



COMMITTEE OF THE WHOLE
Report No. 24-024

5 March 2024

Adoption of Education Development Charges By-law (2024-2029)

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PURPOSE:

1. To obtain Board approval for the adoption of the Education Development Charges (EDC) By-law attached as Appendix A, for implementation within the jurisdiction of the Ottawa-Carleton District School Board, effective 1 April 2024.

STRATEGIC LINKS:

2. Responsible resource use is one of the Board's four key value statements within the 2023-2027 Strategic Plan. Education Development Charges play a role in student accommodation and the effective management of enrolment pressures. Managing these issues properly contributes to student success and staff well-being.

CONTEXT:

3. Under the Ministry's education funding formula, the collection of EDCs is the main source of funding for growth-related net education land costs. These are costs incurred by a District to acquire and prepare land as a result of the need to build new schools in areas of new development. The province's capital funding formula does not include a separate per-pupil grant to fund the purchase of new school sites required due to enrolment growth attributable to additional residential development.

On 26 March 2019, the OCDSB adopted EDC By-law No. 01-2019. This By-law served to implement the collection of EDCs across the jurisdiction on 1 April 2019. The By-law was subsequently amended on 24 June 2019. The Board's EDC By-law is currently in force, but scheduled to expire on 31 March 2024. The current EDC rates are \$787.00 per new residential unit and \$0.58 per new square foot of non-residential development.

Revenue generated for the District through the collection of EDCs is estimated to be in the order of \$42.5 million at the time of the By-law's expiry. This revenue has served to fund the purchase of seven elementary school sites and two secondary school sites, as well as site preparation costs for a number of projects.

The OCDSB continues to experience accommodation pressures in growth areas of the District. It is expected that these pressures will continue over the course of the next 15 years. As such, the continuation of the collection of EDCs is an important strategic consideration.

In order to continue to collect EDCs after 31 March 2024, the Board was required to initiate a study to consider the adoption and implementation of a new By-law. In June 2023 the OCDSB (and its three coterminous local school boards) retained Quadrant Advisory Group Limited to assist staff in completing the process.

As part of the EDC By-law renewal process, staff has reported to trustees on a number of previous occasions:

- i. On 19 May 2023: Memorandum No. 23-032 Education Development Charges By-law 2024 By-law Renewal Update, regarding the process and work plan involved in the consideration of a new EDC By-law and the need to hire a consultant to assist staff with the required work;
- ii. On 27 October 2023: Memorandum No. 23-072 Education Development Charges By-law, Background Study, regarding the steps to complete the Background Study and associated By-law renewal adoption timeline;
- iii. On 21 November 2023: Report No. 23-083 Education Development Charges Policy Statement – Efficiencies in Taking Land for School Sites, presented at Committee of the Whole, regarding recent legislative initiatives respecting efficiencies in taking land for school sites within a new 2024 EDC By-law;
- iv. On 11 January 2024: Memorandum No. 24-001 Education Development Charges Background Study 2024, regarding the completion of the Board's 2024 Background Study;
- v. On 16 January 2024: Report No. 24-001 Education Development Charges – Existing By-law Policy Review, presented at the Special Committee of the Whole meeting regarding a review of the policies of the existing EDC By-law; and
- vi. On 16 January 2024: Report No. 24-002 New Education Development Charges By-law (2024-2029), presented at the Special Committee of the Whole meeting regarding the completion of an EDC Background Study and implementation of a new By-law.

KEY CONSIDERATIONS:

4. Education Development Charges Background Study 2024

The legislatively required Education Development Charges Background Study has been completed. The study was submitted for approval to the Ministry of Education on 4 December 2023. As per the requirements of the legislation,

copies of the study were forwarded to the three coterminous school boards and made available to members of the public.

The Background Study includes the identification of 24 new elementary school sites and five secondary school sites during the fifteen-year review period.

These sites are generally located in areas of the District where accommodation pressures exist and where ground-oriented residential development is forecasted to continue to be strong over the next 15 years. Suburban growth areas where sites are required outside of the greenbelt include Kanata, Stittsville (Fernbank), South Nepean, Riverside South, Findlay Creek, Orleans and Tewin.

The study also includes the identification of sites in a number of rural locations (the Villages of Greely, Manotick and Richmond) and one urban location (Wateridge Village – Rockcliffe).

