



Corporate Report

NO: R207

COUNCIL DATE: September 29,

2003

REGULAR COUNCIL

TO: Mayor & Council DATE: September 19,
2003

FROM: General Manager,
Planning & Development FILE: 0510-01

SUBJECT: School Site Acquisition Charges

RECOMMENDATION

It is recommended that Council:

1. Receive this report as information; and
2. Authorize the Mayor to forward a letter to the Ministry of Education requesting that the Ministry review the implementation of School Site Acquisition Charges across the Province to ensure that they are being implemented in a consistent and equitable manner across British Columbia School Districts and to take action to address any anomalies.

INTENT

This report responds to a Council resolution from the Regular Council meeting of July 9, 2003 that directed staff to review the School Site Acquisition Charges ("SSACs") across the Province with a view to identifying inequities among School Districts and to recommend possible remedies to mitigate inequities. This report also provides information on the rationale underlying the 20% increase in property value that was identified by the Surrey School District in establishing the Surrey SSACs for 2003/2004.

BACKGROUND

On January 28, 2000 the Province enacted Bill 35, the *Education Statutes Amendment Act 1998* and regulations and corresponding amendments to the *Local Government Act*. This new legislation provided the authority to School Districts to collect funds from new residential development to assist in funding the acquisition of new school sites.

Based on this legislative framework, Surrey School District No. 36 adopted School District By-law No. 101, School Site Acquisition Charge on May 22, 2001. Effective July 21, 2001, the SSACs applied to all residential developments in the City. These SSACs are collected at the subdivision stage for single family/duplex residential projects and at the building permit stage for multiple residential developments. The City of Surrey is obligated to collect these SSACs on behalf of the Surrey School District in a similar manner to the process used for the collection of GVS&DD Development Cost Charges.

The SSAC rates established in July 2001 have been in effect for two years. On June 12, 2003 the Board of School District No. 36 enacted a by-law to amend School District By-law No. 101, revising the SSAC rates. This revision resulted in an increase of \$104 in the SSAC base rate from \$414 to \$518. The June 12, 2003 School District report to the Surrey School Board stated that the need to increase the SSAC rates is due to a 20% increase in price of serviced land that has occurred over the past two years. The new rate is anticipated to be in effect for the next three years.

In July 2003, Council considered Corporate Report No. R150 that advised of the School District's decision to increase the SSACs. Council moved that the information be received and **"that Surrey review the Surrey School District Eligible School Sites program, including the 20% rate increase, with a view to identifying inequities created between school districts as a result of the program and recommend remedies to be forwarded to the Ministry responsible"**.

There is concern that the SSACs infringe upon the ability of municipalities to adjust, as necessary, development cost charges and that the SSACs result in inequitable development and housing costs in Surrey in comparison to other lower mainland municipalities.

DISCUSSION

1. Comparison of SSAC Rates Among School Districts

Each year, the Surrey School District prepares an Eligible School Sites Proposal and a Capital Plan for new school development. In this process, projections of new residential development over a 10 year period are used to estimate enrolment growth and the need for new schools/sites. Total costs of acquiring the serviced land for those sites is then estimated, based on information from independent appraisals. The School District is responsible for generating 35% of the projected school site funding requirement through the application of the SSACs, but in any case, under legislation, the charge cannot exceed \$800 per dwelling unit.

As indicated in Section 937.5 of the **Local Government Act**, School Districts must calculate the SSACs according to following formula:

$$\text{SSAC} = [(A \times B) / C] \times D$$

A = the total estimated cost of land required to meet the school district's projected school site requirements;

B = 35%, the school district's percentage share of total land acquisition costs;

C = the number of new eligible residential units projected within the school district over the 10 year period;

D = a factor set for each density category of residential development (e.g. density = units

per hectare).

Surrey's base SSAC rate equals:

- 35% of total estimated site acquisition costs for a 10 year period (i.e., \$57 million);
- divided by the projected number of residential units projected to be built over the 10 year period (i.e., 38,700 dwelling units).

