



Making a difference...together

**SOUTHERN GULF ISLANDS ELECTORAL AREA
COMMUNITY ECONOMIC SUSTAINABILITY COMMISSION**

Notice of Meeting to be held on
Tuesday, June 21, 2022 at 9:30am
Held by Zoom Video Conference

**** Electronic Meeting Notice ****

To receive an invitation to the electronic meeting please contact Melody Pender at 250-629-3475 or mpender@crd.bc.ca no later than 4:00pm on June 20th, 2022.

SGI CESC Commissioners: Paul Brent, Alternate Director, Chair (Saturna), Mike Hoebel, Vice Chair (Galiano), Richard Piskor, Treasurer (Pender), Deb Goldman (Mayne),

Staff: Justine Starke, Manager, SGI Service Delivery; Melody Pender – Recorder/Pender Liaison; SGI Liaisons: Emma Davis (Galiano), Katie Dentry (Saturna), Kat Ferneyhough (Mayne)

Guests: Ed Andrusiak, Southern Gulf Islands Community Resource Centre Society

-
1. Territorial Acknowledgement/Call Meeting to Order
 2. Approval of the Agenda
 3. Approval of Minutes from May 17th, 2022
 4. Financial Report
 - Request from Southern Gulf Island Tourism Partnership Society to release 3rd party funds for 2022 of \$20,000
 5. SGI Liaisons Update – Justine Starke/Liaisons
 6. SGI Housing Feasibility – report attached
 7. Old Business
 - Update from Southern Gulf Islands Community Resource Centre – Ed Andrusiak
 8. New Business
 9. Next proposed regular meeting July 19th, 2022
 10. Meeting Adjourned

**SOUTHERN GULF ISLANDS ELECTORAL AREA
COMMUNITY ECONOMIC SUSTAINABILITY COMMISSION
Tuesday, May 17th, 2022 at 9:30am
Held by Zoom Video Conference**

Present: **SGI CESC Commissioners:** David Howe (Director); Paul Brent, Chair (Saturna); Mike Hoebel, Vice Chair (Galiano); Richard Piskor, Treasurer (Pender); Deb Goldman (Mayne)
Staff: Justine Starke, Manager, SGI Service Delivery; Melody Pender, Recorder/Liaison (Pender); SGI Liaisons: Emma Davis (Galiano); Kat Ferneyhough (Mayne)
Guests: Ed Andrusiak, Janey Rowland, SGI Community Resource Centre

Absent: Katie Dentry (Saturna)

1. Territorial Acknowledgement/Call Meeting to Order

Chair Brent provided the territorial acknowledgement and called the meeting to order at 9:30am.

2. Approval of the Agenda

The following item was added to the agenda:

6. Old Business:

6.1 Follow up on support from the CESC for the Mayne Island Housing Society

MOVED by consent to adopt the agenda as amended.

3. Approval of Minutes from April 19th, 2022

MOVED by consent to adopt the minutes of April 19th, 2022 as presented.

4. Financial Report

4.1 The Financial Report was presented to the Commission.

MOVED by Commissioner Hoebel, **SECONDED** by Chair Brent that the Financial Report be approved as presented.

CARRIED

4.2 Statement of Work for Southern Gulf Islands Community Resource Centre for Southern Gulf Islands Sustainable Funding Initiative

MOVED by Commissioner Hoebel, **SECONDED** by Commissioner Piskor that the Commission endorse the Statement of Work for Southern Gulf Islands Community Resource Centre for Southern Gulf Islands Sustainable Funding, while also requesting a more detailed breakdown of administrative costs and more information on how the fee-for-service revenue will be applied.

CARRIED

5. SGI Liaisons Update – Justine Starke/Liaisons

The CRD board endorsed the SGI Housing Strategy and the report is available on the CRD website. The CRD participated in a productive meeting with the SGI Housing Coalition to discuss housing strategy options for the SGIs.

The transportation report is a bit delayed from Watt Consulting. The Commission will be presented with the CRD transportation report when it is available.

The commission was informed that Islands Trust is closing some of their Island offices which will affect some of the Liaison's office space. Funding options will be discussed in the future.

6. Old Business

6.1 Follow up on support from the CESC for the Mayne Island Housing Society

Mayne Island Housing Society requested support from the CESC for their re-zoning application to the Islands Trust. The CESC will have the opportunity to advocate for housing solutions and act as a referral agency further along in the application process. The CRD will present the Commission with appropriate referrals and give the Commission the opportunity to respond to such requests.

7. New Business – none

8. Next proposed regular meeting is **June 21st, 2022 at 9:30am.**

MOVED by Commissioner Piskor, **SECONDED** by Commissioner Goldman that the regular meetings continue to be held virtually for now due to logistical concerns and that an in-person meeting be scheduled for later in the year.

CARRIED

9. Meeting Adjournment

MOVED by Commissioner Hoebel, **SECONDED** by Commissioner Piskor that the meeting be adjourned at 10:39am.

CARRIED

| | | January | February | March | April | May | Totals Actuals Spent | remaining |
|--|------------|----------|----------|----------|----------|----------|-------------------------|------------|
| 429000 - Interest Income | 100.00 | | | | | | | 100.00 |
| 430000 - Grant in Lieu- Federal | 960.00 | 1,237.25 | | | | | | 960.00 |
| 440100 - Grants Regional & Other | | | | | | | | - |
| 486000 - Requisition- Municipal Electoral Area- | 119,324.00 | | | | | | | 119,324.00 |
| 490000 - Surplus | 2,772.00 | | | | | | | 2,772.00 |
| | 123,156.00 | 1,237.25 | - | - | - | - | 123,156.00 | 123,156.00 |
| 501000 - Travel Expenses CRD Business | 1,020.00 | | | | | | - | 1,020.00 |
| 503130 - Contract for Services | 73,440.00 | 1,632.80 | 1,632.80 | 1,632.80 | 1,632.80 | 5,072.80 | 11,604.00 | 61,836.00 |
| 506010 - Insurance - Public Liability | 170.00 | | | | | | - | 170.00 |
| 506050 - Insurance - Group Accident | 40.00 | | | | | | - | 40.00 |
| 506090 - Insurance - Service Contract | 10.00 | | | | | | - | 10.00 |
| 510000 - Rentals - Building | 8,810.00 | 427.43 | 434.86 | 434.86 | 434.86 | 434.86 | 2,166.87 | 6,643.13 |
| 514030 - Advertising | 2,040.00 | 204.47 | 9.52 | 9.52 | 9.52 | 555.02 | 788.05 | 1,251.95 |
| 514060 - Program Development | 9,820.00 | | | | 2,500.00 | | 2,500.00 | 7,320.00 |
| 514880 - Meeting Expenses | 1,020.00 | | | | | | - | 1,020.00 |
| 530010 - Standard OH Allocations | 5,986.00 | 498.83 | 498.83 | 498.83 | 498.83 | 498.83 | 2,494.15 | 3,491.85 |
| 538000 - Supplies - Office | 510.00 | | | | | | - | 510.00 |
| 545410 - Payments - 3rd Parties | 20,000.00 | | | | | | - | 20,000.00 |
| 570010 - Interest - Internal | 290.00 | | | 6.43 | | | 6.43 | 283.57 |
| | 123,156.00 | 2,763.53 | 2,576.01 | 2,582.44 | 5,076.01 | 6,561.51 | 19,559.50 | 103,596.50 |

123,156.00
19,559.50 Budget Remaining:
103,596.50 84%



Southern Gulf Islands Housing Feasibility Analysis

Final Report

May 19, 2022

Prepared for:
Capital Regional District
Justine Starke, MCIP, RPP
Manager, Southern Gulf Islands Service Delivery

By:
Wiser Projects / New Commons Development

Table of Contents

| | |
|---|-----------|
| 1. Executive Summary..... | 1 |
| 2. Introduction..... | 3 |
| 3. Southern Gulf Islands Context | 4 |
| <i>Population</i> | <i>4</i> |
| <i>Census 2021</i> | <i>5</i> |
| <i>Governance Overview</i> | <i>5</i> |
| 4. Housing Need..... | 7 |
| <i>Southern Gulf Islands Housing Needs Assessment, 2018.....</i> | <i>7</i> |
| <i>Southern Gulf Islands Housing Market Analysis Report (2022).....</i> | <i>9</i> |
| 5. Policy and Bylaws..... | 11 |
| <i>Secondary Suite and Cottage Analysis</i> | <i>11</i> |
| <i>Multi-Family Development Analysis.....</i> | <i>13</i> |
| 6. Financial Analysis Framework | 16 |
| <i>Rental Rate Assumptions</i> | <i>16</i> |
| <i>Construction Cost Data</i> | <i>17</i> |
| <i>Capital Budget Assumptions</i> | <i>18</i> |
| <i>Financing Assumptions.....</i> | <i>18</i> |
| <i>Secondary Suites and Cottages</i> | <i>19</i> |
| <i>Multi-Family Residential</i> | <i>19</i> |
| <i>Operating Expenses Assumptions</i> | <i>20</i> |
| 7. Proforma Scenarios | 21 |
| <i>Secondary Suites</i> | <i>21</i> |
| 1-Bedroom Secondary Suite Renovation | 21 |
| 1-Bedroom Secondary Suite New Construction | 22 |
| 2-Bedroom Secondary Suite Renovation | 22 |
| 2-Bedroom Secondary Suite New Construction | 23 |
| <i>Cottages</i> | <i>24</i> |
| 1-Bedroom Cottage | 24 |
| 2-Bedroom Cottage | 24 |
| 3-Bedroom Cottage | 25 |
| <i>Multi-family.....</i> | <i>25</i> |

| | |
|--|-----------|
| Canadian Mortgage and Housing Corporation (CMHC) National Housing Co-Investment Fund (NCIF) | 25 |
| BC Housing..... | 26 |
| 8. Analysis..... | 26 |
| <i>Secondary Suites</i> | <i>27</i> |
| <i>Cottages</i> | <i>27</i> |
| <i>General Observations for Cottages and Secondary Suites</i> | <i>28</i> |
| <i>Multi-Family Developments</i> | <i>28</i> |
| <i>General Observations Across All Typologies</i> | <i>28</i> |
| <i>Limitations and Further Work</i> | <i>29</i> |
| 9. Conclusion and Recommendations..... | 29 |
| <i>Recommendation 1: Close the financial gaps needed to build secondary suites and cottages.....</i> | <i>29</i> |
| <i>Recommendation 2: Simplify the application process for the CRD Building Inspection department for homeowners around secondary suites and cottages</i> | <i>30</i> |
| <i>Recommendation 3: Work with Islands Trust to support multi-family development projects.....</i> | <i>30</i> |
| <i>Recommendation 4: Explore opportunities to reduce building costs</i> | <i>31</i> |
| <i>Recommendation 5: Explore opportunities, within CRD service delivery areas, to increase uptake of secondary suites and cottages.</i> | <i>32</i> |
| <i>Recommendation 6: Explore opportunities for more affordable housing typologies.....</i> | <i>32</i> |
| 10. Appendices | 34 |
| Appendix 1: Phase 1 Summary of challenges and opportunities in the housing environment of the SGIs | 35 |
| 1. Report Analysis | 35 |
| 1.1 Southern Gulf Islands Housing Needs Assessment..... | 35 |
| 1.2 Final Report – Community Housing in the Islands Trusts Area | 38 |
| 1.3 Baseline Report - Community Housing in the Islands Trusts Area | 41 |
| 1.4 Updated Southern Gulf Islands Market Analysis, 2022..... | 41 |
| 1.5 Islands Trust Rezoning Application Form..... | 41 |
| 1.6 Salt Spring Island Housing Needs Assessment 2020..... | 41 |
| 1.7 Salt Spring Island Housing Needs Assessment 2015..... | 44 |
| 1.8 Key Takeaways from Report Analysis | 44 |
| 2. Islands Policy and Bylaw Comparative Analysis | 45 |
| 2.1 Galiano Island | 46 |
| 2.2 Mayne Island | 49 |
| 2.3 North Pender Island | 52 |
| 2.4 South Pender Island | 53 |

| | |
|--|-----------|
| 2.5 Saturna Island | 55 |
| 2.6 Key Takeaways from Policy and Bylaw Analysis | 57 |
| 3. Challenges Summary | 58 |

1. Executive Summary

The Southern Gulf Islands (SGIs) comprise a group of five islands located in the Strait of Georgia, between Vancouver Island and the lower mainland. Characterized by rural landscapes and relative remoteness, these islands are only accessible by water transportation. They have experienced unprecedented population growth over the last few years, yet minimal increase in the number and diversity of housing units. These and other factors have exacerbated existing affordability issues on the SGIs, leading to increased home purchase and rental prices. Recent reports have found that high housing costs are disproportionately affecting vulnerable populations, including seniors and people with disabilities. In addition, the SGIs are struggling to retain workers and families, who are discouraged by the low availability and high cost of rentals.

To better understand, plan for and inform current and future activities to address housing affordability in the Southern Gulf Islands Electoral Area, the Capital Regional District (CRD) enlisted Wiser Projects and New Commons Development to undertake the Southern Gulf Islands Housing Feasibility Analysis (SGIHFA).

This report represents the final version of the SGIHFA, which includes a policy review and proforma analysis with the objective of meeting the following outcomes:

- Determine if the unit types analysed in this study are viable while meeting the affordability targets outlined in the 2018 SGI Housing Needs Assessment.
- Identify funding gaps and opportunities to deliver the analysed building types while meeting the affordability targets outlined in the 2018 SGI Housing Needs Assessment.
- Understand the scale, density and cost of projects that must be built to meet the objectives of the 2018 Housing Needs Assessment ideal housing supply.
- Provide recommendations to support the CRD in making informed decisions about future programs and opportunities.

The proforma financial analysis produced the following general findings:

- All unit types, other than 2-bedroom secondary suites, have a funding gap.
- Renovation to create secondary suites were the most financially feasible option, followed by new secondary suites.
- Multi-family residential developments provided a more financially feasible way to create rental units than stand-alone cottages due to their lower construction cost per square foot and availability of federal funding.
- Cottages were the least financially feasible option.

From this report, the following recommendations and opportunities were identified as the most feasible for the CRD to address housing affordability in the SGIs. These recommendations are ordered in terms of priority based on assumptions around the ease of implementation (how fast they can be approved) and impact (number of units that can be built).

- **Recommendation 1: Close the financial gaps needed to build secondary suites and cottages.**

Opportunity: That the CRD create a pilot funding project providing a grant to homeowners who commit to affordable rents (secured through a housing agreement) that would close the financial gap outlined in the proforma analysis.

- **Recommendation 2: Simplify the application process for homeowners around secondary suites and cottages.**

Opportunity: That the CRD implement a “package” for homeowners that includes several pre-approved building plans, a user-friendly website and information clinics to educate homeowners on opportunities and processes for building secondary suites and cottages.

- **Recommendation 3: Work with Islands Trust to support multi-family development projects.**

Opportunity: That the CRD collaborate with the Islands Trust to identify parcels of land that are appropriate for multi-family projects and that the CRD collaborate with the Islands Trust to acquire pre-zoned land, where possible.

- **Recommendation 4: Explore opportunities to reduce building costs.**

Opportunity: That the CRD support pilot projects for alternative building technologies that would help reduce construction costs and times and that the CRD explore alternative construction methods including relocating recycled homes. This may also include partnering with organizations that may be able to provide in-kind donations of time and knowledge towards building homes.

- **Recommendation 5: Explore opportunities, within CRD service delivery areas, to increase uptake of secondary suites and cottages.**

Opportunity: That the CRD provide direct support to landowners to understand the expectations/requirements for developing secondary suites and cottages; and provide financial aid to cover the soft costs of predevelopment.

- **Recommendation 6: Explore opportunities for more affordable housing typologies.**

Opportunity: That the CRD address regulatory and financing barriers to building alternative housing options, including tiny homes, recreational vehicles, and yurts, among others.

2. Introduction

The Southern Gulf Islands Housing Feasibility Analysis (SGIHFA) aims to support the Capital Regional District (CRD) in better understanding, planning for and informing current and future activities to address housing affordability in the Southern Gulf Islands Electoral Area.

The scope of this study includes three distinct phases:

Phase 1: Summary of the Housing Environment of the SGIs

In Phase 1, the SGIHFA provided a summary of challenges and opportunities in the housing environment of the Southern Gulf Islands (SGIs) by analysing previous housing reports, as well as current policies and bylaws. Phase 1 identified low-barrier options for increasing the supply of affordable rental units on the SGIs, including secondary suites and accessory dwelling units (cottages). In addition, Phase 1 identified opportunities for small multi-family developments. The information gathered in Phase 1 helped identify the unit types to be analysed in Phase 2.

Phase 2: Financial Proforma Analysis

In Phase 2, the SGIHFA completed a financial proforma analysis to develop capital budgets for the various unit types identified in Phase 1. Assumptions for the proformas were established using current knowledge, discussions with the CRD and research on cost assumptions, including engagement with local builders to extract construction cost information. The information gathered in Phase 2 was integrated into the final deliverable, Phase 3.

Phase 3: Integration and Final Deliverable

In Phase 3, the SGIHFA cross-referenced the proforma analysis in Phase 2 with the housing environment summary in Phase 1. The goals of this phase are as follows:

- Determine if the unit types analysed in this study are viable while meeting the affordability targets outlined in the 2018 SGI Housing Needs Assessment.
- Identify funding gaps and opportunities to deliver the analysed building types while meeting the affordability targets outlined in the 2018 SGI Housing Needs Assessment.
- Understand the scale, density and cost of projects that must be built to meet the objectives of the 2018 Housing Needs Assessment ideal housing supply.
- Provide recommendations to support the CRD in making informed decisions about future programs and opportunities.

3. Southern Gulf Islands Context

The SGIs are a group of five islands located between Vancouver Island and the mainland of British Columbia in the Strait of Georgia. The islands are within the traditional territories of the BOKÉĆEN, Cowichan Tribes, Halalt, Xwémalhkwu, K'ómoks, Klahoose, Ts'uubaa-asatx, Ləkʷəŋən (SXIMEŁŁ, Songhees, T'Sou-ke), Lyackson, MÁLEXŁ, Penelakut, Qualicum, Scia'new, səlilwətaʔ, SEMYOME, shíshálh, Snaw'-naw-as, Snuneymuxw, Skwxwú7mesh, SṪÁUT_W, Stz'uminus, Tla'amin, scə́waθən məsteyəxʷ, We Wai Kai, Wei Wai Kum, WJOLŁP, WSIKEM, and xʷməθkʷəy̓əm First Nations.

The SGIs include Mayne, North and South Pender, Galiano and Saturna Islands. All islands are served by BC Ferries, with daily ferries connecting them to both Swartz Bay in Victoria and Tsawwassen in Vancouver. There are a total of 19 ferry services between the islands, including ferries connecting each island. North and South Pender are joined by a Canal Road, which crosses the close divide, and share ferry services from Otter Bay. These islands are characterized by their rural landscapes and remoteness relative to the surrounding major metropolitan areas.



Figure 1: Islands Trust regional context map¹

Population

The Southern Gulf Islands Housing Needs Assessment (Gauthier, 2018) data reflected a total population of 4,735 people distributed across the SGIs, with an older population compared to the median age for the CRD, British Columbia (BC) and Canada. According to the 2016

¹ <https://islandstrust.bc.ca/mapping-resources/mapping/entire-region/>

census, the SGI's proportion of the population is over 55 years of age (66.1%) was more than double that of BC (32.8%).

Census 2021

In early 2022, more current census data was released indicating significant growth in the population of the SGIs – increasing 28.9% between 2016 and 2021 (from 4,735 to 6,101 people), compared to 7.6% for BC and 5.2% for Canada. This made the SGIs the second fastest growing census subdivision in BC after Langford. The population increase of each island between 2016 and 2021 is outlined in Table 1 below. Because many of the reports covered in this document were based off the 2016 census, it is important to recognise this recent significant increase and the resulting pressure on housing in the SGIs that may not be reflected in older documents.

Table 1: Population increases by island (Statistics Canada, 2022)

| Island | 2016 Population | 2021 Population | Percentage Increase Between 2016 and 2021 |
|--------------|-----------------|-----------------|---|
| Galiano | 1,044 | 1,396 | 33.7% |
| Mayne | 949 | 1,304 | 37.4% |
| North Pender | 2,067 | 2,467 | 19.4% |
| South Pender | 235 | 306 | 30.2% |
| Saturna | 354 | 465 | 31.4% |

Governance Overview

As an unincorporated Electoral Area, governance on the Southern Gulf Islands is a shared responsibility of various local government and provincial agencies. Below is a summary of governance and land use responsibilities.

Capital Regional District

The Capital Regional District (CRD) provides many local government services on the SGIs, including climate action, parks and recreation, library services, economic development, emergency preparedness, docks and harbours, and bylaw enforcement (animal and noise control). The CRD is also responsible for the administration of the BC Building Code which is operated through its building inspection department.

The CRD Regional Housing Division advances affordable housing across the region by working to increase the supply of affordable housing for vulnerable citizens. The CRD's efforts to provide ownership and rental housing are carried out in tandem with implementation of the Regional Housing Affordability Strategy (CRD, 2018). The CRD has a wholly owned subsidiary that owns and operates affordable housing in the region called the Capital Region Housing Corporation (CRHC). One Director for the Southern Gulf Islands Electoral Area is elected as political representation for the SGIs on the 24-member CRD Board.

Islands Trust

The Islands Trust (the Trust) is a special purpose government established to preserve and protect the Islands Trust Area.

While Islands Trust is a conservancy, it is also responsible for community planning and land use (including Official Community Plans and Zoning Bylaws) on the islands. Under the *Islands Trust Act* and the *Local Government Act*, the Islands Trust Council has 26 trustees from 13 Trust Areas. These trust areas extend as far south as Saturna Island in the SGI to as far north as Denman and Hornby Islands in the Comox Valley Regional District. A Local Trust Committee, consisting of the two locally elected trustees and chaired by one member of the Islands Trust Executive Committee of Trust Council, is the authority that makes land-use and planning decisions for each island.

Other Agencies

Other land-use related applications may be covered by provincial agencies, including the following:

- Subdivision approval rests with the Approving Officer within the Ministry of Transportation and Infrastructure (MOTI) and involves a referral to the Islands Trust.
- Water licensing is carried out through the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD).
- The Island Health Authority is responsible for septic approvals and community water systems.

4. Housing Need

The Southern Gulf Islands Housing Needs Assessment (SGIHNA) (Gauthier, 2018) and the updated Southern Gulf Islands Housing Market Analysis Report (SGIHMAR) (CRD, 2022) were reviewed to provide context for this report, and to serve as baseline documents to establish affordability targets for the purpose of this study.

Southern Gulf Islands Housing Needs Assessment, 2018

The SGIHNA (Gauthier, 2018) was designed to establish baseline data to support long-term planning needs and guide policy and bylaw development.

The SGIHNA identified a large number of renters in core housing need and a significant gap in the provision of affordable housing. Since the report was published, rental and home prices have continued to increase significantly relative to incomes, creating an even larger affordability gap.

Current Stock and Typologies

In the 2016 census, the SGIs were dominated by single detached dwellings, representing 96% of housing units, which was more than twice the percentage of the CRD and BC. As demonstrated in Table 2 below, there are only 40 units across the entire SGIs that are not single detached homes or moveable dwellings, indicating a lack of housing diversity. It should be noted that the typologies tracked are limited, and do not include some considered in further analysis, such as garden cottages.

Table 2: Housing stock on the SGIs (Gauthier, 2018)

| Structure Type | SGIs Total Units | SGIs % | CRD % |
|---------------------------------------|------------------|--------|-------|
| Single detached house | 2,375 | 96% | 42% |
| Semi-detached house | 10 | 0.4% | 4% |
| Row house | 10 | 0.4% | 6% |
| Apartment in duplex (secondary suite) | 15 | 1% | 15% |
| Apartment Building under 5 storeys | 5 | | |
| Moveable dwelling | 60 | 2% | 1% |

Affordability

The SGIHNA (Gauthier, 2018) provided the following definitions of affordability for both renters and homeowners:

- An affordability benchmark of 30% of income
- Households paying more than 50% of their income on housing are at risk of homelessness

The report stated that a high percentage of renter households (44% in census, 63% of survey respondents) were paying rent exceeding 30% of their income. In contrast, relatively few owner households (17%) were paying more than 30% of their income on housing costs.

Priority Groups

Within the SGIHNA (Gauthier, 2018), the following priority groups were identified:

Seniors: The SGIHNA identified only 26 non-market seniors' units across the SGI, a number that has not changed since 2018.

Vulnerable populations: The SGIs have a relatively high proportion of low-income residents compared with the CRD and BC, with a significant rate of those being families with children and youth (29%) in comparison to the CRD and BC (16% and 19%, respectively). Despite this, the SGIs also have a relatively small number of households receiving rental supplements in private market rentals (18 total according to the SGIHMAR), and a low number of social housing units.

Employees of local businesses: 75% of employers reported that workforce housing would help meet their business needs.

Housing Need and Gap

The SGIHNA (Gauthier, 2018) estimated the need for 16 new dwelling units per year to meet population growth for a total of 397 units over the next 25 years.

The report also outlined a need for affordable units. Table 3 below was taken from the SGIHNA, highlighting the levels of affordability required to meet the housing need on the SGIs.

Table 3: Ideal housing supply – rental and purchase prices (Gauthier, 2018)

| | Income Group | Household Income 2010 | # house-holds | % house-holds | Avg. income | Affordable Rent | Affordable Purchase |
|------------------------------------|---------------------|-----------------------|---------------|---------------|-------------|-----------------|---------------------|
| 185 units needed rents under \$313 | Little to no income | Under 5,000 | 55 | 2% | 5,000 | 125 | n/a |
| | | 5,000 to 9,999 | 50 | 2% | 7,500 | 188 | n/a |
| | | 10,000 to 14,999 | 80 | 3% | 12,500 | 313 | n/a |
| | Low | 15,000 to 19,999 | 125 | 5% | 17,500 | 438 | 60,500 |
| | | 20,000 to 29,999 | 265 | 11% | 25,000 | 625 | 110,000 |
| | Low to Mod | 30,000 to 39,999 | 310 | 13% | 35,000 | 875 | 171,000 |
| | Moderate | 40,000 to 49,999 | 270 | 11% | 45,000 | 1,125 | 235,000 |
| | Mod to >Mod | 50,000 to 59,999 | 205 | 8% | 55,000 | 1,375 | 300,000 |
| | > Mod to High | 60,000 to 79,999 | 355 | 14% | 70,000 | 1,750 | 395,000 |
| | High | 80,000 to 99,999 | 270 | 11% | 90,000 | 2,250 | 520,000 |
| | | 100,000 + | 490 | 20% | 100,000+ | 2,500+ | 585,000+ |
| Total/Median income | | | 2,475 | 100% | \$54,037 | \$1,351 | \$295,000 |

Key Findings

The following summarizes the key takeaways from the SGIHNA (Gauthier, 2018):

- The number of rented dwellings decreased between 2006 and 2016.
- 44% of tenants paid more than 30% of their income in rent (63% in population surveyed).
- A high proportion of lower-income households were at the highest risk of housing insecurity.

- There was a supply shortage of suitable and affordable rental units.
- There was an insufficient amount of appropriate housing for seniors.
- There was a supply shortage of work-force housing.
- There was a shortage of affordable home ownership options for those wishing to enter the market.
- There was a declining rate of permanent residency.

Limitations

While the findings of the SGIHNA (Gauthier, 2018) are valuable, there are several limitations to the conclusions, including:

- The data is from 2016 and therefore outdated. There have been rapid changes to the housing landscape, and some of the trends found in the SGIHNA may be exacerbated.
- New data covered under the Southern Gulf Islands Housing Market Analysis Report (see below) indicates significant increases in rental and home prices, which are expected to exacerbate issues outlined in the SGIHNA, furthering the gap between income and rents.

Southern Gulf Islands Housing Market Analysis Report (2022)

The recent Southern Gulf Islands Housing Market Analysis Report (SGIHMAR) (CRD, 2022) provides an updated market assessment outlining an exacerbation of the issues highlighted in the SGIHNA (Gauthier, 2018). As previously mentioned, the SGIs have experienced significant population growth, with very few housing units added. Despite the population growing by 1,369 people between 2017 and 2021, only 168 new single-detached dwellings and 22 secondary suites and Accessory Dwelling Units (ADUs) were constructed over this period (Figure 2 below).

This has contributed to a sharp increase in home prices, varying between a low of 35% for Pender Island and a high of 137% for Galiano Island over this same 5-year period. Rental rates specific to the SGIs are unavailable, with the closest Census Metropolitan Area (CMA) being Victoria. Within the Victoria CMA, rents have increased 16% between 2018 and 2021 and vacancy rates are currently below 1%.

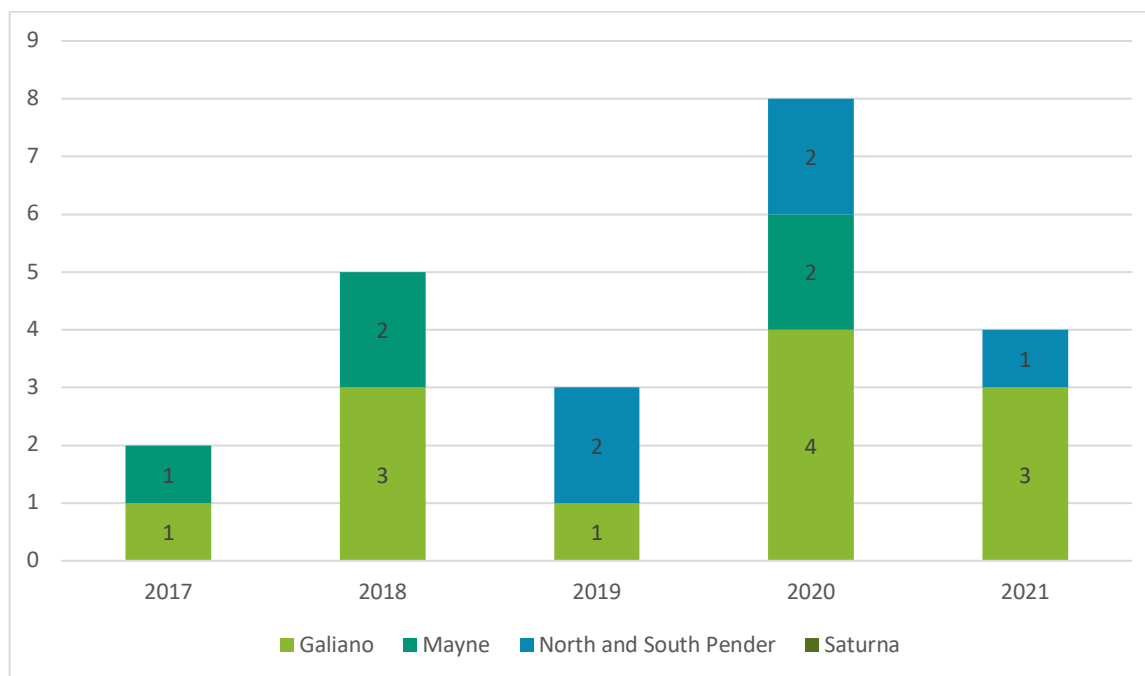


Figure 2: Secondary suite and cottage building permits, 2017-2021 (CRD, 2022)

In addition, the SGIs have seen no change in non-market seniors' housing since 2018, with a total of 26 units across all islands.

Key Findings:

- Rental and home purchase prices have significantly increased.
- Hidden homelessness (e.g., living in boats, camping, overcrowded homes) continues to be an issue across the islands.
- Building policy and zoning regulations are limiting the supply of new housing units.
- Inventory for affordable rental and entry-level home ownership remains low.
- Local businesses need their own staff housing solutions.
- There is a lack of supply of 1- to 2- bedroom units for home ownership.
- Seasonal housing demands, including vacation and employee rentals during the summer season, highlight the need for increased short and long-term rentals.
- There are few purpose-built rental units, leading to additional pressure on the secondary rental market.

Limitations:

- There is no rental price data available specific to the SGIs (the study used the Victoria CMA rental prices).
- The report does not include income data to directly compare market conditions and income

5. Policy and Bylaws

An in-depth analysis of the Official Community Plans and land use bylaws of each island was completed to assess the following:

- The type and size of units allowed on each island for the following typologies:
 - Secondary suites
 - Cottages
 - Other low-cost options
- The approximate number of properties these units are allowed on (estimated uptake)
- Support for multi-family developments (requiring a rezoning) within the official community plans and land use bylaws

Secondary Suite and Cottage Analysis

An analysis of each island's land use bylaws as they relate to secondary suites and cottages is summarized in Table 4 below. For each unit type, the allowance was estimated using the following definitions:

- High allowance: This unit type is allowed on more than 50% of lots
- Moderate allowance: This unit type is allowed on 25-50% of lots
- Low allowance: This unit type is allowed on less than 25% of lots

These estimates were identified by reviewing each island's zoning for areas that allowed secondary suites and cottages and overlaying these areas on google earth to estimate the lots that may meet the size and location criteria. A full analysis, which includes analysis of each island's Official Community Plan (OCP) is outlined in Appendix 2.

Table 4: Analysis of secondary suite and cottage policies (Islands Trust, Land Use Bylaw, 2020)

| Island | Secondary Suites | Cottages (ADU) | Allowance |
|----------------|---|--|---|
| Galiano | 60m ² (646 ft ²) 40% of the floor area of the building in which it is located. On lots with an area greater than 0.4 hectares. Allowed in all Residential zones. | 80 m ² (861 ft ²) On lots with an area greater than 0.4 hectares. Allowed in all Residential zones. | Secondary suites and cottages have a high allowance , as most residential lots are 0.4 hectares or larger. |
| Mayne | 60m ² (646 ft ²) 40% of the floor area of the building in which it is located. Allowed on lots outlined in in Appendix 1. | Allowed in the following two floor areas depending on the zone and lot size, starting at a minimum of 0.6 hectare lots: <ul style="list-style-type: none"> • 60 m² (646 ft²) • 93 m² (1001 ft²) Allowed in Settlement Residential, Miners Bay Rural Comprehensive, Rural Residential Rural, Upland and Agricultural zones. | Secondary suites have a moderate allowance , as most suites are permitted mainly in rural areas across the Island. It is in higher density locations where they are more commonly not allowed. Cottages have a low allowance , as they are allowed on a relatively small number of large rural |

| | | | |
|---------------------|---|---|--|
| | | | properties due to minimum lot size requirements. |
| North Pender | 90m ² (968 ft ²) 40% of the floor area of the building in which it is located. Allowed in Rural Residential, Rural and Agricultural zones. | 56m ² (602ft ²) On lots with an area greater than 1.2 hectares. Allowed in Rural Residential, Rural, Rural Comprehensive and Agricultural zones. | <p>Secondary suites have a moderate allowance as they are allowed on a moderate number of properties, with the rural residential zone representing a significant number of properties.</p> <p>Cottages have a low allowance, as they are allowed on a relatively small number of properties, since most residential lots (including the Magic Lake subdivision) are smaller than 1.2 hectares.</p> |
| South Pender | Not allowed | 70m ² (754 ft ²) On lots with an area greater than 0.8 hectares. | Cottages have a low allowance , as they are allowed on a relatively small number of properties, with most residential lots being smaller than 0.8 hectares. |
| Saturna | 90 m ² (968 ft ²) 40% of the floor area of the building in which it is located. | 92.9m ² (1,000 ft ²) On lots with an area greater than 1.2 hectares. | <p>Secondary suites have a low allowance as they are allowed on a relatively small number (Appendix 1).</p> <p>Cottages have a low allowance, as they are allowed on a relatively small number of properties, with most residential lots being smaller than 1.2 hectares.</p> |

Note on other low-cost options: Both Mayne and Saturna Islands allow for low-cost housing options in the form of recreational vehicles and yurts as residences. Although these typologies would create considerable cost savings over traditional residential homes, they are not supported by the BC Building Code and therefore cannot be endorsed currently by the CRD.

Summary:

- Secondary suites are allowed on all islands except for South Pender.

- Secondary suites are allowed on a limited number of properties due to bylaw restrictions.
 - 60m² (646 ft²) secondary suites are allowed on four islands.
 - 90m² (968 ft²) secondary suites are allowed on two islands.
- Cottages are allowed on all islands.
- Cottages are allowed on a limited number of properties due to bylaw restrictions, in particular minimum lot size.
 - 56m² (602ft²) cottages are allowed on all islands.
 - 70m² (754 ft²) cottages are allowed on four islands.
 - 80 m² (861 ft²) cottages are allowed on three islands.
 - 92.9m² (1,000 ft²) cottages are allowed on two islands.

Galiano Island's policies allow for the most potential units, with most properties allowing for 1-bedroom secondary suites and 1 and 2-bedroom cottages. This is mostly due to a smaller minimum lot size requirement of 0.4 hectares. Minimum lot size requirements appear to be the largest regulatory barrier to building more secondary suites and cottages.

Additional details can be found in Appendix 1, Section 1.

Multi-Family Development Analysis

An analysis of each island's OCP as it relates to rezoning options for higher density, multi-family developments are summarized in Table 6 below. The full analysis, which includes analysis of each island's land use bylaw, is in Appendix 1.

Table 5: OCP analysis for higher densities

| Plan | Rezoning for higher density permitted | Housing agreement | Form | Density | Other restrictive rezoning policies |
|--|---|--|--|--|--|
| Galiano Island Official Community Plan (https://islandstrust.bc.ca/document/galiano-ltc-ocp-bylaw-no-108/) | Yes, Exclusively for affordable, seniors and special needs housing | Yes | Clustered detached dwellings, duplexes or attached ground-oriented housing | A site-specific zone, density not specified | Must demonstrate an adequate supply of potable water |
| Mayne Island Official Community Plan (https://islandstrust.bc.ca/wp- | Yes, Exclusively for affordable and special needs housing | No, but may be given protection through a covenant | Joined or multiple housing units | Will not consider applications in which more than 10 additional dwelling | Rainwater storage systems are required through the registration of a legal agreement |

| | | | | | |
|---|---|-----------------------------|---|--|---|
| content/uploads/2020/05/ocp-bylaw-no-144-consolidated-october-2019.pdf | | | | units are proposed in exchange for a community amenity | when considering applications that could result in an increased density |
| North Pender Island Official Community Plan (https://islandstrust.bc.ca/wp-content/uploads/2020/05/NPocp-bylaw-171--consolidated-dec-10-2018.pdf) | Yes, Exclusively for seniors and affordable housing | Yes, for affordable housing | Clustered detached dwellings, duplexes or attached ground-oriented housing and multi-unit buildings | Not mentioned | Rezoning applications that are not related to farming must not reduce the quality and quantity of water for farming |
| South Pender Island Official Community Plan (https://islandstrust.bc.ca/wp-content/uploads/2020/05/SPbylaw-no-107-ocp-consolidated-2019-05-08.pdf) | Yes, Exclusively for affordable, rental, and special needs housing | No | No mention of any typology other than cottages | Not mentioned | Prioritizes maintaining a rural island living environment that is free from disturbance and overcrowding. Single family detached dwellings must be the predominant form of island residential housing |
| Saturna Island Official Community Plan (https://islandstrust.bc.ca/island-planning/saturna/bylaws/) | Yes | No | Multiple family residential buildings | Not exceeding four units per acre for affordable and special needs housing owned and operated by | When considering rezoning applications, the Saturna Island Local Trust Committee should address the |

| | | | | | |
|---|--|--|--|---|---|
| #:~:text=Sat urna%20Isla nd%20Local %20Trust%2 0Area%20Of ficial%20Co mmunity%20 Plan,use%20 and%20relat ed%20com munity%20p riorities.) | | | | a registered (non-profit) society | proposal's impact on the environment and the mitigation of negative aspects |
|---|--|--|--|---|---|

Summary:

- Policy and Bylaws generally support smaller scale projects and limit the density of multi-family zones, making it difficult to achieve affordability in multi-family projects.
- Galiano and North and South Pender do not specify the density of rezonings.
- There is a prioritization of affordable, seniors and special needs housing with limited mention of housing for other target populations, including families.
- Policy suggests a prioritization of water conservation and environmental factors over the provision of housing.

6. Financial Analysis Framework

The financial analysis focuses on providing a preliminary capital budget and proforma analysis for the following unit types:

Table 6: Unit type summary (CRD Zoning and Land Use Bylaws, n.d)

| Unit type | Unit size (sf) | Notes |
|-----------------------------|--|---|
| 1-br Secondary Suite | 600 | Permissible on all islands except South Pender |
| 2-br Secondary Suite | 725 | Permissible on Saturna and North Pender only |
| 1-br Cottage | 600 | Permissible on all islands |
| 2-br Cottage | 725 | Permissible on all islands except North Pender |
| 3-br Cottage | 1000 | Permissible on Mayne and Saturna only |
| MFR Building | 350 (studio) 525 (1-br) 725 (2-br) | Mix of studio, 1-br and 2-br units per CRD Scope of Work; Unit Sizes per BC Housing Design Guidelines & Construction Standards for apartments |

These unit types were determined based on an analysis of the building sizes and typologies allowed under the current policies and Zoning Bylaws of the SGIs, outlined in section 5 of this report. Given the Trust's prioritization of environmental protection and land conservation, rezoning land for higher density development has been challenging; as such, these proformas focus on typologies that do not require rezoning, such as secondary suites and cottages. Table 6 provides a summary of the unit sizes allowed on each island.

The goal of the financial analysis was to identify the funding gap required to support the construction and ongoing operations of the unit types outlined above while meeting the affordability targets outlined in the SGIHNA (Gauthier, 2018).

Rental Rate Assumptions

Rental rates were calculated for studio, 1-bedroom, 2-bedroom and 3-bedroom units, with all but the multi-family residential typology based on the Affordability Targets published in the 2018 Southern Gulf Islands Housing Needs Assessment (SGIHNA) (Gauthier, 2018). These rents are outlined in Table 7, calculated using the following criteria:

- Studio and 1-bedroom rents are based on the SGIHNA target affordable rents for single persons, projecting an income increase of 2% per year between 2018-2022.
- 2-bedroom rents are based on the average of the SGIHNA target affordability for lone parent families and families without children, projecting an income increase of 2% per year between 2018-2022.
- 3-bedroom rents are based on the average of the SGIHNA target affordable rents for families without children and families with children, projecting an income increase of 2% per year between 2018-2022.

Table 7: Rental rate assumptions (CMHC, 2021) (BC Housing, 2022)

| Household Type | Unit Type | Target Rents | Median Income 2022 | Median Income 2018 |
|---|--------------|--------------|--------------------|--------------------|
| One-person households | Studio/1 Bed | \$826 | \$33,044 | \$30,528 |
| Families without children+ Lone parent families | 2 Bedroom | \$1,478 | \$59,120 | \$54,618 |
| Families with children + families without children | 3 Bedroom | \$1,935 | \$77,385 | \$71,492 |

Rental rates for the multi-family typology are dependent on whether the development is funded through CMHC or BC Housing; as these two entities are the primary below-market funders, rents associated with their programs are outlined in Table 8, calculated using the following criteria:

CMHC's National Housing Co-Investment Fund (CMHC, 2021):

- 30% of units rented at less than 80% of Median Market Rents for Victoria BC (per CMHC Housing Information Portal, 2021 data) to meet minimum program requirements, with 70% of units rented at market rents. See Table 7 above for rents by unit type and category.

BC Housing's Community Housing Fund (BC Housing, 2022):

- 20% of units rented at Deep Subsidy rents (based on provincial shelter allowances)
- 50% of units rented at Rent- Geared-to-Income (estimated based on 70% of 2021 Housing Income Limits for Victoria BC)
- 30% of units at market rents

Table 8: Rental rate comparison (CMHC, 2022)

| Unit Type | SGL Target Rent | 80% MMR Victoria | RGI (70% HILs Victoria) | Deep Subsidy | Market (HILs Victoria) |
|-------------------|-----------------|------------------|-------------------------|--------------|------------------------|
| Studio | 743 | 798 | 831 | 375 | 1,000 |
| 1-bedroom | 826 | 959 | 831 | 375 | 1,188 |
| 2-bedroom | 1,478 | 1,238 | 1,068 | 570 | 1,525 |
| 3-bedroom | 1,935 | 1,518 | 1,383 | 660 | 1,975 |
| Total Avg. | 1,062 | 1,022 | 926 | 453 | 1,266 |

Construction Cost Data

Construction costs are based on a survey of builders from the Southern Gulf Islands. Builders typically provided estimates as a range of cost per square foot, given the potential for these costs to vary significantly depending on numerous factors including site conditions, design and the standard/quality of the housing being constructed. From these data points, working

assumptions of low and high construction cost were established to facilitate modeling of low and high-cost scenarios for each development typology. These are summarized in Table 9 below.

Table 99: Construction cost assumptions based on builder input (Appendix 2)

| Unit Type | Unit Size (sf) | Low (per sf) | High (per sf) |
|------------------------------------|--|--------------|---------------|
| Secondary Suite - Renovation | 725 | \$225 | \$285 |
| Secondary Suite - New Construction | 725 | \$325 | \$350 |
| 1-bedroom Cottage | 600 | \$350 | \$450 |
| 2-bedroom Cottage | 725 | \$350 | \$450 |
| 3-bedroom Cottage | 1000 | \$350 | \$450 |
| Multi-family Housing | 350 (studio) 525 (1-br) 725 (2-br) | \$325 | \$350 |

Capital Budget Assumptions

The capital budgets for the proformas used the following assumptions:

Land

- Land is already owned by the developer (could be a residential homeowner), and the developer would be approved to finance the costs required.
- Land is zoned for the intended use.
- Land is serviced with hydro, water, and septic; however, upgrades may be required.

All Unit Types

- Unit types will meet the BC Building Code.
- Finishings will be modest for increased affordability.
- Costing includes the cost of a building permit and associated construction requirements (plumbing, electrical permits).
- Costing includes architect and other consultant fees in soft costs, at a varying amount per unit type.
- Costing includes a contingency equivalent to 10% of combined hard and soft costs.

Multi-Family

- Costing includes the application fees associated with rezoning.
- Costing includes a 5% developer's fee.
- Costing includes a 50% GST exemption on hard and soft costs, assuming the developer qualifies for non-profit status.
- Costing does not include project financing fees necessary to carry the project through a one-year rezoning process.

Financing Assumptions

The financing assumptions used in the proformas are outlined below. The project includes two phases of financing: first, a construction loan (1) and second, a permanent mortgage (2).

1. Construction Loan

For all unit types, the construction loan is assumed for one year during the construction period and represents 70% of the total build costs. The loan assumes a 3% loan interest rate and 0.5% loan fee.

2. Permanent Mortgage

For each unit type, two interest rate scenarios (a low scenario that is reflective of current rates and a high scenario that will act as a stress test) were used to calculate financing options for a permanent mortgage. In addition, there are differing financing assumptions between secondary suites, cottages, and multi-family residential developments, as outlined in Tables 10 and 11.

Secondary Suites and Cottages

For secondary suites and cottages, conventional bank financing was used, as outlined in Table 10 below.

Table 1010: Financing assumptions for secondary suites and cottages (Appendix 2)

| | Conventional financing | Reasoning |
|-------------------------------------|-----------------------------|---|
| Amortization Period | 30 | Typical amortization period for a loan |
| Debt Coverage Ratio | 1.1 | To ensure some measure of cash flow after debt servicing as it was assumed that owners would not be willing to construct the rental units otherwise |
| Interest Rates (2 scenarios) | 3% | Reflective of current rates |
| | 4.5% | Stress test |
| Funding | Conventional bank financing | |
| Municipal Contribution | None | |

Multi-Family Residential

For multi-family residential developments, two scenarios were modeled to illustrate the feasibility of the development under different funding programs: CMHC's National Housing Co-Investment Fund (NHCIF) (CMHC, 2022) and BC Housing's Community Housing Fund (CHF) (BC Housing, 2022). These are outlined in Table 11.

