

THINK OUTSIDE THE BOX.



Make Rental Happen Challenge

Team 47028002



Certificate of Authorship

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Our Vision



Executive Summary

Think Outside the Box outlines three different strategies which can be implemented individually or in combination, in order to **Make Rental** Happen in York Region.

The site-specific development is provided for illustrative purposes, to better explain the story the developers are trying to tell. The creative idea being provided by Team 47028002 is named **Bay & 5th**, tribute to its location on Way's Bay, and the resurrection of the fifth corner at 5 Corners in Keswick, Ontario.

Bay & 5th is focused on 4 main principles:

1. Implementation of creative live-work arrangements previously unseen in the York Region rental housing market;
2. Introducing "Cargotecture", a fast, long-lasting and affordable construction model to the rental housing market, utilizing recycled shipping containers as a building material;
3. Ensuring the utmost commitment to environmental sustainability while introducing alternative revenue sources to the asset; and
4. Creating a vibrant extension to an existing downtown community and commercial/retail node by introducing a non-private mixed-use development to the market.

These principles are all explored in depth by this proposal, and each one represents a unique value proposition in its ability to **Make Rental Happen** in York Region.

The Development

Bay & 5th is a creative live-work development focused around expanding Keswick's new commercial nodes and bridging it into the Historic Downtown Core and Lakefront Communities. Bay & 5th will include five (5) one-block buildings between Metro Rd & Way's Bay:

- | | |
|--|--|
| 1. Spring Rd to Garden Ave | 4 units |
| 2. Garden Ave to Beach Rd | 5 units |
| 3. Beach Rd to Cook's Bay Dr | 3 units |
| 4. Cook's Bay Dr to 5 Corners Store | 8 units |
| 5. Bay & 5 th Flagship Building | 58 Residential Units, 8000sf commercial |

Bay & 5th is designed to set a regional precedent for what can be accomplished by the developer when implementing the aforementioned principles of live-work spaces, Cargotecture, and sustainability on an individual or combined basis. In this respect, feasibility is the most important aspect of the project, and is thoroughly examined in the following report. The project's feasibility is hinged on the simplicity and affordability of construction, making the project easy, fast, and inexpensive to complete.

The project will bring housing supply to the 9,000 singles, seniors and families on York Region's social housing list, of which approximately 1,500 are waiting for residences in Georgina. The excess demand for rental housing in Georgina is immediately apparent. 46% of the most recent Habitat for Humanity Projects in York Region were built in Georgina. As further testament, the Township of Georgina has created an expedited policy to support accessory apartments in the area as a measure to meet the demand.

The project will cost a mere \$25-50 per square foot to construct, in comparison to the \$90+ per square foot rate associated with comparable projects. Conservative financial analysis determines that project carries a capitalization rate of 17.74%, a net present value of \$2,804,462, and a profitability index of 140.22%, and is capable of holding \$549,952 of debt annually.

LIVE & WORK

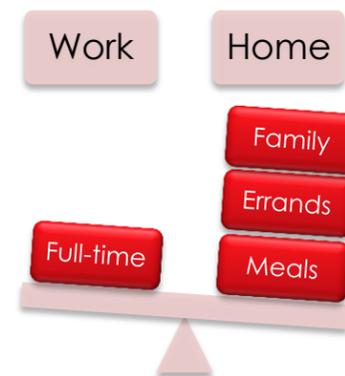
CREATIVE SPACES

Creative Live-Work Spaces.



The creative live-work space concept proposed by Team 47028002 is one of several effective solutions to make rental happen in York Region. The spaces proposed are essentially focused on bringing the workplace and the home together and creating opportunity for tenants with entrepreneurial, but limited resources.

These buildings will be developed to focus on the entrepreneurial and artisan niche demographic that exists within the market of residential tenants. This includes individuals who have a trade that requires a commercial place of business to practice, such as salons, spas, barbers, service professionals, restaurants and retailers, who have previously not had the opportunity or resources to exercise their entrepreneurial drive.



When applying to rent at Bay & 5th, applicants must submit both a business and residential tenancy application to occupy a unit. Units are broken down into 3 storeys: the main floor is the tenant's place of business, and the 2nd and 3rd storey are the tenant's residence.

There is some degree of flexibility within leases to allow for partnerships or businesses with long-term employees, for example: a restaurant's manager and head chef is a tenant of York Region Housing, and the restaurant owner is interested in moving his business into one of the units at Bay & 5th.

The Real Advantage

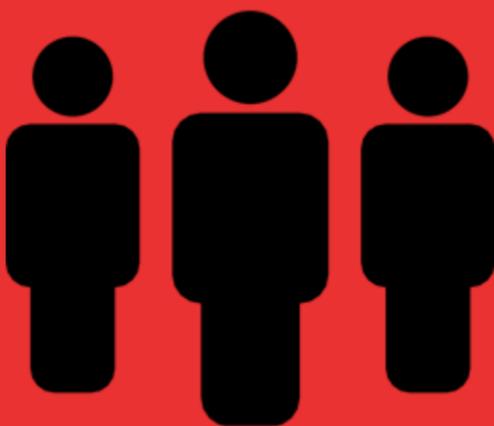
Allowing the tenant to live and work in the same place is beneficial for both the tenant, and the landlord, for a multitude of reasons.

Zero Commute = More Savings | The tenant will eliminate their requirement to commute, allowing them to eliminate a huge capital expenditure from their personal budget, therefore freeing up more capital to invest in other things such as business expenses, or a better quality of life for their family. By eliminating the cost of commuting, tenants can save up to \$600 and 40 workable hours per month, per working adult.^[1] This creates a more economically feasible rental concept for tenants. The development could function even more effectively by being located on major transit routes, encouraging an entirely vehicle-free lifestyle for tenants.

Closer to Home | Bringing the workplace closer to home brings a number advantages. By working close to home, the tenant will be able to be home more often, allowing for a better quality of life in their residence. This model puts a special focus on single-parent families, whose rental arrangement rarely supports balance between work and family life. By having tenants living and working in the unit they are renting, the tenant becomes much more personally invested in the project, creating a stronger sense of pride of ownership and sentimental value for the tenants.

Core Community | The tenant's personal investment in their residential **and** commercial building introduces a new dynamic to the rental asset. The tenant becomes more concerned with their building, their neighbours, and the functionality of the model as a whole. Essentially, they become personally invested in the big picture of the project, and are more willing and able to become part of their community, and empower those around them to do the same. Fellow entrepreneurs, artisans, and neighbours become one and the same, and the community, in its entirety, has a shared interest in the greater good.

By creating opportunity for tenants to exercise their entrepreneurial drive, they are empowered to break the cycle of difficulty that keeps families in community housing, taking a step into the next income bracket.





The reverse of the building fronts on a quiet road, facing a residential area towards the lake. The buildings were positioned strategically to provide a barrier between the busy commercial node along Metro Road, while promoting and preserving the prestigious lakefront community west of Way's Bay Road.



In this respect, the live-work arrangement encourages two different divisions of the housing concept:

- **Vertical differentiation:** With ground floor commercial units, the units can contribute to the downtown core, while also having residential space for tenants provided above.
- **Horizontal differentiation:** A natural division between commercial and residential areas is encouraged by the property's predominantly commercial frontage on Metro Road, and predominantly residential frontage on Way's Bay Road.

Residential Frontage



Commercial Frontage



Possible Live-Work Unit Layout



Roof Top Plan View



Third Storey Plan View

- Residential -



Second Storey Plan View

- Residential -



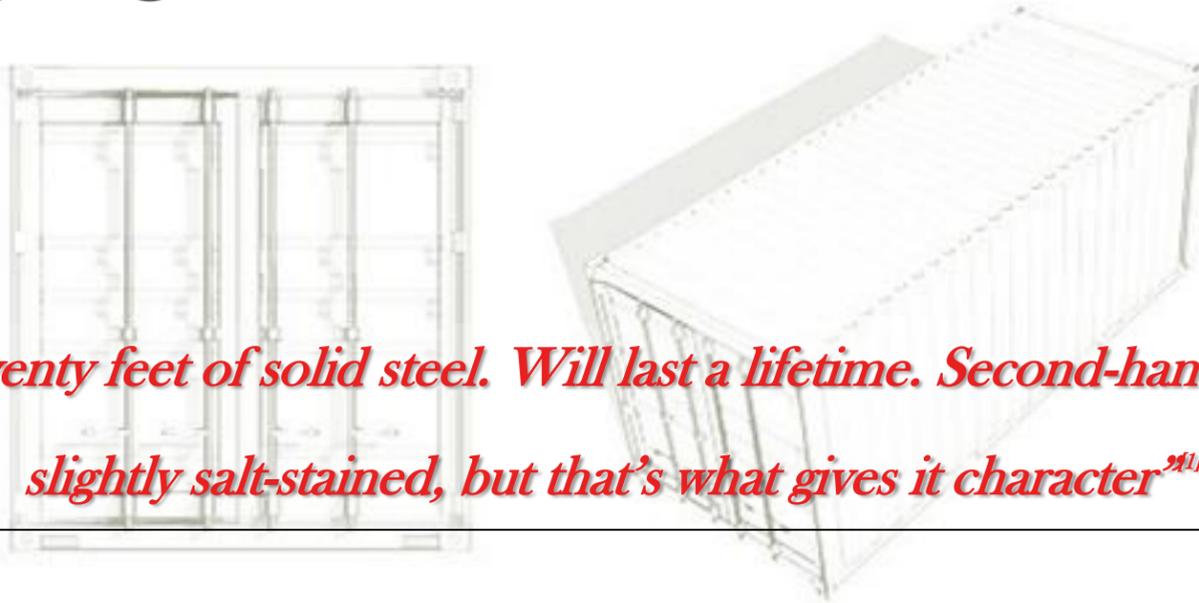
First Storey Plan View

- Commercial -

THE GREAT CRATE
FUNCTIONAL BUILDING MATERIAL



Shipping Crates



“Twenty feet of solid steel. Will last a lifetime. Second-hand and slightly salt-stained, but that’s what gives it character”¹¹

Benefits

Time & Money: The two most important factors in any business decision.

As a construction material, the shipping crate outperforms any competitor across the board.

Construction Time & Efficiency

The swift and effective nature of assembling a building from shipping containers puts much less stress on infrastructure than traditional construction types. For the subject site, buildings will be built close to the road, where a traditional steel or wood framed building would require infrastructure surrounding the site to be limited or shut down completely during the process. With shipping containers, the construction process will require a smaller space buffer around the site, therefore allowing for a construction that puts much less stress on surrounding infrastructure.

- **Construction Time:** the pre-assembled nature of shipping containers allows them to reduce construction times by up to 60%, as they are easily stacked with a mobile crane, and bolt together, with some welding and cutting work.
- **Storing & Transportation of Materials:** Shipping containers are essentially pre-assembled structures, and therefore, the process of storing and transporting enough materials to build the structure is significantly more efficient than traditional construction. Containers can be stacked immediately instead of waiting around to serve their purpose in the construction process.
- **Flexible Space:** As a construction material, shipping containers are very malleable on a per-crate basis. The process of expansion and renovation becomes expedited into a simple drag and drop system, providing for low turnaround.

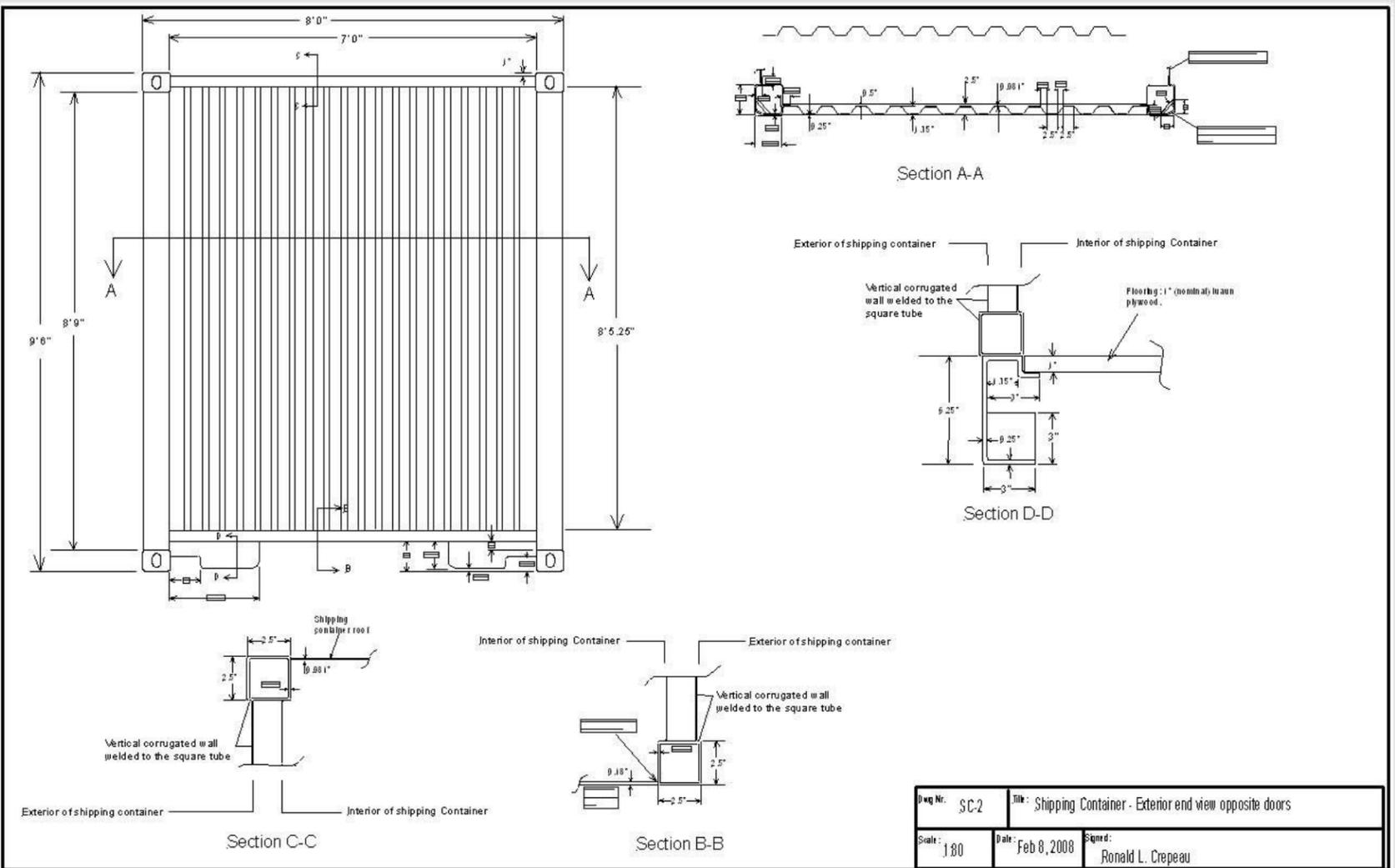
Construction Cost & Economic Feasibility

At the end of the day, cash is king. Shipping containers are so widely available, easily accessible, and incredibly inexpensive, that using them can drastically shrink the per square foot construction cost of any building type. A more in depth analysis is provided on the following page, and in the appended pro forma analysis.

