



## West End Manitoulin Seniors and Support Services Interest Group

## Business Plan for Affordable Seniors Housing in Gore Bay

FINAL  
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PREPARED BY:



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## 1.0 Background

### 1.1 Introduction

The mission of the West End Manitoulin Seniors Housing and Support Services Interest Group is to develop a community development plan to meet the housing and support service needs of seniors in Western Manitoulin Island, which includes the Census subdivisions of Barrie Island, Billings, Burpee and Mills, Gordon, Gore Bay, and Manitoulin, Unorganized, West Part. The interest group is made up of local citizens who wish to address a need that many West End Manitoulin community members have seen growing.

### 1.2 Purpose

This report has been prepared as part of the development activities funded by the Canada Mortgage and Housing Corporation (CMHC) Seed Funding Program. Its purpose is to explore the feasibility of developing an affordable seniors housing project in the West Manitoulin Island area.

This business plan will assist the West End Manitoulin Seniors Housing and Support Services Interest Group to define their capacity to undertake the project as it examines the feasibility of the project, particularly in terms of the financial commitment required. It will also serve as a tool for the use of project funders in reviewing the organization's proposed development and its long-term sustainability.

This business plan is a dynamic document that will be updated as the project proceeds through the development stages. It is also a part of a package of two connected and supporting reports prepared for the West End Manitoulin Seniors Housing and Support Services Interest Group for this project as part of the CMHC Seed Funding program requirements. The second document is the *Need and Demand Analysis of a Seniors Housing*.

### 1.3 Demonstrated Need

As explored in the *Need and Demand Analysis of a Seniors Housing Project*, the need for affordable supportive housing in Manitoulin Island is significant. A summary of the findings and recommendations of that report are presented below.

#### 1.3.1 Western Manitoulin Island's Population is Expected to Continue to Age

The population of Western Manitoulin Island aged 64 years and younger experienced a decline of 10.3% from 1996 to 2006, while the population aged 65 years and older saw an increase of 21.8%. This trend is expected to continue to 2035 with the population aged 64 years and younger experiencing a decline in their share of the total population from 73.2% in 2010 to 51.1% in 2035. In contrast, the population aged 65 years and older will see their share of the total population increase from 26.8% in 2010 to 48.9% in 2035.

### ***1.3.2 Need for Smaller Housing Units***

The average household size in Western Manitoulin Island decreased from 2.4 persons in 1996 to 2.2 persons in 2006, suggesting a need for smaller housing units. The housing preference survey results also show a strong need and preference for one and two-bedroom units.

### ***1.3.3 Affordable Rental Units are Required to Meet the Needs of Many Senior Households***

Statistics Canada data from 2005 shows that half of seniors in Western Manitoulin Island earned less than \$20,000 annually. Considering that average market rents for a one-bedroom unit in Western Manitoulin Island are only affordable to households earning \$20,520 or more, there is a need for more affordable housing options for low-income households, particularly for senior households.

### ***1.3.4 Limited Affordable Housing Options for Seniors in Western Manitoulin Island***

There are currently some housing options for seniors in Western Manitoulin Island, but there are still a significant number of senior households waiting for rent-geared-to-income housing units (114 individuals or couples waiting for an RGI unit in the seniors building). This suggests that there is a need for additional housing options for seniors. In addition, the data shows that the majority (88.2%) of the housing stock in Western Manitoulin Island is composed of single-detached homes with 90.1% of the senior population living in a single-detached house. This indicates a need for more housing options, particularly for an aging population who may find it difficult to deal with the day-to-day upkeep of a single-detached home.

### ***1.3.5 A Range of Accessible Design Features Required***

The design of the proposed supportive housing facility and the provision of appropriate support services are essential to successfully meet the needs of the aging population. The survey results show the need for units with bathroom and kitchen accessibility modifications and no stairs. In common areas of the building, wheelchair lifts would be required, as would automatic door openers and handicapped parking.

### ***1.3.6 A Range of Support Services Required***

Survey respondents also indicated that they would need the following support services to continue to live independently as they age: housekeeping; transportation; shopping; meal preparation; laundry services; and attendant services such as taking medication, toileting, transferring, and security checks.

### ***1.3.7 Conclusion***

The analysis supports the development of both a self-contained (independent) supportive housing facility in Western Manitoulin Island for seniors and others requiring a combination of affordable housing and support services to live

independently. The ideal facility would be a low-rise apartment building with mostly one and two-bedroom units. Rents should be affordable to lower income households. The facility should be fully accessible to allow residents to remain integrated into the building and neighbourhood's community life. Support services should include housekeeping, transportation, shopping, meal preparation, laundry service, and attendant services. Providing such a facility would help meet the current and future needs of the population of Western Manitoulin Island.

#### 1.4 Project Objectives and Goals

The overall objective of the proposed project is to develop a building that will address the need for more affordable supportive housing units in the community and to ensure that the site owned by the West End Manitoulin Seniors Housing and Support Services Interest Group will be used to increase the affordable housing stock in the community. In an effort to obtain this objective, the project has goals in the following categories:

- **Project Location:** The project will be located in Gore Bay on land owned by the West End Manitoulin Seniors Housing and Support Services Interest Group.
- **Building Design:** The proposed project would consist of 20 rental units in a one or two-storey building, and will include a common room with a full kitchen, laundry room and offices. Both one and two-bedroom units will be provided, and a number of them will be fully modified to assist the elderly population and others in need of accessible living arrangements. These modifications would include, but are not limited to: automatic door openers to the units; wheel-in showers and grab bars in all bathrooms; wider unit entrance doors; pocket-doors within units; wider hallways in common areas with a railing installed on one side.
- **Target Tenant Group:** Tenant households will be seniors of low to moderate income and some may require support to live independently.
- **Project Rent Levels:** The average rents for the affordable units will be no more than 80% of the Average Market Rent for Western Manitoulin Island. It is anticipated that there will be a range of rents in the building; for example, some units may be rented at 70% of Average Market Rent to accommodate the large number of seniors who have incomes below \$15,000 per year, while other units may be rented at 90% of Average Market Rent in order to achieve the 80% average.
- **Timeline:** The proposed project would be aimed at a start in late 2012 or early 2013.

## 2.0 Organizational Structure

### 2.1 Mission and Objectives

The focus and mandate of the West End Manitoulin Seniors Housing and Support Services Interest Group is to provide affordable rental accommodation to low and moderate income families, singles and seniors in Western Manitoulin Island. Recognizing the continuing need for affordable rental accommodation for seniors in their community, the interest group is interested in meeting this need and expanding their housing portfolio by intensifying the use of land they currently own.

### 2.2 Corporate Structure and Legal Status

At present, a Steering Committee has been guiding the preliminary steps in the development of the proposed project. The Committee would ultimately be incorporated as a non-profit housing corporation should the project proceed. An Executive would be appointed to provide the main guidance of the development and operation of the project.

Charitable status should be pursued in order for the Corporation to offer charitable receipts, thereby enhancing its fundraising capacity and also qualifying the Corporation for higher levels of HST rebates.

### 2.3 Governance

The current executive and directors of the West End Manitoulin Seniors Housing and Support Services Interest Group include the following community members:

Almaz Solomon                      Almaz Solomon is the owner and operator with her husband of the Central Pharmacy Gore Bay.

Doran McVey                        Doran McVey has 28 years experience as a Millrite with Falconbridge Nickel Mines. He also has extensive practical experience in the construction of accessory buildings, residential repairs and plumbing.

Doug Smith                         Doug Smith is the founder and CEO of Manitoulin Transport, and was named to the Order of Canada in 2007. He is recognized for his contributions as a business leader, philanthropist and champion of economic and community development in Northern Ontario.

