

## Staff Report

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**Report To:** City Council  
**Report From:** Kate Allan, Director of Corporate Services  
**Meeting Date:** September 8, 2025  
**Report Code:** CR-25-117  
**Subject:** Development Charges Deferral Request – Bayshore Terrace

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### Recommendations:

THAT in consideration of Staff Report CR-25-117 respecting Development Charges Deferral Request – Bayshore Terrace, City Council directs staff to collect Development Charges in accordance with the Act.

### Highlights:

- Development charges are a critical funding tool that ensure growth pays for growth, supporting the City’s ability to deliver infrastructure and services without burdening existing taxpayers.
- The developer of Bayshore Terrace has requested that Council defer the payment of development charges until occupancy, citing cash flow considerations.
- While staff have accommodated a temporary delay in cashing the payment, we do not recommend a formal deferral, as the development does not meet legislative criteria and deferral introduces material financial and administrative risks.

### Strategic Plan Alignment:

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

### Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

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## **Previous Report/Authority:**

[CS-24-092 Request by Graham Design and Construction Ltd. regarding 297 18th Street East \(Georgian Landing\)](#)

[October 21, 2024 Council Meeting Minutes](#)

## **Background:**

In 2018, Council approved a site plan application for the development of a 6-storey, mixed-use building at 297 18th Street East. The site is uniquely situated with frontage on 2nd Avenue East, 18th Street East, and 3rd Avenue East, and includes residential units, some commercial space, and structured and surface parking.

Construction began in 2019 under a conditional building permit. However, the project was not completed and the building permit was subsequently revoked in 2022 following a prolonged period of inactivity. During that time, the site changed ownership through a court-ordered power of sale and was acquired by Graham Design and Construction Ltd., with the transaction closing in late 2024.

Since taking ownership, the proponent has rebranded the project as “Bayshore Terrace” and revised the original development concept from a 6-storey, 39-unit building to a 4-storey, 30-unit residential development. A minor site plan amendment was approved to reflect the revised form and layout of the project, and updated drawings were submitted to support a new building permit application.

As part of the transition to renewed construction, the developer submitted a request to Council in 2024 seeking a waiver of development charges. At that time, Council considered the request presented in report CS-24-082 and ultimately passed a resolution directing that development charges be applied in full, consistent with the provisions of the City’s Development Charges By-law. This decision was communicated to the proponent.

Subsequently, the City has received a new request from the developer, asking that Council consider deferring payment of development charges until occupancy.

## **Analysis:**

The developer has requested that Council consider deferring the payment of development charges for the Bayshore Terrace development until occupancy. This request is framed as a means to ease the up-front cash flow burden typically incurred at the time of building permit issuance.

From the developer's perspective, deferral to occupancy offers financial flexibility, and this concept is being contemplated more broadly at the provincial level. Through *Bill 17, Protecting Ontario's Progress by Building Faster and Smarter Act, 2025*, the Province has proposed making development charges for all residential development payable at occupancy rather than at permit issuance. While this proposal aligns with the developer's request, it is important to note that the change has not yet been enacted into law—highlighting that the Province itself recognizes the financial and administrative complexities such a shift would introduce for municipalities.

Historically, the Province's now-repealed mandatory deferral provisions applied only to purpose-built rental and institutional developments. Bayshore Terrace is structured as a life lease ownership model, and the units do not meet the definition of affordable housing under the City's Development Charges By-law. As such, the proposed development does not qualify for any form of mandatory deferral under the current legislative framework.

From the City's perspective, deferring development charges poses several key risks:

- It introduces a significant collection risk, particularly with life lease models, where ownership and financial control may shift between permit issuance and occupancy. Recovering charges after construction is underway can be administratively difficult and legally complex, especially if the project is transferred or individual units are occupied under separate agreements.
- It creates pressure to offer similar treatment to other developments, which undermines the integrity of the City's development charges framework. Granting one-off exemptions or deferrals, even with formal agreements, can be viewed as precedent-setting by other builders and lead to repeated requests.
- While delayed cash flow is not a critical concern for the City overall, recreation and wastewater charges are used to fund existing debt

payments. Delaying these payments directly affects the City's ability to meet unavoidable financial obligations associated with prior capital investment.

While staff are not recommending approval of the request, we have offered an interim accommodation: the City is prepared to accept a cheque for the full amount of development charges and hold it uncashed until Council has rendered a decision. This does not constitute a formal deferral, but it does provide the developer with some temporary relief from the cash flow impact, the extent of which will depend on when the building permit is ultimately issued.

Should Council choose to approve the deferral of development charges to occupancy, staff strongly recommend that any agreement include terms consistent with the emerging provincial framework—specifically, the provision of security at the time of building permit issuance. While the final details of *Bill 17* are not yet confirmed, early indications suggest municipalities may be permitted to require financial security (such as a letter of credit) to safeguard payment. This is particularly important in a project with a non-traditional ownership model, where the units may be sold prior to occupancy and financial accountability could become unclear. Although a deferral agreement can be registered on title, a change in ownership could complicate enforcement. Further, once units are occupied, adding unpaid development charges to the tax account could raise legal and administrative issues over who is responsible for the outstanding balance. Accordingly, staff would not support any deferral agreement unless it includes satisfactory financial security at the time of permit issuance.

Finally, staff wish to clarify that the minor site plan amendment for this project was approved on May 8, 2025, within the legislated 60-day timeline. Assertions that City delays in the planning process contributed to the developer's current request are not supported by the file record.

Given the nature of the development, the lack of legislative authority for deferral, and the risks outlined above, staff do not recommend approval of the request.

### **Financial Implications:**

The total City Development Charges payable associated with 297 18<sup>th</sup> St East are \$294,426.

## **Communication Strategy:**

Council's decision will be communicated to the developer.

## **Consultation:**

Hemson Consultants

City Planning Staff

## **Attachments:**

1. Letter from Richard Graham requesting the deferral of Development Charges
2. "Baby Boomers have few good options" provided by Richard Graham

Note that both attachments reflect the input of Richard Graham from Sound Lifestyles Inc. and have been included at the request of the developer.

## **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](mailto:kallan@owensound.ca) or 519-376-4440 ext. 1238.