- **Economies of Scale:** Skilled trades can prefabricate the electrical, plumbing, windows, and other specificities within a factory, in a controlled environment, and with a lower time demand than onsite skilled trade labour. The uniformity of the structures provides for further economies of scale on site, as the familiar and repetitive nature expedites the installation of features.
- **Foundation Costs:** Foundation costs can be slashed nearly in half, as shipping crate structures demand a much smaller concrete footing.
- **The bottom line:** Shipping containers are fundamentally more affordable than any other method of construction. With the new trend towards adaptive reuse, as well as creative, post-modern, and utilitarian architecture, the building material has a unique appeal which fits perfectly into the spectrum of available properties on the market. Crate structures can be designed to have a retro-modern appeal, with some raw, industrial features blended into the design of a brand new, modern façade.

Perfectly Scalable

The shipping crate construction model represents a multi-family residential concept that is incredibly scalable and able to be recreated in nearly any environment in York Region. The projects are easy to plan, assemble, and finance, and the pre-assembled nature of the structures makes them easy to fit into parcels of all different shapes and sizes. Although this proposal provides more specific examples of floor plans to outline a more site-specific development, a number of floor plans for residential units of all different shapes and sizes are provided in the appendix for the consideration of the developer, and to further demonstrate the versatility and sheer effectiveness of shipping crates as a construction material.



The Bottom Line

Using shipping crates (containers) in construction of rental properties is a simple solution to meet the growing demand for housing options. Shipping container construction is versatile, durable, upwardly mobile, and very affordable and efficient to construct. On average, a 8'x'20'x8.5' shipping container can cost about \$3,000, and supplies 160 square feet of leaseable area. While the crate itself isn't the only component that goes into the construction of shipping crate architecture, the additional costs can be broken down as follows on a per-crate, average basis:

Insulation: The entire exterior or interior of the building can be covered with spray-foam or foam board insulation:

- This capitalizes on the riveting of the containers, making use of the depths of the corrugation for thicker insulation areas or to store wiring/plumbing.

Glass: Each traditional steel gate can be replaced with a floor to ceiling window or sliding door.

- Balconies can also easily be bolted on to the steel crates using I-Beams

Cladding: the exterior layer of Foam Insulation can be punctured with fasteners, allowing the container to be clad with a number of materials to increase the aesthetic value of the building:

- Stucco, recycled wood, siding, brick, and stone
- Repurposed materials used when possible

Plumbing & Electrical: Because of the corrugated nature of shipping crates, plumbing, electrical, and even radiant heating & cooling systems can be set into the corrugation, lying under the layer of insulation and finish on the inside or outside of the structure.

\$3000

\$300

\$200

\$100

+\$400

\$4000

/160sf=\$25/sf

In comparison to the average \$90-250 per square foot construction cost for mixed-use projects in the greater Toronto area, it's clear to see why a more affordable construction model is crucial to competitive positioning for the future of rental housing. ^[2]

*These numbers are more clearly outlined in the attached pro forma analysis of the asset.



SIMPLY

SUSTAINABLE

REVOLUTIONIZING THE RENTAL

Sustainability

Every aspect of the Bay & 5th project is designed to epitomize sustainability. The shipping crate, a recycled material, is a fundamentally sustainable construction model. The live-work space, by creating a zero-commute living concept, essentially promotes the most sustainable lifestyle available to residents. Sustainability is becoming increasingly important in the development process is a failsafe method used to increase a property's value and market competitiveness, while protecting both investors and tenants. This is a result of energy and cost savings being capitalized into rents saving tenants an average of 7%. Energy and cost savings can also be capitalized into the valuation of a property, ensuring that the investor benefits from an increased net produce by sale of the property, as well.

Recycled Materials



The utilization of recycled materials is a massive step towards ensuring the sustainability of rental housing. Recycled construction materials qualify properties for the highest level of LEED and EnergyStar ratings, while simultaneously reducing the carbon footprint of the building by up to 80%.^[9]

Creative Live-Work Spaces



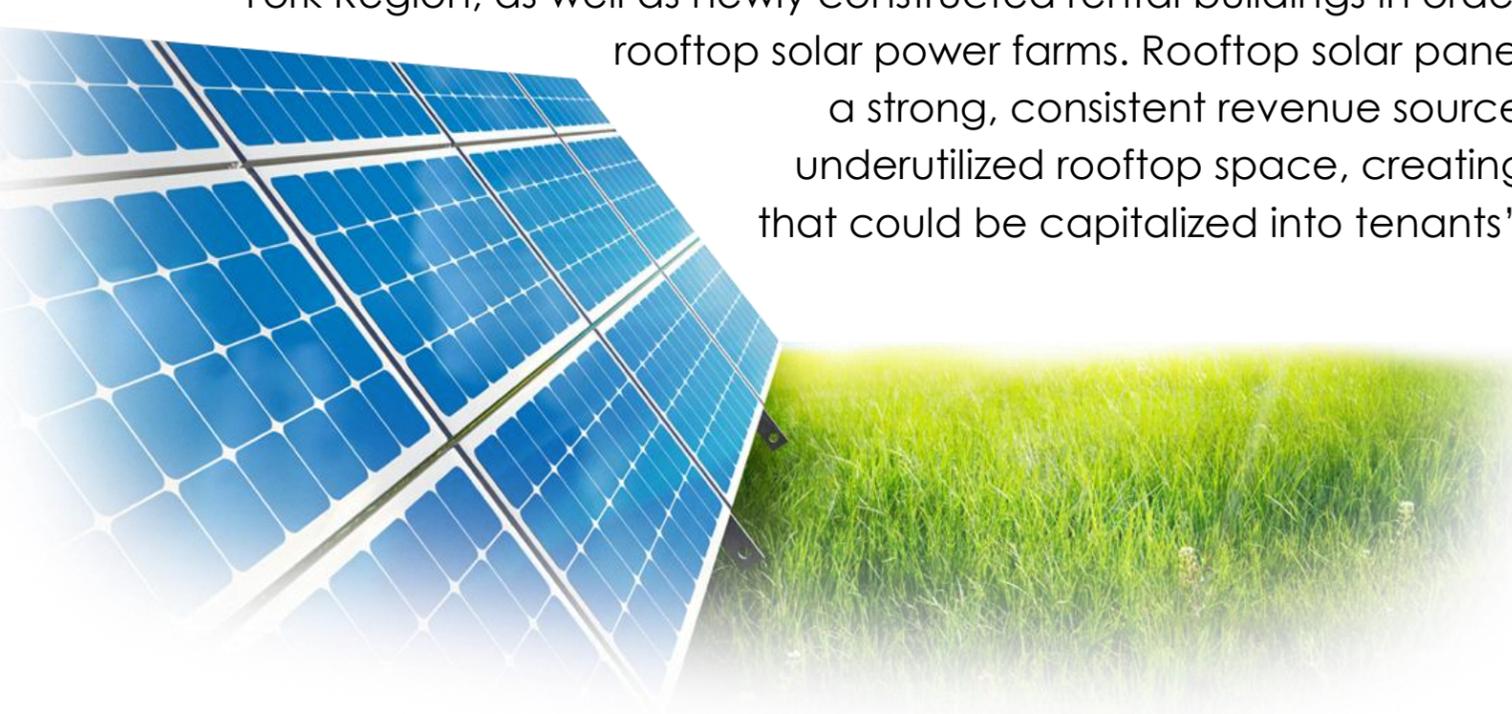
Creating spaces that encourage community members to live, work, and shop within their local economy drastically reduces the carbon footprint of the community as a whole through reduction of fossil fuel consumption and dependency among community members, business owners, and consumers to the businesses at Bay & 5th.

