

Town of Whitby

Staff Report

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Report Title: The Hotel and Conference Centre Attraction Program

Report to: Committee of the Whole

Date of meeting: April 13, 2026

Report Number: CAO 14-26

Department(s) Responsible:

Office of the Chief Administrative Officer
Financial Services Department

Submitted by:

Sarah Klein, Deputy CAO
Fuwing Wong, Commissioner, Financial
Services & Treasurer

**Acknowledged by M. Gaskell,
Chief Administrative Officer**

For additional information, contact:

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Economic Development

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Real Estate / Deputy Treasurer

1. Recommendation:

1. That Council endorse the proposed Hotel and Conference Centre Attraction Program outlined in Staff Report CAO 14-26;
2. That the Treasurer be authorized to enter into development charge deferral agreements, in accordance with Section 27 of the Development Charges Act, for qualifying hotel and conference centre developments in a form satisfactory to the Town Solicitor (or designate) and as outlined in Staff Report CAO 14-26;
3. That the Fees and Charges By-law be amended to include a Hotel and Conference Centre Attraction Program application fee in the amount of \$500 (plus HST); and,

4. That notwithstanding Town Policy F 430, the Town's Development Charges Interest Policy, no interest be calculated on development charges deferred for the purpose of the Hotel and Conference Centre Attraction Program for the first 24 months following the issuance of a building permit.

2. Highlights:

- In 2025, Council approved and endorsed the Hotel Feasibility Study (CAO 11-25), which identified two hotel opportunities aligned with Council's economic development objectives:
 - A hotel-conference centre; and,
 - A stand-alone hotel (together, the "hotel and conference centres").
- A long-standing goal of Council has been to attract hotel and conference centres to support Whitby's tourism, business attraction, and economic development priorities, as identified in the Community Strategic Plan and the 2022-2026 Economic Development Strategy.
- Staff have been marketing these opportunities to hotel owners and investors with the goal of attracting a hotel and conference centre in Whitby.
- In March 2026, Council directed Staff to report back on a Hotel and Conference/Convention Centre Attraction Program through [Council Resolution # 47-26](#).
- The proposed Hotel and Conference Centre Attraction Program is intended to attract and incentivize the timely development of a hotel and conference centre by:
 1. Deferring the Town's portion of Development Charges ("DCs") from time of building permit issuance to time of occupancy permit issuance;
 2. Limiting the number of deferrals to two projects – one hotel and one hotel-conference centre - on a first-approved basis;
 3. Including conditions that prioritize "shovel-ready" projects: requiring milestones to be met following approval of Program Enrollment, including full execution of a site plan agreement, submission of building permit application, and issuance of building permit within 10, 12, and 14 months, respectively. If the milestone dates are not met, Program Enrollment will be withdrawn, the Town will consider the next Eligible Applicant in the queue, and the original applicant must wait a further six (6) months before resubmitting for reconsideration; and,
 4. Including an incentive for timely construction: no interest on the deferred portion of the Town's DCs for the first 24 months following building permit issuance.
- The program has an ambitious timeline predicated on the deferral of the Town's development charges for shovel-ready sites for hotel uses.
- Subject to the approval of the report, the Town of Whitby will launch the program on April 27, 2026 via the Economic Development webpage on the Town's website. The website will include the application form and will be updated with information throughout the Program, including information on number of applications received and successful applicants.

- The Town will no longer accept applications after two (2) successful applicants are issued building permits or after three (3) years, April 27, 2029.

