result in significant variation in what is provided from one development to the next, or from one area a municipality to another.

Based on our review of section 37 agreements associated with various zoning by-law amendments in the City of Toronto, in some cases cash contributions agreed upon can range anywhere from less than $1,000 per unit, to over $22,000 per unit in some instances.

The Section 37 system, as has been in place in Ontario for some time, is far from optimal from a public policy perspective. The results of a negotiated charge like Section 37 is contrary to basic principles that public taxation policy should adhere to, including:

- **Fairness:** paying the same as others in similar circumstances;
- **Certainty:** knowing what you'll have to pay;
- **Transparency:** knowing how the tax/charge is calculated, and how the funds are used.

Starting September 2022, the former Section 37 density bonusing system will be replaced with a Community Benefits Charge ("CBC") system, which will impose a charge based on a percentage of the land value for developments that include both 10-or-more residential units and are 5-or-more storeys in height. This percentage has been fixed by regulation at 4% of land value, based on the value as of the day before building permit issuance.

Prior to adoption of a CBC by-law, municipalities will be required to prepare a CBC Strategy Study that will identify the facilities, services, and matters to be funded. The CBC by-law is permitted to be appealed to the Local Planning Appeals Tribunal ("LPAT"). Municipalities are also required to provide annual statements that report on details regarding reserve fund balances and specific expenditures made using CBC reserve funds.

4.2 EXAMPLES OF MUNICIPAL USAGE OF SECTION 37 DENSITY BONUSING

4.2.1 City of Toronto

According to a City of Toronto Staff Report dated September 23, 2019, the City received a total of $184.5 million in Section 37 cash contributions over the 2016-2018 period (or $61.5 million per year), with approximately $91.7 million set aside for specific purposes, and another $92.8 million 'unattributed' until a specific project is determined. Of the $91.7 million for specific projects, the funds are allocated for the following specific purposes:

- $23.9 million for affordable housing;
- $18.1 million for parkland and/or park improvements;
- $14.1 million for streetscape improvements;

- $12.9 million for public agency space (non-profit arts, cultural, community or institutional facilities);
- $10.3 million for community centres;
- $4.0 million for the Jack Layton Ferry Terminal;
- $2.9 million for public art; and
- $5.5 million for miscellaneous projects, including library improvements, road improvements, non-profit child care facilities, bike share infrastructure, and local improvements to transit facilities.

As of the end of 2018, the City had a surplus of approximately $303 million in the Section 37 reserve fund. The vast majority of this reserve fund balance ($214 million out of $303 million, or 71%) was attributed to four Wards within the Downtown area of the City (i.e. York Centre, University Rosedale, Toronto St. Paul's, Toronto Centre).[9]

The Wards outside of the Downtown that have the most substantial reserve fund balances include Wards 17 and 18 (i.e. Don Valley North and Willowdale), with $14.8 million and $14.6 million respectively, which combined make up a further 10% of the reserve fund balance.

4.2.2 Town of Oakville

Through the approval of the Liveable Oakville Plan in 2011, the Town of Oakville began to have in-force Section 37 density bonusing policies, with the first agreement made in 2012.

However, the Town has not used Section 37 extensively – since 2015, the Town has brought in just $565,160 in developer cash contributions and has made another $232,700 from interest earnings. Instead, the Town appears to primarily use section 37 as a tool to receive in-kind contributions, but based on conversations with Town staff, have also utilized letters-of-credit (LOCs) to fund works with drawdowns on those LOC amounts. The Town has spent just $42,100 in funds over the 2016-2019 period, exclusively on the "Kerr Village Building Façade Improvement Grant", but this amount would exclude in-kind contributions or those funded by LOCs. As of year-end 2019, the Section 37 Density Bonus reserve fund had a balance of approximately $2.84 million.

[9] Based on the 25 Ward Structure

It is noted that while the Town reports on which developments have made Section 37 agreements, the details of those agreements are not made public as they are in other jurisdictions such as the City of Toronto.

4.2.3 City of Vaughan

According to the City of Vaughan's guidelines[10] for implementation of Section 37, it's use in Vaughan is primarily intended for the intensification areas of the City.

The City utilizes a sizing threshold, with Section 37 provisions only being applied to projects larger than 4,000 square metres in gross floor area ("GFA") and where the proposed density exceeds 1,000 square metres in GFA over what is otherwise permitted.

The City's guidelines state that while there is no standard city-wide formula,

> …On average the City will seek to achieve a value for community benefits that represent a range between 20-35% of the increase in land value resulting from the increase in height and/or density.[11]

As of year-end 2019, the City of Vaughan had a balance of approximately $3.06 million in its Section 37 reserve fund.

4.2.4 City of Mississauga

According to the City of Mississauga's Bonus Zoning Policy (policy number 07-03-1)[12], the City sets out minimum size requirements for a development to be eligible for Section 37 contributions. The policy states that any zoning by-law amendment in excess of maximum development limits where additional height is proposed or projects that are larger than 5,000 m^2 in size and where the proposed density would exceed 1,500 m^2 over what would otherwise be permitted.

As of the end of 2019, the City had a balance of $1.97 million in its Bonus Zoning Reserve Fund after accruing about $80,000 in interest and spending $300,000 on capital projects that year.

Based on historic revenues and expenditures, over the 2016-2019 period, the City collected approximately $2.1 million in contributions and spent $1.0

[10] City of Vaughan, Guidelines for the Implementation of Section 37 of the Planning Act

[11] Ibid, page 3

[12] City of Mississauga, Bonus Zoning Policy Number 07-03-01, September 26, 2012

million. As well, the reserve fund balance increased from $1.17 million to $1.97 million over that same period.

4.2.5 Other Municipalities

While the City of Markham does utilize Section 37, details regarding contributions and expenditures were not readily available to produce a detailed analysis.

As well, despite extensive research, it does not appear that many of the other municipalities utilize Section 37 density bonusing in any significant way. This includes the City of Brampton[13], City of Barrie, Town of Bradford West Gwillimbury, Town of Whitby, City of Pickering, and the Town of Milton.

It should be noted that Section 37 density bonusing is a tool only used by lower-tier or single-tier municipalities and is therefore not applicable to the upper-tier municipalities that were studied in this report (i.e., Halton Region, York Region, Peel Region, Durham Region and Simcoe County).

4.3 COMMNUITY BENEFITS CHARGE

Starting in September 2022, the current Section 37 of the *Planning Act* will be replaced with a Community Benefits Charge ("CBC") that will allow single-tier and lower-tier municipalities to levy a charge capped at 4% of land value against development, based on the value of land as of the day before first building permit.

The CBC will only be allowed to be imposed on higher-density developments that have both 5-or-more storeys and 10-or-more dwelling units.

The *Planning Act* requires that before a CBC by-law can be passed, the municipality must prepare a "CBC Strategy" study, which will largely be similar in scope to DC background studies required to be done to rationale proposed DC rates. The new CBC system will improve the required level of transparency on reporting of revenues and expenditures, as the O.Reg. 509/20 requires annual reserve fund statements, similar to the requirements under the *Development Charges Act*.

[13] Based on Staff Report 8.2.4-1 to Committee of Council, April 24, 2019

Appeals of CBC by-laws will be allowed should the provisions of the *Planning Act* and associated regulations not be met in the imposition of the charge. The *Planning Act* also sets out a dispute mechanism for specific developments where the amount imposed may exceed the allowable cap on CBCs.

The CBC system would also require that municipalities "spend or allocate" 60% of money in CBC reserve funds at the start of the year.

4.4 CONCLUSIONS

Based on the analysis of municipal Section 37 density bonusing policies, revenues, expenditures and reserve funds, the following are the key findings:

- In most of the municipalities reviewed, the Section 37 density bonusing tool was used sparingly and contributed limited amounts to community infrastructure projects.
- Community Benefits Charges, which replaces the former iteration of Section 37 density bonusing, will become a more broadly applied charge as it affects the full land value of all high-density developments, whereas Section 37 density bonusing only applies to the incremental increase in zoning permissions;
- For most municipalities that will utilize CBCs, the new charge will represent an increase in revenues from what has been collected under the current Section 37 density bonusing system;
- For the City of Toronto, the heaviest user of the former Section 37 density bonusing system, the implementation of the new CBC regime will still lead to a substantial collection of contributions from new development for community infrastructure. However, the CBC imposed by the City of Toronto will provide applicants with greater certainty regarding the quantum to be paid for community benefits than Section 37 density bonusing did;
- Given that CBCs will be applied to all higher-density housing developments rather than just those that exceed existing zoning permissions for height and/or density, while some developments may pay less in CBCs than it may have under Section 37 density bonusing, CBCs will be imposed more broadly across the City, meaning that the impact on the City of Toronto's finances may be negligible.

5 ANALYSIS OF OTHER FISCAL TOOLS

This section of the report reviews other fiscal considerations affecting municipal finances, such as property taxes, user fees and service charges, municipal debt limits, and the City of Toronto's municipal land transfer tax.

5.1 RESIDENTIAL PROPERTY TAXES PER HOUSEHOLD

This section reviews how municipalities have seen property tax revenues and other fees and user rates have changed over time. These tax and user rate/ fee and service charge revenues are mostly used to fund annual operating costs, however, a significant proportion of these revenues are also utilized to fund capital costs.

Figure 23 shows the change in property tax revenues per household and per capita over the 2009-2019 period. The property taxes per household increased for selected municipalities[14] between 22% and 43% over the timeframe, which equates to an average annual increase of between 1.8% and 3.3% per year.

Figure 23 Change in Residential Property Taxes per Household and per Capita, 2009-2019, Selected GTA Municipalities

	Residential Property Taxes per Household			Residential Property Taxes per Capita		
	2009	2019	% Change	2009	2019	% Change
Municipality	*Dollars / Household*		*Percent*	*Dollars / Capita*		*Percent*
Markham	3,020	4,008	33%	812	1,164	43%
Vaughan	3,208	4,122	28%	906	1,267	40%
Brampton	2,717	3,848	42%	768	995	30%
Mississauga	2,275	3,188	40%	719	1,031	43%
Burlington	2,259	2,907	29%	869	1,205	39%
Oakville	3,254	4,250	31%	1,118	1,446	29%
Whitby	2,863	3,994	39%	932	1,305	40%
Oshawa	2,607	3,535	36%	1,002	1,347	34%
Bradford West Gwillimbury	2,067	2,824	37%	698	995	43%
Barrie	2,289	3,266	43%	820	1,190	45%
Toronto	1,912	2,328	22%	752	948	26%

Source: Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

[14] The property taxes paid to upper-tier municipalities, where applicable, are embedded within the estimated property taxes per household in each lower-tier municipality.

The calculations in Figure 24 account for the effects of inflation, which according to measurements of the Consumers Price Index ("CPI") in Ontario over the 2009-2019 period, increased by approximately 20%.[15]

In many cases, after accounting for inflation, the property tax revenues municipalities received in 2019 are little changed from what they were in 2009, with the increases to property tax revenues per household after inflation, ranging from just 1% to 19%.

Figure 24 Change in Residential Property Taxes per Household and per Capita, 2009-2019, Selected GTA Municipalities, After Accounting for Inflation

	Residential Property Taxes per Household			Residential Property Taxes per Capita		
	2009	2019 ($2009)	% Change	2009	2019 ($2009)	% Change
Municipality	*Dollars / Household*		*Percent*	*Dollars / Capita*		*Percent*
Markham	3,020	3,340	11%	812	970	20%
Vaughan	3,208	3,435	7%	906	1,055	17%
Brampton	2,717	3,206	18%	768	829	8%
Mississauga	2,275	2,657	17%	719	859	19%
Burlington	2,259	2,423	7%	869	1,004	16%
Oakville	3,254	3,541	9%	1,118	1,205	8%
Whitby	2,863	3,328	16%	932	1,088	17%
Oshawa	2,607	2,946	13%	1,002	1,122	12%
Bradford West Gwillimbury	2,067	2,354	14%	698	829	19%
Barrie	2,289	2,721	19%	820	992	21%
Toronto	1,912	1,940	1%	752	790	5%

Source: Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

[15] Statistics Canada Table 18-10-0004-11, Ontario CPI change 2009-2019, all-items (+20.3%), all-items excluding food (+19.5%), all-items excluding food and energy (+19.5%), all items excluding energy (+20.5%)

5.2 USER RATES/FEE REVENUES PER HOUSEHOLD

Figure 25 shows how user rates/fee and service charge revenues have changed over the 2009-2019 period when expressed on a per household and per capita basis.[16]

Figure 25 Change in User Fee and Service Charge Revenues per Household and per Capita, 2009-2019, Selected GTA Municipalities

	User Fees and Service Charges per Household			User Fees and Service Charges per Capita		
	2009	2019	% Change	2009	2019	% Change
Municipality	*Dollars / Household*		*Percent*	*Dollars / Capita*		*Percent*
Markham	1,774	3,144	77%	477	914	92%
Vaughan	1,887	3,355	78%	533	1,031	93%
Brampton	1,257	1,842	47%	355	476	34%
Mississauga	1,195	1,718	44%	378	555	47%
Burlington	1,162	1,343	15%	447	557	24%
Oakville	1,348	1,663	23%	463	566	22%
Whitby	1,323	1,966	49%	431	643	49%
Oshawa	1,007	1,443	43%	387	550	42%
Bradford West Gwillimbury	1,387	1,529	10%	469	538	15%
Barrie	1,241	1,859	50%	444	678	53%
Toronto	1,871	2,605	39%	736	1,061	44%

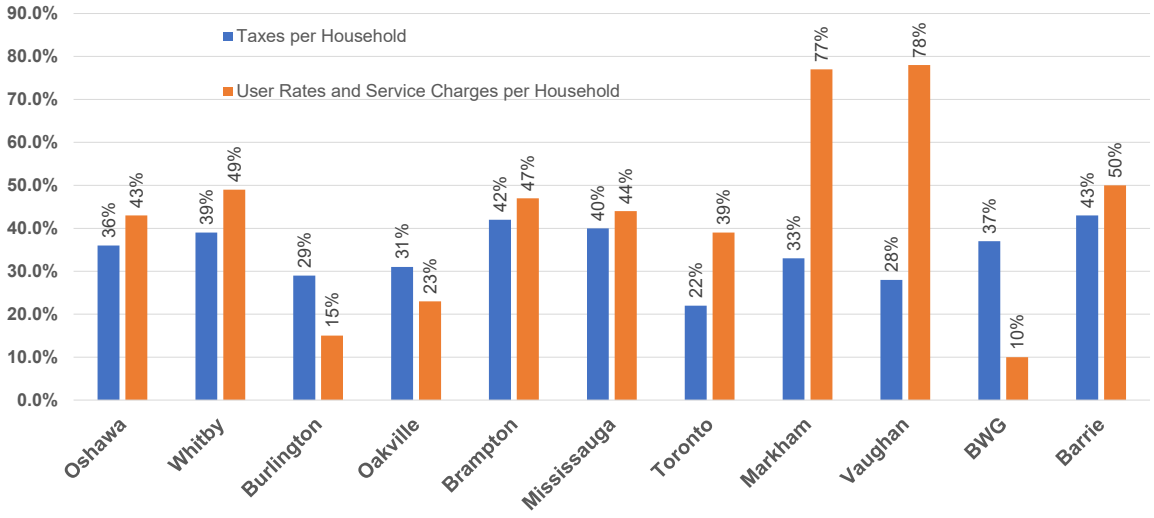
Source: Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

In some municipalities, the user rate/fee and service charge revenues have been increasing at a significantly faster pace than property tax revenues (except for Burlington and Oakville in Halton Region). This suggests increasing reliance on user rate/fee revenues for funding municipal services, and greater emphasis on rate-based revenue streams such as water and sewer user rates, parks and recreation program user fees, waste management fees, etc.

[16] User fees/services charges imposed by upper-tier municipalities are allocated to the lower-tier municipalities based on the proportionate share of population in each lower-tier municipality. The user fees/service charge revenues include revenues generated by both residential and non-residential uses, but put on a 'per capita' and 'per household' basis for ease of comparison across municipalities.

Figure 26

Change in Residential Taxes per Household vs. User Rates/Service Charges Revenues per Household, 2009-2019



Source: Altus Group Economic Consulting

5.3 DEBT CHARGES AND PROVINCIAL REPAYMENT LIMITS

Ontario Regulation 403/02 provides for municipal debt limits, known as the "Annual Repayment Limit" (ARL) with municipalities not to have debt charges that exceed 25% of net revenues.

As of 2019, none of the studied municipalities have annual debt charges that are above 10.5% of annual net revenues, with the average in 2019 being 4.7%, significantly below the 25% limit, with that ratio only increasing modestly since 2009 (4.0%).

The largest increase in debt ratio was seen in Barrie (increased from 1.3% to 9.0%) and Peel Region (increased from 2.8% to 8.1%), which is due to major water and wastewater infrastructure projects being funded in those municipalities. However, despite the size of the investments made, both municipalities are still significantly below the provincial ARL.

Figure 27

Net Debt Charges as % of Net Revenues, 2009-2019

Municipality	2009	2019	Change 2009-2019
	Percent		*Pct. Points*
Toronto	8.0	10.5	2.6
York Region	15.6	7.8	(7.8)
Vaughan	2.8	1.6	(1.2)
Markham	-	0.3	0.3
Halton Region	7.6	3.9	(3.7)
Oakville	3.6	4.2	0.6
Burlington	4.6	8.1	3.5
Peel Region	2.8	8.1	5.3
Mississauga	-	3.3	3.3
Brampton	0.3	1.4	1.1
Durham Region	3.8	2.4	(1.4)
Whitby	2.3	0.2	(2.1)
Oshawa	7.0	5.8	(1.2)
Barrie	1.3	9.0	7.7
Simcoe County	1.9	1.7	(0.2)
BWG	3.1	6.5	3.4
Average	4.0	4.7	0.6

Note: Provincial guideline llimits municipalities to have debt charges no higher than 25% of net revenues

Source: Altus Group Economic Consulting based on Financial Information Return data

Since 2011, the Province has provided for increased debt-limit rules for York Region, which enables the Region to use growth-related debt by adding a "Growth Cost Supplement" to the Ministry determined ARL. The Ministry recently extended the increased debt-limit rules for York Region for an additional 10 years, through the year 2031. The increased debt-limit rules for York Region allow the municipality to include 80% of the previous three years of DC collections to the ministry determined ARL.

As of 2019, York Region's debt charges were 7.8% of net revenues, significantly below the ministry determined ARL.[17] However, the Growth Cost Supplement utilized by the Region, as of 2020, would add 60% to the base ARL, effectively bringing the Region's debt limit to 40% instead of the base 25% limit.

[17] The Region's debt charges increased 10.5% of net revenues for the 2020 fiscal year. This updated amount was not shown in the table as not all municipal FIRs are available for 2020.

5.4 CITY OF TORONTO - MUNICIPAL LAND TRANSFER TAX

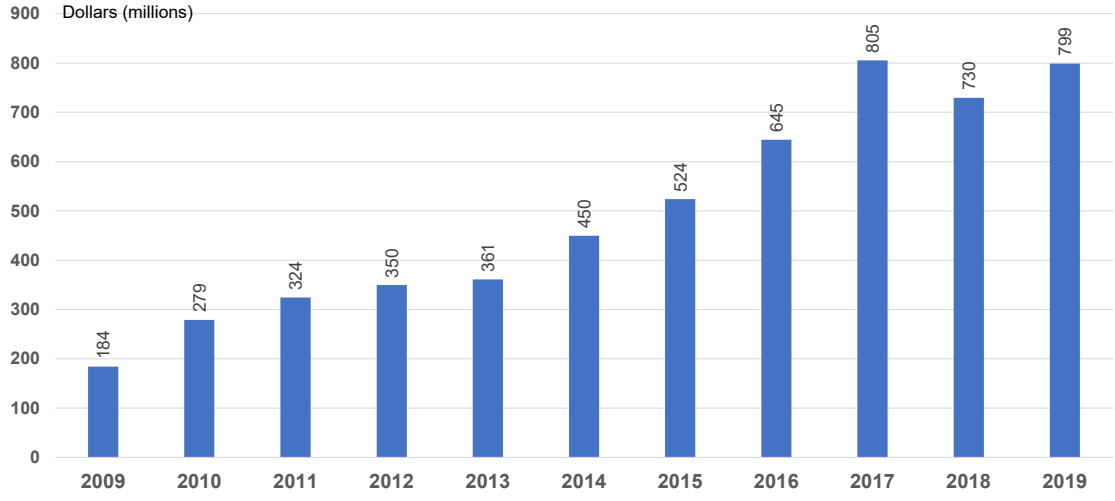
The City of Toronto, under the *City of Toronto Act*, 2006, was granted authority to impose a municipal land transfer tax (MLTT) on all properties in the City. It is the only municipality in Ontario with the authority to levy a land transfer tax, and it is imposed in addition to the Provincial land transfer tax.

The MLTT is imposed on all real estate transactions including the purchase of new homes, as well as resale homes, and other commercial transactions, with some exemptions provided for school boards, universities/colleges, hospitals, nursing homes, etc.

Over the 2009-2019 period, the City has raised $5.45 billion in MLTT revenues, or an average of approximately $495 million per year, with the City receiving more than $700 million in each of 2017, 2018 and 2019.

Figure 28

City of Toronto Municipal Land Transfer Tax Revenues, 2009-2019



Source: Altus Group Economic Consulting based on Financial Information Return data

The City directs MLTT revenues to a mix of capital reserves, operating reserves, and tax rate stabilization reserves. As of 2020, the City directed 5% of MLTT revenues to the City's capital financing reserves, but the City is

exploring opportunities to direct larger portions towards the City's capital program.[18]

While there is potential for year-to-year volatility of MLTT revenues, the experience thus far has been that MLTT revenues are a fairly reliable, steadily increasing source of ongoing operational and capital funding for the City.

To provide context for how significant the MLTT revenues have been for the City, the $799 million raised in MLTT in 2019 represents approximately 6.2% of all municipal operating expenditures ($12.9 billion in 2019). The $799 million in revenues, if used entirely to fund operating costs, is more than enough on its own to fund all of the City's operating expenses for the entire Fire Services division ($567 million) and Library services ($226 million).

The City's significant MLTT revenues have allowed the City to minimize property tax increases – the $799 million generated in 2019 equates to over 18% of the City's property tax revenues generated from residential and non-residential properties ($4.4 billion). If not for the MLTT revenues, all else being equal (service levels being unchanged from what they currently are), the City would have required the bulk of the $799 million to come from increased revenues from the City's property tax base.

5.5 CONCLUSIONS

Based on the analysis of municipal property taxes and user rates, the following are the key findings:

- Municipalities have generally committed to limited annual property tax increases, as evident from the property taxes per household analysis that show little increases in reliance on property taxes as a funding source from each housing unit in a municipality.
- Instead, municipalities have relied on increased property tax revenues generated by new development to maintain municipal service levels for tax-based services;
- Most municipalities studied are also increasingly more reliant on user fee and service charge increases than property tax increases, with 7 of

[18] City of Toronto, 2020 Operating Budget Briefing Note, https://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-146043.pdf

10 municipalities seeing user rates/service charges increase at a faster pace than property tax revenues per household;

- The increases to taxes, fees and charges levied on existing ratepayers have paled in comparison to the increases seen for DCs imposed on new residential and non-residential developments.
- All municipalities studied are well within the Province's debt limit, with average debt charges as a share of net revenues increasingly only moderately since 2009.
- The City's Municipal Land Transfer Tax has provided the City with a steady and reliably growing source of funding that is primarily used to fund the City's operating costs and stabilize tax rate increases – the amount of money the City generates is roughly equivalent the entirety of operating costs for the City's Fire Services and Library Services combined. The MLTT has limited the City's need to increase property tax revenues to fund operating costs for City services.

6 CONCLUSIONS AND SUMMARY

The studied municipalities studied have a total of over $5 billion in development-generated capital funds available to be used to provide the necessary community infrastructure for existing and future community residents and businesses.

Figure 29 **Balance in Reserves and Reserve Funds - DCs, Parkland CIL and Section 37, 2019, by Municipality**

	Parkland CIL	Development Charges	Section 37	Total
		Dollars		
Durham Region	n.a.	695,922,041	n.a.	695,922,041
Oshawa	1,261,656	56,521,549	n.a.	57,783,205
Whitby	8,431,972	109,036,901	n.a.	117,468,873
Halton Region	n.a.	57,215,950	n.a.	57,215,950
Burlington	16,636,186	28,605,758	n.a.	45,241,944
Oakville	35,596,055	80,472,790	2,840,000	118,908,845
Peel Region	n.a.	(122,578,797)	n.a.	(122,578,797)
Brampton	98,039,594	160,568,259	n.a.	258,607,853
Mississauga	132,956,080	182,734,591	1,970,000	317,660,671
Toronto	1,034,737,470	1,223,314,054	303,000,000	2,561,051,524
York Region	n.a.	269,957,121	n.a.	269,957,121
Markham	59,165,301	38,412,156	n.a.	97,577,457
Vaughan	72,544,521	482,519,449	3,055,600	558,119,570
Simcoe County	n.a.	1,597,622	n.a.	1,597,622
BWG	1,727,843	8,613,255	n.a.	10,341,098
Barrie	17,304,300	(12,626,352)	n.a.	4,677,948
Total	1,478,400,978	3,260,286,347	310,865,600	5,049,552,925

Source: Altus Group Economic Consulting based on Financial Information Returns, municipal data and reports

Compared to planned growth in population and employment, many municipalities studied have fallen short of forecasts, in part causing actual DC revenues to come in substantially below forecasted revenues, with municipalities responding (in the aggregate) to the shortfall in DC revenues by delaying capital expenditures in a proportionate manner, by delaying capital projects among other responses. Some municipalities have

disproportionately delayed DC expenditures well below the degree to which revenues have fallen short.

The delaying of infrastructure spending, while providing short-term budgetary relief, tends to only result in escalated costs in the future for the required works, with cost escalation likely beyond any interest that the funds may earn while in the reserve fund, resulting in municipalities spending substantially more money in the long-term than is saved short-term. Further, delays in spending on infrastructure that is required by new growth can give rise to further delays on the ability of new development to proceed in a timely manner if the infrastructure needed is not in place.

The roughly $5 billion in available funds for infrastructure presents an opportunity for GTA municipalities to add much needed community amenities and infrastructure to improve the quality of life for existing residents and create capacity to accommodate new development.

Appendix A
Detailed Tables –
Development Charge Data

Figure A- 1 **Residential Development Charge Rates for GTA Municipalities, as of March 2009**

	Single Detached Dwellings			Apartments (2+ Bedrooms)[1]			Apartments (<2 Bedrooms)[1]		
	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total
	Dollars per Unit								
Durham Region									
Oshawa	8,108	17,879	25,987	4,850	10,427	15,277	3,836	11,784	15,620
Whitby	10,208	17,879	28,087	7,171	10,427	17,598	3,914	11,784	15,698
Halton Region									
Burlington	8,702	27,843	36,545	6,751	16,663	23,414	4,748	11,146	15,894
Oakville	12,926	27,843	40,769	8,222	16,663	24,885	4,740	11,146	15,886
Peel Region									
Brampton	21,941	17,653	39,594	16,133	12,609	28,742	8,389	6,557	14,946
Mississauga	11,850	17,653	29,503	8,464	12,609	21,073	4,401	6,557	10,958
Toronto	12,366	n.a.	12,366	8,021	n.a.	8,021	4,985	n.a.	4,985
York Region									
Markham	15,540	23,438	38,978	10,220	14,602	24,822	6,130	9,445	15,575
Vaughan	12,505	23,438	35,943	7,425	14,602	22,027	7,425	9,445	16,870
Simcoe County									
BWG	28,568	4,067	32,635	16,070	2,847	18,917	11,479	2,847	14,326
Barrie	26,060	n.a.	26,060	15,236	n.a.	15,236	12,831	n.a.	12,831

1 The DC Rates for the Regions of Peel and York differentiate large and small apartment units based off of size thresholds (i.e. 750 and 700 sf, respectively) rather than by number of bedrooms

Note: DC rates shown here are assuming that the unit is built within the urban area, on municipal water and wastewater services. No area-specific DC rates are taken into account.

Source: Altus Group Economic Consulting based on municipal and regional development charge by-laws.

Figure A- 2 **Residential Development Charge Rates for GTA Municipalities, Current as of January 2021**

	Single Detached Dwellings			Large Apartments (2+ Bedrooms)[1]			Small Apartments (<2 Bedrooms)[1]		
	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total	Municipal DC Rate	Regional DC Rate	Total
	Dollars per Unit								
Durham Region									
Oshawa	24,490	32,926	57,416	15,501	19,130	34,631	9,463	12,461	21,924
Whitby	24,418	32,926	57,344	14,393	19,130	33,523	9,363	12,461	21,824
Halton Region									
Burlington	12,792	44,591	57,383	6,507	14,732	21,239	4,794	11,279	16,073
Oakville	37,667	44,591	82,259	20,244	14,732	34,976	12,206	11,279	23,484
Peel Region									
Brampton	38,869	53,510	92,380	23,369	32,752	56,121	13,465	21,662	35,127
Mississauga	41,079	53,510	94,589	27,997	32,752	60,749	15,254	21,662	36,916
Toronto	87,299	n.a.	87,299	51,103	n.a.	51,103	33,358	n.a.	33,358
York Region									
Markham	38,371	63,593	101,964	22,981	37,425	60,406	16,896	27,321	44,217
Vaughan	54,812	63,593	118,405	33,428	37,425	70,853	24,093	27,321	51,414
Simcoe County									
BWG	60,141	9,984	70,125	32,993	5,634	38,627	26,085	5,634	31,719
Barrie	67,478	n.a.	67,478	37,794	n.a.	37,794	26,531	n.a.	26,531

1 The DC Rates for the Regions of Peel and York differentiate large and small apartment units based off of size thresholds (i.e. 750 and 700 sf, respectively) rather than by number of bedrooms

Note: DC rates shown here are assuming that the unit is built within the urban area, on municipal water and wastewater services. No area-specific DC rates are taken into account.

Source: Altus Group Economic Consulting based on municipal and regional development charge by-laws.

Appendix B
Demographic Information

DEMOGRAPHIC AND STATISTICAL DATA

Many metrics in the report are expressed on 'per capita' or 'per household' bases – this appendix provides detailed data on the population and household counts within each municipality. As well, data on housing starts and completions within each municipality are provided for context behind some of the analysis for development-driven revenues by municipality, and as compared from one municipality to the next.

POPULATION

Over the 2009-2019 period, the population in the municipalities studied has increased in the range of 6% in the City of Mississauga to 65% in the Town of Bradford West Gwillimbury. Most municipalities studied fall within a range of 12% to 23% population growth over the 10-year period.[19]

Figure B- 1

Municipal Population Change, 2009-2019, Study Municipalities

Municipality	2009	2019	Change 2009-2019	% Change
		Persons		*Percent*
City of Toronto	2,649,010	2,963,468	314,458	12%
York Region	1,016,640	1,182,525	165,885	16%
Vaughan	279,792	326,472	46,680	17%
Markham	299,697	345,531	45,834	15%
Halton Region	493,704	597,770	104,066	21%
Oakville	183,708	212,715	29,007	16%
Burlington	174,908	191,902	16,994	10%
Peel Region	1,293,974	1,533,961	239,987	19%
Mississauga	722,664	769,420	46,756	6%
Brampton	511,080	689,856	178,776	35%
Durham Region	610,458	698,184	87,726	14%
Whitby	122,911	137,051	14,140	12%
Oshawa	149,666	175,255	25,589	17%
Simcoe County	280,061	344,816	64,755	23%
Bradford West Gwillimbury	25,987	42,854	16,867	65%
Barrie	138,442	149,854	11,412	8%

Source: Altus Group Economic Consulting based on Statistics Canada, Annual Demographic Estimates

In absolute terms of persons added, the City of Toronto has added the most at approximately 314,000 persons of net population growth over the 10-year period, higher than any of the five other upper-tier municipalities, with Peel Region being the second highest at almost 240,000 persons.

[19] Exceptions: Mississauga 6%, Barrie 8%, and Brampton 35%

HOUSEHOLDS

Figure B-2 shows the number of households in each municipality, as reported for the years 2009 and 2019 in Financial Information Returns.

Figure B- 2

Municipal Household Change, 2009-2019, Study Municipalities

Municipality	2009	2019	Change 2009-2019	% Change
		Households		*Percent*
City of Toronto	1,084,000	1,208,300	124,300	11%
York Region	308,852	382,571	73,719	24%
Vaughan	80,167	101,900	21,733	27%
Markham	81,719	101,401	19,682	24%
Halton Region	171,478	222,857	51,379	30%
Oakville	60,868	72,893	12,025	20%
Burlington	66,328	73,575	7,247	11%
Peel Region	383,969	450,000	66,031	17%
Mississauga	231,000	251,900	20,900	9%
Brampton	140,686	180,189	39,503	28%
Durham Region	216,400	239,100	22,700	10%
Whitby	40,174	44,770	4,596	11%
Oshawa	57,578	65,534	7,956	14%
Simcoe County	130,623	144,481	13,858	11%
Bradford West Gwillimbury	8,644	13,583	4,939	57%
Barrie	50,123	54,661	4,538	9%

Source:
Altus Group Economic Consulting based on Financial Information Returns, 2009 & 2019

HOUSING STARTS BY MUNICIPALITY

The tables below show the number of housing starts by municipality over the 2009-2020 period, with data broken out and expressed as annual averages by three-year segment (Figure B- 3).

Figure B- 3

Total Housing Starts, by Municipality, Three-Year Annual Averages, 2009-2020

Municipality	2009-2011	2012-2014	2015-2017	2018-2020
	Units			
City of Toronto	14,772	17,568	19,163	18,917
York Region	7,585	8,489	8,483	6,794
Vaughan	2,545	1,719	2,629	2,628
Markham	2,003	3,398	2,167	1,397
Halton Region	3,441	3,541	4,158	3,789
Oakville	775	1,318	1,746	1,546
Burlington	474	355	432	402
Peel Region	4,809	5,903	5,693	5,576
Mississauga	1,931	1,201	1,791	2,582
Brampton	2,525	4,228	3,269	2,405
Durham Region	2,649	2,652	4,067	3,916
Whitby	548	380	491	697
Oshawa	509	642	1,166	964
Simcoe County[1]	1,464	1,630	3,074	2,267
BWG	284	262	266	154
Barrie	413	521	491	555

1 Includes Innisfil, Springwater, Collingwood, Midland, Penetanguishene, Tay, Orillia, Severn, Ramara, Bradford West Gwillimbury, New Tecumseth, Wasaga Beach, Adjala-Tosorontio

Source: Altus Group Economic Consulting based on CMHC Housing Completions Data, 2020

POPULATION AND EMPLOYMENT GROWTH VS. GROWTH PLAN FORECASTS

The table below shows a comparison of 2019 population and employment in upper-tier and single-tier municipalities, and growth since 2001, compared to forecasts in the Growth Plan.

Figure B- 4 Upper- and Single-Tier Municipality Population and Employment Change, 2001-2019, Actual vs. Growth Plan Forecasts

	Growth Plan Forecasts					
	Base Year (2001)	Forecast (2019 est.)	Anticipated Growth (2001-2019)	Actuals (2019)	Actual Growth (2001-2019)	Actual as % of Anticipated Growth
Population			*Persons*			*Percent*
City of Toronto	2,590,000	2,931,000	341,000	2,963,468	373,468	110%
York Region	760,000	1,276,000	516,000	1,182,525	422,525	82%
Halton Region	390,000	616,000	226,000	597,770	207,770	92%
Peel Region	1,030,000	1,516,000	486,000	1,533,961	503,961	104%
Durham Region	530,000	737,000	207,000	698,184	168,184	81%
Simcoe County	254,000	333,000	79,000	344,816	90,816	115%
Barrie	108,000	166,000	58,000	149,854	41,854	72%
Total	5,662,000	7,575,000	1,913,000	7,470,578	1,808,578	95%
Employment			*Jobs*			*Percent*
City of Toronto	1,440,000	1,600,000	160,000	1,729,000	289,000	181%
York Region	390,000	655,000	265,000	593,000	203,000	77%
Halton Region	190,000	314,000	124,000	283,000	93,000	75%
Peel Region	530,000	777,000	247,000	750,000	220,000	89%
Durham Region	190,000	287,000	97,000	239,000	49,000	51%
Simcoe County	85,000	118,000	33,000	120,000	35,000	106%
Barrie	53,000	84,000	31,000	77,000	24,000	77%
Total	2,878,000	3,835,000	957,000	3,791,000	913,000	95%

Source: Altus Group Economic Consulting based on Hemson Consulting, GGH: Growth Forecasts to 2051 (August 26, 2020), 2006 Growth Plan Schedule 3, Statistics Canada Annual Demographic Estimates

City of Mississauga

Corporate Report

MISSISSAUGA

Date: 2019/04/23	Originator's files:
To: Chair and Members of General Committee	
From: Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer	Meeting date: 2019/05/01

Subject

2019 Development Costs Review – The Effect of Development-Related Costs on Housing Affordability

Recommendation

1. That the report dated April 23, 2019, entitled "The Effect of Development-Related Costs on Housing Affordability" from the Commissioner of Corporate Services and Chief Financial Officer be received for information.
2. That the report entitled "*Discussion Paper: The Effect of Development-Related Costs on Housing Affordability*" (Appendix 1) from N. Barry Lyon Consultants Ltd with Hemson Consulting Ltd. be received.

