



Subject: Industrial Land Lease for Agricultural Purposes

Report Number: EDM 26-006

Department: Economic Development Department

Submitted by: Cephas Panschow, Development Commissioner

Meeting Type: Council Meeting

Meeting Date: Monday, April 27, 2026

RECOMMENDATION

- A. THAT report EDM 26-006 Industrial Land Lease for Agricultural Purposes be received; and,
- B. THAT Council approve a one year extension in the lease with VanQuaethem Farms Ltd for various parcels of industrial land to enable flexibility with respect to the development of Phase 2 of the Van Norman Innovation Park including the ability to adjust the lands being farmed, either before or after planting, and at the same rate as in 2025; namely, \$370 per acre; and,
- C. THAT a bylaw be brought forward to authorize the Mayor and Clerk to enter into a lease revival and amending agreement with VanQuaethem Farms Ltd for the lands described as:
 - a. **Redling East Lands**
(Part of Lots 3, 4, and 5, Concession 5 NTR Middleton, and more particularly described as Part 2, Plan 37R-283 and Parts 10 and 11, Plan 41R-10104, comprising approximately 66 acres of farmable land);
 - b. **Redling West Lands**
(Part of Lots 2 and 3, Concession 5 NTR Middleton, and more particularly described as part of Part 1, Plan 37R352, comprising approximately 48 acres of farmable land, and expressly excluding the southernmost 18 acres of farmable land and all lands south of Otter Creek);
 - c. **Vienna Road Lands**
(Lands located on the east side of Highway 19 South (Vienna Road), legally described as part of Lots 8 and 9, Concession 4, NTR, and more particularly described as Lots 1613 and 1638A, Plan 500, comprising of approximately 17 acres of farmable lands
 - i. With access through Unnamed Road adjacent to Lots 1612, 1613 and 1614; and,
 - d. **Mall Road Lands**
(Part of Lot 12-13, Concession 4, NTR Middleton as in NR442642 N of NR368925, Norfolk County, comprising approximately 34 acres of farmable lands).

BACKGROUND

Town Council approved a new, one-year lease agreement with VanQuaethem Farms Ltd for various parcels of industrial land at their March 24, 2025, meeting. The lease agreement provided for a one-year extension, but the resolution and bylaw that was approved did not explicitly provide the authority for the extension. Hence, staff are seeking Council approval to move forward with a one-year extension in the lease agreement.

DISCUSSION

Similar to previous years, the Development Commissioner is seeking Council approval to enter into a one year lease extension with the same farmer that has been farming these lands since 2021 due to the flexibility afforded by the farmer in allowing the acreage to be farmed to be adjusted, either before or after planting, with incursions into the farm lands as needed throughout the growing season. VanQuaethem Farms has been very accommodating when consultants were required to enter the lands and destroy crops for purposes of accessing the lands. Further, VanQuaethem Farms assisted the Town in preparing the lands for Archeological investigations, which enabled much of the work to be completed prior to the end of 2024.

As Council is aware, the Town is seeking to expedite the servicing and development of the Phase 2 Van Norman Innovation Park lands. With various investigations and approvals continuing through 2026, as well as the potential for servicing work to start, entering into a 1-year lease extension enables the Town to secure significant lease revenues while also affording the flexibility needed to bring additional industrial lands to market in an expedited manner.

CONSULTATION

Duncan, Linton LLP prepared the Lease Revival and Amending Agreement.

FINANCIAL IMPACT/FUNDING SOURCE

VanQuaethem Farms Ltd offered the highest land rental rate to the Town through a public tender process in 2021 with a lease rate of \$272 per acre for a three-year period. The lease rate increased to \$340 per acre in 2024 and further increased to \$370 per acre for the 2025 crop year as part of one-year lease extensions. The Development Commissioner did seek to secure an increase in the lease rate for 2026, but, due to challenging market conditions, including significant increases in energy and fertilizer costs, VanQuaethem Farms was not able to provide a further increase.

The 2026 Economic Development and Marketing budget contains \$54,000 in anticipated land lease revenue. If the recommendation is approved, it will result in

EDM 26-006 Industrial Land Lease for Agricultural Purposes

revenue of up to \$61,050, which would be \$7,050 more than the budget estimate. The difference between the budgeted figure and the estimated revenue is because of the outstanding archeological field investigations that are required and that have the potential to reduce the amount of land able to be farmed productively along with a corresponding reduction in lease revenue. The lease is based on being able to farm all of the lands but allows for reductions where the lands are not able to be farmed.

The lease of industrial lands for agricultural purposes results in taxable assessment, which means that Town, County and Education taxes will be paid for out of the lease revenue. An amount of \$7,000 for property taxes has been included in the approved 2026 Economic Development & Marketing Budget.

CORPORATE GOALS

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

Goal – Through community and regional partnerships, Tillsonburg will attract and retain a diverse range of businesses, creating employment opportunities for residents and a balanced tax base.

Strategic Direction – Ensure adequate supply of “shovel ready” land for business attraction and expansion

Priority Project – *Short Term* - Build out of new industrial land purchase

ATTACHMENTS

Appendix A – Lease Revival and Amending Agreement