Table 1111: Financing assumptions for multi-family residential developments (CMHC, 2022) (BC Housing, 2022)

| | CMHC NHCIF | BC Housing |
|-------------------------------------|------------------------------|---|
| Amortization Period | 50 years | 35 years |
| Debt Coverage Ratio | 1.0 | 1.0 |
| Interest Rates (2 scenarios) | 3% (approximate market rate) | 3.55% (BC Housing's posted rate for 2023 takeout) |
| | 4.5% (stress test) | 4.5% (stress test) |

| | | |
|-------------------------------|---|--|
| Funding | Federation of Canadian Municipalities' Sustainable Affordable Housing: <ul style="list-style-type: none"> • Study Grant of \$150,000 • Capital grant of 10% of project costs, assuming project targets Net Zero Energy Ready status | BC Housing CHF grant of: <ul style="list-style-type: none"> • \$75,000 per studio unit • \$100,000 per 1-br unit • \$125,000 per 2-br unit • \$150,000 per 3-br unit or larger |
| | CMHC seed grant of \$40,000 (estimated grant for projects of this size) | CMHC seed grant of \$40,000 (estimated grant for projects of this size) |
| | CMHC NHCIF forgivable contribution at 12.5% of total project costs (could vary from 5% - 20% depending on nature of the project) | CMHC NHCIF forgivable contribution at 12.5% of project costs |
| Municipal Contribution | No local or municipal fee waivers or property tax exemptions | No local or municipal fee waivers or property tax exemptions |

Maximum financing is the amount that can be serviced through the payment of rent at the target affordable rates.

Operating Expenses Assumptions

The following assumptions were used for operating expenses in the proforma analysis:

- Secondary suite operating budgets include allowances for:
 - Property taxes
 - Property insurance
 - Interior maintenance
 - Capital replacement reserve contribution associated with the rental unit

No exterior maintenance expense is included for this typology as these units are assumed to be contained within the principal dwelling, as per the relevant land use bylaws.
- 1-bedroom, 2-bedroom and 3-bedroom cottage operating budgets include allowances for:
 - Property taxes
 - Property insurance
 - Interior and exterior maintenance
 - Capital replacement reserve contribution associated with the rental unit
 - Expense increases in proportion to the size and cost of the unit
- 10-unit multi-family residential (MFR) typology includes a full operating cost budget that includes allowances for:
 - Property taxes (discounted 70% for projects with rents restricted via covenant on title)
 - Insurance
 - Maintenance for interior, exterior and grounds

- Admin costs including building staff salaries and wages, a telephone line, office, and general admin expenses
 - Audit*
 - Service contracts (e.g., fire alarm & extinguishers, fire suppression systems, wastewater servicing, etc.)
 - Capital replacement reserve contributions (based on BC Housing's minimum required replacement reserve contribution of \$60 per unit per month)
- *Note that the BC Housing funded MFR scenario assumes the cost of a full audit, whereas the CMHC funded scenario assumes the lower cost of annual review engagement (CMHC does not require audited financial statements).

Vacancy losses for each scenario were based on an assumed vacancy rate of 2% on the SGIs. Actual vacancy rates may be lower than this given the lack of available rental stock, however vacancy data for the SGIs is not readily available

7. Proforma Scenarios

A summary of proforma results for each unit type is presented below under each cost scenario (low and high) and each interest rate. Results are presented in the form of a net funding surplus (positive value) or gap (negative value), representing the shortfall in funding required to deliver the rental unit(s). The negative values are represented in parentheses and the highest gap and highest profit are highlighted with an orange and darker green cell colour, respectively. This information is intended to help assess the feasibility of each rental development opportunity based on the assumptions presented.

Secondary Suites

As previously stated, 1-bedroom (600 sq. ft.) secondary suites are allowed on four out of five islands and 2-bedroom (750 sq. ft.) secondary suites are allowed on two out of five islands. The following proformas are based on the financial assumptions in Table 10.

1-Bedroom Secondary Suite Renovation

Table 12: 1-bedroom secondary suite renovation information

| Development Statistics | Low Cost (\$) | High Cost (\$) | Units (sq. ft.) |
|------------------------|---------------|----------------|-----------------|
| Gross Floor Area | 600 | 600 | sq. ft. |
| Construction Cost | \$225 | \$285 | per sq. ft. |
| Target Rent | \$826 | \$826 | \$ per month |

Table 13: Funding gap calculation for 1-bedroom secondary suite renovation

| Funding Gap Calculation | Low Cost (\$) | High Cost (\$) | Low Cost (\$) | High Cost (\$) |
|-------------------------|---------------|----------------|---------------|----------------|
| Gross Capital Costs | (\$177,456) | (\$218,805) | (\$177,456) | (\$218,805) |
| Land Value (TBD) | - | - | | |
| Interest Rate | 3% | | 4.5% | |
| Principal* | \$141,012 | \$141,012 | \$117,188 | \$117,188 |

| | | | | |
|--------------------------|-------------------|-------------------|-------------------|--------------------|
| Net Surplus/(Gap) | (\$36,444) | (\$77,793) | (\$60,269) | (\$101,618) |
|--------------------------|-------------------|-------------------|-------------------|--------------------|

*Principal is the estimated max loan available from lender based on the financial assumptions outlined in Table 10

1-Bedroom Secondary Suite New Construction

Table 14: 1-bedroom secondary suite new construction information

| Development Statistics | Low Cost (\$) | High Cost (\$) | Units (sq. ft.) |
|------------------------|---------------|----------------|-----------------|
| Gross Floor Area | 600 | 600 | sq. ft. |
| Construction Cost | \$325 | \$350 | per sq. ft. |
| Target Rent | \$826 | \$826 | \$ per month |

Table 15: Funding gap calculation for 1-bedroom secondary suite new construction

| Funding Gap Calculation | Low Cost (\$) | High Cost (\$) | Low Cost (\$) | High Cost (\$) |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| Gross Capital Costs | \$249,536 | \$266,764 | \$249,536 | \$266,764 |
| Land Value (TBD) | - | - | - | - |
| Interest Rate | 3% | | 4.5% | |
| Principal | \$132,673 | \$132,673 | \$110,257 | \$110,257 |
| Net Surplus/(Gap) | (\$116,863) | (\$134,092) | (\$139,278) | (\$156,507) |

2-Bedroom Secondary Suite Renovation

Table 16: 2-bedroom secondary suite renovation information

| Development Statistics | Low Cost (\$) | High Cost (\$) | Units (sq. ft.) |
|------------------------|---------------|----------------|-----------------|
| Gross Floor Area | 725 | 725 | sq. ft. |
| Construction Cost | \$225 | \$285 | per sq. ft. |
| Target Rent | \$1,478 | \$1,478 | \$ per month |

Table 17: Funding gap calculation for 2-bedroom secondary suite renovation

| Funding Gap Calculation | Low Cost (\$) | High Cost (\$) | Low Cost (\$) | High Cost (\$) |
|--------------------------|-----------------|-----------------|-----------------|-------------------|
| Gross Capital Costs | \$210,047 | \$260,011 | \$210,047 | \$260,011 |
| Land Value (TBD) | - | - | | |
| Interest Rate | 3% | | 4.5% | |
| Principal | \$274,001 | \$274,001 | \$227,708 | \$260,011 |
| Net Surplus/(Gap) | \$63,954 | \$13,990 | \$17,661 | (\$32,303) |

2-Bedroom Secondary Suite New Construction

Table 18: 2-bedroom secondary suite new construction information

| Development Statistics | Low Cost (\$) | High Cost (\$) | Units (sq. ft.) |
|------------------------|---------------|----------------|-----------------|
| Gross Floor Area | 725 | 725 | sq. ft. |
| Construction Cost | \$325 | \$350 | per sq. ft. |
| Target Rent | \$1,478 | \$1,478 | \$ per month |

Table 19: Funding gap calculation for 2-bedroom secondary suite new construction

| Funding Gap Calculation | Low Cost (\$) | High Cost (\$) | Low Cost (\$) | High Cost (\$) |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| Gross Capital Costs | \$297,143 | \$317,961 | \$297,143 | \$317,961 |
| Land Value (TBD) | - | - | | |
| Interest Rate | 3% | | 4.5% | |
| Principal | \$263,952 | \$263,952 | \$219,356 | \$219,356 |
| Net Surplus/(Gap) | (33,192) | (54,010) | (77,787) | (98,605) |

Cottages

Cottages are allowed on all islands and in most residential zones but only on large lots. The following proformas are based on the financial assumptions in Table 10.

1-Bedroom Cottage

Table 20: 1-bedroom cottage information

| Development Statistics | Low Cost (\$) | High Cost (\$) | Units (sq. ft.) |
|------------------------|---------------|----------------|-----------------|
| Gross Floor Area | 600 | 600 | sq. ft. |
| Construction Cost | \$350 | \$450 | per sq. ft. |
| Target Rent | \$ 826 | \$826 | \$ per month |

Table 21: Funding gap calculation for 1-bedroom cottage

| Funding Gap Calculation | Low Cost (\$) | High Cost (\$) | Low Cost (\$) | High Cost (\$) |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| Gross Capital Costs | \$276,532 | \$361,674 | \$276,532 | \$361,674 |
| Land Value (TBD) | - | - | - | - |
| Interest Rate | 3% | | 4.5% | |
| Principal | \$128,183 | \$128,183 | \$103,327 | (\$103,327) |
| Net Surplus/(Gap) | (\$148,349) | (\$233,492) | (\$193,792) | (\$262,707) |

2-Bedroom Cottage

Table 22: 2-bedroom cottage information

| Development Statistics | Low Cost (\$) | High Cost (\$) | Units (sq. ft.) |
|------------------------|---------------|----------------|-----------------|
| Gross Floor Area | 725 | 725 | sq. ft. |
| Construction Cost | \$350 | \$450 | per sq. ft. |
| Target Rent | \$1,478 | \$1,478 | \$ per month |

Table 23: Funding gap calculation for 2-bedroom cottage

| Funding Gap Calculation | Low Cost (\$) | High Cost (\$) | Low Cost (\$) | High Cost (\$) |
|--------------------------|-------------------|--------------------|--------------------|--------------------|
| Gross Capital Costs | \$350,571 | \$433,844 | \$350,571 | \$433,844 |
| Land Value (TBD) | - | - | - | - |
| Interest Rate | 3% | | 4.5% | |
| Principal | \$254,116 | \$254,116 | \$211,182 | \$211,182 |
| Net Surplus/(Gap) | (\$96,456) | (\$179,728) | (\$139,389) | (\$222,662) |

3-Bedroom Cottage

Table 24: 3-bedroom cottage information

| Development Statistics | Low Cost (\$) | High Cost (\$) | Units (sq. ft.) |
|------------------------|---------------|----------------|-----------------|
| Gross Floor Area | 1000 | 1000 | sq. ft. |
| Construction Cost | \$350 | \$450 | per sq. ft. |
| Target Rent | \$1,935 | \$1,935 | \$ per month |

Table 25: Funding gap calculation for 3-bedroom cottage

| Funding Gap Calculation | Low Cost (\$) | High Cost (\$) | Low Cost (\$) | High Cost (\$) |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| Gross Capital Costs | \$458,840 | \$573,698 | \$458,840 | \$573,698 |
| Land Value (TBD) | - | - | | |
| Interest Rate | 3% | | 4.5% | |
| Principal | \$337,263 | \$337,263 | \$280,281 | \$280,281 |
| Net Surplus/(Gap) | (\$121,577) | (\$236,435) | (\$178,558) | (\$293,417) |

Multi-family

Multi-family scenarios were analysed based on the financial assumptions for funding through CMHC NCIF and BC Housing, as outlined in Table 11. The multi-family buildings contain 10 units of differing sizes, as outlined in Table 6.

Table 26: Multi-family project information

| Development Statistics | Low Cost (\$) | High Cost (\$) | Units (sq. ft.) |
|------------------------|--------------------------------|----------------|-----------------|
| Gross Floor Area | 6,906 | 6,906 | sq. ft. |
| Construction Cost | \$325 | \$375 | per sq. ft. |
| Target Rent | Dependent on unit, See Table 8 | | \$ per month |

Canadian Mortgage and Housing Corporation (CMHC) National Housing Co-Investment Fund (NCIF)

Table 27: Funding gap calculation for CMHC scenario

| Funding Gap Calculation | Low Cost (\$) | High Cost (\$) | Low Cost (\$) | High Cost (\$) |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Gross Capital Costs | \$3,716,561 | \$4,214,233 | \$3,716,561 | \$4,214,233 |
| Land Value (TBD) | - | - | | |
| Interest Rate | 3% | | 4.5% | |
| Principal | \$2,137,392 | \$2,137,392 | \$1,641,646 | \$1,641,646 |
| Net Profit (Loss) | (\$552,943) | (\$938,638) | (\$1,048,689) | (\$1,434,385) |

| | | | | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Net Surplus/(Gap) Per Unit | (\$140,093) | (\$217,232) | (\$232,399) | (\$309,538) |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|

BC Housing

Table 28: Funding gap calculation for BC Housing funding scenario

| Funding Gap Calculation | Low Cost (\$) | High Cost (\$) | Low Cost (\$) | High Cost (\$) |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Gross Capital Costs | \$3,722,580 | \$3,989,204 | \$3,722,580 | \$3,989,204 |
| Land Value (TBD) | - | - | | |
| Interest Rate | 3.55% | | 4.5% | |
| Principal | \$2,442,360 | \$2,442,360 | \$2,332,166 | \$2,402,397 |
| Net Profit (Loss) | (\$1,280,220) | (\$1,513,516) | (\$1,390,414) | (\$1,586,807) |
| Net Surplus/(Gap) Per Unit | (\$275,990) | (\$331,916) | (\$139,041) | (\$158,681) |

8. Analysis

A summary of the proforma results is shown in Table 29 below. Results are presented in the form of a net funding surplus or (gap), representing the shortfall in funding required to deliver the rental unit(s). This information is intended to help assess the feasibility of each rental development opportunity based on the financial framework and assumptions in Section 6 of this report and included in the detailed notes in the proforma worksheets in Appendix 2.

This section provides an analysis that integrates data from other reports and policy documents that were analysed in Sections 4 and 5 of this report and in further detail in Appendix 1.

Table 29: Summary of funding gaps (all scenarios)

| Funding Gap Calculation | Low Cost (\$) | High Cost (\$) | Low Cost (\$) | High Cost (\$) |
|-------------------------|---------------|----------------|---------------|--------------------|
| Interest Rate | 3%* | | 4.5% | |
| 1-Bedroom SS (New) | (\$116,863) | (\$134,092) | (\$139,278) | (\$156,507) |
| 1-Bedroom SS (Reno) | (\$36,444) | (\$77,793) | (\$60,269) | (\$101,618) |
| 2-Bedroom SS (New) | (\$33,192) | (\$54,010) | (\$77,787) | (\$98,605) |
| 2-Bedroom SS (Reno) | \$63,954 | \$13,990 | \$17,661 | (\$32,303) |
| 1-Bedroom Cottage | (\$172,785) | (\$241,700) | (\$193,792) | (\$262,707) |
| 2-Bedroom Cottage | (\$96,456) | (\$179,728) | (\$139,389) | (\$222,662) |
| 3-Bedroom Cottage | (\$121,577) | (\$236,435) | (\$178,558) | (\$293,417) |
| MFR (CMHC) - per unit | (\$55,294) | (\$93,864) | (\$104,869) | (\$143,438) |
| MFR (BCH) - per unit | (\$128,022) | (\$147,154) | (\$139,041) | (\$158,681) |

*Low interest rate is 3.55% for MFR BCH (BC Housing) scenario

Secondary Suites

Funding Gap: \$32,303 - \$156,507

Potential Surplus: \$13,990 - \$63,953

Key Takeaways:

- Results indicate that the renovation of an existing home to create a 2-bedroom secondary suite is the most financially viable unit type assessed. Only under the high construction cost parameters and at the higher 4.5% interest rate does this unit type show a funding gap.
- Adding on to an existing home to create a 2-bedroom suite appears to be the next most feasible typology and produces a smaller funding gap than construction of a stand-alone 2-bedroom cottage due to the lower assumed construction and operating costs for additions vs. stand-alone buildings.
 - Although 2-bedroom secondary suites are financially viable, they are only permitted on Saturna and North Pender Islands and on a small number of lots.
- The renovation of an existing home to create a 1-bedroom secondary suite is the third-most financially viable option of the typologies assessed.
 - Although not as financially viable as the 2-bedroom secondary suite, 1-bedroom secondary suites are allowed on all islands except South Pender.
 - This typology is allowed on most lots on Galiano due to the relatively low minimum lot size requirement of 0.4 hectares.

Cottages

Funding Gap: \$96,456 - \$293,417

Potential Surplus: None

Key Takeaways:

- Cottages are the most expensive typology due to their higher assumed construction costs over secondary suites and multi-family residential developments, along with the high upkeep costs associated with a stand-alone building.
- The 2-bedroom cottage is the most financially viable cottage across all scenarios and is permissible on all islands except North Pender under the following minimum lot sizes:
 - Galiano: 0.4 ha; Mayne: 1 ha; South Pender: 0.8 ha; Saturna: 1.2 ha.
- The 1-bedroom cottage is allowed on all islands, including North Pender, but has a much larger funding gap than the 2-bedroom cottage. This gap is likely due to the gap in rents between the two scenarios, where a 1-bedroom is assumed to be rented at \$826 per month and the 2-bedroom is assumed to be rented at \$1,478 per month.
 - The 1-bedroom and 2-bedroom cottages are allowed on most lots on Galiano due to the relatively low minimum lot size requirement of 0.4 hectares.
- The 3-bedroom cottage is the least financially viable of the cottages and is also the most restricted since it is only allowed on Saturna and Mayne Islands on lots over 1.2 and 1 hectares, respectively.

General Observations for Cottages and Secondary Suites

- The funding gaps from the proforma analysis (Table 29), in combination with the land use bylaw restrictions (Table 4) may explain why there is a low uptake of secondary suites and cottages on the SGIs, with only 22 secondary suites and cottages built between 2017 and 2022 according to the SGIMAR (CRD, 2022) (see Figure 2).
- Galiano appears to be the least restrictive of the islands, allowing 1-bedroom secondary suites and 1- and 2-bedroom cottages on most lots. This is corroborated by the SGIMAR (CRD 2022), where Galiano was found to account for 55% (12 of 22) of the secondary suites and cottages built on the SGIs between 2017 and 2022.
- Regulatory barriers, including minimum lot sizes and allowed uses continue to create barriers to the number of cottages and secondary suites that can be built.

Multi-Family Developments

Funding Gap: \$55,294 - \$158,681

Potential Surplus: None

Key Takeaways:

Multi-family residential developments may offer a more financially feasible opportunity to create rental units than the stand-alone cottage typologies due to their lower construction cost per square foot and availability of federal and provincial funding (assuming they are owned and operated by a non-profit). However, these developments bring their own challenges and risks, such as:

- Requiring rezoning of existing parcels
- Needing proof that sufficient water resources exist to service the development without negatively impacting neighbouring water supplies
- May not be supported by the Islands Trust or, if they are, the timeline to secure necessary zoning and development permits may be prohibitively long
- The funding gap outlined in Table 29 is assumed to be the equity needed to ensure the viability and affordability of the units.
- Although rezoning to allow for higher density affordable housing developments is allowed on all islands, there are few examples of these being built, with only 40 units across the entire SGIs that are not single detached homes according to the SGIHNA or moveable dwellings and the 26 non-market seniors' units according to the SGIMAR (CRD, 2022).

General Observations Across All Typologies

High build costs continue to be the largest factor impacting affordability. Even without accounting for the cost of land, financial viability of all projects other than renovation to add a 2-bedroom secondary suite is not feasible.

Limitations and Further Work

1-bedroom units are cost prohibitive across both secondary suites and cottages, although this may be due to the low assumed rental rate of \$826 based on a single person. A family without children could feasibly live in a 1-bedroom unit, potentially allowing for the same rental rates as the 2-bedroom units at \$1,478. There are other methodologies that can be used to determine affordability, and the target affordable rental rates impact the viability of all typologies. Specific projects may be found to be more or less viable than this proforma analysis due to the high number of variables.

9. Conclusion and Recommendations

The cost of land and unpredictability related to the cost of construction and associated labour has made housing unaffordable in many parts of the province. The SGI situation is exacerbated by a significant increase in population with minimal new housing stock or units and further constraints due to geographic limitations. Additionally, policy complexity and the different approach to land use by each island's Zoning Bylaws and OCPs creates a very challenging environment in which to deliver housing.

This report has analyzed relevant policies and reports and cross-referenced this information with a robust proforma analysis of construction of a range of housing types. The analysis indicates that very few housing types can be built and rented affordably, with the potential exception of renovating a portion of an existing dwelling into a 2-bedroom suite.

The following recommendations provide guidance to the CRD for increasing the overall viability of constructing affordable housing on the SGIs and respecting what is currently within the CRDs policy.

A global recommendation that spans each of the individual opportunities identified is for CRD to ensure it has a service model and associated resources that provide the ability to deliver these recommendations. A concrete example of this is the need for a more robust housing agreement function within CRD to grow and administer the current program around these agreements.

Recommendation 1: Close the financial gaps needed to build secondary suites and cottages

Secondary suites and cottages are allowed on most SGIs without rezoning. This significantly reduces the time and risk associated with constructing housing. Despite this, most secondary suites and cottages are not financially viable under the current assumptions.

The CRD could consider a pilot grant program which provides funding to homeowners who wish to develop secondary suites or cottages on their property. If the homeowner commits to affordable rents (through a housing agreement or covenant registered on title), the CRD could provide a grant to close the financial gap outlined in the proformas. In addition, there are opportunities to involve other levels of government in this program. Current provincial and federal funding opportunities are targeted toward multi-family projects, either operated by non-profit housing providers or developed by market developers who commit to a

prescribed level of affordability. However, this model does not necessarily fit the context and culture of the SGIs. Higher levels of government could support affordable housing on the SGIs by partnering with the CRD and Islands Trust to fund private homeowners in developing small-scale rural affordable housing.

Opportunities:

- That the CRD explore opportunities to partner with other levels of government to create a pilot funding program for homeowners.
- That the CRD advocate for a partnership for an incentive program with Islands Trust for homeowners that reflects the service delivery mandate of CRD and the regulatory oversight of Islands Trust.
- That the CRD advocate to Provincial and Federal levels of government for funding and financing options to help close this gap.
- That the CRD expand the current Housing Agreement Program to support more homeowners.

Recommendation 2: Simplify the application process for the CRD Building Inspection department for homeowners around secondary suites and cottages

The low number of building permits granted (22) for secondary suites and cottages between 2017 and 2021 may indicate challenges in the application process, as well as gaps in homeowner knowledge around opportunities and processes for building secondary suites and cottages. Even though these unit types are allowed without rezoning, understanding whether your property qualifies can be a challenge for homeowners. In addition, the application process for building these units can also be a major challenge. Recognizing this challenge, the CRD Building Inspection Department could find ways to simplify the process by implementing a “package” that includes pre-approved architecture drawings, as well as an educational component that educates homeowners on the opportunities and the application process. This could be offered in conjunction with a pilot funding program for homeowners mentioned in Recommendation 1.

Opportunities:

- That the CRD create a “package” for homeowners that includes several pre-approved building plans.
 - Saanich’s recent garden suite process provides an example of how owner-led infill may be supported.
- That the CRD create an accessible webpage, alongside improving existing resources, to educate homeowners on the application process, as well as whether they qualify to build secondary suites and cottages.
- That the CRD implement free information clinics on each SGI to educate homeowners on opportunities and processes for building secondary suites and cottages.

Recommendation 3: Work with Islands Trust to support multi-family development projects

The rezoning process is frequently long (two or more years) and high-risk and may become controversial within communities. Considering the preserve and protect mandate of the Islands Trust, the CRD and the Trust could collaborate to identify parcels that would be appropriate for higher densities/multi-family projects based on the water supply and

ecological factors. As opportunities arise, non-profit organizations or government agencies may acquire this land, and would need only a building permit to move a project forward.

Other local governments within the CRD are also contemplating, or have adopted, bylaws that allow non-profit housing organizations to develop the maximum density considered in the OCP without rezoning the land. In most cases, a development permit would be delegated to staff decision-making, thus keeping the decision out of the political realm. This approach may work in tandem with pre-zoning and could be considered by the CRD and the Islands Trust.

Opportunities:

- That the CRD collaborate with the Islands Trust to identify parcels of land that are appropriate for multi-family projects, with considerations such as:
 - A bonus density system
 - Confirmation of proof of water
 - Ecological impact and restoration requirements
- Parcels could be publicly owned or privately held.
- That the CRD can then acquire pre-zoned land, where possible.
- That the CRD continue to develop its capacity to hold and administer housing agreements that support this program.

Recommendation 4: Explore opportunities to reduce building costs

The unpredictability related to the cost of construction and associated labour that has made housing unaffordable in many parts of the province is exacerbated by several additional challenges on the SGLs. These challenges include limited building supplies and an increased cost associated with transporting these supplies, as well as a limited number of tradespeople. Given that construction costs (hard costs) make up the most expensive item in every proforma scenario, the CRD could explore innovative ways to reduce building costs.

Opportunities:

- That the CRD explore options to support timely approvals of prefabricated homes. This may include working with modular fabrication companies and engineers to develop housing models that are suitable for the SGL context.
- That the CRD support pilot projects for alternative building technologies that would help reduce construction costs and timelines.
- That the CRD support a conversation at the provincial level to incentivize recycled and/or up-cycled materials and homes instead of demolition, allowing these homes to be relocated and used as cottages.
- That the CRD explore opportunities to amend the building permit fees bylaw to incentive affordable construction.
- That the CRD coordinate partnerships at the community level through programs and relationships with organizations that offer in-kind donations of time, knowledge, and resources towards building homes and the approvals required for building. For example, partnering with the Island School of Building Arts of Gabriola.
- That the CRD work with appropriate levels of government to make it easier for Owner Builders to achieve construction authorizations and financial requirements for self-builders.

Recommendation 5: Explore opportunities, within CRD service delivery areas, to increase uptake of secondary suites and cottages.

Two of the major barriers identified to the uptake of the most cost-effective housing opportunities, secondary suites, and cottages, are the restrictive policies which lead to increased soft costs on projects. While most islands (apart from South Pender) allow secondary suites, and all allow cottages, few existing properties meet the size requirements to provide those units; as such, the predevelopment costs associated with amending zones and undertaking detailed due diligence work remains a significant barrier to these typologies. The CRD could support owners in identifying regulatory requirements and opportunities to anticipate and pay for these requirements as they navigate the complex system, such as through grants for the increased soft costs that may be required.

Opportunities:

- That the CRD more strongly engage in educating community on the opportunities and process associated with secondary suites and cottages.
- That the CRD broaden the current service delivery to include support for individual owners in understanding expectations and requirements for secondary suite and cottage development
- That the CRD provide direct support to landowners (such as grants) to cover predevelopment costs

Recommendation 6: Explore opportunities for more affordable housing typologies

Several factors, including land use bylaws, building codes, and financing limitations restrict opportunities for alternative, more affordable building typologies including tiny homes, recreational vehicles, yurts, and other structures. Under the land use bylaws for Mayne and Saturna Islands, recreational vehicles and yurts are permitted for use as residences. Despite this, these forms of housing are not supported under the building code, which is enforced by the CRD on the SGIs, meaning that the CRD cannot support these as viable forms of affordable housing. The CRD could explore opportunities to widen the spectrum of structures that qualify as housing, which may offer more affordable housing typologies.

Opportunities:

- That the CRD advocate to the Provincial Government for alternative housing options in the BC Building Code (recreational vehicles, yurts, tiny homes, cob huts, etc.).
- That the CRD explore partnerships with financial institutions to explore the financing of small dwelling units (many financial institutions will not approve a mortgage for dwelling units under 600ft²).
 - Some community housing programs, such as those offered by Vancity, may have the potential to be adjusted so they apply to small-scale affordable housing such as secondary suites, cottages, and alternative building types. This could offer the opportunity for low-cost financing for homeowners.
- The CRD consider opportunities for supporting the financing of small-scale construction projects.

Summary

The SGIs present a unique set of challenges that add difficulty to the provision of affordable housing including high build costs, regulatory barriers and other restrictions that are unique to the islands. Despite these challenges, there are several recommendations and opportunities for creating affordable housing within the SGIs, as outlined in this report. Given the financial viability of secondary suites over other unit types, coupled with their allowance across more parcels, a next step for the CRD would be to create a program that increases the number of secondary suites on the island. This program could also be expanded to cottages, which are also allowed on several islands.

10. Appendices

Appendix 1: Phase 1 Summary of challenges and opportunities in the housing environment of the SGIs

1. Report Analysis

To accurately identify the key challenges related to housing affordability in the SGIs, the following reports were reviewed to provide a baseline analysis:

1. Southern Gulf Islands Housing Needs Assessment (2018)
2. Community Housing in the Trust Area - Final Report (2016)
3. Baseline Report - Affordable Housing in the Islands Trust Area (2019)
4. Updated Southern Gulf Islands Market Analysis (2022)
5. Islands Trust Rezoning Application Form
6. Salt Spring Island Housing Needs Assessment (2015)
7. Salt Spring Island CRD Housing Needs Assessment (2020)

1.1 Southern Gulf Islands Housing Needs Assessment

The Southern Gulf Islands Housing Needs Assessment (SGIHNA) establishes baseline data around housing affordability, including rental and purchase prices. Housing Needs Assessments generally support long-term planning needs by providing data to guide policy and bylaw development. The SGIHNA includes gaps in housing costs by income, but unlike most Housing Needs Assessments, the SGIHNA does not include the anticipated housing needs in term of number of units to accommodate population growth.

Table 1: Southern Gulf Islands Housing Needs Assessment

| Item | Description |
|--------------------------|---|
| Year Published | <ul style="list-style-type: none"> 2018 |
| Data Source | <ul style="list-style-type: none"> Statistics Canada, BC Stats, BC Assessment, BC Building Department, BC Housing, the MLS, online vacation rental sites, and online surveys of residents and employers. Resident survey response represents over 39% of the total population of the SGIs. |
| Purpose/Objective | To establish baseline data to support long-term planning needs. |
| Key Points | <ul style="list-style-type: none"> Rentals reduced from 400 in 2006 to 350 in 2016. In 2016, 30% of households could not afford the median rent of \$939. There is a lack of housing affordability. There is a lack of housing availability. Availability identified as the largest housing difficulty. Employers were surveyed, with 75% reporting that workforce housing would help them with their business. |

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| Policy/Planning Implications | <ul style="list-style-type: none"> • An affordability benchmark of 30% of income was used. For homeownership, conventional mortgage qualifications (4.0% interest, 25-year amortization, 75% loan-to-value ratio) was used to estimate housing cost. • Identification of the impact of vacation rentals in the housing stock that is available to permanent residents. • Regulations prohibiting the legal use of suites, cabins and cottages is exacerbating the problem. • Mechanism to remove or reduce land values from the housing cost. • Small increases in density should make small homes, co-housing, townhomes, or condos more attainable. |
| Affordability Information | <ul style="list-style-type: none"> • 24% of households are low-income (earn under \$30K per year). • Survey indicates 63% of tenants pay more than 30% of their income in rent. • The median household income of \$54,000 (2016) can only afford a \$295,000 home. |
| Tenure Information | <p>The report provided information on current tenure types:</p> <ul style="list-style-type: none"> • Galiano: 77% owner, 23% renter • Mayne: 92% owner, 8% renter • N. Pender: 87% owner, 13% renter • S. Pender: 100% owner • Saturna: 76% owner, 24% renter • SGI Average: 85% owner, 15% renter • BC Average: 68% owner, 32% renter |
| Funding/Financing Assumptions | N/A |
| Housing Solutions Suggested | <ul style="list-style-type: none"> • Top housing solutions suggested in survey were secondary suites (15%), tiny homes (14%), supportive/accessible housing for seniors (12%), communal/co-op housing (10%), apartments/condos (9%), removing regulatory (zoning) barriers (7%) and enforcing vacation rentals (7%). • Mechanisms to assist some households with their shelter costs. • In addition to any new supply, increase utilization of existing rental assistance programs to improve affordability for lower income working families and seniors; this may also incentivize owners of currently underutilized or seasonally vacant properties to rent them year-round to residents. |

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| | <ul style="list-style-type: none"> • There may be potential for home ownership models if small multi-family style dwellings were developed, with mechanisms to remove or reduce land values (e.g., density increases, partnerships with non-profits or with land trusts). • Co-housing could potentially provide opportunities for affordable home ownership. |
| Priority Groups | Seniors, young families, seasonal employees. |
| Housing needs | <ul style="list-style-type: none"> • Households with little to no income and low income (up to \$22,500): <ul style="list-style-type: none"> ◦ A need for additional supply of rental housing with rents ranging from \$375 to \$560. • Households with low-moderate income (average \$35,000): <ul style="list-style-type: none"> ◦ A need for additional supply of housing with rents ranging from \$750 to \$975 per month. ◦ Homes priced under \$180,000 to enable homeownership. • Households with moderate income (average \$45,000): <ul style="list-style-type: none"> ◦ A need for secured rental supply that is priced between \$875-\$1,125. ◦ Homes priced around \$235,000 to enable homeownership. • Households with moderate to above moderate incomes (average \$55,000): <ul style="list-style-type: none"> ◦ A need for increased supply of market rental housing. ◦ Homes priced around \$300,000 to enable homeownership. |
| Challenges | <ul style="list-style-type: none"> • All evidence clearly points to serious shortages in secure, appropriate, and affordable housing for low to moderate income earners. Renters are particularly impacted as their incomes are insufficient to enter the homeownership market, and the limited number of rental properties are increasingly left vacant seasonally or tied up in the vacation rental property market. Community members strongly described the housing situation as bordering on crisis, and as having serious impacts on themselves and their families, community well-being and economic sustainability. • High proportion of lower-income households are at highest risk of housing insecurity. • Ownership may be unattainable for low-moderate incomes. |

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| | <ul style="list-style-type: none"> • Housing solutions listed in the survey rely on private homeowners/developers (secondary suites/tiny homes). • Supply shortage of suitable and affordable rental units. • Shortage of affordable home ownership options for those wishing to enter the market. • Vacation rentals and part-time residency impacts housing supply for residents. • Shortages of appropriate seniors housing. • Supply shortage for work-force housing. • Outdated data from 2016, some of the research and assumptions need to be updated. • Prioritizing and addressing the housing needs of various types of households (low-income, workforce, seniors, etc.). |
| Opportunities | <ul style="list-style-type: none"> • Consider medium scale projects such as 10- to 12-unit cottages or low-rise apartments that might be better suited to receive funding from provincial and federal funders. • Work with higher levels of government to create SGI specific programs that would support affordable housing for low-income households. • Create a policy framework and develop incentives for local non-profit groups and private developers alike. • Determine interest in housing by local business owners looking to accommodate staff. • Utilize data that is updated regularly to determine affordability levels based on household income such as Housing Income Limits, CMHC data, etc. • Create solutions across the “housing continuum.” |

1.2 Final Report - Community Housing in the Islands Trusts Area

This report is the outcome of a forum held by Islands Trust in Cowichan Bay in June of 2016. The forum was held after the Local Planning Committee, a standing committee of the Islands Trust Council, identified community housing needs as a top priority. The goal of this report was to provide recommendations for how the Trust Council could support affordable housing in the Islands Trust area. This report is meant to accompany the Baseline Report - Affordable Housing in the Islands Trust Area (2016).

Table 2: Community housing in the Islands Trusts Area

| Item | Description |
|-----------------------|--|
| Year Published | 2016 |
| Data Source | <ul style="list-style-type: none"> • A one-day forum • Islands Trust Baseline Report (2016) • Previous reports including a Housing Toolkit (2010), Salt Spring Island Affordable Housing Strategy (2011), Bowen |

| | |
|--------------------------------------|--|
| | Island Affordable Housing Strategy and North Pender Island Affordable Housing Task Force (2008) |
| Purpose/Objective | To come up with recommendations for advancing affordability in the land use process and provide information that may support policy documents including the Islands Trust Policy Statement, Housing Needs Assessment, Housing Agreements, etc. |
| Key Points | <ul style="list-style-type: none"> • Need for all levels of Islands Trust to work together to ensure affordability is supported by the land use process and by Islands Trust in general. |
| Policy/Planning Implications | <ul style="list-style-type: none"> • Recommendation that the Trust Council explore authority to support land acquisition and the creation of an affordable housing land trust. • Recommendation that the Trust adopt bylaws that enable density bonus and support smaller dwelling units. • Fee forgiveness for affordable housing in private dwellings. • Recommended advocacy to the Province of BC for building codes to address alternative building practices (yurts, cob houses, upcycled materials, etc.) • Recommendation that density is calculated as total floor area vs. number of units. |
| Affordability Information | <p>Recommendation: Review the Islands Trust policy statement to ensure that it:</p> <ul style="list-style-type: none"> • Includes clear and well-thought-out definition of affordability. • Includes clearly articulated vision, goal, and objectives for affordable housing. • Gives affordable housing a greater profile for its role in sustainable communities. |
| Tenure Information | <p>Considerations:</p> <ul style="list-style-type: none"> • Ability to have flexibility in tenure is key. • Tenure types are not mutually exclusive (e.g., strata co-housing, or mixed rental and ownership), but they may require different governance structures and levels of capacity. • Trust Council could provide resources so LTCs can use housing agreements to control the tenure, when applicable. |
| Funding/Financing Assumptions | Recommendation: |

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| | <ul style="list-style-type: none"> • Explore the potential to expand their advocacy role to senior levels of government for increased funding for affordable housing. • Direct staff to explore and report back on the potential for the creation of an affordable housing Land Trust. • Support housing provided through private, public, and non-profit sectors. |
| Housing Solutions Suggested | <ul style="list-style-type: none"> • Encourage smaller footprint homes, especially on smaller lots. • Encourage diverse housing types that support demographically diverse communities. • Adopt bylaws that enable higher density smaller dwelling units. • Develop model bylaws that LTCs can use to enable density bonus – a higher density of smaller sized limited dwellings in exchange for environmental protections. • Establish a budget for housing needs assessments to be conducted at the regional level and to be updated with each census. |
| Priority Groups | <ul style="list-style-type: none"> • Low-income seniors • Families |
| Challenges | <ul style="list-style-type: none"> • No consistent definition of affordability. • Translating the recommendations into policy in a timely manner, otherwise the results from the report become obsolete. • Grassroots recommendations, cob housing, tiny homes will not meet scale of growing housing need. • Report is from 2016, so some of the assumptions/research must be updated. |
| Opportunities | <ul style="list-style-type: none"> • Provide solutions that create a broader diversity of housing types. • Expand the library/knowledge of housing models and building typologies by researching case studies and learning from other semi-rural communities. • Address housing need for people with a wide range of incomes. • Leverage the Islands Trust mandate and capacity to create policies to support the provision of affordable housing. • Create an affordable housing land trust and enable higher density smaller dwelling units. |

1.3 Baseline Report - Community Housing in the Islands Trusts Area

This report was originally published in 2016 but was updated in 2019. It covers the policy and bylaws in the Official Community Plans and Land Use Bylaws of each island as they relate to affordable housing, as well as special needs, social and seniors housing. Section 4 of this report expands on the analysis by adding more details and updated policies and bylaws from these documents.

1.4 Updated Southern Gulf Islands Market Analysis, 2022 (Urban Matters, 2022)

This report was finalized in 2022 and builds on the findings of the 2018 Southern Gulf Islands Housing Needs Assessment. The analysis indicated that the gap between incomes and cost of housing present in 2018 has been increasing; that there is a lack of rental stock; that there is considerable hidden homelessness; and that the rental situation is adversely impacting the local economy and the ability to deliver services.

1.5 Islands Trust Rezoning Application Form

The Islands Trust rezoning application form outlines a similar process to most local governments. The process requires a pre-application meeting with Islands Trust Planners, as well as an optional consultation or public meetings with property owners who may be affected by the proposal. During the application process, the application follows a typical process including a public hearing and 1st, 2nd, and 3rd readings, with a final bylaw adoption. The process has additional requirements over municipalities including a referral of the bylaw to the Minister of Municipal Affairs. In addition, the application requires a written description of the project which includes proposed uses, as well as the timing of the development and the anticipated occupancy date.

1.6 Salt Spring Island Housing Needs Assessment 2020 (CRD, 2020)

This report is a compilation of census data, community engagement findings and BC statistics projections into the population growth. The assessment gives estimates for the number of units needed to address housing for the next 5 years. The document includes comprehensive statistical information and provides benchmarks for the number of homes needed.

Table 3: Salt Spring Island Housing Needs Assessment 2020

| Item | Description |
|--------------------------|---|
| Year Published | 2020 |
| Data Source | <ul style="list-style-type: none">• 2016 Census• Interviews and focus groups with key stakeholders• BC Statistics population projections for the CRD |
| Purpose/Objective | To evaluate the housing needs of Salt Spring Island. |
| Key Points | <ul style="list-style-type: none">• Identified several priority groups for housing (see priority groups below).• Salt Spring has the highest per capita rate of homelessness in the province per 2016 data.• Lack of diversity in the housing stock. Compared to the entire CRD, the housing stock on Salt Spring Island is considerably less diverse. While building permit data |

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|-------------------------------------|---|
| | <p>reflects the recent approval of multi-family developments, the single-family home remains the dominant dwelling type on Salt Spring.</p> <ul style="list-style-type: none"> • Virtually no purpose-built rental units, reliance on the secondary market. • Over 50% of the population is facing affordability challenges. |
| Policy/Planning Implications | <ul style="list-style-type: none"> • Pilot inclusionary zoning in areas where this policy can be supported to iteratively test ideas. • Continue to support renewal of purpose-built rentals. • Ensure local government leadership to support affordable housing. • Support culturally supportive housing. • Other opportunities: <ul style="list-style-type: none"> ○ Explore the encouragement of mixed-income residential buildings to promote inclusive communities. ○ Ensure all affordable housing developments have housing agreements and consider implementing a universal housing agreement within the CRD. |
| Affordability Information | <ul style="list-style-type: none"> • Affordability threshold no more than 30% of gross household income. • Average household income is \$57,761 (2015), which is 17% lower than the CRD median. • Renter income (2016) is \$33,008 vs. \$67,044 for owner. • 21% of owner and 49% of renter households did not meet the affordability standard in 2016. • 56.3% of renters on Salt Spring are paying more than 30% of their income on shelter costs. |
| Tenure Information | <ul style="list-style-type: none"> • Between 2006 and 2016, the proportion of owner households decreased from 82% to 76% while the proportion of renter households grew from 18% to 24%. • In 2016: 24% renter, 76% owner. • 81% single-detached homes on the island. • In 2016, the average non-waterfront residential home was unaffordable for all household types making the median income. • As of 2019, there were just four legal market rental units recorded on Salt Spring Island by CMHC, leaving most renter households relying on the secondary rental market for housing. |

| | |
|--------------------------------------|--|
| Funding/Financing Assumptions | <ul style="list-style-type: none"> • Establish multi-sectoral collaboration and partnerships to secure funding that will support levels of affordability to meet the housing need. • Find partnerships by fostering relationships with Indigenous partners, First Nations, non-profit housing providers, private developers, municipalities, Islands Trust, BC Housing, CMHC and others to build affordable housing. • Partner with First Nations that have set aside land for revenue through the development of housing. |
| Housing Solutions Suggested | <ul style="list-style-type: none"> • Encourage smaller footprint homes, especially on smaller lots. • Reduce parking requirements to support new affordable housing. • Pilot inclusionary zoning in areas where this policy can be supported to test and iterate ideas. • Continue to support renewal of purpose-built rentals. |
| Priority Groups | <p>Identified priorities for housing include:</p> <ul style="list-style-type: none"> • Affordable housing • Rental housing • Housing for people with disabilities • Housing for seniors • Housing for families • Housing for people experiencing homelessness |
| Housing Needs | <ul style="list-style-type: none"> • Estimates the need for: <ul style="list-style-type: none"> ○ 136 studio/1-bedroom units ○ 120 2-bedroom units ○ 46 3+ bedroom units between 2020-2025 • A need for housing for people with disabilities, who cannot afford rent on the \$375 provincial housing supplement. • A need for aging in place options for seniors, where 55+ is represented by 51% of the population (compared to 34% for the CRD). • A need for housing for families. • A need for housing for people experiencing homelessness, where there was a 58% increase between 2016 and 2018. • As of 2020, the following populations were on the BC Housing waitlist for below-market housing: <ul style="list-style-type: none"> ○ 8 people with disabilities ○ 46 seniors |

| | |
|----------------------|---|
| | <ul style="list-style-type: none"> ○ 10 families |
| Challenges | <ul style="list-style-type: none"> • Renter incomes identified as being significantly lower than owner incomes. • High number of people experiencing homelessness. • Lack of diversity of housing stock. • Shortage of purpose-built rentals. • Pressure in the rental market by short-term vacation rentals. |
| Opportunities | <ul style="list-style-type: none"> • Studio and 1-bedroom units are more economical than larger units and may be more feasible to have affordable rates. • Support for inclusionary zoning pilot projects. • Salt Spring is a larger island with more services and infrastructure. • Given the more developed nature of the island, it might be easier to implement larger projects with a diversity of housing tenures and affordability levels. |

1.7 Salt Spring Island Housing Needs Assessment 2015 (JG Consulting Services Ltd, 2015)

This report provides an update to the 2009 Housing Needs Assessment (JG Consulting Services Ltd). The report uses 2011 census data to assess affordability of housing on Salt Spring. This report has been updated with the 2020 Housing Needs Assessment (CRD, 2020).

1.8 Key Takeaways from Report Analysis

Key takeaways from policy documents and Zoning Bylaws are summarized below.

- There is a gap between the cost of housing and resident incomes.
- The data of the policy documents analysed is outdated and references the census from 2016, with most of the documents completed prior to 2018.
- Inconsistent methodologies are implemented for regulatory approvals across different jurisdictions. For example, each island has different bylaws and restrictions around floor area measurements, proof of water standards and timing of surveys.
- Affordability is not cohesively defined across policy and governing entities such as Islands Trust and the CRD.
- Salt Spring Island may provide some policy examples to be used on the SGIs.

2. Islands Policy and Bylaw Comparative Analysis

To further our understanding of the policy and regulatory landscape in the SGIs, the following is an in-depth analysis for each Island. The analysis also includes a list of the various building typologies that could be considered to address the housing needs along with information on the alignment with the current policy and the approvals process required for implementation.