Report Highlights

- The City is currently reviewing its Development Charges (DC) By-law (161-2014) and Parkland Conveyance By-law (400-2006). The 2019 Development Charges Background Study was released on April 5, 2019 for the statutory 60-day public comment period. Cash-in-Lieu (CIL) of Parkland rates are also under review. DCs and CIL represent two of the City's development-related costs.
- In light of the City's review of DC and CIL rates, and the City's overall policy objective to encourage more affordable housing, N. Barry Lyon Consultants Limited ("NBLC") with Hemson Consulting Ltd. ("Hemson") were retained by the City of Mississauga to prepare a discussion paper examining the relationship between development-related costs and housing affordability. This project was undertaken in partnership with the Town of Caledon and the Region of Peel.
- The findings of the NBLC & Hemson report indicate house prices are determined based on supply and demand and not development-related costs. Reducing development-related costs for market housing will not result in lower house prices, unless there is a clear

mechanism in place to require developers to reflect cost-savings in prices and pass them directly to end-users.

Background

The City is undertaking its legislated 5-year review of the Development Charges (DC) By-law, as prescribed by the *Development Charges Act,* 1997*.* The proposed 2019 DC Background Study was released for public review and comment on April 5, 2019. The draft 2019 DC By-law was released on April 22, 2019. A statutory Public Meeting will be held at the May 8, 2019 Council Meeting to provide members of the public and interested stakeholders with the opportunity to comment on the proposed 2019 DC By-law, Background Study, and proposed rates and policies to be applied city-wide.

In addition to the DC review, the City is also reviewing the Parkland Conveyance By-law and specifically examining current Cash-in-Lieu of Parkland (CIL) rates with the aim of better aligning the costs of acquiring parkland in the City with the amount that developers are required to pay through Section 42 of the *Planning Act*, R.S.O.1990.

DCs and CIL are collected from property developers to help fund the costs of growth. DCs recover part of the costs the City incurs to provide growth-related infrastructure to Mississauga residents and businesses, such as community centres, libraries, fire stations, and roads. CIL revenues are increasingly becoming the primary method of acquiring land for park and recreation purposes. In the absence of DCs and CIL, the City would have to exclusively rely on other revenue sources, such as property taxes, to pay for capital infrastructure that supports population and employment growth.

For property developers, DCs and CIL represent part of the development-related costs of delivering housing. The building industry regularly asserts housing prices in Ontario have been increasing, and affordability declining, as a result of increasing development-related charges, such as Development Charges, Cash-in-Lieu of Parkland, HST, and others.

Affordable housing is a significant policy issue for the City as demonstrated by the City's "Making Room for the Middle" housing strategy. This strategy considers housing to be affordable when the price of homes is between $270,000 and $400,000 and monthly rents are approximately $1,200. However, the strategy acknowledges that in Mississauga, these house prices are limited to certain condominium apartments and townhouses, and that the overall cost of housing is increasing. Other municipalities are facing the same issues.

In light of the City's review of DC and CIL rates, and the City's overall policy objective to encourage more affordable housing, N. Barry Lyon Consultants Limited ("NBLC") with Hemson Consulting Ltd. ("Hemson") were retained by the City of Mississauga to prepare a discussion paper examining the relationship between development-related charges and housing

affordability. This project was undertaken in partnership with the Town of Caledon and Region of Peel. The executive summary of the report is attached in Appendix 1.

Comments

The NBLC & Hemson report provides a clear presentation of the factors influencing housing prices and the impact of housing delivery costs on the viability of development projects. The key message of the discussion paper is that home pricing is established by market supply and demand considerations. Development costs, which include hard construction costs, soft costs, developer profit, and land costs, can influence whether a project is feasible. Once feasibility is determined, homes are priced based on the maximum amount the market will pay regardless of development costs. Key themes from the report are summarized below.

Market Housing Pricing Decisions

The establishment of house prices is primarily based on demand and supply conditions in the housing market, not by development costs. Demand arises from dynamics like population growth, local employment opportunities, transit and infrastructure investments, and neighbourhood amenities. Supply is determined by the characteristics of planned developments, as well as the characteristics and performance of resale homes in the secondary market.

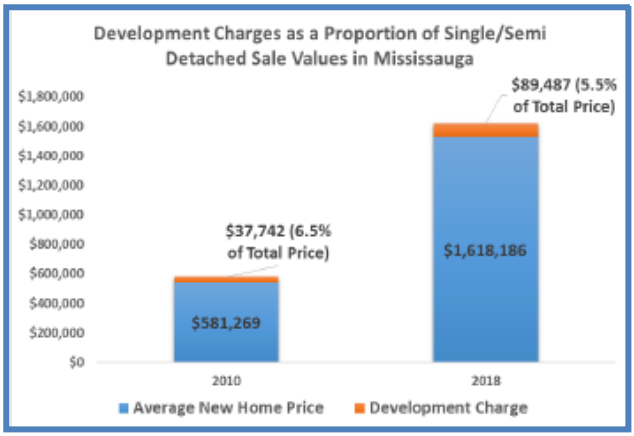
Developers carefully examine supply and demand in order to charge the maximum the market will bear to achieve a balanced sales absorption between selling out a project too quickly or too slowly. Conditions are also monitored throughout a sales campaign. A key example is the fact that developers often will not release all units within a project at the same time. If the first phase of a project sells out quickly, developers will increase prices for the second phase. If the first phase has not sold out, developers will consider decreasing prices. Their pricing decision is not dependant on their initial development costs but on what the market is willing to pay. The only time residents may be impacted by some development – related costs is when developers pass on DC increases to purchasers in Purchase of Sale Agreements, if DCs increase between the time of sale and issuance of building permits.

Housing Prices and Development Related Costs in Mississauga

The following discussion focuses on Development Costs as this information was available in the report. House prices and DCs have trended differently in Mississauga. The average new home price of a Single/Semi Detached home has increased from approximately $581,000 in 2010 to $1,618,000 in 2018 (Figure 1). However, the proportion of that sale value attributed to DCs declined from 6.5% in 2010 to 5.5% in 2018.

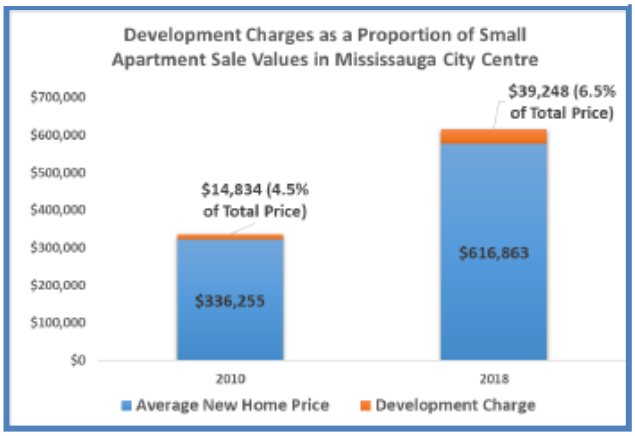
In the case of Small Apartments (those under 700 sq. ft.), the average new home price increased from approximately $336,000 in 2010 to $617,000 in 2018 while the DC share of those sale values increased slightly from 4.5% to 6.5% (Figure 2).

Figure 1: DCs as a Proportion of Single/Semi Detached Sale Values in Mississauga



The Effect of Development-Related Charges on Housing Affordability (NBLC & Hemson, 2019).

Figure 2: DCs as a Proportion of Small Apartment Sale Values in Mississauga



The Effect of Development-Related Charges on Housing Affordability (NBLC & Hemson, 2019).

Both figures demonstrate that despite increases over time, DCs make up a very modest portion of the average sale value of homes in Mississauga. If Development Charges were a major driver of house prices, it would be expected that the share of average sale value attributed to DCs would be larger and this DC share would correlate more directly with increasing sale values.

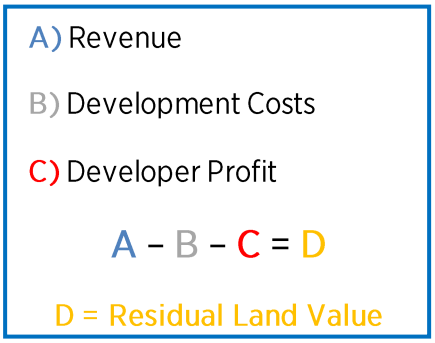
The observed trends in Mississauga support the key message of the NBLC & Hemson report: increases to Development Charges and similar fees do not drive increases in house prices in Mississauga. Similarly, reducing DCs and similar fees will not automatically produce lower house prices since prices are established by market demand and supply conditions.

The Economics of Land Development: House Prices, Development Costs, and Project Feasibility

A developer's decision to purchase or develop real estate is based on whether a project is 'feasible' or 'viable' from the developer's perspective. Developers determine this by calculating the Residual Land Value (RLV) of a given project. The RLV lets the developer know how much they can pay for a potential parcel of land given their specific redevelopment plans.

A developer will find a parcel of land and envision a specific development. The developer will then evaluate the three main inputs of the project: revenue, development costs, and developer profit. The result

Figure 3: Economics of Land Development



The Effect of Development-Related Charges on Housing Affordability (NBLC & Hemson, 2019).

(RLV) will determine how much that specific parcel of land is worth to the developer (Figure 3). The RLV calculation is complex, and considers many factors. The following explains the components of the RLV calculation using an example where a developer has identified a parcel of land on which they envision a mid-rise condominium apartment building with 20 units.

A. Revenue: The amount of revenue anticipated for the project will be how much the planned 20 units will sell for. This is based solely on market supply and demand. Pricing must remain competitive with both comparable existing homes and other new housing developments. Developers will price homes at the maximum the market will bear.
B. Development Costs: A developer will then estimate how much it will cost to provide the 20 units. This includes construction costs, development-related charges and fees, marketing, etc. It is important to note this component is determined separately from the market pricing strategy outlined above.
C. Developer Profit: Land and real-estate development decisions are primarily based on the viability of a project. The developer has a minimum profit requirement when determining whether to proceed with this development, based on other investment opportunities available to the developer. This component is therefore considered fixed, based on the amount the developer is investing in the project.
D. Residual Land Value: The RLV is the result of A-B-C – the amount the developer would be able to pay for the land in the land market, given its development potential. If the RLV of a given project is equal to or higher than the current market rate for land, the developer will proceed with the development. If the RLV is below the current market rate for land the project is not viable and will not proceed.

Market pricing may drop due to demand and supply conditions. Development costs may rise due to general inflation or increased fees. A developer's profit expectation may increase, based on other investment opportunities. Such changes to the inputs would reduce the RLV (the amount the developer is willing to pay for land) and could impact project viability. However, a change in development costs will not result in a change in the market price of the development, because these two parts of the equation are not dependent on each other.

A Residual Land Value analysis was performed for four case-studies in Mississauga: High-Rise Apartment in Mississauga City Centre, High-Rise Apartment in Port Credit, Mid-Rise Apartment along Dundas Corridor, and Stacked Townhomes in Erin Mills. The analysis demonstrated in most market areas, pricing is strong enough to absorb moderately increasing development costs and still produce viable residential projects. For the mid-rise case study along the Dundas Corridor, the local market conditions and maximum pricing do not generate similarly healthy residual land values. This suggests if development costs increase at a faster rate than market pricing in the future, the viability of mid-rise apartments in this area could be affected.

Development-Related Costs and Affordable Housing

The NBLC and Hemson report recommends utilizing Community Improvement Plans or similar mechanisms to require residential developers to provide housing at an explicitly defined affordability level if reductions to development-related costs are to be considered. Because house prices are determined by the market, providing cost-savings in the form of lower development-related charges to all residential development projects would likely result in many projects simply absorbing these savings in higher profits or prompting higher residual land values. Meanwhile, these projects would continue to charge the maximum price that the market can bear. Without a mechanism such as a Community Improvement Plan, the City does not have the ability to require reductions to development-related costs to be reflected in lower housing prices. Utilizing Community Improvement Plans enables the City to identify and target specific funding sources to achieve policy objectives in a clear and transparent manner.

Financial Impact

There are no financial impacts arising from the recommendations in this report.

Conclusion

Municipal development-related costs, such as Development Charges and Cash-in-Lieu of Parkland, are required to help pay for growth-related infrastructure that supports new development. These costs are frequently reviewed to ensure that the cost of providing municipal infrastructure is being appropriately and adequately funded. DCs typically increase every five years, when a new By-law is approved. In general, these increases are driven by historical service levels that improve over time, and construction costs for municipal capital projects that increase over time. The proposed 2019 DC rates represent moderate increases for residential development projects.

The findings of the NBLC & Hemson report indicate house prices are influenced by market supply and demand conditions and not development-related costs. Development-related costs may affect the viability of certain projects in market areas with lower market pricing. The Executive Summary of the report concludes that “reducing development-related costs for all development projects in a City is not recommended as projects that do not require the incentives are likely to absorb the cost savings through increased profit and/or paying more for a development site. There would be no guarantee that the savings in cists would be passed onto purchasers and the City would lose Development- Related Charges that would have to be funded through another source such as property taxes.”

Attachments

Appendix 1: NBLC & Hemson Report: “The Effect of Development-Related Costs on Housing Affordability.”

Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Jahnavi Ramakrishnan, Policy Analyst, Development Financing and Reserve Management

The City of Mississauga, Town of Caledon, and Region of Peel

Discussion Paper:

The Effect of Development Related Costs on Housing Affordability

April 2019

N. BARRY LYON CONSULTANTS LIMITED
WITH HEMSON CONSULTING LIMITED

The City of Mississauga, Town of Caledon, and Region of Peel

The Effect of Development Related Costs on Housing Affordability

Table of Contents

Executive Summary

N. Barry Lyon Consultants Limited ("NBLC") with Hemson Consulting has been retained by the City of Mississauga, Town of Caledon, and Region of Peel to prepare a discussion paper examining the relationship between development related charges and housing affordability. The term *development related charge* refers to government imposed charges that are encountered by the private sector when developing real estate. Development related charges can therefore include building permit fees, Development Charges, development application fees, cash-in-lieu of parkland, Section 37 contributions, property taxes, land transfer tax, HST, and others.

This paper explores the economics of home building in the GTA with a view to assessing how new home pricing is established and the relationship between the delivery costs of home building, pricing, and affordability. Affordability in this paper is used as a relative term, and does not refer to any formal definition of "affordable" housing as defined by the Province or others.

NBLC leans on its 42 years of experience in housing market research in Canada in developing this paper. The majority of our experience has been helping developers pinpoint residential product types, positioning, pricing and anticipated sales or leasing rates for new home construction. This experience provides us with the insight that home pricing is related to market supply and demand considerations. These market characteristics ultimately establish how much a purchaser or renter is willing to spend given the features and location of the home and the competitive choices in the marketplace. Understanding this, developers and/ or owners will charge the maximum rent or sale value for a home that the market can bear at any given time, irrespective of the cost of constructing the home in the first place. If the maximum price supported by the market does not produce enough revenue to cover all development costs (including the purchase of land and an attractive profit), the developer will not build the project. They cannot simply increase the price of homes beyond what is supported by the market when faced with rising costs.

Ultimately, supply and demand conditions in the market determine how much a developer can charge a purchaser for a home. This is illustrated by the fact that Development Charges have increased at similar rates in Mississauga and Caledon while low-density homes in Mississauga are twice as expensive on average from what they are in Caledon due to market fundamentals being quite different.

If development costs increase, which can be due to a variety of factors aside from development related charges, developers will discount the amount they pay for a development site. The land value is negatively impacted because other elements of the equation (**Figure i**) are generally fixed: development costs are relatively fixed, the sale price of homes cannot exceed what the market of willing buyers are willing to pay, and a developer is generally unwilling to reduce their required profit expectation.

The impact of rising development costs therefore reduce the residual land value of a project, which is simply the amount that a developer can afford to pay for a development site. Generally, in communities where market pricing supports land values that well exceeds the value of other competing uses (retail, gas stations, low-density residential, etc.), there should be no impact to the viability, pricing, and supply of residential development. In these situations, developers will continue to purchase developable land in the market and charge purchasers an amount that is supported by local supply and demand conditions.

Figure i:

However, if the RLV of a residential development site is reduced below the value of other competing uses or below the expectation of a land owner, a developer will not be able to purchase the property and would not be able to build the project. If the viability of residential development is impacted on a large scale, the supply of housing will be reduced as developers will be unable to build new housing. If supply does not meet demand, the price of both new and existing homes will increase, which is a function of basic housing economics (i.e. a large pool of buyers competing for a comparatively shallow supply of homes). It is noted that NBLC has not assessed the impact of the proposed Development Charge increase on project viability, however the evidence suggests that the impact will vary across the Region's different market areas.

The City of Mississauga and Region of Peel housing strategies note that a greater supply of housing is needed for low and middle income households. This housing is largely not addressed by the development industry because the market either supports higher pricing, which is pursued by the development industry, or the market does not support higher pricing however the sale values do not provide enough revenue to cover all development costs and an attractive profit. It is possible that if development costs were lower, some of these residential projects would be able to move forward with lower relative pricing. It is important to note that "lower relative pricing" does not mean affordable housing as defined by the City and Region's housing strategies.

To encourage a greater supply of housing targeted to low and middle-income households, consideration can be given to waiving, reducing, or deferring development costs (e.g. Development Charges) in exchange for developers delivering housing at an explicitly defined affordability level through a Community Improvement Plan ("CIP") or other similar mechanism. This direction would ensure that only projects that are providing affordable housing would be eligible to receive incentives. A CIP would also allow a flexible approach where different incentives are unlocked depending on the depth of affordability that is provided. These cost savings are directly passed through to the purchaser/tenant, because developers would have to build to a predetermined affordability level.

Reducing development related charges for all development projects in a City is not recommended as projects that do not require the incentives are likely to absorb the cost savings through

increased profit and/or by paying more for a development site. There would be no guarantee that the savings in costs would be passed on to purchasers and the City would lose Development Related Charges that would have to be funded through another source such as property taxes.

1.0 Introduction

N. Barry Lyon Consultants Limited ("NBLC") with Hemson Consulting has been retained by the City of Mississauga, Town of Caledon, and Region of Peel to prepare a discussion paper examining the relationship between development related charges and housing affordability. The term *development related charge* refers to government imposed charges that are encountered by the private sector when developing real estate. Development related charges can therefore include building permit fees, Development Charges, development application fees, cash-in-lieu of parkland, Section 37 contributions, property taxes, land transfer tax, HST, and others.

The purpose of this discussion paper is to determine the level to which development related charges affect housing prices. The paper will explore the economics of home building in the GTA with a view to assessing how new home pricing is established and the relationship between the costs of building a new home and housing sale values.

While this discussion paper will evaluate all development costs encountered by the building industry, much of the commentary will focus specifically on the impact of Development Charges and cash-in-lieu of parkland. The City of Mississauga is currently undertaking the legislated 5-year review of its Development Charges By-law as well as the cash-in-lieu of parkland policies, which this paper is meant to inform.

To develop this paper, NBLC relies on over 42 years of experience in housing market research in Canada. The majority of our experience has been helping developers pinpoint product types, positioning, pricing, and anticipated sales or leasing rates for new home construction. We also use this research to assess the financial feasibility of projects, determine land/project values, and prepare land acquisition/disposition strategies for both the private and public sectors.

2.0 Background

The following chapter provides background information relevant to the discussion paper. Topics include a description of development related charges, a brief literature review of other reports that have explored similar themes, the affordability context in Peel Region, and trends in home prices and Development Charges in Peel Region.

2.1 Development Related Charges

Development related charges that are imposed on the building industry when undertaking a real estate development can include the following items:

Local and Regional Municipal Charges:

- **Development Charges:** Municipalities collect Development Charges on development to pay for capital costs associated with expanding infrastructure to meet the increased servicing needs of development. Not all municipal services and capital costs are eligible for Development Charge funding. In Peel Region, Mississauga, and Caledon, as with most Ontario municipalities, residential charges are calculated on a per capita basis and differentiated by housing types (e.g. single-detached, apartments, etc.) based on average occupancy patterns. Given the focus of this paper, additional insights are provided to follow.

- **Cash-in-Lieu of Parkland:** Mississauga and Caledon require on-site parkland dedication when a development is proposed in order to accommodate a new park and/or open space. In situations where a development cannot accommodate on-site parkland, a cash-in-lieu payment can be made. New apartment or other higher intensity uses often will pay a cash-in-lieu payment to the municipality, which is required to be paid prior to building permit issuance. Given the focus of this paper, additional insights are provided to follow.

- **Development Application Review Fees:** Local and Regional municipalities will charge fees for the review of development applications, such as Official Plan Amendments, Rezoning applications, site plan control, and committee of adjustment applications. Municipalities are permitted to charge fees to offset the cost of providing land use planning and building code services in accordance with Provincial legislation. As per Section 69 the Planning Act, these fee rates are designed to meet only the anticipated cost to the City in respect of the processing of each type of application. This ensures that such costs are not borne by tax payers.

- **Building Permit Fees:** Similar to the above, building permit fees are also charged to offset the costs to the municipality of administering and enforcing the building code. This process typically involves one or more inspections of the building site as well as processing and administration of the building permits. As per the Building Code Act, municipal building permit fee rates are designed to not exceed the anticipated costs of administration and enforcement of the Building Code.

- **Section 37 Contribution:** Section 37 of the Planning Act allows municipalities to request community benefits in exchange for heights/densities above the existing zoning permissions. Section 37 contributions can include on-site community benefits such as a community facility or streetscape/park improvements. Section 37 contributions can also include a cash payment that will be used by the municipality to address various City-wide needs. In Mississauga, the City's highest priority is that the community benefit be located on-site or in the immediate location. It is noted that not all development projects will include a Section 37 contribution. It is also important to note that when a contribution is required, the contribution (payment or on-site benefit) is meant to be a reasonable proportion of the increase in value as a result of the increase in height/density. However, there is no standard calculation or methodology for calculating the payment/benefit.

- **Public Art (or similar) Contribution:** Some municipalities require a contribution from developers for the implementation of public art or other similar initiative. The City of Mississauga strongly encourages for the inclusion of public art in developments with greater than 10,000m² in gross floor area, with the exception of non-profit organizations and social housing. Developers are encouraged to include public art as part of their development and/or contribute an agreed upon amount of the construction costs to the City's Public Art Program. The suggested contribution is equal to 0.5% (at a minimum) of the Gross Construction Costs of the Development.

- **Property Taxes:** Developers will pay property taxes on a development site as soon as the property is acquired. Taxes will also be paid during application review and construction, ceasing once the new homes are transferred to the purchaser, at which time purchasers begin paying property taxes on their individual unit.

Provincial and Other Development Related Charges:

- **Land Transfer Tax:** Developers pay the provincial land transfer tax when acquiring a development site. Additionally, the land transfer tax is also paid by purchasers when closing on their home. First time home-buyers are however eligible for a rebate on all or part of the land transfer tax, to a maximum rebate of $4,000.

- **Tarion Enrolment Fee:** Tarion requires developers of new homes in Ontario to pay an enrollment fee, which varies depending on the value of the home as per the Enrolment Fee Calculation Table. The purpose of Tarion is to protect consumers of new homes by ensuring that builders comply with provincial legislation and building codes.

- **HST:** New home sales in Ontario are subject to the Harmonized Sales Tax of 13%. A rebate on this tax is provided, which varies depending on the sale value of the home. The advertised price of new homes typically include the HST amount in the purchase price.

2.1.1 Development Charges – Additional Insights

Development Charges are fees imposed on development to fund “growth-related” capital costs and to pay for new infrastructure and facilities to maintain existing service levels. In Ontario, municipalities impose development charges under the *Development Charges Act, 1997* (DCA) and the accompanying Ontario Regulation 82/98.

Like many two-tier municipalities, development in Peel Region is subject to Development Charges imposed by the upper-tier municipality for Regional services and infrastructure (e.g. Water, Waste Water, Regional Roads, Police, Paramedics, etc.) as well as the lower-tier municipalities for their respective services (e.g. Library, Fire, Recreation, Transit, Public Works, Local Roads, Storm Water Management services, etc.). In addition to municipal services, development in Peel Region is subject to Development Charges levied by GO Transit as well as Education charges levied by the local school boards.

The principle behind Development Charges is that “growth pays for growth” so that the financial burden of growth-related capital costs are not borne by existing tax or rate payers. It is noted that only the initial construction of new growth-related infrastructure may be funded through Development Charges; any subsequent maintenance or rehabilitation costs are the funded through property taxes, user fees, or other municipal funding sources.

Development Charges are a primary source of funding for growth-related infrastructure. As such, any reduction or discount from the fully calculated development charge rates typically results in a revenue loss to the municipality. The growth-related infrastructure costs that would otherwise have been funded through development charges would need to be funded through other means, such as property taxes. Development Charges play an important role in maintaining reasonable property tax and user fee rates while ensuring that overall service levels are maintained as municipalities experience population and employment growth.

Like many municipalities in Ontario, the Region of Peel, Mississauga, and Caledon have different residential Development Charge rates for different housing types (small unit, apartment, other residential, single or semi-detached). This is reflective of each unit type’s respective demand for services: the Development Charge rates are first calculated on a per-capita basis and then converted to a variable charge by housing unit type based on unit occupancy factors. Single-detached dwellings have a higher occupancy rate than apartment dwellings, and therefore these units place a greater demand on municipal services and are charged accordingly.

The DCA requires that the Development Charge by-law and rates be reviewed every five years at minimum. In addition to these five-year reviews, municipalities typically index their Development Charge rates on an annual or semi-annual basis in line with the Statistics Canada Non-Residential Building Construction Price Index, as permitted under the DCA. As a result, there has been an upward trend in Development Charge rates in most Ontario municipalities due to increasing construction costs and land values in recent years. This is consistent with the broader increases in constructions costs and other fees experienced by the development industry.

Under the DCA, Development Charges are payable at issuance of the first building permit. Municipalities may require Development Charges for engineered services (e.g. Water, Waste Water, Storm Water Drainage, Roads and Road Related services) to be paid at the time of draft plan of subdivision or consent agreement if this is provided for under the Development Charges by-law. It is common for municipalities to charge Development Charges for engineered services at the time of subdivision agreement; as there is often a significant time lag between subdivision agreement and the issuance of the first building permit. This practice is helpful in funding the significant up-front costs typically associated with engineered infrastructure that is required to enable development to occur.

It is noted that the DCA is currently being reviewed by the Province and the analysis in this report is based on the prevailing legislation.

2.1.2 Cash-in-Lieu of Parkland – Additional Insights

Public parks and green space are an important component of urban development in a municipality. As municipalities grow, they require additional park space for current and future residents. Municipalities therefore will typically require park space to be included in many new developments. This is done in accordance with Section 42 of the *Planning Act*.

Where on-site parkland cannot be provided, such as in the case of high-density apartment developments, municipalities may instead collect cash-in-lieu of parkland. The City of Mississauga, for example, collects cash-in-lieu of parkland on a per-unit basis for medium to high density residential development. For single detached and semi-detached residential dwellings, the cash-in-lieu rate is 5% of the market value of the lands. Cash-in-lieu funds collected are then used by the City to purchase additional parkland, or make improvements to existing parkland, in order to maintain service levels as its population grows.

It is noted that while development charges may be applied to growth-related parkland development, Development Charges cannot be used to fund the purchase of land for the purposes of park development as this is typically done through parkland dedication or cash-in-lieu. This prevents any duplication of fees or charges.

2.2 Literature Review – Development Related Charges and the Impact on New Home Prices

The building industry regularly raises the issue that housing affordability in Ontario has been declining as a result of increasing development related charges. The following briefly highlights three of the key documents on this topic.

2.2.1 Government Charges and Fees on New Homes in the Greater Toronto Area (May 2018) – Altus Group Economic Consulting prepared for the Building Industry and Land Development Association

Altus Group Economic Consulting (Altus) was retained by the Building Industry and Land Development Association (BILD) to review the government charges and fees on new homes in the Greater Toronto Area (GTA). The purpose of the report was to identify the charges imposed by different levels of government on the development of new homes.

The report identifies that government fees and charges account for roughly 21.7% of the price of a new single-detached home and approximately 23.9% of the price of a new condominium apartment across the six sample municipalities evaluated (Oakville, Brampton, Markham, Bradford West Gwillimbury, Ajax, and Toronto). The report further notes that the most significant government charge for new homes are Development Charges, which can typically comprise 23% - 45% of the total government charge on new homes.

The report notes that government charges and housing prices have not increased at the same rate, with the price of low-rise homes increasing at a higher rate than government charges between 2013 and 2018. Conversely, government charges have increased at a higher rate than high-rise home prices over the same period.

Altus Group isolates the government charges into two distinct categories:

- **Charges imposed on land owner/ developer / home builder:** Typically 46% - 51% of government charges are paid for by this group. These charges include Development Charges, building permits, planning approval fees, parkland dedication, and others.

- **Charges imposed directly on purchasers:** Will account for the remaining 49% - 54% of government charges. These charges can include CMHC mortgage insurance, HST, land transfer tax, and others.

The report concludes with the following commentary for each category of government charge:

> *Government charges imposed on land owners/developers/home builders can have direct impacts on the price of new housing, as increased costs are likely to get passed on to new home buyers where the market will allow for increase house prices. Where the housing market may not allow for increase house prices, homes will either become more difficult to market, prices will have to moderate, or developers will have to absorb the additional costs.*
>
> *Charges imposed on new home buyers increase the costs of home ownership and reduce the amount of income available to pay on-going mortgage costs, as well as other costs of living. Additionally, where charges imposed on developers/home builders are passed on to home buyers through higher prices, home buyers will have both a higher mortgage principal to repay, but will also have higher interest costs associated with a higher mortgage.*

The report appears to take the position that housing costs and new home prices are directly linked. However, aside from identifying the increase in average new home prices over the past

decade, the report does not acknowledge how the private sector establishes the price of new homes or the impact of market forces (e.g. supply and demand characteristics) on home prices. Similarly, the conclusions assume that increasing development costs will be passed on to new home buyers if the market supports a price increase. However, no acknowledgement is given to the fact that if the market could support higher pricing, developers would exploit this pricing irrespective of costs.

2.2.2 City of Vancouver City-wide DCL Rate Update: Evaluation of Potential Impacts on Urban Development (June 2017) – Coriolis Consulting Corporation prepared for the City of Vancouver

Coriolis Consulting Corporation (Coriolis) was retained by the City of Vancouver to evaluate the financial ability of new development projects in the City to support an increased Development Charge Levy (DCL) rate. The City of Vancouver charges DCLs on new development to generate revenue for infrastructure costs associated with new urban growth. DCLs are therefore similar to Development Charges in the Ontario context. Housing affordability is also a major issue in the City of Vancouver, with the City often cited as one of the least affordable global housing markets.

The Coriolis report acknowledges the widespread perception that development levies can have a direct impact on the cost of new development, where increasing costs will result in a corresponding increase in residential prices. However, the report acknowledges and addresses the fact that the market dynamics impacting home prices are much more complex. The report makes the following economic observations:

1. *In a competitive marketplace, developers cannot simply add the cost of a levy onto the asking prices for new floor space. Adding the levy on to the asking price would imply that purchasers are willing to pay more for "levied" space than they would pay for comparable space in comparable neighbourhoods with lower (or no) levies. This, of course, does not happen. Unless someone has a monopoly on a commodity, prices are set by the interaction between supply and demand; no supplier can unilaterally determine price simply because costs are higher. In a sense, a levy in a particular area is no different than if the area had unusually poor soil conditions and therefore above average construction costs. Prices in the affected area will not be arbitrarily higher than in directly competitive areas simply because costs are higher. Something else must "give".*

2. *While developers pay the levy when they obtain project approval, they will seek ways to transfer the impact to others, because developers require a profit margin to make development an attractive business. Being neither willing to absorb the levy as a reduction in profit nor able to simply add a surcharge on end prices for their products, the first response of developers to a levy is to lower the bid price for development sites by an amount equal to the levy. The primary impact of levies, therefore, is to put downward pressure on the value of properties for redevelopment. As noted earlier, this is no*

different than a developer's response to the fact that an area has worse soils conditions than comparable areas. A developer will be willing to pay less for such sites, by an amount equal to the cost of remedial work (e.g., piling, drainage, excavation, or extra construction costs) needed to make the net cost of the site equivalent to comparable land with no soils problems.

3. *It is the land market's response to the downward pressure on land value that mainly determines the ultimate impact of a new (or increased) levy. If the same amount of land remains available for new development projects (i.e., available for sale at a price developers are willing to pay) after the introduction of a levy, broadly speaking the supply of new product to the market should be unchanged and there will not be an impact to the price of new floor space. Developers experience the same total project cost (albeit made up of different line items) as they would face without the levy, the same amount of new development happens, and there is no reason for demand to change, so prices to consumers and profits for developers remain where they were before the introduction (or increase) of the levy. Only the land value supported by redevelopment changes.*

   However, if the downward pressure on land value for development sites means that less land is available for new development after the levy (because the reduced offered price for land results in less land being available on the market), the supply of new product will be reduced. This leads to rising prices for all existing and new supply, not just for new floor space.

The Coriolis study provides contrasting position to that of the Altus report. Ultimately, the Coriolis study concluded that the impact of increased DCLs on the apartment market in Vancouver will vary based on the project location/market context and achievable density.

2.3 Affordability Context in Peel Region

The Region of Peel completed a Housing Needs Assessment in the spring of 2018, which informed the Region's updated Housing and Homeless Plan as well as the Peel Housing Strategy. Similar to many municipalities in Ontario, the Housing Needs Assessment identified an affordable housing need for low and middle-income households. Specifically, the needs assessment determined that approximately 70% of low-income households (less than $59,110 before taxes) and 29% of middle-income households ($59,111 - $105,922) cannot secure housing that is affordable to their income level.

The City of Mississauga has also prepared a housing strategy ("Making Room for the Middle – 2017") designed to address housing for middle income earners ($55,000 - $100,000 annual household salary). The report targets the development of homes priced between $270,000 and $400,000 to maintain affordability for these middle income households, which currently do not exist in the market aside from some condominium apartments and a limited selection of townhomes.

It is important to understand that "affordability" is a relative term. Housing for low-income households ("deep affordability") will often require significant public-sector financial incentives/contributions to be viable. This depth of affordable housing is rarely supplied by the private-sector outside of non-profit and cooperative housing providers and government agencies (e.g. Peel Living). Due to the significant costs of operating and maintaining deep affordable housing, and the significant financial resources required to construct new units, the supply of this housing often falls short of demand. This results in large waiting lists for deep affordable housing.

