

THE CITY OF DAWSON

Box 308 Dawson City, YT Y0B 1G0
PH: 867-993-7400 FAX: 867-993-7434
www.cityofdawson.ca



NOTICE OF SPECIAL COUNCIL MEETING #C18-05

This is to inform you a special meeting of City Council will be held as follows:

DATE OF MEETING: FEBRUARY 7, 2018
PLACE OF MEETING: COUNCIL CHAMBERS, CITY OFFICE
TIME OF MEETING: TO IMMEDIATELY FOLLOW COMMITTEE OF THE WHOLE MEETING

PURPOSE OF MEETING:

a) Request for Decision: KDO Community Housing Development

DATE MEETING REQUESTED: February 7, 2018
MEETING REQUESTED BY: WAYNE POTOROKA, MAYOR

Original signed by: _____ February 2, 2018
Christine Smith, Interim CAO Date



THE CITY OF DAWSON

Request for Decision

TO: Mayor and Council
FROM: Clarissa Huffman, Community Development & Planning Officer (CDO)
DATE: 31 January, 2018
SUBJECT: Klondike Development Organization (KDO) Options - CONFIDENTIAL

RECOMMENDATION

It is respectfully recommended that Council:

1. Direct administration to present a Letter of Offer for the purchase of Parts of Lots 12 and 13, Block I, Ladue Estate, Plan 8338A for \$120,000, conditional upon financing.
2. Direct administration to proceed with the transfer of title for Parts of Lots 12 and 13, Block I, Ladue Estate, Plan 8338A to Klondike Development Organization.
3. Enter into a contractual agreement with Klondike Development Organization that considers the interests of both parties with respect to the purchase and development of Parts of Lots 12 and 13, Block I, Ladue Estate, Plan 8338A.
4. Approve a Major Development Incentive as per the Development Incentive Policy and direct administration to facilitate the signing of a Development Incentive Agreement, subject the following conditions:
 - 4.1. Klondike Development Organization obtain an approved Development Permit, including a site plan demonstrating that the proposal meets the provisions for C1: Core Commercial as per the Official Community Plan and Zoning By-Law.
 - 4.2. The Development Incentive Agreement shall include the following incentives, as per the Development Incentives Policy:
 - 4.2.1. A grant equal to the amount of the development application permit fee.
 - 4.2.2. Economic Development Incentive for a term of 10 years and to a maximum of \$500,000.
5. Decline to waive the load capacity charge and associated labour costs.

PURPOSE

To facilitate the development of a new Klondike Development Organization Community Housing Development in the Commercial Core.

BACKGROUND

KDO has approached the City of Dawson to obtain a lot for a new housing project. Owning a lot is the first step in the development permit process, because an applicant cannot apply for a development permit without the written consent of the owner. KDO has indicated that they would like to own the lot. Therefore, KDO has informally committed to purchasing Parts of Lots 12 and 13, Block I, Ladue Estate, Plan 8338A, with the understanding that the City of Dawson is interested in purchasing this lot on behalf of KDO and donating the lot as a municipal contribution to the project.

KDO also faces financial pressure due to the fact that the Yukon Housing Corporation's Municipal Matching program has guaranteed funding until March 31, 2018. In order to maximize the funding they receive from the program, KDO has also requested assistance from the City of Dawson including a Development Incentive Agreement and a waiver of load capacity charge and associated labour.

Therefore, this report considers three interconnected but separate requests:

1. To purchase Part of Lots 12 and 13, Block I, Ladue estate and donate this lot to KDO.
2. To enter into a Development Incentive Agreement as per the Development Incentives Policy.
3. To waive the load capacity charge and associated labour, in addition to the Development Incentive Agreement.

CURRENT STATUS

At a previous In-Camera Committee of the Whole meeting on December 19, 2017, KDO presented some preferred options and lot purchase strategies to Council. Council considered the options and KDO has settled on the option presented to Council on February 7, 2018.

CONSIDERATIONS / DISCUSSION**Purchase and Donation of Lot**

KDO has informally reached an agreement with the owner of Part of Lots 12 and 13, Block I, Ladue Estate, for a purchase price of \$120,000. Therefore, Council may wish to direct staff to send a Letter of Offer in this amount, conditional upon KDO securing the appropriate financing (i.e. mortgage and grant money). Once the purchase has been finalized, staff will be in a position to complete transfer of title paperwork to register the property in the name of Klondike Development Organization.

Contractual Agreement

This agreement would be in place to protect the interests of the City of Dawson, given that the City's contribution to the project is substantial. Administration will work with the City's lawyer to draft a contractual agreement for this land. At minimum, it would contain language that protects the City if KDO were to default in any way, and the contract should also contain language that gives City of Dawson employees within the income threshold of the project first right of refusal on a defined number of units, to provide the City of Dawson with a mechanism for supporting staff retention through housing support.

Development Incentive Agreement

As per the Development Incentive Policy (DIP) eligibility criteria number (3) this project qualifies for a major development incentive by providing a *"multiple-unit residential building Downtown with a minimum of eight rental housing units for a minimum term of 10 years"*. Therefore, this project is eligible to receive an Economic Development Incentive, defined in the Policy as:

"a yearly monetary grant intended as a development incentive. The grant will be in the amount that the developer would have paid in annual municipal taxes as a result of improvements to the property. The base amount is determined at the time of issuance of a Building Permit. Improvements can mean new construction or renovations (minimum construction value of \$500,000)".

Additionally, Development Incentive Criteria number (5) states that *"the annual value of each Development Incentive will be calculated by subtracting the Base Rate from annual tax levy paid on July 2nd for the duration of the Development Incentive Agreement"*, and number (7) states that *"the Development Incentive will be implemented through a grant to the property owner. Incentives will be processed after July 2nd annually"*.

Based on these clauses, KDO would be required to pay their property taxes in full each year, in order to be eligible to receive the grant. After the property tax deadline on July 2nd annually, a grant will be released to KDO in the amount of the difference of what was paid that year and the base rate that was established at the time of the issuance of the Building Permit. The grant term extends for a full ten years, to a maximum of \$500,000. By entering into a Development Incentive Agreement, the City of Dawson would commit to providing this grant annually for ten years, so long as KDO remains eligible by paying their property taxes in full.

Criteria (12) allows non-profit organizations to apply to a grant equal to the amount of the development fees. This fee is currently a base rate of \$260.000 plus \$0.25 per square foot

of development, plus GST. At the discretion of Council, this fee would be calculated and waived at the time of submission of a Development Permit Application.

The Development Incentive procedure point (3) states that applications for a Development Incentive will not be considered unless they are in compliance with the Official Community Plan and Zoning By-Law. Therefore, an approved development permit is required as this is the only way to ensure that a development complies with these policies. Additionally, the land is currently surveyed as 2 separate lots. This poses a problem as a building cannot cross or encroach upon a property line, as this has the potential to create conflicts down the line. Two options exist to ensure that the development is compliant. The first option is to register a legal survey with the Surveyor General's Branch identifying the property as one consolidated lot; the second is to design the site plan in such a way that the building does not cross the property line connecting the two lots together (i.e. building on one half, parking on the adjacent half).

Waiver of Load Capacity Charge and Labour

KDO has proposed two potential business plans, the main difference captured as follows:

1. Load capacity charge and labour waived, results in lower rent for tenants
2. Load capacity charge and labour not waived, results in higher rent for tenants

The business plan submitted with this report shows relevant details, however, KDO is requesting that the fee and labour costs be waived, so that they can charge lower rent at a lower rate per unit.

This fee currently charged by Public Works for the connection of new service and can be waived with the approval of a Minor Development Incentive. Load Capacity Charge is not an eligible incentive for a Major Development Incentive, which is the incentive level for which this project qualifies. Waiver of the labour charges is not contemplated in the policy at all. In order to operate within the current policy structure, the load capacity charge and waiver charge cannot be approved as a part of the Development Incentive Agreement. However, Council could elect to waive these charges separately if desired.

Administration does not recommend this approach, because the load capacity charge is earmarked to a reserve that funds necessary sewer and water upgrades, and currently there is no system in place for ensuring that those reserves are accounted for when an incentive is granted. Additionally, 8 units is a significant increase in demand for a system that is already operating at close to peak capacity. Granting this incentive would place the Public Works department in a position where their financial ability to provide the necessary upgrades to accommodate this new demand will be limited. It is also important to note that all water and sewer jobs are charged labour, even those done on internal City of Dawson projects, as these jobs are labour and resource intensive. Council could

consider waiving these fees if an alternative funding stream were identified to replace the lost revenues to the Public Works Budget, specifically the water and sewer reserves.

Finally, it is important to note that this is not a waiver that is typically granted through any other policy or program, therefore Council may wish to consider whether it is an incentive that is available to all residents and developers, as this decision would be precedent-setting. Staff would recommend that if it is the mandate of Council to make this change, the policy be amended to ensure this benefit is available to all developers to apply for, as this could be considered to be the most fair and transparent approach.

IMPLICATIONS

General: Accepting the resolutions as presented facilitates the construction of a new affordable housing complex. This is anticipated to have a positive impact on the City of Dawson, with respect to alleviating some stress the housing shortage in Dawson, as well as redevelopment of a currently vacant lot, and revitalization of a high-traffic area of the Downtown Core Commercial area.

Financial: Supporting this project has demonstrated negative financial impact on the City of Dawson, namely the direct cost of purchasing the lot, and the lost revenue of property tax increases that would typically occur when a property's assessed value increases. Declining to waive load capacity charge ensures that the City of Dawson has the financial capacity to perform sewer and water upgrades associated with increased demand to the system.

Communication: KDO will be informed of the decision made by Council. Administration will facilitate the completion of all relevant paperwork.