Harry Vanderveerden          Harry Vanderveerden owned and operated a dairy in Gore Bay for 39 years and was a municipal Councillor for 25 years.

Jane Campbell	Jane Campbell is a former school teacher and she also worked for 20 years as the local court clerk. She also has direct experience in caring for an aging mother.
Joyce Foster	Joyce Foster is a former Mayor and Town Clerk for Gore Bay. She has over 40 years of experience in local government and is an active volunteer for many local church activities.
Maxine McVey	Maxine McVey has served as a Minister for the United Church of Canada for 18 years. She has served as a member of pastoral care committee and has developed a passion for seniors and their issues.
Phylis Smith	Phylis Smith has volunteered at Manitoulin Lodge, a seniors LTC facility in Gore Bay, for 40 years. Phylis is also a skilled fundraiser and organizer for the local United Church.
Sally Zahnow	Sally Zahnow is a local businesswoman who has owned and operated several local businesses. These enterprises include: Northern Aire, a tourist camp; and, Sally's World gift shop.
Shirley Graham	Shirley Graham is an active volunteer in local church and community groups. She has 50 years of experience with the Bank of Montreal.
Betty Lou Purvis	Betty Lou Purvis has worked for the Department of Agriculture for over 40 years. She is also an active volunteer in various Church activities and has cared for her aging mother for several years
Ken Fogg	Ken Fogg worked as a draftsman from the Falconbridge Nickel Mine for fifteen years, and was also a underground surveyor for ten years. He has a passion for senior's concerns, as his wife was one of the original people that helped initiate the BREEZES, a senior's apartment complex in Sudbury.



Committee members with experience in housing development will provide guidance in a volunteer capacity during the development phase. Committee members with financial management experience will work with the Development Consultant on capital and operating budgets to ensure the financial viability of the proposed project.

## 2.4 Vision

The interest group's vision is to see the development of an affordable seniors housing project in Western Manitoulin Island to meet the community's need for affordable housing. The provision of rental accommodation will keep the supply of affordable housing available to households in need for many years to come. While the specific design of the project has yet to be determined, it is expected that the proposed housing project will be composed of one and two-bedroom units. With the development of this project, seniors and persons with disabilities will have access to safe, secure and affordable housing.

### 3.0 Market Analysis and Summary

#### 3.1 Target Group for Project

The proposed seniors housing project is designed to meet the needs of low and moderate income senior households.

In order to accommodate this range of tenants, the proposed project will include affordable units. Units would be available to seniors with low or moderate fixed incomes.

#### 3.2 Tenant Selection

To ensure that the maximum units are made available to low and moderate income households, maximum household income level eligibility requirements will apply to all tenants housed when they move into any of the designated affordable rental housing units. The gross annual household income of all eligible tenants will comply with the following at the time of initial occupancy:

Unit Type	Maximum Annual Household Income*
1 Bedroom	\$21,000
2 Bedroom	\$24,000

\*May be amended by the West End Manitoulin Seniors Housing and Support Services Interest Group

#### 3.3 Market Analysis

##### 3.3.1 Affordability

An analysis of the Manitoulin-Sudbury District Services Board average rent amounts in Western Manitoulin Island shows that these rents are unaffordable to households earning less than \$21,900 per year<sup>1</sup>. An affordability analysis of Western Manitoulin Island shows that a household would require a gross annual income of at least \$25,000 to be able to afford all types of rental housing units in Western Manitoulin Island. This analysis also shows that 49.2% of the population aged 65 years and older earns less than \$20,000 per year. This would mean that approximately half of the population aged 65 years and older would not be able to afford any housing at average market rent. It should also be noted that if rents do not include utilities, this adds to housing costs for households and may make market rents unaffordable to an even larger percentage of the senior population.

The housing survey conducted in spring 2010 as part of the *Need and Demand Analysis of Seniors Housing Project in Western Manitoulin Island* showed that 77% of survey respondents that were renters and 55 year of age or older spent less than \$625 per month on rent. This demonstrates a need for more affordable housing units, particularly for seniors, in Western Manitoulin Island.

<sup>1</sup> With a gross annual household income of \$21,900, a household would only be able to afford a one bedroom unit at average market rent.

The issue of affordability is addressed in the proposed project by designating the units as affordable with average rents set at no more than 80% of the average market rent for the area. These units will be a mix of one and two-bedroom units.

### **3.3.2 Need for Supportive Housing**

A need for supportive housing for seniors was established through the demographic analysis of the *Need and Demand Analysis for Affordable Seniors Housing in Western Manitoulin Island* and through the housing preference survey. Currently, senior applicants make up 36.8% of the social housing waiting list in Western Manitoulin Island. Additionally, there are only 25 social housing units dedicated for seniors in Western Manitoulin Island, which is likely not adequate for addressing the housing needs of an aging population.

Although a majority of the respondents to the housing preference survey indicated that they currently did not need support services to live independently, a significant number did say they were currently receiving support services from family members/friends, community organizations, and professional caregivers. Additionally, respondents indicated a need for support services in the near future. The support services identified by respondents include: housekeeping services, transportation, shopping, meal preparation, laundry service, and attendant services.

As a result of these findings, the proposed project will aim to offer a wide range of support services to seniors and persons with disabilities. The services would be offered on a fee for service basis and would include assistance with daily activities such as:

- Taking medication
- Personal grooming and hygiene
- Rising and retiring
- Dressing and undressing, bathing and washing
- Transferring
- Preparing meals
- Range of motion exercises
- Essential communication tasks
- Laundry, housekeeping, and shopping
- Transportation for appointments and leisure activities

Outside agencies would be invited to deliver these services. Other possible services that would be considered include:

- Adult Day Centre
- Meals on Wheels

- Telephone Reassurance
- Transportation Service
- Hairdressing and barber services
- Hearing services
- Dental services and denturist
- Massage therapy
- Respiratory health services
- Foot care
- Physiotherapy
- Manicurist
- Religious services

Tenants could be provided with a menu of services from which they could select what they like. Those that are fee for service would be paid over and above their rent.

