



REALTY ADVISORS INC.  
120 Adelaide Street West,  
Suite 803, P.O. Box 27  
Toronto, Ontario M5H 1T1

Tel (416) 364-2240  
Fax (416) 364-3424  
[www.edevinc.com](http://www.edevinc.com)

September 21, 2016

The Mayor and Members of Council  
City of Barrie  
70 Collier Street  
Barrie ON L4M 4T5

Your Worship and Members of Council:

### **Built Boundary CIP**

Over the past six months we have reviewed and considered various iterations of the proposed Built Boundary CIP. We have taken our review seriously and given the subject much thought with the benefit of our considerable real estate project, development and financing experience. We have researched related issues, undertaken various impact analysis, conferred with colleagues and have met and corresponded with City staff and the County of Simcoe.

Firstly, the Built Boundary CIP is a complicated and multi-faceted initiative. City staff have endeavored to and succeeded at effectively dealing with a broad range of urban issues. Our principal interest in the proposed CIP has been confined to the components that do and could relate to the availability of rental housing, to urban intensification and to Affordable Housing / Affordable Rental benefits. Our activity has involved numerous meetings with City staff as well as detailed consideration of the intended and surely unintended impacts of this proposed CIP; we have also considered what we think are the opportunities missed.

We further note that EDEV is both a developer and an advisor to owners of and investors in real estate and, as a matter of development conscience, we are committed to involving ourselves in the affordable housing dialogue and affordable housing solutions.

Our two principal concerns with the new CIP as reviewed are:

1. **Supply of Rental Housing (Generally):** **The new CIP simply does not address (or work to solve) the desperately low supply of private rental housing impacting the City of Barrie.** One of the most significant housing problems facing Barrie is its very low supply of rental apartment units (vacancy rates are extremely low – about 1.3%). That low supply not only indicates that legitimate renters of “entry-level” and “lower income” units are being crowded-out of the market, it indicates that there is a considerable imbalance to Barrie’s overall housing supply – one that is both an impediment to the

City's economic well-being and a limitation to Barrie's future growth. While it needs to be recognized that newly constructed (livable) urban rental units of moderate quality must achieve rental rates in excess of the current CMHC average to even be feasible (certainly about 30% higher), a luxury unit rent threshold could easily be established to limit the application of any incentive solely to moderately priced units. We also think that the **CIP misses the opportunity to simultaneously promote new residential growth in areas that are intensification appropriate**, that are public multi-modal transportation friendly, where significant City infrastructure already exists and which can support both existing and new commercial establishments.

**Suggested Amendment: That the Intensification Grant element of the proposed CIP be broadened to include "a 25% discount to Development Charges and City Fees for New Multi-unit Rental Housing projects constructed within the City's proposed intensification areas, subject to:**

- (i) a reasonable qualification that would restrict its application only to new, moderately priced, apartment units (as opposed to luxury rental units) and
- (ii) the developer also designating 10 % of its newly constructed units for affordable rental purposes pursuant to a viable and funded Affordable Housing / Affordable Rental program" - (see below).

**Intended Result:** The intended result of the proposed amendment is the creation of much needed additional supply of new and moderately priced rental units within Barrie's intended urban intensification areas - which supply will also enhance the general availability of rental units for entry-level and lower income tenants. Our proposed amendment would work to solve Barrie's rental housing supply deficiencies, deliver on the City's urban intensification objectives and encourage a critical and robust participation in the City's Affordable Housing programs. We recognize that staff have considered this to be an alternative for future consideration (in the event that the proposed CIP provisions prove to be insufficient)– it is our view that the economics of rental housing development are sufficiently fragile and fleeting to warrant action today.

2. **Affordable Housing / Affordable Rental: The amount of subsidy provided by the Affordable Housing / Affordable Rental Grant is, *on its own*, entirely insufficient to reimburse rental housing developments for the losses that would be sustained by creating and then renting out newly built units *at the current CMHC average*. We estimate the Affordable Rental Grant (including the newly proposed Tax Increment Grant) to be worth about \$11,000 per *affordable* 2 Bedroom unit. We also estimate the loss to be incurred by a developer on the construction / development and then rental of a new two-bedroom unit at the City's proposed affordable rate to be as much as \$75,000 (for a net loss of approximately \$64,000 per affordable two-bedroom unit). **Any requirement for developments of new rental housing to shoulder such a loss (or funding gap) on 10% of their newly constructed units is entirely unfeasible.** Such a measure would strongly deter the development of any new rental units in Barrie and**

indeed **would end-up exacerbating the very problem that the affordable rental program seeks to solve. It would also further impair Barrie’s supply of rental housing.** While we acknowledge various levels of government may have the best of intentions to, in future, develop a comprehensive and integrated multi-level funding program for affordable rental housing, any requirement for a project’s commitment in advance of that funding program would be a significant deterrent to development. We recognize that this whole program is a “work in progress” but have considerable and understandable reservations about committing to or endorsing such an important program on a piecemeal basis.

**Suggested Amendment: That the Affordable Housing / Affordable Rental Grant element of the CIP:**

- (i) **acknowledge that the Affordable Rental Grant is simply one component of a broader funding program that is required to ensure the viability and achievability of the City’s Affordable Rental Program objectives and**
- (ii) **confirm that any *required* participation by a development project with any Affordable Housing / Affordable Rental program be made to be *conditional upon* the existence of a viable and fully funded Affordable Rental program.**

Intended Result: The intended result of the proposed amendment is to assure developers of the much needed new residential rental projects of the proposed Affordable Rental program’s viability and feasibility. It is also to enable those developers to embrace the City’s affordable rental housing direction and allow them to make fundamental development and investment related decisions today with confidence about the impact of Barrie’s affordable rental housing policies on their projects.

We ask that you consider the proposed amendments and their implications for the supply of new rental housing in Barrie, for Barrie’s urban intensification objectives and for the creation of new affordable rental units. These are constructive amendments, they don’t alter the City’s objectives, they are intended to improve the way those objectives are achieved.

We appreciate the opportunity that has been given to us by Staff and Council to engage in this important, city building, dialogue.

Respectfully,



George Hunter

[SIGNED]

Clifton Dyke