The information is presented in a standardized manner for each island in the following:

- Population
- Area of the island
- Housing priority groups
- Analysis of building typologies including:
 - Secondary suites
 - Cottages (ADU)
 - Alternative low-cost housing options, including recreational vehicles and yurts
 - Higher density building types
 - Other typologies requiring rezoning
- Precedents or example zones

2.1 Galiano Island

- Land Use Bylaw No. 127
- OCP Bylaw No. 108

Table 4: Galiano Island (Land Use Bylaw No. 127 and OCP Bylaw No. 108)

| Item | Description |
|--------------------------------|---|
| Population (2021) | 1,396 |
| Area | 6,035 hectares |
| Housing Priority Groups | Seniors and special needs |
| Secondary Suites | <p>Yes</p> <p>OCP Policy:</p> <ul style="list-style-type: none"> • Secondary suites may be permitted within principal dwellings with the intent of providing housing options and vacation rental accommodation. A maximum of one secondary suite, limited in floor area, shall be permitted per lot and dwellings containing secondary suites shall provide a rainwater catchment and storage system. • The Local Trust Committee may consider amending zoning to allow for secondary dwellings for affordable housing within residential zones in areas close to existing roads, services, and amenities and where there is an adequate supply of potable water. <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> • Permitted in all residential zones including Village Residential 1 and 2, Small Lot Residential, Rural Residential, Rural 2, Rural 3. • Allowed on lots with an area greater than 0.4 hectares. • A secondary suite shall not exceed 60m² (646 ft²) in floor area nor 40% of the floor area of the building in which it is located. • Permitted in every residential zone as well as agricultural zones. • One secondary suite is permitted on each lot with an area of 0.4 hectares or greater. • On parcels with an area greater than 0.4 hectares, a secondary suite shall not be permitted on the parcel if a cottage has been constructed and a cottage shall not be permitted on the parcel if a secondary suite has been constructed. • A secondary suite shall be entirely located within the building that contains the principal dwelling. |
| Cottages (ADU) | Yes |

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|---|--|
| | <ul style="list-style-type: none"> Permitted in all residential zones include Village Residential 1 and 2, Small Lot Residential, Rural Residential, Rural 2, Rural 3 (same for secondary suites) Allowed on lots with an area greater than 0.4 hectares. The floor area of a cottage must not exceed 80 m² (861 ft²). Must not exceed a height of 9m. |
| Alternative low-cost housing options | Does not allow for the use of a recreational vehicle as a residence. |
| Higher density | <p>Yes, permitted for seniors and affordable housing only.</p> <p>OCP Policy:</p> <ul style="list-style-type: none"> Applications for rezoning to a higher density than permitted by current zoning shall be considered where the application would result in the provision of seniors, affordable or special needs housing, subject to the following: <ul style="list-style-type: none"> All additional density greater than that permitted by current zoning shall be in the form of units reserved exclusively for occupancy as affordable, seniors or special needs housing. Applications shall include provision of a housing agreement ensuring that for affordable housing, the rental, lease, sale or share prices are fixed below average rates within the CRD, and the agreement may limit occupancy of the dwellings to rental, lease, co-housing, or co-operative tenure, and may limit occupancy. All applications shall site development on land with modified ecosystems, avoid potentially hazardous lands, demonstrate an adequate supply of potable water, and be in proximity and accessible to existing roads, services, and other amenities. Consideration of applications for affordable, seniors or other special needs housing shall include the following where appropriate: amendment of the OCP to designate the land as community housing, designation as a development permit area, amendment of the zoning to designate the area for affordable or special needs housing, site-specific zoning regulation of density, siting and size, and registration of a housing agreement and a section 219 covenant. <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> Dwellings for the provision of affordable housing, subject to a housing agreement under Section 483 of the Local Government Act. |

| | |
|--|---|
| Other typologies requiring rezoning | <p>OCP Policy:</p> <ul style="list-style-type: none"> • Applications may be submitted for units in the form of clustered detached dwellings, duplexes or attached ground-oriented housing, and are encouraged to incorporate water conservation and energy efficient building design elements, including rainwater catchment. <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> • Community Housing 1 - CH1 <ul style="list-style-type: none"> ○ Dwellings for the provision of affordable housing ○ One dwelling unit per lot • Community Facility Zone - CF <ul style="list-style-type: none"> ○ The density of affordable and special needs housing must not exceed 2 dwellings per hectare. |
| Precedents or example zones | <p>There are seven properties with this CF zoning on Galiano. There have not been any affordable housing units built within this zone.</p> |

2.2 Mayne Island

- Land Use Bylaw No. 146
- OCP Bylaw No. 144

Table 5: Mayne Island (Land Use Bylaw No. 146 and OCP Bylaw No. 144)

| Item | Description |
|--------------------------------|---|
| Population (2021) | 1,304 |
| Area | 2,320 hectares |
| Housing Priority Groups | Seniors and special needs. |
| Secondary Suites | <p>Yes</p> <p>OCP Policy:</p> <ul style="list-style-type: none"> • One secondary suite, limited in size, contained wholly within a dwelling unit may be permitted per parcel. • On parcels less than 4 hectares: a secondary suite shall not be permitted on the parcel if a cottage has been constructed; and a cottage shall not be permitted on the parcel if a secondary suite has been constructed. <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> • Secondary suites are permitted on lots within the shaded area on Schedule "D" to this Bylaw (See figure 1). The shaded area includes only rural areas, and not moderate density subdivisions. • The floor area of the secondary suite must not exceed 60m² (646 ft²), nor shall it exceed 40% of the floor area of the principal dwelling unit. • There is a maximum of one secondary suite per lot. • On parcels less than 4 hectares: a secondary suite shall not be permitted on the parcel if a cottage has been constructed; and a cottage shall not be permitted on the parcel if a secondary suite has been constructed. • The secondary suite must be contained within the walls of the building that contains the principal dwelling unit. |
| Cottages (ADU) | <p>Yes, permitted in Settlement Residential, Miners Bay Rural Comprehensive, Rural Residential Rural, Upland and Agricultural.</p> <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> • The floor areas of the cottage must not exceed the following, depending on which zone it is located within. • Settlement residential: <ul style="list-style-type: none"> ○ 60 m² (646 ft²) on a lot with an area greater than 0.6 hectares. ○ 93 m² (1001 ft²) on a lot with an area greater than 1 hectare. |

| | |
|---|--|
| | <ul style="list-style-type: none"> Miners Bay Rural Comprehensive (MBRC), Rural Residential One (RR1), Rural (R), Upland (UP) and Agricultural (A): <ul style="list-style-type: none"> 60 m² (646 ft²) on a lot with an area under 1 hectare. 93 m² (1001 ft²) on a lot with an area greater than 1 hectare. Minimum lot size for an additional dwelling unit in the form of a cottages is as follows: <ul style="list-style-type: none"> MBRC: no minimum RR1: 2.8 hectares R: 1 hectare UP: 1 hectare A: 8 hectares Maximum height for any dwelling unit or cottage is 9 metres (29.5 feet). |
| Alternative low-cost housing options | Recreational vehicles are allowed to be used by residences on lots larger than 0.6 hectares (same as cottages). They are allowed in the following zones: Settlement Residential, Miners Bay Rural Comprehensive, Rural Residential 1, Rural, Upland, Agricultural. Must be connected to sewage disposal facilities consistent with the Public Health Act and have a domestic water supply. |
| Higher density | <p>Yes, permitted for seniors and affordable housing only.</p> <p>OCP Policy:</p> <ul style="list-style-type: none"> Increasing residential density through redesignation/rezoning shall not be permitted except for special needs and seniors affordable housing. Affordable housing is encouraged through joined or multiple housing units, which may be considered by site specific rezoning of a parcel subject to compliance with Section 2.10 (Amenity Zoning Guidelines) of this plan. |
| Other typologies requiring rezoning | <p>OCP Policy:</p> <ul style="list-style-type: none"> With the exception of affordable housing, no provision shall be made for multi-dwelling residential use in the planning area. <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> "Senior citizen residential use" is a residential use in which at least one person aged 55 years or older occupies each dwelling unit. A maximum of eight duplexes, containing two dwelling units each. The maximum floor area of each dwelling unit is 90m² (969 ft²). |
| Precedents or example zones | The Mayne Island land use bylaw does not have a specific zone for affordable housing, but it has a comprehensive development zone for seniors housing. |

SCHEDULE D (SECONDARY SUITE MAP)

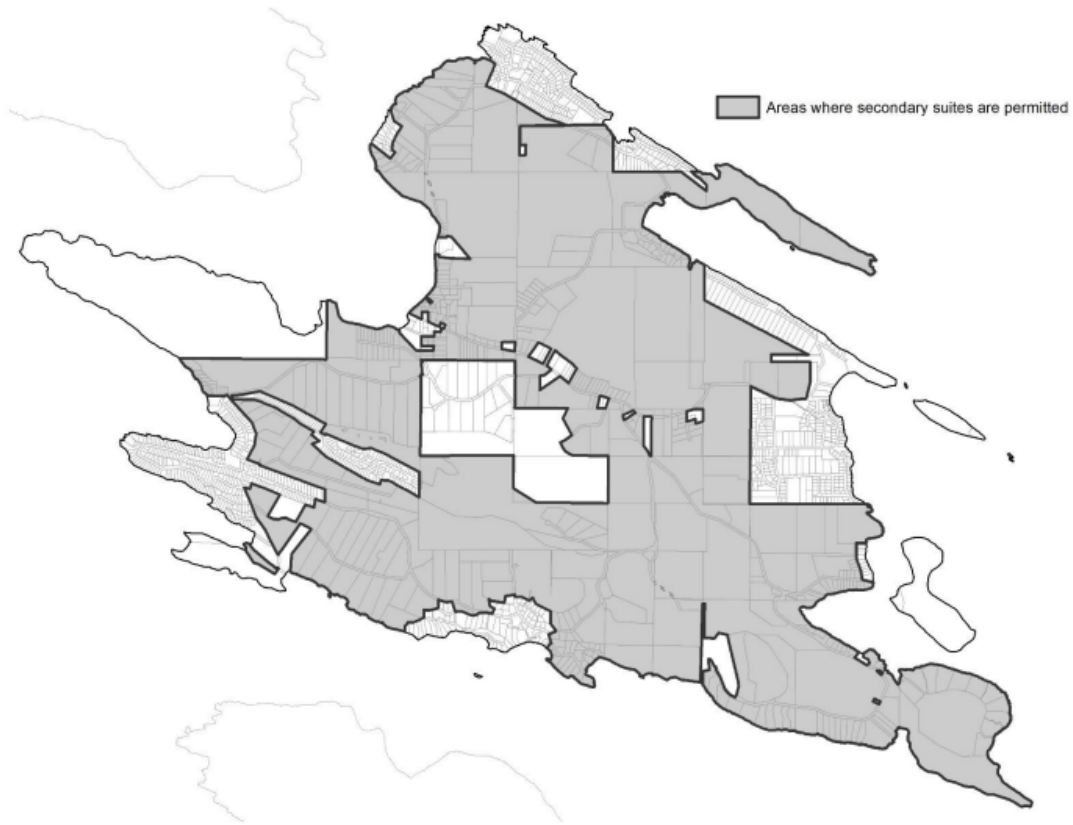


Figure 1: Mayne Island secondary suite map

2.3 North Pender Island

- Land Use Bylaw No. 103
- OCP Bylaw No. 171

Table 6: North Pender Island (Land Use Bylaw No. 103 and OCP Bylaw No. 171)

| Item | Description |
|---|--|
| Population (2021) | 2,467 |
| Area | 2,728 hectares |
| Housing Priority Groups | Seniors, special needs |
| Secondary Suites | <p>Yes</p> <p>OCP Policy:</p> <ul style="list-style-type: none"> • Accessory housing options such as secondary suites may be permitted to increase the stock of rental housing without negatively impacting the rural sense of place or the carrying capacity of the island. • There is a maximum of one secondary suite permitted per lot. • A secondary suite shall be entirely located within the building that contains the principal dwelling. <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> • Allowed in Rural Residential, Rural and Agricultural zones. • The maximum floor area is 90m² (968 ft²), and it shall not exceed 40% of the floor area of the principal dwelling unit. • There is no minimum lot size for secondary suites. • There is a maximum of one secondary suite permitted per lot. |
| Cottages (ADU) | <p>Yes, permitted in Rural Residential and Agricultural zones.</p> <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> • Allowed in Rural Residential, Rural, Rural Comprehensive and Agricultural zones. • On a parcel 1.2 hectares (3 acres) or greater, one (1) single family dwelling and one cottage is permitted. • Cottage floor area cannot exceed 56m² (602ft²). |
| Alternative low-cost housing options | Only allows for the temporary use of a recreational vehicle as a residence while a home is being constructed. |
| Higher density | <p>Yes, allowed for seniors and affordable housing only.</p> <p>OCP Policy:</p> <ul style="list-style-type: none"> • Affordable Housing Policies: |

| | |
|--|---|
| | <ul style="list-style-type: none"> ○ Subject to policies in Subsection 2.3 of this plan (seniors and affordable housing policies), consideration may be given to applications to rezone land within the Rural Residential and Rural designations to a higher density where the additional density takes the form of seniors and affordable housing. ○ Applications for rezoning to a higher density than permitted by current zoning may be considered within the Rural Residential or Rural land use designations, subject to the other policies in this plan, if the application would result in the provision of affordable housing and a housing agreement. ○ Any additional density greater than that permitted by current zoning shall be in the form of units reserved exclusively for occupancy as affordable housing. |
| Other typologies requiring rezoning | <p>OCP Policy:</p> <ul style="list-style-type: none"> • Applications for rezoning to a higher density to permit affordable housing may involve units in the form of clustered detached dwellings, duplexes or attached ground-oriented housing. <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> • Special Needs Housing (SNH) Zone • Permitted uses in the SNH Zone: <ul style="list-style-type: none"> ○ Two-family dwellings managed by a non-profit society. • Residential Density <ul style="list-style-type: none"> ○ There may not be more than one dwelling unit per 0.1 hectares of lot area, to a maximum of 20 dwelling units per lot. |
| Precedents or example zones | Pym Island site specific zone: one (1) single family dwelling and five (5) cottages are permitted in this location, with four cottages having a combined floor area of not more than 232 m ² (2497 ft ²) and one cottage not exceeding 93 m ² (1001 ft ²). |

2.4 South Pender Island

- Land Use Bylaw No. 114
- OCP Bylaw No. 107

Table 7: South Pender Island (Land Use Bylaw No. 114 and OCP Bylaw No. 107)

| Item | Description |
|--------------------------|-------------|
| Population (2021) | 306 |
| Area | 913 ha |

| | |
|---|---|
| Housing Priority Groups | None Specified |
| Secondary Suites | No |
| Cottages (ADU) | <p>Yes</p> <p>OCP Policy:</p> <ul style="list-style-type: none"> Allowed in Rural Residential (RR) zones including RR1, RR2 and RR3 zones. Also allowed in Forestry, Natural Resource (8 hectares or larger) and Agriculture zones. "Cottage" means a dwelling with a floor area of 70m² (754ft²) or less that is located on the same parcel as another dwelling. RR1 RR2 RR3 <ul style="list-style-type: none"> On a parcel less than 0.8 hectares (2 acres) in area, one (1) dwelling is permitted, and no cottage is permitted. On a parcel 0.8 hectares or greater in area, but less than 4.0 hectares in area, one (1) dwelling and one (1) cottage are permitted. On a parcel 4 hectares (10 acres) or greater in area, two (2) dwellings and two (2) cottages are permitted. Forestry: Permitted on all lots. Natural Resource: Permitted on lots over 8 hectares. Agriculture: Allowed for housing agricultural workers only. |
| Alternative low-cost housing options | Does not allow for the use of a recreational vehicle as a residence. |
| Higher density | <p>Yes, but only for affordable housing.</p> <p>OCP Policy:</p> <ul style="list-style-type: none"> Housing policies for affordable housing, rental housing, and special needs housing: Provision is to be made for affordable housing, rental housing, and special needs housing land uses and developments when justified by demand from the community. Establishment of different density regulations for a zone, one generally applicable for the zone and the other(s) applicable if certain amenities and/or affordable or special needs housing are provided either by agreement or by zoning designation. |
| Other typologies requiring rezoning | No mention of any typology other than cottages. |
| Precedents or example zones | None specified. |

2.5 Saturna Island

- Land Use Bylaw No. 119
- OCP Bylaw No. 70

Table 8: Saturna Island (Land Use Bylaw No. 119 and OCP Bylaw No. 70)

| Item | Description |
|---|--|
| Population (2021) | 465 |
| Area | 3,575 ha |
| Housing Priority Groups | Seniors |
| Secondary Suites | <p>Yes</p> <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> • Permitted in rural residential, rural general, rural comprehensive, farm resort, forest reserve, forest residential and wilderness reserve zones. • The secondary suite must be contained within the walls of the building that contains the principal residence. • The floor area of the secondary suite shall not exceed 90 m² (968 ft²), nor shall it exceed 40% of the floor area of the principal residence. |
| Cottages (ADU) | <p>Yes</p> <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> • Permitted in rural residential, farmland zone, farm retreat zone, farm resort zone, forest general zone and forest residential zone. • Rural Residential General Zone: Density <ul style="list-style-type: none"> ○ On a parcel 1.21 hectares (3 acres) or less, the maximum density is one (1) residence. ○ On a parcel greater than 1.21 hectares (3 acres), the maximum density is one (1) residence and one (1) cottage. ○ On lots having an area of 4.05 hectares (10 acres) or greater, one (1) residence and one (1) cottage per 2.02 hectares (5 acres) are permitted up to a maximum density of five (5) units and five (5) cottages per lot parcel. |
| Alternative low-cost housing options | Recreational vehicles and yurts allowed on lots larger than 1.2 hectares (same as cottages) and within the same zones as cottages. Must be connected to sewage disposal facilities consistent with the Public Health Act and have a domestic water supply. |
| Higher density | <p>Yes</p> <p>OCP Policy:</p> <ul style="list-style-type: none"> • Multi-family use is permitted to a density not exceeding: |

| | |
|--|--|
| | <ul style="list-style-type: none"> ○ 120% of the primary residences permitted on the lot prior to rezoning for multiple family use; or ○ Four units per acre for affordable and special needs housing owned and operated by a registered (non-profit) society. • When considering rezoning applications, the Saturna Island Local Trust Committee should address the proposal's impact on the environment and the mitigation of negative aspects. • From the date of adoption of the plan, no rezoning, development permit, temporary permit, or other planning tool or device available to the local trust committee should be used to increase the maximum subdivision capacity, or total residential density of any island within the area. • When subdivision or residential density is removed, it is added to the Community Amenity Density Reserve (CADR), which is a pool of unallocated density. In the future, density may be drawn from the CADR and granted to a lot in exchange for community amenities. |
| Other typologies requiring rezoning | <p>OCP Policy:</p> <ul style="list-style-type: none"> • Multiple family use may be permitted to a density not exceeding four units per acre for affordable and special needs housing owned and operated by a registered (non-profit) society. <p>Land Use Bylaw:</p> <ul style="list-style-type: none"> • In the multiple family residential (MFR) zone, the following uses are permitted, subject to the regulations set out in this section and the general regulations set out in Part 2, and all other uses are prohibited <ul style="list-style-type: none"> ○ Residential for the purpose of providing senior citizen housing sponsored by a public or quasi-public society incorporated under the Society Act. |
| Precedents or example zones | <p>On the parcel of land legally described as Lot B, Plan 11380, Section 7 and Lot 1, Plan 51011, Section 8 both in Cowichan District and Saturna Island, the maximum number of residences is 7 and the maximum number of cottages is 7.</p> |

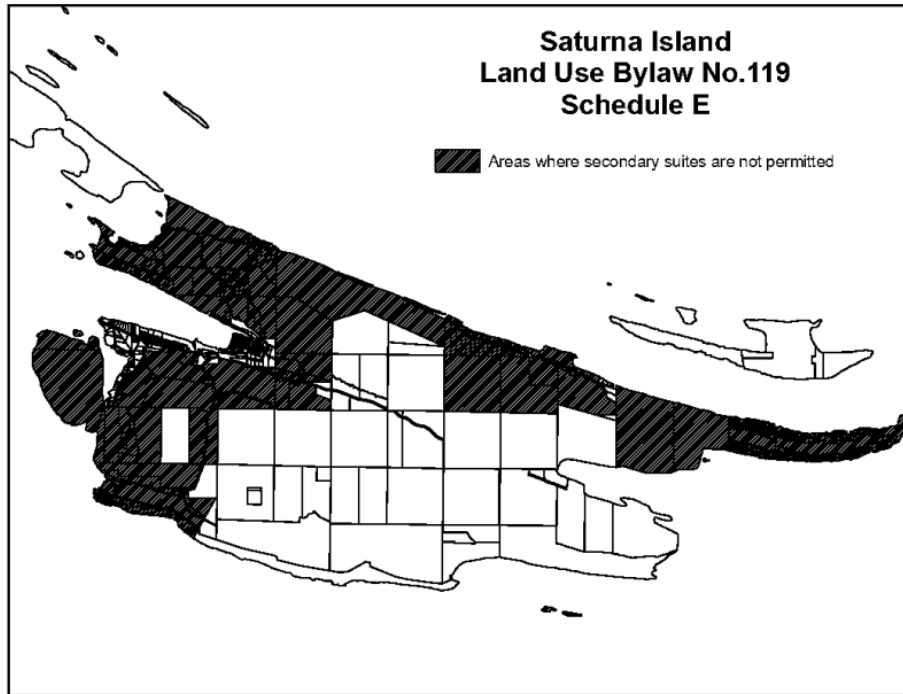


Figure 2: Saturna Island secondary suite map

2.6 Key Takeaways from Policy and Bylaw Analysis

Key takeaways from policy documents and Zoning Bylaws are summarized below.

- Secondary suites are allowed on all islands except South Pender.
- Cottages are allowed on all islands.
- Rezoning and higher density (multi-family) is allowed on all islands, but is limited to affordable housing on Galiano, Mayne, North Pender, and South Pender.
- Minimum lot sizes limit the number of properties that can allow secondary suites and cottages on all islands.
- Policies and bylaws support smaller scale projects and limit the density of multi-family zones, likely making multi-family projects a challenge to achieve affordability.
- Seniors and special needs housing are prioritized with limited mention of affordable housing for other target populations, including families.
- Water conservation and other environmental factors are prioritized over the provision of housing.

3. Challenges Summary

Challenges for building affordable housing based on policy documents and Zoning Bylaws are summarized below.

Key takeaways from policy documents and Zoning Bylaws are summarized below.

- There is a gap between the cost of housing and resident incomes.
- The data of the policy documents analysed is outdated and references the census from 2016, with most of the documents completed prior to 2018.
- Inconsistent methodologies are implemented for regulatory approvals across different jurisdictions. For example, each island has different bylaws and restrictions around floor area measurements, proof of water standards and timing of surveys.
- Affordability is not cohesively defined across policy and governing entities such as Islands Trust and the CRD.

Appendix 2: Phase 2, Proforma Analysis: Memo

Date: April 20, 2022
To: Justine Starke, Manager Southern Gulf Islands Service Delivery, CRD
From: Dion Whyte, Director BC, New Commons Development
cc: Alicia Medina & Kaeley Wiseman, Wiser Projects
RE: Southern Gulf Islands Housing Feasibility Study Phase 2 – Pro Forma Development Summary

New Commons Development (NCD) was engaged to support completion of Phase 2 of the Southern Gulf Islands Housing Feasibility Study involving the preparation of capital pro formas for the following housing development typologies:

- 1-bedroom secondary suite newly constructed as an addition to an existing home
- 1-bedroom secondary suite constructed as a renovation to an existing home
- 2-bedroom secondary suite newly constructed as an addition to an existing home
- 2-bedroom secondary suite constructed as a renovation to an existing home
- 1-bedroom cottage newly constructed as a secondary dwelling unit
- 2-bedroom cottage newly constructed as a secondary dwelling unit
- 3-bedroom cottage newly constructed as a secondary dwelling unit
- Multi-family-residential building (apartments) newly constructed on vacant land

Each pro forma contemplates a single development typology and is provided as an Excel workbook that includes the following worksheets:

1. Summary: provides a brief side by side summary of results for each of the LOW and HIGH cost scenarios.
2. Inputs: contains all inputs used to model each of the LOW and HIGH cost scenarios including development statistics, rent schedules, costing assumptions, financing assumptions and operating budgets.
3. LOW: provides a breakdown of development statistics, revenues, costs, sources of funds and any resulting funding gap or surplus associated with the LOW cost scenario.
4. HIGH: provides a breakdown of development statistics, revenues, costs, sources of funds and any resulting funding gap or surplus associated with the HIGH cost scenario.

For each pro forma, detailed assumptions are noted in the LOW and HIGH worksheets next to each line item. The following sections provide additional discussion on methodologies and key assumptions used to develop the pro formas.

Units & Unit Sizes

Unit sizes for all but the multi-family-residential typology were determined based on parameters in the CRD's SGI Southern Gulf Islands Feasibility Study Scope of Work and a review of land use regulations for each of Galiano, Mayne, Saturna, N Pender and S Pender islands completed by Wiser Projects and are summarized below.

| Unit type | Unit size (sf) | Notes |
|----------------------|--|---|
| 1-br Secondary Suite | 600 | Permissible on all islands except for South Pender. |
| 2-br Secondary Suite | 725 | Permissible on Saturna and North Pender |
| 1-br Cottage | 600 | Permissible on all islands |
| 2-br Cottage | 725 | Permissible on all islands except for North Pender |
| 3-br Cottage | 1000 | Permissible on Mayne and Saturna only |
| MFR Building | 350 (studio) 525 (1-br) 725 (2-br) | Mix of studio, 1-br and 2-br units per CRD Scope of Work. Unit Sizes per BC Housing Design Guidelines & Construction Standards for apartments |

For the multi-family-residential typology, the development was assumed to consist of a total of 10 units with the following unit mix: three studio units, three 1-bedroom units and four 2-bedroom units. All other typologies were assumed to consist of one rental unit.

SGI Target Affordable Rents

Target Affordable Rents for the Southern Gulf Islands were calculated for all but the multi-family-residential typology based on the Affordability Targets published in the 2018 Southern Gulf Islands Housing Needs Assessment (Table 22) for various economic household types. These household incomes were then "mapped" to appropriate unit sizes and an inflation factor was applied in order to determine the 2022 Target Affordable Rents used in developing the pro formas for the secondary suite and cottage typologies as follows:

SGI Target Rent Calculator

| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes |
|-----------|-------------------------------|--------------------------------|---------------------------------|---------------------------------------|--|
| | | | | | |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single persons |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for lone parent families and families without children |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for families without children and families with children |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

The table below provides a comparison between the resulting 2022 Target Affordable Rents and other benchmark affordable and market rents for the nearest community for which CMHC and BC Housing published data is available (Victoria, BC).

| SGI Target Rent - Comparison vs Benchmarks | | | | | |
|--|---------------------|---------------------|-------------------------------|------------|------------------------------|
| Unit Type | SGI Target Rents | 80% MMR Victoria | RGI (70% HILS Victoria) | | Market (HILS Victoria) |
| | | | Deep Subsidy | | |
| Studio | 743 | 798 | 831 | 375 | 1,000 |
| 1 Bedroom | 826 | 959 | 831 | 375 | 1,188 |
| 2 Bedroom | 1,478 | 1,238 | 1,068 | 570 | 1,525 |
| 3 Bedroom | 1,935 | 1,518 | 1,383 | 660 | 1,975 |
| Total/ Avg. | 1,062 | 1,022 | 926 | 453 | 1,266 |

It is worth noting that this methodology yielded a relatively low Target Affordable Rent for studio units (calculated at 90% of the 1-bedroom unit rent) and 1-bedroom units, both being below 80% of Median Market Rent (CMHC's affordability target under the National Housing Co-Investment Program) and below 70% of Housing Income Limits (BC Housing's affordability target for Rent-Geared-to-Income units under the Community Housing Fund) for Victoria BC (the nearest community for which rental data is published by CMHC and BC Housing, respectively). The methodology also yielded relatively high Target Affordable Rents for the 2- and 3-bedroom units given the higher household incomes of economic families on the Southern Gulf Islands, with these approaching Market Rents for Victoria BC (estimated based on unadjusted Housing Income Limits).

For the multi-family-residential development typology, two pro forma scenarios were developed to assess the feasibility of the development under major federal and provincial funding programs and assuming the project was owned and operated by a non-profit housing society, housing co-operative, or other organization eligible for such funding, as follows:

1. CMHC's National Housing Co-Investment Fund: 30% of units rented at less than 80% of Median Market Rents for Victoria BC (per CMHC Housing Information Portal, 2021 data) to meet minimum program requirements, with 70% of units rented at market rents. See table above for rents by unit type and category.
2. BC Housing's Community Housing Fund: 20% of units rented at Deep Subsidy rents (based on provincial shelter allowances), 50% of units rented at Rent-Geared-to-Income (estimated based on 70% of 2021 Housing Income Limits for Victoria BC), and 30% of units at market rents. See table above for rents by unit type and category.

Construction Costs

In order to develop the pro formas it was necessary to establish working assumptions regarding the current construction cost per square foot for the various development typologies being considered. To do this, NCD and Wiser Projects prepared a list of survey questions for builders operating on the Southern Gulf Islands that was subsequently distributed directly to builders by local representatives on each island. NCD and Wiser Projects also reviewed CRD building permits issued for the Southern Gulf Islands, however this was abandoned as a potential data source once it was determined that the construction values assigned to CRD building permits are normally based on a flat construction value per square foot established by bylaw and are not likely representative of actual construction costs.

The table below provides a summary of the estimated construction costs per square foot obtained from Southern Gulf Island builders. It should be noted that responses were limited, and the majority of these were obtained from builders working on Galiano Island with no responses from Mayne or Pender Island builders.

| Island | Builder | New | | | | Reno | | New | |
|---------|--------------------|------------|-------------|--------------|---------------|--------------|---------------|--------------|---------------|
| | | SFD/sf Low | SFD/sf HIGH | Suite/sf LOW | Suite/sf HIGH | Suite/sf LOW | Suite/sf HIGH | MFR/sf (low) | MFR/sf (high) |
| Galiano | Galiano Builder #1 | \$ 450 | \$ 500 | | | \$ 240 | \$ 260 | | |
| Galiano | Galiano Builder #2 | \$ 480 | \$ 520 | | | \$ 150 | \$ 300 | \$ 540 | \$ 560 |
| Galiano | Galiano Builder #3 | \$ 280 | \$ 320 | | | | \$ 300 | | |
| Galiano | Galiano Builder #4 | \$ 350 | \$ 350 | \$ 300 | \$ 350 | \$ 300 | \$ 350 | \$ 325 | \$ 350 |
| Saturna | Saturna Builder #1 | \$ 400 | \$ 400 | \$ 350 | \$ 350 | \$ 200 | \$ 200 | \$ 325 | \$ 325 |

Builders typically provided estimates in the form of a range of cost per square foot given the potential for these costs to vary significantly depending on numerous factors including site conditions, design and the standard/quality of the housing being constructed. From these data points, LOW and HIGH construction cost working assumptions were established to facilitate modeling of LOW and HIGH cost scenarios for each development typology as follows:

| S&G Construction Cost Assumptions | | |
|--|--------------------------|---------------------------|
| Development Typology | Cost Per SF (LOW) | Cost Per SF (HIGH) |
| Secondary Suite – New | \$325 | \$350 |
| Secondary Suite – Reno | \$225 | \$285 |
| 1-Bedroom Cottage | \$350 | \$450 |
| 2-Bedroom Cottage | \$350 | \$450 |
| 3-Bedroom Cottage | \$350 | \$450 |
| Multi-Family-Residential | \$325 | \$350 |

Operating Costs

Rental units incur operating expenses payable by the owner. A simple operating expense budget was created for each of the development typologies. The Net Operating Income generated by the rental activity, which in turn represents the unlevered cash flow available to service debt financing, was then calculated as follows:

$$\text{Rental Revenue} - \text{Vacancy Loss} - \text{Operating Expenses} = \text{Net Operating Income}$$

Operating expense budgets are included in the pro forma workbooks on the Inputs worksheet and key assumptions are summarized below.

- Secondary suite operating budgets include allowances for property taxes, property insurance, interior maintenance and capital replacement reserve contribution associated with the rental unit. No exterior maintenance expense is included for this typology as these units are assumed to be contained within the principal dwelling.
- 1-br, 2-br and 3-br cottage operating budgets include allowances for property taxes, property insurance, interior and exterior maintenance and capital replacement reserve contribution associated with the rental unit. Expenses increase in proportion to the size and cost of the unit.
- Multi-family-residential (MFR) typology is based on a 10-unit building and includes a full operating cost budget that includes allowances for property taxes (discounted 70% for projects with rents restricted via covenant on title), insurance, interior and exterior maintenance, grounds maintenance, building staff salaries and wages, telephone line, office and general admin expenses, audit, service contracts (e.g., fire alarm & extinguishers, fire suppression systems, wastewater servicing, etc.) and capital replacement reserve contributions (based on BC Housing's minimum required replacement reserve contribution of \$60 per unit per month). Note that the BC Housing funded MFR scenario assumes the cost of a full audit whereas the CMHC funded scenario assumes the lower cost of annual review engagement (CMHC does not require audited financial statements).

Vacancy losses for each scenario were based on an assumed vacancy rate of 2% on the Southern Gulf Islands. Actual vacancy rates may be lower than this given the lack of available rental stock, however vacancy data for the Southern Gulf Islands is not readily available.

Sources of Funding

For all secondary suite and cottage development typologies, it was assumed that conventional (private) bank financing is able to be secured by the owner with an amortization period of 30 years. A debt coverage ratio of 1.1 was used to ensure some measure of cash flow after debt servicing as it was assumed that owners would not be willing to construct the rental units otherwise. Two interest rate scenarios were modeled for each typology: 3% (approximately reflecting current lending rates) and 4.5% (as a stress test on development feasibility).

For the multi-family-residential typology, two scenarios were modeled to illustrate the feasibility of the development under different funding programs: CMHC's National Housing Co-Investment Fund (NHCIF) and BC Housing's Community Housing Fund (CHF).

CMHC NHCIF Scenario Includes:

- CMHC mortgage amortized over 50 yrs at a debt coverage ratio of 1.0
- Two interest rate scenarios modeled: 3% and 4.5% (stress test)
- CMHC forgivable contribution at 12.5% of total project costs (could vary from 5% - 20% depending on nature of the project)
- CMHC Seed grant of \$40,000 (estimated grant for projects of this size)
- Federation of Canadian Municipalities' Sustainable Affordable Housing Study Grant of \$150,000 and capital grant of 10% of project costs assuming project targets Net Zero Energy Ready status.
- No local or municipal fee waivers or property tax exemptions.

BC Housing CHF Scenario Includes:

- BC Housing mortgage amortized over 35 years at a debt coverage ratio of 1.0
- Two interest rate scenarios modeled: 3.55% (BC Housing's posted rate for 2023 takeout) and 4.5% (stress test)
- BC Housing CHF grant of \$75,000 per studio unit, \$100,000 per 1-br unit, \$125,000 per 2-br unit, and \$150,000 per 3-br unit or larger.
- CMHC NHCIF forgivable contribution at 12.5% of project costs.
- CMHC Seed grant of \$40,000 (estimated grant for projects of this size)
- No local or municipal fee waivers or property tax exemptions.

Pro Forma Results

A summary of pro forma results is presented in the table below. Results are presented in the form of a net funding surplus (positive value) or gap (negative value) representing the shortfall in funding required to deliver the rental unit(s). This information is intended to help assess the feasibility of each rental development opportunity based on the assumptions presented in this memorandum and in the detailed notes included in the pro forma worksheets. The following comments are offered on the results presented below:

- Renovation of an existing home to create a 2-bedroom suite appears to be the most feasible of the development typologies assessed. Only under the HIGH construction cost parameters and at the higher 4.5% interest rate does this typology show a funding gap.
- Adding on to an existing home to create a 2-bedroom suite appears to be the next most feasible typology and produces a smaller funding gap than construction of a stand-alone 2-bedroom cottage due to the lower assumed construction cost for additions vs. stand-alone buildings and lower operating costs.
- Renovation of an existing home to create a 1-bedroom suite, appears to be more feasible than adding onto an existing home to create a new 1-bedroom suite or construction of a new stand-alone 1-bedroom cottage.
- Multi-family residential developments may offer a more financially feasible opportunity to create rental units than the stand-alone cottage typologies due to their lower construction cost per square foot and availability of federal and provincial funding for such projects assuming they are owned and operated by a non-profit. However, such developments will require rezoning of existing parcels and proof that sufficient water resources exist to service the development without negatively impacting neighbouring water supplies. These developments may not be supported by the Islands Trust or, if they are, the timeline to secure necessary zoning and development permits may be prohibitively long.
- While the Multi-family scenario funded under CMHC's National Housing Co-Investment Program shows a smaller funding gap than BC Housing's Community Housing Fund, it should be noted that the latter represents a fully funded program that offers an annual operating subsidy sufficient to service additional debt required to close the funding gap. Projects that require a lower annual operating subsidy are more likely to secure funding under this program.

| Development Typology | LOW Cost @ 3% Interest (\$) | LOW Cost @ 4.5% Interest (\$) | HIGH Cost @ 3% Interest (\$) | HIGH Cost @ 4.5% Interest (\$) |
|-----------------------------------|------------------------------------|--------------------------------------|-------------------------------------|---------------------------------------|
| 1-Bedroom Secondary Suite (New) | (116,863) | (139,278) | (134,092) | (156,507) |
| 1-Bedroom Secondary Suite (Reno) | (36,444) | (60,269) | (77,793) | (101,618) |
| 2-Bedroom Secondary Suite (New) | (33,192) | (77,787) | (54,010) | (98,605) |
| 2- Bedroom Secondary Suite (Reno) | 63,954 | 17,661 | 13,990 | (32,303) |
| 1-Bedroom Cottage | (172,785) | (193,792) | (241,700) | (262,707) |
| 2-Bedroom Cottage | (96,456) | (139,389) | (179,728) | (222,662) |
| 3-Bedroom Cottage | (121,577) | (178,558) | (236,435) | (293,417) |
| MFR (CMHC) – per unit | (55,294) | (104,869) | (93,864) | (143,438) |
| MFR (BCH) – per unit | (128,022) | (139,041) | (147,154) | (158,681) |

Qualifying Statement

It should be noted that the pro forma worksheets and analysis summarized in this memorandum do not constitute detailed class estimates of the various development typologies described and should not be relied upon for funding purposes. Cost estimates are based on general assumptions developed following consultation with local builders and using the consultant's industry experience. Actual development and construction costs for new construction will depend on numerous factors including site characteristics, building or unit design and servicing requirements. For renovation projects, actual construction costs may vary significantly from those presented herein depending on the age and condition of the existing principal dwelling being renovated. For example, the costing presented herein does not include allowances for significant code or seismic upgrades to the existing home should these be required.

Appendix 3: Phase 2, Proforma Analysis: Full Proformas

Summary of Results - 1 Bedroom Secondary Suite (New Construction) - 3% Interest Rate

Prepared by New Commons Development

| Scenario 1 - New Secondary Suite (1br) LOW - 3% Interest Rate | |
|---|------------------|
| Gross Floor Area | 600 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 207,755 |
| Soft Costs | 19,096 |
| Contingency | 22,685 |
| Other | - |
| Total Costs | 249,536 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 132,673 |
| City DC and Fee Waivers | - |
| Other | - |
| Total Sources | 132,673 |
| Surplus / (Gap) | (116,863) |

| Scenario 2 - New Secondary Suite (1br) HIGH - 3% Interest Rate | |
|--|------------------|
| Gross Floor Area | 600 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 222,755 |
| Soft Costs | 19,758 |
| Contingency | 24,251 |
| Other | - |
| Total Costs | 266,764 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 132,673 |
| City DC & Fee Waivers | - |
| Other | - |
| Total Sources | 132,673 |
| Surplus / (Gap) | (134,092) |

Inputs

| Development Statistics | New SS low | New SS high | |
|--------------------------|------------|-------------|------------------------------------|
| Site Area (SF) | 600 | 600 | sq. ft. |
| Public Park Area | 0% | 0% | of site area |
| Gross Floor Area | 600 | 600 | sq. ft. |
| Residential | 100% | 100% | of GFA |
| Non-Residential GFA | 0% | 0% | of GFA |
| Market Condominium | 0% | 0% | of Residential GFA |
| Target Rental | 100% | 100% | of Residential GFA |
| 80% MMR Rental | 0% | 0% | of Residential GFA |
| Res. Efficiency | 100% | 100% | of GFA |
| Program Space | 100% | 100% | of Non-Residential GFA |
| Retail | 0% | 0% | of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA |
| Parking Ratio | | | |
| Other | - | - | stalls per unit |
| Rental | 1.00 | 1.00 | stalls per unit |
| Below Market Rental | 1.00 | 1.00 | stalls per unit |
| Visitor | - | - | stalls per unit |
| Community Space | - | - | stalls per 1,000 sq. ft. leaseable |
| Other | - | - | stalls |
| Condo Parking Sale Price | - | - | per stall |

| Development Cost Assumptions | New SS low | New SS high | |
|--|------------|-------------|------------------------------|
| Hard Costs | | | |
| Land Value - placeholder | - | - | total |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. |
| On-Site Servicing | - | - | per ac. |
| Off-Site Servicing | - | - | per ac. |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. |
| Extraordinary Site or Servicing Costs | 10,000 | 10,000 | As per CRD Scope of Services |
| Residential Const. Cost | 325 | 350 | per sq. ft. |
| Commercial Const. Cost | - | - | per sq. ft. |
| Parking Const. Cost | - | - | per stall |

| | | | |
|-------------------------------------|-------------|-------------|---|
| Soft Costs | | | |
| Architect | \$ 5,000.00 | \$ 5,000.00 | LS |
| Other Consultants | \$ 2,000.00 | \$ 2,000.00 | LS |
| Dev. Charges - Studio & 1 Bed | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | per unit |
| Education DC | - | - | per unit |
| Education DC - Non-Res | - | - | per m2 |
| Non-Res DC | - | - | per m2 |
| Sec. 37 Payment | - | - | total |
| Municipal Fees & Permits | 2,500 | 2,500 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs) |
| Public Art | 0.0% | 0.0% | of hard costs |
| Developer Fees | 0.0% | 0.0% | of project costs (excl. land & financing) |
| Legal | - | - | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - | per unit |
| Condo Marketing | - | - | per unit |
| Condo Commissions | - | - | per unit |
| Rental Marketing | - | - | per unit |
| Rental Op Ex During Lease-up | 0% | 0% | of year 1 op ex |
| GST | 3.2% | 3.2% | of hard and soft costs, assumes qualifies for NRRP Rebate of 36% of GST |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs |

| Revenue Assumptions | New SS low | New SS high | |
|--|------------|-------------|--|
| Rental Operations | | | |
| Market Unit Operating Costs (PUPM) | 189 | 189 | |
| Affordable Unit Operating Costs (PUPM) | 189 | 189 | |
| Parking Revenue (per stall, per month) | - | - | |
| Vacancy Rate & Bad Debt | 2% | 2% | |
| Lease-Up Period (months) | 1 | 1 | |
| Market Cap Rate | 3.50% | 3.50% | |

| | | | |
|--|-------|-------|---------------|
| Condominium & Non-Res Revenue | | | |
| Revenue Inflation | 2% | 2% | per year |
| Parking Stall Sale Price | - | - | per stall |
| Church Space Net Lease Rate | - | - | per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% | |
| Office Cap Rate | 0.00% | 0.00% | |
| Retail Net Lease Rate | - | - | per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% | |
| Retail Cap Rate | 0.00% | 0.00% | |
| Office & Retail Commissions | 0% | 0% | of sale price |

| Timing & Financing Assumptions | New SS low | New SS high | |
|--------------------------------|------------|-------------|-------|
| Timing Assumptions | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years |
| Sales Period | 1.0 | 1.0 | years |
| Construction Period | 1.0 | 1.0 | years |

| | | | |
|--------------------------------|-------|-------|----------------------------|
| Construction Loan | | | |
| Construction Loan | 70% | 70% | of total costs |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period |
| Loan Fees | 0.50% | 0.50% | of loan |
| Loan Interest | 3.00% | 3.00% | of loan |

| | | | |
|---------------------------|---------------|---------------|------------------------------|
| Permanent Mortgage | | | |
| Lending Program | Std. Mortgage | Std. Mortgage | |
| Interest Rate | 3.00% | 3.00% | per year |
| Amortization | 30 | 30 | years |
| Min. DCR | 1.1 | 1.1 | |
| Co-Investment Grant | 0.0% | 0.0% | of rental project costs |
| IAH Capital Grant | - | - | per below-market rental unit |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal |

| | | | |
|---------------------------|----|----|------------------|
| Profit Assumptions | | | |
| Discount Rate | 7% | 7% | per year |
| Condo Profit | 0% | 0% | of suite revenue |

| Suite Mix - All Units | | | | |
|------------------------------|-------------|------------|-------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 100% | 600 | 0 | 826 |
| 2 Bedroom | 0% | 725 | 0 | 1,478 |
| 3 Bedroom | 0% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 600 | 0 | 826 |

| Target Rent Calculator | | | | | | |
|-------------------------------|-------------------------|--------------------------|---------------------------|------------------------------|---|--|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single pers | |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | | |
|------------------------------|-----------------|---------------|-----------|-----|
| Operating Costs | /yr | /mo | Mill rate | |
| Property Tax | \$ 914 | \$ 76 | | 4.4 |
| Insurance | \$ 623 | \$ 52 | | |
| Interior Maintenance | \$ 240 | \$ 20 | | |
| Exterior Maintenance | \$ - | \$ - | | |
| Replacement Reserve | \$ 480 | \$ 40 | | |
| Total | \$ 2,257 | \$ 188 | | |

Scenario 1 - New Secondary Suite (1br) LOW - 3% Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|---|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 600 | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 2,755 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 195,000 | At \$325/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 207,755 | |
| Per sq. ft. | 346 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Development Charges | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 2,500 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.sgi.ca.gov/Portals/0/CRD/CRD%20Building%20Regs%20Bylaw%20Amendment%204403.pdf) |
| Development Management Fee | - | |

| | | |
|--|------------------|--|
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,086 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,475 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| HST | 7,034 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 19,096 | |
| Per sq. ft. | 32 | |
| Contingency (incl. cost escalation) | 22,685 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 249,536 | |
| Per sq. ft. | 416 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 132,673 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 132,673 | |
| Per sq. ft. | 221 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (116,863) | Estimated funding gap |
| Per unit | (116,863) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (195) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| | | |
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (2,268) | Based on estimated operating expense of \$214 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 7,446 | |
| Debt Service | (\$6,768.87) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 677 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |

| DEBT CALCULATION | |
|------------------|--|
| | |

| | | |
|----------------------|---------|---|
| Net Operating Income | 7,446 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Ammortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | 132,673 | Estimated max principal available from lender based on above terms |

Scenario 2 - New Secondary Suite (1br) HIGH - 3% Interest Rate

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|--|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 600 | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 2,755 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 210,000 | At \$350/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 222,755 | |
| Per sq. ft. | 371 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Dev. Charges - Studio & 1 Bed | - | Assumes no Development Cost Charges |
| Planning Application Fees | 2,500 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselecoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,161 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,577 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 7,520 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 19,758 | |
| Per sq. ft. | 33 | |
| Contingency (incl. cost escalation) | 24,251 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 266,764 | |
| Per sq. ft. | 445 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 132,673 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 132,673 | |
| | 221 | |
| EQUITY SURPLUS / GAP | | |

| | | |
|--|------------------|---|
| SURPLUS / (GAP) | (134,092) | Estimated funding gap |
| Per unit | (134,092) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (223) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| | | |
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (2,268) | Based on estimated operating expense of \$214 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 7,446 | |
| Debt Service | (6,769) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 677 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| | | |
| Net Operating Income | 7,446 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | 132,673 | Estimated max principal available from lender based on above terms |

Summary of Results - 1 Bedroom Secondary Suite (Renovation) - 3% Interest Rate

Prepared by New Commons Development

Scenario 1 - Secondary Suite Reno (2br) LOW - 3% Interest Rate

| | |
|----------------------------------|-----------------|
| | |
| Gross Floor Area | 600 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 145,000 |
| Soft Costs | 16,324 |
| Contingency | 16,132 |
| Other | - |
| Total Costs | 177,456 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 141,012 |
| City DC and Fee Waivers | - |
| Other | - |
| Total Sources | 141,012 |
| Surplus / (Gap) | (36,444) |

Scenario 2 - Secondary Suite Reno (2br) HIGH - 3% Interest Rate

| | |
|----------------------------------|-----------------|
| | |
| Gross Floor Area | 600 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 181,000 |
| Soft Costs | 17,914 |
| Contingency | 19,891 |
| Other | - |
| Total Costs | 218,805 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 141,012 |
| City DC & Fee Waivers | - |
| Other | - |
| Total Sources | 141,012 |
| Surplus / (Gap) | (77,793) |