### **3.4 Summary of Marketing Plan**

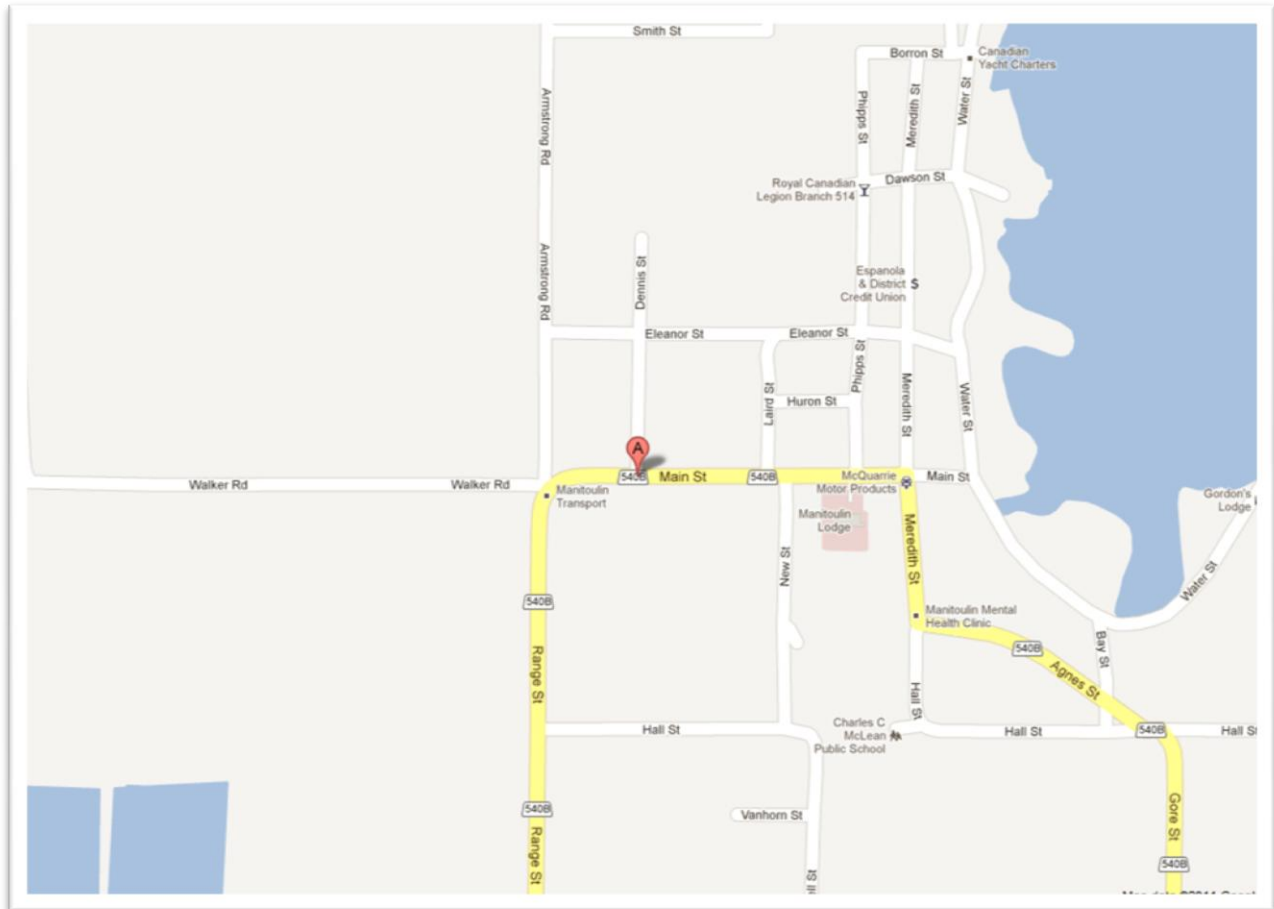
As noted, the project would contain 20 affordable rental units. It is anticipated that some of these units would be funded through the Investment in Affordable Housing Program administered by the Manitoulin-Sudbury District DSSAB. Only applicants with incomes at or below the maximum annual household income levels permitted under the Investment in Affordable Housing Program would be eligible for any units funded under the Program. Other units that are not funded under the Program would have no such restrictions.

## 4.0 Project Concept and Design

### 4.1 Site Characteristics

The proposed site is located near Dennis St. and Secondary Highway 540B.

Figure 1: Map of Gore Bay, Ontario



### 4.2 Planning Approvals

The proposed project will be developed on land purchased by the West End Manitoulin Seniors Housing and Support Services Interest Group and located near East Dennis Street and Secondary Highway 540B. A discussion with the Town of Gore Bay's Planning Department found that the land would need to be zoned multi residential use. The site is serviced for the intended use (including sewer and water capacity); therefore, no major barriers are anticipated from a planning standpoint. The proposed development would be designed to comply with all municipal planning requirements.

## 4.3 Design Characteristics

### 4.3.1 General Characteristics

The proposed project will consist of 20 residential units. Each unit will include a fridge and a stove. The table below provides more detail about proposed unit sizes and composition. Units have been kept to a modest size to encourage affordability.

Units	# of Units	Unit Size	Tenant's Average Monthly Rent Payment
1 Bedroom	14	500 SF	\$437
1 Bedroom Modified	2	550 SF	\$437
2 Bedroom	3	650 SF	\$499
2 Bedroom Modified	1	700 SF	\$499
	<b>20</b>	<b>10,750 SF</b>	

The unit composition and sizes reflect preferences that were expressed by respondents to the housing preference survey conducted in spring 2010, and to the overall trend in the area toward smaller household sizes. At least three of the units will be fully accessible.

It is anticipated that the building will be a one or two-storey building. Ideally, the site is large enough to accommodate a single storey building; a two-storey building would have additional construction and operating costs for an elevator, in addition to being less accommodating to the senior population.

### 4.3.2 Interior Amenities and Common Areas

The building will include a laundry room for the tenants, a common room with a full kitchen, and office space for property management.

The design of the proposed project, including the height of the building and design of the facade will reflect the residential character of the surrounding neighbourhood.

### 4.3.3 Accessibility

In addition to the inclusion of accessible units, the proposed project will follow strict facility accessibility design standards. The standards address the needs of persons with disabilities and incorporate the principles of Universal Design.<sup>2</sup> These principles are:

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<sup>2</sup> Universal Design is defined as “the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design.”

*Equitable use* - The design is useful and marketable to people with diverse abilities.

*Flexibility in use* - The design accommodates a wide range of individual preferences and abilities

*Simple and intuitive* - Use of the design is easy to understand, regardless of the user's experience, knowledge, language skills, or current concentration level.

*Perceptible information* - The design communicates necessary information effectively to the user, regardless of ambient conditions or the user's sensory abilities.

*Tolerance for error* - The design minimizes hazards and the adverse consequences of accidental or unintended actions.

*Low physical effort* - The design can be used efficiently and comfortably with a minimum of fatigue.

*Size and space for approach and use* - Appropriate size and space are provided for approach, reach, manipulation and use, regardless of user's body position, size, posture or mobility.

More specifically, the following components will be incorporated into the common areas of the proposed project:

- Wider corridors and doorways, including unit doorways
- Automatic door opening devices on all entrance doors
- Secured entrance with video surveillance
- Speaker/entry system at accessible height
- Mail boxes at accessible height
- Large print on signage
- Elevator (if necessary) with auditory announcement of floor level
- Flooring appropriate for wheelchairs, walkers and other assistive devices
- Lever handles on all doors and faucets in common areas

Within accessible units, the following components will be incorporated:

- Automatic door openers
- Automatic locking systems on doors
- Ceilings reinforced so that ceiling track and lifting units can be installed
- Accessible appliances appropriately placed

- Lowered countertops with sufficient space underneath to accommodate a wheelchair
- Roll-in ceramic floor shower with controls at lowered level
- Sink with tilted mirror, sufficient space underneath and faucets with lever handles
- Grab bars in bathroom
- Flooring appropriate for wheelchairs, walkers and other assistive devices
- Lowered light switches
- Raised electric and telephone outlets
- Windows that offer views from a seated position
- Lever handles on all doors and faucets

#### 4.3.4 Parking

Surface parking spaces will be provided for residents, staff, and visitors and will include the appropriate number of handicapped parking spaces.

#### 4.3.5 Energy Efficiency

In terms of energy efficiency measures, and as specified in the proposed *2012 Ontario Building Code*, the proposed project will exceed energy efficiency levels outlined in the *Model National Energy Code for Buildings* by at least 25%<sup>3</sup>. Where appropriate, Energy Star rated products and features will be incorporated into the design of the proposed project, including appliances, lighting, windows, heating and cooling systems, and ducts. Walls and ceilings will also have more insulation than is required by the Ontario Building Code to reduce heat loss.

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<sup>3</sup> This is a requirement of the *Canada-Ontario Affordable Housing Program 2009 Extension*.



## 5.0 Financial Plan

### 5.1 Strategies for Self-Sustaining Operation

The proposed seniors/supportive housing project must demonstrate that it is self-sustaining in order to achieve any financial commitments, and the West End Manitoulin Seniors Housing and Support Services Interest Group must clearly outline how the operation of the new building will generate sufficient revenue to cover operating costs and mortgage payments, and funding of a capital reserve fund. In addition, since many of the tenants will have low, moderate and/or fixed incomes, it is important that rents be kept as low as possible to ensure that they are affordable.

