

Schedule H



Watson
& Associates
ECONOMISTS LTD.

Assessment of the *More Homes Built Faster Act*

Town of Caledon

December 12, 2022

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Hillary Bryers MBA, CPA, CGA
Acting Treasurer
The Corporation of the Town of Caledon
6311 Old Church Rd
Caledon ON L7C 1J

Dear Hillary Bryers:

Re: Assessment of the *More Homes Built Faster Act*

The Town of Caledon (Town) retained Watson & Associates Economists Ltd. (Watson) to prepare and assessment of the impacts of the *More Homes Built Faster Act* on the Town's financial position. The following sections provide an assessment of the Town's 10-Year Housing Target and the associated fiscal impacts associated with the amendments to the *Development Charges Act* (D.C.A.) and parkland dedication requirements under s. 42 of the *Planning Act*.

1. Town of Caledon Housing Demand by Type, Tenure, and Affordability, 2021 to 2031

This section provides an analysis of forecast housing demand for the Town over the next 10 years by housing type and tenure (i.e. rental vs. ownership). In accordance with the affordability definitions established in the *More Homes Built Faster Act*¹, these housing categories are then further broken down by affordable vs. market-based dwellings.

1.1 Housing Demand by Tenure

The Peel Region Municipal Comprehensive Review (M.C.R.) forecast identifies a demand of approximately 11,000 households between 2021 and 2031 for the Town².

¹ Defined as the rent/sale price no greater than 80 per cent of the average market rent/purchase price. The average market rent/purchase price will be determined by the Minister of Municipal Affairs as published in the bulletin entitled the "Affordable Residential Units for the Purposes of the Development Charges Act, 1997 Bulletin".

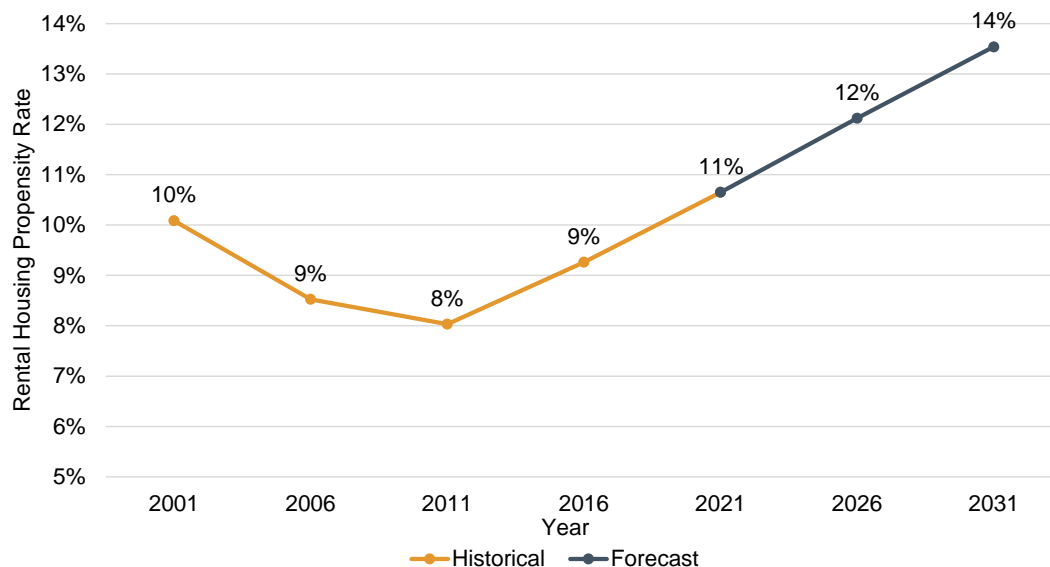
² Relative to the Region of Peel 2022 Municipal Comprehensive Review (M.C.R.) forecast, the Ministry of Municipal Affairs and Housing has identified an additional 2,000 housing units for the Town of Caledon over the 2021 to 2031 forecast period, representing a total housing forecast of 13,000.



Accommodating this level of growth requires a range of housing by structure type and tenure. Accordingly, the Peel Region M.C.R. does not identify any high-density dwellings over the 2021 to 2031 forecast period for the Town. To appropriately consider the need for affordable dwellings, the 30-year forecast unit mix for the Town has been modelled for the purposes of the 10-year forecast period. Building on this housing forecast by type, the following explores the Town's housing needs in greater detail by generating a housing forecast by both type and tenure. A tenure forecast provides greater insight into the Town's rental housing needs between 2021 and 2031 by various structure types.

As of December 2021, there were approximately 28,000 households on waiting lists in the Region of Peel for primary rental dwellings. The Town represents approximately 300 households of this total. With affordability concerns increasing across the province, the pressure for primary rental dwellings will continue to grow. Based on a rental housing propensity analysis (as shown in Figure 1-1), the percentage of renter households in the Town is forecast to increase from 11% in 2021 to 14% in 2031, which is slightly faster than the rental housing propensity increases observed between 2011 and 2021.

