

Education Development Charges Proposed Successor By-law Public Meeting



Hamilton-Wentworth District School Board
May 13, 2019

EDC Current Situation

- Board adopted a jurisdiction-wide Interim 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 on October 12, 2018 required Interim by-law rates no higher than the rates in force as of August 31, 2018 (rates shown above)

Legislative Updates

- On March 29, 2019 the Province enacted O. Reg. 55/19 providing for modest increases equal to the greater of 5% or \$300 per unit annually for residential rates and 5% annually for non-residential rates
- Still no ability to adopt 'calculated rates' – i.e. rates necessary to fund 100% of the 15-year net education land costs
- No timelines established for completion of Provincial review of legislation
- No decision taken re addressing financial shortfall. EDC boards will need to track value of collections shortfall each month. Financial shortfall expected to be addressed either through additional capital grants, increased EDC rates or a new funding regime.
- In the interim, lack of certainty respecting ability to fully fund net education land costs may impede the ability of boards to access external financing for this purpose
- Hamilton Boards met with City of Hamilton to review by-law implementation and collection processes, as well as by-law definitions and application of the by-law

Legislative Updates

- Successor by-law must be adopted by Board no later than August 25th to avoid any interruption in collection of EDCs
- Ministry letter of approval is required in order for the HWDSB to proceed with by-law adoption on June 10th
- Staff recommending by-law implementation on July 6th rather than July 2nd in order to align with DC indexing and to recognize that the industry was not expecting increased EDC rates
- Updated EDC 'capped' rates have been calculated consistent with March 29th change in Regulation
- Updated differentiated residential rates have been prepared as well for both Hamilton boards
- Projected funding shortfalls have been determined when comparing 'capped' rates and 'differentiated' rates to the 'calculated rates

Eligibility to Adopt a Successor EDC By-law

- HWDSB qualifies on the basis of a deficit in the EDC account
- Board is eligible to fund elementary and secondary growth-related land needs; that is, land required to construct additional school capacity resulting from new housing development
- Board has a deficit account balance of approx. \$32 million
- The legislative 'cap' derives 83% recovery from residential development and 17% recovery from non-residential development
- During 2014 EDC process Indwell appealed the HWDSB by-law only on the basis that the Board should have considered differentiated residential rates
- The HWDSB is proposing to adopt a successor 5-year EDC by-law on June 10, 2019 with implementation on July 6th

Eligibility to Adopt a Successor EDC By-law

- The new Regulations prohibit EDC boards from altering the res/non-res shares or adopting differentiated residential rates (i.e. where any rates would be higher than the legislated in-force rates)
- Once the provincial review of the legislation is complete there will be a need to:
 - determine whether the board can amend or renew the by-law; and
 - determine how to deal with the collections shortfall
- The Board has undertaken the public consultation process outlined in the legislation and has placed a Notice of Public Meetings in the local newspaper
- The Board has provided copies of the March 28th report to all co-terminous boards, City of Hamilton, Ministry of Education and development community stakeholders
- Board has consulted with the development community stakeholders

HWDSB Qualifies to Adopt a Successor EDC By-law

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD Education Development Charges Submission 2019 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 2019/ 2020	Year 2 2020/ 2021	Year 3 2021/ 2022	Year 4 2022/ 2023	Year 5 2023/ 2024	Average Projected Enrolment Over Five Years	
38,407	36,285	36,672	37,005	37,478	37,992	37,086	-1,321

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 2019/ 2020	Year 2 2020/ 2021	Year 3 2021/ 2022	Year 4 2022/ 2023	Year 5 2023/ 2024	Average Projected Enrolment Over Five Years	
16,907	14,046	14,262	14,273	14,397	14,623	14,320	-2,587

A.2: EDC FINANCIAL OBLIGATIONS (Estimated to June 30 2019)

Adjusted Outstanding Principal:	\$47,463,849
Less Adjusted EDC Account Balance:	\$15,375,242
Total EDC Financial Obligations/Surplus:	-\$32,088,607

