

# **Simcoe County District School Board**

## **Simcoe Muskoka Catholic District School Board**

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### **Education Development Charge Public Meeting**

**Policy Review Meeting & Proposed EDC  
Bylaw Renewal Meeting**

**May 1, 2018**

# **Simcoe County District School Board**

## **Simcoe Muskoka Catholic District School Board**

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**Education Development Charge  
Policy Review Public Meeting**

**May 1, 2018**

# Education Development Charge Policies

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

***Ministry of Education legislation states that each School Board 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.”***

# A Review of Existing Policies

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- **Percentage of growth related net education land costs to be borne through EDCs**
  - **Exemptions**
- **Jurisdiction Wide vs. Area Municipal (or Sub Area) Charges**

# A Review of Existing Policies

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- **Percentage of net education land costs to be borne by residential and non-residential development**
- **Uniform charges for all types of development vs. differentiated charges**
- **Operating budget surplus and alternative accommodation arrangements**

# **Simcoe County District School Board**

## **Simcoe Muskoka Catholic District School Board**

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**Education Development Charge  
Proposed EDC Bylaw Renewal  
Public Meeting**

**May 1, 2018**

# Education Development Charges

**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.**

*Education development charges are the primary source of funding site acquisition needs for a school board experiencing growth in its jurisdiction.*

The SCDSB and SMCDSB have existing EDC by-laws that covers the County of Simcoe. The existing SCDSB EDC is \$1,311 per residential unit and the SMCDSB EDC is \$448 per unit. The non-residential charge is \$0.35 per square foot for the SCDSB and \$0.12 per square foot for the SMCDSB. The charge is allocated 90% to residential and 10% to non-residential. The Boards proposes to consider passage of new by-laws on June 5, 2018.

# Key Elements

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- ❑ EDC by-laws adopted under the *Education Act* enable recovery of growth-related net education land costs only.
- ❑ Boards must meet an eligibility trigger to qualify for EDCs.
- ❑ EDC by-laws may be uniform across the jurisdiction or area-specific. (Legislation requires that some Boards are divided into Regions, which must each have a separate by-law.)
- ❑ EDCs may be a single charge for all types of residential development or the Board may wish to impose different charges on different types of residential development.
- ❑ Boards can allocate net education land costs to both residential and non-residential developments.



# Requirements

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- ❑ The Board has prepared an EDC Background Study and included the necessary requirements.
- ❑ The EDC Background Study must be made available to the Ministry of Education and must be approved by the Minister prior to adoption.
- ❑ A total of two public meetings (three for Boards with existing bylaws) must be held prior to bylaw passage.
- ❑ The EDC Background Study must be made available to the public at least two weeks prior to the first public meeting.
- ❑ A notice of all public meetings must be given a clear 20 days prior to said meeting.

# Process and Methodology

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The EDC process is largely technical and formulaic in nature. The methodology and requirements are set out in Division E of the *Education Act* and in Ontario Regulation 20/98 (as amended).

## ➤ Board Eligibility

- Enrolment v. Capacity
- Financial Obligations

## ➤ Demographic Projections

- Enrolment Projections
- Growth Forecasts

## ➤ Reserve Fund Analysis

- EDC expenditures and revenues
- Existing reserve fund balance

## ➤ Site Needs

- Net growth-related pupil places
- Legislation determines site sizes

## ➤ Net Education Land Costs

- Estimated site acquisition costs (appraisals)
- Site preparation costs/Study costs

