

Education Development Charges Successor By-law Public Meeting



Toronto Catholic DSB
November 15, 2018

EDC Current Situation

- Board adopted a jurisdiction-wide Interim EDC by-law on June 29, 2018 with a 1-year by-law term, and the 2015 by-law amendment rates
- Current Residential rate - \$1,493 per unit
- Current Non-residential rate - \$ 1.07 per sq. ft. of non-exempt GFA
- Based on 75%/25% residential/non-residential share approved by Board
- By-law expires on July 3, 2019
- The Province's requirement to adopt a 1-year Interim by-law places the TCDSB in a significant financial shortfall to deal with upcoming site acquisitions, and impedes the Board's ability to access external financing for this purpose

Eligibility to Adopt a Successor EDC By-law

- The TCDSB was proposing to adopt a successor 5-year EDC by-law on November 15th
- The intention was to have a 5-year by-law in place at a rate that derived sufficient collections to offset a higher share of the net education land expenditures over the next 12 months & would enable the Board to access the external financing necessary to fund the full cost of the site purchases
- On Friday October 12th the Province filed O. Reg. 438/18 which prohibits EDC boards from adopting higher EDC rates than those set out in existing EDC by-laws as of August 30, 2018
- The new Regulation also prohibits EDC boards from making several EDC policy decisions respecting the by-law area, differentiated rates, balance of net education land cost from residential and non-res development
- However, the Regulation does not prohibit an EDC board from replacing a 1-year Interim by-law with a 5-year EDC by-law
- Michael Loberto has been appointed to the committee examining EDC legislation and Board continues to discuss Land Priorities funding needs with the Ministry. Ministry is receptive but no commitment to date.

Capped versus Calculated EDC Rates

- In this presentation:
 - ‘capped’ EDC rates refer to the in-force EDC rates as of August 30, 2018
 - ‘calculated’ rates refer to the rates underlying the Board’s April 17th Background Study Report Addendum and supported by the Regulation Estimates approved by the Minister of Education on June 28th

EDC Policy Review – Key Policies

1. By-law Structure

Considerations:

- Boards may adopt jurisdiction-wide (i.e. one set of charges through all of the City of Toronto); or
- One or more area-specific by-laws (i.e. different rates in portions of the City – i.e. a different rate in Etobicoke, or Scarborough, or North York)
 - Jurisdiction-wide more consistent with delivery of education services and the education funding model; and
 - Monies collected in one area-specific by-law cannot be spent outside of that area

Recommendation – Under O. Reg. 438/18 EDC boards cannot alter the areas subject to education development charges, therefore TCDSB must adopt jurisdiction-wide EDC rates

EDC Policy Review – Key Policies

2. Recovery of Net Education Land Costs

Considerations:

- All EDC by-laws in Ontario are applied on the basis of recovery of 100% of net education land costs over the long term (no more-no less than land acquisition and site development costs to address growth-related needs)
- No tax-based funding source to make up for shortfalls
- Capital allocations for land related to enrolment growth may not be available from the Province where a school board is EDC eligible

Recommendation – O. Reg. 438/18 requires that school board adopt EDC rates that represent the lesser of: the ‘calculated’ rate and the ‘capped’ rate

The ‘capped’ rates are the lowest and must be adopted in the by-law

Further, the TCDSB should adopt a position of 100% Recovery of Net Education Land Costs underlying the ‘capped’ rates to avoid any further shortfall in funding growth-related site needs

EDC Policy Review – Key Policies

3. Non-Statutory Exemptions

Considerations:

- No funding source to absorb the cost of providing non-statutory exemptions (e.g. affordable housing as a use)
- EDC boards generally do not include non-statutory exemptions in their by-laws, however more recently EDC boards have added 'Places of Worship' exempt for taxation under the *Assessment Act*

Recommendation – No additional residential exemptions in order to mitigate the funding shortfall

4. Portion of Net Education Land Costs to be Recovered from Residential versus Non-residential Development

Considerations:

- Non-residential share can range from 0% to 40% of total costs
 - For most EDC by-laws 10-15% of costs are recovered from non-residential development, with the remainder from residential development

Recommendation – O. Reg. 438/18 prohibits a school board from altering the residential and non-residential shares of the 'capped' rates if the adjustment would increase either one of the rates

EDC Policy Review – Key Policies

5. Differentiated EDC

Considerations:

- Previously boards could choose to have a singular EDC rate for all residential unit types, or differentiated by density type - Stakeholders have historically preferred singular rate

Recommendation – Under O. Reg. 438/18 EDC boards can not chose any differentiated residential rates that would be higher than the uniform ‘capped’ rate

6. Demolition Credits

Considerations:

- Legislative provisions require Boards to provide demolition credits for a period of up to two (2) years for residential development and five (5) years for non-residential development
- The TCDSB existing EDC by-law incorporates a 2-year period for residential and a 5-year period for non-residential

Recommendation – 2 years residential and 5 years non-residential consistent with legislation

EDC Policy Review – Key Policies

7. Conversion Credits

Considerations:

- No legislative provisions specifically dealing with conversion of use
- Some boards offer limited EDC conversion credits

Recommendation – Board approve proposed by-law permitting conversion credits

8. By-law term

Considerations:

- The maximum term of five-years is typically adopted
- The TCDSB EDC by-law carries a 1-year term consistent with the June 28th approval letter from the Minister of Education
- Board can amend the by-law or pass a new one earlier, if necessary (ongoing monitoring to account for land cost increase)
- Consistency with Board's capital plan is a consideration

Recommendation – no rationale to consider anything other than 5 year by-law term under the existing legislative circumstances

EDC Policy Review – Key Policies

9. Need to Conduct Further Public Meeting

- Board must determine through resolution whether any additional public meetings are required
- TCDSB has more than met the public meeting requirements and has offered additional opportunities for stakeholder consultation outside of the formal public meeting process

Recommendation – no further public meetings are required

Proposed By-law Adoption

- Proposed adoption of a 5-year EDC by-law at the current rates
 - Current Residential rate - \$1,493 per unit
 - Current Non-residential rate - \$ 1.07 per sq. ft. of non-exempt GFA
 - Based on 75%/25% residential/non-residential share approved by Board
- By-law implementation for Monday December 3rd
- By-law would expire on December 2, 2023
- Once the Province completes a proposed consultation process respecting EDCs, eligible boards would have the ability to amend by-laws to increase the rates due to land price increases, alter policy decisions, etc.
- It is not clear at this stage whether the future EDC rates will incorporate the revenue shortfall in the interim
- Seek a written response from the Ministry of Education respecting a request for Land Priorities funding allocation of \$86 million
- Add a school board voice to the deliberations respecting the future of education development charges