In order to minimize on-going utility costs for the building, a strong emphasis will be placed on energy efficient forms of design and the use of energy efficient appliances. At the very least, the design of the building will comply with requirements of the proposed *2012 Ontario Building Code*.

In order to achieve these requirements, a significant contribution towards capital costs is required to reduce mortgage payments once the building is completed and operating. These funding sources are described in detail in the next section, alongside a summary of the capital costs. This section is followed by an overview of operating revenue and expenses.

### 5.2 Capital Plan Contributions and Costs

#### 5.2.1 Capital Contributions

In order to fully cover capital costs of the proposed project, the West End Manitoulin Seniors Housing and Support Services Interest Group will endeavour to access funding from multiple sources. Potential sources are detailed below.

***Investment in Affordable Housing Program:*** This recently announced Program is an extension of the previous Canada-Ontario Affordable Housing Program. It provides capital funding for affordable housing through joint federal (CMHC) and provincial (Ministry of Municipal Affairs and Housing) sources. The Program permits Service Managers such as the Manitoulin-Sudbury District Social Services Administration Board (MSDSSAB), to allocate up to \$150,000 per unit or 75% of total capital cost (whichever is less) in capital funding for new affordable housing projects, up to the limit of funds provided in their allocation from the province. In addition, the allocation of funds received by the DSSAB must also cover five other streams of housing activity the DSSAB may wish to support over the next three years, including rent supplements to low income households, housing allowances, home ownership assistance, conversion of non-residential buildings to residential, and repairs to existing substandard dwellings.

It is our understanding that the DSSAB has been allocated approximately \$1.1 million in funding through this Program and is currently reviewing how it intends to utilize these funds. We would expect that it would likely allocate some portion of the

funding to each of the above potential areas, which would leave a minimal amount for the DSSAB to contribute to this proposed project. A likely estimate is that a maximum of perhaps 2 or 3 units of funding could be provided (i.e. about \$300,000 - \$450,000) to the proposed project.

**Northern Ontario Heritage Fund:** This fund provides capital grants towards development projects in Northern Ontario that can generate economic benefit and short and long-term employment. It is our understanding that development of affordable housing is an eligible activity that can be funded under the Fund.

**FedNor:** This fund provides capital grants towards professional fees and services required for development projects in Northern Ontario. It is our understanding that development of affordable housing is an eligible activity that can be funded under FedNor.

**Tax Rebates:** If the proposed non-profit housing corporation were able to obtain charitable status, it would be eligible for a GST rebate for 50% of all costs related to the development of the project. Moreover, the Corporation could apply for 82% rebate on the PST portion of the overall HST on capital costs.

**Waiver of Development Charges and Fees:** The Town of Gore Bay will be approached with a request to waive applicable planning fees, building fees, and related municipal charges. These fees - which total \$19,062 - are currently in the capital budget but any waivers of them will reduce the mortgage amount and enhance affordability.

**Equity Contribution:** As shown in the pro forma budget, it is likely that an equity contribution of approximately \$2,628,341 will be required in order to meet the proposed project's capital costs. This amount is an estimate based on current funding and capital cost estimates. The required equity can be obtained through a combination of local fundraising, as well as potential government program funding sources, such as those noted above.

### 5.2.2 Capital Costs

The following table contains a summary of capital costs, as well as details on the sources of funds. The table shows that the project at 20 affordable housing units would incur total project costs of an estimated \$3.4 million, including hard costs (i.e. construction costs) and soft costs that include consultant fees, legal, financing, and organizational costs, and planning permits and fees.

**Table 1: Capital Costs and Sources of Funds**

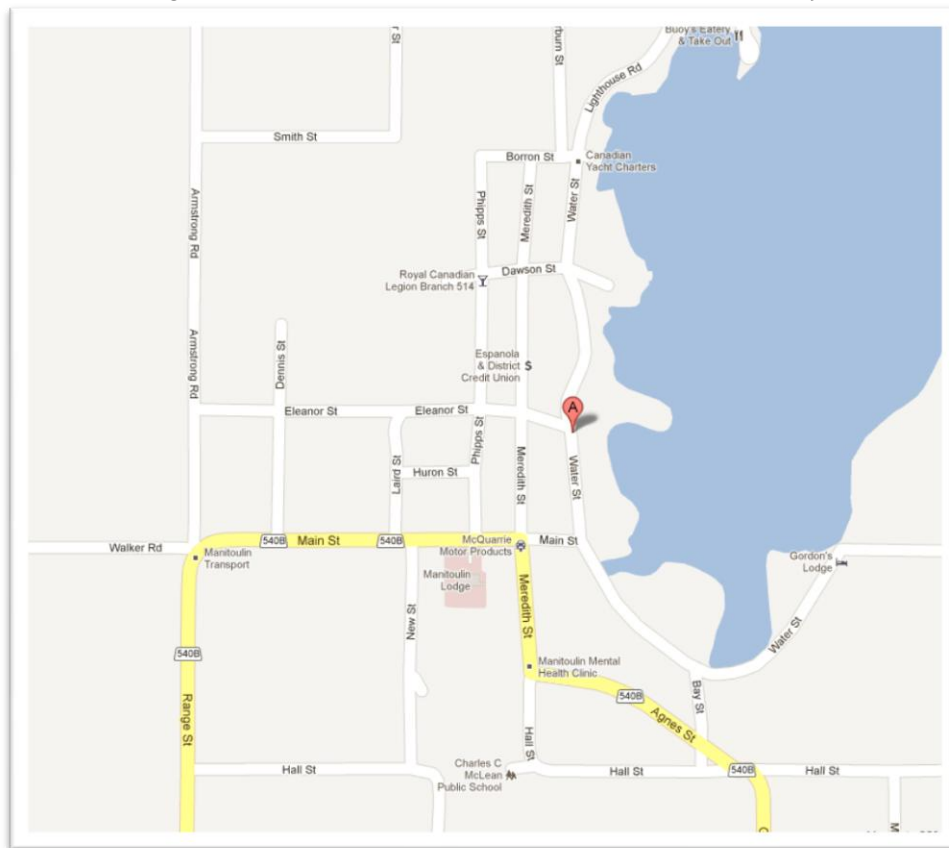
Costs		Sources of Funds	
Land	\$85,575	Equity Required	\$2,628,341
Hard Costs	\$2,457,489	Mortgage	\$498,416
Soft Costs (including consultants, site, legal and organizational, financing costs and fees and permits)	\$466,339		
HST	\$387,208	HST Rebate	\$269,854
<b>Total</b>	<b>\$3,396,611</b>	<b>Total</b>	<b>\$3,396,611</b>

A complete capital budget is included in Appendix A.

**5.2.2.1 Alternative Scenario: Millsite**

SHS Consulting has had the opportunity to look into the potential development at the Millsite (14 Water Street). In response to our inquiries, Board members of the Gore Bay Municipal Non-Profit Housing Corporation, which owns the Millsite, has indicated that they would endorse the idea of developing on a portion of this property. The location of the site would be ideal and the cost of severing and acquiring a portion of the property would likely be quite reasonable.

**Figure 2: Millsite Location - 14 Water Street, Gore Bay**



The site is designated as a “Water Front Policy Area” under the Official Plan and is zoned as a “Development” site with a Special Provision Amendment to permit the current senior’s building. It will be likely that amendments would be required for new development.

