The conclusions contained within this report have been prepared based on both primary and secondary data sources. NBLC makes every effort to ensure the data is correct but cannot guarantee its accuracy. It is also important to note that it is not possible to fully document all factors or account for all changes that may occur in the future and influence the viability of any development. NBLC therefore assumes no responsibility for losses sustained as a result of implementing any recommendation provided in this report.

This report has been prepared solely for the purposes outlined herein and is not to be relied upon, or used for any other purposes, or by any other party without the prior written authorization from N. Barry Lyon Consultants Limited.
EXECUTIVE SUMMARY

N. Barry Lyon Consultants Limited (NBLC) has been retained by the City of Windsor to complete a Neighbourhood Market Value Analysis to better understand the individual neighbourhoods in the City from a market perspective. These market characteristics were utilized to assess the role that development charge reductions might have in stimulating residential investment within specific neighbourhoods in the City.

Part One of this analysis evaluated market and socioeconomic characteristics of each neighbourhood in the City. For the purposes of this study, a neighbourhood is defined as a dissemination area (DA) as delineated by Statistics Canada. Each market and socioeconomic variable were mapped and assessed for each DA to understand how these characteristics are observed across the City and how neighbourhoods perform relative to each other from various market perspectives. Factors such as housing values, housing price trends over the past ten years, sales activity, new real estate investment, property complaints, housing foreclosure rates, and other metrics were evaluated.

Neighbourhood housing market typologies (NHMTs) were then identified utilizing a z-score cluster analysis, which grouped DAs with relatively similar characteristics into one of five typologies that included:

- “High Market Value” Neighbourhood
- “Medium-High Market Value” Neighbourhood
- “Medium Market Value” Neighbourhood
- “Medium-Low Market Value” Neighbourhood
- “Low Market Value” Neighbourhood

The results of the market data assessment and z-score cluster analysis is presented on the following page, illustrating the location of the five NHMTs across City neighbourhoods. Overall, the weakest neighbourhoods in the City of Windsor are located in the downtown and surrounding area, as well as other older communities such as Sandwich. Conversely, the strongest neighbourhoods are located in the outlying areas of the City, specifically along the southern and eastern edges. This is due to a number of factors discussed throughout this report, including:

- New development and reinvestment is concentrated and primarily occurring only in specific neighbourhoods, which in recent history has not included the downtown and other established neighbourhoods.
- A market preference for new homes located away from the downtown, where new/re-investment in low-rise residential, schools, and commercial uses is occurring.
- In this environment, the appreciation of homes have been high in areas experiencing new development. In the downtown however, many neighbourhoods experienced a depreciation of home values over the past ten years. Demographic trends, specifically a decreasing population between 2006 and 2011, has also accelerated the depreciation observed in some neighbourhoods.
The sale values of existing homes in the City is weakest in the inner-city of Windsor and downtown. Real estate values of this nature, which are generally below $200,000, present difficulty in rationalizing new residential development as the existing housing stock is affordable relative to the sale price that any new project would require. The overall market context in many of these neighbourhoods is also weaker relative to the stronger neighbourhoods that experience higher real estate values and strong price appreciation, which partially explains why these areas have been absorbing the majority of new development and investment.

Property standard complaints are generally higher in the downtown and surrounding area. Aside from the University neighbourhoods, where property complaints are expected to be high, the majority of complaints are concentrated in areas where housing values are generally lowest within the downtown and surrounding area. The high concentration of property complaints in the downtown can reflect the quality of housing, the socioeconomic status of occupants in these neighbourhoods, and the level of property maintenance and appearance. These issues can result in significant market issues if they are not reversed.

Part Two utilized the five NHMTs to create a neighbourhood market feasibility model. This model illustrates the existing market conditions observed in each market typology and tested the financial feasibility of various residential development forms utilizing an order of magnitude pro-forma analysis. The market feasibility model illustrates the minimum end and index pricing that each market typology can support relative to development, marketing, and land acquisition costs. These models indicate the market and financial barriers to new development activity within each market typology and illustrate the impact that development charge reductions could have on development feasibility. The five scenarios tested include the following:

- a wood-frame condominium apartment consisting of 50 units averaging 1,000 square feet;
- a single four-unit townhome block averaging 1,350 square feet;
- a subdivision of ten, four-unit townhome blocks consisting of 40 total units averaging 1,350 square feet;
- the development of one single-detached house, averaging 1,600 square feet; and,
- a subdivision of ten single-detached homes, averaging 1,600 square feet.

Table I on the following page highlights the minimum required sale price (rounded to the nearest $5,000) of each development scenario. These values therefore present the absolute minimum sale price a developer would require for a project to be viable for each development scenario, without any development charge reductions or other incentives. These financial models were developed using high level assumptions as detailed in the appendix of this report.
Table i - Required Minimum Average Sale Prices

<table>
<thead>
<tr>
<th>Type of Development</th>
<th>Average End Unit Pricing</th>
<th>Average Unit Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 Unit Wood-Frame Condominium Apartment</td>
<td>$255,000 - $260,000</td>
<td></td>
</tr>
<tr>
<td>40 Unit Row Townhome Subdivision</td>
<td>$240,000 - $255,000</td>
<td></td>
</tr>
<tr>
<td>Four Unit Row Townhome Development</td>
<td>$215,000 - $245,000</td>
<td></td>
</tr>
<tr>
<td>10 Single Detached Home Subdivision</td>
<td>$330,000 - $355,000</td>
<td></td>
</tr>
<tr>
<td>One Single Detached Home</td>
<td>$305,000 - $360,000</td>
<td></td>
</tr>
</tbody>
</table>

Table i indicates why development is occurring in a concentrated nature in the City, primarily within specific neighbourhoods that can support these sale values. The market realities of constructing and selling a new housing product at these sale values in the weaker neighbourhoods is not currently viable based on the existing market context, real estate values, and market preferences in these areas.

Reviewing the current development charge reduction program, which offers varied development charge reductions based on area (25%, 50%, and 75%) it appears the program has had a limited impact on encouraging development in the downtown and surrounding area of Windsor since the reductions were offered in 2010. This is due to a number of factors described throughout this report and the relatively limited impact that DC reductions can have on the sale price of a home in the Windsor market. Overall, between 2010 and 2015 there were 2,043 new residential units created in the City of Windsor. Of this, only 64 units or 3.4% were located in areas that were eligible for development charge reductions.

Development charge reductions can have an impact on development viability in weaker neighbourhoods or targeting a specific development form (i.e. high-density) in stronger neighbourhoods. In the Windsor context however, development charges are relatively low and represent a small component of the overall development costs. As noted in Appendix B, the impact of varied development charge reductions is largely negligible. Reducing the costs of a unit within a project by $4,000 to $8,000 (25% reduction) or $7,000 to $15,000 (50% reduction) does not appear to have a large impact on development viability. It is likely that projects receiving these small reductions would have occurred regardless of DC reductions.

If development charges were waived in their entirety, the impact on sale pricing is noted below by Table ii. Waiving development charges has the potential to decrease end unit pricing by between $15,000 and $30,000, varying by housing type. This amounts to a decrease in end unit pricing of roughly five to eight percent. This reduction could be more tangible to developers and is more likely to encourage investment than the varied reductions currently offered.

Table ii – Impact of Full Development Charge Reductions

<table>
<thead>
<tr>
<th>Development Scenario</th>
<th>Market End-Price</th>
<th>Full DC Discount</th>
<th>Reduced End Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 Unit Wood-Frame Condominium Apartment</td>
<td>$260,000</td>
<td>$11,185</td>
<td>$245,000</td>
</tr>
<tr>
<td>40 Unit Row Townhome Subdivision</td>
<td>$255,000</td>
<td>$16,205</td>
<td>$230,000</td>
</tr>
<tr>
<td>4 Unit Townhome Block</td>
<td>$245,000</td>
<td>$16,205</td>
<td>$225,000</td>
</tr>
<tr>
<td>Ten Single-Detached Home Subdivision</td>
<td>$355,000</td>
<td>$22,976</td>
<td>$325,000</td>
</tr>
<tr>
<td>One Single-Detached Home</td>
<td>$360,000</td>
<td>$22,976</td>
<td>$330,000</td>
</tr>
</tbody>
</table>

Source: NBLC

Notwithstanding the above, it is expected that full DC waivers on their own are unlikely to stimulate development on a significant
scale in the “medium-low market value” and “low market value”
neighbourhoods over the near-term. Reducing the end-price of a
townhome and single-detached home by $20,000 to $30,000 is
not likely to be sufficient to attract buyers to the weaker
neighbourhoods in the City.

As an example of the choice available in the Windsor housing
market, a purchaser could choose between a new townhome in a
subdivision at the eastern end of the City for $275,000, an
attractive resale home in a “medium-high market value”
neighbourhood for $180,000, a resale property near the
downtown in a weaker neighbourhood for around $100,000, or a
new townhome located near the downtown for $230,000 with
full DC waivers. It is not likely that a purchaser would select the
new townhome property near the downtown given these
options. Similarly, a developer would likely be unwilling to enter
the downtown market in this environment.

The waiving of development charges appears to be a limited tool
in the City of Windsor that results in the modest reduction of the
achievable sale price of a project. Financial Incentives can
improve demand by reducing pricing to more affordable levels.
However, financial incentives alone will not attract and support
investments as buyers and renters have to be attracted to safe
and desirable communities. Developments in areas on the edge
of viability benefit the most from the waiving or reduction of
development charges as it helps support a developer by reducing
upfront costs and can make for attractive pricing, which can
attract potential purchasers who may have been looking in other
areas of a City or Region.

While the impact of development charge reductions may be
limited at the current time in encouraging new investment to the
downtown and inner City of Windsor, the approach taken by the
City of Windsor of offering financial incentives to encourage
development within the weakest neighbourhoods of the City is a
positive policy that recognizes neighbourhood inequality and
tries to direct investment back to the downtown and core
neighbourhoods. The City’s investment in the downtown with
respect to the waterfront trail system, streetscape
improvements, post-secondary institutions, community uses, and
other initiatives can also positively impact the real estate market.

In NBLC’s experience studying the impact of financial incentives,
these strategies often take a long time for measurable results to
begin to materialize. It is important to understand that financial
incentives are only one aspect influencing supply and demand for
housing and that other market and economic forces must also
occur/evolve for development to be viable in the downtown on a
significant scale.

**Figure B** recommends the geography for implementing
development charge reductions. Generally, the development
charge exemption geography remains unchanged from what is
currently in place with a few exemptions. It is also noted that
while the boundaries shown on this image follow the
neighbourhood boundaries as defined by Statistics Canada
dissemination areas and the NHMTs modeled in this study, the
actual DC reduction boundary may be adjusted to follow more
structured boundaries (e.g. roads, rail ROW, natural features,
established neighbourhoods, etc.).
The financial analyses completed within this report suggests that varied development charge reductions are not impactful and are therefore not recommended. The impact of 25% and 50% reductions are modest and are not observed to impact development feasibility in a measurable way. To encourage higher levels of development in the neighbourhoods recommended for incentives, full development charge waivers are recommended in the specific geography illustrated by Figure B.

Over the near to medium-term, these development charge reductions are expected to yield results similar to what has been observed over the past five years, which has primarily been small scale projects typically consisting of one to two units. The slow redevelopment or renovation of existing homes and the development of small vacant lots is considered positive from a market perspective and will continue to modestly transform some of these neighbourhoods over the long-term. While it is unlikely that development charge waivers will result in a large scale residential development over the near-term, the higher level of incentives combined with increased development charges in other areas of the City could accelerate the amount of small projects occurring in these weaker neighbourhoods.

Understanding that the impact of development charge reductions is expected to be modest over the near-term, the City of Windsor could investigate other incentives/strategies that aim to attract new development to the most disadvantaged neighbourhoods. Other incentives could accelerate the development potential of these neighbourhoods by providing construction loan financing, waiving other fees and taxes, and exploring other neighbourhood renewal and investment strategies. These additional incentives could be offered only in specific neighbourhoods and focus specifically on the weakest neighbourhoods in the downtown. A detailed assessment of these strategies, the application within the Windsor context, and the implications from a municipal financing perspective should be evaluated.

While the transformation of downtown Windsor and the surrounding area may be a long-term opportunity, providing these incentives ensures that when development interest begins to shift to these areas, projects are offered the highest chance of succeeding. If development begins to occur and developers begin to capitalize on the market momentum and revitalization of previous projects, it may be possible to remove or reduce the incentives offered. Alternatively, as areas begin to be revitalized and capture a higher share of investment occurring within the City, incentives could instead target specific building forms (e.g. high-density residential) rather than all housing forms.

In summary, the impact of waiving development charges, the continued small-scale investment in the DC exemption areas, incorporating other financial incentives through a Community Improvement Plan in the downtown, and the continued investment in downtown Windsor by both the City and the post-secondary institutions could have a large impact on attracting development interest away from the edges of the City and outlying communities.
Figure B - Development Charge Reduction Recommendations

Source: DTMI Spatial, N. Barry Lyon Consultants Limited
1.0 INTRODUCTION

N. Barry Lyon Consultants Limited (NBLC) has been retained by the City of Windsor to complete a Neighbourhood Market Value Analysis to better understand the individual neighbourhoods in the City from a market perspective. These market characteristics will be utilized to assess the role that development charge reductions might have in stimulating residential investment within specific neighbourhoods in the City. This study will be completed in two parts. 

Part One will evaluate market and socioeconomic characteristics of each neighbourhood in the City. For the purposes of this study, a neighbourhood is defined as a dissemination area (DA) as delineated by Statistics Canada. Each market and socioeconomic variable will be mapped and assessed for each DA to understand how these characteristics are observed across the City and how neighbourhoods perform relative to each other from various market perspectives. Factors such as housing values, housing price trends over the past ten years, sales activity, new real estate investment, property complaints, housing foreclosure rates, and other metrics will be evaluated. Neighbourhood housing market typologies (NHMTs) will then be identified utilizing a z-score cluster analysis, which will group DAs with relatively similar characteristics into one of five typologies as described below:

“High Market Value”: A neighbourhood that exhibits strong market characteristics that could include high housing values, strong price appreciation over the past decade, population gains, and evidence of new investment activity. These neighbourhoods likely have high socioeconomic indicators such as low unemployment rates and high incomes levels, experience fewer housing foreclosures, and receive fewer property complaints relative to the rest of the City. This neighbourhood typology will have an averaged z-score that is 0.51 or greater.

“Medium-High Market Value”: A neighbourhood that experiences above average market characteristics, however below that of the “high market value” typology. Generally, these neighbourhoods contain many positive attributes and represent an averaged z-score that is between 0.21 and 0.5.

“Medium Market Value”: A neighbourhood which experiences near average market characteristics observed across the City, and can be slightly above or below the averages noted across the City. Careful consideration of how housing prices and other market characteristics have shifted in recent years should be evaluated to understand if a neighbourhood is improving or weakening. These neighbourhoods have an averaged z-score that is between 0.2 and -0.2.

“Medium-Low Market Value”: A neighbourhood that exhibits below average market characteristics that are below the indicators noted for the “medium value market” typology. These neighbourhoods have an averaged z-score that is between -0.21 and -0.5.

“Low Market Value”: These neighbourhoods are the most disadvantaged in the City of Windsor and represent an averaged
z-score that is -0.51 or lower. In addition to weaker housing values, these neighbourhoods also face other market constraints that could include a high number of housing foreclosures, property complaints, lower levels of new investment activity, stagnant or decreasing housing value appreciation, and population loss. Other socioeconomic indicators such as lower incomes and higher unemployment rates may also be present.

The typology analysis will illustrate where the strongest and weakest neighbourhoods are located in the City of Windsor based on a number of selected market variables. Due to the low and varied response rates for census data (National Household Survey) at the DA level, some socioeconomic indicators have not been used as part of this analysis. Site visits to each neighbourhood were also completed to ground truth the observations presented by the typology analysis.

**Part Two** will utilize the five NHMTs to create a neighbourhood market feasibility model. This model will illustrate the existing market conditions observed in each market typology and test the financial feasibility of various residential development forms utilizing an order of magnitude pro-forma analysis. The market feasibility model will illustrate the minimum end and index pricing that each market typology can support relative to development, marketing, and land acquisition costs. These models will indicate the market and financial barriers to new development activity within each market typology and illustrate the impact that development charge reductions could have on development feasibility.

This analyses will be reconciled with demand characteristics observed in the City to form recommendations on where development charge reductions could have the greatest impacts. The recommendations within this report will inform the City of Windsor and their consultant when updating their Development Charge By-Law, which took effect June 1st, 2015.

*N. Barry Lyon Consultants Limited is a multi-disciplinary real estate consulting firm, specializing in market research, urban planning, financial analysis, development feasibility, and value planning. Established in 1976, the firm conducts strategic analyses and feasibility studies across Canada for non-profit, private, institutional, and government clients.*
PART ONE: Neighbourhood Housing Market Typologies

2.0 Neighbourhood Housing Market Typologies

Many municipalities in North America have experienced significant levels of prolonged decline as a result of various global and domestic economic shifts. The decline of key sectors of the economy over the past forty years in North America, which includes the automotive industry, other forms of manufacturing, and heavy industry, has had a large economic and social impact in many of these locations that are now generally described as the ‘rust belt’.

The impacts of this decline has manifested in several ways, with no single municipality experiencing the same situation. Notwithstanding the above, common challenges faced by these rust belt cities have included high levels of unemployment, population decline, housing foreclosure and abandonment, poverty, increased levels of crime, lack of new investment, overall decline of the urban environment, loss of commercial activity, and the depletion of local tax revenues. These impacts have been concentrated in the inner city of many of these municipalities, with these downtown areas ‘hollowing out’ in favour of other communities or outside of the city/region entirely. In this environment, wealth and new investment has concentrated in specific areas, while poverty, unemployment, poor housing conditions, and weak real estate markets have been observed within the inner city in many of these municipalities.

