



TESLIN

Commercial Rental Space Needs Analysis

And

Business Feasibility Assessment

For a

DDC Business and Innovation Centre Development

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Introduction

A lack of commercial spaces to rent has been suggested as a critical infrastructure barrier to small business development in Teslin. However, the private landlord sector will not build to meet any such uncertain demand with high construction costs and limited tenant financial capacity to pay rent. Development of a commercial centre under a not-for-profit DDC social enterprise model has been proposed as an alternative to support business and innovation.

This exercise undertook due diligence for DDC to evaluate if there is a business case for such an investment. The outcome is an informed decision if there is sufficient demand and value to justify spending further time and resources on design and business planning or if other opportunity development strategies hold better rewards.

1 Demand Assessment

In order to properly gauge demand for new financing programs or other business support services, as part of its 2019 Teslin Household Survey, DDC asked the question:

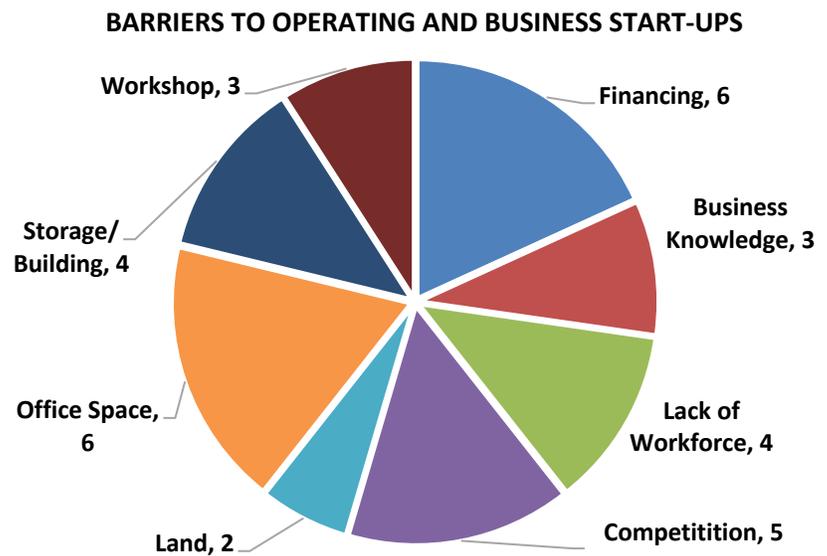
What are the barriers to operating and starting up a business?

Of the 74 survey respondents, 29 indicated they are either operating a business or interested in starting a business. However, of these, only 15 identified access to land or building spaces as barriers to success.

Only 6, or less than half of these, saw need for office or other commercial spaces. Further, most of these respondents indicated their office space demand to be tied to their industrial needs rather than an independent office that could be rented in a common building such as that proposed.

Noting that a household survey may miss contact with the potential needs of expanding existing businesses, which are generally responsible for most small community growth, a follow-up telephone survey polled businesses in the DDC Teslin Business Directory. This confirmed the low level of commercial and business office space interest and that industrial needs are dominant.

This low level of commercial space demand is confirmed as typical for community size, by interviews with economic and business development program managers in similar Yukon communities.



Notwithstanding the low demand case, six different space use and size configurations were proposed to further assess the business case:

Space Type	Size (ft ²)	Target Tenants
Small office	200	Typical single-person private business e.g. consultant
Large office	800	Larger organization e.g. DDC own-office
Artisan studio	300	Targeted at TTC citizens producing commercially
Small commercial	600	Small retail or café are examples
Large commercial	2,000	Yukon College example, expansion of existing space
Co-space	600	Shared common space with desks & meeting room

2 Building and Site Options

Early analysis of the low demand case immediately indicated that the business case for a new building is challenging in light of the anticipated high construction costs, even with not-for-profit targets, social development goals and potential access to government funding investment.

So while the demand case for neither was demonstrated, two different conceptual space demand scenarios were still developed to assess the potential future business case for development, subject to those demands being proven up in the future:

This informed the suggestion of two scenarios for consideration:

1. Small new-build (4,000 ft²)

On Lot 4, Block 19, a suitable site immediately adjacent to the existing DDC office and available for purchase from the Village for \$35,000. This site is zoned for this use.