Due to the likelihood of a lower land cost compared to the scenario previously analyzed, it is expected that the total capital cost of this project if it were developed on the Millsite would be approximately \$3,348,224 (\$48,387 less than the previous scenario). This would result in an equity contribution of approximately \$2,583,805 (\$44,536 less than the previous scenario). A detailed for forma of the Millsite scenario can be found in Appendix B.

## 5.3 Operational Plan

### 5.3.1 Operating Revenue

Operating revenue refers to the ongoing income for the project and would include such components as rental income and laundry income. The sources of revenue for the West End Manitoulin Seniors Housing and Support Services Interest Group’s proposed project are detailed below. These operating expenses do not include the cost of providing any supportive services. It is expected that these costs would be incurred by agencies providing such services and would be paid for directly by residents over and above their regular rental and utility charges.

**Rental Revenue:** Rents for the housing units will be below average market rents for comparable units in Western Manitoulin Island. The average rents in the area for a one-bedroom and two-bedroom unit were \$547 and \$624 respectively. Rents for the proposed project are planned to be a maximum of 80% of these market rents, or \$437 for a one-bedroom unit and \$499 for a two-bedroom unit. The total rental revenue in the first year of operations is expected to be \$107,856.

**Laundry Revenue:** The capital budget of the project includes the purchase of two sets of commercial washing machines and dryers for use by the tenants. As this equipment will be obtained by outright purchase rather than a lease arrangement, all income from the equipment will be collected by the housing provider. The total annual laundry revenue is expected to be approximately \$5,040 or \$21 per unit per month.

The following table demonstrates the annual operating revenue for the first five years. The annual increase to tenant rental income and laundry revenue is based on an average rate of change of the most recent five years of the Ontario Rent Increase Guideline. The vacancy rate is calculated to be 3% of tenant rental income and laundry income combined.

**Table 2: Annual Operating Revenue for the First Five Years**

Item	1st Year	2nd Year	3rd Year	4th Year	5th Year
Tenant Rental Income	\$107,856	\$110,013	\$112,213	\$114,458	\$116,747
Laundry Revenue	\$5,040	\$5,141	\$5,244	\$5,348	\$5,455
Vacancy Loss	-\$3,387	-\$3,455	-\$3,524	-\$3,594	-\$3,666
<b>Total Revenue</b>	<b>\$109,509</b>	<b>\$111,699</b>	<b>\$113,933</b>	<b>\$116,212</b>	<b>\$118,536</b>

### 5.3.2 Operating Expenses

Operating expenses include regular day-to-day costs for running the housing project, such as maintenance and repair, common area utility costs, property taxes, snow clearance, landscaping, property management, insurance, legal and accounting, HST and contributions to a long-term capital replacement reserve fund. In order to promote individual responsibility for energy efficiency, it has been assumed that tenants would pay their own utilities over and above the rent. These would probably cost about \$200-\$250 per month over and above the rent.

Mortgage payments are also included as an ongoing operating expense that must be covered by the revenues being generated.

Maintenance costs for the project are calculated at \$1,050 per unit, which is at the more conservative end of CMHC’s operating statement guidelines, and would include any maintenance staff salaries, contracted repairs, systems monitoring, and supplies.

It is anticipated that the energy efficient design and features of the building will minimize on-going utility costs. In that regard, annual heating costs for common areas are calculated at \$100 per unit per year, and water/sewer costs for common areas are at \$400 per unit per year. As tenants will be responsible for their own electricity and heating costs, the project’s budgeted cost for these items is to cover lighting, heating, and water in the common areas (including the exterior of the building) and electricity to operate the building systems and office. An annual capital replacement reserve contribution of 4% of total revenue has been budgeted; these funds are set aside to cover major building or equipment replacement costs in the years to come.

On the administrative side of the operations, a property management fee of \$8,198 has been budgeted representing 6% of the rents at the average market amount and any other operating revenue. An additional \$7,000 has been budgeted for other administrative fees, as well as office supplies and equipment, and administrative services such as the audit, which are not included in the property management fee. Insurance has been budgeted at \$200 per unit per year.

Property taxes are estimated at \$1,000 per unit per year. The Town of Gore Bay, however, will be approached to waive the municipal tax and the school board will be

approached to waive the school tax portion of the project's property taxes. Any reduction in property taxes will result in a lower equity contribution requirement.

As the operating expenses are budgeted without HST, a separate line notes the net cost on this item after the rebate has been applied to the total HST paid for operating expenses.

Finally, an annual mortgage payment of \$28,637 has been budgeted. This amount represents the conversion of the \$498,416 construction loan to a take-out mortgage amortized over 40 years with an interest rate of 5.0%.

Expenses for maintenance, other administrative materials and services, insurance, and property taxes are calculated to increase by 2% per year. This increase is based on the five-year average rate of increase in the Consumer Price Index. Other expenses, such as heat, electricity, and water/sewer are calculated to increase by 4.34% annually based on the five-year average rate of increase in the Consumer Price Index for utilities.

The following table illustrates the annual estimated operating expenses for the first five years of the proposed project.

**Table 3: Annual Operating Expenses in the First Five Years**

Item	1st Year	2nd Year	3rd Year	4th Year	5th Year
Maintenance Salaries	\$8,000	\$8,160	\$8,323	\$8,490	\$8,659
Maintenance - Materials and Services	\$13,000	\$13,260	\$13,525	\$13,796	\$14,072
Heat	\$2,000	\$2,087	\$2,177	\$2,272	\$2,370
Electricity	\$2,000	\$2,087	\$2,177	\$2,272	\$2,370
Water/Sewer	\$8,000	\$8,347	\$8,709	\$9,087	\$9,482
Property Management Fee	\$8,198	\$8,362	\$8,529	\$8,700	\$8,874
Other Administrative Materials and Services	\$7,000	\$7,140	\$7,283	\$7,428	\$7,577
Capital Replacement Contribution	\$4,380	\$4,468	\$4,557	\$4,648	\$4,741
Insurance	\$4,000	\$4,080	\$4,162	\$4,245	\$4,330
Property Taxes	\$20,000	\$20,400	\$20,808	\$21,224	\$21,649
HST (net amount after rebate)	\$1,426	\$1,458	\$1,491	\$1,525	\$1,560
<b>Sub-Total</b>	<b>\$78,004</b>	<b>\$79,849</b>	<b>\$81,743</b>	<b>\$83,687</b>	<b>\$85,684</b>
Mortgage Payment	\$28,637	\$28,637	\$28,637	\$28,637	\$28,637
<b>Total Operating Expenses</b>	<b>\$106,642</b>	<b>\$108,486</b>	<b>\$110,380</b>	<b>\$112,324</b>	<b>\$114,321</b>
<b>Net Operating Profit</b>	<b>\$2,868</b>	<b>\$3,213</b>	<b>\$3,553</b>	<b>\$3,887</b>	<b>\$4,215</b>

A complete operating budget is included in Appendix A.

#### 5.4 Debt-Coverage Ratio

The debt-coverage ratio is the ratio of cash available for debt servicing to interest and principal payments. It is a popular benchmark used in the measurement of an entity's ability to produce enough cash to cover its debt payments. The higher this ratio, the easier it is to obtain a loan or to be approved for funding. For example, a debt-coverage ratio of 1.0 means that the entity generates just enough cash flow to pay its debt obligation. Any debt-coverage ratio below 1.0 indicates that there is not enough cash flow to cover loan payments.

The proposed project has a debt-coverage ratio of 1.1, suggesting that the project is likely to be financially feasible and sustainable. CMHC generally looks for a debt coverage ratio of 1.1 in these projects to ensure that they can operate in a financially sustainable manner.