Moderate affordable housing, which targets the middle segment of the income spectrum, also often falls short of demand. This housing often falls within the definition of "the missing middle" and was the focus of Mississauga's housing strategy. Housing at the prices identified in Mississauga's housing strategy ($270,000 - $400,000) is often not supplied by the market due to the following considerations:

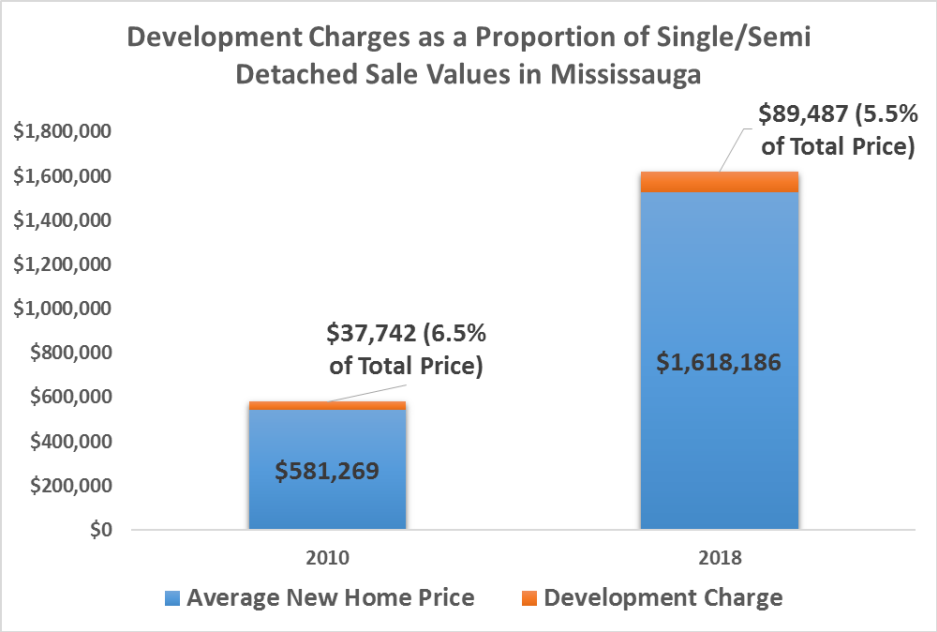
- The market supports higher pricing, which is pursued by the development industry; OR
- The market does not support higher pricing, however the pricing level does not provide enough revenue to cover all development costs, the purchase of land, and produce an attractive profit. In this scenario, financial incentives and other non-financial tools are necessary for the project to be viable and therefore to encourage private-sector participation at this affordability level. Local programs as well as programs from senior levels of government (e.g. Investment in Affordable Housing, National Housing Strategy) attempt to address this issue.

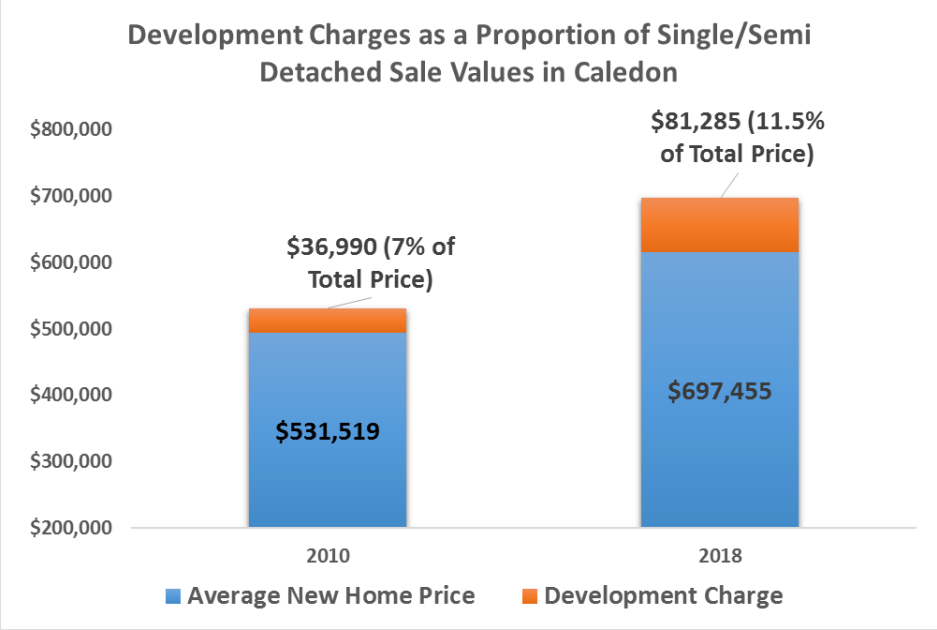
To address the latter scenario, many municipalities and provincial/federal programs have investigated strategies to lower development costs or provide direct financial support (e.g. capital grants) to qualifying affordable housing projects. Both the Peel and Mississauga housing strategies propose a number of incentives ranging from making lands development ready through pre-zoning, providing public lands for development, implementing inclusionary zoning and other affordable housing policies, encouraging second units, providing financial incentives, and many others. While these strategies can be effective at encouraging a greater supply of affordable housing, this discussion paper focuses on market housing supplied by the private sector.

2.4 Trends in New Home Prices and Development Costs in Peel Region

As illustrated by **Figure 1**, both home prices and Development Charges have been on the rise in Caledon and Mississauga since 2010.

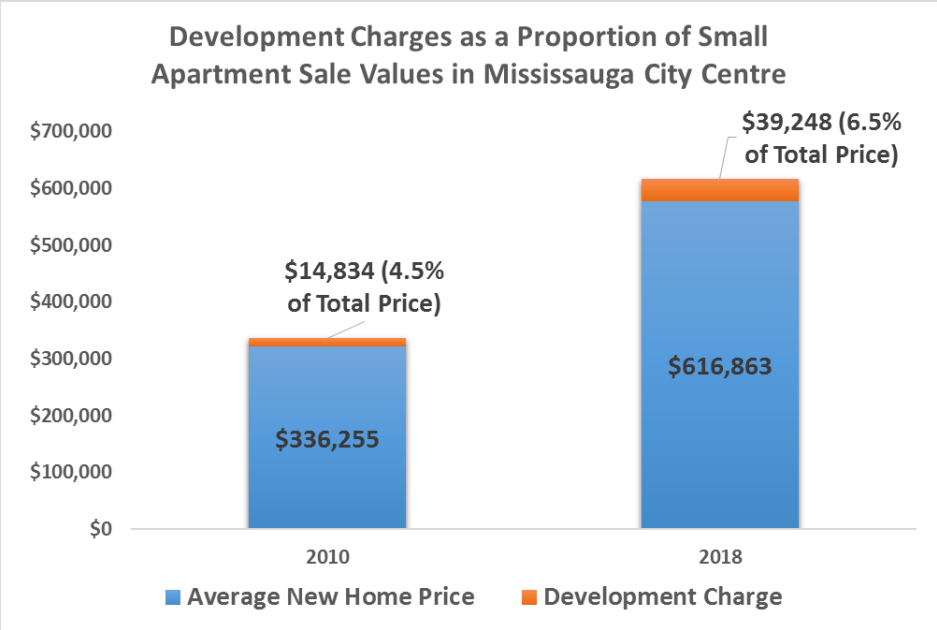
Figure 1 (continued on following page)





Note: Caledon Development Charge includes both water and wastewater servicing however the average housing price may include properties that do not have Regional water/wastewater services

Figure 1 (continued from previous page)



The three charts illustrate how the different market areas have trended since 2010, with the average price of a single and semi-detached home increasing by 178% and 31% in Mississauga and Caledon respectively over this time. New condominium apartments in Mississauga City Centre have increased by approximately 83% since 2010.

At the same time, Development Charges have also been increasing in both municipalities. Overall, the rate of increase over the past 8 years has been similar in both municipalities for all housing types. The Development Charge for single and semi-detached homes have increased by 137% and 120% and apartments have increased by 112% and 106% in Mississauga and Caledon respectively. The Development Charge for a small unit, which could be an apartment, townhome or any other unit under 700 square feet (Mississauga definition) or 750 square feet (Peel definition), has increased by 165% and 135% in Mississauga and Caledon respectively. Currently, Development Charges in Mississauga are marginally higher than in Caledon (see **Appendix D** for more data).

Figure 1 also illustrates the current and historical proportion that Development Charges represent of the average sale price of new homes. Due to the fact that Development Charges have increased at a quicker rate than new single/semi-detached home prices in Caledon, the Development Charge as a proportion of the average sale value is now higher than it was in 2010. Development Charges comprised only 7% of a new single/semi-detached home price in 2010, which has grown to 11.5% as of 2018. This trend is also observed for new apartments in Mississauga City Centre, however the proportional change has been more modest (4.5% in 2010 and 6.5% in 2018).

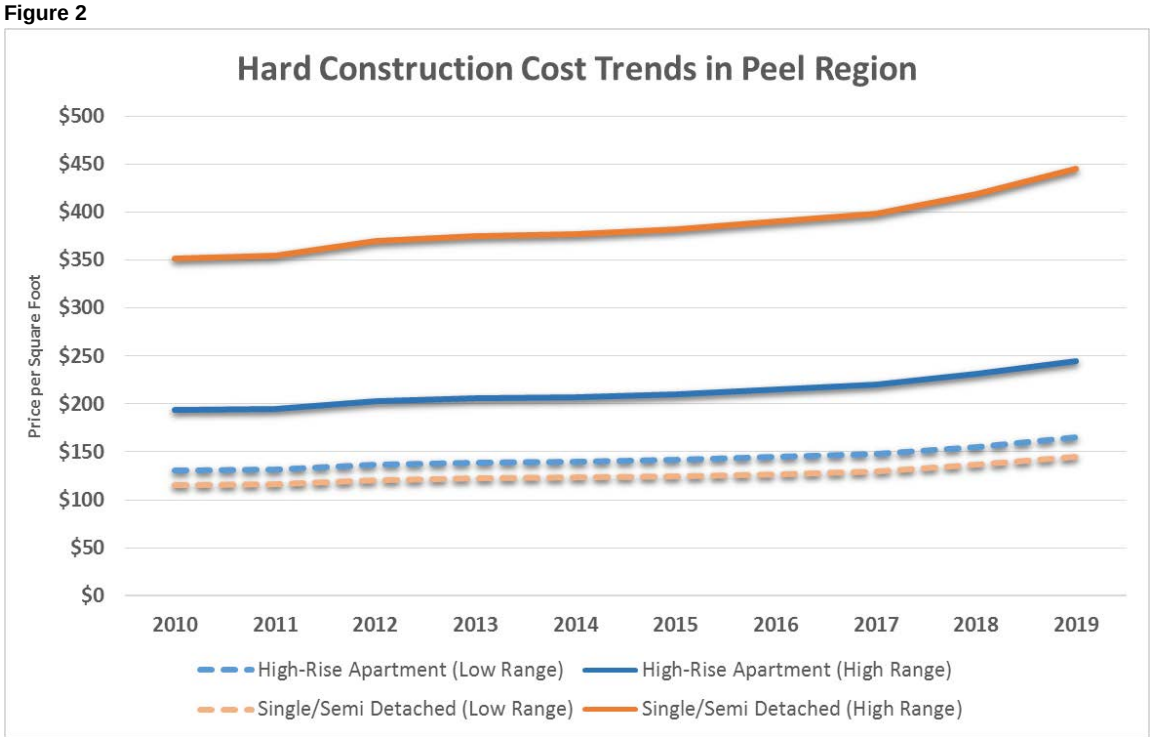
The exact opposite trend has been observed for single and semi-detached homes in Mississauga, where Development Charges accounted for around 6.5% of the purchase price in 2010 and only 5.5% in 2018. This is due to the fact that home prices have increased more rapidly than Development Charges.

2.4.1 Hard Construction Costs Trends and Observations

It is important to note that in addition to rising Development Charges, virtually all costs that a developer encounters are increasing on an annual basis. These costs include consultant fees, financing costs, construction costs, and many others. While the rate at which these others costs are increasing will vary, they also contribute to the cost of delivering housing.

For example, hard construction costs have been increasing as illustrated by **Figure 2**. Cost consultants Turner and Townsend have provided historical hard construction cost estimates for high-rise apartments and single/semi-detached homes in Peel Region. While these costs have typically increased around the rate of inflation between 2010 and 2016 (1-2%), construction costs have increased more significantly in recent years (5% - 6%). The recent growth in construction costs have been due to macro-economic trade impacts, labour shortages, competition amongst builders, rising price of materials and commodities, and other similar factors. Some reports have noted that costs have increased even more rapidly over the past two years.

Figure 2



Source: Turner & Townsend; Notes: Cost per square foot of buildable GFA; does not include soft costs; Rates assume typical standards/condition and assume ideal soil and site conditions, rates have not been adjusted to current dollars.

To illustrate the impact of rising construction costs, consider the following example. Assuming a single/semi-detached home size of 1,800 square feet and the low-end[1] of the range provided in **Figure 2** ($150 per sq.ft.), this home would cost approximately $270,000 to build (in addition to other site preparation costs, soft costs, developer profit, and land purchase), relative to a Development Charge of nearly $90,000. While these hard construction costs have increased by around 26% since 2010, the higher rate of growth experienced over the past two years is having a significant impact on the overall delivery cost of housing.

[1] Low-end of the range has been used due to the fact that the high-end of the range ($420 per sq.ft.) would represent a super-luxury product. The Altus Cost Guide for 2019 recommends a hard cost price range of $115-$215 per sq.ft. for a single-family home with unfinished basement and over $400 per sq.ft. for a custom built single family home.

3.0 Housing Prices and Costs – The Factors Influencing these Fundamental Inputs of Real Estate Development

This section reviews how home prices and costs are established and the connection between these two fundamental factors that impact real estate development.

3.1 Housing Prices Are Determined By Market Demand – Not Costs

NBLC has over 42 years of experience completing housing market research in Canada. The majority of our experience involves assisting private developers with determining highest and best use of their property through market research and analysis. We arrive at the highest and best use by determining the most marketable housing types, achievable pricing, product positioning (e.g. mid-market, luxury), sales absorption rates, target purchasers and marketable suite mix, required project amenities, and other similar items. Often, we use these inputs to prepare a financial pro forma analysis to determine project viability, land values, and profit.

When deciding how to price homes, it is important to consider both demand and supply conditions in the local market area. This generally involves an analysis of the following:

Demand	Supply
☐ Population Growth and Projections	☐ Sale values and absorption of other marketing projects "the competition"
☐ Demographics and Incomes	☐ Project positioning, interior features and finishes, and amenities of competitive projects
☐ Target Purchaser Groups	☐ Provision of parking/storage lockers and associated pricing at competitive projects
☐ Purchaser Preferences	☐ Sale values and market performance of resale homes "secondary competition"
☐ Local Employment Opprtunities	☐ Review of development applications to understand future supply "future competition"
☐ Property Market Strengths and Weaknesses	☐ Assess growth and land use policies impacting future development patterns
☐ Neighbourhood Amenitities	
☐ Project Location	
☐ Lending Rates and Regulations	
☐ Future/Planned Transit and Infrastructure Investments	

The process of establishing pricing typically begins by characterizing the demand-side of the market, which includes identifying target purchasers (e.g. first-time buyers, young professional singles and couples, families, move-down buyers, seniors), assessing recent growth patterns and projections, defining the market strengths and weaknesses of the site and area (e.g. nearby schools and parks, strong regional employment opportunities, transit improvements are proposed nearby, busy intersection/traffic congestion, etc.), preferences of target purchasers (e.g. mid-rise buildings, stacked townhomes, high-rise towers), impact of lending rates and regulations (e.g. mortgage stress test impact on pool of first-time buyers, foreign buyer tax impact on investors, etc.), and other similar analyses.

Once the demand-side has been adequately characterized, the supply of housing in the local market is assessed. This is completed by surveying other comparable housing developments that are actively marketing to understand how the competitive supply is priced, the rate at which product is absorbed by the market, the positioning and amenities included, and other design/market features that warrant review.

Understanding the resale market is also an important consideration, as purchasers will often consider both a new-build and an existing home when making a purchase. Pricing must therefore remain competitive with both comparable existing homes and other new housing developments. Other factors such as proposed development projects, price trends, future transit investments,

growth management and land use policies, and other similar considerations are also evaluated when determining how to price and position a new housing development.

Ultimately, developers are seeking to determine the maximum they can charge purchasers and still sell their project within a predetermined time frame. If a developer sells very few homes, this is generally a sign that pricing was too high for the project (or some other project flaw). On the other hand if the entire project sells out immediately, the developer may have priced the project too low. Developers carefully examine supply and demand to ensure this does not happen, instead charging the maximum the market will bear to achieve a healthy sales absorption. Developers also monitor supply and demand conditions throughout a sales campaign, often increasing pricing throughout the process at specific thresholds (e.g. at 50% sales, 70% sales, beginning of construction, completion of construction). Some developers will also not release all units within a development project at the same time, in order to adjust pricing or other elements based on the market experience of the initial phase. This is an important consideration, as developers can, and often do, increase pricing if the market supports such an increase, regardless of any shift in development costs.

In conclusion, the development costs associated with a project never come into consideration when determining the achievable market price of a new home.

3.2 Factors that Influence Housing Development Costs

The costs of building housing generally fall into one of four discrete categories:

1. Hard Construction Costs
2. Soft Development Costs
3. Developer Profit
4. Land Cost

The following provides a brief description of each cost category, including commentary related to how these costs are determined.

3.2.1 Hard Construction Costs

Hard construction costs encompass all of the materials and labour required to physically construct a building. These costs include construction contracts, building materials, appliances, site servicing, landscaping, site preparation (e.g. demolition, excavation, grading), parking, and other related costs. Hard construction costs will vary from project to project as factors such as topography and grading, geotechnical issues, site contamination, building materials (e.g. concrete vs wood), the height of a building, surface vs. underground parking, and other similar considerations can all impact construction costs.

Hard construction costs are dictated by the market, albeit a different market than home prices:

- Developers will purchase building materials in the market like any other commodity, which are subject to fluctuations in price. Macro-economic trade impacts (e.g. steel tariffs) can also impact the price of materials and other commodities.

- Similar to building materials and commodities, developers must pay the market price for labour, which can fluctuate based on availability, unions, and other factors.

- Competition amongst builders can also increase the cost of building materials and specialized labour under particular supply and demand conditions.

Overall, once the specifics of a development project are well known, hard construction costs become relatively fixed.

3.2.2 Soft Development Costs

Soft development costs include all of the other costs that a developer will encounter when developing real estate. These items include the government imposed development related charges identified earlier in this paper, as well as a host of other costs such as:

- The consultant team - typically consisting of urban planners, architects, urban designers, landscape architects, engineers, lawyers, public consultation experts, and others.
- Project marketing costs (e.g. sales centre, news ads, billboards, radio advertisement, etc.).
- Sale commission fees – paid to the sales team hired by the developer.
- Construction financing costs.
- Development and construction project management.
- General overhead and cost contingency.
- General legal fees.
- Project/construction insurance costs.
- Others.

Similar to hard costs, soft development costs can also shift depending on the specific development project. Factors such as project scale and absorption rates can impact development timing, which can affect financing and other carrying costs. These costs can also shift depending on the approvals required, size of the property (e.g. building permit fees), value of the land (cash in lieu of parkland), the section 37 agreement negotiated, rising Development Charges, and others.

Rising development related charges therefore directly increase the soft development costs of delivering new homes.

3.2.3 Developer Profit

Developers require a certain profit threshold to undertake a development project. They are investing their skill and equity, as well as taking on significant risk in order to make a profit that is superior to the rate of return through some other investment vehicle. In our experience, most active developers seek a target profit of 15% of gross project revenue.

If an acceptable profit cannot be achieved, developers will seek development opportunities in other markets, invest in other real estate classes, or choose another investment vehicle altogether.

3.2.4 Land Acquisition Cost

The value of land is directly connected to the market strength of an area. Typically strong market areas support higher land values than weaker market areas. This is expanded on in the following section.

3.3 The Economics of Real Estate Development

The economics of development are based on two fundamental inputs: revenues and expenses.

Project revenues are driven by the sale value of homes as well as other sources such as parking spaces, storage lockers, and ground-floor commercial space within an apartment building. Once project revenues have been estimated, developers will then begin to calculate all anticipated project costs. As evaluated in the previous section of this paper, these costs will include all hard and soft development costs, the latter of which will include the development related charges. As illustrated by **Figure 3**, developers will then subtract all development hard and soft costs, as well as their required profit from the estimated revenue of the project. The remaining amount, or residual amount, is referred to as the Residual Land Value (RLV). The RLV represents the price a developer could pay for the land to construct the housing project and make an attractive profit.

Figure 3: Development Economics Illustration

The RLV will result in one of two scenarios:

- **RLV is equal to or higher than the asking price of land in the market:** If the RLV of a proposed development is greater than the asking price of developable land in the market, a developer can, in theory, purchase the land and build the project while also meeting their profit expectation. If a developer is able to acquire land below the supportable RLV, and no cost overruns occur, the developer's profit will be enhanced.

- **RLV is below the asking price of land in the market:** In this situation, the housing development would not be considered viable because a developer would not be able to afford the price of land in the market and still meet their profit expectation. This project would therefore not move forward.

If development costs increase, the amount subtracted from the project's revenue will also increase, which results in a lower RLV. In other words, the developer would pay less for the development site because costs have increased. The RLV is impacted because the other elements of the equation (**Figure 3**) are more or less fixed. Developers are not likely to reduce their profit expectation as discussed earlier in this report. Developers also cannot simply increase the price of homes beyond what the market will support. If the market does support an increase in the price of new homes, developers are likely to increase pricing regardless of any change in development costs.

Instead, developers will pay less for land when faced with rising development costs. Rising costs can be due to rising development related charges, rising hard construction costs, rising interest rates, new government regulations impacting lending practices, and many others. Rising development related charges would be treated no differently than a developer discovering soil contamination issues at a property they are considering purchasing. Similar to the example provided in the Coriolis Report summarized in Section 2 of this report, a developer will not pay market value for a site with soil contamination issues and attempt to recapture the increased cost by increasing the sale value of homes beyond what is supported in the market. Rather, if the soil remediation costs will require $2.0 million in added project costs, the developer will pay $2.0 million less for the property, as determined by the impact of the cost increase on the residual land value. The same will be true for any developer who is considering the purchase of a development site knowing that Development Charges are expected to increase the following year(s).

3.4 Discussion

The commentary in this chapter illustrates the differences in how housing prices and development costs are determined in the market. Ultimately, supply and demand conditions in the market determine how much a developer can charge a purchaser for a home. This is illustrated by the fact that Development Charges have increased at similar rates in Mississauga and Caledon, however the market fundamentals for low-density homes in Mississauga are much stronger than in Caledon, which supports new home prices that are twice as expensive on average (**Chapter 2.4 – Figure 1**). The local supply and demand conditions support the level of price growth observed in Mississauga due to the City's strategic location in the region, waterfront accessibility, local and regional transit accessibility, broader employment opportunities, and many other market factors.

If market pricing was determined by costs alone, the price of a single-family home in Mississauga and Caledon would be similar. If market pricing was determined by supply and demand conditions, but developers could unilaterally increase pricing when faced with increasing costs, the price of single and semi-detached homes in Caledon would have increased more rapidly than what was observed between 2010 and 2018. Rather, the market has supported a specific price threshold in both Caledon and Mississauga, which has been met by developers regardless of any shift in development costs.

The impact of rising development costs reduce the RLV of a project, which is simply the amount that a developer can afford to pay for a development site. Generally, in communities where market pricing supports land values that well exceeds the value of other competing uses (retail, gas stations, low-density residential, etc.), there should be no impact to the viability, pricing, and supply of residential development. In these situations, developers will continue to purchase developable land in the market and charge purchasers an amount that is supported by local supply and demand conditions.

However, if the RLV of a residential development site is reduced below the value of other competing uses or below the expectation of a land owner, a developer will not be able to purchase

the property and would not be able to build the project. If the viability of residential development is impacted on a large scale, the supply of housing will be reduced as developers will be unable to build new housing. If supply does not meet demand, the price of both new and existing homes will increase, which is a function of basic housing economics (i.e. a large pool of buyers competing for a small amount of space).

Finally, it is acknowledged that if development costs were lower, it would be possible for some new development to proceed at "lower" pricing. For example, there are many communities in Peel Region that currently do not support viable development. This is due to the fact that the local supply and demand conditions do not support pricing that is able to cover all development costs (including land purchase) and produce an attractive profit. It is possible that if development costs were lower, some of these projects would be able to move forward with lower relative pricing. It is important to note that the lower pricing levels are still determined by the market, however the project might be able to proceed because development costs were lower. Conversely, rising development costs will further erode the possibility of these projects being constructed.

The type of project described above can be supported by the public-sector with financial incentives and other tools to broaden the supply of housing brought to market as identified in housing strategies (e.g. Mississauga's Housing Strategy: Making Room for the Middle). This topic is expanded on further in Chapter 5 of this paper.

4.0 Development Case Studies in Peel Region

The following chapter has selected six development case studies to illustrate the economic principals discussed in this report. The purpose of this chapter is to exemplify how the development industry determines the built-form of a project (e.g. lot size, surrounding context, planning controls, market), achievable market pricing (e.g. supply and demand conditions), development costs, the supportable land value of the project (i.e. property purchase price), and overall project viability.

The analysis also isolates the relative impact of Development Charges and other development costs on a housing project. In consultation with the City of Mississauga, Town of Caledon, and Region of Peel, we have selected the following case studies to illustrate a broad range of possible housing projects:

- Mississauga - High-rise condominium apartment in Mississauga City Centre
- Mississauga - High-rise condominium apartment in Port Credit
- Mississauga – Mid-rise condominium apartment along the Dundas Street Corridor
- Mississauga – Stacked townhome development in Erin Mills
- Caledon – Mid-rise condominium apartment in Bolton
- Caledon – Single-detached subdivision

For each case study, we have developed a “prototypical” development concept that is considered reflective of local development patterns and market dynamics. The prototype development concept prepared for each case study therefore includes an assumed lot area, building floorplate, density, and unit yield estimate. We have also prepared a market scan for each case study to understand the local market and provide inputs for the proforma analysis. Relevant inputs gained from the market scan include: pricing, suite mix and unit sizes, market absorption, density and height, project positioning, parking requirements, sale values of parking and storage lockers (if applicable), and other relevant items.

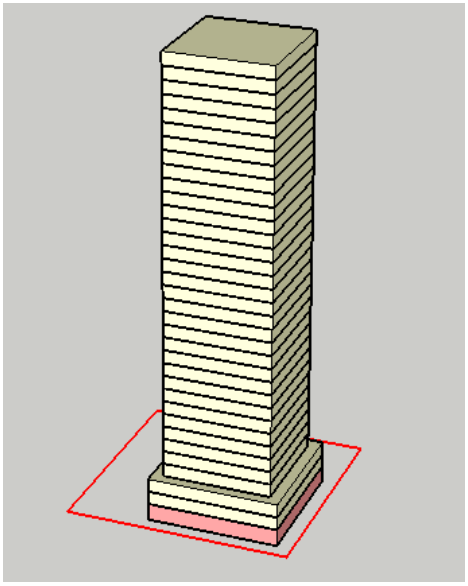
The following subsections briefly describe each case study, with the full built-form analysis and market data available in the appendix of this report.

4.1 Case Studies

4.1.1 Mississauga City Centre – High-Rise Condominium Apartment

Mississauga City Centre serves as Mississauga's downtown and is one of the city's most vibrant and urban communities. The area offers a variety of retail services at Square One Shopping Centre as well as an art gallery, performing arts centre, post-secondary institution and recreational centres. City Centre also provides access to local and regional transit via the Square One Bus Terminal and the Cooksville GO Train station. In addition to the abundance of services and amenities, City Centre also hosts community festivals and displays of public art at Celebration Square, which contributes to the area's desirability. Over the past two decades, Mississauga City Centre has experienced a proliferation of high-rise residential activity primarily in the form of condominium apartments.

Figure 4: Mississauga City Centre Prototype



Reflective of many development projects in the local area, as well as planning policies and guidelines, we have assumed a 35-storey tower that accommodates approximately 372 units on a lot size of just under 1 acre. The assumed density is a floor space index ("FSI") of approximately 6.9. To attract a wide range of purchasers, a broad suite mix will be offered, however the average unit size will be relatively small at 645 square feet overall. It is likely that half of the units offered will qualify as a "small unit" under the Development Charge by-law.

As determined by the market scan, many of the new condominium projects to come to market over the past year have offered units just below $800 per square foot (PSF) at project launch. Many of these projects have since increased pricing to exceed this threshold, including the Edge Towers project: Tower 1 (323 units) is 82% sold with remaining units currently priced at $844 PSF and Tower 2 (422 units) is 37% sold with remaining units currently priced at $874 PSF. The third tower in M City launched last year at an average price of $792 PSF and is currently 52% sold.

Based on the performance of other projects in the local area as determined by the market scan, we assume the prototype concept can be priced at $800 PSF at project launch. This would result in an average end-price of $516,000, however a range of suite types and unit prices would be offered (e.g. $516,000 for a 645 square foot unit, $800,000 for a 1,000 square foot unit). This pricing recommendation would be competitive with the supply currently for sale in the market at other competing pre-construction condominium projects (e.g. below the pricing observed at Edge Towers but slightly higher than M City tower 3).

Further, as observed in other marketing projects in City Centre, we assume parking spaces will be provided at a ratio of 0.8 spaces per unit (including visitor spaces) and can be sold for $35,000 per space with all parking underground. Storage lockers are also assumed to be sold for $4,000.

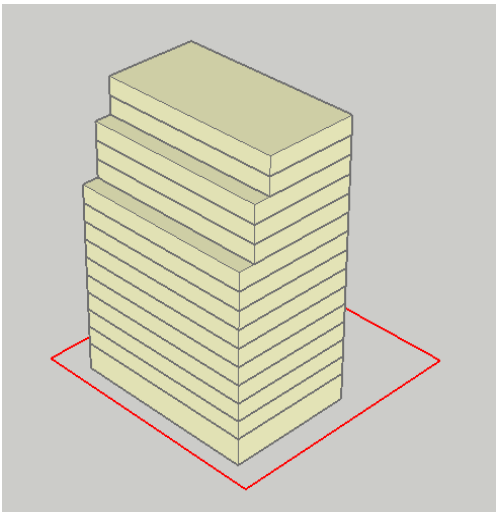
The performance of competitive projects in the local area will likely support an absorption rate of 15 units per month over the sales program.

4.1.2 Mississauga Port Credit – High-Rise Condominium Apartment

Port Credit is a highly desirable neighbourhood along Mississauga's waterfront with high real estate values. The area offers a broad range of commercial and retail services along Lakeshore Road East with access to regional GO Rail service and the proposed Hurontario LRT, which all contribute to Port Credit's attractiveness. The area has experienced recent growth in higher density formats with the development of high-rise and mid-rise apartment buildings near the Hurontario Street and Lakeshore Road East intersection, including the 185-unit 'Port Credit Village' townhouse development on the southeast corner. While the area has experienced limited development activity relative to the broad market appeal, this is due to a lack of easily developable sites and built-form impacts with the adjacent low-density neighbourhoods.

Typical of local projects and the type of development likely to occur in the area looking forward, which was also informed by a review of the Port Credit Built Form Guide, we have assumed a 15-storey tower with approximately 97 condominium units and an FSI of around 5.3. It is likely that new high-rise development in Port Credit will be a modest scale relative to Mississauga City Centre and other locations in Peel Region. Many new projects in the Port Credit area target a more affluent end-user purchaser, largely consisting of seniors and move-down households. As such, larger unit sizes are typical, and we assume an average size of 900 square feet for this development concept. The larger unit size reduces the number of units within the building, and also the number of unit that would qualify as a "small unit" by the Development Charge by-law (assume 25% would qualify).

Figure 5: Port Credit Prototype



Given the setback and other built-form requirements, as well as the modest building size, we assume a lot area of approximately 0.5 acres with generous front façade stepbacks and rear lot setbacks. Parking spaces will be provided at a ratio of 1.25 spaces per unit (reflective of the target purchase group and including visitor spaces) and can be sold for $35,000 per space with all parking underground. Storage lockers are also assumed to be sold for $4,000. The performance of competitive projects in the local area will likely support an absorption rate of 7 units per month over the sales program.

As determined by the market scan, there have been few projects to come to market in Port Credit in recent years. However, the two projects that have launched in recent years have carried a

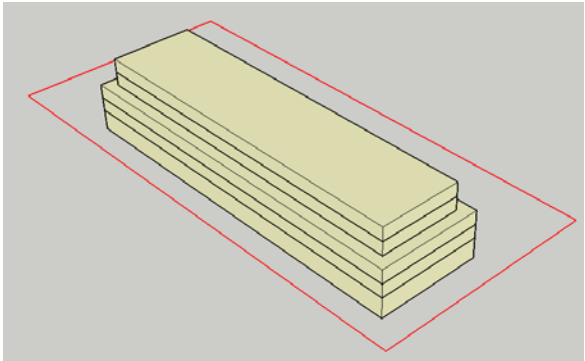
premium over other market areas in Mississauga. Strong pricing and absorption rates are driven by the positive market attributes of the community. We therefore assume the project can be priced at $850 PSF at project launch, which would result in an average overall end-price of $765,000. It is expected that some smaller units could be priced lower and some larger suites would be over $1.0 million.

Tanu is a condominium project currently selling in Port Credit. The project is 15 storeys, contains 204 units, and is priced at $877 PSF. Since it began sales in October 2018, 71% of the total units have sold. The average unit size is just over 915 square feet. This project, along with the existing condominium apartments in the local area, would be considered the core competitive supply for any new project to come to market. Many of the existing condominium apartments around the intersection of Hurontario Street and Lakeshore and on Port Street are priced between $700 and $900 PSF based on recent resale transactions, with much of this supply over ten years old. The positioning of Port Credit Prototype would be competitive with this supply.

4.1.3 Mississauga Dundas Corridor – Mid-Rise Condominium Apartment

The Dundas Street Corridor is a major route within the City of Mississauga stretching almost 20 km from Oakville in the west to Etobicoke in the east. Although there are a variety of retail and commercial services along the Dundas Corridor, there is currently limited market appeal for higher density housing. The few mid-rise apartments that have been developed are mainly concentrated near Cawthra Road or Erin Mills Parkway. However, the City has initiated the Dundas Connects master plan to create a planning framework that is intended to encourage intensification and convert the corridor into a mixed-use, transit-oriented route supported with bus rapid transit. Notwithstanding this initiative, market demand is likely to be modest over the near to mid-term given the current context.

Figure 6: Dundas Street Prototype



Given the lack of significant market activity, we have also reviewed the Dundas Connects master plan to understand the type of mid-rise development that is expected along this corridor looking forward. This analysis has led us to assume a five storey “slab” style building on a rectangular lot of approximately 1.4 acres. With an assumed average unit size of 800 square feet, the building will yield 95 units with about half of the suites qualifying as a “small unit” by the Development Charge by-law. The average unit size is reflective of the building targeting a larger range of purchasers relative to the Mississauga City Centre and Port Credit case study, which will include small units that are popular amongst investors, first time purchasers, and singles as well as larger suites for seniors, move-down purchasers, and couples/families priced out of the low-density market. The

building has an assumed FSI of 1.5. We also assume the building would be wood-framed, resulting in construction cost savings.

There is only one mid-rise project actively marketing along the Dundas Street corridor, which is The EV Rolaye Condos located on Dundas Street West near the University of Toronto Mississauga campus. The project launched in 2016 at an average price of $666 PSF and is 86% sold. The remaining 14% of suites are priced $683 PSF. Overall the project has sold at an average absorption rate of 3.3 sales per month.

We have assumed the prototype building can be priced at $650 PSF, however the price would include a parking space. Parking would be provided both at surface level and underground and be provided at a ratio of 1.1 spaces per unit (including visitor spaces). The pricing would result in an average end price of $520,000, with smaller units driving a lower end price and larger units driving a higher end price. The pricing assumed takes into consideration the options that purchasers would have in the market, which includes some older apartments, townhomes, and even a select number of semi-detached homes within the western and eastern segments of the Dundas corridor that are priced between $450,000 (older apartments) and $600,000 (townhomes). The pricing level assumed, and the decision to include parking in the purchase price, would allow the project to remain competitive with the local housing supply and achieve an absorption rate of 3 sales per month.

The lack of mid-rise activity in Mississauga is not uncommon and frequently referred to as a "missing middle" housing type in the GTHA context. This is due to developers pursuing higher density projects that offer higher profits or single family projects that are higher priced and comparatively easier to gain approval for and market. Mid-rise buildings will also share many of the same costs as a high-rise project, however the costs are spread over a smaller saleable floor area. They also face competition from other comparable development forms, such as stacked townhomes.