OPTIONS

1. Council agrees to:
 - 1.1. purchase Part of Lots 12 and 13, Block I, Ladue estate and donate this lot to KDO;
 - 1.2. enter into a Development Incentive Agreement as per the Development Incentives Policy; and
 - 1.3. to waive the load capacity charge and associated labour, in addition to the Development Incentive Agreement.
2. Council directs administration to modify a part of the proposal and bring it back for Council's approval.
3. Council rejects the proposal.

APPENDICES / SCHEDULES

Appendix A. Business Plan for Proposed Development

APPROVAL & CAO COMMENTS

Respectfully Submitted,

Clarissa Huffman, CDO

Date

I have reviewed and have no further comments regarding this report.

Christine Smith, A/CAO

Date



COMMUNITY HOUSING DEVELOPMENT



BUSINESS PLAN

Prepared January 2018

Klondike Development Organization is a partnership of:
City of Dawson, Dawson City Chamber of Commerce, Klondike
Institute of Art & Culture, Klondike Visitors Association, and Chief
Isaac Inc.

Contact:

PO Box 1613, Dawson City, YT, Y0B 1G0

867-993-4431

klondikedevlopment@gmail.com

www.klondikedevlopment.com

DISCLAIMER

This document has been produced for use by Klondike Development Organization only and is not intended for general publication, sale or circulation. It is intended as a plan for this specific business proposal only. Based on the best information available at the time of writing, future events or new data may affect its relevance. Review including additional appropriate professional advice such as tax and legal assessments should be obtained before a final decision to advance the business is made.

ACKNOWLEDGMENTS

Government of Yukon Regional Economic Development Fund, City of Dawson and Tr'ondëk Hwëch'in provided financial assistance to Klondike Development Organization to complete this business plan. It is adapted from previous plans completed in 2014 and 2016 with financial assistance from Canada Mortgage and Housing Corporation (CMHC) and Yukon Regional Economic Development.

The KDO Directors are volunteers and their considerable energy and expertise has been critical to this plan.

BIBLIOGRAPHY OF SUPPORTING DOCUMENTS AND REFERENCE MATERIALS

Dawson Household Survey	KDO	2017
Housing Rental and Ownership Demand Survey	KDO	2017
Yukon Rent Survey, Yukon Bureau of Statistics	YBS	2017
Dawson Employer Labour Market Survey	KDO	2013
Apartments Demand Survey	KDO	2013
Apartment Survey	KDO	2012
Housing Demand Survey	KDO	2011
Housing Strategy	KDO	2011
Residential Land Demand Survey	KDO	2011
Housing Opportunity Research	KDO	2010

KDO research reports may be accessed at <http://klondikedevelopment.com/research>

WEB SITES

Yukon Socio-Economic Portal	www.sewp.gov.yk.ca
Census of Canada	www12.statcan.gc.ca/
Census Profile, Yukon 2016	www12.statcan.gc.ca/census-recensement/2016
National Household Survey, 2011	www12.statcan.gc.ca/nhs-enm/2011
Yukon Bureau of Statistics	http://www.eco.gov.yk.ca/stats/
Klondike Development Org.	http://klondikedevelopment.com

Table of Contents

Table of Contents	3
Executive Summary	4
1 Organizational Summary	7
1.1 Structure	7
1.2 Vision and Mission	7
1.3 Directors Experience	7
1.4 Team Member Experience	8
2 Market Need and Demand Analysis	9
2.1 Regional Economy	9
2.2 Demography	10
2.3 KDO Demand Surveys	12
2.4 Current Housing Market	14
2.5 Rental Market Competitors	16
2.6 Target Market Segmentation	17
2.7 Demand Conclusion	17
3 The Development Project	18
3.1 Description	18
3.2 Proposed Location	18
3.3 Final Design	19
4 Construction	23
4.1 Timetable	23
5 Operations and Management	23
5.1 Proposed Ownership/Governance Structure	23
5.2 Management Structure	23
5.3 Operating Expense Estimates	24
6 Communications, Marketing and Sales	24
6.1 Communications	24
6.2 Marketing	25
7 Financial Plan	26
7.1 Funding and Financing Plan	26
7.2 Important Financial Assumptions	26
7.3 Pro Forma Profit and Loss Statements	27
7.4 Projected Cash Flow Statements	29
7.5 Pro Forma Balance Sheets	31

Executive Summary

About Us

Klondike Development Organization (KDO) was founded in 2009 and is a partnership of City of Dawson, Chief Isaac Incorporated (Tr'ondëk Hwëch'in), Dawson City Chamber of Commerce, Klondike Visitors Association and Dawson City Arts Society. Our vision is of a resilient Klondike where highly engaged citizens, networks and organizations collaborate to build a sustainable economy.

Our mission includes strengthening critical economic and social sectors. We have continually found that Dawson City's housing shortage acts as a barrier to its growth and development and the Board of Directors has prioritized this sector in its strategic plan.

Our Project

There remains a significant shortage of rental housing in Dawson City and yet our research indicates that construction costs prohibit the development of significant new for-profit rental developments. Garden suites and small rental renovations completed by private individuals are adding a handful of units to the supply every year, however a community-owned multi-residential housing project operated on a not-for-profit basis still poses our best chance of adding a significant amount of new housing stock to the market in the near future.

Our 2014 feasibility study led us to conceptualize a Dawson City housing solution in the construction of a small apartment complex of eight modest, compact, and energy efficient units that would be suitable for single individuals, couples, or small families. 2016 saw KDO begin construction of this concept with the financial assistance of CMHC, Yukon Housing Corporation (YHC) and City of Dawson. In June 2017 we opened our first apartment complex, and 12 people moved into their new homes.

Having investigated options for renovating existing structures available for sale as well as new construction on available vacant property in Dawson's historic core, KDO now seeks to develop a second new-build apartment complex. While construction costs may be comparable to that of a new-build, and despite the additional cultural/historical community benefits of revitalizing an existing vacant building, and using the land these buildings occupy to create housing, the risk associated with a renovation are significantly higher, especially for a heritage building. As well, KDO is not in a position to purchase real estate at current asking prices of \$350,000 or higher, and there are no mechanisms by which we can access funding to do so.

KDO has determined that at this time, the simplest pathway to adding more rental dwellings to the market is to replicate our existing 8-plex. Working from this design significantly reduces architectural and engineering expenses, and allows us the advantage of business planning based on the actual construction costs of our recently completed build, modified to accommodate current materials pricing. Local contractors and tradespeople having already built this design, we can be confident in the quality of the final product. These living spaces are known to be suitable for current rental market demand, appealing to tenants, functional and energy efficient. The 8 units are comprised of six 1-bedroom, and two 2-bedroom configurations.

Our Concept

As with our 2017 8-plex, the units are sized very modestly at an average of 470 ft² (1-BR) and 590 ft² (2-BR). Market demand has been confirmed for these unit types through our 2017 survey as well as the level of interest in our existing building (the wait list is currently 11 and adds new names each month). The building has a total floor area of 4536 ft² over 2 stories, situated on a 7500 ft² property. A conditional agreement is in place to purchase the site from a private vendor, subject to financing. The site is in the Downtown core so the project has been designed to meet historic bylaws and complement Dawson City's heritage landscape.

This project will have a lean budget, and will be designed with construction, operation and maintenance efficiency in mind. Key strategies to achieve this include:

- Super-green energy-efficiency standards for construction
- Electric heat and HRV will be installed and assigned individually to each unit and tenants will be responsible for their bills to encourage good practices
- No interior common areas to minimize our heating, custodial and other unpredictable property servicing cost risks
- Construction timetable will be carefully attuned to seasonal conditions

Financial Investment Summary

COST: Cost to build is \$1.521 Million

WHO: Klondike Development Organization owns the asset and operates the business

EQUITY: \$797,000 in grants from Yukon Housing Corporation (YHC) and Canada Mortgage and Housing Corporation (CMHC)

YHC Affordable Rental Construction:	\$400,000
YHC Municipal Matching Rental Construction:	\$377,000
CMHC Seed Funding:	\$20,000

CITY OF DAWSON CONTRIBUTIONS: \$377,000 total value (cash and in-kind)

Cost of property (1.5 lots):	\$120,000
100% property tax rebate for 10 years:	\$257,000

The YHC Municipal Matching program provides funding equivalent to the value of City of Dawson contributions 1:1.

The YHC Affordable Rental Construction program provides a flat rate of \$50,000 per unit. At 8 units our project is eligible for \$400,000 total.

The mortgage will be secured against the new building as well as our existing 8-plex. The business generates the necessary cash flow to pay down the full mortgage interest and principal over a 25-year term.

Construction cost: \$1,487,000

YHC (Municipal Matching)	\$377,000
YHC (Affordable Housing)	\$400,000
CMHC SEED Funding	\$20,000
Mortgage	\$724,000
TOTAL CONSTRUCTION	\$1,521,000

First Annual Operations Budget: \$93,480

REVENUE	
Rent (at 95% occupancy)	\$98,040
EXPENSES	
Mortgage	\$45,831
Taxes	\$ 0
Operating expenses	\$52,209
TOTAL EXPENSES	\$98,040

City of Dawson will accrue a significant net long-term financial return of almost \$1 million in exchange for its up-front cash and in-kind contributions. Over 25-year mortgage term:

- Total property tax revenues of \$500,000
- Total utility revenues of \$410,000
- Miscellaneous municipal user fees

Supporting this project also helps the City in meeting commitments under its Official Community Plan, Section 3.3, to encourage the establishment of more rental housing and playing a key role in implementing the Regional Economic Development Plan by addressing the shortage of housing, identified as a key barrier inhibiting development.

Next Steps

The following steps are anticipated over the next 9 months to occupancy:

Feb 2018	Development incentives approval by City Council
Feb 2018	Submit funding applications to Yukon Housing
Mar 2018	Secure final financing approvals
Mar 2018	Obtain necessary development permits
Mar 2018	Complete land purchase
Apr-Jun 2018	Construction preparation including excavation
Jul-Nov 2018	Construction
Sep 2018	RFP for property management
Dec 2018	Grand opening and tenants move in

All final financing approvals and business development 'go' decision required by March 30, 2018.