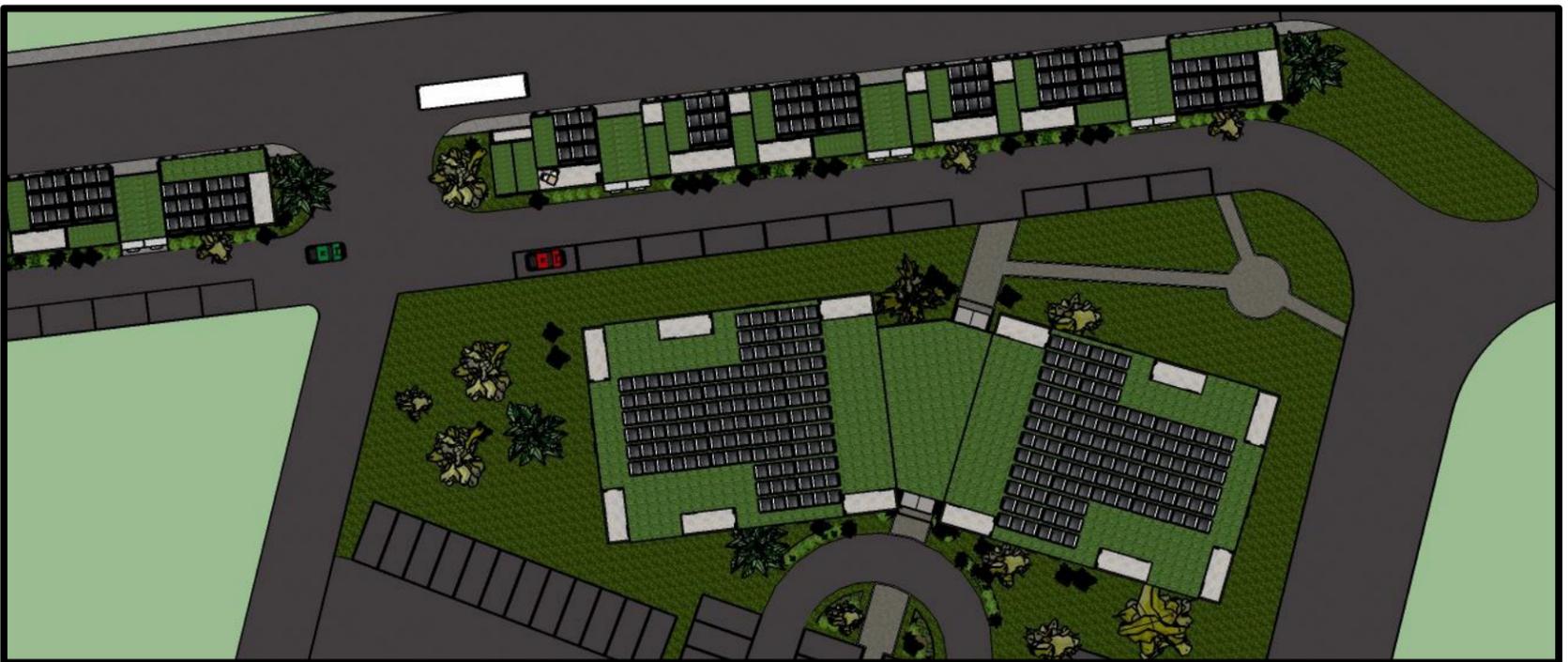
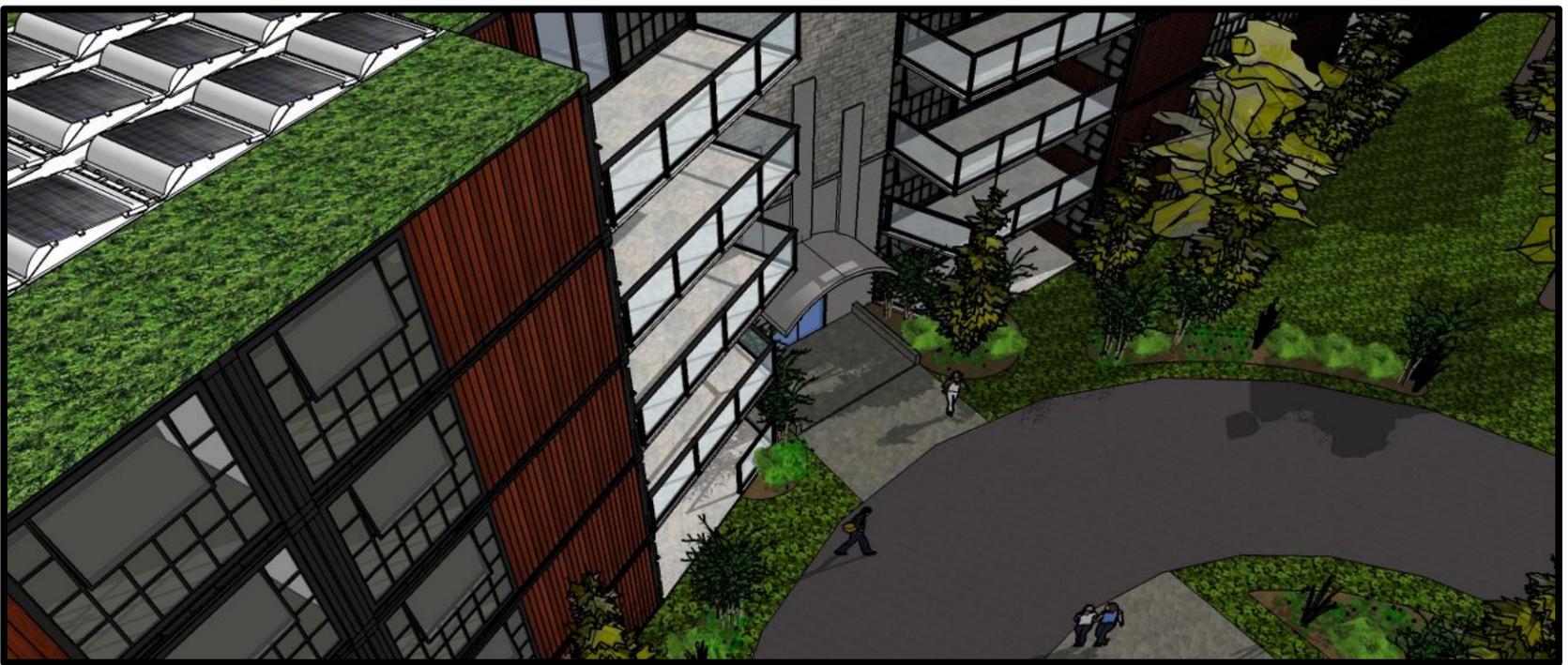
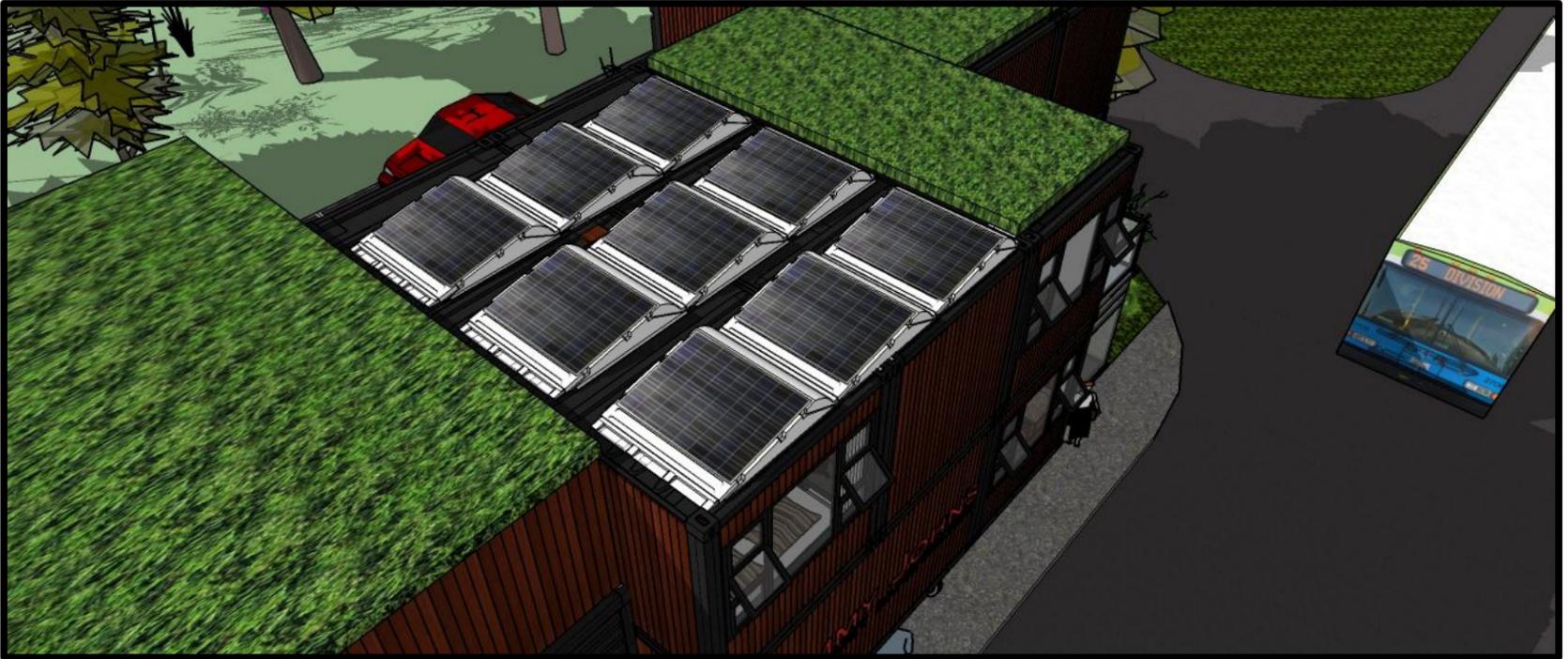
Going the Extra Mile



Bay & 5th takes the final step to ensure complete sustainability, which subsequently introduces an alternative revenue source to make rental happen in York Region. By facilitating strategic partnerships with local green energy co-operatives, it is possible for the landlord to subsidize the cost of utilities on projects by including rooftop solar projects on rental buildings.

The strategy would entail utilizing rooftop space from existing rental buildings in York Region, as well as newly constructed rental buildings in order to create small rooftop solar power farms. Rooftop solar panels could provide a strong, consistent revenue source from previously underutilized rooftop space, creating energy savings that could be capitalized into tenants' utility expenses.



