



Staff Report

Corporate & Financial Services

Report To: Council Meeting
Meeting Date: June 23, 2025
Report Number: CFS.25.039
Title: Draft Deferral Agreement – 53 Bruce Street – Leeward House
Prepared by: Monica Quinlan, Director of Corporate & Financial Services

A. Recommendations

THAT Council receive Staff Report CFS.25.039, entitled “Draft Deferral Agreement – 53 Bruce Street – Leeward House”;

AND THAT Council authorize staff to proceed with finalizing a Development Charges Deferral Agreement for 53 Bruce Street South (Leeward House) generally in the form and terms outlined in this report, subject to final review and approval by the Town’s legal counsel.

B. Overview

Following the Council decision on June 2nd to move forward with a 3-year DC deferral agreement, discussions with the developer of 53 Bruce Street have ensued.

Based on these discussions the Developer has agreed to proceed with an updated design to reduce the number of units from 10 to 8 rooms and with updated payment terms of:

- 1) The first payment of \$50,000 is to be paid upon issuance of the Building Permit;
- 2) The Second payment of \$50,000 to be paid 6 months following the issuance of the Occupancy Permit; and
- 3) Finally that the 3 year deferral begins at 6 months following occupancy at a rate of interest of 3.75%.

C. Background

The project involves the development of an 8-unit boutique hotel in the heart of Downtown. The hotel is expected to play a pivotal role in the revitalization of this area and aligns with the Town’s goals of fostering investment in our core.

While extended Development Charges (DC) deferrals are uncommon for non-residential growth in most municipalities due to the impact on municipal cash flow for growth-related infrastructure, several factors distinguish the Leeward House project. The proposed boutique hotel is located in the Downtown core, a priority area for revitalization, and is eligible under the

Town's Community Improvement Plan (CIP), which provides incentives for projects that support renewal and investment.

D. Analysis

The updated proposal provides a mutually beneficial solution that supports both the developer's financial viability and the Town's fiscal responsibilities. By incorporating a \$50,000 payment at building permit issuance and a further payment upon the commencement of the three-year deferral term six months after occupancy, the structure provides immediate partial cost recovery for the Town while allowing the developer time to stabilize revenues post-construction. This approach also ensures that the Town will begin to collect the deferred Development Charges within a reasonable and predictable timeframe.

From a financial management perspective, this proposal offers increased certainty and aligns with best practices in other municipalities, where deferrals are typically short-term and accompanied by financial safeguards. In this case, the Town's authority to add unpaid amounts to the property tax roll offers sufficient security without requiring a Letter of Credit. Applying a 3.75% interest rate to the deferred balance ensures the Town is compensated for the time value of money, while remaining fair and reflective of current market conditions.

Importantly, staff have been mindful of the potential for this arrangement to set a precedent for future requests. In that regard, it is critical to recognize the distinct circumstances of this development. The Leeward House project is located in the Downtown core — an area specifically targeted for revitalization and investment through the Town's Community Improvement Plan (CIP).

This revised approach is a pragmatic response to the developer's original eight-year deferral request. It achieves a balance between enabling private investment and maintaining the Town's ability to fund growth-related infrastructure. Staff are satisfied that the updated terms represent a reasonable and fiscally responsible compromise.

The proposed draft agreement has been included as Attachment 1 and is subject to final review by Town's legal counsel.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

N/A

G. Financial Impacts

As noted above.

H. In Consultation With

Adam Smith, Interim CAO

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Monica Quinlan, Director of Corporate & Financial Services directorcfs@thebluemountains.ca.

J. Attached

1. Draft DC Deferral Agreement – 53 Bruce Street (Leeward House)

Respectfully submitted,

Monica Quinlan,
Director of Corporate & Financial Services

For more information, please contact:
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Report Approval Details

Document Title:	CFS.25.039 Draft Deferral Agreement - 53 Bruce Street - Leeward House.docx
Attachments:	- Att-1-DC-Deferral-Agreement-Leeward-House-Draft.pdf
Final Approval Date:	Jun 19, 2025

This report and all of its attachments were approved and signed as outlined below:

Monica Quinlan - Jun 19, 2025 - 12:54 PM