HWDSB qualifies on basis of a deficit in the EDC account

15-year Forecast of Net New Dwelling Units

Forms B/C - Dwelling Unit Summary

PROJECTION OF NET NEW DWELLING UNITS ¹

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total All Units
	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031	2031/ 2032	2032/ 2033	2033/ 2034	
City of Hamilton																
Single & Semi-detached	654	859	852	899	930	894	984	1,245	1,308	940	1,539	1,539	1,296	1,443	1,383	16,765
Townhouses, Row Housing, etc.	902	1,127	1,253	1,213	1,338	1,368	1,247	1,037	846	974	1,084	1,103	1,028	1,079	1,114	16,713
Apartments including Stacked Townhouses	1,067	888	1,020	1,069	1,068	1,161	1,199	1,354	1,482	1,722	1,177	1,158	1,277	1,078	1,103	17,823
Total	2,623	2,874	3,125	3,181	3,336	3,423	3,430	3,636	3,636	3,636	3,800	3,800	3,601	3,600	3,600	51,301

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

Grand Total Gross New Units in By-Law Area	51,719
Less: Statutorily Exempt Units in By-Law Area	418
Total Net New Units in By-Law Area	51,301

PROCESS:

Met with City of Hamilton Planning & Infrastructure
 Consulted 2014 DC Study growth forecast and 2019 DC Local Service Policy
 September, 2018 Growth Forecast Update
 Consulted Urban Residential Land Supply data prepared by City
 Consulted City of Hamilton 2016 Residential Land Needs report for the post mid-2031 period
 Census data change in occupied dwellings by Census tract

15-year Forecast of Net Non-residential GFA

Education Development Charges Submission 2019
Form D - Non-Residential Development

D1 - Non-Residential Charge Based On Gross Floor Area (sq. ft.)

Total Estimated Non-Residential Board-Determined Gross Floor Area to be Constructed Over 15 Years From Date of By-Law Passage	48,551,110
Less: Board-Determined Gross Floor Area From Exempt Development	19,888,193
Net Estimated Board-Determined Gross Floor Area	28,662,917

- A review of building permit data to determine what percentage of the industrial, commercial and institutional development would be statutorily-exempted from the payment of education development charges

