

**YORK REGION DISTRICT SCHOOL
BOARD**

**CONSIDERATION OF AN
EDUCATION DEVELOPMENT
CHARGE AMENDMENT**

BACKGROUND REPORT

**REVISED WITH ADDENDUM ON
NOVEMBER 24, 2016**

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 **Planning for growth**

FOREWORD

The following report is an addendum to the original York Region District School Board EDC Amendment Background Report dated November 2, 2016. The reason for this addendum is to account for changes and revisions that have been made to the analysis contained in the original November 2nd study. The primary reasons for the revisions was to update the Board's reserve fund balance and to update certain land values.

The changes to the analysis had the effect of decreasing the proposed amending EDC rate. The original proposed EDC charge for the York Region District School Board (as per the November 2nd report) was \$5,909 per residential unit and \$0.98 per square foot of GFA for the non-residential charge. The revised proposed charge is \$5,416 per residential unit and \$0.90 per square foot of GFA for the non-residential charge.

All pages which have been revised have been included as part of this addendum.

1. EDUCATION DEVELOPMENT CHARGE AMENDMENT

1. EDUCATION DEVELOPMENT CHARGE AMENDMENT

1.1 The Education Development Charge Amendment Process

Education Development Charges (EDC's) are a revenue source, for school boards that qualify, to purchase and develop land for growth related schools. EDC's are based on a formulaic approach which focuses on three main areas – enrolment forecasting to determine need, the number of school sites necessary to accommodate that need and a determination of the estimated costs. The *Education Act* and Ontario Regulation 20/98 provide the direction, methodology and guidelines necessary for a school board to pass an EDC by-law.

The *Education Act* stipulates that an EDC by-law can have a maximum term of 5 years and that school boards can amend their by-laws within that period, should they choose to do so. Under the *Education Act*, a Board can amend a by-law only **once** in a **one year** period if the amendment would;

- A. Increase the quantum of the charge.
- B. Remove or reduce the scope of an exemption.
- C. Extend the term of the by-law.

It is the York Region District School Board's (YRDSB) intention to amend its current Education Development Charge by-law. The amendment would serve to increase the quantum of the charge to reflect the increasing costs related to the purchasing of land for new school sites in the Region of York.

1.2 BACKGROUND

The York Region District School Board's current and in-force EDC by-law was passed on June 9, 2014, came into effect on July 1, 2014 and is applicable to the entire Region of York. The charge at the time of passage was \$3,349 per residential dwelling unit and \$0.58 per square foot of gross floor area (GFA) for non-residential development. The residential and non-residential allocation at the time of passage was 90% of the costs charged to residential development and 10% to non-residential development.

Since inception of the original by-law, the price of land in York Region has increased significantly and current land values continue to outpace the appraisals and escalation assumptions contained

in the EDC Background Study. To keep pace with rising land costs, board staff proposed that an amendment to the EDC by-law be considered. To that end, the Board engaged Cushman & Wakefield to re-evaluate the EDC eligible school sites and provide updated appraisals. The updated appraisals confirmed the increase in land values and the YRDSB began the process of amending its EDC by-law.

1.3 THE PROCESS

The EDC amendment is being proposed to revise/adjust the land values used in the 2014 EDC by-law to better reflect the actual cost of land in the Region of York. Amending the current bylaw would help ensure that the Board has sufficient revenues to purchase future school sites.

In the amendment process, it is important to note that there are no changes or revisions made to the inherent assumptions or calculations on which the original study is based and which the Minister of Education has approved (ie. enrolment projections from new development and the number of required school sites). The Ministry of Education's EDC Guidelines state that, "The EDC Regulation specifies that adjustments to the original calculation are to be made by a board amending the quantum of the EDC. This provision requires boards to make 'necessary modifications' to the application of section 7 of the EDC Regulation when determining an amended EDC."

When revising land costs in the EDC amendment process, school boards typically have two options available to them; they can use historical purchases as a basis or use a qualified appraiser to provide updated current values. In this case, the Board engaged the same valuation firm that completed the original appraisals as part of the 2014 EDC Study. Cushman & Wakefield re-appraised all the sites contained in the 2014 study (with the exception of sites that had been purchased or in respect of which option agreements setting out a purchase price had been entered into).

The appraisal report prepared by Cushman & Wakefield has an effective date of September 1, 2016 and contains the methodologies, approach and background to the new appraised land values. A table has been provided on the following page that shows the average price per acre in each municipality where updated appraisals were completed. Appraisals were completed on a site by site basis and per site values can be found in both the appraisal report as well as in the updated Ministry forms found at the end of this document.

