

Halton District School Board

Report Number: 21076 (revised)
Date: May 28, 2021

FOR DECISION

TO: Members of the Halton District School Board
FROM: R. Negoj, Superintendent of Business Services
S. Miller, Director of Education
RE: **2021 Education Development Charges By-law Amendment**

Background:

Education Development Charges (EDCs) are used to fund the acquisition of school sites and related costs to accommodate growth-related pupil needs. These rates are applied to all new residential and non-residential development, with limited exceptions. The Board's existing By-law recovers 85% of education land costs (i.e. the purchase price of school sites and associated costs) from residential development and 15% from non-residential development.

The purpose of this report is to seek approval from the Board of Trustees to pass a by-law to amend the 2018 EDC by-law to increase the residential and non-residential rates to reflect increasing land values in the Region of Halton, as well as to harmonize the By-law to reflect the latest updates to Ontario Regulation (O. Reg.) 20/98 as it relates to use exemptions.

NOTE: Changes have occurred since the report presented on May 19, 2021, as a result of discussion with BILD. The changes are with regards to the rate calculation.

RECOMMENDATION:

Be it resolved that a separate public meeting is not required in regard to the proposed amendment to the Halton District School Board 2018 EDC by-law, as amended; and

THAT the Halton District School Board enact a by-law which will amend the 2018 EDC By-law, as amended, to apply to the development of land in the Region of Halton; and

THAT the amending EDC By-Law amend the Board's EDC By-Law 2018 as attached in Appendix 1 of Report 21076, specifically in Section 3, Section 9, and Section 12.

Fore Reference, below are the excerpt of Changes to the EDC By-Law 2018 (Appendix 1):

1. Section 3 be revised to include the following additional exemptions:

- (i) private school;*
- (ii) long-term care home,*
- (iii) retirement home,*
- (iv) hospice or other facilities that provides palliative care services;*
- (v) child care centre,*
- (vi) memorial home, clubhouse or athletic grounds owned by the Royal Canadian Legion;*
- (vii) college of applied arts and technology;*
- (viii) university;*
- (ix) Indigenous Institute.*

2. Section 9 be revised to read as follows:

Subject to the provisions of this by-law, an education development charge per dwelling unit shall be imposed upon the designated categories of residential development and the designated residential uses of land, buildings or structures, including a dwelling unit accessory to a non-residential use, and, in the case of a mixed-use building or structure,

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upon the dwelling units in the mixed-use building or structure. The education development charge per dwelling unit shall be in the following amounts for the periods set out below:

- i) July 4, 2018 to May 19, 2019 - \$4,364.00;
- ii) May 20, 2019 to July 3, 2019 - \$4,664.00;
- iii) July 4, 2019 to June 6, 2021 - \$4,892.00;
- iv) June 7, 2021 to July 3, 2021 - \$5,192.00;
- v) July 4, 2021 to July 3, 2022 - \$5,492.00;
- vi) July 4, 2022 to July 3, 2023 - \$5,792.00.

3. Section 12 be revised to read as follows:

Subject to the provisions of this by-law, an education development charge per square foot of gross floor area of non-residential development shall be imposed upon the designated categories of non-residential development and the designated non-residential uses of land, buildings or structures and, in the case of a mixed use building or structure, upon the non-residential uses in the mixed-use building or structure. The education development charge per square foot of gross floor area shall be in the following amounts for the periods set out below:

- i) July 4, 2018 to June 6, 2021 - \$1.11;
- ii) June 7, 2021 to July 3, 2021 - \$1.21;
- iii) July 4, 2021 to July 3, 2022 - \$1.31;
- iv) July 4, 2022 to July 3, 2023 - \$1.41.

Discussion:

On October 15, 2018, through *Ministry Memorandum 2018: B15 Temporary Cap on Education Development Charges Rates*, EDC rates were capped from implementing any increases to Board by-laws until the Ministry completed their review of the regulations.

Following its review, the Ministry of Education issued O. Reg. 55/19 and later O. Reg. 371/19 that further amended O. Reg. 20/98, removing the freeze on increases to by-laws and imposed the following caps on residential and non-residential rate increases:

1. A maximum yearly increase of the greater of 5% or \$300 per residential dwelling unit (the latter applying to the Board); and,
2. A maximum yearly increase of the greater of 5% or \$0.10 per square foot of non-residential space (the latter applying to the Board).