This base rate is then multiplied by an adjustment factor to reflect the type of residential development. Lower density (single family) housing tends to have more school-aged children per household and, therefore, has a higher SSAC rate. Higher density housing (apartments) tends to have fewer school aged children per dwelling unit and, therefore, has a lower SSAC rate.

2. SSAC Comparison Among School Districts

Since the enabling legislation was established by the Province, five of the 11 School Districts within the GVRD have passed by-laws implementing a SSAC: Surrey, Burnaby, Langley, Richmond and Maple Ridge/Pitt Meadows. The Coquitlam and Central Okanagan School Districts are currently in the process of establishing a SSAC. Elsewhere within the Province, the School Districts of Abbotsford, Chilliwack and Sooke have also implemented a SSAC. Municipalities that do not anticipate a growth rate that will require the acquisition of new school sites have not implemented this charge.

There is significant variation in the SSAC rates among the School Districts that have implemented SSACs. As shown in the following table, Burnaby has the highest SSAC rate among regional School Districts, while Richmond has the lowest rate. Surrey has the second highest rate within the GVRD and third highest within the Province.

Base SSAC Rates Among British Columbia School Districts

• Burnaby	\$800	• Abbotsford	\$332
• Sooke	\$588	• Langley	\$283
• Surrey 2001	\$413	• Chilliwack	\$207
• Surrey 2003	\$518	• Richmond	\$205
• Maple Ridge	\$468		

The variation in SSAC rates is caused by a combination of the following factors:

- local land costs;

- enrolment trends (increasing or decreasing);
- the usable capacity of existing facilities and sites owned by the local School District; and
- ultimately, the number of new sites that will need to be acquired.

Burnaby School District has the highest SSAC rate due to the high cost of land combined with projected high growth in enrolment. Burnaby's enrolment is projected to increase by 5,275 students, requiring five new elementary schools and one new secondary school. New school sites in Burnaby must be acquired within already developed areas, with land costs for proposed sites estimated to average about \$2.8 million per hectare, which is about three times higher than Surrey's land costs. As Burnaby is currently at the maximum SSAC rate allowable under legislation (i.e., \$800 per dwelling unit), changes in land costs will not affect the SSAC rate.

Richmond School District has the lowest SSAC rate in the region. Although Richmond's overall residential growth projection is just slightly less than Burnaby and land costs are roughly the same as Burnaby, Richmond School District has a significant amount of capacity within existing schools. Therefore, only one full site and one partial site need to be acquired over the 10 year period.

Langley School District (including both the Township and City of Langley) also has a comparatively low SSAC rate. The District estimates an overall enrolment growth of 7,000 students in the next 10 years that will require the acquisition of six new school sites. The Langley District indicated that the 2003/2004 Capital plan identified an increase in land costs, but also a decrease in the projected enrolment and, therefore, a decrease in the number of school sites that offset the land cost increases. Consequently, the existing SSAC rate was not changed in Langley in 2003/2004.

The Surrey School District has, by far, the largest projected growth in enrolment and need for new school sites in B.C. The Surrey SSAC is based on an assumption that 38,700 dwelling units will be constructed over the next 10 years, with an average of about 0.4 school aged children per unit, for a total additional enrolment yield of about 15,200 children.

The 2001 Census indicates that Surrey has about 0.54 school-aged children per dwelling unit. School District calculations assume that in 2004 Surrey will have 0.50 and, over the 10 year period, this will decrease to about 0.32 school aged children per dwelling unit. Therefore, the School District calculation is consistent with current Census information and makes the assumption that an aging population will reduce the demand for school sites in the future.

Surrey's 10 year enrolment projections indicate a need for 21 new school sites, based on Provincial standards for school enrolment and site size (Elementary = average 500 students and 2.8 ha; Secondary = average 1,500 students and 7.6 ha.). There is limited capacity in existing school facilities within the City.

In summary, there is considerable variation in the SSAC rates among school districts in the GVRD, largely due to the differing enrolment growth projections, differing amounts of unused capacity in existing schools and differing land costs across School Districts. Although this report does not provide a detailed analysis of SSAC calculations for each School District, variation in SSAC rates may also be due, to some degree, to differing school needs calculations. For example, there is some variation between School Districts in the amount of land per student required to support enrolment growth.