2. Large renovation and re-purpose (8,000 ft²)

Of a good condition existing building (e.g. TTC Administration Building that may soon be vacant).

Space Type	Size (ft ²)	Number of Units	
		1. Small New-Build	2. Large Renovation
Small office	200	4	6
Large office	800	1	1
Artisan studio	300	2	4
Small commercial	600	1	2
Large commercial	2,000	0	1
Co-space	600	1	1
Common & servicing	600/1000	1	1
Total size		4,000 ft²	8,000 ft²

3 Rent Capacity and Revenue Generation

3.1 Rent Capacity

Where relevant examples exist, proposed rents were benchmarked to the community market and those observed in similar rural Yukon communities and then further adjusted and validated by a first workshop with the DDC Board. It was deemed important that rents be at the low end of the market if the goal to stimulate and support small local business development is to be met:

- \$30 base rent is benchmark of a large Teslin renter (confidential)
- \$20 small commercial rent reflects significantly lower rent capacity of private retail/café sector relative to government-funded organizations and the consulting industry
- Co-space assumes 5 users at \$150/month each including high-end internet service access
- Artisan studio rents are very low to support TTC citizens as sector is very low margins

Space Type	Rent (ft ² /year)	Rent (unit/mth)
Small office	\$30	\$500
Large office	\$24	\$1,600
Artisan studio	N/A	\$200
Small commercial	\$20	\$1,000
Large commercial	\$30	\$5,000
Co-space	N/A	\$750 (total)

3.2 Revenue Generation

Revenue capacity for each scenario is projected for both the full occupancy rate and a prudent occupancy rate for each under the following conservative assumptions:

- No users for the co-space or the artisan studios in either scenario
- Large office and large commercial is always occupied on secure long-term leases
- One small commercial is always occupied in either scenario
- Half of the small offices are occupied

Giving a ‘prudent’ occupancy rate of 53% for the small new-build and 57% for the large renovation.

Scenario	1. Small New-Build		2. Large Renovation	
Occupancy	Prudent	Full	Prudent	Full
Revenue Generation	\$43,200	\$69,000	\$109,200	\$157,800

The occupancy rates were validated by the first workshop with the DDC Board as meeting the organization’s acceptable risk profile.

4 Cost Estimates

4.1 Construction

Capital cost estimates for each of the two scenarios are:

1. Small New-Build

Cost: \$1,895,000

Assuming:

- \$400/ft² build cost
- \$35,000 property purchase
- \$100,000 lot development (e.g. sewer & power)
- 10% soft costs including design

2. Large Renovation

Cost: \$880,000

Assuming:

- \$100/ft² renovation cost
- \$0 property lease
- 10% soft costs including design

4.2 Operation & Maintenance

Operating expenses projections are

Scenario	1. Small New-Build		2. Large Renovation	
Occupancy	Prudent	Full	Prudent	Full
Expenses	\$51,000	\$58,500	\$73,850	\$87,950

Assuming:

- Property tax rate of 1.27% applied to 50% of build value
- Water, sewer and waste at \$150/unit/quarter
- Insurance (building and replacement) at 0.5% of build value
- Heat at \$1.50/ft²
- Electric (including hot water) at \$400/unit
- Snow removal and landscape @ \$4,000 total'
- Maintenance at 8% of rental income
- Property management at 6% of rental income
- Administration at 5% of rental income
- Replacement reserve at 10% of rental income Financing

5 Net Operating Income

Scenario	1. Small New-Build		2. Large Renovation	
Occupancy	Prudent	Full	Prudent	Full
Net Operating Income	(\$7,800)	\$10,500	\$35,350	\$69,850

Under the prudent occupancy rate, the small new-build scenario loses money even before financing.

6 Financing

6.1 Equity

A comprehensive review of the DDC financial position and other corporate mandate priorities has provided for a potential DDC equity investment capacity of up to \$200,000 in the venture.

