



**STAFF REPORT**  
**Financial Planning**

Title: 2023 Annual Statement of Community Benefits Charges and Parkland Dedication

Report Number: CORP2024-024

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File: N/A

Attachments: Appendix A – Community Benefits Charge Reserve Fund Statement  
Appendix B – Parkland Dedication Reserve Fund Statement  
Appendix C – 2023 Projects Funded from Community Benefits Charge Reserve Fund  
Appendix D – 2023 Projects Funded from Parkland Dedication Reserve Fund

Ward No.: All

**Recommendation:**

1. That Council receives CORP2024-024 as information.

**A. Executive Summary**

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

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

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

Subsections 37(48) and 42(17) of the Planning Act (PA) requires that an annual report be provided to the public that outlines information as prescribed under O.Reg. 509/20. This report, CORP2024-024, will satisfy these reporting requirements.

**B. Financial Implications**

For 2023, CBC collections under Section 37 of the PA totalled \$44,000, and cash in lieu of parkland collected under Section 42 of the PA totalled \$2.47 million. Physical land of 1,500m<sup>2</sup> was conveyed to the City in 2023 for a parkette in the Vista Hills subdivision, pursuant to Sections 42 or 51.1 of the PA.

Unlike Development Charges (DCs), CBCs are not collected on all new development, and given the recent implementation of the charge, it would be difficult to forecast future developments that would be required to pay a CBC. Therefore, targets for annual CBC attainment are not set and tracked as is done and reported for DCs.

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

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

Appendix A, 'Community Benefits Charge Reserve Fund Statement', and Appendix B, 'Parkland Dedication Reserve Fund Statement' provide a summary of activity for 2023 along with the overall reserve positions.

**C. Technology Implications**

None.

**D. Link to Strategic Plan**

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Parkland and Community Benefits Charge funded projects support several of the Strategic Priorities including:

- Environmental Sustainability and Climate Action
- Complete Community
- Infrastructure and Transportation Systems

**E. Previous Reports on this Topic**

CORP2023-025: 2022 Annual Statement of Community Benefits Charges and Parkland Dedication (May 15, 2023)

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

CORP2021-011: Bill 108 & 197 Timing Impact on Development Charge By-law Update

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



## **2023 Annual Statement of Community Benefits Charges and Parkland Dedication CORP2024-024**

### **Background:**

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

### **Legislative Requirements:**

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

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

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

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

### **2023 Consolidated Statements:**

Legislative changes through Bill 108: More Homes, More Choice Act, 2019, which enabled the passing of a new CBC by-law by the City, resulted in the DC services of Parking and Cemeteries no longer being eligible for funding under the DC Act, and the reserve balances for these services were transferred to the CBC Reserve Fund in 2022 for use under the general CBC framework within the Planning Act.

Furthermore, any funds collected and held in a special account under the legacy Section 37 framework “height and density bonusing” were also transferred to the CBC Reserve Fund in 2022. However, these funds are to be used in accordance with the terms and conditions as outlined in the legacy Section 37 agreements between the City and Developers.

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

Prior reporting of legacy Section 37 density bonusing contributions is no longer required under the CBC annual report, however staff have split out these amounts within the CBC reserve for internal reference. These cash contributions will remain in the CBC Reserve until such time as the associated projects have been commenced and the funds required (or as otherwise stipulated in the agreement). When capital projects that relate to the intended use of the contributions have been initiated, the funds will be transferred into those projects to be utilized during construction. In 2023, there was one project funded from legacy Section 37 Planning Act contributions, as summarized in Appendix C.

**Collections:**

For 2023, CBC collections under Section 37 of the PA totalled \$44,000, and cash in lieu of parkland collected under Section 42 of the PA totalled \$2.47 million. Physical land of 1,500m<sup>2</sup> was conveyed to the City in 2023 for a parkette in the Vista Hills subdivision, pursuant to Sections 42 or 51.1 of the PA.