The latest amendment to the 2018 Education Development Charges by-law took effect on July 3, 2019, incorporating the rate increases enabled through O. Reg. 55/19. This amendment implemented the increase to the residential per unit charge contemplated under the 2018 Education Development Charges Background Study, and required a phase-in to reach the permitted maximum residential rate on July 4, 2019.

Table 1 below illustrates the annual increases that the Board approved on July 3, 2019, and the phased in terms for Years 1 to 5 of the By-law:

Table 1: 2018 HDSB Residential and Non-Residential Phased-In Rate Increases

	CURRENT BY-LAW CHARGE	Balance of Year 1	Year 2	Year 3	Year 4	Year 5
		May 19, 2019 to July 3, 2019	July 4, 2019 to July 3 2020	July 4, 2020 to July 3 2021	July 4, 2021 to July 3 2022	July 4, 2022 to July 3 2023
Residential Development	\$ 4,892	\$ 4,664	\$ 4,892	\$ 4,892	\$ 4,892	\$ 4,892
Non-Residential Development.	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11

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In March 2020, both the Halton District School Board and Halton Catholic District School Board explored whether further amendments to their respective 2018 EDC By-law were warranted based on escalating land values and to harmonize the by-laws with recent changes to O. Reg. 20/98.

After reviewing comparable land sales in the area, and consulting with the Boards' EDC consultants, it was determined that an amendment was not warranted, as the 4% annual land escalation rate that applies to the land values (which underlie the EDC rates) was sufficient to reflect the capital appreciation experienced in the real estate market, and that implementing the new regulations did not require an amendment. The Boards concluded that they would explore this again in February of 2021.

2021 EDC By-law Amendment:

Since the last amendment that took place in May of 2019, land values in the Region of Halton have increased substantially. This was supported by an appraisal completed by Cushman Wakefield in January of 2021, which confirmed that land values escalated significantly since the last assessment, precipitated primarily by the residential housing boom that occurred during the COVID-19 pandemic and the demand for lower density housing (green field development).

Accordingly, to ensure that the EDC collections keep pace with the rising costs to purchase lands that are required to accommodate growth areas, the Board's consultants and staff are recommending that the Board amend the 2018 EDC by-law in order to increase the residential and non-residential EDC rates.

Watson and Associates completed an updated cashflow analysis using Cushman Wakefield's appraised land values and updated building permit information to recalculate the maximum permitted rates for residential units and non-residential gross floor area. The resulting maximum rates compared to previous rates are illustrated in Table 2 below:

Table 2: HDSB Residential and Non-Residential Rate Increases

	EXISTING MAXIMUM RATE (2018)	PROPOSED MAXIMUM RATE (2021)	VARIANCE (+/-)	YEARS TO PHASE IN
Residential Units	\$ 4,892	\$ 6,539*	+ \$ 1,647	6 YEARS
Non-Residential Units (square feet).	\$ 1.11	\$ 1.52	+ \$ 0.41	5 YEARS

* the maximum permitted rate of \$6,539 per dwelling unit cannot be achieved during the five-year term of the 2018 EDC By-law due to the caps on annual increases which the Ministry has imposed.

Prior to the changes made to O. Reg. 20/98, the Board would have been permitted to increase the rate to reflect the above values immediately. However, with the legislated annual caps imposed through O. Regulation 55/19 and 371/19, boards are required to phase in the increases over the remaining term of the by-law.

On May 19, 2021, Watson and Associates presented their methodology to phase in the rate over the remaining term of the by-law, which started the phase-in to begin in Year 1 of the By-law (2018), and increasing the 2018 Existing By-law rates by \$300 and \$0.10 increments annually for residential and non-residential development, respectively, over the existing maximum in 2018. Phase ins would continue until the rate would reach the new residential and non-residential caps as presented in Table 2. The phased-in rate increases that the Board was proposing are illustrated in Table 3 (following page).

Note that the first increase (outlined in bold and red) will occur five (5) days following the passing of the by-law by the Board of Trustees, which is scheduled for June 2, 2021.