Inputs

| Development Statistics | Reno SS low | Reno SS high | |
|--------------------------|-------------|--------------|------------------------------------|
| Site Area (SF) | - | - | sq. ft. |
| Public Park Area | 0% | 0% | of site area |
| Gross Floor Area | 600 | 600 | sq. ft. |
| Residential | 100% | 100% | of GFA |
| Non-Residential GFA | 0% | 0% | of GFA |
| Market Condominium | 0% | 0% | of Residential GFA |
| Target Rental | 100% | 100% | of Residential GFA |
| 80% MMR Rental | 0% | 0% | of Residential GFA |
| Res. Efficiency | 100% | 100% | of GFA |
| Program Space | 100% | 100% | of Non-Residential GFA |
| Retail | 0% | 0% | of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA |
| Parking Ratio | - | - | stalls per unit |
| Other | - | - | stalls per unit |
| Rental | 1.00 | 1.00 | stalls per unit |
| Below Market Rental | 1.00 | 1.00 | stalls per unit |
| Visitor | - | - | stalls per 1,000 sq. ft. leaseable |
| Community Space | - | - | stalls |
| Other | - | - | stalls |
| Condo Parking Sale Price | - | - | per stall |

| Development Cost Assumptions | Reno SS low | Reno SS high | |
|--|-------------|--------------|------------------------------|
| Hard Costs | | | |
| Land Value - placeholder | - | - | total |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. |
| On-Site Servicing | - | - | per ac. |
| Off-Site Servicing | - | - | per ac. |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. |
| Extraordinary Site or Servicing Costs | 10,000 | 10,000 | As per CRD Scope of Services |
| Residential Const. Cost | 225 | 285 | per sq. ft. |
| Commercial Const. Cost | - | - | per sq. ft. |
| Parking Const. Cost | - | - | per stall |

| | | | |
|-------------------------------------|-------------|-------------|---|
| Soft Costs | | | |
| Architect | \$ 5,000.00 | \$ 5,000.00 | LS |
| Other Consultants | \$ 2,000.00 | \$ 2,000.00 | LS |
| Dev. Charges - Studio & 1 Bed | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | per unit |
| Education DC | - | - | per unit |
| Education DC - Non-Res | - | - | per m2 |
| Non-Res DC | - | - | per m2 |
| Sec. 37 Payment | - | - | total |
| Municipal Fees & Permits | 2,500 | 2,500 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs) |
| Public Art | 0.0% | 0.0% | of hard costs |
| Developer Fees | 0.0% | 0.0% | of project costs (excl. land & financing) |
| Legal | - | - | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - | per unit |
| Condo Marketing | - | - | per unit |
| Condo Commissions | - | - | per unit |
| Rental Marketing | - | - | per unit |
| Rental Op Ex During Lease-up | 0% | 0% | of year 1 op ex |
| GST | 3.2% | 3.2% | of hard and soft costs, assumes qualifies for NRRP Rebate of 36% of GST |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs |

| Revenue Assumptions | Reno SS low | Reno SS high | |
|--|-------------|--------------|--|
| Rental Operations | | | |
| Market Unit Operating Costs (PUPM) | 150 | 150 | |
| Affordable Unit Operating Costs (PUPM) | 150 | 150 | |
| Parking Revenue (per stall, per month) | - | - | |
| Vacancy Rate & Bad Debt | 2% | 2% | |
| Lease-Up Period (months) | 1 | 1 | |
| Market Cap Rate | 3.50% | 3.50% | |

| | | | |
|--|-------|-------|---------------|
| Condominium & Non-Res Revenue | | | |
| Revenue Inflation | 2% | 2% | per year |
| Parking Stall Sale Price | - | - | per stall |
| Church Space Net Lease Rate | - | - | per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% | |
| Office Cap Rate | 0.00% | 0.00% | |
| Retail Net Lease Rate | - | - | per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% | |
| Retail Cap Rate | 0.00% | 0.00% | |
| Office & Retail Commissions | 0% | 0% | of sale price |

| Timing & Financing Assumptions | Reno SS low | Reno SS high | |
|--------------------------------|-------------|--------------|-------|
| Timing Assumptions | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years |
| Sales Period | 1.0 | 1.0 | years |
| Construction Period | 1.0 | 1.0 | years |

| | | | |
|--------------------------------|-------|-------|----------------------------|
| Construction Loan | | | |
| Construction Loan | 70% | 70% | of total costs |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period |
| Loan Fees | 0.50% | 0.50% | of loan |
| Loan Interest | 3.00% | 3.00% | of loan |

| | | | |
|---------------------------|---------------|---------------|------------------------------|
| Permanent Mortgage | | | |
| Lending Program | Std. Mortgage | Std. Mortgage | |
| Interest Rate | 3.00% | 3.00% | per year |
| Amortization | 30 | 30 | years |
| Min. DCR | 1.1 | 1.1 | |
| Co-Investment Grant | 0.0% | 0.0% | of rental project costs |
| IAH Capital Grant | - | - | per below-market rental unit |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal |

| | | | |
|---------------------------|----|----|------------------|
| Profit Assumptions | | | |
| Discount Rate | 7% | 7% | per year |
| Condo Profit | 0% | 0% | of suite revenue |

| Suite Mix - All Units | | | | |
|------------------------------|-------------|------------|-------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 100% | 600 | 0 | 826 |
| 2 Bedroom | 0% | 725 | 0 | 1,478 |
| 3 Bedroom | 0% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 600 | 0 | 826 |

| Target Rent Calculator | | | | | | |
|-------------------------------|-------------------------|--------------------------|---------------------------|------------------------------|---|--|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single pers | |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | | |
|------------------------------|-----------------|---------------|-----------|-----|
| Operating Costs | /yr | /mo | Mill rate | |
| Property Tax | \$ 638 | \$ 53 | | 4.4 |
| Insurance | \$ 435 | \$ 36 | | |
| Interior Maintenance | \$ 240 | \$ 20 | | |
| Exterior Maintenance | \$ - | \$ - | | |
| Replacement Reserve | \$ 480 | \$ 40 | | |
| Total | \$ 1,793 | \$ 149 | | |

Scenario 1 - Secondary Suite Reno (1br) LOW - 3% Interest Rate

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|--|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | - | Assumes suite contained within existing developed footprint |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | - | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 135,000 | At \$225/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 145,000 | |
| Per sq. ft. | 242 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Development Charges | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 2,500 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregs) |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 773 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,049 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| HST | 5,002 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 16,324 | |
| Per sq. ft. | 27 | |
| Contingency (incl. cost escalation) | 16,132 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 177,456 | |
| Per sq. ft. | 296 | |

| | | |
|--|----------|---|
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 141,012 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 141,012 | |
| Per sq. ft. | 235 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (36,444) | Estimated funding gap |
| Per unit | (36,444) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (61) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (1,800) | Based on estimated operating expense of \$167 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 7,914 | |
| Debt Service | (7,194) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 719 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 7,914 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | 141,012 | Estimated max principal available from lender based on above terms |

Scenario 2 - Secondary Suite Reno (1br) HIGH - 3% Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | | |
|--|------|---|
| SITE | | |
| Site Area (sq. ft.) | - | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |

DEVELOPMENT COST

| | | |
|-------------------------------|----------------|---|
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | - | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 171,000 | At \$285/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 181,000 | |
| Per sq. ft. | 302 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Dev. Charges - Studio & 1 Bed | - | Assumes no Development Cost Charges |
| Planning Application Fees | 2,500 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/d |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |

| | | |
|--|-----------------|---|
| Loan Fees | 953 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,294 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 6,168 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 17,914 | |
| Per sq. ft. | 30 | |
| Contingency (incl. cost escalation) | 19,891 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 218,805 | |
| Per sq. ft. | 365 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 141,012 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 141,012 | |
| | 235 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (77,793) | Estimated funding gap |
| Per unit | (77,793) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (130) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (1,800) | Based on estimated operating expense of \$167 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 7,914 | |
| Debt Service | (7,194) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 719 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 7,914 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | 141,012 | Estimated max principal available from lender based on above terms |

Summary of Results - 2 Bedroom Secondary Suite (New Construction) - 3% Interest

Prepared by New Commons Development

| Scenario 1 - New Secondary Suite (2br) LOW - 3% Interest | |
|--|-----------------|
| Gross Floor Area | 725 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 248,954 |
| Soft Costs | 21,176 |
| Contingency | 27,013 |
| Other | - |
| Total Costs | 297,143 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 263,952 |
| City DC and Fee Waivers | - |
| Other | - |
| Total Sources | 263,952 |
| Surplus / (Gap) | (33,192) |

| Scenario 2 - New Secondary Suite (2br) HIGH - 3% Interest | |
|---|-----------------|
| Gross Floor Area | 725 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 267,079 |
| Soft Costs | 21,977 |
| Contingency | 28,906 |
| Other | - |
| Total Costs | 317,961 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 263,952 |
| City DC & Fee Waivers | - |
| Other | - |
| Total Sources | 263,952 |
| Surplus / (Gap) | (54,010) |

Inputs

| Development Statistics | New SS low | New SS high | |
|--------------------------|------------|-------------|------------------------------------|
| Site Area (SF) | 725 | 725 | sq. ft. |
| Public Park Area | 0% | 0% | of site area |
| Gross Floor Area | 725 | 725 | sq. ft. |
| Residential | 100% | 100% | of GFA |
| Non-Residential GFA | 0% | 0% | of GFA |
| Market Condominium | 0% | 0% | of Residential GFA |
| Target Rental | 100% | 100% | of Residential GFA |
| 80% MMR Rental | 0% | 0% | of Residential GFA |
| Res. Efficiency | 100% | 100% | of GFA |
| Program Space | 100% | 100% | of Non-Residential GFA |
| Retail | 0% | 0% | of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA |
| Parking Ratio | | | |
| Other | - | - | stalls per unit |
| Rental | 1.00 | 1.00 | stalls per unit |
| Below Market Rental | 1.00 | 1.00 | stalls per unit |
| Visitor | - | - | stalls per unit |
| Community Space | - | - | stalls per 1,000 sq. ft. leaseable |
| Other | - | - | stalls |
| Condo Parking Sale Price | - | - | per stall |

| Development Cost Assumptions | New SS low | New SS high | |
|--|------------|-------------|------------------------------|
| Hard Costs | | | |
| Land Value - placeholder | - | - | total |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. |
| On-Site Servicing | - | - | per ac. |
| Off-Site Servicing | - | - | per ac. |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. |
| Extraordinary Site or Servicing Costs | 10,000 | 10,000 | As per CRD Scope of Services |
| Residential Const. Cost | 325 | 350 | per sq. ft. |
| Commercial Const. Cost | - | - | per sq. ft. |
| Parking Const. Cost | - | - | per stall |

| | | | |
|-------------------------------------|-------------|-------------|---|
| Soft Costs | | | |
| Architect | \$ 5,000.00 | \$ 5,000.00 | LS |
| Other Consultants | \$ 2,000.00 | \$ 2,000.00 | LS |
| Dev. Charges - Studio & 1 Bed | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | per unit |
| Education DC | - | - | per unit |
| Education DC - Non-Res | - | - | per m2 |
| Non-Res DC | - | - | per m2 |
| Sec. 37 Payment | - | - | total |
| Municipal Fees & Permits | 2,750 | 2,750 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs) |
| Public Art | 0.0% | 0.0% | of hard costs |
| Developer Fees | 0.0% | 0.0% | of project costs (excl. land & financing) |
| Legal | - | - | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - | per unit |
| Condo Marketing | - | - | per unit |
| Condo Commissions | - | - | per unit |
| Rental Marketing | - | - | per unit |
| Rental Op Ex During Lease-up | 0% | 0% | of year 1 op ex |
| GST | 3.2% | 3.2% | of hard and soft costs, assumes qualifies for NRRP Rebate of 36% of GST |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs |

| Revenue Assumptions | New SS low | New SS high | |
|--|------------|-------------|--|
| Rental Operations | | | |
| Market Unit Operating Costs (PUPM) | 214 | 214 | |
| Affordable Unit Operating Costs (PUPM) | 214 | 214 | |
| Parking Revenue (per stall, per month) | - | - | |
| Vacancy Rate & Bad Debt | 2% | 2% | |
| Lease-Up Period (months) | 1 | 1 | |
| Market Cap Rate | 3.50% | 3.50% | |

| | | | |
|--|-------|-------|---------------|
| Condominium & Non-Res Revenue | | | |
| Revenue Inflation | 2% | 2% | per year |
| Parking Stall Sale Price | - | - | per stall |
| Church Space Net Lease Rate | - | - | per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% | |
| Office Cap Rate | 0.00% | 0.00% | |
| Retail Net Lease Rate | - | - | per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% | |
| Retail Cap Rate | 0.00% | 0.00% | |
| Office & Retail Commissions | 0% | 0% | of sale price |

| Timing & Financing Assumptions | New SS low | New SS high | |
|--------------------------------|------------|-------------|-------|
| Timing Assumptions | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years |
| Sales Period | 1.0 | 1.0 | years |
| Construction Period | 1.0 | 1.0 | years |

| | | | |
|--------------------------------|-------|-------|----------------------------|
| Construction Loan | | | |
| Construction Loan | 70% | 70% | of total costs |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period |
| Loan Fees | 0.50% | 0.50% | of loan |
| Loan Interest | 3.00% | 3.00% | of loan |

| | | | |
|---------------------------|---------------|---------------|------------------------------|
| Permanent Mortgage | | | |
| Lending Program | Std. Mortgage | Std. Mortgage | |
| Interest Rate | 3.00% | 3.00% | per year |
| Amortization | 30 | 30 | years |
| Min. DCR | 1.1 | 1.1 | |
| Co-Investment Grant | 0.0% | 0.0% | of rental project costs |
| IAH Capital Grant | - | - | per below-market rental unit |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal |

| | | | |
|---------------------------|----|----|------------------|
| Profit Assumptions | | | |
| Discount Rate | 7% | 7% | per year |
| Condo Profit | 0% | 0% | of suite revenue |

| Suite Mix - All Units | | | | |
|------------------------------|-------------|------------|-------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 0% | 600 | 0 | 826 |
| 2 Bedroom | 100% | 725 | 0 | 1,478 |
| 3 Bedroom | 0% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 725 | 0 | 1,478 |

| Target Rent Calculator | | | | | | |
|-------------------------------|-------------------------|--------------------------|---------------------------|------------------------------|---|--|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single pers | |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | | |
|------------------------------|-----------------|---------------|-----------|--|
| Operating Costs | /yr | /mo | Mill rate | |
| Property Tax | \$ 1,095 | \$ 91 | 4.4 | |
| Insurance | \$ 747 | \$ 62 | | |
| Interior Maintenance | \$ 240 | \$ 20 | | |
| Exterior Maintenance | \$ - | \$ - | | |
| Replacement Reserve | \$ 480 | \$ 40 | | |
| Total | \$ 2,562 | \$ 214 | | |

Scenario 1 - New Secondary Suite (2br) LOW - 3% Interest

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|---|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 725 | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 3,329 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 235,625 | At \$325/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 248,954 | |
| Per sq. ft. | 343 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Development Charges | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 2,750 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-so) |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,294 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,757 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |

| | | |
|--|-----------------|---|
| HST | 8,376 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 21,176 | |
| Per sq. ft. | 29 | |
| Contingency (incl. cost escalation) | 27,013 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 297,143 | |
| Per sq. ft. | 410 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 263,952 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 263,952 | |
| Per sq. ft. | 364 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (33,192) | Estimated funding gap |
| Per unit | (33,192) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (46) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (2,568) | Based on estimated operating expense of \$214 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 14,813 | |
| Debt Service | (\$13,466.62) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 1,347 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 14,813 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | 263,952 | Estimated max principal available from lender based on above terms |

Scenario 2 - New Secondary Suite (2br) HIGH - 3% Interest

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | | |
|--|------|---|
| SITE | | |
| Site Area (sq. ft.) | 725 | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |

DEVELOPMENT COST

| | | |
|-------------------------------|----------------|---|
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 3,329 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 253,750 | At \$350/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 267,079 | |
| Per sq. ft. | 368 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Dev. Charges - Studio & 1 Bed | - | Assumes no Development Cost Charges |
| Planning Application Fees | 2,750 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/d |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |

| | | |
|--|-----------------|---|
| Loan Fees | 1,384 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,880 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 8,963 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 21,977 | |
| Per sq. ft. | 30 | |
| Contingency (incl. cost escalation) | 28,906 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 317,961 | |
| Per sq. ft. | 439 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 263,952 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 263,952 | |
| | 364 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (54,010) | Estimated funding gap |
| Per unit | (54,010) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (74) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (2,568) | Based on estimated operating expense of \$214 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 14,813 | |
| Debt Service | (13,467) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 1,347 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 14,813 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | 263,952 | Estimated max principal available from lender based on above terms |

Summary of Results - 2 Bedroom Secondary Suite (Renovation) - 3% Interest

Prepared by New Commons Development

| Scenario 1 - Secondary Suite Reno (2br) LOW - 3% Interest | |
|---|----------------|
| Gross Floor Area | 725 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 173,125 |
| Soft Costs | 17,827 |
| Contingency | 19,095 |
| Other | - |
| Total Costs | 210,047 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 274,001 |
| City DC and Fee Waivers | - |
| Other | - |
| Total Sources | 274,001 |
| Surplus / (Gap) | 63,954 |

| Scenario 2 - Secondary Suite Reno (2br) HIGH - 3% Interest | |
|--|----------------|
| Gross Floor Area | 725 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 216,625 |
| Soft Costs | 19,749 |
| Contingency | 23,637 |
| Other | - |
| Total Costs | 260,011 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 274,001 |
| City DC & Fee Waivers | - |
| Other | - |
| Total Sources | 274,001 |
| Surplus / (Gap) | 13,990 |

Inputs

| Development Statistics | Reno SS low | Reno SS high | |
|--------------------------|-------------|--------------|------------------------------------|
| Site Area (SF) | - | - | sq. ft. |
| Public Park Area | 0% | 0% | of site area |
| Gross Floor Area | 725 | 725 | sq. ft. |
| Residential | 100% | 100% | of GFA |
| Non-Residential GFA | 0% | 0% | of GFA |
| Market Condominium | 0% | 0% | of Residential GFA |
| Target Rental | 100% | 100% | of Residential GFA |
| 80% MMR Rental | 0% | 0% | of Residential GFA |
| Res. Efficiency | 100% | 100% | of GFA |
| Program Space | 100% | 100% | of Non-Residential GFA |
| Retail | 0% | 0% | of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA |
| Parking Ratio | - | - | stalls per unit |
| Other | - | - | stalls per unit |
| Rental | 1.00 | 1.00 | stalls per unit |
| Below Market Rental | 1.00 | 1.00 | stalls per unit |
| Visitor | - | - | stalls per 1,000 sq. ft. leaseable |
| Community Space | - | - | stalls |
| Other | - | - | stalls |
| Condo Parking Sale Price | - | - | per stall |

| Development Cost Assumptions | Reno SS low | Reno SS high | |
|--|-------------|--------------|------------------------------|
| Hard Costs | | | |
| Land Value - placeholder | - | - | total |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. |
| On-Site Servicing | - | - | per ac. |
| Off-Site Servicing | - | - | per ac. |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. |
| Extraordinary Site or Servicing Costs | 10,000 | 10,000 | As per CRD Scope of Services |
| Residential Const. Cost | 225 | 285 | per sq. ft. |
| Commercial Const. Cost | - | - | per sq. ft. |
| Parking Const. Cost | - | - | per stall |

| | | | |
|-------------------------------------|-------------|-------------|---|
| Soft Costs | | | |
| Architect | \$ 5,000.00 | \$ 5,000.00 | LS |
| Other Consultants | \$ 2,000.00 | \$ 2,000.00 | LS |
| Dev. Charges - Studio & 1 Bed | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | per unit |
| Education DC | - | - | per unit |
| Education DC - Non-Res | - | - | per m2 |
| Non-Res DC | - | - | per m2 |
| Sec. 37 Payment | - | - | total |
| Municipal Fees & Permits | 2,750 | 2,750 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs) |
| Public Art | 0.0% | 0.0% | of hard costs |
| Developer Fees | 0.0% | 0.0% | of project costs (excl. land & financing) |
| Legal | - | - | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - | per unit |
| Condo Marketing | - | - | per unit |
| Condo Commissions | - | - | per unit |
| Rental Marketing | - | - | per unit |
| Rental Op Ex During Lease-up | 0% | 0% | of year 1 op ex |
| GST | 3.2% | 3.2% | of hard and soft costs, assumes qualifies for NRRP Rebate of 36% of GST |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs |

| Revenue Assumptions | Reno SS low | Reno SS high | |
|--|-------------|--------------|--|
| Rental Operations | | | |
| Market Unit Operating Costs (PUPM) | 167 | 167 | |
| Affordable Unit Operating Costs (PUPM) | 167 | 167 | |
| Parking Revenue (per stall, per month) | - | - | |
| Vacancy Rate & Bad Debt | 2% | 2% | |
| Lease-Up Period (months) | 1 | 1 | |
| Market Cap Rate | 3.50% | 3.50% | |

| | | | |
|--|-------|-------|---------------|
| Condominium & Non-Res Revenue | | | |
| Revenue Inflation | 2% | 2% | per year |
| Parking Stall Sale Price | - | - | per stall |
| Church Space Net Lease Rate | - | - | per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% | |
| Office Cap Rate | 0.00% | 0.00% | |
| Retail Net Lease Rate | - | - | per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% | |
| Retail Cap Rate | 0.00% | 0.00% | |
| Office & Retail Commissions | 0% | 0% | of sale price |

| Timing & Financing Assumptions | Reno SS low | Reno SS high | |
|--------------------------------|-------------|--------------|-------|
| Timing Assumptions | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years |
| Sales Period | 1.0 | 1.0 | years |
| Construction Period | 1.0 | 1.0 | years |

| | | | |
|--------------------------------|-------|-------|----------------------------|
| Construction Loan | | | |
| Construction Loan | 70% | 70% | of total costs |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period |
| Loan Fees | 0.50% | 0.50% | of loan |
| Loan Interest | 3.00% | 3.00% | of loan |

| | | | |
|---------------------------|---------------|---------------|------------------------------|
| Permanent Mortgage | | | |
| Lending Program | Std. Mortgage | Std. Mortgage | |
| Interest Rate | 3.00% | 3.00% | per year |
| Amortization | 30 | 30 | years |
| Min. DCR | 1.1 | 1.1 | |
| Co-Investment Grant | 0.0% | 0.0% | of rental project costs |
| IAH Capital Grant | - | - | per below-market rental unit |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal |

| | | | |
|---------------------------|----|----|------------------|
| Profit Assumptions | | | |
| Discount Rate | 7% | 7% | per year |
| Condo Profit | 0% | 0% | of suite revenue |

| Suite Mix - All Units | | | | |
|------------------------------|-------------|------------|-------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 0% | 600 | 0 | 826 |
| 2 Bedroom | 100% | 725 | 0 | 1,478 |
| 3 Bedroom | 0% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 725 | 0 | 1,478 |

| Target Rent Calculator | | | | | | |
|-------------------------------|-------------------------|--------------------------|---------------------------|------------------------------|---|--|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single pers | |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | | |
|------------------------------|-----------------|---------------|-----------|--|
| Operating Costs | /yr | /mo | Mill rate | |
| Property Tax | \$ 762 | \$ 63 | 4.4 | |
| Insurance | \$ 519 | \$ 43 | | |
| Interior Maintenance | \$ 240 | \$ 20 | | |
| Exterior Maintenance | \$ - | \$ - | | |
| Replacement Reserve | \$ 480 | \$ 40 | | |
| Total | \$ 2,001 | \$ 167 | | |

Scenario 1 - Secondary Suite Reno (2br) LOW - 3% Interest

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|--|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | - | Assumes suite contained within existing developed footprint |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | - | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 163,125 | At \$225/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 173,125 | |
| Per sq. ft. | 239 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Development Charges | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 2,750 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-libra) |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 914 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,242 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| HST | 5,921 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 17,827 | |
| Per sq. ft. | 25 | |
| Contingency (incl. cost escalation) | 19,095 | At 10% of hard and soft costs costs |

| | | | |
|--|----------|----------------|---|
| TOTAL DEVELOPMENT COST | | 210,047 | |
| Per sq. ft. | | 290 | |
| DEVELOPER PROFIT | | - | |
| SOURCES OF FUNDS | | | |
| | | | |
| Land Value (TBD) | | - | |
| CMHC Seed Funding (Loan & Grant) | | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 274,001 | | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | | - | Assumes no municipal fee waivers |
| Other | | - | |
| Other | | - | |
| Other | | - | |
| TOTAL REVENUE | | 274,001 | |
| Per sq. ft. | | 378 | |
| EQUITY SURPLUS / GAP | | | |
| SURPLUS / (GAP) | | 63,954 | Estimated funding gap |
| Per unit | 63,954 | | Estimated funding gap per unit (averaged) |
| Per sq. ft. | 88 | | |
| RLV (EQUITY GAP) - PRESENT \$ | | - | |
| Per unit | - | | |
| Per sq. ft. | - | | |
| CASHFLOW | | | |
| | | | |
| Rental Revenue | 17,736 | | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | | |
| Gross Potential Income | 17,736 | | |
| Less Vacancy & Bad Debt | (355) | | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | | |
| Less: Operating Expenses (Non-Res NNN) | (2,004) | | Based on estimated operating expense of \$167 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 15,377 | | |
| Debt Service | (13,979) | | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 1,398 | | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ration of 1.1 |
| DEBT CALCULATION | | | |
| | | | |
| Net Operating Income | 15,377 | | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | | Ammortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | | 3% interest rate per CRD Scope of Services |
| Principal | 274,001 | | Estimated max principal available from lender based on above terms |

Scenario 2 - Secondary Suite Reno (2br) HIGH - 3% Interest

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | | |
|--|------|---|
| SITE | | |
| Site Area (sq. ft.) | - | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |

DEVELOPMENT COST

| | | |
|-------------------------------|----------------|---|
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | - | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 206,625 | At \$285/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 216,625 | |
| Per sq. ft. | 299 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Dev. Charges - Studio & 1 Bed | - | Assumes no Development Cost Charges |
| Planning Application Fees | 2,750 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/d |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |

| | | |
|--|----------------|---|
| Loan Fees | 1,132 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,537 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 7,329 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 19,749 | |
| Per sq. ft. | 27 | |
| Contingency (incl. cost escalation) | 23,637 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 260,011 | |
| Per sq. ft. | 359 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 274,001 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 274,001 | |
| | 378 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | 13,990 | Estimated funding gap |
| Per unit | 13,990 | Estimated funding gap per unit (averaged) |
| Per sq. ft. | 19 | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (2,004) | Based on estimated operating expense of \$167 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 15,377 | |
| Debt Service | (13,979) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 1,398 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 15,377 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | 274,001 | Estimated max principal available from lender based on above terms |

Summary of Results - 1 Bedroom Cottage (New Construction) - 3% Interest Rate

Prepared by New Commons Development

Scenario 1 - 1br Cottage LOW - 3% Interest Rate

| | |
|----------------------------------|------------------|
| | |
| Gross Floor Area | 600 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 239,183 |
| Soft Costs | 30,926 |
| Contingency | 27,011 |
| Other | - |
| Total Costs | 297,119 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 124,334 |
| City DC and Fee Waivers | - |
| Other | - |
| Total Sources | 124,334 |
| Surplus / (Gap) | (172,785) |

Scenario 2 - 1 br Cottage HIGH - 3% Interest Rate

| | |
|----------------------------------|------------------|
| | |
| Gross Floor Area | 600 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 299,183 |
| Soft Costs | 33,576 |
| Contingency | 33,276 |
| Other | - |
| Total Costs | 366,034 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 124,334 |
| City DC and Fee Waivers | - |
| Other | - |
| Total Sources | 124,334 |
| Surplus / (Gap) | (241,700) |

Inputs

| Development Statistics | 1br low | 1br high | |
|--------------------------|---------|----------|------------------------------------|
| Site Area (SF) | 2,000 | 2,000 | sq. ft. |
| Public Park Area | 0% | 0% | of site area |
| Gross Floor Area | 600 | 600 | sq. ft. |
| Residential | 100% | 100% | of GFA |
| Non-Residential GFA | 0% | 0% | of GFA |
| Market Condominium | 0% | 0% | of Residential GFA |
| Target Rental | 100% | 100% | of Residential GFA |
| 80% MMR Rental | 0% | 0% | of Residential GFA |
| Res. Efficiency | 100% | 100% | of GFA |
| Program Space | 100% | 100% | of Non-Residential GFA |
| Retail | 0% | 0% | of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA |
| Parking Ratio | | | |
| Other | - | - | stalls per unit |
| Rental | 1.00 | 1.00 | stalls per unit |
| Below Market Rental | 1.00 | 1.00 | stalls per unit |
| Visitor | - | - | stalls per unit |
| Community Space | - | - | stalls per 1,000 sq. ft. leaseable |
| Other | - | - | stalls |
| Condo Parking Sale Price | - | - | per stall |

| Development Cost Assumptions | 1br low | 1br high | |
|--|---------|----------|--------------------------|
| Hard Costs | | | |
| Land Value - placeholder | - | - | total |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. |
| On-Site Servicing | - | - | per ac. |
| Off-Site Servicing | - | - | per ac. |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. |
| Extraordinary Site or Servicing Costs | 20,000 | 20,000 | LS per CRD Scope of Work |
| Residential Const. Cost | 350 | 450 | per sq. ft. |
| Commercial Const. Cost | - | - | per sq. ft. |
| Parking Const. Cost | - | - | per stall |

| | | | |
|-------------------------------------|--------------|--------------|---|
| Soft Costs | | | |
| Architect | \$ 10,000.00 | \$ 10,000.00 | LS |
| Other Consultants | \$ 7,000.00 | \$ 7,000.00 | LS per CRD Scope of Work |
| Dev. Charges - Studio & 1 Bed | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | per unit |
| Education DC | - | - | per unit |
| Education DC - Non-Res | - | - | per m2 |
| Non-Res DC | - | - | per m2 |
| Sec. 37 Payment | - | - | total |
| Municipal Fees & Permits | 2,500 | 2,500 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs) |
| Public Art | 0.0% | 0.0% | of hard costs |
| Developer Fees | 0.0% | 0.0% | of project costs (excl. land & financing) |
| Legal | - | - | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - | per unit |
| Condo Marketing | - | - | per unit |
| Condo Commissions | - | - | per unit |
| Rental Marketing | - | - | per unit |
| Rental Op Ex During Lease-up | 0% | 0% | of year 1 op ex |
| GST | 3.2% | 3.2% | of hard and soft costs, assumes qualifies for NRRP Rebate of 36% of GST |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs |

| Revenue Assumptions | 1br low | 1br high | |
|--|---------|----------|--|
| Rental Operations | | | |
| Market Unit Operating Costs (PUPM) | 228 | 228 | |
| Affordable Unit Operating Costs (PUPM) | 228 | 228 | |
| Parking Revenue (per stall, per month) | - | - | |
| Vacancy Rate & Bad Debt | 2% | 2% | |
| Lease-Up Period (months) | 1 | 1 | |
| Market Cap Rate | 3.50% | 3.50% | |

| | | | |
|--|-------|-------|---------------|
| Condominium & Non-Res Revenue | | | |
| Revenue Inflation | 2% | 2% | per year |
| Parking Stall Sale Price | - | - | per stall |
| Church Space Net Lease Rate | - | - | per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% | |
| Office Cap Rate | 0.00% | 0.00% | |
| Retail Net Lease Rate | - | - | per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% | |
| Retail Cap Rate | 0.00% | 0.00% | |
| Office & Retail Commissions | 0% | 0% | of sale price |

| Timing & Financing Assumptions | 1br low | 1br high | |
|--------------------------------|---------|----------|-------|
| Timing Assumptions | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years |
| Sales Period | 1.0 | 1.0 | years |
| Construction Period | 1.0 | 1.0 | years |

| | | | |
|--------------------------------|-------|-------|----------------------------|
| Construction Loan | | | |
| Construction Loan | 70% | 70% | of total costs |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period |
| Loan Fees | 0.50% | 0.50% | of loan |
| Loan Interest | 3.00% | 3.00% | of loan |

| | | | |
|---------------------------|---------------|---------------|------------------------------|
| Permanent Mortgage | | | |
| Lending Program | Std. Mortgage | Std. Mortgage | |
| Interest Rate | 3.00% | 3.00% | per year |
| Amortization | 30 | 30 | years |
| Min. DCR | 1.1 | 1.1 | |
| Co-Investment Grant | 0.0% | 0.0% | of rental project costs |
| IAH Capital Grant | - | - | per below-market rental unit |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal |

| | | | |
|---------------------------|----|----|------------------|
| Profit Assumptions | | | |
| Discount Rate | 7% | 7% | per year |
| Condo Profit | 0% | 0% | of suite revenue |

| Suite Mix - All Units | | | | |
|------------------------------|-------------|------------|-------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 100% | 600 | 0 | 826 |
| 2 Bedroom | 0% | 725 | 0 | 1,478 |
| 3 Bedroom | 0% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 600 | 0 | 826 |

| Target Rent Calculator | | | | | | |
|-------------------------------|-------------------------|--------------------------|---------------------------|------------------------------|---|--|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single pers | |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | | |
|------------------------------|-----------------|---------------|-----------|-----|
| Operating Costs | /yr | /mo | Mill rate | |
| Property Tax | \$ 1,052 | \$ 88 | | 4.4 |
| Insurance | \$ 718 | \$ 60 | | |
| Interior Maintenance | \$ 240 | \$ 20 | | |
| Exterior Maintenance | \$ 240 | \$ 20 | | |
| Replacement Reserve | \$ 480 | \$ 40 | | |
| Total | \$ 2,730 | \$ 227 | | |

Scenario 1 - 1br Cottage LOW - 3% Interest Rate

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yr) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | Target Rental |
|--|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 210,000 | At \$350/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 239,183 | |
| Per sq. ft. | 399 | |
| Soft Costs | | |
| Architect/Designer | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Development Charges | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 2,500 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,293 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,757 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 8,375 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 30,926 | |
| Per sq. ft. | 52 | |
| Contingency (incl. cost escalation) | 27,011 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 297,119 | |
| Per sq. ft. | 495 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 124,334 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 124,334 | |
| Per sq. ft. | 207 | |
| EQUITY SURPLUS / GAP | | |

| | | | |
|--|--|--------------|---|
| SURPLUS / (GAP) | | (172,785) | Estimated funding gap |
| Per unit | | (172,785) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | | (288) | |
| RLV (EQUITY GAP) - PRESENT \$ | | - | |
| Per unit | | - | |
| Per sq. ft. | | - | |
| CASHFLOW | | | |
| | | | |
| Rental Revenue | | 9,912 | Based on SGI Target Rent for 1br unit |
| Parking Revenue | | - | |
| Gross Potential Income | | 9,912 | |
| Less Vacancy & Bad Debt | | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | | (2,736) | Based on estimated operating expense of \$228 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | | 6,978 | |
| Debt Service | | (\$6,343.42) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | | 634 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | | |
| | | | |
| Net Operating Income | | 6,978 | Net operating income after vacancy loss and operating expenses |
| DCR | | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | | 124,334 | Estimated max principal available from lender based on above terms |

Scenario 2 - 1 br Cottage HIGH - 3% Interest Rate

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yr) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|--|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | |
| % of Residential Floor Area | 100% | Leasable floor area net of circulation, utility and common areas |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 270,000 | At \$450/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 299,183 | |
| Per sq. ft. | 499 | |
| Soft Costs | | |
| Architect | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Dev. Charges - Studio & 1 Bed | - | Assumes no Development Cost Charges |
| Planning Application Fees | 2,500 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselecoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,593 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 2,164 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 10,318 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 33,576 | |
| Per sq. ft. | 56 | |
| Contingency (incl. cost escalation) | 33,276 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 366,034 | |
| Per sq. ft. | 610 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 124,334 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 124,334 | |
| | 207 | |
| EQUITY SURPLUS / GAP | | |

| | | |
|--|------------------|---|
| SURPLUS / (GAP) | (241,700) | Estimated funding gap |
| Per unit | (241,700) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (403) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| | | |
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit |
| Parking Revenue | - | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (2,736) | Based on estimated operating expense of \$228 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 6,978 | |
| Debt Service | (6,343) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 634 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| | | |
| Net Operating Income | 6,978 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Ammortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | 124,334 | Estimated max principal available from lender based on above terms |

Summary of Results - 2 Bedroom Cottage (New Construction) - 3% Interest

Prepared by New Commons Development

| Scenario 1 - 2br Cottage LOW - 3% Interest | |
|--|-----------------|
| Gross Floor Area | 725 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 282,933 |
| Soft Costs | 35,769 |
| Contingency | 31,870 |
| Other | - |
| Total Costs | 350,571 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 254,116 |
| City DC and Fee Waivers | - |
| Other | - |
| Total Sources | 254,116 |
| Surplus / (Gap) | (96,456) |

| Scenario 2 - 2 br Cottage HIGH - 3% Interest | |
|--|------------------|
| Gross Floor Area | 725 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 355,433 |
| Soft Costs | 38,971 |
| Contingency | 39,440 |
| Other | - |
| Total Costs | 433,844 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 254,116 |
| City DC & Fee Waivers | - |
| Other | - |
| Total Sources | 254,116 |
| Surplus / (Gap) | (179,728) |

Inputs

| Development Statistics | 2br low | 2br high | |
|--------------------------|---------|----------|------------------------------------|
| Site Area (SF) | 2,000 | 2,000 | sq. ft. |
| Public Park Area | 0% | 0% | of site area |
| Gross Floor Area | 725 | 725 | sq. ft. |
| Residential | 100% | 100% | of GFA |
| Non-Residential GFA | 0% | 0% | of GFA |
| Market Condominium | 0% | 0% | of Residential GFA |
| Target Rental | 100% | 100% | of Residential GFA |
| 80% MMR Rental | 0% | 0% | of Residential GFA |
| Res. Efficiency | 100% | 100% | of GFA |
| Program Space | 100% | 100% | of Non-Residential GFA |
| Retail | 0% | 0% | of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA |
| Parking Ratio | | | |
| Other | - | - | stalls per unit |
| Rental | 1.00 | 1.00 | stalls per unit |
| Below Market Rental | 1.00 | 1.00 | stalls per unit |
| Visitor | - | - | stalls per unit |
| Community Space | - | - | stalls per 1,000 sq. ft. leaseable |
| Other | - | - | stalls |
| Condo Parking Sale Price | - | - | per stall |

| Development Cost Assumptions | 2br low | 2br high | |
|--|---------|----------|--------------------------|
| Hard Costs | | | |
| Land Value - placeholder | - | - | total |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. |
| On-Site Servicing | - | - | per ac. |
| Off-Site Servicing | - | - | per ac. |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. |
| Extraordinary Site or Servicing Costs | 20,000 | 20,000 | LS per CRD Scope of Work |
| Residential Const. Cost | 350 | 450 | per sq. ft. |
| Commercial Const. Cost | - | - | per sq. ft. |
| Parking Const. Cost | - | - | per stall |

| | | | |
|-------------------------------------|--------------|--------------|---|
| Soft Costs | | | |
| Architect | \$ 10,000.00 | \$ 10,000.00 | LS |
| Other Consultants | \$ 7,000.00 | \$ 7,000.00 | LS per CRD Scope of Work |
| Dev. Charges - Studio & 1 Bed | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | per unit |
| Education DC | - | - | per unit |
| Education DC - Non-Res | - | - | per m2 |
| Non-Res DC | - | - | per m2 |
| Sec. 37 Payment | - | - | total |
| Municipal Fees & Permits | 2,750 | 2,750 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs) |
| Public Art | 0.0% | 0.0% | of hard costs |
| Developer Fees | 0.0% | 0.0% | of project costs (excl. land & financing) |
| Legal | - | - | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - | per unit |
| Condo Marketing | - | - | per unit |
| Condo Commissions | - | - | per unit |
| Course of Construction Insurance | \$ 3.50 | \$ 3.50 | per sf |
| Rental Op Ex During Lease-up | 0% | 0% | of year 1 op ex |
| GST | 3.2% | 3.2% | of hard and soft costs, assumes qualifies for NRRP Rebate of 36% of GST |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs |

| Revenue Assumptions | 2br low | 2br high | |
|--|---------|----------|--|
| Rental Operations | | | |
| Market Unit Operating Costs (PUPM) | 260 | 260 | |
| Affordable Unit Operating Costs (PUPM) | 260 | 260 | |
| Parking Revenue (per stall, per month) | - | - | |
| Vacancy Rate & Bad Debt | 2% | 2% | |
| Lease-Up Period (months) | 1 | 1 | |
| Market Cap Rate | 3.50% | 3.50% | |

| | | | |
|--|-------|-------|---------------|
| Condominium & Non-Res Revenue | | | |
| Revenue Inflation | 2% | 2% | per year |
| Parking Stall Sale Price | - | - | per stall |
| Church Space Net Lease Rate | - | - | per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% | |
| Office Cap Rate | 0.00% | 0.00% | |
| Retail Net Lease Rate | - | - | per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% | |
| Retail Cap Rate | 0.00% | 0.00% | |
| Office & Retail Commissions | 0% | 0% | of sale price |

| Timing & Financing Assumptions | 2br low | 2br high | |
|--------------------------------|---------|----------|-------|
| Timing Assumptions | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years |
| Sales Period | 1.0 | 1.0 | years |
| Construction Period | 1.0 | 1.0 | years |

| | | | |
|--------------------------------|-------|-------|----------------------------|
| Construction Loan | | | |
| Construction Loan | 70% | 70% | of total costs |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period |
| Loan Fees | 0.50% | 0.50% | of loan |
| Loan Interest | 3.00% | 3.00% | of loan |

| | | | |
|---------------------------|---------------|---------------|------------------------------|
| Permanent Mortgage | | | |
| Lending Program | Std. Mortgage | Std. Mortgage | |
| Interest Rate | 3.00% | 3.00% | per year |
| Amortization | 30 | 30 | years |
| Min. DCR | 1.1 | 1.1 | |
| Co-Investment Grant | 0.0% | 0.0% | of rental project costs |
| IAH Capital Grant | - | - | per below-market rental unit |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal |

| | | | |
|---------------------------|----|----|------------------|
| Profit Assumptions | | | |
| Discount Rate | 7% | 7% | per year |
| Condo Profit | 0% | 0% | of suite revenue |

| Suite Mix - All Units | | | | |
|------------------------------|-------------|------------|-------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 0% | 600 | 0 | 826 |
| 2 Bedroom | 100% | 725 | 0 | 1,478 |
| 3 Bedroom | 0% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 725 | 0 | 1,478 |

| Target Rent Calculator | | | | |
|-------------------------------|-------------------------|--------------------------|---------------------------|------------------------------|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 |

* 1 Bedroom Median Income based on SGI HNA target affordable rent for single persons

* 2 Bedroom Median Income based on average of SGI HNS target affordable rents for lone parent families and families without children

* 3 Bedroom Median Income based on average of SGI HNS target affordable rents for families without children and families with children

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | | |
|------------------------------|-----------------|---------------|-----------|--|
| Operating Costs | /yr | /mo | Mill rate | |
| Property Tax | \$ 1,245 | \$ 104 | 4.4 | |
| Insurance | \$ 849 | \$ 71 | | |
| Interior Maintenance | \$ 240 | \$ 20 | | |
| Exterior Maintenance | \$ 240 | \$ 20 | | |
| Replacement Reserve | \$ 540 | \$ 45 | | |
| Total | \$ 3,114 | \$ 259 | | |

Scenario 1 - 2br Cottage LOW - 3% Interest

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | | |
|---|-------|---|
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |

DEVELOPMENT COST

| | | |
|------------------------------|----------------|--|
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 253,750 | At \$350/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 282,933 | |
| Per sq. ft. | 390 | |

Soft Costs

| | | |
|----------------------------------|---------------|---|
| Architect | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Development Charges | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 2,750 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Course of Construction Insurance | 2,538 | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,526 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 2,073 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 9,882 | At 3.2% of h: Assumes owner qualifies for New Residential Rental Property Rebate (36% of GST applicable on self supply) |
| TOTAL SOFT COSTS | 35,769 | |
| Per sq. ft. | 49 | |

| | | |
|--|---------------|-------------------------------------|
| Contingency (incl. cost escalation) | 31,870 | At 10% of hard and soft costs costs |
|--|---------------|-------------------------------------|

| | |
|-------------------------------|----------------|
| TOTAL DEVELOPMENT COST | 350,571 |
| Per sq. ft. | 484 |

| | |
|-------------------------|---|
| DEVELOPER PROFIT | - |
|-------------------------|---|

SOURCES OF FUNDS

| | | |
|----------------------------------|----------------|--|
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 254,116 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 254,116 | |
| Per sq. ft. | 351 | |

EQUITY SURPLUS / GAP

| | | |
|--|-----------------|---|
| SURPLUS / (GAP) | (96,456) | Estimated funding gap |
| Per unit | (96,456) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (133) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (3,120) | Based on estimated operating expense of \$260 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 14,261 | |
| Debt Service | (\$12,964.80) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 1,296 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 14,261 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | 254,116 | Estimated max principal available from lender based on above terms |

Scenario 2 - 2 br Cottage HIGH - 3% Interest

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|--|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 326,250 | At \$450/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 355,433 | |
| Per sq. ft. | 490 | |
| Soft Costs | | |
| Architect | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Development Charges | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 2,750 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/d |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Course of Construction Insurance | 2,538 | |
| Op Ex During Lease-up | - | |

| | | |
|--|------------------|---|
| Loan Fees | 1,889 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 2,565 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 12,230 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 38,971 | |
| Per sq. ft. | 54 | |
| Contingency (incl. cost escalation) | 39,440 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 433,844 | |
| Per sq. ft. | 598 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 254,116 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 254,116 | |
| | 351 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (179,728) | Estimated funding gap |
| Per unit | (179,728) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (248) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (3,120) | Based on estimated operating expense of \$260 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 14,261 | |
| Debt Service | (12,965) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 1,296 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 14,261 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | 3% interest rate per CRD Scope of Services |
| Principal | 254,116 | Estimated max principal available from lender based on above terms |

Summary of Results - 3 Bedroom Cottage (New Construction) - 3% Interest

Prepared by New Commons Development

| Scenario 1 - 2br Cottage LOW - 3% Interest | |
|--|------------------|
| Gross Floor Area | 1,000 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 379,183 |
| Soft Costs | 37,944 |
| Contingency | 41,713 |
| Other | - |
| Total Costs | 458,840 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 337,263 |
| City DC and Fee Waivers | - |
| Other | - |
| Total Sources | 337,263 |
| Surplus / (Gap) | (121,577) |

| Scenario 2 - 2 br Cottage HIGH - 3% Interest | |
|--|------------------|
| Gross Floor Area | 1,000 |
| % of Total Floor Area | 100% |
| Total Units | 1 |
| Parking Spots | 1 |
| Land Value (TBD) | - |
| Hard Costs | 479,183 |
| Soft Costs | 42,361 |
| Contingency | 52,154 |
| Other | - |
| Total Costs | 573,698 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 337,263 |
| City DC & Fee Waivers | - |
| Other | - |
| Total Sources | 337,263 |
| Surplus / (Gap) | (236,435) |

Inputs

| Development Statistics | 2br low | 2br high | |
|--------------------------|---------|----------|------------------------------------|
| Site Area (SF) | 2,000 | 2,000 | sq. ft. |
| Public Park Area | 0% | 0% | of site area |
| Gross Floor Area | 1,000 | 1,000 | sq. ft. |
| Residential | 100% | 100% | of GFA |
| Non-Residential GFA | 0% | 0% | of GFA |
| Market Condominium | 0% | 0% | of Residential GFA |
| Target Rental | 100% | 100% | of Residential GFA |
| 80% MMR Rental | 0% | 0% | of Residential GFA |
| Res. Efficiency | 100% | 100% | of GFA |
| Program Space | 100% | 100% | of Non-Residential GFA |
| Retail | 0% | 0% | of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA |
| Parking Ratio | - | - | stalls per unit |
| Other | - | - | stalls per unit |
| Rental | 1.00 | 1.00 | stalls per unit |
| Below Market Rental | 1.00 | 1.00 | stalls per unit |
| Visitor | - | - | stalls per 1,000 sq. ft. leaseable |
| Community Space | - | - | stalls |
| Other | - | - | stalls |
| Condo Parking Sale Price | - | - | per stall |

| Development Cost Assumptions | 2br low | 2br high | |
|--|---------|----------|--------------------------|
| Hard Costs | | | |
| Land Value - placeholder | - | - | total |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. |
| On-Site Servicing | - | - | per ac. |
| Off-Site Servicing | - | - | per ac. |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. |
| Extraordinary Site or Servicing Costs | 20,000 | 20,000 | LS per CRD Scope of Work |
| Residential Const. Cost | 350 | 450 | per sq. ft. |
| Commercial Const. Cost | - | - | per sq. ft. |
| Parking Const. Cost | - | - | per stall |

| | | | |
|-------------------------------------|--------------|--------------|---|
| Soft Costs | | | |
| Architect | \$ 10,000.00 | \$ 10,000.00 | LS |
| Other Consultants | \$ 7,000.00 | \$ 7,000.00 | LS per CRD Scope of Work |
| Dev. Charges - Studio & 1 Bed | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | per unit |
| Education DC | - | - | per unit |
| Education DC - Non-Res | - | - | per m2 |
| Non-Res DC | - | - | per m2 |
| Sec. 37 Payment | - | - | total |
| Municipal Fees & Permits | 3,300 | 3,300 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs) |
| Public Art | 0.0% | 0.0% | of hard costs |
| Developer Fees | 0.0% | 0.0% | of project costs (excl. land & financing) |
| Legal | - | - | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - | per unit |
| Condo Marketing | - | - | per unit |
| Condo Commissions | - | - | per unit |
| Rental Marketing | - | - | per unit |
| Rental Op Ex During Lease-up | 0% | 0% | of year 1 op ex |
| GST | 3.2% | 3.2% | of hard and soft costs, assumes qualifies for NRRP Rebate of 36% of GST |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs |

| Revenue Assumptions | 2br low | 2br high | |
|--|---------|----------|--|
| Rental Operations | | | |
| Market Unit Operating Costs (PUPM) | 319 | 319 | |
| Affordable Unit Operating Costs (PUPM) | 319 | 319 | |
| Parking Revenue (per stall, per month) | - | - | |
| Vacancy Rate & Bad Debt | 2% | 2% | |
| Lease-Up Period (months) | 1 | 1 | |
| Market Cap Rate | 3.50% | 3.50% | |

| | | | |
|--|-------|-------|---------------|
| Condominium & Non-Res Revenue | | | |
| Revenue Inflation | 2% | 2% | per year |
| Parking Stall Sale Price | - | - | per stall |
| Church Space Net Lease Rate | - | - | per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% | |
| Office Cap Rate | 0.00% | 0.00% | |
| Retail Net Lease Rate | - | - | per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% | |
| Retail Cap Rate | 0.00% | 0.00% | |
| Office & Retail Commissions | 0% | 0% | of sale price |

| Timing & Financing Assumptions | 2br low | 2br high | |
|--------------------------------|---------|----------|-------|
| Timing Assumptions | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years |
| Sales Period | 1.0 | 1.0 | years |
| Construction Period | 1.0 | 1.0 | years |

| | | | |
|--------------------------------|-------|-------|----------------------------|
| Construction Loan | | | |
| Construction Loan | 70% | 70% | of total costs |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period |
| Loan Fees | 0.50% | 0.50% | of loan |
| Loan Interest | 3.00% | 3.00% | of loan |

| | | | |
|---------------------------|---------------|---------------|------------------------------|
| Permanent Mortgage | | | |
| Lending Program | Std. Mortgage | Std. Mortgage | |
| Interest Rate | 3.00% | 3.00% | per year |
| Amortization | 30 | 30 | years |
| Min. DCR | 1.1 | 1.1 | |
| Co-Investment Grant | 0.0% | 0.0% | of rental project costs |
| IAH Capital Grant | - | - | per below-market rental unit |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal |

| | | | |
|---------------------------|----|----|------------------|
| Profit Assumptions | | | |
| Discount Rate | 7% | 7% | per year |
| Condo Profit | 0% | 0% | of suite revenue |

| Suite Mix - All Units | | | | |
|------------------------------|-------------|--------------|-------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 0% | 600 | 0 | 826 |
| 2 Bedroom | 0% | 725 | 0 | 1,478 |
| 3 Bedroom | 100% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 1,000 | 0 | 1,935 |

| Target Rent Calculator | | | | | | |
|-------------------------------|-------------------------|--------------------------|---------------------------|------------------------------|---|--|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single pers | |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | | |
|------------------------------|-----------------|---------------|-----------|--|
| Operating Costs | /yr | /mo | Mill rate | |
| Property Tax | \$ 1,668 | \$ 139 | 4.4 | |
| Insurance | \$ 1,138 | \$ 95 | | |
| Interior Maintenance | \$ 240 | \$ 20 | | |
| Exterior Maintenance | \$ 240 | \$ 20 | | |
| Replacement Reserve | \$ 540 | \$ 45 | | |
| Total | \$ 3,826 | \$ 319 | | |