#### 5.5 Summary

The discussion above shows that the Supportive Seniors project is likely to be feasible as it shows a net operating surplus for each year and has a debt-coverage ratio of 1.1, providing equity of at least \$2,628,000 is contributed at the outset. Accordingly,

whether the project can be achieved will be determined in large part by the availability of funding under the various programs and sources noted earlier.



## 6.0 Development Plan

### 6.1 Procurement Options

Procurement describes the method used to develop the project. There are many different methods of construction procurement; however, the two most common types of procurement are Turnkey and Pre-Qualified Tender.

#### 6.1.1 Turnkey

A turnkey procurement (also known as a design/build) involves hiring a developer as the designer and contractor for a fixed priced. The developer typically obtains the planning approvals for the proposed project, designs the project in consultation with the Corporation, and builds the project.

The advantages of this option include:

- Least amount of risk compared to other procurement options
- Costs are more predictable
- Suitable for projects whether there is limited equity
- Suitable for projects with specific design requirements
- Suitable to projects where it is important to firm up construction costs early in the process
- Concern over the competitiveness of the cost can be addressed through the use of experts such as an advocate architect or technical consultant who can verify the proposed cost before the contract is signed, and who can evaluate the quality of work when the project is completed

One possible disadvantage of this option is that once the design/build contractor is selected, the process is no longer competitive.

#### 6.1.2 Pre-Qualified Tender

A tender project is a project delivery method in which the Corporation contracts with separate entities for each of the design and construction of a project. There are three main sequential phases to the pre-qualified tender delivery method: the design phase, the bidding (or tender) phase, and the construction phase. In the design phase, the corporation retains an architect to design and produce tender documents on which various general contractors will in turn bid, and ultimately be utilized to construct the project. In the bidding phase, pre-qualified contractors are invited to submit quotations to construct the project in accordance with the tender documents. In the construction phase, once the low bidder is identified, the construction contract is signed and the contractor constructs the building. The project architect inspects the work for compliance with the contract and certifies payment to the contractor.

The advantages of this option include:

- The design team is impartial and looks out for the interest of the Corporation
- The design team prepares documents on which all general contractors place bids
- Improves decision making by providing a range of potential options
- Assists the Corporation in establishing a reasonable price for the project
- Uses competition to improve the efficiency and quality for the Corporation

One possible disadvantage of the Pre-Qualified Tender approach is that the Corporation will be responsible for any cost overruns and/or change orders.

### **6.1.3 Procurement Options Summary**

It is our experience that a pre-qualified tender approach is generally preferred in order to establish a competitive, transparent selection process.

## **6.2 Management Approach**

As mentioned in section 1.4, the proposed project will be owned and managed by the West End Manitoulin Seniors Housing and Support Services Interest Group. There are two fundamental options for providing property management and maintenance and repair functions. The Corporation can either hire its own staff, or it can contract out to an outside individual or company.

Given the small size of the project, it is likely that a part-time property manager and a part-time maintenance person should be hired on a contract basis to handle these responsibilities. It may be possible to find one individual capable of fulfilling both roles, although that requires considerable expertise across a wide range of administrative and technical subjects. It may also be possible to share these functions with other existing projects in the area in order to help achieve economies of scale.

### **6.2.1 Property Management**

Property management functions relate to the day-to-day administration and management of the project. The property manager will be responsible for ensuring these functions are carried out. They include:

- Management of the waiting list
- Tenant selection
- Preparation of leases and renewal of tenancy periods
- Verification of household income at occupancy and as required by funding programs
- Calculating and implementing rent increases

- Rent collection and bank deposits
- Verification and payment of invoices
- Ensuring financial reporting and financial statements are kept up to date
- Annual budgeting
- Regular reporting to the Board of Directors
- Preparation of agenda packages for Board meetings
- Helping to organize the Annual General Meeting
- Annual reporting to government agencies as required
- Ensuring required financial remittances are made
- Ensuring required maintenance and repair work is carried out
- Providing referrals for tenants to programs and services
- Developing and implementing policies and procedures
- Building a strong community within the building
- Responding to concerns identified by tenants and neighbours in the community

### **6.2.2 Maintenance and Repair**

The maintenance and repair functions relate to how the building is operated and maintained, which has a direct impact on the enjoyment of the tenants. Maintenance and repair activities will include:

- Setting up maintenance schedules for regular and preventative maintenance
- Maintenance contract administration
- Overseeing repairs and maintenance by contractors
- Maintaining and cleaning the building's common areas and grounds
- Implementing energy conservation practices and waste reduction programs
- Life safety and security system maintenance
- Preparation of capital repair schedule and ensuring the capital replacement reserve is sufficiently funded

## 7.0 Implementation Plan

To turn the vision of the affordable housing project into a reality, the project will follow four major steps:

1. Pre-Development Phase
2. Development Phase
3. Construction Phase
4. Operation Phase



The tasks involved in these phases are detailed in the sections below.

### 7.1 Pre-Development and Development Phase

The pre-development and development phases include:

- Preparing a Need and Demand study for the project to demonstrate the need for this type of development in the community (Complete)
- Preparing a Business Plan for the proposed project (Complete)
- Selecting a project site (Ongoing)
- Incorporating the non-profit housing corporation
- Applying for charitable status
- Selecting a project architect
- Developing and finalizing the project design concept
- Preparing a topographical and boundary survey
- Conducting a Phase I Environmental Site Assessment
- Conducting a Phase II Environmental Site Assessment (if necessary)
- Obtaining appropriate zoning for the proposed project
- Obtaining municipal site plan approval
- Preparing submissions for funding to develop an affordable seniors/supportive housing project under the various funding programs noted in this Business Plan
- Finalizing architectural drawings and specifications

- Preparing tender package, selecting contractor, and signing construction contract
- Finalizing the agreements for government or agency funding
- Selection of project lender
- Selection of project quantity surveyor
- Finalizing capital and operating budgets
- Finalizing loan agreement with project lender, including obtaining CMHC undertaking to insure
- Ensuring all other legal agreements are in place

## 7.2 Construction Phase

The construction phase will include the following work:

- Construction of the project
- Achieving substantial completion
- Conducting deficiency reviews and ensuring all outstanding deficiencies are corrected
- Obtaining the project occupancy permit
- Selection of tenants
- Setting the Interest Adjustment Date
- Confirming arrangements for the mortgage (length of term, setting interest rate, meeting mortgage conditions)
- Co-ordination of the final capital cost audit

## 7.3 Operation Phase

During the operation phase, the tenants would move into their units, warranty inspections would take place, and the West End Manitoulin Seniors Housing and Support Services Interest Group would operate the building. The Board would also select the property manager and maintenance manager and arrange any support services with local agencies.

## 7.4 Next Steps

There are a number of key steps to undertake in order to prepare for development of this project, as follows:

1. The West End Manitoulin Seniors Housing and Support Services Interest Group should pass a motion confirming its intention to commence preparation of

funding applications for the *Investment in Affordable Housing Program*, the *Northern Ontario Heritage Fund* and *FedNor*.

2. The West End Manitoulin Seniors Housing and Support Services Interest Group should pass a motion confirming its intention to initiate a community fundraising campaign to enable it to contribute equity towards the development in order to help the project to achieve financial approval.
3. The West End Manitoulin Seniors Housing and Support Services Interest Group should confirm its preferred site and pursue a conditional agreement of purchase and sale. Once this agreement is in place, it should undertake an Environmental Site Assessment to ensure there are no environmental issues to be addressed.
4. The West End Manitoulin Seniors Housing and Support Services Interest Group should decide on a procurement option (i.e. turnkey vs. pre-qualified tender). Should the pre-qualified tender option be chosen, the West End Manitoulin Seniors Housing and Support Services Interest Group should then proceed to select an architect who would be responsible for the project design and tender documents. The balance of SEED Funding could help cover the cost of developing an initial design concept for the project.
5. The West End Manitoulin Seniors Housing and Support Services Interest Group should commence incorporation of a non-profit housing corporation and seek charitable status. SEED Funding can also be used to cover this cost.
6. Upon preparing securing the preferred site and preparing the preliminary design concept, the West End Manitoulin Seniors Housing and Support Services Interest Group should update the financial pro forma for the project.