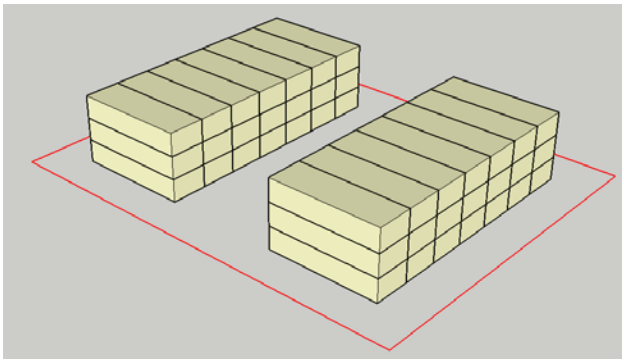
4.1.4 Mississauga Erin Mills – Stacked Townhome

Stacked townhomes are essentially a three or four-storey apartment building that "looks and feels" like a ground-oriented townhome building. These buildings are often "half sunken", with entrances to units accessible by a small staircase down a level and another set of entrances a half storey above grade. Stacked townhomes can be very attractive to first time purchasers as they are an entry level product offering for young families and professionals. They typically accommodate larger units than condominium apartment buildings, achieve significantly lower maintenance fees due to the lack of amenities, and offer a ground-oriented product type that many purchasers desire. However, given the lack of elevator service and the abundance of stairs, older populations have not responded well to this product.

Stacked townhomes have become very popular in the GTHA as the price of single-family homes have escalated to unaffordable levels. This is also true in Mississauga, which has seen several

stacked townhome projects launch over the past several years. Stacked townhomes are attractive to developers because they can be implemented through a large scale and phased development of multiple blocks or as a modest infill project. Stacked townhomes are also attractive to developers as they can be much cheaper to construct than high-rise or even mid-rise apartment buildings, especially if wood-frame construction is utilized.

Figure 7: Stacked Townhome Prototype



We have assumed a smaller scale infill stacked townhome project as a prototype. The prototype therefore includes two three-storey stacked townhome blocks on a 0.5 acre site with an FSI of approximately 0.9. This built-form, including site design and setbacks, is informed by other marketing and built projects in Mississauga and the City's Draft Urban Design Guidelines for Back to Back and Stacked Townhouses. Utilizing an average unit size of 850 square feet, the project would yield approximately 39 residential units. The larger average unit size would accommodate a wide range of smaller one-bedroom units and larger three bedroom suites. It is assumed that only 30% of suites would qualify as a "small unit" by the Development Charge by-law.

There are five stacked townhome projects currently marketing in the City of Mississauga, totalling nearly 650 units. While the average price of the remaining available supply is approximately $640 PSF, it is noted that location will play a significant impact in how prices are established. Two of the most recent projects to launch in November/December of 2018 launched with pricing between $640 and $670 PSF, with the former located in the Clarkson neighbourhood and the latter located in Lakeview. Both of these projects are within a 25 minute walk of a GO Station. Another stacked townhome project (WayUrban Towns) launched in March 2018 within Erin Mills and is currently priced at $581 PSF.

We have assumed the prototype building can be priced at $600 PSF and would include a parking space in the purchase price. Parking would be provided both at surface level and underground and be provided at a ratio of 1.1 spaces per unit (including visitor spaces). The pricing would result in an average end price of $510,000. This pricing would be higher than the WayUrban Towns project currently selling in Erin Mills, however this project has experienced strong sales absorption, selling 120 units in only 10 months and reaching 70% sales (construction financing threshold) in only 4 months. This project launched in March 2018 at an average price of $525 PSF, which has increased considerably to $581 PSF at the time of our survey. The pricing level assumed for the prototype, and the decision to include parking in the purchase price, would allow the prototype to remain competitive with the competitive supply in the local area and achieve an absorption rate of 3.5 sales per month.

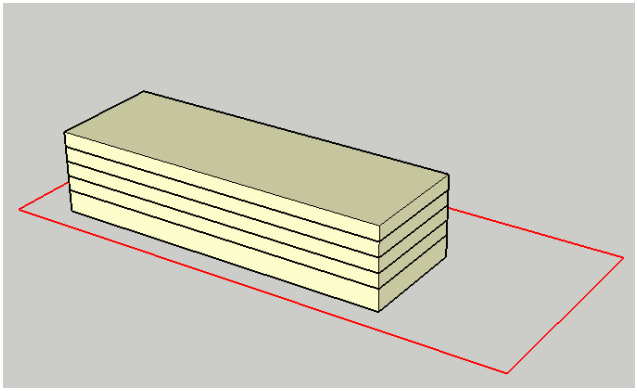
4.1.5 Caledon Bolton Downtown – Mid-Rise Apartment

Bolton is Caledon's most populous community with a historic downtown core that has a full complement of local retailers and services with access to several nearby hiking trails and recreational opportunities. The area has a small-town charm while still being in close proximity to larger urban areas. Bolton's existing residential development is comprised predominantly of single-detached homes on the fringe of the downtown core. In regard to higher density formats, there has only been one condominium apartment building developed in Bolton - River's Edge by Armour Heights Developments.

River's Edge is a five-storey and 72 unit adult lifestyle building that targeted more affluent move-down and senior purchasers that began sales in 2007. The majority of units are two-bedroom or larger at an average unit size of 1,128 square feet. The large unit sizes and significant amenity offering (indoor pool, gym, guest rooms, underground parking with car wash, large lobby area, and outdoor landscaped space) is designed to attract local populations that are used to larger living spaces and may require more amenities to be enticed to move to a condominium.

There is a development application for another 5-storey and 73 unit condominium building immediately adjacent to River's Edge that is currently under review by the Town. While this project has not yet begun marketing, it is likely that it will be positioned similarly to River's Edge, targeting move-down and senior households in the local and surrounding area.

Figure 8: Bolton Mid-Rise Prototype



We have therefore assumed a prototype that shares similarities with these two projects. The prototype includes a five-storey and 72 unit building on a 1.2 acre rectangular site with an FSI of 1.6. The average unit size will be approximately 1,000 square feet given the target purchaser group. One parking space will be included in the purchase price and an additional space will be available for purchase for $15,000. Parking will be both surface and underground and be provided at a rate of 1.5 spaces per unit (including visitor parking), which will allow some purchasers to have two parking spaces given the rural context. Due to the large average unit size, it is assumed only 20% of units would qualify as a "small unit" by the Development Charge by-law.

To understand potential pricing, we have reviewed resale data within the River's Edge project, with units typically selling for under $700,000 with an index price of between $610 and $650 PSF. The units at the higher end of the range took multiple months to sell, with one of the units taking seven months to sell. This indicates that while demand exists at this pricing level, the

market depth is shallow. It therefore appears it would be difficult to market 72 units at a price above $600 PSF and maintain a healthy absorption rate. We therefore assume an average index price of $575 PSF, which should result in an absorption rate of 2 sales per month with an average index price of $575,000.

4.1.6 Caledon Mayfield West – Single-Detached Homes

The Town of Caledon has experienced strong low-density residential housing development through greenfield subdivisions over the past decade. Low-density housing starts in the Town averaged just over 465 units per year between 2010 and 2014, which has increased to an annual average of nearly 610 new units since this time. At the time of our survey, there were seven actively marketing projects in the Town currently selling single-detached homes. In total, there were 1,236 total single-detached lots within these projects, of which 90% were sold, meaning there were only 125 units available for sale. It is noted that most of these projects have a combination of single and semi-detached homes as well as townhomes available for sale.

The Mayfield West area had the largest concentration of actively marketing single-detached projects in Caledon. Three of the seven projects were located in this area, totaling 892 lots (about 70% of the total lots). While there are a wide variety of single-detached homes available for sale in the market, the most popular offering by far is a 36 foot lot ranging in size between 2,300 and 2,950 square feet.

We have therefore assumed a 2,650 square foot single-detached home on a 36 foot lot as the prototype. The subdivision will contain 40 total units and will require 2.0 hectares of land at a density of 20 units per hectare. The project will require on-site parkland dedication of 5% of the lot area and approximately 275 metres of local roads (assumes each home is 36 feet * 40 units = 1,440 feet; assume 2 units on each side of the street and a 25% gross up = 900 feet or 275 metres). We assume pricing would start at $415 PSF, which result in an end-price of just under $1.1 million. This pricing would be directly comparable to the Stowmarket Springs subdivision (similarly sized 36 foot lot homes) currently marketing in Mayfield West as well as other competitive projects in Caledon. This pricing would likely support an absorption rate of 2.5 sales per month.

4.2 Analysis

4.2.1 Methodology

NBLC has prepared a financial analysis for each of the prototype development concepts. The methodology utilized in our analysis is a Residual Land Value (RLV) model, which was detailed in Section 3.3 of this paper (**Figure 3**). The objective of the model is to establish a site's estimated land value, assuming a developer requires the current market return rate of 15% profit on gross revenue. This model accounts for all potential revenue attributed to the project and then subtracts all development costs and the developer's profit. The remaining amount is referred to

as the residual land value, which is then discounted to the present day. To show evidence of financial feasibility, we seek to illustrate if a development would meet the following two tests:

1. a developer could earn a target profit of 15% of gross revenues; and,

2. the residual land value derived is equivalent to current market land values.

Regarding the second test, NBLC has surveyed land transactions within the City of Mississauga and Town of Caledon for low, medium, and high-density development (**Appendix C**). The results of the financial analysis will be evaluated relative to these comparable land transactions.

It is important to note that there are situations where a project might not meet the above tests, but a developer would still move forward with the development. This includes a situation where a land owner may already own a property and has capitalized the original cost from its former use as a retail site or some other venture. In these cases, where there is no effective land cost, the combined profit and land value return may still encourage investment.

4.2.2 General Assumptions Common to All Case Studies

The following assumptions are utilized for all of the case studies evaluated. Other site-specific assumptions for each development concept are detailed separately within each pro forma analysis (**Appendix E**):

- The net to gross efficiency is 85% for apartments and 100% for stacked townhomes and single-detached homes.

- A discount rate of 7% is used for all case studies in Mississauga. A slightly higher discount rate of 8% is used for the apartment in Bolton and a slightly lower discount rate of 6% is used for the Caledon subdivision to reflect the different market conditions and overall risk.

- The developer has a target profit of 15.0% of gross revenues.

- Above and below grade hard construction costs are generated using the Altus Construction Cost Guide for 2019; landscaping, contingencies, and other related costs are calculated separately. Local roads and site servicing costs are also calculated using the Altus Construction Cost Guide based on the length of roads within the project, which includes the costs of underground storm, sewer, water, electrical, street lighting, earthworks, curbs, asphalt, and sidewalks.

- Soft costs include all the other costs a developer encounters when developing real estate, such as consulting fees, Development Charges, HST, marketing and sales commissions, and other similar items. These costs are estimated/calculated as per the assumptions detailed in the model.

- The analysis accounts for only the costs and revenues associated with the residential GFA of the project.

- Development Charges are based on the current rates in both Caledon and Mississauga.

- Cash-in-lieu of parkland is $9,520 per unit for the Mississauga apartment case studies as per the City's current policy. The apartment in Bolton requires a cash-in-lieu payment of 1 hectare per 300 units, with the payment based on the residual land value of the site at the time of permit. The subdivision will include on-site parkland dedication of 5% of the total site area.

- Revenues and costs are inflated by 2% annually. We assume pricing will increase by 3% at the start of construction (for the remaining 30% of suites) and again at construction completion (for all remaining units as calculated by the absorption rate).

- We assume no Section 37 contribution in any of the case studies. Due to the uncertainty associated with the ultimate payment of Section 37, we have not included a cost in the financial model. This does not mean that a payment or other community benefit would not be required. Of note, the policy context in Mississauga City Centre does not provide the City with an avenue to request a Section 37 agreement.

- Parking and lockers are assumed to be saleable for the condominium in Mississauga City Centre and Port Credit only.

- Parking can be accommodated below grade, and no extraordinary costs are incurred in the construction of any underground parking facility.

- All projects are either condominium or freehold in tenure and approvals will be granted for the proposed development concepts.

- We assume all case studies will require a zoning by-law and Official Plan amendment. Applications will also require all other standard applications where applicable (e.g. site plan, subdivision, DARC, Region of Peel review fee, condominium, building permits, etc.).

- We assume that there are no environmental remediation costs incurred by the developer aside from typical demolition and/or site preparation.

- All condominium apartments require a pre-sale of 70% prior to construction beginning.

4.3 Results of the Financial Analysis

Table 1 illustrates the results of the financial analysis for each cast study. The full pro forma, including a detailed list of all assumptions and calculations, is available in the appendix of this report. The following describes some of the findings from the analysis.

4.3.1 Mississauga City Centre and Port Credit High-Rise Condominium Apartments

Both the Mississauga City Centre and Port Credit markets support high pricing levels as well as a relatively healthy pace of sales. The revenue associated with each project supports a very healthy land value within the Mississauga market once project costs and developer profit is accounted for. The Port Credit scenario supports a land value of $8.25 million, which is approximately $80 per square foot of gross buildable GFA, or nearly $85,000 per unit. The Mississauga City Centre case study supports land value of $18.0 million, which is approximately $64 per square foot of gross buildable GFA, or around $48,500 per unit.

The Port Credit case study results in a higher land value than the Mississauga City Centre prototype on a per square foot and per unit basis due to the following:

- The assumed market pricing is higher on a per square basis for the Port Credit case study;
- The Port Credit case study has lower softs costs:
    - The Development Charges paid, on a per square foot basis, is lower due to the fact that the Port Credit case study incorporates a larger average unit size. There are therefore less units in the Port Credit case study, which results in a lower total Development Charge payment, notwithstanding the fact that there are a lower proportion of units that qualify as a small unit.
    - Similar to the above, the cash-in-lieu of parkland payment is lower for the Port Credit case study because there is a lower unit yield in the building due to the larger unit size. Cash-in-lieu of parkland is currently paid on a per unit basis.
    - Finally, the modest building size and steady absorption rate results in a shorter development timeline for the Port Credit scenario relative to the City Centre prototype. This reduces financing and other carrying costs as well as the period over which the residual land value is discounted.

Reviewing land transactions for high-density residential development in the City of Mississauga (Appendix C), both case studies evaluated here appear to be viable. For example, the Tanu Condominium property in Port Credit sold for $56 per square foot of buildable GFA ($56,100 per unit) in 2017. Similarly, multiple land transactions in Mississauga City Centre have ranged from $17 to $95 per square foot of buildable GFA ($15,000 - $84,000 per unit) over the past two years.

These land values are also higher than the value that would be supported by lower intensity uses in most situations (e.g. retail property, single-storey commercial services, employment use). It is therefore possible that higher costs could be absorbed (effectively reducing the land value of the projects) with project viability being impacted.

Table 1: Summary of Financial Results						
	High-Rise Apartment Mississauga City Centre	**High-Rise Apartment Port Credit**	**Mid-Rise Apartment Dundas Corridor**	**Stacked Townhomes Erin Mills**	**Mid-Rise Apartment Bolton**	**Single-Detached Homes Caledon**
Development Stats						
Site Area (sq.ft)	42,679	20,721	59,201	36,597	52,291	215,278
Site Area (acres)	0.98	0.48	1.36	0.84	1.20	4.94
Building Height (storeys)	35	15	5	3	5	2
Total Number of Residential Units	372	97	95	39	72	40
Total Gross Floor Area (sq.ft)	282,531	102,881	89,609	32,938	85,250	106,000
Net Saleable Area (sq.ft)	240,151	87,449	76,168	32,938	72,463	106,000
Net to Gross Efficiency	85%	85%	85%	100%	85%	100%
Total Parking (Visitor + Resident)	298	121	105	43	109	Parking included in the garages / driveways of homes
Surface Parking	0	0	39	5	34	
Below Grade Parking	298	121	66	38	74	
Parking Ratio	0.80	1.25	1.10	1.10	1.50	
Development Timeline (years)	6.2	5.1	5.6	4.4	5.9	2.8
Suite Mix						
Small Unit	50%	25%	50%	30%	20%	0%
Non-Small Unit	50%	75%	50%	70%	80%	100%
Average Unit Size	645	900	800	850	1,000	2,650
Project Revenue						
Residential Index Price at Project Launch (per sq.ft.)	$800	$850	$650	$600	$575	$415
Average Sale Value at Project Launch	$516,000	$765,000	$520,000	$510,000	$575,000	$1,099,750
Sale Value of Parking	$35,000	$35,000	$0	$0	$0	$0
Sale Value of Storage Locker	$4,000	$4,000	$0	$0	$0	$0
Total Project Revenues (sale of units + parking and storage lockers, interim occupancy charges) (Future$)	$214,342,309	$82,738,992	$52,402,106	$20,762,633	$44,177,634	$46,740,583
Per Square Foot (Gross GFA)	$759	$804	$585	$630	$518	$441

Table 1: Summary of Financial Results						
	High-Rise Apartment Mississauga City Centre	**High-Rise Apartment Port Credit**	**Mid-Rise Apartment Dundas Corridor**	**Stacked Townhomes Erin Mills**	**Mid-Rise Apartment Bolton**	**Single-Detached Homes Caledon**
Project Costs						
Total Hard Costs (Future$)	$87,731,403	$34,775,466	$22,707,550	$7,761,453	$22,132,557	$20,316,697
Total Soft Costs (Future$)	$72,373,396	$26,000,846	$17,890,258	$7,130,924	$15,032,918	$14,672,408
Total Development Costs (Future$)	$160,104,799	$60,776,311	$40,597,808	$14,892,376	$37,165,475	$34,989,104
Per Square Foot (Gross GFA)	$567	$591	$453	$452	$436	$330
Land Value						
Total Residual Land Value and Profit (Future$)	$54,237,510	$21,962,681	$11,804,298	$5,870,257	$7,012,160	$11,751,479
Developer Profit (Future$)	$26,870,007	$10,342,984	$6,926,638	$2,744,077	$5,839,006	$6,195,802
Total Residual Land Value (Future $)	$27,367,503	$11,619,696	$4,877,659	$3,126,180	$1,173,153	$5,555,676
Total Residual Land Value (Present$)	**$17,993,526**	**$8,251,279**	**$3,339,058**	**$2,321,922**	**$747,093**	**$4,723,917**
per square foot	**$64**	**$80**	**$37**	**$70**	**$9**	**$45**
per unit	**$48,327**	**$84,920**	**$35,070**	**$59,921**	**$10,310**	**$118,098**
per acre	**$18,365,026**	**$17,346,386**	**$2,456,856**	**$2,763,677**	**$622,352**	**$955,852**

4.3.2 Mid-Rise Apartment (Dundas Corridor) and Stacked Townhome (Erin Mills)

The mid-rise apartment has a lower cost base than the high-rise apartments in Port Credit and Mississauga City Centre due to the wood framed construction and incorporation of a mix of surface and underground parking, however the weaker market location along the Dundas Corridor results in lower pricing. This results in a modest supportable land value of $3.3 million for this case study, which is approximately $37 per square foot of gross buildable GFA, or around $35,000 per unit.

By comparison, the stacked townhome prototype supports a land value of $2.3 million, which is approximately $70 per square foot of gross buildable GFA or around $60,000 per unit. The land value is higher than the mid-rise apartment on a per square foot and per unit basis because stacked townhomes are less expensive to construct (lower hard construction cost), the entire GFA is saleable (no common area, elevators, stairwells, etc.), requires less underground parking and the average unit size is slightly larger resulting in less units and lower Development Charges/cash-in-lieu payment (similar to Port Credit discussion).

As noted previously, stacked townhomes are a very popular housing option in the GTHA, and Mississauga specifically. They offer a similar product to mid-rise apartment without the common area amenities, elevators, ground-floor retail, and other features of a condominium apartment. The built-form can therefore be constructed more cheaply than an apartment and will also carry lower maintenance fees, which is attractive to purchasers. The built-form is also more efficient than condominium apartments, as virtually the entire GFA is saleable. These features result in stacked townhomes being very attractive to developers, and also explains why they tend to drive a higher land value than mid-rise apartment buildings.

While stacked townhomes can often be a preferred building type relative to a mid-rise apartment for developers, they may not be appropriate in every situation. For example, stacked townhomes often occur on larger infill sites that are somewhat insular from major roads and include multiple townhome blocks. While they can also front major roadways, like the Dundas Street corridor, municipalities often will not prefer this outcome due to the lack of street animation caused by the absence of ground-floor retail. The units fronting a major road can also be difficult to sell due to noise and other nuisance issues, which might cause the developer to discount the sale price of these units.

A review of land transactions for stacked townhomes in Mississauga indicates that the case study appears to be a viable product in the City. The land value supported by the mid-rise apartment case study also appears to result in a viable project based on a very limited sample of land transactions in the City for mid-rise apartments. However, the land value is much lower than the other Mississauga case studies, indicating that if higher costs erode the land value any further, it is very possibly that a developer would not be able to purchase land in the market to build the project. Further, relative to the high-rise case studies, the profit associated with the mid-rise

apartment is much lower, which further explains why developers have pursued high-rise sites over modest infill apartment opportunities.

4.3.3 Mid-Rise Apartment (Bolton)

Much of the commentary related to mid-rise apartments remains constant between Mississauga and Caledon. Due to the relative affordability of the ground-oriented housing in Caledon, apartments and stacked townhomes have not been a major component of new housing development in the Town. The only apartment building constructed in Caledon, as well as the single application for a new apartment in Bolton, are targeting an older population and therefore elevator access and a strong package of common amenities are required for any project.

Relative to the mid-rise apartment along the Dundas Corridor, the case study in Bolton supports a much lower land value of $750,000 or approximately $9 per square of buildable GFA or nearly $10,500 per unit. While the higher parking ratio results in higher hard construction costs compared to the Dundas Street case study, the soft costs in Bolton are lower due to the large overall unit size assumption (see similar discussion in Section 4.3.1). The cash-in-lieu of parkland payment is also lower in this prototype relative to any of the other case studies because the payment is based on 5% of the value of the land at time of permit; the value of the mid-rise apartment site is modest.

The land value will only result in a viable project if a developer could acquire a development site at the $9 per square foot / $10,500 per unit. Currently, this would likely be challenging in the market, albeit not impossible. It is also worth noting that at this land value, other lower intensity uses would compete (gas station, retail, etc.). Any further increase in costs, relative to changes in market pricing, would significantly challenge the viability of mid-rise apartments in Caledon due to downward pressure on the residual land value.

4.3.4 Single-Detached Homes (Caledon)

Finally, single-detached homes remain a strong development option where developable greenfield lands are available in the GTHA. Caledon is no different in this regard, where developers are able to charge a healthy price for new homes as supported by the market. Unlike condominium apartments, there is no market pressure to reach the 70% sales threshold in order to receive construction loan financing. Rather, homes can be built as they are sold and site servicing becomes available.

Construction costs are relatively modest relative to other development forms and pricing is high, as driven by the market. This results in strong pricing and strong residual land values. The residual land value supported by this development concept, which includes a 5% on-site parkland dedication, is approximately $4.7 million or $955,000 per acre. The price per acre of low-density land transactions in Caledon have varied widely over the past two years, ranging from under

$100,000 per acre to nearly $1.7 million per acre. In areas where market pricing is higher, the value of low-density land can greatly exceed this.

4.4 Observations from the Case Studies

The financial analysis illustrates the economic discussion from Section 3 of this paper. Developers will undertake a significant amount of research to determine what they can build on a property and the eventual highest and best use by accounting for all project revenues, which is based on market conditions, and then subtract all development costs and their required profit to arrive at a land value that they can afford to pay to acquire the development site. In situations such as Port Credit and Mississauga City Centre, as well as stacked townhomes in Mississauga and single-detached homes in Caledon, pricing appears to support a land value that exceeds lower intensity uses. If development costs were to increase, which would negatively impact the residual land value, it is likely that developers would still be able to purchase land in the market assuming the magnitude of impact is not overly punitive.

In other situations, such as mid-rise apartments in Mississauga and Bolton, the residual land value is lower due to lower project revenue as determined by the local market conditions and the built-form. The economics of building these types of projects are already marginal in some cases, and if costs were to increase quicker than market pricing looking forward, the viability of implementing the project will erode even further.

Figure 9 illustrates how total project revenues are broken out as a proportion of individual components (e.g. hard construction costs, soft development costs, developer profit, and the residual land value). As noted previously, if the land is purchased below the supportable land value, the excess project revenue will be absorbed by profit. As demonstrated by **Figure 9**, and consistent with the economic commentary found throughout this report, the developer's profit remains consistent amongst all case studies. Profit is noted at 13% of total project revenue, rather than the 15% threshold identified, because profit is calculated on the sale of units only, net of HST. Once HST is removed from the purchase price, profit is calculated based on 15% of the remaining amount. Profit is also not calculated on revenue from other sources such as parking or storage locker sale.

The hard construction costs as a proportion of total project revenue ranges from 37% for the stacked townhomes (lower construction costs, relatively high sales values) to 50% for the mid-rise apartment in Bolton (moderate construction costs, relatively low sale values). The other case studies range from 41% to 44%. Soft costs were relatively similar for all case studies, ranging from 31% to 34%. Finally, the land values varied widely, from only 3% in the Bolton apartment case study to 15% for the stacked townhome. As noted, the land value is a direct reflection of project revenues and costs.

Figure 10 isolates the soft development costs for each case study, highlighting the seven largest items in this category. HST (with the rebate accounted for) and Development Charges are by far the largest soft costs, representing roughly half of total project soft costs across the case studies.

In addition to Development Charges and HST, construction financing, sales commissions, consultant fees and cash-in-lieu of parkland make up the majority of remaining soft costs. As noted, the subdivision will provide on-site parkland dedication (at a cost), but will not pay cash-in-lieu. The remaining 13%-15% of soft costs are made up of various other items such as property taxes, building permit and development applications, project/construction management, and others.

The proportion of each soft cost fluctuates between the case studies because the total soft costs are not identical. The fluctuation is also observed due to the following:

- The proportion that Development Charges make up of total soft costs is dependent on the average unit size and overall number of units in the project as well as the number of units that might qualify as a “small unit” by the Development Charges by-law.
- HST costs will also fluctuate based on the unit purchase price and calculated rebate (also assessed based on the unit sale value).
- Financing costs will fluctuate based on the overall development timeline, which is why the two high-rise projects have higher financing costs than the small subdivision and stacked townhome project.

Overall, this analysis illustrates that government imposed fees on development, especially HST, Development Charges, and cash-in-lieu of parkland, represent a significant proportion of the total soft costs of delivering new housing.

Figure 9

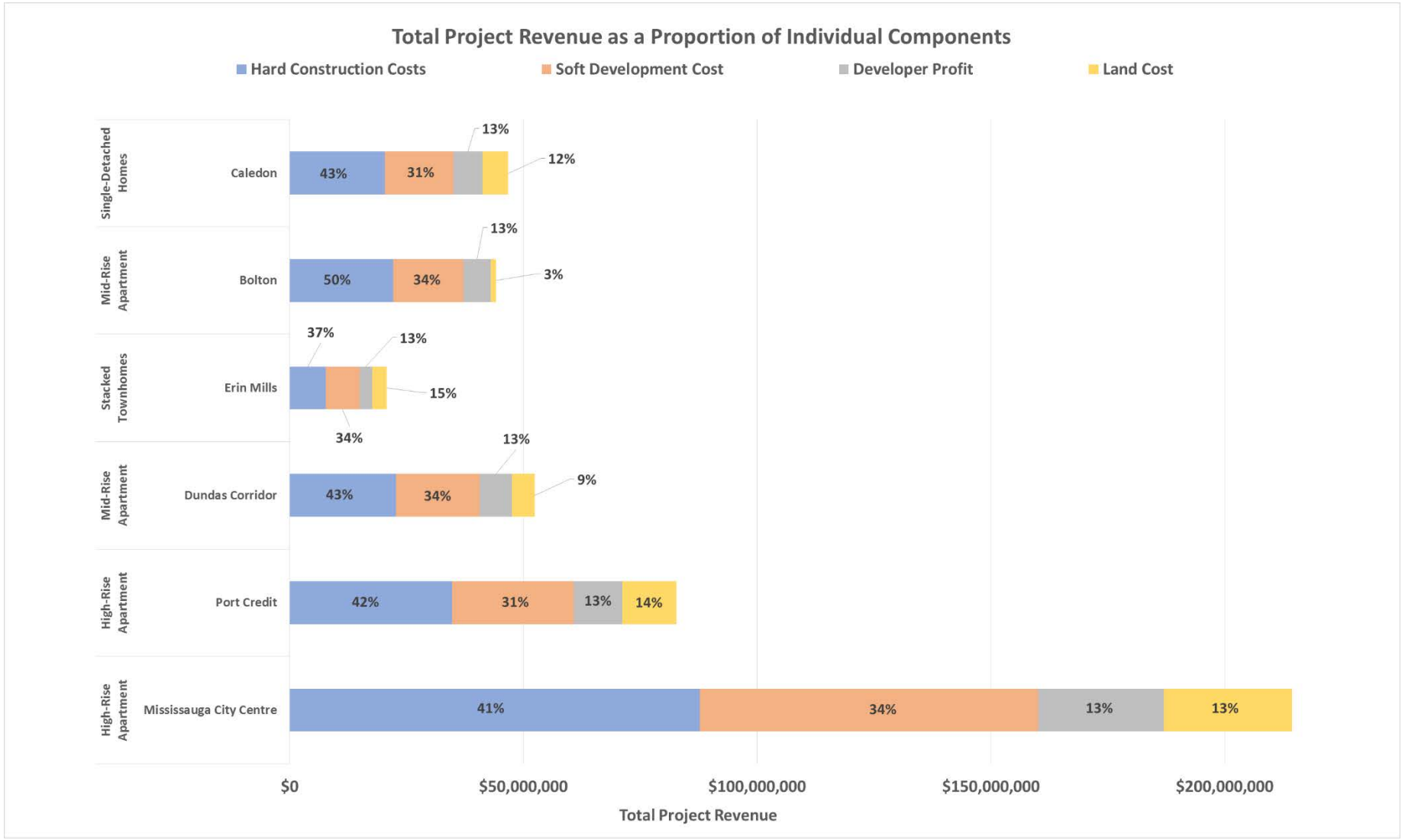
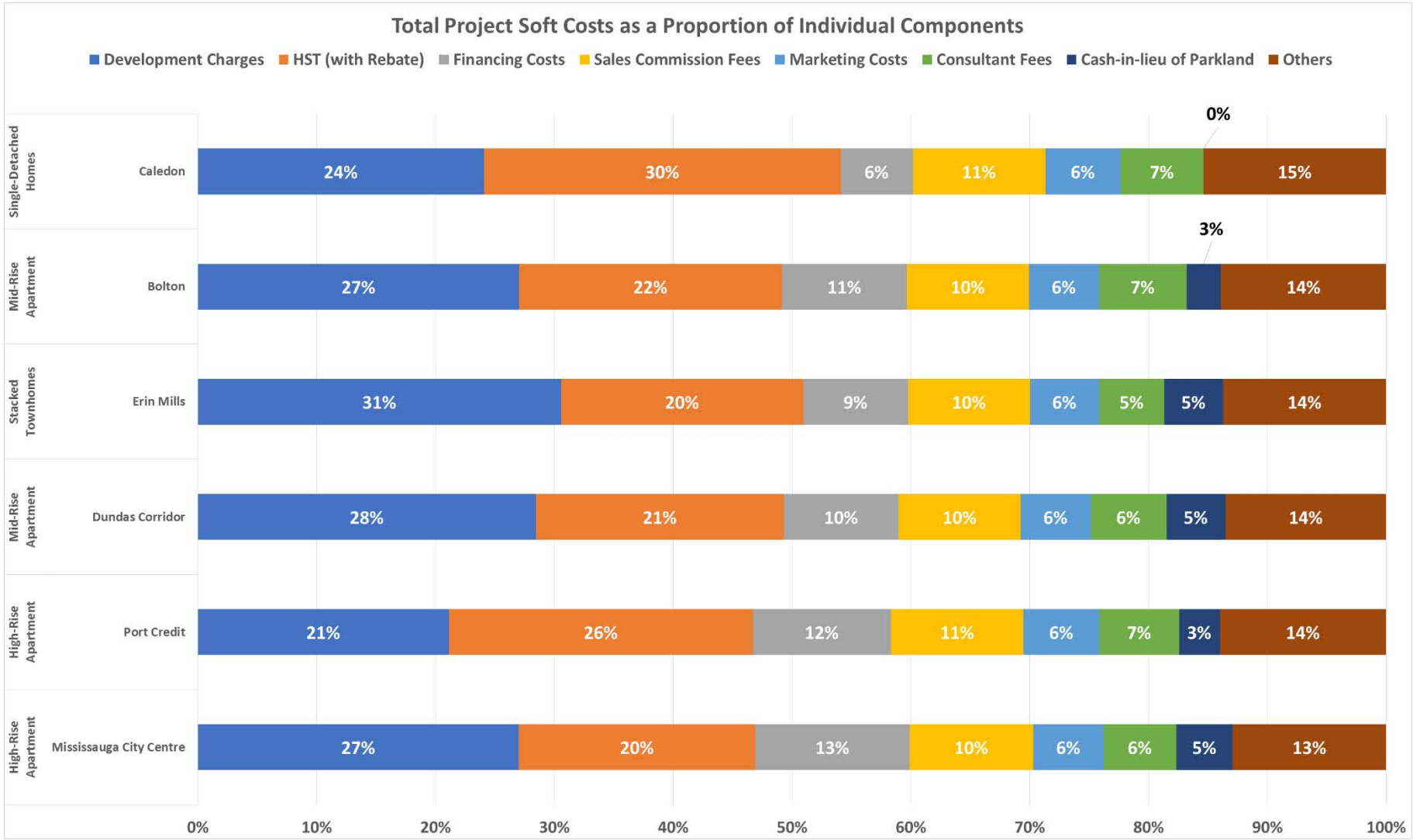

Total Project Revenue as a Proportion of Individual Components
Hard Construction Costs
Soft Development Cost
Developer Profit
Land Cost
Single-Detached Homes
Caledon
43%
31%
13%
12%
Mid-Rise Apartment
Bolton
50%
34%
13%
3%
Stacked Townhomes
Erin Mills
37%
34%
13%
15%
Mid-Rise Apartment
Dundas Corridor
43%
34%
13%
9%
High-Rise Apartment
Port Credit
42%
31%
13%
14%
High-Rise Apartment
Mississauga City Centre
41%
34%
13%
13%
$0
$50,000,000
$100,000,000
$150,000,000
$200,000,000
Total Project Revenue

Figure 10


Total Project Soft Costs as a Proportion of Individual Components
Development Charges
HST (with Rebate)
Financing Costs
Sales Commission Fees
Marketing Costs
Consultant Fees
Cash-in-lieu of Parkland
Others
Single-Detached Homes
Caledon
24%
30%
6%
11%
6%
7%
0%
15%
Mid-Rise Apartment
Bolton
27%
22%
11%
10%
6%
7%
3%
14%
Stacked Townhomes
Erin Mills
31%
20%
9%
10%
6%
5%
5%
14%
Mid-Rise Apartment
Dundas Corridor
28%
21%
10%
10%
6%
6%
5%
14%
High-Rise Apartment
Port Credit
21%
26%
12%
11%
6%
7%
3%
14%
High-Rise Apartment
Mississauga City Centre
27%
20%
13%
10%
6%
6%
5%
13%
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%

5.0 Discussion Questions and Conclusions

5.1 Do Development Costs Impact Housing Prices?

As discussed throughout this paper, there is a common misunderstanding that the cost of constructing new housing determines the price at which new housing can be sold, and that any new development costs introduced due to government policy can be "passed on" to the buyer through higher sale prices. Though related, the market that determines the price of a home (i.e. the market of willing buyers and sellers), is fundamentally distinct from the market that determines the cost of development.

Developers and/ or owners will charge the maximum rent or sale value for a home that the market can bear at any given time, irrespective of the cost of constructing the home in the first place. In free markets, these prices are established by the characteristics of supply and demand. Developers spend a considerable amount of effort analyzing local supply and demand conditions to determine the maximum sale price the market will absorb. This underpins the principle of the "willing buyer and seller". As illustrated in this report, the nature of supply and demand supports different pricing levels in different areas. If costs were the major determinant of housing prices, we would observe similar pricing for housing across a region.

If the market does support an increase in the price of new homes, developers are likely to increase pricing regardless of any change in costs. This is often observed in housing projects, where the price of homes in a project increase over the sales period. The price increase is often supported by natural appreciation in the market, as well as increased demand due to a project beginning construction and therefore limiting a purchaser's risk and the time they must wait to occupy a unit. Developers will respond to shifting market conditions and adjust pricing, regardless of any shift in construction costs. To further exemplify this economic reality, if development costs decreased by 10%, but the market supports a price increase, developers are not likely to reduce or even maintain the price of homes in their project. Rather, it is likely that they will increase the sale value of homes, as supported by the market.