3. Land Value and SSAC Rates

As stated in the June 12, 2003 report considered by the School District, the need to increase the SSAC rates reflects an increase in serviced land costs in Surrey. The rising cost of land has resulted in a significant difference between the previously estimated site acquisition costs and projected SSAC revenues. The most recent land cost appraisal was prepared for the School District by Coastland Engineering and Surveying in consultation with the City of Surrey Realty Services Division appraisers. These appraisals are consistent with the School District's recent experience in negotiating land purchases. These appraisals are also generally consistent with BC Assessment records showing an increase in the average gross residential land value of approximately 20%.

The initial SSAC process in the year 2000, estimated the serviced cost of the 21 school sites (about 59 hectares) at \$46.5 million (\$788,000 per hectare). The Surrey School District currently estimates the total serviced land cost for a comparable land area to be \$57.26 million, for an average serviced land price of about \$972,200 per hectare; about one-third of land costs in Burnaby and Richmond.

Although land prices may change from year to year, the School District takes the position that it is not practical to revise the SSAC each year. Therefore, the School District anticipates that review and possible revision of the SSAC rates will occur every third year or as required by significant changes in land values or at the instruction of the School Board or Ministry of Education. The new SSAC rate is expected to be in place for the next three years.

Council, at its July 7, 2003 Regular meeting, raised the question as to why the SSACs were being adjusted to reflect a 20% increase in land costs when the City was not adjusting its park acquisition DCC rate. Although changes in land value affect the City's park acquisition program, Surrey's Park Acquisition DCC rates did not change in the most recent DCC By-law adjustment (July 2002). Staff concluded at that time that the parks acquisition program was on track with the Parks Master Plan objectives and no adjustments were necessary. One of the contributing factors was that the City has been able to dispose of some surplus park land at a considerably higher price than its acquisition cost, thus benefiting the park acquisition funds available to undertake new purchases.

4. Summary and Considerations

There is considerable variation in the SSAC rates among B.C. School Districts. Provincial legislation provides for some standardization in the method of SSAC calculation, while allowing for differences among School District's, due to local enrolment demographics, the ability to utilize existing sites and local land costs. Surrey School District's SSAC rate calculation appears to be consistent with current legislation and accurately reflects future school site needs within the City of Surrey. What distinguishes Surrey is a comparatively high growth rate and high proportion of school aged children, moderate but increasing serviced land costs and limited residual capacity at its existing school sites.

Variation in SSAC rates is largely due to the differing enrolment circumstances among School Districts; but there also may be some variation due to differing SSAC calculations regarding the currency of land values and in the amount of land required/number of sites to support enrolment growth. To minimize the effect of varying SSACs on development and housing costs within particular areas, the SSAC should be applied consistently across School Districts. To ensure that the implementation of the SSACs is consistent and standardized among B.C. School Districts, the Ministry of Education should undertake a review of the implementation of the SSACs to identify potential anomalies between School Districts and take action to

correct any anomalies.

CONCLUSION

Bill 35 provides authority to B.C. School Districts to implement SSACs for new residential development within a School District as the basis for providing some of the funding for the acquisition of new school sites. Since Bill 35 was adopted, the Surrey School District and seven other B.C. School Districts have established SSACs. Implementation among School Districts shows considerable variation in SSAC rates. These variations are largely due to the differing enrolment circumstances among School Districts, differing amounts of unused school capacity and varying land values. There is also some variation due to differing SSAC calculation methods.

SSACs are affecting the relative costs of land development and housing between municipalities. To ensure that SSAC implementation is consistent across B.C. School Districts, it is recommended that Council authorize the Mayor to forward a letter to the Minister of Education requesting that the Ministry undertake a comprehensive review of

the implementation of SSACs in the Province to ensure that they are being implemented in a consistent and equitable manner across School Districts and to take action to correct any anomalies that are identified during this process.

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