In the past, government funding agencies have shown preference to projects that are currently well along in the pre-development process and have completed the necessary steps to ensure the property is “shovel ready” for development. Therefore, it will be in the best interest of the West End Manitoulin Seniors Housing and Support Services Interest Group to proceed with the steps outlined above; however, it is recognized that there are financial costs to moving ahead with project planning and design and the interest group may be at risk for these costs, especially if outside funding is not secured.

## 8.0 Summary and Conclusion

This Business Plan demonstrates the capacity of the West End Manitoulin Seniors Housing and Support Services Interest Group to move from its current status as a CMHC Seed Funding project towards the development and operation of a 20 unit affordable supportive housing project for seniors and others requiring housing and support services in Western Manitoulin Island.

The analysis shows that the project is financially feasible, providing equity of approximately \$2,600,000 can be raised, and would be able to provide affordable rents for households with low and moderate incomes. The next steps for the project will be as follows:

- Continued exploration of funding sources
- Completion of applications for project funding
- Commencement of a local fundraising campaign
- Selection of the preferred site
- Preparation of the design concept for the housing project
- Incorporation of a non-profit housing corporation and application for charitable status
- Updating the financial feasibility analysis

## Appendix A: Capital and Operating Budget



### Capital Budget: Soft Costs

Building	Total Cost	Per Unit		Comments
Architect, Engineer, Landscape	\$132,638	\$6,632	6.0%	of construction costs
Cost Consultant (Quantity Surveyor)	\$25,000	\$1,250		Estimated based on similar projects
Development Consultant	\$130,000	\$6,500	4.0%	of total project costs
<b>Building Sub-total</b>	<b>\$287,638</b>	<b>\$14,382</b>		

Site	Total Cost	Per Unit		Comments
Building and Property Appraisal	\$4,000	\$200		Estimated based on similar projects
Boundary and Topographic Survey	\$5,000	\$250		Estimated based on similar projects
Geotechnical Assessment	\$5,000	\$250		Estimated based on similar projects
Environmental Assessment	\$5,000	\$250		Estimated based on similar projects
Other Studies	\$15,000	\$750		Estimated based on similar projects
<b>Site Sub-total</b>	<b>\$34,000</b>	<b>\$1,700</b>		

Legal and Organizational	Total Cost	Per Unit		Comments
Legal Fees	\$30,000	\$1,500		Estimated based on similar projects
Organizational Expenses	\$10,000	\$500		Estimated based on similar projects
Marketing/Rent-up	\$10,000	\$500	\$500	per unit. Estimated based on similar projects
Capital Cost Audit	\$5,000	\$250		Estimated based on similar projects
Board Insurance	\$2,000	\$100		Estimated based on similar projects
<b>Legal and Organizational Sub-total</b>	<b>\$57,000</b>	<b>\$2,850</b>		

Financing Costs	Total Cost	Per Unit		Comments
Interest During Construction	\$3,245	\$162	5.50%	
Interest on Money Borrowed (pre Construction)	\$0	\$0	5.50%	
Lender's Legal Financing Fee	\$15,000	\$750		HST will apply to this cost
Lender's Mortgage Advance Fee	\$0	\$0	\$350	per cash advance, first two draws are free
Lender's Application Fee	\$2,000	\$100		
CMHC Mortgage Insurance Application Fee	\$4,000	\$200	\$200	per unit for the first 100 units, \$100 thereafter

Insurance Consultant	\$2,000	\$100		
<b>Financing Costs Sub-Total</b>	<b>\$26,245</b>	<b>\$1,312</b>		

<b>Fees and Permits</b>	<b>Total Cost</b>	<b>Per Unit</b>		<b>Comments</b>
Rezoning Application	\$1,377	\$69		Town of Gore Bay. Rezoning for multi-residential
Building Permit Fees	\$17,685	\$884	\$8	per \$1,000 of construction cost
<b>Fees and Permits Sub-total</b>	<b>\$19,062</b>	<b>\$953</b>		

<b>Soft Costs Summary</b>	<b>Total Cost</b>	<b>Per Unit</b>		<b>Comments</b>
Soft Costs Sub-total	\$423,945	\$21,197		
Soft Cost Contingency	\$42,395	\$2,120	10.0%	includes financing costs of \$26,245
<b>Soft Costs Total</b>	<b>\$466,339</b>	<b>\$23,317</b>		

### Capital Budget: Hard Costs and Contributions

Construction Costs	Total Cost	Per Unit		Comments
Base Construction Cost	\$2,210,635	\$110,532	\$160	per square foot of construction
Hydro Connection Fee	\$50,000	\$2,500		Estimated based on similar projects
Sprinklers	\$0	\$0		N/A
Appliances (Fridge & Stove)	\$18,000	\$900	\$1,000	per unit is a typical cost for a fridge and a stove for non-modified units plus an additional set for the common area
Appliances (Washer/Dryer)	\$8,931	\$447		3 sets of washer/dryer. Commercial washer \$2215, commercial dryer \$762.
Appliances (Modified units)	\$5,820	\$291	\$1,940	Side-by-side fridge \$1100; range is \$840
Furniture and Equipment	\$25,000	\$1,250		Estimated based on similar projects
Escalation	\$69,552	\$3,478	3.0%	of construction costs
Contingency	\$69,552	\$3,478	3.0%	of construction costs
<b>Construction Costs Sub-total</b>	<b>\$2,457,489</b>	<b>\$122,874</b>		

Land / Property Acquisition Costs	Total Cost	Per Unit		Comments
Purchase Price / Value	\$85,000	\$4,250		land will be purchased
Provincial Land Transfer Tax	\$575	\$29		First \$55,000 at 0.5% + \$55,000-\$250,000 at 1% + \$250,000 and up 1.5%
<b>Land Cost Sub-total</b>	<b>\$85,575</b>	<b>\$4,279</b>		

TOTAL CAPITAL COSTS	Total Cost	Per Unit		Comments
Hard Cost Total	\$2,543,064	\$127,153		
Soft Cost Total	\$466,339	\$23,317		
HST	\$387,208	\$19,360	13%	
<b>Total Project Cost</b>	<b>\$3,396,611</b>	<b>\$169,831</b>		

<b>Contributions</b>	<b>Total Cost</b>	<b>Per Unit</b>		<b>Comments</b>
PST rebate	\$195,391	\$9,770	82%	rebate applied to the PST portion of HST
GST Rebate	\$74,463	\$3,723	50%	rebate applied to the GST portion of HST
Equity Contribution	\$2,628,341	\$131,417		
<b>Total Contributions</b>	<b>\$2,898,195</b>	<b>\$144,910</b>		
<b>Total Project Cost Less Contributions</b>	<b>\$498,416</b>	<b>\$24,921</b>		

<b>Mortgage</b>			<b>Comments</b>
Mortgage Amount	\$498,416		
Mortgage Interest Rate	5.00%		based on most recent lender quotes
Mortgage Amortization	40 years		
Annual Mortgage Payments	<b>\$28,637</b>		

