



TESLIN

Affordable Rental Housing Development

BUSINESS CASE SUMMARY ONLY

(CONCEPT-DESIGN STAGE)

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This summary should be read in association with the full Concept Design Report (Taylor Architecture Group, November 2020) for further details of the development proposal. The full business case report including the Need and Demand Analysis is available upon request.

Our Project

There remains a significant shortage of stable rental housing in Teslin that is a barrier to social and economic development. We continually hear from local partners that the lack of stable housing is the number one barrier to attracting and retaining people in the community long-term, building skills, careers and self-reliance. As an independent organization with a record of effective implementation, we have been inspired to take on a role in contributing to solutions.

Our plan involves seizing the opportunity afforded us by our in-house expertise, cash equity and the availability of a building lot close to our office building property that we own. This enables us to reduce costs and ensure viability while maximizing the leverage of new grant funds for the community.

This project is in keeping with the Village of Teslin Official Community Plan and the requirements of its Development Incentives Policy.

Our Concept

We have chosen to construct 5 modest one-bedroom homes for low-income households (under \$80,104) including seniors. This offers a few important advantages particular to our site and situation:

1. This configuration is compliant with the OCP and zoning.
2. Separate homes will allow a small amount of private space for each on site and be in keeping with the community character and culture.
3. One home (20%) will be barrier-free based on Government of Yukon barrier free design guide.
4. Constructing 5 separate replicated-design homes allows us to construct one simple building at a time in a staged manner. This will be well within the capacity of our in-house project management expertise such that Teslin residents can build the homes, reducing capital costs and maximizing our local economic participation benefits.

This project has a lean budget, designed with operation and maintenance efficiency in mind. All homes will exceed the National Building Code standard for energy efficiency by a minimum of 25%.

Our financial plan is based on modest home sizes of an average 720 ft². The 5 homes will have a combined floor area of 3,596 ft². There will be a separate 242 ft² mechanical building with a common potable water tank as truck delivery is the only water service option in Teslin.

Our Location

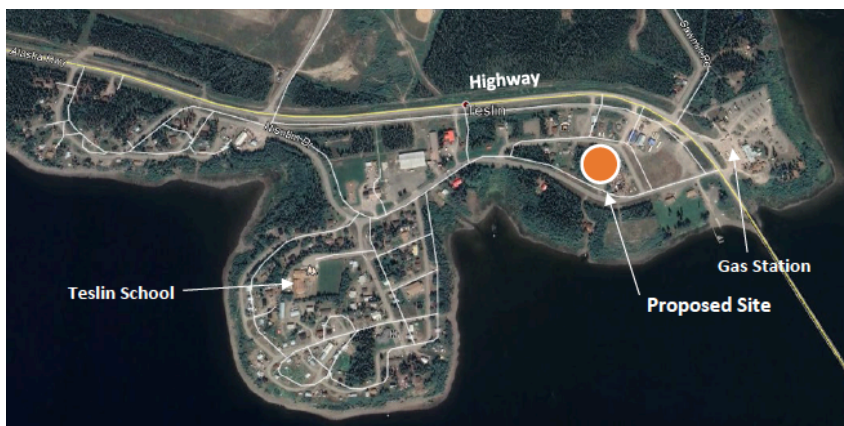
The project will be in a central location, about a 5-minute walk from all the shops, restaurants, school, offices, recreational amenities and employment opportunities. In the absence of public transportation in Teslin the benefits of affordable housing can be negated if vehicle ownership and its regular use for commuting is required

The proposed site is Lot 5, Block 30, on Fox Street, close to our office building property that we own. The site is one large 22,475 ft² property so site coverage by buildings is only 14%. It provides for the required on-site parking so our project is compliant with the zoning bylaw once a conditional use permit is granted by Village Council.

Affordable Rent

Our business case ensures the mortgage can be serviced and all operational costs covered at a rent of \$800/month (20% below Yukon median rent, April 2020, YBS) and 90% occupancy (one unit vacant for 6 months), with no further operational funding required.

Full occupancy would flow up to \$4,000 of net cash to DDC each year plus significant equity build as the mortgage is paid down.



Operational Budget Summary

Mortgage Service	\$16,003	Administration	\$2,160
Sewer and Waste Removal	\$2,700	Replacement Reserve	\$9,894
Building & Liability Insurance	\$5,513	Total Operating Expenses	\$43,200
Electricity	\$600	Rental Income (90% occupancy)	\$43,200
Snow Removal and Landscape	\$1,000	Net Income	\$0
Maintenance	\$3,500		
Property Management	\$1,800		

Financial Investment Summary

COST: Cost to build is \$1.444 Million (\$325/ft² + 7% soft costs + \$100K for site & services)

WHO: DDC will own the assets and operate the business

EQUITY: Total equity of \$1,193,000 (83%) from DDC cash reserves (\$150,000) and grants

Financing Breakdown		
DDC Equity - Cash	\$150,000	10%
YHC (Housing Initiatives) Grant	\$500,000	35%
YHC (Municipal Matching) Grant	\$87,000	6%
CMHC (Co-Investment) Grant	\$406,000	28%
CMHC (SEED Funding) Grant	\$30,000	2%
GST New-Housing Rebate	\$20,000	1%
Mortgage	\$251,000	17%
TOTAL	\$1,444,000	

The YHC Municipal Matching Rental Construction program provides funding equivalent to the \$87,000 value of a Village of Teslin 10-year 100% property tax rebate incentive.

The YHC Housing Initiatives Fund provides up to \$90,000 per unit but the per unit amount may be waived in lieu of a fixed amount not over \$900,000. At 5 units our project is eligible for \$500,000.

DEBT: Total CMHC mortgage of \$251,000 over 25-year amortization at 4.00% (current 5-year fixed)