Figure 1-1
Town of Caledon
Rental Housing Propensity Rate Forecast, 2021 to 2031



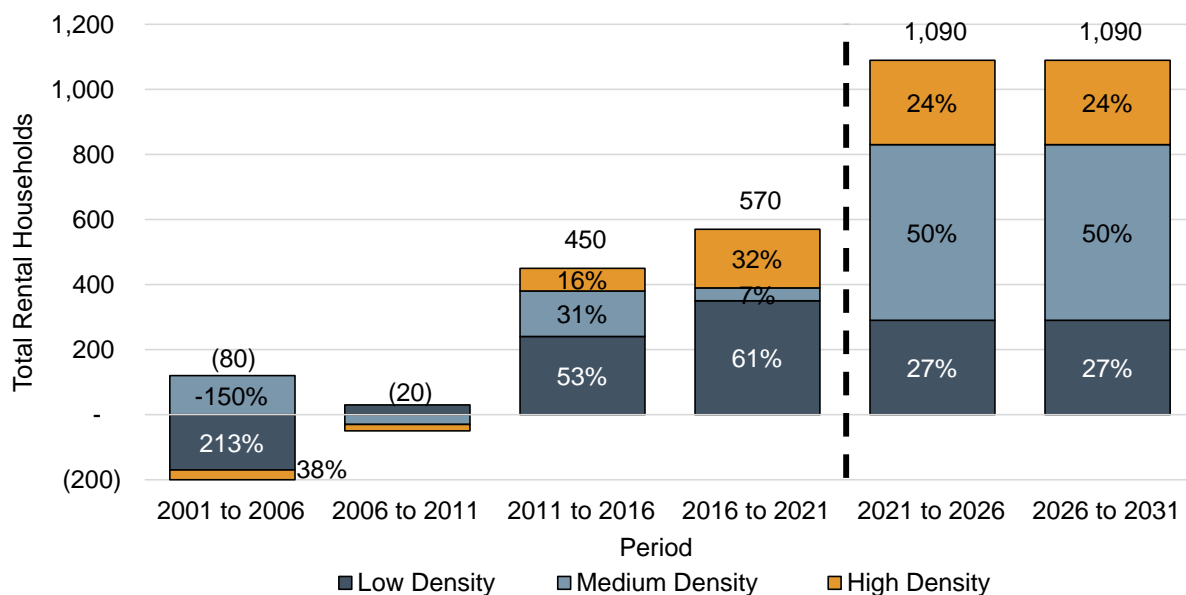
Source: Historical data from Statistics Canada Census. Forecast by Watson & Associates Economists Ltd., 2022.



Based on the above rental housing propensity forecast, rental housing in the Town is expected to increase from approximately 2,500 units in 2021 to 4,700 in 2031. This represents growth of approximately 2,200 units over the period, accounting for 20% of total housing growth over the forecast period. As shown in Figure 1-2, half of all rental dwelling growth in the Town over the next decade is forecast to occur within medium-density dwelling types (townhomes and duplexes). The remaining housing growth is nearly split between low-density dwellings (single and semi detached) and high-density dwellings (apartments and secondary units). This represents a shift away from low-density rental dwellings compared to the previous 20 years.

While the share of rental dwellings is forecast to increase compared to historical trends, ownership households are still forecast to represent the predominant housing tenure in the Town, representing 80% of all forecast housing growth between 2021 and 2031. As shown in Figure 1-3, ownership dwellings within the Town are forecast to primarily be low-density housing forms, with remaining housing growth largely within medium-density dwellings. Nearly all forecast high-density housing growth is expected to be in the form of rental dwellings.

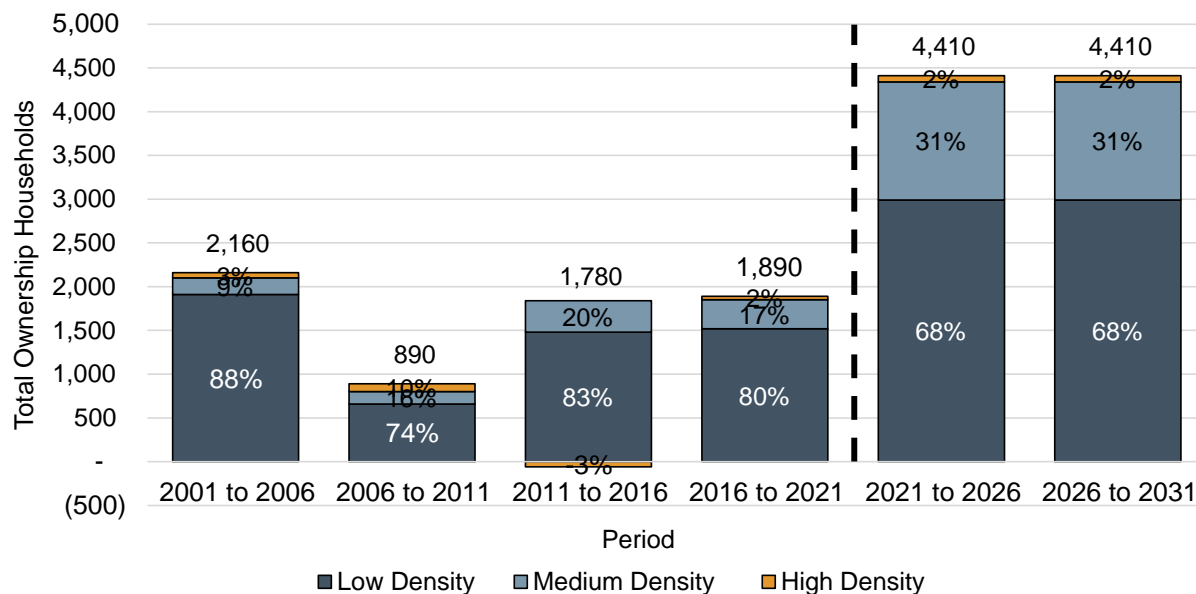
Figure 1-2
Town of Caledon
Rental Housing Growth by Structure Type, Historical and Forecast, 2001 to 2031



Source: Historical data from Statistics Canada Census. Total housing forecast derived from Peel Region M.C.R. Housing forecast by tenure prepared by Watson & Associates Economists Ltd., 2022.



