



August 11, 2014

Mayor and Members of
Council
c/o Dawn McAlpine, City Clerk
City of Barrie
70 Collier Street
Barrie, ON
L4M 4T5

Dear Mayor and Members of Council:

Re: Development Charge Rates Increases

We at Hassey Realty wish to express our concern regarding the proposed Development Charge Rate increases identified in the Development Charge Background Study prepared by Watson & Associates for the City of Barrie. As you are aware, our firm is heavily involved in the development industry in the City of Barrie, particularly in the Industrial development area and related service commercial sectors. In conjunction with Fernbrook Developments, we have developed a significant number of industrial related service commercial developments in the City in our many years in business and feel that we have a very good understanding of this market. In our opinion, the Industrial market in the City of Barrie cannot sustain a non-retail development charge rate of \$18.82/square foot for lands in the former City Municipal Boundary area and \$18.83/square foot for lands in the Salem & Hewitt's Secondary Plan Areas.

Currently, the City of Barrie has three non-residential development charge rates which include Retail (\$16.81/sq.ft.), Industrial (\$11.11/sq.ft.) and other non-residential (\$13.65/sq.ft.). This separate industrial category with lower rates allows for developers to build an industrial product with appropriate rental rates. With an industrial rate not proposed at all it means that what would today be \$11.11/sq.ft will now be closer to \$19/sq.ft which equates to a 71% increase in rates. We trust you would agree that this will have a substantial effect on the development of industrial lands in the City of Barrie. The increase in rates as proposed are not commensurate with what can be achieved in terms of rental rates. Commercial rents in the City of Barrie range from \$12-\$30/square foot where Industrial rents range from \$4-\$6/square foot. A \$1/square foot increase in rent in the commercial sector, for example, is hardly noticeable as a percentage, whereas a \$1/square foot increase in the industrial sector is extremely significant as it means a 17%-25% increase which for many businesses is not viable.

All information furnished regarding property for sale, rental or financing is from source deemed reliable but no warranty or representation is made as to the accuracy thereof, and same is submitted, subject of errors, omissions, change of price, rental or other conditions, prior sale, lease or financing or withdrawal without notice.



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In our opinion, the City will see as a result a significant reduction in the amount of industrial permits that will be applied for and buildings that will subsequently be constructed. This will result in a reduced competitiveness in the industrial and service commercial sectors for Barrie as a whole. The City of Barrie is about promoting Industrial development and employment in the City but we believe that with increasing development charge rates such as are proposed you will effectively be pricing Barrie out of the market altogether. We completely disagree with the proposal that there be no reduced rate for Industrial development and in fact feel that to remain competitive in this market the City must reconsider.

Furthermore, the proposed non-retail rate that, for example, would apply to an Office use, will have a significant impact on the commercial sector in the City which already faces challenges of its own. The proposed rates of \$18.82 or \$18.83/square foot represent an approximate 38% increase. We have many office tenants in our buildings who would fall into this category but due to their location expect rents that are more appropriate for an industrial area. Again, we feel that the increase in this particular area does not correspond with what can be achieved in terms of rental rates. These tenants often times locate in these areas because of the lower rents so even a \$1 increase in rent is enough of a deterrent to attracting new businesses to Barrie as they simply will go elsewhere.

Lastly, we feel there should be consideration given to current industrial lands in the City that are already serviced. We own several acres of land throughout the City that has been serviced but is currently not being built upon. In these particular areas the Subdivision has already been approved, roads constructed, servicing provided, stormwater management ponds constructed, etc., so the direct impact to the City financially once we move forward with construction of a building is nominal as all the servicing is already completed.

We have appended to this letter a graph that was prepared to illustrate where Barrie falls amongst a comparison of 43 similar municipalities in terms of development charge rates current and proposed. You will find from this comparison that currently the City of Barrie is the 18th highest out of a total of 43 municipalities. However, with the proposed rates the City will be ranked #8 and #9 among these municipalities. We feel this is significant and warrants reconsideration. Financially speaking, the benefits to the City of Industrial growth far out weight the costs to the City when you consider the jobs that are created, the houses and goods that are purchased as a result and the taxes that are paid. However, if there is no building because of the significant increase in rates then the benefit the City thought they would receive from the increased rates becomes non-existent because there are no buildings being constructed.

In our opinion, if these rates are not reconsidered then we believe the uptake of new industrial and related service commercial uses on industrial zoned lands will be very slow to non-existent in the future. An industrial developer will simply go elsewhere if they are faced with such a large development charge rate when in fact some municipalities charge nothing at all, or a substantially reduced rate.