3. Background:

In June 2025, staff presented the Hotel Feasibility Study Report and Investor Package that highlighted Whitby’s strong and sustainable market conditions to support the development of two hotel investments. One opportunity included the development of a branded hotel-conference centre, with the other opportunity as a stand-alone hotel. As outlined in CAO 11-25, the two opportunities are summarized below:

Category	Opportunity 1 Hotel-Conference Centre	Opportunity 2 Stand-alone Hotel
Development Concept	Full-service, Upscale Branded* hotel with integrated conference and banquet facilities.	Branded Midscale/Upper-Midscale Branded* hotel.
Primary Objective	Address unmet conference and event demand and support business and visitor activity.	Support longer-term accommodation needs related to employment, institutional and sports tourism sector.
Strategic Location	Preferred location would have easy to access to major arterial highways, including Highway 401, 412, and 407, proximity to GO Transit, employment areas, and major attractions.	Preferred location would have easy access to Highway 401, 412, and 407, proximity near employment lands, and business parks, and major attractions.
Size	150 guestrooms.	100 guestrooms.
Conference/ Meeting Space	11,000 sq. ft., accommodating up to 550 attendees.	Not Applicable.

*Target Branding: Additional resource for hotel brands can be accessed at the following link - [STR Chain Scales | STR Benchmark | CoStar](#).

In addition, market analysis concluded that a branded hotel and conference centre with the above-noted criteria would be competitive and achieve healthy occupancy and average daily rates and perform in-line with or above comparable markets. The findings of the report outline strong market demand fundamentals and investor interest potential.

Since the release of the investment package, Economic Development staff have engaged in promising discussions with several interested proponents. In response, and following the Council Resolution #47-26, Town Council has directed staff to establish an attraction program centred around the deferral of development charges, as permitted under Section 27 of the Development Charges Act.

This proposed program would provide a mechanism for the Town to defer development charges for qualified hotel chain operators and proponents. The program would be strictly time-limited and would set out clear and transparent criteria for qualification. These criteria would align with the findings and recommendations of the recent

feasibility study, ensuring that only eligible hotel and conference centre projects that meet established standards would benefit from the deferral.

This report outlines the intake process and eligibility criteria for qualified hotel and conference operators, aiming to reduce investor uncertainty and prioritize proposals with demonstrated readiness, financial stability, and strategic fit. The program supports staff in advancing suitable hotel investment proposals on an accelerated schedule.

4. Discussion:

4.1. Rationale

The decision to introduce an attraction program for a hotel and hotel-conference centre is a result of Whitby's long-standing need for a large-scale meeting and event venue, as demand is currently being met by facilities in neighbouring municipalities. Identified within the Town of Whitby's 2022-2026 Economic Development Strategy, the Town engaged HVS Consulting & Valuation Services in 2024 to complete a hotel feasibility study and market analysis to review the local hospitality market conditions. The study reinforced the broader economic benefits including stimulating activity across a wide network of ancillary industries, including catering and event-service providers, audiovisual and technology suppliers, local restaurants, tourism operators, cleaning and linen services, and professional service firms such as marketing and maintenance contractors.

The recent introduction of the Municipal Accommodation Tax ("**MAT**") in the Town of Whitby has generated over \$600,000 in 2025 to support tourism, local events, public art, and placemaking. The resulting ripple effects extend through the local economy, supporting job creation and strengthening the overall economic value of such developments.

The attraction program is intended to provide necessary financial incentive (e.g. provides for liquidity/cash flow) to support development of hotels and a hotel-conference centre, encouraging timely development of these projects in Whitby.

4.2. Current Process

In accordance with the Town's Development Charges By-law No. 7748-21, hotels and hotel-conference centres are subject to the non-residential commercial development charge rate, calculated on the gross floor area proposed for development. These uses are classified as non-residential, and do not fall within the industrial or institutional categories. As a result, under the Development Charges Act, 1997 ("**DCA**"), they are not eligible for mandatory/statutory exemptions, payment deferrals, or instalment payments.

In accordance with the DCA, where any development requires a site plan agreement or zoning by-law amendment, the development charge rates in effect on the date the application is submitted apply, provided that building permits are issued within 18 months of approval (or within 24 months for approvals granted prior to June 6, 2024). If building permits are not issued within the legislated timeframe, the development charge

rate in effect at the time of building permit issuance will apply. Further, non-residential commercial development charges are payable prior to the issuance of a building permit.