6.2 Debt

The net operating income provides the free cash flow available for debt servicing of any chosen financing structure. Given the risk parameters of the venture, mortgage debt terms of 6% over a 20-year amortization period are applied to show the maximum debt that could be serviced under each scenario and occupancy rate.

Scenario	1. Small New-Build		2. Large Renovation	
	Prudent	Full	Prudent	Full
Occupancy				
Maximum Debt	NONE	\$120,000	\$405,000	\$680,000

6.3 Grant

Any remaining financing gap must be covered by access to government grant funding (or alternatively further equity if available in the future).

Scenario	1. Small New-Build		2. Large Renovation	
	Prudent	Full	Prudent	Full
Occupancy				
Capital Cost	\$1,895,000	\$1,895,000	\$880,000	\$880,000
Equity	\$200,000	\$200,000	\$200,000	\$200,000
Maximum Debt	NONE	\$120,000	\$405,000	\$680,000
Grant Requirement	N/A	\$1,575,000	\$275,000	NONE

Notably:

1. For the small new-build
 - applying the prudent 53% occupancy scenario, operating costs exceed revenues, so even with 100% grant funding, there is no viable financing structure; and
 - even with grant funding to cover the full \$1,695,000 gap after equity so that there is no debt:
 - the minimum occupancy required for viability is 75%. This means full-time occupancy of all the units except for 1 small office and the co-space;
 - full occupancy would generate net positive cash of \$10,000 in first year; and
 - minimum occupancy (i.e. large office for DDC own use only) would lose \$25,000 annually
2. The large renovation scenario has a strong financing viability with a low government grant funding requirement of \$405,000 even under the low, prudent occupancy rates.

7 Conclusions

7.1 Small New-Build

There is no viable structure to finance and operate even a small, new-build commercial rental space development, even with 100% government grant funding. Operating costs exceed rental revenues at all reasonable occupancy rates.

A new-build commercial development would require ongoing subsidy of operational funding.

7.2 Large Renovation

Renovation to re-purpose an existing building in good condition shows promise as a viable option to provide commercial rental spaces in Teslin should the demand case strengthen. This would require a relatively low government funding investment of \$405,000 to stimulate and support small enterprise and economic development in this remote, northern indigenous community.

At full occupancy this development could generate up to \$46,000 in annual net profit to DDC.

However, during the course of this assessment Teslin Tlingit Council sourced funding to construct a new Community Services Building (over 40,000 ft²), which will greatly expand the supply of office and other spaces available in Teslin from as early as 2022. This further dampens the likely demand for business office and other commercial or institutional spaces.

Further, at the conclusion of this assessment, Teslin Tlingit Council indicated that the current Administration Building, which is the best condition candidate building for renovation and re-purposing to this use, is already being considered for a different purpose after the Community Services Building is occupied.

No other suitable buildings for renovation have been identified.

7.3 Industrial Lot Development

Most businesses (9) that report barriers to success are industrial, in the equipment contracting or construction sectors. This is to be expected given DDC's recent success in enabling local benefits from Community Development Plan projects, largely civil works.

It is also consistent with the projected near-term economic path of the community, as large sums will be spent on coming construction projects from 2021-23, being the Community Services Building (over \$25 million) and the Nisutlin Bay Bridge Replacement (over \$70 million).

Priority investment in industrial lot development (adjacent to the new Connector Road) would see a better return in overcoming barriers and supporting small business and economic development.

8 Recommendations

The demand and business viability case is not demonstrated. DDC should not proceed to further business planning, design or site selection and acquisition.

8.1 Actions

1. DDC should communicate learning, conclusions and recommendations to the partner governments of the Teslin Community Development Plan to assist them in their evidence-based planning and decision-making, specifically that:
 - a) DDC may be interested in participating in the future re-purposing of the TTC Administration Building should an entrepreneur support centre be complementary to the intended uses; and
 - b) TTC and Village of Teslin be encouraged to prioritize industrial lot development at the new Connector Road and that DDC could assist with its project management expertise if helpful.

8.2 DDC Office and Housing Concept

As the business viability for the commercial rental development was not proven, the Board requested an additional financial analysis of a limited development focused on new DDC office space and affordable rental housing at the current office site.