Various strategies have been studied and deployed by municipalities facing these challenges, many of which have included revitalization strategies that were focused on a few socioeconomic indicators such as the ethnic composition or incomes of a neighbourhood. These strategies can ignore key market conditions that also heavily influence the impact or viability of neighbourhood investments/interventions. For example, while income is a key indicator of a household’s ability to purchase, invest, and maintain their property, other key factors such as housing values, housing value depreciation/appreciation, new investment activity, and foreclosure rates also impact local housing market dynamics. Many retrospective analyses of strategies that focused solely on selected socioeconomic indicators found that the impact of neighbourhood investments by the public sector or the provision

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4 Boswell, L.K. “Do Neighbourhood Housing Market Typologies Matter?” Faculty of the Graduate School of the University of Maryland (2011).
5 Ibid
of grants or other revitalization strategies were mostly negligible.

Recognizing that a greater understanding is needed regarding local market conditions, which considers both the socioeconomic makeup as well as the market and housing conditions within a municipality, the neighbourhood housing market typology (NHMT) model was created to more effectively implement policies and revitalization strategies.

NHMTs utilize a quantitative analysis by assessing a number of market and socioeconomic indicators that are used to classify individual neighbourhoods into distinct categories or typologies. As will be evaluated in the following subsection, the data used to develop NHMTs is specific to the goals of the individual study and can include a highly diverse range of socioeconomic indicators, housing conditions, and/or real estate market characteristics. The various data sets are then sorted into specific typologies using a statistical cluster analysis, which sorts neighbourhoods with similar characteristics. The statistical cluster analysis can also differ between studies and can include a factor analytic cluster analysis or z-score analysis. This study will deploy a z-score cluster analysis.

NHMTs therefore can be used to evaluate neighbourhood market conditions and provide a more robust understanding of individual neighbourhoods and the specific challenges faced by each neighbourhood typology. In general, NHMTs support strategies that are both place-based and market-oriented and are designed to guide municipal investments and revitalization strategies according to local neighbourhood conditions. NHMTs allow policy makers and professionals to understand how market conditions within a city function and relate to individual neighbourhoods, specifically being able to identify where the weaker and stronger neighbourhoods are located based on the variables and data collected. Depending on the goals and objectives of the study, NHMTs provide a municipality the data to tailor policies, investment decisions, and revitalization strategies to neighbourhoods where these initiatives can have the largest impacts.

2.1 Examples of Neighbourhood Housing Market Typology Studies

NHMTs have been used in the United States and have been particularly popular in Baltimore and Cleveland, where housing typologies have been necessary to guide place based reinvestment decisions to address issues of urban decay and neighbourhood inequality. As illustrated by Figure 1, a number of different NHMT studies have been completed in recent years.

The City of Baltimore for example undertook a NHMT study to guide the City’s investment strategies and also to provide data to the U.S. Department of Housing and Urban Development neighbourhood stabilization program, which provides funding to state and local municipalities to acquire and redevelop homes.
that have been abandoned and/or are a blight within their community. The study collected eight variables at the census block level including median home sale value, percentage of commercial lands, percent rental subsidies, percent foreclosures, percent vacant homes, percent home ownership, percent single family homes, and percent vacant lots. These census blocks were then sorted utilizing a factor analytic cluster analysis into one of five market typologies that were identified as Competitive, Emerging, Stable, Transitional, and Distressed. The overall strategy of the NHMT study was to identify preventative measures for the competitive and emerging neighbourhood typologies, stabilizing efforts for the stable and transitional typologies, and demolition and substantial redevelopment in the distressed neighbourhood typologies.

The City of Cleveland completed a NHMT study to develop strategies that promote urban revitalization. The study collected eight variables at the census tract level including median assessed value, percent change in median value, net change in number of single family housing, foreclosure rate, homeownership rate, boarded up/condemned rate, housing rate below fair, vacant and distressed structure rate, and demolition rate. These census tracts were then sorted utilizing a z-score cluster analysis into one of five market typologies that were identified as Regional Choice, Stable, Transitional, Fragile, and Distressed. The overall strategy of the NHMT study was to encourage rehabilitation in strong and stable markets, use various funding sources to rebuild particular neighbourhoods, and create sustainable homeownership rehabilitation markets.

As a final example, the City of Memphis utilized a NHMT study to guide investment decisions and strategies to stabilize neighbourhoods and prevent housing foreclosures. The study collected a number of housing and socioeconomic variables at the census tract level, which were sorted into one of four typologies including Classic Distressed, Vulnerable, Stable, and Up-trending. The overall strategy of the NHMT study was to encourage intervention of code enforcement, rehabilitation and new construction development, demolition, and cosmetic repairs based on neighbourhood conditions.

Overall, these NHMT studies have varied in terms of the variables collected, the geography of study (e.g. census tract/block) and the statistical cluster analysis used to sort the individual neighbourhoods into market typologies. These differences are due to the individual purpose, strategy, and goals of each study.
<table>
<thead>
<tr>
<th>City</th>
<th>Market Typologies</th>
<th>Unit of Analysis/Timeframe</th>
<th>Indicators</th>
<th>Strategy</th>
<th>Methodology</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltimore, MD</td>
<td>Competitive, Emerging, Stable, Transitional, Distressed</td>
<td>Census Block Group 2001</td>
<td>Median Home Value Sales, Percent Commercial Land, Percent Rental Subsidies, Percent Vacant Homes, Vacant Home Ownership, Percent Vacant Lots</td>
<td>Preventive measures for emerging market typologies; stabilization efforts for stable and transitional markets, and demolition and substantial redevelopment in distressed markets</td>
<td>Factor analytic cluster analysis</td>
<td>Guide city's investment strategies for both direct and indirect operations and long-term planning; use of data to target LIHTC Neighborhood Stabilization program dollars</td>
</tr>
<tr>
<td>Philadelphia, PA</td>
<td>High Value/Appreciating, Steady, Transitional, Distressed, and Declining</td>
<td>Census Block Group 2001</td>
<td>Median Sale price, variance in sales price, Percent rental subsidies, Percent vacant, Percent foreclosure, Percent commercial use, Percent owner occupied, Housing units per acre, new construction</td>
<td>Invest in areas with the greatest potential, close to strong markets or with stable real estate market, and extensive redevelopment in distressed areas</td>
<td>Factor analytic cluster analysis</td>
<td>Program was designed to renew and strengthen Philadelphia's urban neighborhoods through specific public action</td>
</tr>
<tr>
<td>Kansas, MO</td>
<td>Developing Areas, Conservation Areas, Stabilization Areas, and Redeveloping Areas</td>
<td>Census Tract 2007</td>
<td>Population change, median household income, unemployment, Percent household on public assistance, persons below poverty level, persons with high school education, rate of crimes, single head households, median household income, housing unit change, Percent vacant homes, residential building/demolition permits rate, Percent owner occupied, housing, household income to housing payment ratio</td>
<td>Preserve what is valuable and prevent decline by addressing problems and their root causes. Undertake many actions simultaneously to address housing maintenance, rehabilitation, and code enforcement</td>
<td>2-score; final score calculated as the average of all-2 scores for each variable within each block group</td>
<td>Provide neighborhood assessments for long term planning initiatives which strategically apply public and private resources in a way that is based on the existing condition, trends, opportunities, strengths and needs of diverse areas</td>
</tr>
<tr>
<td>Cleveland, OH</td>
<td>Regional Choice, Stable, Transitional, Fragile, Distressed</td>
<td>Census Tract 2006</td>
<td>Median assessed value, Percent change in median value, change in number of single family housing, foreclosure rate, homeownership rate, boarded up or condemned rate, housing rates below fair, fair and distressed structure rate, delinquency rate</td>
<td>Encourage rehabilitation in strong and stable markets; use NIP funds in conjunction with HCM, CDBG and LIHTC resources to rebuild areas, create sustainable homeownership rehabilitation programs</td>
<td>2-score; final score calculated as the average of all-2 scores for each variable within each block group</td>
<td>Provide information in the Department of Community Development, City of Cleveland, and other stakeholders in the development of program strategies that promote urban revitalization</td>
</tr>
<tr>
<td>Indianapolis, IN</td>
<td>A. Attractive, High End Residential, B. Healthy areas with above average income, C. Visible signs of decline but not highly concentrated, D. Significant deterioration of housing stock with dense concentrations of vacant buildings</td>
<td>Census Block Group 2006</td>
<td>House vacancy rate (100-day period vacancy), Total assessed housing value, Percent owner occupied (Certified property ownership)</td>
<td>A. Regional market; B. Active code and nuisance enforcement; C. Selective demolition, targeted resources, and limited concentration; D. Site acquisition and land assembly</td>
<td>Factor analytic cluster analysis</td>
<td>Guide more efficient decision making by matching resources, policies, and strategies with neighborhood conditions</td>
</tr>
<tr>
<td>Memphis, TN</td>
<td>Zone 1: Classic distressed neighborhoods; Zone 2: Vulnerable &quot;transition&quot; neighborhoods; Zone 3: Stable neighborhoods of choice; and Zone 4: Up-and-coming traditional neighborhoods</td>
<td>Census Tract 2007</td>
<td>Socioeconomic variables, amenities related to community development essentials, housing and neighborhoods factors, such as crime, school quality, and health indicators</td>
<td>Encourage scaled intervention of code enforcement, rehabilitation, and new construction development, demolition, and cosmetic improvements based on neighborhood conditions</td>
<td>Zones geographically categorized based on market criteria</td>
<td>Stabilize neighborhoods and develop intervention for foreclosures, overlay zones with foreclosures data to guide investment decisions</td>
</tr>
</tbody>
</table>
2.2 The Need for a NHMT Study in the City of Windsor

The City of Windsor has been experiencing varying forms of economic decline for over a decade. Once a booming economy that was heavily tied to manufacturing employment and the high performing automotive sector, Windsor’s economy began a weakening trend in 2001 that would continue in a relatively linear fashion to the financial crisis of 2008 and beyond. This economic decline was a result of a global shift in the manufacturing economy, with an increasing amount of manufacturing labour being outsourced to other countries. This shift had a major impact on the economy of Windsor as well as other cities in Canada and the United States. The decline of the manufacturing economy in Windsor was also a result of the rising Canadian Dollar, which by the end of 2002 began to steadily increase from approximately $0.62 to parity with the USD by 2007.

The lack of diversity in the local economy had immediate and measurable impacts on the City when the manufacturing sector began to decline. As noted by Figure 2, unemployment rates began to increase in 2000 and have been higher than the Province as a whole for over 15 years. Encouragingly, since peaking at nearly 14% in 2009, unemployment has begun to decrease since this time. Figure 3 illustrates the relationship between the unemployment rate and migration patterns in the City, indicating that as the unemployment rate in Windsor has increased above the unemployment rate of the Province, the number of people moving away from Windsor to other parts of Ontario has also increased at a similar rate. In 2000, the net movement of people to the Windsor CMA peaked as Windsor’s
unemployment rate dropped below Ontario’s, which was due to strong job growth in various sectors of the economy including tourism (casino) and manufacturing (automotive sector). Since 2000, the number of people moving away from Windsor to other parts of Province has been higher than the number of people moving to the City from within Ontario.

Similarly, the City of Windsor experienced strong population growth between 1991 and 2006, however the population decreased by 2.6% or roughly 5,500 people between 2006 and 2011. This population decline is largely attributed to the decline of manufacturing employment and a general lack of new employment opportunities over this period.

From a Regional perspective the distribution of growth began to change in 1991 as illustrated by Table 1. When looking at the distribution of growth across region (which in this analysis includes the County of Essex and the City of Windsor) there is a population shift from Windsor to the municipalities closely surrounding the City. Table 1 illustrates that in 1991, 58.5% of the regional population was in the City of Windsor. By 2011 this percentage had steadily declined to 54.2%, which is largely attributed to the strong growth observed in the Towns of Lakeshore, LaSalle, and Tecumseh over this period. Of particular note, while Windsor experienced population decline between 2006 and 2011, both Lakeshore and LaSalle increased in population by 3.9% and 3.6% respectively. This trend does not appear to be changing, as housing start data from CMHC indicates that the City of Windsor has accounted for only 40% of all housing starts in the Windsor-Essex Region between 2012 and 2015, indicating higher levels of growth in other areas of the Region.

| Table 1 |
| Population Growth and Distribution in City of Windsor and Essex County |
| City Share of Regional Population |
| Source: Statistics Canada Census |

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Windsor</td>
<td>191,435</td>
<td>197,694</td>
<td>208,402</td>
<td>216,473</td>
<td>210,891</td>
</tr>
<tr>
<td>Essex County</td>
<td>135,930</td>
<td>152,635</td>
<td>166,573</td>
<td>176,929</td>
<td>177,991</td>
</tr>
<tr>
<td>Total Windsor-Essex Region</td>
<td>327,365</td>
<td>350,329</td>
<td>374,975</td>
<td>393,402</td>
<td>388,882</td>
</tr>
<tr>
<td>City Share of Regional Population</td>
<td>58.5%</td>
<td>56.4%</td>
<td>55.6%</td>
<td>55.0%</td>
<td>54.2%</td>
</tr>
</tbody>
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While the City as a whole has been growing at a slower rate than other communities in the Windsor-Essex Region and experienced population decline between 2006 and 2011, growth patterns within the City from a local perspective is also revealing. Within the City of Windsor, population growth patterns between 2006 and 2011 heavily favoured the outlying areas of the City. The strongest population increases occurred in areas along the eastern and southern edges of the City, whereas the strongest population decreases occurred in the downtown and surrounding area. This trend is illustrated by Figure 19, which will be discussed in more detail later in this report. Similarly, nearly all of the new residential development activity in recent years has been located on greenfield subdivisions along the outer boundaries to the south, east, and west.

From a real estate market perspective, these growth patterns are significant. This migration of the population outward from the downtown to the new subdivisions within Windsor and to the County of Essex represents a choice that favours suburban living over older neighbourhoods in the City. This market preference

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may be due to the age and quality of housing, employment location changes, tax rates, declining employment opportunities and rising unemployment, perceptions of safety or incompatible land uses in some areas, and the quality of schools and community facilities. In comparison, the surrounding suburban communities offer modern homes, new schools, new/higher quality retail concentrations, and community amenities.

These growth patterns have had a significant impact on the downtown area of Windsor, which have manifested in many different ways. Generally, the impacts have been declining housing values, abandoned and foreclosed homes, increased concentrations of poverty and unemployed, reduced commercial activity, and an overall lack of investment and maintenance in the existing housing stock. In comparison to the new subdivisions in other areas of the City and Region, it becomes clearer why the market has preferred these areas over existing neighbourhoods within the Windsor downtown and surrounding area.

Commercial uses have also struggled in the downtown area due to these population and demographic shifts. Commercial businesses closely follow population growth and other socioeconomic indicators such as low unemployment rates and higher incomes. In this environment, the majority of commercial investment has been in the outlying suburban areas in big box formats. UrbanMetrics noted that the vacancy rate in downtown Windsor was 25% in 2008, more than double the vacancy rate of the entire City. In addition to growth patterns and demographic shifts, UrbanMetrics also notes the following market issues regarding the downtown Windsor commercial marketplace:

“The downtown should be a matter of particular concern not only because of the high vacancy rate, but because of the extent to which Windsor residents have become alienated by the role it has adopted as a casino and entertainment area catering to tourists. In the telephone surveys of Windsor residents conducted as part of this study, the downtown scored exceptionally low as a shopping area serving local residents.”

The market preference for housing away from the downtown area in favour of suburban locations will continue to result in declining real estate values, poorer housing quality resulting from poor maintenance and a lack of reinvestment, and an overall weaker market context. At the same time, the suburban locations will continue to accommodate the majority of growth and new investment, along with an increased share of new community facilities/services and retail and commercial growth. The lack of interest in downtown Windsor and the surrounding area from a commercial and residential market perspective, combined with weak and/or declining population growth, will continue to compound this market inequality between the downtown and suburban neighbourhoods if action/market interventions are not initiated.

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9 City of Windsor Residual Market Demand and Impact Analysis urbanMetrics Inc. The Corporation of the City of Windsor, June 10, 2008
10 IBID
2.3 The City of Windsor NHMT Study

This study will seek to address the issues identified in the previous subsection, primarily how to encourage residential development and investment in the downtown of Windsor. New investment in residential real estate that results in population growth and improved socioeconomic indicators can also positively impact the commercial real estate market in the downtown.

This study will complete a NHMT analysis by collecting data at the Census Dissemination Area geography for the below variables, which are briefly described:

**Median housing sale price (2014-2015):**
- The median sale price is an important market indicator as it illustrates the existing value of properties in a given neighbourhood. When compared to the City wide average or other neighbourhoods in the City or Region, this variable can reflect the market strength of a neighbourhood, the age or quality of the housing, and overall demand for housing. Similarly, the housing value of a neighbourhood is a key consideration for real estate developers as the existing resale market can inform the pricing, demand, and resulting revenues that can be expected from any new development or investment.

**Appreciation of median housing sale price over the past 10 years:**
- The appreciation or depreciation of housing values over a ten year period is a vital market indicator that illustrates which neighbourhoods are improving, have remained stable (in spite of inflation), or have improved. Potential purchasers, investors, and real estate developers will often evaluate the pricing trends of various neighbourhoods as part of their decision making process regarding where to invest or purchase property.

**Number of home sale transactions (2014-2015):**
- The number of residential real estate transactions, for both new and existing homes, indicates where real estate activity is strongest. Neighbourhoods that have weaker housing values but a high proportion of home sales could indicate increasing demand for homes at that price point, which could lead to increased pricing and new investment over time. The tracking of home sales in the City is an important indicator of local neighbourhood demand.