## ➤ Determination of EDC

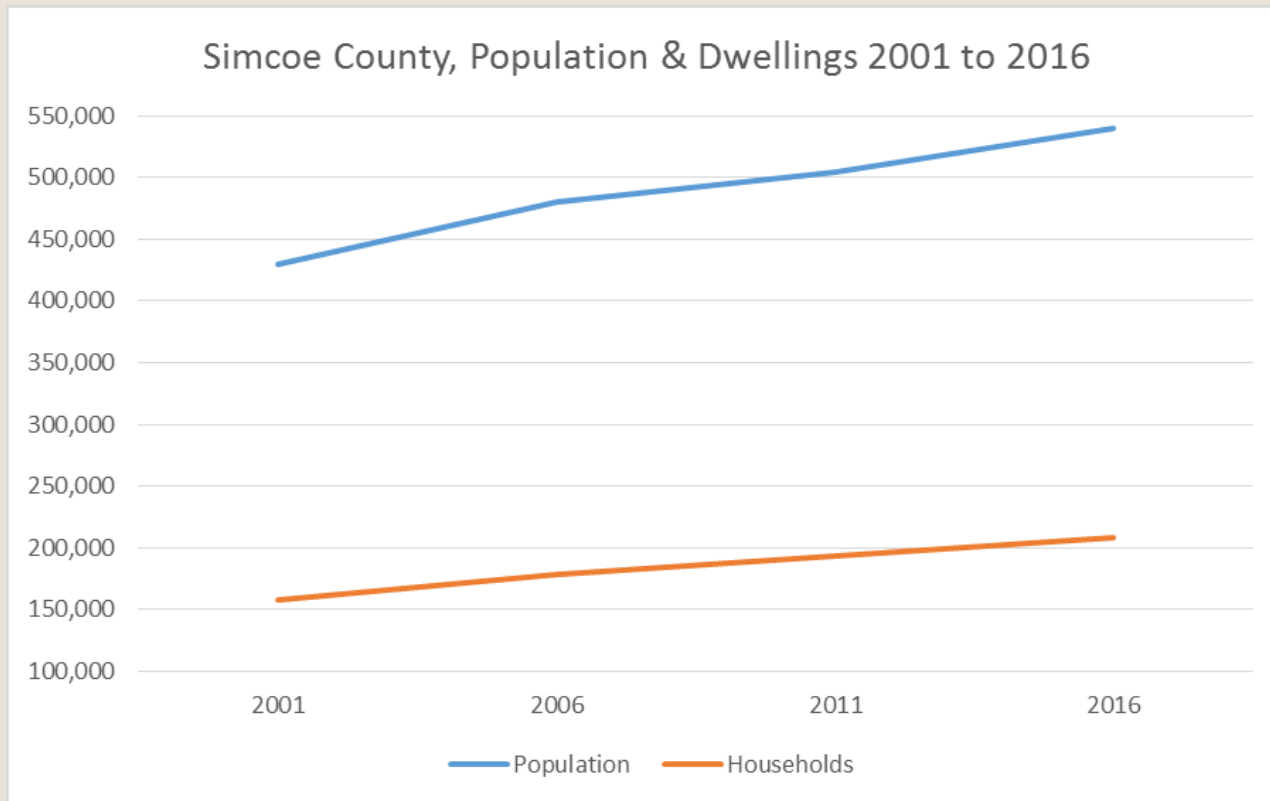
# The Calculation

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1. Demographics and enrolment projections determine need.
2. Legislation and Board planning determines the number of school sites required.
3. Land appraisals determine site acquisition costs.
4. Historical expenditures determine site preparation costs.
5. The reserve fund analysis determines existing EDC surplus or deficit.
6. The total costs determined are referred to as the total growth related net education land costs – this is the amount for which EDC's are collected.
7. Board policies determine how the charge is implemented and collected (exemptions, non-residential allocation etc.)

# Historical Demographic Trends

Demographic projections, including both the enrolment and growth forecasts, form the backbone of the EDC calculation.



# The Calculation

## Growth Forecast - Residential

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The residential growth forecast is used to project future enrolment and as the quotient to determine the final quantum of the charge per unit.

<b>Total Jurisdiction</b>	
Low Density	<b>48,593</b>
Medium Density	<b>17,024</b>
High Density	<b>20,735</b>
<b>Total</b>	<b>86,352</b>

<b>Grand Total Gross New Units In By-Law Area</b>	<b>86,352</b>
<b>Plus: Seasonal Units Not Included In Growth Forecast</b>	<b>5,891</b>
<b>Less: Statutorily Exempt Units In By-Law Area</b>	<b>1,123</b>
<b>Total Net New Units In By-Law Area</b>	<b>91,121</b>

# The Calculation

## Non-Residential Forecast

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The Boards have historically had a non-residential component to their EDC charge of 10%

<b>Total Estimated Non-Residential Board-Determined Gross Floor Area to be Constructed Over 15 Years From Date of By-Law Passage:</b>	<b>41,532,824</b>
<b>Less: Board-Determined Gross Floor Area From Exempt Development:</b>	<b>4,153,282</b>
<b>Net Estimated Board-Determined Gross Floor Area:</b>	<b>37,379,541</b>