4.3. Available Option Through DCA

Section 27 of the DCA authorizes municipalities to enter into agreements with applicants to allow the payment of development charges either before or after the standard due date. These agreements may also provide for the application of interest on any portion of the charge that is paid after the date it would otherwise have been due.

While the DCA permits Section 27 DC deferral arrangements, deferring the collection of development charges can create cash flow challenges for municipalities. A deferral may then delay the delivery of growth-related capital projects or necessitate debt financing that would not otherwise be required.

4.4. Proposed Deferral of Applicable Development Charges

The proposed Hotel and Conference Centre Attraction Program is modeled after the recent amendments introduced through the Protect Ontario by Building Faster and Smarter Act, 2025 (“**Bill 17**”), which were designed to support the timely delivery of residential development. Under Bill 17, the collection of residential development charges is legislatively deferred from the time of building permit issuance to the earlier of first occupancy or the issuance of an occupancy permit at the option of the developer. It is proposed that the Hotel Conference Centre Attraction Program adopt a similar approach for eligible developments.

4.5. Hotel and Conference Centre Attraction Program

4.5.1. Program Description

The Hotel and Conference Centre Attraction Program is intended to provide Development Charge deferrals to two eligible development projects, one hotel-conference centre and one stand-alone hotel, in order to support economic development objectives, stimulate priority forms of development, and to provide a financial incentive for investment within prime areas of the municipality. The program is designed to support development that advances municipal objectives including, but not limited to, employment growth, strategic sector attraction, intensification and redevelopment.

The Economic Development Division, in consultation with Financial Services, Planning, and Legal Services, will review applications. For the purposes of this program:

- **Applicant**– means someone who has submitted an application and paid the application fee;
- **Eligible Applicant**– means an applicant who meets the eligibility requirements of the Program as determined by the staff team noted above;
- **Enrolled Applicants (or approved for Program Enrollment)** – means up-to two Eligible Applicants (one for each Opportunity) approved, by the staff team

noted above, to proceed with the Hotel and Conference Centre Attraction Program.

- **Date of Program Enrollment** – means the date that the Eligible Applicant was notified, in writing by the Town, that they are one of the two successful Eligible Applicants who are proceeding with the Program.

Once building permits are issued within the 14-month timeline for the two Enrolled applicants, the program will be closed.

All costs associated with the development, including planning approvals, development charges, construction costs, professional fees, and compliance with applicable laws, shall be borne by the applicant unless explicitly covered by this Program.

4.5.2. Program Eligibility

The Program is available only for Hotel and Conference Centre development projects, as determined by the municipality, and shall be limited to two (2) eligible projects – Opportunity 1 (Hotel-Conference Centre) and Opportunity 2 (Stand-alone Hotel).

1. To encourage timely development, applicants must agree to meeting the milestones outlined in Section 4.5.6 of this report, including having a building permit issued no later than 14 months following the Date of Program Enrollment, otherwise their program enrollment will be withdrawn and they will be ineligible for reconsideration for 6 months from the date that enrollment/approval was withdrawn.
2. Notwithstanding any other provision, the Program shall not apply to:
 - Uses prohibited by the applicable Zoning By-law or otherwise not permitted under the Planning Act;
 - Developments that are not in good standing with the municipality (including outstanding taxes, fees, or orders), unless otherwise approved by the municipality;
 - Any use or project deemed ineligible by staff;
 - Construction that has commenced prior to Council approval of this Program; and
 - Developments deemed inconsistent with municipal policy objectives.
3. Approval under the Program is conditional upon compliance with all Program requirements.

4.5.3. Intake Structure and Process

Following Council approval, a standardized Intake Form will be available on April 27, 2026 on the economic development landing page and at the following dedicated link - www.whitby.ca/hotelconferenceprogram. The Form will outline the requirements for applicants and will be administered by Economic Development staff.

