

Hamilton-Wentworth District School Board (HWDSB)

2014 Education Development Charges Successor By-law Meeting

JUNE 16, 2014

EDC Successor By-law Meeting

Background:

- The Hamilton-Wentworth District School Board (HWDSB) currently has an Education Development Charge (EDC) By-law in the City of Hamilton
 - The EDC By-law falls under the authority of the *Education Act* and the associated Ontario Regulation
- EDCs are charges imposed by school boards on new residential and non-residential development (where applicable) at the building permit issuance stage
- The funds collected may only be used by the Board to acquire land needed to address growth-related accommodation pressures in areas of new development. Eligible costs include the acquisition and the preparation of the land to make the site “building ready”
- An EDC By-law has a maximum term of 5 years. The proposed new by-law will come into force on August 31, 2014
- A new EDC Background Study in preparation for a proposed new EDC By-law has been developed and is available on the Board’s website:
 - <http://www.hwdsb.on.ca/board/education-development-charges>

EDC Successor By-law Public Meeting

- Education Development Charges (EDCs) are to be used to acquire land for “growth related needs”
- School Boards must meet an eligibility trigger to qualify for an EDC successor by-law
- There are two ways a Board may qualify:
 1. A Board’s total 5 year projected enrolment (ADE) must exceed the Board’s On-The-Ground (OTG) capacity on either the elementary or secondary panel, jurisdiction-wide
OR
 2. A Board must have a deficit balance in its EDC account in the area of a current EDC by-law
- The HWDSB is eligible to impose successor EDC by-laws based on criteria as follows:
 - Board’s deficit is **-\$2,674,328**.

Eligibility to Impose an EDC

Hamilton-Wentworth District School Board Education Development Charges Submission 2014 Form A - Eligibility to Impose an EDC

A.1.1: CAPACITY TRIGGER CALCULATION - ELEMENTARY PANEL

Elementary Panel Board-Wide Capacity	Projected Elementary Panel Average Daily Enrolment Headcount						Elementary Average Projected Enrolment less Capacity
	Year 1 2014/ 2015	Year 2 2015/ 2016	Year 3 2016/ 2017	Year 4 2017/ 2018	Year 5 2018/ 2019	Average Projected Enrolment Over Five Years	
39,486	34,329	34,331	34,540	34,624	34,769	34,518	-4,968

Board-wide Capacity reflects all Purpose-built Kindergarten rooms existing or approved for funding and loaded at 26 pupils per classroom

A.1.2: CAPACITY TRIGGER CALCULATION - SECONDARY PANEL

Secondary Panel Board-Wide Capacity	Projected Secondary Panel Average Daily Enrolment (ADE)						Secondary Projected Enrolment less Capacity
	Year 1 2014/ 2015	Year 2 2015/ 2016	Year 3 2016/ 2017	Year 4 2017/ 2018	Year 5 2018/ 2019	Average Projected Enrolment Over Five Years	
16,053	15,675	15,815	15,377	15,718	15,788	15,675	-378

A.2: EDC FINANCIAL OBLIGATIONS (Estimated to April 2014)

Adjusted Outstanding Principal:	\$5,096,591
Less Adjusted EDC Account Balance:	\$2,422,263
Total EDC Financial Obligations/Surplus:	-\$2,674,328

2014 Proposed EDC

2014 Proposed Education Development Charges	HWDSB
Total Growth-Related Net Education Land Costs (over 15-year forecast period including associated financing and study costs)	\$60,172,899
Residential Education Development Charge Per Unit based on 85% of Total Growth-Related Net Education Land Costs	\$51,146,964
Total Net New Units	50,292
Proposed Residential EDC/Unit	\$1,017
Non-Residential Education Development Charge Per Sq. Ft. of GFA based on 15% of Total Growth-Related Net Education Land Costs	\$9,025,935
Total Non-Residential, Non-Exempt Board-Determined Sq. Ft. of GFA	23,432,152
Proposed Non-Residential EDC/Sq. Ft. of GFA	\$0.39

	Residential	Non-Residential
Proposed EDC for The HWDSB	\$1,017	\$0.39
Proposed EDC for The HWCDSB	\$885	\$0.34
Total Proposed EDC for the City of Hamilton	\$1,902	\$0.73

Development Forecast Sources

- Timing, location and type of residential development are critical components of the overall EDC process due to the link between new units and new pupil places
- Every effort has been made to incorporate the most recent forecast information available

Document	Source
City of Hamilton 2014 Development Charges Growth Forecast, November 26, 2013	Watson & Associates Economists Ltd.
The November 2012 Technical Report - Greater Golden Horseshoe Growth Forecasts to 2041	Hemson Consulting Ltd.
Growth Related Integrated Development Strategy: Growth Report, May 2006, Compact Growth Scenario, City of Hamilton	City of Hamilton