# The Calculation

## Projected Enrolment - SCDSB

<b>ELEMENTARY</b>			
<b>Year 1 2018/ 2019</b>	<b>Year 5 2022/ 2023</b>	<b>Year 10 2027/ 2028</b>	<b>Year 15 2032/ 2033</b>
<b>36,164</b>	<b>35,041</b>	<b>34,174</b>	<b>35,524</b>
<b>1,189</b>	<b>5,746</b>	<b>12,369</b>	<b>18,261</b>
<b>37,353</b>	<b>40,786</b>	<b>46,544</b>	<b>53,785</b>
<b>SECONDARY</b>			
<b>Year 1 2018/ 2019</b>	<b>Year 5 2022/ 2023</b>	<b>Year 10 2027/ 2028</b>	<b>Year 15 2032/ 2033</b>
<b>15,666</b>	<b>15,375</b>	<b>15,147</b>	<b>14,185</b>
<b>284</b>	<b>1,399</b>	<b>3,519</b>	<b>5,921</b>
<b>15,950</b>	<b>16,774</b>	<b>18,666</b>	<b>20,107</b>

# The Calculation

## Projected Enrolment - SMCDSB

<b>ELEMENTARY</b>			
<b>Year 1 2018/ 2019</b>	<b>Year 5 2022/ 2023</b>	<b>Year 10 2027/ 2028</b>	<b>Year 15 2032/ 2033</b>
<b>14,455</b>	<b>14,061</b>	<b>13,954</b>	<b>14,484</b>
<b>497</b>	<b>2,399</b>	<b>5,060</b>	<b>7,658</b>
<b>14,951</b>	<b>16,460</b>	<b>19,013</b>	<b>22,142</b>
<b>SECONDARY</b>			
<b>Year 1 2018/ 2019</b>	<b>Year 5 2022/ 2023</b>	<b>Year 10 2027/ 2028</b>	<b>Year 15 2032/ 2033</b>
<b>6,907</b>	<b>7,070</b>	<b>6,727</b>	<b>6,473</b>
<b>131</b>	<b>641</b>	<b>1,580</b>	<b>2,641</b>
<b>7,038</b>	<b>7,710</b>	<b>8,307</b>	<b>9,114</b>



# The Calculation

## Net Growth- Related Pupil Places

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### Simcoe County District School Board

Elementary Panel, Net Growth Related Pupil Places	
Requirements Of New Development:	18,261
Less: Available Pupil Places	1,177
<b>NET GROWTH RELATED PUPILS:</b>	<b>17,084</b>

Secondary Panel, Net Growth Related Pupil Places	
Requirements Of New Development:	5,921
Less: Available Pupil Places	2,186
<b>NET GROWTH RELATED PUPILS:</b>	<b>3,735</b>

### Simcoe Muskoka Catholic District School Board

Elementary Panel, Net Growth Related Pupil Places	
Requirements Of New Development:	7,658
Less: Available Pupil Places	2,125
<b>NET GROWTH RELATED PUPILS:</b>	<b>5,534</b>

Secondary Panel, Net Growth Related Pupil Places	
Requirements Of New Development:	2,641
Less: Available Pupil Places	1,072
<b>NET GROWTH RELATED PUPILS:</b>	<b>1,569</b>

# Legislated Site Sizes

Elementary schools	
Number of Pupils	Maximum Area (acres)
1 to 400	4
401 to 500	5
501 to 600	6
601 to 700	7
701 or more	8

Secondary schools	
Number of Pupils	Maximum Area (acres)
1 to 1000	12
1001 to 1100	13
1101 to 1200	14
1201 to 1300	15
1301 to 1400	16
1401 to 1500	17
1501 or more	18

