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# REQUEST FOR RELIEF FROM REGIONAL DEVELOPMENT CHARGES PARKVIEW SERVICES FOR SENIORS

**The Finance and Administration Committee recommends:**

1. **the receipt of the following report, November 17, 2004, from the Commissioner of Finance; and**
2. **the adoption of the recommendations in the report, October 18, 2004, from the Commissioner of Finance, as follows:**

    1. **The Region of York provide a loan for up to $2.31 million to Parkview Services for Seniors ("Parkview") at an interest rate of 4.0% for a period not to exceed three years to be used for interim financing, subject to Parkview meeting the terms and conditions detailed this report.**

    2. **In accordance with the Regional Development Charge By-law, the proposed facility be exempt from Regional development charges provided the Town of Whitchurch-Stouffville does not collect development charges for the proposed development.**

    3. **Staff be authorized to take all action necessary to implement this recommendation.**

## 1. RECOMMENDATIONS

It is recommended that:

1. Council receive this report for information purposes.

## 2. PURPOSE

The purpose of the report is to provide information regarding the implications of providing relief from Regional development charges to Parkview Homes for Seniors on their proposed Long Term Care facility development.

## 3. BACKGROUND

On November 4, 2004 the Finance and Administration Committee received a report titled "Request for Financing Assistance From Parkview Services for Seniors". The report provided background information and legislative tools that could assist Council in dealing with the interim financing assistance requested by Parkview.

The report also addressed the request for Regional development charge relief for the Parkview development proposal. As indicated in the report and in accordance with the Regional Development Charge By-law DC-0005-2003-050, an exemption to this type of development is permitted provided that the local municipality also does not collect development charges for the proposed development.

Given that the Town of Whitchurch-Stouffville has not yet exempted Parkview from the payment of development charges, the Finance and Administration Committee directed staff to provide further information regarding the request for development charge relief.

## 4. ANALYSIS AND OPTIONS

### 4.1 Regional Development Charges

In accordance the Development Charge By-law, Long Term Care facilities are considered institutional use. The current development charge rate for institutional use is $3.17 per square foot of gross floor area. The Regional Municipality of York has a provision in its development charge By-law for exemption of development charges for certain types of development. In particular, an exemption may apply to a building or structure used for community use owned by a non-profit corporation only if the area municipality in which the development is to be located does not collect development charges with respect to that type of development. The proposed Parkview development meets the conditions of being a building used for a community use, owned by a not-for-profit corporation. However, as the Town has not committed to waiving its development charges on this development, an exemption of Regional development charges cannot be given under the development charge By-law.

Providing a grant of the development charges for the development without the area municipality providing an exemption from development charges could result in other not-for-profit and for-profit facilities requesting similar grants, which must come from non-development charge sources i.e. tax levy.

### 4.2 Not For Profit Community Uses

The Regional Development Charge By-law provides exemption to not for profit corporation which may provide certain community uses. In addition to Long Term Care facilities there are other not for profit community use facilities in the Region, that may meet the criteria for exemption of Regional development charges. For example, the Region has provided development charge exemption to the Ciociaro Social Club in 1998 in the amount of $10,450, Famee Furlane in 2003 in the amount of $151,200 and Earth Rangers Foundation in 2004 in the amount of $97,500 to mention a few. These exemptions were granted based on the fact that they were first exempt from development charges from the local municipality. It is important to note that the eligibility of the exemption of Regional development charges is conditional on the area municipality providing the same exemption.

### 4.3 York Region Long Term Care Facilities

A review of all the potential facilities was conducted, and staff identified that in York Region there are five Long Term Care (LTC) Facilities that are not-for-profit, and that have undergone or will need major renovation, rebuilding to meet current Ministry facility guidelines. These projects could require up to $53 million in construction costs and $35 million of financing. These potential facilities include: Markhaven Inc.; Union Villa Home Society; Bethany; Mariann Homes and Parkview Homes.

To date the Region has provided an exemption from Regional development charges for some of these facilities; however, only when the local municipality has granted the same exemption. The Region has not provided a grant to a Long Term Care facility equal to the development charges payable.

#### 4.3.1 Markhaven Inc.

Markhaven Inc. undertook a $13.2 million expansion of their 75-bed long-term care facility to construct a new 96-bed facility in the Town of Markham. The Town of Markham provided an exemption for the not-for-profit LTC facility, and in accordance with section 3.5.2 of the Region's Development Charge By-law, the proposed development was exempted from Regional development charges.

#### 4.3.2 Union Villa Home Society

Currently, the Union Villa Home Society Long Term Care Facility is proposing to rebuild its existing 161 beds facility. The Town of Markham has exempted the development from development charges; therefore, Regional development charges were also exempt.

#### 4.3.3 Bethany Homes and Mariann Homes

The Region has not received any request for development charge exemption or for financing assistance from either Long Term Care facility. The potential expansion to these facilities could result in similar requests for exemption. This exemption would be conditional upon the area municipalities also providing relief from local development charges.

## 5. FINANCIAL IMPLICATIONS

Based on the prevailing development charge rate, Regional development charges payable on the proposed Parkview development are estimated at $267,000. To date the Region has provided for approximately $300,000 in development charge exemptions for not for profit organizations only where the area municipality has first provided the same development charges exemption.

In accordance with the Development Charge Act, 1997, if a grant is provided to Parkview equivalent to the Regional development charges payable, this grant will have a direct impact on the tax levy as this is the only alternative source to fund requests of this nature. Consideration of this grant request will likely set a precedent for other not for profit facilities to request similar exemption from Regional development charges in the absence of a matching grant from the area municipality.

Further exemptions to the Development Charge By-law, in the form of exemptions or grants further erodes the principal of new development being self-supporting and therefore requiring a subsidy from the general tax levy.

## 6. LOCAL MUNICIPAL IMPACT

The Parkview Homes for the seniors will be redeveloped to meet Ministry Standards and will provide 19 additional long-term beds for York Region residents.

## 7. CONCLUSION

The Regional development charge by-law has provisions for exemption of development charges for not-for-profit organizations provided that the local municipality provides the same exemption. This report addresses implications of providing a grant and the risk of establishing a precedent for other not for profit organizations in the event the Town of Whitchurch-Stouffville does not exempt the development from development charges.

The Senior Management Group has reviewed this report.

*(A copy of Clause 3 of Report No. 11 of the Finance and Administration Committee which was adopted by Council on November 18, 2004, without amendment, is attached to this report.)*