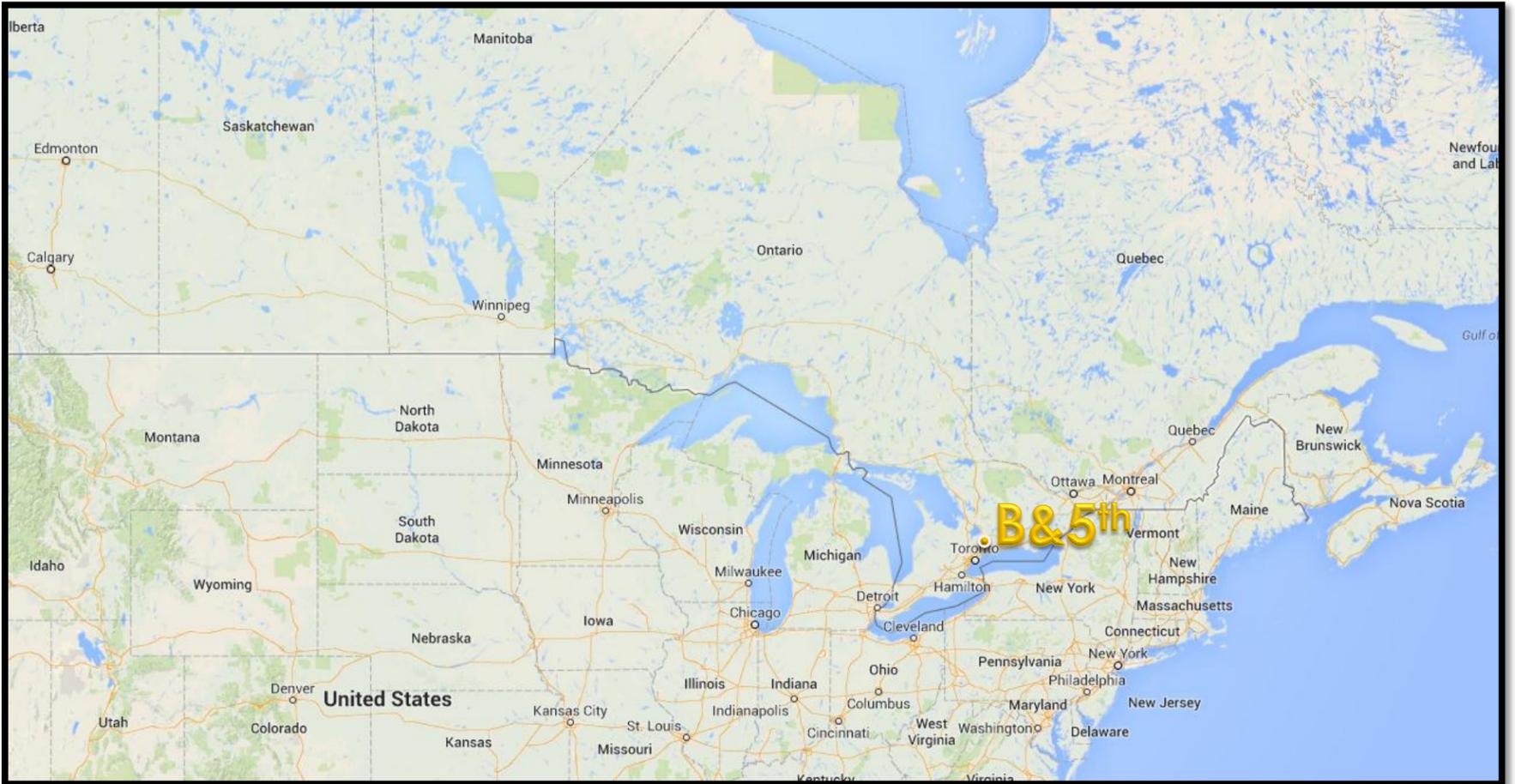


BAY & 5TH

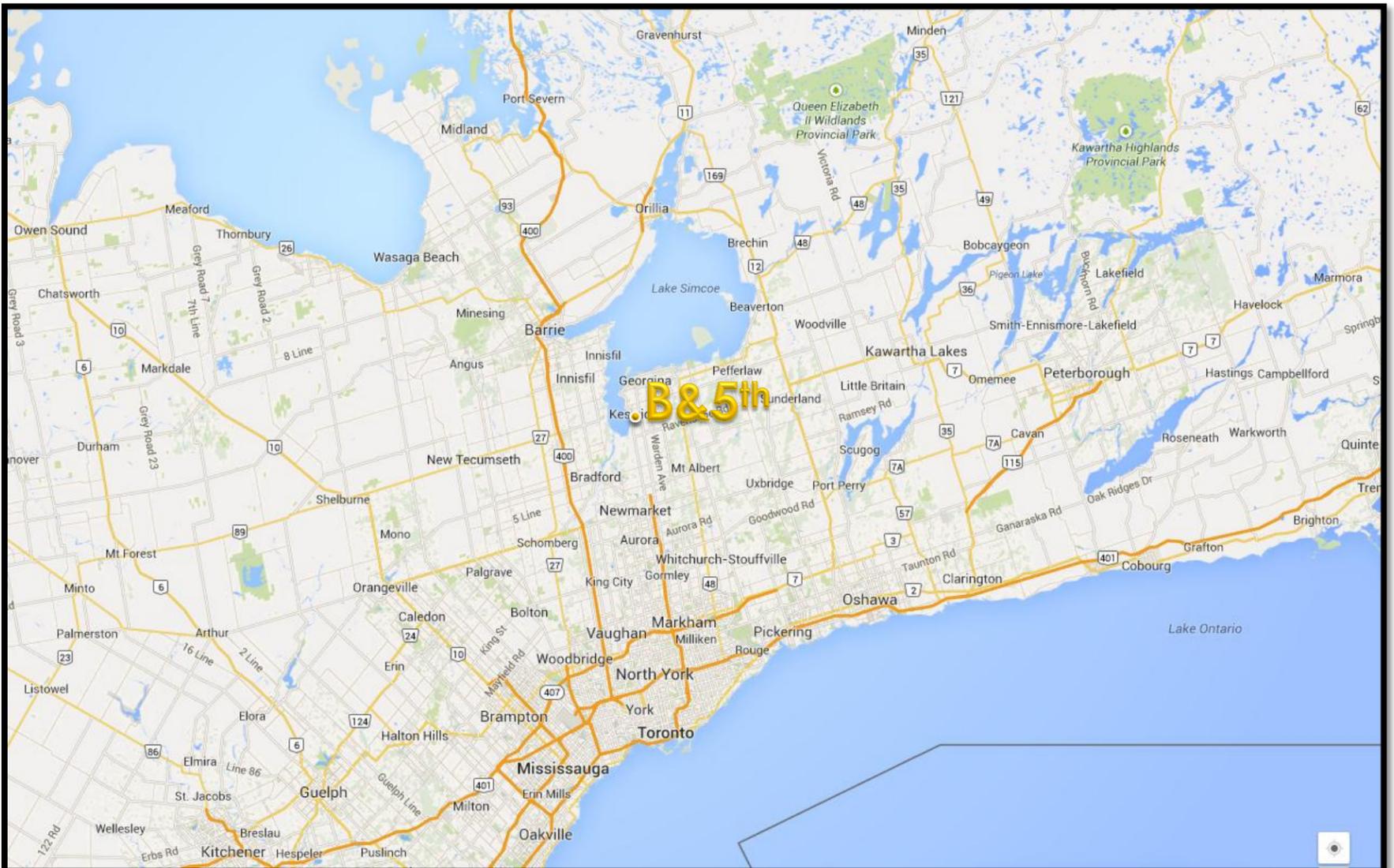
REAL WORLD PROOF

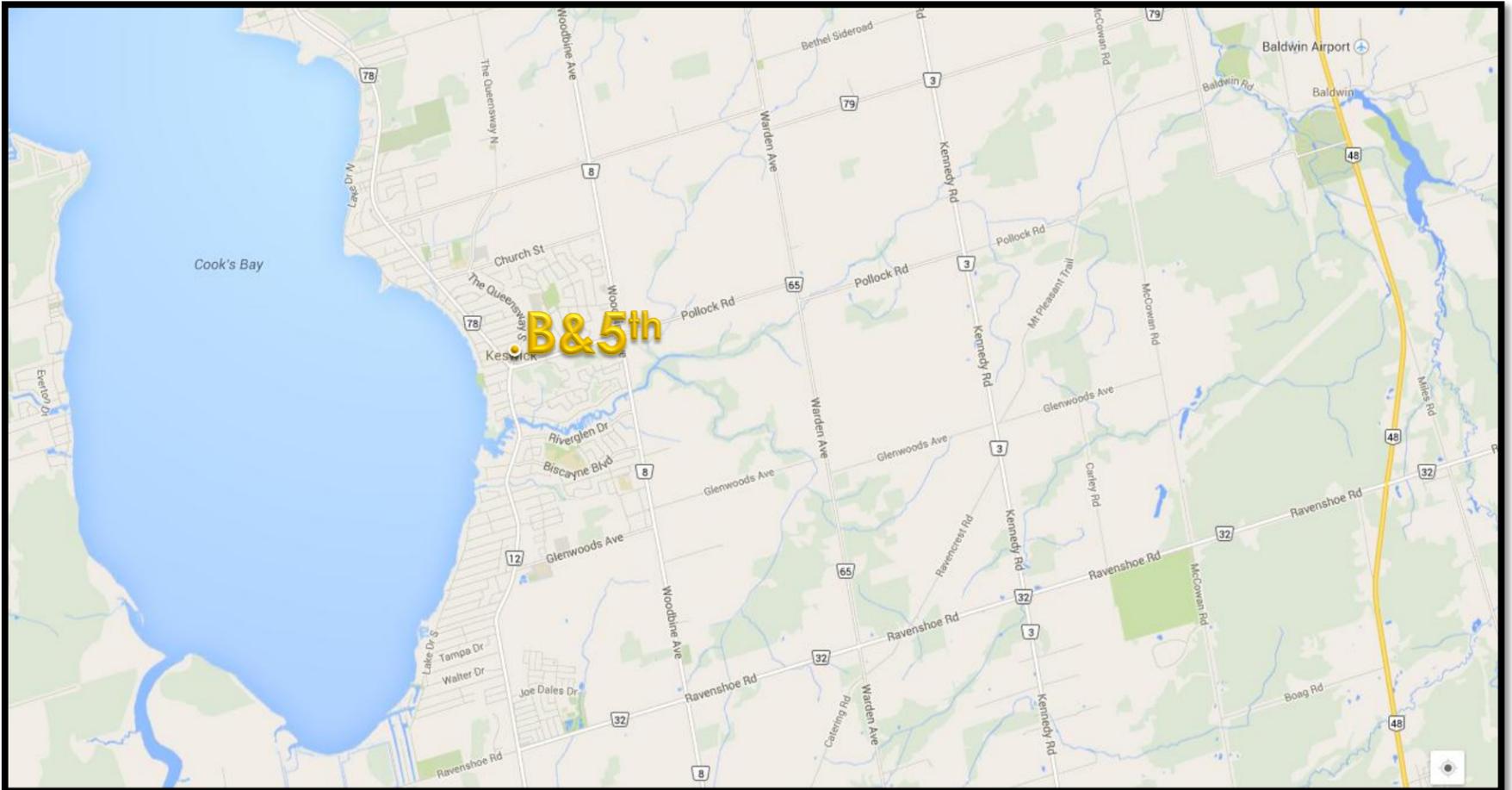
The Site

Ontario, Canada



York Region, Ontario

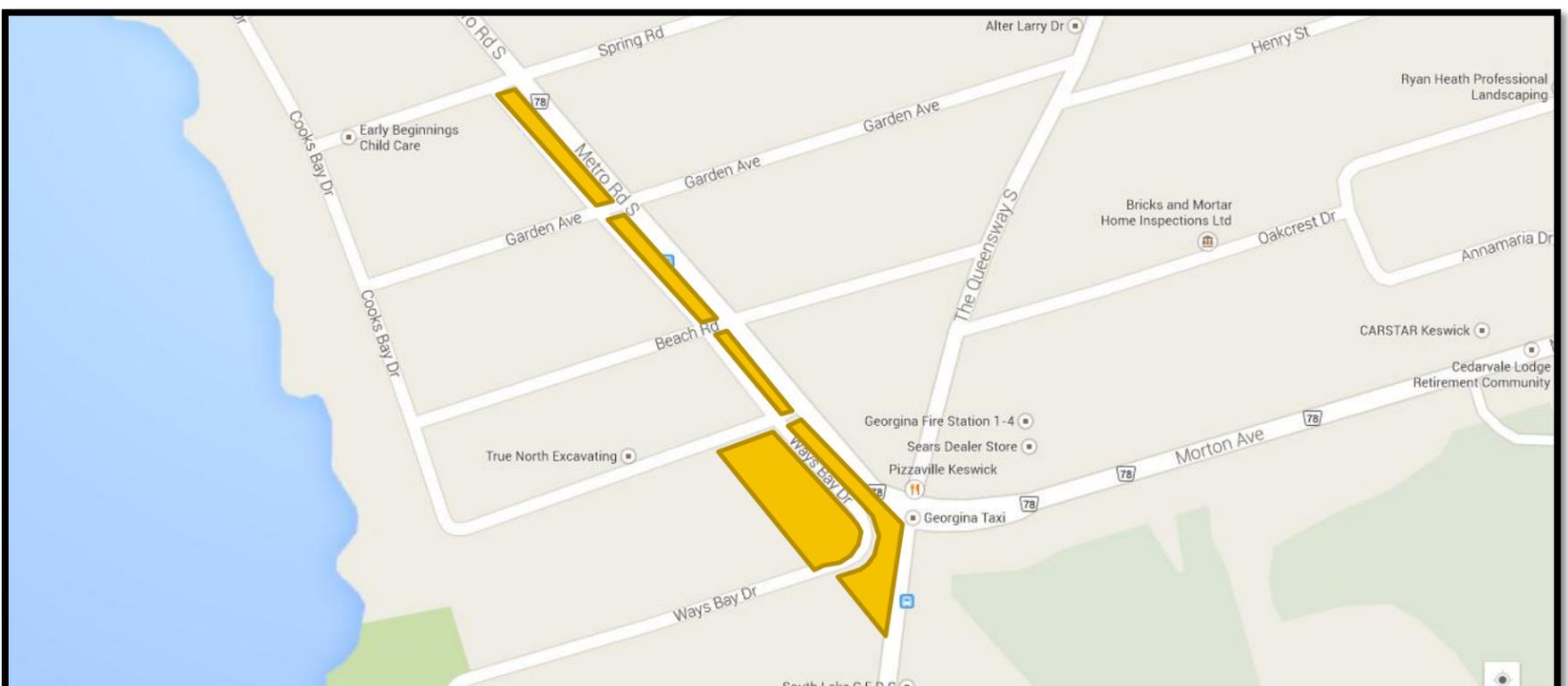




Keswick is a vibrant, growing community on the shores of Cook's Bay, Lake Simcoe's largest inlet. Keswick is located directly north of Toronto, and it forms part of Georgina, the Northernmost part of York Region, and the Greater Toronto Area.

Keswick is an area with a massive demand for affordable rental housing. Of the approximate 9,000 singles, seniors and families on York Region's social housing list, approximately 1,500 are waiting for residences in Georgina^[8]. With a 97-unit project opening in 2014, some of the demand has been filled, but **the excess demand for rental housing in Georgina is immediately apparent**. 46% of the most recent Habitat for Humanity Projects in York Region were built in Georgina. As further testament to this demand, the Township of Georgina has created an expedited policy to support accessory apartments in the area as a measure to meet the demand.

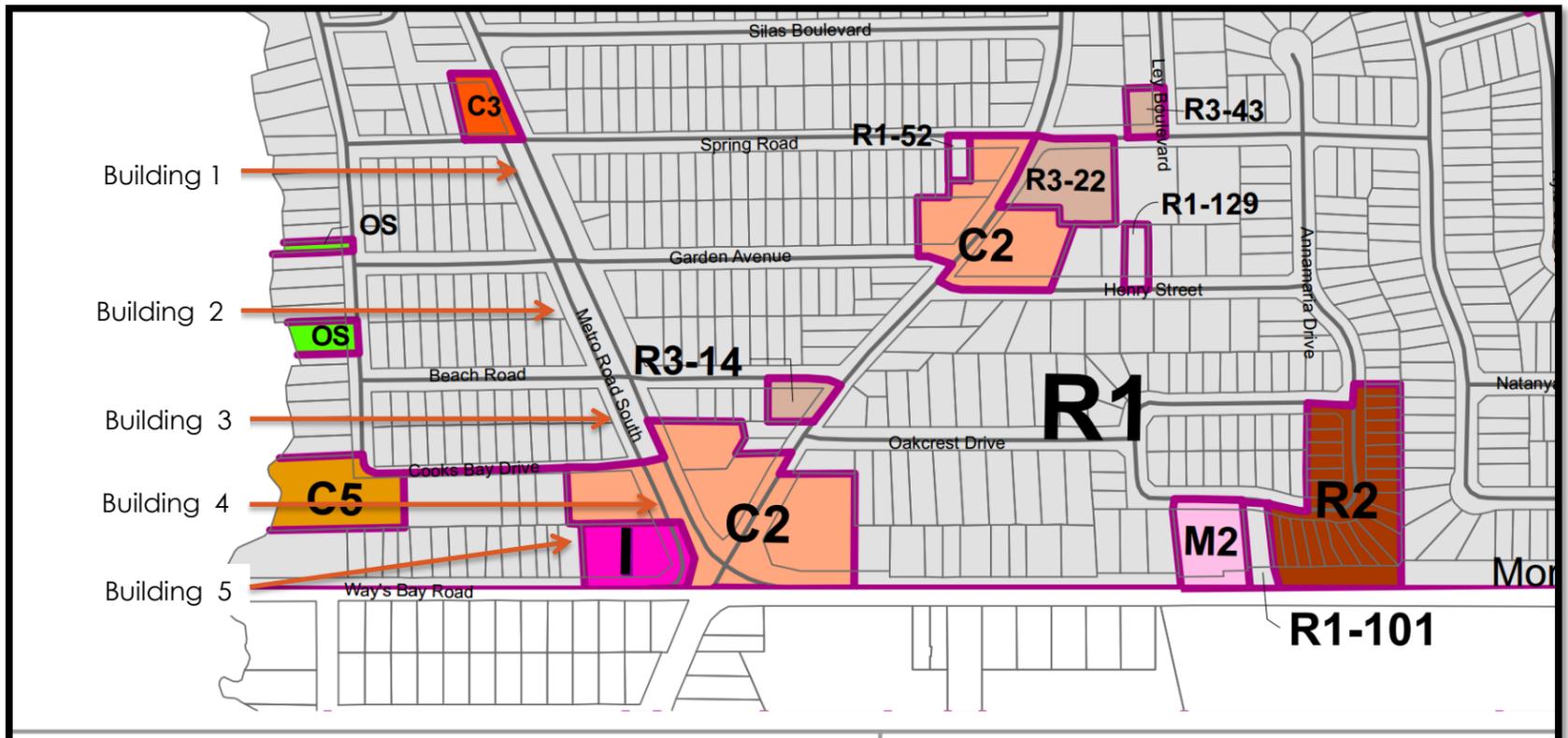
With the HWY 404 extension completion scheduled within the short-term future, the demand for rental housing in Georgina is bound to increase significantly, as housing options in the area become less economical for local residents with inflated property values and a more competitive housing and labour market.





The subject sites were carefully selected to outline the objectives of the project. The site will illustrate the ease of construction on small, tight sites, while simultaneously bridging a commercial and residential area, working with busy infrastructure, transit, and integrating a property currently listed on the market, with proper zoning, as well as regionally owned land with the opportunity for creative strategic partnerships.