Figure 1-3
Town of Caledon
Ownership Housing Growth by Structure Type, Historical and Forecast, 2001 to 2031



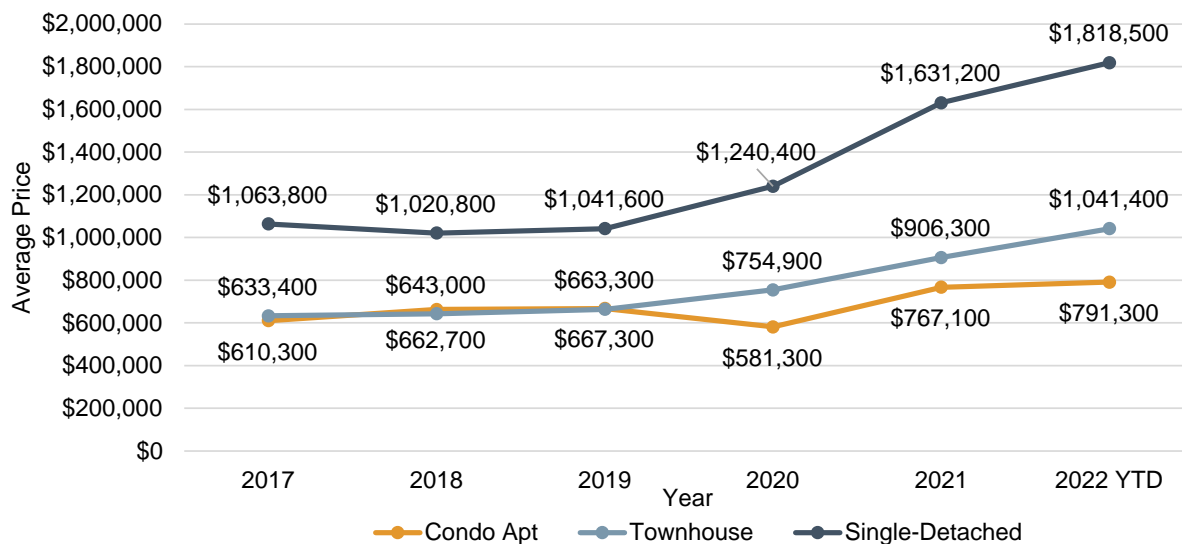
Source: Historical data from Statistics Canada Census. Total housing forecast derived from Peel Region M.C.R. Housing forecast by tenure prepared by Watson & Associates Economists Ltd., 2022.

1.2 Housing Affordability Analysis

Figure 1-4 summarizes average sales prices in the Town for single-detached, townhome, and apartment dwelling units between 2017 and 2022. While all housing types have increased during this period, single-detached dwellings had the greatest increase since 2020, increasing 47% during this period. The cost of a dwelling in the Town has a direct impact on the type and tenure of housing required to accommodate the wide range of income groups.



Figure 1-4
Town of Caledon
Average Sales Price by Dwelling Type, 2017 to 2022



Note: Figures have been rounded.

Source: TRREB Market Watch Archive 2017 to November 2022, summarized by Watson & Associates Economists Ltd.

In accordance with the definition of affordability in the *More Homes Built Faster Act*, the housing forecast by tenure and type has been examined from an affordable vs. market-based perspective. As shown in Figure 1-5, households with an income of less than \$100,000 can afford a maximum rent of \$2,500 per month or a maximum purchase price of \$330,000³ ⁴. According to 2022 real estate sale data from the Toronto Regional Real Estate Board (TRREB), the average sales price of a condominium in Town is \$791,300 and a townhouse is \$1,041,400. With a significant number of households unable to afford a new ownership dwelling, a shift in dwelling tenure and type is required to provide more affordable rental stock within the Town.

³ Affordability in this context was calculated by assuming a maximum of 30% of household income is spent on shelter costs (property taxes, mortgage payment, monthly maintenance/fees, property insurance, and a down payment of 10%).

⁴ The Regional of Peel Official Plan (2022) defines ownership affordability as annual accommodation costs not exceeding 30% of gross low- and moderate-income households or the purchase price of a resale unit is 10% below the average regional market area purchase price. Similarly, for rental affordability, the monthly costs do not exceed 30% of gross low and moderate household incomes or the rent cost is below the average market rent in the regional market area.



Figure 1-5
Town of Caledon
Housing Affordability Forecast by Tenure, 2021 to 2031

Household Income	Home Ownership (Dwelling Cost)	Rent (Month)	Forecast Growth, 2021 to 2031		Rental Type	Ownership Type
			Rental Dwellings	Ownership Dwellings		
Under \$20,000	Less than \$65000	Less than \$500	260	20	Rental Assistance	Home Ownership - Need for Sufficient Pre-Existing Equity or Affordable Dwellings
\$20,000 to \$39,999	\$65000 to \$130000	\$500 to \$1,000	590	70		
\$40,000 to \$59,999	\$130000 to \$200000	\$1,000 to \$1,500	560	90		
\$60,000 to \$79,999	\$200000 to \$265000	\$1,500 to \$2,000	250	140	Potential Need for Rental Assistance	
\$80,000 to \$99,999	\$265000 to \$330000	\$2,000 to \$2,500	220	160	Free Market	
\$100,000 to \$124,999	\$330000 to \$410000	\$2,500 to \$3,125	200	200		
\$125,000 to \$149,999	\$410000 to \$495000	\$3,125 to \$3,750	40	210		
\$150,000 to \$199,999	\$495000 to \$660000	\$3,750 to \$5,000	40	2,050		
\$200,000 and over	Greater than \$660000	\$5,000 and higher	30	5,880		Home Ownership - Wide Options
Total			2,190	8,820		