**Number of residential building permits (2014-2015):**
- The number of residential building permits, for both new construction and renovation/reinvestment in existing homes, is a key market indicator for where new investment is occurring in the City of Windsor. New investment in residential uses illustrates where the new supply is being provided, which often reflects demand and market preferences of the local population. Similarly, permits for renovations of existing homes indicate where reinvestment is occurring at the local scale.
**Number of housing foreclosures/power of sale properties (2014-2015):**

- Foreclosed properties can result in numerous market challenges for both existing residents in a neighbourhood as well as prospective purchasers and investors. Often these homes can experience poor maintenance leading up the foreclosure, be abandoned or remain vacant for long periods of time, and can be a blight on the community as well as a burden for the municipality. A high number of foreclosures within a neighbourhood can result in significant market challenges.

**Property Standard Complaints (2015):**

- Property standard complaints can include a wide variety of issues that can include poor yard maintenance, improper use of yards, poor housing maintenance, and other nuisance issues. A high level of property complaints within a neighbourhood can indicate poor housing conditions, poor property maintenance, and lower socioeconomic characteristics.

**Population change (2006 – 2011):**

- Population change, both positive and negative, reveals where people are settling and also where people are vacating within the City. Within the context of Windsor, where population declined at the City level between 2006 and 2011, understanding where population change has occurred at the neighbourhood scale will illustrate local market demand for housing.

A z-score analysis, which will be explained in detail in Section 3.0 of this report, will then be completed for each of the above market variables within each neighbourhood (DA). Neighbourhoods will then be sorted into one of five market typologies based on the average z-score across all seven market variables. The market typologies will therefore reflect a blended market score that considers housing values, pricing trends, sales and permit activity, foreclosure rates, population change, and property complaints.

The five NHMTs will be identified as “high market value”, “medium-high market value”, “medium market value”, “medium-low market value”, and “low market value”. The selected market variables will illustrate the strongest and weakest neighbourhoods in the City of Windsor from a market perspective. This analysis could be repeated in approximately 5 years when new census data is made available and the market has continued to mature. This will allow the City of Windsor to track evolving market characteristics, shifting socioeconomic indicators, and if the market is responding to development incentives and other investment strategies recommended by this report.

Other market indicators will also be collected and assessed for comparative and ‘ground truthing’ purposes, but will not be utilized in sorting dissemination areas into housing typologies. Some of the below data sets would have been valuable inputs into the NHMT analysis, however they were collected under the voluntary National Household Survey (NHS) as part of the 2011 Canadian Census. While the City-wide response rate for the voluntary NHS was relatively high at nearly 30%, the response
rates vary widely at the DA level, with some DAs containing data with less than 1% response rate and others containing data with over 70% response rate. The small level of geography and varied response rates could significantly impact the results of the data and the quality of any analysis utilizing this data source. Due to these issues, this data has been collected at the census tract (CT) level and has been used to supplement the data and analysis of the NHMT results. This data, at a higher scale of geography, will be useful in informing the analysis and confirming the observations of the NHMT results. This NHS data and other supplementary variables include:

- Housing tenure (2011 - NHS)
- Median Household Income (2011 - NHS)
- Unemployment Rate (2011 - NHS)
- Population density (2011 - Census)
- Vacant land parcels (2015)

A financial analysis of various residential development forms within each NHMT will be completed in Part 2 of this study to understand the financial realities of real estate development based on the existing market conditions within these neighbourhoods. Recommendations based on this analysis will then be made regarding where development incentives (development charge reductions) should be applied and how much of an incentive would be required to potentially attract new investment. These recommendations will be both place based and market-oriented, and will inform where development charge reductions could have the greatest impact based on the local demand characteristics and housing market conditions.
3.0 METHODOLOGY AND DATA COLLECTION

The following section describes the methodology utilized to collect, analyze, and map the data displayed in this report. The z-score cluster analysis, standardized data, and methodology used to sort the NHMTs is also described.

3.1 Real Estate Market Data

The following data was collected using a real estate transaction resource (Geowarehouse) as well as data received from a Windsor area appraisal firm.

3.1.1 Median Housing Sale Price (2014 and 2015)

Every residential real estate transaction in 2014 and 2015 was collected for the City of Windsor using Geowarehouse. Geowarehouse collects all real estate transactions, including the sale of existing homes (resale properties), the sale of new homes, property transfers, expropriations, and land sales. As such, some transactions have no sale value or a very low sale value (e.g. $1), which reflects a property transferring between family members or land transferring to a municipality through an expropriation process. Some transactions also included the purchase of multi-unit townhome or apartment buildings, with a much higher individual sale price. These transactions have been removed from the analysis.

The remaining new and ‘resale’ residential sales were then geocoded into each DA and exported to a Microsoft Excel file. The median sale price was then calculated for each DA. Any DA that contained less than three sales over the two-year period were flagged and compared with other similar neighbourhoods through a site visit and also by comparing other socioeconomic and market variables to ensure the low number of sales accurately reflects the real estate value of the neighbourhood in question. Of note, five DAs contain 100% rental properties and therefore no sales occurred in these neighbourhoods. Only five DAs with ownership housing had less than three sales and only one DA with ownership housing had zero sales.

3.1.2 Median Housing Sale Price (2004 and 2005)

The same methodology, as described above, was used for the 2004 and 2005 years. Similar to the data collected for the 2014 and 2015 time period, the five DAs that contain 100% rental properties were the same for this survey period. Only two DAs with ownership housing had zero sales, however due to the ten year timeline it is difficult to assign a housing value to these DAs. Therefore, these neighbourhoods have not been assigned a value for this data point.

3.1.3 Appreciation of Median Housing Sale Price (2004 and 2005 to 2014 and 2015)

The change in median sale price for individual DAs was assessed and shown as a percentage, both positive and negative for the 2004 and 2005 survey period to the 2014 and 2015 survey period. The two neighbourhoods where a value was not present in 2004
and 2005 and the five DAs that contain 100% rental properties were not calculated.

### 3.1.4 Number of Home Sale Transactions (2014 and 2015)

The total number of new housing sales and resale transactions between 2014 and 2015 was quantified within each DA to understand where sale activity is most active within the City of Windsor. The individual sales within the City were collected and geocoded into each DA.

### 3.1.5 Number of Foreclosures/Power of Sales (2014 and 2015)

The number of foreclosures in the City of Windsor was estimated by collecting real estate sales where a residential property was being sold and the vendor was either a bank or trust company. If a bank or trust company is the vendor, it is likely that the property has been foreclosed as this indicates the bank or trust company has repossessed the home and is now selling that property. Properties that are being sold by a bank or trust company are often called power of sale properties.

The number of power of sale properties listed in the City of Windsor were then geocoded into each DA. Given the size differences between DAs, the number of power of sales are shown as a proportion of the total households within each neighbourhood. The number of power of sale properties were therefore divided by the total number of households in the individual DA and shown as a percentage.

The number of properties within each DA was calculated by adding the number of new homes built within each DA since June of 2011, which was estimated using building permit data provided by the City, to the total number of households within each DA as identified by the 2011 Census.

Upon completion of the z-score analysis, the z-score position as positive or negative was flipped to accurately convey that a high number of power of sales was a negative market finding.

The power of sale data was collected through the City of Windsor Multiple Listing Service (MLS) and provided by Ray Bower Appraisal Services Inc.

### 3.2 Data from the City of Windsor

The following data was obtained directly from the City of Windsor planning department.

#### 3.2.1 Residential Building Permits (2014 and 2015)

Residential building permits for 2014 and 2015 were geocoded into individual DAs, with the total number of permits quantified for each neighbourhood. A building permit, for the purpose of this analysis, includes permits for a new household and also any permit with a construction value above $15,000. This variable therefore includes permits for both new construction and also evidence of ‘significant’ reinvestment in existing homes.

#### 3.2.2 Property Standard Complaints (2015)

The number of property and building complaints in 2015 were geocoded into individual DAs, with the total number of complaints quantified for each neighbourhood. Complaints range in severity and include poor yard maintenance, hazardous trees,
poor building maintenance, storage of garbage and other items in the front yard, and other nuisance issues. There were nearly 7,000 complaints received by the City in 2015.

Upon completion of the z-score analysis, the z-score position as positive or negative was flipped to accurately convey that a high number of complaints was a negative market finding.

3.2.3 Vacant Land Parcels in the City of Windsor (2015)
All vacant land parcels, for all land uses, were received from the City of Windsor as of January 2016. A vacant land parcel is defined as a parcel of land that is a registered lot and is not currently occupied. Due to the nature of many vacant lots, many of these properties do not have municipal addresses, which has made mapping these land parcels difficult. The City of Windsor has therefore mapped these properties by legal description for use in this analysis.

3.3 Census Data
The following data was collected from Statistics Canada for the 2011 Canadian Census.

3.3.1 Population Change (2006 – 2011)
The population for each DA was collected for both the 2011 and 2006 census years. The population from 2011 was then subtracted from 2006 to uncover the net change, positive or negative, over this time period. This indicator illustrates how population change is occurring at the neighbourhood level across the City of Windsor.

3.3.2 Population Density – Persons per Hectare (2011)
The population and size (in hectares) for each DA was collected for the 2011 census year. The population was then divided by the size of the DA, resulting in the number of persons per hectare within each neighbourhood.

This indicator illustrates where the high and low density neighbourhoods are located in the City of Windsor. In some markets, higher density neighbourhoods are not viewed as attractive places to live for those seeking a family home and can be a market barrier for new investment in low and medium density housing, especially if the quality of the high-density buildings are low or rental in tenure.

3.4 National Household Survey Data
Census data through the National Household Survey (NHS) was obtained for each DA through a special request to Statistics Canada. As the NHS was a voluntary survey that replaced the mandatory long-from census, response rates vary widely across individual DAs, with some DAs containing data with less than 1% response rate and others containing data with over 70% response rate. The small level of geography and varied response rates could significantly impact the results of the data and the quality of any analysis utilizing this data source.

Due to these issues, this data has been collected at the census tract (CT) level and has been used to supplement the data and analysis of the NHMT results. This data, at a higher scale of geography, will be useful in informing the analysis and confirming the observations of the NHMT results.
3.4.1 Housing Tenure - Rental vs Ownership (2011)
Rental and home ownership rates were collected for each CT from the 2011 NHS. This was calculated by collecting the total number of private households by tenure within each CT, the total number of owned private households in each CT, and the total number of rented private households in each CT. The percentage of private households that are rented and owned for each census tract was then calculated.

Home ownership rates in markets such as Windsor are important indicators that real estate developers consider when making investment decisions. Similarly, higher levels of home ownership can also result in higher levels of property maintenance and reinvestment, a more stable neighbourhood population, improved socioeconomic indicators, and overall higher market appeal for new purchasers.

3.4.2 Median Household Income (2011)
The median household income was collected for each CT and taken directly from the NHS. No additional calculations were required.

Median household income is an important indicator that illustrates how incomes are distributed within a City, the spending power of local households, and the likely propensity of a household to maintain and reinvest in their existing property.

3.4.3 Unemployment Rate (2011 NHS)
The unemployment rate was collected for each CT and taken directly from the NHS. No additional calculations were required.

The unemployment rate is an important socioeconomic indicator and is often compared with the rest of the City to inform real estate investment decisions.

3.5 Cluster Analysis
The methodology to group the selected market variables into one of five NHMTs is a z-score cluster analysis, which is described below.

A z-score is a statistical analysis that standardizes data by converting an observation or data point into a standard score. The resulting standard score or z-score is best defined as a statistical measurement of a score’s relationship to the mean in a group of scores. It is calculated by subtracting the overall mean of all observations from an individual observation (x) and dividing the result by the standard deviation of all observations, as illustrated by the below equation.

\[ Z = \frac{x - \text{MEAN}}{\text{STDEV}} \]

The above equation will therefore result in either a positive or negative score, which illustrates whether an observation is either below, equal, or above the mean and by how many standard deviations. For example, an observation that results in a z-score of 0 means the observation is equal to the mean. Similarly, an observation that results in a z-score of -1, illustrates the score is 1 standard deviation below the mean.

Example: The average population increase within every census tract is collected across the City. The mean population increase within each census tract was
calculated to be 200, and the standard deviation was calculated to be 50. If a given census tract (observation) experienced an increase of 300 people, then the resulting z-score would be 2, as that census tract increased by 2 standard deviations above the mean for all observations.

\[
Z = \frac{(300 - 200)}{50} = 2.0
\]

Z-scores are useful in NHMT studies as they allow multiple variables with various units of measure to be standardized and assessed based on the observation’s position above or below the mean. This allows data such as foreclosure rates (%) and housing values ($) within a neighbourhood to be converted to a common output variable and compared against one another e.g. in one neighbourhood - foreclosure rates were 1.3 standard deviations above the mean of the City whereas housing values and price appreciation were 1.5 standard deviations below the mean of the City. It is particularly useful when comparing many variables within several groupings, as this study will evaluate seven market variables across 376 DAs.

A z-score analysis will be completed for each neighbourhood market variable within each DA. The final z-score is calculated as the average of all z-scores for each selected market variable. DAs are then sorted into one of five categories based on the final averaged z-score as follows:

- **“High Market Value”**: All DAs that achieved an averaged z-score above 0.51.
- **“Medium-High Market Value”**: All DAs that achieved an averaged z-score between 0.21 and 0.50.
- **“Medium Market Value”**: All DAs that achieved an averaged z-score between -0.20 and 0.20.
- **“Medium-Low Market Value”**: All DAs that achieved an averaged z-score between -0.21 and -0.50.
- **“Low Market Value”**: All DAs that achieved an averaged z-score below -0.51.

### 3.6 Mapping

All individual market variables are contained within a Microsoft Excel file, which is joined to a GIS program through the DAs numeric identification. Individual maps have been created for each market variable as well as the final NHMT map, where individual DAs have been colour coded based on the market typology/z-score.
4.0 NEIGHBOURHOOD HOUSING MARKET TYPOLOGY VARIABLES

The following section describes the results of each NHMT variable at the neighbourhood level and presents the findings visually through a thematic map of the City. Some of the market variables require more discussion to further understand the market conditions and context within the City of Windsor at the neighbourhood level, specifically median housing values over the past two years as well as price appreciation since 2004/2005.
4.1 Median Housing Sale Price (2014 and 2015)

As illustrated by Figure 4, the majority of neighbourhoods in the City (56%) contain a median housing value below $139,999, with just over 5% of the neighbourhoods containing a median sale price below $70,000. The distribution of housing values in the City of Windsor appears to be relatively concentrated, with the lowest real estate values generally being located in the downtown and central area of the City, and the highest real estate values being located along the outer border of the City as well as in some select neighbourhoods within and surrounding the downtown.

Generally the homes in the downtown area experience a lower degree of maintenance and reinvestment, which impacts the visual appeal of these neighbourhoods for prospective purchasers. Some areas of the downtown contain a high proportion of vacant homes or lots, properties that are in extreme disrepair, home and property maintenance is non-existent, the commercial structure of the neighbourhood is poor, and/or neighbourhoods are adjacent major commercial or industrial uses. These market issues significantly impact the market appeal and housing values of a neighbourhood and reduce the market appeal of these communities, which

Figure 4: Median Housing Sale Price for 2014 and 2015 in the City of Windsor
appears to limit prospective purchasers from considering many downtown neighbourhoods as a viable option when purchasing a home. The poor perception of the downtown as a commercial area and local destination is also viewed as a significant market challenge for these neighbourhoods.

The other neighbourhoods that contain housing values below $139,999 are generally located in the central area of the City, south of the downtown, as well as in the community of Sandwich. Many of these neighbourhoods do not contain the same level of disrepair or poor housing conditions noted in the downtown. However, these neighbourhoods have other market challenges relative to the newer communities in Windsor and the Region that generally include smaller homes, smaller lots and yards, shorter frontages, some homes do not have garage parking, some neighbourhoods are immediately adjacent major industrial or commercial uses, neighbourhoods contain a higher proportion of rental properties, and some homes require repairs or are poorly maintained. These characteristics appear to impact the housing values of these neighbourhood.

**Figure 5** is a collection of some of the low quality homes in the City of Windsor, illustrating the market challenges faced by some of these neighbourhoods. West of the downtown and adjacent the Ambassador Bridge, many properties have been acquired by the Canadian Transit Company in their attempt to construct a second crossing of the Detroit River. These properties have largely been uninhabited for long periods of time, have fallen into disrepair. The low density residential neighbourhoods immediately east of

**Figure 5: Single-Family Homes to the west and east of the Downtown Core**

*Source: NBLC; Top (west of downtown), Middle (east of downtown), bottom (southwest of downtown)*
the Caesar’s Casino have also fallen into disrepair, with poorly maintained properties (middle image of Figure 5) as well as some vacant lots and entirely vacant blocks as illustrated by Figure 6 below.

**Figure 6: Vacant Blocks east of Caesar’s Casino**

Away from the downtown, many of the neighbourhoods with lower housing values also contain some poorly maintained properties (bottom image of Figure 5), however the majority of properties in these neighbourhoods generally contain good housing conditions. Many of these neighbourhoods contain no or few poor quality homes/conditions, but rather contain homes that are smaller, older, and often do not contain the same level of modern design (sidewalks, new/ well maintained public streets, parks, etc.) as other areas of the City (Figure 7). Poor housing conditions are therefore not believed to be the primary cause of the lower real estate values observed in these areas, but rather the market preference for newer or larger homes in other areas of the City.

**Figure 7: Well Maintained Neighbourhood Outside of Downtown with Low Sale Values**

The highest real estate values have been observed in areas where new development has been occurring in south Windsor as well as the East Riverside neighbourhoods. Some areas along the waterfront to the east of Walkerville also achieve high real estate values given the large homes along the waterfront as well as some of the ‘luxury’ high-rise condominiums in this area (e.g. The Gates of Glengarda Condominium, The Summit House Condominium, and The Pinnacle Condominium). A few areas in some of the established neighbourhoods of Windsor have also achieved higher real estate values such as the neighbourhoods surrounding the South Cameron Woodlot.