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Table 3: 2021 HDSB Residential and Non-Residential Phased-In Rate Increases (BOARD)

	2018 EXISTING BY-LAW CHARGE	2021 MAX RATE (CAP)	Balance of Year 1	Year 2	Year 3	Balance of Year 3	Year 4	Year 5
			May 19, 2019 to July 3, 2019	July 4, 2019 to July 3 2020	July 4, 2020 to June 7 2021	June 7, 2021 to July 3, 2021	July 4, 2021 to July 3 2022	July 4, 2022 to July 3 2023
Residential Development	\$ 4,892	\$ 6,539	\$ 4,664	\$ 4,892	\$ 4,892	\$ 5,264	\$ 5,564	\$ 5,864
Non-Residential Development.	\$ 1.11	\$ 1.52	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.41	\$ 1.51	\$ 1.52

Under this scenario, the Board will not reach the maximum residential development cap by Year 5, and may be under collecting for the remaining term of the by-law, until it expires in July of 2023. Staff will be required to initiate the Background Study process in Fall of 2022 with an anticipated implementation of a new by-law for late Spring 2023 to continue increasing the charge.

Board Staff, HCDSB Staff, and the consultants of the Boards met with the Building Industry and Land Development Association (BILD) on Monday May 3, 2021, to discuss the proposed amendments to the by-law, and the dates when the amendments will be presented to the Trustees for decision. Supplementary information detailing the basis for the various calculations that support the increased EDC rates was also forwarded to BILD representatives for their review.

Upon further review, BILD did not agree with the Board's methodology. BILD's interpretation of the legislation is that the rates could not be increased for those years where the maximum rate had already been achieved. We note that there are two possible interpretations of the governing legislation. The Board initially adopted the more aggressive of the two interpretations with a view to maximizing the EDC rates and reducing the deficit in the EDC account.

While we do not necessarily agree with BILD's interpretation, given its objection to the proposed increased rates, and to avoid a potential appeal to the Local Planning Appeal Tribunal (which, if successful, would trigger the requirement for the Board to refund all the overpayments), Board legal counsel has advised to adopt the approach identified by BILD, which is illustrated in Table 4 below:

Table 4: 2021 HDSB Residential and Non-Residential Phased-In Rate Increases (BILD)

	2018 EXISTING BY-LAW CHARGE	2021 MAX RATE (CAP)	Balance of Year 1	Year 2	Year 3	Balance of Year 3	Year 4	Year 5
			May 19, 2019 to July 3, 2019	July 4, 2019 to July 3 2020	July 4, 2020 to June 7 2021	June 7, 2021 to July 3, 2021	July 4, 2021 to July 3 2022	July 4, 2022 to July 3 2023
Residential Development	\$ 4,892	\$ 6,539	\$ 4,664	\$ 4,892	\$ 4,892	\$ 5,192	\$ 5,492	\$ 5,792
Non-Residential Development.	\$ 1.11	\$ 1.52	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.21	\$ 1.31	\$ 1.41

Under this scenario, the Board will not reach the maximum residential and non-residential development cap by Year 5, and will be under collecting for the remaining term of the by-law, until it expires in July of 2023. Again, the Board will be required to pass a new by-law to continue increasing the rates after the expiration of the 2018 by-law, as amended.

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Other changes to the applicable EDC regulation also included the implementation of several mandatory use exemptions, which require that the Board exempt such uses from the payment of EDCs. The proposed amending by-law will incorporate into the 2018 EDC By-law the following exemptions:

- 1) private school;
- 2) long-term care home, as defined in the Long-Term Care Homes Act, 2007;
- 3) retirement home, as defined in the Retirement Homes Act, 2010;
- 4) hospice or other facilities that provides palliative care services;
- 5) child care centre, as defined in the Child Care and Early Years Act, 2014;
- 6) memorial home, clubhouse or athletic grounds owned by the Royal Canadian Legion;
- 7) college of applied arts and technology established under the Ontario Colleges of Applied Arts and Technology Act, 2002;
- 8) university that receives regular and ongoing operating funds from the Government of Ontario for the purposes of post-secondary education; and,
- 9) Indigenous Institute prescribed for the purposes of section 6 of the Indigenous Institutes Act, 2017.