The Town's current development application pipeline supports this shift, as 27% of all units in development approvals are categorized as apartments. Accordingly, under the 10-year forecast for the Town, it is assumed that 21% of new housing units will serve households with an income of \$100,000 or less⁵. Further observations can also be made:

- To accommodate the lowest income segments of the Town's population, it is assumed that 39% of new rental units will accommodate households with a household income under \$40,000, paying a maximum rent of \$1,000 monthly – rental assistance will likely be required for these households.
- Household incomes less than \$150,000 are defined as having limited home ownership options. These households can afford a dwelling cost between \$330,000 and \$495,000. Based on September 2022 TRREB price data, many of these households would not be able to afford any dwelling type unless purchasing a dwelling that would be classified as affordable under the *More Homes Built Faster Act* or by providing substantial down payments to significantly reduce the purchase price.
- Households with income between \$150,000 and \$200,000 would still require assistance to purchase dwellings within the Town but higher household incomes can support a wider range of dwelling types. Households with income greater than \$200,000 have the widest range of market housing options in the Town. It is assumed that two thirds of new ownership households in the Town will be purchased by this \$200,000 and greater household income group.

The Town's 10-year housing forecast by structure type and tenure has been further analyzed to determine the number of affordable vs. market-based units in each

⁵ Households with an income of less than \$100,000 represent 34% of the housing stock according to the 2021 Census. Accounting for inflation and intraprovincial migration trends, this household income category is expected to reduce to 30% of households by 2031.



category. The affordability of a unit is calculated against the average market rent or the average purchase price of a unit by structure type within a given year.⁶ As demonstrated previously in Figure 1-5, nearly all household income groups below \$200,000 within the Town would not be able to purchase a dwelling of any structure type based on income alone. Accordingly, general assumptions have been made regarding the down payment capabilities by age of primary household maintainer, household income, and dwelling type. From these assumptions, a need for affordable dwellings is calculated for both rental and ownership households by structure type. Figure 1-6 displays the results of this analysis. The following can be observed:

- Only 9% of low-density units are forecast as affordable dwellings. While this is the least affordable dwelling type, there is still a substantial number of low-density units forecast in the Town through the Peel Region M.C.R.
- Based on the anticipated family structures and household incomes within the Town, it is assumed that 10% of ownership low-density units will need to be affordable. Increases in the low-density rental housing stock would not qualify as an affordable rental unit since they would not be purpose-built rental dwellings⁷.
- Medium-density units are forecast to account for nearly half of all new rental dwellings in the Town over the next decade, while still forming a sizeable component of the ownership housing growth as well. Across ownership and rental units, 31% of medium-density dwellings are forecast as affordable.
- High-density units are anticipated to form a small component of housing growth in the Town. There are slightly over 500 high-density dwellings forecast over the next 10 years, with a majority expected within the rental category. Of these total high-density units, 50% are forecast as affordable over the next decade.
- Lastly, secondary units are component of the high-density forecast. These units are already exempt from development charges (D.C.s) and as such, are considered as affordable.

⁶ Bill 23 does not currently specify whether affordability will be calculated against the aggregate average annual housing value *across* all dwelling types or the average annual value *within* each dwelling type. This analysis assumes the latter. If future legislature establishes that affordability is calculated against an aggregate value across all dwelling types, then the percentage of affordable dwellings captured through this work dramatically increase.

⁷ It is assumed that increases in the low-density rental stock are achieved through the secondary rental market, rather than the primary-built rental market. This implies that the home purchaser would function as a landlord, by renting the low-density dwelling. Since affordability would be calculated on the purchase price of the home in this instance, this would not be captured under the affordable rental category.



Figure 1-6
Town of Caledon
Annual Housing Growth by Tenure, Historical and Forecast Scenarios, 2021 to 2031

Density Type	Ownership			Rental			Total		
	Affordable	Market Based	Total	Affordable	Market Based	Total	Affordable	Market Based	Total
Low Density	610	5,370	5,980	-	580	580	610	5,950	6,560
Medium Density	570	2,130	2,700	620	460	1,080	1,190	2,590	3,780
High Density	50	90	140	220	180	400	270	270	540
Secondary Units	-	-	-	120	-	120	120	-	120
Total	1,230	7,590	8,820	960	1,220	2,180	2,190	8,810	11,000

Density Type	Ownership			Rental			Total		
	Affordable	Market Based	Total	Affordable	Market Based	Total	Affordable	Market Based	Total
Low Density	10%	90%	100%	0%	100%	100%	9%	91%	100%
Medium Density	21%	79%	100%	57%	43%	100%	31%	69%	100%
High Density	36%	64%	100%	55%	45%	100%	50%	50%	100%
Secondary Units	0%	0%	0%	100%	0%	100%	100%	0%	100%
Total	14%	86%	100%	44%	56%	100%	20%	80%	100%

2. Development Charges

2.1 More Homes Built Faster Act Amendments to the D.C.A.

The major amendments to the D.C.A. considered herein include:

- Additional statutory exemptions for additional residential units, affordable units and non-profit housing;
- Discount for rental housing development;
- Mandatory 5-year phase-in for all D.C. by-laws passed after June 1, 2022;
- Extension of the historic level of service calculation period from 10-years to 15-years;
- Removal of studies from eligible capital costs⁸; and
- D.C. by-laws would expire ten years after the in force date.

