



## MEMORANDUM

Memo No. 23-072

TO: Trustees

FROM: Randall Gerrior, Associate Director, Business Operations  
Karyn Carty Ostafichuk, Manager of Planning

DATE: 27 October 2023

RE: **Education Development Charge By-Law, Background Study**

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As Board is aware, we have engaged Quadrant Group to develop a background study to pass a new Education Development Charge By-law (required by 31 March 2024). Education Development Charges (EDCs) are charges levied against each building permit issues by the City of Ottawa (Commercial/industrial or Residential) and the funds we collect monthly go to pay for new school sites (just the land acquisition) that is attributable to growth in the district (like Municipal Development Charges, the funds can only be used for growth-related needs).

We are working with Quadrant in conjunction with the 3 other school districts in Ottawa to examine the matter jointly. All 4 Boards have the same term for their by-laws and all of us must pass a new by-law by this coming March 2024.

There are necessary Public Meetings that will be upcoming (that have to be held before the Board of Trustees). While we do not want to assume outcomes of these meetings, because we take the time to meet both with the City of Ottawa and the Developer Community through the development of the new by-law, historically these meetings have opened and closed quickly before Board with no participants having comments or questions. We anticipate the same for these upcoming meetings that will be held early in the New Year.

However, by way of background, especially for those unfamiliar with EDC, we have attached a general Power Point file that we hope explains the process. The proponent of Quadrant has made time to have a special meeting with Trustees, but as your schedule is already very full, staff thought this presentation may explain the process without the need for another meeting in your busy schedule.

We are always available to answer your questions. Please direct questions to Karyn Carty Ostafichuk at [karyn.ostafichuk@ocdsb.ca](mailto:karyn.ostafichuk@ocdsb.ca) or 613-596-8786.

Attach.

cc Senior Staff  
Manager, Planning  
Manager, Board Services  
Corporate Records

# Education Development Charges



**Ottawa-Carleton DSB**  
October, 2023

# Overview of Education Development Charges

- EDCs pay for the costs to acquire and develop land necessary to accommodate additional pupil places generated by new housing development
- EDCs may be imposed by school boards who qualify on the following basis:
  - Either average enrolment will exceed capacity over proposed 5-year by-law period, or
  - The board has a deficit in the EDC account the day prior to the successor by-law being enacted, and has outstanding financial commitments
- EDCs are based on 15-year projections and estimates. Legislation was intentionally silent on a number of aspects of the calculation. The biggest challenge is to defensibly interpret the legislation given changing land development practices in Ontario
- From 1998 to March 2019, the EDC scheme was designed to derive precisely the value of the net growth-related land needs (including financing and study costs) – not a penny more; not a penny less. School boards do not have access to the tax base and the Province has limited funds for land purchases other than growth-related land costs. ‘Land priorities’ funding is not to be used to fund growth-related site needs. For many EDC boards, there are unfunded growth-related costs
- The EDC calculated rate is based on the total net education land costs divided by the ‘net’ new units and ‘net’ non-residential GFA (net of statutory exemptions)
- EDCs are paid at the time a building permit is issued and collected by the City of Ottawa building department; then forwarded to the Board on a monthly basis
- Average of \$5 million in annual EDC funds is collected on behalf of the OCDSB since January 2002