1 Organizational Summary

We are lead by a board of directors who bring forward complementary skill sets, a record of achievement, and successful project management and execution that is unparalleled in the region.

1.1 Structure

Klondike Development Organization (KDO) was founded in 2009 and is a highly effective partnership of the lead community agencies of City of Dawson, Chief Isaac Incorporated (Tr'ondëk Hwëch'in), Dawson City Chamber of Commerce, Klondike Visitors Association and Dawson City Arts Society. It brings the capacity and knowledge of each to all its initiatives. Each of the community partners nominates up to two directors and the following is a list of current board members and the organizations they represent:

City of Dawson:	Colm Cairns and Clarissa Huffman
Chief Isaac Incorporated:	Jackie Olson and Marge Kormendy
Dawson City Chamber of Commerce:	Paloma Amato
Klondike Institute of Art & Culture:	Karen Dubois (Treasurer)
Klondike Visitors Association:	Brian Stethem (President) and Paul Wettstein

1.2 Vision and Mission

Our vision is of a resilient Klondike where highly engaged citizens, networks and organizations collaborate to build a sustainable economy.

Our mission includes strengthening critical economic and social sectors. Dawson City's housing shortage acts as a barrier to its growth and development and the Board of Directors has prioritized this sector in its strategic plan. KDO has been active in the Klondike residential sector for over six years through research and community activities, in addition to now owning and operating an 8-unit apartment complex since its completion in June, 2017,

1.3 Directors Experience

Brian Stethem is President and owns and operates two businesses: Dawson Mobile Windshield Repair and Stethem Exhibits and Events. He is a retired Senior National Communications Manger for Agriculture Canada. He has also served as Chair of the Klondike Visitors Association Board.

Karen Dubois is Treasurer and as the Executive Director of the Klondike Institute of Art and Culture manages an annual budget of \$600,000.

Marge Kormendy has been responsible in her position at Chief Isaac Group for property management of a number of housing units, the Tr'ondëk Hwëch'in Community Hall and administrative office complex, the Dänojà Zho Cultural Centre, as well as other smaller office buildings, and institutions in town for the last 13 years.

Clarissa Huffman is the City's Community Development and Planning Officer and has a thorough understanding of the City's Heritage Bylaws, construction permitting and other requirements for building locally.

Jackie Olson is the proprietor of Peabody's Photo Parlour and the Executive Director of

Klondike Visitors Association, managing a budget close to \$3 million and over 75 staff. Her executive management experience also includes Executive Director of the Tr'ondëk Hwëch'in government and Senior Finance Officer at City of Dawson.

Colm Cairns is a Learning Assistant at the Robert Service School and also owns and operates Castlerock Canoe, a summer canoe, kayak, and raft rental and guiding company.

Paul Wettstein recently sold the Aurora Inn in Dawson City after owning and operating the hotel and restaurant successfully for 5 years. Paul's new business is the Red Mammoth Café.

Paloma Amato is our newest KDO board member, currently serving as the manager of the Dawson City Chamber of Commerce.

Professional summaries and/or resumes are available in an additional package upon request with further details of the experience and capabilities the KDO directors will bring to the successful design, construction and operation of this business.

1.4 Team Member Experience

KDO is pleased to be partnering with a capable and experienced Dawson-based business to manage this business proposal. **Across The River Consulting** is a community and business planning, development and management consultancy.

Mark Wickham, the Managing Partner, was trained in finance as an investment banker at J.P.Morgan Chase and combines this with an exceptional knowledge of the particular cultures and real-world challenges to development faced in the smaller Yukon community context, to develop pragmatic business and investment plans well-tailored to our economic climate. Previously, Mark was the Community Development and Planning Officer at City of Dawson from 2005-2008.

Evelyn Pollock is Klondike Development Organization's sole employee, serving as Community Economic Development Officer. Evelyn has a professional certificate in Community Economic Development, a Diploma in Media Studies, and a BA in Anthropology. She worked for several years with Across the River Consulting as Senior Researcher and brings diverse skills from a decade serving the non-profit sector to her current position.

Further details of their specific roles and responsibilities are shown in the later chapter and professional resumes are available in an additional package upon request.

2 Market Need and Demand Analysis

The Dawson City housing need has been documented since at least 2008: from 'Economic Scan and Assessment of Potential for Development (Vector Research et al, March 2008)':

"Housing is currently a challenge in Dawson. Whether it is for year-round residents or for temporary summer workers it is a topic that arises consistently. Any further development that will push the demand for housing is going to run into the limitations already existing in the community around housing. While there is an overall desire for a modest population increase to reach a critical mass for year-round services there is currently very limited capacity for new residents to find adequate housing. This applies to rental properties as well and without adequate apartment accommodation or some form of condominium development the ability to attract and retain people is a factor."

2.1 Regional Economy

The Yukon economy expanded 8.0 per cent in 2016, following a 7.8% decrease in 2015. GDP is projected to be essentially flat through 2017 and 2018 (Yukon Economic Outlook, April 2017). The Klondike region is experiencing revival in the mineral exploration and development sector, with Goldcorp's Coffee Creek gold mine expected to move to construction soon, and production by 2021. Tourism visitation has been strong, with a banner year in 2017, attributed in part to Canada 150, but primarily due to consistently stronger marketing spending.

There is very little formal public economic data at the Dawson regional level. Numbers for regular Employment Insurance beneficiaries are the only quantitative employment indicator:

Year		# EI beneficiaries
2017	July	10
2017	January	200
2016	July	20
2016	January	180
2015	July	40
2015	January	180
2014	July	50
2014	January	180
2013	July	40
2013	January	200

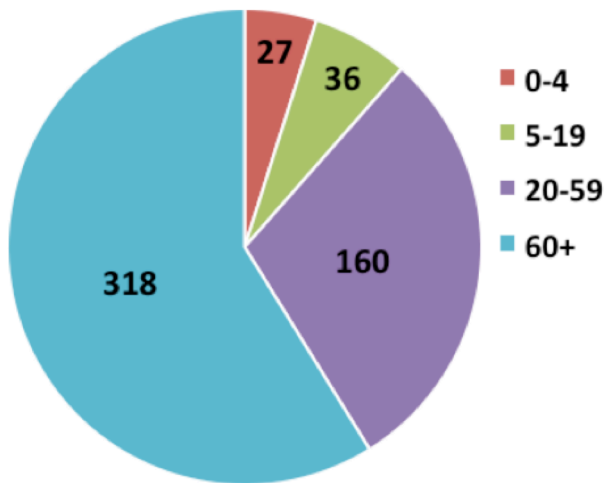
Employment is broadly stable with seasonal (winter) decreases, but an improving summertime trend. Major employers are stable, being governments (federal, territorial, First Nation and municipal), NGOs including Klondike Visitors Association and tourism operators such as Holland America and other hotels. Overall, while the Dawson economy remains highly seasonal, it is stable.

2.2 Demography

2.2.1 Population and Age

Dawson is by far the fastest growing community in the Yukon, rising 18.3 % in just 7 years since 2010, from 1,881 to 2,226 people. This compares to just 10.9% for Yukon as a whole. Official population projections from Yukon Bureau of Statistics expect this to continue, adding another 510 people by 2030, excluding any extra impact from regional resource developments such as new mines.

Projected Population Change to 2030
(number of people per age segment)



As elsewhere, Dawson is ageing and with societal change this growth is being seen almost exclusively in single and 2-person households that are expected to rise by 285 and 100 respectively by 2030, accentuating a trend that already gives Dawson more single households, 45%, than the Yukon average of 32%. The pre-school group expects to rise by 27 by 2030, or another 24%, making 52% since 2010.

In this context, Dawson is experiencing acute shortages of suitable housing and availability of land for building.

In every community, specific local constraints and circumstances raise

challenges to progress. Dawson is hemmed in by topography, by peripheral industrial activity and by the cost of expanding and operating service infrastructure in a remote location. Vacant land and unused building assets, many owned by public governments and some being historic sites, are occupying key spaces and their value is not being maximized to meet the community's needs. A 20th century legacy of family housing stock does not match current needs.

	0-14	14-24	24-54	Over 54	Total
1990	367	228	1000	176	1771
1995	440	218	1137	193	1988
2000	347	237	1054	244	1882
2005	316	207	997	306	1826
2010	262	200	966	463	1891
2015	296	199	1015	577	2087
2017	303	196	1082	648	2229

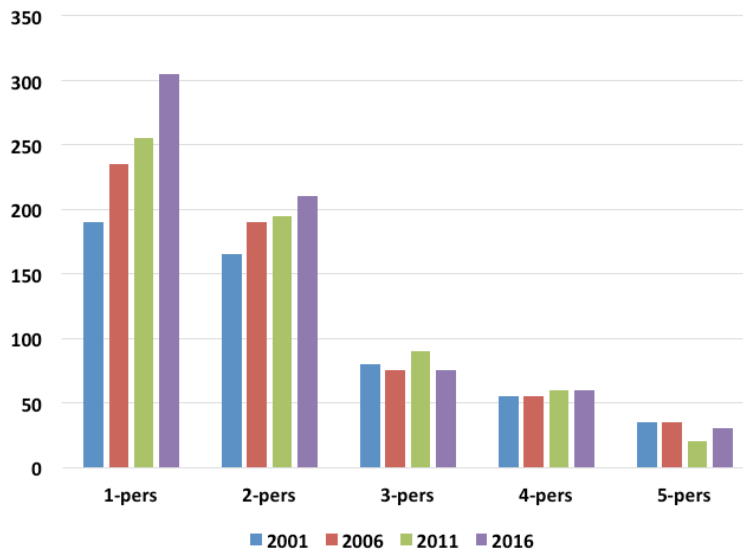
2.2.2 Household Size, Growth and Type

The latest census data is from 2016. The average household size fell from 2.32 to 2.03 between 2001 and 2016. Almost all of the recent population growth has been single-person households and some from childless couples, at the expense of families:

