



REPORT TO

REGULAR BOARD

## AMENDMENT TO EDUCATION DEVELOPMENT CHARGES BY-LAW 2013 – NO. 178

**Be diligent in these matters; give yourself wholly to them, so that everyone may see your progress.”  
I Timothy 4:15 (NIV)**

| Created, Draft  | First Tabling | Review                      |
|---|---------------|-----------------------------|
| May 12, 2015  | May 21, 2015  | Click here to enter a date. |
| J. Ruscitti, Senior Manager Planning Services<br>J. Volek, Senior Coordinator Planning and Accountability |               |                             |
| <b>RECOMMENDATION REPORT</b>  |               |                             |

### **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 rooted in the love of Christ. We educate students to grow in grace and knowledge and to lead lives of faith, hope and charity.*



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## **A. EXECUTIVE SUMMARY**

This report recommends that Education Development Charges By-law 2013 – No. 178 be amended by rescinding the rate increase phase-in provisions of the By-law, and by increasing the charge from \$1309.00 per dwelling unit (without the phase-in provision) to \$1556.00 per dwelling unit for residential development, and from \$0.94 per square foot of gross floor area (without the phase-in provision) to \$1.12 per square foot of gross area for non-residential development, and further that the amended By-law come into force on July 1, 2015.

## **B. PURPOSE**

The purpose of this report is to provide the necessary background information and rationale to support a staff recommendation to Trustees to amend Education Development Charges By-law 2013 – No. 178.

## **C. BACKGROUND**

1. Revenue generated by education development charges is a primary source of funding available to the Board for site acquisition and site development costs associated with growth-related accommodation needs.
2. The Board adopted its current EDC By-law (#178) on June 6, 2013, and it came into effect on July 1, 2013. The Board approved increase in the charge is to be phased in annually over the five year term of the By-law. The annual increase in the charge is shown below. The current rates are \$841 per dwelling unit and \$0.67 per square foot of gross floor area (gfa) for non-residential development.

### **Current charge on residential development:**

| <b>By-Law Period</b> | <b>Period</b>                 | <b>Residential Charge</b> |
|----------------------|-------------------------------|---------------------------|
|                      | Charge to June 30, 2013       | \$ 544                    |
| Year 1               | July 1, 2013 to June 30, 2014 | \$ 693                    |
| Year 2               | July 1, 2014 to June 30, 2015 | \$ 841                    |
| Year 3               | July 1, 2015 to June 30, 2016 | \$ 990                    |
| Year 4               | July 1, 2016 to June 30, 2017 | \$ 1150                   |
| Year 5               | July 1, 2017 to June 30, 2018 | \$ 1309                   |

**Current charge on non-residential development:**

| <b>By-Law Period</b> | <b>Period</b>                 | <b>Non-Residential Charge</b> |
|----------------------|-------------------------------|-------------------------------|
|                      | Charge to June 30, 2013       | \$ 0.58                       |
| Year 1               | July 1, 2013 to June 30, 2014 | \$ 0.62                       |
| Year 2               | July 1, 2014 to June 30, 2015 | \$ 0.67                       |
| Year 3               | July 1, 2015 to June 30, 2016 | \$ 0.71                       |
| Year 4               | July 1, 2016 to June 30, 2017 | \$ 0.83                       |
| Year 5               | July 1, 2017 to June 30, 2018 | \$ 0.94                       |

