

April 17, 2018

Re: Simcoe County District School Board & Simcoe Muskoka Catholic District School Board
Education Development Charge Background Study 2018

The Education Development Charge (“EDC”) Background Study and analysis that Watson & Associates Economists Ltd prepared on behalf of the Simcoe County District School Board (SCDSB) and the Simcoe Muskoka Catholic District School Board (SMCDSB) uses similar assumptions to the current EDC by-laws that the Boards passed in 2013. The underlying assumptions are consistent with the 2013 EDC analysis in that the background study and calculations were based on a jurisdiction wide analysis, with a uniform rate applied equally to all types of residential development. The charges are based on a 90% residential allocation and 10% non-residential allocation. The background study contains a sensitivity analysis that shows a range of EDC charges based on allocations from 0% non-residential to the maximum allowable non-residential rate of 40%. In addition, the background study also provides a range of charges based on dwelling types to illustrate the differences in the charge between uniform and differentiated rates.

The residential housing forecast is used principally to project student enrolment that will be generated from new residential development. The residential forecast for this EDC analysis totals more than 92,000 units (including seasonal units). This is more than 16,000 units greater than the number of units that was assumed in the 2013 EDC forecast. While there are considerably more units in the 2018 EDC forecast, it is important to note that in the 2013 forecast almost 62% of all units were low density whereas in 2018 only 53% are low density and 40% are medium or high density. In addition, in 2013 there were just over 3,500 units forecast for seasonal uses while in 2018 there are almost 6,000 seasonal units included in the forecast. The increase in units has resulted in increased enrolment projections and site needs in some areas of the County; however, the higher density developments have mitigated the number of students projected in some cases.

The current SCDSB EDC is \$1,311 per residential unit and \$0.35 per square foot of gross floor area (“GFA”) for the non-residential charge. For the SMCDSB, the residential charge is \$448 per dwelling unit and \$0.12 per square foot of GFA. The total combined charges for both school boards is currently \$1,759 per residential unit and \$0.47 per square foot of GFA. The proposed 2018 EDC rates have escalated fairly significantly for both school boards. The proposed charges for the two school boards total \$5,064 per residential unit and \$1.37 per square foot of GFA – this is an increase of 188% on the residential side and almost 192% on the non-residential side. The SCDSB proposed EDC is \$3,591 per dwelling unit and \$0.97 per square foot of GFA and the SMCDSB proposed EDC is \$1,472 per dwelling unit and \$0.40 per square foot of GFA.

While the proposed EDC increases are significant, it is important to note that the price of land in Simcoe County has escalated significantly since the Boards passed their current by-laws in 2013. At that time, the average price of land in Simcoe County, based on then current appraisals, was approximately \$305,000 per acre (using an average of appraised values throughout the County). The 2018 appraisals commissioned by the Boards indicate that the average price per acre is now closer to \$800,000 per acre. For example, in 2013 land in Barrie was valued at a little less than \$317,000 per acre and land in Bradford West Gwillimbury was appraised at approximately \$430,000 per acre. The 2018 appraised

values indicate that land in Barrie is now valued at \$900,000 per acre and land in Bradford West Gwillimbury has increased to \$1.5 million per acre. On a jurisdiction wide basis, the average price of land per acre has increased almost 160% and in Barrie and Bradford West Gwillimbury (which account for a major portion of future school site needs) the cost of land per acre increased by 184% and 275%, respectively.

Ultimately, while there are a variety of factors that impact the proposed EDC rates, increased land values experienced throughout the County since 2013 are primarily responsible for the increases in the Boards' proposed EDCs.