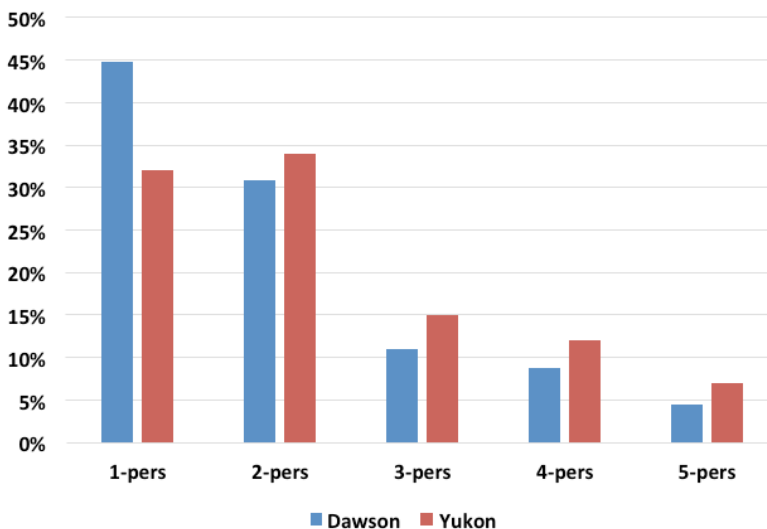
Total Numbers	2001	2006	2011	2016	Change
All households	540	595	625	650	+110
Single-person households	190	240	260	305	+115

Dawson has significantly more single households than Yukon average (45% versus 32%) and less couples and families than the rest of Yukon. 21% of residents (464) move home each year and 44% of residents (972) move every 5 years

Household Size 2001-2016

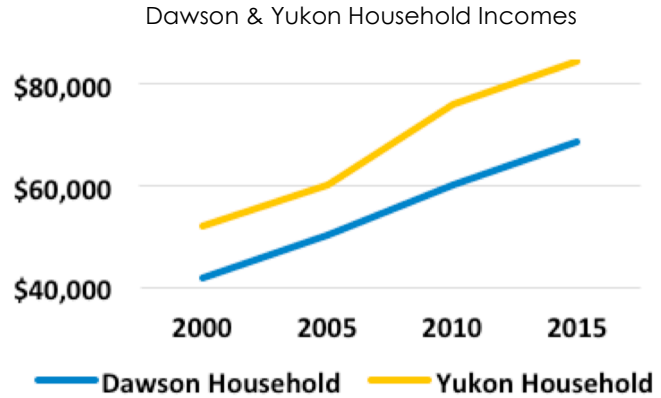


Dawson-Yukon Household Size Comparison



2.2.3 Household Incomes

Economically, Dawson household incomes are 19% lower than the Yukon average and yet the cost of living is 16% higher than in Whitehorse, see figure 2. 20% of households have total annual income under \$30,000. These are barriers to obtaining mortgage financing for new home construction, which may be part of why home ownership is at 46% for Dawson residents, much lower than the Yukon average of 66%.



- Median individual incomes rose 35% in 10 years to 2015 at healthy annual rate of 3%
- Yukon household incomes are 23% higher than Dawson & individual incomes 9% higher
- Dawson income growth has under-performed the Yukon average since 2005
- 20% of households have total annual income under \$30,000
- Summer EI claims fell close to zero & winter fell to 160 before rise to 200 since 2015
- 271 business employed 691 full-time and 253 full-time staff in 2016

2.3 KDO Demand Surveys

KDO has undertaken the following research on the community housing situation that includes needs assessments, all of which can be accessed at: <http://www.klondikedevelopment.com/research/>

1. *KDO Housing Rental and Ownership Demand Survey, 2017*
2. *KDO Rental Housing Demand Survey, 2015*
3. *KDO Residential Land Demand Survey, 2013*
4. *KDO Apartments Demand Survey, 2013*
5. *Dawson Employer Labour Market Survey, 2013*
6. *KDO Apartment Survey, 2012*
7. *KDO Housing Demand Survey, 2011*
8. *KDO Housing Opportunity Research, 2010*

KDO completed a Market Need and Demand Analysis during the summer of 2013 including an Apartment Demand Survey. This data has since been updated and added to with our 2017 Housing Rental and Ownership Demand and 2015 Rental Housing Demand surveys.

In the 2013 survey, 87% of renters indicated they were, or may be, interested in renting a compact apartment in a complex such as our 8-plex. The 2015 repeat survey was more specific to the rental housing offer of this business plan. This short local social-media driven survey received 30 expressions of interest in renting a one-bedroom, 480 ft² apartment at \$850/month plus utilities and 29 expressions of interest in renting a two-bedroom 600 ft² apartment at \$1,250/month plus utilities.

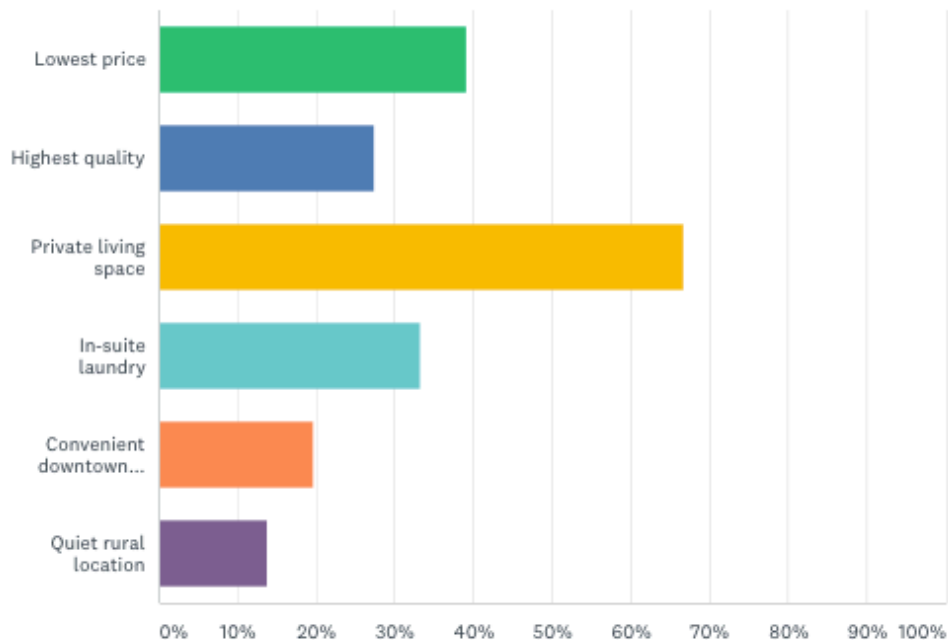
In our 2017 Housing Rental and Ownership Demand Survey, while just 23% of renters currently occupied a 1-bedroom place, 43% indicated that a 1-bedroom best suited their needs and lifestyle, and 2-bedroom units ranked second at 41%. When asked for their top priorities for rental housing, 66% cited 'private living space', beating 'lowest price' at 40%.

In the Dawson context of a 4% (2 unit) vacancy rate (October 2017 Yukon Rent Survey), the combination of our multi-year survey data, demand for our units indicated by applications for the new apartments this past spring (22 applications for 8 units), and our current wait-list (7 for 1-bedroom and 4 for 2-bedroom), provide confidence that our 8-plex design is still well suited to market demand.

In terms of affordability, KDO's project has of necessity set rents for some units slightly above where the Yukon Rent Survey records the median for 1-bedroom (\$900) and 2-bedroom (\$1000) units in Dawson, however still within the 25% of gross income recommended by Canada Mortgage and Housing Corporation in order to be considered 'affordable' for any household earning at least \$42,000 annually. Since rent rates vary for units in the KDO project based on square footage (from \$885 to \$995 per month for a 1-bedroom, and \$1250 per month for a 2-bedroom), our 8-plex can accommodate an array of incomes. As well, tenants are offered good value for their rent, as the units are new, highly energy efficient (and therefore utility bills are minimal), and include in-suite laundry facilities that would cost approximately \$40/month/person at a laundromat.

In our most recent survey, 67% of renters indicated they have a household income of \$60,000/year or less, 45% earn under \$40,000.

**Top priorities for choosing rental accommodations
(2017 Housing Rental and Ownership Demand Survey)**



2.4 Current Housing Market

2.4.1 Availability

The acute shortage of appropriate housing has been repeatedly raised in community economic and needs surveys since 2011. Both the 2017 Household Survey (133 responses) and the 2017 Business Retention and Expansion Survey (33 interviews) again confirmed housing as the top priority for improving Dawson and strengthening the economy, ahead of recreation, transportation, infrastructure or other investments.

In the most recent 2017 Housing Rental & Ownership Demand Survey (130 responses):

- Only 55% of renters are satisfied their housing needs are being met
- Rental need is dominated by 'affordable' single-person units with access to laundry
- 44% of renters are planning to build a home to own in next 5 years, and 36% may be

Analysis of the socio-economic context and official demographic projections quantifies a 2030 forecast for new housing unit needs:

Summary of 2018-2030 Housing Unit Needs Forecast

	Total	TH	Target	Ownership	Rental
1-bedroom	190	40	150	25	125
2-bedroom	115	25	90	55	35
3-bedroom	30	5	25	25	
Total	335	70	265	105	160

In the 2011 National Household Survey, renting was much more prevalent in Dawson than Yukon with 61 per cent (415) of households renting.

A Yukon Rent Survey (YBS, October 2017) recently recorded a 4% vacancy rate.