Projection of New Dwelling Units

Hamilton-Wentworth District School Board
 Education Development Charges Submission 2014
 Forms B/C - Dwelling Unit Summary

PROJECTION OF NET NEW DWELLING UNITS ¹

	Year 1 2014/ 2015	Year 2 2015/ 2016	Year 3 2016/ 2017	Year 4 2017/ 2018	Year 5 2018/ 2019	Year 6 2019/ 2020	Year 7 2020/ 2021	Year 8 2021/ 2022	Year 9 2022/ 2023	Year 10 2023/ 2024	Year 11 2024/ 2025	Year 12 2025/ 2026	Year 13 2026/ 2027	Year 14 2027/ 2028	Year 15 2028/ 2029	Total All Units
Singles	1,051	1,177	1,140	1,189	1,100	938	1,133	1,009	910	1,017	1,397	1,306	1,371	1,477	1,463	17,678
Medium Density	830	946	1,004	1,023	954	1,133	1,255	1,174	1,296	1,103	1,200	989	1,162	1,176	1,222	16,467
<i>Less: Intensification Adjustment</i>																-480
Apartments	299	485	286	902	1,083	1,398	1,065	1,337	1,342	1,125	1,276	1,247	1,488	1,624	1,670	16,627
Total	2,180	2,608	2,430	3,114	3,137	3,469	3,453	3,520	3,548	3,245	3,873	3,542	4,021	4,277	4,355	50,292

Grand Total Gross New Units in By-Law Area	50,772
Less: Statutorily Exempt Units in By-Law Area	-480
Total Net New Units in By-Law Area	50,292

Notes: 1. Assumed to be net of demolitions and conversions.

Growth-Related Pupil Yields

- The projected gross new units for the EDC is 50,772 units based on a timeframe encompassing 2014-15 to 2028-29
- This is consistent with the information in the sources previously noted
- The forecast of residential units is assumed to be net of demolitions consistent with the Places to Grow Technical Report of November 2012
- Medium density has been reduced by 3% to recognize statutorily exempt units
- As a result of the required statutory exemption, the net number of residential units is 50,292

		HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD	
Housing Type	Number of Units	Elementary Pupil Yield	Secondary Pupil Yield
Singles	17,678	0.2924	0.0953
Medium Density	15,987	0.1381	0.0486
Apartments	16,627	0.0252	0.0133
Total	50,292	0.1550	0.0534

2014 Proposed EDCs – Demographics and Enrolment Projections

- In the City of Hamilton between the 2006 and 2011 Census periods both the number of elementary school-age children (4-13) and secondary school-aged children (14-17) has decreased, whereas the number of 0-3 year olds has increased by 2.3%

Age Cohort	2006	2011	Change	As %
0-3	21,445	21,940	495	2.3%
4-13	61,390	57,440	(3,950)	-6.4%
14-17	28,250	27,280	(970)	-3.4%
# of Occupied Households	193,065	203,805	10,740	5.6%
PPU				
0-3	0.111	0.108	(0.003)	-3.1%
4-13	0.318	0.282	(0.036)	-11.4%
14-17	0.146	0.134	(0.012)	-8.5%

- Over the 15-year planning period, the HWDSB is projected to see elementary enrolment increase by 15.4% and secondary enrolment increase by 2.3%

	Year 1 2014/ 2015	Year 15 2028/ 2029	Change	% Change
Elementary Panel	34,329	39,604	5,275	15.4%
Secondary Panel	15,675	16,028	353	2.3%

EDC By-Law Structure – Jurisdiction-wide Charge

1. Existing EDC By-law Calculated Charge (85% residential and 15% non-residential)

- \$1,040 per residential dwelling unit
- \$0.40 per non-residential sq. ft. of GFA
- \$52.2 million in net education land costs

2. **Proposed** EDC By-law Calculated Charge (85% residential and 15% non-residential)

- \$1,017 per residential dwelling unit
- \$0.39 per non-residential sq. ft. of GFA
- \$60.1 million in net education land costs

	Existing By-law	Proposed By-law
Forecast of Net New Dwelling Units	42,708	50,292
Forecast of Net Sq. Ft. of Non-Residential Gross Floor Area	19,594,957	23,432,152

Proposed 2014 EDC Sensitivity Analysis

- A Board may impose a 100% Residential EDC on new residential development or it may recover up to 40% of the total Growth-Related Education Land Costs from non-residential development
- Consistent with the current apportionment of recovery in the City of Hamilton, the HWDSB is proposing to recover 85% of the total Growth-Related Education Land Cost from residential development and the remaining 15% from non-residential development

