

United Counties of Prescott and Russell

Proposed Education Development Charges



Conseil des écoles publiques de l'Est de l'Ontario
Stakeholder Meeting May 16, 2019

EDC Current Situation

- Board adopted an EDC by-law for the United Counties of Prescott and Russell on March 24, 2015 with a 5-year by-law term, with implementation on March 30, 2015
- Current Residential rate - \$444 per unit
Based on 100 residential/non-residential share approved by Board
- By-law expires on March 29, 2020
- Board is eligible to fund elementary and secondary growth-related land needs; that is, land required to construct additional school capacity resulting from new housing development
- Ministry letter of approval is required in order for the CEPEO to proceed with by-law adoption on June 25th, with implementation on July 1st

Legislative Updates

- There have been three(3) amendments to EDC legislation in the last 6 months with more proposed over the remainder of 2019:
 - O. Reg. 438/18 enacted on October 12, 2018 – to place a cap on EDC rates and to limit EDC policy decisions
 - O. Reg. 55/19 enacted on March 29, 2019 – to allow an annual increase in EDC rates over the next 5 years
 - Bill 108 received 1st Reading on May 2, 2019 – to propose opportunities for school boards to enter into agreements (with the Minister’s approval) that would serve to reduce net education land costs
- The legislative rate ‘cap’ imposed by the passage of O. Reg. 438/18 on October 12, 2018 required Interim by-law rates no higher than the rates in force as of August 31, 2018 (\$444 per dwelling unit compared to \$1,086 ‘calculated rate’)
- On March 29, 2019 the Province enacted O. Reg. 55/19 providing for modest increases equal to the greater of 5% or \$300 per unit annually for residential rates and 5% annually for non-residential rates (\$744 per dwelling unit compared to \$1,086 ‘calculated rate’)

Legislative Updates

- Still no ability to adopt ‘calculated rates’ – i.e. rates necessary to fund 100% of the 15-year net education land costs
- Timelines established for completion of Provincial review of legislation – target of November 1, 2019
- No decision taken re addressing financial shortfall. EDC boards will need to track value of collections shortfall each month. Financial shortfall expected to be addressed either through additional capital grants, increased EDC rates or a new funding regime
- In the interim, lack of certainty respecting ability to fully fund net education land costs may impede the ability of boards to access external financing for this purpose
- Conducting meetings with area municipalities to review by-law implementation and collection processes, as well as by-law definitions and application of the by-law

Legislative Updates

- Bill 108 rec'd 1st Reading on May 2nd
- School boards require the permission of the Minister to acquire lands through expropriation
- EDC boards may allocate EDC funds to an alternative project, with the Minister's permission
- EDC boards may enter into a localized education development agreement (LEDA), with the Minister's permission – it is up to school boards to propose opportunities for LEDAs
- Alternative Projects and Localized Education Development Agreements are to be included in the EDC Background studies and may be subject to modification between the final public meeting and by-law adoption
- Minister's powers expanded to include:
 - Determination of how EDC funds spent
 - Transitional powers
 - By-la expiry time periods

Eligibility to Adopt a Successor EDC By-law

- The new Regulations prohibit EDC boards from altering the res/non-res shares or adopting differentiated residential rates (i.e. where any rates would be higher than the legislated in-force rates)
- Once the provincial review of the legislation is complete there will be a need to:
 - determine whether the board can amend or renew the by-law; and
 - determine how to deal with the collections shortfall
- The Board will be undertaking the public consultation process outlined in the legislation and has placed a Notice of Public Meetings in the local newspaper
- The Board has provided copies of the May 3rd report to all co-terminous boards, municipalities, Ministry of Education and development community stakeholders

CEPEO Qualifies to Adopt a Successor EDC By-law

Conseil des Écoles Publiques de l'Est de l'Ontario
Education Development Charges Submission 2019
Form A - Eligibility to Impose an EDC

A.1.1: CAPACITY TRIGGER CALCULATION - ELEMENTARY PANEL

Elementary Panel Board-Wide Capacity	Projected Elementary Panel Average Daily Enrolment Headcount						Elementary Average Projected Enrolment less Capacity
	Year 1 2019/ 2020	Year 2 2020/ 2021	Year 3 2021/ 2022	Year 4 2022/ 2023	Year 5 2023/ 2024	Average Projected Enrolment Over Five Years	
13,305	10,765	10,980	11,262	11,489	11,753	11,250	-2,055

Projected enrolment does not include any elementary or secondary pupils generated by new housing development outside of the City of Ottawa.