	Building	Cost	DDC Equity	Mortgage	Grant Required
	Large (3,600 ft ²)	\$1,436,000	\$400,000	\$211,000	\$350,000
	Small (1,800 ft ²)	\$743,000	\$210,000	\$113,000	\$180,000
	Large (3,600 ft ²) – Maximum Grant	\$1,436,000	\$150,000	NONE	\$811,000

This concept is not recommended at this time. The development would occupy considerable DDC equity, government grant funding space and management capacity while not significantly expanding DDC community economic development services.

9 Appendices

For future reference, the following appendices show the full detailed financial analysis summaries of each of the commercial rental and DDC office/housing concept scenarios assessed.

9.1 Commercial Rental Development Scenario Financials

9.2 DDC Office/Housing Concept Financials

DDC COMMERCIAL RENTAL SPACE DEVELOPMENT

08-Feb-20

Financial Viability Assessment Summary

	Option Occupancy	Small New-Build	Small New-Build	Large Renovation	Large Renovation
		Prudent	Full	Prudent	Full
		53%	100%	57%	100%
Small offices		4	4	6	6
Large offices		1	1	1	1
Artisan studios		2	2	4	4
Small commercial		1	1	2	2
Large commercial		0	0	1	1
Co-space		1	1	1	1
Common & servicing		600 ft ²	600 ft ²	1,000 ft ²	1,000 ft ²
Total Building Size		4,000 ft ²	4,000 ft ²	8,000 ft ²	8,000 ft ²
Construction Cost		\$1,895,000	\$1,895,000	\$880,000	\$880,000
DDC Equity Investment Required		\$200,000	\$200,000	\$200,000	\$200,000
Mortgage Required		N/A	\$120,000	\$405,000	\$680,000
Economic Development Grant (e.g. CanNor)		N/A	\$1,575,000	\$275,000	\$0
Annual Debt Payment		N/A	\$10,500	\$24,000	\$59,400
First Year Net Cash Flow		-\$7,800	\$0	\$0	\$10,600
20-Year Book Value		\$913,000	\$913,000	\$389,000	\$389,000
20-Year Net Cash		-\$293,000	\$67,000	\$451,000	\$1,043,000
20-Year IRR (No Sale)		N/A	N/A	6%	10%
20-Year IRR (Sale at Book Value)		3%	7%	N/A	N/A

Notes

1. All options at monthly rents of:

Small office	\$500
Large office	\$1,600
Artisan studio	\$200
Small commercial	\$1,000
Large commercial	\$5,000
Co-space	\$750 (total)

DDC COMMERCIAL RENTAL SPACE DEVELOPMENT

08-Feb-20

Small New-Build - Prudent Occupancy (53%)

Capital Budget

Costs		
	Land	\$35,000
	Lot Development	\$100,000
	Construction	\$1,600,000
	Soft Costs	\$160,000
	Total	\$1,895,000
Financing		
	CACC Equity	\$200,000
	Capital Funding Grant	\$1,695,000
	Mortgage	\$0
	Total	\$1,895,000

\$400/ft²
10% (Design, proj. man., etc.)

CAFN shareholder investment required
CanNor/DNV/other
No mortgage possible

O&M Budget

Revenue		
	Offices	\$31,200
	Commercial	\$12,000
	Artisans	\$0
	Co-Space	\$0
	Rent	\$43,200
Expenses		
	Long-Term Debt Service	\$0
	Property Taxes	\$12,000
	Water, Sewer & Waste	\$5,400
	Building & Liability Insurance	\$9,500
	Heat	\$4,000
	Electric inc. Hot Water	\$3,600
	Snow removal and landscape	\$2,000
	Maintenance	\$5,500
	Property Management	\$2,500
	Administration	\$2,200
	Replacement Reserve	\$4,300
	Total	\$51,000

\$500 & \$1,650/month
\$1,000 & \$5,000/month
\$200/month
\$750/month (total)

No mortgage possible
1.27% of assessed value
\$150/unit/quarter
0.5% value
\$1.00/ft²
\$400/unit/year
Total
8% revenue
6% revenue
5% revenue
10% revenue