Within the downtown, some pockets of higher real estate values are observed near the waterfront as illustrated by Figure 8 on the
Moving from west to east, the neighbourhoods that are circled at the western end of the downtown are directly adjacent the University of Windsor. Properties surrounding a post-secondary institution will typically achieve higher real estate values as property owners are able to lease these properties to students and typically enjoy higher rents and lower vacancies, which positively impacts the value of a property.

**Figure 8: Median Housing Sale Price (2014-2015) in Downtown Windsor**

Within the central area of the downtown, four neighbourhoods have achieved higher pricing than the majority of the surrounding area. This is due to a high number of sales in some of the high-rise condominium apartment buildings in these neighbourhoods, many of which contain large units, have excellent views, and are well located within the downtown area. These condominium apartments achieve higher sale prices than many of the single and semi-detached homes in the surrounding area, which is not a common market finding in Ontario. The Portofino condominium in particular, which was constructed in 2006 and is the most recent example of significant residential investment in downtown Windsor, achieves one of the highest median sale values in the area at approximately $222,000. The Waterpark Place Condos (515 Riverside Drive) and Royal Windsor Terrace (380 Pelissier Street) are the other two condominium apartments that perform strongly from a resale perspective. While these downtown neighbourhoods appear to be doing well from a value perspective, it is noted that each neighbourhood is primarily represented by a single condominium apartment building. Some of the low-density properties along streets such as Victoria and Dougall Avenue also achieve higher real estate values given the large sized and well maintained homes.

In the eastern end of the downtown, some neighbourhoods towards the community of Walkerville and Willistead Park also experience higher median housing values. The low-density homes in these neighbourhoods are high relative to the City wide average and are one of the few communities adjacent to the downtown area that have experienced strong market demand for single-family housing. The community contains a strong historic character and is characterized by large homes, wide streets, and a strong commercial context. A relatively new development in this area, the Club Lofts (2175 Wyandotte Street East), also achieves a high sale value and is photographed on the following page.
There were four neighbourhoods surveyed that contained less than three sales, these included dissemination areas 35370317, 35370077, 35370203, 35370859 and are identified by Figure 10. These neighbourhoods were evaluated through a site visit, other data sources, and assessed comparatively with the surrounding neighbourhoods to ensure the observed median housing values accurately represented the neighbourhood. No adjustments to the median sale values in these neighbourhoods were determined to be appropriate.

One neighbourhood, DA 35370081 did not contain any sales and is identified by Figure 10. A similar methodology to the one described above was undertaken to assign a median housing value to this neighbourhood. As illustrated by Figure 11, this neighbourhood appears to contain two townhouse developments as well as a number of commercial and institutional properties, all of which appear to be over twenty years old. One of the townhouse blocks is the Charlie Brooks Housing Co-op, which provides affordable housing units that are rental in tenure and geared to income. The other townhouse block is condominium in tenure and is similar in design, age, and quality to many of the townhouse blocks immediately to the northeast (DA 35370080) as documented through a site visit and illustrated by Figure 11. These communities also share many similar market and socioeconomic characteristics and are therefore believed to be of a similar median housing value. Of note, DA 35370081 did receive more property standards complaints than the surrounding neighbourhoods, which could be a reflection of the low income rental block. Two DAs to the southwest experience slightly higher median housing values, but this is likely due to the fact that these neighbourhoods have some larger single-family homes on wide lots, which generate higher sales values.

NBLC has therefore assigned a median housing value of $58,000 to DA 35370081, which is the median housing value observed in DA 35370080 through 33 sales in 2014 and 2015.
Figure 10: Neighbourhoods Containing less than Three Sales (Red Highlight) and Neighbourhood Containing No Sales (Black Highlight)

Source: DTMI Spatial, Geowarehouse, N. Barry Lyon Consultants Limited
Figure 11: Top left – Aerial of DA 35370081; Bottom Left – Condominium Townhomes in DA 35370081; Bottom Right – Condominium Townhomes within Adjacent Neighbourhood to Northwest (35370080); Top Right – Single-Family Homes in Surrounding Neighbourhood (35370060).

Source: Google Earth and N. Barry Lyon Consultants Limited
4.2 Median Housing Sale Price (2004 and 2005)

As illustrated by Figure 12, median housing values followed a similar pattern in 2004 and 2005 with the lowest real estate value generally being located in the downtown and central area of the City, and the highest real estate values being located along the outer border of the City and in other concentrated areas. As was observed in subsection 4.1, the University of Windsor was a strong market force that positively impacted the housing values of the surrounding neighbourhoods. The homes along the waterfront near the Coventry Gardens as well as near the southern end of the City and the neighbourhoods surrounding the South Cameron Woodlot also accommodate high median housing values over this period.

Five neighbourhoods contained 100% rental properties and two neighbourhoods did not have any sales over the survey period. Due to the difficulty of estimating the approximate housing value of neighbourhoods from ten years ago, these have been shown in white.
4.3 Appreciation of Median Housing Sale Price (2004 and 2005 to 2014 and 2015)

A large proportion (44%) of neighbourhoods decreased in value over the ten years between the two survey periods, nearly 10% of which significantly decreased by 20% or more. The neighbourhoods that experienced the most significant depreciation are generally located in the downtown and central area, as well as some areas in the south and eastern end of the City. This is a significant market finding and illustrates the market challenges facing the downtown area of Windsor. It is also a reflection of the market preference for the new subdivisions along the outer boundaries of the City/Region and Windsor’s shrinking population over this period, both of which have created a buyer’s market in these neighbourhoods where the supply of homes outpaces demand. In this market environment, homes often remain on the market for longer periods of time and sell for a lower value.

Many of the neighbourhoods in the community of Sandwich to the west of downtown also experienced significant to modest value depreciation over the past ten years.

Nearly 15% of City neighbourhoods experienced an appreciation of median housing values of 20% or greater. Generally, these neighbourhoods are located around the outer

Figure 13: Appreciation/Depreciation of Median Housing Sale Price (2004 - 2015)

Source: DTMI Spatial, Geowarehouse, N. Barry Lyon Consultants Limited
boundaries of the City and also along the waterfront east of the downtown.

Some neighbourhoods within or surrounding the downtown also experienced an appreciation of housing values over this period, which can be attributed to a variety of factors. The neighbourhood containing the Portofino Condo for example experienced strong pricing appreciation due to the development of this project between the two survey periods. The neighbourhoods surrounding the University of Windsor also appreciated by 25% between 2004/2005 and 2014/2015 due to the strong market conditions observed in close proximity to post-secondary institutions. Similarly, the neighbourhoods within Walkerville experienced strong pricing appreciation due to the strong market context of this community as well as some sales associated with the ‘Club Lofts’, which achieves a relatively high sale value that is generally above $250,000. To the east of Walkerville along Riverside Drive, near Alexander Park and Coventry Gardens, the primarily high-rise condominium context appears healthy and has also experienced strong price appreciation over the past ten years.

Some of the neighbourhoods within or immediately south of the downtown that experienced strong pricing appreciation appears to be due to the quality or size of homes that sold over the two survey periods, which can artificially increase or decrease the observed price appreciation. For example, some of these neighbourhoods contained multiple high sale values or very few low sale values in 2014/2015 due to the sale of a few larger or higher quality homes that has resulted in a high level of appreciation, which may not be an accurate representation of improving market conditions within these areas. While strong appreciation has been observed in these neighbourhoods, many of these areas still achieve an overall median sale value below $139,999.

Some of the neighbourhoods immediately south of Wyandotte Street, along Victoria Avenue and Pelissier Street, have achieved a high level of appreciation and also support a higher sale value relative to the surrounding communities. The quality of homes in these areas are measurably higher than many of the surrounding neighbourhoods and generally contain larger homes. These streets also have a visually appealing context that includes deep setbacks with large yards and sidewalks, established street trees, and a low proportion of poorly maintained properties. The price appreciation observed in these areas is considered substantive.

**Figure 14: Residential Context on Victoria Avenue north of Erie Street**

Source: Google Earth
4.4 Number of Home Sale Transactions (2014 and 2015)

The number of housing sales are impacted by the number of homes available, the size of a DA, the amount of new supply being added to the market, and overall housing demand. Generally, the neighbourhoods that accommodated the most sales were the larger neighbourhoods outside of the downtown that contain a large supply of existing homes as well as a steady output of new homes. Smaller neighbourhoods that contain high-rise condominium apartments as well as townhomes and mid-rise apartments also accommodated a large number of sales, some of which were in the downtown and central area.

Some neighbourhoods in the downtown and central area do not contain many residential properties, and the properties that are offered for sale are often of lower quality and receive less market demand. Other neighbourhoods, such as the area surrounding the University of Windsor and along the waterfront east of downtown, are strong markets where investors and home owners have not been willing to part with their property; these neighbourhoods have not accommodated a significant number of sales over the survey period. Notwithstanding the above, Figure 15 illustrates where market activity has been the strongest for new and resale homes, which has generally been outside of the downtown and central area.

Figure 15: Number of Home Sale Transactions (2014 and 2015)

Source: DTMI Spatial, Geowarehouse, N. Barry Lyon Consultants Limited
4.5 Residential Building Permits (2014 and 2015)

Over the past two years, the number of building permits for new homes and any permit with a construction value above $15,000 were largely concentrated in areas to the east, south, and western end of the City where the majority of new development is occurring on greenfield subdivisions and other infill lands. This includes a high number of single-family dwellings and townhomes as well as a few examples of condominium apartments such as the Rivertown Terrace Condos in the east end community of Riverside. A significant number of permits for new single-family homes has also been issued for the neighbourhoods adjacent the South Cameron Woodlot.

Within the downtown and central area, the majority of neighbourhoods accommodated no permit activity. Some neighbourhoods did see one or two permits for small additions as well as a few examples of new single-family and townhome construction; these neighbourhoods did not experience significant permit activity. Of note, a permit in the Walkerville community was issued to construct 35 new apartment units at Windsor’s Market Square. Also of note, Windsor’s Riverside Inn was converted to a student housing building in the downtown with a permit for 210 dwelling units issued in 2013.

Figure 16: Number of Residential Building Permits (2014-2015)
4.6 Number of Power of Sale Transactions (2014 and 2015)

The percentage of power of sale (POS) transactions relative to the total number of households within a neighbourhood is displayed by Figure 17. Generally, higher proportions of POS are observed in the central downtown and surrounding area, while the newer areas along the outer boundaries of the City experience much lower POS rates. Many neighbourhoods within the downtown also appear to be stable, with some of the areas experiencing no POS over the past two years.

While high concentrations of POS transactions can indicate poor socioeconomic status or weaker market conditions, it is noted that in an economy such as Windsor that has experienced significant and sustained economic decline and higher levels of unemployment, housing foreclosures can happen to a wide spectrum of property owners. However, the market issues and perceptions of a neighbourhood that can result due to a high level of housing foreclosures can be a considerable challenge in attracting new investment and populations. Of note, some of the southern neighbourhoods of Walkerville have experienced higher POS rates despite the strong sale values and price appreciation.

Figure 17: Power of Sale Transactions as a Proportion of Total Households (2014-2015)

Source: DTMI Spatial, Ray Bower Appraisal, Windsor MLS, N. Barry Lyon Consultants Limited
4.7 Property Standard Complaints (2015)

The percentage of property standard complaints relative to the total number of households within a neighbourhood is displayed by Figure 18. Generally, the higher proportions of complaints are in the downtown and surrounding area. There are a high concentration of complaints near the Ford plant and casino, the commercial/industrial area near the rail cut and Ouellette Avenue, as well as in the neighbourhoods surrounding the University and within the community of Sandwich. Aside from the University neighbourhoods, where property complaints are expected to be high, the majority of complaints are concentrated in areas where housing values are generally lowest within the downtown and surrounding area.

Most of the newer communities and neighbourhoods with high housing values along the outer boundaries of the City have experienced zero or very few property complaints over the past year.

The high concentration of property complaints in the downtown can reflect the quality of housing, the socioeconomic status of occupants in these neighbourhoods, and the level of property maintenance and appearance. These issues can result in significant market issues if they are not reversed.

Figure 18: Property Standard Complaints as a Proportion of Total Households (2015)
4.8 Population Change (2006 – 2011)

Figure 19 illustrates 80% of neighbourhoods in the City experienced a loss of population between 2006 and 2011, with the majority of these neighbourhoods (60%) losing between -0.01 to 9% of the total population.

Significant population loss occurred in some of the larger Spring Garden and Malden neighbourhoods due to the expropriations that occurred to facilitate the Herb Gray Parkway. In addition to these areas, significant population loss also occurred surrounding the University of Windsor and other neighbourhoods in the downtown. This population decline is considered significant and illustrates the impacts of Windsor’s declining economy as outlined in Section 2.2 of this report.

Strong population increases of over 10% also occurred over this period and are primarily concentrated in the East Riverside community, the south end of Windsor, and the area surrounding the South Cameron Woodlot. Some downtown neighbourhoods also experienced modest population gains.

One neighbourhood along the downtown waterfront in particular experienced very strong population gains due to the construction of the Portofino Condo between the census surveys.

Figure 19: Population Change Between 2006 and 2011

Source: DTMI Spatial, Statistics Canada, N. Barry Lyon Consultants Limited
4.9 Population Density – Persons per Hectare (2011)

The highest densities of people in the City of Windsor is generally located within the downtown and central area. Some higher density neighbourhoods are also located east of downtown along the waterfront and within the East Riverside community. Generally, the areas that accommodate a PPH above 80 contain a concentration of high or mid-rise condominium buildings. The neighbourhoods with a PPH between 40 and 59 generally contain mid-rise apartments and townhomes.

Figure 20 illustrates the low-density pattern of development within Windsor away from the downtown and central area of the City, which is the housing form that experiences the highest level of demand in Windsor. This pattern has not changed since 2011, as single-family homes and townhomes have accommodated 97% of all housing starts between 2012 and 2015. Some interest within the downtown and Walkerville neighbourhoods have been observed for new higher-density development, however the certainty of these projects moving forward and the market/financial viability is uncertain. Some neighbourhoods with a low proportion of homes/occupied homes near the downtown also decrease the observed population density.

Figure 20: Population Density – Person per Hectare (2011)
4.10  Housing Tenure - Rental vs Ownership (2011 NHS)

As illustrated by Figure 21, the proportion of those renting their homes is highest in the downtown and central area. This is due to the higher number of older rental buildings in the downtown area as well as some investors renting their single-family homes or condominium units to tenants. This appears to be strongest in the downtown as well as near the university, where rental rates exceed 60% for many of the census tracts and exceed 80% in two of the areas.

Data has been suppressed for five of the census tracts due to low response rates, all of which are located within or immediately adjacent the downtown area.

Conversely, rental rates are much lower along the outer boundaries of the City. These communities contain higher housing values and are generally accommodating the majority of new development and have experienced the strongest appreciation. These neighbourhoods appear to be popular among families and individuals who typically own their home. As previously discussed, in housing markets such as Windsor, high rental rates can be a market challenge due to perceived concerns over safety, property maintenance, impact on property values, and other superficial concerns.

Figure 21: Housing Tenure - Rental vs. Ownership by Census Tracts (2011)

Data has been suppressed for five of the census tracts due to low response rates, all of which are located within or immediately adjacent the downtown area.

Conversely, rental rates are much lower along the outer boundaries of the City. These communities contain higher housing values and are generally accommodating the majority of new development and have experienced the strongest appreciation. These neighbourhoods appear to be popular among families and individuals who typically own their home. As previously discussed, in housing markets such as Windsor, high rental rates can be a market challenge due to perceived concerns over safety, property maintenance, impact on property values, and other superficial concerns.

Figure 21: Housing Tenure - Rental vs. Ownership by Census Tracts (2011)
4.11 Median Household Income (2011 NHS)

Income appears to follow a similar pattern as many of the market variables assessed in this study, with the highest median incomes being located along the outer boundaries of the City and the lower incomes located near the downtown and surrounding area.

Overall, median incomes are lower where housing values, new development, and ownership rates are also lowest. Lower incomes also appear to correlate with higher proportions of property complaints and power of sale transactions.

Lower income levels impact a household’s ability to purchase and maintain a home and property. Low income levels are also a major indicator for commercial real estate developers and potential commercial tenants as well as residential developers, who may view the lower income levels observed in downtown neighbourhoods as a barrier to enter the downtown market.

Data has been suppressed for six of the census tracts due to low response rates, most of which are located within or immediately adjacent the downtown area.

Figure 22: Median Household Income by Census Tracts (2011)
4.12 Unemployment Rate (2011 NHS)

Similar to many of the market variables, unemployment was observed to be highest in the downtown and surrounding area, with unemployment rates above 20% in these areas as well as a neighbourhood west and east of the downtown. Also similar to the other variables, unemployment rates are lowest along the outer boundaries of the City. The unemployment rate in Windsor as a whole was 12.2% in 2011, indicating that roughly half of the census tracts are above the City-wide average and half are below. Only one neighbourhood outside or directly adjacent the downtown experienced an unemployment rate above 15%.

Given the other market and socioeconomic variables assessed thus far, the findings of this analysis is not surprising.

Data has been suppressed for five of the census tracts due to low response rates, most of which are located within or immediately adjacent the downtown area.

Figure 23: Unemployment Rate by Census Tracts (2011)

Source: DTMI Spatial, Statistics Canada, N. Barry Lyon Consultants Limited
4.13 Vacant Land Parcels in the City of Windsor (2015)

As illustrated by Figure 24, there are a large concentration of vacant residential lots in the South Cameron Woodlot and Spring Garden ANSI area, which are not developable. Outside of these areas, there are a large number of vacant residential and commercial properties in the downtown and central area, which reflects the high commercial vacancy rate and some of the poor quality/vacant homes in these areas. There is also a number of large industrial lands that are vacant, reflective of the declining manufacturing economy in the City. Aside from some larger vacant parcels in some areas outside of the downtown, the majority of vacant residential and commercial properties that are constructed/active properties are located in the downtown.

