



**To:** COUNCIL  
**Meeting Date:** 3/25/2025  
**Subject:** Request to replace Development Covenants for 2420 and 2780 Townline Road  
**Submitted By:** Michael Launslager, Director Economic Development  
**Prepared By:** Laura Pearce, Senior Economic Development Officer  
**Report No.:** 25-001-CRE  
**File No.:** L0701  
**Wards Affected:** Ward 2

### **RECOMMENDATION(S):**

THAT report number 25-001-CRE Request to replace Development Covenants for 2420 and 2780 Townline Road be received;

AND THAT Council authorize the Mayor and Clerk to execute documents to delete Instrument E1501194/Z1501194 Transfer of Easement and Restrictive Covenant and Instrument WR823709 and register a new Development Covenant Agreement on the same terms, satisfactory to the City Solicitor.

### **EXECUTIVE SUMMARY:**

#### **Purpose**

For Council to approve the deletion of Instruments E1501194/Z1501194 and WR823709 which are agreements made with previous owners of the property and replace them with a new Development Covenant Agreement with the current owner under the same terms. This request on behalf of Trade-Mark is necessary in order to satisfy lending requirements that will enable the company to proceed with the development of two new industrial facilities. The new instruments will be in place prior to the deletion of the existing instruments.

#### **Key Findings**

Under the Agreement of Purchase and Sale for industrial properties purchased from the City of Cambridge, the owner is required to commence construction and be substantially complete within the times specified in the Agreement.

If the City grants an extension under the Development Covenants and Restrictions in the Agreement, the owner must pay liquidated damages. These damages are calculated based on the municipal taxes that would have been payable if the required building(s) had been constructed, as well as any difference in land value.

Trade-Mark has recently acquired these lands and as new owners, have taken on the old agreements which have negatively impacted their lending capabilities. The recommendation in this report is that the City enter into new agreements which will reflect the same restrictive covenants (i.e. The City's right to repurchase, and breach of contract clauses) and then delete the previously existing registrations from title and enter into new agreements which will aid in their ability to secure the appropriate financing required to complete the development.

### **Financial Implications**

There are no financial implications.

### **STRATEGIC ALIGNMENT:**

Strategic Action

**Objective(s):** ECONOMIC INCLUSION AND SUPPORT - Establish and extend inclusive programs to support business readiness and workforce development and help local businesses to thrive

**Strategic Action:** Enable small business to succeed

**OR**

Core Service

**Program:** Not Applicable

**Core Service:** Not Applicable

### **BACKGROUND:**

The City sold 2.94 acres of un-serviced land to 1471307 Ontario Limited described as Part of Lot 3, RCP 1386, Part Lot 6, Concession 4, being Part 2 on 58R-13030 in Cambridge, by a transfer/deed registered as Instrument Number 1501194 dated June 28, 2001. Contained in the Transfer are Development Covenants and Restrictions requiring the owner to construct a building with a minimum size of 14,021 square feet within a specified time frame.

On September 18th, 2014, Cambridge City Council approved a resolution that provided for a transfer of this property to 2399099 Ontario Inc, subject to compliance with the Development Covenants and Restrictions registered on title.

In 2023, 2399099 Ontario Inc paid all outstanding amounts owing to the City under the agreements registered on title and the property was subsequently sold to Trade-Mark who intends to construct two (2) pre-cast industrial facilities on this property, totalling just over 307,000 square feet in two (2) phases and expect this facility will accommodate between 250-350 new jobs.

As new owners, they have taken on the old agreements and Trade-Mark advises the existing covenants registered on title are preventing Trade-Mark from being able to secure financing in order to proceed with development.

## **ANALYSIS:**

### **Trademark's History in Cambridge:**

In October of 2014, Trade-Mark relocated it's operation to Royal Oak Road. Over the past decade, they have grown to nearly half a billion in annual revenues and over 1,300 employees. Cambridge is home to their headquarters for all North American operations, and over 1,000 employees.

