
For Information

REPORT TITLE: Request for Refund of Development Charges - Satchidananda Sadguru Shirdi Sainath Maharaj Mandir

FROM: Davinder Valeri, Chief Financial Officer and Commissioner of Corporate Services

OBJECTIVE

To provide Council with information regarding the Region of Peel's policies for providing development charge relief in response to the delegation made at the February 8, 2024, Regional Council meeting by Satchidananda Sadguru Shirdi Sainath Maharaj Mandir, requesting a refund for the development charges paid in 2022.

REPORT HIGHLIGHTS

- On February 8, 2024, a delegation was made on behalf of Satchidananda Sadguru Shirdi Sainath Maharaj Mandir, seeking a refund of development charges paid on a development for a place of religious assembly at 26-173 Advance Boulevard, Brampton.
 - Council requested that staff report back to Council by March 21, 2024 regarding the Region's policies for providing development charge relief in response to the delegation (Resolution Number 2024-78).
 - The Region's current Development Charge ("DC") By-law provides a discretionary exemption of 25 per cent of the floor area at initial building permit for new place of religious assembly developments. This exemption was provided for this development, and the balance of DCs were paid on December 13, 2022.
 - Discretionary exemptions and Council-approved grants provided to offset development charges are funded through property taxes.
 - Council has not typically approved grants-in-lieu of DCs for a DC refund after DCs have already been paid.
 - In 2023, staff brought reports to Council regarding the policies for providing DC relief for place of religious assembly, new long-term care homes and hospices developments, along with options for alternative approaches for each DC policy.
 - Staff's current authority to provide DC relief to a development for a place of a religious assembly is governed by the DC By-law.
 - Should Council approve a refund of previously paid DCs on a place of religious assembly development that has received financial relief through the DC By-law, there is a risk that this could set a precedent for other delegations from registered charities or other not-for-profit organizations to come forward seeking DC refunds.
 - The approval of additional grant funding would require Council to approve an increase in budget, which would result in additional pressure placed on the taxpayer.
-

Request for Refund of Development Charges - Satchidananda Sadguru Shirdi Sainath Maharaj Mandir

DISCUSSION

1. Background

At the February 8, 2024 Regional Council meeting, a delegation was made on behalf of the organization Satchidananda Sadguru Shirdi Sainath Maharaj Mandir (the “Applicant”), seeking a refund of the development charges (“DCs”) paid on its development for a place of religious assembly located at 26-173 Advance Boulevard, Brampton, ON (the “Development”).

The Development entailed a change of use from an industrial space to non-industrial space to be used as a new place of religious assembly. In accordance with the Region’s Development Charges By-law 77-2020 (the “DC By-law”), a DC credit was provided for the industrial space, and a partial exemption for new places of religious assembly was applied. The DCs totaling \$27,334.60 were paid on December 13, 2022, see Table 1 below detailing the calculation:

Table 1 – Development Charges Calculation for 26-173 Advance Blvd.

Permit Application #22 275062 000 00 IS (As at Aug 1, 2022, Rates)				
Development Charge	Use	GFA (m ²)	Rate	Total
Credit	Industrial	-581.00	\$214.31	-\$124,514.11
Payable	Non-Industrial	581.00	\$277.04	\$160,960.24
Net DCs Attributed to Application				\$36,446.13
25% Place of Religious Assembly Exemption				-\$9,111.53
Total DCs Paid on Dec. 13, 2022				\$27,334.60
DC By-law Appeal Refund* Oct. 31, 2023				-\$1,310.44
Net DCs Paid				\$26,024.16

*A partial refund of DCs was issued on October 31, 2023, in accordance with the Ontario Land Tribunal order under Case No. OLT-21-001645, which amended the Region’s 2020 DC By-law

In response to the Applicant’s delegation, Council passed Resolution Number 2024-78, which reads as follows:

That the request from the delegation listed as item 7.1 on the February 8, 2024 Regional Council agenda and proposed motion, be referred to staff to report back to Regional Council by March 21, 2024.

2. Regional Policies for Providing Development Charge Relief

The Region currently provides a partial exemption for DCs paid for new places of religious assembly, and grants-in-lieu of DCs for eligible long-term care (“LTC”) home and hospice developments. Places of religious assembly receive a partial exemption of DCs through the DC By-law, while LTC homes and hospices receive grants-in-lieu of DCs through a Regional incentive program. Financial relief is applied prior to the payment of DCs and is not typically issued as a refund after DCs have been collected.

Request for Refund of Development Charges - Satchidananda Sadguru Shirdi Sainath Maharaj Mandir

a) Places of Religious Assembly

The Region and local municipalities have implemented measures within their DC By-laws to provide DC relief for places of religious assembly in their respective jurisdictions. Subsection 11(3) of the Region's DC By-law provides a partial DC exemption for the first building permit issuance:

Prior to the issuance of the first building permit, a place of religious assembly will receive a partial exemption of development charges equivalent to the development charges attributed to twenty-five percent (25%) of the total floor area of the building or structure. This partial exemption shall not apply to development or redevelopment solely for the purpose of expansion of an existing building or structure.