Unlike Development Charges (DCs), CBCs are not collected on all new development, and given the recent implementation of the charge, it would be difficult to forecast future developments that would be required to pay a CBC. Therefore, targets for annual CBC attainment are not set and tracked as is done and reported for DCs.

In addition to the collections noted above, positive reserve balances earned \$0.31 million in interest income for 2023 for the CBC Reserve Fund and \$1.01 million for the Parkland Dedication Reserve Fund.

Committed funds in active parkland related projects amounted to \$7.67 million at the end of 2023 (which are returned to the Parkland Reserve at year end for reporting purposes and interest allocations, then transferred back to the projects on January 1 of the following year).

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

**Capital Project Funding and Parks Plan Reporting:**

One project was funded from the Community Benefits Charge Reserve Fund in 2023 as noted in Appendix C. As outlined in Subsection 37(47) of the PA, in each calendar year, a municipality shall spend or allocate at least 60 per cent of the monies that are in the special account at the beginning of the year. As the CBC Reserve Fund was initially established in September of 2022 through various transfers from other reserves and accounts, the beginning balance was taken to be the amount transferred, which had already been allocated to various projects or initiatives such as capital project Ref#411 - Community Benefits Charge Strategy Implementation. Ref #411 includes the Uptown Parking Expansion project (\$5.96 million) transferred from the Development Charges funding framework as per Bill 108. Therefore, the requirement under Subsection 37(47) to spend or allocate has been met for 2023. As part of the 2024-2026 budget process, staff have included CBC funded projects that meet the goals of the Council approved CBC Strategy.

Appendix D shows projects funded in 2023 by the Parkland Dedication Reserve Fund (PUB), as well as funding from any other sources associated with each project. Cash in lieu contributions are deposited into this reserve fund and spent only for the acquisition of land to be used for park or other public recreational purposes, which may also include the erection, improvement or repair of buildings and the acquisition of machinery for park or other public recreational purposes. Similar to the requirement above for the CBC Reserve Fund, Subsection 42(16.1) requires that in each calendar year, a municipality shall also spend or allocate at least 60 per cent of the monies that are in the Parkland Dedication Reserve Fund at the beginning of the year. The City budgets

for the use of these funds annually through the capital budget process thereby meeting this requirement to spend or allocate through current practice.

The 1,500m<sup>2</sup> of land conveyed to the City for a parkette in the Vista Hills subdivision, along with cash in lieu of parkland spent from the Parkland Dedication Reserve Fund in 2023, helped contribute to addressing the need for parkland and associated amenities in the municipality as set out in the City's Parkland Strategy (parks plan) approved by Council on June 27, 2022 in staff report COM2022-025.

Some key directions of the Parkland Strategy that have been addressed through spending on specific capital projects in 2023 are as follows:

- planning for and locating parks in new neighbourhoods along with additional sports field development required to meet future needs was addressed via the City's contribution to Post Secondary Facilities at Wilfrid Laurier University to support Community Access, as budgeted through capital Ref#205;
- some of the City's new parks will occur in areas of growth and intensification with smaller land areas and different functions and design needs than traditional parks; this has been addressed via the completion of the Waterloo Public Square water feature and the development of the Bridgeport and Margaret Park area through capital Ref#620 and #317 respectively.

Other project spending in 2023 as listed in Appendix D has contributed to addressing the following recommendations, targets, and/or action items in the City's Parkland Strategy such as:

- Creation of City Parks, Community Parks, and Local Parks based on unique features and amenities (e.g. splash pads and action sports parks/skate parks), along with basic facilities such as active play fields, skating rinks, play facilities, seating, trails, and landscaping
- where it is not feasible to acquire new parks, emphasis should be placed on the revitalization of existing parks through consultation with the community and a focus on enhanced amenities

