



UNIVERSITY AVENUE ENERGY EFFICIENT APARTMENTS *TOWN OF COBOURG FUNDING PROPOSAL*

March 6th, 2019

TO: Town of Cobourg Council
55 King Street West
Cobourg, ON K9A 2M2

FROM: BALDER CORPORATION
2642301 Ontario Ltd.
2363219 Ontario Ltd.

Re.: Request to Council for Concessions for a Proposed Project on 315-325 University Avenue West, Cobourg

The following is a request for consideration for the grant of concessions in the development and construction of an energy efficient, accessible rental complex located on 315-325 University Avenue West, Cobourg (the "Properties"), named University Avenue Energy Efficient Apartments (UAEEA).

1. PROJECT BACKGROUND

It is our understanding that Northumberland County is in great need of new rental stock throughout the County. According data posted on the CMHC website[1], Northumberland County has not had a vacancy rate of over 3% since 2010, and in 2017, had a rental vacancy rate of 1.2%. The same website shows that since 2016, there has been a net increase of only NINE (9) private market rental units, while the centralized waitlist for social housing units continues to increase.

Within the Northumberland County, it is our understand that Cobourg has an even more dire need for increase in rental housing stock. The vacancy rate data for 2018 shows that Cobourg's vacancy rate dropped from 1.3% in 2017 to 0.4% in 2018. Furthermore, during the same time, Cobourg has seen a net decrease in private market rental units [1][2].

The UAEEA is a proposed building/project (the "Project"), comprising a brand new purpose-built SIXTY FIVE (65) unit rental facility on 315- 325 University Avenue West, which would address a
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portion of the demand for more rental units and the general shortage of affordable rental housing in Cobourg. We have applied to the Canadian Housing and Mortgage Corporation (CMHC) Rental Construction Financing Initiative and have been selected for the second phase of the approval process.

The CMHC initiative provides insured and low cost financing for purpose-built rental apartments that offer affordable rents, accessible units, greater energy efficiency and reduced greenhouse gas emissions and demonstrate long term financial viability without operational subsidies.

2. HISTORY OF OUR PROJECT

An agreement of purchase and sale for the purchase of the Properties was signed on/about February 5, 2018, and an application under the CMHC Rental Construction Financing Initiative was made on/about March 29, 2018. The Properties were transferred to 2642301 Ontario Ltd. and 2363219 Ontario Ltd. on/about July 9th, 2018. The application for financing for the Project, was initially not selected in the first round (in April 2018), but was forwarded for initiation of the underwriting process, on/about October 18, 2018. The original acceptance letter that we received had a TWO (2) month irrevocable dead-line. We contacted CMHC and were reassured that they would provide extra time, in order for us, to meet all of the requirements of underwriting and we have been working diligently to meet all the requirements of this program.

3. BUILDING SPECIFICATIONS

The proposed building will be FOUR (4) stories tall, will have consist of SIXTY FIVE (65) rental units, as well as, one underground level for parking and storage space for residents. The balance of the parking requirement will be accommodated through onsite on-grade parking. As it stands, the Project will consist of FOURTEEN (14) Studio, THIRTY EIGHT (38) one bedroom, and THIRTEEN (13) two bedroom apartment units.

We are currently targeting to achieve over SEVENTY PERCENT (70%) savings in greenhouse gas emissions, with respect to the Ontario Building Code Model, 2015 (OBC). For the heating and cooling of the building, an investment will be made to install a low carbon and high efficient geothermal exchange system. The system will use ground loops beneath the surface that circulate fluid that absorb or dissipate heat into the ground, without any combustion, thus helping save FIFTY TWO (52) tones of greenhouse gases and EIGHTY FIVE (85%) in water usage for air conditioning annually. Moreover, high quality thermally efficient windows will be used to reduce noise and energy dissipation levels in the apartment units.

All units will be designed and built to meet OBC accessibility requirements. The Project is located in close proximity to a local hospital, a bus station, as well as, a GO Transit station and will be 100% accessible.



4. ESTIMATED & TARGET TIMELINE(S)

- March/April, 2019- Submission of application for rezoning of land (Preliminary drawings were submitted for preliminary review on/about February 1, 2019);
- May/June 2019- Potential approval of rezoning for the Project through an expedited process;
- July/August, 2019- Commencement of construction.

5. REQUEST FOR CONSIDERATION FROM THE TOWN OF COBOURG

As part of the program requirements, CMHC is looking for partnership and/or contribution from another level of Government (Federal, Provincial, Territorial, Municipal). Three or more forms of support are required for the Project, which could be any of the following:

- Grants
- Concessions on property taxes
- Concessions on levies
- Waiver of development cost charges or other provincial/municipal fees
- Expedited Approvals
- Waiver of community amenity contributions
- Other

It is our understanding that no or little support can be expected from the province at this time, for the Project, and as such, we are seeking the support of Council to be able to pass this requirement of the Project under the CMHC heading “Fostered Collaboration” or “Other Government Support”.

As it stands the Properties generate approximately ELEVEN THOUSAND (\$11,000) in property taxes, each year. Once built, the property taxes on the proposed rental complex will be substantially higher for perpetuity. In order to meet the requirements of the CMHC financing, without introducing undue burden on the Town Budget and the taxpayers, we are proposing the following:

- i) expedited development process;
- ii) waiver, of the Town of Cobourg’s portion of increase in property taxes for the duration of the CMHC mortgage and commitment, being TEN (10) years.



To refrain from burdening the Town's Budget, we are requesting that the waiver of taxes apply only to the increase in property taxes that would otherwise occur, as a result of the proposed improvements and redevelopment;

- iii) concessions on various fee(s) payable to the Town resulting directly from the application to improve said land. Such concessions include, but are not necessarily limited to, the following:
 - a. waiver of fees associated with:
 - i. Application for Zoning By-law Amendment: \$8,000.00 + \$2,000.00 deposit;
 - ii. Application for Site Plan Approval: \$7,650.00 + \$2,000.00 deposit;
 - iii. Application for Removal of Holding (H) Symbol: \$700.00;
 - iv. Application for Building Permit approval \$85,045;
 - b. waiver of payment of "cash-in-lieu" of park Land, if applicable;
 - c. deferral (or abatement) of development fee(s).

In closing, we would like to reiterate that we have been very careful not to ask the Town for concessions that would result in a burden on the Town Budget or the tax payers. The requested concessions represent amounts that the Town would not receive if the Proposed project does not consummate and final CMHC financing is not approved in its current form. We believe the concessions we have asked for will come at a minimum financial burden to the Town of Cobourg, while the Project will make a significant contribution to the housing needs of the Town and, after the relief period, it will contribute to the revenue base of the Town in perpetuity.

References:

[1] <https://www.cmhc-schl.gc.ca/en/data-and-research>

[2] <https://www.northumberlandnews.com/news-story/8914540-case-made-for-more-affordable-housing-units-in-northumberland/>