

Staff Report

Report To: City Council
Report From: Kate Allan, Director of Corporate Services
Meeting Date: April 28, 2025
Report Code: CR-25-050
Subject: Development Charges Exemption Agreement – SkyDev
Bayshore Rental Housing

Recommendations:

THAT in consideration of Staff Report CR-25-050 respecting Development Charges Exemption Agreement – SkyDev Bayshore Rental Housing, City Council directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute a Deferral and Conditional Exemption Agreement with Bayshore Street Developments Inc.

Highlights:

- The development will add **712 purpose-built rental units** to Owen Sound's housing stock—representing a significant and much-needed increase in long-term rental supply. This supports local affordability objectives by introducing market competition, offering diverse unit options, and aligning with the City's exemption policy to incentivize rental construction.
- The project represents one of the **largest residential investments** in the City's history, unlocking economic benefits through construction activity, long-term job creation in property management and maintenance, and support for local businesses. It also improves infrastructure in the area, further supporting future growth and investment opportunities.
- The development maximizes the use of existing serviced urban land and repurposes a brownfield site, reducing sprawl and preserving

greenfield areas. It includes EV charging stations, pedestrian pathways, extensive landscaping, and stormwater management systems—advancing the City's climate adaptation goals and creating a walkable, energy-conscious neighbourhood.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: A City that Grows.

Climate and Environmental Implications:

This supports the City's Climate Mitigation Plan objective to reduce community greenhouse gas emissions.

Previous Report/Authority:

[OP-24-003 Cost Sharing Apportionments -3195 East Bayshore Road \(Sky Dev\)](#)

Background:

The City's Development Charges By-law 2023-112 provides an exemption from development charges for "rental housing developments," provided that the applicant enters into a written agreement with the City confirming that the units will remain rental units for a defined period, and that specific eligibility criteria are met.

Under By-law 2022-076, the Director of Corporate Services and the Clerk have delegated authority to enter into such agreements, provided the application meets the provisions of the DC by-law, including a requirement that all building permits be obtained within two years of receiving site plan or zoning approval and that site plan zoning approval be applied for and received before March 31, 2026.

In this case, the developer has submitted building permit applications for three of the eight proposed buildings, satisfying the initial timeline. However, the developer is requesting that the exemption agreement apply to the full build-out over ten years, which extends beyond the term permitted under the City's delegated authority by-law. That authority is limited to the life of the current Development Charges By-law, which expires on October 23, 2033.

Analysis:

The proposed Deferral and Conditional Exemption Agreement aligns with the intent of Council's previous direction in establishing rental housing as a priority exemption class in the development charges framework. The requested 10-year period for securing building permits is reasonable and appropriate, considering:

- The scale and complexity of the project (712 units across 8 buildings),
- The significant private investments and servicing requirements,
- The clear alignment with municipal planning policies promoting rental housing supply, and
- The satisfactory progress to date, including timely permit submissions for the three buildings.

The exemption is conditional upon:

- All units remaining as rented residential premises for a period of 20 years post-occupancy,
- Receiving the first building permit application within two years of site plan approval,
- The submission of all building permit applications, within 10 years of the development charge determination date, and
- Compliance with all conditions outlined in the agreement, including provisions for default and enforcement.

The development qualifies under Section 18(f) of the City's Development Charges By-Law, which provides for rental housing that receives zoning/site plan approval prior to the by-law's passage and proceeds to building permit within the required timeframe. The development received final site plan approval on February 25, 2025, and building permit applications were submitted for the first three buildings on March 31, 2025.

Legal and Risk Considerations

The draft Deferral and Conditional Exemption Agreement (attached) has been prepared in consideration of the Development Charges Act, the Municipal Act, and the City's DC By-law. It includes:

- Lien protections in the event of default,
- Provisions to register the agreement on title,
- Clearly defined conditions for default and recovery of charges.

Legal Counsel was consulted in the drafting of the amended exemption agreement to ensure that the City's interests are protected and the agreement reflects the legislative framework and best practices for enforceability.

Financial Implications:

The estimated value of the exemption on the full buildout is \$6,928,384, calculated as follows:

- 712 rental units x \$9,732/unit = \$6,928,384

This amount represents the fully calculated Development charge prior to applying any mandatory discounts under the Ontario Development Charges Act, 1997. In the case of rental housing development, as defined by the Act, the payable development charges are reduced as follows:

- 25% for residential units with three or more bedrooms;
- 20% for residential units with two bedrooms; and
- 15% for all other residential rental units not captured by the categories above.

If not exempted, the actual value of the development charges that would otherwise be collected would be less than \$6.93 million once these statutory discounts are applied. Nonetheless, this exemption remains consistent with the Council's policy objectives to support the creation of new rental housing.

Communication Strategy:

None

Consultation:

Manager of Planning & Heritage

Manager of Legislative Services

Director of Community Services

Development Manager, SkyDev

Harold Elston, Counsel, Barriston Law

Attachments:

Draft Deferral and Conditional Exemption Agreement

Recommended by:

Kate Allan, Director of Corporate Services

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Kate Allan, Director of Corporate Services at kallan@owensound.ca or 519-376-4440 ext. 1238.