A.1.2: CAPACITY TRIGGER CALCULATION - SECONDARY PANEL

Secondary Panel Board-Wide Capacity	Projected Secondary Panel Average Daily Enrolment (ADE)						Secondary Projected Enrolment less Capacity
	Year 1 2019/ 2020	Year 2 2020/ 2021	Year 3 2021/ 2022	Year 4 2022/ 2023	Year 5 2023/ 2024	Average Projected Enrolment Over Five Years	
6,238	5,768	6,110	6,486	6,863	7,134	6,472	234

A.2: EDC FINANCIAL OBLIGATIONS (Estimated to June 30 2019)

Adjusted Outstanding Principal:	\$3,429,268
Less Adjusted EDC Account Balance:	\$829,344
Total EDC Financial Obligations/Surplus:	-\$2,599,924

CEPEO qualifies on basis of secondary enrolment in excess of capacity and a deficit in the EDC account

15-year Forecast of Net New Dwelling Units

	Year 1 2019/ 2020	Year 2 2020/ 2021	Year 3 2021/ 2022	Year 4 2022/ 2023	Year 5 2023/ 2024	Year 6 2024/ 2025	Year 7 2025/ 2026	Year 8 2026/ 2027	Year 9 2027/ 2028	Year 10 2028/ 2029	Year 11 2029/ 2030	Year 12 2030/ 2031	Year 13 2031/ 2032	Year 14 2032/ 2033	Year 15 2033/ 2034	Total All Units
United Counties of Prescott & Russell																
Singles and Semi-Detached	284	280	281	281	275	273	278	243	249	238	228	231	223	230	226	3,820
Townhouses, Row Housing, etc.	57	58	54	53	55	52	52	51	50	51	51	48	48	46	46	772
Apartments	74	73	70	69	69	69	68	65	66	63	63	63	62	60	55	989
Total	415	411	405	403	399	394	398	359	365	352	342	342	333	336	327	5,581
FPE01 Clarence-Rockland, Casselman, Russell, La Nation & Alfred-Plantagenet																
Singles and Semi-Detached	275	276	277	272	271	272	274	238	240	230	228	226	223	221	221	3,744
Townhouses, Row Housing, etc.	57	57	53	53	53	52	52	50	50	49	49	48	48	45	45	761
Apartments	74	73	70	69	69	69	68	65	66	63	63	63	62	60	55	989
Total	406	406	400	394	393	393	394	353	356	342	340	337	333	326	321	5,494
FPE02 Hawkesbury, East Hawkesbury & Champlain																
Singles and Semi-Detached	9	4	4	9	4	1	4	5	9	8	-	5	-	9	5	76
Townhouses, Row Housing, etc.	-	1	1	-	2	-	-	1	-	2	2	-	-	1	1	11
Apartments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	9	5	5	9	6	1	4	6	9	10	2	5	-	10	6	87

Notes: 1. Assumed to be net of demolitions and conversions.

Grand Total Gross New Units in By-Law Area	5,600
Less: Statutorily Exempt Units in By-Law Area	19
Total Net New Units in By-Law Area	5,581

PROCESS:

Consulted recent development charge studies respecting housing and increased non-residential gross floor area, for municipalities within the United Counties of Prescott and Russell ;
 Consulted December 2012 Growth Forecast and Land Needs Analysis for the United Counties of Prescott and Russell prepared by Hemson Consulting Ltd., and
 Census data change in occupied dwellings by Census tract

15-year Forecast of Net Non-residential GFA

Conseil des Écoles Publiques de l'Est de l'Ontario
Education Development Charges Submission 2019
Form D - Non-Residential Development
D1 - Non-Residential Charge Based On Gross Floor Area (sq. ft.)

