

**HALTON CATHOLIC DISTRICT
SCHOOL BOARD**

**EDUCATION DEVELOPMENT
CHARGE AMENDMENT REPORT**

MAY 14, 2014



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 **Planning for growth**

1. EDUCATION DEVELOPMENT CHARGE AMENDMENT

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1.1 The Education Development Charge Amendment Process

Education Development Charges (EDC's) are a revenue source, for school boards that qualify, to purchase and develop land for growth related schools. EDC's are based on a formulaic approach which focuses on three main areas – enrolment forecasting to determine need, the number of school sites necessary to accommodate that need and the associated costs. The *Education Act* and associated Ontario Regulations provide the direction, methodology and guidelines necessary for a school board to pass an EDC by-law.

The *Education Act* stipulates that an EDC by-law can have a maximum term of 5 years and that school boards have the ability to amend their by-laws within that period, should they choose to do so. Under the *Education Act*, a Board can amend a by-law only **once** in a **one year** period if the amendment would;

- A. Increase the quantum of the charge.
- B. Remove or reduce the scope of an exemption.
- C. Extend the term of the by-law.

It is the Halton Catholic District School Board's (HCDSB) intention to amend their current Education Development Charge by-law. The amendment would serve to increase the quantum of the charge to reflect the increasing costs of purchasing land in the Region of Halton, specifically the Towns of Oakville and Milton.

1.2 BACKGROUND

The Halton Catholic District School Board's current and in-force EDC by-law was passed in June of 2013 and is applicable to the Region of Halton. The charge at the time of passage was \$1,484 per residential dwelling unit and \$0.38 per square foot of gross floor area for non-residential development. The residential and non-residential allocation at the time of passage was 85% of the costs charged to residential development and 15% to non-residential development. This residential/non-residential allocation remains unchanged.

Since by-law inception, land prices in the Region of Halton have increased and board staff proposed an amendment to the original by-law to reflect the higher land purchase costs.

1.3 THE PROCESS

The EDC amendment is being proposed to revise/adjust the land values contained in the 2013 EDC Background Study to better reflect the actual cost of land in the Region of Halton. Amending the current bylaw would ensure that the EDC rate is consistent with actual land values in the Region and better ensure that the Board has sufficient revenues to purchase future school sites.

In the amendment process, care is taken not to change or revise any of the assumptions or calculations on which the original study is based and which the Minister of Education has approved. Only the assumptions related to the amendment are revised - in this case the costs to purchase land. The forecasted number of growth related students and number of identified school sites can't be changed in the amendment process and thus remain the same until an existing by-law is renewed. The Ministry of Education's EDC Guidelines state that "The EDC Regulation specifies that adjustments to the original calculation are to be made by a board amending the quantum of the EDC. This provision requires boards to make "necessary modifications" to the application of section 7 of the EDC Regulation when determining an amended EDC. Estimates of the EDC Reserve fund used in the calculation are to be made as of the day before the Amending By-Law comes into force.

When revising land costs in the EDC amendment process, School Boards typically have two options available to them; they can use historical purchases as a basis or use a qualified appraiser to provide updated current values. In this case the Board has used both options as a basis to revise land purchase costs. The HCDSB as well as its coterminous School Board, the Halton District School Board (HDSB) have both purchased school sites since the original EDC bylaw was passed in June 2013.

The HCDSB purchased an elementary school site in North Oakville at a value of **\$1,150,000** per acre and the HDSB purchased an elementary school site in Milton at a value of **\$950,000** per acre. In addition, the HDSB is preparing to purchase an elementary site in North Oakville and recently had an appraisal prepared by Integris Real Estate Counsellors with an effective date of April 1, 2014 and the site was valued at **\$1,250,000** per acre. Based on the aforementioned purchase prices and appraisal, the revised values used in the calculation of the amended charge are as follows:

North Oakville - \$1,250,000 per acre

Milton - \$950,000 per acre

The original land values in the 2013 EDC Background Study were \$900,000 per acre in North Oakville and \$725,000 per acre in Milton. The new proposed land values are 39% higher in North Oakville and 31% higher in the Town of Milton compared to original land values. The per acre land costs for the Town of Halton Hills have not been revised and remain unchanged at \$625,000 per acre.

