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**REPORT TITLE: Holland Christian Homes – Deferral of Development Charges**

**FROM: Gary Kent, CPA, CGA, ICD.D, Chief Financial Officer and Commissioner of Corporate Services**

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## **RECOMMENDATION**

**That the Chief Financial Officer and Commissioner of Corporate Services be authorized to negotiate and enter into an agreement with Holland Christian Homes Inc. to provide a further deferral of the development charges for the Long-Term Care Home development project in Brampton on site plan SP16-015 on business terms satisfactory to the Chief Financial Officer and Commissioner of Corporate Services and on legal terms satisfactory to the Regional Solicitor.**

## **REPORT HIGHLIGHTS**

- The Region and Holland Christian Homes Inc. (HCH) entered into a development charge deferral agreement in 2018 which provided the deferral of the payments of the Regional development charges (DCs) for a 125-unit Long-Term Care facility.
  - HCH is waiting for a provincial grant to pay for the DCs for this project and is seeking further extension or renewal of the 2018 development charges deferral agreement.
  - The grant funding from the Province is expected to be available to HCH in 2022 which have been impacted by construction delays brought on by the COVID-19 pandemic.
  - This construction project provides needed LTC capacity to the Peel community.
  - Staff recommends that a subsequent DC deferral agreement be negotiated and entered into given the delays in the provincial funding.
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## **DISCUSSION**

### **1. Background**

Holland Christian Homes Inc. (HCH) is currently nearing completion of Phase One of the plans to build a new, 125 unit, Long-Term Care (LTC) facility located at their campus of facilities at 7900 McLaughlin Road in Brampton (Site Plan SP16-015), to be followed by Phase Two, the redevelopment of an existing LTC facility into a 42 unit building including other facilities (the “Project”).

In 2018, the Region entered into a DC deferral agreement (the “Agreement”) with HCH for the deferral of payment of Regional DCs with respect to Phase One of the Project. A letter of credit (LOC) in the amount of \$2,697,168.75 was submitted by HCH as the security associated with the deferral agreement. As per the agreement, the deferred development charges are now due, and the Region can draw upon the LOC.

HCH has made a request to the Region seeking continued deferral of the DCs.

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In discussions between Regional staff and HCH, it has been communicated that HCH relies on grant funding administered by the Ministry of Health (the “Ministry”) to pay for the development charges. The Ministry will accept and review applications for funding once they deem a project substantially complete. Due to delays brought on by the COVID-19 pandemic, construction of the Project has taken longer than initially anticipated. The Ministry has informed HCH that they will consider substantial completion to occur when construction has concluded, which HCH expects will occur in Spring 2022. The anticipated review time required for disbursement of the funds is unknown at this time, though it can be reasonably assumed that provincial funding would likely not be administered until sometime after January 2022.

Pursuant to the Region’s DC By-law 77-2020, the Chief Financial Officer is authorized to enter into agreements for the deferral of non-residential development charges. In cases of residential development charges (such as LTC homes), the authority to defer rests with Regional Council.

**2. Proposed Direction**

HCH is a non-profit service provider with Peel’s housing program and has been a longstanding partner with the Region in supporting the housing needs of Peel community.

This project supports a shared community interest to add needed LTC capacity in Peel. Considering the circumstances impacting HCH’s financial position and ability to remit the development charges associated with Phase One of the Project to the Region at this time, Regional staff propose to work with HCH to renew the Agreement which would provide a further deferral of DCs.

**FINANCIAL IMPLICATIONS**

A letter of credit in the amount of \$2,697,168.75 was provided by HCH for the DCs estimated at the time of the agreement execution in 2018. In accordance with the indexing provisions under the Agreement, based on the prevailing rate the estimated deferral amount is approximately \$3 million which would be subject to indexing as per the current Regional DC By-law. The table below provides the DC calculation:

Rate as of	Units	DC Rate	Estimated DCs
Aug 1, 2018	125	\$21,577.35	\$2,697,168.75
Aug 1, 2021	125	\$24,135.86	\$3,016,982.50

**CONCLUSION**

Given the nature of the Project, which provides for needed Long-Term Care capacity to the Peel community, as well as Holland Christian Homes Inc. (HCH) present financial position being impacted by construction delays brought on by the COVID-19 pandemic, it is recommended that Regional staff work with HCH to renew the Agreement which would provide a further deferral of development charges associated with Phase One of the Project.

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