Note that although the above exemptions were not implemented in the last by-law amendment, they were nonetheless in effect and the Board has complied with them. **BILD or other stakeholders have not expressed a concern with the above amendments.**

The amending by-law that implements the above noted changes can be found in Appendix 1 of the attached report, as amended from the May 19, 2021, Board report. The 2021 HDSB EDC by-law amendment report completed by the Board’s consultant, Watson and Associates, is attached as Appendix 2 to this report, **also amended from the last Board report. This report** summarizes the background of the Board’s 2018 Education Development Charges by-law (as amended), as well as the methodology used in the calculation of the new charge for both the HDSB and HCDSB.

Next Steps:

Staff will present for consideration its recommendations to Trustees to phase in the incremental increases to the EDC rates in order to move toward the maximum rates established in 2021, as well as implement the mandatory exemptions.

Members of the public have the opportunity to delegate to the Board regarding the proposed amendments.

The Board is not required under the legislation to advertise a notice in the newspaper advising of a proposed amendment to its EDC By-law. Accordingly, the Board will notify the required agencies and others via email of the proposed amendments to the by-law and when the amending by-law will be considered for approval. These agencies include the Region of Halton and the local municipalities, co-terminous school boards, and the Minister. Staff will also notify BILD.

Below are the next steps in completing the implementation of the 2021 Education Development Charges By-law amendment:

Table 5: 2021 HDSB Amendment Milestones

DATE	ACTIONS
May 19, 2021	2021 Education Development Charges Amendment – Deferred Approval
June 2, 2021	2021 Education Development Charges Amendment – Passing
June 7, 2021	2021 Education Development Charges Amendment – Year 3 rates come into effect
July 4, 2021	2021 Education Development Charges Amendment – Year 4 rates come into effect

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Conclusion:

Both the Halton District School Board and the Halton Catholic District School Board have undertaken a review of their respective 2018 EDC by-laws and have concluded that an amendment is warranted to increase the residential and non-residential charges. This is to ensure the Boards continue to collect the maximum amount permitted under the legislation, and continue reducing the deficit. If approved by the Board of Trustees on June 2, 2021, the proposed amendments will come into effect on June 7, 2021, five (5) days following passing.

Respectfully submitted,

*Roxana Negoii
Superintendent of Business*

*Stuart Miller
Director of Education*

HALTON DISTRICT SCHOOL BOARD

EDUCATION DEVELOPMENT CHARGE AMENDING BY-LAW (2021)

A by-law to amend Education Development Charges By-law, 2018

WHEREAS the Halton District School Board enacted Education Development Charges By-law, 2018 on June 29, 2018;

AND WHEREAS Section 257.70 of the Education Act, R.S.O. 1990, c. E.2 (the “Act”), provides for amendments to education development charges by-laws;

AND WHEREAS the Halton District School Board requires amendments to Education Development Charges By-law, 2018;

AND WHEREAS in accordance with the Act, the background study for Education Development Charges By-law, 2018 has been made available to the public;

AND WHEREAS the Halton District School Board has made available to the public sufficient information to allow the public to understand the proposed amendments to Education Development Charges By-law, 2018;

AND WHEREAS the Halton District School Board has given notice of the proposed amendments to Education Development Charges By-law, 2018 in accordance with the Act and Ontario Regulation 20/98;

AND WHEREAS an opportunity was given to interested parties to provide comments and submissions to the Halton District School Board in respect of this amending by-law;

NOW THEREFORE, THE HALTON DISTRICT SCHOOL BOARD HEREBY ENACTS AS FOLLOWS:

1. Section 3 of Education Development Charges By-law, 2018 is hereby repealed and replaced with the following:
 - (1) Subject to subsections 3(2) to 3(6), inclusive, this by-law applies to all lands in the Region.
 - (2) This by-law shall not apply to lands that are owned by and are used for the purposes of:
 - (a) the Region or a local board thereof;
 - (b) a municipality or a local board thereof;
 - (c) a board as defined in section 257.53(1) of the Act;
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- (d) a public hospital receiving aid under the *Public Hospitals Act*, R.S.O. 1990, c. P.40;
 - (e) a place of worship owned by a religious organization that is exempt from taxation under the *Assessment Act* that is used primarily as a place of public worship;
 - (h) a cemetery or burying ground that is exempt from taxation under the *Assessment Act*; and
 - (i) Metrolinx.
- (3) Subject to subsection (4), an owner shall be exempt from education development charges if a development on its lands would construct, erect, or place a building or structure, or make an addition or alteration to a building or structure for one of the following purposes:
- (a) a private school;
 - (b) a long-term care home, as defined in the *Long-Term Care Homes Act, 2007*;
 - (c) a retirement home, as defined in the *Retirement Homes Act, 2010*;
 - (d) a hospice or other facility that provides palliative care services;
 - (e) a child care centre, as defined in the *Child Care and Early Years Act, 2014*;
 - (f) a memorial home, clubhouse or athletic grounds owned by the Royal Canadian Legion.
- (4) If only a portion of a building or structure, or an addition or alteration to a building or structure, referred to in subsection (3) will be used for a purpose identified in that subsection, only that portion of the building, structure, addition or alteration is exempt from an education development charge.
- (5) An owner shall be exempt from education development charges if the owner is,
- (a) a college of applied arts and technology established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*;
 - (b) a university that receives regular and ongoing operating funds from the Government of Ontario for the purposes of post-secondary education;
 - (c) an Indigenous Institute prescribed for the purposes of section 6 of the *Indigenous Institutes Act, 2017*;

(6) This by-law shall not apply to non-residential agricultural buildings or structures that are owned by and are used for the purposes of a bona fide farming operation.

2. Section 9 of Education Development Charges By-law, 2018 is hereby repealed and replaced with the following:

Subject to the provisions of this by-law, an education development charge per dwelling unit shall be imposed upon the designated categories of residential development and the designated residential uses of land, buildings or structures, including a dwelling unit accessory to a non-residential use, and, in the case of a mixed-use building or structure, upon the dwelling units in the mixed-use building or structure. The education development charge per dwelling unit shall be in the following amounts for the periods set out below:

- i) July 4, 2018 to May 19, 2019 - \$4,364.00;
- ii) May 20, 2019 to July 3, 2019 - \$4,664.00;
- iii) July 4, 2019 to June 6, 2021 - \$4,892.00;
- iv) June 7, 2021 to July 3, 2021 - \$5,192.00;
- v) July 4, 2021 to July 3, 2022 - \$5,492.00;
- vi) July 4, 2022 to July 3, 2023 - \$5,792.00.

3. Section 12 of Education Development Charges By-law, 2018 is hereby repealed and replaced with the following:

Subject to the provisions of this by-law, an education development charge per square foot of gross floor area of non-residential development shall be imposed upon the designated categories of non-residential development and the designated non-residential uses of land, buildings or structures and, in the case of a mixed use building or structure, upon the non-residential uses in the mixed-use building or structure. The education development charge per square foot of gross floor area shall be in the following amounts for the periods set out below:

- i) July 4, 2018 to June 6, 2021 - \$1.11;
- ii) June 7, 2021 to July 3, 2021 - \$1.21;
- iii) July 4, 2021 to July 3, 2022 - \$1.31;
- iv) July 4, 2022 to July 3, 2023 - \$1.41.

4. For greater certainty, Education Development Charges By-law, 2018, remains in full force and effect subject to the amendments thereto described in Sections 1, 2 and 3 of this amending by-law.

5. This amending by-law shall come into force on June 7, 2021.

ENACTED AND PASSED this 2nd day of June, 2021

Chairperson

Director of Education and Secretary

Halton Catholic District School Board & Halton District School Board 2018 Education Development Charge By-law

2021 Amendment

The Halton Catholic District School Board (HCDSB) passed an Education Development Charge (“EDC”) By-law on June 30, 2018 and the Halton District School Board (HDSB) passed an EDC By-law on June 29, 2018. Both EDC By-laws came into force on July 4, 2018. The by-laws replaced the 2013 EDC by-laws. The 2018 EDC by-laws were enacted at the rates in force under the 2013 by-laws of:

\$2,269.00 per residential dwelling unit and \$0.58 per square foot of non-residential gross floor area for the Halton Catholic District School Board and \$4,364.00 per residential dwelling unit and \$1.11 per square foot of non-residential gross floor area for the Halton District School Board.

During 2017/18 EDC renewal process, certain changes were made to the legislation that governs EDCs. In particular, the Minister of Education enacted Ontario Regulation 438/18, which effectively froze EDCs at the rates that were in effect on August 31, 2018.