The EDC reserve fund balance has also been updated (as per the aforementioned EDC Guidelines) to reflect the actual opening balance as of September 1, 2013 (consistent with the most recent Ministry of Education Appendix D1/D2 for 2012/13) as well as any actual and estimated expenditures and revenues from September 1, 2013 to June 2014.

The EDC reserve fund balance on September 1, 2013 was \$-48,503,686. The Board has actual and estimated expenditures of \$10,348,320 and actual and estimated revenues of \$4,054,334 from September 2013 to June 2014. This results in an estimated reserve fund balance for June 2014 of **\$-54,797,672**.

1.4 FINDINGS

The EDC is meant to recover funds to pay for, what are referred to, as the **total growth related net education land costs**. These total net education land costs include the costs to acquire land, develop land and all associated study and financing costs. The increase in the price of land and the revisions made to the estimated costs in the EDC has resulted in the total net education land costs increasing.

The total net education land costs in the proposed EDC amendment total \$166,940,764. This represents an increase of \$22,588,816 or almost 16% from the total net education land costs contained in the 2013 EDC Study.

Based on the above findings, the proposed new residential charge is **\$1,839** per dwelling unit compared with the existing charge of \$1,484. The increase in the charge is \$355 for the residential component. For the non-residential component, the new proposed charge is **\$0.47**

per square foot of gross floor area. This is an increase of \$0.09 from the existing non-residential charge of \$0.38 per square foot.

A revised Form G and Form H1 can be found at the end of this document. Form G identifies the Board's EDC eligible school sites and the revised education land costs. Form H1 summarizes the total costs, allocations between residential and non-residential development and the quantum of each charge.

The Halton Catholic District School Board will consider passage of the Education Development Charge Amendment at a Board meeting on June 3, 2014 at 7:30 PM at the Board offices. Official notice of the proposed amendment has been provided by the Board.

Halton Catholic District School Board
 Education Development Charges Submission - 2014 Amendment
 Form G - Growth-Related Net Education Land Costs

ELEMENTARY PANEL

Review Area	Site Status (Optioned, Purchased, Reserved, Etc.)	Proposed Year Of Acquisition	Site Location/ Facility Type	Net Growth- Related Pupil Place Requirements	Proposed School Capacity	Percent of Capacity Attributed to Net Growth- Related Pupil Place Requirements	Total Number of Acres Required (Footnote Oversized Sites) *	Acreage To Be Funded in EDC By-Law Period	Cost Per Acre	Education Land Costs	Eligible Site Preparation Costs	Land Escalation Costs	Financing Costs	Total Education Land Costs
CEB3	-	-	Accommodated in existing facilities	13						\$ -	\$ -	\$ -		
CEB6	-	-	Accommodated in existing facilities	13						\$ -	\$ -	\$ -		
CEB7	-	-	Accommodated in existing facilities	3						\$ -	\$ -	\$ -		
CEO2	-	-	Accommodated in existing facilities	119						\$ -	\$ -	\$ -		
CEO5	-	-	Accommodated in existing facilities	11						\$ -	\$ -	\$ -		
CEO6	Purchased	2014	New North Oakville Elementary School	612	612	100.00%	7.00	7.00	\$ -	\$ -	\$ 1,215,050	\$ -	\$ 256,029	\$ 1,471,079
CEO6	TBD	2017	New North Oakville Elementary School	612	612	100.00%	7.00	7.00	\$ 1,250,000	\$ 8,750,000	\$ 1,297,020	\$ 908,363	\$ 2,308,461	\$ 13,263,844
CEO6	TBD	2025	New North Oakville Elementary School	318	612	51.96%	7.00	3.64	\$ 1,250,000	\$ 4,546,569	\$ 802,102	\$ 597,457	\$ 1,252,937	\$ 7,199,065
CEM1	-	-	Accommodated in existing facilities	194						\$ -	\$ -	\$ -		
CEM2A	TBD	2014	New Milton Elementary School	671	671	100.00%	7.00	7.00	\$ 950,000	\$ 6,650,000	\$ 1,215,050	\$ 166,250	\$ 1,692,313	\$ 9,723,613
CEM2A	TBD	2021	New Milton Elementary School	467	671	69.60%	7.00	4.87	\$ 950,000	\$ 4,628,241	\$ 984,792	\$ 608,189	\$ 1,310,903	\$ 7,532,125
CEM2B	TBD		Accommodated in existing facilities	3						\$ -	\$ -	\$ -		
CEM3A	TBD	2019	New Milton Elementary School	671	671	100.00%	7.00	7.00	\$ 950,000	\$ 6,650,000	\$ 1,354,717	\$ 873,865	\$ 1,870,848	\$ 10,749,430
CEM3A	TBD	2023	New Milton Elementary School	671	671	100.00%	7.00	7.00	\$ 950,000	\$ 6,650,000	\$ 1,477,924	\$ 873,865	\$ 1,896,810	\$ 10,898,599
CEM3A	TBD		Accommodated in existing facilities	49						\$ -	\$ -	\$ -		
CEM3B	TBD	2027	New Milton Elementary School	160	671	23.77%	7.00	1.66	\$ 950,000	\$ 1,580,738	\$ 383,260	\$ 207,722	\$ 457,613	\$ 2,629,333
CEH1	TBD	2020	New Halton Hills Elementary School	612	612	100.00%	7.00	7.00	\$ 950,000	\$ 6,650,000	\$ 1,384,521	\$ 873,865	\$ 1,877,128	\$ 10,785,514
CEH1	TBD	2023	New Halton Hills Elementary School	287	612	46.90%	7.00	3.28	\$ 625,000	\$ 2,051,675	\$ 595,150	\$ 269,607	\$ 614,535	\$ 3,530,967
Total:				5,485	6,415		70.00	55.46		\$ 48,157,223	\$ 10,709,586	\$ 5,379,183	\$ 13,537,579	\$ 77,783,571