Zoning Analysis



The 5 Corners area is zoned entirely C2 Commercial, while the subject property used for building 5, the Bay & 5th Flagship site, is an Institutionally Zoned site. C2 Commercial zoning permits for a multitude of uses, including^[7]:

15.2 PERMITTED NON-RESIDENTIAL USES

- bakery or bakeshop
- bank
- bowling alley
- building supply and equipment establishment
- business or professional office
- catering establishment
- clinic, health care
- clinic, veterinary (animal hospital),
 - but not including outdoor canine runs
 - or animal containment areas
- club, commercial or private
- dry cleaning establishment
- equipment sales establishment
- funeral home
- garden centre
- garage, mechanical
- hawker or pedlar use
- hotel
- laundromat
- leisure vehicle sales establishment
- motel or motor hotel
- motor vehicle cleaning establishment
- motor vehicle fuel bar
- motor vehicle sales and/or rental
 - establishment - automobile, commercial
 - and/or recreational vehicles
- parking lot, commercial
- place of amusement
- police station
- printing shop
- refreshment vehicle, bicycle unit or cart
- restaurant
- retail store, convenience
- service shop, heavy, light or personal
- studio
- terminal, bus or truck
- theatre
- tourist information centre

To this end, the subject sites located at 154 & 162 Way's Bay Dr., when combined, as outlined in Appendix 1, can be considered for "Potential For Senior Apartment Building. 58 Apartments. 8,000 Sq.Ft. Of Commercial." While there are some discrepancies in the listing feature sheet provided in Appendix 1, especially considering the lack of differentiation between 'senior condo' and 'senior apartment' uses for the property, the site's inability to be subdivided into a condominium block can be confirmed by researching its title through Teranet Polaris Parcels on Geowarehouse. After research, it is determined that no condominium block exists, and therefore, for all intents and purposes, the site will be considered fit for the purpose of construction of 58 apartment units and 8,000 sf of commercial space.

Teranet Polaris Parcels

154 WAY'S BAY DR
 GEORGINA | Search By Block | Enhanced Report
 ACTIVE | PIN 034870097

Land Registry Information - PIN: 034870097

Address: 154 WAY'S BAY DR
 Municipality: GEORGINA LRO: Registration Type: 65 Area: 3,190 m²
 Land Registry Status: ACTIVE LT Perimeter: 235 m
 Description: LT 24 PL 213 N GVILLIMBURY; LT 25 PL 213 N GVILLIMBURY; PT LT 26 PL 213 N GVILLIMBURY AS IN R356636; T/W IN R356636; GEORGINA
 Party To: S29566 ONTARIO LIMITED;

Sales History Information

DATE:	TYPE:	AMOUNT:	INSTRUMENT:
11/05/1994	T	\$2	R356636
PARTY TO:	S29566 ONTARIO LIMITED;		



162 WAY'S BAY DR
 GEORGINA | Search By Block | Enhanced Report
 ACTIVE | PIN 034870090

Land Registry Information - PIN: 034870090

Address: 162 WAY'S BAY DR
 Municipality: GEORGINA LRO: Registration Type: 65 Area: 3,509 m²
 Land Registry Status: ACTIVE LT Perimeter: 240 m
 Description: PT LT 1 PL 213 N GVILLIMBURY AS IN R716776; LT 2 PL 213 N GVILLIMBURY; LT 3 PL 213 N GVILLIMBURY; GEORGINA
 Party To: THE FIRST RICHMOND PLACE INC.;

Sales History Information

DATE:	TYPE:	AMOUNT:	INSTRUMENT:
02/16/1996	T	\$200,000	R716776
PARTY TO:	THE FIRST RICHMOND PLACE INC.;		



Taking all zoning into consideration, the subject site, and according zoning, allows for another, less frequently explored option within its C2 zoning:

“Permitted Residential Uses: one dwelling unit in a storey above the first storey or within the rear of a non-residential building other than a mechanical garage”

The concept of the creative live-work space can be derived from this zoning use allowance, and has been carried across an adjacent parcel on a theoretical basis, for illustrative purposes throughout this proposal. With the correct stakeholders in place, along with regional and municipal co-operation, we believe it is possible to utilize four grass medians located between Way’s Bay Drive, and Metro Road to expand the flagship site located at 154 & 162 Way’s Bay Drive into a larger, more robust and dynamic community.

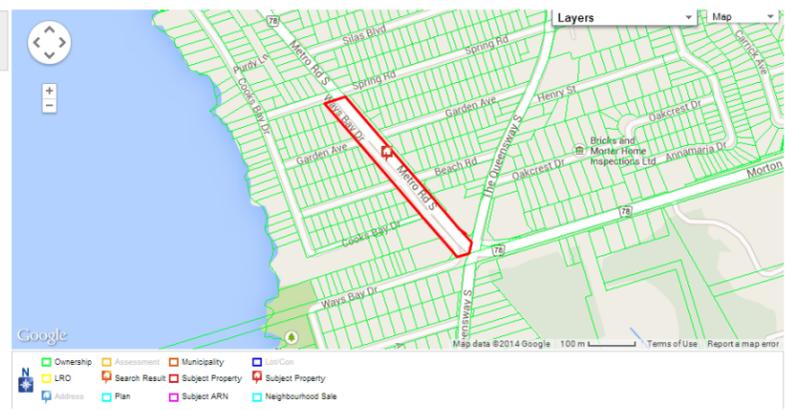
N/A
 Search By Block | Enhanced Report
 ACTIVE | PIN 034860001

Land Registry Information - PIN: 034860001

Address: N/A
 Municipality: N/A LRO: Registration Type: 65 Area: 16,109 m²
 Land Registry Status: ACTIVE LT Perimeter: 894 m
 Description: FIRSTLY; LAKE DR PL 222 N GVILLIMBURY; PT LANE PL 183 N GVILLIMBURY; PT LT 11 CON 3 N GVILLIMBURY PT 1 65R14705; SECONDLY; PT LT 11 CON 3 N GVILLIMBURY AS IN NG12419; BEING METRO RD(AKA LAKE DR & YORK REGIONAL RD NO.78) BTN SPRING RD & MORTON RD; GEORGINA
 Party To: PUBLIC AUTHORITY HAVING JURISDICTION;

Sales History Information

DATE:	TYPE:	AMOUNT:	INSTRUMENT:
02/21/1994	T	\$0	R634672
PARTY TO:	THE REGIONAL MUNICIPALITY OF YORK;		
10/31/1991	T	\$3,000	NG12419
PARTY TO:	THE CORPORATION OF THE TOWNSHIP OF NORTH GVILLIMBURY;		



By implementing a mixed-use strategy within the boundaries of C2 commercial, Georgina can Make Rental Happen by creating residential spaces set within a mixed-use urban context.

Construction Specifications

Construction specifications below, for each building, include foundation costs, as well as all labour and materials associated with the construction of each building.*

Building 1: Spring Rd - Garden Ave



Number of Shipping Crates: 40
 Number of Live Work Units: 4
 Gross Leasable Area – Residential: 6,000
 Gross Leasable Area - Commercial: 4,000
 Total Building Cost: ~ \$200,000

Building 2: Garden Ave - Beach Rd



Number of Shipping Crates: 50
 Number of Live Work Units: 5
 Gross Leasable Area – Residential: 7,500
 Gross Leasable Area - Commercial: 5,000
 Total Building Cost: ~ \$250,000

Building 3: Beach Rd - Cook's Bay



Number of Shipping Crates: 30
 Number of Live Work Units: 3
 Gross Leasable Area – Residential: 4,500
 Gross Leasable Area - Commercial: 3,000
 Total Building Cost: ~ \$150,000

Building 4: Cook's Bay - 5 Corners



Number of Shipping Crates: 80
 Number of Live Work Units: 8
 Gross Leasable Area – Residential: 12,000
 Gross Leasable Area - Commercial: 8,000
 Total Building Cost: ~ \$400,000

Bay & 5th: Flagship Site^[6]



2.149 Acres At Five Corner Downtown Keswick.
Potential For Senior Apartment Building. 58 Apartments. 8,000 Sq.Ft. Of Commercial.

Number of Shipping Crates: 200
 Number of Residential Units: 58
 Gross Leasable Area – Residential: 58,000
 Gross Leasable Area - Commercial: 8,000
 Total Building Cost: ~ \$716,000

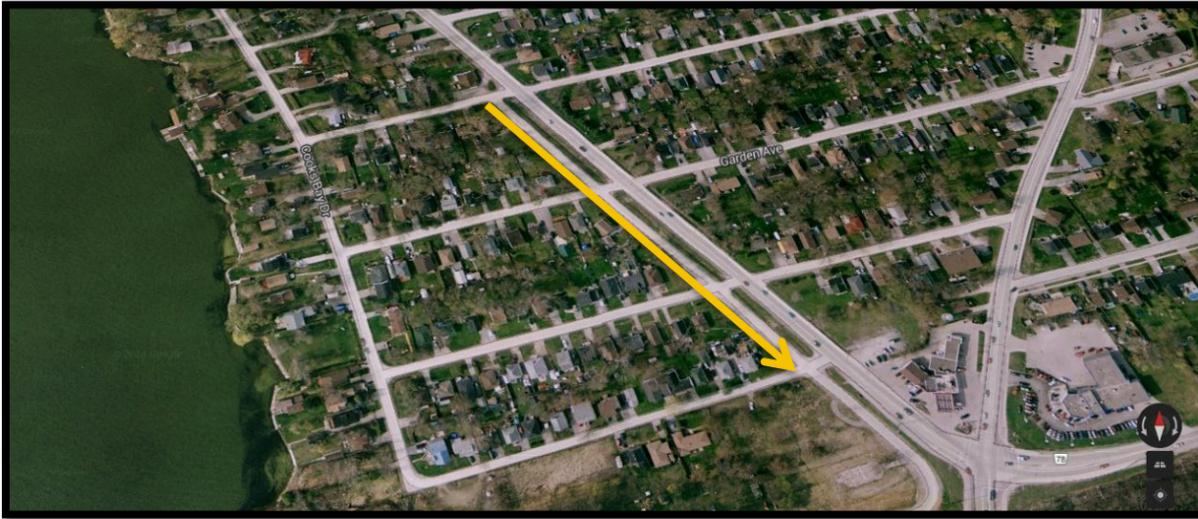
*Per-crate construction costs are inflated by \$1,000 for the purposes of specifications to provide for a more modest and conservative analysis of the property, and to factor in extra costs such as foundation, sidewalk, signage, glasswork, welding, electrical, HVAC, plumbing, carpentry, and finish.

Site Overview



Traffic Strategy

In order to mitigate the congestion to Regional Roads and discourage disturbance in the surrounding residential areas, an updated traffic strategy is proposed for the project. The strategy would turn Way's Bay Drive into a southbound one-way street from Spring Road to Cook's Bay Drive. This would create a circular traffic pattern that would efficiently move vehicles in and out of the site, while encouraging both pedestrian and vehicle visitors, without disturbing the natural flow of traffic in the area. The one-way street will also allow for on-road vehicle parking for residents, visitors, and business patrons.



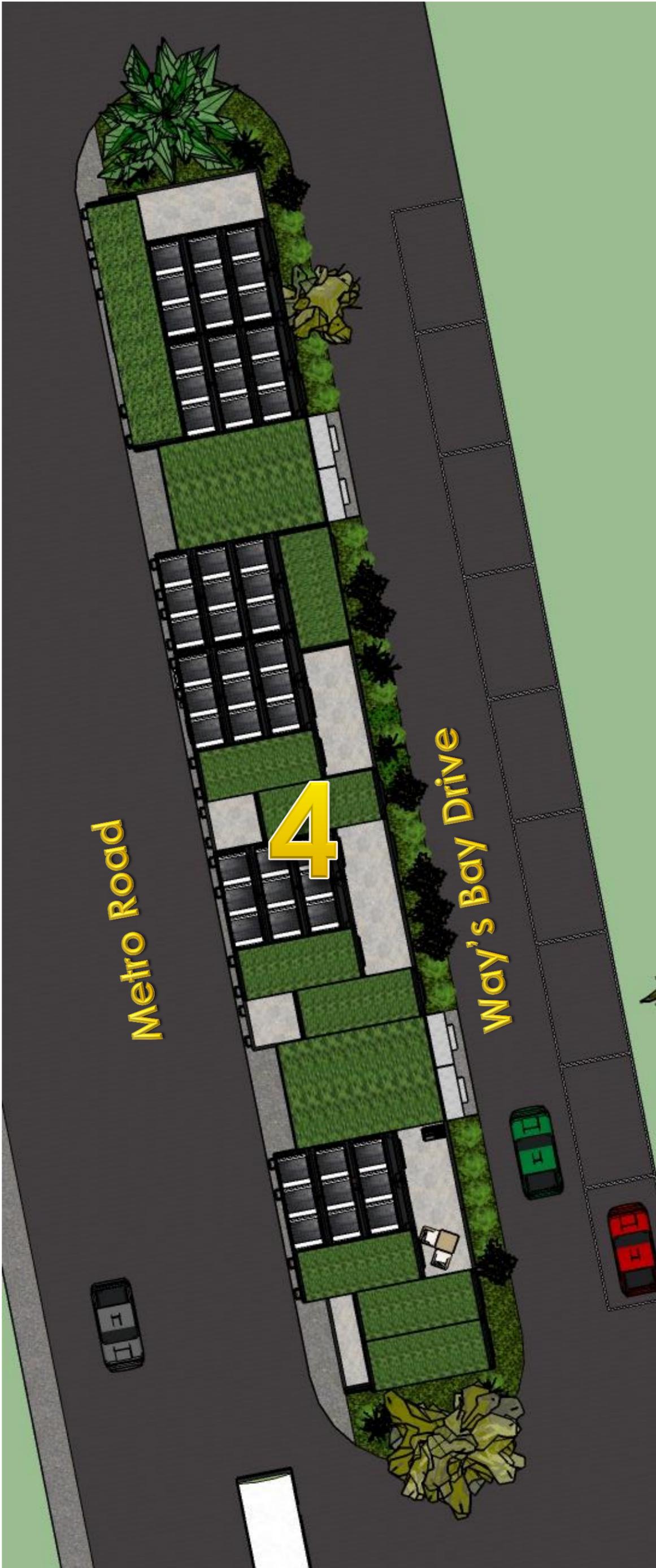
Potential Extension:

The traffic strategy holds potential for extension along Way's Bay to be turned to an immediate-access ramp onto The Queensway, provided that adjacent parties are willing to provide the access easement to bridge the two roads. This strategy would extend the aforementioned one-way street past Cook's Bay Drive, allowing traffic to exit where an existing, blocked-off dirt footpath currently resides, approximately 30m south of the 5 Corners Intersection:



Zoning Strategy

The buildings will allow for a smooth, creative transition between commercial use and residential use along Metro Road, with the commercial units fronting on Metro, and the Residential access fronting on Way's Bay. This will allow Metro Road to remain on its current course of becoming an established commercial core, while simultaneously keeping the area West of Metro Road designated and used for residential purposes.



