



Report to: Council

Meeting Date: March 1, 2021

SUBJECT: Development Charge Deferral – St. Mary and St. Samuel the Confessor Coptic Orthodox Church

PREPARED BY: Shannon Neville, Financial Analyst, Development Finance (ext. 2659)
Kevin Ross, Manager, Development Finance & Payroll (ext. 2126)

RECOMMENDATION:

1. That the report entitled, “*Development Charge Deferral – St. Mary and St. Samuel the Confessor Coptic Orthodox Church*”, dated March 1, 2021, be received;
2. That staff do not recommend the approval of a development charge deferral for construction at 9377 McCowan Road to convert a single detached dwelling unit owned by St. Mary and St. Samuel the Confessor Coptic Orthodox Church, to a daycare facility operated by Forever Blessed Child Care Inc.;
3. That in the event Council grants a development charge deferral, the Mayor and Clerk be authorized and directed to enter into an agreement with the applicant to secure the following terms of approval:
 - a. The development charges be deferred for a period not longer than three (3) years from the date of building permit issuance, following which the charges will become payable,
 - b. The development charges payable be calculated at the rate in effect at building permit issuance and be subject to annually accrued interest at The Bank of Canada Prime Business Rate,
 - c. In accordance with Section 32(1) of *The Development Charges Act, 1997 as amended*, should the development charges remain unpaid after the amount becomes payable, the amount unpaid shall be added to the tax roll and collected in the same manner as taxes,
 - d. That the fees applicable to a DC Deferral be charged,
4. That the recommendation of a deferral, if so granted, be forwarded to the Regional Clerk of York for consideration on the treatment of the Regional Development Charges; and,
5. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to present a request for financial relief by way of a deferral of the City Wide Hard Development Charges to St. Mary and St. Samuel the Confessor Coptic Orthodox Church, in respect to the conversion of a single detached dwelling unit to a daycare facility to be operated by Forever Blessed Child Care Inc.

BACKGROUND:

St. Mary and St. Samuel the Confessor Coptic Orthodox Church (“the Church”) received a building permit for the construction of the Church in 2013. At that time, a single detached dwelling, also owned by the Church, was located on the same property (Appendix A). In April 2020, the City’s Building Department accepted an application to convert the dwelling to a daycare facility (“the Facility”). The application was made by Forever Blessed Child Care Inc.; a not-for-profit organization that will be operating the Facility.

Staff assessed the proposed conversion in accordance with the Development Charge (DC) By-laws and provided credits commensurate with the residence being converted into a non-residential use. The DC credits reduced the soft services charge to zero and the hard services charge to \$11,144.27, which is the total City DC for the proposed conversion. The Regional DC, after application of the appropriate credits, resulted in a charge of \$89,309.51 for a total development charge of \$100,453.78. The school boards levied no DCs for the proposed conversion on the basis of a new exemption in their Provincial Regulations for licensed child care facilities.

After receiving the DC statement, the Church approached the City expressing concern over the amount levied due to current financial constraints, and requested an exemption of development charges. As an exemption cannot be applied under the *Development Charges Act, 1997 as amended* (“DCA”), staff considered a deferral of DCs to assist the Church with current cash flow limitations.

The City is permitted to enter into a deferral agreement pursuant to section 27(1) of the DCA, which states:

“a municipality may enter into an agreement with a person who is required to pay a development charge providing for all or any part of a development charge to be paid before or after it would otherwise be payable”.

The authority for deferral of development charges are included in the City’s Community Use Policy and the DC Deferral Policy.

Staff reviewed the Community Use Policy which allows for an indefinite deferral of DCs (so long as the use doesn’t change), if a proposed development can reduce future capital and/or operating costs to the municipality or Region, by providing a community use to residents/businesses. In this case, a daycare is not considered a community use, as it is not a service provided by the City or Region. As such, staff are not in a position to recommend a “community use” deferral.

Staff then assessed whether the development met the criteria as specified in the DC Deferral Policy. The policy contemplates deferral if a development meets the following criteria:

- 1) Affordable & Special Needs Housing – defined as housing that is eligible to receive applicable Federal, Provincial, and Regional affordable and special needs housing program funding; or
- 2) Servicing Constraints – development unable to be completed due to servicing constraints that are outside of the applicant’s control; or

- 3) Multi-phased construction (for land based DCs) – development will be built in phases and future phases have no executed agreement (i.e. site plan) or building permit applications; or
- 4) Developments that require more than one Building Permit – development that will utilize more than one building permit during construction; or
- 5) Purpose-Built (High Density) Rental Buildings – development must be a minimum of four (4) storeys, and should also be eligible for a similar deferral from the Region.