Scenario 1 - 3br Cottage LOW - 3% Interest

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|--|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 1,000 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 1,000 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 1,000 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 350,000 | At \$350/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 379,183 | |
| Per sq. ft. | 379 | |
| Soft Costs | | |
| Architect | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Development Charges | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 3,300 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-libra) |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,997 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 2,713 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 12,934 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 37,944 | |
| Per sq. ft. | 38 | |
| Contingency (incl. cost escalation) | 41,713 | At 10% of hard and soft costs costs |

| | | | |
|--|------------------|----------------|---|
| TOTAL DEVELOPMENT COST | | 458,840 | |
| Per sq. ft. | | 459 | |
| DEVELOPER PROFIT | | - | |
| SOURCES OF FUNDS | | | |
| | | | |
| Land Value (TBD) | | - | |
| CMHC Seed Funding (Loan & Grant) | | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 337,263 | | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | | Assumes no municipal fee waivers |
| Other | - | | |
| Other | - | | |
| Other | - | | |
| TOTAL REVENUE | | 337,263 | |
| Per sq. ft. | | 337 | |
| EQUITY SURPLUS / GAP | | | |
| SURPLUS / (GAP) | (121,577) | | Estimated funding gap |
| Per unit | (121,577) | | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (122) | | |
| RLV (EQUITY GAP) - PRESENT \$ | - | | |
| Per unit | - | | |
| Per sq. ft. | - | | |
| CASHFLOW | | | |
| | | | |
| Rental Revenue | 23,220 | | Based on SGI Target Rent for 3br unit. |
| Parking Revenue | - | | |
| Gross Potential Income | 23,220 | | |
| Less Vacancy & Bad Debt | (464) | | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 22,756 | | |
| Less: Operating Expenses (Non-Res NNN) | (3,828) | | Based on estimated operating expense of \$319 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 18,928 | | |
| Debt Service | (17,207) | | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 1,721 | | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ration of 1.1 |
| DEBT CALCULATION | | | |
| | | | |
| Net Operating Income | 18,928 | | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 3.00% | | 3% interest rate per CRD Scope of Services |
| Principal | 337,263 | | Estimated max principal available from lender based on above terms |

Scenario 2 - 3 br Cottage HIGH - 3% Interest

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | | |
|--|-------|---|
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 1,000 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 1,000 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 1,000 | Unit size |

DEVELOPMENT COST

| | | |
|------------------------------|----------------|---|
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 450,000 | At \$450/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 479,183 | |
| Per sq. ft. | 479 | |
| Soft Costs | | |
| Architect | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Development Charges | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 3,300 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/d |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |

| | | |
|--|------------------|---|
| Loan Fees | 2,497 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 3,392 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 16,172 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 42,361 | |
| Per sq. ft. | 42 | |
| Contingency (incl. cost escalation) | 52,154 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 573,698 | |
| Per sq. ft. | 574 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 337,263 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 337,263 | |
| | 337 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (236,435) | Estimated funding gap |
| Per unit | (236,435) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (236) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 23,220 | Based on SGI Target Rent for 3br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 23,220 | |
| Less Vacancy & Bad Debt | (464) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 22,756 | |
| Less: Operating Expenses (Non-Res NNN) | (3,828) | Based on estimated operating expense of \$319 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 18,928 | |
| Debt Service | (17,207) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 1,721 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 18,928 | |
| DCR | 1.1 | Net operating income after vacancy loss and operating expenses |
| Amortization | 30 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Interest Rate | 3.00% | Amortization period of 30 yrs is standard max for residential mortgages. |
| Principal | 337,263 | 3% interest rate per CRD Scope of Services |

Summary of Results - Multi Family Residential, 10 Units, CMHC (New Construction) - 3% Interest

Prepared by New Commons Development

| Scenario 1 - Multi Family Residential LOW - CMHC - 3% Interest Rate | |
|---|------------------|
| Gross Floor Area | 6,906 |
| % of Total Floor Area | 100% |
| Total Units | 10 |
| Parking Spots | 12 |
| Land Value (TBD) | - |
| Hard Costs | 2,699,389 |
| Soft Costs | 679,303 |
| Contingency | 337,869 |
| Other | - |
| Total Costs | 3,716,561 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Grant) | 40,000 |
| CMHC Permanent Mortgage | 2,137,392 |
| CMHC Co-Investment Fund Grant (12.5%) | 464,570 |
| City DC and Fee Waivers | - |
| FCM GMF SAH Study Grant | 150,000 |
| FCM GMF SAH Capital Grant | 371,656 |
| Total Sources | 3,163,618 |
| Surplus / (Gap) - 10 units | (552,943) |
| Surplus / (Gap) per unit | (55,294) |

| Scenario 2 - Multi Family Residential HIGH - CMHC - 3% Interest Rate | |
|--|------------------|
| Gross Floor Area | 6,906 |
| % of Total Floor Area | 100% |
| Total Units | 10 |
| Parking Spots | 12 |
| Land Value (TBD) | - |
| Hard Costs | 3,068,701 |
| Soft Costs | 762,420 |
| Contingency | 383,112 |
| Other | - |
| Total Costs | 4,214,233 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Grant) | 40,000 |
| CMHC Permanent Mortgage | 2,137,392 |
| CMHC Co-Investment Fund Grant (12.5%) | 526,779 |
| City DC and Fee Waivers | - |
| FCM GMF SAH Study Grant | 150,000 |
| FCM GMF SAH Capital Grant | 421,423 |
| Total Sources | 3,275,595 |
| Surplus / (Gap) - 10 units | (938,638) |
| Surplus / (Gap) per unit | (93,864) |

Inputs

| Development Statistics | MFR low | MFR high | |
|--------------------------|---------|----------|------------------------------------|
| Site Area (SF) | 43,000 | 43,000 | sq. ft. |
| Public Park Area | 0% | 0% | of site area |
| Gross Floor Area | 6,906 | 6,906 | sq. ft. |
| Residential | 100% | 100% | of GFA |
| Non-Residential GFA | 0% | 0% | of GFA |
| Market Condominium | 0% | 0% | of Residential GFA |
| Target Rental | 70% | 100% | of Residential GFA |
| 80% MMR Rental | 30% | 0% | of Residential GFA |
| Res. Efficiency | 82% | 82% | of GFA |
| Program Space | 100% | 100% | of Non-Residential GFA |
| Retail | 0% | 0% | of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA |
| Parking Ratio | | | |
| Other | - | - | stalls per unit |
| Rental | 1.00 | 1.00 | stalls per unit |
| Below Market Rental | 1.00 | 1.00 | stalls per unit |
| Visitor | 0.03 | 0.03 | stalls per unit |
| Community Space | - | - | stalls per 1,000 sq. ft. leaseable |
| Other | - | - | stalls |
| Condo Parking Sale Price | - | - | per stall |

| Development Cost Assumptions | MFR low | MFR high | |
|--|---------|----------|-------------|
| Hard Costs | | | |
| Land Value - placeholder | - | - | total |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. |
| On-Site Servicing | 200,000 | 200,000 | per ac. |
| Off-Site Servicing | - | - | per ac. |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. |
| Extraordinary Site or Servicing Costs | - | - | total |
| Residential Const. Cost | 325 | 375 | per sq. ft. |
| Commercial Const. Cost | - | - | per sq. ft. |
| Parking Const. Cost | 5,000 | 7,000 | per stall |

| | | | |
|-------------------------------------|--------|--------|---|
| Soft Costs | | | |
| Architect | 4.5% | 4.5% | % of project costs |
| Other Consultants | 8.0% | 8.0% | % of project costs |
| Dev. Charges - Studio & 1 Bed | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | per unit |
| Education DC | - | - | per unit |
| Education DC - Non-Res | - | - | per m2 |
| Non-Res DC | - | - | per m2 |
| Sec. 37 Payment | - | - | total |
| Municipal Fees & Permits | 19,113 | 19,113 | \$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/dc) |
| Public Art | 0.0% | 0.0% | of hard costs |
| Developer Fees | 5.0% | 5.0% | of project costs (excl. land & financing) |
| Legal | 3,000 | 3,000 | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - | per unit |
| Condo Marketing | - | - | per unit |
| Rental Marketing | 250 | 250 | per unit |
| Rental Op Ex During Lease-up | 25% | 25% | of year 1 op ex |
| GST | 2.5% | 2.5% | of hard and soft costs, assumes eligible for qualifying non profit status (50% GST exempt) |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs |

| Revenue Assumptions | MFR low | MFR high | |
|--|---------|----------|--|
| Rental Operations | | | |
| Market Unit Operating Costs (PUPM) | 477 | 477 | |
| Affordable Unit Operating Costs (PUPM) | 477 | 477 | |
| Parking Revenue (per stall, per month) | - | - | |
| Vacancy Rate & Bad Debt | 2% | 2% | |
| Lease-Up Period (months) | 3 | 3 | |
| Market Cap Rate | 3.50% | 3.50% | |

| | | | |
|--|-------|-------|---------------|
| Condominium & Non-Res Revenue | | | |
| Revenue Inflation | 2% | 2% | per year |
| Parking Stall Sale Price | - | - | per stall |
| Church Space Net Lease Rate | - | - | per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% | |
| Office Cap Rate | 0.00% | 0.00% | |
| Retail Net Lease Rate | - | - | per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% | |
| Retail Cap Rate | 0.00% | 0.00% | |
| Office & Retail Commissions | 0% | 0% | of sale price |

| Timing & Financing Assumptions | MFR low | MFR high | |
|--------------------------------|---------|----------|-------|
| Timing Assumptions | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years |
| Sales Period | 1.0 | 1.0 | years |
| Construction Period | 1.0 | 1.0 | years |

| | | | |
|--------------------------------|-------|-------|----------------------------|
| Construction Loan | | | |
| Construction Loan | 70% | 70% | of total costs |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period |
| Loan Fees | 0.50% | 0.50% | of loan |
| Loan Interest | 3.00% | 3.00% | of loan |

| | | | |
|---------------------------|---------------|---------------|------------------------------|
| Permanent Mortgage | | | |
| Lending Program | Std. Mortgage | Std. Mortgage | |
| Interest Rate | 3.00% | 3.00% | per year |
| Amortization | 50 | 50 | years |
| Min. DCR | 1.0 | 1.0 | |
| Co-Investment Grant | 12.5% | 12.5% | of rental project costs |
| IAH Capital Grant | - | - | per below-market rental unit |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal |

| | | | |
|---------------------------|----|----|------------------|
| Profit Assumptions | | | |
| Discount Rate | 7% | 7% | per year |
| Condo Profit | 0% | 0% | of suite revenue |

| Suite Mix - All Units | | | | | | | | |
|-----------------------|-------------|------------|-------------|------------------|------------------|-------------------|--------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | SGI Target Rents | 80% MMR Victoria | 70% HILS Victoria | Deep Subsidy | Market |
| Studio | 30% | 350 | 0 | 743 | 798 | 831 | 375 | 1,000 |
| 1 Bedroom | 30% | 525 | 0 | 826 | 959 | 831 | 375 | 1,188 |
| 2 Bedroom | 40% | 725 | 0 | 1,478 | 1,238 | 1,068 | 570 | 1,525 |
| 3 Bedroom | 0% | 925 | 0 | 1,935 | 1,518 | 1,383 | 660 | 1,975 |
| Total/ Avg. | 100% | 553 | 0 | 1,062 | 1,022 | 926 | 453 | 1,266 |

| SGI Target Rent Calculator | | | | | | | | |
|----------------------------|-------------------------|--------------------------|---------------------------|------------------------------|---|----------|---------|--|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | 100% AMR | 80% AMR | |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single pers | | | |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for | | | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for | | | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | | | |
|---------------------------|------------------|---------------|-----------|-----|---------------------------|
| Operating Expenses | /yr | pupm | Mill rate | | |
| Property Tax | \$ 3,563 | \$ 30 | | 4.4 | Assumed Mill Rate. Assume |
| Insurance | \$ 12,000 | \$ 100 | | | |
| Heat/Utilities | \$ 6,000 | \$ 50 | | | Assumes tenant pays own h |
| Interior Maintenance | \$ 2,400 | \$ 20 | | | |
| Exterior Maintenance | \$ 2,400 | \$ 20 | | | |
| Replacement Reserve | \$ 7,200 | \$ 60 | | | |
| Building Salaries & Wages | \$ 9,000 | \$ 75 | | | |
| Telephone | \$ 600 | \$ 5 | | | |
| Office & Admin | \$ 1,200 | \$ 10 | | | |
| Audit | \$ 5,000 | \$ 42 | | | |
| Service Contracts | \$ 6,000 | \$ 50 | | | |
| Grounds Maint | \$ 1,800 | \$ 15 | | | |
| Total | \$ 57,163 | \$ 476 | | | |

Scenario 1 - Multi Family Residential LOW - CMHC - 3% Interest Rate

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | Market | 79% MMR | Total/ Avg. | Assumptions |
|--|--------|---------|-------------|--|
| SITE | | | | |
| Site Area (sq. ft.) | - | - | 43,000 | Approximately 1 acre development area |
| FLOOR AREA | | | | |
| Gross Floor Area (sq. ft.) | 4,834 | 2,072 | 6,906 | Includes circulation, utility and common areas |
| Efficiency Ratio | 82% | 82% | 82% | BC Housing efficiency target for wood frame low rise buildings |
| Net Floor Area (sq. ft.) | 3,964 | 1,699 | 5,663 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 70% | 30% | 100% | |
| % of Non-Residential Floor Area | - | - | 0% | |
| % of Total Floor Area | 70% | 30% | 100% | |
| PARKING | | | | |
| Residential Parking Ratio (per unit) | 1.00 | 1.00 | 1.00 | 1 parking stall per unit |
| Residential Stalls | 7 | 3 | 10 | |
| Visitor Parking Ratio (per unit) | 0.03 | 0.03 | 0.20 | |
| Visitor Stalls | 1.4 | 0.6 | 2 | Total of 2 visitors parking stalls |
| Office Parking Space Ratio (per 1,000 SF | - | - | - | |
| Office Parking | - | - | - | |
| Total Parking Stalls | 8 | 4 | 12 | 12 surface parking stalls in total |
| UNITS | | | | |
| Total Units | 7 | 3 | 10 | 10 units in total |
| Avg. Unit Size | 553 | 553 | 553 | Average unit size based on specified unit mix |

| DEVELOPMENT COST | Market | 79% MMR | TOTAL |
|--------------------------|--------|---------|-------|
| Land Cost | | | |
| Land Cost - place holder | - | - | - |

Assumes land is already owned or secured under long term lease

| Hard Costs | Market | 79% MMR | TOTAL |
|--|------------------|----------------|------------------|
| Site Prep & Remediation | 138,200 | 59,229 | 197,429 |
| On-Site Servicing | 138,200 | 59,229 | 197,429 |
| Off-Site Servicing | - | - | - |
| Public Park Const. Cost (15% of site area) | 1,571,172 | 673,359 | 2,244,531 |
| Residential Const. Cost | - | - | - |
| Commercial Const. Cost | - | - | - |
| At-Grade Parking Const. Cost | 42,000 | 18,000 | 60,000 |
| Extraordinary Site Costs | - | - | - |
| TOTAL HARD COSTS | 1,889,572 | 809,817 | 2,699,389 |
| Per sq. ft. | 391 | 391 | 391 |

Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre
Includes allowance for on site drinking water, stormwater and wastewater and hydro services and associated underground works

At \$325/sf
At \$5000 per parking stall

| Soft Costs | Market | 79% MMR | Total/ Avg. |
|----------------------------|----------------|----------------|----------------|
| Architect | 85,031 | 36,442 | 121,473 |
| Other Consultants | 151,166 | 64,785 | 215,951 |
| Dev. Charges | - | - | - |
| Municipal Fees & Permits | 13,379 | 5,734 | 19,113 |
| Development Management Fee | 108,596 | 46,541 | 155,137 |
| Legal | 21,000 | 9,000 | 30,000 |
| Marketing | 1,750 | 750 | 2,500 |
| Op Ex During Lease-up | 10,017 | 4,293 | 14,310 |
| Loan Fees | 11,403 | 4,887 | 16,289 |
| Loan Interest | 15,487 | 6,637 | 22,124 |
| GST | 57,685 | 24,722 | 82,407 |
| TOTAL SOFT COSTS | 475,512 | 203,791 | 679,303 |
| Per sq. ft. | 98 | 98 | 98 |

At 4.5% of hard costs
At 8% of hard costs (allows for surveyor, geotech, environmental assessment, civil, wastewater, mechanical, structural, electrical and envelop, energy modeling, quantity surveyor, appraiser, well pump test, hu
Assumes no Development Cost Charges
\$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (<https://www.crd.bc.ca/docs/default-source/cn>)
At 5% of project costs excluding land value.
Allowance for legal fees
Marketing expenses during initial lease-up period
Operating expense during initial lease-up period. Assumes 3 months of operating expenses.
Fees on construction loan at 0.5% of loan value
Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period.
At 2.5% of project expenses. Assumes owner is eligible for qualifying non profit status (50% GST exempted/rebated)

| | | | |
|--|------------------|------------------|------------------|
| Contingency (incl. cost escalation) | 236,508 | 101,361 | 337,869 |
| TOTAL DEVELOPMENT COST | 2,601,593 | 1,114,968 | 3,716,561 |
| Per sq. ft. | 538 | 538 | 538 |

At 10% of hard and soft costs costs

| | | | |
|-------------------------|---|---|---|
| DEVELOPER PROFIT | - | - | - |
|-------------------------|---|---|---|

| SOURCES OF FUNDS | Market | 79% MMR | TOTAL |
|-------------------------------------|------------------|----------------|------------------|
| Land Value (TBD) | - | - | - |
| CMHC Seed Funding (Grant) | 28,000 | 12,000 | 40,000 |
| CMHC Permanent Mortgage | 1,651,071 | 486,321 | 2,137,392 |
| CMHC Co-Investment Fund Grant (12.5 | 325,199 | 139,371 | 464,570 |
| City DC and Fee Waivers | - | - | - |
| FCM GMF SAH Study Grant | 105,000 | 45,000 | 150,000 |
| FCM GMF SAH Capital Grant | 260,159 | 111,497 | 371,656 |
| Other | - | - | - |
| TOTAL REVENUE | 2,369,430 | 794,189 | 3,163,618 |
| Per sq. ft. | 490 | 383 | 458 |

Estimated CMHC Seed Funding grant contribution for project of this size
Maximum CMHC National Housing Co-Investment Program mortgage based on financing terms below
Estimated CMHC National Housing Co-Investment Program grant amount
Assumes no municipal fee waivers
Potential study grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program
Potential capital grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program for qualifying net zero energy ready projects

| EQUITY SURPLUS / GAP | (232,163) | (320,779) | (552,943) |
|------------------------|-----------|-----------|-----------|
| SURPLUS / (GAP) | | | |
| Per unit | (33,166) | (106,926) | (140,093) |
| Per sq. ft. | (48) | (155) | (80) |

Estimated funding gap
Estimated funding gap per unit (averaged)

| CASHFLOW | Market | 79% MMR | Total/ Avg. |
|--|----------|----------|-------------|
| Rental Revenue | 106,365 | 36,809 | 143,174 |
| Parking Revenue | - | - | - |
| Gross Potential Income | 106,365 | 36,809 | 143,174 |
| Less Vacancy & Bad Debt | (2,127) | (736) | (2,863) |
| Gross Effective Income | 104,238 | 36,073 | 140,311 |
| Less: Operating Expenses (Non-Res NNI) | (40,068) | (17,172) | (57,240) |
| Net Operating Income | 64,170 | 18,901 | 83,071 |
| Debt Service | (64,170) | (18,901) | (83,071) |
| Annual Cash Flow After Debt Servicing | - | - | - |

Vacancy loss at 2% of Gross Income (2% vacancy rate)

Based on estimated operating expense of \$477 per unit per month. See Operating Expense Breakdown for details.

Cost of debt servicing
Debt Coverage Ratio of 1.0 results in no unlevered cash flow after operating expenses and debt servicing

| DEBT CALCULATION | Market | 79% MMR | Total/ Avg. |
|----------------------|-----------|---------|-------------|
| Net Operating Income | 64,170 | 18,901 | 83,071 |
| DCR | 1.0 | 1.0 | |
| Amortization | 50 | 50 | |
| Interest Rate | 3.00% | 3.00% | |
| Principal | 1,651,071 | 486,321 | 2,137,392 |
| LTV | - | 90% | |
| LTC | - | 44% | |

Net operating income after vacancy loss and operating expenses
Debt Coverage Ratio of 1.0 per CMHC National Housing Co-Investment Program minimum requirement
Amortization period of 50 yrs under CMHC National Housing Co-Investment Program
3% interest rate per CRD Scope of Services
Estimated max principal available from lender based on above terms

Scenario 2 - Multi Family Residential HIGH - CMHC - 3% Interest Rate

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | | | Assumptions |
|--|------------------|------------------|------------------|---|
| | Market | 79% MMR | Total/ Avg. | |
| SITE | | | | |
| Site Area (sq. ft.) | - | - | 43,000 | Approximately 1 acre development area |
| FLOOR AREA | | | | |
| Gross Floor Area (sq. ft.) | 4,834 | 2,072 | 6,906 | Includes circulation, utility and common areas |
| Efficiency Ratio | 82% | 82% | 82% | BC Housing efficiency target for wood frame low rise buildings |
| Net Floor Area (sq. ft.) | 3,964 | 1,699 | 5,663 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 70% | 30% | 100% | |
| % of Non-Residential Floor Area | - | - | 0% | |
| % of Total Floor Area | 70% | 30% | 100% | |
| PARKING | | | | |
| Residential Parking Ratio (per unit) | 1.00 | 1.00 | 1.00 | 1 parking stall per unit |
| Residential Stalls | 7 | 3 | 10 | |
| Visitor Parking Ratio (per unit) | 0.14 | 0.06 | 0.20 | |
| Visitor Stalls | 1.4 | 0.6 | 2 | Total of 2 visitors parking stalls |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | - | - | |
| Office Parking | - | - | - | |
| Total Parking Stalls | 8 | 4 | 12 | 12 surface parking stalls in total |
| UNITS | | | | |
| Total Units | 7 | 3 | 10 | 10 units in total |
| Avg. Unit Size | 553 | 553 | 553 | Average unit size based on specified unit mix |
| DEVELOPMENT COST | | | | Assumptions |
| Land Cost | Market | 79% MMR | TOTAL | |
| Land Cost - place holder | - | - | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | Market | 79% MMR | TOTAL | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| Site Prep & Remediation | 138,200 | 59,229 | 197,429 | |
| On-Site Servicing | 138,200 | 59,229 | 197,429 | Includes allowance for on site drinking water, stormwater and wastewater and hydro services and associated underground works |
| Off-Site Servicing | - | - | - | |
| Residential Const. Cost | 1,812,891 | 776,953 | 2,589,844 | At \$375/sf |
| Church Space Const. Cost | - | - | - | |
| At-Grade Parking Const. Cost | 58,800 | 25,200 | 84,000 | At \$7000 per parking stall |
| Extraordinary Site Costs | - | - | - | |
| TOTAL HARD COSTS | 2,148,091 | 920,610 | 3,068,701 | |
| Per sq. ft. | 444 | 444 | 444 | |
| Soft Costs | Market | 79% MMR | Total/ Avg. | At 4.5% of hard costs |
| Architect | 96,664 | 41,427 | 138,092 | |
| Other Consultants | 171,847 | 73,649 | 245,496 | At 8% of hard costs (allows for surveyor, geotech, environmental assessment, civil, wastewater, mechanical, structural, electrical and envelop, energy modeling, quantity surveyor, appraiser, |
| Dev. Charges | - | - | - | Assumes no Development Cost Charges |
| Planning Application Fees | 13,379 | 5,734 | 19,113 | \$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs |
| Development Management Fee | 123,137 | 52,773 | 175,911 | At 5% of project costs excluding land value. |
| Legal | 21,000 | 9,000 | 30,000 | Allowance for legal fees |
| Marketing | 1,750 | 750 | 2,500 | Marketing expenses during initial lease-up period |
| Op Ex During Lease-up | 10,017 | 4,293 | 14,310 | Operating expense during initial lease-up period. Assumes 3 months of operating expenses. |
| Loan Fees | 12,929 | 5,541 | 18,471 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 17,560 | 7,526 | 25,086 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 65,409 | 28,033 | 93,442 | At 2.5% of project expenses. Assumes owner is eligible for qualifying non profit status (50% GST exempted/rebated) |
| TOTAL SOFT COSTS | 533,694 | 228,726 | 762,420 | |
| Per sq. ft. | 110 | 110 | 110 | |
| Contingency (incl. cost escalation) | 268,178 | 114,934 | 383,112 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 2,949,963 | 1,264,270 | 4,214,233 | |
| Per sq. ft. | 610 | 610 | 610 | |

| | | | | | |
|--|------------------|------------------|--------------------|---|--|
| DEVELOPER PROFIT | | | | - | |
| SOURCES OF FUNDS | | | | | |
| | Market | 79% MMR | TOTAL | | |
| Land Value (TBD) | - | - | - | | |
| CMHC Seed Funding (Grant) | 28,000 | 12,000 | 40,000 | | Estimated CMHC Seed Funding grant contribution for project of this size |
| CMHC Permanent Mortgage | 1,651,071 | 486,321 | 2,137,392 | | Maximum CMHC National Housing Co-Investment Program mortgage based on financing terms below |
| CMHC Co-Investment Fund Grant (12.5%) | 368,745 | 158,034 | 526,779 | | Estimated CMHC National Housing Co-Investment Program grant amount |
| City DC and Fee Waivers | - | - | - | | Assumes no municipal fee waivers |
| FCM GMF SAH Study Grant | 105,000 | 45,000 | 150,000 | | Potential study grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program |
| FCM GMF SAH Capital Grant | 294,996 | 126,427 | 421,423 | | Potential capital grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program for qualifying net zero energy ready projects |
| Other | - | - | - | | |
| TOTAL REVENUE | 2,447,813 | 827,782 | 3,275,595 | | |
| | 506 | 400 | 474 | | |
| EQUITY SURPLUS / GAP | | | | | |
| SURPLUS / (GAP) | (502,150) | (436,488) | (938,638) | | Estimated funding gap |
| Per unit | (71,736) | (145,496) | (217,232) | | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (104) | (211) | (136) | | |
| CASHFLOW | | | | | |
| | Market | 79% MMR | Total/ Avg. | | |
| Rental Revenue | 106,365 | 36,809 | 143,174 | | |
| Parking Revenue | - | - | - | | |
| Gross Potential Income | 106,365 | 36,809 | 143,174 | | |
| Less Vacancy & Bad Debt | (2,127) | (736) | (2,863) | | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 104,238 | 36,073 | 140,311 | | |
| Less: Operating Expenses (Non-Res NNN) | (40,068) | (17,172) | (57,240) | | Based on estimated operating expense of \$477 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 64,170 | 18,901 | 83,071 | | |
| Debt Service | (64,170) | (18,901) | (83,071) | | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | - | - | - | | Debt Coverage Ratio of 1.0 results in no unlevered cash flow after operating expenses and debt servicing |
| DEBT CALCULATION | | | | | |
| | Market | 79% MMR | Total/ Avg. | | |
| Net Operating Income | 64,170 | 18,901 | 83,071 | | Net operating income after vacancy loss and operating expenses |
| DCR | 1.0 | 1.0 | | | Debt Coverage Ratio of 1.0 per CMHC National Housing Co-Investment Program minimum requirement |
| Amortization | 50 | 50 | | | Amortization period of 50 yrs under CMHC National Housing Co-Investment Program |
| Interest Rate | 3.00% | 3.00% | | | 3% interest rate per CRD Scope of Services |
| Principal | 1,651,071 | 486,321 | 2,137,392 | | Estimated max principal available from lender based on above terms |

Summary of Results - Multi-Family Residential, 10 Units, BC Housing (New Construction) - 3.55% Interest

Prepared by New Commons Development

| Scenario 1 - Multi Family Residential LOW - BC Housing - 3.55% Interest | |
|---|--------------------|
| Gross Floor Area | 6,906 |
| % of Total Floor Area | 100% |
| Total Units | 10 |
| Parking Spots | 12 |
| Land Value (TBD) | - |
| Hard Costs | 2,702,389 |
| Soft Costs | 681,775 |
| Contingency | 338,416 |
| Other | - |
| Total Costs | 3,722,580 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Grant) | 40,000 |
| BCH Permanent Mortgage | 912,038 |
| BCH CHF Grant | 1,025,000 |
| City DC and Fee Waivers | - |
| CMHC NHCIP Grant (@ 12.5%) | 465,323 |
| Other | - |
| Total Sources | 2,442,360 |
| Surplus / (Gap) - 10 units | (1,280,220) |
| Surplus / (Gap) - per unit | (128,022) |
| BCH Annual Subsidy Required to Close Gap | 64,460 |
| BCH Subsidy Required PUPM | 537 |

| Scenario 2 - Multi Family Residential HIGH | |
|---|--------------------|
| Gross Floor Area | 6,906 |
| % of Total Floor Area | 100% |
| Total Units | 10 |
| Parking Spots | 12 |
| Land Value (TBD) | - |
| Hard Costs | 2,900,245 |
| Soft Costs | 726,304 |
| Contingency | 362,655 |
| Other | - |
| Total Costs | 3,989,204 |
| Land Value (TBD) | - |
| CMHC Seed Funding (Grant) | 40,000 |
| CMHC Permanent Mortgage | 954,012 |
| CMHC Co-Investment Fund Grant (12.5%) | 1,025,000 |
| City DC and Fee Waivers | - |
| CMHC NHCIP Grant (@ 12.5%) | 498,651 |
| Other | - |
| Total Sources | 2,517,662 |
| Surplus / (Gap) - 10 units | (1,471,542) |
| Surplus / (Gap) - per unit | (147,154) |
| BCH Annual Subsidy Required to Close Gap | 76,207 |
| BCH Subsidy Required PUPM | 635 |

Inputs

| Development Statistics | MFR low | MFR High | |
|------------------------|---------|----------|--------------------|
| Site Area (SF) | 43,000 | 43,000 | sq. ft. |
| Public Park Area | 0% | 0% | of site area |
| Gross Floor Area | 6,906 | 6,906 | sq. ft. |
| Residential | 100% | 100% | of GFA |
| Non-Residential GFA | 0% | 0% | of GFA |
| Market Condominium | 0% | 0% | of Residential GFA |
| Market Rental | 30% | 30% | of Residential GFA |
| RGI (70% HILS) | 50% | 50% | of Residential GFA |
| Deep Subsidy | 20% | 20% | of Residential GFA |

| | | | |
|--------------------------|------|------|------------------------------------|
| Res. Efficiency | 82% | 82% | of GFA |
| Program Space | 100% | 100% | of Non-Residential GFA |
| Retail | 0% | 0% | of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA |
| Parking Ratio | - | - | stalls per unit |
| Other | - | - | stalls per unit |
| Rental | 1.00 | 1.00 | stalls per unit |
| Below Market Rental | 1.00 | 1.00 | stalls per unit |
| Visitor | 0.03 | 0.03 | stalls per unit |
| Community Space | - | - | stalls per 1,000 sq. ft. leaseable |
| Other | - | - | stalls |
| Condo Parking Sale Price | - | - | per stall |

| Development Cost Assumptions | MFR low | MFR high | |
|--|---------|----------|-------------|
| Hard Costs | | | |
| Land Value - placeholder | - | - | total |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. |
| On-Site Servicing | 200,000 | 200,000 | per ac. |
| Off-Site Servicing | - | - | per ac. |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. |
| Extraordinary Site or Servicing Costs | - | - | total |
| Residential Const. Cost | 325 | 350 | per sq. ft. |
| Commercial Const. Cost | - | - | per sq. ft. |
| Parking Const. Cost | 5,000 | 7,000 | per stall |

| | | | |
|-------------------------------------|--------|--------|---|
| Soft Costs | | | |
| Architect | 4.5% | 4.5% | % of project costs |
| Other Consultants | 8.0% | 8.0% | % of project costs |
| Dev. Charges - Studio & 1 Bed | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | per unit |
| Education DC | - | - | per unit |
| Education DC - Non-Res | - | - | per m2 |
| Non-Res DC | - | - | per m2 |
| Sec. 37 Payment | - | - | total |
| Municipal Fees & Permits | 19,113 | 19,113 | \$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildi) |
| Public Art | 0.0% | 0.0% | of hard costs |
| Developer Fees | 5.0% | 5.0% | of project costs (excl. land & financing) |
| Legal | 3,000 | 3,000 | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - | per unit |
| Condo Marketing | - | - | per unit |
| Condo Commissions | - | - | per unit |
| Rental Marketing | 250 | 250 | per unit |
| Rental Op Ex During Lease-up | 25% | 25% | of year 1 op ex |
| GST | 2.5% | 2.5% | of hard and soft costs, assumes eligible for qualifying non profit status (50% GST exempt) |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs |

| Revenue Assumptions | MFR low | MFR high | |
|--|---------|----------|--|
| Rental Operations | | | |
| Market Unit Operating Costs (PUPM) | 532 | 532 | |
| Affordable Unit Operating Costs (PUPM) | 532 | 532 | |
| Parking Revenue (per stall, per month) | - | - | |
| Vacancy Rate & Bad Debt | 2% | 2% | |
| Lease-Up Period (months) | 3 | 3 | |
| Market Cap Rate | 3.50% | 3.50% | |

| | | | |
|--|-------|-------|---------------|
| Condominium & Non-Res Revenue | | | |
| Revenue Inflation | 2% | 2% | per year |
| Parking Stall Sale Price | - | - | per stall |
| Church Space Net Lease Rate | - | - | per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% | |
| Office Cap Rate | 0.00% | 0.00% | |
| Retail Net Lease Rate | - | - | per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% | |
| Retail Cap Rate | 0.00% | 0.00% | |
| Office & Retail Commissions | 0% | 0% | of sale price |

| Timing & Financing Assumptions | MFR low | MFR high | |
|--------------------------------|---------|----------|-------|
| Timing Assumptions | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years |
| Sales Period | 1.0 | 1.0 | years |
| Construction Period | 1.0 | 1.0 | years |

| | | | |
|--------------------------------|-------|-------|----------------------------|
| Construction Loan | | | |
| Construction Loan | 70% | 70% | of total costs |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period |
| Loan Fees | 0.50% | 0.50% | of loan |
| Loan Interest | 3.00% | 3.00% | of loan |

| | | | |
|---------------------------|---------------|---------------|------------------------------|
| Permanent Mortgage | | | |
| Lending Program | Std. Mortgage | Std. Mortgage | |
| Interest Rate | 3.55% | 3.55% | per year |
| Amortization | 35 | 35 | years |
| Min. DCR | 1.0 | 1.0 | |
| Co-Investment Grant | 12.5% | 12.5% | of rental project costs |
| IAH Capital Grant | - | - | per below-market rental unit |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal |

| | | | |
|---------------------------|----|----|------------------|
| Profit Assumptions | | | |
| Discount Rate | 7% | 7% | per year |
| Condo Profit | 0% | 0% | of suite revenue |

| SGI Target Rent - Comparison vs Benchmarks | | | | | | | | |
|--|-----------|-----------|-------------|------------------|------------------|-------------------------|--------------|------------------------|
| Unit Type | Suite Mix | Unit Size | Price \$/SF | SGI Target Rents | 80% MMR Victoria | RGI (70% HILS Victoria) | Deep Subsidy | Market (HILS Victoria) |
| Studio | 30% | 350 | 0 | 743 | 798 | 831 | 375 | 1,000 |
| 1 Bedroom | 30% | 525 | 0 | 826 | 959 | 831 | 375 | 1,188 |
| 2 Bedroom | 40% | 725 | 0 | 1,478 | 1,238 | 1,068 | 570 | 1,525 |
| 3 Bedroom | 0% | 925 | 0 | 1,935 | 1,518 | 1,383 | 660 | 1,975 |
| Total/ Avg. | 100% | 553 | 0 | 1,062 | 1,022 | 926 | 453 | 1,266 |

| SGI Target Rent Calculator | | | | | |
|----------------------------|-------------------------|--------------------------|---------------------------|------------------------------|--|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single persons |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for lone parent families and families without children |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for families without children and families with children |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| BC Housing CHF Capital Grant | | |
|------------------------------|-------------|-----------|
| Units | Total Grant | |
| Studio | 3 | 75,000 |
| One Bedroom | 3 | 100,000 |
| Two Bedroom | 4 | 125,000 |
| Three Bedroom | - | 150,000 |
| Total | 10 | 1,025,000 |

Assumed Mill Rate: Assumes 2.7MM assessed value discounted 70% due to charge c

Tenants pay own heat but includes ave \$30/mo heat allowance paid to residents per

| Operating Assumptions | | | |
|---------------------------|-----------|--------|-----------|
| Operating Expenses | /yr | pupm | Mill rate |
| Property Tax | \$ 3,567 | \$ 30 | 4.4 |
| Insurance | \$ 12,000 | \$ 100 | |
| Heat/Electricity | \$ 9,600 | \$ 80 | |
| Interior Maintenance | \$ 2,400 | \$ 20 | |
| Exterior Maintenance | \$ 2,400 | \$ 20 | |
| Replacement Reserve | \$ 7,200 | \$ 60 | |
| Building Salaries & Wages | \$ 9,000 | \$ 75 | |
| Telephone | \$ 600 | \$ 5 | |
| Office & Admin | \$ 1,200 | \$ 10 | |
| Audit | \$ 8,000 | \$ 67 | |
| Service Contracts | \$ 6,000 | \$ 50 | |
| Grounds Maint | \$ 1,800 | \$ 15 | |
| Total | \$ 63,767 | \$ 531 | |

Scenario 1 - Multi Family Residential LOW - BC Housing - 3.55% Interest

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | | | | Assumptions |
|---|--------|----------------|--------------|-------------|--|
| | Market | RGI (70% HILS) | Deep Subsidy | Total/ Avg. | |
| SITE | | | | | |
| Site Area (sq. ft.) | - | - | - | 43,000 | Approximately 1 acre development area |
| FLOOR AREA | | | | | |
| Gross Floor Area (sq. ft.) | 2,072 | 3,453 | 1,381 | 6,906 | Includes circulation, utility and common areas |
| Efficiency Ratio | 82% | 82% | 82% | 82% | BC Housing efficiency target for wood frame low rise buildings |
| Net Floor Area (sq. ft.) | 1,699 | 2,832 | 1,133 | 5,663 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 30% | 50% | 20% | 100% | |
| % of Non-Residential Floor Area | - | - | - | 0% | |
| % of Total Floor Area | 30% | 50% | 20% | 100% | |
| PARKING | | | | | |
| Residential Parking Ratio (per unit) | 1.00 | 1.00 | 1.00 | 1.00 | 1 parking stall per unit |
| Residential Stalls | 3 | 5 | 2 | 10 | |
| Visitor Parking Ratio (per unit) | 0.03 | 0.03 | 0.03 | 0.20 | |
| Visitor Stalls | 0.6 | 1.0 | 1.0 | 2 | Total of 2 visitors parking stalls |
| Office Parking Space Ratio (per 1,000 SF) | - | - | - | - | |
| Office Parking | - | - | - | - | |
| Total Parking Stalls | 4 | 6 | 3 | 12 | 12 surface parking stalls in total |
| UNITS | | | | | |
| Total Units | 3 | 5 | 2 | 10 | 10 units in total |
| Avg. Unit Size | 553 | 553 | 553 | 553 | Average unit size based on specified unit mix |

| DEVELOPMENT COST | | | | |
|--|----------------|------------------|----------------|------------------|
| Land Cost | Market | RGI (70% HILS) | Deep Subsidy | TOTAL |
| Land Cost - place holder | - | - | - | - |
| | | | | |
| Hard Costs | Market | RGI (70% HILS) | Deep Subsidy | TOTAL |
| Site Prep & Remediation | 59,229 | 98,714 | 39,486 | 197,429 |
| On-Site Servicing | 59,229 | 98,714 | 39,486 | 197,429 |
| Off-Site Servicing | - | - | - | - |
| Public Park Const. Cost (15% of site area) | - | - | - | - |
| Residential Const. Cost | 673,359 | 1,122,266 | 448,906 | 2,244,531 |
| Commercial Const. Cost | - | - | - | - |
| At-Grade Parking Const. Cost | 18,000 | 30,000 | 15,000 | 63,000 |
| Extraordinary Site Costs | - | - | - | - |
| TOTAL HARD COSTS | 809,817 | 1,349,694 | 542,878 | 2,702,389 |
| Per sq. ft. | 391 | 391 | 393 | 391 |

| Soft Costs | Market | RGI (70% HILS) | Deep Subsidy | Total/ Avg. | |
|--|------------------|------------------|----------------|------------------|---|
| Architect | 36,442 | 60,736 | 24,430 | 121,608 | At 4.5% of hard costs |
| Other Consultants | 64,785 | 107,976 | 43,430 | 216,191 | At 8% of hard costs (allows for surveyor, geotech, environmental assessment, civil, wastewater, mechanical, structural, electrical and envelop, energy modeling, quantity surveyor, appraiser, well pump test, h |
| Dev. Charges | - | - | - | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 5,734 | 9,556 | 3,823 | 19,113 | \$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/cr |
| Development Management Fee | 46,566 | 77,610 | 31,213 | 155,388 | At 5% of project costs excluding land value. |
| Legal | 9,000 | 15,000 | 6,000 | 30,000 | Allowance for legal fees |
| Marketing | 750 | 1,250 | 500 | 2,500 | Marketing expenses during initial lease-up period |
| Op Ex During Lease-up | 4,788 | 7,980 | 3,192 | 15,960 | Operating expense during initial lease-up period. Assumes 3 months of operating expenses. |
| Loan Fees | 4,889 | 8,149 | 3,277 | 16,316 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 6,641 | 11,068 | 4,451 | 22,160 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 24,735 | 41,225 | 16,580 | 82,541 | At 2.5% of project expenses. Assumes owner is eligible for qualifying non profit status (50% GST exempted/rebated) |
| TOTAL SOFT COSTS | 204,330 | 340,550 | 136,895 | 681,775 | |
| Per sq. ft. | 99 | 99 | 99 | 99 | |
| Contingency (incl. cost escalation) | 101,415 | 169,024 | 67,977 | 338,416 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 1,115,561 | 1,859,269 | 747,750 | 3,722,580 | |
| Per sq. ft. | 538 | 538 | 541 | 539 | |

| | | | | |
|-------------------------|---|---|---|---|
| DEVELOPER PROFIT | - | - | - | - |
|-------------------------|---|---|---|---|

| SOURCES OF FUNDS | | | | |
|---------------------------|---------|----------------|--------------|-----------|
| | Market | RGI (70% HILS) | Deep Subsidy | TOTAL |
| Land Value (TBD) | - | - | - | - |
| CMHC Seed Funding (Grant) | 12,000 | 20,000 | 8,000 | 40,000 |
| BCH Permanent Mortgage | 506,868 | 447,144 | (41,974) | 912,038 |
| BCH CHF Grant | 307,500 | 512,500 | 205,000 | 1,025,000 |

Estimated CMHC Seed Funding grant contribution for project of this size
Maximum BC Housing mortgage serviceable by net operating income based on financing terms below
Estimated BC Housing Community Housing Fund grant amount

| | | | | | |
|--|-------------------|------------------------|---------------------|--------------------|--|
| City DC and Fee Waivers | - | - | - | - | Assumes no municipal fee waivers |
| CMHC NHCP Grant (@ 12.5%) | 139,597 | 232,661 | 93,065 | 465,323 | Assumes qualifies for forgivable contribution of 12.5% of project costs under CMHC's National Housing Co-Investment Fund |
| Other | - | - | - | - | Potential capital grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program for qualifying net zero energy ready projects |
| Other | - | - | - | - | |
| TOTAL REVENUE | 965,965 | 1,212,305 | 264,090 | 2,442,360 | |
| Per sq. ft. | 466 | 351 | 191 | 354 | |
| EQUITY SURPLUS / GAP | | | | | |
| SURPLUS / (GAP) | (149,596) | (646,964) | (483,660) | (1,280,220) | Estimated funding gap |
| Per unit | (49,865) | (129,393) | (96,732) | (275,990) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (72) | (187) | (350) | (185) | |
| Annual BCH Operating Subsidy Required | \$7,532.31 | \$32,575.24 | \$24,352.73 | 64,460 | Estimated Annual Operating Subsidy required from BC Housing to service additional mortgage needed to close equity gap based on same financing terms as below |
| BCH Operating Subsidy Required PUPM | 63 | 271 | 203 | 537 | Estimated Operating Subsidy required from BC Housing per unit per month. |
| CASHFLOW | | | | | |
| | Market | RGI (70% HILLS) | Deep Subsidy | Total/ Avg. | |
| Rental Revenue | 45,585 | 55,545 | 10,872 | 112,002 | |
| Parking Revenue | - | - | - | - | |
| Gross Potential Income | 45,585 | 55,545 | 10,872 | 112,002 | |
| Less Vacancy & Bad Debt | (912) | (1,111) | (217) | (2,240) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 44,673 | 54,434 | 10,655 | 109,762 | |
| Less: Operating Expenses (Non-Res NNN) | (19,152) | (31,920) | (12,768) | (63,840) | Based on estimated operating expense of \$532 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 25,521 | 22,514 | (2,113) | 45,922 | |
| Debt Service | (25,521) | (22,514) | 2,113 | (45,922) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | (0) | (0) | - | (0) | Debt Coverage Ratio of 1.0 results in no unlevered cash flow after operating expenses and debt servicing |
| DEBT CALCULATION | | | | | |
| | Market | RGI (70% HILLS) | Deep Subsidy | Total/ Avg. | |
| Net Operating Income | 25,521 | 22,514 | (2,113) | 48,035 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.0 | 1.0 | 1.0 | | Debt Coverage Ratio of 1.0 |
| Amortization | 35 | 35 | 35 | | Amortization period of 35 yrs under BC Housing Community Housing Fund program |
| Interest Rate | 3.55% | 3.55% | 3.55% | | 3.55% interest rate as posted by BC Housing for 2023 takeout financing |
| Principal | 506,868 | 447,144 | (41,974) | 954,012 | Estimated max principal available from lender based on above terms |