We respectfully suggest that the City of Barrie Council consider retaining a consultant who specializes in the industrial market, and specifically the economics behind industrial development, to assess where Barrie is today in terms of competitiveness so that it can be understood what effect the development charge rate increase will have as we believe it will be quite significant.

Thank you for your consideration. We look forward to hearing back from you on this matter.

Sincerely,

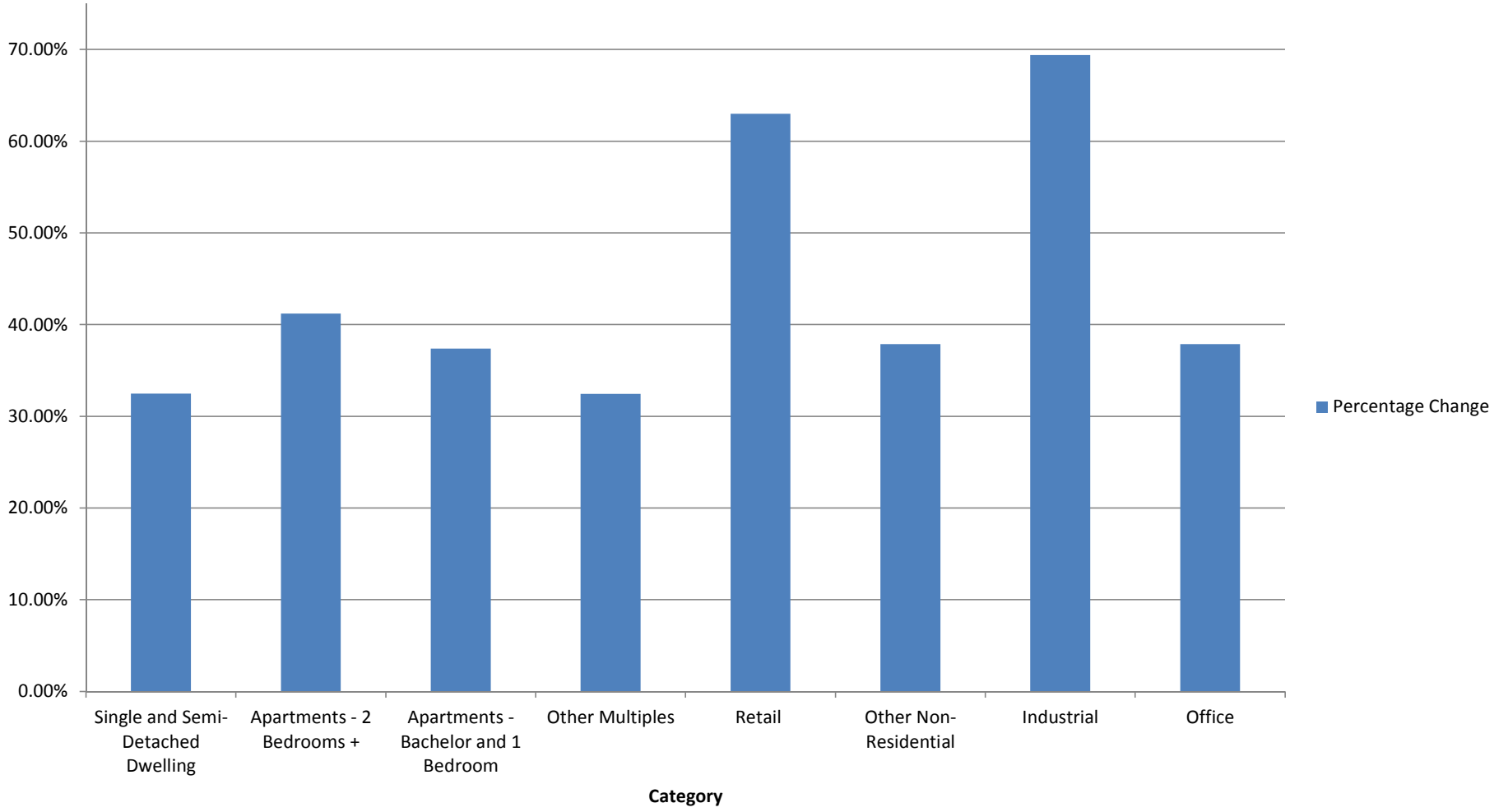
A handwritten signature in black ink, appearing to read "Michael Hassey", with a long, sweeping flourish extending to the right.

Michael Hassey
President
Hassey Realty Corp.

c: Danny Salvatore, Fernbrook Homes

Encl.

Current vs. Proposed Development Charges



Development Charge Rates Comparison Table

Industrial