This exemption is discretionary and is funded by the Region's property tax base.

At the March 23, 2023 Regional Council meeting, Regional Council approved Resolution 2023-238 requesting that staff report back for the purposes of identifying differences between the Region and the local municipalities in how development charges (DC) by-laws apply to places of religious assembly. Council also requested information and options that would allow the Region to harmonize its approach to the calculation of Regional DCs with those of the local municipalities.

Staff provided a report to Council on June 8, 2023 summarizing the approaches to providing financial relief on places of religious assembly by the Region and local municipalities, and provided Council with alternative policy approaches for consideration. The discussion concluded with an approach to continue with the Region's current policy to provide a partial exemption through the DC By-law, and to consider delegations as they come to Council on a case-by-case basis.

b) Long-Term Care Homes and Hospices

LTC homes are not exempt from DCs under the Act. However, the Act does provide for the deferral of payment of DCs for eligible new LTC developments and allows municipalities to charge interest on the deferred DCs. In 2020, pursuant to Resolution 2020-553 Regional Council approved the deferral interest rate of zero percent.

On March 10, 2022, pursuant to Resolution 2022-153, Regional Council approved the Region's first Interim Financial Incentive Program for new Long-Term Care homes and hospices (the "Incentive Program"). The Incentive Program provides grants-in-lieu of DCs to eligible not-for-profit organizations building LTCs and hospices in Peel Region. The Region offers a maximum grant for an eligible project of up to 50 per cent of the eligible DC payable (or up to 100 per cent for hospices as well as for an eligible public not-for-profit organization under a hospital network). The DC relief granted to eligible LTC home and hospice developments is established prior to the collection of DCs through the Interim Program and is not issued as a refund.

A delegation was brought forward to Council on behalf of Ivan Franko Homes on July 6, 2023, seeking a grant of 100% of the DCs payable for their LTC home development. The development was eligible for maximum funding of 50% of the DCs payable. Council passed Resolution 2023-597, providing Ivan Franko Homes with the maximum 50% grant funding that they were eligible for under the Incentive Program. Part of the resolution asked that staff

Request for Refund of Development Charges - Satchidananda Sadguru Shirdi Sainath Maharaj Mandir

report back to Council regarding offsetting the remaining 50% of DCs payable for Ivan Franko Homes' development.

Staff provided the report to Council on September 14, 2023 which summarized the Region's approach for providing grants-in-lieu of DCs to LTC homes and hospices, under which Ivan Franko Homes' development was eligible for maximum funding of the 50% grant provided. The report provided Council with alternative policy approaches for consideration should Ivan Franko Homes' request be granted. The discussion concluded with an approach to continue with the Region's current framework for providing grants-in-lieu of DCs to eligible LTC homes and hospices. Council passed Resolution 2023-647 which reads as follows:

1. *That the Regional Chair, on behalf of Regional Council, write a letter to the Minister of Long-Term Care to advocate for adequate provincial funding and increased financing for public and private non-profit long-term care homes, as well as a review of the existing funding formula; and*
2. *That a copy of the letter be forwarded to Peel-area Members of Provincial Parliament, and the Association of Municipalities of Ontario.*

BILL 112 RISKS AND IMPLICATIONS

The passing of the *Hazel McCallion Act (Peel Dissolution), 2023* on June 8, 2023, formalized a plan to dissolve the Region of Peel effective January 1, 2025. On December 13, 2023, the provincial government announced that Peel will not be dissolved, and that new legislation will be passed in 2024 to repeal or amend Bill 112. Until new legislation is passed, no implications can be determined.

FINANCIAL IMPLICATIONS AND POLICY DISCUSSION

Over the past two years, the Region has committed approximately \$21M in financial relief to offset the DCs payable for places of religious assembly and LTC homes:

- \$1.9M in grant-in-lieu funding towards places of religious assembly
- \$19.1M in grant-in-lieu funding towards LTC homes

1. Recent Instances of Development Charge Relief

a) Places of Religious Assembly

Over the past two years the Region has collected approximately \$1.9M in DCs across seven place of religious assembly developments and redevelopments. Five of these places of religious assembly have had approximately \$413K of DCs exempted for the first building permit through the Region's By-law, as summarized in Table 2:

Request for Refund of Development Charges - Satchidananda Sadguru Shirdi Sainath Maharaj Mandir

Table 2 – 2022 & 2023 Place of Religious Assembly Exemptions

Payment Date	Applicant	DCs Paid	DCs Exempted
Jan 2022	2240523 Ontario Inc.*	\$62,658.31	
Jun 2022	Peel Islamic Cultural Center	\$900,488.02	\$323,935.11
Jun 2022	Institute of Gurmat Studies	\$29,221.67	\$13,431.27
Dec 2022	Satchidananda Sadguru Shirdi Sainath Maharaj Mandir	\$26,024.16	\$9,111.53
Nov 2023	Gauri Shankar Mandir	\$199,889.81	\$66,629.95
		\$1,218,281.97	\$413,107.86

