

Taber and District Housing Foundation
Affordable Housing Project
SHI-2019-004—Business Case-DRAFT
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Prepared for,
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The business case was prepared under the Board's direction in accordance with the operating agreement and in consideration of all policy decisions and material, economic, or fiscal implications of which the Board is aware.
Approved by the Board on

_____(date).

_____(signature).

Executive Summary

The Taber and District and Housing Foundation (TDHF) in Alberta is interested in developing a multi-unit development to provide affordable housing units to the low income residents of Taber, the M.D. of Taber, the Village of Barnwell, and the Town of Vauxhall. This development will enable people to get back on their feet and enable them to move through the housing continuum as their situation improves.

To make this a reality, the TDHF contacted the Alberta Rural Development Network (ARDN) to analyze the demand for a multi-unit development to be used as affordable and market housing in Taber. ARDN conducted a comprehensive Needs Assessment and identified the immediate need for such a development. This Needs Assessment report has been provided separately in addition to this Business Case. This Business Case proposes the development of a multi-level mixed-use complex to provide affordable housing and market rental units in the area. It also aims to demonstrate the economic viability of such an investment to potential investors.

To summarize, the needs assessment showed a high vacancy rate, low average market rental rates, but still a significant portion of tenants paying unaffordable rates for shelter. Further investigation, through the community consultation, revealed that these low rent units were generally undesirable. Investigation into the M.D., Barnwell, and Vauxhall showed that the overall median incomes of the communities were lower than the provincial medians and significant core housing need existed in all communities. As a response to this, ARDN is proposing a multi-unit, multi-purpose housing development in Taber to serve as both affordable housing and rental market housing. This project will bridge the gap between what is available in the market today and what people require to meet their needs in the future.

The proposed project will be built with state-of-the-art sustainable construction techniques. Its innovative design will use a modular framework, and be constructed with durable, low-maintenance material. It will be built to be above industry efficiency standards, which will reduce long-term operating costs.

The building will cover approximately 18,174 square feet on two floors. This two-storey building will house 20 affordable housing units, 10 market rental units and a commercial office space for potential future tenants such as the FCSS. There will be 6 studio type affordable units, and 14 affordable one-bedroom units, for a total of 20 affordable living spaces. There will be 6 one-bedroom market units, and 4 two-bedroom market units, for a total of 14 market living spaces. This gives the building a total of 34 living spaces.

The affordable housing units and market rental units will be rented out on a monthly basis, with the rent for the affordable housing units being set a fraction of the market rates. The total cost of this development is estimated to be \$3,123,695.

Financing Summary

This preliminary *Business Case* has been developed to assist in defining the project directions, policies, and financial strategy for a new, not-for-profit housing entity. As a preliminary plan, it is expected that this plan will be updated to reflect the final design, operating plan and project schedule. Equity funding to fund this project will be obtained through the provincial and federal government. The remainder of the financing requirements will consist of a conventional mortgage at current market rates from a public or a private financial institution.

Construction Funding Breakdown

Total Project Cost Including Land:	\$6,192,092
Public or private contributions @ 50.45% of total cost:	\$3,123,695
Financing required @ 49.55% of total cost:	\$3,068,397

The projected annual gross revenue of \$238,200 will sufficiently cover all annual operating costs (management, maintenance and repairs, utilities, mortgage payments including interest, etc.). In conclusion, the main objective of the proposed development is to provide affordable housing to the vulnerable populations of Taber, the M.D. of Taber, Barnwell, and Vauxhall. This business case demonstrates that the development under consideration is realistic, financially feasible, and provides a solid long-term investment opportunity.



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Glossary

Affordable Housing is defined as suitable and adequate housing where no more than 30% of household before-tax income is spent on shelter. The housing itself does not have to be rented or subsidized to be considered affordable. As long as it fits the above description, the housing can be private, owned, co-op, temporary etc. The most important metrics is that the shelter costs no more than 30% of a households before-tax income.

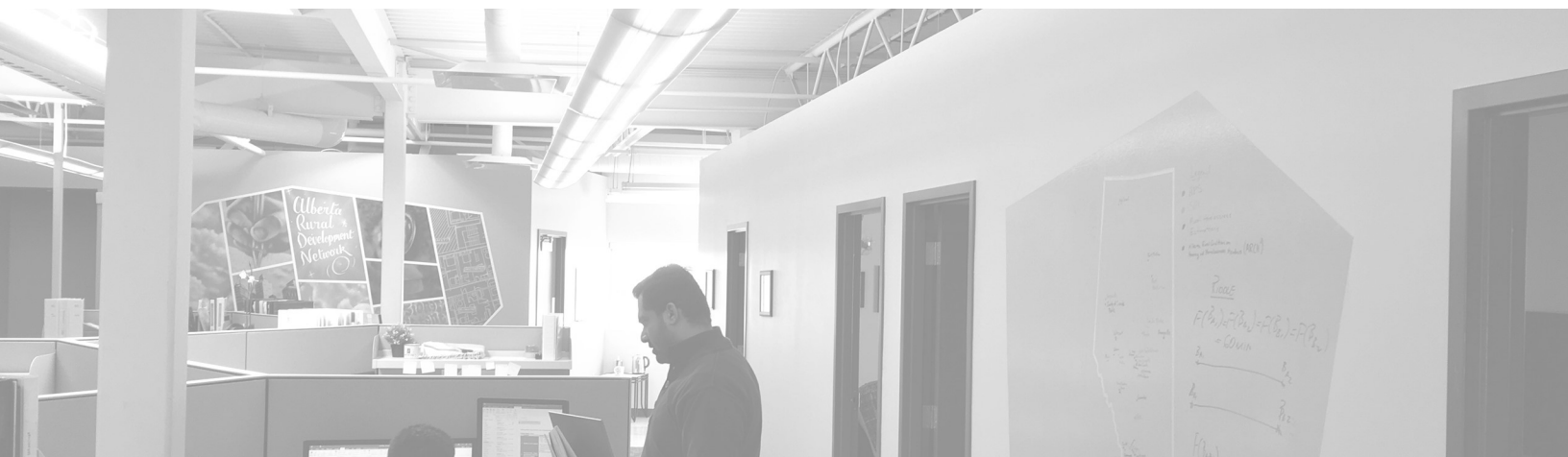
Canadian Mortgage and Housing Corporation¹

Homelessness describes the situation of an individual or family without stable, permanent, appropriate housing, or the immediate prospect, means and ability of acquiring it. It is the result of systemic or societal barriers, a lack of affordable and appropriate housing, the individual/household's financial, mental, cognitive, behavioral or physical challenges, and/or racism and discrimination. Most people do not choose to be homeless, and the experience is generally negative, unpleasant, stressful and distressing.

Canadian Observatory on Homelessness²

Region SG-A describes the region that includes every municipality (minus the M.D.s) as listed on the Alberta Regional Dashboard: Cardston, Carmangay, Champion, Coaldale, Coalhurst, Coutts, Lomond, Magrath, Milk River, Milo, Nobleford, Picture Butte, Raymond, Stirling, Taber, Vauxhall, Vulcan, Warner

Census Division No.2 describes the aggregate region surrounding Lethbridge, as defined by Census Canada: Lethbridge, Brooks, Bassano Coaldale, Coalhurst, Milk River, Picture Butte, Raymond, Taber, Vauxhall, Barnwell, Barons, Coutts, Duchess, Nobleford, Rosemary, Stirling, Tilley, Warner County of Newell, M.D. of Taber, County of Warner No. 5



1. Introduction

1.1 Context

The Taber and District Housing Foundation observed a growing trend in the town of Taber and surrounding M.D. that housing affordability had began to create issues within the community. Less than a decade ago, Taber's rental housing was propped by oil field workers looking for temporary housing, contributing to their long term shadow population. As oil prices declined, so to did the demand for this expensive rental housing, and vacancy rates began to increase. In the meantime, many workers were faced with reduced wages and unemployment as the spillover effects of a low price on Canadian oil continued to ripple throughout rural Alberta.