THE NUMBERS

IN-DEPTH FINANCIAL ANALYSIS

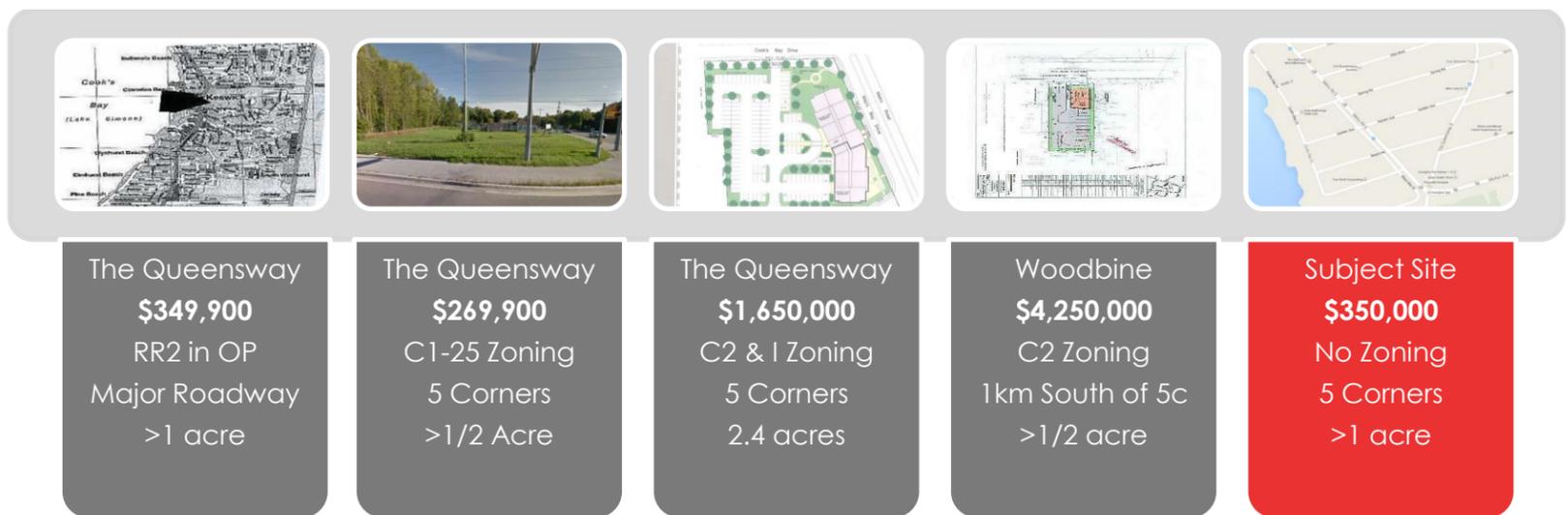
Comparative Market Analysis

A Comparative Market Analysis (CMA) was conducted to find reasonable prices for the following:

1. Sensible offering price for Grass Median Land between Metro Rd. & Way's Bay Dr.
2. Residential Rental Rates for a comparable Residential Rental Property in Keswick, Ontario
3. Commercial Rental Rates for a comparable Commercial Rental Property in Keswick, Ontario.

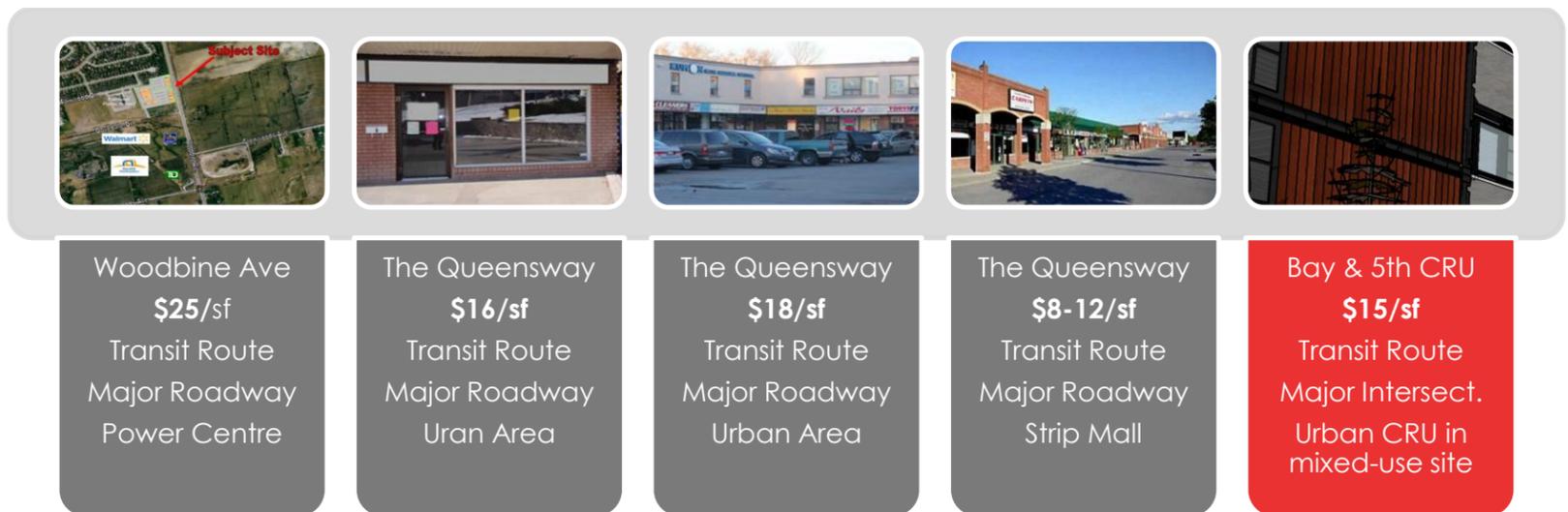
Median Land Purchase

This CMA seeks to value the Grass Median Land between Metro Rd. and Way's Bay Dr. The CMA compares properties based on proximity to 5 corners, in order to determine a per-acre price for the land. The subject land to be purchased for the Bay & 5th Development is less than 1 acre in size, and has no zoning or use, but could be retrofitted in co-operation with the region. **The CMA determines that the best-fitting offer for the subject lands would be approximately \$350,000.**



Commercial Rental Rate

Apartment Units: For the purposes of this CMA, we are seeking a comparable to a commercial site on a direct transit route, in a competitive urban market, on a main arterial road or main intersection, **the commercial portion of the Bay & 5th building could be priced very competitively at a price of \$15/sf.**



Residential Rental Rate

Apartment Units: For the purposes of this CMA, we are seeking a comparable to a 1 to 2 bedroom, 1 bathroom unit, approximately 9,00-1,200 square feet in size, as this is the type of unit that will be available in the 58-unit flagship building at Bay & 5th. Direct comparables are scarce, which is testament to the competitive rental market in the area, however, an aggregate of comparables determines that **the residential portion of the Bay & 5th units could be priced very competitively at an average price of \$1,000.**

				
125 Bessborough \$1,225 2 Bedroom 1 Bathroom Residential Area Basement Apt No Direct Transit Updated Unit	North Keswick \$1,000 2 Bedroom 1 Bathroom Rural Residential 1000 SF Basement Renovated	Lake Dr South \$1,100 1 Bedroom 1 Bathroom Lake Front Basement Apt No Transit Brand New	South Keswick \$1,200 1 Bedroom 1 Bathroom Residential Area Basement No Transit/Park Newly Reno'd	Bay & 5th Unit \$1,000 1-2 Bedroom 1 Bathroom Urban Near Lake Apartment Unit Direct Transit Brand New

Live-work Rental Rate

Residential Portion: For the purposes of this CMA, the live-work units are more geared towards older, enterprising individuals, and families. This CMA seeks comparables to a 2 to 3 bedroom, 1-2 bathroom, 1,200-1,500 square foot unit, as this is the type of unit that will be available along with the commercial units in the live-work space. While direct comparables are scarce because of the unique nature of the project, an aggregate of comparables determines that **the residential portion of the Bay & 5th units could be priced very competitively at \$1,500.**

				
181 Metro Rd N \$1,600 3 Bedroom 2 Bathroom Residential Area 2 Storey Direct transit Modern Unit	25657 Woodbine \$1,300 3 Bedroom 1 Bathroom Rural Area Main Floor No Direct Transit Poor Condition	160 Church St \$1,350 3 Bedroom 1 Bathroom Rural Residential Main Floor Direct Transit Fairly New	Carrick Avenue \$1,700 3 Bedroom 1.5 Bathroom Residential Area 2 Storey No Direct Transit Well maintained	Bay & 5th Unit \$1,500 3 Bedroom 2 Bathroom Urban 2nd Floor Unit Direct Transit Brand New

For the purposes of this comparable, the \$15/sf commercial rate is held for the live-work units, pricing the 1,000 SF retail space in each unit at approximately \$1,500, with each live-work unit leasing competitively for \$3,000.



Numbers Don't Lie.

General Pro Forma

Bay & 5th Flagship Site

# of units	58
Residential GLA	58,000
Commercial GLA	8,000
Parking SF	16,500

Market Tenants

Market Rent	2014	2014+1%	2015+1%
1 Bedroom	1000	1010	1020
2 Bedroom	1225	1237	1250
3 Bedroom	1350	1364	1377
4 Bedroom	1500	1515	1530

Projected Monthly Revenue

Unit Size	# of units	Rent 2015	Monthly Rev.
1 Bedroom	30	1020	30603
2 Bedroom	20	1250	24992.45
3 Bedroom	8	1377	11017.08
4 Bedroom	0	1530	0
Total	58		66612.53

Rental Revenue

Monthly	66612.53
Annually	799350.4

Annual Revenue	Per Unit	Total
Rent	13782	58 799350.4
Parking	\$120	58 6960
Laundry	\$6	58 348
Commercial Space	\$15	8,000 120000
Total Annual Revenue		926658.4

Annual Operating Expenses	Per Unit	Total
Manageable Costs	\$150	58 8700
Utilities	\$95	58 5510
Insurance	\$100	58 5800
Property Taxes <i>at 4%</i>	\$1,379	58 80000
Parking Vacancy Loss	\$487	58 28257.6
Vacancy & Bad Debt	964.7332	58 55954.53
Total Annual Operating Expenses		184222.1

Net Operating Income	742436.2
-----------------------------	-----------------

Replacement Reserve	\$100,000
Subsity Reserve	100,000
Total Annual Reserves	200,000

Total Retained Earnings	542,436
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Conservative figure - expected Debt Coverage Ratio:	1.35
---	------

Allowed debt = NOI/DCR	742436/1.35	549952.8
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The project can hold \$549,952 debt annually.

Debenture	5,000,000
Debt	549952.8
Payback (in years)	9.09169

Funding Sources

Investing in Ontario	0
IAH	0
Debenture	5,000,000
Social Housing Reserve	0
Total Funding	5,000,000
Project Costs	4,640,000

Surplus	360,000
----------------	----------------

Rent Assistance Program

Tenant Contribution	Utility Allowance	Insurance Allowance
1 Bedroom	\$50	\$50
2 Bedroom	\$60	\$60
3 Bedroom	\$70	\$70
4 Bedroom	NA	NA

Rent Assited Units - Worst Case Scenario

# RA	Units	Tenant	Rent Less Allowance	Monthly Revenues
	18	1000	1000	18000
	10	900	900	9000
	10	700	700	7000
	10	600	600	6000
	10	500	500	5000
Total				45000

Rent Assistance Program - Lost Revenue

RA	Utility Allowance	Insurance Allowance	Monthly Benefit
Benefit			
0	\$900	900	1800
1000	\$600	600	2200
3000	\$700	700	4400
4000	\$500	500	5000
			1800
5000	\$600	600	

Total Lost Revenue	13400
---------------------------	--------------

This General Pro Forma is provided to give an indication of how the financial operations of the buildings work in the York Regional Housing format.

The financial information within this spreadsheet is focused specifically on the flagship site at Bay & 5th, as the flagship site is the more residentially-dominated building in the development, and its financial analysis provides a pure and unhindered outlook into the potential margins that can be achieved by shrinking construction costs through using shipping containers.

