

TO: The Chairperson and Members of the
Simcoe County District School Board

FROM: Superintendent of Business and Facility Services

SUBJECT: **EDUCATION DEVELOPMENT CHARGE BY-LAW POLICY REVIEW**

1. **Background**

An Education Development Charge (EDC) is a means for school boards to collect funds from new development to purchase land and pay for works required for the preparation of sites to accommodate new pupils. School boards do not receive funding from the Ministry of Education to acquire new sites that are needed to accommodate growth; however, school boards are legislatively afforded the opportunity to acquire funds through the implementation of EDCs. The Board passed the Education Development Charges By-law, on October 25, 2018. The Simcoe County District School Board (SCDSB) By-law came into force October 30, 2018, and is set to expire at the close of business on October 29, 2023, unless repealed. The By-law was amended in May 2019 in order to incorporate Ministry of Education legislative amendments. EDC By-laws have a term of five years and must be reconsidered and replaced with a new By-law if a school board wishes to continue to collect EDCs. As in the past, SCDSB staff work collaboratively and in conjunction with the Simcoe Muskoka Catholic District School Board (SMCDSB) in preparation for the EDC By-law renewal. Respective board staff have commenced the steps necessary to establish a successor By-law. To date, staff and their consultants have:

1. Provided an information report to the Board of Trustees on February 1, 2023;
2. Held an Introductory Stakeholder Meeting (Municipalities and Development Community) on February 7, 2023;
3. Provided the Board of Trustees an Information Presentation by Watson & Associates Economists Ltd. at the March 1, 2023, Business and Facilities Standing Committee;
4. Prepared and submitted a draft EDC Background Study to the Ministry of Education in July 2023 ([available on the SCDSB website](#));
5. Provided an update to trustees on August 1, 2023;
6. On August 11, 2023, provided Notice of the Statutory Public Meetings that are scheduled for the evening of September 7, 2023; and,
7. Held a second Stakeholder Meeting (Municipalities and Development Community) on August 22, 2023.

2. **Current Status**

An EDC By-law is premised on several underlying policies that determine the structure and type of By-law that will be enacted. Pursuant to Sections 257.60 and 257.63 of the *Education Act*, before passing an EDC By-law, the board is required to (i) conduct a review of its EDC policies and hold a public meeting where the policies are examined and (ii) hold a second public meeting to solicit public input in regard to the proposed EDC By-law. Mr. Jack Ammendolia from Watson & Associates Economists Ltd. (the board's EDC consultant) will provide an overview (APPENDIX A) of the relevant policies. Mr. Brad Teichman of Overland LLP will be assisting the board with legal matters associated with the preparation and passing of a new By-law.

In summary, the following are the SCDSB's current EDC policies.

(a) Recovery of Net Education Land Costs

Section 257.54(1) of the *Education Act* provides that a board may pass an EDC By-law "against land in its area of jurisdiction undergoing residential or non-residential development," if residential development would increase education land costs. The board currently recovers 90 per cent of net education land costs from residential development and recovers 10 per cent of net education land costs from non-residential development.

(b) By-law Structure: Area-specific (AS) Charge vs. Jurisdiction-wide (JW) Charge

Section 257.54(4) of the *Education Act* permits the Board to pass an EDC By-law that applies to the entire area under its jurisdiction or a part of its jurisdiction. The latter would permit more than one EDC By-law and different charges in its respective area. The board currently applies the EDC charge on residential/non-residential development on a jurisdiction-wide basis consistent with the way the Board delivers educational services throughout its jurisdiction.

(c) Non-Statutory Residential Exemptions

O.Reg. 20/98, as amended, prescribes limited mandatory residential exemptions, and enables the board to consider a variety of categories and uses of residential development that are subject to EDCs. There are no mandatory exemptions for residential development apart from the limited exemptions available for housing intensification and municipally owned and operated housing. An exemption is also provided for the replacement of a dwelling unit that was destroyed by fire, demolition or otherwise made unusable.

(d) Non-Statutory Non-Residential Exemptions

The *Education Act* allows the board to exempt different categories of non-residential uses. Mandatory statutory exemptions include non-residential development of lands that are owned by and used for the purposes of a municipality or a school board.

Further mandatory non-residential exemptions include development for one of the following purposes:

1. private school;
2. long-term care home, as defined in *the Fixing Long-Term Care Act, 2021*;
3. retirement home, as defined in the *Retirement Homes Act, 2010*;
4. hospice or other facility 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*. Limited additions to industrial buildings are also exempt (up to 50 per cent of the existing gross floor area) as is a replacement non-residential building where the initial building was destroyed by fire, demolition or otherwise rendered unusable.

The current EDC By-law extends the following discretionary exemptions:

- a cemetery or burying ground that is exempt from taxation under the *Assessment Act*;
- 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;
- non-residential uses permitted pursuant to section 39 of the *Planning Act* (temporary uses);
- a public hospital receiving aid under the *Public Hospitals Act*; and,
- non-residential agricultural buildings or structures that are owned by and are used for the purposes of a bona fide farming operation.