Faced with an ageing rental housing supply and sticky rental rates, many demographics of Taber residents were left either unattracted to the current housing supply or entirely priced out of the market. They are then subsequently forced to either reside with families and friends or move to a larger city with more affordable housing options.

In order to retain residents, the THDF have proposed a multi-market housing project, with the hopes of creating a much needed supply of affordable housing, while also injecting a new supply of market level purpose built rental housing.

Alberta Rural Development Network

The Taber and District Housing Foundation engaged the Alberta Rural Develop Network with following activities to complete the necessary preliminary groundwork for their affordable housing project.

Needs and Demand Assessment

The first step in an affordable housing project is to determine the needs and demands of the community in question. The TDHF commissioned ARDN to produce this document to investigate the need for affordable housing in Taber and its surrounding communities.

Community Consultation

An important part of an affordable housing project is to inform and receive feedback from the community. This means to engage the community and present the concept of the project, and then allow the community to give feedback on what they think of affordable housing, the project, possible challenges, etc. The TDHF commissioned ARDN to facilitate this consultation as well as to prepare a report summarizing the findings and events of the consultation.

Financial Model

To prove the financial viability of a project, a financial model, including a projected proforma has to be produced. This model highlights the costs of the development, the sources and amounts of funding, operating revenues and expenditures and a projected proforma for the foreseeable future. The TDHF commissioned ARDN to produce this financial model.

Business Case

A business case summarizes all previous findings and presents a case for development. In particular, the information in the Needs and Demand Assessment, Community Consultation Summary, Financial Model and any other relevant information. It then uses this information to prove the feasibility of the project and provide a potential project work plan. The TDHF commissioned ARDN to produce this Business Case.

2. Corporate Profile

2.1 History

The Ministerial Order Number 'H' incorporated the (TDHF) as a management body on January 1, 1995, 190/94, dated December 20, 1994.

It formed as the amalgamation of 5 former Management Agents, and replaced the following organizations in both the administration and operation of social housing within the newly designated boundaries:

- > The Taber Foundation
- > The Taber Housing Authority
- > The Vauxhall Senior Citizen's Housing Society
- > The Village of Barnwell
- > The Village of Grassy Lake

The current TDHF is comprised of the following municipalities:

- > The Municipal District (M.D.) of Taber
- > The Town of Taber
- > The Town of Vauxhall
- > The Village of Barnwell

2.2 Mandate and Values

The mandate of the TDHF is to operate under the Alberta Housing Act and related legislations and regulations.

The primary purpose of the TDHF is to administer and maintain a portfolio of comfortable and affordable residential housing units for the benefit of Albertans whom those social housing programs are targeted.

The TDHF adheres to the following values:

- > Respect for individual rights
- > Wellness and independence of the individual
- > A compassionate, safe environment
- > Being financially responsible and community-focused
- > Open and honest communication
- > Integrity, fairness and commitment

Taber and Area – Affordable Housing Project

TDHF Organizational Chart



FT: Full-time worker.
PT: Part-time worker.
HCA: Health Care Aides.

3. Portfolio Profile

3.1 Housing Programs

The TDHF owns Clearview Lodge, while all other properties are owned by the Government of Alberta. The different programs offered through each facility are summarized as follows:

Seniors Self-Contained Apartments

This program aims to provide apartment type accommodation to low and moderate-income seniors who are functionally independent, with or without the assistance of existing community services. Operating deficits (if any) are fully funded by the province.

In order to be eligible, a senior's income would have to fall below the latest Taber CNITs. Rent is geared to income, and is set at 30% of the tenant's income.

The TDHF operates 107 self-contained apartment units, over 6 separate facilities.

Community Housing

Community housing is a more general term which captures a larger scope of subsidized rental housing.

In order to be eligible, an applicant's income would have to fall below the latest Taber CNITs. For these units, rent is either geared to income (30% of earnings), or via the Social Housing Accommodation Regulation (SHAR), which sets the rent based on number of tenants and type of income support.

The TDHF operates 37 community housing units over 6 separate facilities.

Table A: List of Facilities , TDHF			
Name	Type of Facility	Municipality	#Units
Clearview Lodge*	Seniors	Taber	77
Harmony Home	Seniors	Taber	25
Homestead Manor	Seniors	Taber	30
Pioneer Place	Seniors	Taber	30
Bountiful House	Seniors	Barnwell	6
Prairie Rose Manor	Seniors	Vauxhall	12
Sunshine Manor	Seniors	Grassy Lake	4
Barnwell	Social	Barnwell	1
Vauxhall	Social	Vauxhall	2
Taber Phase 1,2,3	Social	Taber	30
Special Needs	Social	Taber	4

*Owned by TDHF

Senior Assisted Living (Clearview Lodge, TDHF owned)

This program provides apartment type accommodation to seniors who are functionally *dependent*. The same criteria for applicants apply to these seniors as those who live in the self-contained apartments. Services offered include:

- Personal care;
- Meals and housekeeping;
- Linen and laundry service;
- Recreation programs; and
- 24-hour safety and emergency response services.

The TDHF owns and operates the *Clearview Lodge*, which is a Designated Support Level 2 and 3 living facility. As per Alberta Health Services (AHS), DSL3 facilities are intended for:

- Individuals who are medically and physically stable;
- Individuals who are not a risk to others;
- Must be able to move independently or with the assistance of one other person;
- Could be experiencing increased care needs that cannot be scheduled;
- Are able to use a call system to get help.

DSL2 facilities are intended for seniors capable of living independently, and these facilities provide both housing and hospitality services to their clients. The Clearview Lodge has a total of 77 units, 20 of which are DSL3.

3.2 Facilities

Table A (previous page) details the inventory of managed and owned facilities by the TDHF. In total, the TDHF operates 221 social and senior-specific housing units.

4. Institutional Context

4.1 Role in Providing Housing

The TDHF is the major operator and manager of social housing for every community within the M.D. of Taber:

- > Barnwell;
- > Vauxhall;
- > Taber;
- > All hamlets contained within the M.D. of Taber;
- > Residents living outside of hamlets in the M.D. of Taber.

The TDHF focuses on subsidized and affordable residential units for those residing within their prescribed service region. The TDHF currently does not operate any emergency or transitional housing programs.

4.2 Stakeholder Relationships

The major stakeholder for the TDHF is the Government of Alberta, and more specifically, the Alberta Seniors and Housing Corporation (ASHC). Every property, with the exception of Clearview Lodge, is owned by the ASHC. The more indirect stakeholders are local agencies such as:

- > The Safe Haven Women's Shelter Society;
- > The Taber Food Bank Society;
- > Taber Victim Services;
- > The St. Vincent De Paul Benevolent Society.

5. Taber & Area Needs & Demand Assessment

The Taber and District Housing Foundation (TDHF) commissioned the Alberta Rural Development Network (ARDN) to conduct a Housing Needs and Demand Assessment to analyze the need for purpose-built affordable housing for the low income groups in Taber, the M.D. of Taber, the Village of Bamwell and the Town of Vauxhall. The following summary of the Needs Assessment solely focuses on the Town of Taber. Section 5.2 will address Bamwell, Vauxhall, and the M.D. of Taber.