### Operating Budget

Estimated Operating Revenue	Total	Per Unit	Comments
Rental Income from Tenants	\$107,856	\$5,393	
Laundry Revenue	\$5,040	\$252	Estimated at \$21 per unit per month
Vacancy Loss	-\$3,387	-\$169	3% of Rental, Parking, Laundry, Locker revenue
<b>Total Operating Revenue</b>	<b>\$109,509</b>	<b>\$5,475</b>	

Estimated Operating Expenses	Total	Per Unit	Comments
Maintenance - Salaries	\$8,000	\$400	Estimated based on similar projects
Maintenance - Materials & Services	\$13,000	\$650	Estimated based on similar projects
Heat	\$2,000	\$100	Base heat. Renters pay for heat
Electricity	\$2,000	\$100	Base electricity. Renters pay for electricity
Water/Sewer	\$8,000	\$400	Estimated based on similar projects
Property Management Fee	\$8,198	\$410	6% of (100% AMR + other revenue)
Other Administrative Materials & Services	\$7,000	\$350	Estimated based on similar projects
Capital Replacement Reserves Contribution	\$4,380	\$219	4% of Total Operating Revenue
Insurance	\$4,000	\$200	Estimated based on similar projects
Property Taxes	\$20,000	\$1,000	Estimated based on similar projects
HST	\$4,706	\$235	Assumes that all Operating expenses are before tax
HST Rebate	-\$3,280	-\$164	Assumes 82% rebate on the PST portion and 50% rebate on the GST portion
<b>Sub-total</b>	<b>\$78,004</b>	<b>\$3,900</b>	
Mortgage Payments	\$28,637	\$1,432	
<b>Total Operating Expenses</b>	<b>\$106,641</b>	<b>\$5,332</b>	

Net Operating Income	\$31,505		
Debt Service	\$28,637		
Debt Coverage Ratio	1.10		
<b>Net Operating Profit/Loss</b>	<b>\$2,868</b>		

## Appendix B: Capital Budget for Millsite Scenario

### Capital Budget: Soft Costs

Building	Total Cost	Per Unit		Comments
Architect, Engineer, Landscape	\$132,638	\$6,632	6.0%	of construction costs
Cost Consultant (Quantity Surveyor)	\$25,000	\$1,250		Estimated based on similar projects
Development Consultant	\$130,000	\$6,500	4.0%	of total project costs
<b>Building Sub-total</b>	<b>\$287,638</b>	<b>\$14,382</b>		

Site	Total Cost	Per Unit		Comments
Building and Property Appraisal	\$4,000	\$200		Estimated based on similar projects
Boundary and Topographic Survey	\$5,000	\$250		Estimated based on similar projects
Geotechnical Assessment	\$5,000	\$250		Estimated based on similar projects
Environmental Assessment	\$5,000	\$250		Estimated based on similar projects
Other Studies	\$15,000	\$750		Estimated based on similar projects
<b>Site Sub-total</b>	<b>\$34,000</b>	<b>\$1,700</b>		

Legal and Organizational	Total Cost	Per Unit		Comments
Legal Fees	\$30,000	\$1,500		Estimated based on similar projects
Organizational Expenses	\$10,000	\$500		Estimated based on similar projects
Marketing/Rent-up	\$10,000	\$500	\$500	per unit. Estimated based on similar projects
Capital Cost Audit	\$5,000	\$250		Estimated based on similar projects
Board Insurance	\$2,000	\$100		Estimated based on similar projects
<b>Legal and Organizational Sub-total</b>	<b>\$57,000</b>	<b>\$2,850</b>		

Financing Costs	Total Cost	Per Unit		Comments
Interest During Construction	\$3,245	\$162	5.50%	
Interest on Money Borrowed (pre Construction)	\$0	\$0	5.50%	
Lender's Legal Financing Fee	\$15,000	\$750		HST will apply to this cost
Lender's Mortgage Advance Fee	\$0	\$0	\$350	per cash advance, first two draws are free
Lender's Application Fee	\$2,000	\$100		
CMHC Mortgage Insurance Application Fee	\$4,000	\$200	\$200	per unit for the first 100 units, \$100 thereafter

Insurance Consultant	\$2,000	\$100		
<b>Financing Costs Sub-Total</b>	<b>\$26,245</b>	<b>\$1,312</b>		

<b>Fees and Permits</b>	<b>Total Cost</b>	<b>Per Unit</b>		<b>Comments</b>
Rezoning Application	\$1,377	\$69		Town of Gore Bay. Rezoning for multi-residential
Building Permit Fees	\$17,685	\$884	\$8	per \$1,000 of construction cost
<b>Fees and Permits Sub-total</b>	<b>\$19,062</b>	<b>\$953</b>		

<b>Soft Costs Summary</b>	<b>Total Cost</b>	<b>Per Unit</b>		<b>Comments</b>
Soft Costs Sub-total	\$423,945	\$21,197		
Soft Cost Contingency	\$42,395	\$2,120	10.0%	includes financing costs of \$26,245
<b>Soft Costs Total</b>	<b>\$466,339</b>	<b>\$23,317</b>		



### Capital Budget: Hard Costs and Contributions

Construction Costs	Total Cost	Per Unit		Comments
Base Construction Cost	\$2,210,635	\$110,532	\$160	per square foot of construction
Hydro Connection Fee	\$50,000	\$2,500		Estimated based on similar projects
Sprinklers	\$0	\$0		N/A
Appliances (Fridge & Stove)	\$18,000	\$900	\$1,000	per unit is a typical cost for a fridge and a stove for non-modified units plus an additional set for the common area
Appliances (Washer/Dryer)	\$8,931	\$447		3 sets of washer/dryer. Commercial washer \$2215, commercial dryer \$762.
Appliances (Modified units)	\$5,820	\$291	\$1,940	Side-by-side fridge \$1100; range is \$840
Furniture and Equipment	\$25,000	\$1,250		Estimated based on similar projects
Escalation	\$69,552	\$3,478	3.0%	of construction costs
Contingency	\$69,552	\$3,478	3.0%	of construction costs
<b>Construction Costs Sub-total</b>	<b>\$2,457,489</b>	<b>\$122,874</b>		

Land / Property Acquisition Costs	Total Cost	Per Unit		Comments
Purchase Price / Value	\$42,599	\$2,125		land will be purchased
Provincial Land Transfer Tax	\$213	\$11		First \$55,000 at 0.5% + \$55,000-\$250,000 at 1% + \$250,000 and up 1.5%
<b>Land Cost Sub-total</b>	<b>\$42,713</b>	<b>\$2,136</b>		

TOTAL CAPITAL COSTS	Total Cost	Per Unit		Comments
Hard Cost Total	\$2,500,202	\$125,010		
Soft Cost Total	\$466,339	\$23,317		
HST	\$381,683	\$19,084	13%	
<b>Total Project Cost</b>	<b>\$3,348,224</b>	<b>\$167,411</b>		

<b>Contributions</b>	<b>Total Cost</b>	<b>Per Unit</b>		<b>Comments</b>
PST rebate	\$192,603	\$9,630	82%	rebate applied to the PST portion of HST
GST Rebate	\$73,401	\$3,670	50%	rebate applied to the GST portion of HST
Equity Contribution	\$2,583,805	\$129,190		
<b>Total Contributions</b>	<b>\$2,849,808</b>	<b>\$142,490</b>		
<b>Total Project Cost Less Contributions</b>	<b>\$498,415</b>	<b>\$24,921</b>		

<b>Mortgage</b>			<b>Comments</b>
Mortgage Amount	\$498,415		
Mortgage Interest Rate	5.00%		based on most recent lender quotes
Mortgage Amortization	40 years		
Annual Mortgage Payments	<b>\$28,637</b>		