Scenario 1 - Multi Family Residential HIGH - BC Housing - 3.55% Interest

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | | | | Assumptions |
|---|--------|----------------|--------------|-------------|--|
| | Market | RGI (70% HILS) | Deep Subsidy | Total/ Avg. | |
| SITE | | | | | |
| Site Area (sq. ft.) | - | - | - | 43,000 | Approximately 1 acre development area |
| FLOOR AREA | | | | | |
| Gross Floor Area (sq. ft.) | 2,072 | 3,453 | 1,381 | 6,906 | Includes circulation, utility and common areas |
| Efficiency Ratio | 82% | 82% | 82% | 82% | BC Housing efficiency target for wood frame low rise buildings |
| Net Floor Area (sq. ft.) | 1,699 | 2,832 | 1,133 | 5,663 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 30% | 50% | 20% | 100% | |
| % of Non-Residential Floor Area | - | - | - | 0% | |
| % of Total Floor Area | 30% | 50% | 20% | 100% | |
| PARKING | | | | | |
| Residential Parking Ratio (per unit) | 1.00 | 1.00 | 1.00 | 1.00 | 1 parking stall per unit |
| Residential Stalls | 3 | 5 | 2 | 10 | |
| Visitor Parking Ratio (per unit) | 0.03 | 0.03 | 0.03 | 0.20 | |
| Visitor Stalls | 0.6 | 1.0 | 1.0 | 2 | Total of 2 visitors parking stalls |
| Office Parking Space Ratio (per 1,000 SF) | - | - | - | - | |
| Office Parking | - | - | - | - | |
| Total Parking Stalls | 4 | 6 | 3 | 12 | 12 surface parking stalls in total |
| UNITS | | | | | |
| Total Units | 3 | 5 | 2 | 10 | 10 units in total |
| Avg. Unit Size | 553 | 553 | 553 | 553 | Average unit size based on specified unit mix |

| DEVELOPMENT COST | | | | |
|--|----------------|------------------|----------------|------------------|
| Land Cost | Market | RGI (70% HILS) | Deep Subsidy | TOTAL |
| Land Cost - place holder | - | - | - | - |
| | | | | |
| Hard Costs | Market | RGI (70% HILS) | Deep Subsidy | TOTAL |
| Site Prep & Remediation | 59,229 | 98,714 | 39,486 | 197,429 |
| On-Site Servicing | 59,229 | 98,714 | 39,486 | 197,429 |
| Off-Site Servicing | - | - | - | - |
| Public Park Const. Cost (15% of site area) | - | - | - | - |
| Residential Const. Cost | 725,156 | 1,208,594 | 483,438 | 2,417,188 |
| Commercial Const. Cost | - | - | - | - |
| At-Grade Parking Const. Cost | 25,200 | 42,000 | 21,000 | 88,200 |
| Extraordinary Site Costs | - | - | - | - |
| TOTAL HARD COSTS | 868,814 | 1,448,023 | 583,409 | 2,900,245 |
| Per sq. ft. | 419 | 419 | 422 | 420 |

| Soft Costs | Market | RGI (70% HILS) | Deep Subsidy | Total/ Avg. | |
|----------------------------|----------------|----------------|----------------|----------------|---|
| Architect | 39,097 | 65,161 | 26,253 | 130,511 | At 4.5% of hard costs |
| Other Consultants | 69,505 | 115,842 | 46,673 | 232,020 | At 8% of hard costs (allows for surveyor, geotech, environmental assessment, civil, wastewater, mechanical, structural, electrical and envelop, energy modeling, quantity surveyor, appraiser, well pump test, h |
| Dev. Charges | - | - | - | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 5,734 | 9,556 | 3,823 | 19,113 | \$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/cr |
| Development Management Fee | 49,884 | 83,141 | 33,492 | 166,517 | At 5% of project costs excluding land value. |
| Legal | 9,000 | 15,000 | 6,000 | 30,000 | Allowance for legal fees |
| Marketing | 750 | 1,250 | 500 | 2,500 | Marketing expenses during initial lease-up period |
| Op Ex During Lease-up | 4,788 | 7,980 | 3,192 | 15,960 | Operating expense during initial lease-up period. Assumes 3 months of operating expenses. |
| Loan Fees | 5,238 | 8,730 | 3,517 | 17,484 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 7,114 | 11,856 | 4,776 | 23,747 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 26,498 | 44,163 | 17,791 | 88,452 | At 2.5% of project expenses. Assumes owner is eligible for qualifying non profit status (50% GST exempted/rebated) |
| TOTAL SOFT COSTS | 217,608 | 362,679 | 146,017 | 726,304 | |
| Per sq. ft. | 105 | 105 | 106 | 105 | |

| | | | | | |
|-------------------------------------|---------|---------|--------|---------|-------------------------------------|
| Contingency (incl. cost escalation) | 108,642 | 181,070 | 72,943 | 362,655 | At 10% of hard and soft costs costs |
|-------------------------------------|---------|---------|--------|---------|-------------------------------------|

| | | | | | |
|-------------------------------|------------------|------------------|----------------|------------------|--|
| TOTAL DEVELOPMENT COST | 1,195,063 | 1,991,772 | 802,369 | 3,989,204 | |
| Per sq. ft. | 577 | 577 | 581 | 578 | |

| | | | | | |
|------------------|---|---|---|---|--|
| DEVELOPER PROFIT | - | - | - | - | |
|------------------|---|---|---|---|--|

| SOURCES OF FUNDS | | | | |
|---------------------------|---------|----------------|--------------|-----------|
| | Market | RGI (70% HILS) | Deep Subsidy | TOTAL |
| Land Value (TBD) | - | - | - | - |
| CMHC Seed Funding (Grant) | 12,000 | 20,000 | 8,000 | 40,000 |
| BCH Permanent Mortgage | 506,868 | 447,144 | (41,974) | 954,012 |
| BCH CHF Grant | 307,500 | 512,500 | 205,000 | 1,025,000 |

Estimated CMHC Seed Funding grant contribution for project of this size
Maximum BC Housing mortgage serviceable by net operating income based on financing terms below
Estimated BC Housing Community Housing Fund grant amount

| | | | | | |
|--|--------------------|------------------------|---------------------|--------------------|--|
| City DC and Fee Waivers | - | - | - | - | Assumes no municipal fee waivers |
| CMHC NHCP Grant (@ 12.5%) | 149,595 | 249,325 | 99,730 | 498,651 | Assumes qualifies for forgivable contribution of 12.5% of project costs under CMHC's National Housing Co-Investment Fund |
| Other | - | - | - | - | Potential capital grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program for qualifying net zero energy ready projects |
| Other | - | - | - | - | |
| TOTAL REVENUE | 975,964 | 1,228,969 | 270,756 | 2,204,932 | |
| Per sq. ft. | 471 | 356 | 196 | 319 | |
| EQUITY SURPLUS / GAP | | | | | |
| SURPLUS / (GAP) | (219,100) | (762,803) | (531,613) | (1,513,516) | Estimated funding gap |
| Per unit | (73,033) | (152,561) | (106,323) | (331,916) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (106) | (221) | (385) | (219) | |
| Annual BCH Operating Subsidy Required | \$11,031.88 | \$38,407.86 | \$26,767.20 | 76,207 | Estimated Annual Operating Subsidy required from BC Housing to service additional mortgage needed to close equity gap based on same financing terms as below |
| BCH Operating Subsidy Required PUPM | 92 | 320 | 223 | 635 | Estimated Operating Subsidy required from BC Housing per unit per month. |
| CASHFLOW | | | | | |
| | Market | RGI (70% HILLS) | Deep Subsidy | Total/ Avg. | |
| Rental Revenue | 45,585 | 55,545 | 10,872 | 112,002 | |
| Parking Revenue | - | - | - | - | |
| Gross Potential Income | 45,585 | 55,545 | 10,872 | 112,002 | |
| Less Vacancy & Bad Debt | (912) | (1,111) | (217) | (2,240) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 44,673 | 54,434 | 10,655 | 109,762 | |
| Less: Operating Expenses (Non-Res NNN) | (19,152) | (31,920) | (12,768) | (63,840) | Based on estimated operating expense of \$532 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 25,521 | 22,514 | (2,113) | 45,922 | |
| Debt Service | (25,521) | (22,514) | 2,113 | (45,922) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | (0) | (0) | - | (0) | Debt Coverage Ratio of 1.0 results in no unlevered cash flow after operating expenses and debt servicing |
| DEBT CALCULATION | | | | | |
| | Market | RGI (70% HILLS) | Deep Subsidy | Total/ Avg. | |
| Net Operating Income | 25,521 | 22,514 | (2,113) | 48,035 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.0 | 1.0 | 1.0 | | Debt Coverage Ratio of 1.0 |
| Amortization | 35 | 35 | 35 | | Amortization period of 35 yrs under BC Housing Community Housing Fund program |
| Interest Rate | 3.55% | 3.55% | 3.55% | | 3.55% interest rate as posted by BC Housing for 2023 takeout financing |
| Principal | 506,868 | 447,144 | (41,974) | 954,012 | Estimated max principal available from lender based on above terms |

Summary of Results - 1 Bedroom Secondary Suite (New Construction) - 4.5% Interest Rate

Prepared by New Commons
Development

| Suite (1br) LOW - 4.5% Interest Rate | | Suite (1br) HIGH - 4.5% Interest Rate | |
|---|------------------|--|------------------|
| | | | |
| Gross Floor Area | 600 | Gross Floor Area | 600 |
| % of Total Floor Area | 100% | % of Total Floor Area | 100% |
| Total Units | 1 | Total Units | 1 |
| Parking Spots | 1 | Parking Spots | 1 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| Hard Costs | 207,755 | Hard Costs | 222,755 |
| Soft Costs | 19,096 | Soft Costs | 19,758 |
| Contingency | 22,685 | Contingency | 24,251 |
| Other | - | Other | - |
| Total Costs | 249,536 | Total Costs | 266,764 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - | CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 110,257 | Permanent Mortgage | 110,257 |
| City DC and Fee Waivers | - | City DC & Fee Waivers | - |
| Other | - | Other | - |
| Total Sources | 110,257 | Total Sources | 110,257 |
| Surplus / (Gap) | (139,278) | Surplus / (Gap) | (156,507) |

Inputs

| Development Statistics | New \$5 low | New \$5 high |
|------------------------|----------------|-------------------------|
| Site Area (SF) | 600 | 600 sq. ft. |
| Public Park Area | 0% | 0% of site area |
| Gross Floor Area | 600 | 600 sq. ft. |
| Residential | 100% | 100% of GFA |
| Non-Residential GFA | 0% | 0% of GFA |
| Market Condominium | 0% | 0% of Residential GFA |
| Target Rental | 100% | 100% of Residential GFA |
| 80% MMR Rental | 0% | 0% of Residential GFA |

| Suite Mix - All Units | | | | |
|-----------------------|-----------|-----------|----------------|-----------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 100% | 600 | 0 | 826 |
| 2 Bedroom | 0% | 725 | 0 | 1,478 |
| 3 Bedroom | 0% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 600 | 0 | 826 |

| Target Rent Calculator | | | | |
|------------------------|-------------------------------|--------------------------------|---------------------------------|--|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents Notes 100% AMR 80% |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 Based on SGI HWS target affordable rent for single persons |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 Based on average of SGI HWS target affordable rents for low parent families and families without children |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 Based on average of SGI HWS target affordable rents for families without children and families with children |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided
** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Development Cost Assumptions | New \$5 low | New \$5 high |
|--|----------------|-------------------------------------|
| Hard Costs | | |
| Land Value - placeholder | - | - total |
| Site Prep & Remediation | 200,000 | 200,000 per ac. |
| On-Site Servicing | - | - per ac. |
| Off-Site Servicing | - | - per ac. |
| Public Park Const. Cost (15% of site area) | - | - per sq. ft. |
| Extraordinary Site or Servicing Costs | 10,000 | 10,000 As per CRD Scope of Services |
| Residential Const. Cost | 325 | 350 per sq. ft. |
| Commercial Const. Cost | - | - per sq. ft. |
| Parking Const. Cost | - | - per stall |
| Soft Costs | | |
| Architect | \$ 5,000.00 | \$ 5,000.00 LS |
| Other Consultants | \$ 2,000.00 | \$ 2,000.00 LS |
| Dev. Charges - Studio & 1 Bed | - | - per unit |
| Dev. Charges - 2 Bed + | - | - per unit |
| Education DC | - | - per unit |
| Education DC - Non-Res | - | - per m2 |
| Non-Res DC | - | - per m2 |
| Sec. 37 Payment | - | - total |

| | | |
|-------------------------------------|-------|---|
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,500 | 2,500 |
| Public Art | 0.0% | 0.0% of hard costs |
| Developer Fees | 0.0% | 0.0% of project costs (excl. land & financing) |
| Legal | - | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - per unit |
| Condo Marketing | - | - per unit |
| Condo Commissions | - | - per unit |
| Rental Marketing | - | - per unit |
| Rental Op Ex During Lease-up | 0% | 0% of year 1 op ex of hard and soft costs, assumes qualifies for NRRP Rebate of 36% of |
| GST | 3.2% | 3.2% GST |
| Contingency (incl. cost escalation) | 10% | 10% of hard & soft costs |

| Revenue Assumptions | New \$5 low | New \$5 high |
|--|----------------|-----------------|
| Rental Operations | | |
| Market Unit Operating Costs (PUPM) | 189 | 189 |
| Affordable Unit Operating Costs (PUPM) | 189 | 189 |
| Parking Revenue (per stall, per month) | - | - |
| Vacancy Rate & Bad Debt | 2% | 2% |
| Lease-Up Period (months) | 1 | 1 |
| Market Cap Rate | 3.50% | 3.50% |

| | | |
|--|-------|------------------|
| Condominium & Non-Res Revenue | | |
| Revenue Inflation | 2% | 2% per year |
| Parking Stall Sale Price | - | - per stall |
| Church Space Net Lease Rate | - | - per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% |
| Office Cap Rate | 0.00% | 0.00% |
| Retail Net Lease Rate | - | - per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% |
| Retail Cap Rate | 0.00% | 0.00% |
| Office & Retail Commissions | 0% | 0% of sale price |

| Timing & Financing Assumptions | New \$5 low | New \$5 high |
|--------------------------------|----------------|-----------------|
| Timing Assumptions | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 years |
| Sales Period | 1.0 | 1.0 years |
| Construction Period | 1.0 | 1.0 years |

| | | |
|--------------------------------|-------|--------------------------------|
| Construction Loan | | |
| Construction Loan | 70% | 70% of total costs |
| Avg. Draw on Construction Loan | 70% | 70% during construction period |
| Loan Fees | 0.50% | 0.50% of loan |
| Loan Interest | 3.00% | 3.00% of loan |

| | | |
|---------------------------|---------------|-----------------------------------|
| Permanent Mortgage | | |
| Lending Program | Std. Mortgage | Std. Mortgage |
| Interest Rate | 4.50% | 4.50% per year |
| Amortization | 30 | 30 years |
| Min. DCR | 1.1 | 1.1 |
| Co-Investment Grant | 0.0% | 0.0% of rental project costs |
| IAT Capital Grant | - | per below-market rental unit |
| Patent Equity | 0.00% | 0.00% of permanent loan principal |
| Profit Assumptions | | |
| Discount Rate | 7% | 7% per year |
| Condo Profit | 0% | 0% of suite revenue |

| Operating Assumptions | | | | |
|-----------------------|----------|--------|------|------|
| Operating Costs | /yr | /mo | Mill | rate |
| Property Tax | \$ 914 | \$ 76 | 4.4 | |
| Insurance | \$ 623 | \$ 52 | | |
| Interior Maintenance | \$ 240 | \$ 20 | | |
| Exterior Maintenance | \$ - | \$ - | | |
| Replacement Reserve | \$ 480 | \$ 40 | | |
| Total | \$ 2,257 | \$ 188 | | |

Scenario 1 - New Secondary Suite (1br) LOW - 4.5% Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|---|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 600 | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 2,755 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 195,000 | At \$325/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 207,755 | |
| Per sq. ft. | 346 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Development Charges | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationsselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,500 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,086 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,475 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| HST | 7,034 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 19,096 | |

Scenario 1 - New Secondary Suite (1br) LOW - 4.5% Interest Rate

| | | |
|--|------------------|---|
| Per sq. ft. | 32 | |
| Contingency (incl. cost escalation) | 22,685 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 249,536 | |
| Per sq. ft. | 416 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 110,257 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 110,257 | |
| Per sq. ft. | 184 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (139,278) | Estimated funding gap |
| Per unit | (139,278) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (232) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (2,268) | Based on estimated operating expense of \$214 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 7,446 | |
| Debt Service | (\$6,768.87) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 677 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 7,446 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Ammortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 110,257 | Estimated max principal available from lender based on above terms |

Scenario 2 - New Secondary Suite (1br) HIGH - 4.5% Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|--|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 600 | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 2,755 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 210,000 | At \$350/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 222,755 | |
| Per sq. ft. | 371 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Dev. Charges - Studio & 1 Bed | - | Assumes no Development Cost Charges |
| Planning Application Fees | 2,500 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/) |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,161 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,577 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |

Scenario 2 - New Secondary Suite (1br) HIGH - 4.5% Interest Rate

| | | |
|--|------------------|---|
| GST | 7,520 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 19,758 | |
| Per sq. ft. | 33 | |
| Contingency (incl. cost escalation) | 24,251 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 266,764 | |
| Per sq. ft. | 445 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 110,257 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 110,257 | |
| | 184 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (156,507) | Estimated funding gap |
| Per unit | (156,507) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (261) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (2,268) | Based on estimated operating expense of \$214 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 7,446 | |
| Debt Service | (6,769) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 677 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 7,446 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 110,257 | Estimated max principal available from lender based on above terms |

Summary of Results - 1 Bedroom Secondary Suite (Renovation) - 4.5% Interest Rate

Prepared by New Commons
Development

| Scenario 1 - Secondary Suite Reno (1br) LOW - 4.5% Interest Rate | | Scenario 2 - Secondary Suite Reno (1br) HIGH - 4.5% Interest Rate | |
|--|-----------------|---|------------------|
| | | | |
| Gross Floor Area | 600 | Gross Floor Area | 600 |
| % of Total Floor Area | 100% | % of Total Floor Area | 100% |
| Total Units | 1 | Total Units | 1 |
| Parking Spots | 1 | Parking Spots | 1 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| Hard Costs | 145,000 | Hard Costs | 181,000 |
| Soft Costs | 16,324 | Soft Costs | 17,914 |
| Contingency | 16,132 | Contingency | 19,891 |
| Other | - | Other | - |
| Total Costs | 177,456 | Total Costs | 218,805 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - | CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 117,188 | Permanent Mortgage | 117,188 |
| City DC and Fee Waivers | - | City DC & Fee Waivers | - |
| Other | - | Other | - |
| Total Sources | 117,188 | Total Sources | 117,188 |
| Surplus / (Gap) | (60,269) | Surplus / (Gap) | (101,618) |

Inputs

| Development Statistics | Reno SS low | Reno SS high |
|------------------------|-------------|-------------------------|
| Site Area (SF) | - | - sq. ft. |
| Public Park Area | 0% | 0% of site area |
| Gross Floor Area | 600 | 600 sq. ft. |
| Residential | 100% | 100% of GFA |
| Non-Residential GFA | 0% | 0% of GFA |
| Market Condominium | 0% | 0% of Residential GFA |
| Target Rental | 100% | 100% of Residential GFA |
| 80% MMR Rental | 0% | 0% of Residential GFA |

| Suite Mix - All Units | | | | |
|-----------------------|-----------|-----------|-------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 100% | 600 | 0 | 826 |
| 2 Bedroom | 0% | 725 | 0 | 1,478 |
| 3 Bedroom | 0% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 600 | 0 | 826 |

Target Rent Calculator

| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income* | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | 100% AMR | 80% AMR |
|-----------|-------------------------|-------------------------|---------------------------|------------------------------|---|----------|---------|
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNS target affordable rent for single persons. | | |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for lone parent families and families without child | | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for families without children and families with child | | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided
** assumes 2% inflation on median incomes for 4 years (2019-2022)

| | | |
|--------------------------|------|-------------------------------------|
| Res. Efficiency | 100% | 100% of GFA |
| Program Space | 100% | 100% of Non-Residential GFA |
| Retail | 0% | 0% of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% of Non-Residential GFA |
| Parking Ratio | | |
| Other | - | - stalls per unit |
| Rental | 1.00 | 1.00 stalls per unit |
| Below Market Rental | 1.00 | 1.00 stalls per unit |
| Visitor | - | - stalls per unit |
| Community Space | - | - stalls per 1,000 sq. ft. leasable |
| Other | - | - stalls |
| Condo Parking Sale Price | - | - per stall |

| Development Cost Assumptions | Reno SS low | Reno SS high |
|--|-------------|-------------------------------------|
| Hard Costs | | |
| Land Value - placeholder | - | - total |
| Site Prep & Remediation | 200,000 | 200,000 per ac. |
| On-Site Servicing | - | - per ac. |
| Off-Site Servicing | - | - per ac. |
| Public Park Const. Cost (15% of site area) | - | - per sq. ft. |
| Extraordinary Site or Servicing Costs | 10,000 | 10,000 As per CRD Scope of Services |
| Residential Const. Cost | 225 | 285 per sq. ft. |
| Commercial Const. Cost | - | - per sq. ft. |
| Parking Const. Cost | - | - per stall |
| Soft Costs | | |
| Architect | \$ 5,000.00 | \$ 5,000.00 LS |
| Other Consultants | \$ 2,000.00 | \$ 2,000.00 LS |
| Dev. Charges - Studio & 1 Bed | - | - per unit |
| Dev. Charges - 2 Bed + | - | - per unit |
| Education DC | - | - per unit |
| Education DC - Non-Res | - | - per m2 |
| Non-Res DC | - | - per m2 |
| Sec. 37 Payment | - | - total |

| | | |
|-------------------------------------|-------|---|
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawreno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,500 | 2,500 4403 of hard costs |
| Public Art | 0.0% | 0.0% of project costs (excl. land & financing) |
| Developer Fees | 0.0% | 0.0% per res. unit and, per 1,000 sq. ft. |
| Legal | - | - non-res. |
| Sales & Closing | - | - per unit |
| Condo Marketing | - | - per unit |
| Condo Commissions | - | - per unit |
| Rental Marketing | - | - per unit |
| Rental Op Ex During Lease-up | 0% | 0% of year 1 op ex of hard and soft costs, assumes qualifies for NRRP Rebate of 36% |
| GST | 3.2% | 3.2% of GST |
| Contingency (incl. cost escalation) | 10% | 10% of hard & soft costs |

| Revenue Assumptions | Reno SS low | Reno SS high |
|--|-------------|--------------|
| Rental Operations | | |
| Market Unit Operating Costs (PUPM) | 150 | 150 |
| Affordable Unit Operating Costs (PUPM) | 150 | 150 |
| Parking Revenue (per stall, per month) | - | - |
| Vacancy Rate & Bad Debt | 2% | 2% |
| Lease-Up Period (months) | 1 | 1 |
| Market Cap Rate | 3.50% | 3.50% |

| | | |
|-------------------------------|-------|------------------|
| Condominium & Non-Res Revenue | | |
| Revenue Inflation | 2% | 2% per year |
| Parking Stall Sale Price | - | - per stall |
| Church Space Net Lease Rate | - | - per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% |
| Office Cap Rate | 0.00% | 0.00% |
| Retail Net Lease Rate | - | - per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% |
| Retail Cap Rate | 0.00% | 0.00% |
| Office & Retail Commissions | 0% | 0% of sale price |

| Timing & Financing Assumptions | Reno SS low | Reno SS high |
|--------------------------------|-------------|--------------------------------|
| Timing Assumptions | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 years |
| Sales Period | 1.0 | 1.0 years |
| Construction Period | 1.0 | 1.0 years |
| Construction Loan | | |
| Construction Loan | 70% | 70% of total costs |
| Avg. Draw on Construction Loan | 70% | 70% during construction period |
| Loan Fees | 0.50% | 0.50% of loan |
| Loan Interest | 3.00% | 3.00% of loan |

| | | |
|---------------------|-------------|-----------------------------------|
| Permanent Mortgage | | |
| Lending Program | d. Mortgage | d. Mortgage |
| Interest Rate | 4.50% | 4.50% per year |
| Amortization | 30 | 30 years |
| Min. DCR | 1.1 | 1.1 |
| Co-Investment Grant | 0.0% | 0.0% of rental project costs |
| IAI Capital Grant | - | - per below-market rental unit |
| Patient Equity | 0.00% | 0.00% of permanent loan principal |

| | | |
|--------------------|----|---------------------|
| Profit Assumptions | | |
| Discount Rate | 7% | 7% per year |
| Condo Profit | 0% | 0% of suite revenue |

| Operating Assumptions | | | | |
|-----------------------|----------|--------|-----------|--|
| Operating Costs | /yr | /mo | Mill rate | |
| Property Tax | \$ 638 | \$ 53 | 4.4 | |
| Insurance | \$ 435 | \$ 36 | | |
| Interior Maintenance | \$ 240 | \$ 20 | | |
| Exterior Maintenance | \$ - | \$ - | | |
| Replacement Reserve | \$ 480 | \$ 40 | | |
| Total | \$ 1,793 | \$ 149 | | |

Scenario 1 - Secondary Suite Reno (1br) LOW - 4.5% Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | |
|--|---|
| SITE | |
| Site Area (sq. ft.) | - Assumes suite contained within existing developed footprint |
| Park Area (sq. ft.) | - |
| FLOOR AREA | |
| Gross Floor Area (sq. ft.) | 600 Gross Floor Area |
| Efficiency Ratio | 100% Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% |
| % of Non-Residential Floor Area | - |
| % of Total Floor Area | 100% |
| PARKING | |
| Residential Parking Ratio (per unit) | 1.00 1 parking stall per unit |
| Residential Stalls | 1 |
| Visitor Parking Ratio (per unit) | - |
| Visitor Stalls | - |
| Office Parking Space Ratio (per 1,000 SF) | - |
| Office Parking | - |
| Total Parking Stalls | 1 1 surface parking stalls in total |
| UNITS | |
| Total Units | 1 1 unit total |
| Avg. Unit Size | 600 Unit size |
| DEVELOPMENT COST | |
| Land Cost | |
| Land Cost - place holder | Assumes land is already owned or secured under long term lease |
| Hard Costs | |
| Site Prep & Remediation | - Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - |
| Residential Const. Cost | 135,000 At \$225/sf |
| At-Grade Parking Const. Cost | - Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 145,000 |
| Per sq. ft. | 242 |
| Soft Costs | |
| Architect | 5,000 Estimated lump sum |
| Other Consultants | 2,000 Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Development Charges | - Assumes no Development Cost Charges |
| | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,500 |
| Development Management Fee | - |
| Legal | - No allowance for legal fees |
| Marketing | - |
| Op Ex During Lease-up | - |
| Loan Fees | 773 Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,049 Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| HST | 5,002 At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 16,324 |
| Per sq. ft. | 27 |
| Contingency (incl. cost escalation) | 16,132 At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 177,456 |
| Per sq. ft. | 296 |
| DEVELOPER PROFIT | - |
| SOURCES OF FUNDS | |
| Land Value (TBD) | |
| Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 117,188 Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - Assumes no municipal fee waivers |
| Other | - |
| Other | - |
| TOTAL REVENUE | 117,188 |
| Per sq. ft. | 195 |
| EQUITY SURPLUS / GAP | |
| SURPLUS / (GAP) | (60,269) Estimated funding gap |
| Per unit | (60,269) Estimated funding gap per unit (averaged) |
| Per sq. ft. | (100) |
| RLV (EQUITY GAP) - PRESENT \$ | - |
| Per unit | - |
| Per sq. ft. | - |

Scenario 1 - Secondary Suite Reno (1br) LOW - 4.5% Interest Rate

| CASHFLOW | | |
|--|---------|---|
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit. |
| Parking Revenue | | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (1,800) | Based on estimated operating expense of \$167 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 7,914 | |
| Debt Service | (7,194) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 719 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 7,914 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 117,188 | Estimated max principal available from lender based on above terms |

Scenario 2 - Secondary Suite Reno (1br) HIGH - 4.5% Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|--|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | - | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | - | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 171,000 | At \$285/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 181,000 | |
| Per sq. ft. | 302 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Dev. Charges - Studio & 1 Bed | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Planning Application Fees | 2,500 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |

| | | |
|--|------------------|---|
| Op Ex During Lease-up | - | |
| Loan Fees | 953 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,294 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 6,168 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 17,914 | |
| Per sq. ft. | 30 | |
| Contingency (incl. cost escalation) | 19,891 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 218,805 | |
| Per sq. ft. | 365 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 117,188 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 117,188 | |
| | 195 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (101,618) | Estimated funding gap |
| Per unit | (101,618) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (169) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| | | |
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (1,800) | Based on estimated operating expense of \$167 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 7,914 | |
| Debt Service | (7,194) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 719 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| | | |
| Net Operating Income | 7,914 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 117,188 | Estimated max principal available from lender based on above terms |

Summary of Results - 2 Bedroom Secondary Suite (New Construction) - 4.5 % Interest Rate

Prepared by New Commons
Development

| Scenario 1 - New Secondary Suite (2br) LOW - 4.5 % Interest Rate | | Scenario 2 - New Secondary Suite (2br) HIGH - 4.5 % Interest Rate | |
|--|-----------------|---|-----------------|
| | | | |
| Gross Floor Area | 725 | Gross Floor Area | 725 |
| % of Total Floor Area | 100% | % of Total Floor Area | 100% |
| Total Units | 1 | Total Units | 1 |
| Parking Spots | 1 | Parking Spots | 1 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| Hard Costs | 248,954 | Hard Costs | 267,079 |
| Soft Costs | 21,176 | Soft Costs | 21,977 |
| Contingency | 27,013 | Contingency | 28,906 |
| Other | - | Other | - |
| Total Costs | 297,143 | Total Costs | 317,961 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - | CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 219,356 | Permanent Mortgage | 219,356 |
| City DC and Fee Waivers | - | City DC & Fee Waivers | - |
| Other | - | Other | - |
| Total Sources | 219,356 | Total Sources | 219,356 |
| Surplus / (Gap) | (77,787) | Surplus / (Gap) | (98,605) |

Inputs

| Development Statistics | New \$5 low | New \$5 high |
|--|-------------|---|
| Site Area (SF) | 725 | 725 sq. ft. |
| Public Park Area | 0% | 0% of site area |
| Gross Floor Area | 725 | 725 sq. ft. |
| Residential | 100% | 100% of GFA |
| Non-Residential GFA | 0% | 0% of GFA |
| Market Condominium | 0% | 0% of Residential GFA |
| Target Rental | 100% | 100% of Residential GFA |
| 80% MMR Rental | 0% | 0% of Residential GFA |
| Res. Efficiency | 100% | 100% of GFA |
| Program Space | 100% | 100% of Non-Residential GFA |
| Retail | 0% | 0% of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% of Non-Residential GFA |
| Parking Ratio | | |
| Other | - | - stalls per unit |
| Rental | 1.00 | 1.00 stalls per unit |
| Below Market Rental | 1.00 | 1.00 stalls per unit |
| Visitor | - | - stalls per unit |
| Community Space | - | - stalls per 1,000 sq. ft. leaseable |
| Other | - | - stalls |
| Condo Parking Sale Price | - | - per stall |
| Development Cost Assumptions | New \$5 low | New \$5 high |
| Hard Costs | | |
| Land Value - placeholder | - | - total |
| Site Prep & Remediation | 200,000 | 200,000 per ac. |
| On-Site Servicing | - | - per ac. |
| Off-Site Servicing | - | - per ac. |
| Public Park Const. Cost (15% of site area) | - | - per sq. ft. |
| Extraordinary Site or Servicing Costs | 10,000 | 10,000 As per CRD Scope of Services |
| Residential Const. Cost | 325 | 350 per sq. ft. |
| Commercial Const. Cost | - | - per sq. ft. |
| Parking Const. Cost | - | - per stall |
| Soft Costs | | |
| Architect | \$ 5,000.00 | \$ 5,000.00 LS |
| Other Consultants | \$ 2,000.00 | \$ 2,000.00 LS |
| Dev. Charges - Studio & 1 Bed | - | - per unit |
| Dev. Charges - 2 Bed + | - | - per unit |
| Education DC | - | - per unit |
| Education DC - Non-Res | - | - per m2 |
| Non-Res DC | - | - per m2 |
| Sec. 37 Payment | - | - total |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationsectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,750 | 2,750 0.0% of hard costs |
| Public Art | 0.0% | 0.0% of project costs (excl. land & financing) |
| Developer Fees | 0.0% | 0.0% of project costs (excl. land & financing) |
| Legal | - | - ft. non-res. |
| Sales & Closing | - | - per unit |
| Condo Marketing | - | - per unit |
| Condo Commissions | - | - per unit |
| Rental Marketing | - | - per unit |
| Rental Op Ex During Lease-up | 0% | 0% of year 1 op ex of hard and soft costs, assumes qualifies for NRRP Rebate of |
| GST | 3.2% | 3.2% 36% of GST |
| Contingency (incl. cost escalation) | 10% | 10% of hard & soft costs |
| Revenue Assumptions | New \$5 low | New \$5 high |
| Rental Operations | | |
| Market Unit Operating Costs (PUPM) | 214 | 214 |
| Affordable Unit Operating Costs (PUPM) | 214 | 214 |
| Parking Revenue (per stall, per month) | - | - |
| Vacancy Rate & Bad Debt | 2% | 2% |
| Lease-Up Period (months) | 1 | 1 |
| Market Cap Rate | 3.50% | 3.50% |
| Condominium & Non-Res Revenue | | |
| Revenue Inflation | 2% | 2% per year |
| Parking Stall Sale Price | - | - per stall |
| Church Space Net Lease Rate | - | - per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% |
| Office Cap Rate | 0.00% | 0.00% |
| Retail Net Lease Rate | - | - per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% |
| Retail Cap Rate | 0.00% | 0.00% |
| Office & Retail Commissions | 0% | 0% of sale price |
| Timing & Financing Assumptions | New \$5 low | New \$5 high |
| Timing Assumptions | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 years |
| Sales Period | 1.0 | 1.0 years |
| Construction Period | 1.0 | 1.0 years |
| Construction Loan | | |
| Construction Loan | 70% | 70% of total costs |
| Avg. Draw on Construction Loan | 70% | 70% during construction period |
| Loan Fees | 0.50% | 0.50% of loan |
| Loan Interest | 3.00% | 3.00% of loan |
| Permanent Mortgage | | |
| Lending Program | d. Mortgage | id. Mortgage |
| Interest Rate | 4.50% | 4.50% per year |
| Amortization | 30 | 30 years |
| Min. DCR | 1.1 | 1.1 |
| Co-Investment Grant | 0.0% | 0.0% of rental project costs |
| IAH Capital Grant | - | - per below-market rental unit |
| Patient Equity | 0.00% | 0.00% of permanent loan principal |
| Profit Assumptions | | |
| Discount Rate | 7% | 7% per year |
| Condo Profit | 0% | 0% of suite revenue |

| Suite Mix - All Units | | | | |
|-----------------------|-------------|------------|-------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$/SF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 0% | 600 | 0 | 826 |
| 2 Bedroom | 100% | 725 | 0 | 1,478 |
| 3 Bedroom | 0% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 725 | 0 | 1,478 |

| Target Rent Calculator | | | | | | |
|------------------------|-------------------------|--------------------------|---------------------------|------------------------------|--|------------------|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | 100% AMR 80% AMR |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single persons | |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for lone parent families and families without children | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for families without children and families with children | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | |
|-----------------------|-----------------|---------------|-----------|
| Operating Costs | /yr | /mo | Mill rate |
| Property Tax | \$ 1,095 | \$ 91 | 4.4 |
| Insurance | \$ 747 | \$ 62 | |
| Interior Maintenance | \$ 240 | \$ 20 | |
| Exterior Maintenance | \$ - | \$ - | |
| Replacement Reserv | \$ 480 | \$ 40 | |
| Total | \$ 2,562 | \$ 214 | |

Scenario 1 - New Secondary Suite (2br) LOW - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | | |
|---|------|---|
| SITE | | |
| Site Area (sq. ft.) | 725 | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |

DEVELOPMENT COST

| | | |
|------------------------------|----------------|--|
| Land Cost | | |
| Land Cost - place holder | | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 3,329 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 235,625 | At \$325/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 248,954 | |
| Per sq. ft. | 343 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Development Charges | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 |
| | | Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationsectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,750 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,294 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,757 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| HST | 8,376 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 21,176 | |

Scenario 1 - New Secondary Suite (2br) LOW - 4.5 % Interest Rate

| | | |
|--|-----------------|---|
| Per sq. ft. | 29 | |
| Contingency (incl. cost escalation) | 27,013 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 297,143 | |
| Per sq. ft. | 410 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 219,356 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 219,356 | |
| Per sq. ft. | 303 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (77,787) | Estimated funding gap |
| Per unit | (77,787) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (107) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (2,568) | Based on estimated operating expense of \$214 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 14,813 | |
| Debt Service | (\$13,466.62) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 1,347 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 14,813 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 219,356 | Estimated max principal available from lender based on above terms |

Scenario 2 - New Secondary Suite (2br) HIGH - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | | |
|--|------|---|
| SITE | | |
| Site Area (sq. ft.) | 725 | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |

DEVELOPMENT COST

| | | |
|-------------------------------|----------------|---|
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 3,329 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 253,750 | At \$350/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 267,079 | |
| Per sq. ft. | 368 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Dev. Charges - Studio & 1 Bed | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Planning Application Fees | 2,750 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,384 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,880 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 8,963 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 21,977 | |

Scenario 2 - New Secondary Suite (2br) HIGH - 4.5 % Interest Rate

| | | |
|--|-----------------|---|
| Per sq. ft. | 30 | |
| Contingency (incl. cost escalation) | 28,906 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 317,961 | |
| Per sq. ft. | 439 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 219,356 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 219,356 | |
| | 303 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (98,605) | Estimated funding gap |
| Per unit | (98,605) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (136) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (2,568) | Based on estimated operating expense of \$214 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 14,813 | |
| Debt Service | (13,467) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 1,347 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 14,813 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 219,356 | Estimated max principal available from lender based on above terms |

Summary of Results - 2 Bedroom Secondary Suite (Renovation) - 4.5 % Interest Rate

Prepared by New Commons
Development

| Scenario 1 - Secondary Suite Reno (2br) LOW - 4.5 % Interest Rate | | Scenario 2 - Secondary Suite Reno (2br) HIGH - 4.5 % Interest Rate | |
|---|----------------|--|-----------------|
| | | | |
| Gross Floor Area | 725 | Gross Floor Area | 725 |
| % of Total Floor Area | 100% | % of Total Floor Area | 100% |
| Total Units | 1 | Total Units | 1 |
| Parking Spots | 1 | Parking Spots | 1 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| Hard Costs | 173,125 | Hard Costs | 216,625 |
| Soft Costs | 17,827 | Soft Costs | 19,749 |
| Contingency | 19,095 | Contingency | 23,637 |
| Other | - | Other | - |
| Total Costs | 210,047 | Total Costs | 260,011 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - | CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 227,708 | Permanent Mortgage | 227,708 |
| City DC and Fee Waivers | - | City DC & Fee Waivers | - |
| Other | - | Other | - |
| Total Sources | 227,708 | Total Sources | 227,708 |
| Surplus / (Gap) | 17,661 | Surplus / (Gap) | (32,303) |

Inputs

| Development Statistics | | | Suite Mix - All Units | | | | |
|------------------------|--------------|---------------|-----------------------|-------------|-----------|-----------|-------------|
| | Reno \$5 low | Reno \$5 High | | | | | |
| Site Area (SF) | - | - | sq. ft. | Unit Type | Suite Mix | Unit Size | Price \$PSF |
| Public Park Area | 0% | 0% | of site area | Studio | 0% | 0 | 0 |
| Gross Floor Area | 725 | 725 | sq. ft. | 1 Bedroom | 0% | 600 | 0 |
| Residential | 100% | 100% | of GFA | 2 Bedroom | 100% | 725 | 0 |
| Non-Residential GFA | 0% | 0% | of GFA | 3 Bedroom | 0% | 1,000 | 0 |
| Market Condominium | 0% | 0% | of Residential GFA | Total/ Avg. | 100% | 725 | 0 |
| Target Rental | 100% | 100% | of Residential GFA | | | | 1,478 |
| 80% MMR Rental | 0% | 0% | of Residential GFA | | | | |

| Target Rent Calculator | | | | | | | |
|------------------------|------|------|-------------------------|-------------------------|---------------------------|------------------------------|---|
| | | | 2018 SGI Median Income* | 2022 SGI Median Income* | Rent as % of Gross Income | 2022 Target Affordable Rents | |
| Unit Type | | | | | | | Notes |
| 1 Bedroom | 100% | 100% | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single persons |
| 2 Bedroom | 0% | 0% | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for lone parent families and families without childre |
| 3 Bedroom | 100% | 100% | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for families without children and families with child |

| | | | |
|--------------------------|------|------|------------------------------------|
| Other | - | - | stalls per unit |
| Rental | 1.00 | 1.00 | stalls per unit |
| Below Market Rental | 1.00 | 1.00 | stalls per unit |
| Visitor | - | - | stalls per unit |
| Community Space | - | - | stalls per 1,000 sq. ft. leaseable |
| Other | - | - | stalls |
| Condo Parking Sale Price | - | - | per stall |

| Development Cost Assumptions | | | Reno \$5 High |
|--|---------|---------|------------------------------|
| Hard Costs | | | |
| Land Value - placeholder | - | - | total |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. |
| On-Site Servicing | - | - | per ac. |
| Off-Site Servicing | - | - | per ac. |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. |
| Extraordinary Site or Servicing Costs | 10,000 | 10,000 | As per CRD Scope of Services |
| Residential Const. Cost | 225 | 285 | per sq. ft. |
| Commercial Const. Cost | - | - | per sq. ft. |
| Parking Const. Cost | - | - | per stall |

| Soft Costs | | | |
|------------------------------------|-------------|-------------|---|
| Architect | \$ 5,000.00 | \$ 5,000.00 | LS |
| Other Consultants | \$ 2,000.00 | \$ 2,000.00 | LS |
| Dev. Charges - Studio & 1 Bed | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | per unit |
| Education DC | - | - | per unit |
| Education DC - Non-Res | - | - | per m2 |
| Non-Res DC | - | - | per m2 |
| Sec. 37 Payment | - | - | total |
| Municipal Fees & Permits | 2,750 | 2,750 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationsselecto ralareas/bylawno- |
| Public Art | 0.0% | 0.0% | of hard costs |
| Developer Fees | 0.0% | 0.0% | of project costs (excl. land & financing) |
| Legal | - | - | per res. unit and, per 1,000 sq. ft. non-res. |
| Sales & Closing | - | - | per unit |
| Condo Marketing | - | - | per unit |
| Condo Commissions | - | - | per unit |
| Rental Marketing | - | - | per unit |
| Rental Op Ex During Lease-up | 0% | 0% | of year 1 op ex |
| GST | 3.2% | 3.2% | of hard and soft costs, assumes qualifies for NRRP Rebate of 36% of GST |
| Contingency (ind. cost escalation) | 10% | 10% | of hard & soft costs |

| Revenue Assumptions | | | Reno \$5 High |
|--|-------|-------|---------------|
| Rental Operations | | | |
| Market Unit Operating Costs (PUPM) | #REF! | #REF! | |
| Affordable Unit Operating Costs (PUPM) | #REF! | #REF! | |
| Parking Revenue (per stall, per month) | - | - | |
| Vacancy Rate & Bad Debt | 2% | 2% | |
| Lease-Up Period (months) | 1 | 1 | |
| Market Cap Rate | 3.50% | 3.50% | |

| Condominium & Non-Res Revenue | | |
|-------------------------------|-------|------------------|
| Revenue Inflation | 2% | 2% per year |
| Parking Stall Sale Price | - | per stall |
| Church Space Net Lease Rate | - | per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% |
| Office Cap Rate | 0.00% | 0.00% |
| Retail Net Lease Rate | - | per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% |
| Retail Cap Rate | 0.00% | 0.00% |
| Office & Retail Commissions | 0% | 0% of sale price |

| Timing & Financing Assumptions | | | Reno \$5 High |
|--------------------------------|-----|-----|---------------|
| Timing Assumptions | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years |
| Sales Period | 1.0 | 1.0 | years |
| Construction Period | 1.0 | 1.0 | years |

| Construction Loan | | |
|--------------------------------|-------|--------------------------------|
| Construction Loan | 70% | 70% of total costs |
| Avg. Draw on Construction Loan | 70% | 70% during construction period |
| Loan Fees | 0.50% | 0.50% of loan |
| Loan Interest | 3.00% | 3.00% of loan |

| Permanent Mortgage | | |
|---------------------|-------------|-----------------------------------|
| Lending Program | d. Mortgage | d. Mortgage |
| Interest Rate | 4.50% | 4.50% per year |
| Amortization | 30 | 30 years |
| Min. DCR | 1.1 | 1.1 |
| Co-Investment Grant | 0.0% | 0.0% of rental project costs |
| IAH Capital Grant | - | per below-market rental unit |
| Patient Equity | 0.00% | 0.00% of permanent loan principal |

| Profit Assumptions | | |
|--------------------|----|---------------------|
| Discount Rate | 7% | 7% per year |
| Condo Profit | 0% | 0% of suite revenue |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided
** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | |
|-----------------------|-----|-----|-----------|
| Operating Costs | /yr | /mo | Mill rate |

| | | | |
|----------------------|--------|-------|-----|
| Property Tax | \$ 762 | \$ 63 | 4.4 |
| Insurance | \$ 519 | \$ 43 | |
| Interior Maintenance | \$ 240 | \$ 20 | |
| Exterior Maintenance | \$ - | \$ - | |
| Replacement Reserv | \$ 480 | \$ 40 | |

Scenario 1 - Secondary Suite Reno (2br) LOW - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | | |
|---|------|---|
| SITE | | |
| Site Area (sq. ft.) | - | Assumes suite contained within existing developed footprint |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |

DEVELOPMENT COST

| | | |
|------------------------------|----------------|--|
| Land Cost | | |
| Land Cost - place holder | | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | - | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 163,125 | At \$225/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 173,125 | |
| Per sq. ft. | 239 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Development Charges | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 |
| | | Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,750 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 914 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,242 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| HST | 5,921 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 17,827 | |

Scenario 1 - Secondary Suite Reno (2br) LOW - 4.5 % Interest Rate

| | | |
|--|----------------|---|
| Per sq. ft. | 25 | |
| Contingency (incl. cost escalation) | 19,095 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 210,047 | |
| Per sq. ft. | 290 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 227,708 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 227,708 | |
| Per sq. ft. | 314 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | 17,661 | Estimated funding gap |
| Per unit | 17,661 | Estimated funding gap per unit (averaged) |
| Per sq. ft. | 24 | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (2,004) | Based on estimated operating expense of \$167 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 15,377 | |
| Debt Service | (13,979) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 1,398 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 15,377 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 227,708 | Estimated max principal available from lender based on above terms |

Scenario 2 - Secondary Suite Reno (2br) HIGH - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | | |
|--|------|---|
| SITE | | |
| Site Area (sq. ft.) | - | Assumes developed site area equals gross floor area of suite |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |

DEVELOPMENT COST

| | | |
|-------------------------------|----------------|---|
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | - | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 206,625 | At \$285/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 10,000 | Per CRD Scope of Work assumes \$10,000 to upgrade existing services |
| TOTAL HARD COSTS | 216,625 | |
| Per sq. ft. | 299 | |
| Soft Costs | | |
| Architect | 5,000 | Estimated lump sum |
| Other Consultants | 2,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees (total with design fees) |
| Dev. Charges - Studio & 1 Bed | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationsselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Planning Application Fees | 2,750 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,132 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 1,537 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 7,329 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 19,749 | |