In the Spring of 2019, further EDC legislative changes were made, with the inclusion of a provisional phase-in of proposed EDC rates. School boards could increase existing residential EDC rates per dwelling unit by \$300 or by 5% of the existing rate, whichever is greater. In addition, in the second year of the by-law and each subsequent year, the rate could increase a further \$300 or 5% of the previous year’s EDC rate. Similarly, a school board could also increase its non-residential EDC rate by 5% of the existing rate; in the second year of the by-law and each subsequent year, the non-residential rate could be increased by a further 5% of the previous year’s rate.

The ability to annually increase residential and non-residential EDC rates is subject to prescribed maximums, which are the proposed rates described in the Boards’ 2018 EDC Background Study of \$3,648 per dwelling unit and \$0.83 per square foot of non-residential gross floor area for the HCDSB and \$4,892 per dwelling unit and \$1.11 per square foot of non-residential gross floor area for the HDSB.

As a result, the Boards were permitted to increase residential EDC rates per dwelling unit by \$300 and their non-residential rates per square foot by 5% and did so by amending their EDC by-laws with new amended by-laws coming into force on May 19 and May 20, 2019 for the HCDSB and the HDSB, respectively. The amended bylaws with phased-in rates as well



as the proposed or 'maximum' rates are provided in the tables below. Table 1 sets out the amended rates and provide the annual permitted phased-in rates (assuming the annual increase of \$300 to the residential rate and 5% to the non-residential rate).

Table 1

HALTON CATHOLIC DISTRICT SCHOOL BOARD EDC PHASE-IN RATES							
	2018 EDC RATE	May 19, 2019 - July 3, 2019	July 4, 2019 - July 3, 2020	July 4, 2020 - July 3, 2021	July 4, 2021 - July 3, 2022	July 4, 2022 - July 3, 2023	PROPOSED RATE
RESIDENTIAL	\$ 2,269	\$ 2,569	\$ 2,869	\$ 3,169	\$ 3,469	\$ 3,648	\$ 3,648
NON-RESIDENTIAL	\$ 0.58	\$ 0.61	\$ 0.64	\$ 0.67	\$ 0.70	\$ 0.74	\$ 0.83

HALTON DISTRICT SCHOOL BOARD EDC PHASE-IN RATES							
	2018 EDC RATE	May 20, 2019 - July 3, 2019	July 4, 2019 - July 3, 2020	July 4, 2020 - July 3, 2021	July 4, 2021 - July 3, 2022	July 4, 2022 - July 3, 2023	PROPOSED RATE
RESIDENTIAL	\$ 4,364	\$ 4,664	\$ 4,892	\$ 4,892	\$ 4,892	\$ 4,892	\$ 4,892
NON-RESIDENTIAL	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11

In late 2019, after the school boards had amended their EDC bylaws, the Government implemented additional legislative changes which further amended the EDC Regulation, which is Ontario Regulation 20/98. One such change permitted the non-residential EDC rate to be increased annually by the greater of 5% or \$0.10 per square foot. Previously, the non-residential rate could only be increased by 5% annually. Table 2 outlines the permitted annual increases for both the residential and non-residential rates, incorporating the legislative changes. Note the table does not account for the proposed maximum rates identified in table 1 above.

Table 2

HCDSB						
EDC Permitted Phase-In Rates						
	2018 EDC Charge	Year 1	Year 2	Year 3	Year 4	Year 5
Residential Rate	\$ 2,269	\$ 2,569	\$ 2,869	\$ 3,169	\$ 3,469	\$ 3,769
Non-Residential Rate	\$ 0.58	\$ 0.68	\$ 0.78	\$ 0.88	\$ 0.98	\$ 1.08

HDSB						
EDC Permitted Phase-In Rates						
	2018 EDC Charge	Year 1	Year 2	Year 3	Year 4	Year 5
Residential Rate	\$ 4,364	\$ 4,664	\$ 4,964	\$ 5,264	\$ 5,564	\$ 5,864
Non-Residential Rate	\$ 1.11	\$ 1.21	\$ 1.31	\$ 1.41	\$ 1.51	\$ 1.52

At the time the legislation was changed, the HDSB was already at its non-residential maximum rate and this change would have no impact on its rate. The HCDSB, however, had a non-residential EDC rate that was phased-in on the premise of 5% annual increases rather than the now permitted increases of \$0.10 per year. As a result, in the Spring of 2020 the HCDSB considered an amendment to its EDC to include the new phase-in of non-residential rates.