# Overview of Education Development Charges

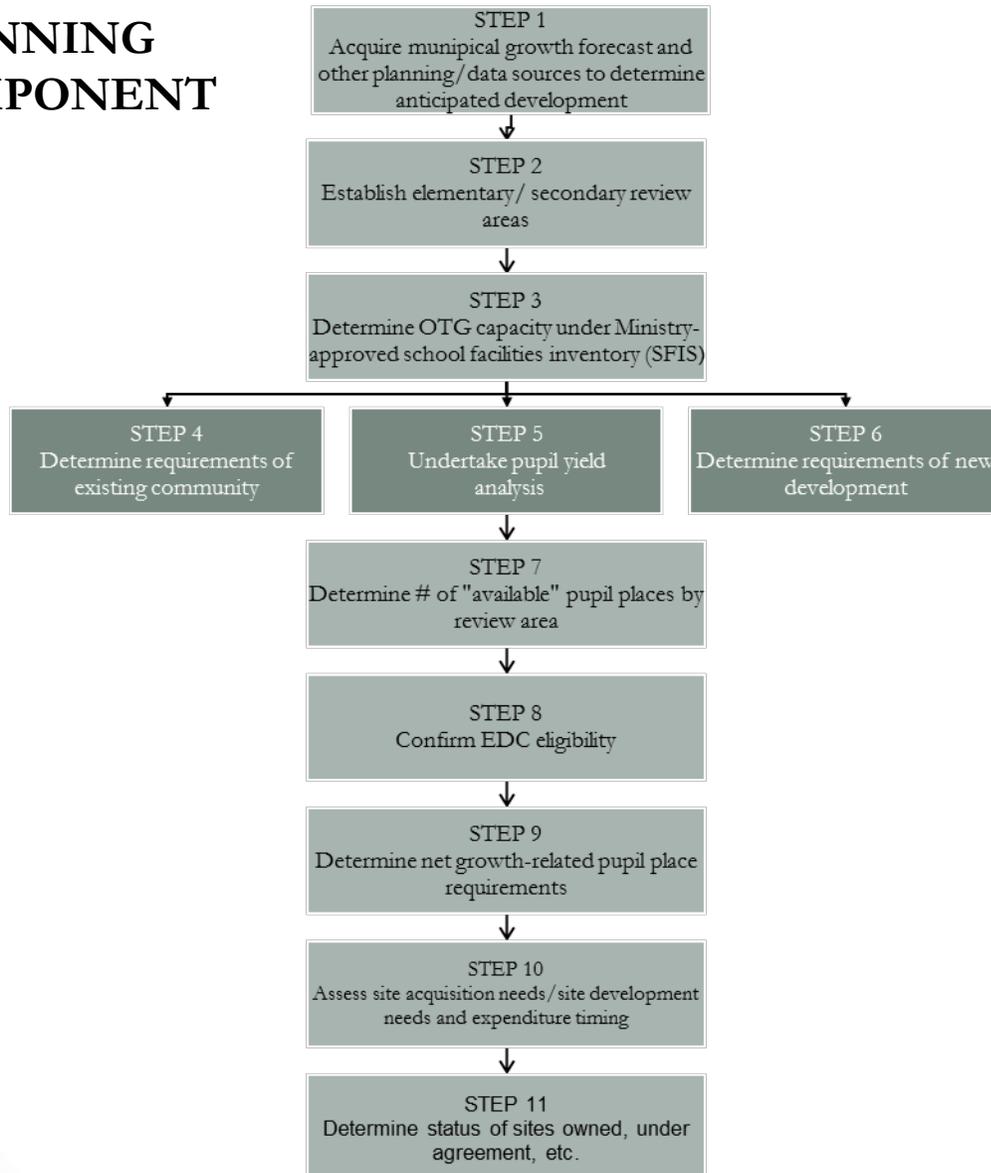
- Ministerial oversight required re:
  - purchase of land;
  - funding to pay costs to construct additional pupil places; and
  - ability for a school board to adopt an EDC by-law(s) – Minister must approve the 15-year student enrolment projections; permanent capacity available to accommodate pupils; and number of proposed new school sites
- Since March, 2019, EDCs could also be used to pay for Alternative Projects – costs to meet growth-related student accommodation needs where intensified land uses are proposed – if approved by the Minister of Education
- As of November 1, 2019 the Province adopted the following legislative ‘caps’:
  - Increase residential rates by the greater of \$300 or 5% per annum provided that these ‘capped’ rates do not exceed the ‘calculated’ rates determined in the EDC Background Study report. Increase non-residential rates by the greater of \$0.10 per square foot of GFA, or 5% annually. The 5% annual increase is intended to cover increased land prices
- Legislative rate ‘caps’ create a variety of hidden unfunded growth-related costs, with no alternative funding source other than taxpayer funding:
  - ✓ Statutory exemptions; costs higher than the legislative ‘cap’ would cover; housing forecasts higher or lower than actual building permits – affecting annual EDC cashflows and associated borrowing requirements

