

Lack of Education Development Charges Puts Toronto Public Schools at Disadvantage

ISSUE:

On October 28th 2013, the Ministry of Education notified school boards of consultations being conducted by the Ministry of Municipal Affairs and Housing relating to the land use planning and appeal system and the Development Charges Act, 1997.

Although MMAH's consultation specifically excluded Education Development Charges (EDCs), Ministry of Education officials believed that the outcome of the consultation could affect the planning and construction of schools. For school boards, this provincial discussion presents a window of opportunity to raise concerns about the limitations of the Education Development Charges Regulation. For the TDSB, this is an opportunity to remind the Province that students should not be penalized for their geography.

The following report provides a background on EDCs, a chart showing EDC rates for other Ontario school boards and presents an argument for amending the EDC regulation to remove existing limitations for eligibility and use of funds to support emerging capital infrastructure needs.

BACKGROUND:

The primary purpose of education development charges is to provide a method for school boards to fund the purchase of school sites and all related site preparation and development costs resulting from growth.

Development Charges legislation was first introduced in 1990 to address both the capital needs of municipalities and school boards. The theory was that "growth should pay for itself" and that the tax base in older neighbourhoods should not be paying for schools in growth neighbourhoods. At the time, EDC's could be levied against new residential and commercial development to pay for both new school land and building costs. There were also provincial grants available to assist some boards with these capital expenditures.

With the introduction of Education Finance Reform in 1998, school board access to EDC's changed and became restricted to school site related costs only. EDCs could no longer be used for school buildings (O.Reg. 20/98).

Section 257.54 of the *Education Act* enables school boards to pass an EDC by-law, however, school boards must meet several requirements before becoming eligible. The first condition is that the board must be able to demonstrate that elementary or secondary enrolment exceeds elementary or secondary capacity; or that the board's current EDC financial obligations exceeds the revenues reported in the EDC Reserve Fund.

The first condition for eligibility cannot be met in the TDSB due to projected excess capacity system-wide, and consequently, the board has been unable to access significant revenues from development. City Planning information on residential development applications indicates that over 126,000 housing units have been built in Toronto over the last 10 years. Using the Toronto Catholic Board EDC rate, this development would have generated over \$100 million in revenues for education infrastructure had TDSB qualified.

Looking ahead, the City of Toronto will continue to experience population growth and densification over the next 30 years. This new growth will put more pressure on all city infrastructures, including public transit, roads, utilities and schools.

Furthermore, assuming a substantial number of new school pupils will not be triggered by condo development because of the size of the units is faulty. This is not the experience in Vancouver, Europe or the Yonge-Sheppard corridor in Toronto.

City of Toronto planning information indicates that there are applications for an additional 277,000 new residential units (see Appendix B). Although it is difficult to estimate the number of student yields generated from these new housing units, past experience in the Yonge-Sheppard corridor would indicate that TDSB will continue to experience growth in existing schools from these new developments, particularly along major public transit routes.

Given the limitations of the current EDC regulation, it is clear that a community intensification program like the City of Toronto's, was never contemplated. Denying access to EDCs of boards with surplus capacity is short-sighted and foolish. There is clear evidence in growth areas of the city to demonstrate that new development is having a substantial impact on existing schools. These schools need adequate funding to accommodate new growth and developers should be contributing to these costs. It is unreasonable to expect the TDSB to use proceeds from site sales in other communities to finance infrastructure requirements resulting from growth.

Conclusion

O.Reg 20/98 is outdated and in need of amendments to allow all boards access to EDC revenues and to enable school boards to apply EDC funds to school capital and site related costs.

On a go forward basis, with 277,000 additional residential units in process over the next few years, TDSB has the potential to generate nearly \$300 million in revenues to help support urgent infrastructure needs in schools to service a growing City population.

Appendix A -- Other School Boards EDC By-laws

The following chart provides a comparison of Ontario school boards that currently have education development charge by-laws in effect.

Board	Effective Date of By-law	By-law Term	Area to which By-law Applies	Res. Charge/ Unit
Algonquin & Lakeshore Catholic DSB	Oct-12	5 years	City of Kingston	\$124
Brant Haldimand Norfolk Catholic DSB	Nov-08 Renew	5 years	City of Brantford, County of Brant	\$628
Conseil de district des écoles publiques de langue française n°59	Jun-09	5 years	City of Ottawa	\$205
Conseil des écoles catholiques de langue française du Centre-Est	Jun-09	5 years	City of Ottawa	\$364
Dufferin-Peel Catholic DSB	Jul-09	5 years	Peel Region	\$551
Durham Catholic DSB	July-09	5 years	Durham Region (excl. Clarington)	\$541
Durham DSB	July-09	5 years	Durham Region (excl. Clarington)	\$1,423
Greater Essex County DSB	May-09	5 years	City of Windsor	\$591
Greater Essex County DSB	May-09	5 years	County of Essex and the Township of Pelee	\$454
Halton Catholic DSB	Jun-13	5 years	Halton Region	\$1,484
Halton DSB	Jun-13	5 years	Halton Region	\$2,691
Hamilton-Wentworth Catholic DSB	Aug-09	5 years	City of Hamilton	\$739
Kawartha Pine Ridge DSB	Jul-10	5 years	Clarington	\$994
Ottawa Catholic SB	Jun-09	5 years	City of Ottawa	\$433
Ottawa-Carleton DSB	Jun-09	5 years	City of Ottawa	\$624
Peel DSB	Jul-09	5 years	Peel Region	\$1,595
Peterborough, Victoria, Northumberland & Clarington Catholic DSB	Jul-10	5 years	Clarington	\$120

Simcoe Muskoka Catholic DSB	Nov-08	5 years	Simcoe County	\$370
Simcoe County DSB	Nov-08	5 years	Simcoe County	\$718
Toronto Catholic DSB	July – 2013	5 years	City of Toronto	2013 -\$693 2014-\$841 2015-\$990 2016-\$1150 2017-\$1303
Upper Grand DSB	Aug-09	5 years	Dufferin County	\$391
Upper Grand DSB	Aug-09	5 years	Wellington County	\$842
Waterloo Catholic DSB	May-11	5 years	Regional Municipality of Waterloo	\$425
Waterloo Region DSB	May-11	5 years	Regional Municipality of Waterloo	\$1,266
Wellington Catholic DSB	Aug-09	5 years	Wellington County	\$455
York Catholic DSB	Jul-09	5 years	York Region	\$650
York DSB	Jul-09	5 years	York Region	\$1,370

EMAppendix B - Residential Development Applications and Unit Counts

Below is a table that categorizes and breaks down the known active residential development applications currently before the city. The counts represent all 'active' residential development applications received by the City of Toronto's Planning Department as recorded in TDSB Planning Files. These counts exclude development applications that have been completed and occupied. The dates of files reflect a receipt date from 2006 up to and including October of 2013.

Toronto District School Board October 31, 2013 - Development Application Summary

Status	Application Count	Total Units
Under Review (Planned)	494	169,410
Approved	272	74,705
Under Construction	126	32,513
	892	276,628

Supporting Documents:

Education Development Charges

Guidelines www.edu.gov.on.ca/eng/funding/e0203edc.pdf Division E of Part IX of the Education Act Ontario Regulation 20/98

City of Toronto's Planning Department – Planning files

Discussions with Dr. Ralph Benson, Gordon E. Petch