**Development was an expansion to an existing place of religious assembly and therefore ineligible for a discretionary exemption under the By-law*

During this same timeframe, approximately \$1.4M in grant funding was approved by Council to offset the DCs payable for two place of religious assembly developments. The two grants-in-lieu of DC, approved under Council Resolutions 2023-238 and 2023-579, are summarized in Table 3:

Table 3 – 2022 & 2023 Place of Religious Assembly Council-Approved Grants

Payment Date	Applicant	DCs Paid	Council Approved Grant
Jun 2023	Coptic Orthodox Patriarchate Church of Virgin Mary & St Athanasius	\$641,143.07	\$1,183,809.55
Aug 2023	Brampton Bramalea Christian Fellowship		\$258,917.93
		\$641,143.07	\$1,442,727.48

The above noted resolutions providing grants-in-lieu of DCs arose from delegations to Council from not-for-profit organizations seeking DC relief. The discretionary exemptions and grants-in-lieu of DCs that have been provided are applied prior to the collection of DCs and issuance of a forthcoming building permit. Relief is not typically granted as a refund after DCs have already been paid, as requested by the Applicant.

b) Long-Term Care Homes and Hospices

To date the Region has received four applications to the Incentive Program detailed in Table 4 below. The total development charges payable across these developments are approximately \$24.3M and result in estimated grant funding to be provided by the Region totaling \$19.2M, subject to the conditions set out in each DC Payment Agreement. This leaves approximately \$5.1M in DCs to be collected across these developments.

Request for Refund of Development Charges - Satchidananda Sadguru Shirdi Sainath Maharaj Mandir

Table 4 – Summary of Current Incentive Program Applications

Municipality & Applicant	Beds	DCs Payable	Maximum Eligibility	Estimated Grant Funding
Mississauga:				
Trillium Health Partners	632	\$13,983,501.46	100%	\$13,983,501.46
Ivan Franko Homes	160	\$3,280,750.09	50%	\$1,640,375.05
Brampton:				
Holland Christian Homes	160	\$3,539,712.50	50%	\$1,769,856.25
Golden Age Village for the Elderly	160	\$3,514,549.47	50%	\$1,757,274.74
	1,112	\$24,318,513.52		\$19,151,007.50

2. Financial Considerations for Issuing DC Refunds

Should Council agree to grant a refund to the Applicant for the DCs paid in 2022, it is reasonable to anticipate that further delegations may be brought to Council seeking similar relief for DCs that have already been paid. These delegations may extend beyond place of religious assembly developments, LTC homes, and hospices, such as developments owned by registered charities or other not-for-profit organizations. These requests for refunds may also extend beyond 2022.

3. Financial Considerations for Alternative Policy Approaches

On June 8, 2023, staff presented to Council the following four options for providing DC relief for place of religious assembly developments for consideration:

Table 5 – Financial Comparison of Place of Religious Assembly Policy Options

Option	Budget Estimate
Option 1: Maintain Current Approach (25% of Floor Area)	Approved \$500,000
Option 2: Adopt Brampton Approach (100% of Floor Area)	\$2 million
Option 3: DC Exemption up to 500 m ²	\$700,000
Option 4: Alignment with the Local Municipality's Exemption	\$1.5-2 million

On September 14, 2023, staff presented to Council the following three options for providing DC relief to LTC home and hospice developments for consideration:

Table 6 – Financial Comparison of LTC Home and Hospice Policy Options

Option	Budget Estimate
Option A: Maintain Current Approach	Approved \$4 million
Option B: Increase Grant Funding to 100% for all Eligible Projects	\$7 million
Option C: Alignment with the Local Municipality	\$4-7 million

Request for Refund of Development Charges - Satchidananda Sadguru Shirdi Sainath Maharaj Mandir

In both instances, Council's decision was to maintain the current approach (Options 1 and A above). An increase in annual budget would be required if Council chose to provide DC relief through the other options presented. An increase in grant funding provided to offset DCs would result in additional pressure on the taxpayer.

CONCLUSION

Staff have reviewed the application of the Region's DC By-law as it pertains to the Applicant's delegation and have concluded that the partial exemption under the DC By-law was applied appropriately. Should Council choose to issue a refund of the Applicant's DCs paid in 2022, the amount will be funded by taxation. In 2023, staff reports were brought to Council for consideration of alternative options for administering the current policies for development charge relief. Should Council choose to adopt alternative approaches to the eligibility of DC refunds, the treatment of places of religious assembly for DC exemption, or eligibility for grants-in-lieu of DCs, then additional funding is expected to be required to accommodate the financial relief which will place additional pressure on the taxpayer.



Davinder Valeri, Chief Financial Officer and Commissioner of Corporate Services

Authored By: Greg Eleftheriou, Supervisor, Financial Policy & Development Financing