A further in-depth analysis is taken from a development perspective in the following pages, taking the entire site into consideration, and analyzing the mixed-use strategy, income, and expenses in a more thorough manner.



Sensitivity Analysis

Addition of a Mortgage

The first model of sensitivity analysis deals with financing, as a major concern in the Make Rental Happen Challenge is the ability for the property to service debt. In this model, the project is paid off over a 14.17-year time frame, with a 0 mortgage payment in Year 1, as the construction loan and up-front construction payment still carries.

Projection of Property Income and Expenses

47028002 Investments Inc Average (Base) Case		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Income													
Gross Rental Income:	Annual Increase Factor												
Solar Power Revenue	2.00%	\$ 10,000	\$10,200	\$10,404	\$10,612	\$10,824	\$11,041	\$11,262	\$11,487	\$11,717	\$11,951	\$12,190	\$12,434
Metro Rd. Live-Work Units	0.80%	\$720,000	\$725,760	\$731,566	\$737,419	\$743,318	\$749,265	\$755,259	\$761,301	\$767,391	\$773,530	\$779,718	\$785,956
Bay & 5th Commercial	0.85%	\$120,000	\$121,020	\$122,049	\$123,086	\$124,132	\$125,187	\$126,252	\$127,325	\$128,407	\$129,498	\$130,599	\$131,709
Bay & 5th Residences	0.80%	\$926,658	\$934,071	\$941,544	\$949,076	\$956,669	\$964,322	\$972,037	\$979,813	\$987,652	\$995,553	\$1,003,517	\$1,011,545
Rental Income		\$1,776,658	\$1,791,051	\$1,805,563	\$1,820,193	\$1,834,943	\$1,849,815	\$1,864,808	\$1,879,925	\$1,895,166	\$1,910,532	\$1,926,025	\$1,941,644
Less Vacancy	7.00%	\$123,666	\$124,660	\$125,661	\$126,671	\$127,688	\$128,714	\$129,748	\$130,791	\$131,841	\$132,901	\$133,968	\$135,045
Less Bad Debt		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income		\$1,652,992	\$1,666,392	\$1,679,901	\$1,693,522	\$1,707,255	\$1,721,101	\$1,735,060	\$1,749,135	\$1,763,325	\$1,777,632	\$1,792,056	\$1,806,600
Expenses													
Salaries and Payroll		\$100,000	\$100,800	\$101,606	\$102,419	\$103,239	\$104,065	\$104,897	\$105,736	\$106,582	\$107,435	\$108,294	\$109,161
Repairs and maintenance		\$30,000	\$30,600	\$30,845	\$31,092	\$31,340	\$31,591	\$31,844	\$32,098	\$32,355	\$32,614	\$32,875	\$33,138
Utilities	Mill Rate	\$50,000	\$50,400	\$50,803	\$51,210	\$51,619	\$52,032	\$52,449	\$52,868	\$53,291	\$53,717	\$54,147	\$54,580
Property Taxes and Insurance	4.00%	\$80,000	\$80,640	\$81,285	\$81,935	\$82,591	\$83,252	\$83,918	\$84,589	\$85,266	\$85,948	\$86,635	\$87,328
Security		\$30,000	\$30,240	\$30,482	\$30,726	\$30,972	\$31,219	\$31,469	\$31,721	\$31,975	\$32,230	\$32,488	\$32,748
Management Fee		\$10,000	\$10,080	\$10,161	\$10,242	\$10,324	\$10,406	\$10,490	\$10,574	\$10,658	\$10,743	\$10,829	\$10,916
Non Escalatable Expenses		\$54,000	\$54,432	\$54,867	\$55,306	\$55,749	\$56,195	\$56,644	\$57,098	\$57,554	\$58,015	\$58,479	\$58,947
Total Expenses		\$4,604,000	\$657,192	\$660,050	\$662,930	\$665,833	\$668,760	\$671,710	\$674,684	\$677,681	\$680,703	\$683,748	\$686,818
Net Operating Income:		-\$2,951,008	\$1,009,200	\$1,019,852	\$1,030,592	\$1,041,422	\$1,052,341	\$1,063,350	\$1,074,451	\$1,085,643	\$1,096,929	\$1,108,308	\$1,119,781
Mortgage		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	38%	\$0.00	\$383,495.88	\$387,543.74	\$391,625.10	\$395,740.24	\$399,889.45	\$404,073.04	\$408,291.28	\$412,544.49	\$416,832.96	\$421,157.01	\$425,516.93
Total ATCF		-\$2,951,008	\$ 625,703.80	\$ 632,308.21	\$ 638,967.27	\$ 645,681.44	\$ 652,451.21	\$ 659,277.06	\$ 666,159.46	\$ 673,098.91	\$ 680,095.89	\$ 687,150.91	\$ 694,264.46
Discounted Cash Flow													
NPV@	9.00%												
ATCF (PV)	\$4,448,875												
Initial Investment	\$ 4,250,000												
NPV	\$198,875												
Return Measures:				Project Specifications				Assumptions					
Profitability Index				Number of Live-Work Units				Nominal Rental Increase					
105%				20 units				0.80%					
Net Present Value				Rent \$ Per Live-Work Unit				CRU Rental Increase					
\$198,875				4000 /month				0.85%					
Cap Rate				Bay & 5th Building				Construction Cost					
24%				Number of Residential Units									
> On Purchase & Construction				58 units									
Mortgage Amortization: 14.17 years				Residential Rental Rate				General Pro Forma					
				Commercial GLA				8,000 sf					
				Commercial Rental Rate				\$15 per sf per					

The project is relatively sensitive to the addition of a mortgage, however, the return measures demonstrate that the project is still highly feasible. While profitability index decreases by approximately 29%, it remains at a high level. The capitalization rate, calculated using 2015 Net Operating Income, decreases by approximately 7%, however, the original cap rate, and the cap rate in this model both represent figures that are relatively far beyond market comparable. This is a result of, and testament to, low construction costs and land purchased at a competitive rate, and built to its fullest capability.

Increase in Vacancy

Projection of Property Income and Expenses

47028002 Investments Inc With 14% Vacancy		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Income													
Gross Rental Income:	Annual Increase Factor												
Solar Power Revenue	2.00%	\$ 10,000	\$10,200	\$10,404	\$10,612	\$10,824	\$11,041	\$11,262	\$11,487	\$11,717	\$11,951	\$12,190	\$12,434
Metro Rd. Live-Work Units	0.80%	\$720,000	\$725,760	\$731,566	\$737,419	\$743,318	\$749,265	\$755,259	\$761,301	\$767,391	\$773,530	\$779,718	\$785,956
Bay & 5th Commercial	0.85%	\$120,000	\$121,020	\$122,049	\$123,086	\$124,132	\$125,187	\$126,252	\$127,325	\$128,407	\$129,498	\$130,599	\$131,709
Bay & 5th Residences	0.80%	\$926,658	\$934,071	\$941,544	\$949,076	\$956,669	\$964,322	\$972,037	\$979,813	\$987,652	\$995,553	\$1,003,517	\$1,011,545
Rental Income		\$1,776,658	\$1,791,051	\$1,805,563	\$1,820,193	\$1,834,943	\$1,849,815	\$1,864,808	\$1,879,925	\$1,895,166	\$1,910,532	\$1,926,025	\$1,941,644
Less Vacancy	14.00%	\$247,332	\$249,319	\$251,322	\$253,341	\$255,377	\$257,428	\$259,497	\$261,581	\$263,683	\$265,801	\$267,937	\$270,090
Less Bad Debt		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income		\$1,529,326	\$1,541,732	\$1,554,240	\$1,566,852	\$1,579,567	\$1,592,387	\$1,605,312	\$1,618,344	\$1,631,483	\$1,644,731	\$1,658,088	\$1,671,555
Expenses													
Salaries and Payroll		\$100,000	\$100,800	\$101,606	\$102,419	\$103,239	\$104,065	\$104,897	\$105,736	\$106,582	\$107,435	\$108,294	\$109,161
Repairs and maintenance		\$30,000	\$30,600	\$30,845	\$31,092	\$31,340	\$31,591	\$31,844	\$32,098	\$32,355	\$32,614	\$32,875	\$33,138
Utilities	Mill Rate	\$50,000	\$50,400	\$50,803	\$51,210	\$51,619	\$52,032	\$52,449	\$52,868	\$53,291	\$53,717	\$54,147	\$54,580
Property Taxes and Insurance	4.00%	\$80,000	\$80,640	\$81,285	\$81,935	\$82,591	\$83,252	\$83,918	\$84,589	\$85,266	\$85,948	\$86,635	\$87,328
Security		\$30,000	\$30,240	\$30,482	\$30,726	\$30,972	\$31,219	\$31,469	\$31,721	\$31,975	\$32,230	\$32,488	\$32,748
Management Fee		\$10,000	\$10,080	\$10,161	\$10,242	\$10,324	\$10,406	\$10,490	\$10,574	\$10,658	\$10,743	\$10,829	\$10,916
Non Escalatable Expenses		\$54,000	\$54,432	\$54,867	\$55,306	\$55,749	\$56,195	\$56,644	\$57,098	\$57,554	\$58,015	\$58,479	\$58,947
Total Expenses		\$4,604,000	\$657,192	\$660,050	\$662,930	\$665,833	\$668,760	\$671,710	\$674,684	\$677,681	\$680,703	\$683,748	\$686,818
Net Operating Income:		-\$3,074,674	\$1,184,540	\$1,194,191	\$1,203,922	\$1,213,733	\$1,223,626	\$1,233,602	\$1,243,660	\$1,253,802	\$1,264,028	\$1,274,339	\$1,284,737
Mortgage		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	38%	\$0.00	\$450,125.23	\$453,792.52	\$457,490.25	\$461,218.67	\$464,978.06	\$468,768.69	\$472,590.82	\$476,444.73	\$480,330.70	\$484,249.00	\$488,199.92
Total ATCF		-\$3,074,674	\$ 734,414.85	\$ 740,398.32	\$ 746,431.46	\$ 752,514.68	\$ 758,648.42	\$ 764,833.13	\$ 771,069.24	\$ 777,357.20	\$ 783,697.46	\$ 790,090.48	\$ 796,536.71
Discounted Cash Flow													
NPV@	9.00%												
ATCF (PV)	\$5,170,744												
Initial Investment	\$ 4,250,000												
NPV	\$920,744												
Return Measures:				Project Specifications				Assumptions					
Profitability Index				Number of Live-Work Units				Nominal Rental Increase					
122%				20 units				0.80%					
Net Present Value				Rent \$ Per Live-Work Unit				CRU Rental Increase					
\$920,744				4000 /month				0.85%					
Cap Rate				Bay & 5th Building				Construction Cost					
28%				Number of Residential Units									
> On Purchase & Construction				58 units									
Mortgage Amortization: 14.17 years				Residential Rental Rate				General Pro Forma					
				Commercial GLA				8,000 sf					
				Commercial Rental Rate				\$15 per sf per					

The project's sensitivity to vacancy is relatively less extreme in comparison. By doubling the vacancy rate from 7% to 14% in the pro forma analysis, the project's return measures only suffered mildly: a 15% decrease in the profitability index, and a \$300,000 decrease in present value. This means that the project is much less sensitive to vacancy than financing. Regardless of this sensitivity, with the housing demand in the region, vacancy likely will not be an issue.

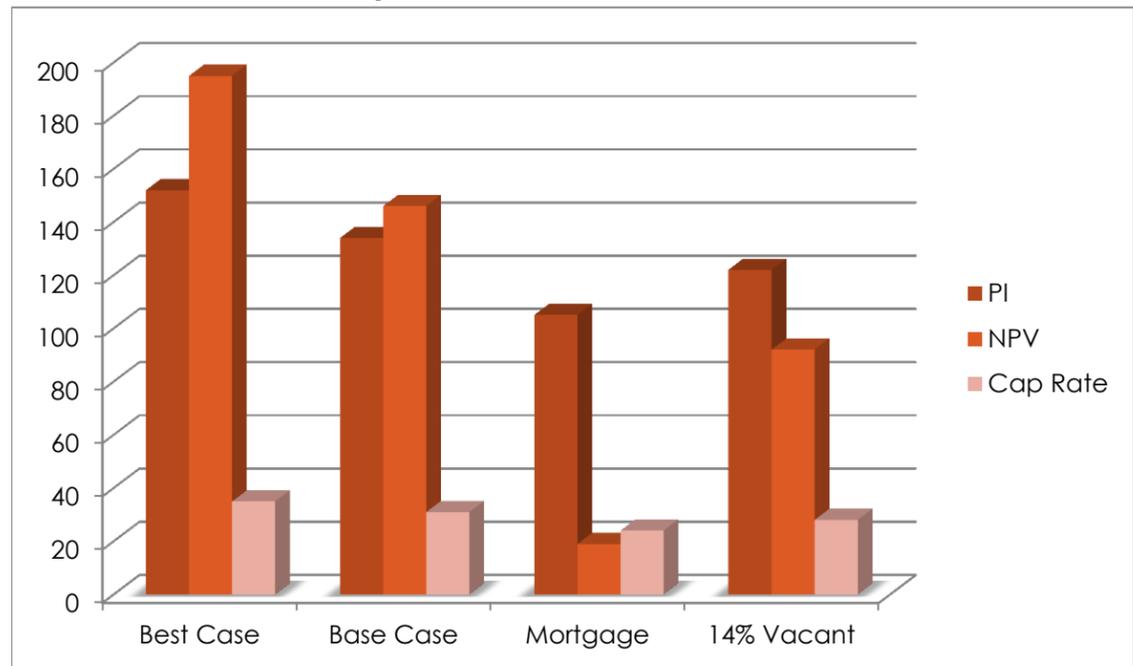


The Figures

Real Returns.