# Site Requirements

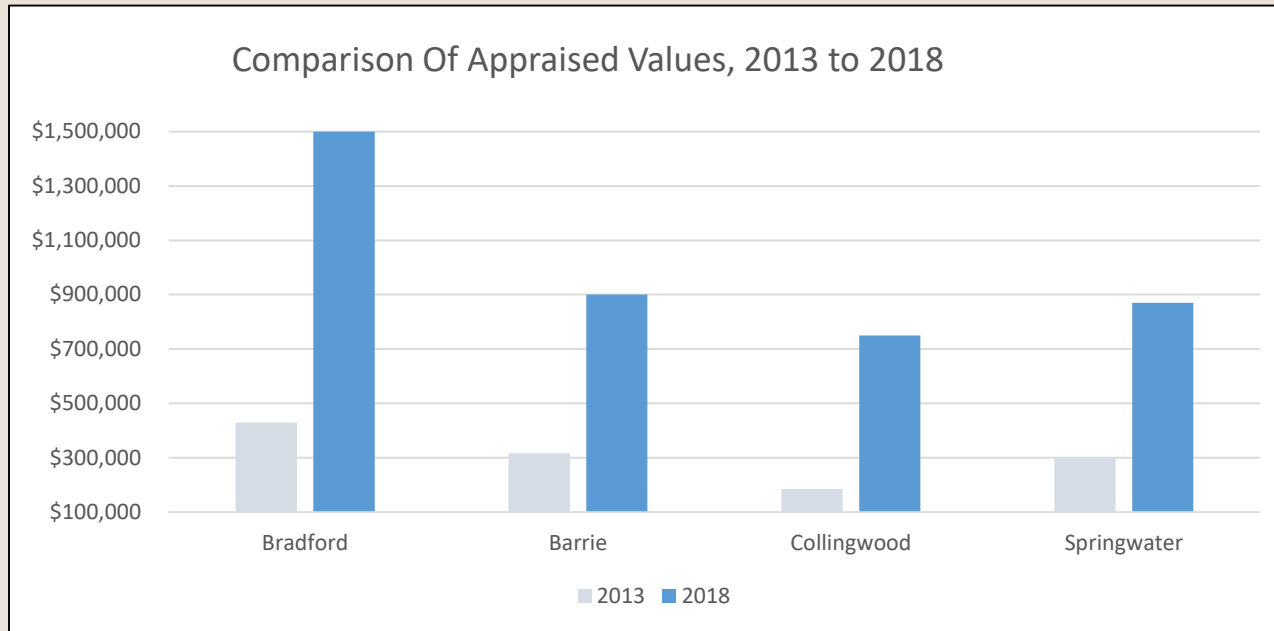
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The analysis determined that;

The SCDSB will require a total of 34 new elementary sites (both full and partial sites and 2 of which are already owned) and 5 new secondary sites (both full and partial sites).

The SMCDSB will require 15 new elementary sites (both full and partial sites) and 3 new secondary sites (both full and partial sites).

# Land Costs



Site Preparation Costs Are Based On Actual Board Site Expenditures. They Have Been Estimated At \$249,070 Per Acre.



# BACKGROUND LAND VALUE REPORT

## 2018 Simcoe County Education Development Charge

Prepared for: Simcoe County District School Board  
and Simcoe Muskoka Catholic District School Board

Andrew, Thompson and Associates Ltd.  
Real Estate Appraisers and Consultants  
April 20, 2018



# LAND VALUATION

❖ **Methodology**

❖ **Trends**

❖ **Conclusions**

# Methodology

## ❖ Appraisal Format

Macro  
Appraisal

## ❖ Study Areas

Barrie  
Innisfil  
Bradford  
New  
Tecumseth  
Orillia  
Essa  
Wasaga  
Beach  
Oro-  
Medonte  
Collingwood  
Springwater

## ❖ Approaches to Value

Land  
Development  
Direct  
Comparison



## Scope of Review

- ▶ Identify and review of the identified School Site – Consider the expected density neighbourhood development trends
- ▶ Consider recent market transactions for school sites and other institutional lands
- ▶ Research and review transactions for builders lots
- ▶ Research and review transactions for development lands, preferably those approaching immediate development opportunity
- ▶ Sort the market evidence by market area and apply to valuations models
- ▶ Consider the recent trends to determine the expected rate of escalation for a 5 and 15 year escalation recommendation





## NOTED MARKET TRENDS

- ▶ Rapid increase in land values throughout South Simcoe County through the 5 year period in the last Review
- ▶ In unison with changing planning policy seeking intensification development yields have increased substantially in the south Simcoe Market Area
- ▶ Townhouse, stacked townhouses and mid rise development has most recently become the prevailing intended development form
- ▶ Many of the market transactions for land reflect increasing density and strong demand
- ▶ Development charges overall have increased considerably over the past 5 years contributing to dramatic increase in land values
- ▶ New Urban Lands (Greenfields) are found to be in the hands of few, limiting the opportunities for smaller developers to infill development which may be driving price
- ▶ Limited supply in markets such as Barrie and Bradford has likely driven values
- ▶ Combined with low interest rates and strong demand new urban development land has risen at rates unknown in prior times



## Approaches to Value

Two methods of valuation have been applied for each market area namely:

- The Land Development Approach
- The Direct Comparison Approach



## Land Development Approach

### Serviced Lot Values

- Projections are based on mixed low density sites with a compliment of single detached and townhouses
- We concentrated on the typical trading rates per linear front foot for single detached housing lots and unit rates for townhouse sites.

