



Report to: Council

Report Date: September 21, 2010

SUBJECT: Development Charge Deferral Request – St. Barsaumo Syriac Orthodox Church

PREPARED BY: Kevin Ross, Ext. 2126

RECOMMENDATION:

- 1) That the report titled “Development Charge Deferral Request – St. Barsaumo Syriac Orthodox Church” be received;
- 2) And that staff do not recommend the approval of a Development Charge deferral for construction at 3250 Denison Street for the St. Barsaumo Syriac Orthodox Church;
- 3) And that should Council grant a Development Charge deferral the following terms be met:
 - a. Phased payment with a defined timeline of not more than 1 year for full payment of the Development Charges
 - b. A downpayment on the Development Charges of not less than 5%
 - c. The Development Charges be calculated and charged at the higher of (1) the rate that is in effect at the time of payment, (2) the indexed rate from the date of building permit issuance or (3) the rate in effect at building permit issuance plus accrued interest at prime
 - d. Provision of security in a form satisfactory to the Treasurer to secure the outstanding Development Charges obligation. The security being 115% of outstanding Development Charges (based on 1 year term) to protect against any increase in the Development Charge rates;
- 4) And that staff be directed to do all things necessary to give effect to these recommendations.

PURPOSE:

The purpose of this report is to present a request for a deferral of the Town Wide Hard and Area Specific Development Charges by St. Barsaumo Syriac Orthodox Church on the construction of a church at 3250 Denison Street.

BACKGROUND:

In accordance with the Town’s Development Charge by-laws, Town Wide Hard (TWH) and Area Specific Development Charges (ASDC) for a development being approved via a site plan agreement are payable in their entirety upon the issuance of the first building permit. The TWH for non-residential development and ASDC are both land based charges calculated on a per net hectare basis. The Regional Development Charge is calculated based on the size of the structure.

The St. Barsaumo Syriac Orthodox Church is building a 2,639m² (28,406 sq. ft.) church at 3250 Denison Street on 1.04 hectares of land. They approached the Town and Region seeking concessions on their development charges (DC's) based on the following:

Land Area

The Church asked for a reduction in the Town's TWH and ASDC's on the land on the basis that the building will not occupy the entire site. Town staff advised that as they were developing the entire site as the church and parking area (see Appendix A) covering the entire lot, consistent with Town practice, the DC's are payable in full on the 1.04 hectares. The Town has consistently charged TWH and ASDC's on entire developable land areas for developments across the Town.

Sunday School Classrooms

The Church approached the Region and asked for concessions on the Regional DC's. Regional DC's are calculated based on the square footage of the structure being built and the Region exempts the worship space from DC's as per their by-laws. The church asked the Region for an exemption for 9 Sunday School classrooms on the basis that they are worship space and the Region agreed to their request. This will reduce the Church's Regional DC's by approximately \$25,000.

Community Use

The Church has also asked for the basement of their structure to be treated as community space for purposes of determining their Regional DC's. The basement, according to the plans, will house an assembly hall, dancefloor, commercial kitchen and a stage. Community use facilities are generally those that offer services similar to that of a municipality, for example, recreation and library services. As this relates to the Regional charge, the determination should be consistent with the Regional DC by-laws which define community use as follows:

"Community use means a facility traditionally provided by a municipality which serves a municipal purpose and shall include a community centre, library/research facility, recreation facility and a shelter."

Based on the definition above, Town staff are not in a position to support the facilities located in the basement as community use. The Town's TWH and ASDC's are land based and therefore not affected by the uses in the Church basement. However, if the Region grants an exemption for the basement as community use, the Church's Regional DC's will be reduced by an additional \$129,000 (approximate).

DC Deferral

The Church additionally is seeking a deferral of DC's on the development. The Town is permitted to enter into a deferral agreement pursuant to section 27(1) of the *Development Charges Act, 1997* 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".

A review of some approved deferral agreements indicated that these were based on (1) providing an incentive to promote and encourage affordable housing, (2) servicing constraints, (3) the subject property being severed, (4) the premises being used as a temporary sales centre, (5) the development being multi-phased and (6) no hard services (infrastructure) being utilized on the deferred land area. In St. Barsaumo's case, the request appears to be based in the context of limited financial resources, which is not consistent with past rationale for granting a deferral.

OPTIONS/ DISCUSSION:

Applicable Charges

The church is required to pay the TWH, ASDC and Regional development charges on the proposed development. The Town's portion of the charges is approximately \$197,393.91 as detailed in the table below.

Estimated Development Charges

	\$/ha	Hectares	Total DC's
Town Wide Hard	\$ 178,513	1.03978	\$ 185,614.25
Area Specific (4)	\$ 11,329	1.03978	\$ 11,779.67
Town of Markham's DC's			\$ 197,393.91

As per the Town's By-laws, churches are exempted from having to pay Town Wide Soft DC's. Furthermore, they are also exempt from School Board DC's as well as partially exempt from Regional DC's related to the worship area and 9 Sunday School classrooms which are estimated at 968m² (10,419 sq. ft.). However, the Church will still be required to pay approximately \$208K in Regional DC's after this partial exemption.

Deferral

The church has asked for a deferral of their Town DC's to assist them with their cashflow and also on the basis that a deferral has been offered to another church development. Staff will now identify three options available for payment of the church's DC's.