As per the appraised estimate of land values completed by Altus Group of Ottawa and assumptions regarding future site preparation costs, the above-noted new school site requirements result in a total growth-related net education land cost of \$274,162,769 (including associated study costs and forecasted financial obligations) which is to be funded over the 15-year projection period.

5. **Key Policy Recommendations in Proposed By-law**

The proposed EDC By-law reflects key policy recommendations outlined below, developed by staff, the consultant, and legal counsel. Topics include:

- By-law term;
- Non-statutory exemptions (residential and non-residential);
- Differentiated EDC rates;
- Residential/Non-residential shares;
- Demolition and conversion credits; and
- EDC rates

6. By-law Term

The proposed By-law covers a 5-year term, which is the maximum length of time permitted under the *Education Act*. This term also provides flexibility, as the Board can amend the By-law or pass a new By-law at an earlier time should it be required.

7. Non-Statutory Residential Exemptions

The proposed By-law does not include any residential exemptions other than those that are statutorily required, as there is no funding source to absorb the cost of providing non-statutory exemptions. Furthermore, non-statutory exemptions complicate By-law administration and collecting of the charge, and the ability to treat all development applications in a fair and equitable manner.

The proposed 2024 By-law does not exempt secondary dwelling units which are “ancillary to” the principal residence, as these are not exempt under the legislation. Exempting secondary ancillary units has the potential to increase the unfunded land cost.

8. Non-Statutory Non-Residential Exemptions

The proposed By-law carries forward the discretionary non-residential non-statutory exemptions that have historically been included in OCDSB EDC By-laws. These include places of worship and cemeteries (if exempt under Section 3 of the *Assessment Act*), farm buildings and farm retirement lots.

All four local school boards have chosen to limit the inclusion of additional non-statutory exemptions given the revenue impact and the challenge it would present in determining which organizations to exempt.

9. Differentiated EDC Rates

There were questions raised at the public meeting by a trustee regarding a differentiated rate for different residential units. Our advice, and that of our consultant, remains that a blended (uniform) residential rate is preferred.

To differentiate would be to step away from our past practice. All of the EDC By-laws implemented within the Ottawa-Carleton area since 1992 have utilized a uniform residential rate. Similarly, any district eligible for an EDC By-law in Ontario has implemented one standard residential rate.

Our concern with regard to differentiated rates is twofold:

First, a differentiated rate means that intake into the fund cannot be accurately predicted. If more apartments are constructed, we run the risk of going further into deficit than we would like to see for the EDC fund. If more singles are built, we will take in more to the account, but being in a surplus could jeopardize our ability to pass a subsequent by-law.

Second, staff and our consultant recommend a blended rate because the local Home Builders Association has always concurred with a blended approach, and a one-rate residential structure simplifies administration for the City of Ottawa which administers fee remittance.

Staff has considered the comments made at the last meeting and is still firmly recommending one blended rate for residential development.

10. Residential/Non-Residential Shares

As outlined in the proposed By-law, it is recommended to maintain recovery of 80% of the net education cost from residential development and 20% of the costs from non-residential development. This ratio, which was initially adopted as part of the 2014 By-law, enables the Board to mitigate any further revenue loss due to the legislative cap.

11. Demolition and Conversion Credits

The proposed By-law carries forward historical practices related to the demolition grace period and conversion credits. It contains a 2-year demolition grace period for residential uses, a 5-year demolition grace period for non-residential uses and does not contemplate granting conversion credits.

12. EDC Rates

The background study contains a calculated EDC of \$1,988 per new residential unit and \$1.76 per new square foot of non-residential development.

The EDC rates, as presented in the proposed By-law, are shown below. These rates reflect the legislative caps in place, which limit the annual increase to the greater of \$300 or 5% per residential unit and \$0.10 per square foot or 5% per square foot of non-residential gross floor area.

	Existing In-force By-law EDC Rates	Year 1 Proposed EDC Rates (April 1, 2024 to March 31, 2025)	Year 2 Proposed EDC Rates (April 1, 2025 to March 31, 2026)	Year 3 Proposed EDC Rates (April 1, 2026 to March 31, 2027)	Year 4 Proposed EDC Rates (April 1, 2027 to March 31, 2028)	Year 5 Proposed EDC Rates (April 1, 2028 to March 31, 2029)
Residential EDC rate per dwelling unit	\$787	\$1,087	\$1,387	\$1,687	\$1,987	\$1,988
Non-residential EDC rate per sq. ft. GFA	\$0.58	\$0.68	\$0.78	\$0.88	\$0.98	\$1.08

13. **Summary**

The District needs to approve a successor new EDC By-law in order to ensure that it will continue to collect EDCs in the future.