Halton Catholic District School Board
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 Form G - Growth-Related Net Education Land Costs

SECONDARY PANEL

Review Area	Site Status (Optioned, Purchased, Reserved, Etc.)	Proposed Year Of Acquisition	Facility Type	Net Growth- Related Pupil Place Requirements	Proposed School Capacity	Percent of Capacity Attributed to Net Growth- Related Pupil Place Requirements	Total Number of Acres Required (Footnote Oversized Sites)	Acreage To Be Funded in EDC By-Law Period	Cost Per Acre	Education Land Costs	Eligible Site Preparation Costs	Land Escalation Costs	Financing Costs	Total Education Land Costs
CS02	TBD	2023	New North Oakville Secondary School	458	1350	33.93%	16.00	5.43	\$ 1,250,000	\$ 6,785,185	\$ 1,146,056	\$ 891,629	\$ 1,859,109	\$ 10,681,979
CS04	TBD	2017	New Milton Secondary School	1303	1350	96.55%	16.00	15.45	\$ 950,000	\$ 14,675,319	\$ 2,862,283	\$ 1,523,487	\$ 4,016,453	\$ 23,077,542
CS05	-	-	Accommodated in existing facilities	180						\$ -		\$ -		
Total:				1,942	2,700		32.00	20.88		\$ 21,460,504	\$ 4,008,339	\$ 2,415,116	\$ 5,875,562	\$ 33,759,521

**Halton Catholic District School Board
 Education Development Charges Submission - 2014 Amendment
 Form H1 - EDC Calculation - Uniform Residential and Non-Residential**

Determination of Total Growth-Related Net Education Land Costs

Total:	Education Land Costs (Form G)	\$	111,543,092
Add:	EDC Financial Obligations (Form A2)	\$	54,797,672
Subtotal:	Net Education Land Costs	\$	166,340,764
Less:	Operating Budget Savings		
	Positive EDC Reserve Fund Balance		
Subtotal:	Growth-Related Net Education Land Costs	\$	166,340,764
Add:	EDC Study Costs	\$	600,000
Total:	Growth-Related Net Education Land Costs	\$	166,940,764

Apportionment of Total Growth-Related Net Education Land Costs

Total Growth-Related Net Education Land Costs to be Attributed to Non-Residential Development (Maximum 40%)	15%	\$	25,041,115
Total Growth-Related Net Education Land Costs to be Attributed to Residential Development	85%	\$	141,899,649

Calculation of Uniform Residential Charge

Residential Growth-Related Net Education Land Costs	\$	141,899,649
Net New Dwelling Units (Form C)		77,148
Uniform Residential EDC per Dwelling Unit	\$	1,839

Calculation of Non-Residential Charge - Board Determined GFA

Non-Residential Growth-Related Net Education Land Costs	\$	25,041,115
GFA Method:	Non-Exempt Board-Determined GFA (Form D)	53,109,241
	Non-Residential EDC per Square Foot of GFA	\$ 0.47