First Year Net Cash Flow **-\$7,800**

Notes:

- Offers new commercial rental spaces of:
 - 4 small offices @ 200 ft² + 1 large office @ 800 ft²
 - 1 small commercial unit @ 600 ft²
 - 2 artisan studios @ 300 ft² + 1 co-space @ 600 ft²
- Total building size = 4,000 ft²
- All utility costs including heat, electric & hot water are due to DDC
- Property management & administration delivered by DDC staff

Outcomes:

- Offer of 9 new commercial rental spaces to support small business development
- Job generation potentially targeted at skills training and social development objectives
- First-year annual cash loss of \$7,800 at prudent 53% occupancy - ongoing subsidy required
- Total \$293,000 of ongoing subsidy required over full 20-year term.

DDC COMMERCIAL RENTAL SPACE DEVELOPMENT

08-Feb-20

Small New-Build - Full Occupancy

Capital Budget

Costs		
	Land	\$35,000
	Lot Development	\$100,000
	Construction	\$1,600,000
	Soft Costs	\$160,000
	Total	\$1,895,000
Financing		
	CACC Equity	\$200,000
	Capital Funding Grant	\$1,575,000
	Mortgage	\$120,000
	Total	\$1,895,000

\$400/ft²
10% (Design, proj. man., etc.)

CanNor/DNV/other
20 years @ 6% (with guarantee)

O&M Budget

Revenue		
	Offices	\$43,200
	Commercial	\$12,000
	Artisans	\$4,800
	Co-Space	\$9,000
	Rent	\$69,000
Expenses		
	Long-Term Debt Service	\$10,500
	Property Taxes	\$12,000
	Water, Sewer & Waste	\$5,400
	Building & Liability Insurance	\$9,500
	Heat	\$4,000
	Electric inc. Hot Water	\$3,600
	Snow removal and landscape	\$2,000
	Maintenance	\$7,500
	Property Management	\$4,100
	Administration	\$3,500
	Replacement Reserve	\$6,900
	Total	\$69,000

\$500 & \$1,650/month
\$1,000 & \$5,000/month
\$200/month
\$750/month (total)

20 years @ 6% (with guarantee)
1.27% of assessed value
\$150/unit/quarter
0.5% value
\$1.00/ft²
\$400/unit/year
Total
8% revenue
6% revenue
5% revenue
10% revenue

First Year Net Cash Flow **\$0**

Notes:

- Offers new commercial rental spaces of:
 - 4 small offices @ 200 ft² + 1 large office @ 800 ft²
 - 1 small commercial unit @ 600 ft²
 - 2 artisan studios @ 300 ft² + 1 co-space @ 600 ft²
- Total building size = 4,000 ft²
- All utility costs including heat, electric & hot water are due to DDC
- Property management & administration delivered by DDC staff

Outcomes:

- Offer of 9 new commercial rental spaces to support small business development
- Job generation potentially targeted at skills training and social development objectives
- No new DDC cash revenues even at 100% occupancy
- At conclusion of 20 year mortgage term, for a \$200,000 investment, DDC returns:
 - Net cash of \$67,000
 - Clear ownership of asset with book value of \$913,000 and market value likely far higher
 - 20-year IRR of 7% BUT ONLY if asset can be sold for minimum book value at 20-year term (assumes full reserve fund is used and re-invested in building to maintain value)

DDC COMMERCIAL RENTAL SPACE DEVELOPMENT

08-Feb-20

Large Renovation - Prudent Occupancy (57%)

Capital Budget

Costs		
Land		\$0
Lot Development		\$0
Construction		\$800,000
Soft Costs		\$80,000
Total		\$880,000
Financing		
DDC Equity		\$200,000
Capital Funding Grant		\$275,000
Mortgage		\$405,000
Total		\$880,000

\$100/ft²
10% (Design, proj. man., etc.)