Scenario 2 - Secondary Suite Reno (2br) HIGH - 4.5 % Interest Rate

| | | |
|--|-----------------|---|
| Per sq. ft. | 27 | |
| Contingency (incl. cost escalation) | 23,637 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 260,011 | |
| Per sq. ft. | 359 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 227,708 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 227,708 | |
| | 314 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (32,303) | Estimated funding gap |
| Per unit | (32,303) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (45) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (2,004) | Based on estimated operating expense of \$167 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 15,377 | |
| Debt Service | (13,979) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 1,398 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 15,377 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 227,708 | Estimated max principal available from lender based on above terms |

Summary of Results - 1 Bedroom Cottage (New Construction) - 4.5 % Interest Rate

Prepared by New Commons
Development

| Scenario 1 - 1br Cottage LOW - 4.5 % Interest Rate | | Scenario 2 - 1 br Cottage HIGH - 4.5 % Interest Rate | |
|---|------------------|---|------------------|
| | | | |
| Gross Floor Area | 600 | Gross Floor Area | 600 |
| % of Total Floor Area | 100% | % of Total Floor Area | 100% |
| Total Units | 1 | Total Units | 1 |
| Parking Spots | 1 | Parking Spots | 1 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| Hard Costs | 239,183 | Hard Costs | 299,183 |
| Soft Costs | 30,926 | Soft Costs | 33,576 |
| Contingency | 27,011 | Contingency | 33,276 |
| Other | - | Other | - |
| Total Costs | 297,119 | Total Costs | 366,034 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - | CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 103,327 | Permanent Mortgage | 103,327 |
| City DC and Fee Waivers | - | City DC and Fee Waivers | - |
| Other | - | Other | - |
| Total Sources | 103,327 | Total Sources | 103,327 |
| Surplus / (Gap) | (193,792) | Surplus / (Gap) | (262,707) |

Inputs

| Development Statistics | 1br low | 1br high |
|------------------------|---------|-------------------------|
| Site Area (SF) | 2,000 | 2,000 sq. ft. |
| Public Park Area | 0% | 0% of site area |
| Gross Floor Area | 600 | 600 sq. ft. |
| Residential | 100% | 100% of GFA |
| Non-Residential GFA | 0% | 0% of GFA |
| Market Condominium | 0% | 0% of Residential GFA |
| Target Rental | 100% | 100% of Residential GFA |
| 80% MMR Rental | 0% | 0% of Residential GFA |

| | | |
|--------------------------|------|-----------------------------|
| Res. Efficiency | 100% | 100% of GFA |
| Program Space | 100% | 100% of Non-Residential GFA |
| Retail | 0% | 0% of Non-Residential GFA |
| Non-Res. Efficiency | 100% | 100% of Non-Residential GFA |
| Parking Ratio | | |
| Other | - | - stalls per unit |
| Rental | 1.00 | 1.00 stalls per unit |
| Below Market Rental | 1.00 | 1.00 stalls per unit |
| Visitor | - | - stalls per unit |
| | | - stalls per 1,000 sq. ft. |
| Community Space | - | - leaseable |
| Other | - | - stalls |
| Condo Parking Sale Price | - | - per stall |

| Development Cost Assumptions | 1br low | 1br high |
|--|-------------|---|
| Hard Costs | | |
| Land Value - placeholder | - | - total |
| Site Prep & Remediation | 200,000 | 200,000 per ac. |
| On-Site Servicing | - | - per ac. |
| Off-Site Servicing | - | - per ac. |
| Public Park Const. Cost (15% of site area) | - | - per sq. ft. |
| | | 15 per CRD Scope of Work (low), with assumed increase |
| Extraordinary Site or Servicing Costs | 20,000 | 20,000 in HIGH scenario |
| Residential Const. Cost | 350 | 450 per sq. ft. |
| Commercial Const. Cost | - | - per sq. ft. |
| Parking Const. Cost | - | - per stall |
| Soft Costs | | |
| Architect | ##### | \$ 10,000.00 15 |
| Other Consultants | \$ 7,000.00 | \$ 7,000.00 15 per CRD Scope of Work |
| Dev. Charges - Studio & 1 Bed | - | - per unit |
| Dev. Charges - 2 Bed + | - | - per unit |
| Education DC | - | - per unit |
| Education DC - Non-Res | - | - per m2 |
| Non-Res DC | - | - per m2 |
| Sec. 37 Payment | - | - total |

| | | |
|-------------------------------------|-------|---|
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationsectoralareas/bylaw-no-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,500 | 2,500 4403.pdf?sfvrsn=46607fcd_4) |
| Public Art | 0.0% | 0.0% of hard costs |
| Developer Fees | 0.0% | 0.0% of project costs (excl. land & financing) |
| Legal | - | - ft. non-res. |
| Sales & Closing | - | - per unit |
| Condo Marketing | - | - per unit |
| Condo Commissions | - | - per unit |
| Rental Marketing | - | - per unit |
| Rental Op Ex During Lease-up | 0% | 0% of year 1 op ex of hard and soft costs, assumes qualifies for NRAP |
| GST | 3.2% | 3.2% Rebate of 36% of GST |
| Contingency (incl. cost escalation) | 10% | 10% of hard & soft costs |

| Revenue Assumptions | 1br low | 1br high |
|--|---------|----------|
| Rental Operations | | |
| Market Unit Operating Costs (PUPM) | 228 | 228 |
| Affordable Unit Operating Costs (PUPM) | 228 | 228 |
| Parking Revenue (per stall, per month) | - | - |
| Vacancy Rate & Bad Debt | 2% | 2% |
| Lease-Up Period (months) | 1 | 1 |
| Market Cap Rate | 3.50% | 3.50% |

| | | |
|--|-------|------------------|
| Condominium & Non-Res Revenue | | |
| Revenue Inflation | 2% | 2% per year |
| Parking Stall Sale Price | - | - per stall |
| Church Space Net Lease Rate | - | - per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% |
| Office Cap Rate | 0.00% | 0.00% |
| Retail Net Lease Rate | - | - per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% |
| Retail Cap Rate | 0.00% | 0.00% |
| Office & Retail Commissions | 0% | 0% of sale price |

| Timing & Financing Assumptions | 1br low | 1br high |
|--------------------------------|---------|-----------|
| Timing Assumptions | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 years |
| Sales Period | 1.0 | 1.0 years |
| Construction Period | 1.0 | 1.0 years |

| | | |
|--------------------------------|-------|--------------------------------|
| Construction Loan | | |
| Construction Loan | 70% | 70% of total costs |
| Avg. Draw on Construction Loan | 70% | 70% during construction period |
| Loan Fees | 0.50% | 0.50% of loan |
| Loan Interest | 3.00% | 3.00% of loan |

| | | |
|---------------------------|-------------|-----------------------------------|
| Permanent Mortgage | | |
| Lending Program | d. Mortgage | td. Mortgage |
| Interest Rate | 4.50% | 4.50% per year |
| Amortization | 30 | 30 years |
| Min. DCR | 1.1 | 1.1 |
| Co-Investment Grant | 0.0% | 0.0% of rental project costs |
| IAH Capital Grant | - | - per below-market rental unit |
| Patient Equity | 0.00% | 0.00% of permanent loan principal |

| | | |
|---------------------------|----|---------------------|
| Profit Assumptions | | |
| Discount Rate | 7% | 7% per year |
| Condo Profit | 0% | 0% of suite revenue |

| Suite Mix - All Units | | | | |
|-----------------------|-----------|-----------|-------------|--------------|
| Unit Type | Suite Mix | Unit Size | Price \$PSF | Target Rents |
| Studio | 0% | 0 | 0 | 0 |
| 1 Bedroom | 100% | 600 | 0 | 826 |
| 2 Bedroom | 0% | 725 | 0 | 1,478 |
| 3 Bedroom | 0% | 1,000 | 0 | 1,935 |
| Total/ Avg. | 100% | 600 | 0 | 826 |

| Target Rent Calculator | | | | | | |
|------------------------|-------------------------|--------------------------|---------------------------|------------------------------|--|------------------|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income** | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI/HNA target affordable rent for single persons | 100% AMR 80% AMR |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI/HNS target affordable rents for lone parent families and families without children | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI/HNS target affordable rents for families without children and families with children | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided

** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | |
|-----------------------|----------|--------|-----------|
| Operating Costs | /yr | /mo | Mill rate |
| Property Tax | \$ 1,052 | \$ 88 | 4.4 |
| Insurance | \$ 718 | \$ 60 | |
| Interior Maintenance | \$ 240 | \$ 20 | |
| Exterior Maintenance | \$ 240 | \$ 20 | |
| Replacement Reserve | \$ 480 | \$ 40 | |
| Total | \$ 2,730 | \$ 227 | |

Scenario 1 - 1br Cottage LOW - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yr) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|---|----------------|---|
| | Target Rental | |
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 210,000 | At \$350/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 239,183 | |
| Per sq. ft. | 399 | |
| Soft Costs | | |
| Architect/Designer | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Development Charges | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulations/selectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,500 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,293 | Fees on construction loan at 0.5% of loan value |

| | | |
|--|------------------|--|
| Loan Interest | 1,757 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 8,375 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 30,926 | |
| Per sq. ft. | 52 | |
| Contingency (incl. cost escalation) | 27,011 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 297,119 | |
| Per sq. ft. | 495 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 103,327 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 103,327 | |
| Per sq. ft. | 172 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (193,792) | Estimated funding gap |
| Per unit | (193,792) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (323) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit |
| Parking Revenue | - | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (2,736) | Based on estimated operating expense of \$228 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 6,978 | |
| Debt Service | (\$6,343.42) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 634 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 6,978 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Ammortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 103,327 | Estimated max principal available from lender based on above terms |

Scenario 2 - 1 br Cottage HIGH - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yr) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|--|----------------|--|
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 600 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 600 | |
| % of Residential Floor Area | 100% | Leasable floor area net of circulation, utility and common areas |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 600 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 270,000 | At \$450/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 299,183 | |
| Per sq. ft. | 499 | |
| Soft Costs | | |
| Architect | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Dev. Charges - Studio & 1 Bed | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Planning Application Fees | 2,500 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |

| | | |
|--|------------------|---|
| Op Ex During Lease-up | - | |
| Loan Fees | 1,593 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 2,164 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 10,318 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 33,576 | |
| Per sq. ft. | 56 | |
| Contingency (incl. cost escalation) | 33,276 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 366,034 | |
| Per sq. ft. | 610 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 103,327 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 103,327 | |
| | 172 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (262,707) | Estimated funding gap |
| Per unit | (262,707) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (438) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 9,912 | Based on SGI Target Rent for 1br unit |
| Parking Revenue | - | |
| Gross Potential Income | 9,912 | |
| Less Vacancy & Bad Debt | (198) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 9,714 | |
| Less: Operating Expenses (Non-Res NNN) | (2,736) | Based on estimated operating expense of \$228 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 6,978 | |
| Debt Service | (6,343) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 634 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 6,978 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Ammortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 103,327 | Estimated max principal available from lender based on above terms |

Summary of Results - 2 Bedroom Cottage (New Construction) - 4.5 % Interest Rate

Prepared by New Commons
Development

| Scenario 1 - 2br Cottage LOW - 4.5 % Interest Rate | | Scenario 2 - 2 br Cottage HIGH - 4.5 % Interest Rate | |
|---|------------------|---|------------------|
| | | | |
| Gross Floor Area | 725 | Gross Floor Area | 725 |
| % of Total Floor Area | 100% | % of Total Floor Area | 100% |
| Total Units | 1 | Total Units | 1 |
| Parking Spots | 1 | Parking Spots | 1 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| Hard Costs | 282,933 | Hard Costs | 355,433 |
| Soft Costs | 35,769 | Soft Costs | 38,971 |
| Contingency | 31,870 | Contingency | 39,440 |
| Other | - | Other | - |
| Total Costs | 350,571 | Total Costs | 433,844 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - | CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 211,182 | Permanent Mortgage | 211,182 |
| City DC and Fee Waivers | - | City DC & Fee Waivers | - |
| Other | - | Other | - |
| Total Sources | 211,182 | Total Sources | 211,182 |
| Surplus / (Gap) | (139,389) | Surplus / (Gap) | (222,662) |

Inputs

| Development Statistics | | | | Suite Mix - All Units | | | |
|--|-------------|--------------|---|------------------------|-----------|-----------|-------------|
| | 2br low | 2br high | | | | | |
| Site Area (SF) | 2,000 | 2,000 | sq. ft. | Unit Type | Suite Mix | Unit Size | Price \$PSF |
| Public Park Area | 0% | 0% | of site area | Studio | 0% | 0 | 0 |
| Gross Floor Area | 725 | 725 | sq. ft. | 1 Bedroom | 0% | 600 | 0 |
| Residential | 100% | 100% | of GFA | 2 Bedroom | 100% | 725 | 0 |
| Non-Residential GFA | 0% | 0% | of GFA | 3 Bedroom | 0% | 1,000 | 0 |
| Market Condominium | 0% | 0% | of Residential GFA | Total/ Avg. | 100% | 725 | 0 |
| Target Rental | 100% | 100% | of Residential GFA | | | | 1,478 |
| 80% MMR Rental | 0% | 0% | of Residential GFA | | | | |
| | | | | | | | |
| Res. Efficiency | 100% | 100% | of GFA | | | | |
| Program Space | 100% | 100% | of Non-Residential GFA | | | | |
| Retail | 0% | 0% | of Non-Residential GFA | | | | |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA | | | | |
| Parking Ratio | | | | | | | |
| Other | - | - | stalls per unit | | | | |
| Rental | 1.00 | 1.00 | stalls per unit | | | | |
| Below Market Rental | 1.00 | 1.00 | stalls per unit | | | | |
| Visitor | - | - | stalls per unit | | | | |
| Community Space | - | - | stalls per 1,000 sq. ft. leaseable | | | | |
| Other | - | - | stalls | | | | |
| Condo Parking Sale Price | - | - | per stall | | | | |
| Development Cost Assumptions | | | | Target Rent Calculator | | | |
| | 2br low | 2br high | | | | | |
| Hard Costs | | | | | | | |
| Land Value - placeholder | - | - | total | | | | |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. | | | | |
| On-Site Servicing | - | - | per ac. | | | | |
| Off-Site Servicing | - | - | per ac. | | | | |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. | | | | |
| Extraordinary Site or Servicing Costs | 20,000 | 20,000 | LS per CRD Scope of Work | | | | |
| Residential Const. Cost | 350 | 450 | per sq. ft. | | | | |
| Commercial Const. Cost | - | - | per sq. ft. | | | | |
| Parking Const. Cost | - | - | per stall | | | | |
| Soft Costs | | | | | | | |
| Architect | \$10,000.00 | \$10,000.00 | LS | | | | |
| Other Consultants | \$ 7,000.00 | \$ 7,000.00 | LS per CRD Scope of Work | | | | |
| Dev. Charges - Studio & 1 Bed | - | - | per unit | | | | |
| Dev. Charges - 2 Bed + | - | - | per unit | | | | |
| Education DC | - | - | per unit | | | | |
| Education DC - Non-Res | - | - | per m2 | | | | |
| Non-Res DC | - | - | per m2 | | | | |
| Sec. 37 Payment | - | - | total | | | | |
| | | | | | | | |
| | | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoraleas/bylawno-4403.pdf?sfvrsn=46607cd_4) | | | | |
| Municipal Fees & Permits | 2,750 | 2,750 | of hard costs | | | | |
| Public Art | 0.0% | 0.0% | of project costs (excl. land & financing) | | | | |
| Developer Fees | 0.0% | 0.0% | per res. unit and, per 1,000 sq. ft. | | | | |
| Legal | - | - | non-res. | | | | |
| Sales & Closing | - | - | per unit | | | | |
| Condo Marketing | - | - | per unit | | | | |
| Condo Commissions | - | - | per unit | | | | |
| Course of Construction Insurance | \$ 3.50 | \$ 3.50 | per sf | | | | |
| Rental Op Ex During Lease-up | 0% | 0% | of year 1 op ex | | | | |
| | | | of hard and soft costs, assumes qualifies for NRRP Rebate of 36% | | | | |
| GST | 3.2% | 3.2% | of GST | | | | |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs | | | | |
| Revenue Assumptions | | | | Operating Assumptions | | | |
| | 2br low | 2br high | | Operating Costs | /yr | /mo | Mill rate |
| Rental Operations | | | | Property Tax | \$ 1,245 | \$ 104 | 4.4 |
| Market Unit Operating Costs (PUPM) | 260 | 260 | | | | | |
| | | | | | | | |
| Affordable Unit Operating Costs (PUPM) | 260 | 260 | | | | | |
| Parking Revenue (per stall, per month) | | | | Insurance | \$ 849 | \$ 71 | |
| Vacancy Rate & Bad Debt | 2% | 2% | | Interior Maintenance | \$ 240 | \$ 20 | |
| Lease-Up Period (months) | 1 | 1 | | Exterior Maintenance | \$ 240 | \$ 20 | |
| Market Cap Rate | 3.50% | 3.50% | | Replacement Reserv | \$ 540 | \$ 45 | |
| | | | | | | | |
| Condominium & Non-Res Revenue | | | | Total | \$ 3,114 | \$ 259 | |
| Revenue Inflation | 2% | 2% | per year | | | | |
| Parking Stall Sale Price | - | - | per stall | | | | |
| Church Space Net Lease Rate | - | - | per sq. ft. | | | | |
| Office Vacancy & Bad Debt | 0% | 0% | | | | | |
| Office Cap Rate | 0.00% | 0.00% | | | | | |
| Retail Net Lease Rate | - | - | per sq. ft. | | | | |
| Retail Vacancy & Bad Debt | 0% | 0% | | | | | |
| Retail Cap Rate | 0.00% | 0.00% | | | | | |
| Office & Retail Commissions | 0% | 0% | of sale price | | | | |
| Timing & Financing Assumptions | | | | | | | |
| | 2br low | 2br high | | | | | |
| Timing Assmptions | | | | | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years | | | | |
| Sales Period | 1.0 | 1.0 | years | | | | |
| Construction Period | 1.0 | 1.0 | years | | | | |
| Construction Loan | | | | | | | |
| Construction Loan | 70% | 70% | of total costs | | | | |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period | | | | |
| Loan Fees | 0.50% | 0.50% | of loan | | | | |
| Loan Interest | 3.00% | 3.00% | of loan | | | | |
| Permanent Mortgage | | | | | | | |
| Lending Program | d. Mortgage | id. Mortgage | | | | | |
| Interest Rate | 4.50% | 4.50% | per year | | | | |
| Amortization | 30 | 30 | years | | | | |
| Min. DCR | 1.1 | 1.1 | | | | | |
| Co-Investment Grant | 0.0% | 0.0% | of rental project costs | | | | |
| IAH Capital Grant | - | - | per below-market rental unit | | | | |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal | | | | |
| Profit Assumptions | | | | | | | |
| Discount Rate | 7% | 7% | per year | | | | |
| Condo Profit | 0% | 0% | of suite revenue | | | | |

* 1 Bedroom Median Income based on SGI HNA target affordable rent for single persons

* 2 Bedroom Median Income based on average of SGI HNS target affordable rents for lone parent families and families without children

* 3 Bedroom Median Income based on average of SGI HNS target affordable rents for families without children and families with children

** assumes 2% inflation on median incomes for 4 years (2019-2022)

Scenario 1 - 2br Cottage LOW - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|---|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 253,750 | At \$350/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 282,933 | |
| Per sq. ft. | 390 | |
| Soft Costs | | |
| Architect | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Development Charges | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationsselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,750 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Course of Construction Insurance | 2,538 | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,526 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 2,073 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |

| | | |
|--|------------------|---|
| | | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| GST | 9,882 | Assumes owner qualifies for New Residential Rental Property Rebate (36% of GST applicable on self supply) |
| TOTAL SOFT COSTS | 35,769 | |
| Per sq. ft. | 49 | |
| Contingency (incl. cost escalation) | 31,870 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 350,571 | |
| Per sq. ft. | 484 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 211,182 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 211,182 | |
| Per sq. ft. | 291 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (139,389) | Estimated funding gap |
| Per unit | (139,389) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (192) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (3,120) | Based on estimated operating expense of \$260 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 14,261 | |
| Debt Service | (\$12,964.80) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 1,296 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| | | |
| Net Operating Income | 14,261 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 211,182 | Estimated max principal available from lender based on above terms |

Scenario 2 - 2 br Cottage HIGH - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | |
|--|--|
| | |
|--|--|

SITE

| | | |
|---------------------|-------|--|
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |

FLOOR AREA

| | | |
|---------------------------------|------|---|
| Gross Floor Area (sq. ft.) | 725 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 725 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |

PARKING

| | | |
|--|------|-----------------------------------|
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |

UNITS

| | | |
|----------------|-----|--------------|
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 725 | Unit size |

DEVELOPMENT COST

| | |
|--|--|
| | |
|--|--|

| | | |
|--------------------------|---|--|
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
|--------------------------|---|--|

Hard Costs

| | | |
|------------------------------|---------|--|
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 326,250 | At \$450/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |

TOTAL HARD COSTS 355,433

| | |
|-------------|-----|
| Per sq. ft. | 490 |
|-------------|-----|

Soft Costs

| | | |
|----------------------------------|--------|---|
| Architect | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Development Charges | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 2,750 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Course of Construction Insurance | 2,538 | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,889 | Fees on construction loan at 0.5% of loan value |

| | | |
|--|------------------|---|
| Loan Interest | 2,565 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 12,230 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 38,971 | |
| Per sq. ft. | 54 | |
| Contingency (incl. cost escalation) | 39,440 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 433,844 | |
| Per sq. ft. | 598 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 211,182 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 211,182 | |
| | 291 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (222,662) | Estimated funding gap |
| Per unit | (222,662) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (307) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 17,736 | Based on SGI Target Rent for 2br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 17,736 | |
| Less Vacancy & Bad Debt | (355) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 17,381 | |
| Less: Operating Expenses (Non-Res NNN) | (3,120) | Based on estimated operating expense of \$260 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 14,261 | |
| Debt Service | (12,965) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 1,296 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 14,261 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Ammortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 211,182 | Estimated max principal available from lender based on above terms |

Summary of Results - 3 Bedroom Cottage (New Construction) - 4.5 % Interest Rate

Prepared by New Commons
Development

| Scenario 1 - 3br Cottage LOW - 4.5 % Interest Rate | | Scenario 2 - 3br Cottage HIGH - 4.5 % Interest Rate | |
|--|------------------|---|------------------|
| | | | |
| Gross Floor Area | 1,000 | Gross Floor Area | 1,000 |
| % of Total Floor Area | 100% | % of Total Floor Area | 100% |
| Total Units | 1 | Total Units | 1 |
| Parking Spots | 1 | Parking Spots | 1 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| Hard Costs | 379,183 | Hard Costs | 479,183 |
| Soft Costs | 37,944 | Soft Costs | 42,361 |
| Contingency | 41,713 | Contingency | 52,154 |
| Other | - | Other | - |
| Total Costs | 458,840 | Total Costs | 573,698 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| CMHC Seed Funding (Loan & Grant) | - | CMHC Seed Funding (Loan & Grant) | - |
| Permanent Mortgage | 280,281 | Permanent Mortgage | 280,281 |
| City DC and Fee Waivers | - | City DC & Fee Waivers | - |
| Other | - | Other | - |
| Total Sources | 280,281 | Total Sources | 280,281 |
| Surplus / (Gap) | (178,558) | Surplus / (Gap) | (293,417) |

Inputs

| Development Statistics | | | Suite Mix - All Units | | | | |
|------------------------|---------|----------|------------------------|--|--|--|--|
| | 3br low | 3br high | | | | | |
| Site Area (SF) | 2,000 | 2,000 | sq. ft. | | | | |
| Public Park Area | 0% | 0% | of site area | | | | |
| Gross Floor Area | 1,000 | 1,000 | sq. ft. | | | | |
| Residential | 100% | 100% | of GFA | | | | |
| Non-Residential GFA | 0% | 0% | of GFA | | | | |
| Market Condominium | 0% | 0% | of Residential GFA | | | | |
| Target Rental | 100% | 100% | of Residential GFA | | | | |
| 80% MMR Rental | 0% | 0% | of Residential GFA | | | | |
| | | | | | | | |
| Res. Efficiency | 100% | 100% | of GFA | | | | |
| Program Space | 100% | 100% | of Non-Residential GFA | | | | |
| Retail | 0% | 0% | of Non-Residential GFA | | | | |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA | | | | |
| Parking Ratio | | | | | | | |

* data from 2018
SGI Housing Needs
Assessment (Table
23), averages
calculated per notes
provided
** assumes 2%
inflation on median
incomes for 4 years
(2019-2022)

Other - - stalls per unit

Rental 1.00 1.00 stalls per unit
Below Market Rental 1.00 1.00 stalls per unit
Visitor - - stalls per unit
Community Space - - stalls per 1,000 sq. ft. leaseable
Other - - stalls
Condo Parking Sale Price - - per stall

| Development Cost Assumptions | | | 3br low | 3br high |
|--|--------------|--------------|---|---|
| Hard Costs | | | | |
| Land Value - placeholder | - | - | - | - total |
| Site Prep & Remediation | 200,000 | 200,000 | - | - per ac. |
| On-Site Servicing | - | - | - | - per ac. |
| Off-Site Servicing | - | - | - | - per ac. |
| Public Park Const. Cost (15% of site area) | - | - | - | - per sq. ft. |
| Extraordinary Site or Servicing Costs | 20,000 | 20,000 | - | LS per CRD Scope of Work |
| Residential Const. Cost | 350 | 450 | - | per sq. ft. |
| Commercial Const. Cost | - | - | - | per sq. ft. |
| Parking Const. Cost | - | - | - | per stall |
| Soft Costs | | | | |
| Architect | \$ 10,000.00 | \$ 10,000.00 | LS | |
| Other Consultants | \$ 7,000.00 | \$ 7,000.00 | LS per CRD Scope of Work | |
| Dev. Charges - Studio & 1 Bed | - | - | - | per unit |
| Dev. Charges - 2 Bed + | - | - | - | per unit |
| Education DC | - | - | - | per unit |
| Education DC - Non-Res | - | - | - | per m2 |
| Non-Res DC | - | - | - | per m2 |
| Sec. 37 Payment | - | - | - | total |
| | | | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationsele ctoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 3,300 | 3,300 | 4403.pdf?sfvrsn=46607fcd_4) | |
| Public Art | 0.0% | 0.0% | of hard costs | |
| Developer Fees | 0.0% | 0.0% | of project costs (excl. land & financing) | |
| Legal | - | - | per res. unit and, per 1,000 sq. ft. non-res. | |
| Sales & Closing | - | - | per unit | |
| Condo Marketing | - | - | per unit | |
| Condo Commissions | - | - | per unit | |
| Rental Marketing | - | - | per unit | |
| Rental Op Ex During Lease-up | 0% | 0% | of year 1 op ex | |
| | | | of hard and soft costs, assumes qualifies for NRRP Rebate of 36% of | |
| GST | 3.2% | 3.2% | GST | |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs | |

| Revenue Assumptions | | | 3br low | 3br high |
|--|-------|-------|---------|----------|
| Rental Operations | | | | |
| Market Unit Operating Costs (PUPM) | 319 | 319 | | |
| Affordable Unit Operating Costs (PUPM) | 319 | 319 | | |
| Parking Revenue (per stall, per month) | - | - | | |
| Vacancy Rate & Bad Debt | 2% | 2% | | |
| Lease-Up Period (months) | 1 | 1 | | |
| Market Cap Rate | 3.50% | 3.50% | | |

| Condominium & Non-Res Revenue | | |
|-------------------------------|-------|------------------|
| Revenue Inflation | 2% | 2% per year |
| Parking Stall Sale Price | - | - per stall |
| Church Space Net Lease Rate | - | - per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% |
| Office Cap Rate | 0.00% | 0.00% |
| Retail Net Lease Rate | - | - per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% |
| Retail Cap Rate | 0.00% | 0.00% |
| Office & Retail Commissions | 0% | 0% of sale price |

| Timing & Financing Assumptions | | | 3br low | 3br high |
|--------------------------------|-----|-----|---------|----------|
| Timing Assumptions | | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years | |
| Sales Period | 1.0 | 1.0 | years | |
| Construction Period | 1.0 | 1.0 | years | |

| Construction Loan | | |
|--------------------------------|-------|--------------------------------|
| Construction Loan | 70% | 70% of total costs |
| Avg. Draw on Construction Loan | 70% | 70% during construction period |
| Loan Fees | 0.50% | 0.50% of loan |
| Loan Interest | 3.00% | 3.00% of loan |

| Permanent Mortgage | | |
|---------------------|---------------|-----------------------------------|
| Lending Program | Std. Mortgage | Std. Mortgage |
| Interest Rate | 4.50% | 4.50% per year |
| Amortization | 30 | 30 years |
| Min. DCR | 1.1 | 1.1 |
| Co-Investment Grant | 0.0% | 0.0% of rental project costs |
| IAH Capital Grant | - | - per below-market rental unit |
| Patient Equity | 0.00% | 0.00% of permanent loan principal |

| Profit Assumptions | | |
|--------------------|----|---------------------|
| Discount Rate | 7% | 7% per year |
| Condo Profit | 0% | 0% of suite revenue |

| Operating Assumptions | | | |
|-----------------------|----------|--------|-----------|
| Operating Costs | /yr | /mo | Mill rate |
| Property Tax | \$ 1,668 | \$ 139 | 4.4 |
| Insurance | \$ 1,138 | \$ 95 | |
| Interior Maintenance | \$ 240 | \$ 20 | |
| Exterior Maintenance | \$ 240 | \$ 20 | |
| Replacement Reserve | \$ 540 | \$ 45 | |
| Total | \$ 3,826 | \$ 319 | |

Scenario 1 - 3br Cottage LOW - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

DEVELOPMENT STATISTICS

| | | |
|---|-------|---|
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 1,000 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 1,000 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Parking Space Ratio (per 1,000 SF) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 1,000 | Unit size |

DEVELOPMENT COST

| | | |
|--------------------------|---|--|
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |

Hard Costs

| | | |
|------------------------------|----------------|--|
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 350,000 | At \$350/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 379,183 | |
| Per sq. ft. | 379 | |

Soft Costs

| | | |
|----------------------------|---------------|---|
| Architect | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Development Charges | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 3,300 | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 1,997 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 2,713 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 12,934 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 37,944 | |
| Per sq. ft. | 38 | |

| | | |
|--|---------------|-------------------------------------|
| Contingency (incl. cost escalation) | 41,713 | At 10% of hard and soft costs costs |
|--|---------------|-------------------------------------|

| | | |
|-------------------------------|----------------|--|
| TOTAL DEVELOPMENT COST | 458,840 | |
| Per sq. ft. | 459 | |

| | | |
|-------------------------|---|--|
| DEVELOPER PROFIT | - | |
|-------------------------|---|--|

SOURCES OF FUNDS

| | | |
|----------------------------------|----------------|--|
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 280,281 | Maximum assumed standard mortgage based on financing terms below |
| City DC and Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 280,281 | |
| Per sq. ft. | 280 | |

EQUITY SURPLUS / GAP

| | | |
|--------------------------------------|------------------|---|
| SURPLUS / (GAP) | (178,558) | Estimated funding gap |
| Per unit | (178,558) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (179) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |

CASHFLOW

Scenario 1 - 3br Cottage LOW - 4.5 % Interest Rate

| | | |
|--|----------|--|
| Rental Revenue | 23,220 | Based on SGI Target Rent for 3br unit. |
| Parking Revenue | | |
| Gross Potential Income | 23,220 | |
| Less Vacancy & Bad Debt | (464) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 22,756 | |
| Less: Operating Expenses (Non-Res NNN) | (3,828) | Based on estimated operating expense of \$319 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 18,928 | |
| Debt Service | (17,207) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 1,721 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |

DEBT CALCULATION

| | | |
|----------------------|---------|---|
| Net Operating Income | 18,928 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 280,281 | Estimated max principal available from lender based on above terms |

Scenario 2 - 3 br Cottage HIGH - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage (30 yrs) |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | |
|--|----------------|---|
| SITE | | |
| Site Area (sq. ft.) | 2,000 | Approximately 2000 sf development area |
| Park Area (sq. ft.) | - | |
| FLOOR AREA | | |
| Gross Floor Area (sq. ft.) | 1,000 | Gross Floor Area |
| Efficiency Ratio | 100% | Assumes no efficiency loss (no circulation areas, dedicated utility space, indoor amenity space, etc) |
| Net Floor Area (sq. ft.) | 1,000 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 100% | |
| % of Non-Residential Floor Area | - | |
| % of Total Floor Area | 100% | |
| PARKING | | |
| Residential Parking Ratio (per unit) | 1.00 | 1 parking stall per unit |
| Residential Stalls | 1 | |
| Visitor Parking Ratio (per unit) | - | |
| Visitor Stalls | - | |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | |
| Office Parking | - | |
| Total Parking Stalls | 1 | 1 surface parking stalls in total |
| UNITS | | |
| Total Units | 1 | 1 unit total |
| Avg. Unit Size | 1,000 | Unit size |
| DEVELOPMENT COST | | |
| Land Cost | | |
| Land Cost - place holder | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | | |
| Site Prep & Remediation | 9,183 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | - | Per CRD Scope of Work assumes no new servicing cost |
| Off-Site Servicing | - | |
| Residential Const. Cost | 450,000 | At \$450/sf |
| At-Grade Parking Const. Cost | - | Per CRD Scope of Work assumes no new servicing cost |
| Extraordinary Site Costs | 20,000 | Per CRD Scope of Work assumes \$20,000 to upgrade existing services |
| TOTAL HARD COSTS | 479,183 | |
| Per sq. ft. | 479 | |
| Soft Costs | | |
| Architect | 10,000 | Estimated lump sum |
| Other Consultants | 7,000 | Per CRD Scope of Work assumes \$7,000 in additional consultants' fees |
| Development Charges | - | Assumes no Development Cost Charges |
| | | \$300 processing fee, \$300 est plumbing fee, \$700 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationssectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 3,300 | |
| Development Management Fee | - | |
| Legal | - | No allowance for legal fees |
| Marketing | - | |
| Op Ex During Lease-up | - | |
| Loan Fees | 2,497 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 3,392 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |

Scenario 2 - 3 br Cottage HIGH - 4.5 % Interest Rate

| | | |
|--|------------------|---|
| GST | 16,172 | At 3.2% of hard and soft costs. Assumes landlord qualifies for NRRP Rebate of 36% of GST |
| TOTAL SOFT COSTS | 42,361 | |
| Per sq. ft. | 42 | |
| Contingency (incl. cost escalation) | 52,154 | At 10% of hard and soft costs costs |
| TOTAL DEVELOPMENT COST | 573,698 | |
| Per sq. ft. | 574 | |
| DEVELOPER PROFIT | - | |
| SOURCES OF FUNDS | | |
| Land Value (TBD) | - | |
| CMHC Seed Funding (Loan & Grant) | - | Does not qualify for CMHC Seed Funding |
| Permanent Mortgage | 280,281 | Maximum assumed standard mortgage based on financing terms below |
| City DC & Fee Waivers | - | Assumes no municipal fee waivers |
| Other | - | |
| Other | - | |
| Other | - | |
| TOTAL REVENUE | 280,281 | |
| | 280 | |
| EQUITY SURPLUS / GAP | | |
| SURPLUS / (GAP) | (293,417) | Estimated funding gap |
| Per unit | (293,417) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (293) | |
| RLV (EQUITY GAP) - PRESENT \$ | - | |
| Per unit | - | |
| Per sq. ft. | - | |
| CASHFLOW | | |
| Rental Revenue | 23,220 | Based on SGI Target Rent for 3br unit. |
| Parking Revenue | - | |
| Gross Potential Income | 23,220 | |
| Less Vacancy & Bad Debt | (464) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 22,756 | |
| Less: Operating Expenses (Non-Res NNN) | (3,828) | Based on estimated operating expense of \$319 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 18,928 | |
| Debt Service | (17,207) | Cost of debt servicing |
| Annual Cashflow After Debt Servicing | 1,721 | Unlevered cash flow after operating expenses and debt servicing based on Debt Coverage Ratio of 1.1 |
| DEBT CALCULATION | | |
| Net Operating Income | 18,928 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.1 | Per CRD Scope of Work, analysis assumes owner qualifies for financing. DCR used to represent owner's minimum debt coverage expectation to develop the rental housing. |
| Amortization | 30 | Amortization period of 30 yrs is standard max for residential mortgages. |
| Interest Rate | 4.50% | 4.5% interest rate per CRD Scope of Services required stress test |
| Principal | 280,281 | Estimated max principal available from lender based on above terms |

Summary of Results - Multi Family Residential, 10 Units, CMHC (New Construction) - 4.5 % Interest Rate

Prepared by New Commons
Development

| Scenario 1 - Multi Family Residential LOW - CMHC - 4.5 % Interest Rate | | Scenario 2 - Multi Family Residential HIGH - CMHC - 4.5 % Interest Rate | |
|--|--------------------|---|--------------------|
| | | | |
| Gross Floor Area | 6,906 | Gross Floor Area | 6,906 |
| % of Total Floor Area | 100% | % of Total Floor Area | 100% |
| Total Units | 10 | Total Units | 10 |
| Parking Spots | 12 | Parking Spots | 12 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| Hard Costs | 2,699,389 | Hard Costs | 3,068,701 |
| Soft Costs | 679,303 | Soft Costs | 762,420 |
| Contingency | 337,869 | Contingency | 383,112 |
| Other | - | Other | - |
| Total Costs | 3,716,561 | Total Costs | 4,214,233 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| CMHC Seed Funding (Grant) | 40,000 | CMHC Seed Funding (Grant) | 40,000 |
| CMHC Permanent Mortgage | 1,641,646 | CMHC Permanent Mortgage | 1,641,646 |
| CMHC Co-Investment Fund Grant (12.5%) | 464,570 | CMHC Co-Investment Fund Grant (12.5%) | 526,779 |
| City DC and Fee Waivers | - | City DC and Fee Waivers | - |
| FCM GMF SAH Study Grant | 150,000 | FCM GMF SAH Study Grant | 150,000 |
| FCM GMF SAH Capital Grant | 371,656 | FCM GMF SAH Capital Grant | 421,423 |
| Total Sources | 2,667,872 | Total Sources | 2,779,848 |
| Surplus / (Gap) - 10 units | (1,048,689) | Surplus / (Gap) - 10 units | (1,434,385) |
| Surplus / (Gap) - per unit | (104,869) | Surplus / (Gap) - per unit | (143,438) |

Inputs

| Development Statistics | | | Suite Mix - All Units | | |
|--|---------|-------------|---|--|--|
| | MFR low | MFR high | | | |
| Site Area (SF) | 43,000 | 43,000 | sq. ft. | | |
| Public Park Area | 0% | 0% | of site area | | |
| Gross Floor Area | 6,906 | 6,906 | sq. ft. | | |
| Residential | 100% | 100% | of GFA | | |
| Non-Residential GFA | 0% | 0% | of GFA | | |
| Market Condominium | 0% | 0% | of Residential GFA | | |
| Target Rental | 70% | 100% | of Residential GFA | | |
| 80% MMR Rental | 30% | 0% | of Residential GFA | | |
| Res. Efficiency | 82% | 82% | of GFA | | |
| Program Space | 100% | 100% | of Non-Residential GFA | | |
| Retail | 0% | 0% | of Non-Residential GFA | | |
| Non-Res. Efficiency | 100% | 100% | of Non-Residential GFA | | |
| Parking Ratio | | | | | |
| Other | - | - | stalls per unit | | |
| Rental | 1.00 | 1.00 | stalls per unit | | |
| Below Market Rental | 1.00 | 1.00 | stalls per unit | | |
| Visitor | 0.03 | 0.03 | stalls per unit | | |
| Community Space | - | - | stalls per 1,000 sq. ft. leaseable | | |
| Other | - | - | stalls | | |
| Condo Parking Sale Price | - | - | per stall | | |
| Development Cost Assumptions | | | | | |
| Hard Costs | | | | | |
| Land Value - placeholder | - | - | total | | |
| Site Prep & Remediation | 200,000 | 200,000 | per ac. | | |
| On-Site Servicing | 200,000 | 200,000 | per ac. | | |
| Off-Site Servicing | - | - | per ac. | | |
| Public Park Const. Cost (15% of site area) | - | - | per sq. ft. | | |
| Extraordinary Site or Servicing Costs | - | - | total | | |
| Residential Const. Cost | 325 | 375 | per sq. ft. | | |
| Commercial Const. Cost | - | - | per sq. ft. | | |
| Parking Const. Cost | 5,000 | 7,000 | per stall | | |
| Soft Costs | | | | | |
| Architect | 4.5% | 4.5% | % of project costs | | |
| Other Consultants | 8.0% | 8.0% | % of project costs | | |
| Dev. Charges - Studio & 1 Bed | - | - | per unit | | |
| Dev. Charges - 2 Bed + | - | - | per unit | | |
| Education DC | - | - | per unit | | |
| Education DC - Non-Res | - | - | per m2 | | |
| Non-Res DC | - | - | per m2 | | |
| Sec. 37 Payment | - | - | total | | |
| | | | \$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-documents-library/bylaws/buildingregulationselectoralareas/bylawno-19113_4403.pdf?sfvrsn=46607cd_4) | | |
| Municipal Fees & Permits | 19,113 | 19,113 | 4403.pdf?sfvrsn=46607cd_4) | | |
| Public Art | 0.0% | 0.0% | of hard costs | | |
| Developer Fees | 5.0% | 5.0% | of project costs (excl. land & financing) | | |
| Legal | 3,000 | 3,000 | per res. unit and, per 1,000 sq. ft. non-res. | | |
| Sales & Closing | - | - | per unit | | |
| Condo Marketing | - | - | per unit | | |
| Condo Commissions | - | - | per unit | | |
| Rental Marketing | 250 | 250 | per unit | | |
| Rental Op Ex During Lease-up | 25% | 25% | of year 1 op ex of hard and soft costs, assumes eligible for qualifying non profit status (50% GST) | | |
| GST | 2.5% | 2.5% | exempt) | | |
| Contingency (incl. cost escalation) | 10% | 10% | of hard & soft costs | | |
| Revenue Assumptions | | | | | |
| | MFR low | MFR high | | | |
| Rental Operations | | | | | |
| Market Unit Operating Costs (PUPM) | 477 | 477 | | | |
| Affordable Unit Operating Costs (PUPM) | 477 | 477 | | | |
| Parking Revenue (per stall, per month) | - | - | | | |
| Vacancy Rate & Bad Debt | 2% | 2% | | | |
| Lease-Up Period (months) | 3 | 3 | | | |
| Market Cap Rate | 3.50% | 3.50% | | | |
| Condominium & Non-Res Revenue | | | | | |
| Revenue Inflation | 2% | 2% | per year | | |
| Parking Stall Sale Price | - | - | per stall | | |
| Church Space Net Lease Rate | - | - | per sq. ft. | | |
| Office Vacancy & Bad Debt | 0% | 0% | | | |
| Office Cap Rate | 0.00% | 0.00% | | | |
| Retail Net Lease Rate | - | - | per sq. ft. | | |
| Retail Vacancy & Bad Debt | 0% | 0% | | | |
| Retail Cap Rate | 0.00% | 0.00% | | | |
| Office & Retail Commissions | 0% | 0% | of sale price | | |
| Timing & Financing Assumptions | | | | | |
| Timing Assumptions | | | | | |
| Marketing/ Entitlement Period | 1.0 | 1.0 | years | | |
| Sales Period | 1.0 | 1.0 | years | | |
| Construction Period | 1.0 | 1.0 | years | | |
| Construction Loan | | | | | |
| Construction Loan | 70% | 70% | of total costs | | |
| Avg. Draw on Construction Loan | 70% | 70% | during construction period | | |
| Loan Fees | 0.50% | 0.50% | of loan | | |
| Loan Interest | 3.00% | 3.00% | of loan | | |
| Permanent Mortgage | | | | | |
| Lending Program | td. | Mortgage 1. | Mortgage | | |
| Interest Rate | 4.50% | 4.50% | per year | | |
| Amortization | 50 | 50 | years | | |
| Min. DCR | 1.0 | 1.0 | | | |
| Co-Investment Grant | 12.5% | 12.5% | of rental project costs | | |
| IAH Capital Grant | - | - | per below-market rental unit | | |
| Patient Equity | 0.00% | 0.00% | of permanent loan principal | | |
| Profit Assumptions | | | | | |
| Discount Rate | 7% | 7% | per year | | |
| Condo Profit | 0% | 0% | of suite revenue | | |

| Unit Type | Suite Mix | Unit Size | Price \$PSF | SGI Target Rents | 80% MMR Victoria | 70% HILS Victoria | Deep Subsidy | Market |
|-------------|-----------|-----------|-------------|------------------|------------------|-------------------|--------------|--------|
| Studio | 30% | 350 | 0 | 743 | 798 | 831 | 375 | 1,000 |
| 1 Bedroom | 30% | 525 | 0 | 826 | 959 | 831 | 375 | 1,188 |
| 2 Bedroom | 40% | 725 | 0 | 1,478 | 1,238 | 1,068 | 570 | 1,525 |
| 3 Bedroom | 0% | 925 | 0 | 1,935 | 1,518 | 1,383 | 660 | 1,975 |
| Total/ Avg. | 100% | 553 | 0 | 1,062 | 1,022 | 926 | 453 | 1,266 |

| SGI Target Rent Calculator | | | | | | | |
|----------------------------|-------------------------|---------------------------|---------------------------|------------------------------|---|----------|---------|
| Unit Type | 2018 SGI Median Income* | 2022 SGI Median Income* + | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | 100% AMR | 80% AMR |
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single persons | | |
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for lone parent families and families without child | | |
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for families without children and families with child | | |

* data from 2018 SGI Housing Needs Assessment (Table 23); averages calculated per notes provided
** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | |
|-----------------------|----------|--------|-----------|
| Operating Expenses | | | |
| | /yr | pupm | Mill rate |
| Property Tax | \$ 3,563 | \$ 30 | 4.4 |
| Insurance | \$12,000 | \$ 100 | |
| Heat & Electricity | \$ 6,000 | \$ 50 | |
| Interior Maintenance | \$ 2,400 | \$ 20 | |
| Exterior Maintenance | \$ 2,400 | \$ 20 | |
| Replacement | \$ 7,200 | \$ 60 | |
| Reserve Building | \$ 9,000 | \$ 75 | |
| Salaries & Wages | \$ 600 | \$ 5 | |
| Telephone | \$ 1,200 | \$ 10 | |
| Office & Admin | \$ 5,000 | \$ 42 | |
| Audit | \$ 6,000 | \$ 50 | |
| Service Contracts | \$ 1,800 | \$ 15 | |
| Grounds Maint | \$57,163 | \$ 476 | |

Scenario 1 - Multi Family Residential LOW - CMHC - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | | | Assumptions |
|--|------------------|----------------|--------------------|---|
| | Market | 79% MMR | Total/ Avg. | |
| SITE | | | | |
| Site Area (sq. ft.) | - | - | 43,000 | Approximately 1 acre development area |
| FLOOR AREA | | | | |
| Gross Floor Area (sq. ft.) | 4,834 | 2,072 | 6,906 | Includes circulation, utility and common areas |
| Efficiency Ratio | 82% | 82% | 82% | BC Housing efficiency target for wood frame low rise buildings |
| Net Floor Area (sq. ft.) | 3,964 | 1,699 | 5,663 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 70% | 30% | 100% | |
| % of Non-Residential Floor Area | - | - | 0% | |
| % of Total Floor Area | 70% | 30% | 100% | |
| PARKING | | | | |
| Residential Parking Ratio (per unit) | 1.00 | 1.00 | 1.00 | 1 parking stall per unit |
| Residential Stalls | 7 | 3 | 10 | |
| Visitor Parking Ratio (per unit) | 0.03 | 0.03 | 0.20 | |
| Visitor Stalls | 1.4 | 0.6 | 2 | Total of 2 visitors parking stalls |
| Office Parking Space Ratio (per 1,000 SF) | - | - | - | |
| Office Parking | - | - | - | |
| Total Parking Stalls | 8 | 4 | 12 | 12 surface parking stalls in total |
| UNITS | | | | |
| Total Units | 7 | 3 | 10 | 10 units in total |
| Avg. Unit Size | 553 | 553 | 553 | Average unit size based on specified unit mix |
| DEVELOPMENT COST | | | | |
| Land Cost | Market | 79% MMR | TOTAL | |
| Land Cost - place holder | - | - | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | Market | 79% MMR | TOTAL | |
| Site Prep & Remediation | 138,200 | 59,229 | 197,429 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | 138,200 | 59,229 | 197,429 | Includes allowance for on site drinking water, stormwater and wastewater and hydro services and associated underground works |
| Off-Site Servicing | - | - | - | |
| Public Park Const. Cost (15% of site area) | - | - | - | |
| Residential Const. Cost | 1,571,172 | 673,359 | 2,244,531 | At \$325/sf |
| Commercial Const. Cost | - | - | - | |
| At-Grade Parking Const. Cost | 42,000 | 18,000 | 60,000 | At \$5000 per parking stall |
| Extraordinary Site Costs | - | - | - | |
| TOTAL HARD COSTS | 1,889,572 | 809,817 | 2,699,389 | |
| Per sq. ft. | 391 | 391 | 391 | |
| Soft Costs | Market | 79% MMR | Total/ Avg. | |
| Architect | 85,031 | 36,442 | 121,473 | At 4.5% of hard costs |
| Other Consultants | 151,166 | 64,785 | 215,951 | At 8% of hard costs (allows for surveyor, geotech, environmental assessment, civil, wastewater, mechanical, structural, electrical and envelop, energy modeling, quantity surveyor, appraiser, well pump test, huydrogeological report, ecological report and water management plan) |
| Dev. Charges | - | - | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 13,379 | 5,734 | 19,113 | \$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulationsselectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Development Management Fee | 108,596 | 46,541 | 155,137 | At 5% of project costs excluding land value. |
| Legal | 21,000 | 9,000 | 30,000 | Allowance for legal fees |
| Marketing | 1,750 | 750 | 2,500 | Marketing expenses during initial lease-up period |
| Op Ex During Lease-up | 10,017 | 4,293 | 14,310 | Operating expense during initial lease-up period. Assumes 3 months of operating expenses. |

Scenario 1 - Multi Family Residential LOW - CMHC - 4.5 % Interest Rate

| | | | |
|-------------------------|----------------|----------------|----------------|
| Loan Fees | 11,403 | 4,887 | 16,289 |
| Loan Interest | 15,487 | 6,637 | 22,124 |
| GST | 57,685 | 24,722 | 82,407 |
| TOTAL SOFT COSTS | 475,512 | 203,791 | 679,303 |
| Per sq. ft. | 98 | 98 | 98 |

Fees on construction loan at 0.5% of loan value
Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period.
At 2.5% of project expenses. Assumes owner is eligible for qualifying non profit status (50% GST exempted/rebated)

| | | | |
|--|----------------|----------------|----------------|
| Contingency (incl. cost escalation) | 236,508 | 101,361 | 337,869 |
|--|----------------|----------------|----------------|

At 10% of hard and soft costs costs

| | | | |
|-------------------------------|------------------|------------------|------------------|
| TOTAL DEVELOPMENT COST | 2,601,593 | 1,114,968 | 3,716,561 |
| Per sq. ft. | 538 | 538 | 538 |

| | | | |
|-------------------------|---|---|---|
| DEVELOPER PROFIT | - | - | - |
|-------------------------|---|---|---|

| SOURCES OF FUNDS | | | |
|------------------|--------|---------|-------|
| | Market | 79% MMR | TOTAL |

| | | | |
|---------------------------------------|------------------|----------------|------------------|
| Land Value (TBD) | - | - | - |
| CMHC Seed Funding (Grant) | 28,000 | 12,000 | 40,000 |
| CMHC Permanent Mortgage | 1,268,122 | 373,524 | 1,641,646 |
| CMHC Co-Investment Fund Grant (12.5%) | 325,199 | 139,371 | 464,570 |
| City DC and Fee Waivers | - | - | - |
| FCM GMF SAH Study Grant | 105,000 | 45,000 | 150,000 |
| FCM GMF SAH Capital Grant | 260,159 | 111,497 | 371,656 |
| Other | - | - | - |
| TOTAL REVENUE | 1,986,480 | 681,392 | 2,667,872 |
| Per sq. ft. | 411 | 329 | 386 |

Estimated CMHC Seed Funding grant contribution for project of this size
Maximum CMHC National Housing Co-Investment Program mortgage based on financing terms below
Estimated CMHC National Housing Co-Investment Program grant amount
Assumes no municipal fee waivers
Potential study grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program
Potential capital grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program for qualifying net zero energy ready projects

| EQUITY SURPLUS / GAP | | | |
|------------------------|------------------|------------------|--------------------|
| SURPLUS / (GAP) | (615,112) | (433,577) | (1,048,689) |
| Per unit | (87,873) | (144,526) | (232,399) |
| Per sq. ft. | (127) | (209) | (152) |

Estimated funding gap
Estimated funding gap per unit (averaged)

| CASHFLOW | | | |
|----------|--------|---------|-------------|
| | Market | 79% MMR | Total/ Avg. |

| | | | |
|--|----------|----------|----------|
| Rental Revenue | 106,365 | 36,809 | 143,174 |
| Parking Revenue | - | - | - |
| Gross Potential Income | 106,365 | 36,809 | 143,174 |
| Less Vacancy & Bad Debt | (2,127) | (736) | (2,863) |
| Gross Effective Income | 104,238 | 36,073 | 140,311 |
| Less: Operating Expenses (Non-Res NNN) | (40,068) | (17,172) | (57,240) |
| Net Operating Income | 64,170 | 18,901 | 83,071 |
| Debt Service | (64,170) | (18,901) | (83,071) |
| Annual Cash Flow After Debt Servicing | - | - | - |

Vacancy loss at 2% of Gross Income (2% vacancy rate)

Based on estimated operating expense of \$477 per unit per month. See Operating Expense Breakdown for details.