3. Upon expiry of the By-law, the Board qualifies and becomes eligible to adopt a new by-law if it has a deficit in the EDC account, or has more students than capacity in either the elementary or secondary panel. If the Board fails to qualify based on the enrolment/capacity criterion, but its EDC account is in a deficit position, the Board would be eligible to adopt a new By-law.
4. At its meeting of April 23, 2015, the Board received the report '*Education Development Charges (EDC) Status Report and Amendment to By-law to Increase Charges.*' The report informed the Board that in order to delay an anticipated EDC deficit as a result of EDC obligations which are likely to outpace future EDC revenues, and in order to offset any site expenditures to date that were higher than originally estimated, the Board should consider amending the current EDC By-law (#178) by rescinding the phased increase in the charge and adopting the full increase. The amendment would also serve to increase the overall charge, over and above the increase approved by the Board on June 6, 2013.
5. The estimated deficit in the EDC account, following committed acquisitions, is approximately \$60M. Based on rescinding the phase-in rates alone, there is the potential for the Board to realize an annual increase in EDC revenue estimated at \$12M, assuming the level of residential and non-residential building permits is consistent with 2014. This would be an additional \$36M over the remaining three years left in the term of the By-law.
6. Fiscal prudence requires that the Board monitor the EDC account balance and associated expenditure commitments against the account to ensure that the deficit would remain manageable for the Board.

7. The Board was further informed that an amendment to EDC By-law (#178) would be considered for passage at the Board meeting of May 21, 2015. This would allow for a 20 day notification period and a public meeting to be conducted as part of the Board meeting on May 21. A public notice appeared in the Toronto Star on May 1, 2015. While a public meeting is not a requirement of the amendment process, boards are encouraged by the legislation to hold a public meeting to inform the community of its intent.
8. Ministerial approval is not required for the Board to pass an EDC by-law amendment.
9. Under the Education Act, a school board may pass a by-law amending its Education Development Charges By-law. Within the one-year period of a by-law coming into force, the by-law can only be amended once if its purpose is to:
  - increase the quantum of the EDC;
  - remove or reduce the scope of an exemption;
  - extend the term of the by-law.

## **EVIDENCE/RESEARCH/ANALYSIS**

1. As of April 2015, the EDC account had a surplus of \$23,928,542. With an accelerated site acquisition program of the sites identified in the EDC Background Study, it is anticipated that the EDC account will eventually be in a deficit position. The Board would be required to borrow externally to fund any deficit in the EDC account. Continuing to phase in the rate increases would not be in the Board's interest if its EDC account was in a deficit position. Removing the phase-in provision of the By-law and adopting the full increase in rates (\$1309 per dwelling unit and \$0.94 per square foot of gfa) would help minimize the anticipated deficit in the EDC account.
2. Further, staff have continued to monitor the impact of actual EDC expenditures as compared to the estimated expenditures set out in the 2013 EDC Background Study. Upon examination of actual expenditures incurred in the acquisition of EDC eligible sites since July 1, 2013, the 2013 EDC has been recalculated to adjust for site acquisition costs being higher than the appraised values used in preparing the 2013 EDC Background Study.
3. An analysis and recalculation of the amount of the EDC charge for purposes of amending the By-law was recently prepared by the Board's consultant,

Ameresco Asset Sustainability Group (*Appendix 'A'*). The increase in land costs has resulted in an increase in the education development charge. The revised charge is \$1556 per dwelling unit, an increase of \$247 or 18.9% compared to the existing calculated 2013 charge (without the phase-in provisions) of \$1309 per dwelling unit. For non-residential development, the charge increases from the current 2013 charge of \$0.94 per square foot of gfa (without the phase-in provisions) to \$1.12 per square foot of gfa, an increase of \$0.18 or 18.9% per square foot.

4. An amending By-law to EDC By-law 2013 No. 178 has been prepared by the Board's solicitor (*Appendix 'B'*).

#### **D. STAFF RECOMMENDATION**

1. That the following amendments to Education Development Charges By-law 2013 – No. 178, be approved:
  - to rescind the rate increase phase-in provisions; and
  - to increase the charge from \$1309.00 per dwelling unit (without the phase-in provision) to \$1556.00 per dwelling unit for residential development, and from \$0.94 per square foot of gross floor area (without the phase-in provision) to \$1.12 per square foot of gross area for non-residential development.
2. That amending By-law 2015 – No.186 be passed, as presented in *Appendix 'B'*, to come into force on July 1, 2015.