Total Estimated Non-Residential Board-Determined Gross Floor Area to be Constructed Over 15 Years From Date of By-Law Passage	1,794,220
Less: Board-Determined Gross Floor Area From Exempt Development	922,347
Net Estimated Board-Determined Gross Floor Area	871,873

PROCESS:

The development charges forecast of employment and additional non-residential gross floor area for the City of Clarence-Rockland, the Village of Casselman and the Township of Russell

CEPEO Elementary Review Areas



Conseil des écoles publiques de l'Est de l'Ontario: Prescott-Russell Elementary Review Areas



CEPEO Secondary Review Areas



Conseil des écoles publiques de l'Est de l'Ontario: Prescott-Russell Secondary Review Areas

Secondary Review Area: FPS01



CEPEO 15-year Student Enrolment Projections

Conseil des Écoles Publiques de l'Est de l'Ontario

Historical and Projected Enrolment

Elementary Panel	Current 2018/ 2019	Year 1 2019/ 2020	Year 2 2020/ 2021	Year 3 2021/ 2022	Year 4 2022/ 2023	Year 5 2023/ 2024	Year 6 2024/ 2025	Year 7 2025/ 2026	Year 8 2026/ 2027	Year 9 2027/ 2028	Year 10 2028/ 2029	Year 11 2029/ 2030	Year 12 2030/ 2031	Year 13 2031/ 2032	Year 14 2032/ 2033	Year 15 2033/ 2034
Existing	1,111	1,152	1,161	1,160	1,165	1,175	1,169	1,166	1,173	1,176	1,182	1,192	1,204	1,206	1,206	1,200
Requirement of New Development		15	29	43	57	71	85	99	111	124	136	148	159	171	183	194
Total	1,111	1,167	1,190	1,203	1,222	1,246	1,254	1,265	1,284	1,300	1,318	1,339	1,363	1,377	1,389	1,394

283

Secondary Panel	Current 2018/ 2019	Year 1 2019/ 2020	Year 2 2020/ 2021	Year 3 2021/ 2022	Year 4 2022/ 2023	Year 5 2023/ 2024	Year 6 2024/ 2025	Year 7 2025/ 2026	Year 8 2026/ 2027	Year 9 2027/ 2028	Year 10 2028/ 2029	Year 11 2029/ 2030	Year 12 2030/ 2031	Year 13 2031/ 2032	Year 14 2032/ 2033	Year 15 2033/ 2034
Existing	525	571	616	647	670	848	899	944	968	979	985	991	982	972	970	968
Requirement of New Development		8	17	25	33	41	49	57	65	72	80	87	93	100	107	114
Total	525	579	632	672	704	889	949	1,002	1,033	1,051	1,064	1,078	1,075	1,072	1,076	1,081

556

Elementary – Existing Community increase of 89 pupils and increase of 283 pupils from new development

Secondary - Existing Community increase of 443 pupils offset by increase of 556 pupils from new development

CEPEO EDC Calculation – Pupil Yields

- EDC pupil yields based on spatial matching of historical student data to MPAC housing data by age of dwelling unit

Elementary Panel

CEPEO EDC 2019 Weighted Blended Pupil Yields

Review Area	Total Cumulative 15 Year New Net Unit Projections (1)	SINGLE and SEMI- DETACHED	MEDIUM DENSITY	APARTMENTS (includes purpose- built seniors housing and student housing)	TOTAL UNITS	SINGLE and SEMI- DETACHED	MEDIUM DENSITY	APARTMENTS (includes purpose- built seniors housing and student housing)	TOTAL UNITS
FPE01 Clarence-Rockland, Casselman, Russell, La Nation & Alfred-Plantagenet	5,494	3,744	761	989	5,494	0.0384	0.0491	0.0100	0.0348
FPE02 Hawkesbury, East Hawkesbury & Champlain	87	76	11	0	87	0.0344	0.0415	0.0000	0.0353
TOTAL	5,581	3,820	772	989	5,581	0.0383	0.0490	0.0100	0.0348