⁸ Land may be excluded as an eligible capital cost, if prescribed for certain services. At the time of writing no regulation has been filed in this regard, land costs have been maintained.



2.2 Assessment of Additional Statutory Exemptions and Rental Housing Discount

The assessment of the D.C. revenue impacts related to the additional statutory exemptions and discounts for rental housing are calculated based on the growth forecast assumption for the 2021-2031 period, as summarized in Figure 1-6. For the purposes of this assessment:

- The additional residential units are included in the 10-year forecast as secondary units.
- Affordable units include rental, ownership and inclusionary zoning units. These units would also include non-profit housing units⁹.
- The D.C.A. defines rental housing development as “development of a building or structure with four or more residential units all of which are intended for use as rented residential premises”. As such, is assumed that only high-density residential rental development in the forecast would qualify for this discount. For these types of development, the D.C. will be reduced based on the number of bedrooms in each unit as follows:
 - Three or more bedrooms – 25% reduction;
 - Two bedrooms – 20% reduction; and
 - All other bedroom quantities – 15% reduction.

It should be noted that the statutory exemption for additional residential units and the discount for rental housing development is in force as of November 28, 2022. The statutory exemptions for affordable housing will be proclaimed on a future date and are currently not in force.

As summarized in Figure 1-7, the estimated D.C. revenue for the forecast residential development in Figure 1-6 would total \$477.3 million, based on current Town D.C. rates. The proposed additional statutory exemptions and discounts are anticipated to reduce D.C. revenues by \$81.8 million over the period¹⁰. This represents a reduction of approximately 17% in total residential D.C. revenues for the period. The composition of the revenue loss includes:

⁹ The D.C.A. amendments provide statutory exemptions for attainable units. These units do not include affordable units and rental units. These units will be defined by regulation. As regulations have not been filed at the time of writing no units are included herein.

¹⁰ Discounted to 2019\$ this equates to approximately \$64.3 million.



- \$81.0 million in lost revenue for affordable unit exemptions, with ownership units accounting for \$52.6 million and rental units \$28.4 million.
- \$0.8 million in discounts for rental housing developments. The distribution of high-density residential units by bedrooms was taken from the Town's 2019 D.C. Background Study, which provides for an overall D.C. discount of 18.5% for the forecast high-density rental development.
- The expansion of the additional residential unit exemption, as forecast for secondary units, is expected to be minimal.



Figure 1-7
Town of Caledon
Comparison of Residential D.C. Revenue Forecast for Growth Forecast in Figure 1-6,
2021 to 2031

Dwelling Unit Type	D.C. Treatment		Town-Wide D.C./Unit Sept. 2022 ³	2021-2031 Dwelling Unit Forecast	D.C. Revenue (2022\$)		
	Pre MHBFA	Post MHBFA			Pre MHBFA	Post MHBFA	Difference
Low Density Ownership							
Affordable	Charged	Exempt	\$ 49,216	610	30,021,589	-	(30,021,589)
Market	Charged	Charged	\$ 49,216	5,370	264,288,416	264,288,416	-
Rental							
Affordable	Charged	Exempt	\$ 49,216	-	-	-	-
Market	Charged	Charged	\$ 49,216	580	28,545,118	28,545,118	-
Medium Density Ownership							
Affordable	Charged	Exempt	\$ 37,469	570	21,357,102	-	(21,357,102)
Market	Charged	Charged	\$ 37,469	2,130	79,808,118	79,808,118	-
Rental							
Affordable	Charged	Exempt	\$ 37,469	620	23,230,532	-	(23,230,532)
Market	Charged	Charged	\$ 37,469	460	17,235,556	17,235,556	-
High Density Ownership							
Affordable	Charged	Exempt	\$ 23,680	50	1,184,004	-	(1,184,004)
Market	Charged	Charged	\$ 23,680	90	2,131,207	2,131,207	-
Rental							
Affordable	Charged	Exempt	\$ 23,680	220	5,209,617	-	(5,209,617)
Market	Charged	Reduced ¹	\$ 23,680	180	4,262,414	3,473,674	(788,740)
Secondary Units Ownership							
Affordable	Partially Exempt ²	Exempt	\$ 23,680	-	-	-	-
Market	Partially Exempt ²	Exempt	\$ 23,680	-	-	-	-
Rental							
Affordable	Partially Exempt ²	Exempt	\$ 23,680	120	-	-	-
Market	Partially Exempt ²	Exempt	\$ 23,680	-	-	-	-
Total				11,000	477,273,673	395,482,089	(81,791,585)

¹ Bill 23 provides for reductions in D.C. of 25% for 3 bedroom and greater units, 20% for 2 bedroom units, and 15% for all other units. Based on weighting in 2019 D.C. Background Study a reduction of 18.5% is provided.

² Bill 23 provides for additional exemptions for secondary units within semi-detached and row dwellings. Additional exemptions are anticipated to be minimal as development is primarily related to single detached dwellings.

³ High Density/Apartment Rate based on weighting of 2 bedroom and greater units of 58% and bachelor and 1 bedroom units of 42%, based on 2019 D.C. Background Study.