Figure 24: Vacant Lands in the City of Windsor by Land Use

Source: City of Windsor
5.0 CITY OF WINDSOR NEIGHBOURHOOD TYPOLOGIES

Figure 25 on the following page presents the results of the z-score analysis. The analysis, which is a blended market score that considers housing values, pricing trends, sales and permit activity, foreclosures, population change, and property complaints, indicates that the weaker neighbourhoods are primarily located within the downtown and surrounding area of the City. In contrast the strongest neighbourhoods are located along the outer boundaries of the City as well as in other select neighbourhoods, which is consistent with the data evaluated in Section 4.

Overall, the pattern of neighbourhoods across the five NHMTs generally follow a normal distribution as noted by Table 2. Approximately 35% of the neighbourhoods fall within a “medium market value” typology, with approximately 34% falling below and 30% falling above the “medium market value” typology. The five neighbourhoods with all rental properties have not been included in the cluster analysis as these areas do not have data for four of the seven market variables (2014/2015 sale value, home price appreciation, number of sales, power of sales). The appreciation of home values for the two neighbourhoods that did not experience any sales in 2004/2005 has not been computed, however these neighbourhoods have been included in the cluster analysis and sorted into a NHMT by using the averaged z-score of the six other market variables; these two neighbourhoods have been highlighted in red.

The below subsections discuss the findings of the NHMT results for each typology.

Table 2

<table>
<thead>
<tr>
<th>NHMT</th>
<th>No. of Neighbourhoods</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Market Value</td>
<td>56</td>
<td>15%</td>
</tr>
<tr>
<td>Medium-Low Market Value</td>
<td>70</td>
<td>19%</td>
</tr>
<tr>
<td>Medium Market Value</td>
<td>133</td>
<td>35%</td>
</tr>
<tr>
<td>Medium-High Market Value</td>
<td>70</td>
<td>19%</td>
</tr>
<tr>
<td>High Market Value</td>
<td>42</td>
<td>11%</td>
</tr>
<tr>
<td>All Rental Properties</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>376</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: N. Barry Lyon Consultants Ltd.
Figure 25: City of Windsor Neighbourhood Housing Market Typologies

Source: DTMI Spatial, N. Barry Lyon Consultants Limited
5.1 “Low Market Value”

The “low market value” typology represents the weakest neighbourhoods in the City of Windsor from a market perspective. As illustrated by Figure 26, there are 56 “low market value” neighbourhoods in the City of Windsor and the majority are located within the downtown and surrounding area.

On average, the “low market value” neighbourhoods contain a z-score well below the City-wide average for nearly all of the market variables utilized in the cluster analysis. Specifically, the number of property complaints, median 2014/2015 sale price, and the number of power of sale transactions were more than one standard deviation below the City-wide mean on average. While housing value appreciation has also been negative in most of these areas over the past ten years, the number of sales and permits in 2014/2015 was slightly below the City-wide value on average for these neighbourhoods. The higher z-score value for the number of permits (-0.1) is due to the fact that permits were generally concentrated in a few DAs over the two year survey period, which means the City-wide average across all neighbourhoods was low. The higher z-score for the number of sales (-0.17) indicates that on average, demand for housing is not weak relative to the City wide average in these areas.

![Figure 26: Location of “Low Market Value” Neighbourhoods in the City of Windsor](image)

**Figure 26: Location of “Low Market Value” Neighbourhoods in the City of Windsor**

<table>
<thead>
<tr>
<th>Average Z-Score Analysis for the “Low Market Value” Neighbourhoods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Change</td>
</tr>
<tr>
<td>--------------------</td>
</tr>
<tr>
<td>-0.71</td>
</tr>
</tbody>
</table>

Source: DTMI Spatial, N. Barry Lyon Consultants Limited
Within the downtown, the majority of neighbourhoods surveyed contained low sale values and a high number of property complaints. Some of these neighbourhoods are particularly poor from a market perspective, such as the areas surrounding the Casino, the Ford Engine Plan, and the area immediately west of the Ambassador Bridge near College Avenue. Other “low market value” neighbourhoods in the downtown and surrounding area, such as those along Crawford Avenue and also the large neighbourhood further south surrounding the Canadian National Railway Van de Water Yard, do not appear as weak when the quality of the housing stock and the overall market conditions were assessed through a site visit. However, the number of property complaints and median sale value is poor relative to the City-wide average in these areas. The rail corridor and multiple industrial uses within these neighbourhoods appear to negatively impact the housing market in these areas.

Outside of the downtown and surrounding area, some neighbourhoods within the Sandwich community are also identified as “low market value”. The quality of housing as well as the residential market context in the community of Sandwich appears to be lower than other areas in Windsor outside of the downtown. Two small pockets south of the downtown near the intersections of Howard Avenue and Eugenie Street and Ypres and Parkwood Avenue are also noted as “low market value” due to a number of low scoring market variables. Both of these neighbourhoods contained a high number of power of sale transactions and low median housing values.

There is also one neighbourhood immediately east of the Ford plant that contains a collection of older single-storey homes as well as an older neighbourhood in East Riverside that have been assessed as “low market value”, both of which contained weak housing values, weak price appreciation, and power of sales.

The three neighbourhoods with the lowest overall z-scores, which were significantly lower than the average for all neighbourhoods in the “low market value” typology (< -1.4), are located immediately east of the Casino and surrounding the Ford Plant as illustrated below. This is not surprising given the weak market characteristics observed in these areas and as discussed throughout this report. Of note, the community of Sandwich contained the third and fourth weakest neighbourhoods.

**Figure 27: Neighbourhoods with a Z-Score below -1.4**
5.2 “Medium-Low Market Value”

The “medium-low market value” typology represents neighbourhoods in the City that are well below the average market z-score in the City of Windsor, however these neighbourhoods are measurably superior to the “low market value” neighbourhoods based on the assessed market data. As illustrated by Figure 28, there are 70 “medium-low market value” neighbourhoods in the City of Windsor and the majority are located within the downtown and surrounding area and scattered throughout the rest of the ‘inner city’. Generally these neighbourhoods are contained within the area north of Tecumseh Road and between Prince Road in the west and Pillette Road in the east.

On average, the “medium-low market value” neighbourhoods contain a z-score that is below the City-wide average for all of the market variables utilized in the cluster analysis, however the standardized scores are higher than the “low market value” neighbourhoods. No single market variable was assessed a z-score below -1.

Figure 28: Location of “Medium-Low Market Value” Neighbourhoods in the City of Windsor

| Average Z-Score Analysis for the “Medium-Low Market Value” Neighbourhoods |
|------------------|----------------|--------------|--------|-----------|--------------|-----------------|----------|
| Population Change | Power of Sale | # of Sales | Median Sale Price | Price Appreciation | # of Permits | # of Building Complaints | Final Z-Score |
| -0.32 | -0.15 | -0.18 | -0.72 | -0.66 | -0.09 | -0.41 | -0.36 |
The median sale price, price appreciation, and property complaints were the weakest market variables assessed for the “medium-low market value” neighbourhoods. Notwithstanding this, the higher z-score for the number of sales indicates that on average, demand for housing is generally strong relative to the City-wide average in these areas. This was a consistent finding in both the “medium-low market value” and “low market value” neighbourhoods, which indicates that there is demand for homes at this price point despite the other market challenges that are present. It is noted however that based on the number of property complaints as well as the socioeconomic indicators assessed in Section 4, these neighbourhoods are attracting purchasers at the lower end of the socioeconomic spectrum who may be limited in their ability to reinvest or maintain a property (lower income levels/unemployed). Being able to attract other purchasers to these areas who could reinvest in the existing housing stock is currently limited for a variety of factors discussed throughout this report, which also limits the viability of new development in many of these neighbourhoods.

From a macro outlook, site visits to the ‘higher end’ “low market value” neighbourhoods and the majority of “medium-low market value” neighbourhoods discovered that many of these areas do not differ significantly from a qualitative perspective. While some neighbourhoods may have received a lower score due to a large number of property complaints in 2015 or a higher score due to a high price appreciation, very little differentiated many of these neighbourhoods when the housing quality and market conditions were assessed qualitatively. The differences in observed housing values also appears to be tied to the location of rail corridors, industrial uses, or other market influencers. Notwithstanding the above, many of the “low market value” neighbourhoods were notably of a lower quality than the “medium-low market value” neighbourhoods.

Overall 34% of all neighbourhoods in the City of Windsor are either “low market value” or “medium-low market value”, with the majority of these areas located in the downtown and surrounding area, including the community of Sandwich.
5.3 “Medium Market Value”

The “medium market value” typology represents neighbourhoods that are either slightly above or below the average market conditions in the City of Windsor. Due to the City-wide averages, the “medium market value” typology accommodates 35% of all neighbourhoods in the City of Windsor.

As illustrated by Figure 29, some “medium market value” neighbourhoods are located within the downtown along the waterfront as well to the north in the surrounding area. The neighbourhoods surrounding the University of Windsor experienced very high sale values as well as price appreciation, however these neighbourhoods also experienced a high volume of property complaints that reduced the overall z-score. Property complaints can often be expected in student areas where the majority of properties are rented, which can lead to poor property maintenance as well as careless/messy tenants.

As per Figure 29, the majority of “medium market value” neighbourhoods are located in the eastern end of the City, north and south of Tecumseh Road between the two rail corridors. These neighbourhoods are generally established neighbourhoods with a strong residential context.

Figure 29: Location of “Medium Market Value” Neighbourhoods in the City of Windsor

<table>
<thead>
<tr>
<th>Average Z-Score Analysis for the “Medium Market Value” Neighbourhoods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Change</td>
</tr>
<tr>
<td>-0.03</td>
</tr>
</tbody>
</table>
When evaluating the “medium market value” neighbourhoods through a site visit, it was apparent that the housing form was very similar to many of the other established neighbourhoods closer to the downtown that were identified as either “low market value” or “medium-low market value”. The major difference that was observed was the lack of poorly maintained properties, homes that needed extensive repairs, and other unsightly/nuisance issues. This appears to be confirmed by the data, as the number of property complaints was much lower than the City-wide average as indicated by the positive z-score of 0.22. The “low market value” and “medium-low market value” neighbourhoods resulted in a z-score of -1.38 and -0.41 for property complaints respectively.

In addition to the positive score for property complaints, on average, the “medium market value” neighbourhoods also accommodated positive scores for a low number of power of sale transactions. Both the median sale price and number of sales were slightly below the mean for the City on average for these neighbourhoods, again indicating demand for homes at this price point. The modest price appreciation is also viewed as positive for many of these neighbourhoods.

The general findings of this analysis therefore appear to indicate that demand is stronger for older homes in established neighbourhoods located away from the downtown. As noted above, many of these neighbourhoods are very similar in character to some of the “low market value” or “medium-low market value” closer to the downtown, however the “medium market value” neighbourhoods achieve higher sale values and a lower number of poorly maintained homes. The socioeconomic makeup is also generally higher in these areas, with higher incomes and lower rates of unemployment.
5.4 “Medium-High Market Value”

The “medium-high market value” typology represents neighbourhoods that are above the average market conditions in the City of Windsor. As illustrated by Figure 30, there are 70 “medium-high market value” neighbourhoods in the City of Windsor and the majority are located along the waterfront in both the downtown and the eastern end of the City as well as in some neighbourhoods to the southern quadrants of Windsor.

Within the downtown, some neighbourhoods along the waterfront as well as two neighbourhoods just south of the waterfront experienced strong price appreciation, population increase, and higher than average median sale values. Large neighbourhoods within the Walkerville community are also assessed as “medium-high market value”.

The “medium-high market value” neighbourhoods contained a very low number of power of sales, higher housing values and price appreciation, and a low number of property complaints. These neighbourhoods contain a combination of very well maintained older homes as well as some newer housing developments in both the southern areas of the City as well as to the east in the community of Riverside.

Figure 30: Location of “Medium-High Market Value” Neighbourhoods in the City of Windsor

<table>
<thead>
<tr>
<th>Population Change</th>
<th>Power of Sale</th>
<th># of Sales</th>
<th>Median Sale Price</th>
<th>Price Appreciation</th>
<th># of Permits</th>
<th># of Building Complaints</th>
<th>Final Z-Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.18</td>
<td>0.54</td>
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<td>0.54</td>
<td>0.62</td>
<td>-0.09</td>
<td>0.65</td>
<td>0.33</td>
</tr>
</tbody>
</table>

Source: DTMI Spatial, N. Barry Lyon Consultants Limited
Overall, the “medium-high market value” neighbourhoods contained positive z-scores for all market variables aside for permits, due to the concentrated nature of new development in the City of Windsor, and number of sales. The lower average number of sales in the City, which is comparable to the value observed for the other market typologies, indicates that while the housing quality and values are higher in these market areas, the demand for this type of housing is not significantly higher.

The analysis further indicates the market preference for homes in established neighbourhoods away from the downtown and surrounding area. However, the assessment of Walkerville as a “medium-high market value” neighbourhood illustrates the market strength of this community. Walkerville, which accommodated strong sale values and price appreciation, is located immediately east of the downtown. Leveraging and building off of the popularity of this community could begin to spur market interest towards the downtown. As noted, some of the neighbourhoods between Walkerville and the downtown were the worst performing neighbourhoods from a market perspective and received the lowest z-scores. These neighbourhoods also contained some of the most significant market challenges in terms of housing quality, vacant homes/lots, and residential context.
5.5 “High Market Value”

The “high market value” typology represents the strongest neighbourhoods in the City of Windsor from a market perspective. As illustrated by Figure 31, there are 42 “high market value” neighbourhoods in the City of Windsor and the majority are located along the outer boundaries of the municipality where the majority of new development has occurred. Within the downtown, only the neighbourhood that accommodated the Portofino Condo is identified as a “high market value” neighbourhood. In east Windsor along the waterfront, some of the condominium buildings as well as low-density homes perform very well from a market perspective, which has resulted in these neighbourhoods being identified as “high market value”.

Away from the downtown and surrounding area, the majority of the “high market value” neighbourhoods are generally correlated with where new development activity has occurred in recent years, including southern area of the City, the neighbourhoods surrounding the South Cameron Woodlot, East Riverside, and some recent development activity in the Malden area and surrounding the Ambassador Golf Club.

Figure 31: Location of “High Market Value” Neighbourhoods in the City of Windsor

Source: DTMI Spatial, N. Barry Lyon Consultants Limited

<table>
<thead>
<tr>
<th>Population Change</th>
<th>Power of Sale</th>
<th># of Sales</th>
<th>Median Sale Price</th>
<th>Price Appreciation</th>
<th># of Permits</th>
<th># of Building Complaints</th>
<th>Final Z-Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.28</td>
<td>0.56</td>
<td>1.06</td>
<td>1.89</td>
<td>1.21</td>
<td>0.29</td>
<td>0.65</td>
<td>0.99</td>
</tr>
</tbody>
</table>

Average Z-Score Analysis for the “High Market Value” Neighbourhoods
Overall, all of the market variables were well above the City-wide average due to the strong market context of the neighbourhoods and also the new development activity that has occurred in these areas. New development has increased the population, resulted in a high number of sales, inflated the property values over the past ten years as new homes sell for a much higher value than the majority of older homes in the City, and a lower number of power of sale transactions. Given the new character of these neighbourhoods, the high sale values, and the purchasers these areas have been attracting, the number of property complaints is also much lower than the City-wide average.

Other than in few select neighbourhoods, the majority of this new development is occurring on greenfield subdivisions as opposed to infill. However, some infill is noted around the South Cameron Woodlot near Totten Street. Also of note, there is an infill townhouse development on the former Adstoll arena that has just begun sales, with permits issued in 2013. This project has therefore not been included in this study, but is a good example of another infill development and will be assessed in more detail in Part Two of this study.
PART TWO: NEIGHBOURHOOD MARKET FEASIBILITY ANALYSIS AND DEVELOPMENT CHARGE ASSESSMENT

6.0 CITY OF WINDSOR HOUSING MARKET OVERVIEW

In addition to the high level market discussion found in Section 2.2 of this report, the following provides an assessment of the City of Windsor’s housing market for new development, which will assess housing starts, product type, pricing, market absorptions, and observed land values. The average price of housing within each market typology will also be evaluated to understand the market realities of existing homes within these neighbourhoods, which will provide insight into the achievable sale price for any new development in these areas. These findings will help inform the market assumptions and reference data in Section 7 of this report when developing the financial modeling and assessing the market feasibility of various development scenarios.

The current development charge (DC) rates in the City of Windsor will also be presented, including the current and historic development charge reductions in the City and the associated geography. The impact and utilization of the development charge reductions will also be assessed to understand how the market has responded to these development incentives, and if the response has been concentrated in particular areas.

6.1 City of Windsor Housing Market

As previously discussed, Windsor’s economy began a weakening trend in 2001 that would continue in a relatively linear fashion to the financial crisis of 2008/2009. However, since this time the housing market in the Windsor CMA\(^{11}\) has been steadily improving and has experienced strong growth in housing starts since 2012. Housing starts in 2015 in the Windsor CMA was above 1,000 units, which was a 25% increase over the number of starts in 2014. Overall, CMHC believes that housing starts will continue to increase in the Windsor CMA due to greater household formation, greatly improved labour market conditions including a high number of new jobs created, and a tight resale market\(^{12}\). While CMHC forecasts the unemployment rate in Windsor to drop from 9% to 8.2% in 2017, it is noted that the City of Windsor’s unemployment rate is higher than the CMA average. Generally, CMHC is forecasting growth in households headed by 25 to 34 year olds, which will continue to tighten the resale market for more affordably priced resale properties and lead to increased growth for new housing priced below $300,000.

Growth is therefore expected in townhome and semi-detached

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\(^{11}\) Windsor CMA includes the City of Windsor, LaSalle, Tecumseh, Amherstburg, and Lakeshore.

\(^{12}\) CMHC Housing Market Outlook – Windsor CMA; fall 2015.
housing. Growth in populations 55 years and older will also support demand in these housing forms, especially single-storey bungalow townhomes and semi-detached homes. Apartment starts posted the highest numbers in nine years in 2015. However, CMHC forecasts that high-density residential development activity will return to more stable levels in 2016.

