



June 10, 2025

Dear Committee,

Please accept this submission in response to the upcoming meeting regarding city-wide six plex approvals.

Our business plan is specifically focused on multiplexes, both rental and condo throughout the city and we have built a network of others working towards the same.

We applaud all of the EHON recommendations you've approved, as they have certainly helped to get pro formas closer to viability.

It is important to keep in mind that for any project to move forward there are a number of tests that must be passed to justify the build. Minimum IRR, or rate of return for investors, which currently needs to be in the 18 to 24% per annum range, end project value in order to secure construction financing and an overall minimum annual return to secure land purchase financing.

The two largest remaining barriers to making multiplexes much easier to justify financially is the need for an increased unit count and eliminating DC charges.

Regardless of condo or rental, in order to hit the above metrics there is a minimum square footage that needs to be built, so there's enough profit generated to ensure viability. With the current max of 4+1, that can mean being forced to create unit sizes larger than the market demands, forcing an unprofitable price/rent per square foot, making the project unviable. A higher unit count ensures being able to make market-friendly unit sizes at prices that justify the build.



For rentals, to currently make them work economically, it's critical to secure MLI Select funding. This is a CMHC program designed to increase rental housing, however it requires a minimum of 5 units. Allowing 6 units, provides the needed flexibility to build the units in the main building, where the lot length or restrictions may not allow an ADU for the 5th unit.

For the condo market, the goal is to price them between a mid / high-rise and a low-rise option in their neighbourhood. This usually puts prices between \$900,000 to \$1,400,000, depending on location.

The more units per site, the more the cost of the land can be distributed. Having 6 units plus an ADU makes the pro forma viable. With the federal government's recent announcement to remove their GST portion on the HST up to \$1 million, it's possible to price units at or under that cap, which helps first-time homebuyers.

These units would be family-friendly sized units at around 1000 sq ft with 3 bedrooms, 2 baths and private outdoor space, as low-rise residential on quiet streets, as opposed to mid and high-rise options, which is much more family friendly.

The added benefit of condo six plexes is that it addresses the current market gap for family-sized units, which are only built due to the city's 10% mandate, as they aren't profitable. As the condo assignment market for investors has evaporated, due to rate and price shocks, we are seeing lots of interest from those investors to instead invest in these projects in a fund or limited partnership model.



Finally, to truly make multiplexes viable, the current DC issue must be resolved.

Currently only 'up to' 4 units are DC exempt, but in order to get the needed sq footage to make the project profitable, that could result in units larger than the market warrants.

Respectfully, I know I speak for developing Missing Middle developers, that having at least the first 4 DCs exempt and any additional units the DCs apply, will help to make projects financially viable.

We fully appreciate and agree with the need for all to contribute to the costs of running the city. However, given these developments are in fully built neighbourhoods and will in turn provide increased taxes per lot, more than could be achieved with a single home, we feel it warrants the DC exemptions, especially given without that, nothing makes sense financially to build.

Thank you again for all of the recent changes to address our city's housing crisis. We trust you will make the right decision regarding six plexes, making projects viable, so we can finally start to build units for families and make the city a place for all residents to thrive.

Sincerely,

Jason Self

President





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