Development costs do not therefore come into consideration when pricing new homes. As discussed in this paper, development costs and the developer's required profit is subtracted from the estimated revenue of the project to determine how much the developer can afford to pay for the development site. If the sale value of homes as determined by the market does not allow a developer to meet their profit expectation and/or purchase land in the market, they are not able to build the project and will search for another development opportunity. In situations such as these, developers cannot simply increase pricing beyond what the market can support to offset development costs.

5.2 How Do Rising Development Costs Impact a Housing Project Where Land Has Already Been Purchased and/or Begun Sales?

The only exception to the economic discussion in the previous commentary is situations where developers have already purchased a development site and have presold units, but have been unable to obtain a permit before the rate increase occurs (e.g. Development Charge). In this situation, the burden of the increased fee must either be covered by the purchaser or by the developer. Most pre-construction projects "cap" the purchaser's exposure to rising Development Charges, however some do not. In these situations, the purchaser will be responsible for covering all or a portion of the increase in Development Charges at the time of closing, which in effect increases the cost of purchase. Where the purchaser's exposure to rate increases are capped, the increase must be shared by the developer, effectively reducing the profit associated with the project.

In situations similar to the above, a housing project could cancel if increased development costs erode a developer's profit to the point where it no longer makes financial sense to continue. These situations are difficult for developers because they have already purchased a site, begun selling units at market value, but costs have increased significantly beyond original estimations. Rising costs can be due to construction cost increases, the discovery of physical property complications requiring greater effort/costs (e.g. geotechnical issues, archaeological discovery, etc.), rising development related charges (e.g. Development Charges, cash-in-lieu of parkland), and many others. In situations such as this, a project could cancel. There has been several high profile condominium cancellations in the GTHA over the past two years due to rising hard construction costs as well as rising soft costs.

Transition policies that phase in increased Development Charges and other development related charges are often implemented to offset this impact.

5.3 How do Development Costs Affect Overall Housing Affordability Conditions?

Development costs can affect overall housing affordability in two ways:

First, if development costs exceed the market value of housing, developers will not invest and supply will not be created. As discussed throughout this report, this is due to rising costs eroding the supportable land value of a project below the threshold where developers can acquire land in the market and make an attractive profit. If supply falls below demand, affordability of all housing supply (new and resale) will increase. Pricing will increase in this situation because there will be a larger pool of willing buyers (demand) competing for a relatively smaller number of homes (supply). However, if market pricing supports land values that well exceeds the value of other competing uses (retail, gas stations, low-density residential, etc.), there should be no impact to the viability, pricing, and supply of residential development. In these situations, developers will continue to purchase developable land in the market and charge purchasers an

amount that is supported by local supply and demand conditions. It is noted that NBLC has not assessed the impact of the proposed Development Charge rates on development viability.

Second, it is acknowledged that if development costs were lower, it would be possible for some new development to proceed at "lower" pricing. For example, there are many communities in Peel Region that currently do not support viable development. This is due to the fact that the local supply and demand conditions do not support pricing that is able to cover all development costs (including land purchase) and produce an attractive profit. It is possible that if development costs were lower, some of these projects would be able to move forward with lower relative pricing. It is important to note that the lower pricing levels are still determined by the market.

The above is a critical consideration. The economics of development are such that if the achievable home price of a project does not cover all development costs, the project will not be built. The developer will instead seek another development opportunity that displays greater evidence of viability. This practice will result in only projects located in strong market areas being able to move forward, which is generally what is observed in the market currently. This has the effect of limiting the number of more affordable housing options being supplied to the market in new development. Notwithstanding the previous point, the active supply of housing will maintain relative affordability across the entire housing market (e.g. existing homes) if demand is being satisfied through new construction.

The impact of lowering development costs to encourage a greater supply of housing at lower pricing is evaluated in the following discussion question.

5.4 Will Reduced Development Related Charges Be Passed Along to Purchasers?

In weaker market areas, where market pricing does not currently support development viability, reduced development costs can result in a project becoming viable. It is therefore possible that a greater supply of housing could be implemented if development costs were lower. However, for projects that do not require lower development costs to move forward, lowering these costs would either increase developer profits or result in increased land values. As illustrated by **Figure 3**, reducing development costs will reduce the amount that is subtracted from project revenues, which will increase the RLV (or be absorbed by profit if land can be acquired for less).

In areas where market pricing already supports a viable project, it is unlikely that developers will pass along the cost savings to purchasers because the development sector is a for-profit industry. Excluding non-profit entities and a small number of for-profit projects that specifically target an affordable market (e.g. rent to own, second mortgage programs, etc.), developers are seeking to maximize profits just like any other for-profit company. In competitive markets, available land will often have competing bids, which requires that developers be aggressive in order to acquire a development site. It is therefore likely that in strong market areas, developers will pass the cost savings through to the land value, which will allow them to bid higher for the land. As noted, if

the land is acquired for less, the savings in costs are most likely to be absorbed by the developer's profit.

Building off the above, if development costs are reduced due to decreasing development related charges, such as Development Charges, the municipality will have a funding gap for growth related infrastructure and services that would have to be funded through another avenue, which would likely be property taxes. There would also be no certainty that the reduction in development costs would be passed along to the purchaser, aside from the hope that some new housing would be developed due to the decrease in development costs.

5.5 When Have Municipalities Reduced Development Related Charges?

The waiving or deferring of Development Charges is a common incentive utilized by municipalities in Ontario for the development of affordable housing. The term "affordable housing" is explicitly defined (e.g. rent geared-to-income, 100% of CMHC average market rent, etc.) and is granted to developers that will deliver the housing at the agreed upon "below market" price. These cost savings are directly passed through to the purchaser/tenant, because developers have to build to a predetermined affordability level. Development Charge waivers can be rationalized because the provision of affordable housing is determined to be worth the cost to the municipality. However, it is important to note that this is not market housing.

Some municipalities such as Hamilton have also deployed Development Charge waivers and other incentives to encourage high-rise development in their downtown at market rates. This has nothing to do with affordability directly. Rather, the market simply does not support pricing that results in a viable project, which means that no developer would be able to build without the incentives. Hamilton is attempting to revitalize their downtown, and encourage more housing options, which is why they are offering the program. The City is now considering removing the financial incentive package due to improvements in the market and achievable pricing. Maintaining the incentives when they are no longer required, and without defined affordability targets, will result in increased developer profits and/or land values at the expense of the City.

There are many other examples of municipalities that have introduced financial incentives in Ontario to achieve various policy/planning initiatives.

5.6 Are there any implications for the City of Mississauga's "making room for the middle housing strategy"?

The City of Mississauga has prepared an affordable housing strategy designed to address housing for middle income earners ($55,000 - $100,000 annual household salary). The report targets the development of homes priced between $270,000 and $400,000 to maintain affordability for these middle income households, which currently do not exist in the market aside from condominium apartments and a limited selection of townhomes. Housing at the above noted price levels is not implemented in the current for-profit market due to the following:

- Developers can charge more for homes, as supported by the market; and
- The modest sale values noted above do not provide enough revenue to cover all development costs (hard and soft costs, land, and profit).

Consideration could therefore be given to waiving, reducing, or deferring development costs (e.g. Development Charges) in exchange for developers delivering housing at an explicitly defined and guaranteed affordability level. This would be a more appropriate response to encouraging the supply of more affordable housing types, relative to reducing development costs for all projects. The most appropriate implementation tool for providing a range of financial and non-financial tools would be through a community Improvement Plan or other similar mechanism. This approach would however result in a funding shortfall that would have to be made up by another revenue source (e.g. property taxes).

5.7 Do Development Charges Affect One Particular Housing Type More Than Others?

The impact of Development Charges on housing type is directly attributed to the revenue associated with the specific project. New single-detached homes anywhere in the GTHA are priced very high relative to other housing forms. Low-density housing types are therefore often able to absorb the higher Development Charge with less impact to the project's viability. This is also true for apartments in strong market areas, where market pricing is high relative to the Development Charge. Given that single-detached homes will often achieve a higher price than a semi-detached home, but both forms will be charged the same amount, the Development Charge will impact the lower value unit more.

On the other hand, apartments in weaker market areas will achieve lower overall project revenue but be charged the same applicable Development Charge as a building in a strong market area. This is illustrated in the case study analysis, where Development Charges account for roughly 7%-8% of total project revenue in the Port Credit and Caledon (subdivision) case study and between 9%-10% for the others. This trend is also generally observed when viewing Development Charges as a proportion of the average sale value of new homes in Mississauga and Caledon, where Development Charges account for only 5.5% of the price of a new single/demi-detached home in Mississauga and 11.5% of the price of a new single/semi-detached home in Caledon.

The impact will also depend on how many units are in the development, the size of units and qualification as a small unit by the Development Charges by-law, and when the charge is ultimately paid.

5.8 Is There a Significant Difference in Impact Depending on How Rates are Applied (e.g. per square foot, per hectare, etc.)?

Currently, Development Charges are applied on a per unit basis. From a high-level perspective, there is no evidence to suggest that the impact of Development Charges would increase or decrease if they were charged based on another metric, such as property or unit size. The Development Charge rates are determined by estimating all capital costs and other items eligible to be funded through the *Development Charges Act*. The charge is then determined by converting the total required revenue to a per capita charge, which is then converted to a variable charge by housing unit type based on unit occupancy factors (see section 2.1.1). While the application of how the charge is applied could shift, ultimately the total amount that the City is attempting to recover from new development will not change.

Currently, the City's Development Charges favour projects that incorporate larger units over more affordable smaller units. **Table 2** illustrates this finding for a hypothetical 100,000 square foot apartment building. The example highlights two scenarios, one where the average unit size is low (675 square feet) and one where the average size is larger (900 square feet). The first scenario results in more units due to the smaller unit size, where 50% will qualify as a small unit relative to only 20% in the other scenario. Due to the fact that there are more units in the first scenario, and the fact that the gap between the small unit and apartment charge is not excessive, the first scenario will pay almost 20% more in Development Charges. Of note, **Table 2** does not include the City's stormwater management charge.

Table 2

Example of Development Charges Paid for a Hypothetical Apartment		
Building Size - Gross (square feet)	100,000	
Building Size - Net (square feet)	85,000	
Development Charge - Apartments (per unit)	58,382	
Development Charge - Small Units (per unit)	40,528	
	Scenario 1	**Scenario 2**
Average Unit Size	675	900
Unit Yield	126	94
% Small Unit	50%	20%
Total Development Charge Paid	$6,227,635	$5,176,579
Development Charge Paid (per square foot)	$62	$52

Shifting the Development Charge to a per square foot bases can address the situation noted in **Table 2**. It would also address the low-density issue noted previously, where a smaller and less expensive semi-detached home would be charged the same as a more expensive and larger single-detached home. At the same time, many municipalities desire more family-sized units in apartment buildings, which the current Development Charge context appears to indirectly support.

It is noted that the current *Development Charges Act* does not currently allow for the residential charge to be applied by gross floor area (GFA) due to a lack of nexus between GFA and household size / demand for services.

5.9 Does the Timing of When Development Charges are Charged Have an Impact on Housing Costs?

The timing of Development Charges can have an impact on the cost of delivering housing. While most municipalities will require Development Charges to be paid at the time of building permit, some municipalities in Ontario have deferred the payment until a later date. The period of deferral varies widely, however many municipalities requiring payment upon completion of the project. Some municipalities will offer lengthier deferrals in exchange for affordable housing.

The deferral of Development Charge payment can result in cost savings for a developer, who otherwise would be required to pay the charge out of pocket or through financing at the time of building permit and therefore prior to receiving revenue from the sale of units. Deferring the payment allows a developer to avoid financing costs or out of pocket expenses, instead paying the charge with revenue received from the sale of homes. The impact of a deferral will vary, as high-rise projects with longer development time periods between building permit and project completion will benefit more than a smaller project. Similarly, many subdivision projects in Caledon are required to pay some Development Charges at the time of draft plan approval. The period between draft plan approval and project completion can be lengthy.

5.10 What Is the Impact Of Rising Cash-In-Lieu Of Parkland Charges?

As noted, cash-in-lieu of parkland is another development related charge encountered by the development industry. The charge is a measureable proportion of total project soft costs, ranging between 3%-5% of total soft costs in the Mississauga case studies evaluated. If the cash-in-lieu rate were to increase, this would be treated no differently than any other cost increasing as discussed in this report. The ultimate result of increasing soft costs would place downward pressure on land values, which depending on the specific market characteristics of the property, could negatively impact project viability. However for other projects where viability is not impacted, the increase in costs is absorbed by the land value (i.e. purchase price of land) with no impact to the sale price of homes, assuming supply and demand conditions are not significantly affected.

5.11 Overall Conclusions

Ultimately, developers and/ or owners will charge the maximum rent or sale value for a home that the market can bear at any given time, irrespective of the cost of constructing the home in the first place. If the maximum price supported by the market does not produce enough revenue to cover all development costs (including the purchase of land and an attractive profit), the developer will not build the project.

If development costs increase, which can be due to a variety of factors, developers will discount the amount they pay for a development site. The land value is negatively impacted because other elements of the equation (**Figure 3**) are generally fixed: the sale price of homes cannot exceed what the market of willing buyers are willing to pay and a developer is generally unwilling to reduce their required profit expectation. Understanding that developers are already charging the maximum the market will support (and are likely to increase pricing if the market is supportive regardless of any shift in development costs) clearly illustrates that the only flexible variable in development economics is the purchase price of a development site.

In communities where market pricing supports land values that well exceeds the value of other competing uses (retail, gas stations, low-density residential, etc.), there should be no impact to the viability, pricing, and supply of residential development. In these situations, developers will continue to purchase developable land in the market and charge purchasers an amount that is supported by local supply and demand conditions.

However, if the land value of a residential development site is reduced below the value of other competing uses or below the expectation of a land owner, a developer will not be able to purchase the property and would not be able to build the project. If the viability of residential development is impacted on a large scale, the supply of housing will be reduced as developers will be unable to build new housing. If supply does not meet demand, the price of both new and existing homes will increase, which is a function of basic housing economics (i.e. a large pool of buyers competing for a small amount of space).

The case studies evaluated in this report illustrate this market commentary. Some of the case studies had strong supporting land values such as the high-rise buildings in Mississauga City Centre and Port Credit, Stacked Townhomes in Mississauga, and single-detached homes in Caledon. As such, much of the development occuring in Mississauga and Caledon is dominated by these housing forms. While this report has not evaluated the impacts of the proposed Development Charge increase in any significant detail, it is possible that these types of projects will be able to absorb moderate cost increases without a major impact to project viability (subject to the magnitude of cost increase and other considerations mentioned in this report).

On the other hand, the mid-rise apartments in Bolton and on Mississauga's Dundas Corridor produce much weaker land values and display weaker evidence of project viability. This is not surprising given the fact that this built-form is a modest component of Mississauga's development activity and only one apartment project has ever occurred in Bolton.

To encourage a greater supply of housing targeted to low and middle-income households, such as apartments in modest market areas, consideration can be given to waiving, reducing, or deferring development costs (e.g. Development Charges) in exchange for developers delivering housing at an explicitly defined affordability level through a Community Improvement Plan or other similar mechanism. Reducing development related charges for all development projects is not

recommended as projects that do not require the incentives would absorb the cost savings through increased profit and/or by paying more for a development site. There would be no guarantee that the savings in costs would be passed on to purchasers and the City would lose Development Charge revenue that would have to be funded through another source such as property taxes.

Appendix A: Case Study Built Form Analysis

Case Study #1: High-Rise Apartment in Mississauga City Centre

Mississauga City Centre serves as Mississauga's downtown and is one of the city's most vibrant and urban communities. The area offers a variety of retail services at Square One Shopping Centre as well as an art gallery, performing arts centre, post-secondary institution and recreational centres. City Centre also provides access to local and regional transit via the Square One Bus Terminal and the Cooksville GO Train station. In addition to the abundance of services and amenities, City Centre also hosts community festivals and displays of public art at Celebration Square, which contributes to the area's desirability.

Edge Towers 1 & 2

Over the past two decades, Mississauga City Centre has experienced a proliferation of high-rise residential activity primarily in the form of condominium apartments, which contrasts with the existing stock of older purpose-built rental apartment buildings and ground-oriented housing in the surrounding area. The majority of the new high-rise development activity is predominately concentrated around Burnhamthorpe Road West near both the Hurontario Street / Confederation Parkway intersections.

Many of the recent high-rise projects in City Centre tend to have large podiums and are located on large parcels of land with heights exceeding 40 storeys (e.g. Amacon Blocks, Daniels Blocks, M City property). Looking forward, these large properties located away from Hurontario will be in short in supply. We have therefore examined the Edge Towers development as a representative project due to the smaller floor plates and location near Hurontario Street.

Edge Towers is a multi-phase development by Solmar Development Corp. located at the southwest corner of Hurontario Street and Elm Drive. The first tower opened in October 2017 and is currently in pre-construction. It will have a 3-storey podium for a total of 35 storeys with 323 units. The podium will have a floor plate of 1,118 m^2 with a tower floor plate of 750 m^2 for a total gross floor area ("GFA") of 24,450 m^2.

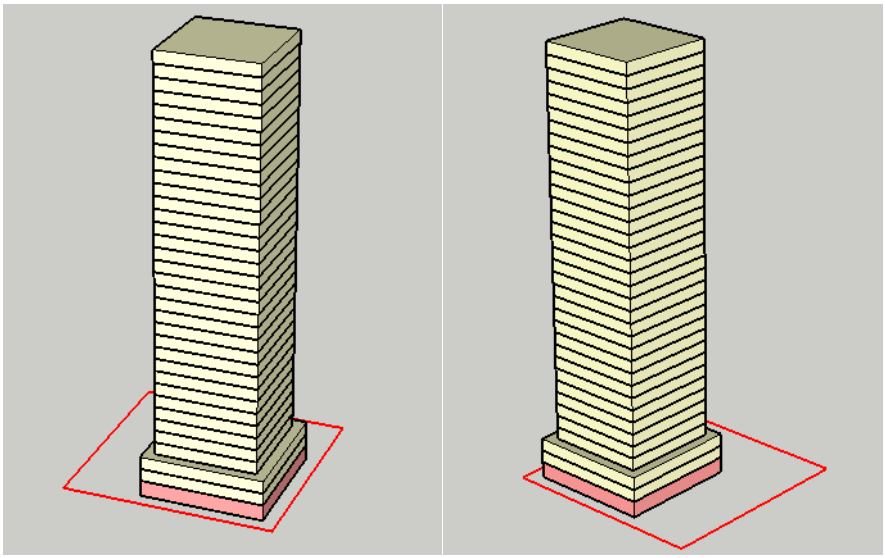
The second tower opened in May 2018 and is also in pre-construction. It will also have a 3-storey podium with an overall height of 40 storeys with 422 units. Similar to the first tower, the second tower will have a floor plate of 1,118 m^2 with a tower floor plate of 750 m^2 for a GFA of 28,500 m^2. There is a proposed third tower expected to open at a future date that will have a podium floor plate of 1,197 m2 and tower floor plate of 750 m^2 with a GFA of 36,000 m^2. The overall floor

space index ("FSI") of the development is expected to be 6.9. While newer projects such as M City are proposing over 700 units per building, we believe the building scale of Edge to be a more typical scale to base the prototype on.

The first two towers have similar suite mixes, with approximately 55% of the units being two-bedroom or two-bedroom plus den and 45% being one-bedroom or one-bedroom plus den. The average unit size across both projects is approximately 660 square feet. In addition to the surveyed comparable precedents, NBLC reviewed the January 2013 Downtown Core Built Form Standards (the "Standards") to determine appropriate setbacks, tower step backs and tower floorplates.

NBLC has assumed the prototype for the Mississauga City Centre to be a 35-storey tower atop a 3-storey podium. Following the recommendations outlined in the Standards and the requirements of By-law 0225-2007, NBLC has assumed that the podium is setback 3 metres from the property line. Furthermore, as outlined in the Standards, a tower floor plate of 750 m^2 has been assumed and a tower step back of 3 metres to all podium edges. Based on the provided step backs and similar to the Edge Tower developments, the podium has a floor plate of 1,124 m^2. The ground floor height is assumed to be 4.5 metres for commercial uses and all residential floors have a floor height of 3.5 metres, for a total building height of 123.5 metres.

To arrive at a lot size, NBLC has assumed the FSI of the prototype would be 6.9, which is the overall FSI for the Edge Tower development. Based on an overall GFA of 27,372 m^2, the site area for the prototype is 3,965 m^2 (.98 acres). NBLC has assumed an average unit size of 645 ft^2. The smaller unit size is based upon the observed trend within the Edge towers and other projects in the area. It is assumed that no units will be located on the ground floor and the building will achieve a net to gross efficiency of 85%, therefore the unit yield is 372 units. It is assumed that there will be a fairly even split between 1-bedrooms and 2-bedroom unit types at 45% and 55% respectively. Parking is assumed to be underground.



Development Statistics for Prototype - Mississauga City Centre								
Floor	**# Floors**	**Height (m)**	**Avg. Floor Plate Size (m2)**	**Average Unit Size (sf)**	**# of Units**	**Total GFA (m2)**	**Lot Area (m2)**	**FSI**
Precedents								
Edge Tower 1	35	-	937	690	323	24,450	3,543	6.90
Edge Tower 2	40	-	937	641	422	28,500	4,130	6.90
Totals/Average:	**38**	**-**	**937**	**660**	**373**	**26,475**	**3,837**	**6.90**
Prototype								
1	1	4.50	1,124	-	-	1,124	-	-
2-3	2	7	1,124	645	32	2,248	-	-
4-35	32	112	750	645	340	24,000	-	-
Totals:	**35**	**123.5**	**999**	**645**	**372**	**27,372**	**3,965**	**6.90**
Source: N. Barry Lyon Consultants Limited								

Case Study #2: High-Rise Apartment in Port Credit

Port Credit is a highly desirable neighbourhood along Mississauga's waterfront with high real estate values. The area offers a broad range of commercial and retail services along Lakeshore Road East with access to regional GO Rail service and the proposed Hurontario LRT, which all contribute to Port Credit's attractiveness. The area has experienced recent growth in higher density formats with the development of high-rise and mid-rise apartment buildings near the Hurontario Street and Lakeshore Road East intersection, including the 185-unit 'Port Credit Village' townhouse development on the southeast corner.

Tanu Condos (Top) & Nola Condos (Bottom)

There are two new condominium projects in Port Credit. The first project, Tanu Condos by Edenshaw Developments, opened in October 2018 and is currently the only actively marketing high-rise project in Port Credit. The project is currently in pre-construction and is expected to be 15 storeys with 192 residential units. The site is located mid-block on Park Street East with a lot area of 3,072 m^2. The building will have an approximate gross floor area ("GFA") of 19,216 m^2 for an overall floor space index ("FSI") of 6.26.

The second project, Nola Condos by Fram Building Group and Slokker, opened in May 2016 and is the most recently sold out high-rise project in Port Credit. The project is currently under construction and will be 15 storeys in height with 70 residential units, including two semi-detached homes. The site is located on the southeast corner of High Street East and Ann Street with a lot area of 1,924 m^2. The lot area of the apartment building, excluding the area for the semi-detached homes, is approximately 1,532 m^2. The building will have a GFA of 8,231 m^2 with a 5.37 FSI.

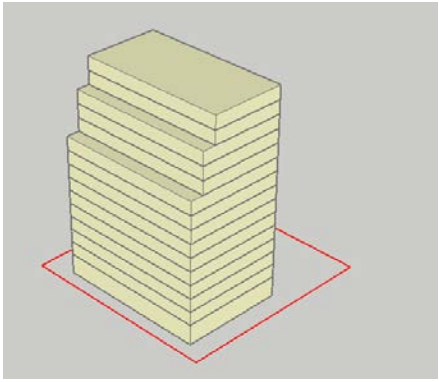
Both of these projects have similar suite mixes, with approximately 60% of units being two-bedroom or larger and 40% being one-bedroom or bachelor. The average unit size across both projects was approximately 950 ft^2, which is considered large relative to many other market areas in Mississauga and the GTHA for high-rise condominium buildings. These projects are likely targeting move-down and senior purchasers.

In addition to the recent precedents in the local market area, NBLC reviewed the November 2014 Port Credit Built Form Guide (the "Guide") to determine appropriate lot sizes, overall height, building design and maximum tower floorplates. The Guide recommends that a mid-block site

should be a minimum of 45 metres by 45 metres (2,025 m^2), whereas a corner block site should be at least 40 metres by 45 metres (1,800 m^2).

Based on the precedents and the Guide, and the limited availability of corner lots, NBLC believes that a 15-storey mid-block apartment building would be appropriate in Port Credit as a representative prototype. Notwithstanding the recommended minimum site area of 2,025 m^2 for a mid-block property, the precedents provided a slightly smaller site area; therefore, NBLC has assumed a site area of 1,925 m^2 (.48 acres), which is consistent with Nola Condos. Consistent with the Guide and the precedents, the prototype is setback 3-metres from the front and side property lines with a 23-metre depth from floors 1 to 10 to allow for maximum efficiency. To allow for a mixture of uses on the ground floor, the height of the first floor is 4.5 metres, while the remaining floors are 3 metres in height. To minimize potential adverse impacts to the surrounding neighbourhood, the building steps back 3 metres at floors 11 and 14. The step backs and floors at which the building steps back are similar to those seen in both Tanu Condos and Nola Condos.

Following the recommendations from the Guide, the prototype has a tower floor plate between 540 m^2 and 730 m^2. The overall GFA of the prototype is approximately 10,288 m^2, giving an FSI of 5.37 times the site area. It has been assumed that the prototype will have a similar suite mix to the precedents, with 40% of units being 1-bedroom types, 55% 2-bedroom types and 5% three-bedrooms. We therefore assume an average unit size of approximately 900 ft^2, which yields 97 total units, assuming no units are on the bottom floor and the building achieves a net to gross efficiency of 85%. Parking is assumed to be underground.



Development Statistics for Prototype 1 - Port Credit								
Floor	**# Floors**	**Height (m)**	**Avg. Floor Plate Size (m2)**	**Average Unit Size (sf)**	**# of Units**	**Total GFA (m2)**	**Lot Area (m2)**	**FSI**
Precedents								
Tanu	15	-	1,227	897	192	19,216	3,072	6.26
Nola	15	-	6,413	1,104	70	8,231	1,924	4.28
Totals:	**15**	**-**	**3,820**	**952**	**131**	**13,724**	**2,498**	**5.27**
Prototype								
1	1	4.5	730	-	-	730	-	-
2-10	9	27	730	955	63	6,570	-	-

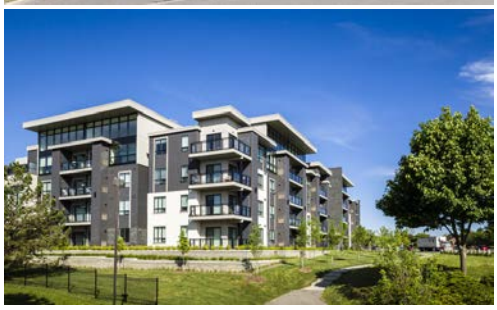
11-13	3	9	636	955	18	1,908	-	-
14-15	2	6	540	955	10	1,080	-	-
Totals:	**15**	**47**	**659**	**900**	**97**	**10,288**	**1,925**	**5.34**
Source: N. Barry Lyon Consultants Limited								

Case Study #3: Mid-Rise Apartment Along the Dundas Corridor

The Dundas Street Corridor is a major route within the City of Mississauga stretching almost 20 km from Oakville in the west to Etobicoke in the east. Although there are a variety of retail and commercial services along the Dundas Corridor, there is currently limited market appeal for higher density housing. The few mid-rise apartments that have been developed are mainly concentrated near Cawthra Road or Erin Mills Parkway. However, the City has initiated the Dundas Connects master plan to create a planning framework that is intended to encourage intensification and convert the corridor into a mixed-use, transit-oriented route supported with bus rapid transit.

The EV Rolaye Condos by YYZed Project Management and Nurreal Capital is the only actively marketing project along the Dundas Street Corridor. The project opened in November 2016 and is currently in pre-construction. The building is proposed at 7 storeys with 99 units and is located in the Erindale Village neighbourhood. The building proposes a gross floor area ("GFA") of 12,415 m^2 with a floor space index ("FSI") of 3.7 on a site area of 3,480 m^2 (0.86 acre). The project has a suite mix of approximately 60% two-bedroom or larger units and 40% one-bedroom and one-bedroom plus den units, with an average unit size of 1,183 ft^2. It is important to note that this project is still in the development approvals process and has not yet been approved.

Park 570 (Top) & Windows on the Green (Bottom)



Given the lack of new mid-rise development along Dundas, NBLC also examined two older mid-rise buildings to help inform a representative built form prototype. The first building, Park 570 by Vandyk Properties Inc., opened in 2010 and is located near the Dundas Street East and Cawthra Road intersection. The building is 4 storeys in height with 180 units. It is located on 11,153 m^2 (2.8 acre) property with a GFA of 18,816 m^2 for an overall FSI of 1.69. In regard to suite mix, approximately 55% two-bedroom and two-bedroom plus den units and 45% are one-bedroom and one-bedroom plus den units, with an average unit size of 1,003 ft^2.

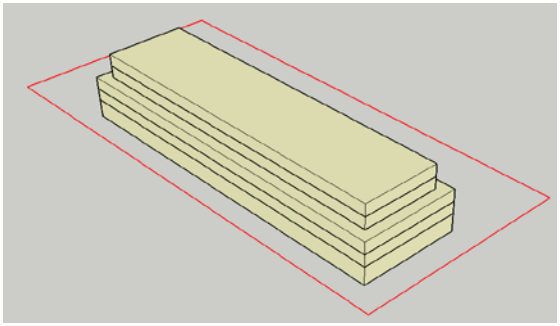
The second building, Windows on the Green by Vandyk Properties Inc. (3170 Erin Mills Parkway), opened in 2012 and is located just north of the Dundas Street West along Erin Mills

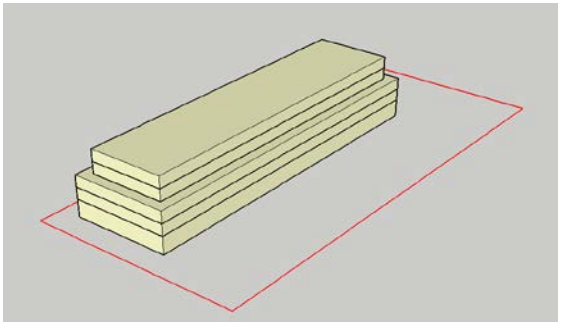
Parkway. The building is also 4 storeys in height with 150 units. Similar to the Park 570 building, it is located on a large property with a site area of 10,967 m^2 (2.7 acres) and an overall GFA of 15,904 m^2 for an overall FSI of 1.69. This building has a higher proportion of one-bedroom and one-bedroom plus den units (approx. 60%) than Park 570 with remaining 40% being two-bedroom or larger. The average unit size is slightly smaller than the other projects with an average of 945 ft^2.

After completing a review of the available lots along the Dundas corridor, NBLC has assumed a rectangle lot with an overall area of 5,500 m^2 (1.4 acre). Based on the lot shape, as well as the vision for Dundas Connects, NBLC believes that a long building (80 metres) fronting onto Dundas is appropriate. Consistent with the Official Plan, the prototype is setback 5-metres from the property line and has allowed for a driveway and some parking to be located above ground to the rear of the building. To allow for maximum efficiency, the depth of the base of the prototype is 23 metres. The ground floor has a height of 4.5 metres with subsequent floors having a height of 3 metres, for an overall building height of 17.5 metres.

In order to arrive at a floor plate, NBLC assumed a similar size floor plates as the buildings in the Dundas / Cawthra area according to the Dundas Connects 3-D mapping illustration. The podium of the building has a floor plate of 1,863 m^2, and an overall GFA of 5,590m^2. Above the 3-storey podium, the prototype steps back 3 metres on each side leading to a floor plate of 1,368 m^2. The overall GFA of the prototype is 8,325 m^2. The prototype has an FSI of 1.51, which is approximately the average of the two approved projects along Dundas.

Based on the estimated average unit size of 8000 ft^2, the prototype yields 95 units. It has been assumed that the prototype will have a similar suite mix to the precedents, with 50% of units being 1-bedroom, 45% being two-bedrooms and 5% of units being three-bedrooms. Parking is assumed to be located above ground to the rear of the building, as well as below ground.





Development Statistics for Prototype 1 - Dundas Corridor								
Floor	**# Floors**	**Height (m)**	**Avg. Floor Plate Size (m2)**	**Average Unit Size (sf)**	**# of Units**	**Total GFA (m2)**	**Lot Area (m2)**	**FSI**
Precedents								
EV Royale	8	-	-	1,183	96	12,415	3,480	3.57

Windows on the Green	4	-	369	945	154	15,904	10,967	1.45
Park 570	4	-	437	1,003	180	18,816	11,153	1.69
Totals:	**5**	**-**	**403**	**951**	**143**	**15,712**	**8,533**	**2.23**
Prototype								
1	1	4.5	1,863	950	12	1,863	-	-
2-3	2	6	1,863	950	36	3,726	-	-
4-5	2	6	1,368	950	26	2,736	-	-
Totals:	**5**	**17**	**1,698**	**800**	**95**	**8,325**	**5,500**	**1.51**
Source: N. Barry Lyon Consultants Limited								

Case Study #4: Stacked Townhome in Erin Mills

The majority of actively marketing stacked townhouse projects in Mississauga are large developments consisting of over 100 units that require large properties and therefore not considered appropriate as a representative built form likely to be seen on a significant scale looking forward. Given the lack of recent precedents for infill stacked townhomes in Mississauga, NBLC surveyed two recently approved infill projects located near the Mississauga border within the City of Toronto.

The first project is located at 62 Long Branch Avenue on a 2,114 m^2 (0.52 acre) lot and proposes two blocks of three-storey stacked townhomes containing a total of 28 units. The proposed gross floor area ("GFA") is approximately 3,300 m^2 for a floor space index ("FSI") of 1.56 times the lot area. The project will consist of only two-bedroom units with an average unit size of 1,270 ft^2. Parking will be provided in an underground garage.

The second project is located at 400 East Mall and proposes three blocks of four-storey stacked townhomes containing 62 units. The proposed GFA is 4,709 m^2 with an FSI of 1.02 times the lot area. The project proposes a suite mix of approximately 65% one-bedroom units and 35% two-bedroom units. Parking will also be provided in a single level underground garage.

62 Long Branch Ave (Top) & 400 East Mall (Bottom)

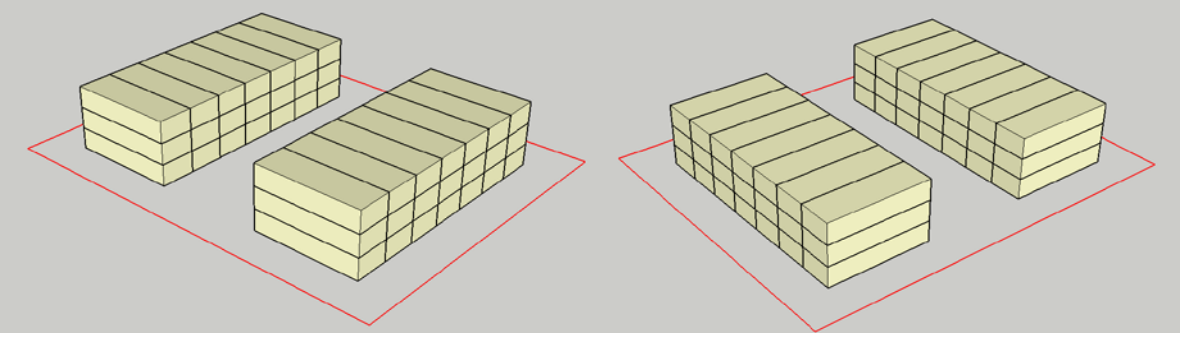
In addition to the surveyed precedents, NBLC reviewed the Draft Urban Design Guidelines for Back to Back and Stacked Townhouses (the "Guidelines") as well as Zoning By-law 0225-2007 (the "by-law").