### **Summary:**

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

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

## Appendix A

Community Benefits Charge Reserve Fund Statement

	CBC General	Transfer From DC	Legacy S.37	CBC TOTAL
<b>Balance as of January 1, 2023</b>	<b>\$ 336,547</b>	<b>\$ 5,993,945</b>	<b>\$ 1,066,316</b>	<b>\$ 7,396,808</b>
<b>Revenues</b>				
Community Benefits Charges Collected	44,000			<b>44,000</b>
Transfers		55,790	1,373,426	<b>1,429,216</b>
Other Revenue:				
Funds Returned from Completed Projects				<b>0</b>
Interest Earned on +ve Reserve Balances	14,004	250,674	44,372	<b>309,050</b>
<b>Total Revenues</b>	<b>\$ 58,004</b>	<b>\$ 306,464</b>	<b>\$ 1,417,798</b>	<b>\$ 1,782,266</b>
<b>Expenditures</b>				
Transfers to Capital Projects			297,534	<b>297,534</b>
Other Transfers				<b>0</b>
<b>Total Expenditures</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 297,534</b>	<b>\$ 297,534</b>
<b>Balance as of December 31, 2023</b>	<b>\$ 394,551</b>	<b>\$ 6,300,409</b>	<b>\$ 2,186,580</b>	<b>\$ 8,881,540</b>



## Appendix B

Parkland Dedication Reserve Fund Statement

	General 00000	Northdale 49016	Total
<b>Balance as of January 1, 2023</b>	\$ 19,419,043	\$ 7,846,737	\$ 27,265,780
<b>Revenues</b>			
Parkland Dedication Fees Collected	2,469,917		2,469,917
Other Revenue:			
Funds Returned from Completed Projects			0
Interest Earned on +ve Reserve Balances	702,140	303,669	1,005,809
<b>Total Revenues</b>	<b>\$ 3,172,056</b>	<b>\$ 303,669</b>	<b>\$ 3,475,725</b>
<b>Expenditures</b>			
Transfers to Capital Projects	4,178,000		4,178,000
<b>Total Expenditures</b>	<b>\$ 4,178,000</b>	<b>\$ 0</b>	<b>\$ 4,178,000</b>
<b>Transfers for Year End Reporting</b>			
Committed Funding Returned to Capital Projects	(8,515,428)		(8,515,428)
Committed Funding in Active Projects at Y/E	7,671,721		7,671,721
<b>Total Transfers</b>	<b>\$ (843,707)</b>	<b>\$ 0</b>	<b>\$ (843,707)</b>
<b>Balance as of December 31, 2023</b>	<b>\$ 17,569,392</b>	<b>\$ 8,150,406</b>	<b>\$ 25,719,798</b>
<b><i>Uncommitted Balance as of December 31, 2023</i></b>	<b>\$ 9,897,671</b>	<b>\$ 8,150,406</b>	<b>\$ 18,048,077</b>

## Appendix C

### 2023 Capital Projects Funded from Community Benefits Charge Reserve Fund Actual Funding

Project Name	CBC	Total
- Affordable Housing Contribution - 730 New Hampshire, Parkwood Mennonite Home Inc.	298,000	298,000
<b>Grand Total</b>	<b>298,000</b>	<b>298,000</b>

CBC - Community Benefit Charge Reserve Fund (Sec. 37 portion)

## Appendix D

### 2023 Capital Projects Funded from Parkland Dedication Reserve Fund Actual Funding

Project Name	PUB	CRF	DC	DON	Total
- Bridgeport & Margaret Park (Ref#317)	421,000				<b>421,000</b>
- Completion of the Waterloo Public Square Water Feature (Ref#620)	1,029,000	337,000		500,000	<b>1,866,000</b>
- Contribution to Post Secondary Facilities to support Community Access (Ref#205)	2,500,000				<b>2,500,000</b>
- Waterloo Park - Master Plan Implementation (Ref#335)	228,000		331,000		<b>559,000</b>
<b>Grand Total</b>	<b>4,178,000</b>	<b>337,000</b>	<b>331,000</b>	<b>500,000</b>	<b>5,346,000</b>
<i>2023 TOTAL Budget for PUB Spending</i>	<i>7,378,000</i>				

PUB - Parkland Dedication Reserve Fund

DC - Development Charges Reserve Fund

CRF - Capital Reserve Fund

DON - Donations