2.3 Assessment of Mandatory Phase-in, Historic Level of Service and Removal of Studies

The Town's existing D.C. by-law was passed in 2019, and subsequently amended in 2021. The transition rules with respect to the D.C.A. amendments under the *More Homes Built Faster Act* for the mandatory phase-in of the charges, expansion of the historic level of service, and the removal of studies from the definition of capital costs, suggest these changes will not affect the Town's existing D.C. by-law. The Town's existing D.C. by-law is set to expire June 25, 2024. Assuming the Town proceeds to pass a new by-law at that time these new provisions would have to be adhered to. To measure the potential impact on the Town's D.C.s, we have undertaken to assess these changes relative to the Town's amended 2019 D.C. Background Study. The following addresses each item.

2.3.1 Mandatory Phase-In

If the Town was to pass a new D.C. by-law, the charge would have to be phased-in from the fully calculated rate in the D.C. Background Study as follows:

- Year 1 – 80% of the maximum charge;
- Year 2 – 85% of the maximum charge;
- Year 3 – 90% of the maximum charge;
- Year 4 – 95% of the maximum charge; and
- Year 5 to expiry – 100% of the maximum charge.

To assess the impact of this change, we considered the actual revenue¹¹ collected under the Town's current D.C. by-law for the period 2019-2022. As summarized in Figure 1-8, if the Town had to apply the mandatory phase-in rules during the 2019 D.C. process, the loss in revenue would have totalled \$10.6 million. This equates to a loss in revenue of approximately 12% over the 4-year phase-in period. In the context of the total D.C. recoverable costs over the 2019-2028/31 D.C. forecast period, this lost revenue would equate to approximately 2% of total D.C. eligible capital costs.

¹¹ The Town provided a year-end estimate for 2022.



Figure 1-8
Town of Caledon
Estimated D.C. Revenue Loss for 4-Year Period, 2019 to 2022

	2019	2020	2021	2022	Total
Actual D.C. Revenue & 2022 Forecast	\$ 16,498,155	\$ 20,121,047	\$ 29,449,953	\$ 26,233,556	\$ 92,302,711
D.C. Phase-in under MHBFA	80%	85%	90%	95%	
Revenue if MHBFA Implemented in 2019	\$ 13,198,524	\$ 17,102,890	\$ 26,504,958	\$ 24,921,878	\$ 81,728,250
Revenue Loss Related to Phase-in Provisions under MHBFA	\$ 3,299,631	\$ 3,018,157	\$ 2,944,995	\$ 1,311,678	\$ 10,574,461

	2019	2020	2021	2022	Total
Actual D.C. Revenue & 2022 Forecast (in 2019\$)	\$ 16,360,265	\$ 19,343,403	\$ 27,486,771	\$ 21,318,621	\$ 84,509,060
D.C. Phase-in under MHBFA	80%	85%	90%	95%	
Revenue if MHBFA Implemented in 2019	\$ 13,088,212	\$ 16,441,893	\$ 24,738,094	\$ 20,252,690	\$ 74,520,888
Revenue Loss Related to Phase-in Provisions under MHBFA	\$ 3,272,053	\$ 2,901,510	\$ 2,748,677	\$ 1,065,931	\$ 9,988,172
Total DC Recoverable Capital Costs					\$ 453,784,489
Lost Revenue as % of Total DC Recoverable					2.2%

2.3.2 Historic Level of Service

At the time of preparing the Town's 2019 D.C. Background Study, the increase in need for service had to be measured relative to the average historic level of service over the 10-year period preceding the study. This requirement prevents municipalities from requiring development to pay a charge based on a higher level of service than provided in the municipality historically on an average cost basis. The calculations in this regard provide a maximum amount of capital costs that can be included in the calculation of the charge on a service-by-service basis, or as commonly referred to as the historic level of service cap.

The *More Homes Built Faster Act* now extends this period from the 10-year period preceding the study to the 15-year period. To determine the potential impacts, we calculated the historic level of service cap using the 15-year period for the D.C. services included in the amended 2019 D.C. Background Study. Figure 1-9 compares the cap under the amended 2019 D.C. Background Study and the recalculated cap for the 15-year historic period. In total the cap would increase by approximately \$2.2 million. As such, these amendments would be positive for the Town, allowing for additional capital needs unrestricted by the historic level of service cap.



Figure 1-9
Town of Caledon
Comparison of 2019 D.C. Background Study Historic Level of Service Cap