# Overview of Education Development Charges

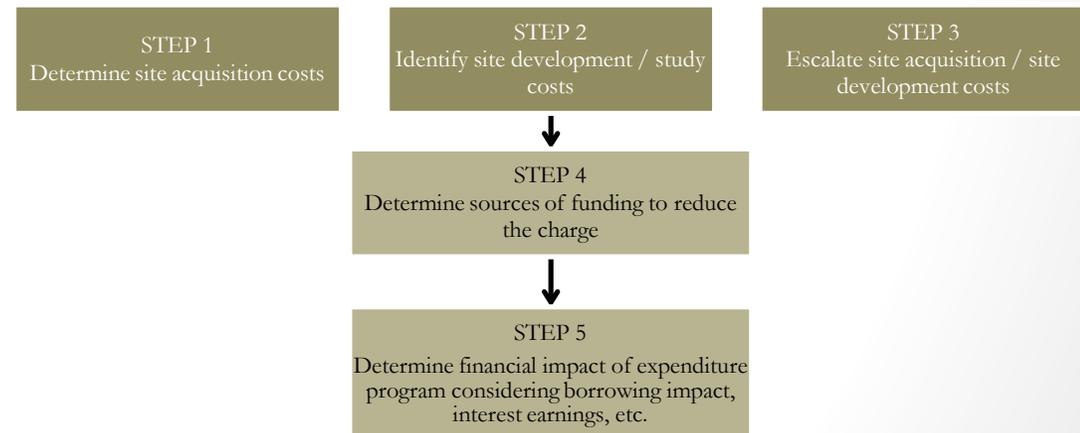
- EDCs are typically applied on a jurisdiction-wide basis – that is, the same rates apply throughout the board’s jurisdiction
- Residential EDC rates are applied to each new residential dwelling unit created, regardless of intended occupancy (i.e. non-family households pay the same rate as family households), unless it is statutorily-exempted from the payment of EDCs (e.g. the creation of secondary dwelling units)
- Non-residential rates are applied to all industrial, commercial and institutional development unless statutorily-exempt as follows:
  - a private school.
  - a long-term care home, as defined in the *Long-Term Care Homes Act, 2007*.
  - a retirement home, as defined in the *Retirement Homes Act, 2010*.
  - a hospice or other facility that provides palliative care services.
  - a child care centre, as defined in the *Child Care and Early Years Act, 2014*.
  - a memorial home, clubhouse or athletic grounds owned by the Royal Canadian Legion.
  - the owner is a college of applied arts and technology established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*.
  - the owner is a university that receives regular and ongoing operating funds from the Government of Ontario for the purposes of post-secondary education.
  - the owner is an Indigenous Institute prescribed for the purposes of section 6 of the *Indigenous Institutes Act, 2017*. O. Reg. 371/19, s. 1.
  - If only a portion of a building or structure, or an addition or alteration to a building or structure will be used for a purpose identified in the legislation, only that portion of the building, structure, addition or alteration is exempt from an education development charge.