5.1 Findings for Taber

Taber is a town in southern Alberta, Canada within the Municipal District of Taber. It is located approximately 51 km (32 mi) east of the City of Lethbridge at the intersection of Highway 3 and Highway 36³. The population in Taber as of 2016 was 8,428,

The Town of Taber Economic Development web page lists two key drivers for the local economy⁴:

- > **Oil & Gas:**

Baker Hughes, B&H Tank Systems Inc., Well-Tec Energy Services, Rugged Tanks and Fabricating, Husky Energy, Triwill Oilfield Construction

- > **Agriculture Processing:**

Lantic, PepsiCo Canada, Gouw Quality Onions, Masterfeed Ltd., Chin Ridge Seed Processors, Alberta Bean Pool Business Unit, McCain Foods, Lamb Weston

As well, the Taber Economic Development department (TED) a year in review for 2017 revealed key developments regarding the Town. Some 2017 highlights include⁵:

- > Creation of a growth management strategy, which outlines future development in Taber with regards to environment and infrastructure considerations.
- > Creation of a TED newsletter which relays information related to planning and economic development.
- > Amending of the 'Development and Subdivision Policy' to allow for an offsite level reduction on lots for affordable housing.

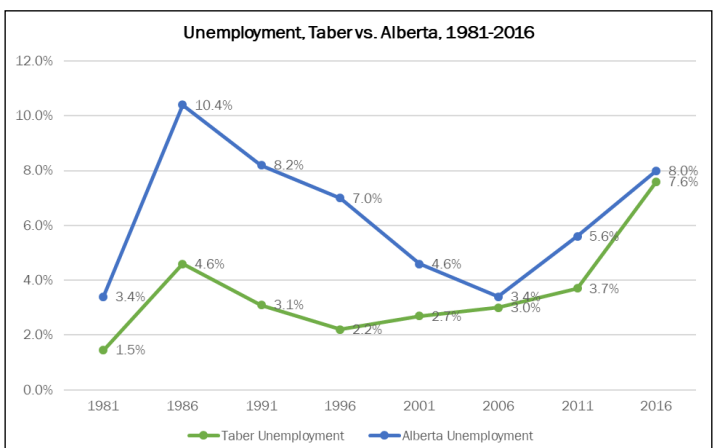
Future projects for 2018 include:

- > Eureka area structure plan
- > Regional economic development strategy
- > An inter-municipal development plan
- > Creation of joint economic development committees.

Other key economic highlights from 2017 include:

- > \$19,621,891 in construction value (an increase of over \$6,000,000 from 2016)
- > 34 residential housing unit starts
- > A total of 129 development permits, an increase from the 97 permits issued in 2016.

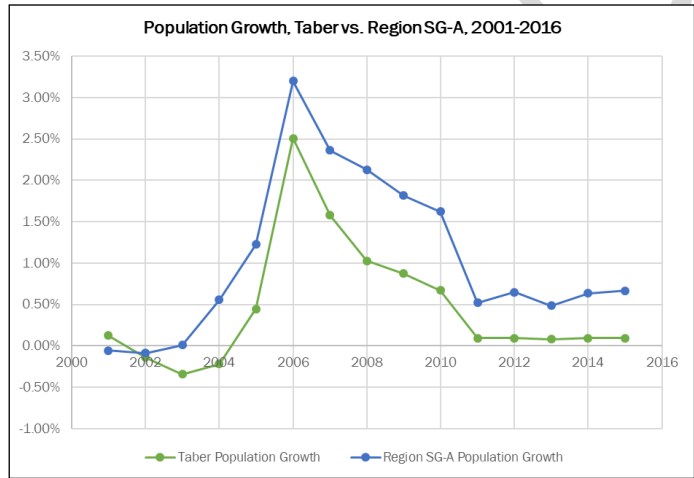
Looking at employment statistics, a very steep growth in unemployment can be noticed. For Taber, unemployment statistics are only available per each federal Census year (every five years: 1981, 1986, 1991, etc.). In 2001, unemployment in Taber was approximately 2.7%, nearly 2% below the provincial average. What becomes obvious is that traditionally, Taber had a very low unemployment rate relative to Alberta. But over time, this gap between the local (Taber) and provincial (Alberta) average has diminished. As of 2016, unemployment in Taber was 7.6%, just below the provincial average of 8.0%.



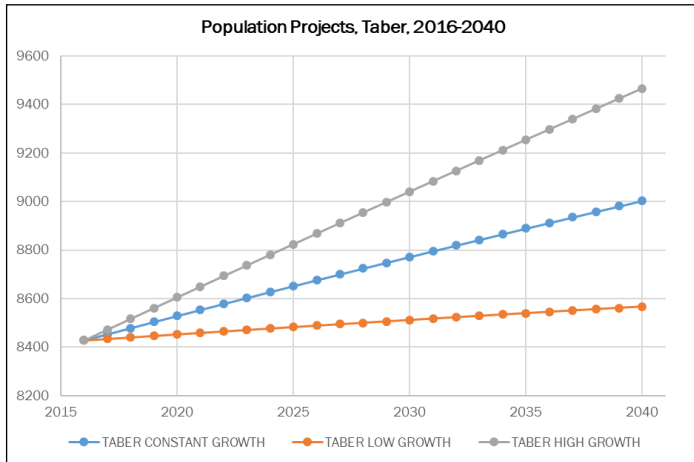
The population in Taber has remained stagnant since 2012, with growth hovering between 0.08% and 0.1% between 2012-2016. Between 2011 and 2016, Taber’s population grew by approximately 0.46%, increasing the total residents of Taber from 8389 to 8428.

Next, the growth in Taber will be compared to the growth of the Region SG-A, which encompasses all municipalities within the SouthGrow initiative minus any municipal districts and counties.

Between 2011 to 2016, Region SG-A increased by 1124 residents, from 37567 to 38691, or by 2.99% over 5 years. Relative to the Region SG-A, Taber has experienced low growth, as shown in the graph below.



Based on growth trends, the following scenarios for the population are forecasted in Taber through 2040.



The blue line represents growth in Taber assuming the current population trends continue. In that case, the population of Taber in the year 2040 would be

9,003, or an increase of 6.8% over 24 years. The scenarios are summarized by the Table 1.

Table 1: Population Projections, Taber, 2020-2040			
Year	Constant Growth	Low Growth	High Growth
2020	8,529	8,453	8,605
2025	8,652	8,483	8,825
2030	8,772	8,512	9,041
2035	8,889	8,540	9,255
2040	9,003	8,567	9,466

Regarding age distribution projections, only data for the entire region of the M.D. of Taber (including all hamlets, villages, etc. that are within the M.D.) is available. The predicted changes are summarized below in Table 2.

Table 2: Projected Change, Taber & Area, 2000-2040		
	MALE	FEMALE
ALL	-0.68%	0.68%
01to04	-0.50%	-0.44%
05to09	-0.89%	-0.67%
10to14	-0.90%	-0.86%
15to19	-0.64%	-0.39%
20to24	-0.42%	-0.26%
25to29	-0.03%	0.36%
30to34	0.21%	-0.04%
35to39	-0.98%	-0.68%
40to44	-0.67%	-0.35%
45to49	0.18%	0.30%
50to54	0.56%	0.58%
55to59	0.75%	0.79%
60to64	0.56%	0.60%
65to69	0.29%	0.42%
70to74	0.21%	0.33%
75to79	0.49%	0.28%
80to84	0.53%	0.23%
85to89	0.36%	0.30%

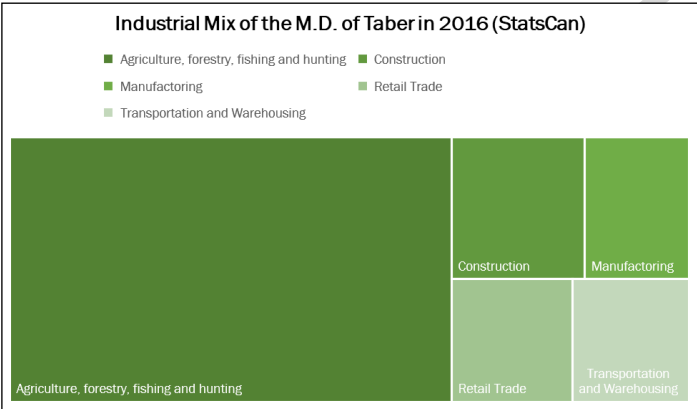
As the data shows, Alberta Health predicts that the age demographic within the communities in the M.D. of Taber (including the M.D. itself) will grow older as time continues.