Based upon the precedents, NBLC has assumed that the prototype will be located on a square lot with an overall area of approximately 3,400 m^2 (0.84 acre). The two precedents found in Toronto have an average FSI of 1.29 times the property size, however the by-law has outlined a maximum FSI of

0.9 times the site area for stacked townhouses; therefore, this is the density that NBLC has assumed.

The prototype has a front yard setback of 5.5 metres and is consistent with the Guidelines recommendation of 4.5 metres from the side property lines. The block length is approximately 34 metres, which is below the Guide's recommendation of a maximum block length of 41 metres. The two blocks are setback 15 metres from one another, consistent with the Guidelines. Based upon the stacked townhouse projects marketing in Mississauga, NBLC has assumed that the prototype will be 3-storeys in height, for an overall height of 9 metres, which complies with the maximum height of 10 metres set out in the by-law.

Based upon the assumed lot size and the maximum allowable FSI, NBLC has assumed an overall GFA of 3,060 m^2, which results in an average floor plate of 510 m^2. According to the Guidelines, the minimum unit width is 4.5 metres, therefore the depth of the prototype is 14.85 metres. Based upon an average unit size of 850 ft^2, the unit yield is 39 units. Based upon the precedents in Toronto, as well as the active marketing projects, NBLC has assumed a suite mix of 42% 1-bedrooms, 55% two-bedrooms and 3% 3-bedrooms. Parking is assumed to be below grade with some surface spaces. These are single-loaded stacked townhomes.



Development Statistics for Prototype - Stacked Townhouse								
Floor	**# Floors**	**Height (m)**	**Avg. Floor Plate Size (m2)**	**Average Unit Size (sf)**	**# of Units**	**Total GFA (m2)**	**Lot Area (m2)**	**FSI**
Precedents								
62 Long Branch Ave.	3	11.7	555	1,270	28	3,301	2,114	1.56
400 East Mall	4	14	514	637	62	4,709	4,600	1.02
Totals:	**4**	**13**	**535**	**954**	**45**	**4,005**	**3,357**	**1.29**
Prototype								
Block 1	3	9	510	955	17	1,530	-	-
Block 2	3	9	510	955	17	1,530	-	-
Totals:	**6**	**9**	**510**	**850**	**39**	**3,060**	**3,400**	**0.90**
Source: N. Barry Lyon Consultants Limited								

Case Study #5: Mid-Rise Apartment in Bolton

Bolton is Caledon's most populous community with a historic downtown core that has a full complement of local retailers and services with access to several nearby hiking trails and recreational opportunities. The area has a small-town charm while still being in close proximity to larger urban areas. Bolton's existing residential development is comprised predominantly of single-detached homes on the fringe of the downtown core. In regard to higher density formats, there has only been one condominium apartment building developed in Bolton - River's Edge by Armour Heights Developments.

River's Edge is an L-shaped 5-storey, 72-unit adult lifestyle building. It opened in 2007 and is located along the Humber River in the downtown core. The site area is 6,879 m^2 (1.7 acre) with a gross floor area ("GFA") of 8,879 m^2 for an overall floor space index ("FSI") of 1.29. About 75% of the building consists of two-bedroom and two-bedroom plus den units with the remaining 25% being one-bedroom and one-bedroom plus den units. The average unit size is approximately 1,128 ft^2, which is significantly larger relative to many other market areas in Peel Region and the GTHA for mid-rise condominium buildings.

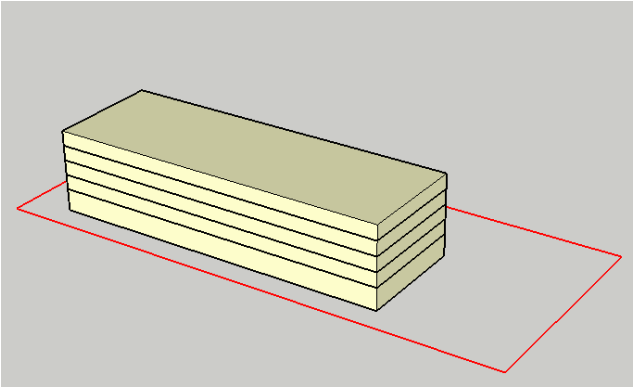
In addition, NBLC examined a development proposal for a new 5-storey, 73-unit residential condominium apartment building located at 50 Ann Street, immediately adjacent to the River's Edge building. The site area is 3,616 m^2 (0.9 acre) with a proposed gross floor area of 7,001 m^2 for an overall FSI of 1.94. This proposal is still in the development approvals process and is not yet marketing, so there is currently no available information regarding suite mix and unit sizing.

River's Edge (Top) & 50 Ann Street (Bottom)

Due to the scarcity of higher density development in Bolton, NBLC has largely based the prototype on the proposed 50 Ann Street development. Additionally, NBLC has consulted the Town of Caledon Official Plan Section 5.10.4.5 "Bolton Settlement Area" to determine the appropriate built form.

Because both precedents found in Bolton are on adjacent blocks of varying size, NBLC has assumed that the prototype will be built on a similar shaped (rectangle) lot of approximately 4,858 m^2 (1.2 acre). The prototype has a ground floor height of 4 metres with all other floors having a height of 3.5 metres, for an overall building height of 17 metres. The prototype is a 5-storey building with a floor plate of 1,584 m^2, for an overall GFA of 7,920 m^2. Based on a property size of 4,858, the prototype has an overall FSI of 1.63.

NBLC has assumed an average unit size of 1,000 ft^2, which is the estimated average of the two precedents. Based on the prototype's GFA and the assumed unit size, the prototype has 72 units. Similar to River's Edge and the proposed 50 Ann Street, there will be a mix of surface and underground parking.



Development Statistics for Prototype - Bolton								
Floor	**# Floors**	**Height (m)**	**Avg. Floor Plate Size (m2)**	**Average Unit Size (sf)**	**# of Units**	**Total GFA (m2)**	**Lot Area (m2)**	**FSI**
Precedents								
50 Ann	5	20	1,400	877	73	7,001	3,617	1.94
River's Edge	5	20	1,776	1,128	72	8,879	6,880	1.29
Totals:	**5**	**20**	**1,588**	**1,002**	**73**	**7,940**	**5,248**	**1.61**
Prototype								
1	1	3.9	1,584	1,000	14	1,584	-	-
2-5	4	13.1	1,584	1,000	58	6,336	-	-
Totals:	**5**	**17**	**1,584**	**1,000**	**72**	**7,920**	**4,858**	**1.63**
Source: N. Barry Lyon Consultants Limited								

Case Study #6 Single-Detaches Homes in Caledon

The Town of Caledon has experienced strong low-density residential housing development through greenfield subdivisions over the past decade. Low-density housing starts in the Town averaged just over 465 units per year between 2010 and 2014, which has increased to an annual average of nearly 610 new units since this time. At the time of our survey, there were seven actively marketing projects in the Town currently selling single-detached homes. In total, there were 1,236 total single-detached lots within these projects, of which 90% were sold, meaning there were only 125 units available for sale. It is noted that most of these projects have a combination of single and semi-detached homes as well as townhomes available for sale.

The Mayfield West area had the largest concentration of actively marketing single-detached projects in Caledon. Three of the seven projects were located in this area, totaling 892 lots (about 70% of the total lots). While there are a wide variety of single-detached homes available for sale

in the market, the most popular offering by far is a 36 foot lot ranging in size between 2,300 and 2,950 square feet.

We have therefore assumed a 2,650 square foot single-detached home on a 36 foot lot as the prototype. The subdivision will contain 40 total units and will require 2.0 hectares of land at a density of 20 units per hectare. The project will require on-site parkland dedication of 5% of the lot area and approximately 275 metres of local roads (assumes each home is 36 feet * 40 units = 1,440 feet; assume 2 units on each side of the street and a 25% gross up = 900 feet or 275 metres).

Appendix B: Market Data

Surveyed Actively Marketing (New) Condominium Apartment Projects in Mississauga City Centre
As of December 31, 2018

Map ID	Project Name / Developer	Open Date	Con. Status[1]	Storeys	Total Units	Total Units Released	Total Sales	% Sold	Size Range (sf)	Price Range	Avg. $PSF[2]		Avg. Sales/Mo.[3]	
											Org.	Curr.	70%	Overall
1	Keystone - West Tower *Kaneff*	Nov-18	Pre	23	202	202	71	35%	601 - 1,117	$425,990 - $745,990	$715	$716	- -	36.6 2
2	M3 - M City Condominiums *Rogers Real Estate Development Limited and Urban Cap*	Oct-18	Pre	81	864	680	449	52%	522 - 1,006	$420,400 - $798,900	$792	$787	- -	184.6 2
3	Edge Towers 2 *Solmar Development Corp.*	May-18	Pre	40	422	308	157	37%	492 - 721	$434,900 - $616,900	$773	$874	- -	21.4 7
4	Edge Towers *Solmar Development Corp.*	Oct-17	Pre	35	323	323	264	82%	465 - 1,247	$390,900 - $1,049,900	$639	$844	34.6 7	18.0 15
5	Daniels City Centre - Wesley Tower *Daniels Corporation*	Aug-17	UC	43	503	503	452	90%	458 - 996	$405,900 - $709,900	$602	$768	85.9 4	28.1 16
6	M2 - M City Condominiums *Rogers Real Estate Development Limited and Urban Cap*	Apr-17	UC	61	797	797	746	94%	446 - 1,310	$259,900 - $867,900	$630	$660	271.8 2	37.1 20
7	M City *Rogers Real Estate Development Limited and Urban Cap*	Mar-17	UC	60	781	781	748	96%	402 - 1,282	$245,400 - $867,900	$610	$664	550.6 1	35.1 21
8	Grand Mirage *Conservatory Group*	Feb-16	UC	22	344	344	328	95%	583 - 950	$459,900 - $663,900	$472	$728	17.2 15	9.6 34
9	Pinnacle Grand Park 2 *Pinnacle International*	Oct-12	SI	48	461	461	456	99%	590 - 2,312	$398,900 - $1,399,900	$425	$635	7.2 47	6.1 75
Total / Average / Range: 9 Projects				**46**	**4,697**	**4,399**	**3,671**	**78%**	**402 - 2,312**	**$245,400 - $1,399,900**	**$629**	**$791**	**32.2**	**19.0**

1. Construction Status: "Pre" = pre construction, "UC" = under construction, "SI" = Standing Inventory 2. Average dollar per square foot: original value is based on total inventory at the time of the project launch, current value is based on remaining inventory. 3. Average sales per month (absorption rate): the top number represents the number of sales per month, the bottom number represents the number of months. 70% rate is calculated from the project opening date until at least 70% sold, overall rate is calculated from the project opening date to the current date (December 31, 2018).

Source: Altus Group / RealNet

Map 1: Location of Projects in Mississauga City Centre

Surveyed Actively Marketing (New) Condominium Apartment Projects in Port Credit

As of December 31, 2018

Map ID	Project Name / Developer	Open Date	Con. Status[1]	Storeys	Total Units	Total Units Released	Total Sales	% Sold	Size Range (sf)	Price Range	Avg. $PSF[2]		Avg. Sales/Mo.[3]	
											Org.	Curr.	70%	Overall
1	Tanu *Edenshaw Developments*	Oct-18	Pre	15	204	192	145	71%	626 - 1,500	$546,900 - $1,357,900	$878	$877	63.9 2	63.9 2
Total / Average / Range: 1 Projects				**15**	**204**	**192**	**145**	**71%**	**626 - 1,500**	**$546,900 - $1,357,900**	**$878**	**$877**	**63.9**	**63.9**

1. Construction Status: "Pre" = pre construction, "UC" = under construction 2. Average dollar per square foot: original value is based on total inventory at the time of the project launch, current value is based on remaining inventory. 3. Average sales per month (absorption rate): the top number represents the number of sales per month, the bottom number represents the number of months. 70% rate is calculated from the project opening date until at least 70% sold, overall rate is calculated from the project opening date to the current date (December 31, 2018).

Source: Altus Group / RealNet

Recently Sold Out Condominium Apartment Projects in Port Credit

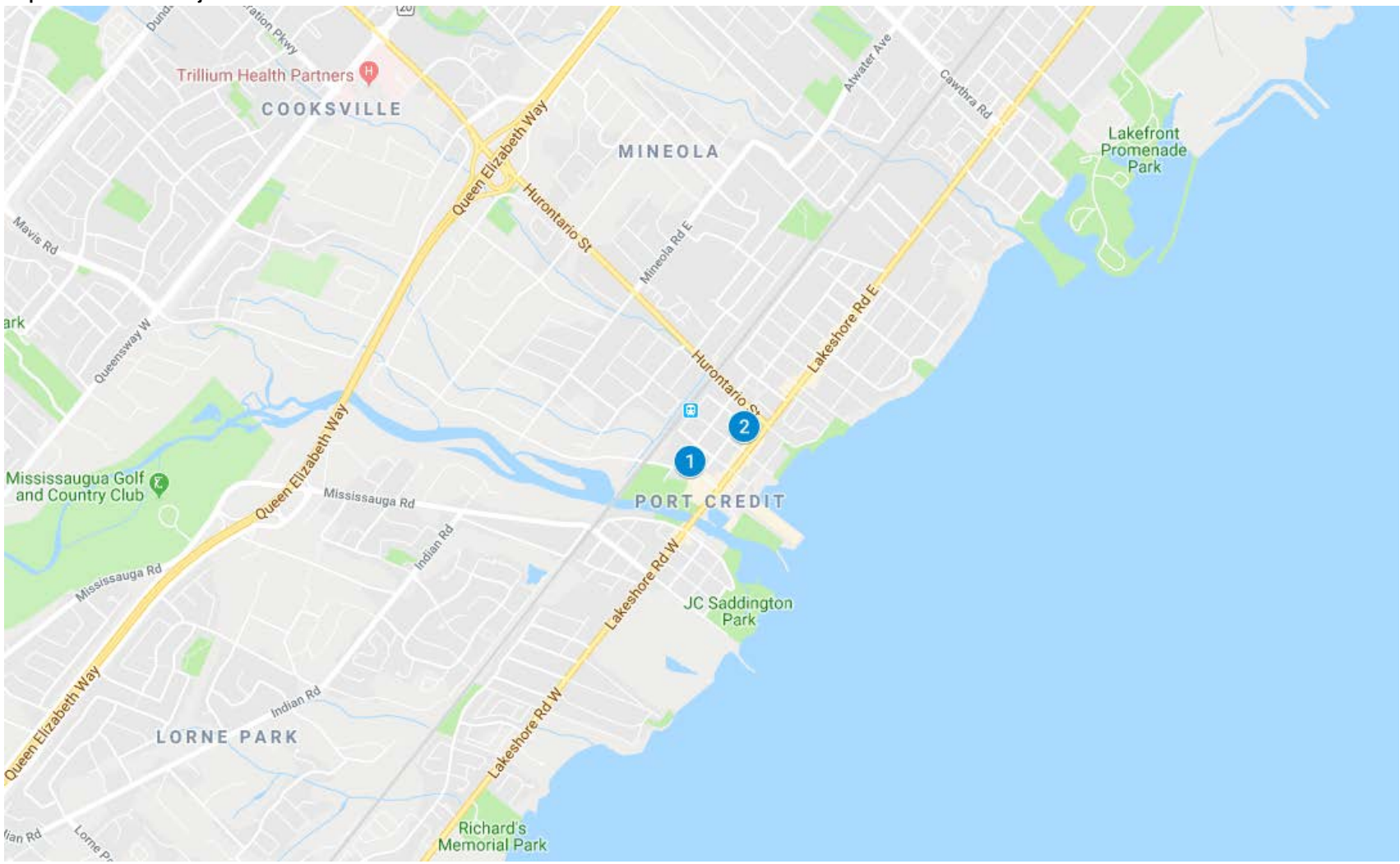
As of December 31, 2018

Map ID	Project Name / Developer	Open Date	Con. Status[1]	Storeys	Total Units	Total Units Released	Total Sales	% Sold	Size Range (sf)	Price Range	Avg. $PSF[2]		Avg. Sales/Mo.[3]	
											Org.	Curr.	70%	Overall
2	Nola *Fram Building Group and Slokker*	May-16	UC	15	70	70	70	100%	510 - 2,240	$276,900 - $1,729,900	$599	$775	50.7 1	5.7 12
Total / Average / Range: 1 Projects				**15**	**70**	**70**	**70**	**100%**	**510 - 2,240**	**$276,900 - $1,729,900**	**$599**	**$775**	**50.7**	**5.7**

1. Construction Status: "Pre" = pre construction, "UC" = under construction 2. Average dollar per square foot: original value is based on total inventory at the time of the project launch, current value is based on remaining inventory. 3. Average sales per month (absorption rate): the top number represents the number of sales per month, the bottom number represents the number of months. 70% rate is calculated from the project opening date until at least 70% sold, overall rate is calculated from the project opening date to the current date (December 31, 2018).

Source: Altus Group / RealNet

Map 2: Location of Projects in Port Credit

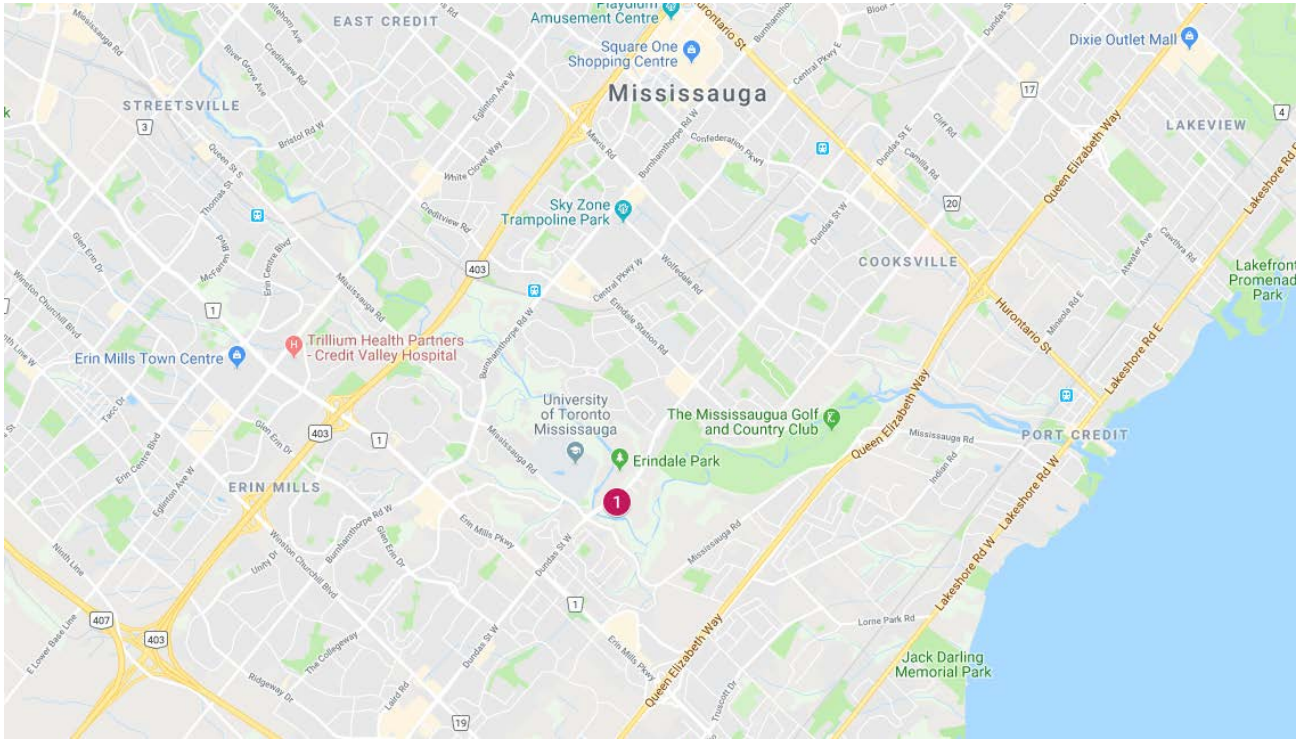


Surveyed Actively Marketing (New) Condominium Apartment Projects along the Dundas Corridor
As of December 31, 2018

Map ID	Project Name / Developer	Open Date	Con. Status[1]	Storeys	Total Units	Total Units Released	Total Sales	% Sold	Size Range (sf)	Price Range	Avg. $PSF[2] Org.	Avg. $PSF[2] Curr.	Avg. Sales/Mo.[3] 70%	Avg. Sales/Mo.[3] Overall
1	EV Royale *YYZed Project Management and Nurreal Capital*	Nov-16	Pre	7	99	99	85	86%	616 - 2,059	$435,900 - $1,273,900	$666	$683	30.4 2	3.3 25
Total / Average / Range: 1 Projects				**7**	**99**	**99**	**85**	**86%**	**616 - 2,059**	**$435,900 - $1,273,900**	**$666**	**$683**	**30.4**	**3.3**

1. Construction Status: "Pre" = pre construction, "UC" = under construction 2. Average dollar per square foot: original value is based on total inventory at the time of the project launch, current value is based on remaining inventory. 3. Average sales per month (absorption rate): the top number represents the number of sales per month, the bottom number represents the number of months. 70% rate is calculated from the project opening date until at least 70% sold, overall rate is calculated from the project opening date to the current date (December 31, 2018).
Source: Altus Group / RealNet

Map 3: Location of Projects on the Dundas Street Corridor



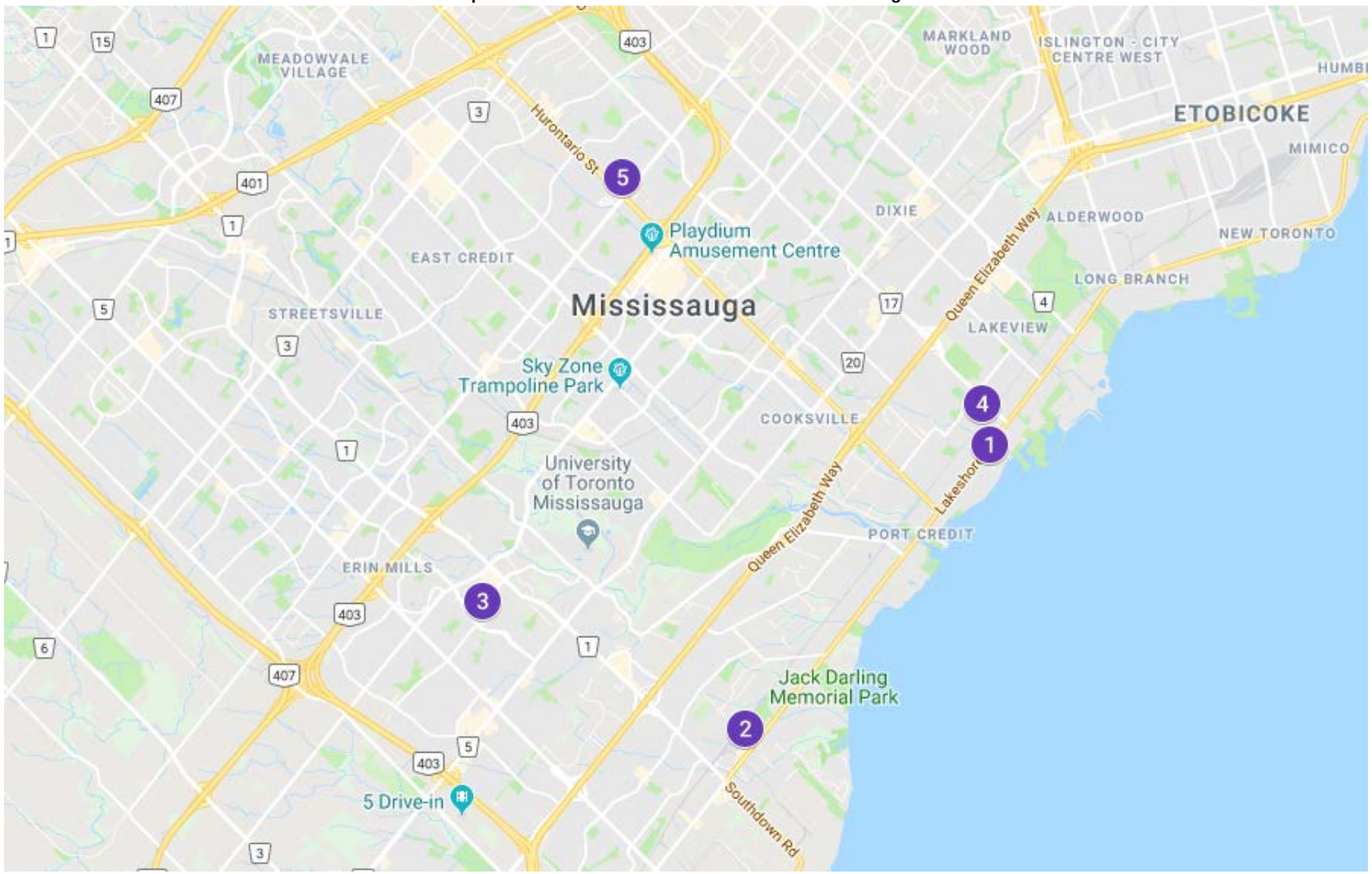
Surveyed Actively Marketing (New) Stacked Townhouse Projects in the City of Mississauga
As of December 31, 2018

Map ID	Project Name / Developer	Open Date	Con. Status[1]	Storeys	Total Units	Total Units Released	Total Sales	% Sold	Size Range (sf)	Price Range	Avg. $PSF[2]		Avg. Sales/Mo.[3]	
											Org.	Curr.	70%	Overall
1	Stride *Kingsmen Group Inc.*	Dec-18	Pre	4	164	52	0	0%	823 - 1,567	$573,900 - $1,033,900	$670	$670	- -	0.0 1
2	Eleven11 Clarkson *Saxon Developments*	Nov-18	Pre	4	136	56	38	28%	710 - 1,687	$512,900 - $1,070,900	$640	$639	- -	22.7 2
3	Way Urban Towns in Erin Mills *Sorbara*	Mar-18	UC	4	144	144	120	83%	988 - 1,339	$620,900 - $731,900	$525	$581	29.8 4	12.5 10
4	Reserve East Mineola *Queenscorp Group*	Apr-17	UC	3	146	146	99	68%	940 - 1,896	$629,900 - $975,900	$519	$597	- -	4.9 20
5	Summit Collection at Summit City Centre *Summit View Homes*	Apr-17	Pre	3	54	54	44	81%	1,060 - 1,305	$559,990 - $624,990	$479	$501	16.0 3	2.4 21
Total / Average / Range: 5 Projects				**4**	**644**	**452**	**301**	**47%**	**710 - 1,896**	**$512,900 - $1,070,900**	**$548**	**$640**	**24.0**	**5.7**

1. Construction Status: "Pre" = pre construction, "UC" = under construction 2. Average dollar per square foot: original value is based on total inventory at the time of the project launch, current value is based on remaining inventory. 3. Average sales per month (absorption rate): the top number represents the number of sales per month, the bottom number represents the number of months. 70% rate is calculated from the project opening date until at least 70% sold, overall rate is calculated from the project opening date to the current date (December 31, 2018).

Source: Altus Group / RealNet

Map 4: Location of Stacked Townhomes in Mississauga

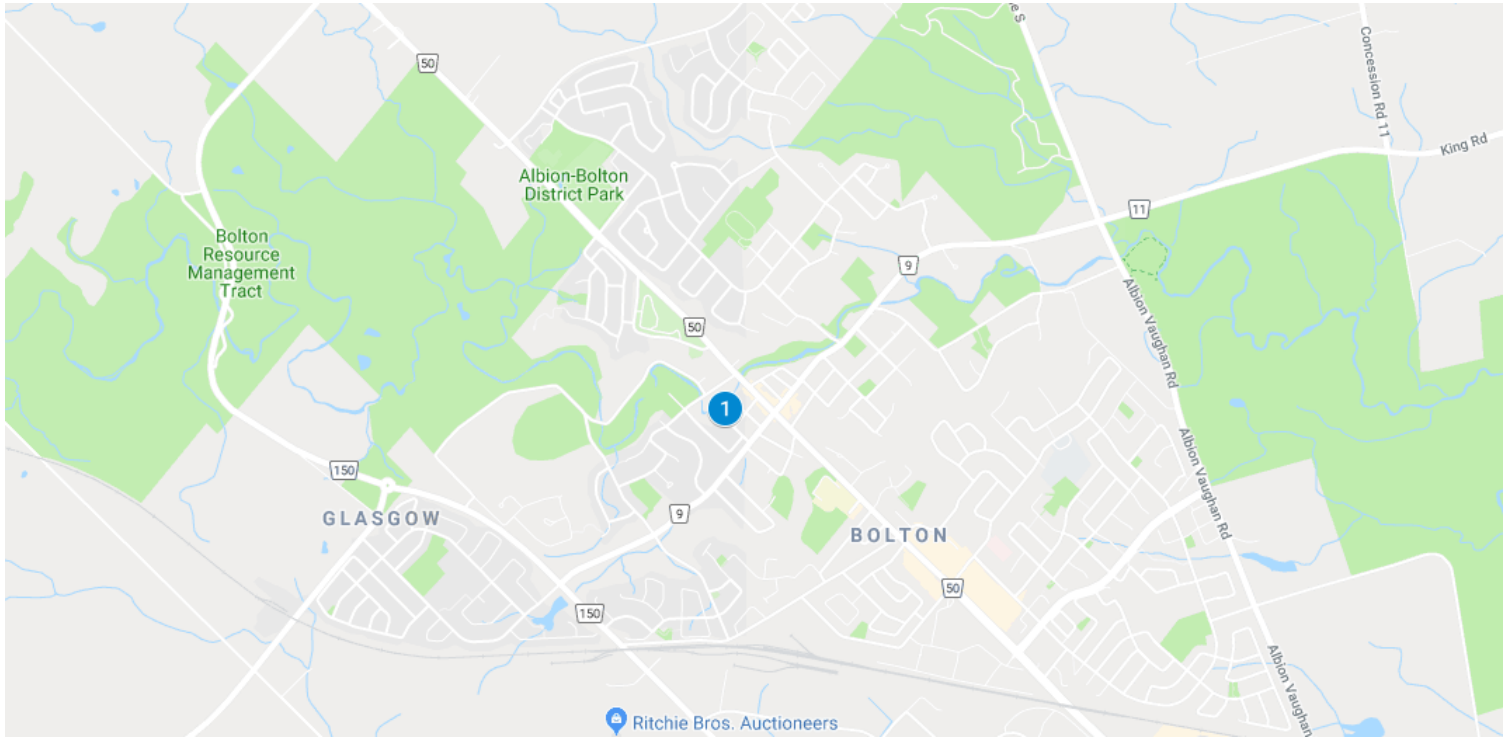


Recently Sold Out Condominium Apartment Projects in Bolton
As of December 31, 2018

Map ID	Project Name / Developer	Open Date	Con. Status[1]	Storeys	Total Units	Total Units Released	Total Sales	% Sold	Size Range (sf)	Price Range	Avg. $PSF[2]		Avg. Sales/Mo.[3]	
											Org.	Curr.	70%	Overall
1	River's Edge *Armour Heights Developments*	Oct-07	SI	5	67	67	67	100%	785 - 1,325	$299,990 - $471,990	$360	$367	2.1 22	1.7 40
Total / Average / Range: 1 Projects				**5**	**67**	**67**	**67**	**100%**	**785 - 1,325**	**$299,990 - $471,990**	**$360**	**$367**	**2.1**	**1.7**

1. Construction Status: "Pre" = pre construction, "UC" = under construction 2. Average dollar per square foot: original value is based on total inventory at the time of the project launch, current value is based on remaining inventory. 3. Average sales per month (absorption rate): the top number represents the number of sales per month, the bottom number represents the number of months. 70% rate is calculated from the project opening date until at least 70% sold, overall rate is calculated from the project opening date to the current date (December 31, 2018).
Source: Altus Group / RealNet

Map 5: Location of Projects in Bolton

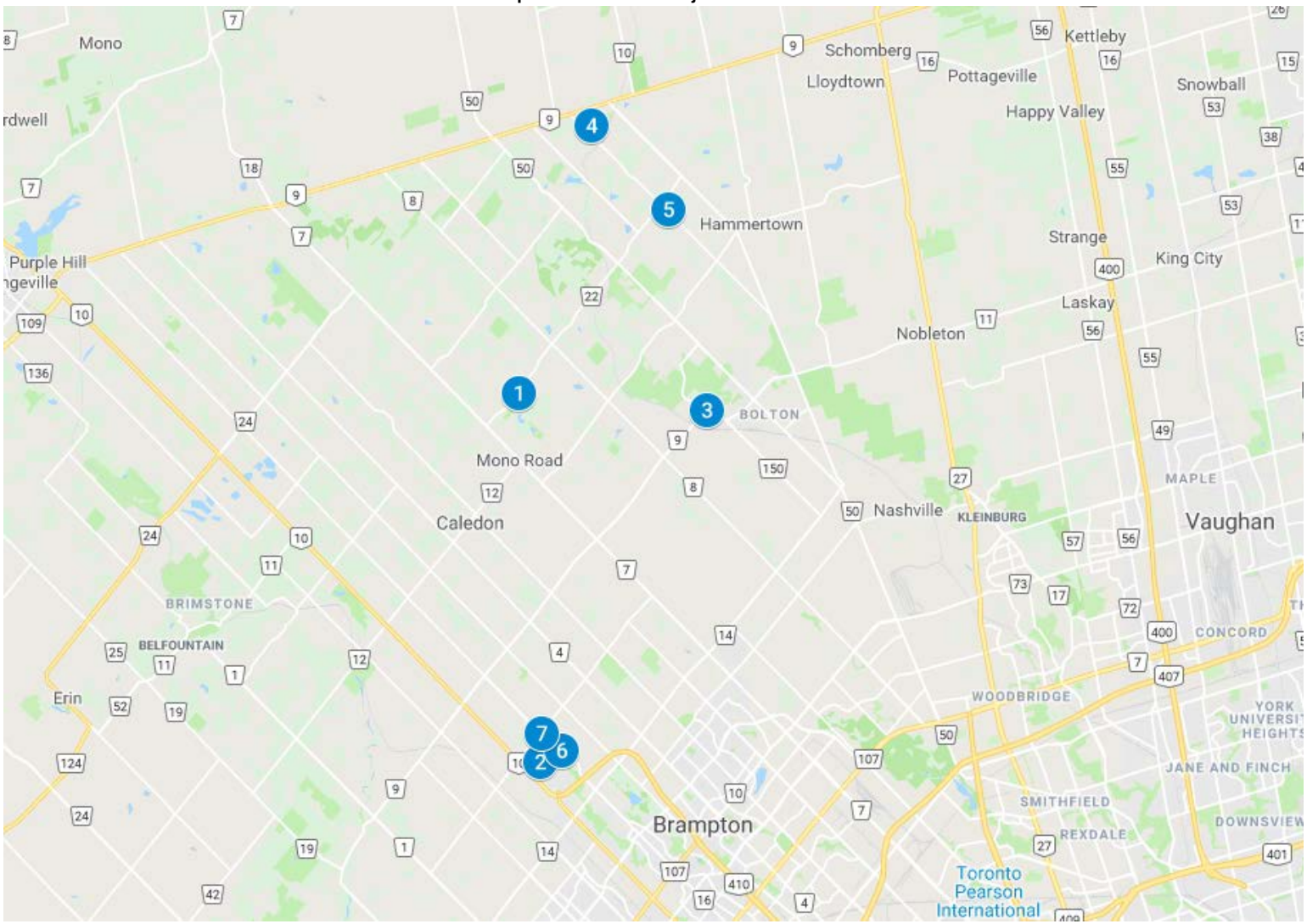


Surveyed Actively Marketing (New) Single-Detached Homes in Caledon
As of December 31, 2018