A simple side by side comparison of return measures from each sensitivity analyzed further demonstrates the project's relative insensitivity to different market and project contingencies.

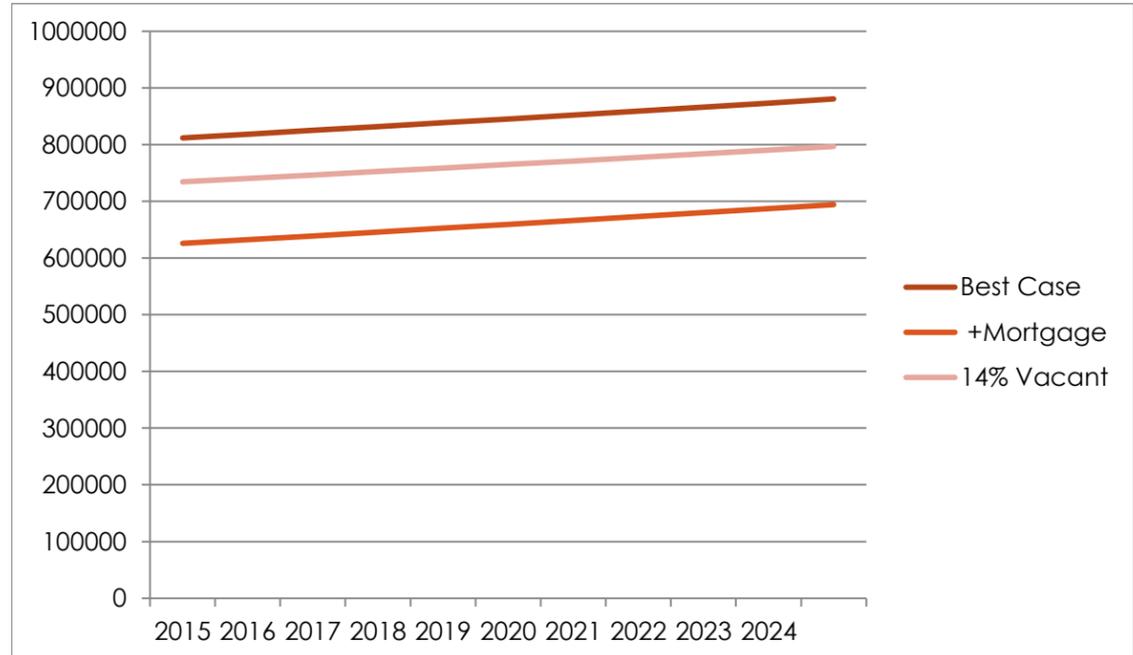
Return Measure Comparison



Cash is King.

A visual summary of the project's different cash flows after initial investment demonstrates that Bay and 5th's has the ability to provide consistent, steady After-Tax Cash flows.

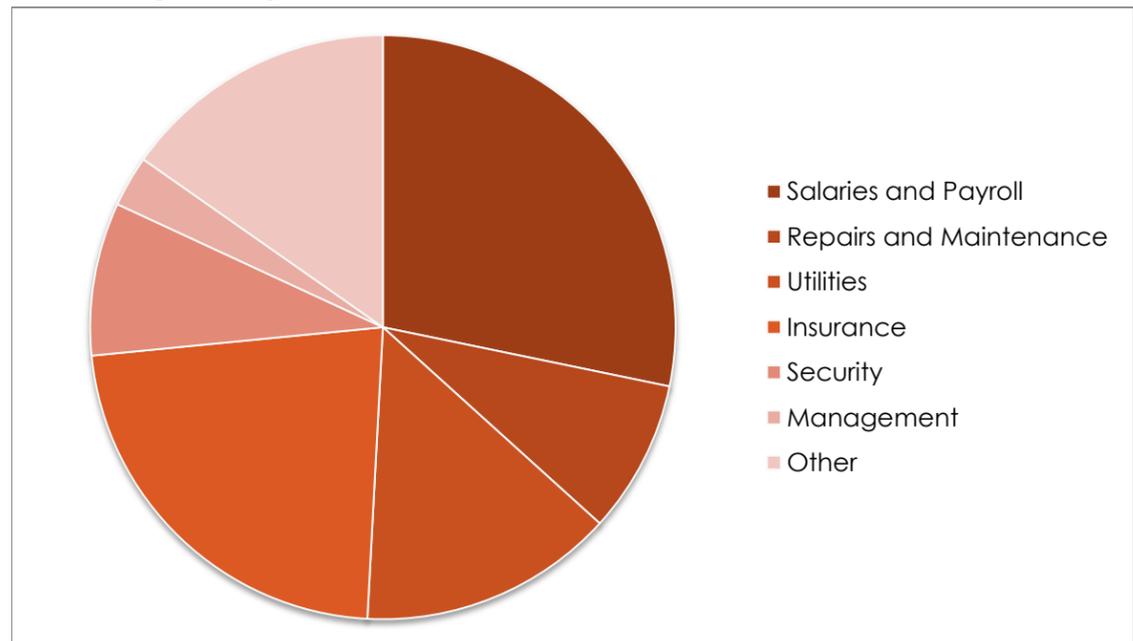
Cash Flow Comparison



Finding the Balance.

A balanced, conservative expense portfolio is a fundamental aspect of keeping a project's margins safe. The Bay & 5th development keeps repairs & maintenance costs low by building with a strong, long lasting material.

Summary of Expenses



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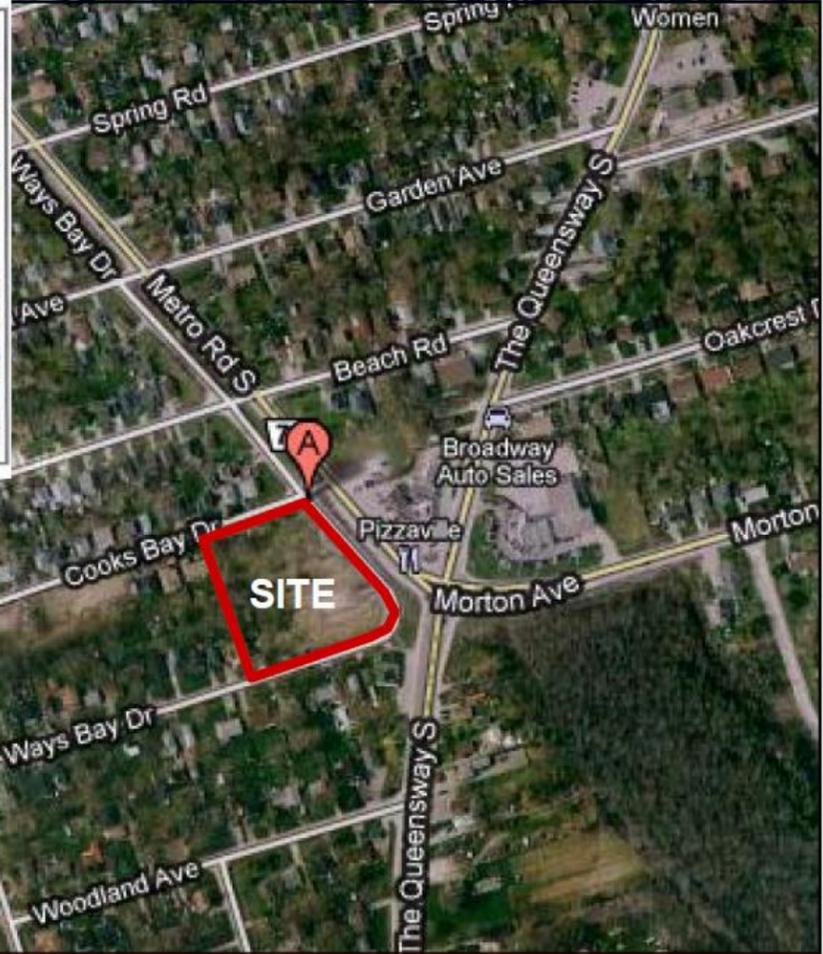
Appendix
Appendix 1

2.15 Acres



RETIREMENT CONDO SITE

Keswick



- Site:** 2.149 Acres
- Zoning:** Institutional / Residential / Commercial
- Services:** On town water and sewer
- Potential:** The site has been submitted for site plan approval. There is a consensus with the town of approval for a 58 unit apartment and 7,710 sq. ft. commercial (Buyer to verify)
- Parking:** 75 parking spaces
- Area:** The site is one block from Lake Simcoe , in the heart of downtown Keswick. Walking distance to all amenities and Lake Simcoe, Claredon Beach Park
- Best Use:** The site lends itself to a senior building with pharmacy and medical centre for ground floor commercial use
- Purchase Price:** Asking \$1,650,000.00
Vendor will consider a V.T.B. for qualified Buyer



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aristonrealty.com

Appendix 2.

Keswick affordable housing complex to open 2014



Photo/Mike Barrett

The 6-storey, 97 unit affordable housing complex at Church Street and The Queensway in Keswick is slated to open early 2014

Georgina Advocate

By Heidi Riedner

A multi-million-dollar affordable housing complex currently under construction on The Queensway South at Church Street in Keswick is slated to open its doors by early 2014, according to the Region of York.

Sylvia Patterson, the region's general manager of housing and long-term care, said construction of the \$19.2-million Lakeside Residences facility that will be operated by the region is moving forward without any significant delay or setback, despite being a complicated site with excavations going in to the hill.

The site was "clear and good to go" a few months ago after some modest remediation of soil, she added, with construction crews breaking ground soon after for the project.

The six-storey, 97-unit complex will take some of the 9,000 singles, seniors and families off of the region's social housing lists, of which approximately 1,500 are waiting for residences in Georgina.

Torkes Developments partnered with Housing York Inc., the region's non-profit municipal housing corporation, to develop the long-vacant corner lot in the uptown business district of Keswick that has failed to garner private investment dollars for roughly three decades.

Georgina council was all ears when the region came knocking with funding initiatives in tow looking for a location for the affordable housing project last year.

A funding breakdown for the site provided by Housing York includes a \$12,489,748 contribution from the Investment in Affordable Housing Program (IAH), a joint initiative between the federal and provincial governments for the creation and repair of affordable housing.

The bulk of the remaining figure comes from 2008 funds acquired through the Investing in Ontario Act, which awarded the region provincial dollars to fund regional infrastructure projects.

Town of Georgina development charges in the amount of \$349,588, as well as \$1,809,746 for the Region of York, were deferred for the project, according to a spokesperson for Housing York Inc.

The Development Charges Act of 1997 allows the exemption of charges for municipal development on municipally-owned land, explained Rebecca Mathewson, the town's director of administrative services.

York Region Housing Services does not take ownership of the affordable housing project until it is completed, Ms Mathewson added, at which point the initially deferred development charges will be exempt.

"Should at any point in time the property be sold to private interest, \$349,588 in applicable development charges would become due on the property," Ms Mathewson said.

Improving access to affordable housing as a means to provide people a solid foundation on which to secure employment, raise families and build strong communities has been a recurring theme of not only the most recent project, but also many past town-driven initiatives and partnerships.

"Georgina has been very supportive in assisting us through the process," said Ms Patterson. "The whole community has been supportive."

In addition to the large-scale project on The Queensway, six of the past 13 Habitat for Humanity homes have been built in Georgina.

Two partner families will move in to Habitat's first-ever semi-detached build constructed on Robert Street in Keswick this month after a seven-month construction period.

The town also streamlined its accessory apartment policies and application procedures in August to open up more housing opportunities for the area.

Lakeside Residences, once completed, will offer even more affordable housing options, offering 72 one-bedroom, 20 two-bedroom and five bachelor apartments.

A majority of those, or 60 per cent, of the units will be geared to income, with the remaining 40 per cent available at market rates.

While Ms Patterson said final rental fees have not been established yet, she did confirm market rents will range between \$700 and \$1,000.

While the proposed plan experienced resistance from some area residents when first presented to council in November of last year, mostly focused on the size and nature of the development, Ms Patterson said those issues have been addressed through site plan revisions.

Despite concerns from some Church Street and Circle Ridge residents that the building is too large, unsightly and out of context with the character and history of the uptown Keswick area, town planners contend the development meets the intent and purpose of official growth plans outlined in the Keswick Secondary Plan.

The project got the green light after 16 major design changes, a peer review of the traffic impact and parking study and extensive consultation between the developer and town planners addressing issues raised at two prior public meetings.

Fears raised at the public meetings over increased crime, devalued property rates and congestion, are just those, added Ms Patterson, pointing to Keswick Gardens and Pineview Terrace as two other examples of regional housing projects that have not had adverse affects in the neighbourhood.

"They are often based in people's perception rather than realities," Ms Patterson said. "Many of those with concerns soon realize people are people."

The region also "prides itself on being a good neighbour", she added, pointing to the region's history as a responsible landlord when it comes to maintaining, monitoring and addressing any issues surrounding its other 33 housing projects in York.

Appendix 3: A portrait of Cargotecture