Option 1 – Payment at Permit Issuance

St. Barsaumo would like a deferral to assist its cash flow. St. Barsaumo has also enquired if all churches in Markham are treated consistently. Previous churches constructed in the Town have been assessed DC's based on the entire developable land area payable at building permit issuance. There has been one church however (St. Marks Coptic) that was granted a DC deferral in December, 2009.

The deferral was granted to St. Marks Coptic on the basis that the church development was going to be built over multiple years and consisted of buildings that will enhance the provision of services to the community i.e. a theatre, museum, community centre, daycare, private school and an office building. Staff recommended this deferral as (1) the church construction was the first in a multi-phase development which would provide services beyond that normally provided by a

church (2) future DC's are expected to be generated upon construction of the other phases and (3) there will be no hard service requirement from the later phases until they are constructed. The deferral is for 6 years even though the church anticipated commencement of construction on the other structures in the next 10-15 years; the Town will therefore be receiving its DC's prior to other development and service requirement on the property.

St. Barsaumo is building one structure on their site with the development to be complete when the church and the related parking spaces are constructed. The church will therefore be using all the hard services (infrastructure) for which the DC's are being assessed without the required payment.

Staff do not recommend a deferral for St. Barsaumo Syriac Orthodox Church as the development (1) does not meet the criteria of former deferrals, (2) is not a multi-phased construction and (3) will be utilizing the hard services without making the required DC payment.

Option 2 – Grant a DC Deferral

In the event Council deemed it appropriate to grant St. Barsaumo a DC deferral, staff propose that the following terms be included in the agreement:

- Phased payment with a defined timeline of not more than 1 year for full payment of the DC's.
- A downpayment on the DC's of not less than 5%.
- The DC's be calculated and charged at the higher of (1) the rate that is in effect at the time of payment, (2) the indexed rate from the date of building permit issuance or (3) the rate in effect at building permit issuance plus accrued interest at prime.
- Provision of security in a form satisfactory to the Treasurer to secure the outstanding DC obligation. The security being 115% of outstanding DC's (based on 1 year term) to protect against any increase in the DC rates.

Option 3 – CAO Approval Authority

A third option is that Council grant the CAO authority to negotiate with St. Barsaumo on the behalf of the Town. In the event that a DC deferral is agreed to, terms similar to those proposed in Option 2 should form a part of the agreement.

FINANCIAL CONSIDERATIONS:

The deferral of development charges is essentially a cashflow issue which results in a delay in the receipt of the funds by the Town. If Council agrees to defer the DC's, then instead of \$197K being collected at building permit issuance, it will be collected over a period of not more than one year.

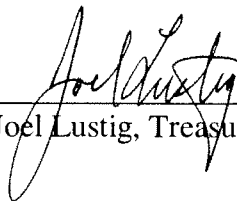
The development charge reserves are being depleted and unfunded capital commitments now exceed the reserve balances by \$30M. Staff anticipate that there will be a need for borrowing to fund development charge related capital projects by early 2012, therefore in order to protect the

Town's revenue inflows, developers availing of services without making their contribution to the cost, should be discouraged.

Town staff will be developing a Development Charge Deferral Policy in the fall of 2010 aimed at creating parameters within which future deferral requests will be assessed. This policy will set the framework for the principles and procedures to be followed in the execution of deferral agreements.

RECOMMENDED

BY:


Joel Lustig, Treasurer


Andy Taylor, Commissioner
Corporate Services

ATTACHMENTS:

Appendix A – Church Site Plan

SURVEY INFORMATION

BLK 1791	PLAN 65M-3926	REQUIRED 6.00M
REAR YARD (SOUTH)	ACTUAL 14.20M	REQUIRED 6.00M
REAR YARD (NORTH)	ACTUAL 8.70M	REQUIRED 3.00M
REAR YARD (EAST)	ACTUAL 15.00M	REQUIRED 5.00M
REAR YARD (WEST)	ACTUAL 11.00M	REQUIRED 3.00M

AVG GRADE ELEVATION (M) 179.50
 ALLOWED HEIGHT 12.00M
 ACTUAL HEIGHT OF CHURCH ROOF 17.30M (156.80M)

NOTES:
 1. GROUND FLOOR ELEVATION 0.00 IS EQUAL TO 181.30 M AT THE SITE PLAN AND SITE GRADING DWG.
 2. FOR EXISTING STRUCTURE TO BE REPAIRED, SEE SITE GRADING PLAN C-2.
 3. NEW CHURCH SITE GRADING ELEVATIONS SEE SITE GRADING PLAN C-2.
 4. SEE LANDSCAPE INFORMATION FOR LANDSCAPE INFORMATION SEE DWGS C-1 & C-2.

ST. BARSAUMO SYRIAC ORTHODOX CHURCH
 2200 DENISON STREET, MARKHAM, ONTARIO

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MARKHAM ROAD - REGIONAL ROAD NO. 68
 CENTRE LINE OF CONSTRUCTION

The site plan shows the church building with a central dome and multiple wings. It is situated on a corner lot bounded by Denison Street to the north and Markham Road to the east. A large parking lot is located to the west of the building. The plan includes detailed dimensions, lot numbers (LOT 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100), and various engineering notes and specifications.

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