D.C. Service/Service Component	2019 DCBS (10-Year HLOS)	2019 DCBS (15-Year HLOS)	Difference
1.1 Roads and Related			
Roads	439,023,051	449,809,673	10,786,622
Sidewalks	208,633	157,423	(51,210)
Streetlights	527,904	499,454	(28,450)
Roads and Related Services - Total	439,759,588	450,466,549	10,706,962
1.2 Operations			
Public Works Facilities and Equipment	18,101,407	17,378,147	(723,260)
Roads and Related Equipment	2,689,148	2,230,472	(458,676)
Roads and Related Vehicles	5,432,034	5,243,317	(188,718)
Operations - Total	26,222,589	24,851,936	(1,370,653)
1.3 Fire Services			
Fire Facilities	17,845,358	17,317,138	(528,220)
Fire Vehicles	10,467,667	10,834,038	366,371
Fire Small Equipment and Gear	3,359,301	3,427,897	68,596
Fire Services - Total	31,672,325	31,579,073	(93,252)
1.4 Parkland Development			
Parkland Development	21,925,518	21,754,170	(171,348)
Parkland Trails	2,766,808	2,785,339	18,531
Parks and Recreation Vehicles and Equipment	277,164	240,639	(36,526)
Parkland Development - Total	24,969,490	24,780,148	(189,342)
1.5 Indoor Recreation Facilities			
Indoor Recreation Facilities	110,058,912	100,987,960	(9,070,952)
Indoor Recreation Facilities - Total	110,058,912	100,987,960	(9,070,952)
1.6 Library Services			
Library Facilities	12,214,026	13,060,291	846,264
Library Collection Materials	2,368,519	3,883,254	1,514,735
Library Services - Total	14,582,545	16,943,544	2,360,999
1.7 Animal Control			
Animal Control Facilities	817,259	849,487	32,228
Animal Control Vehicles	35,201	36,207	1,005
Animal Control - Total	852,460	885,694	33,234
1.8 Provincial Offences Act			
Provincial Offences Act Facilities and Vehicles	3,001,270	2,806,288	(194,982)
Provincial Offences Act Vehicles (By-law Enforcement)	61,589	63,348	1,759
Provincial Offences - Total	3,062,858	2,869,636	(193,223)
Total Municipal Wide Services	651,180,767	653,364,540	2,183,773



2.3.3 Studies Ineligible Capital Cost

The Town's 2019 D.C. Background Study, as amended, included \$20.2 million in gross capital costs for studies (excluding study costs within capital projects such as design and EA studies). The D.C. recoverable share of these costs totalled \$11.1 million. In the context of the total D.C. recoverable costs over the 2019-2028/31 D.C. forecast period, this lost revenue would equate to approximately 2.5% of total D.C. eligible capital costs.

3. Parkland Dedication

3.1 More Homes Built Faster Act Amendments to Section 42 of the Planning Act.

The major amendments to section 42 of the *Planning Act* regarding parkland dedication considered herein include:

- Additional residential units, affordable units and non-profit housing will be exempt from parkland dedication;
- The determination of parkland dedication for a building permit issued within two years of a Site Plan and/or Zoning By-law Amendment approval would be subject to the requirements in the by-law as at the date of planning application submission;
- Reduction to the alternative requirement provisions, whereby:
 - For land conveyance, the alternative requirement of 1 hectare (ha.) per 300 dwelling units is reduced to 1 ha. per 600 dwelling units;
 - For payments-in-lieu of land (P.I.L.), the alternative requirement of 1 ha. per 500 dwelling units is reduced to 1 ha. per 1,000 net residential units;
 - Parkland dedication is capped at 10% of the land area, or land value, where the land proposed for development is 5 ha. or less, and 15% of the land area or land value where the land proposed for development is greater than 5 ha.; and
- Owners will be allowed to identify lands to meet parkland conveyance requirements, within regulatory criteria. These lands may include encumbered lands and privately owned public space (POPs). The suitability of land for parks and recreational purposes will be appealable to the Ontario Land Tribunal (OLT).

Similar to the amendments to the D.C.A., the statutory exemptions for affordable housing will be proclaimed at a future date and are not currently in force. Also, the



provisions for owners to identify lands for conveyance will be proclaimed at a future date.

3.2 Assessment of Statutory Exemptions and Changes to the Alternative Parkland Dedication Requirements

The assessment of the parkland dedication impacts related to the statutory exemptions and lower of the alternative requirement are calculated based on the growth forecast assumption for the 2021-2031 period, as summarized in Figure 1-6. Figure 1-10 compares the total amount of parkland dedication (in land conveyance or P.I.L.) under the standard requirements and alternative requirements prior to the *More Homes Built Faster Act* in force date (i.e. November 28, 2022). Figure 1-11 provides the total amount of parkland dedication after the *More Homes Built Faster Act* amendments are fully in force. The figures also provide the parkland dedication forecast in terms of the parks level of service (i.e. ha. per 1,000 net population) for comparison to the Town's intended standard.

Figure 1-10
Town of Caledon
Comparison of Parkland Dedication and Service Level for the Standard and Alternative
Parkland Dedication Requirements pre *More Homes Built Faster Act*

	Housing Growth, 2021 to 2031 by Density Type				
	Low Density	Medium Density	High Density	Secondary Units	Total
Housing Forecast by Dwelling Unit Type	6,560	3,780	540	120	11,000
Density (units per net ha.)	26	53	176	n/a	
Net Developable Land Area (ha.)	252.3	71.3	3.1	-	326.7
Average Occupancy (net person per unit)	3.364	2.561	1.619	1.147	
Net Population	22,067	9,681	874	138	32,759
Parkland Dedication - Land Conveyance					
<i>Standard Requirement</i>					
Ha. of Land (5% of land area)	12.6	3.6	0.2	-	16.3
Level of Service (ha. per 1,000 population)	0.57	0.37	0.18	-	0.50
<i>Alternative Requirement</i>					
Ha. of Land (1 ha. per 300 dwelling units)	21.9	12.6	1.3	0.4	36.7
Level of Service (ha. per 1,000 population)	0.99	1.30	2.06	2.91	1.12
Parkland Dedication - Cash-in-Lieu					
<i>Standard Requirement</i>					
Ha. of Land (5% of land area)	12.6	3.6	0.2	-	16.3
Level of Service (ha. per 1,000 population)	0.57	0.37	0.18	-	0.50
<i>Alternative Requirement</i>					
Ha. of Land (1 ha. per 500 dwelling units)	13.1	7.6	1.1	0.2	22.0
Level of Service (ha. per 1,000 population)	0.59	0.78	1.24	1.74	0.67