Yukon Housing Corporation has 58 social housing and 41 staff housing units and Tr'ondëk Hwëch'in has approximately 140 units. All are full and oversubscribed. As of late December, 2017 Yukon Housing Corporation (YHC) reports a wait list of 13 people for social housing units with a growing demand from single people and seniors, and decreasing demand from families requiring 2-bedroom or larger homes. The current wait list for Government of Yukon staff housing is only two people. However, Yukon Housing Corporation states this is not reflective of the true demand for staff housing. Once people see a wait list, they look for other options in the marketplace or choose not to accept the offer of employment.

Tr'ondëk Hwëch'in's housing department also reports significant and ongoing wait lists for their units, and are not able to satisfy the demand among their citizens. Yukon Housing and private sector landlords (such as KDO) contribute to absorbing this demand. Tr'ondëk Hwëch'in has not built any new housing units in several years, and while Chief Isaac Incorporated has a 14-unit project planned, site preparation including demolition of the existing structure has not yet begun.

Twenty to twenty-five social assistance clients receive rent monies in a usual month. There is only one regular landlord accepting social assistance clients and issues with maintenance standards are reported. Social assistance recipients are being forced down the housing quality ladder and safety is becoming an issue.

2.4.2 Rental Rates

Pressures on limited rental housing have raised rents by 30% in 3 years and vacancies are at or near zero. The most recent Yukon Rent Survey provides the following data:

- Median rent in October 2017 was \$900, an increase of 30% in 3 years since 2014
- Proportion of Dawson residents who are renting increased to 62%
- Dawson median rent is less than Yukon average but costs represent a similar proportion of individual incomes
- Rental rate increased 40% in 10 years to 2011 at an annual rate of 3.4%, more than CPI

2.4.3 Home Ownership Options

The National Household Survey recorded a large rise in the average value of an owned dwelling between 2006 and 2011, by 41 per cent from \$148,890 to \$209,212. The more regular Yukon Real Estate Survey (YBS) includes no Dawson specific data so these costs are dated. KDO has tracked and recorded the asking price of properties for sale in the Dawson area over the last 4 years and it is now rare to see a home advertised for sale at less than \$250,000. The lowest priced house currently on the market is listed at \$284,000 and the highest priced listing is \$469,000. There are no condominium developments in Dawson.

KDO hosts an online properties map tool located at:

<http://www.klondikedevelopment.com/findproperties/>

This map tool and database is designed to help prospective property or homebuyers see very quickly what is available for sale in Dawson, with associated information like pricing and contact details. The site lists both commercial and residential properties.

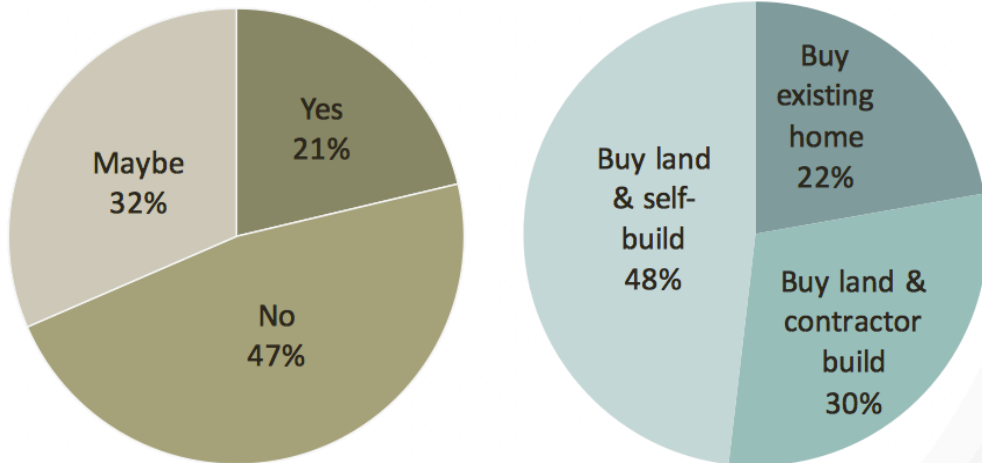
- As of 2018, the estimated value of a serviced building lot is \$80,000. The 2013 KDO Residential Land Demand Survey recorded an average new-build house need at 1276 ft.², therefore projecting the average new-build home cost to now be over \$390,000 assuming a \$245/ft.² building price.
- Dawson has more single-detached housing & less apartments & mobiles than Yukon average
- Building permit data is erratic but indicates long-term annual average of 12 new homes constructed/year
- New home demand in the future will be dominated by modest single and 2-BR apartment & other small homes
- Land demand will be dominated by high density serviced lots in close proximity to amenities

There is no speculative house building market in Dawson.

In summary, with no single-person unit condominium developments planned, satisfying housing demand for this segment through home ownership will typically require a budget of \$250,000 or more.

Interest in Building a home (2017 Dawson Household Survey)

Are you currently looking to buy or build a home?

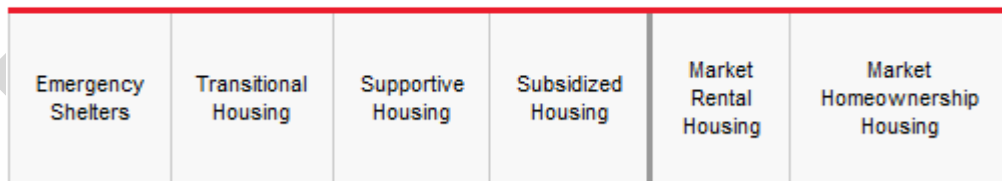


However, less than half of those interested in buying or building a house indicated that they had sufficient budget to do so at current market real estate and construction costs. Both affordability and availability of houses for sale were cited as strong barriers to home ownership.

2.5 Rental Market Competitors

The housing sector is best understood as a continuum from emergency shelters to full market home ownership as seen below, from CMHC:

Housing Continuum



As noted above, the Yukon and Tr'ondëk Hwëch'in governments are active in the supportive and subsidized social housing sectors. Single person households can earn up to \$80,104 in Dawson and still qualify for social housing. However, with rent-geared-to-income at 25% of gross income, such a client would be paying \$1,185 monthly. At an income of \$38,400, monthly rent would be \$800.

Market home ownership also competes, but with even a \$250,000 budget requiring an annual income of \$53,000 and a down payment of \$15,000, this leads to a \$1,163 monthly payment plus an estimated \$250 extra in taxes and utilities, this totals to a monthly cash carrying cost of \$1,413 or more.

2.6 Target Market Segmentation

The primary target market segment for our new project is essentially the same as that of our existing 8-plex. The 1-bedroom units will appeal most to single person households or couples. The 2-bedroom units are well suited for 1-child families, single parents or two single persons sharing the apartment. Most households are expected to be working, with total incomes in the \$40-\$55,000 range and in an under-served segment between government social housing and home ownership. The project will charge fixed rents that are at or slightly below market rates and not geared-to- income, better allowing tenants to save equity for future home ownership should they wish. The project can also serve clients making use of Yukon Housing's rent supplement program.

Target Segment (1-Bedroom units)	Household income	Monthly rent
Single persons	\$40- 55,000	\$885 to \$1000 fixed
Childless couples		
Target Segment (2-bedroom units)	Household income	Monthly rent
Single parents / 1-child families	\$40- 55,000	\$1,250
2 single individuals (sharing)		
Students (sharing)		

Our existing 8-plex is home to single parents, couples and single individuals, and our wait list is comprised of the same, plus 1-and 2-child families, and friends wanting to share (for the 2-BR). So, the above describes our current tenant profile very well, giving us confidence that we are targeting to the correct markets.

2.7 Demand Conclusion

With quality and security of tenure reported as such an overarching demand criterion, the Market Need and Demand Analysis can conclude with confidence that there is significant and adequate demand just from these target segments to validate the demand case for development of a new 8-unit, fixed rent, open market rental development to be priced in the \$885-\$1,250 monthly rent range. Such rents will be below 25% of gross income, a standard affordability measure.

3 The Development Project

3.1 Description

Delivering successful affordable housing requires a disciplined approach to cost and most importantly to the functional design. Dwelling units will meet the needs of the target market and be attractive to maximize occupancy rates, but at the same time the size and amenities will not be over-built. Operational and maintenance costs are a particular concern.

The development will be a complex of 8 energy-efficient, compact and modest apartment units, including six 1-bedroom units, and two 2-bedroom units. Apartments are sized at an average of 470 ft² and 590 ft² respectively. It is a 2-storey building with a total floor area of 4,536 ft². Located in the Downtown core, it has therefore been designed to meet historic bylaws, and complement Dawson City's heritage landscape.

The project will leverage investment funds into the maximum number of new dwelling units and will necessarily have a lean budget. As with our previous housing development, the new 8-plex is designed with a keen eye to both construction and operation and maintenance efficiency. Key strategies to achieve this include:

- Super-green energy-efficiency standards for construction
- Electric heat and HRV installed and assigned individually to each unit with tenants responsible for their bills to encourage good practices
- No interior common areas to minimize our heating, custodial and other unpredictable property servicing cost risks
- Construction timetable attuned to seasonal conditions

3.2 Proposed Location

The project will be located close to amenities in the downtown core. The benefits of affordable housing can be negated if vehicle ownership is required and in the absence of public transportation in Dawson City, a central location close to jobs, shops, schools, recreation, parks and other services has been selected.

In addition, City of Dawson has adopted a development incentive policy that includes 100% property tax rebate grants for new multi-unit residential developments in this defined Downtown Core. These are essential to the business case. The project will contribute to Downtown Revitalization.

The site is shown in the map. A conditional agreement to purchase the parcel from the private vendor is in place,



subject to financing approval.

The site is on 1.5 commercially zoned lots on 3rd avenue between Queen and King Streets, next to the historic Old Post Office. Our project at this site is compliant with the municipal OCP and zoning bylaw. A development permit application is in-progress and no regulatory delays are foreseen. The site is 7,500 ft² and provides for parking space as required by the zoning bylaw. Geotechnical investigation will be completed in the spring, but a successful outcome is anticipated.