Cost of debt servicing

Debt Coverage Ratio of 1.0 results in no unlevered cash flow after operating expenses and debt servicing

| DEBT CALCULATION | | | |
|------------------|--------|---------|-------------|
| | Market | 79% MMR | Total/ Avg. |

| | | | |
|----------------------|-----------|---------|-----------|
| Net Operating Income | 64,170 | 18,901 | 83,071 |
| DCR | 1.0 | 1.0 | |
| Amortization | 50 | 50 | |
| Interest Rate | 4.50% | 4.50% | |
| Principal | 1,268,122 | 373,524 | 1,641,646 |

Net operating income after vacancy loss and operating expenses
Debt Coverage Ratio of 1.0 per CMHC National Housing Co-Investment Program minimum requirement
Amortization period of 50 yrs under CMHC National Housing Co-Investment Program
4.5% interest rate per CRD Scope of Services requested stress test
Estimated max principal available from lender based on above terms

Scenario 2 - Multi Family Residential HIGH - CMHC - 4.5 % Interest Rate

| | |
|---------------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-residential | None |
| Rental Financing | Residential Mortgage |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | | | Assumptions |
|--|------------------|----------------|--------------------|--|
| | Market | 79% MMR | Total/ Avg. | |
| SITE | | | | |
| Site Area (sq. ft.) | - | - | 43,000 | Approximately 1 acre development area |
| FLOOR AREA | | | | |
| Gross Floor Area (sq. ft.) | 4,834 | 2,072 | 6,906 | Includes circulation, utility and common areas |
| Efficiency Ratio | 82% | 82% | 82% | BC Housing efficiency target for wood frame low rise buildings |
| Net Floor Area (sq. ft.) | 3,964 | 1,699 | 5,663 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 70% | 30% | 100% | |
| % of Non-Residential Floor Area | - | - | 0% | |
| % of Total Floor Area | 70% | 30% | 100% | |
| PARKING | | | | |
| Residential Parking Ratio (per unit) | 1.00 | 1.00 | 1.00 | 1 parking stall per unit |
| Residential Stalls | 7 | 3 | 10 | |
| Visitor Parking Ratio (per unit) | 0.14 | 0.06 | 0.20 | |
| Visitor Stalls | 1.4 | 0.6 | 2 | Total of 2 visitors parking stalls |
| Office Space Parking Ratio (per 1,000 sq. ft.) | - | - | - | |
| Office Parking | - | - | - | |
| Total Parking Stalls | 8 | 4 | 12 | 12 surface parking stalls in total |
| UNITS | | | | |
| Total Units | 7 | 3 | 10 | 10 units in total |
| Avg. Unit Size | 553 | 553 | 553 | Average unit size based on specified unit mix |
| DEVELOPMENT COST | | | | |
| Land Cost | Market | 79% MMR | TOTAL | |
| Land Cost - place holder | - | - | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | Market | 79% MMR | TOTAL | |
| Site Prep & Remediation | 138,200 | 59,229 | 197,429 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | 138,200 | 59,229 | 197,429 | Includes allowance for on site drinking water, stormwater and wastewater and hydro services and associated underground works |
| Off-Site Servicing | - | - | - | |
| Residential Const. Cost | 1,812,891 | 776,953 | 2,589,844 | At \$375/sf |
| Church Space Const. Cost | - | - | - | |
| At-Grade Parking Const. Cost | 58,800 | 25,200 | 84,000 | At \$7000 per parking stall |
| Extraordinary Site Costs | - | - | - | |
| TOTAL HARD COSTS | 2,148,091 | 920,610 | 3,068,701 | |
| Per sq. ft. | 444 | 444 | 444 | |
| Soft Costs | Market | 79% MMR | Total/ Avg. | |
| Architect | 96,664 | 41,427 | 138,092 | At 4.5% of hard costs |
| Other Consultants | 171,847 | 73,649 | 245,496 | At 8% of hard costs (allows for surveyor, geotech, environmental assessment, civil, wastewater, mechanical, structural, electrical and envelop, energy modeling, quantity surveyor, appraiser, well pump test, hydrogeological report, ecological report and water management plan) |
| Dev. Charges | - | - | - | Assumes no Development Cost Charges |
| | | | | \$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 |
| Planning Application Fees | 13,379 | 5,734 | 19,113 | Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulations/selectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Development Management Fee | 123,137 | 52,773 | 175,911 | At 5% of project costs excluding land value. |
| Legal | 21,000 | 9,000 | 30,000 | Allowance for legal fees |
| Marketing | 1,750 | 750 | 2,500 | Marketing expenses during initial lease-up period |
| Op Ex During Lease-up | 10,017 | 4,293 | 14,310 | Operating expense during initial lease-up period. Assumes 3 months of operating expenses. |

Scenario 2 - Multi Family Residential HIGH - CMHC - 4.5 % Interest Rate

| | | | |
|-------------------------|----------------|----------------|----------------|
| Loan Fees | 12,929 | 5,541 | 18,471 |
| Loan Interest | 17,560 | 7,526 | 25,086 |
| GST | 65,409 | 28,033 | 93,442 |
| TOTAL SOFT COSTS | 533,694 | 228,726 | 762,420 |
| Per sq. ft. | 110 | 110 | 110 |

Fees on construction loan at 0.5% of loan value

Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period.

At 2.5% of project expenses. Assumes owner is eligible for qualifying non profit status (50% GST exempted/rebated)

| | | | |
|--|----------------|----------------|----------------|
| Contingency (incl. cost escalation) | 268,178 | 114,934 | 383,112 |
|--|----------------|----------------|----------------|

At 10% of hard and soft costs costs

| | | | |
|-------------------------------|------------------|------------------|------------------|
| TOTAL DEVELOPMENT COST | 2,949,963 | 1,264,270 | 4,214,233 |
| Per sq. ft. | 610 | 610 | 610 |

| | | | |
|-------------------------|---|---|---|
| DEVELOPER PROFIT | - | - | - |
|-------------------------|---|---|---|

| SOURCES OF FUNDS | | | |
|-------------------------|---------------|----------------|--------------|
| | Market | 79% MMR | TOTAL |

| | | | |
|---------------------------------------|------------------|----------------|------------------|
| Land Value (TBD) | - | - | - |
| CMHC Seed Funding (Grant) | 28,000 | 12,000 | 40,000 |
| CMHC Permanent Mortgage | 1,268,122 | 373,524 | 1,641,646 |
| CMHC Co-Investment Fund Grant (12.5%) | 368,745 | 158,034 | 526,779 |
| City DC and Fee Waivers | - | - | - |
| FCM GMF SAH Study Grant | 105,000 | 45,000 | 150,000 |
| FCM GMF SAH Capital Grant | 294,996 | 126,427 | 421,423 |
| Other | - | - | - |
| TOTAL REVENUE | 2,064,864 | 714,985 | 2,779,848 |
| | 427 | 345 | 403 |

Estimated CMHC Seed Funding grant contribution for project of this size

Maximum CMHC National Housing Co-Investment Program mortgage based on financing terms below

Estimated CMHC National Housing Co-Investment Program grant amount

Assumes no municipal fee waivers

Potential study grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program

Potential capital grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable

Housing Program for qualifying net zero energy ready projects

| EQUITY SURPLUS / GAP | | | |
|-----------------------------|--|--|--|
|-----------------------------|--|--|--|

| | | | |
|------------------------|------------------|------------------|--------------------|
| SURPLUS / (GAP) | (885,099) | (549,285) | (1,434,385) |
| Per unit | (126,443) | (183,095) | (309,538) |
| Per sq. ft. | (183) | (265) | (208) |

Estimated funding gap

Estimated funding gap per unit (averaged)

| CASHFLOW | | | |
|-----------------|--|--|--|
|-----------------|--|--|--|

| | Market | 79% MMR | Total/ Avg. |
|--|---------------|----------------|--------------------|
| Rental Revenue | 106,365 | 36,809 | 143,174 |
| Parking Revenue | - | - | - |
| Gross Potential Income | 106,365 | 36,809 | 143,174 |
| Less Vacancy & Bad Debt | (2,127) | (736) | (2,863) |
| Gross Effective Income | 104,238 | 36,073 | 140,311 |
| Less: Operating Expenses (Non-Res NNN) | (40,068) | (17,172) | (57,240) |
| Net Operating Income | 64,170 | 18,901 | 83,071 |
| Debt Service | (64,170) | (18,901) | (83,071) |
| Annual Cashflow After Debt Servicing | - | - | - |

Vacancy loss at 2% of Gross Income (2% vacancy rate)

Based on estimated operating expense of \$477 per unit per month. See Operating Expense Breakdown for details.

Cost of debt servicing

Debt Coverage Ratio of 1.0 results in no unlevered cash flow after operating expenses and debt servicing

| DEBT CALCULATION | | | |
|-------------------------|---------------|----------------|--------------------|
| | Market | 79% MMR | Total/ Avg. |

| | | | |
|----------------------|-----------|---------|-----------|
| Net Operating Income | 64,170 | 18,901 | 83,071 |
| DCR | 1.0 | 1.0 | |
| Amortization | 50 | 50 | |
| Interest Rate | 4.50% | 4.50% | |
| Principal | 1,268,122 | 373,524 | 1,641,646 |

Net operating income after vacancy loss and operating expenses

Debt Coverage Ratio of 1.0 per CMHC National Housing Co-Investment Program minimum requirement

Amortization period of 50 yrs under CMHC National Housing Co-Investment Program

4.5% interest rate per CRD Scope of Services requested stress test

Estimated max principal available from lender based on above terms

Summary of Results - Multi Family Residential, 10 Units, BC Housing (New Construction) - 4.5 % Interest Rate

Prepared by New Commons
Development

| Scenario 1 - Multi Family Residential LOW - BC Housing - 4.5 % Interest Rate | | Scenario 2 - Multi Family Residential HIGH | |
|--|--------------------|---|--------------------|
| | | | |
| Gross Floor Area | 6,906 | Gross Floor Area | 6,906 |
| % of Total Floor Area | 100% | % of Total Floor Area | 100% |
| Total Units | 10 | Total Units | 10 |
| Parking Spots | 12 | Parking Spots | 12 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| Hard Costs | 2,702,389 | Hard Costs | 2,900,245 |
| Soft Costs | 681,775 | Soft Costs | 726,304 |
| Contingency | 338,416 | Contingency | 362,655 |
| Other | - | Other | - |
| Total Costs | 3,722,580 | Total Costs | 3,989,204 |
| Land Value (TBD) | - | Land Value (TBD) | - |
| CMHC Seed Funding (Grant) | 40,000 | CMHC Seed Funding (Grant) | 40,000 |
| BCH Permanent Mortgage | 801,844 | CMHC Permanent Mortgage | 838,747 |
| BCH CHF Grant | 1,025,000 | (12.5%) | 1,025,000 |
| City DC and Fee Waivers | - | City DC and Fee Waivers | - |
| CMHC NHCIP Grant (@ 12.5%) | 465,323 | CMHC NHCIP Grant (@ 12.5%) | 498,651 |
| Other | - | Other | - |
| Total Sources | 2,332,166 | Total Sources | 2,402,397 |
| Surplus / (Gap) - 10 units | (1,390,414) | Surplus / (Gap) - 10 units | (1,586,807) |
| Surplus / (Gap) - per unit | (139,041) | Surplus / (Gap) - per unit | (158,681) |
| BCH Annual Subsidy Required to Close Gap | 79,630 | BCH Annual Subsidy Required to Close Gap | 92,991 |
| BCH Subsidy Required PUPM | 664 | BCH Subsidy Required PUPM | 775 |

Inputs

| Development Statistics | MFR low | MFR high |
|------------------------|---------|------------------------|
| Site Area (SF) | 43,000 | sq. ft. |
| Public Park Area | 0% | 0% of site area |
| Gross Floor Area | 6,906 | sq. ft. |
| Residential | 100% | 100% of GFA |
| Non-Residential GFA | 0% | 0% of GFA |
| Market Condominium | 0% | 0% of Residential GFA |
| Market Rental | 30% | 30% of Residential GFA |
| RII (70% H&L) | 90% | 90% of Residential GFA |
| Deep Subsidy | 20% | 20% of Residential GFA |

| | | |
|-----------------|-----|------------|
| Res. Efficiency | 82% | 82% of GFA |
|-----------------|-----|------------|

| | | |
|---------------|------|-----------------------------|
| Program Space | 100% | 100% of Non-Residential GFA |
|---------------|------|-----------------------------|

| | | |
|--------|----|---------------------------|
| Retail | 0% | 0% of Non-Residential GFA |
|--------|----|---------------------------|

| | | |
|--------------------------|------|-------------------------------------|
| Non-Res. Efficiency | 100% | 100% of Non-Residential GFA |
| Parking Ratio | - | - stalls per unit |
| Other | 1.00 | 1.00 stalls per unit |
| Rental | 1.00 | 1.00 stalls per unit |
| Below Market Rental | 0.03 | 0.03 stalls per unit |
| Visitor | - | - stalls per 1,000 sq. ft. leasable |
| Community Space | - | - stalls |
| Other | - | - per stall |
| Condo Parking Sale Price | - | - per stall |

| Development Cost Assumptions | MFR low | MFR high |
|--|---------|-----------------|
| Hard Costs | | |
| Land Value - placeholder | - | - total |
| Site Prep & Remediation | 200,000 | 200,000 per ac. |
| On-Site Servicing | 200,000 | 200,000 per ac. |
| Off-Site Servicing | - | - per ac. |
| Public Park Const. Cost (15% of site area) | - | - per sq. ft. |
| Extraordinary Site or Servicing Costs | - | - total |
| Residential Const. Cost | 325 | 350 per sq. ft. |
| Commercial Const. Cost | - | - per sq. ft. |
| Parking Const. Cost | 5,000 | 7,000 per stall |

| | | |
|-------------------------------------|--------|---|
| Soft Costs | | |
| Architect | 4.5% | 4.5% % of project costs |
| Other Consultants | 8.0% | 8.0% % of project costs |
| Dev. Charges - Studio & 1 Bed | - | - per unit |
| Dev. Charges - 2 Bed + | - | - per unit |
| Education DC | - | - per unit |
| Education DC - Non-Res | - | - per m2 |
| Non-Res DC | - | - per m2 |
| Sec. 37 Payment | - | - total |
| | | \$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CDD Building Regs-Below amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-documents/library/bylaws/buildingregulationseleconsensus/bylawno4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 19,113 | 19,113 4403.pdf?sfvrsn=46607fcd_4) |
| Public Art | 0.0% | 0.0% of hard costs |
| Developer Fees | 5.0% | 5.0% financing) of project costs (excl. land & per res. unit and, per 1,000 sq. ft. non- |
| Legal | 3,000 | 3,000 hrs. |
| Sales & Closing | - | - per unit |
| Condo Marketing | - | - per unit |
| Condo Commissions | - | - per unit |
| Rental Marketing | 250 | 250 per unit |
| Rental Op Ex During Lease-up | 25% | 25% of year 1 op ex of hard and soft costs, assumes eligible for qualifying non profit status |
| GST | 2.5% | 2.5% (50% GST exempt) |
| Contingency (incl. cost escalation) | 10% | 10% of hard & soft costs |

| Revenue Assumptions | MFR low | MFR high |
|--------------------------|---------|----------|
| Rental Operations | | |

| | | |
|--|-----|-----|
| Market Unit Operating Costs (PUPM) | 532 | 532 |
| Affordable Unit Operating Costs (PUPM) | 532 | 532 |

| | | |
|--|-------|-------|
| Parking Revenue (per stall, per month) | - | - |
| Vacancy Rate & Bad Debt | 2% | 2% |
| Lease-Up Period (months) | 3 | 3 |
| Market Cap Rate | 3.50% | 3.50% |

| | | |
|--|-------|------------------|
| Condominium & Non-Res Revenue | | |
| Revenue Inflation | 2% | 2% per year |
| Parking Stall Sale Price | - | - per stall |
| Church Space Net Lease Rate | - | - per sq. ft. |
| Office Vacancy & Bad Debt | 0% | 0% |
| Office Cap Rate | 0.00% | 0.00% |
| Retail Net Lease Rate | - | - per sq. ft. |
| Retail Vacancy & Bad Debt | 0% | 0% |
| Retail Cap Rate | 0.00% | 0.00% |
| Office & Retail Commissions | 0% | 0% of sale price |

| Financing & Financing Assumptions | MFR low | MFR high |
|-----------------------------------|---------|--------------------------------|
| Financing Assumptions | | |
| Marketing/Entitlement Period | 1.0 | 1.0 years |
| Sales Period | 1.0 | 1.0 years |
| Construction Period | 1.0 | 1.0 years |
| Construction Loan | | |
| Construction Loan | 70% | 70% of total costs |
| Avg. Draw on Construction Loan | 70% | 70% during construction period |
| Loan Fees | 0.50% | 0.50% of loan |
| Loan Interest | 3.00% | 3.00% of loan |

| | | |
|---------------------------|-------------------------|-----------------------------------|
| Permanent Mortgage | | |
| Lending Program | d. Mortgage d. Mortgage | |
| Interest Rate | 4.50% | 4.50% per year |
| Amortization | 35 | 35 years |
| Mkt. IDB | 1.0 | 1.0 |
| Co-Investment Grant | 12.5% | 12.5% of rental project costs |
| IAH Capital Grant | - | - per below market rental unit |
| Patent Equity | 0.00% | 0.00% of permanent loan principal |

| | | |
|---------------------------|----|---------------------|
| Profit Assumptions | | |
| Discount Rate | 7% | 7% per year |
| Condo Profit | 0% | 0% of suite revenue |

| Suite Mix - All Units | | | | | | | | | |
|-----------------------|-----------|-----------|-------------|------------------|------------------|------------------------|--------------|-----------------------|--|
| Unit Type | Suite Mix | Unit Size | Price \$/SF | SGI Target Rents | 80% MWR Victoria | RII (70% H&L Victoria) | Deep Subsidy | Market (H&L Victoria) | |
| Studio | 30% | 350 | 0 | 743 | 718 | 811 | 375 | 1,000 | |
| 1 Bedroom | 30% | 525 | 0 | 826 | 959 | 831 | 375 | 1,188 | |
| 2 Bedroom | 40% | 725 | 0 | 1,478 | 1,238 | 1,068 | 570 | 1,525 | |
| 3 Bedroom | 0% | 925 | 0 | 1,935 | 1,518 | 1,383 | 660 | 1,975 | |
| Total/ Avg. | 100% | 553 | 0 | 1,062 | 1,022 | 926 | 453 | 1,266 | |

| SGI Target Rent Calculator | | | | | | | | | |
|----------------------------|-------------------------|----------------|---------------------------|------------------------------|-------|--|----------|---------|--|
| 2022 SGI | | | | | | | | | |
| Unit Type | 2018 SGI Median Income* | Median Income* | Rent as % of Gross Income | 2022 Target Affordable Rents | Notes | | 100% AMR | 80% AMR | |

| | | | | | | | | | |
|-----------|--------|--------|-----|-----|--|--|--|--|--|
| 1 Bedroom | 30,528 | 33,044 | 30% | 826 | Based on SGI HNA target affordable rent for single persons | | | | |
|-----------|--------|--------|-----|-----|--|--|--|--|--|

| | | | | | | | | | |
|-----------|--------|--------|-----|-------|--|--|--|--|--|
| 2 Bedroom | 54,618 | 59,120 | 30% | 1,478 | Based on average of SGI HNS target affordable rents for lone parent families and families without children | | | | |
|-----------|--------|--------|-----|-------|--|--|--|--|--|

| | | | | | | | | | |
|-----------|--------|--------|-----|-------|--|--|--|--|--|
| 3 Bedroom | 71,492 | 77,385 | 30% | 1,935 | Based on average of SGI HNS target affordable rents for families without children and families with children | | | | |
|-----------|--------|--------|-----|-------|--|--|--|--|--|

* data from 2018 SGI Housing Needs Assessment (Table 22); averages calculated per notes provided
** assumes 2% inflation on median incomes for 4 years (2019-2022)

| Operating Assumptions | | | |
|------------------------|------|--|-----------|
| Operating Expenses /yr | pupm | | Mill rate |

| | | | |
|--------------|-----------|--------|-----|
| Property Tax | \$ 3,567 | \$ 30 | 4.4 |
| Insurance | \$ 12,000 | \$ 100 | |

| | | | |
|-----------------------|-----------|--------|--|
| Heat/Electricity | \$ 9,600 | \$ 80 | |
| Interior Maintenance | \$ 2,400 | \$ 20 | |
| Exterior Maintenance | \$ 2,400 | \$ 20 | |
| Replacement Reserve | \$ 7,200 | \$ 60 | |
| Building Salaries & W | \$ 5,000 | \$ 75 | |
| Telephone | \$ 600 | \$ 5 | |
| Office & Admin | \$ 1,200 | \$ 10 | |
| Audit | \$ 8,000 | \$ 67 | |
| Service Contracts | \$ 6,000 | \$ 50 | |
| Grounds Maint | \$ 1,800 | \$ 15 | |
| Total | \$ 63,767 | \$ 581 | |

| | | | |
|-----------------------|-----------|--------|--|
| Heat/Electricity | \$ 9,600 | \$ 80 | |
| Interior Maintenance | \$ 2,400 | \$ 20 | |
| Exterior Maintenance | \$ 2,400 | \$ 20 | |
| Replacement Reserve | \$ 7,200 | \$ 60 | |
| Building Salaries & W | \$ 5,000 | \$ 75 | |
| Telephone | \$ 600 | \$ 5 | |
| Office & Admin | \$ 1,200 | \$ 10 | |
| Audit | \$ 8,000 | \$ 67 | |
| Service Contracts | \$ 6,000 | \$ 50 | |
| Grounds Maint | \$ 1,800 | \$ 15 | |
| Total | \$ 63,767 | \$ 581 | |

| | | | |
|-----------------------|-----------|--------|--|
| Heat/Electricity | \$ 9,600 | \$ 80 | |
| Interior Maintenance | \$ 2,400 | \$ 20 | |
| Exterior Maintenance | \$ 2,400 | \$ 20 | |
| Replacement Reserve | \$ 7,200 | \$ 60 | |
| Building Salaries & W | \$ 5,000 | \$ 75 | |
| Telephone | \$ 600 | \$ 5 | |
| Office & Admin | \$ 1,200 | \$ 10 | |
| Audit | \$ 8,000 | \$ 67 | |
| Service Contracts | \$ 6,000 | \$ 50 | |
| Grounds Maint | \$ 1,800 | \$ 15 | |
| Total | \$ 63,767 | \$ 581 | |

Assumed
Mill Rate:
Assumes
2.75MM
assessed
value
discounted
d 70%
due to
change on
title
restricting
rents

Tenants
pay own
heat but
includes
avg
\$30/mo
heat
allowance
paid to
residents
per BC
Housing
requirem
ents

| BC Housing CHF Capital Grant | | | |
|------------------------------------|-------|-------------|--|
| Grant | Units | Total Grant | |
| Studio | 3 | 75,000 | |
| One Bedroom | 3 | 100,000 | |
| Two Bedroom | 4 | 125,000 | |
| Three Bedroom | - | 150,000 | |
| Total | 10 | 1,000,000 | |

Scenario 1 - Multi Family Residential LOW - BC Housing -
4.5 % Interest Rate

| | |
|---------------------------|--------------|
| | Rental - SGI |
| | Target |
| | Affordable |
| Residential Tenure | Rents |
| Non-Residential | None |
| | Residential |
| Rental Financing | Mortgage |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | | | | |
|---|----------|-----------------|--------------|---------------|--|
| | Market | RGI (70% HILLS) | Deep Subsidy | Total/ Avg. | Assumptions |
| SITE | | | | | |
| Site Area (sq. ft.) | - | - | - | 43,000 | Approximately 1 acre development area |
| FLOOR AREA | | | | | |
| Gross Floor Area (sq. ft.) | 2,072 | 3,453 | 1,381 | 6,906 | Includes circulation, utility and common areas |
| Efficiency Ratio | 82% | 82% | 82% | 82% | BC Housing efficiency target for wood frame low rise buildings |
| Net Floor Area (sq. ft.) | 1,699 | 2,832 | 1,133 | 5,663 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 30% | 50% | 20% | 100% | |
| % of Non-Residential Floor Area | - | - | - | 0% | |
| % of Total Floor Area | 30% | 50% | 20% | 100% | |
| PARKING | | | | | |
| Residential Parking Ratio (per unit) | 1.00 | 1.00 | 1.00 | 1.00 | 1 parking stall per unit |
| Residential Stalls | 3 | 5 | 2 | 10 | |
| Visitor Parking Ratio (per unit) | 0.03 | 0.03 | 0.03 | 0.20 | |
| Visitor Stalls | 0.6 | 1.0 | 1.0 | 2 | Total of 2 visitors parking stalls |
| Office Parking Space Ratio (per 1,000 SF) | - | - | - | - | |
| Office Parking | - | - | - | - | |
| Total Parking Stalls | 4 | 6 | 3 | 12 | 12 surface parking stalls in total |
| UNITS | | | | | |
| Total Units | 3 | 5 | 2 | 10 | 10 units in total |
| Avg. Unit Size | 553 | 553 | 553 | 553 | Average unit size based on specified unit mix |

| DEVELOPMENT COST | | | | | |
|--|----------------|------------------|----------------|------------------|--|
| Land Cost | Market | RGI (70% HILS) | Deep Subsidy | TOTAL | |
| Land Cost - place holder | - | - | - | - | Assumes land is already owned or secured under long term lease |
| Hard Costs | Market | RGI (70% HILS) | Deep Subsidy | TOTAL | |
| Site Prep & Remediation | 59,229 | 98,714 | 39,486 | 197,429 | Assumes no remediation required, includes site preparation, grading, fill, retention works and, environmental controls etc. @ \$200,000/acre |
| On-Site Servicing | 59,229 | 98,714 | 39,486 | 197,429 | Includes allowance for on site drinking water, stormwater and wastewater and hydro services and associated underground works |
| Off-Site Servicing | - | - | - | - | |
| Public Park Const. Cost (15% of site area) | - | - | - | - | |
| Residential Const. Cost | 673,359 | 1,122,266 | 448,906 | 2,244,531 | At \$325/sf |
| Commercial Const. Cost | - | - | - | - | |
| At-Grade Parking Const. Cost | 18,000 | 30,000 | 15,000 | 63,000 | At \$5000 per parking stall |
| Extraordinary Site Costs | - | - | - | - | |
| TOTAL HARD COSTS | 809,817 | 1,349,694 | 542,878 | 2,702,389 | |
| Per sq. ft. | 391 | 391 | 393 | 391 | |
| Soft Costs | Market | RGI (70% HILS) | Deep Subsidy | Total/ Avg. | |
| Architect | 36,442 | 60,736 | 24,430 | 121,608 | At 4.5% of hard costs |
| Other Consultants | 64,785 | 107,976 | 43,430 | 216,191 | modeling, quantity surveyor, appraiser, well pump test, hydrogeological report, ecological report and water management plan) |
| Dev. Charges | - | - | - | - | Assumes no Development Cost Charges \$200 PROCESSING FEE, \$2000 EST. PLUMBING FEE, \$2000 EST. ELECTRICAL FEE, \$200 PLUMBING CV & \$200 PSI AS PER CRD BUILDING REGS BYLAW AMENDMENT # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/crd-document-library/bylaws/buildingregulations/selectoralareas/bylawno-4403.pdf?sfvrsn=46607fcd_4) |
| Municipal Fees & Permits | 5,734 | 9,556 | 3,823 | 19,113 | |
| Development Management Fee | 46,566 | 77,610 | 31,213 | 155,388 | At 5% of project costs excluding land value. |
| Legal | 9,000 | 15,000 | 6,000 | 30,000 | Allowance for legal fees |
| Marketing | 750 | 1,250 | 500 | 2,500 | Marketing expenses during initial lease-up period |
| Op Ex During Lease-up | 4,788 | 7,980 | 3,192 | 15,960 | Operating expense during initial lease-up period. Assumes 3 months of operating expenses. |
| Loan Fees | 4,889 | 8,149 | 3,277 | 16,316 | Fees on construction loan at 0.5% of loan value |

Scenario 1 - Multi Family Residential LOW - BC Housing - 4.5 % Interest Rate

| | | | | |
|--|------------------|------------------|----------------|------------------|
| Loan Interest | 6,641 | 11,068 | 4,451 | 22,160 |
| GST | 24,735 | 41,225 | 16,580 | 82,541 |
| TOTAL SOFT COSTS | 204,330 | 340,550 | 136,895 | 681,775 |
| Per sq. ft. | 99 | 99 | 99 | 99 |
| Contingency (incl. cost escalation) | 101,415 | 169,024 | 67,977 | 338,416 |
| TOTAL DEVELOPMENT COST | 1,115,561 | 1,859,269 | 747,750 | 3,722,580 |
| Per sq. ft. | 538 | 538 | 541 | 539 |
| DEVELOPER PROFIT | - | - | - | - |

| SOURCES OF FUNDS | | | | |
|----------------------------|----------------|------------------|----------------|------------------|
| | Market | RGI (70% HILS) | Deep Subsidy | TOTAL |
| Land Value (TBD) | - | - | - | - |
| CMHC Seed Funding (Grant) | 12,000 | 20,000 | 8,000 | 40,000 |
| BCH Permanent Mortgage | 445,628 | 393,119 | (36,903) | 801,844 |
| BCH CHF Grant | 307,500 | 512,500 | 205,000 | 1,025,000 |
| City DC and Fee Waivers | - | - | - | - |
| CMHC NHCIP Grant (@ 12.5%) | 139,597 | 232,661 | 93,065 | 465,323 |
| Other | - | - | - | - |
| Other | - | - | - | - |
| TOTAL REVENUE | 904,724 | 1,158,280 | 269,162 | 2,332,166 |
| Per sq. ft. | 437 | 335 | 195 | 338 |

| EQUITY SURPLUS / GAP | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| SURPLUS / (GAP) | (210,837) | (700,989) | (478,588) | (1,390,414) |
| Per unit | (70,279) | (140,198) | (95,718) | (306,194) |
| Per sq. ft. | (102) | (203) | (346) | (201) |
| Annual BCH Operating Subsidy Required | \$12,074.72 | \$40,145.93 | \$27,408.98 | 79,630 |
| BCH Operating Subsidy Required PUPM | 101 | 335 | 228 | 664 |

| CASHFLOW | | | | |
|--|----------|----------------|--------------|-------------|
| | Market | RGI (70% HILS) | Deep Subsidy | Total/ Avg. |
| Rental Revenue | 45,585 | 55,545 | 10,872 | 112,002 |
| Parking Revenue | - | - | - | - |
| Gross Potential Income | 45,585 | 55,545 | 10,872 | 112,002 |
| Less Vacancy & Bad Debt | (912) | (1,111) | (217) | (2,240) |
| Gross Effective Income | 44,673 | 54,434 | 10,655 | 109,762 |
| Less: Operating Expenses (Non-Res NNN) | (19,152) | (31,920) | (12,768) | (63,840) |
| Net Operating Income | 25,521 | 22,514 | (2,113) | 45,922 |
| Debt Service | (25,521) | (22,514) | 2,113 | (45,922) |
| Annual Cash Flow After Debt Servicing | 0 | 0 | - | 0 |

| DEBT CALCULATION | | | | |
|----------------------|---------|----------------|--------------|-------------|
| | Market | RGI (70% HILS) | Deep Subsidy | Total/ Avg. |
| Net Operating Income | 25,521 | 22,514 | (2,113) | 48,035 |
| DCR | 1.0 | 1.0 | 1.0 | |
| Amortization | 35 | 35 | 35 | |
| Interest Rate | 4.50% | 4.50% | 4.50% | |
| Principal | 445,628 | 393,119 | (36,903) | 838,747 |

Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period.
At 2.5% of project expenses. Assumes owner is eligible for qualifying non profit status (50% GST exempted/rebated)

At 10% of hard and soft costs costs

Estimated CMHC Seed Funding grant contribution for project of this size
Maximum BC Housing mortgage serviceable by net operating income based on financing terms below
Estimated BC Housing Community Housing Fund grant amount
Assumes no municipal fee waivers
Assumes qualifies for forgivable contribution of 12.5% of project costs under CMHC's National Housing Co-Investment Fund
Potential capital grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program for qualifying net zero energy ready projects

Estimated funding gap
Estimated funding gap per unit (averaged)
Estimated Annual Operating Subsidy required from BC Housing to service additional mortgage needed to close equity gap based on same financing terms as bel
Estimated Operating Subsidy required from BC Housing per unit per month.

Vacancy loss at 2% of Gross Income (2% vacancy rate)

Based on estimated operating expense of \$532 per unit per month. See Operating Expense Breakdown for details.

Cost of debt servicing
Debt Coverage Ratio of 1.0 results in no unlevered cash flow after operating expenses and debt servicing

Net operating income after vacancy loss and operating expenses
Debt Coverage Ratio of 1.0
Amortization period of 35 yrs under BC Housing Community Housing Fund program
4.5% interest rate per CRD Scope of Services requested stress test
Estimated max principal available from lender based on above terms

Scenario 2 - Multi Family Residential HIGH - BC Housing - 4.5 % Interest Rate

| | |
|--------------------|--------------------------------------|
| Residential Tenure | Rental - SGI Target Affordable Rents |
| Non-Residential | None |
| Rental Financing | Residential Mortgage |
| Capital Subsidies | None |

| DEVELOPMENT STATISTICS | | | | | Assumptions |
|---|--------|----------------|--------------|-------------|--|
| | Market | RGI (70% HILS) | Deep Subsidy | Total/ Avg. | |
| SITE | | | | | |
| Site Area (sq. ft.) | - | - | - | 43,000 | Approximately 1 acre development area |
| FLOOR AREA | | | | | |
| Gross Floor Area (sq. ft.) | 2,072 | 3,453 | 1,381 | 6,906 | Includes circulation, utility and common areas |
| Efficiency Ratio | 82% | 82% | 82% | 82% | BC Housing efficiency target for wood frame low rise buildings |
| Net Floor Area (sq. ft.) | 1,699 | 2,832 | 1,133 | 5,663 | Leasable floor area net of circulation, utility and common areas |
| % of Residential Floor Area | 30% | 50% | 20% | 100% | |
| % of Non-Residential Floor Area | - | - | - | 0% | |
| % of Total Floor Area | 30% | 50% | 20% | 100% | |
| PARKING | | | | | |
| Residential Parking Ratio (per unit) | 1.00 | 1.00 | 1.00 | 1.00 | 1 parking stall per unit |
| Residential Stalls | 3 | 5 | 2 | 10 | |
| Visitor Parking Ratio (per unit) | 0.03 | 0.03 | 0.03 | 0.20 | |
| Visitor Stalls | 0.6 | 1.0 | 1.0 | 2 | Total of 2 visitors parking stalls |
| Office Parking Space Ratio (per 1,000 SF) | - | - | - | - | |
| Office Parking | - | - | - | - | |
| Total Parking Stalls | 4 | 6 | 3 | 12 | 12 surface parking stalls in total |
| UNITS | | | | | |
| Total Units | 3 | 5 | 2 | 10 | 10 units in total |
| Avg. Unit Size | 553 | 553 | 553 | 553 | Average unit size based on specified unit mix |

| DEVELOPMENT COST | | | | |
|--|----------------|------------------|----------------|------------------|
| Land Cost | Market | RGI (70% HILS) | Deep Subsidy | TOTAL |
| Land Cost - place holder | - | - | - | - |
| | | | | |
| Hard Costs | Market | RGI (70% HILS) | Deep Subsidy | TOTAL |
| Site Prep & Remediation | 59,229 | 98,714 | 39,486 | 197,429 |
| On-Site Servicing | 59,229 | 98,714 | 39,486 | 197,429 |
| Off-Site Servicing | - | - | - | - |
| Public Park Const. Cost (15% of site area) | - | - | - | - |
| Residential Const. Cost | 725,156 | 1,208,594 | 483,438 | 2,417,188 |
| Commercial Const. Cost | - | - | - | - |
| At-Grade Parking Const. Cost | 25,200 | 42,000 | 21,000 | 88,200 |
| Extraordinary Site Costs | - | - | - | - |
| TOTAL HARD COSTS | 868,814 | 1,448,023 | 583,409 | 2,900,245 |
| Per sq. ft. | 419 | 419 | 422 | 420 |

| Soft Costs | Market | RGI (70% HILS) | Deep Subsidy | Total/ Avg. | |
|----------------------------|----------------|----------------|----------------|----------------|---|
| Architect | 39,097 | 65,161 | 26,253 | 130,511 | At 4.5% of hard costs |
| Other Consultants | 69,505 | 115,842 | 46,673 | 232,020 | At 8% of hard costs (allows for surveyor, geotech, environmental assessment, civil, wastewater, mechanical, structural, electrical and envelop, energy modeling, quantity surveyor, appraiser, well pump test, h |
| Dev. Charges | - | - | - | - | Assumes no Development Cost Charges |
| Municipal Fees & Permits | 5,734 | 9,556 | 3,823 | 19,113 | \$300 processing fee, \$3000 est plumbing fee, \$2000 est electrical fee, \$10/\$1000 CV @ \$200 psf as per CRD Building Regs Bylaw amendment # 4403 Appendix M (https://www.crd.bc.ca/docs/default-source/cr |
| Development Management Fee | 49,884 | 83,141 | 33,492 | 166,517 | At 5% of project costs excluding land value. |
| Legal | 9,000 | 15,000 | 6,000 | 30,000 | Allowance for legal fees |
| Marketing | 750 | 1,250 | 500 | 2,500 | Marketing expenses during initial lease-up period |
| Op Ex During Lease-up | 4,788 | 7,980 | 3,192 | 15,960 | Operating expense during initial lease-up period. Assumes 3 months of operating expenses. |
| Loan Fees | 5,238 | 8,730 | 3,517 | 17,484 | Fees on construction loan at 0.5% of loan value |
| Loan Interest | 7,114 | 11,856 | 4,776 | 23,747 | Interest paid on construction loan at 3% interest rate assuming average loan drawdown of 70% over construction period. |
| GST | 26,498 | 44,163 | 17,791 | 88,452 | At 2.5% of project expenses. Assumes owner is eligible for qualifying non profit status (50% GST exempted/rebated) |
| TOTAL SOFT COSTS | 217,608 | 362,679 | 146,017 | 726,304 | |
| Per sq. ft. | 105 | 105 | 106 | 105 | |

| | | | | | |
|-------------------------------------|---------|---------|--------|---------|-------------------------------------|
| Contingency (incl. cost escalation) | 108,642 | 181,070 | 72,943 | 362,655 | At 10% of hard and soft costs costs |
|-------------------------------------|---------|---------|--------|---------|-------------------------------------|

| | | | | | |
|-------------------------------|------------------|------------------|----------------|------------------|--|
| TOTAL DEVELOPMENT COST | 1,195,063 | 1,991,772 | 802,369 | 3,989,204 | |
| Per sq. ft. | 577 | 577 | 581 | 578 | |

| | | | | | |
|------------------|---|---|---|---|--|
| DEVELOPER PROFIT | - | - | - | - | |
|------------------|---|---|---|---|--|

| SOURCES OF FUNDS | | | | |
|---------------------------|---------|----------------|--------------|-----------|
| | Market | RGI (70% HILS) | Deep Subsidy | TOTAL |
| Land Value (TBD) | - | - | - | - |
| CMHC Seed Funding (Grant) | 12,000 | 20,000 | 8,000 | 40,000 |
| BCH Permanent Mortgage | 445,628 | 393,119 | (36,903) | 838,747 |
| BCH CHF Grant | 307,500 | 512,500 | 205,000 | 1,025,000 |

Estimated CMHC Seed Funding grant contribution for project of this size
Maximum BC Housing mortgage serviceable by net operating income based on financing terms below
Estimated BC Housing Community Housing Fund grant amount

| | | | | | |
|--|--------------------|------------------------|---------------------|--------------------|--|
| City DC and Fee Waivers | - | - | - | - | Assumes no municipal fee waivers |
| CMHC NHCP Grant (@ 12.5%) | 149,595 | 249,325 | 99,730 | 498,651 | Assumes qualifies for forgivable contribution of 12.5% of project costs under CMHC's National Housing Co-Investment Fund |
| Other | - | - | - | - | Potential capital grant amount under Federation of Canadian Municipalities' Green Municipal Fund: Sustainable Affordable Housing Program for qualifying net zero energy ready projects |
| Other | - | - | - | - | |
| TOTAL REVENUE | 914,723 | 1,174,944 | 275,827 | 2,089,667 | |
| Per sq. ft. | 441 | 340 | 200 | 303 | |
| EQUITY SURPLUS / GAP | | | | | |
| SURPLUS / (GAP) | (280,340) | (816,828) | (526,541) | (1,623,710) | Estimated funding gap |
| Per unit | (93,447) | (163,366) | (105,308) | (362,121) | Estimated funding gap per unit (averaged) |
| Per sq. ft. | (135) | (237) | (381) | (235) | |
| Annual BCH Operating Subsidy Required | \$16,055.22 | \$46,780.10 | \$30,155.26 | 92,991 | Estimated Annual Operating Subsidy required from BC Housing to service additional mortgage needed to close equity gap based on same financing terms as below |
| BCH Operating Subsidy Required PUPM | 134 | 390 | 251 | 775 | Estimated Operating Subsidy required from BC Housing per unit per month. |
| CASHFLOW | | | | | |
| | Market | RGI (70% HILLS) | Deep Subsidy | Total/ Avg. | |
| Rental Revenue | 45,585 | 55,545 | 10,872 | 112,002 | |
| Parking Revenue | - | - | - | - | |
| Gross Potential Income | 45,585 | 55,545 | 10,872 | 112,002 | |
| Less Vacancy & Bad Debt | (912) | (1,111) | (217) | (2,240) | Vacancy loss at 2% of Gross Income (2% vacancy rate) |
| Gross Effective Income | 44,673 | 54,434 | 10,655 | 109,762 | |
| Less: Operating Expenses (Non-Res NNN) | (19,152) | (31,920) | (12,768) | (63,840) | Based on estimated operating expense of \$532 per unit per month. See Operating Expense Breakdown for details. |
| Net Operating Income | 25,521 | 22,514 | (2,113) | 45,922 | |
| Debt Service | (25,521) | (22,514) | 2,113 | (45,922) | Cost of debt servicing |
| Annual Cash Flow After Debt Servicing | 0 | 0 | - | 0 | Debt Coverage Ratio of 1.0 results in no unlevered cash flow after operating expenses and debt servicing |
| DEBT CALCULATION | | | | | |
| | Market | RGI (70% HILLS) | Deep Subsidy | Total/ Avg. | |
| Net Operating Income | 25,521 | 22,514 | (2,113) | 48,035 | Net operating income after vacancy loss and operating expenses |
| DCR | 1.0 | 1.0 | 1.0 | | Debt Coverage Ratio of 1.0 |
| Amortization | 35 | 35 | 35 | | Ammortization period of 35 yrs under BC Housing Community Housing Fund program |
| Interest Rate | 4.50% | 4.50% | 4.50% | | 4.5% interest rate per CRD Scope of Services requested stress test |
| Principal | 445,628 | 393,119 | (36,903) | 838,747 | Estimated max principal available from lender based on above terms |