CanNor/DNV/other
20 years @ 6% (with guarantee)

O&M Budget

Revenue		
Offices		\$37,200
Commercial		\$72,000
Artisans		\$0
Co-Space		\$0
Rent		\$109,200
Expenses		
Long-Term Debt Service		\$35,400
Property Taxes		\$5,500
Water, Sewer & Waste		\$9,000
Building & Liability Insurance		\$4,400
Heat		\$12,000
Electric inc. Hot Water		\$5,200
Snow removal and landscape		\$4,000
Maintenance		\$10,700
Property Management		\$6,500
Administration		\$5,600
Replacement Reserve		\$10,900
Total		\$109,200

\$500 & \$1,650/month
\$1,000 & \$5,000/month
\$200/month
\$750/month (total)

20 years @ 6% (with guarantee)
1.27% of assessed value
\$150/unit/quarter
0.5% value
\$1.50/ft²
\$400/unit/year
Total
8% revenue
6% revenue
5% revenue
10% revenue

Notes:

- Offers new commercial rental spaces of:
 - 6 small offices @ 200 ft² + 1 large office @ 800 ft²
 - 2 small commercial units @ 600 ft² + 1 large commercial unit @ 2,000 ft²
 - 4 artisan studios @ 300 ft² + 1 co-space @ 600 ft²
- Total building size = 8,000 ft²
- All utility costs including heat, electric & hot water are due to DDC
- Property management & administration delivered by DDC staff

Outcomes:

- Offer of 15 new commercial rental spaces to support small business development
- Job generation potentially targeted at skills training and social development objectives
- No new DDC cash revenues at prudent 57% occupancy
- At conclusion of 20 year mortgage term, for a \$200,000 investment, DDC returns:
 - Net cash of \$451,000 at IRR of 6%
(assumes full reserve fund is used and re-invested in building to maintain value)

DDC COMMERCIAL RENTAL SPACE DEVELOPMENT

08-Feb-20

Large Renovation - Full Occupancy

Capital Budget

Costs			
	Land	\$0	
	Lot Development	\$0	
	Construction	\$800,000	\$100/ft ²
	Soft Costs	\$80,000	10% (Design, proj. man., etc.)
	Total	\$880,000	
Financing			
			\$200,000
	Capital Funding Grant	\$0	CanNor/DNV/other
	Mortgage	\$680,000	20 years @ 6% (with guarantee)
	Total	\$880,000	

O&M Budget

Revenue			
	Offices	\$55,200	\$500 & \$1,650/month
	Commercial	\$84,000	\$1,000 & \$5,000/month
	Artisans	\$9,600	\$200/month
	Co-Space	\$9,000	\$750/month (total)
	Rent	\$157,800	
Expenses			
	Long-Term Debt Service	\$59,400	20 years @ 6% (with guarantee)
	Property Taxes	\$5,500	1.27% of assessed value
	Water, Sewer & Waste	\$9,000	\$150/unit/quarter
	Building & Liability Insurance	\$4,400	0.5% value
	Heat	\$12,000	\$1.50/ft ²
	Electric inc. Hot Water	\$5,200	\$400/unit/year
	Snow removal and landscape	\$4,000	Total
	Maintenance	\$14,600	8% revenue
	Property Management	\$9,500	6% revenue
	Administration	\$7,900	5% revenue
	Replacement Reserve	\$15,700	10% revenue
	Total	\$147,200	

First Year Net Cash Flow **\$10,600**

Notes:

- Offers new commercial rental spaces of:
 - 6 small offices @ 200 ft² + 1 large office @ 800 ft²
 - 2 small commercial units @ 600 ft² + 1 large commercial unit @ 2,000 ft²
 - 4 artisan studios @ 300 ft² + 1 co-space @ 600 ft²
- Total building size = 8,000 ft²
- All utility costs including heat, electric & hot water are due to DDC
- Property management & administration delivered by DDC staff

Outcomes:

- Offer of 15 new commercial rental spaces to support small business development
- Job generation potentially targeted at skills training and social development objectives
- New DDC cash revenues of \$10,600 at 100% occupancy
- At conclusion of 20 year mortgage term, for a \$200,000 investment, DDC returns:
 - Net cash of \$1.04 million at IRR of 10%
(assumes full reserve fund is used and re-invested in building to maintain value)

