

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 reconsider 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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