3.3 Final Design

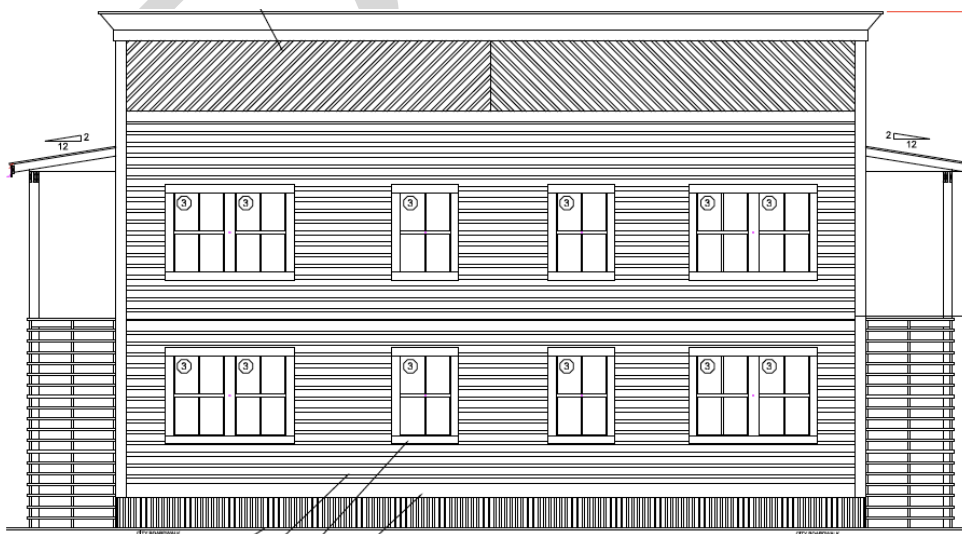
Final architectural design and engineering were completed for KDO's 2017 design, and the proposed project is nearly identical. Small modifications that improve building functioning, or siting at the 3rd avenue location will be made. We will do a code review and submit the drawings to City of Dawson Heritage Advisory Committee for final approvals. The interior finishes will again consist of pleasing and sturdy materials

that balance cost with durability, and a neutral colour palette applied to allow for flexibility of tenant decor.

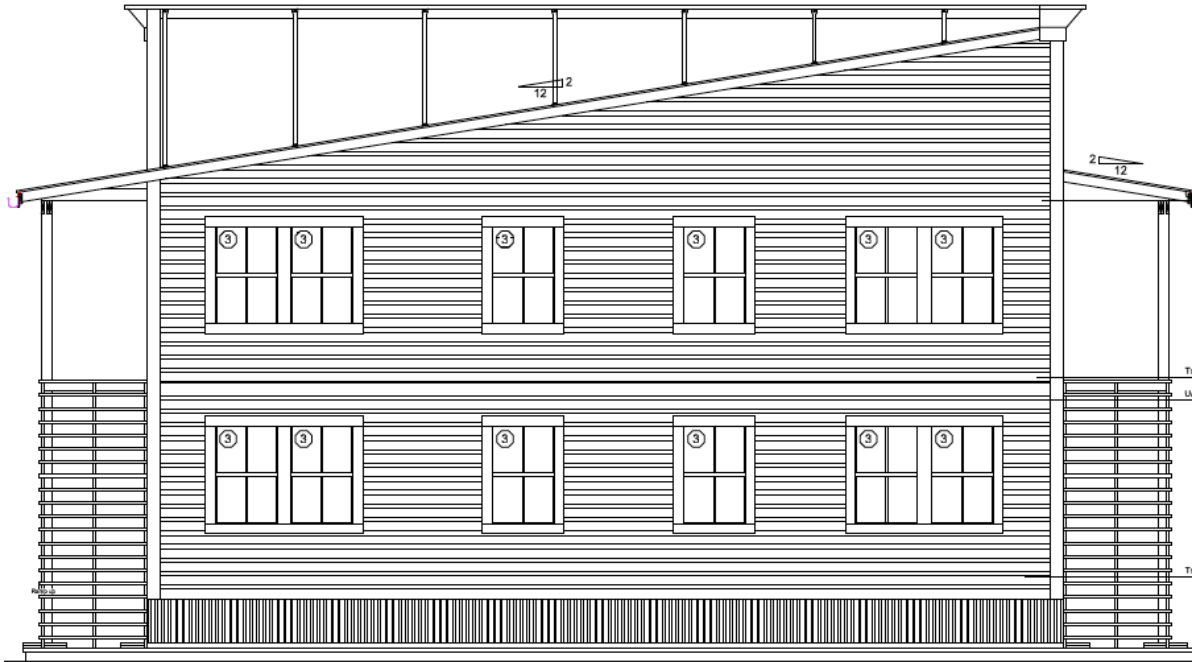


Exterior of KDO 8-plex, opened in June 2017

Proposed Project - North Elevation (may be altered for new site)



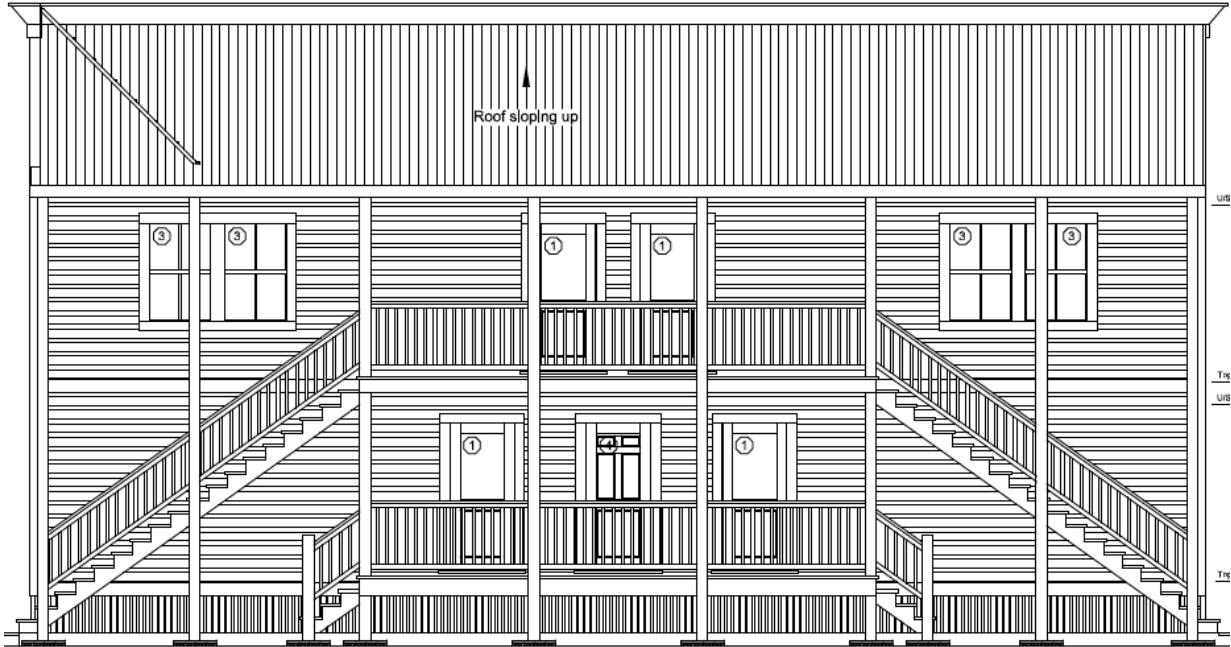
South Elevation (may be altered for new site)



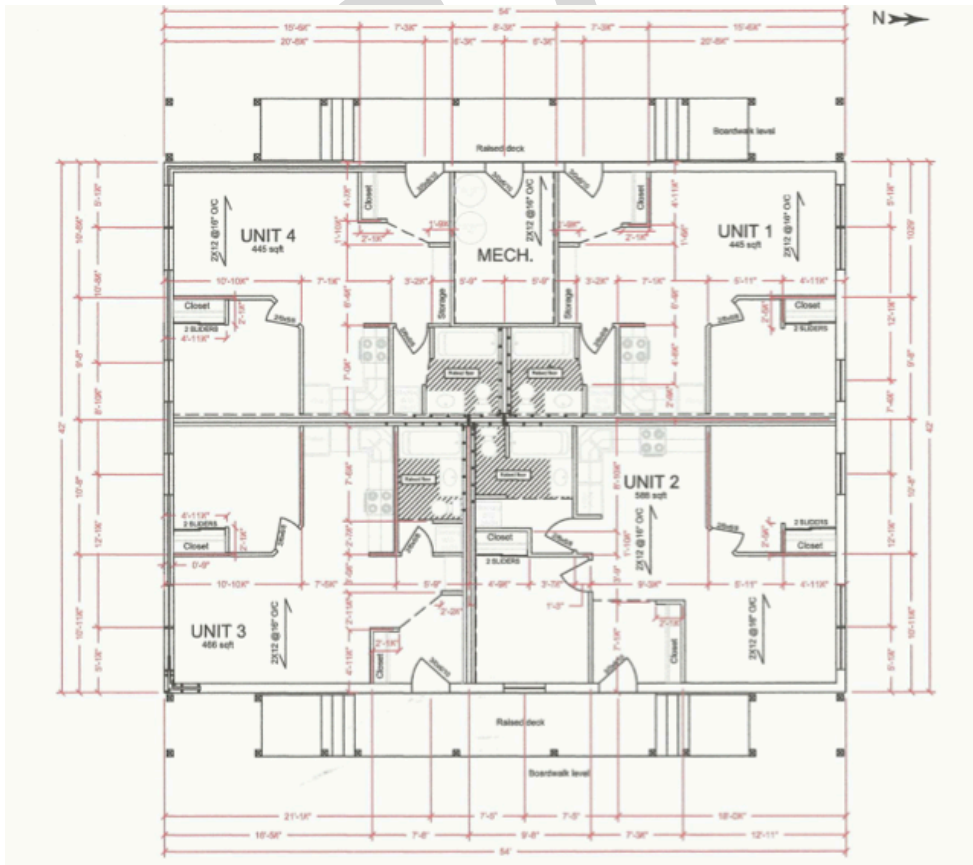
East Elevation (may be altered for new site)



