



REPORT TO

**CORPORATE SERVICES, STRATEGIC
PLANNING AND PROPERTY
COMMITTEE**

**AMENDMENTS TO ONTARIO REGULATION
444/98 DISPOSITION OF SURPLUS REAL
PROPERTY**

All this also comes from the Lord Almighty, whose plan is wonderful, whose wisdom is magnificent. Isaiah 28:29 / NIV

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INFORMATION 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 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

The Ministry of Education has amended Ontario Regulation 444/98 – Disposition of Surplus Real Property. This report identifies and provides a description of the amendments, which come into effect September 1, 2016.

B. PURPOSE

The purpose of this report is to inform Trustees about amendments to Ontario Regulation 444/98 recently approved by the Ministry of Education.

C. BACKGROUND

1. School boards have been informed about amendments made to Ontario Regulation 444/98 in order to improve opportunities for public entities to participate in the disposition process when school boards intend to sell or lease surplus schools, and thereby support the Government's Community Hubs initiative (*Appendix 'A'*). The amendments become effective September 1, 2016.
2. The amendments are identified below. Details regarding the amendments are contained in the Ministry Memorandum provided in *Appendix 'A'*.

Extension of Circulation Timelines

Circulation period of surplus school properties has been extended from 90 days to 180 days. School boards and other organizations receiving notification of surplus property disposition will have 90 days to submit an expression of interest and an additional 90 days to submit an offer.

Expanded List of Public Entities

Boards will be required to circulate notification of surplus property disposition simultaneously to the following prioritized list of public entities before the property can be disposed of on the open market. Public entities that are being added to the list are bolded.

- i. Coterminous School Boards
- ii. **Section 23 Agencies**
- iii. **District Social Services Administration Boards (DSSABs) or Consolidated Municipal Service Managers (CMSMs)**
- iv. Colleges
- v. Universities
- vi. **Children’s Mental Health Lead Agencies**
- vii. **Local Health Integration Networks**
- viii. **Public Health Boards**
- ix. The Crown in Right of Ontario
- x. Lower-Tier Municipalities
- xi. Upper-Tier Municipalities
- xii. Local Service Boards
- xiii. **First Nation and Metis Organizations**
- xiv. The Crown in Right of Canada

Board-to-Board Sales at Fair Market Value

Board-to-Board sales of surplus property will be at fair market value which should be based on the property continuing to be used as a school. School boards will no longer be required to sell surplus school buildings to coterminous boards at the lesser of fair market value and the replacement value of the school based on its capacity.

Maximum Lease Rate to be Charged to Other Boards

A school board can only lease surplus school buildings to another board at up to a maximum lease rate which can only recover costs directly associated with leasing space; that is, the lessor board is not to subsidize nor profit from the lessee board. The methodology to be used in calculating the lease rate is prescribed by the Ministry (*Appendix ‘A’*).

Highest Priority Ranking for School Boards with a Leasehold Interest in a Surplus School Property

If a school board is leasing a property from another board for the purpose of student accommodation at the time the property is circulated with the intent to dispose of that property, or if the board had leased the property the previous school year, the lessee board will have top priority ranking.

Restricting Private Education Providers from Leasing Surplus Properties

This amendment addresses a potential inconsistency in Ontario Regulation 444/98 that could have allowed private education providers to lease surplus space in schools prior to circulation. Only the following entities are eligible to lease space in surplus schools:

- licenced childcare providers;
 - providers of family support services (includes publicly funded early years programs); and
 - providers of children's recreation programs.
3. The Ministry of Education has also prescribed a process for school boards to follow upon completion of the circulation process itself (*Appendix 'A'*). All circulation processes should follow the current requirements of Ontario Regulation 444/98 until the amendments come into effect on September 1, 2016.
4. Impact of changes to Ontario Regulation 444/98 on TCDSB.
- The Board will have more time to prepare and submit an expression of interest and an offer to acquire surplus property.
 - With an expanded list of public entities to be circulated with notification of surplus property disposition, there will potentially be greater partnership opportunities for the Board.
 - With the sale and purchase of surplus property among Coterminous Boards to be based on fair market value, the Board will be faced with higher site acquisition costs. By the same token, the Board can expect to receive a higher price for the disposition of its surplus properties.
 - The Board cannot profit from the lease of surplus school buildings to Coterminous Boards; nor can it be subject to a lease rate which exceeds cost recovery.
 - With respect to surplus property that is circulated for disposition by a Coterminous Board, the Board will have the highest priority among public entities if it is currently leasing that space for student accommodation, or if the Board leased the property the previous school year.

D. CONCLUDING STATEMENT

This report is for the consideration of the Board.