- (e) Option to implement a uniform charge for all forms of residential development or differentiated charges

O.Reg. 20/98, as amended, enables the board to vary the EDC rate to consider a variety of categories and uses of residential development. Like the municipal development charge legislation, the EDC regulations allow school boards to vary the charge by type of dwelling unit. Amended regulations allow boards to determine the amount the board will impose on different types of new residential development. Boards can choose between a Uniform Residential EDC or a Differentiated Residential EDC; for example, a bachelor apartment would pay a lesser EDC than a single-family detached dwelling. The existing By-law imposes a uniform residential EDC.

- (f) Demolition and Conversion Credits

Section 4 of O.Reg. 20/98 exempts replacement dwelling units from a charge within two years of their being considered demolished (demolition permit), destroyed, or uninhabitable. Section 5 of O.Reg. 20/98 exempts replacement of non-residential buildings, based on non-residential gross floor area in the same circumstances. The board's current EDC By-law provides for a demolition credit for replacement residential and non-residential structures (destroyed by fire, demolished, etc.) for a grace period of five years.

- (g) Percentage of Net Education Land Costs to be Borne by Non-Residential Development

Section 7, paragraph 8 of O.Reg. 20/98, as amended, gives the board the discretion to collect a portion of the growth-related net education land costs from non-residential development. The percentage that may be funded by a charge on non-residential development cannot exceed 40 per cent of the growth-related net education land costs. The board's current EDC By-law is designed to recover 10 per cent from non-residential development.

- (h) By-law Term

Section 257.58 (1) of the *Education Act* provides for a maximum By-law term of five years. It is open to the board to repeal its By-law prior to the expiration of the five-year term. The board's current EDC By-law provides for a term of five years, and this appears to provide for the maximum amount of flexibility. The board may amend its By-law once in each one-year period following the By-law's enactment to do any of the following:

- increase the amount of an EDC;
- remove or reduce the scope of an exemption;
- extend the term of the By-law and subject to a maximum term of five years.

3. Report Status

This report is provided for information.

Respectfully submitted by:

Corry Van Nispen
Superintendent of Business and Facility Services

Approved for submission by:

John Dance
Director of Education

**EDUCATION DEVELOPMENT CHARGE BY-LAW
POLICY REVIEW
Pages 1 to 8**



Education Development Charges Public Meetings

Simcoe County District School Board & Simcoe
Muskoka Catholic District School Board
September 7, 2023



Public Meeting #1

EDC Policy

Review

What Is An Education Development Charge?



- An Education Development Charge is a development charge that is imposed under a bylaw respecting growth-related net education land costs incurred or proposed to be incurred by a school board.
- This means it is a charge that is levied on new development that is paid by the developer/permit taker when the building permit is issued by the municipality.
- The revenue collected from the charge is then used by a school board to purchase land/school sites for new schools to be built upon.

Policy Review Public Meeting



Each EDC by-law has a set of underlying policies which help determine the structure and type of by-law that will be enacted.

Provincial legislation dictates that each school board with an existing EDC by-law must conduct a review of its EDC policies prior to renewing their EDC by-law.

Section 257.60 sub-section (1) of the Education Act states that:

“Before passing an education development charge by-law, the board shall conduct a review of the education development charge policies of the board.”

EDC Policies



- Policy decisions made by the Boards can play a key role in determining things like:
 - areas to which the bylaw applies,
 - the ability to have different charges for different types of housing developments, or
 - how much of the eventual charge is to be borne by residential or non-residential development.



Percentage of growth-related net education land costs to be borne through EDCs

- **Exemptions**

There are two types of exemptions, statutory and non-statutory. A statutory exemption is determined through the legislation and a non-statutory exemption is a 'voluntary' exemption.

Many school boards with existing EDC bylaws collect less than 100% of net education land costs because they have granted some form of non-statutory exemptions through negotiations with development community interests or in response to positions by local governments or other interested stakeholders.

A Review Of Existing Policies



Jurisdiction Wide vs. Area Municipal (or Sub Area) Charges

The existing EDC bylaw is a jurisdiction-wide bylaw. This means that the charge is the same for all development in the County of Simcoe.

Percentage of net education land costs to be borne by residential and non-residential development

School boards can allocate up to 40% of their EDC to non-residential development.

The average around the Province is approximately 10-15%. The Boards allocate 10% to non-residential development.

A Review Of Existing Policies



➤ **Uniform charges for all types of development vs. differentiated charges**

School boards can have one rate that applies to all types of residential development in the same way (i.e. a low-density single family type home pays the same rate as a townhouse or a condo) or the school board can have different rates depending on the type of residential development.

All the EDC bylaws in Ontario are applied uniformly, like both school boards in Simcoe.