5.2 Findings for the M.D. of Taber, Village of Barnwell, and Town of Vauxhall

The three locations being investigated in this section are Barnwell, a village in southern Alberta, 10 km west of Taber, Vauxhall, a town in southern Alberta, 36 km north of Taber, and the M.D. of Taber, a municipal district located in Census Division 2.

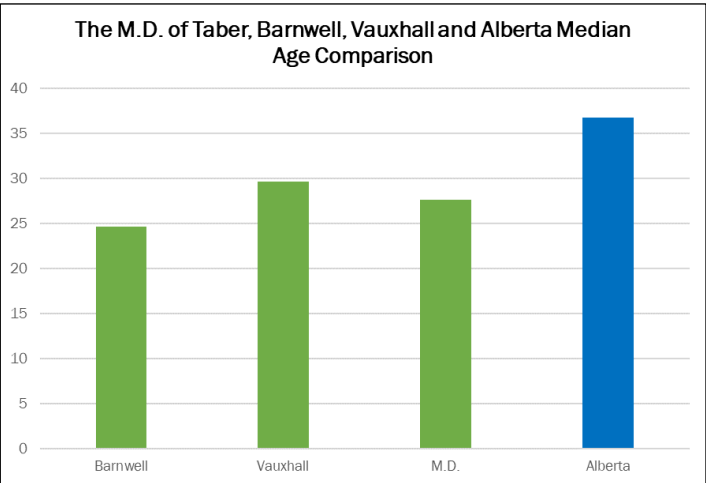
There are different economic drivers in the three communities. In Barnwell, some major industries are Construction, Retail Trade and “Transportation and Warehousing”. In Vauxhall, they are “Agriculture, Forestry, Fishing and Hunting” and Manufacturing. In Taber M.D., they are: “Agriculture, Forestry, Fishing and Hunting” and Construction.

The figure below shows the industrial mix of Taber M.D. as of 2016. The data was sourced from the 2016 StatsCan Census.

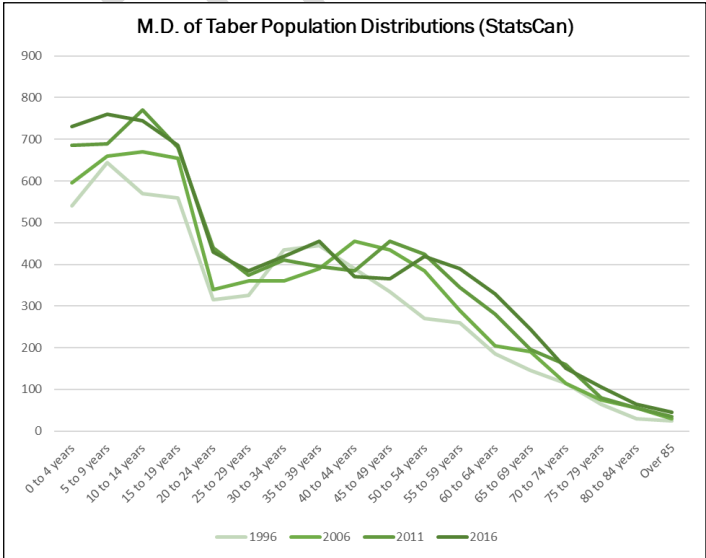


As seen in the figure, the majority of the mix in the M.D. of Taber is taken up by the “Agriculture, forestry, fishing and hunting” industry group. The other groups, Construction, Manufacturing, Retail Trade and “Transportation and Warehousing” are about equal in size.

When looking at age demographic data for the select regions it becomes clear that on average the regions are on average younger than the province. As such, the median ages of every community is younger than the province. As of 2016, Barnwell had the lowest median of the communities, 24.6, while the Vauxhall median of 29.6 was the closest to the province, the M.D. had a median age of 27.6.



Another interesting part of the age demographic data is how the M.D. of Taber’s age groups are distributed. When comparing the data from four timelines: 1996, 2006, 2011 and 2016, it can be seen that there are two ranges which are consistently aging; from 0—14 and 54—70. Also, there is an obvious negative slope in the age distribution that has kept throughout the years, with the age groups being most populous in the younger categories; along with a massive decline in population in the 20—24 age range. This means that in the M.D. there is a lack of young adults, which could be explained by people in that age range moving out.



5.3 Core Housing Need

Statistics Canada and the CMHC published *Core Needs* alongside the 2016 Census profiles. A household is considered in core need if:

- The rent is above 30% of the household's gross income;
- The home is poor condition and requires major repairs;
- The home is overcrowded.

Based on the reported values from Statistics Canada, Vauxhall has proportionately the *worst* case of *Core Needs*. Over 15% of Vauxhall households are in *Core Need*, and more concerning is that unaffordability (the usual suspect in housing issues) is tied with overcrowding as a reason for *Core Need* among households. Vauxhall is the only municipality which reported overcrowding as a source of households in need.

Table 3: Core Needs by Community, 2016

Core Need Indicator	Taber	M.D. of Taber	Vauxhall	Barnwell	Total
Estimated in <i>Core Need</i>	125	60	65	25	275
Inadequate (poor repair) only	10	10	10	0	30
Overcrowding only	0	0	25	0	25
Unaffordable only	115	50	25	15	205
Two or more	10	10	10	10	40
Counted Households	3,160	1,855	415	260	5,690
Rate of Core Need	4.0%	3.2%	16.3%	9.8%	4.8%

5.4 Affordable Housing

For this study, Canada Mortgage and Housing Corporation's (CHMC) definitions of affordable housing⁹, applicable to renters and owners both, shall apply. Affordable housing is defined as suitable and adequate housing where no more than 30% of household income is spent on shelter. For renters, these shelter costs account for: rent, electricity, fuel, water and other municipal services. For owners these shelter costs account for: Mortgage payments, property taxes, condominium fees, electricity, fuel, water and other municipal services.

The Alberta Seniors and Housing publishes a document named the Core Needs Income Thresholds (CNITs)⁶. The CNITs describes the income required to live in various municipalities and places across the province. The metric used is the same as the CMHC's definition of affordable housing; shelter costs must not account for more than 30% of income. These thresholds for Taber are provided in Table 4.

Table 4: CNITs, Taber, 2017			
Type	Annual		Monthly
Bachelor	\$	28,500	\$ 712.50
1 Bdrm.	\$	33,500	\$ 837.50
2 Bdrm.	\$	37,500	\$ 937.50
3 Bdrm.	\$	42,000	\$ 1,050.00
4 Bdrm.	\$	46,000	\$ 1,150.00

5.5 Affordable Housing Continuum

The entire spectrum of the affordable housing continuum ranges from the provision of emergency housing all the way to assisted ownership models. Given this wide range, it is important to clarify that the focus of this case remains centered on increasing the inventory of the affordable housing supply for low to moderate income households and individuals.

As of the writing of this report, the TDHF has no plans to pursue any affordable housing continuum project with respect to emergency shelters or transitional housing. The proposed project will be a mixed market unit development, with affordable and market housing units.

THE HOUSING CONTINUUM



Source: Canadian Mortgage and Housing Corporation¹

5.6 Needs Assessment Conclusions

The Taber and Housing District Foundation in partnership with the M.D. of Taber and the Town of Taber commissioned this Housing Needs and Demand Assessment to explore the potential need for more affordable housing in the Town of Taber and the surrounding area.