Map ID	Project Name / Developer	Open Date	Product Type	Tenure	Lot Size (ft)	Lot Type	# Units	# Sold	% Sold	Size Range (sf)	Price Range	Avg. $PSF[1]	Avg. Sales / Mo.[2]
1	Pathways Caledon East *CountryWide Homes & Brookfield Residential*	Apr-18	Detached	Freehold	50	Traditional	17	13	76%	3,056 - 4,164	$1,289,990 - $1,464,990	$387	1.6
		Oct-17	Detached	Freehold	46	Traditional	20	2	10%	2,840 - 3,480	$1,129,990 - $1,229,990	$379	0.1
		Jun-17	Detached	Freehold	46	Traditional	30	11	37%	2,504 - 3,880	$1,119,990 - $1,329,990	$390	1.2
		May-17	Detached	Freehold	38	Traditional	26	24	92%	2,270 - 3,090	$959,990 - $1,104,990	$390	1.2
		May-17	Detached	Freehold	42	Traditional	24	22	92%	2,890 - 2,890	$1,174,990 - $1,174,990	$407	1.1
		Nov-10	Detached	Freehold	50	Traditional	165	161	98%	3,090 - 3,770	$1,199,990 - $1,279,990	$366	2.9
2	Lotus Pointe *Starlane Home Corporation*	Apr-18	Detached	Freehold	43	Traditional	33	28	85%	3,196 - 3,589	$1,099,900 - $1,137,900	$330	3.4
		Sep-14	Detached	Freehold	38	Traditional	164	155	95%	2,504 - 3,171	$969,900 - $1,099,900	$351	5.5
3	Humberside *Marycroft Homes*	Oct-17	Detached	Freehold	30	Wide Shallow	8	0	0%	2,502 - 2,721	$1,006,900 - $1,096,900	$404	0.0
4	Caledon Estates *Beaverhall Communities*	May-17	Detached	Freehold	189	Traditional	33	13	39%	2,259 - 7,119	$1,615,000 - $3,200,000	$522	0.7
		May-17	Detached	Freehold	205	Rear Lane	9	7	78%	2,259 - 6,619	$1,615,000 - $3,010,000	$558	0.4
5	Mount Pleasant Preserve *Dunsire Developments*	Apr-17	Detached	Freehold	220.5	Traditional	12	10	83%	3,876 - 4,441	$1,979,000 - $2,130,000	$496	0.5
6	Stowmarket Springs *Digreen Homes*	Apr-17	Detached	Freehold	36	Traditional	68	43	63%	2,290 - 2,950	$949,900 - $1,199,900	$415	2.5
7	Village of Southfields *Coscorp Inc.*	Sep-08	Detached	Freehold	36	Traditional	627	622	99%	2,450 - 2,869	$957,000 - $976,000	$360	6.6
Totals / Ranges / Averages: 7 Projects (14 Product Offerings)							**1,236**	**1,111**	**90%**	**2,259 - 7,119**	**$949,900 - $3,200,000**	**$414**	**3.2**

1. Average dollar per square foot is based on available inventory. 2. Average sales per month is calculated from the project opening date to the current date, subtracting months when no inventory was on the market.
Source: Altus Group / Real Net

Map 5: Location of Projects in Bolton



Appendix C: Land Transaction Data

HighDensity Residential Land Transactions in Mississauga
January 1, 2014 to December 31, 2018

Base Transaction Information							Staff Report/Approval Information			
Map ID	Address	Transaction Date	Purchaser	Transaction Price	Land Area (Ac.)	Price per Acre	No. Proposed Units	Price per Unit	Proposed GFA (SF)	$PSF Buildable
1	3154 Hurontario Street	Nov-18	TAS DesignBuild	$14,000,000	0.89	$11,266,865	-	-	-	-
	25 Hillcrest Avenue	Jul-18		$10,500,000	1.28					
2	22 Ann Street	Nov-18	Edenshaw Developments Ltd.	$2,300,000	0.13	$13,856,041	-	-	-	-
	28 Ann Street	Oct-18		$1,640,000	0.13					
	78 Park Street East	May-18		$1,450,000	0.14					
3	619 Lakeshore Road East	Jun-18	Breda Group	$4,125,000	0.41	$9,963,768	-	-	-	-
4	1381 Lakeshore Road East	Jun-18	City Park Homes	$5,465,000	1.04	$5,249,760	-	-	-	-
5	3324 Mississauga Road	May-18	The Governing Council of The University of Toronto	$2,160,000	2.03	$1,851,079	-	-	-	-
	3300 Mississauga Road	Apr-18		$1,640,000	0.40					
	3284 Mississauga Road	Apr-18		$1,520,000	0.44					
6	800 Hydro Road (Lakeview Lands)	Mar-18	Lakeview Community Partners Limited	$274,770,000	176.68	$1,555,167	8,000	$34,346	-	-
7	21 Queen Street North	Dec-17	Lamb Development Corp	$5,200,000	2.40	$2,166,667	430	$12,093	336,624	$15
8	425 Lakeshore Road East	Nov-17	Indwell Community Homes	$2,650,000	0.54	$4,907,407	66	-	-	-
9	29 Park Street East	Oct-17	Edenshaw Park Developments Limited	$6,000,000	0.25	$15,302,372	207	$56,109	206,839	$56
	27 Park Street East	Aug-17		$1,105,800	0.07					
	25 Park Street East	Aug-17		$1,658,700	0.18					
	21 Park Street East	Aug-17		$2,850,000	0.25					
10	1345 Lakeshore Road East	Sep-17	VANDYK Group of Companies	$16,000,000	3.13	$5,111,821	397	$40,302	383,798	$42
11	3518, 3528 & 3536 Hurontario Street & 24, 34, 38, 44, 50, 58, & 64 Elm Drive West	Sep-17	Solmar Development Corp.	$34,200,000	3.59	$9,521,158	1,367	$25,018	1,457,411	$23
12	501 Lakeshore Road East	Aug-17	Senator Homes	$12,500,000	6.54	$1,912,777	296	$42,230	-	-
13	90 High Street East	Jun-17	Real-T-Masters Inc.	$3,100,000	0.54	$5,794,393	-	-	-	-
14	70 Mississauga Road South	Mar-17	Port Credit West Village Partners Inc.	$175,000,000	72.76	$2,405,035	2,969	$58,942	4,095,959	$43

15	152 & 180 Burnhamthorpe Road West and 3672 Kariya Drive	Mar-17	Bene Development (Ontario) Ltd.	$35,000,000	5.91	$5,925,174	416	$84,135	366,497	$95
16	4064 - 4070 Dixie Road	May-16	Hazelton Development	$3,950,000	0.95	$4,217,736	261	$22,414	181,544	$32
	4078 Dixie Road	May-16	Corporation	$1,900,000	0.44					
17	3480 Hurontario Street	Feb-16	The Conservatory Group	$5,250,000	0.58	$9,098,787	360	$14,583	303,590	$17
18	6 Ann Street	Jan-15	Fram Building Group	$2,260,000	0.19	$9,102,296	71	$61,408	88,532	$49
	8 Ann Street	Jan-15		$1,200,000	0.17					
	10 Ann Street	Dec-12		$900,000	0.12					
19	3 Benson Avenue	Jun-14	Tiffany Development	$1,025,000	0.10	$4,815,796	325	$42,705	270,183	$51
	7 Benson Avenue	Jun-14		$1,025,000	0.14					
	266 Lakeshore Road West	Jul-13		$2,300,000	0.37					
	5 Benson Avenue	Jul-13		$1,210,000	0.14					
	139 High Street West	Jul-13		$653,625	0.14					
	125 High Street West	Jul-13		$650,000	0.17					
	131 High Street West	Jul-13		$735,000	0.23					
	135 High Street West	Jul-13		$810,000	0.21					
	143 High Street West	Jun-13		$950,000	0.14					
	127 High Street West	Jun-13		$862,500	0.23					
	280 Lakeshore Road West	Jun-13		$1,200,000	0.33					
	141 High Street West	Sep-12		$580,000	0.14					
	290 Lakeshore Road West	Sep-12		$778,000	0.21					
	274 Lakeshore Road West	Mar-12		$1,100,000	0.34					
20	71 - 79 Agnes Street	Jan-14	Matas Homes	$3,500,000	0.70	$4,985,755	-	-	-	-
			Total/Average (20 Transactions):	**$647,673,625**	**285.76**	**$2,266,467**	**15,165**	**$39,144**	**7,690,977**	**$40**

Source: RealNet Canada Inc.; Urbanation Marsh Report; City of Mississauga Planning Deparment; NBLC

Medium Density Residential Land Transactions in Mississauga

January 1, 2014 to December 31, 2018

Base Transaction Information							Staff Report/Approval Information			
Map ID	Address	Transaction Date	Purchaser	Transaction Price	Land Area (Ac.)	Price per Acre	No. Proposed Units	Price per Unit	Proposed GFA (SF)	$PSF Buildable
1	Ninth Line & Roadside Way	Oct-18	Mattamy Homes	$8,375,000	7.02	$1,192,850	-	-	-	-
2	2225 Erin Mills Parkway (Sheridan Centre)	May-18	Dunpar Homes	$70,000,000	29.95	$2,337,541	-	-	-	-
3	1575 Hurontario Street	Apr-18	Dream Maker Developments Inc.	$6,750,000	0.97	$6,958,763	60	$112,500	301,389	$22
4	Ninth Line & Roadside Way	Mar-18	Argo Land Development	$6,120,000	7.02	$871,671	-	-	-	-
5	1041 Lakeshore Road East	Sep-17	Fortress Real Developments	$11,950,000	0.81	$14,753,086	73	$163,699	-	-
6	208 Emby Drive 51 Tannery Street 57 Tannery Street	Jun-17 Jun-17 Apr-17	NYX Capital Corp.	$5,540,000 $2,200,000 $3,500,000	3.14 0.76 0.71	$2,438,707	155	$72,516	-	-
7	611 Derry Road West	May-17	Realux Mississauga Inc.	$5,500,000	1.76	$3,125,000	30	$183,333	-	-
8	4005 Hickory Drive	Apr-17	Sierra Building Group	$4,830,000	1.97	$2,451,777	102	$47,353	109,588	$44
9	189 Dundas Street West	Feb-17	Solotex Corporation	$12,100,000	3.48	$3,477,011	224	$54,018	-	-
10	3016-3032 Kirwin Avenue & 3031 Littlejohn Lane	Sep-16	2531388 Ontario Inc.	$1,850,000	1.59	$1,162,060	64	$28,906	-	-
11	1198 Cawthra Road 1206 Cawthra Road 1174, 1178, 1184, 1188 & 1192 Cawthra Road	Jun-16 May-16 Jun-14	Queenscorp Residences	$1,250,000 $1,100,000 $4,125,000	0.48 0.47 2.37	$1,951,477	146	$44,349	211,403	$31
12	2200 Bromsgrove Road	Jun-16	Haven Developments	$3,250,000	1.25	$2,595,847	74	$43,919	54,368	$60
13	1115 Clarkson Road North 1109 Clarkson Road North 1105 Clarkson Road North 1101 Clarkson Road North	Feb-16 May-15 Jul-14 May-13	Continental Saxon Group	$3,300,000 $625,000 $1,999,000 $2,425,000	0.49 0.10 0.29 1.59	$3,370,610	216	$38,653	163,906	$51
14	2277 South Millway	Jan-16	The Sorbara Group	$6,000,000	3.01	$1,994,018	144	$41,667	186,216	$32
15	3355 The Collegeway	Dec-15	The Sorbara Group	$15,610,000	6.57	$2,376,675	364	$42,885	441,320	$35
16	3111 Cawthra Road 3123 Cawthra Road	Aug-15 Aug-15	Maple Valley Development Corporation Inc.	$1,300,000 $2,000,000	0.55 0.96	$2,176,781	42	$78,571	48,321	$68
17	650 Atwater Avenue	Apr-15	Sierra Building Group	$4,275,000	1.77	$2,412,528	110	$38,864	-	-
			Total/Average (17 Transactions):	**$185,974,000**	**79.09**	**$2,351,393**	**1,804**	**$56,252**	**1,516,512**	**$36**

Source: RealNet Canada Inc.; Urbanation Marsh Report; City of Mississauga Planning Deparment; NBLC

Low Density Residential Land Transactions in Caledon

January 1, 2017 to December 31, 2018

Base Transaction Information							Staff Report/Approval Information			
Map ID	Address	Transaction Date	Purchaser	Transaction Price	Land Area (Ac.)	Price per Acre	No. Proposed Units	Price per Unit	Proposed GFA (SF)	$PSF Buildable
1	n/e corner of Heart Lake Road & Mayfield Road	Dec-18	Coscorp Inc. (Coscorp HL Developments Inc.)	$11,000,000	15.74	$698,768	-	-	-	-
2	8410 Mayfield Road	Dec-18	Boltcol Holdings South Inc.	$4,060,799	6.58	$617,143	-	-	-	-
3	12168 & 12280 Humber Station Road	Nov-18	Solmar Development Corp. (Venture Holding Corp.)	$9,315,000	119.73	$77,803				
4	Side Road No. 5 & Highway 50	Oct-18	Treasure Hill Homes (Villalago Residences Inc.)	$1,464,020	0.05	$1,645,360				
	9023 Sideroad 5	Mar-16		$10,083,053	6.97					
5	17346 Centreville Creek Road	Aug-18	Lockton Estate Farm Ltd.	$2,100,000	96.39	$21,786	-	-	-	-
6	12156 Chinguacousy Road	Jul-18	Argo Development Corporation (Argo Mayfield West III Limited)	$4,300,000	14.71	$292,338	-	-	-	-
7	8282 Mayfield Road	Jun-18	2635922 Ontario Inc.	$2,750,000	4.88	$563,525	-	-	-	-
8	12529 Chinguacousy Road	Jun-18	FP Mayfield West (Caledon) Inc.	$8,000,000	103.47	$77,317	-	-	-	-
9	Troiless Street & Travelled Road	Jun-18	Hira Homes (Hira Custom Homes Inc.)	$1,220,000	3.23	$377,358	-	-	-	-
10	12191 Centreville Creek Road	May-18	An individual(s) acting in his/her own capacity	$2,500,000	10.00	$250,000	-	-	-	-
11	s/w corner of Kennedy Road & Dougall Avenue	Mar-18	Genesis Homes (Buttermill Developments Inc.)	$11,000,000	6.53	$1,685,565	-	-	-	-
12	12728 Kennedy Road	Dec-17	Greenpark Homes (Yeoman Developments Inc.)	$1,071,000	not listed					
13	12782 Kennedy Road	Nov-17	Coscorp Inc. (Brentwood Development Corporation)	$5,062,000	3.69	$1,372,357	66	$76,697	cannot find GFA	?
14	8040 Mayfield Road	Oct-17	Townwood Homes (Participant Investors Inc.)	$1,500,000	1.64	$912,409				
15	15505 Airport Road	Oct-17	DG Group (Triple Crown Line Developments Inc.)	$6,830,194	9.51	$656,900	562	$184,840	cannot find GFA	?
	15717 Airport Road	Oct-16		$97,050,000	148.62					
16	1 & 2 Russel Mason Court & 6122, 6126 & 6142 Old Church Road	Oct-17	Stylux Caledon Inc.	$4,660,000	2.99	$1,559,572	-	-	-	-
17	12944 Albion Vaughan Road	Jul-17	Mosaik Homes (Queensgate (Mosaik) Inc.)	$3,950,000	2.43	$1,625,514				
18	12306 Chinguacousy Road	Jul-17	Argo Land Development (Argo Mayfield West II Limited)	$20,000,000	99.50	$201,003	-	-	-	-

19	Coleraine Drive & Mayfield Road	Jun-17	Solmar Development Corp. (Equity Inc.)	$4,414,500	9.82	$449,359	-	-	-	-
20	Mississauga Road & Shaws Creek Road	Jun-17	The Manors of Belfountain Corp.	$5,800,000	226.28	$25,632				
21	12519 Humber Station Road	Apr-17	Solmar Development Corp. & Royal Pine Homes	$44,262,000	99.30	$445,731				
22	Humber Station Road	Apr-17	Ballantry Homes	$40,120,200	49.26	$741,007	-	-	-	-
	Humber Station Road	Apr-17		$32,951,200	49.35					
23	12461 McLaughlin Road	Mar-17	The Conservatory Group (Shanontown Developments Inc.)	$92,500,000	145.00	$637,944	677	$136,632	cannot find GFA	?
24	550 Glasgow Road	Mar-17	Zancor Homes (Zancor Homes (Bolton) Ltd.)	$3,125,000	5.05	$1,401,071	-	-	-	-
	615 Glasgow Road	Feb-17		$1,725,000	6.78					
	13977 Chickadee Lane	Feb-17		$2,350,000	1.04					
	13999 Chickadee Lane	Feb-17		$1,425,000	0.75					
	600 Glasgow Road	Feb-17		$1,425,000	0.98					
	13935 - 13951 Chickadee Lane	Jan-17		$24,740,000	10.24					
25	6600 Old Church Road & 16133 Innis Lake Road	Mar-17	Country Wide Homes & Brookfield Residential	$101,600,000	71.44	$1,422,153	321	$316,511	cannot find GFA	?
26	12456 Heritage Road	Feb-17	Primont Homes (Primont (Caledon 1) Inc.)	$18,934,729	105.47	$179,532	-	-	-	-
27	Amelia Street & Queen Street West	Feb-17	Mount Nicholas Holdings Inc.	$1,450,000	14.64	$99,030	-	-	-	-
28	12729 Torbram Road	Feb-17	Pemberton Group (Sentinel (Torbram) Holdings Inc.)	$20,007,976	150.51	$132,368	-	-	-	-
	Torbram Road	Feb-17		$9,992,024	76.13					
29	12515 Mississauga Road	Jan-17	2536630 Ontario Inc.	$6,000,000	49.90	$120,245	-	-	-	-

Source: RealNet Canada Inc.; Urbanation Marsh Report; Town of Caledon Planning Department; NBLC

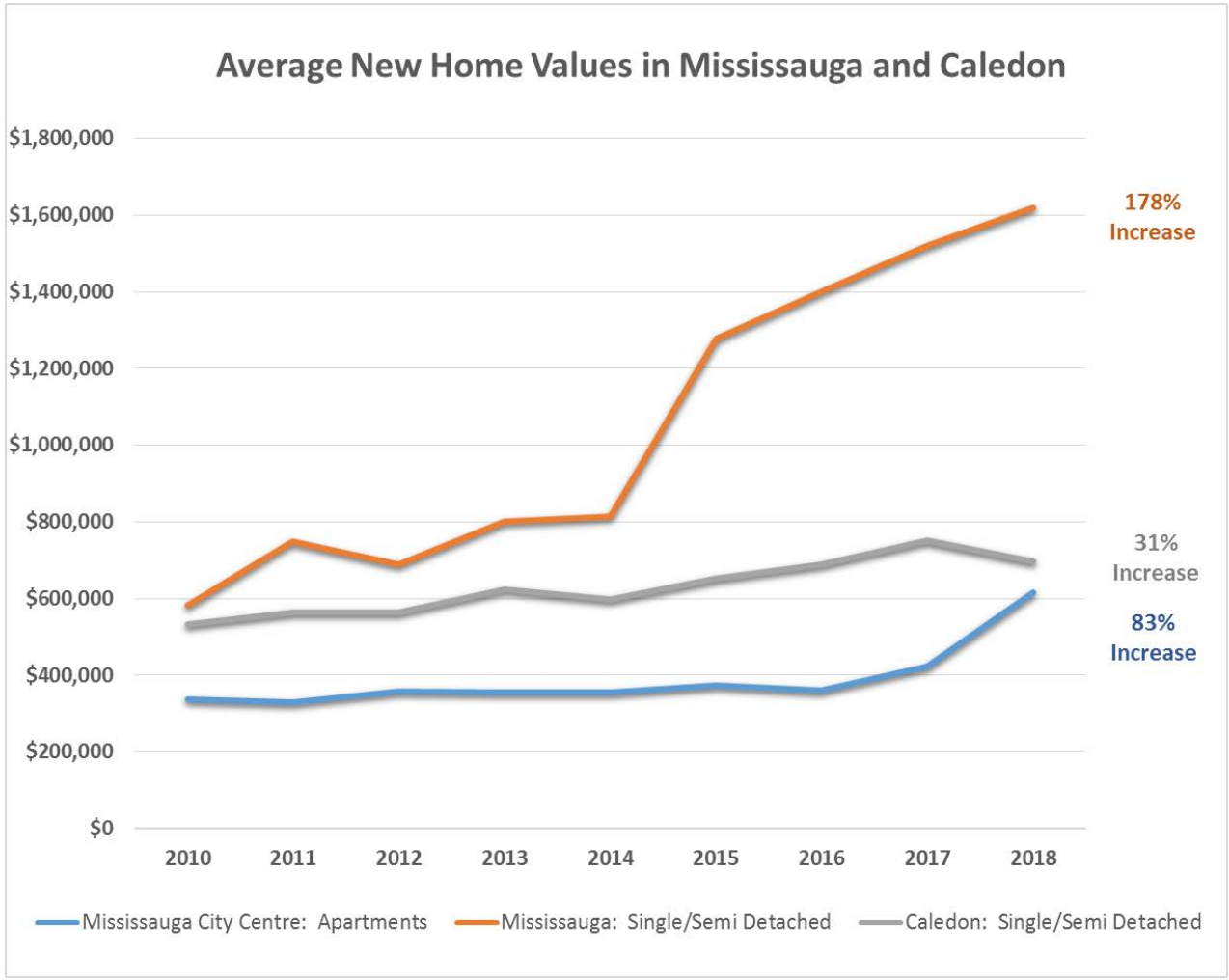
High Density Residential Land Transactions in Caledon

January 1, 2014 to December 31, 2018

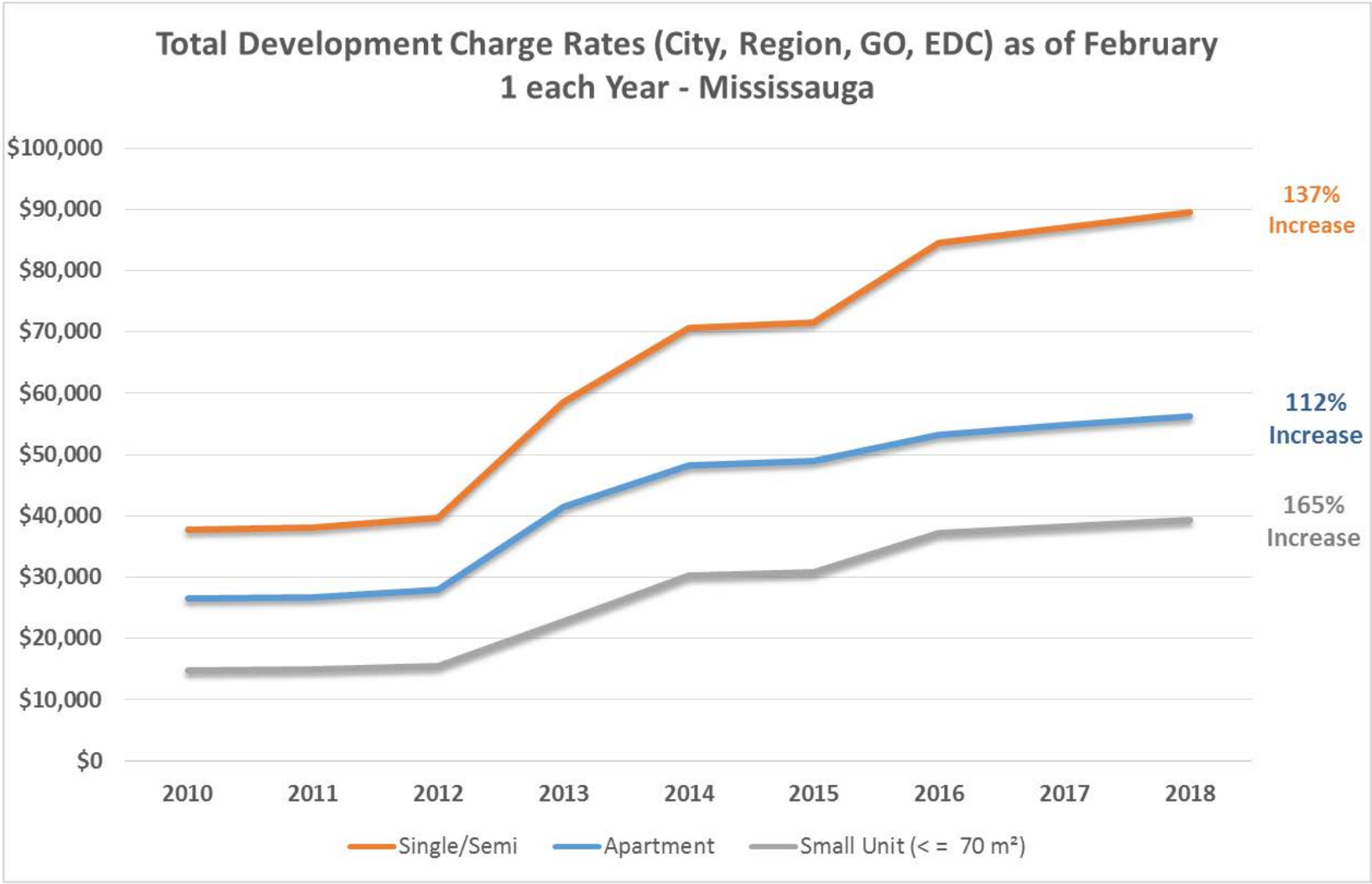
Base Transaction Information							Staff Report/Approval Information			
Map ID	Address	Transaction Date	Purchaser	Transaction Price	Land Area (Ac.)	Price per Acre	No. Proposed Units	Price per Unit	Proposed GFA (SF)	$PSF Buildable
1	50 Ann Street	Dec-15	Brookfield Homes (Brookfield Homes (Ontario) Limited)	$1,700,000	0.89	$1,901,566	72	$23,611.11		

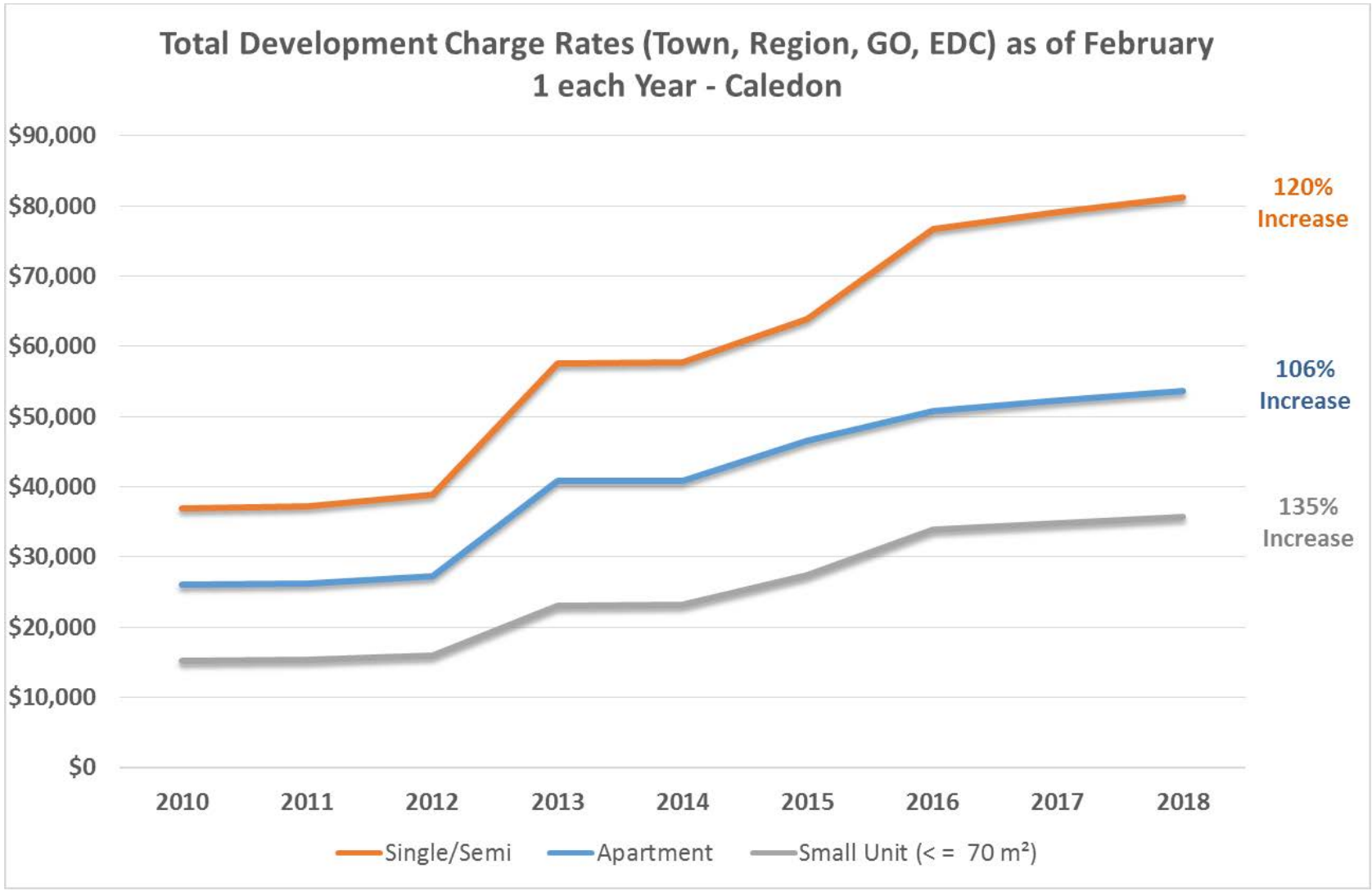
Source: RealNet Canada Inc.; Urbanation Marsh Report; Town of Caledon Planning Department; NBLC

Appendix D: Home Value and Development Charge Data



Source: Altus New Homes High Rise Submarket Report Mississauga City Centre (February Reports 2010-2018) and CMHC Housing Portal Data


Total Development Charge Rates (City, Region, GO, EDC) as of February 1 each Year - Mississauga
$100,000
$90,000
$80,000
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
2010
2011
2012
2013
2014
2015
2016
2017
2018
137% Increase
112% Increase
165% Increase
Single/Semi
Apartment
Small Unit (< = 70 m²)



Source: City of Mississauga and Town of Caledon (For Mississauga Stormwater Management Charge Calculation: Assume 100 units per 0.5 hectare for apartments/small units and 25 units per hectare for single/semi-detached homes for Mississauga's Stormwater Charge. Small unit in Mississauga is below 65 m^2, Region of Peel is 70 m^2.

Appendix E: Financial Analysis

The Effect of Development Related Costs on Housing Affordability

Financial Analysis of Development Scenarios

Disclaimer

This high-level financial analysis is provided for illustrative purposes only. Any assumptions or conclusions contained herein are subject to change. All figures are present dollars.

No responsibility for the information, analysis, conclusions, or recommendations is assumed by N. Barry Lyon Consultants Limited or any of its employees or associates.

Green indicates input from Site Conceptual Design
Blue is a calculation within the model
Black indicates an assumption/NBLC input 10.7639

Assumptions

	High-Rise Apartment Mississauga City Centre	High-Rise Apartment Port Credit	Mid-Rise Apartment Dundas Corridor	Stacked Townhomes Erin Mills	Mid-Rise Apartment Bolton	Single-Detached Homes Caledon	Notes
Site							
Site Area (square metres)	3,965	1,925	5,500	3,400	4,858	20,000	
Site Area (acres)	0.98	0.48	1.36	0.84	1.20	4.94	
Site Area (square feet)	42,679	20,721	59,201	36,597	52,291	215,278	
Site Area (hectare)	0.4	0.2	0.6	0.3	0.5	2.0	
On-Site Parkland Dedication (acres)	0.0	0.0	0.0	0.0	0.0	0.1	All projects will provide cash-in-lieu payment except for the subdivision, which will provide 5% of total developable lands for on-site park.
Buildings							
No. of Units	372	97	95	39	72	40	20 units per hectare

No. of Storeys	35	15	5	3	5	2	
Avg. Net Unit Size (sq. ft.)	645	900	800	850	1,000	2,650	
Avg. Net Unit Size (sq. m.)	60	84	74	79	93	246	
Net/ Saleable Floor Area (sq. ft.)	240,151	87,449	76,168	32,938	72,463	106,000	
Net to Gross Efficiency (%)	85%	85%	85%	100%	85%	100%	
Gross Floor Area (sq. ft.)	282,531	102,881	89,609	32,938	85,250	106,000	
GFA (sq. m.)	26,248	9,558	8,325	3,060	7,920	9,848	
Suite Mix							
Bachelor and 1-Bedroom	50%	25%	50%	30%	20%	0%	
2-Bedroom and Larger	50%	75%	50%	70%	80%	100%	
Local Roads (metres)	0	0	0	0	0	275	All road costs for apartments and stacked townhomes assumed in hard construction and site preparation costs. Subdivision assumes each home is 36 ft * 40 units = 1,440 ft; Assume 2 units on each side of the street and a 25% gross up = 900 ft / 275 metres
Ground Floor Commercial GFA (sq. ft.)	12,099	7,858	0	0	0	0	Model does not account for costs or revenues of commercial space.
Total GFA (sq. ft.)	294,629	110,739	89,609	32,938	85,250	106,000	
Project FSI	6.9	5.3	1.5	0.9	1.6	-	
Parking							
Parking Ratio (per unit - including visitor spaces)	0.80	1.25	1.10	1.10	1.50		
No. of Below Grade Parking Stalls	298	121	66	38	74	Parking included in the garages / driveways of homes	
Average Parking Stall (sq. ft.)	375	375	375	375	375		
Total Below Grade Parking Area (sq. ft.)	111,698	45,546	24,743	14,109	27,844		
No. of Surface Visitor Parking Stalls	0	0	39	5	34		
Total Above Grade Parking Area (sq. ft.)	0	0	14,531	1,875	12,917		
Construction Costs							
Hard (Construction) Costs							
Above Grade Construction Cost (per sq. ft.)	$223	$245	$188	$158	$188	$163	Altus Construction Cost Guide 2019 (premium of 10% applied to Port Credit for higher quality)
Below Grade Parking Construction Cost (per sq. ft.)	$138	$138	$105	$105	$105	$0	Altus Construction Cost Guide 2019 - mid-rise apartments and stacks have lower cost, assume single level open cut excavation
Surface Parking Construction Cost (per sq. ft.)	$14	$14	$14	$14	$14	$14	Altus Construction Cost Guide 2019
Local Roads and Servicing (per linear m.)	$3,650	$3,650	$3,650	$3,650	$3,650	$3,650	Altus Construction Cost Guide 2019
Demolition & Site Prep (per sq. ft. of entire site)	$10	$10	$10	$10	$10	$0	Assume subdivision is vacant land

Servicing Connection Cost (per unit)	$500	$500	$500	$500	$500	$500	
Landscaping and Hardscaping (per unit)	$1,000	$1,000	$1,000	$1,000	$1,000	$4,000	
Green Space Construction Costs (per sq. ft.)	$25	$25	$25	$25	$25	$25	
Cost Inflator (per year)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Contingency (% of hard costs)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Soft Costs							
Development Charge - Apartments (per unit)	$58,382	$58,382	$58,382	$58,382	$56,226	$56,226	
Development Charge - Small Units (per unit)	$40,528	$40,528	$40,528	$40,528	$37,325	$37,325	Mississauga/Caledon Development Charge By-Law as of February 1, 2019. Includes Regional, Local, Education, GO Charges
Development Charge - Single and Semi Detached (per unit)	$89,757	$89,757	$89,757	$89,757	$85,258	$85,258	
Development Charge - SWM Charge (per hectare) - Mississauga Only	$103,203	$103,203	$103,203	$103,203	-	-	
Development Application Fees							
Base Fee (Official Plan and Rezoning)	$45,032	$45,032	$45,032	$45,032	$49,357		
Variable Fee (Official Plan and Rezoning)							
$/unit for first 25 units	$943	$943	$943	$943			
$/unit for units 26-100	$499	$499	$499	$499			
$/unit for units 101-200	$207	$207	$207	$207			Mississauga and Caledon Fees per By-Laws
$/unit for units beyond 200	$96	$96	$96	$96			
Base Fee (Site Plan)	$0	$0	$0	$0	$32,182		
$/gross hectare					$5,125		
DARC Meeting (per application)	$4,249	$4,249	$4,249	$4,249			
Base Fee (Plan of Condo)	$13,329	$13,329	$13,329	$13,329	$21,473		
Variable Fee (Plan of Condo - $/unit)	$36	$36	$36	$36	$50		
Transportation and Infrastructure Fees + other department review	$10,000	$10,000	$10,000	$10,000	$10,000		Lump estimate
Region of Peel Review Charge	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	
Plan of Subdivision						$31,296	
Per unit Fee						$607	
Building Permit Fee							Mississauga and Caledon Fees per By-Laws
Base Fee	$150	$150	$150	$150	$250	$250	
Residential Fee (per square metre)	$17.25	$17.25	$17.25	$17.25	$12.10	$13.20	
Property Tax Rate	0.39%	0.39%	0.39%	0.39%	0.84%	0.84%	Mississauga and Caledon Tax Rates
Section 37 Requirement (per unit)	$0	$0	$0	$0	$0	$0	Assume no Section 37
Cash-in-lieu of parkland (per unit)	$9,520	$9,520	$9,520	$9,520	1ha/300 units	$0	Subdivision does on-site parkland dedication at 5% of land area. Assume 5% of land value for Caledon Condo.
Consultants (% of total hard costs)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Development Project Management (% of total hard costs)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Construction Management (% of total hard costs)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	

General Overhead Expenses (per unit)	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	
Legal Fees (per unit)	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	
Insurance (% of Total Hard Costs)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Marketing Cost (% of total revenue)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Sales Commission Fee (% of total revenue)	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
TARION Enrolment Fee (per residential unit)	$1,040	$1,356	$1,040	$1,040	$1,130	$1,639	Calculated as per TARION
After Sales Service (per residential unit)	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	
Lender's Administrative Fee (% of total costs)	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	
Construction Loan Interest Rate (term)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
HST							
HST Rebate (per unit)	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	Ministry of Finance
Development Rates and Timing	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	
Profit Margin (% of gross revenue)	15%	15%	15%	15%	15%	15%	
Discount Rate	7%	7%	7%	7%	8%	6%	
Absorption Rate (per month)	15.00	7.00	3.00	3.50	2.00	2.50	per NBLC market study
Time Prior to Land Sale	0.25	0.25	0.25	0.25	0.25	0.25	
Time to Begin of Marketing after Land Purchase	1.00	1.00	1.00	1.00	1.00	1.00	Assume sales program can occur at the same time
Pre-sales Period	1.4	0.8	1.9	0.6	2.1	0.5	
Construction Period	3.0	2.5	2.0	2.0	2.0	1.0	
Occupancy Period beyond Construction	0.5	0.5	0.5	0.5	0.5	0.0	
Completion Date	6.2	5.1	5.6	4.4	5.9	2.8	

Assumptions (cont.)