**YORK REGION DISTRICT SCHOOL BOARD
2016 EDC BYLAW SITE APPRAISAL
APPRAISAL SUMMARY BY MUNICIPALITY**

Municipality	2016 Per Acre Value	
Aurora	N/A	
East Gwillimbury	\$	1,867,983
Georgina	\$	1,187,000
King	N/A	
Markham	\$	3,902,968
Newmarket	\$	1,812,500
Richmond Hill	\$	3,417,833
Vaughan	\$	3,666,364
Whitchurch-Stouffville	\$	1,989,000

The average per acre value for the EDC eligible sites that were appraised in the 2014 EDC Background Study (Based on Form G) was approximately \$1.35 million per acre with site values ranging from \$532,000 per acre to \$2.6 million per acre. The new appraised land values used for the 2016 EDC Amendment (Based on Form G) analysis averaged just below \$3 million per acre – an increase in the average per acre price of approximately 122%. In addition, the per acre site values in the 2016 appraisals ranged from \$1.2 million to \$5.2 million. In addition to providing updated land values, the appraiser also reviewed the land escalation factor assumptions that are used to inflate the price of land for appraised sites. The annual land escalation factor has remained unchanged from the 5% escalator used in the 2014 EDC Study.

As part of the EDC Amendment process, the EDC reserve fund balance must also be updated to reflect any expenditures or collections that have been made since the new by-law came into force. The Board's Finance Department provided an updated reserve fund balance based on actual expenditures and collections that the Board has made since July 1, 2014. This was based on both the Ministry of Education Appendix D1/D2 submissions (which track all EDC collections and expenditures) to September 2015 and Board records from September 2015 to the current date.

The Board's EDC reserve fund balance, for the purposes of calculating an amended EDC rate has been estimated at **\$-63,644,189** (ie. a deficit of \$63,644,189).

The final step in the process is to make adjustments to the residential and non-residential development forecast to account for the actual collections/expenditures that have taken place since the original bylaw and for which the reserve fund balance has been adjusted. The actual number of residential building permits and square footage of non-residential permits for which EDC's have been paid, have been removed from the original EDC forecasts. According to Board records, there have been a total of approximately 14,717 residential permits and 6,075,778 square feet of non-residential space permits for which EDC's have been collected. The original EDC forecast in 2014 had projected a total of 142,410 residential permits and 91,450,978 square feet of non-residential space permits over the 15 year forecast period. Therefore, the new adjusted residential units for the purposes of calculating the amending EDC rate are 127,693 and the new adjusted non-residential square foot forecast is 85,375,200 (both are for the remainder of the forecast period, now 13 years). This information is outlined in Form H1 at the end of this document.

1.4 FINDINGS

The EDC is meant to recover funds to pay for the **total growth-related net education land costs**. These total growth-related education land costs include the costs to acquire land, develop land and all associated study and financing costs. The increase in the price of land and the revisions made to the estimated costs in the EDC has resulted in the total growth-related education land costs increasing.

The total growth-related education land costs in the proposed EDC amendment total \$768,475,362. This represents an increase of \$238,531,414 or 45% from the total growth-related education land costs contained in the 2014 EDC Study.

Based on the above findings, the proposed new residential charge is **\$5,416** per dwelling unit compared with the existing charge of \$3,349. The increase in the charge is \$2,067 for the residential component. For the non-residential component, the new proposed charge is **\$0.90** per square foot of gross floor area. This is an increase of \$0.32 from the existing non-residential charge of \$0.58 per square foot.

A revised Form G and Form H1 can be found at the end of this document. Form G identifies the Board's EDC eligible school sites and the revised education land costs. Form H1 summarizes

the total costs, allocations between residential and non-residential development, the adjusted residential units and non-residential square footage and the quantum of each charge.

The York Region District School Board held a public meetings, as advertised on November 22, 2016 and will consider passage of the Education Development Charge Amendment at a Board meeting on December 13, 2016. Official notice of the proposed amendment has been provided by the Board.