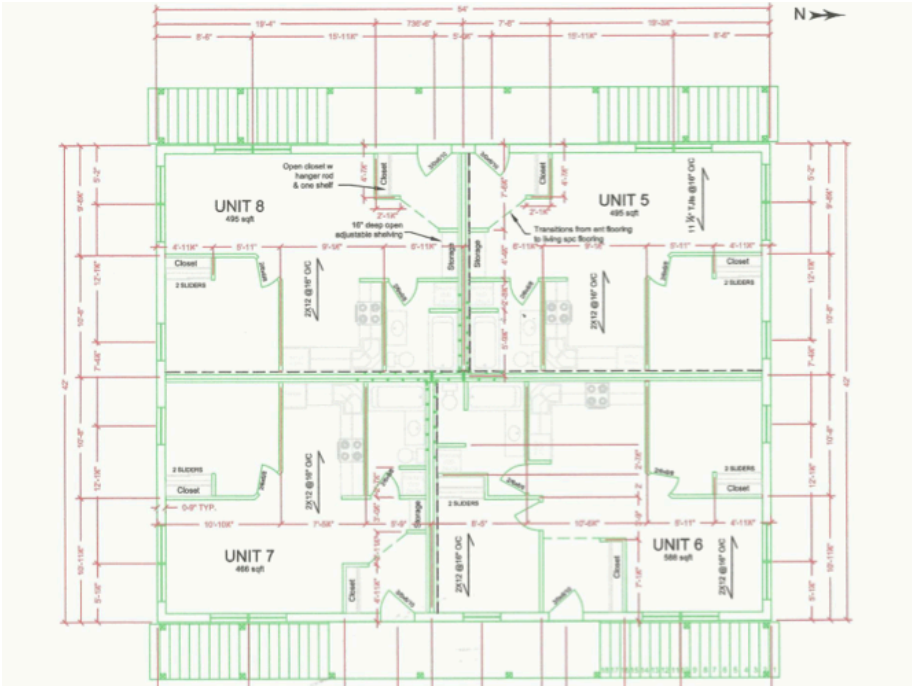
West Elevation (may be altered for new site)



First Floor Plan



Second Floor Plan



Interior Photos: 2017 KDO 8-Plex:



4 Construction

4.1 Timetable

Delivering affordable housing requires a diligent minimization of financing and construction costs, which in the Dawson City environment means good planning to acquire materials at cheaper seasonal prices and timing construction appropriately.

Construction of the project will be design-build tendered using our existing design. The successful partner will be required to complete the minor amendments to the design and commit to a fixed-price construction contract prior to approval to proceed, as a requirement of mortgage financing.

The next priorities are to secure financing approvals, finalize the site acquisition and source permits.

The selected site complies with the municipal OCP and zoning bylaw, including parking requirements, and is within the Downtown Core area eligible for the City of Dawson Development Incentive Policy. The City Heritage Advisory Committee has already approved the existing design and we will work with them on modifications for the new location.

Geotechnical investigation will be completed in April 2018, and an engineered excavation and foundation design prepared.

Projected Time Table

The following steps are anticipated over the next 11 months to occupancy:

Feb 2018	Development incentives approval by City Council
Feb 2018	Submit funding applications to Yukon Housing
Mar 2018	Secure final financing approvals
Mar 2018	Obtain necessary development permits
Mar 2018	Complete land purchase
Apr-Jun 2018	Construction preparation including excavation
Jul-Nov 2018	Construction
Sep 2018	RFP for property management
Dec 2018	Grand opening and tenants move in

The prior table provides an outline of the intended construction progression. This timetable will ensure that all regulatory requirements will be met and that the project team will be available and are able to complete the project on schedule.

5 Operations and Management

5.1 Proposed Ownership/Governance Structure

The business and the building will be owned and operated by Klondike Development Organization.

5.2 Management Structure

KDO operates on a lean not-for-profit business model with just one employee.

Contractors are used to provide project management, property management and other support services. This model will be extended to this development, and some cost efficiencies are anticipated across KDO's two housing projects.

Dawson City is fortunate to be well served by a number of capable private sector companies that provide the assistance required, such as property management, custodial, snow removal, landscaping and repairs and maintenance. Regular competitive tenders will be issued in order to ensure the best services are contracted at the best rates and operations and maintenance costs are minimized. This approach will ensure in-house staffing and administration do not grow to become a burden upon long-term operations.

5.3 Operating Expense Estimates

The table below summarizes the anticipated operational costs in year one, excluding long-term debt service and the property tax for which a 100% rebate grant is anticipated. Further details can be found in the financial plan chapter.

Utilities	\$9,880
Building & Liability Insurance	\$4,615
Electric incl. Hot Water	\$6,075
Snow Removal and Landscape	\$4,000
Maintenance	\$4,800
Property Management	\$6,601
Administration	\$4,902
Replacement Reserve	\$11,335
Total Operating Expenses	\$52,209

6 Communications, Marketing and Sales

6.1 Communications

Community involvement assists in developing a successful housing project. Involving community members proactively through various strategies, such as communication, consultation and capacity building, ensures acceptance and support.

KDO is an organization with strong ties to the community. KDO is a partnership of the City of Dawson, Klondike Visitors Association, Klondike Institute of Art & Culture, Dawson City Chamber of Commerce and Chief Isaac Incorporated, and as such has direct channels of communication via each of the founding organizations. KDO regularly engages with the broader community via open houses, public partnership forums, social media and traditional media. During the market research and planning phases for this project there has been communication with the public in a variety of ways to ensure the development is well targeted to the market and that the community has had opportunities to offer input and feedback.

KDO maintains a website, www.klondikedevlopment.com with housing specific pages and updates and a Facebook page where all project news is posted. KDO has a strong record of almost a decade of effective engagement. Specific ongoing approaches and tools will include, but not be limited to:

- An open door policy for any community member to stop by at the KDO centrally located office to discuss the project
- Regular updates on the project's progress via KDO website and Facebook page; Klondike Sun newspaper; CFYT community radio; bulletin board posters; e-mail newsletters and websites of partner organizations and cable televised presentations to Councils and others

Authorized spokespeople are KDO Board members: Brian Stethem, President, and Karen DuBois, Treasurer.

6.2 Marketing

The community is small, the development will be high profile and demand is projected to be strong. KDO's May 2017 call for applications to the 8-plex attracted 22 applications for 8 units. KDO continually receives requests to be added to their waitlist (currently 11 people). An extensive marketing campaign is not anticipated to be necessary to achieve full occupancy. Nevertheless, KDO believes it is important to share information about the project during planning and construction phases, and to maximize awareness of and accessibility to the new apartments for those in need of housing. The following tools will be used as appropriate to promote the project and provide updates and information to our partners and the community:

- 1) In-person discussion
- 2) Varied media including:
 - Newspaper (Klondike Sun) articles
 - Local CFYT radio and/or rolling ads
 - Posters and signage at the building site
 - Website updates and postings to social media
- 3) KDO partner distribution networks
- 4) Events to celebrate key stages (e.g. sod-turning and opening)
- 5) Site tours and viewing units

6.2.1 Sales Avenues

Klondike Development Organization will be responsible for sales. Sales will be prioritized to tenants in the target markets on a first-come waiting list basis for qualified tenants with appropriate references, deposits and proof of income. Tenancies will be indefinite and long-term stays will be encouraged.

KDO's existing website will be augmented with all the necessary information for tenants of the new building, both existing and prospective, including an application process, both online and hard copy.

6.2.2 Sales Forecast

This business plan conservatively projects 95% occupancy for the 8 units, allowing for each unit to be vacant for up to one month per year during tenant turnovers and required repairs and maintenance. Tenants will be responsible for their own heating and electric bills, no communal laundry is included and there are no charges for parking. Total year one rental revenue is projected to be **\$98,040.**

7 Financial Plan

Yukon Housing Municipal Matching	\$377,378
Yukon Housing Affordable Rental	\$400,000
CMHC SEED Grant	\$20,000
Long-Term Debt (Mortgage)	\$723,855
TOTAL CONSTRUCTION COST	\$1,521,233

7.1 Funding and Financing Plan

- Construction cost: \$291/ft²
- Property costs of \$120,000 for site (7,500 ft²) to be granted by City of Dawson
- Lot development: \$65,000 excavation, \$45,000 water/sewer, \$20,000 electricity
- Design, planning, construction financing, insurance & other: \$72,529

City incentives matched by the Yukon Housing *Municipal Matching Program*:

- Property purchase grant (value \$120,000)
- 100% 10-year property tax rebate grant (value \$257,378)

7.2 Important Financial Assumptions

7.2.1 Financing

- Mortgage rate of 3.90% (prime +0.45%) - low rate only available with City guarantee
- Amortization term of 25 years with equal monthly payments

7.2.2 Revenue

- Six 1-bedroom 470 ft² units at \$1,000/month (exclusive of utilities) rising 3%/year
- Two 2-bedroom 590 ft² units at \$1,300/month (exclusive of utilities) rising 3%/year
- Occupancy rate of 95%

7.2.3 Operating Costs

- Property tax at 1.85% of assessed value as estimated by Yukon Property Assessment
- Municipal property tax rebate grant equal to 100% of applicable taxes for 10 years
- Water & sewer utilities and waste management at \$1,235 per unit per year
- Capital replacement reserve at 9.0% of revenue (4% CMHC guidance adjusted)
- Annual maintenance of \$600 per unit (industry standards adjusted to Dawson)
- Building and commercial general liability insurance at 0.35% of value (quoted)
- Heat and electric minimal for external lights etc., tenants take their own unit bills
- Central hot water at \$506 per unit annually (per existing building actual costs)
- Snow removal and landscaping at \$4,000 total (per existing building actual costs)
- Property management \$6,600 per year (per existing building actual costs)
- Audit, bookkeeping and administration fees of 5% of revenue