Figure 1-11
Town of Caledon
Comparison of Parkland Dedication and Service Level for the Standard and Alternative
Parkland Dedication Requirements post *More Homes Built Faster Act*

	Housing Growth, 2021 to 2031 by Density Type				
	Low Density	Medium Density	High Density	Secondary Units	Total
Housing Forecast by Dwelling Unit Type	6,560	3,780	540	120	11,000
Affordable Housing Units	610	1,190	270	120	2,190
Housing Forecast net of Affordable Housing	5,950	2,590	270	-	8,810
Density (units per net ha.)	26	53	176	n/a	
Net Developable Land Area (ha.)	228.8	48.9	1.5	-	279.2
Average Site Area per Building Permit (ha.)	0.04	0.02	0.85	-	0.91
Average Units per Building Permit	1	1	150	-	152
Total Building Permits	6,560	3,780	4	-	10,344
Average Occupancy (person per unit)	3.364	2.561	1.619	1.147	
Gross Population (including Affordable Housing)	22,067	9,681	874	138	32,759
<u>Parkland Dedication - Land Conveyance</u>					
<u>Standard Requirement</u>					
Ha. of Land (5% of land area)	11.4	2.4	0.1	-	14.0
Level of Service (ha. per 1,000 population)	0.52	0.25	0.09	-	0.43
<u>Alternative Requirement</u>					
Ha. of Land	10.9	6.3	0.3	-	17.5
Level of Service (ha. per 1,000 population)	0.50	0.65	0.35	-	0.54
<u>Parkland Dedication - Cash-in-Lieu</u>					
<u>Standard Requirement</u>					
Ha. of Land (5% of land area)	11.4	2.4	0.1	-	14.0
Level of Service (ha. per 1,000 population)	0.52	0.25	0.09	-	0.43
<u>Alternative Requirement</u>					
Ha. of Land	6.6	3.8	0.3	-	10.6
Level of Service (ha. per 1,000 population)	0.30	0.39	0.35	-	0.33

Comparing the parkland dedication, applying the standard requirement:

- Prior to the amendments, the forecast development would yield 16.3 ha. of parkland if land was conveyed or P.I.L. taken. This would have resulted in a service level of 0.50 ha. per 1,000 population.
- The amended provisions of s.42 of the *Planning Act* would yield 14.0 ha. of parkland. The service level is reduced to 0.43 ha. per 1,000 population. This reduction is reflective of the exemption of affordable housing developments.

Comparing the parkland dedication, applying the alternative requirement:



- Prior to the amendments, the forecast development would yield 36.7 ha. of parkland if land was conveyed, or 22.0 ha. of land in P.I.L. This would have resulted in a service level of 0.67-1.12 ha. per 1,000 population.
- The amended provisions would yield 17.5 ha. of parkland if land was conveyed, or 10.6 ha. of land in P.I.L. The service level achieved is 0.33-0.54 ha. per 1,000 population. This reduction is reflective of both the exemption for affordable housing development and the reduced alternative requirement standards.

The amended provisions for parkland dedication would result in a 15% reduction in the amount of parkland conveyed or P.I.L. when applying the standard requirements, and a 52% reduction when applying the alternative requirements. These reductions would result in levels of service for parkland under the alternative requirement (i.e. 0.33-0.54 ha. per 1,000 population) that are similar to the standard requirements (i.e. 0.43 ha. per 1,000 population).

4. Conclusions

The Town is forecast to experience increasing growth pressures over the next several decades. Looking forward at the next ten years, housing affordability concerns will place greater emphasize on providing a wider range of dwelling types to accommodate households with lower incomes and insufficient down payment capabilities. Section 1 explored forecast housing trends by structure type, tenure, household income, age of primary maintainer, and housing prices. Together, this analysis has informed the number of affordable dwellings that will be required over the next decade to accommodate a wide range of household incomes within the Town. The Peel Region M.C.R. established the number of forecast dwellings by structure type in the Town, but it is essential that the Town consider the households that can afford these dwellings and how these homes get delivered to accommodate a diverse pattern of household incomes.

On the basis of the forecast housing development provided in Figure 1-6, and relative to the 2019 D.C. Background Study, Section 2 measured the impacts on the Town's D.C. revenues. Assuming the current D.C.A. rules were in place in 2019, the total D.C. implication would be approximately \$85.4 million in lost revenue (2019\$). In the context of the total D.C. recoverable costs over the 2019-2028/31 D.C. forecast period of \$453.8 million, this lost revenue would equate to approximately 18.8% of total D.C. eligible capital costs.



	Total D.C. Revenue Impact (in 2019\$)
D.C. Exemptions and Discounts	\$64.3 million
D.C. Phase-In	\$10.0 million
Historic Level of Service	No Impact on Revenues
Studies	\$11.1 million
Total	\$85.4 million

Section 3, projected the impacts of the amended standard requirement and alternative requirement rules for parkland dedication under s. 42 of the *Planning Act*. Based on the development forecast assumptions in Figure 1-6, these amendments would reduce the amount of parkland dedication by 15% from previous levels where the standard requirements are applied, and by 52% for the alternative requirements. This would result in a reduction in the incremental level of service provided by new development equating to approximately 0.43 ha. per 1,000 population.

Yours very truly,

WATSON & ASSOCIATES ECONOMISTS LTD.

Andrew Grunda, MBA, CPA, CMA
Principal



Appendix A

Title



Appendix A: Title

Text