
Report of the Commissioner of Finance

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

1. Recommendation

1. Council extend development charges deferral for the structure currently used as a daycare, located in the St. Mary and St. Samuel the Confessor Coptic Orthodox Church at 9377 McCowan Road, until the use of the structure changes, as the City of Markham has authorized an extension of deferral.
2. The Regional Clerk circulate this report to the City of Markham.

2. Purpose

The report is in response to a communication listed on this agenda dated August 2024 from the City of Markham (City) for Regional Council to consider an extension of a 3-year development charges (DC) deferral for a daycare located in the St. Mary and St. Samuel the Confessor Coptic Orthodox Church, at 9377 McCowan Road (Daycare).

Key Points:

- In 2021, both the City and Region authorized a 3-year DC deferral agreement for the Daycare, which expired June 29, 2024
- The City, through resolution, has authorized an extension of the DC deferral timeframe for the Daycare until after the next update of the City's DC Bylaw and is asking the Region to consider a similar deferral timeframe extension
- The City also requested Regional staff review an exemption for non-profit daycares, as part of the 2026 DC Bylaw
- This Daycare would not be eligible for any DC exemption in the 2026 DC Bylaw, as it is subject to the DC Bylaw in place at time of building permit

- Staff recommend extension of the DC deferral until the use of the structure changes which would be equivalent to an exemption so long as it continues to operate as a daycare

3. Background

Applicant converted a single detached dwelling to a daycare facility

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

The Applicant applied to the City for a building permit to convert a residential dwelling located on its site into a daycare facility. The City assessed the DCs in accordance with their DC Bylaw and the Region's DC bylaws. The total amount applicable, including the City's and Region's component, was approximately \$100,000. The school boards did not levy DCs on the conversion because of a new exemption provided by the Province for child care centres, as defined in the *Child Care and Early Years Act, 2014*.

Development charges for the Daycare, totalling \$89,000, would ordinarily have been due at building permit issuance

Regional DCs 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 DC 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. The net DCs of approximately \$89,000 would be payable before building permit issuance. In follow-up, the applicant requested financial relief to help defray these costs.

In 2021 City and Region approved a 3-year DC deferral with similar terms

Section 27 of the *Development Charges Act, 1997*, permits a municipality to enter into an agreement allowing DCs to be paid before or after DCs would otherwise be payable (also known as deferrals or prepayments). Municipalities may charge interest on the amount of the DC paid after it would otherwise be payable.

On March 9, 2021, City staff provided a [report](#) to their Council on the matter for its consideration. City Council authorized a DC deferral for no longer than three years from the date of building permit issuance. Terms of the deferral of the DC rates were that the prevailing rate at building permit issuance would apply, and no interest would be imposed, provided that applicable DCs were paid within three years. If the City's DCs were not paid, then the waived interest component would become payable.

On May 27, 2021, Regional staff provided a [report](#) to Council that also authorized a DC deferral for the property with similar terms. The interest-free, 3-year deferral agreement was signed on June 29, 2021, deferring approximately \$89,000 in DCs.

Deferral agreement expired on June 29, 2024 and City staff notified Applicant that DCs were due

In April 2024, City staff notified the Applicant that the deferral agreement was set to expire and the applicable DCs were payable by June 29, 2024. Subsequently, the Region's Legal Services notified the Applicant that DCs were due July 15, 2024 and failure to pay would result in the amount being subject to interest and added to the tax roll.

In July, City Council extended DC deferral timeframe for Daycare and requested the Region provide a similar extension and that staff consider an exemption for non-profit daycares, as part of 2026 DC Bylaw

City Council, at its meeting on July 17, 2024, approved a [resolution](#) to extend DC deferral for the Applicant until next update of the City's DC bylaws. City Council also requested staff review options to exempt non-profit daycare centres in the next update of the City's and Region's DC Bylaws.

4. Analysis

Any Region exemption for non-profit nurseries in 2026 DC Bylaw would not apply retroactively to the Daycare

DCs are ordinarily due at building permit issuance, unless otherwise permitted under a deferral agreement (or prepayment agreement). The building permit for the Daycare was issued in 2021, and therefore provisions under the 2017 DC Bylaw would apply. If the Region were to exempt non-profit daycares in its 2026 DC Bylaw, this exemption would apply only to new applications received on or after the effective date of the Bylaw.

Deferring DC's until next Bylaw would not fully address City's request

The proposed extension of this Daycare's deferral is until after the City's (and Region's) next DC Bylaw. While providing a deferral for a similar timeframe is possible, with Council direction and approval, the Regional DCs would again become due at the end of the deferral timeframe.

The suggested timeframe (until after the next DC Bylaw) is premised on the idea that the Daycare could then be exempted. However, as noted above any future exemptions would only apply to new applications.

Region could extend deferral of DCs until use of Daycare changes, which would have same effect as an exemption

Staff recommend that Council extend the DC deferral for this structure currently used as a daycare until the use of the structure changes, as the City has authorized an extension of the deferral. Under these circumstances, the Regional DCs due would not become payable until the structure ceases to be used as a non-profit daycare. The effect for the Daycare would be equivalent to an exemption so long as it continues to operate as a daycare.

5. Financial Considerations

Regional DCs for converting this development were approximately \$89,000 and would have been normally paid at the time of building permit issuance. To date, the Applicant would be required to pay about \$14,000 in interest for a total payment of approximately \$103,000.

6. Local Impact

This report is in response to the City's request to extend the DC deferral timeframe for the Daycare and consider a potential DC exemption for non-profit daycares. Staff recommend that Council extend the DC deferral for this structure currently used as a daycare until the use of the structure changes, as the City has authorized an extension of the deferral.

7. Conclusion

City forwarded a Council resolution to extend the deferral of DCs for the Daycare. Council direction and approval is required to provide any extension of the DC deferral as the original deferral, approved in 2021, has expired.

For more information on this report, please contact David Cohen, Director (A), Treasury Office at 1-877-464-9675 ext. 71660. Accessible formats or communication supports are available upon request.

Recommended by:



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Commissioner of Finance and Regional Treasurer

Approved for Submission:



Erin Mahoney

Chief Administrative Officer

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