As part of the amendment process and consistent with both Board's annual commitment to reviewing land value assumptions, an appraiser was retained by the Boards in 2020 and instructed to review the current land values compared to what was assumed in the 2018 EDC Background Study. The appraiser determined that values were indeed consistent with the 2018 EDC Background Study and did not require updating at that time. It was thus determined to move forward with an EDC amendment to incorporate the legislative changes to the non-residential phase-in (as well as other new legislative exemptions that will be discussed later in this report). The Board's would not be amending land values or the EDC 'maximum' rates as part of the amendments that were being considered. However, the COVID pandemic temporarily paused those proceedings and the considered EDC amendments were put on hold.

In the Winter of 2020, the School Boards determined that it was an appropriate time to re-consider the EDC amendments that were being contemplated in the Spring of 2020. The School Boards also concluded that market conditions and the time that had elapsed since the initial EDC amendment analysis necessitated an additional review of land values and hired the firm of Cushman and Wakefield to provide an update to the appraised per acre values contained in the Board's 2018 EDC Background Study.

Cushman and Wakefield prepared reports for each School Board and the reports have an effective date of January 1, 2021 and contain the methodologies, approach and background to the new appraised land values. Table 3 contains the new per acre land values by municipality and can be found below. A comparison to values used in the 2018 Background Study has also been included.

Table 3

Municipality	2018 EDC By-law	2021 EDC Amendment	2018-21 % Difference
Oakville	\$ 2,370,000	\$ 2,830,000	19%
Milton	\$ 1,810,000	\$ 2,320,000	28%
Halton Hills	\$ 1,590,000	\$ 2,020,000	27%

The original land values in the 2018 EDC Background Study were \$2.37M per acre in Oakville, \$1.8M per acre in Milton and \$1.59M in Halton Hills. The land values used in the 2021 EDC Amendment are approximately 19% higher in Oakville, 28% higher in the Town of Milton and 27% in Halton Hills. In addition to providing updated land values, the appraiser also provided an updated land escalation factor that is used to adjust the price of land (for the term of the EDC bylaw only). The annual land escalation factor used in the 2018 EDC was 4% and the new factor used in the 2021 amendment is 5% per annum.

The Board's EDC consultant recalculated the EDC rates, incorporating the increases to the aforementioned land values as well as updating each Board's EDC reserve fund to reflect current balances. The analysis resulted in an increase to the proposed or 'maximum' rates



that were set out in the 2018 EDC Background Study. The new proposed ‘maximum’ rates are included in Table 4 and compared with the 2018 EDC ‘maximum’ rates. The new proposed ‘maximum’ rates increased by approximately 43%-46% for the HCDSB and by approximately 34%-37% for the HDSB, largely because of the increase in land values.

Table 4

School Board	2018 Proposed Maximum EDC Rates	2021 Proposed Maximum EDC Amended Rates
HCDSB Residential	\$ 3,648	\$ 5,215
HCDSB Non-Residential	\$ 0.83	\$ 1.21
HDSB Residential	\$ 4,892	\$ 6,539
HDSB Non-Residential	\$ 1.11	\$ 1.52

Utilizing the existing EDC maximum rates and considering the legislative provisions available in 2019, the HCDSB would reach their EDC residential maximum rate of \$3,648 and a maximum non-residential rate of \$0.74 in year 5 of the bylaw (Table 1). The HDSB has already reached the ‘maximum’ residential and non-residential rates as per the 2018 EDC study of \$4,892 on the residential rate and \$1.11 on the non-residential rate (Table 1).

The new proposed ‘maximum’ rates would not impact the legislated permitted phase-in of rates identified earlier in this report (i.e., \$300 residential maximum per year (or 5%) and \$0.10 non-residential maximum per year (or 5%)). The ‘maximum’ rates are only applicable in situations where the EDC rates reach the ‘maximum’ rate prior to the permitted phase-in rate. For example, in the case of the HDSB the legislated phased-in residential rates could reach as high as \$5,864 by year 5 of the bylaw (Table 2) however are currently capped at \$4,892 – the existing ‘maximum’ rate. The new amended proposed ‘maximum’ rate of \$6,539 would allow the Board to charge the full phased-in EDC residential rates permitted under the legislation.