Step One – Submit Application

Applicants will receive a confirmation email after submitting the Intake Form and paying the required application fee. The date and time of the confirmation email will be the Applicant's place in the queue. Applicants will be notified within 2-3 business days if their application is deemed complete or if any information is missing. If there is any

missing information, the Applicant's place in the queue will be revised to the date and time when staff send an email deeming the application complete subject to receipt and review of supplemental information provided by the Applicant.

Step Two – Review of Submission

Applications will be evaluated, in queue order (as outlined in Step One), by a staff working group consisting of Economic Development, Planning, Financial Services, and Legal Services representatives.

Applicants who meet the eligibility criteria for the program will be classified as Eligible Applicants, by Opportunity type (e.g., Opportunity 1 - Hotel-Conference Centre or Opportunity 2 - Stand-alone Hotel), and by their place in the queue.

Step Three – Application Approval and Status Updates

The first (or next) Eligible Applicant in the queue for each Opportunity will be notified, in writing by the Town, that they are approved for Program Enrollment (e.g., a successful applicant). The date of this notification (e.g., Date of Program Enrollment) will be the reference point for future for milestone dates (see Section 4.5.6, below, for milestones dates and events).

Staff will update Council on intake outcomes and approvals for both Opportunity 1 and 2 through a Memorandum to Council.

Information regarding application status and program updates will be posted regularly on the dedicated webpage – www.whitby.ca/hotelconferenceprogram. This online resource will provide up-to-date details and share the status of each Opportunity as the review and approval process progresses.

For instance, if Opportunity 1 is approved, all Applicants will be notified that Opportunity 2 remains open for applications. This approach ensures transparency and keeps Applicants informed on which Opportunities are still available within the program and whether applicant's submission is held in priority sequence.

All applicants will be notified and the website updated as projects are approved/ approval for Program Enrollment is provided. If the milestones (outlined Section 4.5.6 of this report), including building permit issuance within fourteen (14) months of the Date of Program Enrollment, are not met, Program Enrollment will be withdrawn, and the Town will consider next Eligible Applicant in the queue for that Opportunity. The remaining Eligible Applicants will be held in queue in order until the program is closed. The application in-take for the program will close when two Enrolled Applicants/successful applicants obtain building permits or April 27, 2029.

All submissions are treated as confidential but may be subject to the access, confidentiality, and disclosure provisions of the *Municipal Freedom of Information and Protection of Privacy Act* (“**MFIPPA**”).

4.5.4. Evaluation Criteria

Proposals will be assessed against the following minimum criteria outlined in the Hotel Feasibility Study for Opportunity 1 and Opportunity 2:

Criteria (minimum)	Opportunity 1 Hotel-Conference Centre	Opportunity 2 Stand-alone Hotel
Development Concept	A full-service hotel with integrated conference and banquet facilities.	Stand-alone hotel
Strategic Location	Distance to 400-series highways – less than 3 km.	Distance to 400-series highways – less than 2km.
Hotel Size	150 guestrooms	100 guestrooms
Conference/ Meeting Space	11,000 sq. ft.	Not Applicable
Target Branding	Upscale branding	Midscale/Upper Midscale Branding

Criteria (minimum)	Opportunity 1 and Opportunity 2
Target Branding	For the purposes of the Town’s Hotel and Conference Centre Attraction Program, qualifying hotel brands/affiliations for “Upscale”, “Midscale”, and “Upper Midscale” will be defined by the STR Chain Scales STR Benchmark CoStar
Site and Planning Readiness	The Official Plan permits hotel and conference centre use. Zoning permits the use or requires only minor amendments. There are no known appeals or third-party approval risks. Municipal servicing capacity has been confirmed or is fully funded.