	High-Rise Apartment Mississauga City Centre	High-Rise Apartment Port Credit	Mid-Rise Apartment Dundas Corridor	Stacked Townhomes Erin Mills	Mid-Rise Apartment Bolton	Single-Detached Homes Caledon	Notes
Revenue							
Market Revenue							
Residential Index Price (per sq. ft.)	$800	$850	$650	$600	$575	$415	
Starting End Price at Launch (per unit)	$516,000	$765,000	$520,000	$510,000	$575,000	$1,099,750	
Market Revenue Inflator (year)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Average Attained Price over Marketing Period	$843	$891	$685	$628	$607	$440	
Parking Sale Price	$35,000	$35,000	$0	$0	$0	$0	
Storage Locker Sale Price	$4,000	$4,000	$0	$0	$0	$0	
Absorption							
Initial Deposit (end price)	10%	10%	10%	10%	10%	10%	

Final Deposit (end price)	10%	10%	10%	10%	10%	10%
Price Increase at Start of Construction	3%	3%	3%	3%	3%	3%
Price Increase at Construction Completion	3%	3%	3%	3%	3%	3%
Sold During Pre-Construction / Presales	70%	70%	70%	70%	70%	40%
Sold During Construction	20%	20%	20%	20%	20%	40%
Sold at Completion	10%	10%	10%	10%	10%	20%

Revenue and Cost Calculations

	High-Rise Apartment Mississauga City Centre	High-Rise Apartment Port Credit	Mid-Rise Apartment Dundas Corridor	Stacked Townhomes Erin Mills	Mid-Rise Apartment Bolton	Single-Detached Homes Caledon	
Revenue							
Residential Revenue							
Revenue from Sale of Market Units	$202,420,719	$77,917,146	$52,180,676	$20,672,049	$43,987,181	$46,675,043	
Total Revenue Before Interim Occupancy Charges	$202,420,719	$77,917,146	$52,180,676	$20,672,049	$43,987,181	$46,675,043	
Interim Occupancy Charges	$439,159	$165,810	$122,449	$50,300	$108,571	$0	
Municipal taxes on the unit	$283,541	$109,143	$73,092	$28,956	$61,615	$0	Assumption: 40% of units, due to staggered occupancy
Projected common expense contribution	$155,618	$56,667	$49,357	$21,344	$46,956	$0	Assumption: $0.30 PSF / month; 40% of units, due to staggered occupancy
Tarion Recoveries	$387,072	$131,757	$98,980	$40,285	$81,883	$65,540	
Sale of Parking and Locker	$11,095,359	$4,524,279	$0	$0	$0	$0	
Total Revenue	**$214,342,309**	**$82,738,992**	**$52,402,106**	**$20,762,633**	**$44,177,634**	**$46,740,583**	
psf	$759	$804	$585	$630	$518	$441	
Costs							
Hard Costs							
Above Grade Construction Cost	$66,312,994	$26,228,489	$17,865,984	$5,386,121	$17,085,304	$17,844,164	
Below Grade Construction Cost	$16,201,372	$6,523,354	$2,762,558	$1,538,162	$3,124,928	$0	
Above Grade Parking Cost	$0	$0	$216,323	$27,254	$193,288	$0	divided proportionately based on GFA
Servicing Connection Cost	$196,380	$50,605	$50,620	$20,116	$38,727	$20,719	
Landscaping and Hardscaping	$392,761	$101,211	$101,241	$40,232	$77,453	$165,751	
Roads and Servicing	$0	$0	$0	$0	$0	$1,039,830	Included in other hard cost assumptions aside for the subdivision
Demolition & Site Prep	$450,210	$215,831	$629,512	$379,973	$558,925	$0	Assume 50% of subdivision site area requires site prep
Park Space	$0	$0	$0	$0	$0	$278,770	
Contingency	$4,177,686	$1,655,975	$1,081,312	$369,593	$1,053,931	$967,462	
Total Hard Costs	**$87,731,403**	**$34,775,466**	**$22,707,550**	**$7,761,453**	**$22,132,557**	**$20,316,697**	

psf	$311	$338	$253	$236	$260	$192	
Soft Costs							
Development Charges	$19,467,039	$5,477,795	$5,067,184	$2,169,777	$4,062,106	$3,532,912	
Development Application Fees	$201,035	$151,358	$150,287	$119,345	$134,411	$248,734	
Section 37 Fees	$0	$0	$0	$0	$0	$0	
Cash-in-lieu of Parkland	$3,739,080	$963,527	$963,810	$383,013	$450,266	$0	On site parkland for subdivision - estimated based on land value
Building Permit Fee	$477,780	$171,894	$152,860	$54,960	$102,699	$134,920	
Property Tax	$621,683	$219,974	$96,295	$51,311	$50,099	$123,714	Property tax estimated based on land value
Provincial Land Transfer Tax Rate	$712,791	$323,101	$126,612	$85,927	$22,934	$182,007	
Consultants	$4,386,570	$1,738,773	$1,135,378	$388,073	$1,106,628	$1,015,835	
Development Project Management	$2,631,942	$1,043,264	$681,227	$232,844	$663,977	$609,501	
Construction Management	$2,631,942	$1,043,264	$681,227	$232,844	$663,977	$609,501	
General Legal	$372,327	$97,166	$95,210	$38,750	$72,463	$40,000	
Insurance	$877,314	$347,755	$227,076	$77,615	$221,326	$203,167	
Marketing Cost	$4,286,846	$1,654,780	$1,048,042	$415,253	$883,553	$934,812	
Sales Commission Fee	$7,501,981	$2,895,865	$1,834,074	$726,692	$1,546,217	$1,635,920	
Tarion Enrolment Fee	$387,072	$131,757	$98,980	$40,285	$81,883	$65,540	
After Sales Service	$372,327	$97,166	$95,210	$38,750	$72,463	$40,000	
Lender's Administrative Fee	$1,206,005	$462,119	$311,033	$114,121	$284,711	$272,824	
Construction Loan Financing Costs	$8,148,181	$2,549,346	$1,407,709	$513,167	$1,291,837	$613,326	25% equity assumed for Residential
HS T	$23,287,339	$8,963,920	$6,003,087	$2,378,200	$5,060,472	$5,369,695	
HST Rebate	($8,935,859)	($2,331,977)	($2,285,041)	($930,001)	($1,739,102)	($960,000)	
Total Soft Cost	**$72,373,396**	**$26,000,846**	**$17,890,258**	**$7,130,924**	**$15,032,918**	**$14,672,408**	
psf	$256	$253	$200	$216	$176	$138	
	$14,351,480						
Total Development Cost	**$160,104,799**	**$60,776,311**	**$40,597,808**	**$14,892,376**	**$37,165,475**	**$34,989,104**	
psf	$567	$591	$453	$452	$436	$330	
per unit	$430,011	$625,491	$426,403	$384,319	$512,892	$874,728	

Residual Land Value and Profit Calculations

	High-Rise Apartment Mississauga City Centre	High-Rise Apartment Port Credit	Mid-Rise Apartment Dundas Corridor	Stacked Townhomes Erin Mills	Mid-Rise Apartment Bolton	Single-Detached Homes Caledon
Residual Land Value and Profit						
Total Residual Land Value and Profit (FV)	**$54,237,510**	**$21,962,681**	**$11,804,298**	**$5,870,257**	**$7,012,160**	**$11,751,479**
psf	$192	$213	$132	$178	$82	$111

Profit						
Total Profit (FV)	**$26,870,007**	**$10,342,984**	**$6,926,638**	**$2,744,077**	**$5,839,006**	**$6,195,802**
Residual Land Value						
Total Residual Land Value (FV)	**$27,367,503**	**$11,619,696**	**$4,877,659**	**$3,126,180**	**$1,173,153**	**$5,555,676**
psf	$97	$113	$54	$95	$14	$52
Total Residual Land Value at Time of Permit (FV)	**$22,801,294**	**$10,108,171**	**$3,954,425**	**$2,749,838**	**$905,595**	**$5,007,352**
psf	$81	$98	$44	$83	$11	$47
Total Residual Land Value (PV)	**$17,993,526**	**$8,251,279**	**$3,339,058**	**$2,321,922**	**$747,093**	**$4,723,917**
psf	$64	$80	$37	$70	$9	$45
per unit	$48,327	$84,920	$35,070	$59,921	$10,310	$118,098
per acre	$18,365,026	$17,346,386	$2,456,856	$2,763,677	$622,352	$955,852

REPORT 20 - 2021

To: MAYOR AND MEMBERS OF COUNCIL

The General Committee presents its twentieth report for 2021 and recommends:

GC-0628-2021
That the deputation and associated presentation by Michelle Walmsley, Resident regarding corporate reports dated November 12, 2021 from the Commissioner of Community Services entitled "Public Tree Bu-law Update" and "Private Tree Protection By-Law Update" be received.

GC-0629-2021
That the deputation and associated presentation by Anna Gulbinski, Executive Director, Art Gallery of Mississauga and Raheel Patel, AGM LoveLab Project Lead and Mentor providing an Art Gallery of Mississauga 2021 Update be received.

GC-0630-2021
That the deputation and associated presentation by Hossein Hosseini, Project Manager, MTO and Mara Bullock, Consultant Project Manager, WSP regarding the Highway 413 Transportation Corridor Route Planning and Preliminary Design Project – Federal Impact Assessment Process be received.

GC-0631-2021
That the deputation and associated presentation by Louise Peacock, Resident regarding corporate reports dated November 12, 2021 from the Commissioner of Community Services entitled "Public Tree By-law Update" and "Private Tree Protection By-Law Update" be received.

GC-0632-2021
That the deputation and associated presentation by Kedar Shukla, Resident regarding corporate reports dated November 12, 2021 from the Commissioner of Community Services entitled "Public Tree By-law Update" and "Private Tree Protection By-Law Update" be received.

GC-0633-2021
That the following items were approved on the consent agenda:

- 11.4. Use of Telematics/Global Positioning Systems in Fleet Vehicles/Equipment Policy
- 11.5. New Procurement By-law and New Corporate Policy – Contract Amendments and Terminations
- 11.6. Amendment to Existing Consultant Contract – Procurement No. PRC001263 (Aquafor Beech Limited) to include additional Construction Supervision and Administration Services for the Applewood Creek Erosion Control Project through Lakeview Golf Course (Ward 1)
- 11.7. 2021 Strike-off of Taxes Deemed Uncollectible
- 11.8. Financial Report as at September 30, 2021
- 11.9. 5G Technical Assessment Report

- 11.10. City Standards for Information Technology (IT) Maintenance and Support Services and Subscription Renewals for 2022-2024
- 12.1. Governance Committee Report 5-2021 - November 15, 2021
- 12.2. Public Vehicle Advisory Committee Report 2-2021 - November 16, 2021
- 12.3. Traffic Safety Council Report 6-2021 - November 24, 2021 (REVISED)

GC-0634-2021

1. That a by-law be enacted to repeal the Tree By-Law 91-75 and a new by-law be enacted to regulate the injuring and/or destruction of trees located on public property pursuant to the report entitled “Public Tree By-Law Update” dated November 12, 2021 from the Commissioner of Community Services, taking effect on April 1, 2022.
2. That a by-law be enacted to amend the appropriate fees and charges by-law to set out the fees associated with obtaining a permit to perform work in or around a tree located on public property and the fees for removing and replacing a tree located on public property, if permitted.

GC-0635-2021

1. That the Corporate Report entitled “Private Tree Protection By-Law Update” dated November 12, 2021 from the Commissioner of Community Services be received.
2. That a by-law be enacted to repeal and replace the Private Tree Protection By-law 0254-2012, taking effect on April 1, 2022.
3. That a by-law be enacted to amend the applicable Fees and Charges By-law to include the permit fees set out in this Corporate Report entitled Private Tree Protection By-law Update from the Commissioner of Community Services when the Private Tree Protection By-Law takes effect on April 1, 2022.

GC-0636-2021

That the Corporate Report entitled “Progress Update on Mississauga’s Climate Change Action Plan,” dated November 2, 2021 from the Acting Commissioner of Community Services be received for information.

GC-0637-2021

That the Corporate policy and procedure attached as Appendix 1 to the report from the Commissioner of Transportation and Works, dated November 15, 2021 and entitled “Use of Telematics/Global Positioning Systems in Fleet Vehicles/Equipment Policy”, be approved.

GC-0638-2021

1. That the report dated November 15, 2021 titled “New Procurement By-Law and New Corporate Policy – Contract Amendments and Terminations” from the Commissioner of Corporate Services and Chief Financial Officer be received.
2. That the New Procurement By-law governing the City’s procurement of goods and services be enacted, effective March 1, 2022.
3. That the existing Purchasing By-Law # 374-2006, as amended, be repealed effective March 1, 2022.
4. That the draft Corporate Policy – Contracts Amendments and Terminations be approved

GC-0639-2021
That the Purchasing Agent be authorized to increase the existing contract (Procurement No. PRC001263) with Aquafor Beech Ltd. by an estimated additional amount of $157,309, funded from PN 18-135, to an estimated revised total contract value of $461,391 (excluding taxes) to allow for the extension of specialized construction supervision and administration services over the full duration of construction for the Applewood Creek Erosion Control - Lakeview Golf Course project.

GC-0640-2021
That unpaid taxes, charges, fees, penalties and interest totalling $46,941.03 as outlined in the corporate report from the Commissioner of Corporate Services and Chief Financial Officer dated November 2, 2021 entitled “Strike-Off of Taxes Deemed Uncollectible” be written-off as uncollectible and removed from the tax roll.

GC-0641-2021
1. That the report entitled “Financial Report as at September 30, 2021” dated November 2, 2021, from the Commissioner of Corporate Services and Chief Financial Officer, including appendices, be approved.
2. That up to $396,000 of the Operating Budget Reserve Requests be approved for transfer to the Fiscal Stability Reserve (#30125) as listed in Appendix 2.
3. That any 2021 year-end Stormwater operating program surplus be transferred to the Stormwater Pipe Reserve Fund (#35993).
4. That the Treasurer be authorized to fund the capital projects as identified in Appendix 3-1, Ward Specific Projects from the Federal Gas Tax Reserve Fund (#35182).
5. That $1,000,000 in funding for Project TWOE00158 (PN#21195) LED City Wide Traffic Signal Lens Replacement be changed from Tax Debt (#37778) to Capital Reserve Fund (#33121).
6. That the necessary by-laws be enacted.

GC-0642-2021
That the report from the Commissioner of Corporate Services and Chief Financial Officer dated November 12, 2021, entitled “5G Technical Assessment Report” be received.

GC-0643-2021
1. That the IT Systems listed in Appendix 1 of the report dated October 22, 2021, from the Commissioner of Corporate Services and Chief Financial Officer entitled, “City Standards for Information Technology (IT) Maintenance and Support Services and Subscription Renewals for 2022-2024” be approved as City Standards, in accordance with the City’s Purchasing By-law 374-06, as amended.
2. That the Purchasing Agent or designate be authorized to execute all contracts and related ancillary documents with respect to the purchase of 2022-2024 annual maintenance and support services and subscription renewals for City Standards.

GC-0644-2021
1. That the Corporate Report from the City Solicitor dated October 6, 2021, entitled “Options for Closed Meeting Investigation Services” be received for information.
2. That the City utilize the Ontario Ombudsman as the Closed Meeting Investigator for the 2022 term and 2022-2026 term of Council; and further that this be reviewed before the end of the 2026 term.

(GOV-0021-2021)

GC-0645-2021
That the Corporate report dated November 5, 2021 from the Commissioner of Corporate Services and Chief Financial Officer entitled “Proxy Voting at Council – Update’, be deferred until hybrid and online Council and Committee meetings are reviewed in March 2022.
(GOV-0022-2021)

GC-0646-2021
That the following items were approved on the Consent Agenda:

- 10.3 Email dated October 15, 2021 from Robert Swayze, Integrity Commissioner Regarding Changes to the Council Code of Conduct
- 10.4 Status of the Governance Committee Work Plan

(GOV-0023-2021)

GC-0647-2021
That the email dated October 15, 2021 from Robert Swayze, Integrity Commissioner regarding Changes to the Council Code of Conduct, be received.
(GOV-0024-2021)

GC-0648-2021
That the status of the Governance Committee Work Plan items, updated for November 15, 2021 Governance Committee meeting, be received.
(GOV-0025-2021)

GC-0649-2021
That the deputation and associated presentation from Michael Foley, Manager, Mobile Licensing Enforcement regarding the Plate Issuance Model and Priority Waiting List, be received.
(PVAC-0006-2021)

GC-0650-2021
That the 2018-2022 Public Vehicle Advisory Committee Work Plan, for November 16, 2021, be received.
(PVAC-0007-2021)

GC-0651-2021
That the verbal update from Michael Foley, Manager, Mobile Licensing Enforcement regarding Accessible Taxicab Model Year Restriction, be received. (PVAC-0008-2021) GC-0000-2021
That the email dated October 21, 2021 from Syed Shah, Resident regarding Vehicle Year Extension for Accessible Taxi, be received.
(PVAC-0009-2021)

GC-0652-2021

That the email dated October 21, 2021 from Abdul Latif, Resident regarding Request for Accessible Taxicab Model Year Extension, be received.
(PVAC-0010-2021)

GC-0653-2021
That the email dated October 21, 2021 from Zafar Mahmood, Resident regarding Accessible Taxi, be received.
(PVAC-0011-2021)

GC-0654-2021
That the Public Vehicle Advisory Committee 2022 Meeting Dates, be received. (PVAC-0012-2021)

GC-0655-2021
1. That the warrants have not been met or the placement of a school crossing guard at the intersection of Windy Oaks Drive and Crossfield Bend for the students attending Mineola Public School.
2. That Transportation and Works be requested to paint zebra markings on the west leg of the intersection of Windy Oaks Drive and Crossfield Bend.

(TSC-0045-2021)
(Ward 1)

GC-0656-2021
1. That the warrants have not been met for the placement of a school crossing guard at the intersection of Duford Drive and Ivandale Drive for the students attending Britannia Public School and St. Gregory Catholic Elementary.
2. That Transportation and Works be requested to review crossing options to accommodate pedestrians crossing Ivandale Drive from Coxswain Crescent to access Duford Drive and the rear entrances to Britannia Public School and St. Gregory Catholic Elementary School.

(TSC-0046-2021)
(Ward 11)

GC-0657-2021
1. That Parking Enforcement be requested to enforce the no parking/no stopping zones on Freshwater Drive and Deepwood Heights between the peak times of 8:10-8:25 AM and 2:15-2:35 PM.
2. That Peel Regional Police be requested to enforce U-turns and moving infractions while students of Ruth Thompson Middle School are dropped off on Freshwater Drive and Deepwood Heights 8:10-8:25 AM and 2:15-2:35 PM as time and resources permit.
3. That the Principal of Ruth Thompson Middle School be requested to remind students at the PM dismissal to not congregate on the sidewalk and the landing pad on the North leg of the intersection as this causes confusion for the drivers that are not sure if they need to wait for them to cross.
4. That the Principal of Ruth Thompson Middle School be requested to remind parents to use the kiss and ride in the AM to drop off students.
5. That Traffic Safety Council be requested to re-inspect Ruth Thompson Middle School at the intersection of Deepwood Heights and Freshwater Drive once the above recommendations have taken place.

6. That Active Transportation be requested to consider contacting the Principal of Ruth Thompson Middle School to discuss a possible implementation of a school walking routes program.

(TSC-0047-2021)
(Ward 10)

GC-0658-2021

1. That the warrants have not been met for the placement of a school crossing guard on Lolita Gardens for the students attending Silver Creek Public School.
2. That Traffic Safety Council be requested to re-inspect Silver Creek Pubic School for a potential crossing at 570 Lolita Gardens opposite the park path once the new apartment building has been occupied.

(TSC-0048-2021)
(Ward 4)

GC-0659-2021

1. That Parking Enforcement be requested to enforce the no parking and no stopping zones in front of Trelawny Public School between the peak times of 8:30 - 8:55 AM and 3:00 - 3:25 PM.
2. That Peel Regional Police be requested to enforce the illegal U turns and speeding issues in front of Trelawny Public School between the peak times of 8:20 - 8:50 AM and 3:10 - 340 PM, as time and resources permit.
3. That Transportation and Works be requested to trim the trees on the south side of Trelawny Circle opposite Trelawny Public School that are blocking the view of the signage.
4. That Transportation and Works be requested to review the feasibility of moving the flashing 40 km signs on the north side of Trelawny Circle east of Trelawny Public School closer to the school.
5. That Transportation and Works be requested to review the feasibility of implementing a dedicated left turn lane into Trelawny Public School.
6. That Transportation and Works be requested to review the feasibility of implementing a road diet to reduce the travel lanes on Trelawny Circle in the vicinity of Trelawny Public School and allow for other traffic calming measures to be considered.
7. That Active Transportation be requested to consider contacting the Principal of Trelawny Public School to discuss possible implementation of a school walking routes program.

(TSC-0049-2021)
(Ward 10)

GC-0660-2021
That the memorandum dated November 16, 2021 from Reanne Kassar, Legislative Coordinator entitled 2022 Traffic Safety Council Meeting dates be received for information.
(TSC-0050-2021)

GC-0661-2021
That the Site Inspection Statistic Report for November 2021 be received for information.
(TSC-0051-2021)

GC-0662-2021
That the amended Traffic Safety Council Terms of Reference, as outlined in the memorandum dated November 18, 2021 from Megan Piercey, Legislative Coordinator entitled Draft Amendment to the Traffic Safety Council Terms of Reference be approved.
(TSC-0052-2021)

GC-0663-2021
That the Parking Enforcement in School Zone Report for October 2021 be received for information.
(TSC-0053-2021)

GC-0664-2021
That the Transportation and Works Action Items List for October 2021 be received for information.
(TSC-0054-2021)

GC-0665-2021
1. That City-owned lands legally described as Lot 78 and Henry Street, according to a plan of the Village of Streetsville being a plan of part of Lot 5, Concession 5, West of Hurontario Street, Township of Toronto, referred to as Plan STR-2, designated as Part 6, Plan 43R-20224, under the Land Titles Act as PIN #13128- 0165 (LT), in the City of Mississauga, Regional Municipality of Peel (Ward 11), be declared surplus to the City's requirements.
2. That all steps necessary to comply with the requirements of Section 2.(1) of the city Notice by-law 215- 08 be taken, including giving notice to the public by posting a notice on the City of Mississauga's website for a two week period, where the expiry of the two week period will be at least one week prior to the execution of an agreement for the sale of subject lands.

GC-0666-2021
That Realty Services staff be authorized to proceed to dispose of lands described as part of Lot 78 and Henry Street, Plan STR-2, designated as Part 6, Plan 43R-20224, being comprised of approximately 249.8 square metres (2,688.82 square feet) for the purpose of a proposed sale to adjacent owner of the railway corridor, The Ontario and Quebec Railway Company/The Credit Valley Railway Company, at fair market value.

GC-0667-2021
That the report dated November 8, 2021 from the Commissioner of Corporate Services and Chief Financial Officer entitled, "Acquisition Agreement approved and executed during City Council Summer Recess (Ward 7)", be received for information.

GC-0668-2021
1. That the Commissioner of Community Services and the City Clerk, be authorized to execute an Agreement of Purchase and Sale (the "Agreement"), including all ancillary documents and any subsequent amending or extension agreements, between the

Corporation of the City of Mississauga (the “City”), as Purchaser and the Dufferin Peel Catholic District School Board (the “DPCDSB”), as Vendor, for the purchase of the vacant lands legally described under the Land Titles Act as Block 50 on Plan 43M-1727 being all of PIN 14360-2246 (LT) and Block 48 on Plan 43M-1726 being all of PIN 14360-2177 (LT) (collectively, the “Subject Property”) having a total area of 2.4 hectares (6.02 acres) on the terms detailed herein and in a form and content satisfactory to Legal Services.

2. That a new capital project PN 21-311 Land Acquisition – Parkland (F-622) be created with a gross and net budget of $20,785,408 and that funding be allocated from the Cash in Lieu of Parkland Reserve Fund Account #A32121.
3. That funds be transferred from the Cash in Lieu of Parkland Reserve Fund Account #32121 to capital project PN 21-311 to complete this transaction.
4. That all necessary by-laws be enacted.

REPORT 5 - 2021

To: MAYOR AND MEMBERS OF COUNCIL

The Budget Committee presents its fifth report for 2021 and recommends:

BC-0040-2021
That the deputation by Shari Lichterman, Commissioner of Corporate Services and Chief Financial Officer providing opening remarks with respect to the 2022 Budget be received.

BC-0041-2021
That the deputation and associated presentation by Andrew Grantham, Executive Director and Senior Economist, CIBC Capital Markets with respect the Economic Outlook be received.

BC-0042-2021
That the deputation and associated presentation by Bonnie Brown, Director, Economic Development with respect to Mississauga's Economic Update be received

BC-0043-2021
That the deputation and associated presentation by Jeff Jackson, Director of Finance and Treasurer with respect to the 2020 Proposed Budget Overview be received.

BC-0044-2021
That the deputation and associated presentation by Brent Reid, Forestry Manager regarding corporate report dated November 4 2021 entitled “Lymantria dispar dispar (LDD) Integrated Pest Management Program for 2022” be received.

BC-0045-2021
That the deputation and associated presentation by Sam Rogers, Director of Enforcement regarding corporate report dated November 8, 2021 entitled “Apartment Building Standards and Maintenance Pilot Program” be received.

BC-0046-2021
That the deputation by Tanya Burkart and Jeanette Loretta, Peel ACORN Members regarding corporate report dated November 8, 2021 entitled “Apartment Building Standards and Maintenance Pilot Program” be received.

BC-0047-2021
That the deputation by Robin Vanderfleet, Resident regarding corporate report dated November 8, 2021 entitled “Apartment Building Standards and Maintenance Pilot Program” be received.

BC-0048-2021
That the deputation by Janice McNamee, Resident regarding corporate report dated November 8, 2021 entitled “Apartment Building Standards and Maintenance Pilot Program” be received.

BC-0049-2021
That the deputation by Nikolina Conteh, Resident regarding corporate report dated November 8, 2021 entitled “Apartment Building Standards and Maintenance Pilot Program” be received.

BC-0050-2021
That the deputation by Daryl Chong, President & CEO, Greater Toronto Apartment Association regarding corporate report dated November 8, 2021 entitled “Apartment Building Standards and Maintenance Pilot Program” be received.

BC-0051-2021
That the following service area presentations presented to Budget Committee on November 23 & 29, 2021, be received:

a) MiWay
b) Roads
c) Regulatory Services
d) Culture
e) Fire & Emergency Services
h) Parks, Forestry & Environment
i) Facilities & Property Management
m) Land Development Services
q) Stormwater

BC-0052-2021
That the 2022 Budget Engagement Results report dated October 27, 2021 from the Commissioner of Corporate Services and Chief Financial Officer be received for information

BC-0053-2021
1. That the report entitled “Borrowing Authority for 2023 Capital Debentures”, dated October 27, 2021 from the Commissioner of Corporate Services and Chief Financial Officer be received for information.
2. That the Director of Finance and Treasurer be authorized to issue debentures for debt-eligible 2023 projects in 2022, subject to capital market conditions.
3. That the all necessary bylaws be enacted.

BC-0054-2021
1. That the 2022 budget submissions for the Clarkson, Cooksville, Malton, Port Credit and Streetsville Business Improvement Areas (BIA’s), as set out in Appendix 1 of the Corporate Report dated November 5, 2021 from the Commissioner of Corporate Services entitled “2022 Business Improvement Area Budgets” be approved.
2. That all necessary by-laws be enacted and that the necessary budget adjustments be made.

BC-0055-2021
That the report titled “2021 Continuous Improvement Report” dated November 2, 2021 from the Commissioner of Corporate Services and Chief Financial Officer be received for information.

BC-0056-2021
That the report dated November 02, 2021 entitled “Municipal Act Reporting Requirements Under Ontario Regulation 284/09” from the Commissioner of Corporate Services and Chief Financial Officer be approved.

BC-0057-2021
1. That the Corporate Report entitled “Lymantria dispar dispar (LDD) Integrated Pest Management Program for 2022” dated November 4 2021, from the Acting Commissioner of Community Services be approved.
2. That a gross budget of $3M be included in the 2022 capital program for Forestry to conduct an Integrated Pest Management program for LDD including an aerial spray.
3. That the Purchasing Agent be authorized to execute a contract, in a form satisfactory to Legal Service, with Zimmer Air on a sole source basis in the estimated amount of up to $3M to carry out the 2022 aerial spray program.
4. That the Purchasing Agent be authorized to execute a contract, in a form satisfactory to Legal Service, with Lallemand Inc./BioForest on a sole source basis in the estimated amount of $25,000 to inform and advise on the 2022 aerial spray program.
5. That all necessary bylaws be enacted.

BC-0058-2021
1. That a by-law be enacted to regulate the renting of apartment building rental units and require registration of apartment building operators, including the implementation of an administrative penalty system, as outlined in the report from the Commissioner of Transportation and Works dated “November 8, 2021” and entitled “Apartment Building Standards and Maintenance Pilot Program”.
2. That an annual registration fee of $18.25 per rental unit for Apartment Building Operators, effective July 4, 2022 be established.
3. That the 2022 complement for Enforcement be increased to include 10 contract capital staff. All 10 positions will be funded through Capital with start dates varying as detailed in the report from the Commissioner of Transportation and Works dated “November 8, 2021” and entitled “Apartment Building Standards and Maintenance Pilot Program”.
4. That a new capital project PN 22-092 “Apartment Building Standards Pilot Project” be established with a gross budget of $3,707,300 and net budget of $300,800 and that funding be allocated from Capital Reserve Fund Account #33121.
5. That funding of $300,800 be transferred from Capital Reserve Fund Account #33121 to PN22-092 “Apartment Building Standards Pilot Project”.
6. That all necessary by-laws be enacted.
7. That as part of the pilot project a method of recognizing those property managers/landlords who provide a high level of service be implemented.

BC-0059-2021
That the report dated November 16, 2021 from the Commissioner of Corporate Services and Chief Financial Officer entitled “Facilities Infrastructure – Maintaining Our Assets” be received for information.

BC-0060-2021

1. That Council approve the 2022 Budget as set out in:
   a) 2022-2025 Business Plan & 2022 Budget Sections B through S and V which include the following tables/appendices:
      i) Section B: Appendix 2D Listing of Projects for Multi-Year Funding, Appendix 2E Listing of Multi-year Projects with Funding Changes
      ii) Section B: Appendix 3A 2022 Summary of FTE Adjustments by Service Area and as outlined in section V-20 for Storm Water service
      iii) Sections C-R: Proposed Cost Increase Required to Maintain Current Service Levels
      iv) Sections C-R: Proposed New Initiatives and New Revenues
      v) Sections C-R: Proposed 2022 Capital Budget Detail
      vi) Section S: Appendix 3 Reserves and Reserve Funds Transfers and Appendix 4 Debt-Funded Projects;
   b) Recommended changes to the Appendix 3A for item 9.8 corporate report dated November 8, 2021 Apartment Building Standards and Maintenance Pilot Program considered on November 29.
      i) That the 2022 complement for Enforcement be increased to include 10 contract capital budget staff. All 10 positions will be funded through the Capital Budget.
      ii) That a new capital project PN 22-092 “Apartment Building Standards Pilot Project” be established with a gross budget of $3,707,300 and net budget of $300,800 and that funding be allocated from Capital Reserve Fund Account #33121.
      iii) That funding of $300,800 be transferred from Capital Reserve Fund Account #33121 to PN22-092 “Apartment Building Standards Pilot Project”.
2. That Council approve any necessary 2022 budget re-allocations of service initiatives to ensure that costs are allocated to the appropriate service area with no net change to the 2022 property tax levy;
3. That the 2022 property tax levy be approved at $581,102,654 including:
   a) Infrastructure and Debt Repayment Levy increase in the amount of $11,100,000
   b) Emerald Ash Borer Levy, included in the base budget, in the amount of $4,600,000
   c) Public Safety Fire Program levy, included in the base budget, in the amount of $5,550,504;
4. That the budget be adjusted subsequent to approval for any difference in assessment growth as calculated on the 2021 assessment roll returned by the Municipal Property Assessment Corporation for purposes of 2022 taxation; the difference will be adjusted against the capital reserve fund.
5. That the 2022 Stormwater Charge for the 2022 budget year be approved at $113.40 per Stormwater billing unit, effective April 1, 2022;
6. That the 2022 Business Improvement Area Budgets presented in corporate report item 9.4 dated November 05, 2021 be approved in the amount of $2,329,384. Payments to be made for the full amount in January 2022. The total amount includes the following:
      i) Clarkson Business Improvement Area in the amount of $102,000
      ii) Port Credit Business Improvement Area in the amount of $1,105,200
      iii) Streetsville Business Improvement Area in the amount of $481,950
      iv) Malton Business Improvement Area in the amount of $213,144
      v) Cooksville Business Improvement Area in the amount of $427,090
7. That all necessary by-laws be enacted.

NOTICE OF MOTION: REGULATING THE USE OF WOOD BURNING STOVES

Whereas the practice of using wood in either a fireplace or wood stove for home heating can contribute to poor local air quality, potential safety risk from embers and nuisance debris in the form of black particulate on neighbouring properties;

Whereas the City does not currently have a by-law in place which specifically regulates the use or operation of indoor wood-burning appliances, such as wood stoves;

Whereas there are a number of existing standards in place at the provincial level that apply to wood-burning appliances are limited and currently do not address the issue of excessive and constant burning;

Whereas this is not likely a widespread problem however the issue does exist and needs to be addressed because there are residents experiencing these negative effects from constant burning;

Therefore be it resolved that staff be directed to draft a bylaw with respect to regulating the use of residential indoor wood-burning stoves (e.g. by limiting the operation of or time-limiting when burning activities are allowed), pursuant to the general municipal powers respecting the social and environmental well-being of the municipality, and the health, safety and well-being of persons under subsection 11(2)5 and 6, respectively, of the Municipal Act, 2001.

Karen Ras