



REPORT TO

REGULAR BOARD

## PROPOSED EDC BY-LAW AMENDMENT 2019

*Wealth gained hastily will dwindle, but whoever gathers little by little will increase it... Proverbs 13:11*

Created, Draft	First Tabling	Review
April 16, 2019	April 24, 2019	<a href="#">Click here to enter a date.</a>
E. Pallotta, Sr. Coordinator, Development Services M. Loberto, Superintendent, Planning and Development		

### RECOMMENDATION REPORT

**Vision:**

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

**Mission:**

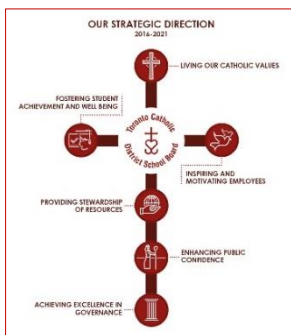
*The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.*

*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

L. Noronha  
 Associate Director of Facilities,  
 Business and Community  
 Development, and  
 Chief Financial Officer



## A. EXECUTIVE SUMMARY

Education Development Charges (EDC) are a primary source of revenue available to the Board to fund site acquisition/site development needs related to projected enrolment growth. The current EDC By-law rates now in place will not raise sufficient funds to support the acquisitions of land to accommodate oversubscription in our schools across the system.

On June 26, 2018, the Ministry of Education advised the Toronto Catholic District School Board (TCDSB) that it would only approve the EDC Regulation Estimates if the TCDSB passed a one-year EDC By-law at the rates that were in place prior to June 30, 2018. On June 28, 2018, the Ministry approved the TCDSB's EDC Regulation Estimates.

On June 29, 2018, the Board of Trustees approved a one-year By-law, TCDSB EDC By-law No. 190, in order to avoid a gap in EDC fund collection (the "Interim EDC By-law"). There were no appeals of the Interim EDC By-law. On November 15, 2018, the Board passed a successor EDC By-law 2018 – No. 191, with a five-year term.

On March 29, 2019, the Province enacted a further amendment to the EDC Regulation – *O. Reg. 55/19*. The amendment lifts the current cap on EDC rates and replaces it with restricted rate increases of:

- A maximum yearly increase of the greater of 5% or \$300 per residential unit; and
- A maximum yearly increase of 5% for non-residential rates.

This report recommends the adoption of an amendment to the EDC By-law in order to increase both the fees per residential unit and non-residential rates to the maximum permitted amount.

*The cumulative staff time required to prepare this report was 6 hours.*

## B. BACKGROUND

1. ***The Board began preparation to pass a successor EDC By-law in early 2018.*** In early 2018, the TCDSB began the process of replacing EDC By-law No. 178 before it was set to expire on June 30, 2018. The Board completed all

necessary steps as mandated by the *Education Act* and was prepared to pass a successor By-law at a meeting of the Board of Trustees held on June 14, 2018.

2. ***The TCDSB EDC Regulation estimates were not approved in time to adopt the successor by-law.*** The Board was unable to pass the proposed By-law because the Ministry of Education failed to approve the TCDSB's estimates of pupil counts and school sites as required by *O. Reg. 20/98* and set out in the TCDSB's submission to the Minister of Education dated April 17, 2018 (the "EDC Regulation Estimates"), given the transition of government leadership.
3. ***The Ministry informed the Board that it would only approve the EDC Regulation Estimates for a one-year EDC by-law.*** On June 26, 2018, the Ministry of Education advised the TCDSB that it would only approve the EDC Regulation Estimates if the TCDSB passed a one-year EDC By-law at the rates that were in place prior to June 30, 2018: \$1,493 per dwelling unit and \$1.07 per square foot of gross floor area for residential and non-residential developments respectively. This was based on 75% of the charge allocated to residential development and 25% to non-residential development (although the effective rates are 82% residential and 18% non-residential shares).
4. ***The Board approved a one-year EDC By-law on June 29, 2018.*** The Board of Trustees approved a one-year By-law, TCDSB EDC By-law No. 190, to avoid a gap in EDC fund collection (the "Interim EDC By-law"). There were no appeals of the Interim EDC By-law.
5. ***O.Reg. 438/18 permitted school boards to adopt 5 year by-laws at the existing rates.*** October 12, 2018 the Province enacted *O. Reg. 438/18*, which required, amongst other limitations, that school boards with existing EDC by-laws could not increase the by-law rates in place as of August 31, 2018.
6. ***As a result, the Board approved a successor EDC By-law on November 15, 2018.*** On November 15, 2018, the TCDSB passed a successor EDC By-law 2018 No. 191 that applies to development that occurs in the City of Toronto (with the exception of certain exempted lands) over the remainder of the 5-year By-law term. The By-law came into force on December 3, 2018, and will expire on December 2, 2023.