# Development Approach – Example Calculation @ 9 upa

Development Approach					
EXAMPLE		9 UPA - Mixed			
<b>ESTIMATED PROCEEDS</b>		<b>Total Saleable Front Feet</b>		<b>1,450</b>	
		<b>Units</b>	<b>45</b>		
<b>Future Revenues (Lot Sales)</b>	<b>Type</b>	<b>% Density Mix</b>	<b>Feet</b>	<b>Rate / FF</b>	
	Singles	70%	1180	\$6,700	
	Towns	30%	270	\$7,800	
<b>TOTAL SALES</b>				<b>\$10,012,000</b>	
<b>ESTIMATED DEVELOPMENT COSTS</b>					
<b>Levies (Park)</b>		1		\$0	
<b>Development Changes - Singles</b>					
Development Charges Levy - Local		31.5	\$44,021	\$1,386,662	
Development Charges Levy - County		31.5	\$8,983	\$282,965	
<b>Development Changes - Towns</b>					
Development Charges Levy - Local		13.5	\$41,173	\$555,836	
Development Charges Levy - County		13.5	\$7,447	\$100,535	
<b>Hard Costs (Site Prep; Storm Sewer; Sanitary Sewer; Water; Hydro; Roads)</b>		1450	\$400	\$580,000	
<b>Soft Costs (Planning, Legal, Survey, Admin.)</b>		1450	\$330	\$478,500	
<b>Financing</b>		8%		\$169,360	
<b>Contingencies</b>		20%		\$245,572	
<b>Marketing Costs</b>		1%		\$100,120	
<b>Developer Profit - On Gross Sales</b>		15.00%		\$1,152,901	
<b>TOTAL COSTS</b>				<b>\$5,052,449</b>	
<b>Residual Value</b>				<b>\$4,959,551</b>	
<b>Residual Value Per Lot</b>				<b>\$110,212</b>	
<b>PRESENT WORTH</b>		<b>Years</b>	<b>Present value of Net Sales</b>	<b>PV Factor @ 8% Annual</b>	<b>Present Value</b>
# of years		2	\$4,959,551	0.857339	\$4,252,016
<b>ESTIMATED VALUE BY THE DEVELOPMENT APPROACH</b>					<b>\$4,252,016</b>
<b>SUMMARY</b>					
# of Acres					5.00
Estimated Value Per Acre					<b>\$850,403</b>
<b>Footnotes</b>					
1. Prepaid in larger development					

## Direct Comparison Approach

- Few parcels trade in the open market on the eve of development in the status of an assumed school site
- From the open market sales in each market, a Table of Comparable Sales were considered
- Market transactions in some cases are not available ie. Midhurst – necessary to rely on evidence from the surrounding area
- Sales of Institutional property
- Developed a range of value conclusions for the future school locations giving account to density, location and development status

## Direct Comparison Approach

LOCATION	DIRECT COMPARISON APPROACH	
	Low	High
BARRIE	\$815,000	\$950,000
BRADFORD	\$1,300,000	\$1,500,000
INNISFIL	\$900,000	\$1,000,000
NEW TECUMSETH	\$1,100,000	\$1,200,000
ESSA	\$815,000	\$875,000
WASAGA BEACH	\$600,000	\$700,000
ORILLIA	\$460,000	\$650,000
SPRINGWATER	\$815,000	\$950,000
ORO-MEDONTE	\$460,000	\$500,000
COLLINGWOOD	\$550,000	\$750,000
NORTH TOWNS OF MIDLAND / PENETANGUISHENE	\$250,000	\$350,000