HWDSB Elementary Review Areas

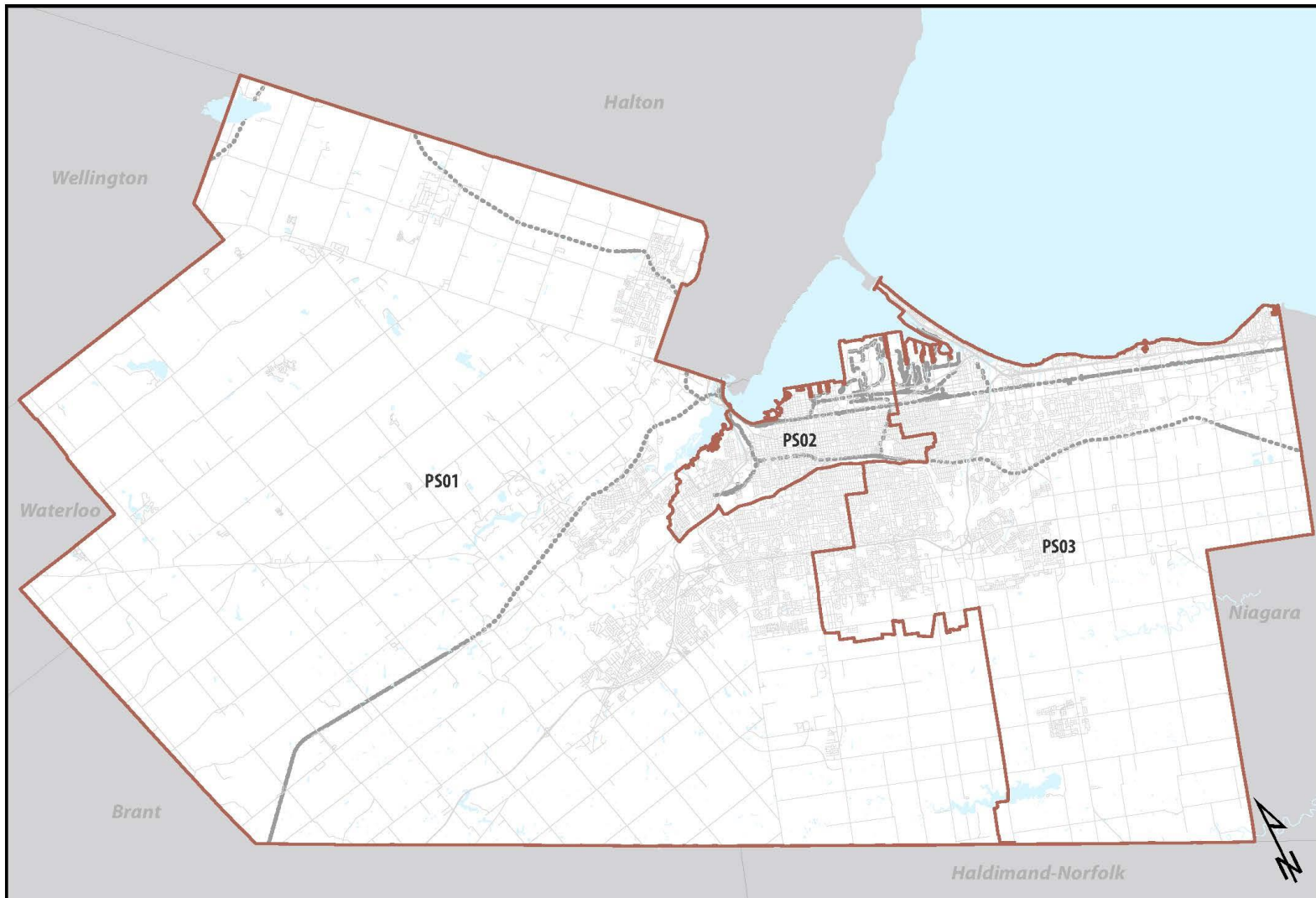


Hamilton-Wentworth District School Board: Education Development Charges Background Study 2019

Elementary Review Areas

Elementary RA Boundaries Streets Rails

HWDSB Secondary Review Areas



Hamilton-Wentworth District School Board: Education Development Charges Background Study 2019

Secondary Review Areas



HWDSB 15-year Student Enrolment Projections

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD

Historical and Projected Enrolment

Elementary Panel	Current 2018/ 2019	Year 1 2019/ 2020	Year 2 2020/ 2021	Year 3 2021/ 2022	Year 4 2022/ 2023	Year 5 2023/ 2024	Year 6 2024/ 2025	Year 7 2025/ 2026	Year 8 2026/ 2027	Year 9 2027/ 2028	Year 10 2028/ 2029	Year 11 2029/ 2030	Year 12 2030/ 2031	Year 13 2031/ 2032	Year 14 2032/ 2033	Year 15 2033/ 2034
Existing Community	35,934	35,994	35,997	35,948	36,050	36,171	36,397	36,592	36,684	36,894	37,078	37,209	37,271	37,196	37,042	36,788
Requirement of New Development		291	676	1,058	1,427	1,822	2,291	2,807	3,346	3,861	4,389	5,021	5,670	6,266	6,893	7,456
Total	35,934	36,285	36,672	37,005	37,478	37,992	38,688	39,398	40,030	40,755	41,466	42,230	42,940	43,462	43,936	44,244

8,310

Secondary Panel	Current 2018/ 2019	Year 1 2019/ 2020	Year 2 2020/ 2021	Year 3 2021/ 2022	Year 4 2022/ 2023	Year 5 2023/ 2024	Year 6 2024/ 2025	Year 7 2025/ 2026	Year 8 2026/ 2027	Year 9 2027/ 2028	Year 10 2028/ 2029	Year 11 2029/ 2030	Year 12 2030/ 2031	Year 13 2031/ 2032	Year 14 2032/ 2033	Year 15 2033/ 2034
Existing Community	14,170	13,976	14,105	14,025	14,053	14,181	14,087	14,032	14,089	13,990	13,946	13,935	13,837	13,888	14,012	14,118
Requirement of New Development		70	157	248	344	442	573	718	868	1,004	1,137	1,326	1,524	1,706	1,901	2,084
Total	14,170	14,046	14,262	14,273	14,397	14,623	14,660	14,749	14,957	14,995	15,083	15,261	15,361	15,594	15,913	16,203

2,033

Elementary – EC increase of 854 pupils plus increase of 7,456 pupils from new development

Secondary - EC decline of 52 pupils offset by increase of 2,084 pupils from new development

