



REPORT TO

SPECIAL BOARD

ADOPTION OF AMENDED EDUCATION DEVELOPMENT CHARGES BY-LAW 2018-2019

In their hearts humans plan their course, but the Lord establishes their steps...Proverbs 16:9

Created, Draft	First Tabling	Review
June 29, 2018	June 29, 2018	Click here to enter a date.

M. Loberto, Senior Coordinator, Development Services

RECOMMENDATION REPORT

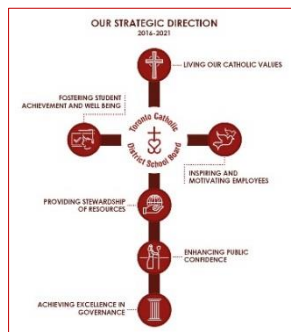
Vision:

At Toronto Catholic we transform the world through witness, faith, innovation and action.

Mission:

The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.

We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.



Rory McGuckin
Director of Education

D. Koenig
Associate Director
of Academic Affairs

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Acting Associate Director
of Planning and Facilities

L. Noronha
Executive Superintendent
of Business Services and
Chief Financial Officer

A. EXECUTIVE SUMMARY

The Toronto Catholic District School Board existing Education Development Charges (EDC) by-law expires on June 30, 2018. On June 14, 2018, the TCDSB approved the EDC related policies to form the basis for a Successor By-law, however was unable to enact a by-law given that it did not received the required technical approval from the Ministry of Education.

On June 15, 2018, the TCDSB was verbally informed by the Ministry Education Capital Branch that “*until a new provincial government is sworn in, the Ministry will be placing any decisions regarding EDC’s on hold*”. On June 26, 2018, the Premier Designate’s transition team announced their intention to extend the EDC By-law for Halton District School Board, the Halton District School Board, and the TCDSB until a new one can be approved and brought into place.

Through discussions with the Ministry of Education, the TCDSB was advised that the Ministry has interpreted the statement issued by the Premier Designate’s transition team as solely permitting the adoption of a one-year EDC By-law at the rates in place of the existing By-law, which expires on June 30, 2018. The Ministry will only provide the required approvals to proceed with adopting an EDC By-law if the TCDSB agrees to this condition.

As such, in order for the Board to continue collecting necessary EDC funds, the TCDSB must proceed with adopting an interim one-year EDC by-law at the existing rate of \$1,493 per dwelling unit and \$1.07 per square foot of gross floor area for residential and non-residential developments, respectively. The Ministry provided the required approval of an EDC By-law which meets this condition on June 28, 2018.

This report recommends the following:

- ***That the Board suspend the adoption of the policy directions listed as 2(b), and 2(c) approved on June 14, 2018 for the period that the one-year By-law referenced below is actually in force;***
- ***That the Board suspend the adoption of policy direction listed as 2(e) approved on June 14, 2018, and continue with the policy direction set***

out in the 2013 By-law regarding the split of net education land costs between residential and non-residential for the period that the one-year by-law referenced below is actually in place;

- *That given the refusal of the Ministry of Education otherwise grant the technical approval required and to limit the period for which no By-law is in force, that Board enact as an interim measure a one-year EDC By-law at the rates prescribed in the 2013 EDC By-law as set out in the draft By-law contained in Appendix ‘C’; and*
- *That the Board reserves the opportunity to consider enacting a replacement By-law which would come into effect prior to the expiry of the one-year term to limit the shortfall in collection by continuing the existing rate.*

The cumulative staff time required to prepare this report was 12 hours.

B. BACKGROUND

1. Revenue generated by the imposition of Education Development Charges represents the only direct source of funding for site acquisition and site development costs as a result of new growth.
2. The Board’s current EDC By-law has a term of 5 years, and expires on June 30, 2018. The current by-law provides a uniform charge of \$1,493 per residential dwelling unit across the City of Toronto and \$1.07 per square foot of non-residential development.
3. Prior to the adoption of a successor by-law, the legislation requires that school boards must prepare an EDC Background Study in support of the new By-law, as well as undertake a prescribed public process of public meetings and consultation. Furthermore, the EDC Submission must be approved by the Ministry of Education prior to the Board’s adoption of a successor By-law.
4. The TCDSB retained the services of Quadrant Advisory Group to undertake the required EDC Background Study and all associated analyses in support of a successor By-law.

5. The EDC Submission was sent to the Ministry of Education for approval on April 9, 2018. The EDC Submission was circulated to other agencies and stakeholders as prescribed in the legislation, as well as being made available to the public upon request and posted on the Board's website.
6. The Board conducted meetings with stakeholders, responded to a review of the TCDSB EDC submission by the Building Industry and Land Development Association (BILD), and received a report from its consultants undertaking a further review of the EDC submission in response to the issues identified by BILD. As a result, the Board's consultants proposed minor modifications to the charge.
7. The TCDB conducted a policy review public meeting on May 2nd, and a public meeting to review the proposed charges on May 31st.
8. The TCDSB has met all statutory requirements to proceed with the approval of a new EDC By-law with the sole exception of Ministry approval of the EDC Submission. As the TCDSB did not receive this approval, on June 14, 2018, the Board of Trustees approved the following:

1) That the Education Development Charges Submission prepared by Quadrant Advisory Group Limited, submitted to the Ministry of Education for approval, and approved by the Minister be received;