# Education Development Charges Process

## PLANNING COMPONENT



## FINANCIAL COMPONENT



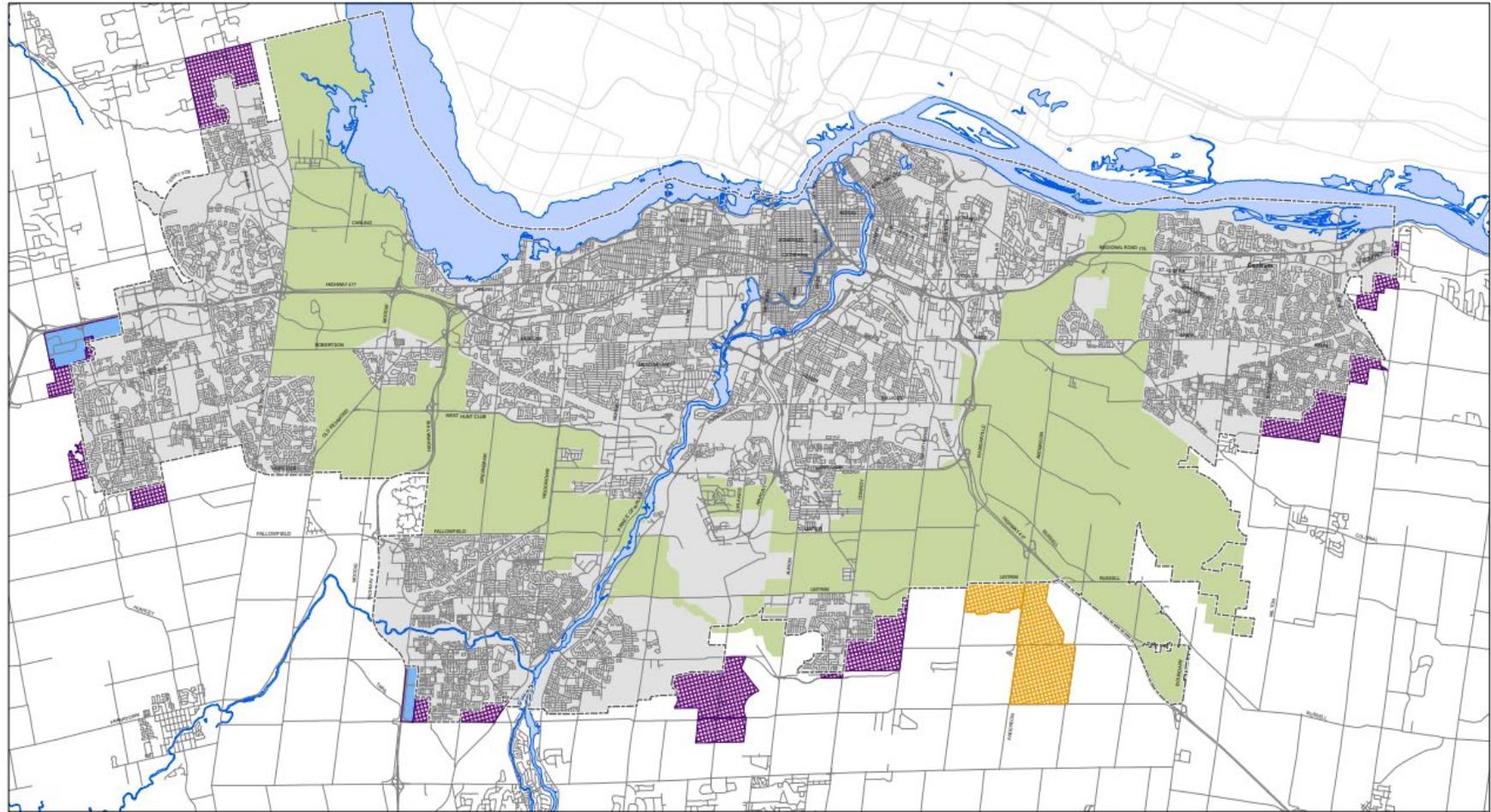
# City of Ottawa Proposed Residential Development

The co-terminous Ottawa boards worked with the City of Ottawa who provided housing projections by traffic zone and by ground-related versus high-density development

A portion of the provincially-approved expansion lands are included in the 15-year housing forecast

Just under 124,000 new residential units are expected to be built during the mid-2024 through mid-2039 forecast period

Approximately 28% are expected to be low density single and semi-detached; 20% apartments and just under half of the units medium density (i.e. broad variety of townhomes)