The proposed daycare facility does not meet any of the above criteria, and therefore staff are also not in a position to offer a deferral of development charges under the DC Deferral Policy. The Church's request for assistance is based on limited cash flow, which is consistent with a deferral approved by Council for St. Barsaumo Syriac Orthodox Church in September 2010, and Mon Sheong Foundation in May 2014. In both cases, staff did not recommend a deferral of DCs, however Council deemed it appropriate at the time to offer a deferral to the applicant.

OPTIONS/ DISCUSSION:

Applicable Charges

The Church or applicant is required to pay development charges to the City and Region prior to the issuance of the building permit to construct the Facility. The current development charges, levied at prevailing rates, total \$100,453.78 as detailed in the chart below. Note O. Reg 371/19 exempts licensed child care facilities from Educational DCs (EDCs), therefore EDCs were not levied.

Jurisdiction	Type of Charge	Rate (A)	GFA (m ²) (B)	Total DCs (C) [(A) x (B)]	Credits (D)	Total DC's Due (E) [(C) - (D)]
City of Markham	Hard	\$ 108.56	604.18	\$ 65,589.78	\$ 54,445.51	\$ 11,144.27
	Soft	\$ 12.77	604.18	\$ 7,715.38	\$ 7,715.38	\$ -
Total City of Markham Charges						\$ 11,144.27
Region of York		\$ 253.71	604.18	\$ 153,286.51	\$ 63,977.00	\$ 89,309.51
York Region District School Board						\$ -
York Catholic District School Board						\$ -
Total School Board Charges						\$ -
TOTAL DEVELOPMENT CHARGES DUE						\$ 100,453.78

As seen in the chart above, the Regional development charges account for approximately 90% of the applicable charges, with the City making up the remainder.

Deferral

The Church has requested relief from both the City and Regional DCs to assist with cash flow. As an exemption is not allowed under the *DCA*, a deferral is the only option that could provide some relief to the Church's current financial limitations. If Council

favourably considers a deferral of DCs, the Region may be better equipped to reciprocate and provide a similar deferral.

Below are two options available for the payment of the Church's DCs.

Option 1 – Payment at Permit Issuance

As the proposed conversion to a child care facility does not qualify for a DC deferral under the policies in force, the Church will be required to pay the development charges at the issuance of the building permit. Under this option the Region will not contemplate a deferral of their charges as the City has not provided one.

Option 2 – Grant a DC Deferral

In the event that Council deems it appropriate to approve a DC deferral, staff propose the following terms be included in the agreement to be entered into between the Church and the City:

1. The DCs be deferred to a period not longer than three (3) years from the date the building permit is issued, following which the charges will become payable
2. The DCs payable be calculated at the rate in effect at building permit issuance, and be subject to annually accrued interest at The Bank of Canada Prime Business Rate Interest, and
3. In accordance with Section 32(1) of the *DCA*, should the development charge remain unpaid after the amount becomes payable, the amount unpaid shall be added to the tax roll of the Church and collected in the same manner as taxes.

If Council approves a deferral of DCs, the Region will be in a better position to provide a similar payment option.

FINANCIAL CONSIDERATIONS:

The deferral of development charges is essentially a cash flow issue which results in a delay in the receipt of the funds by the City. If Council agrees to defer the DCs, instead of \$11,144.27 being collected at building permit issuance, the charges will be collected three years from the date of permit issuance, plus accrued interest.

It is worth noting that the City will be updating its DC by-laws by December 2022. Should Council grant a deferral as per Option 2 above, DCs will be collected once the new by-laws are in place (i.e. 2024); however the amount levied will be based on the rates in effect under the current DC by-laws so the Church will be insulated from any increase instituted under the new by-laws.

Consistent with the DC Deferral Policy, if a deferral is approved for the Church, they will be required to pay an administration fee for the Legal and Finance Department's costs incurred relating to the review, preparation and administration of the development charge deferral agreement. The fee will be structured in the following manner:

- An application fee of \$1,085.50 plus HST to review the development charge deferral request;

- A fee equivalent to 1.0% of the value of the deferral request, to a maximum of \$10,856.00 plus HST payable upon execution of the deferral agreement. 1.0% of the Church's deferral request is \$111.44, therefore this fee will be applied plus HST.
- A Legal fee for the preparation of the DC deferral agreement in the amount of \$2,500.00 plus HST

HUMAN RESOURCES CONSIDERATIONS

Not Applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not Applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Not Applicable.

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Appendix A – Site Map of St. Mary & St. Samuel the Confessor Coptic Orthodox Church