As per *O.Reg. 438/18*, the EDC charge was \$1,493 per residential dwelling unit and \$1.07 per square foot of non-residential gross floor area.

7. ***The Province enacted an amendment lifting the current cap on March 29, 2019.*** The Province enacted a further amendment to the EDC Regulation – *O. Reg. 55/19 (Appendix ‘A’)*. The amendment lifts the current cap on EDC rates and replaces it with restricted rate increases of:

- A maximum yearly increase of the greater of 5% or \$300 per residential unit; and
- A maximum yearly increase of 5% for non-residential rates.

### C. EVIDENCE/RESEARCH/ANALYSIS

1. ***The permissible EDC rates as per the O. Reg. 55/19 are outlined below.*** The amendment sets the following residential and non-residential rates for the TCDSB over the remainder of the 5-year EDC By-law term.

EDC Rates Payable prior to Building Permit Issuance	Existing In-force By-law Rates (Dec 3, 2018 to Apr 30, 2019)	Proposed EDC Rates				
		Year 1 (May 1, 2019 to Apr 30, 2020)	Year 2 (May 1, 2020 to Apr 30, 2021)	Year 3 (May 1, 2021 to Apr 30, 2022)	Year 4 (May 1, 2022 to Apr 30, 2023)	Year 5 (May 1, 2023 to Dec, 2023)
Residential EDC Rate Per Dwelling Unit	\$1,493	\$1,793	\$2,093	\$2,393	\$2,693	\$2,993
Non-Residential EDC Rate per Square Foot of GFA	\$1.07	\$1.12	\$1.18	\$1.24	\$1.30	\$1.37

The full By-law amendment is attached as *Appendix ‘B’* of the report.

2. ***The previously capped rates would have resulted in a financial shortfall of \$88.3 million per annum.*** Had the Board been required to maintain the ‘capped’ EDC rates of \$1,493 per residential dwelling unit and \$1.07 per square foot of non-residential gross floor area, the annual financial shortfall would have been \$88.3 million per year plus additional financing requirements, over the term of the By-law.

3. ***The permitted rate increases will reduce the financial shortfall over the term of the by-law to \$78.8 million per annum.*** The restricted rate increases afforded under *O. Reg. 55/19* reduces the financial shortfall by approximately \$10.0 million per annum to a level of \$78.8 million per year over the term of the by-law.

#### **D. STAFF RECOMMENDATIONS**

1. That Section 8 of the Toronto Catholic District School Board Education Development Charges By-law, 2018 No. 191 be repealed and replaced with the following:

*Subject to the provisions of this by-law, the Board hereby imposes an education development charge per dwelling unit upon the designated categories of residential development and the designated residential uses of lands, buildings or structures, including a dwelling unit accessory to a non-residential use, and, in the case of a mixed-use building or structure, upon the dwelling units in the mixed-use building or structure. The education development charge per dwelling unit shall be in the following amounts for the periods set out below:*

i.	<i>May 1, 2019 to April 30, 2020 -</i>	<i>\$1,793.00</i>
ii.	<i>May 1, 2020 to April 30, 2021 -</i>	<i>\$2,093.00</i>
iii.	<i>May 1, 2021 to April 30, 2022 -</i>	<i>\$2,393.00</i>
iv.	<i>May 1, 2022 to April 30, 2023 -</i>	<i>\$2,693.00</i>
v.	<i>May 1, 2023 to December 2, 2023 -</i>	<i>\$2,993.00</i>

2. That Section 11 of the Toronto Catholic District School Board Education Development Charges By-law, 2018 No. 191 be repealed and replaced with the following:

*Subject to the provisions of this By-law, The Board hereby imposes an education development charge per square foot of gross floor area of non-residential development upon the designated categories of non-residential development and the designated non-residential uses of land, buildings or structures and, in the case of a mixed-use building or structure, upon the non-residential uses in the mixed-use building or structure. The education*

*development charge per square foot of non-residential floor area shall be in the following amounts for the periods set out below:*

- i. *May 1, 2019 to April 30, 2020 - \$1.12*
- ii. *May 1, 2020 to April 30, 2021 - \$1.18*
- iii. *May 1, 2021 to April 30, 2022 - \$1.24*
- iv. *May 1, 2022 to April 30, 2023 - \$1.30*
- v. *May 1, 2023 to December 2, 2023 - \$1.37*

- 3. That the By-law amendment come into effect on May 1, 2019.