Over the last ten (10) years Trade-Mark has invested heavily in the local economy, both through employment opportunities with their construction business and also through investment and development properties. Their industrial portfolio consists of 13 properties in Cambridge, totalling over 130 acres and 1.6 million square feet once current developments are completed. Some of Trade-Marks anchor tenants include Toyota, Fedex, Samuel Steel and Primed Medical, and it's estimated that their facilities house over 3,000 local employees.

As such, Trade-Mark's proposed development is expected to be completed within the next two years, further contributing to Cambridge's industrial growth and economic vitality. Given Trade-Mark's proven track record of success, with over a decade of significant investment in Cambridge, creating thousands of local jobs and maintaining a robust industrial portfolio, replacing the current development covenants on title to reflect the current owner will enable them to secure financing and complete this important project. Once the development is finished, the covenants can be removed, ensuring a seamless path forward for Trade-Mark and continued economic benefits for the community.

### **Trade-Mark's Request and Financing Requirement:**

The request to remove and replace the covenants is a direct result of Trade-Mark acquiring the property, which carries historical development covenants enacted for previous owners. These covenants, while initially intended to ensure development proceeded, are now preventing Trade-Mark from securing the necessary financing required for the construction of their proposed industrial facilities. In order for lenders to approve financing, the development covenants must be updated to reflect the current owner's development plan. By replacing the outdated covenants with new agreements under the same terms, the City is enabling Trade-Mark to proceed with a significant development project that aligns with economic growth objectives.

This recommendation proposes removing the development covenants registered on title and replacing them with a standalone Development Covenant Agreement. The removal of the covenants from title eliminates barriers to Trade-Mark securing financing while ensuring that the City maintains its interests through a separate agreement.

From a legal and operational perspective, shifting from title-registered covenants to a standalone agreement does not present increased risk to the City. The new agreement will still contain protective measures, including the City's right to repurchase should development not proceed as planned, and clauses addressing breaches of contract. The City's legal team has ensured that all essential terms of the original covenant remain intact within the new agreement, providing continued oversight and enforcement capabilities without restricting financing opportunities for the developer.

Approving this request is a strategic decision that benefits the City of Cambridge in multiple ways. In addition to new industrial development and job creation on a historically underdeveloped property, it will also contribute significantly to the municipal tax revenue for the City.

#### **EXISTING POLICY / BY-LAW(S):**

There is no existing policy/by-law.

#### **FINANCIAL IMPACT:**

Replacing the development covenants will enable Trade-Mark to proceed with constructing two industrial buildings, generating significant revenue for the City through building permit fees, development charges, and increased property tax assessments. Once completed, the development will provide a long-term source of tax revenue, contributing to the City's financial sustainability and economic growth.

#### **PUBLIC VALUE:**

Replacing the development covenants on title for this property aligns with the City of Cambridge's commitment to fostering economic growth, creating local jobs, and

supporting business expansion. Trade-Mark, a long-standing and trusted employer in Cambridge, has demonstrated significant investment in the local economy through job creation and industrial development. By enabling Trade-Mark to proceed with the construction of two industrial facilities totaling over 307,000 square feet, this decision supports the addition of 250-350 new jobs and further strengthens Cambridge's industrial sector.

This action reflects the City's dedication to supporting businesses that contribute to community prosperity and ensuring that Cambridge remains an attractive destination for investment.

**ADVISORY COMMITTEE INPUT:**

Not Applicable

**PUBLIC INPUT:**

Posted publicly as part of the report process.

**INTERNAL / EXTERNAL CONSULTATION:**

Internal consultation with Legal Services and agreement between both parties has been achieved. Staff have ensured that all essential terms of the original covenant remain intact within the new agreement, providing continued oversight and enforcement capabilities without restricting financing opportunities for the developer.

**CONCLUSION:**

Staff recommends repealing Instrument E1501194/Z1501194 Transfer of Easement and Restrictive Covenant and Instrument WR823709 and replacement with new agreements be granted to Trade-Mark as outlined in this report.

**REPORT IMPACTS:**

Agreement: **Yes**

By-law: **No**

Budget Amendment: **No**

Policy: **No**

**APPROVALS:**

**This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:**

**Director**

**Deputy City Manager**

**Chief Financial Officer**

**City Solicitor**

**City Manager**

**ATTACHMENTS:**