Secondary Panel

Review Area	Total Cumulative 15 Year New Net Unit Projections (1)	SINGLE and SEMI- DETACHED	MEDIUM DENSITY	APARTMENTS (includes purpose- built seniors housing and student housing)	TOTAL UNITS	SINGLE and SEMI- DETACHED	MEDIUM DENSITY	APARTMENTS (includes purpose- built seniors housing and student housing)	TOTAL UNITS
FPS01 United Counties of Prescott and Russell	5,581	3,820	772	989	5,581	0.0251	0.0094	0.0107	0.0251
TOTAL	5,581	3,820	772	989	5,581	0.0251	0.0094	0.0107	0.0203

For every 100 homes constructed, there are approx. 3.5 new elementary pupils and 2.0 secondary pupils generated

EDC Calculation – Key Elements

- Average site preparation costs of \$256,100 per acre which is consistent with application of CPI post 2014; however CEPEO has chosen to incorporate \$200,000 per acre into proposed EDC rates

CEPEO and CECCE
AVERAGE SITE PREPARATION COSTS PER ACRE

Current Review Area Reference	EDC Eligible Site Name	Address	Year Site Acquired	Site Size in acres	Net Site Preparation Costs to Date	Net Site Preparation Costs Per Acre	Net Site Preparation Costs per Acre 2019\$	Total Site Preparation Costs per Acre 2019\$
FCE01	Saint Jean-Paul II (Stittsville)	5473 Abbott St E, Stittsville, ON K2S 0A8	2005	5.71	\$ 348,261	\$ 60,991	\$ 78,636	\$ 449,009
FCE02	Jean-Robert-Gauthier (Barrhaven) (Chapman)	651 Chapman Mills Dr, Nepean, ON K2J 3V1	2010	5.19	\$ 828,373	\$ 159,609	\$ 185,110	\$ 960,720
FCE06	Alain-Fortin (Avalon)	676 Lakeridge Dr, Orléans, ON K4A 0J8	2010	5.66	\$ 1,532,096	\$ 270,688	\$ 313,936	\$ 1,776,875
FCE01	Saint-Rémi (Kanata Nord)	100 Walden Dr, Kanata, ON K2K 0G8	2011	5.96	\$ 1,085,444	\$ 182,121	\$ 206,793	\$ 1,232,488
FCS01	Pierre Savard secondary	1110 Longfields Dr, Nepean, ON K2J 0H9	2012	13.99	\$ 986,075	\$ 70,484	\$ 78,356	\$ 1,096,199
FCE06	Notre-Dame-des-Champs	6280 Renaud Rd, Ottawa, ON K1W 0H7	2012	4.84	\$ 1,649,153	\$ 340,734	\$ 378,787	\$ 1,833,328
FCE02	Sainte-Kateri (Barrhaven II)	2450 River Mist Rd, New Barrhaven, ON K2J 5W5	2013	5.09	\$ 369,270	\$ 72,548	\$ 78,960	\$ 401,909
FCS03	Mer Bleue (Orleans) secondary	6401 Renaud Rd, Navan, ON K1W 0H8	2015	12.50	\$ 4,395,118	\$ 351,609	\$ 366,819	\$ 4,585,242
FCS01	Paul-Desmarais (Kanata secondary)	5315 Abbott St E, Stittsville, ON K2S 1E7	2015	14.85	\$ 5,980,497	\$ 402,727	\$ 420,148	\$ 6,239,201
FCE06	Notre Place (Avalon II)	665, promenade des Aubépines, Orléans, ON K4A 3W4	2016	6.01	\$ 2,084,091	\$ 346,771	\$ 354,191	\$ 2,128,691
FPE01/FPS01	ÉÉP Maurice-Lapointe (Kanata South) (JK-12)	17 Bridgestone Dr, Kanata, ON K2M 0E9	2011	15.96	\$ 3,487,690	\$ 218,527	\$ 253,333	\$ 4,043,189
FPE02	ÉÉP Michel-Dupuis (Riverside Sud) (JK-8)	715 Brian Good Ave, Manotick, ON K4M 0E2	2012	6.07	\$ 1,182,934	\$ 194,882	\$ 219,341	\$ 1,331,403
CO-TERMINOUS OTTAWA TOTALS				101.83	\$ 23,929,002	\$ 234,990	\$ 244,534	\$ 256,096