4.5.5. Section 27 Agreement

Approved program applicants (or Enrolled Applicants) will be required to enter into a Section 27 agreement prior to the Town’s issuance of building permits. The Section 27 agreement will include the following terms:

- a) The total development charge payable will be the amount otherwise required under the Town’s Development Charges By-laws;
- b) Payment of development charges will be deferred until the earlier of first occupancy or the issuance of an occupancy permit;
- c) Interest will accrue only on outstanding balances and will begin 24 months after the date of building permit issuance calculated as follows:
 - Interest on any unpaid deferred amounts will be applied at the maximum prescribed rate under the Development Charges Act, 1997 (average prime rate + 1%, adjusted quarterly).

- d) In the event of default or breach of any agreement terms, all outstanding amounts will become immediately due;
- e) Any unpaid amounts, inclusive of interest if applicable, at the end of the deferral period (outlined above) will be added to the property tax roll 90 days after a default and collected in the same manner as property taxes; and
- f) Any terms which the Commissioners of Financial Services and Treasurer and Legal and Enforcement Services/Town Solicitor deem appropriate in the circumstances.

Council approval is normally required for the Town to enter into Section 27 agreements permitting the deferred payment of development charges. It is recommended that the Commissioner of Finance/Treasurer be authorized to execute such agreements with developers for the purpose of implementing the Hotel and Conference Centre Attraction Program, subject to application review and approval by the Town's staff working group to evaluate Program submissions.

4.5.6. Program Timelines

Intake form and materials will be available at 8:30 a.m. on Monday, April 27, 2026, on the Town of Whitby economic landing page – www.whitby.ca/hotelconferenceprogram. Staff will initiate any targeted outreach and commence formal intake process and assessment in accordance with the program.

The program will be open for applications for a three (3)-year period, from April 27, 2026 to April 27, 2029 or until two (2) Enrolled Applicants are issued building permits. The program will not apply retroactively to developments with an executed site plan agreement, developments where building permits have already been issued or construction that has commenced prior to approval of this report and program by Council.

The program is designed to support the timely development of two developments meeting the criteria of 'Opportunity 1' and 'Opportunity 2'. The program allows for one approval per Opportunity (e.g., one hotel-conference centre and one stand-alone hotel).

Therefore, the program will operate strictly on a first approved basis. To ensure that the program benefits "shovel-ready" development (e.g. that Enrolled Applicants continue to advance their projects), it is recommended that:

- 1) Enrolled Applicants/approved applicants must:
 - a. Have a fully executed site plan agreement with the Town no later than **10 months** after their Date of Program Enrollment;
 - b. Submit a building permit application for their Hotel and Conference Centre development no later than **12 months** after their Date of Program Enrollment;
 - c. Have a fully executed Section 27 Agreement (with fee payment) prior to the issuance of any building permit; and,
 - d. Comply with all Building Department requirements in order to have a building permit issued no later than **14 months** after their Date of Program Enrollment.

- 2) If any of the milestones in part 1, above, are not met within the specified timelines, program enrollment will be withdrawn and the opportunity re-assigned to the next Eligible Applicant in the queue (as outlined in Section 4.5.3 of this report).
- 3) Further, any applicant whose approval/program enrollment is withdrawn will be **ineligible for reconsideration for a period of 6 months** from the date the program enrollment/approval was withdrawn.

4.5.7. Program Fees

Applications will be subject to an application/eligibility review process to ensure applicants meet the established eligibility criteria. Applicants will be required to pay a non-refundable application fee of \$500.00 (plus HST) at time of submission to recover for resources and administrative costs related to the review, processing, and records retention of each application.

Upon approval, successful applicants or applicants approved for Program Enrollment will be required to pay an administration fee of \$500.00 (in addition to the application fee) which is intended to recover the Town's legal costs associated with preparing the Section 27 agreement (outlined in Section 4.5.5, above).

4.6. Program Expansion to Other Agencies

The Region of Durham ("**Region**") has been provided a copy of the Town's Notice of Motion and will be provided a copy of this report, subject to Council approval. To date, the Region has not made a decision on participation in the proposed program (e.g. also deferring Regional DCs for a qualified hotel and conference centre). The ability to attract a hotel and conference centre would be further increased as inclusion of the Region's DCs would provides an even greater financial benefit to prospective hotel and conference centre developments by enhancing cash-flow flexibility during the construction phase. From an administrative perspective, it would be relatively efficient as the Town already collects DCs on behalf of the Region.

