

Hamilton-Wentworth District School Board (HWDSB)

2014 Education Development Charges Policy Review Meeting

JUNE 16, 2014

EDC Policy Review

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 the school board 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 proposed new EDC By-law has been developed and is available on the Board’s websites:
 - <http://www.hwdsb.on.ca/board/education-development-charges/>

EDC Policy Review

1. By-law Structure

Considerations:

- The Board may adopt a 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 – multiple by-laws require multiple studies)
- Monies collected in one by-law area cannot be spent in another
- Existing background study undertaken on a jurisdiction-wide basis, area specific would require a whole new study and separate Ministry approval

2. Recovery of Net Education Land Costs

Considerations:

- All EDC by-laws in Ontario are applied on the basis of 100% recovery of net education land costs over the long term (no more-no less than needs)
- No tax-based funding source to make up for shortfalls
- Capital allocations for land may not be available from the Province where a school board is EDC eligible

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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

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 either sector can be problematic, depending upon weighting
- The HWDSB collects 85% of the growth-related education land costs from residential development and the remaining 15% from non-residential development

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5. Differentiated EDC

Considerations:

- EDC boards are required to determine differentiated residential rates based on pupils per unit type
- Ability to incorporate variations in the residential rates based pupils per household by dwelling unit type
- In areas where the majority of the units are low density, variation in rate may be greater than development community stakeholders are looking for

6. Demolition Credits

Considerations:

- Legislative provisions require the Board to provide demolition credits for a period of 2 years for residential development and 5 years for non-residential development

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7. Conversion Credits

Considerations:

- There are no legislative provisions specifically dealing with conversion of use
- Generally applicable if an EDC is paid for one type of development and shortly thereafter (the period of time defined in the board's EDC by-law), the land is rezoned and a new building permit issued for redevelopment (to an alternate land use)
 - As the Board recovers EDCs from both Residential and Non-Residential development, conversion credits are recognized in the by-law
 - The Board's by-law allows for an 18 month time period
- EDC by-laws may include provisions for providing credits in this situation to take into account the EDC amount paid on the original development (generally by offsetting the EDC amount payable on the redevelopment)

8. By-law term

Considerations:

- Five-year term provides flexibility
 - The current by-law, which is the board's initial by-law, has a 14 month term
- Boards may amend the by-law or pass a new one earlier, if necessary (ongoing monitoring to account for land cost increase)
- Consistency with the Board's capital plan is a consideration

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9. Operating Surpluses

Considerations:

- Regulation requires the Board to address this issue through policy adoption and then a subsequent review of availability of surplus to offset the future charge
- Funding model does not allow funds to be moved from classroom to non-classroom budgets

10. Alternative Accommodation Arrangements

Considerations:

- Regulation requires that the Board contemplate “arrangements” for both land and buildings, where feasible

11. Need to Conduct Further Public Meeting

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

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

1st Successor By-law Public Meeting – June 16, 2014

- presentation of EDC Background study approach and 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