For the Town of Taber, the review of available data can be summarized as follows:

- Taber had a population of 8,428 in 2016. Taber's population growth is well below both the provincial average and the average of many surrounding municipalities, increasing only 0.46% over five years from 2011-2016.
- Unemployment is higher in Taber than Census Division No.2.
- Majority (75.16%) of dwellings are single-detached houses.
- Taber has 835 (26.13%) one-person households, and only 230 bachelor and one-bedroom type dwellings.
- The majority of homes were built prior to 1990. Between 1991 to 2000, 445 dwellings were constructed. Between 2001 to 2016, only 460 have been built.
- Based on shelter to cost ratios, 33.86% of renters are in an unaffordable rental situation.
- Based on average and median lone-person household earnings, analysis estimated that there are anywhere between 12 to 90 residents earning between \$5,000-\$25,000—which is well below the CNITs level for a bachelor-type dwelling.

For the M.D. of Taber, Village of Barnwell and Town of Vauxhall the review of available data can be summarized as follows:

- The M.D. of Taber had a population of 7,098 in 2016, Barnwell had 947 and Vauxhall had 1,222. Growth rate from 2011—2016 was 0.3% for the M.D., 19% for Barnwell and -8% for Vauxhall.
- The average unemployment across M.D. of Taber, Barnwell, and Vauxhall, is lower than Census Division No. 2.
- A lower proportion of people have moved into the M.D. of Taber, Barnwell and Vauxhall than the province both 1 year and 5 years ago. More mobility in Barnwell than Vauxhall might explain Barnwell's growing population against Vauxhall's shrinking one.
- The housing stock in the M.D. is not very diverse with 91% of the stock being single-detached homes as of 2016. In 2016, about 78% of dwellings in Vauxhall and 92% in Barnwell were single-family homes.
- In all communities, major housing development took place between 1961—1980. Most homes in Barnwell are less than 30 years old. In contrast, most homes in Vauxhall and the M.D. are 55+ years old.
- In Barnwell, about 19% of homeowners and 60% of tenants overpay for shelter. In Vauxhall, about 9% of homeowners and 0% of tenants overpay, and in the M.D. of Taber it is about 16% of homeowners and 16% of tenants.
- A Core Needs estimation analysis estimates that 34 households across the M.D. of Taber, Barnwell and Vauxhall are in core housing need.

The data for Taber and area show that there is a need that exists in these communities, and based on the analysis conducted it can be said that at the very least, 46 people are in a dire housing situation. This number can go up to 124 if the upper range of the estimate is used. **A potential development would be best suited in Taber, where the need is likely the most concentrated and where amenities and services are close-by.**

6. Development Plan

6.1 Project Timeline and Initiation

Below is a preliminary schedule for the project. Note that the dates are subject to change and will be revised as per the funding schedule.

Taber Affordable Rental Housing Project Schedule	
1. RFP issued to architectural firms	TBD
2. Closing date for architectural RFPs	TBD
3. Award of architectural contract	TBD
4. Completion of contract documents	TBD
5. Call for construction tenders	TBD
6. Closing date for construction tenders	TBD
7. Construction award	TBD
8. Construction start	TBD
9. Substantial completion	TBD

Financing and Funding

The various funding streams the project will be financed from are a collection of provincial, federal and other contributions. To ensure that all planned financing is captured the following criteria must be met:

- > The local municipality must confirm in-kind contribution.
- > A proportion of the units must be accessible.
- > A proportion of the units must be affordable.
- > The project must meet environmental criteria.
- > The finances of the project must show an acceptable debt-coverage-ratio.
- > Community need must be proven.
- > The proponent's experience must be proven.
- > The project should be within proximity to various amenities.

In addition to the above criteria, the following documentation and information must be produced:

- > Land details (existing building, existing debt etc.).
- > A summary of the experience of the proponent.
- > A summary of the building details including:
 - Type of buildings and number of units.
 - Use of non-residential space.
 - Available services available within the building to support priority groups.
- > Details on the location of the buildings.
- > Status of land acquisition.
- > The appraised land value.
- > Environmental Site Assessments.
- > A construction schedule.
- > A market feasibility study.

Please note that the exact criteria and information required is dependent on which funding stream is being pursued.

6.2 Planning

Once funding is secured, the TDHF will have to employ a process for construction and design procurement of their affordable housing project. The following “Best Value Procurement” process is used by the Alberta Seniors and Housing Corporation, and can be adapted by the TDHF to fit their organizational needs.

The process for Best Value Procurement (BVP) is as follows:

- > Selection Phase: Review submissions and score them based on pre-selected criteria. Contact the approved proponents after the review process.
- > Presentation Phase: Conduct presentations for each proponent. Each proponent will make available all proposed team members for in-person presentations. The key personnel from the proponent, other project funders or champions, the and the procurement committee must all be present. Statements made during the presentations may be entered in the final contract if the proponent is awarded the project. Based on these presentations, a letter of intent is sent to the successful proponent.

Pre-Award Phase:

- > The pre-award phase allows for pre-planning by the successful proponent before the contract is made. Additional information will also be disclosed to the proponent during this phase. A geotechnical, site survey, environmental assessment, hazardous materials survey and utilities assessment should be completed during this phase.
- > The proponent attends a kick-off meeting to discuss the objectives of the pre-award phase. The proponent must also present their initial plan to the owner, revisit the site and do any additional investigation required, coordinate with all parties involved in the project and determine solutions to their concerns, identify and minimize all project risks, inform major funders of any action required of them and address any concerns they might have themselves.
- > The deliverables for this phase include project management tasks such as weekly meetings to provide progress updates, the preparation and distribution of meeting minutes, bi-weekly reports including schedule updates, cost updates etc. and communication with all stakeholders.
- > At the end of this phase a pre-award summary meeting is held where a summary of what was developed and agreed upon during the phase is presented. In this meeting the proponent must summarize all the coordination and planning completed during the pre-award phase. Each key team member from the proponent should be present as should all required documents.. The meeting presentation and meeting minutes will become part of the contract alongside any other important documents.

Post-Award Phase:

- > Budget Control: Meet with the board and the builder and work through a plan for the budget to ensure goals and milestones are all met within the expected budget.
- > Scheduling: Meet with the board and the builder and work through the proposed schedule to ensure there are no conflicts and that the schedule is in line with the scope of the project.
- > Quality Control: Meet with the board and builder and work through a plan to set the expectations for certain deliverables to ensure a standard of quality. The expectations of the board will decide the measure of quality required.

Design and Permitting

- > Obtain all the important permits required for the development of the project. Engage with the regulatory bodies and discover the required documentations for permit application.
- > Engage with the bodies responsible for the issuing of development and building permits relevant to the project, discover the requirements and criteria to obtain the permits.
- > Discuss any potential issues or problems with the application or permit issuing.
- > After having collected all of the required documentations and having met any other criteria, apply for the permits.
- > Ensure that any potential issue has already been addressed, to avoid delays.

6.3 Project Management and Monitoring

The mode by which the development will operate (SOP) has to be decided on by the TDHF board—it will determine the important methods and processes that the development will operate under.

Data Collection

Important to the success of the project as well as future projects, there should be channels created to collect data from the completed project, and from the ongoing operations. This compiling of data will be useful in resolving future conflicts and completing future projects.

Project Post-Mortem

Use all the documentation and information that the project generated and used to create a summary document that captures all of the processes and methods used in the project. Include conflicts and how they were resolved, how well the communication channels worked etc.

A system should be designed and approved to collect data from the ongoing operations. It should be decided what kind of data should be collected, how often, how comprehensive etc.

Monitoring

The last and ongoing part of the project is monitoring the development and ensuring that the SOP is continuing as expected. Ensure that all requirements, safety, environmental etc., are met and that the metrics of performance set in the planning phases are being met.

- > The board should decide how the monitoring of the development will be done, who, how often, what should be checked etc.
- > After the process has been determined by the board, it should be carried out and the monitoring should begin.