Within the CMA, the City of Windsor accommodated just under 40% of all housing starts in 2015, the majority of which were single-detached (63%) and townhomes (24%). Since 2010, there have been only 49 apartment starts in the City of Windsor. However NBLC has identified a permit for 50 apartment units for the Rivertown Terrace project that was issued in 2015. Since 2012, Windsor has accommodated approximately 40% of all housing starts in the CMA, with LaSalle and Lakeshore each accommodating approximately 22%. As previously noted, this identifies a trend of increased development and growth outside of the City of Windsor within the CMA.

In terms of pricing, CMHC estimates the average new and absorbed single-detached home in the City of Windsor in 2015 was $369,230, which was an increase of over 18% from 2014. Of note, this average price was significantly less than the outlying communities of LaSalle and Lakeshore, which achieved an average absorbed single-detached home price of $472,256 and $409,093 respectively.

CMHC also notes increased pricing over the past five years for resale homes, which currently represents a seller’s market where the supply of homes is below demand. In this environment, homes can sell for above asking price and in a short period of time. CMHC forecasts the resale market to tighten again in Windsor through to 2017, which will continue to increase resale pricing and result in increased pressure for new housing.

These findings indicate that the housing market in Windsor is positive and expected to continue to improve, for both the resale and new sale market. While the average price in Windsor for new single-detached homes is less than the surrounding municipalities, the average price of approximately $370,000 is marketable given the high number of housing starts observed in the past several years. While the predominant housing form in recent years has been single-detached homes, CMHC expects growth in semi-detached and townhome construction to continue to increase given household and demographic characteristics. While the housing market appears positive, as noted in Part One of this study, nearly all of the new housing construction is occurring outside of the ‘inner city’ of Windsor on

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13 IBID
14 IBID
15 CMHC Housing Now Tables – Windsor CMA; Q1 2016
16 IBID
17 IBID
greenfield lands and some infill properties, as well as in the surrounding municipalities in the CMA.

While the outlook for new single-detached, semi-detached, and townhome construction is positive in the City of Windsor, demand for higher density condominium development is modest. As noted, there have been approximately 100 apartment starts in the City of Windsor since 2010, and these have mostly been small scale projects containing 3-6 units and a single 4-storey wood-frame building of 50 units. A significant market finding of Part One of this study was that some of the high-rise apartment buildings along the waterfront achieve real estate values well above the neighbourhood average. These buildings are exceptions in the market and appear to have addressed what demand exists in the City. However, the feasibility of developing new high-rise residential is challenging in the Windsor marketplace given:

- the cost to construct relative to potential sale values;
- slow sales pace;
- the premium costs of underground parking; and,
- the relative affordability of ground related homes.

Affordability and lifestyle benefits associated with maintenance free living are the typical drivers of condominium development. To achieve affordability, new apartment construction is largely confined to mid-rise wood-frame buildings that contain a smaller number of units, surface parking, and relatively few amenities to keep costs, including maintenance fees, as low as possible.

However, even these smaller scale wood frame buildings face challenges competing on price as there is significant choice in the City’s housing market for affordable homes.

This limits the buyer pool to a narrow segment that rank the lifestyle benefits of living in maintenance free and secure accommodation higher than price. Single people, seniors and retirees are the primary target market. While there is demand in the sector, we expect it to be modest over the near to mid-term.

### 6.2 Observed Market Typology Pricing

Table 3 on the following page provides the averaged median price observed in each of the five neighbourhood housing market typologies based on the calculated z-score analysis. It is important to note that these averages represent both new and resale pricing in the City. However, given that new development is concentrated in particular areas, it is reasonable to assume that the pricing generally reflects new construction in the strong neighbourhoods and resale pricing in the others. It is also noted that the averaged median sale price is the average of the median sale price observed in each individual neighbourhood, taking the average or median of every sale in the City would yield a different result.

Table 3 will be utilized to assess the current market conditions in each of these neighbourhoods and will be evaluated more closely in Section 7.
6.3 Actively Marketing Residential Projects

NBLC evaluated a number of actively marketing projects in the City of Windsor. This survey provides market context for observed pricing and absorption rates for various product types in the City. The following describes the findings of this survey:

One project in East Riverside, in a “high market value” neighbourhood, is currently selling single-detached and townhome units.

- The townhomes are priced between approximately $260,000 and $370,000 and are between 1,250 and 1,800 square feet. This represents a price per square foot (PSF) of around $205. The townhomes have been selling since the spring of 2014, at an absorption rate of roughly 2 sales per month as per discussions with sales staff. A prototypical 1,400 square foot townhome would therefore cost $287,000. The single-detached homes are priced between $350,000 and $395,000 and are between 1,530 and 1,730 square feet. This represents a PSF of around $230. These homes had just begun selling in March of 2016, and had sold 1 unit as of the survey.
  - This project was a good representation of the product offered in this area of the City, as it was similarly designed and positioned to many of the new developments in this area.

An infill project located in a “medium market value” neighbourhood is currently selling over 50 semi-detached homes that are all priced below $300,000, aside from one corner unit with a larger lot. These homes are priced between $270,000 and $300,000 and are approximately 1,275 square feet, representing an index price of around $223 PSF. These homes are condominium tenure and therefore will include a monthly maintenance fee.

- The project just began sales in March of 2016 and had already sold five units as per discussions with the sales staff. While this does point to demand for new housing in established areas with a healthy supply of more affordable housing options, it is expected that this absorption rate will decrease as the project continues selling.
- The lower end-price compared to the townhomes selling in East Riverside reflects the weaker market context and also the lower values of resale properties in the surrounding area. Notwithstanding the lower end-price, the PSF is actually higher than the townhomes selling in the new subdivisions.
A project located in Riverside contains 6 townhomes and 50 apartment units. The project is located in a “medium-high market value” neighbourhood.

- The townhomes are located along the frontage of the property and are all between 1,100 and 1,250 square feet. Four of the units have sold since May of 2014, representing an absorption rate of 0.2 sales per month. The final two units are priced at $269,000 for 1,230 square feet and $234,900 for a 1,118 square foot ‘upper’ unit townhome, one of these units is currently being used as the sales centre for the project.

- The lower price observed for these townhomes is a reflection of their location along a busy road, overall weaker market context, smaller size, and condominium tenure relative to the townhomes selling in new residential subdivisions further east.

- The apartments are within a four-storey condominium building and are priced between $189,900 and $253,900 for units between 880 and 1,440 square feet. The majority of units are two-bedroom suites, with some one-bedroom suites generally priced below or slightly above $200,000. Overall the $PSF ranged between $167 and $227, averaging approximately $217,482 and $192PSF overall.

- The project provides 74 parking spaces for the 56 units and includes a parking space in the purchase price. Additional spaces are available for purchase at $6,900 each. All of the parking is surface parking.

- 37 of the apartment units have sold, representing an absorption of 1.6 per month, which is considered relatively positive for the Windsor marketplace.

- Maintenance fees for the building are between $79.97 and $145.18 per month, an additional $14.04 is charged for those with covered parking.

A loft conversion building is also selling in the community of Walkerville (“medium-high market value” neighbourhood). This project contains 69 large loft units that are mostly above 2,000 square feet and priced between $221,500 and $469,500. It is noted that the majority of units priced below $300,000 are unfinished units and do not contain floors, appliances, dry-wall, etc. and must be finished by the purchaser. The average price of a finished unit at this building is over $400,000.

- Given the high price of the units, only 49 have sold in nearly six years of sales, representing an absorption rate of around 0.7 sales per month.

- Another factor impacting the success of the project is the relatively affordable housing prices in the Walkerville community and surrounding area. Each unit is also two floors, which limits demand from senior/move-down populations who are seeking single-storey living.

- One underground parking space and a locker is included in the purchase price. Amenities include a community hall, party room, rooftop patio, and lounge. Additional parking is available for purchase for $16,000.
Maintenance fees averaged around $300 per unit, per month.

Overall, housing values for new construction does appear to fluctuate based on market context, product offering, and tenure. There is also a wide variety in sizing and lot widths available, with townhomes generally ranging between 22 and 32 feet. While there was a limited number of projects to survey, generally the sale price for single-detached homes was observed to be near the average noted by CMHC, with the majority of townhome and semi-detached homes priced around $300,000. Some larger townhomes in the new subdivisions of East Riverside are priced around $350,000.

The apartments, aside from the loft conversion in Walkerville, are generally priced below $220,000 with some one-bedroom units priced below $200,000. Overall, the sales pace has been positive for these apartments and is a reflection of the strong market context in Riverside and the relatively low pricing of these units. Sales staff indicated that the majority of purchases were from seniors and young individuals. The loft conversion project in Walkerville, which is priced much higher than nearly all of the ground-oriented homes in the City and the luxury high-rise apartments along the waterfront, has not experienced strong sales and is projected to take another 2.5 years to sell the remaining 20 units based on the observed absorption rate. This is a unique project that also has other market issues negatively impacting sales, such as the two-floor unit design and unfinished suite strategy. Despite the location within Walkerville, other high-quality choices are available for purchasers seeking an apartment unit at more affordable pricing.

A general finding of the survey was that absorptions for all product type averaged between 1 to 2 sales per month. Speaking with local real estate brokers, this is typical of the Windsor marketplace. It was noted that while some projects may sell a high number of units in the first few months, sales generally slow to around 1.5 sales per month over the sales period. It is noted that every development is unique in terms of the price paid for land, pricing, marketing, quality of design, builder reputation, etc. and therefore some projects can sell at a higher or lower price and absorption rate.

6.4 Land Values in the City of Windsor

Sales data for undeveloped residential properties across the City of Windsor are highly inconsistent. Appendix D summarizes this land sale data over the period between 2014 and 2015. The data illustrates the general lack of variability of land sales despite obvious market distinctions.

In similar sized municipalities, land values are typically higher in the core of the City where demand is greatest and supply is limited. However, in Windsor land values varied considerably across the City and ranged from $112,000 to $815,000 per acre. The relatively limited number of sales and variation in the type, size and nature of the land make it challenging to estimate the underlying land value for different residential product types. The average lot price of all vacant land sales, designated for residential use was $376,000 per acre.
As per Table 4, the smaller properties supported higher values on a per acre basis which is likely due to individual purchasers paying for a vacant lot in an attractive neighbourhood to construct their home. Generally, smaller lots will support a higher value per acre as there are less costs to the development. Properties below 0.3 acres sold for an average of $420,000 per acre, with values below $150,000 and above $814,000 per acre also observed.

The larger properties, over 3.0 acres, typically achieved a lower average price per acre, averaging under $200,000. Of note, the Adstoll arena property sold for approximately $112,500 per acre and the Rivertown Terrace property sold for approximately $137,500 per acre, both well below the City average. Larger sites typically require development approvals, servicing, and land dedications for road, parks and infrastructure. These costs and others can reduce the achievable land value of a property.

**Table 4**

| Land Sale Transactions in the City of Windsor 2014-2015 |
|---------------------------------|------------------|------------------|
|                                 | Less than 0.3 acre | Greater than 1 Acre |
| # Transactions                 | 10                | 3                |
| Min Price Per Acre             | $144,188          | $112,500         |
| Min Lot Price                  | $15,000           | $260,000         |
| Average Price Per Acre         | $420,406          | $193,271         |
| Average Lot Price              | $73,121           | $1,170,000       |
| Max Price Per Acre             | $814,715          | $329,664         |
| Max Lot Price                  | $195,000          | $5,800,000       |

NBLC also assessed sale listings in the City of Windsor for further insight into the value of vacant properties in the City. Listings are vacant or underutilized properties that are advertised for sale, but have not sold.

An interesting market finding of these listings is the high list price of properties located in the weaker market typologies. Of the eleven properties listed for sale with a price per acre above $1.0 million, four are either “low market value” or “medium-low market value” and four are “medium market value”. As per the maps found in Appendix D, some of these properties are located in the downtown, which appear to have been purchased for a high value in the 1990’s by investors who expected strong economic spin offs. The vacant parcel immediately southeast of the casino for example was purchased for $2.2 million in 1996 and is currently listed for $1.65 million for the 1.66 acre parcel. Other parcels for sale in the downtown are for small lots or vacant blocks. The high asking price for some of these parcels will be a barrier for redevelopment to occur over the near to medium-term.

For the purposes of this study, these “listed” prices are not accounted for when evaluating potential land values. Land value has to be established based on the principle of “willing buyer and a willing seller” and the overall supportable value of a property given a development scenario. The results of Table 4 will therefore be used in Section 7 to evaluate development feasibility.

### 6.5 City of Windsor Development Charges

The City of Windsor development charge rates and reduction areas are displayed by Figure 32 on the following page. These rates have been in force since June 1, 2016.

As noted by Figure 32, the City of Windsor offers development charge reductions in three areas of the City that equate to roughly 23% along the waterfront in Sandwich and east of the Ford plant, and 46% and 69% in the inner-city and downtown.
Figure 32: City of Windsor Development Charge Reduction Areas

City of Windsor Current Development Charges

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Full Rate</th>
<th>Area 1 Rate</th>
<th>Reduction</th>
<th>Area 2 Rate</th>
<th>Reduction</th>
<th>Area 3 Rate</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Detached Units</td>
<td>$22,976</td>
<td>$17,668</td>
<td>-23.1%</td>
<td>$12,360</td>
<td>-46.2%</td>
<td>$7,051</td>
<td>-69.3%</td>
</tr>
<tr>
<td>Semi, Tow, Townhouse Units</td>
<td>$16,205</td>
<td>$12,462</td>
<td>-23.1%</td>
<td>$8,719</td>
<td>-46.2%</td>
<td>$4,976</td>
<td>-69.3%</td>
</tr>
<tr>
<td>Apartment Units</td>
<td>$11,185</td>
<td>$8,602</td>
<td>-23.1%</td>
<td>$6,018</td>
<td>-46.2%</td>
<td>$3,432</td>
<td>-69.3%</td>
</tr>
</tbody>
</table>
geographies. These areas that are offered development charge reductions generally follow the weaker NHMTs as identified in Part One, with some exceptions. It is noted that the DC reductions that are offered as per the City’s By-Law is 25%, 50% and 75% of a project’s hard servicing costs, which amount to 92% of the total DC. This is why the actual reductions noted on the previous page are slightly below these figures.

Prior to June 2016, the City had development charge reductions in place between 2010 and 2015 for the same areas identified by Figure 32 and noted below by Table 5.

Table 5

<table>
<thead>
<tr>
<th>City of Windsor Former Development Charges 2010-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Table</strong></td>
</tr>
<tr>
<td><strong>City of Windsor Former Development Charges 2010-2015</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Source:</strong> City of Windsor</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Between 2010 and May 2015, only 32 projects that totaled 50 residential units were located in areas eligible for development charge reductions. The large majority of these projects were for one or two units, and the largest number of units requested under a permit was four units. The projects were also spread out fairly evenly across the City of Windsor and across the three reduction areas, as illustrated by Figure 33.

Since June 2015, there have been eight projects that have been eligible for development charge reductions under the new by-law. Seven of the projects have been for one single-family dwelling and one project was a multiple-dwelling with 6 units. Only one of the projects was located in Area 3 where the highest reductions are offered and three were located in Area 2.

Figure 33: Projects that Received Development Charge Reductions 2010 to May 2015 (Top) and June 2015 to Present (bottom)

Source: City of Windsor, NBLC, BatchGeo
Overall, between 2010 and 2015 there were 2,043 new residential units created in the City of Windsor. Of this, only 64 units or 3.4% were located in areas that were eligible for development charge reductions. This appears to indicate that the development charge reductions have not been successful in attracting new development to these areas at a significant level.

It is noted that of the 40 development permits that were eligible for development charge reductions since 2010, eleven have been in Area 1 located east of the Ford Plant. All eleven permits have been for the creation of a single home. As identified in Part One of this study, this area is primarily a mix of “high market value”, “medium-high market value”, and “medium market value” neighbourhoods. Evaluating the homes that were built in this area between 2010 and 2015 and the market/neighbourhood context, it is unlikely that DC reductions played a major role in the viability of these projects. Similarly, it is also not apparent that the neighbourhood conditions or overall market context of the area was improved as a result of these developments. It is therefore not evident that development charge reductions are needed in this area.

While Area 2 and 3 also primarily accommodated small scale developments, these areas are of the poorest quality in the City. Any redevelopment in these areas is viewed as positive and can slowly improve existing conditions and the market perceptions of these areas.
7.0 NEIGHBOURHOOD MARKET FEASIBILITY MODEL

7.1 Methodology

NBLC developed five conceptual development pro formas to evaluate the development feasibility of three housing forms in the City of Windsor. The five development scenarios are as follows:

- a wood-frame condominium apartment consisting of 50 units averaging 1,000 square feet;
- a single four-unit townhome block averaging 1,350 square feet;
- a subdivision of ten, four-unit townhome blocks consisting of 40 total units averaging 1,350 square feet;
- the development of one single-detached house, averaging 1,600 square feet; and,
- a subdivision of ten single-detached homes, averaging 1,600 square feet.

When analyzing development opportunities, developers will typically construct a pro forma that is driven by revenue inputs derived from market observations and costing assumptions. This approach allows a developer to work from projected revenues, subtract costs, remove required profits, and arrive at a residual land value to determine the property’s value or purchase price. For the purpose of this study NBLC has evaluated development scenarios from a cost approach by:

- Estimating the costs of the development, both hard and soft costs.
- The average land value for small and large properties, as assessed in the previous section and presented by Table 4, is added to the pro forma as a cost. The minimum and average land values observed in the City of Windsor have been evaluated.
- NBLC has also estimated developer profits to be 15% of total costs, which is believed to be an acceptable return in the Windsor marketplace.
- The resulting residual is therefore the required revenue that a project must generate to be viable based on market and financial assumptions, which is then presented as the sale price per housing unit within each scenario.
- This approach allows the minimum sale price to be related to the local market conditions in each of the five neighbourhood typologies. The impact of development charge reductions on the sale price of a project and the overall market viability can then be evaluated.

