

# Waterloo Region District School Board & Waterloo Catholic District School Board 2021 Education Development Charge By-law

## 2022 Amendment

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On May 10, 2021, the Waterloo Catholic District School Board (WCDSB) and Waterloo Region District School Board (WRDSB) (the Boards) passed Education Development Charge (EDC) by-laws which came into force on June 1, 2021. The 2021 EDC by-laws were enacted at:

- \$953.00 per residential dwelling unit and \$0.42 per square foot of non-residential gross floor area for the WCDSB, and
- \$2,248.00 per residential dwelling unit and \$1.51 per square foot of non-residential gross floor area for the WRDSB.

In November 2019, changes to Ontario Regulation 20/98 restricting boards to EDC rate changes of up to \$300 / residential unit or 5% of the existing rate, whichever is greater. In addition, in the second year of the by-law, and each subsequent year, the rate could increase a further \$300 or 5%. Similarly, a school board could increase its non-residential rate by \$0.10 / square foot of gross floor area per year or 5% of the current rate, whichever is greater. The non-residential rate could continue to be increased by the same maximums for each subsequent year of the by-law.

The proposed maximum EDC rates calculated in the Boards' 2021 EDC Background Study established a maximum of:

- \$1,049 per dwelling unit and \$0.43 per square foot of non-residential gross floor area for the WCDSB, and
- \$2,708 per dwelling unit and \$1.66 per square foot of non-residential gross floor area for the WRDSB.

As a result, the Boards were permitted to increase residential EDC rates per dwelling unit by \$300 and their non-residential rates per square foot by \$0.10 until they reach their prescribed maximums. Table 1 sets out the existing rates and provides the annual permitted phased-in rates.



Table 1

WCDSB							
Type of Development	2016 EDC Rate	Year 1	Year 2	Year 3	Year 4	Year 5	MAXIMUM RATE
Residential	\$ 653	\$ 953	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049	\$ 1,049
Non-Residential	\$ 0.32	\$ 0.42	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.43
WRDSB							
Type of Development	2016 EDC Rate	Year 1	Year 2	Year 3	Year 4	Year 5	MAXIMUM RATE
Residential	\$ 1,948	\$ 2,248	\$ 2,548	\$ 2,708	\$ 2,708	\$ 2,708	\$ 2,708
Non-Residential	\$ 1.41	\$ 1.51	\$ 1.61	\$ 1.66	\$ 1.66	\$ 1.66	\$ 1.66

However, school boards may review the prescribed maximum EDC rate to ensure that inputs such as the price of land are consistent with the assumptions made in the original study. The regulation permits school boards to increase the quantum of the EDC rate once in a one-year period via an amendment.

In May 2021, the Boards committed to reviewing EDC inputs such as land value assumptions annually. As such, an appraiser was retained by the Boards in late 2021 who was instructed to review the current land values compared to what was appraised as part of the 2021 EDC Background Study.

Cushman and Wakefield, the appraiser who provided land values for the 2021 EDC Background Report, determined that land values were higher than those used for the 2021 EDC Background Study. Cushman and Wakefield prepared a new appraisal report for the Boards establishing an updated per acre value for each school site that was previously appraised. The new report has an effective date of January 1, 2022, and describes the methodology, approach, and background to support the updated land values.

Table 2 compares the 2021 EDC Background Study values and the January 1, 2022, appraised values. The January 2022 appraised land values increased between 62% and 82% from December 2020 and January 2022.



Table 2

<b>WRDSB</b>			
<b>Review Area</b>	<b>2021 Appraised Per Acre Value</b>	<b>2022 Appraised Per Acre Value</b>	<b>% Difference</b>
PEC2	\$ 1,420,000	\$ 2,332,500	64%
PEC6	\$ 1,060,000	\$ 1,900,000	79%
PEC7	\$ 1,060,000	\$ 1,900,000	79%
PEC8	\$ 1,060,000	\$ 1,900,000	79%
PEK1A	\$ 1,230,500	\$ 2,234,500	82%
PEK1A	\$ 1,484,500	\$ 2,402,000	62%
PEK1C	\$ 1,229,500	\$ 2,082,500	69%
PEK1C	\$ 1,229,500	\$ 2,082,500	69%
PEK3D	\$ 1,230,000	\$ 2,084,000	69%
PEK6B	\$ 1,230,000	\$ 2,084,000	69%
PET1	\$ 902,500	\$ 1,630,500	81%
PET1	\$ 902,500	\$ 1,630,500	81%
PET5	\$ 902,500	\$ 1,630,500	81%
PEW1	\$ 1,244,500	\$ 2,097,000	69%
PEW1	\$ 1,244,500	\$ 2,097,000	69%
PEW1	\$ 1,244,500	\$ 2,097,000	69%
PS02	\$ 1,238,000	\$ 2,097,500	69%
PS04	\$ 1,256,500	\$ 2,117,000	68%
PS05	\$ 902,500	\$ 1,630,500	81%
<b>WCDSB</b>			
CEC1	\$ 1,054,000	\$ 1,900,000	80%
CEC2	\$ 1,054,000	\$ 1,900,000	80%
CEC4	\$ 1,054,000	\$ 1,900,000	80%
CEK2 <sup>1</sup>	\$ 750,000	\$ 750,000	0%
CEK3 <sup>1</sup>	\$ 1,092,000	\$ 2,000,000	83%
CEK3	\$ 1,484,500	\$ 2,402,000	62%
CEK5	\$ 1,235,000	\$ 2,093,000	69%
CET4	\$ 1,054,000	\$ 1,900,000	80%
CET6	\$ 901,500	\$ 1,628,500	81%
CS02 <sup>1</sup>	\$ 750,000	\$ 750,000	0%
CS03	\$ 1,054,000	\$ 1,900,000	80%

