

The Regional Municipality of York

Committee of the Whole
Finance and Administration
May 13, 2021

Report of the Commissioner of Finance

Development Charge Deferral - St. Mary and St. Samuel the Confessor Coptic Orthodox Church, Daycare, City of Markham

1. Recommendations

1. Council consider a request from St. Mary and St. Samuel the Confessor Coptic Orthodox Church ("the Applicant") to defer Regional development charges for their proposed daycare located at 9377 McCowan Road.
2. Subject to Council approval, staff be authorized to negotiate a deferral agreement based on similar terms to those as agreed to by the City of Markham.
3. The Chief Administrative Officer and Commissioner of Finance be authorized to execute any deferral agreement with the Applicant in a form satisfactory to the Regional Solicitor.

2. Summary

The report is for Council to consider the development charge deferral request made by the Applicant for their site located at 9377 McCowan Road in the City of Markham which they are proposing to convert into a daycare.

Key Points:

- City of Markham's has authorized a deferral agreement for the proposed daycare and is asking the Region to consider a similar deferral arrangement
- City of Markham's proposed deferral agreement is based on one payment, has a term of no longer than three years after building permit issuance and has an interest component which would be waived if the payment is made on time
- The Region has received a request from the Applicant for a development charge deferral on similar terms as to that provided by Markham
- Regional Development Charges for this project would be approximately \$89,000

3. Background

The Applicant is converting a single detached dwelling to a daycare facility

St. Mary and St. Samuel the Confessor Coptic Orthodox Church is located at 9377 McCowan Road in the City of Markham. It is a not-for-profit entity operating since 2013 on this site.

The Applicant applied to the City of Markham for a building permit to convert a residential dwelling located on its site to a daycare facility. The City assessed the development charges in accordance with Markham's and the Region's development charge bylaws. The total amount applicable, including the City's and Regional component, would be approximately \$100,000. The school boards would not levy development charges on the proposed conversion because of a new exemption provided by the Province for licensed childcare facilities.

On March 9, 2021 the City of Markham agreed to provide a deferral of their development charges

The Applicant then approached the City and the Region with a concern over the amount to be levied due to their financial constraints resulting from COVID-19. Discussions were held with the Applicant, and staff confirmed an exemption or deferral could not be applied under the Bylaws. The Applicant subsequently requested special consideration for their project.

On March 9, 2021, Markham staff provided a report to their Council on the matter for its consideration. As a result, Markham Council authorized a development charge deferral agreement for a period of no longer than three years from the date of building permit issuance. The development charge rates will be based at the prevailing rate at building permit issuance and would be subject to interest. However, the City has agreed to waive the interest component if the development charge payment is made within the three-year period.

The City of Markham has forwarded the [report](#) to the Region for its consideration which is shown as Attachment 1.

The Region's Development Charge Bylaw imposes development charges for institutional uses

The Region's Development Charge Bylaw imposes development charges for institutional uses at building permit issuance. In some cases, where the institutional use is not-for-profit, the Bylaw allows for an exemption or deferral of the development charges payable. However, Section 3.5.1 (b) of the Bylaw states in order for it to qualify, the building or structure must be a "community use owned by a non-profit corporation". This provision is also dependent upon the area municipality in which the project is located, deferring or exempting its development charges.

Although, the Applicant is not-for-profit, the proposed daycare use on the site does not meet the definition of "community use" as defined by either the City's or the Region's Bylaw. As a

result, the daycare does not qualify for the exemption or deferral of Regional development charges.

4. Analysis

Development Charges are collected at building permit issuance except where otherwise permitted

Development charges of approximately \$153,000 for this development were determined by multiplying the institutional rate by the gross floor area of the structure. In accordance with 3.1.(5) of the Region's Development Charge Bylaw, a redevelopment credit is provided where a conversion takes place. In this instance, the Applicant was eligible for a redevelopment credit for the existing single detached dwelling. Accordingly, the net development charges of approximately \$89,000 would be payable prior to building permit issuance.

Section 27 permits municipalities to enter into agreements to defer development charges

Section 27 of the Development Charges Act, 1997 permits a municipality to enter into an agreement allowing development charges to be made either before or after it would otherwise be payable. The municipality may charge interest on the amount of the development charge paid after it would otherwise be payable.

Council approval is required to enter into a Section 27 agreement, except as outlined in the Development Charge Bylaw and the Region's deferral policies. Since neither the bylaw nor the Region's current deferral policies apply to the proposed use, Council approval would be required to enter into a deferral agreement for this development.

5. Financial

The Regional development charges for the conversion of this development would be approximately \$89,000 and are normally paid at the time of building permit issuance. Should Council authorize a development charge deferral, any unpaid portion of the development charges deferred would be subject to interest based on the terms and rates in the Region's Interest Policy. Therefore, assuming a three-year deferral, the Applicant could be required to pay approximately \$14,000 in interest for a total payment of approximately \$103,000.

If the Region offered a waiving of interest charges on similar terms as the City, the Region would forgo the interest amount.

6. Local Impact


Local municipalities collect development charges on the Region's behalf.

7. Conclusion

The City of Markham forwarded a Council decision to defer development charges for this project. Subsequently, the Region received a request from the Applicant to also defer development charges payable for this project. Council approval is required to provide a deferral of development charges as the project is not a community use and does not qualify for a deferral, or an exemption under the current bylaw.

For more information on this report, please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.

Recommended by: *Laura Mirabella*
Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer

Approved for Submission: 
Bruce Macgregor
Chief Administrative Officer

April 29, 2021
Attachments (1)
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