Staff is recommending the adoption of EDC By-law No. 01-2024 (attached as Appendix A). The proposed By-law was prepared by our solicitor, in consultation with Planning staff, our three coterminous school boards and our consultant, Quadrant Advisory Group Limited.

Should the new By-law be adopted by the Board, it would come into force on 1 April 2024. The By-law would implement the charges as noted in the table above.

The key policy decisions which shaped the charges contained in the existing EDC By-law remain unchanged in the recommended new By-law.

In accordance with Section 257.63 (3) of the *Education Act*, the Board may choose to hold additional public meetings to consider any changes to the proposed new EDC By-law arising from discussions at the 16 January 2024

public meetings. Given the opportunities for providing input within the consultative process and the fact that there are no material changes proposed to the recommended By-law, staff is recommending that the Board confirm that another public meeting is not required.

Ministry approval of the Board's estimates used to determine growth-related net education land costs was received on (still waiting for the Ministry).

RESOURCE IMPLICATIONS:

14. The collection of EDCs is the main source of funding for costs incurred by the District to acquire land or prepare sites as a result of the need to build new pupil places due to growth.

Without the implementation of EDCs the above costs would have to be funded via operating reserves and/or proceeds of disposition.

COMMUNICATION/CONSULTATION ISSUES:

15. In order to consider the adoption and implementation of a new EDC By-law the Board is required to follow a legislatively governed consultative process. This process includes the holding of a minimum of two public meetings and provision of formal notice of each.

In early November 2023 the Board's website was updated to include a page related to the proposed new EDC By-law process. Included on the webpage was a section providing members of the public with an opportunity to submit their questions and/or comments. No feedback was received.

16. Development Stakeholder Consultation
On 15 August 2023, staff representing the four coterminous Ottawa area school boards held a consultation meeting with development community stakeholders to discuss the process involved in implementing a new EDC By-law.

Among the issues discussed were recent legislative changes to the EDC framework, the municipal development forecast, each Board's EDC process and timelines and the geographic scope of a possible new charge.

17. Legislatively Required Public Meetings
As per the requirements of the legislation, the Board held two Special Committee of the Whole Public Meetings on the evening of 16 January 2024.

The first meeting was convened in order to review the policies contained within the Board's existing Education Development Charges By-law. A background document pertaining to this review was included in the EDC Background Study which was completed and made available to members of the public two weeks in advance of the scheduled meeting. Notice of the meeting was published in the Ottawa Citizen newspaper on 15 December 2023. There were no requests for delegations at the 16 January 2024 policy review meeting.

Immediately after the completion of the first public meeting and in accordance with Section 257.63 of the *Education Act*, the Board held a second Special Committee of the Whole Public Meeting that same evening. This meeting was held to inform and allow the public to make representation regarding the proposed new EDC By-law. Notice of the Public Meeting was published in the Ottawa Citizen newspaper on 15 December 2023.

The public meeting notice published in the Citizen included a variety of mediums for comment and correspondence regarding the Board's EDC proposal. In addition, the notice was posted on the Board's website. There were no requests for delegations at the 16 January 2024 successor By-law public meeting.

RECOMMENDATIONS:

- A. THAT the Board confirm that an additional public meeting under 257.63 (3) of the *Education Act* is not required prior to the adoption of the Ottawa-Carleton District School Board's Education Development Charges By-law No. 01-2024;
- B. THAT the Board approve the Ottawa-Carleton District School Board's Education Development Charges Background Study, dated 15 February 2024, for the purpose of adopting the Board's Education Development Charges By-law No. 01-2024;
- C. THAT the Board set the residential and non-residential rates as shown in sections six and nine respectively of the proposed By-law;
- D. THAT the Board approve the Ottawa-Carleton District School Board's Education Development Charges By-law No. 01-2024 (attached as Appendix A to Report 24-024) and such By-law shall be effective 1 April 2024, and authorize staff to undertake steps regarding its implementation and administration.

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Pino Buffone
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Appendix A Education Development Charges By-law No. 01-2024