CEPEO EDC Financial Analysis

- Utilizes Line of Credit as basis for determining financing requirements
- Assumes 2.28% L/C borrowing rate over 15 years; assumes 1.75% interest earnings
- Land values escalated at 2% per annum and only over the 5-year by-law term
- Site prep costs escalated at 2% per annum over 15 years
- Assumes CEPEO could support financing requirements with up to \$.7 million in internal working capital in any given year, with up to \$3.35 million in total internal & external financing
- Borrowing is fully paid by end of 15-year forecast period – proposed EDC rate derives sufficient Year 15 balance to pay off any outstanding borrowing and an account balance as close to '0' as possible – cash balance of (\$2,151)
- Proposed EDC rate does not create an account deficit at end of next by-law period, and will require careful monitoring if legislation does not change

CEPEO Proposed EDC Rates

- Residential rate of \$1,086 per unit compared to \$444 current rate based on 100% residential shares

Conseil des Écoles Publiques de l'Est de l'Ontario Proposed EDC Rates 2019		
Non-Residential Share	Residential Rate	Non-Residential Rate
0%	\$1,086	\$0.00
5%	\$1,032	\$0.35
10%	\$977	\$0.70
15%	\$923	\$1.04
20%	\$869	\$1.39
25%	\$815	\$1.74
40%	\$652	\$2.78

- The legislative rate 'caps' require that following rates over the term of the by-law

	Calculated EDC Rates	Current EDC Rates to June 30, 2019	Year 1 Proposed Rates July 1, 2019 to June 30, 2020	Year 2 Proposed Rates July 1, 2020 to June 30, 2021	Years 3 to 5 Proposed Rates July 1, 2021 to June 30, 2024
Conseil des écoles publiques de l'Est de l'Ontario <i>Residential EDC Rate per Dwelling Unit</i>	\$1,086	\$444	\$744	\$1,044	\$1,086

CEPEO Basis for Proposed EDC Rates

TABLE 7-5
Conseil des Écoles Publiques de l'Est de l'Ontario

CALCULATION OF EDUCATION DEVELOPMENT CHARGES	
Total Growth-Related Net Education Land Costs (over 15-year forecast period including associated financing and study costs)	\$ 6,060,966
Costs Financed in the Previous 2014 By-law	\$ -
Site Acquisition Costs	\$ -
Land Escalation Costs	\$ -
Site Preparation Costs	\$ 2,428,038
Site Preparation Escalation Costs	\$ 162,236
Credit Line Interest Payments	\$ 759,494
Study Costs	\$ 208,000
Financial Obligations/Surplus (projected EDC Account Balance as of June 30, 2019)	\$ 2,599,924
Interest Earnings	\$ (94,575)
Closing Account Balance	\$ (2,151)
Total Net New Units	5,581
Total Non-Residential, Non-Exempt Board-Determined GFA	871,873
Residential Education Development Charge Per Unit based on 80% of Total Growth-Related Net Education Land Costs	\$ 1,086
Non-Residential Education Development Charge Per Sq. Ft. of GFA based on 20% of Total Growth-Related Net Education Land Costs	\$ -

By-law Implementation and Definitions

Policy Provisions:

1. 5 year by-law term
2. 100% recovery of net education land costs where possible under legislation
3. Jurisdiction-wide singular residential and uniform rate
4. No non-statutory exemptions except farm retirement lots
5. Demolitions 2-year grace period and no conversion credits

Definitions:

"dwelling unit" means a room or suite of rooms used, or designed or intended for use by one person or persons living together, in which culinary and sanitary facilities are provided for the exclusive use of such person or persons, and shall include, but is not limited to, a dwelling unit or units in an apartment, group home, mobile home, duplex, triplex, semi-detached dwelling, single detached dwelling, stacked row dwelling (townhouse) and row dwelling (townhouse). Notwithstanding the forgoing, (i) a unit or room in a temporary accommodation to the travelling or vacationing public and (ii) living accommodation in a nursing home as defined in and governed by the provisions of the *Long-Term Care Homes Act, 2007*, S.O. 2007, c.8, shall not constitute dwellings units for purposes of this By-law."

"residential development on lands designated as a farm retirement lots being a lot adjacent to a farming lot on which a dwelling unit is to be built for the residence of a person who had conducted farming on the adjacent farming lot"