A sales velocity of 1.5 units per month has also been assumed given market research and development surveys, however demand could be completely absent – especially in poorer quality neighbourhoods where potential purchasers could be detracted regardless of the sale price. In some of the poorer quality neighbourhoods, developers could also require greater profits to
offset the increased risk of developing in these areas. These market issues result in applying conceptual pro formas across an entire City challenging, but nevertheless provide the context and framework necessary to evaluate development feasibility and the impact of reduced development charges on the financial feasibility of a project.

It is noted that the analysis within this section is high-level and is being applied to an expansive area. In practice, development feasibility is site specific and there could be development/developer nuances that we are unable to account for. Examples of such nuances include a site with a value that has been capitalized prior to development via an alternate use, a developer realizing savings through efficiencies that could include owning a construction company enabling them to potentially source materials and labour for less. In-house marketing and sales staff can also significantly reduce soft costs in these areas.

A full list of all assumptions for the five pro formas can be found in Appendix C.

7.2 Required Minimum Average Sale Prices

NBLC has calculated the minimum average end unit delivery cost for each of the five development scenarios based on assumptions relating to hard and soft costs, land values, developer profits, and sales absorption rate. The financial pro forma therefore treats developer profit and the purchase of land as a cost, in addition to the hard and soft costs, to calculate the required sale price that a developer would have to achieve to result in a viable project. Table 6 highlights the results (rounded to the nearest $5,000).

The range accounts for variations in land values, capturing the lowest and the average land transaction price observed in Windsor.

<table>
<thead>
<tr>
<th>Type of Development</th>
<th>Average End Unit Pricing</th>
<th>Average Unit Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 Unit Wood-Frame Condominium Apartment</td>
<td>$255,000 - $260,000</td>
<td></td>
</tr>
<tr>
<td>40 Unit Row Townhome Subdivision</td>
<td>$240,000 - $255,000</td>
<td></td>
</tr>
<tr>
<td>Four Unit Row Townhome Development</td>
<td>$215,000 - $245,000</td>
<td></td>
</tr>
<tr>
<td>10 Single Detached Home Subdivision</td>
<td>$330,000 - $355,000</td>
<td></td>
</tr>
<tr>
<td>One Single Detached Home</td>
<td>$305,000 - $360,000</td>
<td></td>
</tr>
</tbody>
</table>

It is noted that the above pricing reflects the minimum end-price a developer will require and does not reflect the actual sale price observed in the Windsor market. Some homes as noted in Section 6 sell for higher than these values and some sell for lower, depending on a number of factors. The highest range occurs in the one single-detached home scenario, which is most sensitive to changes in land values as the cost is absorbed over one unit as opposed to multiple units in the other four scenarios.

7.2.1 Townhomes

The prices above indicate that a developer seeking to construct a four-unit townhome block would have to sell each unit for a minimum of between $215,000 and $245,000 to meet their expected returns. The cost of constructing a larger townhome development is between $240,000 and $255,000 per unit, to address increased infrastructure and carrying costs.

Understanding that the majority of townhomes sell for below
$300,000, there appears to be a healthy gap for the development industry to rationalize these projects in many areas of the City.

7.2.2 Single Detached Homes

Single-detached homes are more expensive to construct on a per square foot basis and are also larger than the townhomes by nearly 300 square feet. As a result, the minimum sale price was computed to range between $305,000 and $360,000 for a single home development and $330,000 to $355,000 for a subdivision of ten homes. Similar to the townhome scenario, the subdivision development would accommodate increased infrastructure and carrying costs over the single home development. However, the single home scenario results in a higher end price because of the higher land value associated with smaller lots in the City of Windsor. The required sale value of single-detached homes again appears to be under the average sale price for this product type in the City ($370,000), however a tighter gap is observed than the townhome scenario.

7.2.3 Wood Frame Condominium

The estimated minimum delivery cost of a wood frame condominium is between $255,000 and $260,000. However, pricing averages $220,000 in the Windsor market based on one project currently selling. This suggests that developers are assuming a lower profit, have favourable financing conditions or exceptional relationships with the building trades. In any case this explains, in part, why the market for this product type is modest.

A summary chart detailing the results of the financial analysis can be found in Appendix A.

7.3 Development Feasibility

NBLC gathered housing resale data occurring within the City between 2014 and 2015 as part of the NHMT analysis found in Part One. The transaction prices are a reflection of the housing stock quality and market demand. Between the beginning of 2014 and the end of 2015, there were 9,131 transactions ranging in price from $12,000 to $1.35 million. Of the total transactions, only 13.6% were above $250,000 (1,241 transactions) and 6.9% (630 transactions) above $300,000. The median housing price was approximately $143,000.

New development is most likely feasible in neighbourhoods with a strong existing context to support the average end unit price calculated in Section 7.2. The neighbourhood typology categories could be viewed as a scale, with development most likely to be feasible in “high market value” neighbourhoods and least likely in “low market value” neighbourhoods.

In neighbourhoods categorized as “high market value”, the median resale price was roughly $259,000 based on 2,377 transactions. Of these transactions, 41% (969 transactions) were above $250,000 and 21% (503 transactions) exceed $300,000. In these neighbourhoods, pricing is at a level that would be able to support new development.

In “medium-high market value” and “medium market value” neighbourhoods, new development becomes more difficult to attain the required sale price for new development. Of the 1,479 transactions in “medium-high market value” neighbourhoods, only 10% (142 transactions) are greater than $250,000 and 4% (65 transactions) are above $300,000. In “medium market value”
neighbourhoods there were 2,887 transactions, of which less than 4% (102 transactions) were above $250,000 and less than 2% (45 transactions) exceeded $300,000. The lower price is a reflection of both the existing housing stock and the fact that the majority of new development is occurring in the strong neighbourhoods. While the viability of new development occurring in these neighbourhoods is challenging, given the lower values of existing homes, evidence of new investment in these areas is apparent in some of the higher quality neighbourhoods that fall within these typologies. It is evident that new investment could be viable without subsidies in the “medium-high market value” and “medium market value” neighbourhoods that contain strong market attributes and the housing quality in the surrounding area is positive.

“Medium-low market value” and “low market value” neighbourhoods make up the remaining 2,388 transactions that occurred in 2014 and 2015. Combined, less than 2.5% of sales (28 transactions) were greater than $250,000 and less than 1.5% (17 transactions) exceeded $300,000. As discussed in Part One of this study, many of these neighbourhoods near the downtown of Windsor contain strong market challenges. If a developer could somehow overcome the low market pricing in the area, the overall demand for new-development is still expected to be very weak given the significant choice in the Windsor marketplace for new housing in better market areas. The prospect of selling a new townhome for $240,000 or a single-detached home at $340,000 in these areas is dubious. Similarly, a new mid-rise condominium for $250,000 would not be competitive in these areas given the pricing observed at the luxury high-rise projects and the older condominium buildings in the City.

Market observations confirm the above, that development is most likely to be viable in “high market value” or “medium-high market value” neighbourhoods. NBLC observed five ongoing developments, two of which are located in “high market value” neighbourhoods, two in “high market value” neighbourhoods and one in a “medium market value” neighbourhood. Small scale and one-off developments are occurring across the City, but are a small percentage of the overall development activity in the City.

7.4 Impact of Development Charge Reductions
Development charge reductions can have an impact on development viability in weaker neighbourhoods or targeting a specific development form (i.e. high-density) in stronger neighbourhoods. In the Windsor context however, development charges are relatively low and represent a small component of the overall development costs. As noted in Appendix B, the impact of varied development charge reductions is largely negligible. Reducing the costs of a unit within a project by $4,000 to $8,000 (25% reduction) or $7,000 to $15,000 (50% reduction) does not appear to have a large impact on development viability. It is likely that projects receiving these small reductions would have occurred regardless of DC reductions.

If development charges were waived in their entirety, the impact on sale pricing is noted by Table 7. It is noted that Table 7 presents the end-sale price based on the average land values in the City. Waiving development charges has the potential to
decrease end unit pricing by between $15,000 and $30,000, varying by housing type. This amounts to a decrease in end unit pricing of roughly five to eight percent. This reduction could be more tangible to developers and is more likely to encourage investment than the varied reductions currently offered.

Table 7

<table>
<thead>
<tr>
<th>Development Scenario</th>
<th>Market End-Price</th>
<th>Full DC Discount</th>
<th>Reduced End Price</th>
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<tbody>
<tr>
<td>50 Unit Wood-Frame Condominium Apartment</td>
<td>$260,000</td>
<td>$11,185</td>
<td>$245,000</td>
</tr>
<tr>
<td>40 Unit Row Townhome Subdivision</td>
<td>$255,000</td>
<td>$16,205</td>
<td>$230,000</td>
</tr>
<tr>
<td>4 Unit Townhome Block</td>
<td>$245,000</td>
<td>$16,205</td>
<td>$225,000</td>
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<tr>
<td>Ten Single-Detached Home Subdivision</td>
<td>$355,000</td>
<td>$22,976</td>
<td>$325,000</td>
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<td>One Single-Detached Home</td>
<td>$360,000</td>
<td>$22,976</td>
<td>$330,000</td>
</tr>
</tbody>
</table>

Source: NBLC

It is noted that the end-unit price of a housing unit decreases by more than the full development charge discount, in some instances by an additional $6,000. This occurs because the financial model has multiple inputs that fluctuate based on the costs of a project, these inputs include:

- marketing;
- construction loan financing costs;
- Tarion enrolment & excess deposit insurance;
- purchaser’s interest on deposits;
- HST; and,
- developer profit.

As a result, some of these variables become smaller as the overall costs are reduced due to a decrease in development charges. Tarion, purchasers’ interest on deposits and HST all decrease due to the decrease in the end unit price. Waived development charges also reduces the overall capital required, reducing construction loan financing costs. Marketing and profit are also a function of total costs in the model, and therefore decrease as well.

The reduced development charges as well as other costs are then assumed to be passed through to the purchaser, which is likely to be true in weak and near viable neighbourhoods, but would not be true in an area with strong demand. In the stronger neighbourhoods where developers are able to sell homes for the market value, the reduced development charges and any savings on costs would be absorbed by profit.

Reviewing the results of development charge waivers as presented in Appendix B and Table 6 indicates that full DC waivers on their own are unlikely to stimulate development on a significant scale in weaker neighbourhoods over the near-term. Reducing the end-price of a townhome and single-detached home by $20,000 to $30,000 is not likely to be sufficient to attract buyers to the weaker neighbourhoods in the City.

As an example of the choice available in the Windsor housing market, a purchaser could choose between a new townhome in a subdivision at the eastern end of the City for $275,000, an attractive resale home in a “medium-high market value” neighbourhood for $180,000, a resale property near the downtown in a weaker neighbourhood for around $100,000, or a new townhome located near the downtown for $230,000 with full DC waivers. It is not likely that a purchaser would select the new townhome property near the downtown given these
options. Similarly, a developer would likely be unwilling to enter the downtown market in this environment.

This analysis was evaluated based on the average price of vacant land in the City of Windsor. If a developer was able to acquire land for the cheapest price observed in the Windsor market and received 100% DC reductions, the minimum sale price of the single-detached and townhome subdivision scenario would be approximately $300,000 and $220,000 respectively. Notwithstanding the reduced achievable price point, it remains unlikely this sale price will be enough to incent prospective purchasers to the weaker neighbourhoods near the downtown.

7.5 Residual Land Value Analysis for a Development in the Downtown Core

Despite being a weaker neighbourhood, NBLC observed very high land values in and near the downtown. NBLC believes that this is a result of developers and investors purchasing the lands at speculative prices in the 1990’s when the Casino first opened. These purchasers were expecting continued economic growth in the City and strong spinoff effects from the Casino, which have so far failed to materialize. Currently, high listing prices in the downtown is likely a reflection of purchasers attempting to recoup their initial investment. Other high land values are believed to be based on the future potential of the lands for high-density residential or employment uses should economic conditions improve.

In order to demonstrate the implications for development posed by land prices that do not reflect current market realities, NBLC developed a residual land value model for a downtown location. The objective of a residual land value model is to establish a site’s estimated land value based on the highest and best use. NBLC has assumed the highest and best use to be a medium-density residential development with surface parking, however a low-density residential scenario could also be considered. An office or commercial development could also be considered highest and best use, however this is unlikely at the current time given the proximity of the casino, high vacancy rates, and surrounding context in the area.

This model accounts for all potential revenue attributed to the project, less the hard costs, soft costs, and developer return. The site’s residual land value is then discounted to the present day to determine the current value. The development scenario tested consists of a 50 unit, four storey wood-frame building as well as a six unit row townhome, represented by the grey and yellow structures respectively in Figure 34. The model contains the same assumptions as in the costing model (outlined in Appendix C), for both condominium apartment and row townhome units, with the exception being that land value is being solved for and Development Charges are set at $3,432 per unit, as defined by Area 3 of By-Law 60-2015.
Due to a lack of medium-density residential development in Windsor’s downtown, market data regarding pricing is not known. Active resale listings in Windsor’s downtown were also reviewed, with prices and sizing averaging roughly $138,000 and 936 square feet respectively. However, all of the listings surveyed were in relatively older buildings, with the most recent being approximately 25 years. Due to their age, the resale listings do not provide an accurate gauge of the pricing a new development could potentially command. Since there is a lack of relevant pricing data to input into the RLV model, an iterative approach has been taken. Table 8 outlines the land values associated with the development based on four end-price scenarios.

Table 8

<table>
<thead>
<tr>
<th>Initial End Price (per residential unit)</th>
<th>Residual Land Value</th>
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</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>($4,350,507)</td>
</tr>
<tr>
<td>$200,000</td>
<td>($1,263,602)</td>
</tr>
<tr>
<td>$241,118</td>
<td>($0)</td>
</tr>
<tr>
<td>$300,000</td>
<td>$1,538,056</td>
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</table>
| $400,000                                | $3,955,236          

Table 8 illustrates that this development scenario would require an average sale price of roughly $240,000 to result in a land value of $0, any sale price below this threshold would result in a negative land value. If units achieved an average sale price of over $300,000, a land value of approximately $1.5 million could be supported, which is approximately the land value currently being requested by the property owners. There is no market evidence that sale prices of $300,000 for a 1,000 square foot mid-rise apartment could be supported in the downtown or any other area of the City at the current time.

Land values of this magnitude in the downtown could therefore be a major barrier to redevelopment over the near to medium-term.
8.0 THE IMPACT OF FINANCIAL INCENTIVES ON DEVELOPMENT FEASIBILITY

The waiving of development charges appears to be a limited tool in the City of Windsor that results in the modest reduction of the achievable sale price of a project. Financial incentives can improve demand by reducing pricing to more affordable levels. However, financial incentives alone will not attract and support investments as buyers and renters have to be attracted to safe and desirable communities. Developments in areas on the edge of viability benefit the most from the waiving or reduction of development charges as it helps support a developer by reducing upfront costs and can make for attractive pricing, which can attract potential purchasers who may have been looking in other areas of a City or Region.

It is important to note that financial incentives do not create demand, but rather improve the financial viability of projects that are ‘near viable’. If a project expects to receive little to no demand from purchasers, the impact of financial incentives is not measurable. It is effective in neighbourhoods where there is some existing demand but the cost to construct exceeds the achievable market price. The effectiveness of the DC waivers is therefore limited to a narrow band of projects, as developments in “high market value” and “medium-high market value” neighbourhoods do not require incentives and developments in the weakest neighbourhoods are unlikely to become viable as a result of the DC waivers alone.

Development charge waivers can therefore have an impact in some of the weaker neighbourhoods in Windsor, but this will likely continue to include one-off and small-scale projects over the near to medium-term. To accelerate the development potential in the weakest neighbourhoods in the City, or to help encourage larger scale developments in these areas, development charge waivers as well as other incentives and strategies could be considered. As with development charge waivers, these incentives have implications for municipal finances which need to be thoroughly understood prior to implementation. The programs below are incentives that NBLC believes have the potential to have the greatest impact in Windsor, and are as follows:

- Municipal Investment Loan;
- Tax Increment Grant Program;
- Property Tax Deferral to Occupancy; and
- Strategic public sector investments.

It is noted that this is a brief overview of tools/programs that have been successful in other municipalities, but is not an exhaustive list. These programs have also not been tested or evaluated within the context of Windsor as part of this study.

8.1 Municipal Investment Loan

An example of a municipal investment loan program is the City of Hamilton’s Downtown Multi-Residential Investment Loan. Under this program, the City acts as a mezzanine lender, offsetting some of the construction financing costs, which can have a significant impact on a developer’s financial pro forma.
The City of Hamilton targets the conversion of lands to residential uses through this program, granting loans of up to 25% (up to a ceiling of $5.0 million per development) of the project’s construction cost. Debt service terms, including penalties, are established between the City and the Developer and the loan is secured as a second mortgage on the land. In Hamilton, construction is required to start within two years of Council’s approval of the loan commitment.

8.2 Tax Increment Grant Program

The City of Hamilton has also developed a Tax Increment Grant Program. This program seeks to alleviate property tax increases in the near-term, with the City providing a five-year grant, in an amount not exceeding the increase in municipal realty taxes as a direct result of the development/redevelopment of the land and/or building. The grants are structured so to not exceed 100% of the municipal property tax increase during the first year, 80% in year two, 60% in year three, 40% in year four and 20% in year five.

While this grant can be assigned to the initial purchasers of condominium apartment units (but do not transfer through resale), it is our understanding that most developers keep this incentive as a revenue source. The assigned grants are restricted to the balance of the five-year term running from the initial re-assessment date following registration.

8.3 Property Tax Deferral to Occupancy

Compared to other parts of Ontario, developments in Windsor take a long time to sell. Slow sales leads to a longer development timeline and increases the associated carrying costs. The value of this incentive would vary depending on the assessed value of the property at the outset of development.