DDC OFFICE & HOUSING CONCEPT

14-Jan-20

Capital Budget		OPTION 1 - LARGE
Costs		
Land	\$0	
Lot Development	\$50,000	
Construction	\$1,260,000	
Soft Costs	\$126,000	
Total	\$1,436,000	
Financing		
DDC Equity	\$400,000	
Capital Grant	\$350,000	
YHC Housing Initiatives	\$320,000	
YHC Matching	\$45,000	
CMHC Co-Investment	\$110,000	
Mortgage	\$211,000	
Total	\$1,436,000	

OPTION 2 - SMALL	
Land	\$0
Lot Development	\$50,000
Construction	\$630,000
Soft Costs	\$63,000
Total	\$743,000
DDC investment	\$210,000
Capital Grant	\$185,000
YHC Housing Initiatives	\$160,000
YHC Matching	\$20,000
CMHC Co-Investment	\$55,000
Mortgage	\$113,000
Total	\$743,000

\$350/sq.ft.
10% (Design, proj. man., etc.)

DDC investment
Source unknown
\$80,000/unit
10 yrs property tax rebate (housing only)
15% housing cost only
20 years @ 5%

OPTION 1B - FULL GRANT	
Land	\$0
Lot Development	\$50,000
Construction	\$630,000
Soft Costs	\$63,000
Total	\$743,000
DDC investment	\$150,000
Capital Grant	\$811,000
YHC Housing Initiatives	\$320,000
YHC Matching	\$45,000
CMHC Co-Investment	\$110,000
Mortgage	\$211,000
Total	\$1,436,000

DDC investment
Source unknown

O&M Budget	
Revenue	
Rent	\$43,200
Expenses	
Long-Term Debt Service	\$17,200
Property Taxes	\$4,500
Water, Sewer & Waste	\$3,000
Building & Liability Insurance	\$7,000
Heat	\$2,500
Electric	\$3,500
Snow removal and landscape	\$2,000
Maintenance	\$4,500
Property Management	\$2,000
Administration	\$1,750
Replacement Reserve	\$4,250
Total	\$52,200

Rent	\$19,200
Long-Term Debt Service	\$9,000
Property Taxes	\$2,500
Water, Sewer & Waste	\$1,800
Building & Liability Insurance	\$3,750
Heat	\$1,000
Electric	\$1,400
Snow removal and landscape	\$2,000
Maintenance	\$3,000
Property Management	\$1,000
Administration	\$750
Replacement Reserve	\$2,000
Total	\$28,200

20-years, 5%
10 yrs property tax rebate - housing only
\$50/unit/mth
0.5% value
Office only
Includes hot water

6% revenue
5% revenue
4% revenue
10% revenue

Rent	\$43,200
Long-Term Debt Service	\$17,200
Property Taxes	\$4,500
Water, Sewer & Waste	\$3,000
Building & Liability Insurance	\$7,000
Heat	\$2,500
Electric	\$3,500
Snow removal and landscape	\$2,000
Maintenance	\$4,500
Property Management	\$2,000
Administration	\$1,750
Replacement Reserve	\$4,250
Total	\$35,000

Net DDC Office Annual Cost \$9,000

\$9,000

Estimate to match current office cost

\$8,200 Profit

Option 1 Large Scenario

1. Two storey building total 3,600ft²
2. DDC office 800ft², 3 small rental offices @ 200ft² + 400ft² common space
3. Four 2nd floor 1-bed 450ft² rental housing units
4. Occupancy 100% housing & 1 of 3 small office
5. Housing @ \$800/mth & office @ \$400/mth

Option 2 Small Scenario

1. Two storey building total 1,800ft²
2. DDC office 700ft² + 200ft² common space
3. Two 2nd floor 1-bed 450ft² rental housing units
4. Occupancy 100% housing
5. Housing @ \$800/mth

Option 1B Scenario

1. Building & rent per Option 1 - Large
2. Requires \$811,000 in unknown grant funding
3. DDC cash investment of \$150,000
4. Provides \$17,200 in net new revenue (Free office + \$8,200 in cash revenue)

Notes

6. All utility costs except housing heat are due to DDC
7. Property management & administration delivered by DDC staff