2) That the following EDC related policy considerations for a successor By-law be adopted:

a) A recovery rate of 100% of the Board's net education land costs through EDC's;

b) EDC By-law with a term of 5 years;

c) EDC By-law, including the phased-in rate increases outlined in the body of this report, to be effective July 1, 2018;

d) A single, jurisdiction-wide EDC By-law

e) Calculation of the charge for the EDC By-law be based on 18% of the net education land costs funded by non-residential development and 82% by residential development;

f) Non-statutory residential exemptions not be approved at this time;

g) Non-residential exemptions in the current By-law be continued on the successor EDC By-law;

h) Successor EDC By-law continue to provide a conversion credit as well a two- year grace period for demolition for residential development and a five-year grace period for demolition for non-residential development;

i) EDC By-law with a uniform residential rate;

j)No further public meeting is required prior to the adoption of the By-law;

3) That the Board defer approval of an Education Development Charges By-law as contained in Appendix 'A' of this report, based on policy considerations in Recommendation #2 above to a special meeting of the Board of Trustees;

4) That places of worship be exempt in accordance with the draft By-law; and

5) That the Director of Education and the Chair of the Board work with the other EDC eligible Toronto boards to organize a meeting with the new Minister of Education to discuss the critical need to expand the use of EDC dollars for the construction of new schools and/or additions to existing schools.

C. EVIDENCE/RESEARCH/ANALYSIS

1. On June 15, 2018, TCDSB was verbally informed by Ministry Education Capital Branch that “until a new provincial government is sworn in, the Ministry will be placing any decisions regarding EDC’s on hold”.
2. On June 26, 2018, the Premier Designate’s transition team announced their intention to extend the EDC By-law for Halton District School Board, the Halton District School Board, and the TCDSB until a new one can be approved and brought into place. The full release is provided below:

“We have signaled to the Ministry of Education our intention to extend the Education Development Charge by-law that was in place for the Halton District School Board, the Halton Catholic District School Board and Toronto Catholic District School Board until a new one can be negotiated and approved. Unfortunately, the previous Liberal Government’s mismanagement of this file has led to a situation where this extension is necessary. We have every intention of working in concert with our school boards to ensure that they receive the funding required to provide important services to our communities. This will be a top priority for the incoming Minister of Education. This extension will remain in place until a new agreement is reached, however, we remain hopeful that new parameters for a by-law will be negotiated in the coming weeks so that these school boards can move forward with clarity and certainty in the years ahead.”

3. Through discussions with the Ministry of Education, the TCDSB was advised that the Ministry has interpreted the statement issued by the Premier Designate’s transition team as solely permitting the adoption of a one-year EDC By-law at the rates in place of the existing By-law, which expires on June 30, 2018. **The Ministry will only provide the required approvals to proceed with adopting an EDC By-law if the TCDSB agrees to this condition.**
4. The TCDSB holds the view that there is no legal entitlement on the part of the Ministry to require a one year By-law as a condition of the technical approvals sought in connection with the EDC Submission which has been provided. However, it appears that if the Board fails to make this commitment, the Ministry approval will not be issued in a timely manner, which will result in a prolonged interruption in the collection of EDC funds.
5. It is crucial for the Board to continue collecting EDC monies in order to complete committed property acquisitions and meet critical growth-related needs. As such, the TCDSB must proceed with approving an EDC By-law which meets the Ministry’s stipulated condition.
6. Given these circumstances, on June 28, 2018, as advised by the Ministry, the Board submitted a request for the approval of its estimates of new pupils and school site requirements, which are contained in the EDC Submission referred in accordance with o. Reg. 20/98 made under the *Education Act*, in order to enact a one-year by-law at existing rate of \$1,493 per dwelling unit and \$1.07

per square foot of gross floor area for residential and non-residential developments, respectively (*Appendix 'A'*). In this correspondence, the Board's right to proceed to enact a by-law at any time during the one year period is expressly reserved. Thus, the Board agrees to adjourn its Court process and not withdraw it.

7. On June 28, 2018, the Ministry of Education provided the approval in accordance with O. Reg 20/98 strictly for the purposes of one-year By-law at the existing rates of \$1,493 per dwelling unit and \$1.07 per square foot of gross floor area for residential and non-residential developments, respectively (*Appendix 'B'*).
8. The adoption of a one-year by-law is intended as an interim measure, as the longer the current lower rates remain in effect, the higher the rate will be for the balance of the five year period addressed in the EDC Background Study. As noted, the TCDSB reserves the right to consider enacting a replacement by-law which would come into effect prior to the expiration of the one-year term in order to limit the shortfall in collection by continuing the existing rate.
9. The financial risk to the Board with the approval of the amended EDC By-law, as outlined by the Ministry, is the expected financial shortfall for the four transactions that are currently underway. The risk for the TCDSB is also dependant on whether the approved Board line of credit (that was arranged to fund the cashflow deficit) will advance the funds to complete these acquisitions.

Following Board approval of the amended 2018 EDC charge, staff will approach the Ministry to discuss additional funding to cover the committed land acquisition projects as outlined in the EDC Background Study.

D. STAFF RECOMMENDATIONS

1. That the Board suspend the adoption of the policy directions listed as 2(b), and 2(c) approved on June 14, 2018 for the period that the one-year By-law referenced below is actually in force.

2. That the Board suspend the adoption of policy direction listed as 2(e) approved on June 14, 2018, and continue with the policy direction set out in the 2013 By-law regarding the split of net education land costs between residential and non-residential for the period that the one-year by-law referenced below is actually in place.
3. That given the refusal of the Ministry of Education otherwise grant the technical approval required and to limit the period for which no By-law is in force, that Board enact as an interim measure a one-year EDC By-law at the rates prescribed in the 2013 EDC By-law as set out in the draft By-law contained in Appendix 'C'.
4. That the Board reserves the opportunity to consider enacting a replacement By-law which would come into effect prior to the expiry of the one-year term to limit the shortfall in collection by continuing the existing rate.