# Overall Conclusions

VALUE CONCLUSION SUMMARY					
LOCATION	DIRECT COMPARISON APPROACH		LAND DEVELOPMENT APPROACH		FINAL ESTIMATE OF VALUE (\$/ACRE)
	Low	High	Low	High	
BARRIE	\$815,000	\$950,000	\$894,000	\$937,000	<b>\$900,000</b>
BRADFORD	\$1,300,000	\$1,500,000	\$1,511,000	\$1,553,000	<b>\$1,500,000</b>
INNISFIL	\$900,000	\$1,000,000	\$890,000	\$913,000	<b>\$925,000</b>
NEW TECUMSETH	\$1,100,000	\$1,200,000	\$1,142,000	\$1,155,000	<b>\$1,150,000</b>
ESSA	\$815,000	\$875,000	\$700,000	\$854,000	<b>\$750,000</b>
WASAGA BEACH	\$600,000	\$700,000	\$576,000	\$787,000	<b>\$625,000</b>
ORILLIA	\$460,000	\$650,000	\$477,000	\$511,000	<b>\$500,000</b>
SPRINGWATER	\$815,000	\$950,000	\$854,000	\$931,000	<b>\$870,000</b>
ORO-MEDONTE	\$460,000	\$500,000	\$454,000	\$489,000	<b>\$475,000</b>
COLLINGWOOD	\$550,000	\$750,000	\$599,000	\$792,000	<b>\$750,000</b>
NORTH TOWNS OF MIDLAND / PENETANG	\$250,000	\$350,000	\$270,000	\$449,000	<b>\$300,000</b>

# The Proposed Charge - SCDSB

<b>Determination of Total Growth-Related Net Education Land Costs</b>			
Total:	Education Land Costs	\$	359,575,147
Add:	EDC Financial Obligations	\$	3,599,955
<b>Subtotal:</b>	<b>Net Education Land Costs</b>	<b>\$</b>	<b>363,175,102</b>
Add:	EDC Study Costs	\$	450,000
<b>Total:</b>	<b>Growth-Related Net Education Land Costs</b>	<b>\$</b>	<b>363,625,102</b>
<b>Non-Residential Development Allocation</b>			
		<b>10%</b>	<b>\$ 36,362,510</b>
<b>Residential Development Allocation</b>			
		<b>90%</b>	<b>\$ 327,262,592</b>
<b>Residential Growth-Related Net Education Land Costs</b>			<b>\$ 327,262,592</b>
<b>Net New Dwelling Units</b>			<b>91,121</b>
<b>Uniform Residential EDC per Dwelling Unit</b>			<b>\$ 3,592</b>
<b>Non-Residential Growth-Related Net Education Land Costs</b>			<b>\$ 36,362,510</b>
<b>GFA Method:</b>	<b>Non-Exempt Board-Determined GFA</b>		<b>37,379,541</b>
	<b>Non-Residential EDC per Square Foot of GFA</b>		<b>\$ 0.97</b>



# The Proposed Charge - SMCD SB

<b>Determination of Total Growth-Related Net Education Land Costs</b>			
Total:	Education Land Costs	\$	138,993,426
Add:	EDC Financial Obligations	\$	9,555,147
<b>Subtotal:</b>	<b>Net Education Land Costs</b>	<b>\$</b>	<b>148,548,573</b>
Add:	EDC Study Costs	\$	450,000
<b>Total:</b>	<b>Growth-Related Net Education Land Costs</b>	<b>\$</b>	<b>148,998,573</b>
<b>Allocation</b>			
<b>Non-Residential Development Allocation</b>		<b>10%</b>	<b>\$ 14,899,857</b>
<b>Residential Development Allocation</b>		<b>90%</b>	<b>\$ 134,098,715</b>
<b>Residential Growth-Related Net Education Land Costs</b>			<b>\$ 134,098,715</b>
<b>Net New Dwelling Units</b>			<b>91,121</b>
<b>Uniform Residential EDC per Dwelling Unit</b>			<b>\$ 1,472</b>
<b>Non-Residential Growth-Related Net Education Land Costs</b>			<b>\$ 14,899,857</b>
<b>Non-Exempt Board-Determined GFA</b>			<b>37,379,541</b>
<b>GFA Method:</b>	<b>Non-Residential EDC per Square Foot of GFA</b>		<b>\$ 0.40</b>

# Important Dates – EDC 2018

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Monday, April 9

Background Study Submitted to Ministry

Tuesday, April 17

Background Study Released to Public

*Friday, April 20*

*EDC Information Session*

**Tuesday, May 1**

**Policy Review and Public Meeting,  
SCDSB Board Offices, 6:00PM**

**Tuesday, June 5**

**By-law Passage Consideration Meeting,  
SMCDSB Board Office, 6:00PM**

# Comments and Submissions

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**The Board encourages comments and questions from the public and all interested stakeholders to be expressed. The submission of written comments or concerns should be directed to:**

**Peter Derochie  
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Of Education (Business and  
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