Memorandum to the Council of
Corporation of the Municipality of Temagami

Subject: Restoring Fairness and Revenue through a Revised Cash-in-Lieu By-law

Memo No: 2025-M-037

Date: February 13, 2025

Attachment: None

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Recommendation

BE IT RESOLVED THAT Council receives Memo 2025-M-037 as presented;

AND FURTHER RESOLVED THAT Council approves By-law 25-1798, to "Govern the Collection of Cash-in-Lieu of Parkland Dedication."

Contents

Executive Summary

This memorandum outlines the financial and policy implications of By-law 15-1265, which eliminated cash-in-lieu revenue from new developments between 2016 and 2024. During this period, 36 new lots were created from 15 retained lots, yet no revenue was collected to support parkland and recreation investments. The absence of dedicated funds shifted the financial burden onto taxpayers and hindered critical community infrastructure improvements. To restore financial sustainability and ensure equitable contributions from new developments, immediate action is recommended.

Background

The following timeline summarizes key policy milestones:

- **By-law and Initial Framework (2006-2007)**
    - **By-law 06-684 (Nov 2006):** Established the Tariff of Fee Schedule for Planning, allowing cash-in-lieu of parkland under Section 42 of the Planning Act.
    - **Memo (Aug 2007):** Outlined a 5% cash-in-lieu requirement for residential subdivisions/severances and 2% for commercial/industrial lands, with appraisals required before final approvals.
- **Policy Development (2007-2015)**
    - **Resolution 07-393 (Aug 2007):** Council formalized the cash-in-lieu policy, requiring certified appraisers (CRA/AACI).
    - **Official Plan Update (Apr 2013, Section 9.15):** Mandated cash-in-lieu payments, restricting funds to parkland acquisition and recreation improvements.
    - **Memo (Sep 2015, MHBC):** Recommended a fixed-rate system based on average assessed values:
        - Rural Waterfront: $6,125
        - Rural Inland: $1,536

        - Settlement Area Waterfront: $6,044
        - Settlement Area Inland: $1,550
    - **Resolution 15-509 (Sep 2015):** Directed staff to draft a by-law based on the fixed-rate system based on average assessed values.
- **Drafting & Revising By-law 15-1265 (2015)**
    - **Draft By-law (Oct 2015):** Established cash-in-lieu rates (5% for residential, 2% for commercial/industrial).
    - **Resolution 15-532 (Oct 2015):** Deferred approval, requesting further review of exemption options.
    - **Memo 2015-M-083 (Nov 2015):** Adjusted rates, differentiating Lake Temagami waterfront ($3,902) and other waterfront properties ($2,806).
- **Final By-law 15-1265 (Nov 2015):** Passed with:
    - For residential lands fixed-rate system based on average assessed values as:
        - ✓ Rural Waterfront (Lake Temagami): $3,902
        - ✓ Rural Waterfront (Other): $2,806
        - ✓ Rural Inland: $921
        - ✓ Settlement Area Waterfront: $3,626
        - ✓ Settlement Area Inland: $930
    - Exemption for developments of three or fewer residential lots
    - 0% for commercial/industrial lands

Planning Act and Official Plan

Under the authority of the Planning Act, municipalities—including the Municipality of Temagami—may require parkland dedication or cash-in-lieu contributions for new developments. The current Municipality's Official Plan (Section 15) reflects this principle by ensuring that development initiatives contribute to the provision and enhancement of public recreational spaces.

Building on this foundation, the proposed Official Plan (2025, Section L.17) further reinforces the commitment to parkland and recreation by establishing specific contribution rates. For residential subdivisions and severances, a 5% cash-in-lieu rate is mandated, while commercial and industrial developments are subject to a 2% contribution rate. These funds are exclusively designated for the acquisition of parkland, as well as for the development and improvement of recreational facilities and equipment.

Missed Opportunities: Impact of Bylaw 15-1265

Between 2016 and 2024, changes to municipal land contribution policies significantly impacted local revenue and infrastructure planning, including By-law 06-684, which collected fees based on land value—5% for residential developments and 2% for commercial and industrial projects. By-law 15-1265 introduced exemptions and reduced commercial and industrial rates to 0%. As a result, municipal growth accelerated with 36 new lots created from 15 retained lots. Cash-in-lieu contributions dropped to $0 due to the exemptions, and the elimination of dedicated parkland funding led to reliance on general tax revenues for recreational infrastructure. These changes have had clear financial and infrastructure impacts.

- **Revenue Impact**

  Estimates suggest the Municipality forfeited between $100,000 and $150,000 in potential revenue. These funds could have supported:

  - **Parkland acquisitions for community growth.**
  - **Recreational facility enhancements to improve residents' quality of life.**
  - **Equipment and infrastructure maintenance to sustain municipal assets.**

- **Community Development**

  The inability to generate dedicated funding for parks and recreation constrained efforts to expand and improve community infrastructure.

- **Taxpayer Burden**

  With no dedicated revenue stream from new developments, financial responsibility shifted to existing residents—a situation that might have been avoidable with a consistent funding approach.

Moving Forward: Strengthening Financial Sustainability

A proposal is under consideration to repeal By-law 15-1265 and reinstate equitable cash-in-lieu contributions under the proposed By-law No. 25-1798. This initiative aims to restore sustainable funding for parkland and recreation by introducing a revised framework that mandates fair contributions from new developments. Key provisions include:

- **Standardized Contribution Rates:**
  - 5% of MPAC-assessed land value for residential developments.
  - 2% of MPAC-assessed land value for commercial and industrial developments.
- **Enhanced Enforcement:** Contributions must be collected before the issuance of building permits.
- **Dedicated Parkland Reserve Fund:** Ensuring that all collected funds are used exclusively for parkland acquisition and recreational investments.
- **Strict Exemption Criteria:** Limiting exemptions to technical severances and easements to prevent revenue gaps.
- **Appeal Process:** Providing developers with a fair opportunity to dispute valuations while ensuring municipal cost recovery.
- **Reviewed by MHBC (Municipal Planner):** Ensuring alignment with the Official Plan and relevant legislation.

Conclusion

The changes implemented under By-law 15-1265 have significantly reduced the Municipality's ability to generate dedicated revenue for parkland and recreation, ultimately shifting the burden onto taxpayers and impeding community growth. Repealing this by-law and adopting By-law No. 25-1798 presents a clear opportunity to restore sustainable funding and ensure that future developments contribute fairly to community infrastructure. Immediate approval of the proposed by-law is recommended to support Temagami's long-term growth and financial stability.