York Region District School Board
Education Development Charges Submission - 2016 Amendment
Form G - Growth-Related Net Education Land Costs

ELEMENTARY PANEL

Review Area	Site Status (Optioned, Purchased, Reserved, Etc.)	Proposed Year Of Acquisition	Site Location/ Facility Type	Net Growth- Related Pupil Place Requirements	Proposed School Capacity	Percent of Capacity tributed to Net Grow Related Pupil Place Requirements	Total Number of Acres Required (Footnote Oversized Sites) *	Acreege To Be Funded in EDC By-Law Period	Cost Per Acre	Education Land Costs	Eligible Site Preparation Costs	Land Escalation Costs	Less Previously Financed From Current EDC	Financing Costs	Total Education Land Costs
PE01B	Optioned	2017	Elementary School Site	70	601	11.65%	6.10	0.71	\$ 768,599	\$ 546,076	\$ 64,915	-\$ 0		\$ 62,681	\$ 673,672
PE02	Owned	2013	Elementary School Site	615	615	100.00%	6.00	6.00	\$ -	\$ -	\$ 520,394	\$ -	-\$ 16,009	\$ 53,387	\$ 557,772
PE02	Optioned	2018	Elementary School Site	121	615	19.67%	6.00	1.18	\$ 653,777	\$ 771,776	\$ 110,231	\$ 0		\$ 90,485	\$ 972,492
PE03A	Designated	2019	Elementary School Site	591	615	96.10%	6.00	5.77	\$ 2,400,000	\$ 13,838,049	\$ 515,470	\$ 0		\$ 1,472,526	\$ 15,826,045
PE04A	Designated	2018	Elementary School Site	615	615	100.00%	5.00	5.00	\$ 5,225,000	\$ 26,125,000	\$ 466,887	\$ 2,677,813		\$ 3,002,775	\$ 32,272,475
PE04A	Designated	2024	Elementary School Site	499	615	81.14%	5.00	4.06	\$ 5,225,000	\$ 21,197,358	\$ 431,661	\$ 3,341,234		\$ 2,561,695	\$ 27,531,948
PE04B	Owned	2014	Elementary School Site	615	615	100.00%	6.00	6.00	\$ -	\$ -	\$ 536,403	\$ -		\$ 55,030	\$ 591,433
PE04B	Designated	2020	Elementary School Site	615	615	100.00%	6.00	6.00	\$ 3,077,500	\$ 18,465,000	\$ 585,187	\$ 2,910,546		\$ 2,252,949	\$ 24,213,682
PE04B			Accommodated In Existing Facilities	140							\$ -				
PE06	Designated	2027	Elementary School Site	235	615	38.21%	7.00	2.67	\$ 5,225,000	\$ 13,975,813	\$ 303,802	\$ 2,202,938		\$ 1,690,943	\$ 18,173,496
PE07A	Designated	2021	Elementary School Site	537	615	87.32%	6.00	5.24	\$ 1,812,500	\$ 9,495,732	\$ 478,676	\$ 1,496,765		\$ 1,176,826	\$ 12,647,999
PE08A	Owned	2015	Elementary School Site	440	615	71.54%	5.90	4.22	\$ -	\$ -	\$ 377,372	\$ -		\$ 38,715	\$ 416,087
PE09	Designated	2017	Elementary School Site	615	615	100.00%	7.00	7.00	\$ 3,421,500	\$ 23,950,500	\$ 639,571	\$ 1,197,525		\$ 2,645,547	\$ 28,433,143
PE09	Designated	2023	Elementary School Site	335	615	54.47%	7.00	3.81	\$ 3,421,500	\$ 13,046,207	\$ 396,976	\$ 2,056,408		\$ 1,590,101	\$ 17,089,692
PE10D	Designated	2017	Elementary School Site	615	615	100.00%	6.00	6.00	\$ 3,421,500	\$ 20,529,000	\$ 548,204	\$ 1,026,450		\$ 2,267,611	\$ 24,371,265
PE10D	Designated	2025	Elementary School Site	253	615	41.14%	6.00	2.47	\$ 3,410,500	\$ 8,418,112	\$ 268,408	\$ 1,326,905		\$ 1,027,276	\$ 11,040,701
PE11A	Designated	2026	Elementary School Site	279	615	45.37%	7.00	3.18	\$ 1,187,000	\$ 3,769,449	\$ 352,920	\$ 594,159		\$ 483,868	\$ 5,200,396
PE11B	Designated	2028	Elementary School Site	121	615	19.67%	7.00	1.38	\$ 1,187,000	\$ 1,634,779	\$ 159,867	\$ 257,682		\$ 210,548	\$ 2,262,876
PE12	Optioned	2018	Elementary School Site	615	615	100.00%	7.00	7.00	\$ 1,200,000	\$ 8,400,000	\$ 653,642	\$ 861,000		\$ 1,017,142	\$ 10,931,784
PE12	Designated	2020	Elementary School Site	615	615	100.00%	7.00	7.00	\$ 1,864,000	\$ 13,048,000	\$ 682,718	\$ 2,056,691		\$ 1,619,629	\$ 17,407,038
PE12	Designated	2022	Elementary School Site	615	615	100.00%	7.00	7.00	\$ 1,872,000	\$ 13,104,000	\$ 713,089	\$ 2,065,518		\$ 1,629,395	\$ 17,512,002
PE12	Designated	2024	Elementary School Site	615	615	100.00%	7.00	7.00	\$ 1,864,000	\$ 13,048,000	\$ 744,810	\$ 2,056,691		\$ 1,625,999	\$ 17,475,500
PE12	Designated	2028	Elementary School Site	314	615	51.06%	7.00	3.57	\$ 1,872,000	\$ 6,690,498	\$ 414,862	\$ 1,054,590		\$ 837,128	\$ 8,997,078
PE13	Designated	2016	Elementary School Site	615	615	100.00%	6.00	6.00	\$ 1,989,000	\$ 11,934,000	\$ 536,403	\$ -		\$ 1,279,337	\$ 13,749,740

