



STAFF REPORT ACTION REQUIRED

School Lands Property Acquisition Framework and Funding Strategy

Date:	April 1, 2010
To:	Executive Committee
From:	City Manager and Deputy City Manager – Cluster A
Ward(s):	All
Reference Number:	

SUMMARY

To recommend a school lands property acquisition framework that identifies and prioritizes properties that could be made available for sale by local school boards and the Toronto Lands Corporation (TLC) and to propose a funding strategy for the potential purchase of specific properties that have been identified as corporate priorities.

RECOMMENDATIONS

It is recommended that:

1. City Council endorse the School Lands Acquisition Framework in Appendix A.
2. City Council authorize funding from the land acquisition reserve in the amount of \$7 million, \$5 million and \$3 million in each of the years 2011, 2012 and 2013 respectively, that will serve as part of the funding strategy for future school land acquisitions.

FINANCIAL IMPACT

It is expected that where there is a program interest in a school board property, divisions will reallocate priorities within their ten-year Capital Plan in order to accommodate the acquisition within their debt targets.

Following the capital priority setting exercise, if capital funds are not available, it is recommended that an allocation totalling \$15 million over three years, commencing in 2011 be made for strategic

school board property acquisitions as described in this report. This is a maximum allocation available from the Land Acquisition Reserve Fund, based on current projections and commitments.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the Financial Impact Statement.

DECISION HISTORY

City Council at its meeting on November 30, December 1, 2, 4 and 7, 2009 adopted, as amended, a report to Government Management Committee titled “Delegated Authority to Purchase or Lease Surplus School Board Properties” and a supplementary report to Council titled “Issues Arising from the Purchase or Lease of Surplus School Board Properties” (GM 26.28). Council directed the City Manager and the Deputy City Manager – Cluster A to report back to the Executive Committee on “a strategy to acquire surplus school board properties to address the needs of local communities and neighbourhoods” and also directed the City Manager to report back to the Executive Committee with “a funding strategy to address both foreseeable and unforeseen pressures that may arise from the proposed sale of a number of surplus school board properties.”

See:

Delegated Authority to Purchase or Lease Surplus School Board Properties

<http://www.toronto.ca/legdocs/mmis/2009/gm/bgrd/backgroundfile-25044.pdf>

Issues Arising from the Purchase or Lease of Surplus School Board Properties

<http://www.toronto.ca/legdocs/mmis/2009/cc/bgrd/backgroundfile-25445.pdf>

ISSUE BACKGROUND

City Interest in School Lands

The City and the local school boards have a long history of cooperation and shared use of schools for recreation, child care, and other community uses. Schools and school lands are very important to current and long-term objectives of the City and the City’s commitment to this approach has been incorporated as policy in the Official Plan, (Section 3.2.2, Community Services and Facilities) which says:

1. Adequate and equitable access to community services and local institutions will be encouraged by:
 - a] providing and preserving local community service facilities and local institutions across the City dedicated to this purpose.
 - b] improving and expanding local community service facilities and local institution in established neighbourhoods that are under or poorly served; and
 - c] ensuring that an appropriate range of community services and facilities and local institutions are provided in areas of major or incremental physical growth.
2. Keeping surplus schools for community service purposes will be pursued where the need for such facilities has been identified as a priority. Where this is not feasible, alternate uses of closed schools must be compatible with the surrounding neighbourhood and should provide City residents with continues access to school playgrounds and playing fields.
3. Shared use of multi-service facilities will be encouraged. Shared use of municipal and/or school

facilities, places of workshop and lands for community service purposes will be particularly encouraged. The addition of other uses on school sites, including other community service facilities, residential units or office space, is permitted provided all uses can be adequately accommodated.

4. Council recognizes that schools are an integral community resource that serves not only as learning institutions but also as socio-cultural centres and a source of valuable community open space. The City will encourage and promote the shared use of schools, parks and public open space. The City will consider acquiring publicly owned school sites, shown on Map 7, for parks and open space purposes should they no longer be needed as learning institutions

The City has been the leader in creating a place-based approach to community development and service delivery. This approach targets resources and investment to areas of the city which need them most. The value of a place-based approach to service provision has been recognized by the other orders of government, and is reflected in the recommendations of three provincial reports: the Roots of Youth Violence Task Force; the "Breaking the Cycle" poverty reduction strategy and Charles Pascal's "With Our Best Future in Mind" early learning strategy. Central to a place-based approach is expanding the social infrastructure in under-served priority areas. School lands are potentially an important resource in enhancing social infrastructure.

The City has also taken a lead in the development of “community hubs” in which child care, recreation, and other health and social services might be delivered. The Ministry of Education has emphasised the importance of joint use of schools in its “Facility Partnerships Guideline,” released this year. There is also ongoing interest from the Ministry of Health and Long-Term Care in establishing family health hubs in Ontario communities (especially on surplus school sites). The potential to expand the community hub approach will be diminished unless school lands and their value as a public asset is fully considered before they are closed or deemed surplus and sold.