7.2.4 Depreciation

- Building only is depreciated on a declining value basis at a 4% annual rate

Appendix 1: Detailed Projected Financial Statements

Pro Forma Profit and Loss Statements

FY 2017-18	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	2020
Sales Revenue													
Rent	8170	8170	8170	8170	8170	8170	8170	8170	8170	8170	8170	8170	98040
Total Sales Revenue	8170	8170	8170	8170	8170	8170	8170	8170	8170	8170	8170	8170	98040
Operating Expenses													
Property Taxes													
Utilities	2470			2470			2470			2470			9880
Building & liability Insurance	4615												4615
Electric incl. Hot Water (per unit)	506	506	506	506	506	506	506	506	506	506	506	506	6075
Snow removal and landscape	375	250	250	250	250	375	375	375	375	375	375	375	4000
Maintenance	400	400	400	400	400	400	400	400	400	400	400	400	4800
Property Management	550	550	550	550	550	550	550	550	550	550	550	550	6601
Administration	409	409	409	409	409	409	409	409	409	409	409	409	4902
Total Operating Expenses	9325	2115	2115	4585	2115	2240	4710	2240	2240	4710	2240	2240	40873
Operating Income	(1155)	6055	6055	3585	6055	5930	3460	5930	5930	3460	5930	5930	57167
Interest Incurred	2353	2353	2353	2353	2353	2353	2353	2353	2353	2353	2353	2353	28230
Depreciation and Amortization	4637	4637	4637	4637	4637	4637	4637	4637	4637	4637	4637	4637	55649
Replacement Reserve Transfer												11335	11335
Income Taxes													
Total Expenses	16315	9105	9105	11575	9105	9230	11700	9230	9230	11700	9230	20565	136088
Net Profit	(8145)	(935)	(935)	(3405)	(935)	(1060)	(3530)	(1060)	(1060)	(3530)	(1060)	(12395)	(38048)

Pro Forma Profit and Loss Statements

FY END 2020-2029	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Sales Revenue										
Rent	98040	100981	104011	107131	110345	113655	117065	120577	124194	127920
Total Sales Revenue	98040	100981	104011	107131	110345	113655	117065	120577	124194	127920
Operating Expenses										
Property Taxes										
Utilities	9880	10275	10686	11114	11558	12021	12501	13001	13521	14062
Building & Liability Insurance	4615	4754	4897	5043	5195	5351	5511	5676	5847	6022
Electric Inc. Hot Water (per unit)	6075	6257	6445	6638	6837	7043	7254	7471	7696	7926
Snow removal and landscape	4000	4120	4244	4371	4502	4637	4776	4919	5067	5219
Maintenance	4800	4944	5092	5245	5402	5565	5731	5903	6080	6263
Property Management	6601	6733	6868	7005	7145	7288	7434	7582	7734	7889
Administration	4902	5000	5100	5202	5306	5412	5520	5631	5743	5858
Total Operating Expenses	40873	42083	43331	44618	45946	47315	48728	50185	51689	53240
Operating Income	57167	58898	60679	62513	64399	66340	68337	70391	72505	74680
Interest Incurred	28230	27543	26829	26088	25317	24517	23685	22820	21922	20989
Depreciation and Amortization	55649	53423	51286	49235	47266	45375	43560	41818	40145	38539
Replacement Reserve Transfer	11335	11675	12026	12387	12758	13141	13535	13941	14359	14790
Income Taxes										
Total Expenses	136088	134725	133473	132328	131287	130348	129508	128764	128115	127558
Net Profit	(38048)	(33744)	(29462)	(25197)	(20942)	(16692)	(12443)	(8188)	(3921)	362

Projected Cash Flow Statements

FY 2017-18	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	2020
Operations													
Net Profit	(8145)	(935)	(935)	(3405)	(935)	(1060)	(3530)	(1060)	(1060)	(3530)	(1060)	(12395)	(38048)
Depreciation and Amortization	4637	4637	4637	4637	4637	4637	4637	4637	4637	4637	4637	4637	55649
Replacement Reserve Transfer												11335	11335
Change in Accounts Receivable													
Change in Accounts Payable													
Net Cash Flow from Operations	(3508)	3703	3703	1233	3703	3578	1108	3578	3578	1108	3578	3578	28936
Investing and Financing													
Assets Purchased or Sold													
Investments Received													
Change in Short-Term Debt													
Change in Long-Term Debt												(17617)	(17617)
Net Cash Flow from Investing and Financing	0	0	0	0	0	0	0	0	0	0	0	(17617)	(17617)
Cash at Beginning of Period	0	(3508)	195	3897	5130	8833	12410	13518	17096	20673	21781	25359	0
Net Change in Cash	(3508)	3703	3703	1233	3703	3578	1108	3578	3578	1108	3578	(14039)	11320
Cash at End of Period	(3508)	195	3897	5130	8833	12410	13518	17096	20673	21781	25359	11320	11320

Projected Cash Flow Statements

FY END 2020-2029	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operations										
Net Profit	(38048)	(33744)	(29462)	(25197)	(20942)	(16692)	(12443)	(8188)	(3921)	362
Depreciation and Amortization	55649	53423	51286	49235	47266	45375	43560	41818	40145	38539
Replacement Reserve Transfer	11335	11675	12026	12387	12758	13141	13535	13941	14359	14790
Change in Accounts Receivable										
Change in Accounts Payable										
Net Cash Flow from Operations	28936	31355	33850	36425	39082	41823	44652	47571	50583	53691
Investing and Financing										
Assets Purchased or Sold										
Investments Received										
Change in Short-Term Debt										
Change in Long-Term Debt	(17617)	(18304)	(19017)	(19759)	(20530)	(21330)	(22162)	(23027)	(23925)	(24858)
Net Cash Flow from Investing and Financing	(17617)	(18304)	(19017)	(19759)	(20530)	(21330)	(22162)	(23027)	(23925)	(24858)
Cash at Beginning of Period	0	11320	24371	39203	55869	74421	94914	117404	141948	168607
Net Change in Cash	11320	13051	14833	16666	18552	20493	22490	24545	26658	28833
Cash at End of Period	11320	24371	39203	55869	74421	94914	117404	141948	168607	197440

Pro Forma Balance Sheets

As of Period End	Start	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	2020
Current Assets														
Cash		(3508)	195	3897	5130	8833	12410	13518	17096	20673	21781	25359	11320	11320
Accounts Receivable														
Total Current Assets	0	(3508)	195	3897	5130	8833	12410	13518	17096	20673	21781	25359	11320	11320
Long Term Assets														
Land	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000
Buildings	1391233	1391233	1391233	1391233	1391233	1391233	1391233	1391233	1391233	1391233	1391233	1391233	1391233	1391233
Intangible Assets														
Accumulated Depreciation		(4637)	(9275)	(13912)	(18550)	(23187)	(27825)	(32462)	(37100)	(41737)	(46374)	(51012)	(55649)	(55649)
Total Assets	1641233	1633088	1632153	1631218	1627813	1626879	1625819	1622289	1621229	1620169	1616640	1615580	1596903	1596903
Current Liabilities														
Accounts Payable														
Short Term Debt														
Total Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	723855	723855	723855	723855	723855	723855	723855	723855	723855	723855	723855	723855	706238	706238
Total Liabilities	723855	723855	723855	723855	723855	723855	723855	723855	723855	723855	723855	723855	706238	706238
Total Owners Equity														
Paid In Capital	917378	917378	917378	917378	917378	917378	917378	917378	917378	917378	917378	917378	917378	917378
Earnings		(8145)	(9080)	(10015)	(13420)	(14354)	(15414)	(18944)	(20004)	(21064)	(24593)	(25653)	(38048)	(38048)
Replacement Reserve													11335	11335
Total Owners Equity	917378	909233	908298	907363	903958	903024	901964	898434	897374	896315	892785	891725	890665	890665
Total Liabilities and Equity	1641233	1633088	1632153	1631218	1627813	1626879	1625819	1622289	1621229	1620169	1616640	1615580	1596903	1596903

Pro Forma Balance Sheets

As of Period End	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Current Assets										
Cash	11320	24371	39203	55869	74421	94914	117404	141948	168607	197440
Accounts Receivable										
Total Current Assets	11320	24371	39203	55869	74421	94914	117404	141948	168607	197440
Long Term Assets										
Land	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000
Buildings	1391233	1391233	1391233	1391233	1391233	1391233	1391233	1391233	1391233	1391233
Intangible Assets										
Accumulated Depreciation	(55649)	(109073)	(160359)	(209594)	(256860)	(302235)	(345794)	(387612)	(427757)	(466296)
Total Assets	1596903	1556531	1520077	1487508	1458794	1433912	1412842	1395569	1382083	1372377
Current Liabilities										
Accounts Payable										
Short Term Debt										
Total Current Liabilities	0	0	0	0	0	0	0	0	0	0
Long Term Debt	706238	687935	668917	649158	628628	607298	585136	562109	538184	513327
Total Liabilities	706238	687935	668917	649158	628628	607298	585136	562109	538184	513327
Equity										
Paid In Capital	917378	917378	917378	917378	917378	917378	917378	917378	917378	917378
Earnings	(38048)	(71793)	(101255)	(126451)	(147393)	(164086)	(176529)	(184716)	(188637)	(188276)
Replacement Reserve	11335	23011	35037	47423	60181	73322	86857	100798	115158	129948
Total Owners Equity	890665	868596	851160	838350	830166	826615	827707	833460	843899	859050
Total Liabilities and Equity	1596903	1556531	1520077	1487508	1458794	1433912	1412842	1395569	1382083	1372377