York Region District School Board
Education Development Charges Submission - 2016 Amendment
Form G - Growth-Related Net Education Land Costs

ELEMENTARY PANEL

	Review	Site Status (Optioned, Purchased, Reserved, Etc.)	Proposed Year Of Acquisition	Site Location/ Facility Type	Net Growth- Related Pupil Place Requirements	Proposed School Capacity	Percent of Capacity tributed to Net Grow Related Pupil Place Requirements	Total Number of Acres Required (Footnote Oversized Sites) *	Acreage To Be Funded in EDC By-Law Period	Cost Per Acre	Education Land Costs	Eligible Site Preparation Costs	Land Escalation Costs	Less Previously Financed From Current EDC	Financing Costs	Total Education Land Costs
	PE13	TBD	2018	Elementary School Site	615	615	100.00%	7.00	7.00	\$ 1,989,000	\$ 13,923,000	\$ 653,642	\$ 1,427,108		\$ 1,641,823	\$ 17,645,573
	PE13			Accommodated In Existing Facilities	166							\$ -				
	PE14	Owned	2013	Elementary School Site	615	615	100.00%	6.00	6.00	\$ -	\$ -	\$ 482,614	\$ -	-\$ 53,789	\$ 49,511	\$ 478,336
	PE14	Owned	2014	Elementary School Site	615	615	100.00%	6.00	6.00	\$ -	\$ -	\$ 536,403	\$ -		\$ 55,030	\$ 591,433
	PE14	Designated	2018	Elementary School Site	615	615	100.00%	6.00	6.00	\$ 4,186,000	\$ 25,116,000	\$ 560,264	\$ 2,574,390		\$ 2,898,231	\$ 31,148,885
	PE14	Designated	2020	Elementary School Site	615	615	100.00%	6.00	6.00	\$ 4,186,000	\$ 25,116,000	\$ 585,187	\$ 3,958,910		\$ 3,042,826	\$ 32,702,923
	PE14	TBD	2022	Elementary School Site	615	615	100.00%	7.00	7.00	\$ 3,297,500	\$ 23,082,500	\$ 713,089	\$ 3,638,379		\$ 2,814,448	\$ 30,248,416
	PE14	TBD	2024	Elementary School Site	615	615	100.00%	7.00	7.00	\$ 3,297,500	\$ 23,082,500	\$ 744,810	\$ 3,638,379		\$ 2,817,702	\$ 30,283,391
	PE14	TBD	2026	Elementary School Site	108	615	17.60%	7.00	1.23	\$ 3,297,500	\$ 4,062,895	\$ 136,930	\$ 640,414		\$ 496,560	\$ 5,336,799
	PE15A	Designated/Optioned	2018	Elementary School Site	584	615	95.00%	6.00	5.70	\$ 2,468,794	\$ 14,072,126	\$ 532,251	\$ 1,442,393		\$ 1,646,236	\$ 17,693,006
	Total:				15,864	19,666		204.00	160.19		\$ 370,442,369	\$ 15,447,658	\$ 44,502,889	-\$ 69,798	\$ 44,153,961	\$ 474,477,079

York Region District School Board
Education Development Charges Submission - 2016 Amendment
Form G - Growth-Related Net Education Land Costs