Disposal of School Properties

Declining enrolments and a provincial education funding formula based on pupil places has put school boards—in particular the Toronto District School Board (TDSB)—under extreme pressure and the current solution is selling off surplus property holdings to pay for capital and state-of-good-repair projects.

Before a school can be declared surplus school boards must establish Accommodation Review Committees (ARCs) to conduct public consultations. Once the ARC has reported, a board may decide to close a school and declare it surplus. The process for disposing of surplus school properties is governed by *Regulation 444/98* of the *Education Act*. The regulation lists the public entities to which surplus properties must be offered and their order of precedence. It also sets out timelines for the circulation of notice of available properties and the period within which offers to purchase must be made.

In the case of the Toronto District School Board, it has established a subsidiary company, Toronto Lands Corporation (TLC) to manage its portfolio of surplus properties.

Limitations of Current Process

The City has a number of potential interests in surplus school lands including as locations in which to operate City-operated or funded programs, as green space or as sites for the construction of affordable housing. The current approach to disposing of school property impedes integrated strategic planning, partnership development and collaborative efforts to retain school board lands as vital public assets. It also undermines the objectives of the Official Plan, local service delivery and place-based planning.

The ARC process for closing schools does not guarantee the City a role in ensuring community use of schools needs are fully considered or an opportunity to develop partnerships that could keep potentially valuable public assets in the public domain. Though local City councillors may be part of the process there is no comprehensive approach which gives priority to City interests.

The City Manager is seeking to build on the City's working relationship with local school boards. This work will identify partnerships and joint service-delivery opportunities before schools are closed, as well as forecast potential school closures and potential surplus property that may be made available for sale. Working closely with the school boards will help the City develop its comprehensive corporate approach of identifying and prioritizing school board acquisitions opportunities. The collaboration is already underway. The Toronto Lands Corporation has convened a Public Asset Working Committee to review school lands and plan for the future with the local school boards, the City and the Province of Ontario.

The current Ministry of Education funding formula focuses on raising capital through land sales with little recognition of its long term effect on local program delivery and other investments made by the City, Province and others. As well, *Regulation 444/98* imposes a cumbersome process, unrealistic timelines and often results in properties being unaffordable, which hinders the City's ability to respond to potential school land acquisitions.

In conjunction with the delegated authority already in place for acquiring or leasing surplus school board properties the City continues to advocate for changes to the Ministry of Education's funding formula and *Ontario Regulation 444/98*. The City Manager has written to the Deputy Minister of Education outlining the City's proposed changes to the regulation and has requested a meeting on the issue under the provisions of the Toronto-Ontario Cooperation and Consultation Agreement.

Currently the City has no way to plan for foreseeable and unforeseeable land acquisition opportunities from the local school boards' property portfolios. This report proposes a school lands acquisition framework, for a comprehensive corporate approach for reviewing school board land acquisition opportunities. Through on-going collaboration and joint planning this framework will be used to evaluate and prioritize all relevant school lands that could be of interest to the City.

COMMENTS

The acquisition framework employs a three-step approach summarized below, for a fuller description refer to Appendix A.

Step One will start by compiling a school lands property database with the local school boards. Step One will also forecast which properties could be made available for sale or leasing and other

partnerships opportunities. The intent of the framework is to build a comprehensive, up-to-date list of school lands and work with the boards to identify those properties that may have a City interest.

Step Two of the acquisition framework requires each division to review those properties in the school lands property database that have been identified for potential sale and evaluate which of those properties might be of interest to them in meeting service delivery or other community needs.

Step Three then refines the divisional acquisition needs list and establishes corporate acquisition priorities. A set of initial criteria has been developed (see Appendix A). The criteria have been developed to support cross-divisional objectives and responsible fiscal planning. The criteria will help establish corporate acquisitions through comparison and prioritization, allowing the City to respond in a timely and informed manner when school board properties are released for sale.

Funding Strategy

To operationalize the corporate priority list there must be a rational and fiscally responsible funding strategy for future acquisitions. As with the priority criteria, the funding strategy will be informed by striving to meet cross-divisional and jurisdictional objectives. Each property identified as a corporate acquisition priority will have unique characteristics and the funding strategy must reflect this reality and be flexible enough to respond.

Initially each Division must reallocate priorities within their ten-year Capital Plan, and associated debt levels for funding. Lower priority projects will need to be deferred and/or deleted in order to accommodate the intended acquisition. These reallocations will be forwarded for City Council approval either through the City's annual capital budget process or through a separate report in-year. In the case of new affordable housing developments, funding to support site acquisition will come from designated affordable housing programs.

School lands present unique challenges including funding City interests which may not be reflected in the Capital Plan. Projects might not be part of the ten-year Capital Plan if:

- 1) they could not have been anticipated,
- 2) they are not part of the normal operations of the Division (e.g. Children's Services purchasing land for child care centres), or
- 3) there is no capital budget for such activities (e.g. the acquisition of lands for community hub/multi-service properties).

In order to capitalize on acquiring the limited number of school properties that are strategic to City interests, it is recommended that commencing in 2011, for a three-year period, allocations totalling \$15 million from the Land Acquisition Reserve Fund ("LARF") be made available for the purpose of acquiring school board properties. The LARF is an appropriate source of funding for this type of initiative as it was established by Council to fund key capital projects and land acquisitions across the City. This is a maximum allocation available from the Land Acquisition Reserve Fund, based on current projections and commitments.