7. ARDN Financial Model

The proposed affordable housing project is designed to develop a mixed-use complex that will provide affordable housing and market rental units to the low and moderate income earners of Taber and the surrounding communities. One of the innovative and unique aspects of this project is that the construction will follow several guiding principles, which are not typically associated with affordable rental housing:

- > Use of durable, low maintenance materials that will reduce maintenance and replacement costs in the long run.
- > Energy efficient building protocols and technologies to reduce long term operating costs and impact on the environment.
- > Use of modular building design and construction to reduce costs and build time.

There will be 6 studios and 14 one-bedrooms that will be used as affordable housing units, for a total of 20 affordable living spaces. Additionally, there will be 6 one-bedrooms and 4 two-bedrooms that will be used as market rental units, for a total of 14 market living spaces. This gives the building a total of 34 living spaces. 10% of these units will be accessible. There will also be a 150 square foot laundry room, which should generate roughly \$150 a month.

The affordable housing units and the market rental units will be rented out on a monthly basis. The rent from the market rental units will support the affordable housing units expenses. Individuals with low to moderate incomes will need to meet standard criteria to access affordable units. All rents will include building, unit heating and electricity costs, but not cable/internet or telephone.

Taber (TDHF) Affordable Housing Project			
Units		SF per Unit	Total SF
Affordable Units			
Studio:	6	310	1,860
One bedroom:	14	465	6,510
Market Units			
One bedroom:	6	465	2,790
Two bedroom:	4	620	2,480
Commercial Spaces			
Office Space:	1	1,500	1,500
Total # of units:	30		15,140
Total including stairs, corridors, and laundry room:			18,174
Leasable Sq Ft:	15.140		
Gross Residential:	16.460		
Stairs & Corr. & Laundry	1.564		
Stalls:	31		
Total Sq-ft:	18,024		

Financing & Funding

TDHF's affordable housing project will be cash positive from year 1. The total project will cost approximately \$6,192,092. Approximately 49.55% of this will be financed using a specialized loan from the CMHC, while 50.45% will be financed from equity sources.

The TDHF is currently pursuing avenues for equity, including the Town of Taber and the M.D. of Taber. In this case, the land is assumed to be donated to the TDHF by the Town of Taber for purpose of building the affordable housing project. This has yet to be confirmed officially. The loans will be financed via the Canadian Housing and Mortgage Corporation National Co-Investment Fund, using a 3.62% interest rate over 50 years. These mortgage instruments are not guaranteed, and are granted via an application process. The ARDN will work with the TDHF to explore the requirements and begin the process of applying for Co-Investment funding.

Construction Funding Breakdown

Total Project Cost Including Land:	\$6,192,092
Public or private contributions @ 50.45% of total cost:	\$3,123,695
Financing required @ 49.55% of total cost:	\$3,068,397

The following table highlights the sources of rental revenue from the affordable units, the market units, commercial office space, and the laundry room, considering the worst-case scenario based on approximately a 95% annual occupancy. This worst case scenario is based on a 10-year vacancy rate average, which as of 2017 is 4.77%:

Purpose	Type of Unit	# Of Units	Per Unit Monthly Rent	Monthly Income
Affordable Units	Studio	6	\$510.00	\$3,060.00
Affordable Units	One Bedroom	14	\$560.00	\$7,840.00
Market Units	One Bedroom	6	\$700.00	\$4,200.00
Market Units	Two Bedroom	4	\$812.50	\$3,250.00
Commercial Space	Office Space	1	\$1,500.00	\$1,500.00
Laundry Room	Amenity	1	\$0.00	\$150.00
Total (minus vacancies and bad debts)				\$18,605.42

The following table describes the operating summary of the buildings. It tabulates the following:

- > The potential income of the buildings;
- > The income after projected losses due to vacancy (based on the 10-year Taber average);
- > The expenses of the buildings and the expenses as a % of effective income (operating expense ratio);
- > The income after operating expenses (net income);
- > The ratio of net income over debt payments (DCR) – In the first year; and
- > The surplus after all payments and expenses – In the first year.

Operating Summary	
Potential Gross Income	\$238,200
Effective Gross Income	\$223,265
Operating Expenses	\$77,102
Operating Expense Ratio	50.7%
Net Income	\$146,163
Year 1 DCR	1.10
Year 1 Surplus	\$13,281.32

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In the following tables are the proforma of the building from year 1-10 and year 11-21. It is a detailed breakdown of all the revenues, expenses and debt payments of the building. The most important indicators are the Effective Gross Income (EGI), the Total Expenses, the Res. Net Operating Income (NOI), the Debt Coverage Ratio (DCR) and the Cash Flow. As seen in the tables below in the first year, the DCR is 1.10 and the cash flow is positive.

Preliminary Year 1 to 5 Proforma

Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Residential Revenues	\$ 238,200.00	\$ 244,155.00	\$ 250,258.88	\$ 256,515.35	\$ 262,928.23
Additional Income	\$ -	\$ -	\$ -	\$ -	\$ -
Potential Gross Income (PGI)	\$ 238,200.00	\$ 244,155.00	\$ 250,258.88	\$ 256,515.35	\$ 262,928.23
Vacancy Loss : Res. Revenues	\$ (11,362.14)	\$ (11,646.19)	\$ (11,937.35)	\$ (12,235.78)	\$ (12,541.68)
Vacancy Loss : Bad Debts	\$ (3,573.00)	\$ (3,662.33)	\$ (3,753.88)	\$ (3,847.73)	\$ (3,943.92)
Vacancy Loss : Others	\$ -	\$ -	\$ -	\$ -	\$ -
Total Vacancy Loss	\$ (14,935.14)	\$ (15,308.52)	\$ (15,691.23)	\$ (16,083.51)	\$ (16,485.60)
Effective Gross Income (EGI)	\$ 223,264.86	\$ 228,846.48	\$ 234,567.64	\$ 240,431.83	\$ 246,442.63
Operating Expense	Year 1	Year 2	Year 3	Year 4	Year 5
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 6,882.00	\$ 7,054.05	\$ 7,230.40	\$ 7,411.16	\$ 7,596.44
Heat & Electricity	\$ 6,200.00	\$ 6,355.00	\$ 6,513.88	\$ 6,676.72	\$ 6,843.64
Water & Sewer	\$ 10,261.00	\$ 10,517.53	\$ 10,780.46	\$ 11,049.97	\$ 11,326.22
Maintenance & Repairs	\$ 23,250.00	\$ 23,831.25	\$ 24,427.03	\$ 25,037.71	\$ 25,663.65
Superintendent	\$ 14,880.00	\$ 15,252.00	\$ 15,633.30	\$ 16,024.13	\$ 16,424.74
Management Fees	\$ 8,930.59	\$ 9,153.86	\$ 9,382.71	\$ 9,617.27	\$ 9,857.71
General & Admin.	\$ 2,232.65	\$ 2,288.46	\$ 2,345.68	\$ 2,404.32	\$ 2,464.43
Replacement Reserve	\$ 4,465.30	\$ 4,576.93	\$ 4,691.35	\$ 4,808.64	\$ 4,928.85
Total Expenses	\$ 77,101.54	\$ 79,029.08	\$ 81,004.81	\$ 83,029.93	\$ 85,105.67
Total Expenses as % of EGI	34.53%	34.53%	34.53%	34.53%	34.53%
Total Expenses as % of PGI	32.37%	32.37%	32.37%	32.37%	32.37%
Res. Net Operating Income (NOI)	\$ 146,163.32	\$ 149,817.40	\$ 153,562.84	\$ 157,401.91	\$ 161,336.96
Annual Debt Payment	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00
Debt Coverage Ratio (DCR)	1.10	1.13	1.16	1.18	1.21
Cash Flow / Surplus	\$ 13,281.32	\$ 16,935.40	\$ 20,680.84	\$ 24,519.91	\$ 28,454.96
Asset Value	\$ 2,541,970.78	\$ 2,605,520.05	\$ 2,670,658.05	\$ 2,737,424.50	\$ 2,805,860.11