This program could be complicated to implement and/or administer from a legal point of view without the provision of a municipal capital facility agreement, brownfield remediation, heritage retention or other eligible exemption or reduction outlined under the Provincial Land Tax Act.

8.4 Additional Incentives and Alternatives

In addition to the above, planning and parkland dedication fees could be waived. However, NBLC reviewed these fees and at their current levels, they do not appear to be onerous and reduction or removal would only create marginal savings to the developer. Second mortgages and other incentives that incent the purchaser over the developer could also be considered.

Incentive programs are not the only option for the City. An alternate route that could be taken to encourage investment would be to make public investments in parks, infrastructure, investment in public sector and post-secondary institutions, investment in schools and community facilities, etc. It is noted that the City has already taken an active role in this regard.

Additionally, enforcement of property standards could be used to clean up properties and neighbourhoods that have fallen into
disrepair and become a blight on their neighbours. Lastly, the City could also acquire properties in the neighbourhoods where targeted investment through joint venture developments could accelerate the redevelopment/renewal of weaker neighbourhoods. This strategy of land acquisition and joint venture development could be most effective on large vacant lots where high land values are observed in the downtown.
9.0 RECOMMENDATIONS AND CONCLUSIONS

The current development charge reduction program has had a limited impact on encouraging development in the downtown and surrounding area of Windsor since the reductions were offered in 2010. This is due to a number of factors described throughout this report and the relatively limited impact that DC reductions can have on the sale price of a home in the Windsor market.

Notwithstanding the limited impact experienced to date, the approach taken by the City of Windsor of offering financial incentives to encourage development within the weakest neighbourhoods of the City is a positive policy that recognizes neighbourhood inequality and attempts to direct investment back to the downtown and core neighbourhoods. The City’s investment in the downtown with respect to the waterfront trail system, streetscape improvements, post-secondary institutions, community uses, and other initiatives can also positively impact the real estate market.

In NBLC’s experience studying the impact of financial incentives, these strategies often take a long time for measurable results to begin to materialize. It is important to understand that financial incentives are only one aspect influencing supply and demand for housing and that other market and economic forces must also occur/evolve for development to be viable in the downtown on a significant scale.

**Figure 35** illustrates the recommended geography for implementing development charge reductions. Generally, the development charge exemption geography remains unchanged from what is currently in place with the following exemptions:

- The area east of the Ford plant, located in Area 1 of the current Development Charge By-Law, has been removed.
- The southern boundary line follows the neighbourhood boundaries as defined by Statistics Canada, and therefore differs slightly from the current DC by-law. A similar circumstance occurs along the eastern boundary near the Ford plant, which extends to roughly Pillette Road.
- The entire land area subject to development charge reductions has been reduced, and could be reduced further if development is desired to be concentrated in closer proximity to the downtown. It is noted however that major development opportunities are limited in many of these areas given the presence of existing residential neighbourhoods. The fairly large geography covers the majority of the weakest neighbourhoods in the City and therefore ensures any development opportunity in these areas are offered assistance.
- While the boundaries shown on Figure 35 follow the neighbourhood boundaries as defined by Statistics Canada dissemination areas, the actual DC reduction boundary may be adjusted to follow more structured boundaries (e.g. roads, rail ROW, natural features, etc.).
The financial analyses completed within this report suggests that varied development charge reductions are not impactful and are therefore not recommended. The impact of 25% and 50% reductions are modest and are not observed to impact development feasibility in a measurable way. To encourage higher levels of development in the neighbourhoods highlighted by Figure 35, full development charge waivers are recommended.

Over the near to medium-term, these development charge reductions are expected to yield results similar to what has been observed over the past five years, which has primarily been small scale projects typically consisting of one to two units. The slow redevelopment or renovation of existing homes and the development of small vacant lots is considered positive from a market perspective and will continue to modestly transform some of these neighbourhoods over the long-term. While it is unlikely that development charge waivers will result in a large scale residential development over the near-term, the higher level of incentives combined with increased development charges in other areas of the City could accelerate the amount of small projects occurring in these weaker neighbourhoods.

Understanding that the impact of development charge reductions is expected to be modest over the near-term, the City of Windsor could investigate other incentives/strategies that aim to attract new development to the most disadvantaged neighbourhoods. Other incentives could accelerate the development potential of these neighbourhoods by providing construction loan financing, waiving other fees and taxes, and exploring other neighbourhood renewal and investment strategies. These additional incentives could be offered only in specific neighbourhoods and focus specifically on the weakest neighbourhoods in the downtown. A detailed assessment of these strategies, the application within the Windsor context, and the implications from a municipal financing perspective should be evaluated.

While the transformation of downtown Windsor and the surrounding area may be a long-term opportunity, providing these incentives ensures that when development interest begins to shift to these areas, projects are offered the highest chance of succeeding. If development begins to occur and developers begin to capitalize on the market momentum and revitalization of previous projects, it may be possible to remove or reduce the incentives offered. Alternatively, as areas begin to be revitalized and capture a higher share of investment occurring within the City, incentives could instead target specific building forms (e.g. high-density residential) rather than all housing forms.

In summary, the impact of waiving development charges, the continued small-scale investment in the DC exemption areas, incorporating other financial incentives through a Community Improvement Plan in the downtown, and the continued investment in downtown Windsor by both the City and the post-secondary institutions could have a large impact on attracting development interest away from the edges of the City and outlying communities.
Figure 35: Development Charge Reduction Recommendations
APPENDIX A – SUMMARY OF COSTING MODELS

| Summary Costing Model - Based on Lowest Observed Land Transaction Price |
|-------------------------------------------------|---------------------------------|----------------|----------------|----------------|----------------|
| Condominium Apartment: Wood-Frame                | Row Townhome Subdivision        | Single Row Townhome | Single Detached Subdivision | Stand Alone Single Detached |
| Project Statistics                               |                                 |                 |                  |                  |                |
| Number of Units                                  | 50                              | 40              | 4               | 10             | 1              |
| Average net Unit Size (Square Feet)              | 1,000                           | 1,350           | 1,350           | 1,600          | 1,600          |
| Net to Gross Efficiency                          | 88%                             | 100%            | 100%            | 100%           | 100%           |
| Gross Residential Area                           | 56,818                          | 54,000          | 5,400           | 16,000         | 1,600          |
| Road Length (Metres)                             | 0                               | 183             | 0               | 61             | 0              |
| Land Area (Acres)                                | 1.00                            | 3.00            | 0.30            | 1.50           | 0.15           |
| Absorption Rate                                  | 1.50                            | 1.50            | 1.50            | 1.50           | 1.50           |
| Timing                                           |                                 |                 |                  |                |
| Est. Number of Years to Completion               | 6.44                            | 4.72            | 2.56            | 3.56           | 2.06           |
| Development Costs (future $)                     |                                 |                 |                  |                |
| Total Project Hard Costs                         | $8,579,039                      | $6,043,543      | $538,265        | $2,091,179     | $187,382       |
| Total Project Hard Costs PSF                     | $151                            | $112            | $100            | $131           | $117           |
| Total Project Soft Costs                         | $2,898,752                      | $2,360,234      | $190,666        | $737,371       | $55,264        |
| Total Project Soft Costs PSF                      | $51                             | $44             | $35             | $46            | $35            |
| Total Project Costs                              | $11,477,791                     | $8,403,777      | $728,931        | $2,828,549     | $242,646       |
| Total Project Costs PSF                          | $202                            | $156            | $135            | $177           | $152           |
| Land Values (present $)                          | $100,000                        | $300,000        | $45,000         | $150,000       | $22,500        |
| Developer Profit (future $)                      | $1,741,469                      | $1,321,898      | $117,218        | $452,779       | $40,242        |
| Average End Unit Price                            |                                 |                 |                  |                |
| Average Attained End Unit Price Over Marketing Period | $267,025                      | $253,364        | $224,667        | $347,131       | $308,521       |
| Average End Unit Price At Sales Launch            | $254,165                        | $239,772        | $217,400        | $329,896       | $303,215       |
### Summary Costing Model - Based on Average Observed Land Transaction Price

<table>
<thead>
<tr>
<th></th>
<th>Condominium Apartment: Wood-Frame</th>
<th>Row Townhome Subdivision</th>
<th>Single Row Townhome</th>
<th>Single Detached Subdivision</th>
<th>Stand Alone Single Detached</th>
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<td><strong>Project Statistics</strong></td>
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<tr>
<td>Number of Units</td>
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<td>Gross Residential Area</td>
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<td>Est. Number of Years to Completion</td>
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<tr>
<td>Total Project Hard Costs</td>
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<td>$6,043,543</td>
<td>$538,265</td>
<td>$2,091,179</td>
<td>$187,382</td>
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<tr>
<td>Total Project Hard Costs PSF</td>
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<td>$100</td>
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<td>Total Project Soft Costs</td>
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<td>Average Attained End Unit Price Over Marketing Period</td>
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<td>Average End Unit Price At Sales Launch</td>
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<td>$253,510</td>
<td>$245,893</td>
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## APPENDIX B – IMPACT OF DEVELOPMENT CHARGE REDUCTIONS

### Cost Savings of Development Charge Reductions

<table>
<thead>
<tr>
<th>Type of Development</th>
<th>Average Unit Pricing Full Development Charges</th>
<th>Average Unit Pricing 25% Development Charges Reduction</th>
<th>Average Unit Pricing 50% Development Charges Reduction</th>
<th>Average Unit Pricing 75% Development Charges Reduction</th>
<th>Average Unit Pricing 100% Development Charges Reduction</th>
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<tr>
<td>50 Unit Wood-Frame Condominium Apartment</td>
<td>n/a - n/a</td>
<td>$3,632 - $3,632</td>
<td>$7,271 - $7,263</td>
<td>$10,903 - $10,903</td>
<td>$14,535 - $14,535</td>
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<tr>
<td>40 Unit Row Townhome Subdivision</td>
<td>n/a - n/a</td>
<td>$5,165 - $5,173</td>
<td>$10,329 - $10,337</td>
<td>$15,494 - $15,502</td>
<td>$20,659 - $20,667</td>
</tr>
<tr>
<td>Four Unit Row Townhome Development</td>
<td>n/a - n/a</td>
<td>$5,080 - $5,080</td>
<td>$10,161 - $10,161</td>
<td>$15,241 - $15,241</td>
<td>$20,326 - $20,321</td>
</tr>
<tr>
<td>10 Single Detached Home Subdivision</td>
<td>n/a - n/a</td>
<td>$7,160 - $7,737</td>
<td>$14,320 - $14,897</td>
<td>$21,480 - $22,057</td>
<td>$28,641 - $29,217</td>
</tr>
<tr>
<td>One Single Detached Home</td>
<td>n/a - n/a</td>
<td>$6,995 - $7,776</td>
<td>$13,990 - $14,896</td>
<td>$20,986 - $21,892</td>
<td>$27,981 - $28,887</td>
</tr>
</tbody>
</table>

### Average End Unit Pricing

<table>
<thead>
<tr>
<th>Type of Development</th>
<th>Average Unit Pricing Full Development Charges</th>
<th>Average Unit Pricing 25% Development Charges Reduction</th>
<th>Average Unit Pricing 50% Development Charges Reduction</th>
<th>Average Unit Pricing 75% Development Charges Reduction</th>
<th>Average Unit Pricing 100% Development Charges Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 Unit Wood-Frame Condominium Apartment</td>
<td>$254,165 - $258,993</td>
<td>$250,533 - $255,361</td>
<td>$246,894 - $251,729</td>
<td>$243,262 - $248,090</td>
<td>$239,630 - $244,458</td>
</tr>
<tr>
<td>40 Unit Row Townhome Subdivision</td>
<td>$239,772 - $253,510</td>
<td>$234,607 - $248,337</td>
<td>$229,443 - $243,172</td>
<td>$224,278 - $238,008</td>
<td>$219,113 - $232,843</td>
</tr>
<tr>
<td>Four Unit Row Townhome Development</td>
<td>$217,400 - $245,893</td>
<td>$212,320 - $240,812</td>
<td>$207,239 - $235,732</td>
<td>$202,159 - $230,652</td>
<td>$197,074 - $225,571</td>
</tr>
</tbody>
</table>
APPENDIX C – ASSUMPTIONS

Common assumptions held constant amongst all housing typologies are:

- a servicing connection cost per unit of $100;
- a site preparation and landscaping cost of $500 per unit;
- the models assumes the development occurs on greenfield sites and no budgeting has been provided for site remediation or demolition of existing buildings;
- a contingency of 5% of hard costs;
- costs are inflated by 1% per year over the lifetime of the development;
- an education development charge of $305;
- a residential building permit fee per square foot of $1.19 for the condominium apartment and $1.09 for all other housing typologies;
- a municipal tax rate of 4.35% for the condominium apartment and 1.83% for all other housing typologies;
- a budget for hiring consultants set at 3% of total hard costs;
- it has been assumed that development and project management is handled internally by the developer;
- legal fees of $500 per unit;
- insurance set at 1% of total hard costs;
- a marketing cost of 0.5% of gross revenue;
- we have assumed that developers have their own in-house sales team;
- an excess deposit insurance cost of 2%;
- after sales servicing of $750 per residential unit;
- an interim financing rate of 3.25%;
- a lender’s administrative fee of 0.8% of gross costs;
- purchasers’ interest rate on deposits of 2%;
- HST at 5.3% for the standalone, single detached home and 5.2% for all other housing typologies;
- a discount rate of 8%;
- an absorption rate of 1.5 sales per month; and,
- developer profit at 15% of total delivery cost.

Assumptions that are specific to each of the housing typologies are as follows:

Wood-Frame Condominium Apartment

- 50 units;
- an average net unit size of 1,000 square feet;
- a net to gross efficiency of 88%;
- a gross residential area of 56,818 square feet;
- a one acre site area;
- total parking requirement of 1.3 stalls per residential unit of which 0.2 are for visitors. This results in a total of 65 parking spaces, 55 of which are for residents and the remaining ten for visitors;
- an area of 375 square feet per parking stall, which is inclusive of aisles/laneways, resulting in a total parking area of 24,375 square feet;
- an above grade construction cost of $132 per square foot;
it is assumed that all parking will be provided in a surface lot at a cost of $15 per square foot;
- municipal development charges of $11,185 per unit;
- a cash-in-lieu of parkland dedication fee of $900 per unit;
- a building permit fee of $100 per unit;
- planning application fees of $5,625;
- Tarion enrolment fee of $644;
- a total of 6.44 years to complete the development which includes a construction period of 3 years and a presales period of 1.94 years; and,
- a land value of:
  - $100,000 - low land value scenario; and,
  - $200,000 - average land value scenario.

**Row Townhome Subdivision**
- 40 units;
- an average net unit size of 1,350 square feet;
- a net to gross efficiency of 100%;
- a gross residential area of 54,000 square feet;
- a three acre site area;
- the subdivision contains a road 183 metres in length at a cost of $3,200 per linear metre;
- an above grade construction cost of $94 per square foot;
- municipal development charges of $16,205 per unit;
- a cash-in-lieu of parkland dedication fee of $1,650 per unit;
- a building permit fee of $220 per unit;
- planning application fees of $23,236;
- Tarion enrolment fee of $644;
- a total of 4.72 years to complete the development which includes a construction period of 3 years and a presales period of 0.22 years which is reflective of 10% of the units being sold prior to construction and 80% sold during construction; and,
- a land value of:
  - $300,000 - low land value scenario; and,
  - $600,000 - average land value scenario.

**A Four Unit Row Townhome**
- 4 units;
- an average net unit size of 1,350 square feet;
- a net to gross efficiency of 100%;
- a gross residential area of 5,400 square feet;
- a 0.3 acre site area;
- an above grade construction cost of $94 per square foot;
- municipal development charges of $16,205 per unit;
- a cash-in-lieu of parkland dedication fee of $1,650 per unit;
- a building permit fee of $220 per unit;
- Tarion enrolment fee of $565;
- a total of 2.56 years to complete the development which includes a construction period of 1.5 years and a presales period of 0.06 years; and,
- a land value of:
  - $45,000 - low land value scenario; and,
  - $120,000 - average land value scenario.

**Single Detached Home Subdivision**
- 10 units;
- an average net unit size of 1,600 square feet;
- a net to gross efficiency of 100%;
- a gross residential area of 16,000 square feet;
- a 1.5 acre site area;
- the subdivision contains a road 61 metres in length at a cost of $3,200 per linear metre;
- an above grade construction cost of $110 per square foot;
- municipal development charges of $22,976 per unit;
- a cash-in-lieu of parkland dedication fee of $2,200 per unit;
- a building permit fee of $450 per unit;
- planning application fees of $6,136;
- Tarion enrolment fee of $802;
- a total of 3.56 years to complete the development which includes a construction period of 2 years and a presales period of 0.06 years which is reflective of 10% of the units being sold prior to construction and 80% sold during construction; and,
- a land value of:
  - $150,000 - low land value scenario; and,
  - $300,000 - average land value scenario.

One Single Detached Home

- 1 unit;
- an average net unit size of 1,600 square feet;
- a net to gross efficiency of 100%;
- a gross residential area of 1,600 square feet;
- a 0.15 acre site area;
- an above grade construction cost of $110 per square foot;
- municipal development charges of $22,976 per unit;
- a cash-in-lieu of parkland dedication fee of $2,200 per unit;
- a building permit fee of $450 per unit;
- Tarion enrolment fee of $802;
- a total of 2.06 years to complete the development which includes a construction period of 1 year and a presales period of 0.06 years which is reflective of the unit being sold prior to construction; and,
- a land value of:
  - $22,500 - low land value scenario; and,
  - $60,000 - average land value scenario.

Land Sales Shown as Price Per Acre

Source: BatchGeo, Geowarehouse, Realtor.ca, NBLC
Lands Listed for Sale Shown as Price Per Acre

Source: BatchGeo, Geowarehouse, Realtor.ca, NBLC