The Boards are thus proposing to amend their EDC by-laws to increase the ‘maximum’ rates. Table 5 outlines the proposed phase-in of EDC rates based on the new ‘maximum’ rates and phase-in rates consistent with the most recent EDC legislation. The HCDSB residential EDC rate would remain unchanged from the current rate of \$3,169 and would be consistent with the existing phase-in rates until year 5 of the bylaw where the rate could then increase to \$3,769 compared with the existing cap of \$3,648 in year 5. For the non-residential rate, the existing rate of \$0.67 per square foot of gross floor area could be increased to \$0.74 for year 3 of the bylaw and then increasing to \$0.84 for year 4 and \$0.94 for the final year of the bylaw.

For the HDSB, the existing residential rate of \$4,892 could be increased to \$5,192 for year 3 of the bylaw and then \$5,492 for year 4 and \$5,792 for the final year. The existing non-residential EDC rate for the HDSB is \$1.11 and could be increased to \$1.21 for year 3 of the bylaw and then \$1.31 for year 4 of the bylaw and \$1.51 for year 5.



Table 5

HCDSB							
Proposed EDC Phase-In Rates							
	Existing Rate 2020/21	Year 1	Year 2	Year 3	Year 4	Year 5	New Proposed Maximum Rate
				June 6, 2021 - July 3, 2021	July 4, 2021 - July 3, 2022	July 4, 2022 - July 3, 2023	
Residential	\$ 3,169			\$ 3,169	\$ 3,469	\$ 3,769	\$ 5,215
Non-Residential	\$ 0.67			\$ 0.74	\$ 0.84	\$ 0.94	\$ 1.21
HDSB							
Proposed EDC Phase-In Rates							
	Existing Rate 2020/21	Year 1	Year 2	Year 3	Year 4	Year 5	New Proposed Maximum Rate
				June 7, 2021 - July 3, 2021	July 4, 2021 - July 3, 2022	July 4, 2022 - July 3, 2023	
Residential	\$ 4,892			\$ 5,192	\$ 5,492	\$ 5,792	\$ 6,539
Non-Residential	\$ 1.11			\$ 1.21	\$ 1.31	\$ 1.41	\$ 1.52

In addition to amending the EDC bylaws to increase the ‘maximum’ charge and permit greater annual increases to the EDC rates, Board staff are also proposing an amendment to incorporate additional EDC exemptions that were included as part of the legislative changes referenced earlier in this report. The changes to the EDC Regulation implemented several mandatory exemptions from EDCs. Those exemptions are as follows:

- (i) private school;
- (ii) long-term care home, as defined in the *Long-Term Care Homes Act, 2007*;
- (iii) retirement home, as defined in the *Retirement Homes Act, 2010*;
- (iv) hospice or other facility that provides palliative care services;
- (v) child care centre, as defined in the *Child Care and Early Years Act, 2014*;
- (vi) memorial home, clubhouse or athletic grounds owned by the Royal Canadian Legion;
- (vii) college of applied arts and technology established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*;
- (viii) university that receives regular and ongoing operating funds from the Government of Ontario for the purposes of post-secondary education;
- (ix) Indigenous Institute prescribed for the purposes of section 6 of the *Indigenous Institutes Act, 2017*.



Certain ownership requirements apply to the exemptions listed in clauses (vii), (viii) and (ix) above.

Board staff are preparing information reports for their respective Board of Trustees recommending that the Boards amend their 2018 EDC by-laws to implement the changes described above. All dates provided below are tentative and due to the recent COVID-19 measures could change or be postponed.

HCDSB staff intends to present their report to their Board of Trustees on May 18, 2021, which will recommend that the Board enact an amending by-law on June 1, 2021. Should the Board pass an amending EDC by-law as recommended, such by-law would come into force on the fifth day after it is passed, with collection of the increased rates commencing on June 7, 2021 (5 days after the bylaw is June 6 which is a Sunday).

HDSB staff intends to present their report to their Board of Trustees on May 19, 2021, which will recommend that the Board enact an amending by-law on June 2, 2021. Should the Board pass an amending EDC by-law as recommended, such by-law would come into force on the fifth day after it is passed (June 7, 2021).

If there are any questions or comments, please advise Board staff as soon as possible. Contacts for the school board are provided below:

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