5. Financial Considerations:

5.1. Estimate of Applicable Development Charges

The estimate of applicable Town of Whitby portion of development charges based on the general criteria set out for Opportunity 1 and Opportunity 2 are

approximately \$2.83 million and \$1.15 million, respectively. Estimated gross floor area (“GFA”) and total development charges payable is summarized in Table 1.

		Opportunity 1	Opportunity 2
Gross Floor Area (m ²)			
Rooms	150 Rooms x 36 m ²	5,400	
	100 Rooms x 26 m ²		2,600
Public Spaces	Est. as 15% of Total GFA	1,280	520
Support Areas	Est. as 10% of Total GFA	860	350
Conference Centre		1,020	-
TOTAL GFA (m²)		8,560	3,470
Commercial DC Rate (\$ / m ²)		\$330.28	
ESTIMATED TOWN OF WHITBY DEVELOPMENT CHARGES		\$2,827,196.80	\$1,146,071.60

5.2. Interest on Deferred Payment

The DCA permits municipalities to apply interest on DCs that become payable unless they are unpaid due to a mandatory deferral (e.g. instalment payments for rental apartment developments). In accordance with this authority, it is the Town’s current policy to levy interest at the maximum prescribed rate on all DC payments where permitted. While the application of interest can serve several purposes, such as compensating for the time value of money, the primary objective in this context is to promote timely development.

Staff recognize, however, that applying interest in this instance may be counter-productive to the Town’s goal of attracting hotel or hotel-conference centre projects. To support the advancement of such development, staff recommend that Council provide an exception to the Town’s Policy F 430 – ‘Development Charge Interest Policy’ and defer the charging of any applicable interest for 24 months following the issuance of the building permit. That is, to encourage timely completion of construction after a building permit is issued, the application of interest would start in month 25 after the issuance of a building permit and would be calculated in accordance with Policy F 430 from month 25 to when DCs are paid.

5.3. Deferral of DC Revenues may also result in Deferral of DC Projects

As noted in Section 4.3, above, deferring the collection of development charges can create cash flow challenges for municipalities. That is, municipalities collect DCs to pay for growth-related infrastructure such as new or widening roads, bridges, fire stations, etc. Deferring approximately \$4 million (= \$2.8 + \$1.1 million in Table 1) of DC collection

may result in a delay or deferral of growth-related infrastructure and/or necessitate debt financing that would not otherwise be required

5.4. Municipal Accommodation Taxes

In addition to the broader economic and community benefits associated with a hotel or hotel-conference centre development, the Town would also realize a significant financial advantage through the generation of MAT revenues. As visitor activity increases and overnight stays grow, the MAT provides an ongoing, sustainable non-property tax revenue stream that can be reinvested into tourism promotion, local infrastructure, and other strategic priorities.

6. Communication and Public Engagement:

Economic Development staff will launch the program and intake form through the economic development landing page once the program is approved. Staff will initiate targeted private sector outreach with interested parties. In addition, staff will connect with other partners such as the WTDC Board to explore additional outreach opportunities.

7. Input from Departments/Sources:

Staff from Finance, Legal, Planning and Development, and Strategic Initiatives provided input into both the development of the Hotel and Conference Centre Attraction Program and the preparation of this report.

8. Strategic Priorities:

This initiative supports the Town's Community Strategic Plan, specifically Strategic Pillar 3: Whitby's Economy – Innovative and Competitive and focused on Objective 3.1 – Accelerate progress, create jobs, and drive economic growth. In addition, under Objective 3.2 - Attract and retain businesses and industry, Action 3.2.1 directly cites attracting a hotel and conference centre as a key action and deliverable.

9. Attachments:

N/A.