Growth in Residential Revenue (Per Yr)	2.50%
Growth in Expenses (Per Yr)	2.50%

Total Accumulated Replacement Reserve	\$ 4,465.30	\$ 9,042.23	\$ 13,733.58	\$ 18,542.22	\$ 23,471.07
Total Ending Surplus	\$ 13,281.32	\$ 30,216.72	\$ 50,897.56	\$ 75,417.47	\$ 103,872.43
Ending Reserve and Surplus	\$ 17,746.62	\$ 39,258.95	\$ 64,631.14	\$ 93,959.69	\$ 127,343.49

Preliminary Year 6 to 10 Proforma					
Revenue	Year 6	Year 7	Year 8	Year 9	Year 10
Residential Revenues	\$ 269,501.44	\$ 276,238.97	\$ 283,144.95	\$ 290,223.57	\$ 297,479.16
Additional Income	\$ -	\$ -	\$ -	\$ -	\$ -
Potential Gross Income (PGI)	\$ 269,501.44	\$ 276,238.97	\$ 283,144.95	\$ 290,223.57	\$ 297,479.16
Vacancy Loss : Res. Revenues	\$ (12,855.22)	\$ (13,176.60)	\$ (13,506.01)	\$ (13,843.66)	\$ (14,189.76)
Vacancy Loss : Bad Debts	\$ (4,042.52)	\$ (4,143.58)	\$ (4,247.17)	\$ (4,353.35)	\$ (4,462.19)
Vacancy Loss : Others	\$ -	\$ -	\$ -	\$ -	\$ -
Total Vacancy Loss	\$ (16,897.74)	\$ (17,320.18)	\$ (17,753.19)	\$ (18,197.02)	\$ (18,651.94)
Effective Gross Income (EGI)	\$ 252,603.70	\$ 258,918.79	\$ 265,391.76	\$ 272,026.55	\$ 278,827.22
Operating Expense	Year 6	Year 7	Year 8	Year 9	Year 10
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 7,786.35	\$ 7,981.01	\$ 8,180.54	\$ 8,385.05	\$ 8,594.67
Heat & Electricity	\$ 7,014.73	\$ 7,190.10	\$ 7,369.85	\$ 7,554.10	\$ 7,742.95
Water & Sewer	\$ 11,609.38	\$ 11,899.61	\$ 12,197.10	\$ 12,502.03	\$ 12,814.58
Maintenance & Repairs	\$ 26,305.24	\$ 26,962.87	\$ 27,636.94	\$ 28,327.87	\$ 29,036.06
Superintendent	\$ 16,835.35	\$ 17,256.24	\$ 17,687.64	\$ 18,129.84	\$ 18,583.08
Management Fees	\$ 10,104.15	\$ 10,356.75	\$ 10,615.67	\$ 10,881.06	\$ 11,153.09
General & Admin.	\$ 2,526.04	\$ 2,589.19	\$ 2,653.92	\$ 2,720.27	\$ 2,788.27
Replacement Reserve	\$ 5,052.07	\$ 5,178.38	\$ 5,307.84	\$ 5,440.53	\$ 5,576.54
Total Expenses	\$ 87,233.32	\$ 89,414.15	\$ 91,649.50	\$ 93,940.74	\$ 96,289.26
Total Expenses as % of EGI	34.53%	34.53%	34.53%	34.53%	34.53%
Total Expenses as % of PGI	32.37%	32.37%	32.37%	32.37%	32.37%
Res. Net Operating Income (NOI)	\$ 165,370.38	\$ 169,504.64	\$ 173,742.26	\$ 178,085.81	\$ 182,537.96
Annual Debt Payment	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00
Debt Coverage Ratio (DCR)	1.24	1.28	1.31	1.34	1.37
Cash Flow / Surplus	\$ 32,488.38	\$ 36,622.64	\$ 40,860.26	\$ 45,203.81	\$ 49,655.96
Asset Value	\$ 2,876,006.62	\$ 2,947,906.78	\$ 3,021,604.45	\$ 3,097,144.56	\$ 3,174,573.18

Growth in Residential Revenue (Per Yr)	2.50%
Growth in Expenses (Per Yr)	2.50%

Total Accumulated Replacement Reserve	\$ 28,523.14	\$ 33,701.52	\$ 39,009.35	\$ 44,449.88	\$ 50,026.43
Total Ending Surplus	\$ 136,360.81	\$ 172,983.45	\$ 213,843.70	\$ 259,047.51	\$ 308,703.47
Ending Reserve and Surplus	\$ 164,883.95	\$ 206,684.96	\$ 252,853.06	\$ 303,497.40	\$ 358,729.90

Preliminary Year 11 to 15 Proforma

Revenue	Year 11	Year 12	Year 13	Year 14	Year 15
Residential Revenues	\$ 304,916.14	\$ 312,539.04	\$ 320,352.52	\$ 328,361.33	\$ 336,570.36
Additional Income	\$ -	\$ -	\$ -	\$ -	\$ -
Potential Gross Income (PGI)	\$ 304,916.14	\$ 312,539.04	\$ 320,352.52	\$ 328,361.33	\$ 336,570.36
Vacancy Loss : Res. Revenues	\$ (14,544.50)	\$ (14,908.11)	\$ (15,280.82)	\$ (15,662.84)	\$ (16,054.41)
Vacancy Loss : Bad Debts	\$ (4,573.74)	\$ (4,688.09)	\$ (4,805.29)	\$ (4,925.42)	\$ (5,048.56)
Vacancy Loss : Others	\$ -	\$ -	\$ -	\$ -	\$ -
Total Vacancy Loss	\$ (19,118.24)	\$ (19,596.20)	\$ (20,086.10)	\$ (20,588.26)	\$ (21,102.96)
Effective Gross Income (EGI)	\$ 285,797.90	\$ 292,942.84	\$ 300,266.42	\$ 307,773.08	\$ 315,467.40

Operating Expense	Year 11	Year 12	Year 13	Year 14	Year 15
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 8,809.54	\$ 9,029.78	\$ 9,255.52	\$ 9,486.91	\$ 9,724.09
Backup for Heat & Electricity	\$ 7,936.52	\$ 8,134.94	\$ 8,338.31	\$ 8,546.77	\$ 8,760.44
Water & Sewer	\$ 13,134.95	\$ 13,463.32	\$ 13,799.90	\$ 14,144.90	\$ 14,498.52
Maintenance & Repairs	\$ 29,761.97	\$ 30,506.01	\$ 31,268.67	\$ 32,050.38	\$ 32,851.64
Superintendent	\$ 19,047.66	\$ 19,523.85	\$ 20,011.95	\$ 20,512.24	\$ 21,025.05
Management Fees	\$ 11,431.92	\$ 11,717.71	\$ 12,010.66	\$ 12,310.92	\$ 12,618.70
General & Admin.	\$ 2,857.98	\$ 2,929.43	\$ 3,002.66	\$ 3,077.73	\$ 3,154.67
Replacement Reserve	\$ 5,715.96	\$ 5,858.86	\$ 6,005.33	\$ 6,155.46	\$ 6,309.35
Total Expenses	\$ 98,696.49	\$ 101,163.90	\$ 103,693.00	\$ 106,285.32	\$ 108,942.46
Total Expenses as % of EGI	34.53%	34.53%	34.53%	34.53%	34.53%
Total Expenses as % of PGI	32.37%	32.37%	32.37%	32.37%	32.37%
Res. Net Operating Income (NOI)	\$ 187,101.41	\$ 191,778.94	\$ 196,573.42	\$ 201,487.75	\$ 206,524.94
Annual Debt Payment	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00
Debt Coverage Ratio (DCR)	1.41	1.44	1.48	1.52	1.55
Cash Flow / Surplus	\$ 54,219.41	\$ 58,896.94	\$ 63,691.42	\$ 68,605.75	\$ 73,642.94
Asset Value	\$ 3,253,937.51	\$ 3,335,285.94	\$ 3,418,668.09	\$ 3,504,134.79	\$ 3,591,738.16