SECONDARY PANEL

Review Area	Site Status (Optioned, Purchased, Reserved, Etc.)	Proposed Year Of Acquisition	Facility Type	Net Growth- Related Pupil Place Requirements	Proposed School Capacity	Percent of Capacity Contributed to Net Growth- Related Pupil Place Requirements	Total Number of Acres Required (Footnote Oversized Sites)	Acreage To Be Funded in EDC By-Law Period	Cost Per Acre	Education Land Costs	Eligible Site Preparation Costs	Land Escalation Costs	Less Previously Financed From Current EDC	Financing Costs	Total Education Land Costs
PS01			Accommodated In Existing Facilities	303							\$ -				
PS03	Optioned	2016	Secondary School Site	1090	1419	76.81%	17.00	13.06	\$ 3,077,500	\$ 40,187,509	\$ 1,167,436	\$ 0		\$ 4,242,599	\$ 45,597,544
PS04A			Accommodated In Existing Facilities	128							\$ -				
PS05			Accommodated In Existing Facilities	389							\$ -				
PS06			Accommodated In Existing Facilities	370							\$ -				
PS07	TBD	2026	Secondary School Site	744	1201	61.95%	15.00	9.29	\$ 3,421,500	\$ 31,793,455	\$ 1,032,691	\$ 5,011,443		\$ 3,881,754	\$ 41,719,343
PS08	TBD	2016	Secondary School Site	892	1201	74.27%	15.00	11.14	\$ 3,410,500	\$ 37,995,412	\$ 995,986	-\$ 0		\$ 4,000,123	\$ 42,991,521
PS10	Designated	2026	Secondary School Site	1201	1201	100.00%	15.00	15.00	\$ 1,864,000	\$ 27,960,000	\$ 1,667,018	\$ 4,407,195		\$ 3,491,566	\$ 37,525,779
PS10	Owned	1996	Secondary School Site *	783	1201	65.20%	39.00	25.43	\$ -	\$ -	\$ 874,337	\$ -		\$ 89,698	\$ 964,035
PS11	TBD	2020	Secondary School Site	571	1201	47.54%	15.00	7.13	\$ 1,989,000	\$ 14,184,667	\$ 695,549	\$ 2,235,858		\$ 1,755,936	\$ 18,872,010
PS12	OWNED	2015	Secondary School Site	1205	1205	100.00%	15.00	15.00	\$ -	\$ -	\$ 1,341,008	\$ -		\$ 137,574	\$ 1,478,582
PS13	TBD	2018	Secondary School Site	940	1201	78.27%	15.00	11.74	\$ 2,750,000	\$ 32,285,595	\$ 1,096,271	\$ 3,309,273		\$ 3,764,140	\$ 40,455,279
											\$ -			\$ -	
Total:				8,616	9,830		146.00	107.79		\$ 184,406,639	\$ 8,870,296	\$ 14,963,768		\$ 21,363,391	\$ 229,604,094

* Oversized site purchased in 1996 with environmental constraint in middle of site. Site prep costs have only been applied to the EDC eligible portion of 15 acres which is 9.78 acres (15 acres x 65.2% = 9.78 acres)

York Region District School Board
Education Development Charges Submission - 2016 Amendment
Form H1 - EDC Calculation - Uniform Residential and Non-Residential

Determination of Total Growth-Related Net Education Land Costs

Total:	Education Land Costs (Form G)	\$ 704,081,173
Add:	EDC Financial Obligations (Form A2)	\$ 63,644,189
Subtotal:	Net Education Land Costs	\$ 767,725,362
Less:	Operating Budget Savings	
	Positive EDC Reserve Fund Balance	
Subtotal:	Growth-Related Net Education Land Costs	\$ 767,725,362
Add:	EDC Study Costs	\$ 750,000
Total:	Growth-Related Net Education Land Costs	\$ 768,475,362

Apportionment of Total Growth-Related Net Education Land Costs

Total Growth-Related Net Education Land Costs to be Attributed to Non-Residential Development (Maximum 40%)	10%	\$ 76,847,536
Total Growth-Related Net Education Land Costs to be Attributed to Residential Development	90%	\$ 691,627,826

Calculation of Uniform Residential Charge

Residential Growth-Related Net Education Land Costs	\$ 691,627,826
Net New Dwelling Units (Form C)	127,693
Uniform Residential EDC per Dwelling Unit	\$ 5,416

Calculation of Non-Residential Charge - Board Determined GFA

Non-Residential Growth-Related Net Education Land Costs	\$ 76,847,536
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GFA Method:	Non-Exempt Board-Determined GFA (Form D)	85,375,200
	Non-Residential EDC per Square Foot of GFA	\$ 0.90