Change in Apportionment Shares

- The following apportionment shares are reflected in the preparation of draft EDC calculations and are derived from the 15-year forecast of net new units and number of pupils projected to be generated for each board by panel

Change in Apportionment Share 2011/12 to 2017/18 based on Ministry of Education Enrolment Reports							
Elementary	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
HWDSB	31,113	30,885	31,013	34,336	34,346	35,107	35,383
HCWDB	16,878	16,876	16,846	18,699	18,545	18,557	18,537
HWDSB Share %	64.83%	64.67%	64.80%	64.74%	64.94%	65.42%	65.62%
HCWDSB Share %	35.17%	35.33%	35.20%	35.26%	35.06%	34.58%	34.38%
Secondary	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
HWDSB	16,715	16,289	15,535	14,801	14,391	13,895	13,902
HCWDB	10,245	10,172	9,842	9,763	9,709	9,697	9,856
HWDSB Share %	62.00%	61.56%	61.22%	60.25%	59.71%	58.90%	58.52%
HCWDSB Share %	38.00%	38.44%	38.78%	39.75%	40.29%	41.10%	41.48%

HWDSB Proposed EDC Rates

- \$ 68,213,769 in elementary net education land costs for acquisition/development of 59.3 acres of land at an average cost of \$1,173,243 per acre (acquisition, preparation & financing)
- \$ 12,729,182 in secondary net education land costs for site preparation costs related to the potential for a new secondary school in Elfrida
- Residential rate of \$1,573 per unit compared to \$1,339 current rate
- The legislative cap rates will increase the revenue shortfall by \$1.1 million per annum plus additional borrowing costs and will result in 82.66% of the net education land costs recovered from residential development

Existing Underlying By-law Assumptions

- Despite O. Reg. 438/18 the HWDSB could have substantiated adoption of the calculated EDC rates outlined in the Addendum report

HAMILTON-WENTWORTH DSB Proposed EDC Rates		
Non-Residential Share	Residential Rate	Non-Residential Rate
0%	\$1,851	\$0.00
5%	\$1,758	\$0.17
10%	\$1,666	\$0.33
15%	\$1,573	\$0.50
20%	\$1,480	\$0.66
25%	\$1,388	\$0.83
40%	\$1,110	\$1.32

- Represents a 51% increase in residential rates and a 27% increase in non-residential rates
- The foregoing rates are based on the 15-year residential & non-residential forecasts, student enrolment projections, Review Area constructs and land valuations outlined the March 28th Background Study report

HWDSB Basis for Proposed EDC Rates

**TABLE 7-6
HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD**

		% of Total
CALCULATION OF EDUCATION DEVELOPMENT CHARGES		
Total Growth-Related Net Education Land Costs (over 15-year forecast period including associated financing and study costs)	\$ 94,937,027	
Site Acquisition Costs	\$ 53,066,802	55.9%
Land Escalation Costs	\$ 14,176,417	14.9%
Site Preparation Costs	\$ 6,082,038	6.4%
Site Preparation Escalation Costs	\$ 1,244,745	1.3%
Credit Line Interest Payments	\$ 6,372,950	6.7%
Study Costs	\$ 328,000	0.3%
Financial Obligations/Surplus (projected EDC Account Balance as of June 30, 2019)	\$ 32,088,607	33.8%
Interest Earnings	\$ (1,142,845)	-1.2%
Repayment of Nora Frances Borrowing from EDC Account	\$ (17,294,105)	-18.2%
Closing Account Balance	\$ 14,418	0.0%
Total Net New Units	51,301	
Total Non-Residential, Non-Exempt Board-Determined GFA	28,662,917	
Residential Education Development Charge Per Unit based on 85% of Total Growth-Related Net Education Land Costs	\$ 1,573	
Non-Residential Education Development Charge Per Sq. Ft. of GFA based on 15% of Total Growth-Related Net Education Land Costs	\$ 0.50	

Next Steps

- Consider adopting a 5-year EDC by-law on June 10th at the current rates
 - Current Residential rate - \$1,339 per unit
 - Current Non-residential rate - \$ 0.41 per sq. ft. of non-exempt GFA
 - Based on 85%/15% residential/non-residential share approved by Board
- By-law implementation for July 6th