Growth in Residential Revenue (Per Yr)	2.50%
Growth in Expenses (Per Yr)	2.50%

Total Accumulated Replacement Reserve	\$ 55,742.39	\$ 61,601.24	\$ 67,606.57	\$ 73,762.03	\$ 80,071.38
Total Ending Surplus	\$ 362,922.88	\$ 421,819.82	\$ 485,511.23	\$ 554,116.99	\$ 627,759.93
Ending Reserve and Surplus	\$ 418,665.26	\$ 483,421.06	\$ 553,117.81	\$ 627,879.02	\$ 707,831.31

Preliminary Year 16 to 21 Proforma

Revenue	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
Residential Revenues	\$ 344,984.62	\$ 353,609.24	\$ 362,449.47	\$ 371,510.71	\$ 380,798.47	\$ 390,318.44
Additional Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Potential Gross Income (PGI)	\$ 344,984.62	\$ 353,609.24	\$ 362,449.47	\$ 371,510.71	\$ 380,798.47	\$ 390,318.44
Vacancy Loss : Res. Revenues	\$ (16,455.77)	\$ (16,867.16)	\$ (17,288.84)	\$ (17,721.06)	\$ (18,164.09)	\$ (18,618.19)
Vacancy Loss : Bad Debts	\$ (5,174.77)	\$ (5,304.14)	\$ (5,436.74)	\$ (5,572.66)	\$ (5,711.98)	\$ (5,854.78)
Vacancy Loss : Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Vacancy Loss	\$ (21,630.54)	\$ (22,171.30)	\$ (22,725.58)	\$ (23,293.72)	\$ (23,876.06)	\$ (24,472.97)
Effective Gross Income (EGI)	\$ 323,354.09	\$ 331,437.94	\$ 339,723.89	\$ 348,216.99	\$ 356,922.41	\$ 365,845.47
Operating Expense	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 9,967.19	\$ 10,216.37	\$ 10,471.78	\$ 10,733.57	\$ 11,001.91	\$ 11,276.96
Heat & Electricity	\$ 8,979.45	\$ 9,203.93	\$ 9,434.03	\$ 9,669.88	\$ 9,911.63	\$ 10,159.42
Water & Sewer	\$ 14,860.99	\$ 15,232.51	\$ 15,613.32	\$ 16,003.66	\$ 16,403.75	\$ 16,813.84
Maintenance & Repairs	\$ 33,672.93	\$ 34,514.76	\$ 35,377.62	\$ 36,262.07	\$ 37,168.62	\$ 38,097.83
Superintendent	\$ 21,550.68	\$ 22,089.44	\$ 22,641.68	\$ 23,207.72	\$ 23,787.91	\$ 24,382.61
Management Fees	\$ 12,934.16	\$ 13,257.52	\$ 13,588.96	\$ 13,928.68	\$ 14,276.90	\$ 14,633.82
General & Admin.	\$ 3,233.54	\$ 3,314.38	\$ 3,397.24	\$ 3,482.17	\$ 3,569.22	\$ 3,658.45
Replacement Reserve	\$ 6,467.08	\$ 6,628.76	\$ 6,794.48	\$ 6,964.34	\$ 7,138.45	\$ 7,316.91
Total Expenses	\$ 111,666.02	\$ 114,457.67	\$ 117,319.11	\$ 120,252.09	\$ 123,258.39	\$ 126,339.85
Total Expenses as % of EGI	34.53%	34.53%	34.53%	34.53%	34.53%	34.53%
Total Expenses as % of PGI	32.37%	32.37%	32.37%	32.37%	32.37%	32.37%
Res. Net Operating Income (NOI)	\$ 211,688.07	\$ 216,980.27	\$ 222,404.78	\$ 227,964.90	\$ 233,664.02	\$ 239,505.62
Annual Debt Payment	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00	\$ 132,882.00
Debt Coverage Ratio (DCR)	1.59	1.63	1.67	1.72	1.76	1.80
Cash Flow / Surplus	\$ 78,806.07	\$ 84,098.27	\$ 89,522.78	\$ 95,082.90	\$ 100,782.02	\$ 106,623.62
Asset Value	\$ 3,681,531.62	\$ 3,773,569.91	\$ 3,867,909.16	\$ 3,964,606.89	\$ 4,063,722.06	\$ 4,165,315.11

Growth in Residential Revenue	2.50%
Growth in Expenses (Per Yr)	2.50%

Total Accumulated Replacement Reserve	\$ 86,538.46	\$ 93,167.22	\$ 99,961.70	\$ 106,926.04	\$ 114,064.49	\$ 121,381.40
Total Ending Surplus	\$ 706,566.00	\$ 790,664.27	\$ 880,187.04	\$ 975,269.94	\$ 1,076,051.96	\$ 1,182,675.58
Ending Reserve and Surplus	\$ 793,104.46	\$ 883,831.49	\$ 980,148.74	\$ 1,082,195.98	\$ 1,190,116.45	\$ 1,304,056.97

8. Conclusions

8.1 To Consider

Marketing is key for any successful business. Occupancy rates for this project might be lower than projected if it has not been marketed properly. It is important to communicate to prospective users and the community how this product is different, positive and beneficial for them. For example, it is:

- > A novel model that will give people an opportunity to get back on their feet and provide an affordable and sustainable place to stay;
- > Innovative, cost effective, and durable;
- > Capacity-building with other non-profits;
- > A building that will serve as an example to support future public and private investment to improve the community;

An extensive marketing strategy should be developed where marketing will occur through:

- > Free media coverage;
- > Community flyers left with local organizations;
- > Word-of-mouth;
- > Churches and other faith based groups; and
- > Local newsletters and newspapers.

In addition, the project representatives should also speak at pre-arranged meetings and events held by faith groups, civic groups and organizations in the area on an on-going basis.

MARKETING THROUGH REALTORS

Local realtors should be utilized to get the word out about this housing option. Realtors are an excellent resource to link renters with suitable accommodations. The Alberta Real Estate Foundation has been very supportive of this initiative and has agreed to support ARDN in the future.

NEW RENTER AND TRAINING SUPPORT

It should be communicated to potential tenants that checklists will be created and provided to advise them about the things they need to do, have and prepare for, in order to rent and maintain the rooms. This will not only help maintain this facility but also

train the tenants and educate them for a brighter future.

8.2 Final

The comprehensive Needs Assessment (provided separately) illustrates that there is an immediate and strong need for multi-purpose developments in the Town of Taber and surrounding communities. The current supply available is not sufficient for the population in need and can cause further issues with population growth in the future. These affordable housing units will be able to provide adequate and suitable housing for upwards of 34 people.

The total project will cost \$6,192,092 to build. Approximately 50.45% of this will be financed using loan institutions, while 49.55% will be financed from equity from grant and equity including land.

In conclusion, this Business Case demonstrates that this project is realistic and financially feasible, and will provide a solid, long-term investment opportunity.

The next steps to this project include:

- > Identifying the potential involvement of the Town of Taber and M.D. of Taber with regards to this project;
- > Identifying the potential financing institutional partner; and
- > Revising the preliminary pro-forma statement as and when various pieces of this project are finalized.

ARDN thanks the following organizations that contributed their expertise and support to advance Taber's affordable housing initiative:

- > Alberta Real Estate Foundation (AREF)
- > Canadian Mortgage and Housing Corporation (CMHC)
- > The Taber District and Housing Foundation

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Appendix: Map of Taber and area