**URBAN EXPANSION AREAS / ZONES D'EXPANSION URBAINE**

-  Category 1 - Future Neighbourhood Overlay / Catégorie 1 - Zone sous-jacente de quartier futur
-  Category 2 - Future Neighbourhood Overlay - New Tewin Community / Catégorie 2 - Zone sous-jacente de quartier futur - Nouvelle communauté de Tewin
-  Industrial and Logistics / Industrie et Logistique

-  Existing Urban Boundary / Périmètre d'urbanisation
-  Greenbelt / Ceinture de verdure



**Official Plan / Plan officiel**

Schedule C17 - Urban Expansion Areas  
Annexe C17 - Zones d'expansion urbaine

Approved on November 4, 2022  
Approuvé le 4 novembre 2022



Planning, Infrastructure and Economic Development Department, Geospatial Analysis, Technology and Solutions  
Services de la planification, de l'infrastructure et du développement économique, Analyse géospatiale, technologie et solutions

# Determining Growth-related Land Needs

- 15-year student enrolment projections are prepared by school, by grade and by program
- The # of OCDSB pupils to be generated by the construction and occupancy of ~124,000 new homes are based on board-specific and density-specific pupil yields (i.e. OCDSB student data is matched to MPAC housing data to determine how many OCDSB pupils are generated by the construction & occupancy of various types of homes, and in various communities within the City)
- Board staff work with consultants to refine the student enrolment projections and to determine where and when the Board is likely to require additional pupil places - consistent with capital priorities of the board
- Land appraisers determine the cost per acre to acquire lands in areas specified as having future growth-related land needs, as well as perspectives on how land values are expected to escalate over time
- A reconciliation of the EDC accounts for all four (4) boards provides recent costs to prepare the land such that a school building can be built upon the land – site preparation costs
- Land acquisition and site preparation costs are escalated over the 15-year forecast period
- The total net education land costs are divided over the # of residential units and non-residential GFA likely to pay EDCs (i.e. non-exempt development)
- The share of total net education land costs attributable to non-residential development cannot exceed 40% of the total
- The EDC calculation will also determine projected unfunded growth-related land costs, if any

# EDC-eligible Costs

- Education Land Costs under section 257.53 (2) of the *Education Act* include costs to:
  - *acquire land or*
  - *an interest in land (this could be a strata interest),*
  - *including a leasehold interest,*
  - *to be used by the board to provide pupil accommodation'*
- Education land costs exclude costs of any building to be used to provide pupil accommodation
- Legislation allows the use of EDC funds for construction costs only under a Minister-approved Alternative Project
- In any 5-year by-law period, EDC-eligible costs are tied to how much residential development is projected to take place. As a board moves from one by-law period to another, the # of new residential units grows and the % EDC-eligible expenditures grows

# Consultation to Date

- Start-up meetings with co-terminous Ottawa boards – June 22nd
- Meetings with City of Ottawa – June through August, 2023
- Initial meeting with GOHBA representatives – August 15th
- City of Ottawa forwards draft housing forecast – August 30th

# Next Steps and Timelines

- Forward draft EDC Submission to Ministry Capital Programs Branch – **November, 2023**
- Revisions to project timing & forward final EDC Submission to Ministry – **December, 2023**
- EDC Background Study & Policy Review Report circulated to Ministry and co-terminous boards and posted to Board's website – **no later than mid-December, 2023**
- Met with OGHBA representatives to review draft EDC calculations and proposed rates – **November, 2023**
- Policy Review Public Meeting – **date to be determined**
- 2<sup>nd</sup> Public Meeting – **(includes report on any additional stakeholder consultation & input) – date to be determined**
- By-law Adoption Public Meeting – **date to be determined**
- Liaise with City of Ottawa Building staff re by-law implementation – **late March, 2024**
- Proposed By-law Implementation – **April 1, 2024**
- Publish Notice of By-law Passage – **end of April, 2024**