<sup>1</sup> Price is fixed based on Board agreement



Watson & Associates Economists Ltd. has recalculated the EDC rates, incorporated the increased land values as well as updated each board's EDC reserve fund to reflect current balances. The analysis has resulted in an increase to the proposed maximum rates initially set out in the 2021 EDC Background Study. The new maximum rates are shown in Table 3 compared with the approved 2021 maximum rates. The proposed WCDSB maximum rates have increased by approximately 67%, and 64% for the WRDSB.

Table 3

School Board	2021 Proposed Maximum EDC Rates	2022 Proposed Maximum EDC Amended Rates
WCDSB Residential	\$ 1,049	\$ 1,739
WCDSB Non-Residential	\$ 0.43	\$ 0.72
WRDSB Residential	\$ 2,708	\$ 4,423
WRDSB Non-Residential	\$ 1.66	\$ 2.72

The approval of new maximum rates will not impact the regulated phase-in of rates identified earlier. For the WCDSB, the proposed new maximum rate of \$1,739 would allow the board to increase by \$300 residential unit per year up to a maximum of \$1,739 versus the previous maximum of \$1,049. Based on the approved 2021 rates, the WRDSB would reach their maximum of \$2,708 in Year 3. However, the new maximum rate of \$4,423 would allow the board to charge the full phase-in value for the duration of the 5-year by-law but would not reach the maximum rate.

Based on the increase in land values and the resulting increase in the maximum rate for each board, it is proposed that the respective EDC by-laws be amended to phase in EDC rates based on the newly calculated maximum rates consistent with the regulation.

The WCDSB residential EDC rate would increase in Year 2 effective June 1, 2022, from \$1,049 to \$1,253 per residential unit, representing the full \$300 permitted increase. In Year 3, the rate would increase again by \$300 to \$1,553. In Year 4 the maximum rate would be \$1,739. The WCDSB non-residential rate would increase from \$0.42 to \$0.52 in Year 2, \$0.62 in Year 3, and finally reaching the maximum rate of \$0.72 in Year 4.

For the WRDSB, the residential EDC rate would remain the same in Year 2 at \$2,548. However, in Year 3 the amended rate would be \$2,848 and then \$3,148 in Year 4, and \$3,448 in Year 5. The existing non-residential rate of \$1.51 per square foot of gross floor area would increase to the permitted rate of \$1.61 in Year 2, and \$1.71 in Year 3, \$1.81 in Year 4 and \$1.91 in Year 5.

Table 4



WCDSB							
Type of Development	2016 EDC Rate	Year 1	Year 2	Year 3	Year 4	Year 5	MAXIMUM RATE
Residential	\$ 653	\$ 953	\$ 1,253	\$ 1,553	\$ 1,739	\$ 1,739	\$ 1,739
Non-Residential	\$ 0.32	\$ 0.42	\$ 0.52	\$ 0.62	\$ 0.72	\$ 0.72	\$ 0.72
WRDSB							
Type of Development	2016 EDC Rate	Year 1	Year 2	Year 3	Year 4	Year 5	MAXIMUM RATE
Residential	\$ 1,948	\$ 2,248	\$ 2,548	\$ 2,848	\$ 3,148	\$ 3,448	\$ 4,423
Non-Residential	\$ 1.41	\$ 1.51	\$ 1.61	\$ 1.71	\$ 1.81	\$ 1.91	\$ 2.72

On May 9, 2022, staff will present reports to their respective Board of Trustees recommending that the Boards enact amending by-laws to reflect the revised charges described above. Such by-laws would come into force on the fifth day after passing. New rates would come into effect on June 1, 2022.

If there are any questions or comments, please advise Board staff as soon as possible. Contacts for the school board are provided below:

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