Affordable housing programs will not require financial support from the LARF. Recommended use of the LARF will be presented through the City’s annual capital budget process or through a separate in-year report.

CONCLUSION

The three-step acquisition framework will help better predict property acquisition opportunities and help the City identify acquisition priorities in a timely and informed manner. The acquisition framework ensures divisions collaborate and seek the best opportunities for joint community service locations. The funding strategy establishes a fiscally responsible mechanism which allows the City to take advantage of the unique and rare opportunities which may arise from the sale of school board lands.

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SIGNATURE

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APPENDIX 1 – ACQUISITION FRAMEWORK

APPENDIX A – ACQUISITION FRAMEWORK

The acquisition framework employs a three-step approach.

Step One: Compile School Lands Property Database and Forecast Potential Properties that May Be Made Available for Sale

Compiling a database of school lands and identifying those lands that may become available for sale requires on-going coordination and collaboration with the local school boards. The intent of the framework is to build a comprehensive, up-to-date list of school lands and work with the boards to identify those that may become available for sale.

In addition to identifying properties that may be made available for sale, this database will help coordinate projects that may result in leasing other partnerships opportunities.

A database of potential sites for acquisition and partnership opportunities will help the City identify corporate priorities. To begin this work City staff have reviewed the Toronto Lands Corporation portfolio. When TLC was established, the Toronto District School Board put 97 properties under its management. Upon review, City staff have determined that of those 97 properties, 39 might be recommended for sale in future TLC Annual Plans. Of the 97 properties some have already been sold, others have long term leases and others have been reclaimed for TDSB operations. Of the properties that may be made available for sale it is unlikely that the City would be interested in acquiring more than a few during the course of a year.

Although this review is a useful first step to understand the order of magnitude when referring to the TLC properties, more direct and open communication with the TLC and TDSB will be needed to predict if, when or how many of these properties may be made available for sale. Staff will continue to build the school lands property database by working closely with local school boards and monitoring the ARC processes which may identify upcoming school consolidations and closures.

Step Two: Summarize Divisional Acquisition Needs

Step Two of the acquisition framework requires each division to review those properties in the school lands property database that have been identified for potential sale and evaluate which of those properties might be of interest to them in meeting service delivery or other community needs.

Step Two also requires the divisions to identify their future property needs that might be met by school board properties even if at present a specific property cannot be identified.

Step Two will result in a divisional acquisition needs list: a list of properties in which there is a potential City interest. The list would also identify property needs that might be met by as-yet unspecified school board lands.

If a division has identified a property and has earmarked the funds for its acquisition in their ten-year Capital Plan there is no need for any further evaluation. The division will proceed with its regular course of business.

If properties are identified as a need by one or more divisions and sufficient capital funding is not available, the property will proceed to Step Three.

Step Three: Determine Corporate Acquisition Priorities

Step Three refines the divisional acquisition needs list and establishes the corporate acquisition priorities. A set of initial criteria has been developed (see below) which would help evaluate the properties that should be considered corporate priorities for acquisition. The criteria will be used to score each property identified on the divisional acquisition needs list.

The criteria have been developed to support cross-divisional objectives and responsible fiscal planning. Properties that meet multiple needs and have multiple partnership opportunities for programming, capital funding and on-going operations will be identified as corporate priorities. This approach promotes internal and external partnerships.

Corporate Acquisition Criteria

CRITERIA
Child Care Centres
Is the child care centre City operated?
Does the child care centre have a contract for fee subsidy with the City?
Could the loss of this child care centre make the area “very deficient” in terms of ward equity targets?
If there is no child care in the school, is the area “very deficient?”
Parks & Recreation Services
Is the site located in an area of lower parkland provision with associated funds in the ten-year Capital Plan?
Other PFR considerations: Is the school property adjacent to an existing city park or recreational facility? Is there an existing parks or recreational use of the site? Is there a significant open space component to the site? (i.e. half of the site is open space, 2/3 is open space etc.)
Affordable Housing
Does the site meet the objectives of the HOT Plan?
Community Hubs
Has this site been used/planned/discussed as a community hub?
Will the loss of this existing or planned public asset undermined the financial investment made by the City?
Will the loss of this existing or planned public asset undermined the financial investment made by other orders of government or agencies?
Official Plan
Would the anticipated use(s) of the property be consistent with the goals, objectives and policies of the City of Toronto Official Plan?

Partnership Opportunities
This site will serve the goals of many Divisions
Is this the best available site to meet multiple objectives?
Are there partnership opportunities for the capital investment?
Are there partnerships opportunities for the operating costs?

The criteria will help establish corporate acquisitions through comparison and prioritization, allowing the City to be better able to respond in a timely and informed manner when school board properties are released for sale.

It is critical to understand that the potential property list is based on the best available information at the time — a forecast —and there is no way of knowing which properties may actually be made available for sale or when. As with all forecasting, unforeseen circumstances could arise and might result in changes to corporate priorities.