Hamilton-Wentworth District School Board		
<i>% to be funded from Non-Residential Development</i>	<i>Residential Education Development Charge (Per Dwelling Unit)</i>	<i>Non-residential Education Development Charge (Cost Per Sq. Ft. of GFA)</i>
0%	\$1,196	\$0.00
5%	\$1,137	\$0.13
10%	\$1,077	\$0.26
15%	\$1,017	\$0.39
20%	\$957	\$0.51
25%	\$897	\$0.64
40%	\$718	\$1.03

2014 Proposed EDCs -- Site Sizes

- Ontario Regulation 20/98 re: EDCs, provides site size maxima and indicates:

Elementary Schools	
Number of Pupils	Maximum Area (Acres)
1 to 400	4
401 to 500	5
501 to 600	6
601 to 700	7
701 or more	8
Secondary Schools	
Number of Pupils	Maximum Area (Acres)
1 to 1,000	12
1,001 to 1,100	13
1,101 to 1,200	14
1,201 to 1,300	15
1,301 to 1,400	16
1,401 to 1,500	17
1,501 or more	18

- Section 2.3.8 of the Ministry of Education’s EDC Guideline, in reference to *Section 2(3) of O.Reg. 20/98 re: EDCs* indicates “when the area of any of the proposed sites exceeds the site designations in this table (i.e. table above), justification as to the need for the excess land is required.”

2014 Proposed EDCs – Growth-Related Needs

- In assessing its growth-related accommodation needs, the HWDSB has sub-divided its jurisdiction into 17 elementary and 6 secondary review areas
- This has resulted in the identification of some communities where there is insufficient space in existing schools to accommodate growth-related needs resulting from new development

ELEMENTARY SCHOOL SITES					
# of Sites	Total # of Acres	Total # of EDC Eligible Acres	Total Growth Related NPP	Total Growth Related NPP funded through EDCs	Percentage of GRNPP funded from EDCs
10	61.67	53.91	7,796	5,128	65.78%
SECONDARY SCHOOL SITES					
1	15.00	15.00	2,684	1,115	41.56%

2014 Proposed EDCs – Appraised Site Values

- The Board, along with the HWCDSB, secured the services of Boyak & Associates Limited to determine the appraised land values in the City of Hamilton. The range of land values for the City of Hamilton is between \$550,000 and \$800,000 per acre based on the site locations identified by the Boards

HWDSB			
	Neighbourhood / Location	Est. Size (Acres)	Appraised Cost Per Acre
Site 1	Bellagio Ave. @ Keystone Crescent	8.07	\$ 550,000
Site 2	3169 Fletcher Road	5.63	\$ 550,000
Site 3	Part of 435 First Rd. @. @ Green Mountain Rd.	6.17	\$ 550,000
Site 4	Part of 257 Jones Rd. Fruitland Winona Area	6.00	\$ 650,000
Site 5	Part of 448 Dundas St.	5.80	\$ 800,000

- The appraiser’s report also recommended a 5% escalator on land acquired over the next 4 years as being a reasonable representative of future land values
- Site Preparation costs have been escalated by 2% per annum to the identified year in which the site preparation is to occur

2014 Proposed EDCs – Analysis of Need

ANALYSIS OF TOTAL GROWTH-RELATED NET EDUCATION LAND COST (GRNELC)

	HWDSB	
		% of EDC Expenditure as a part of Total GRNELC
Total Growth-Related Net Education Land Costs (over 15-year forecast period including associated financing and study costs)	\$60,172,899	
Site Acquisition Costs	\$41,783,101	69.44%
Land Escalation Costs	\$10,257,551	17.05%
Site Preparation Costs	\$4,212,152	7.00%
Site Preparation Escalation Costs	\$848,827	1.41%
Short Term Debt Interest Payments	\$36,940	0.06%
Study Costs	\$360,000	0.60%
Financial Obligations /Surplus (projected EDC Account Balance as of June, 2014)	\$2,674,328	4.44%

2014 EDC By-law Adoption Process – Next Steps

Stakeholder Sessions

- Board staff met with industry stakeholders on April 15, and June 5, 2014 to discuss the proposed EDCs and the underlying approach

Policy Review Public Meeting #1 – June 16, 2014

Successor By-law Public Meeting #2 – June 16, 2014

- presentation of EDC Background study approach, recommendations and EDC by-law
- proposed EDC rates for Board consideration
- inviting stakeholder input

By-law Adoption Public Meeting #3 – August 25, 2014

- Board staff to present recommendations re: policy decisions and proposed EDC rates
- Trustees to consider adoption of by-law, following invitation for stakeholder input
 - Minister's approval letter re: enrolment projections and number of sites is required prior to a by-law being adopted