

Education Development Charges Policy Review Public Meeting



Hamilton-Wentworth DSB
May 13, 2019

EDC Policy Review

- Board adopted a jurisdiction-wide EDC by-law on August 25, 2014 with a 5-year by-law term, with implementation on August 30, 2014
- Current Residential rate - \$1,039 per unit
- Current Non-residential rate - \$ 0.39 per sq. ft. of non-exempt GFA
- Based on 85%/15% residential/non-residential share approved by Board
- By-law expires on August 30, 2019 (i.e. the HWCDSB EDC by-law expires on August 31st however, consistent with the legislation, August 30th is the expiry date for both Hamilton boards)
- The legislative rate 'cap' imposed by the passage of O. Reg. 438/18 creates a financial shortfall to deal with future site acquisitions, and may impede the Board's ability to access external financing for this purpose, until such time as the 'cap' is lifted and the shortfall is dealt with

EDC Policy Review – Legislative Basis

- EDCs are charges imposed by school boards on new residential and non-residential development (where applicable) at the building permit issuance
- The funds collected may only be used by the Boards to acquire land needed to address growth-related student accommodation pressures in areas of new development. Eligible costs include the acquisition and the preparation of the land to make the site “building ready”
- Legislation requires that a board conduct a review of the existing EDC policies before passing a new EDC by-law – this meeting
- Discussion of existing policies is set out in Appendix C of the March 18, 2019 EDC Background study report
- Board resolutions dealing with any surplus operating funds and alternative accommodation arrangements are no longer required

EDC Policy Review – Key Policies

1. By-law Structure

Considerations:

- Boards may adopt jurisdiction-wide (i.e. one set of charges through all of the City of Hamilton); or
- One or more area-specific by-laws (i.e. different rates in portions of the City – i.e. a different rate in former Flamborough, Ancaster, Binbrook, Winona, etc.)
 - Jurisdiction-wide more consistent with delivery of education services and the education funding model; and
 - Monies collected in one area-specific by-law cannot be spent outside of that area
- Current background study undertaken on a jurisdiction-wide basis, area-specific would require a whole new study and separate Ministry approval
- However, area specific EDC rates are no longer an option under O. Reg. 438/18

2. Recovery of Net Education Land Costs

Considerations:

- All EDC by-laws in Ontario are applied on the basis of recovery of 100% of net education land costs over the long term (no more-no less than land acquisition and site development costs to address growth-related needs)
- No tax-based funding source to make up for shortfalls
- Capital allocations for land related to enrolment growth may not be available from the Province where a school board is EDC eligible
- The current in-force EDC rates are 69% of the EDC rates required to fund the 15-year net education land costs, and may restrict the Board's ability to fund 100% of the net education land costs over the long term

EDC Policy Review – Key Policies

3. Non-Statutory Exemptions

Considerations:

- No funding source to absorb the cost of providing non-statutory exemptions (e.g. affordable housing as a use)
- EDC boards generally do not include non-statutory exemptions in their by-laws
- Where actual EDC collections fall short of projected collections, there is a deficit in the account (i.e. unless the # of building permits is lower)

4. Portion of Net Education Land Costs to be Recovered from Residential versus Non-residential Development

Considerations:

- Non-residential share can range from 0% to 40% of total costs
 - For most EDC by-laws 10-15% of costs are recovered from non-residential development, with the remainder from residential development
- Economic downturns in residential sector can affect ability to fund site needs, therefore 100% residential share more often used where the needs, and the charge, is lower
- HWDSB recovers 85% of net education land costs on residential development and 15% on non-residential development.

EDC Policy Review – Key Policies

5. Differentiated EDC

Considerations:

- Board may choose to have a singular EDC rate for all residential unit types, or differentiated by density type
- EDC boards determine differentiated residential rates based on pupil generation per unit type, although an alternative methodology is proposed
- Using pupil generation as the basis for differentiated charges makes the differential between low density and high density greater than DC differential
- Stakeholders have historically preferred singular rate but are shifting towards differentiated residential rates based on PPU

6. Demolition Credits

Considerations:

- Legislative provisions require Boards to provide demolition credits for a period of up to two (2) years for residential development and five (5) years for non-residential development
- The existing HWDSB EDC by-law incorporates a 2-year period for residential and a 5-year period for non-residential development

EDC Policy Review – Key Policies

7. Conversion Credits

Considerations:

- No legislative provisions specifically dealing with conversion of use
- Some boards offer limited EDC conversion credits
- The existing HWDSB EDC by-law provides for redevelopment and conversion credits

8. By-law term

Considerations:

- The maximum term of five-years is typically adopted
- The HWDSB EDC by-law carries a 5-year term
- Board can amend the by-law or pass a new one earlier, if necessary (ongoing monitoring to account for land cost increase)
- Consistency with Board's capital plan is a key consideration

9. Need to Conduct Further Public Meeting

- Board must determine through resolution whether any additional public meetings are required

EDC By-law Adoption Process – Next Steps

Stakeholder Sessions & Making Information Available

- Notice and circulation of the Background Study report completed on March 18th. HWDSB staff met with development community stakeholders Sept 10th and Feb 20th, and will continue to respond to any inquiries as requested

Policy Review Public Meeting – Meeting #1 May 13, 2019

1st Successor By-law Public Meeting – Meeting #2 May 13, 2019

- Presentation of EDC Background study approach and recommendations and EDC by-law
- Proposed EDC rates for Board consideration
- Comparison of other EDC rates and total DC rates (if available)
- Inviting stakeholder input.

By-law Adoption Public Meeting – Meeting #3 June 10, 2019

- Board staff to present recommendations re: policy decisions and proposed EDC rates
- Trustees to consider adoption of by-law, following invitation for stakeholder input
- Provide City of Hamilton Building/Finance staff with explanation of by-law adopted rates and any changes to by-law definitions