

# **Community Housing Initiative Project Financial Review**

**Presentation**

**To**

**The Municipality of St.-Charles**



**July 2025**

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**Presented by:**

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# Projected Financial Operating Statement

Statement Assumptions - On a Cash Basis, No HST Impact

Financial Activity After Completion

Number of Utilized Suites & Sizes		Interest Only Mortgage Payment Phase					Full Mortgage Payment P&I Phase					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9		
One Bedroom Suites		6	6	6	6	6	6	6	6	6		
Two Bedroom Suites		5	5	5	5	5	5	5	5	5		
Total Suites		11	11	11	11	11	11	11	11	11		
Assumed Occupancy Rate		100%	100%	100%	100%	100%	100%	100%	100%	100%		
Increase Factor												
Suggested Starting Rents + Yearly Increase	3.10%	Mthly Start Rates	Mthly Rental	Mthly Rental	Mthly Rental	Mthly Rental	Mthly Rental	Mthly Rental	Mthly Rental	Mthly Rental		
One Bedroom Units per Month		1,390	1,440	1,490	1,540	1,590	1,640	1,700	1,760	1,820		
Two Bedroom Units per Month		1,490	1,540	1,590	1,640	1,700	1,760	1,820	1,880	1,940		
Annual Revenue Projected		Annual Rev	Annual Rev	Annual Rev	Annual Rev	Annual Rev	Annual Rev	Annual Rev	Annual Rev	Annual Rev		
One Bedroom Units Yearly		100,080	103,680	107,280	110,880	114,480	118,080	122,400	126,720	131,040		
Two Bedroom Units Yearly		89,400	92,400	95,400	98,400	102,000	105,600	109,200	112,800	116,400		
Total Annual Revenue		189,480	196,080	202,680	209,280	216,480	223,680	231,600	239,520	247,440		
Increase Factor												
Estimated Operating Expenses	1.80%	Expenses - (increased by factor every year)										
Property Mgmt. & Bookkeeping @ 4% of rev	Waived Year 1	0	7,843	7,984	8,128	8,274	8,423	8,575	8,729	8,886		
Onsite Superintendents		1,200	1,222	1,244	1,266	1,289	1,312	1,336	1,360	1,384		
Liability and Property Insurance		5,000	5,090	5,182	5,275	5,370	5,466	5,565	5,665	5,767		
Maintenance - Life & Safety Systems Inspection		1,000	1,018	1,036	1,055	1,074	1,093	1,113	1,133	1,153		
Maintenance - Window Cleaning & HVAC Filter Changes		1,200	1,222	1,244	1,266	1,289	1,312	1,336	1,360	1,384		
Maintenance - Snow Removal		2,500	2,545	2,591	2,637	2,685	2,733	2,782	2,833	2,884		
Maintenance - Grass Cutting		2,000	2,036	2,073	2,110	2,148	2,187	2,226	2,266	2,307		
Utilities - Hydro Common Areas,		3,600	3,665	3,731	3,798	3,866	3,936	4,007	4,079	4,152		
Utilities - Garbage Collection		1,500	1,527	1,554	1,582	1,611	1,640	1,669	1,700	1,730		
Municipal User Fees for Water/ Sewer per suite per year		1,200	1,222	1,244	1,266	1,289	1,312	1,336	1,360	1,384		
Municipal User Fees for OPP per property per year		350	356	363	369	376	383	390	397	404		
Miscellaneous Legal & Accounting - (shared cost)		1,800	1,832	1,865	1,899	1,933	1,968	2,003	2,039	2,076		
Estimated Annual Cost of Septic System		2,300	2,341	2,384	2,426	2,470	2,515	2,560	2,606	2,653		
Property Taxes - Grace Period of 5 years		0	0	0	0	0	0	0	1	2		
Total Operating Expenses		23,650	31,919	32,493	33,078	33,674	34,280	34,897	35,526	36,166		
Estimated Reserves & Variable Expenses												
Life Cycle Reserve @ 0% first 3 yrs (Warrantees) - After 3%		0	0	0	4,186	4,330	4,474	4,632	4,790	4,949		
Vacancy Reserve @ 3% for YR1, 1% for YR2 onward		3,790	980	1,013	1,046	1,082	1,118	1,158	1,198	1,237		
Total Reserves & Allowances		3,790	980	1,013	5,232	5,412	5,592	5,790	5,988	6,186		
Total Expenses	Total	27,440	32,899	33,507	38,310	39,086	39,872	40,687	41,514	42,352		
Annual Operating Surplus / (Deficit)		Total	162,040	163,181	169,173	170,970	177,394	183,808	190,913	198,006	205,088	
Rate		3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	103.97%	3.97%		
Capital & Debt Servicing	Est. Capital	Int Pmt only	Int Pmt only	Int Pmt only	Int Pmt only	Int Pmt only	Full Mtg	Pmt 35 yrs	Full Mtg	Pmt 35 yrs	Full Mtg	Pmt 35 yrs
Total Capital Cost	3,838,900	152,404	152,404	152,404	152,404	152,404	203,155	203,155	203,155	203,155	203,155	203,155
Reserve Balances After Debt Servicing												
Operating Surplus (from Above)		162,040	163,181	169,173	170,970	177,394	183,808	190,913	198,006	205,088		
Total Debt Servicing (from Above)		(152,404)	(152,404)	(152,404)	(152,404)	(152,404)	(203,155)	(203,155)	(203,155)	(203,155)		
Net Surplus - After Debt Service		9,636	10,776	16,769	18,565	24,990	(19,346)	(12,241)	(5,149)	1,933		
ADD: Life Cycle Reserves (from Above)		0	0	0	4,186	4,330	4,474	4,632	4,790	4,949		
Accumulated Annual Cashflow (Ops Surplus + Reserves)		9,636	20,412	37,181	59,932	89,252	74,379	66,769	66,411	73,293		

**St Charles: 10 Units - Preliminary Cost Break Down**

Base Construction Costs - (Bricks & Mortar)	3,253,400
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**Allowances**

Purchase of Property	25,000
Bonding	30,000
Building Permit	32,000
Construction Financing	140,000
HST Payable Amount	60,000
Bank Initiation Fee	0
Interest Rate Differential	0
Legal Costs for NPO	500
Meetings/Story Boards/Entertainment/etc..	500
Appraisal	7,500
Planning/Severance/Consent/Survey	35,000
Planning/Financial Consultants Fees	75,000
Fridges/Stoves	25,000
Hydro Service	35,000
Sheds	20,000
Sites Work Contingency/ <b>Blasting &amp; Rock Removal</b>	100,000

Total Allowances	<b>585,500</b>
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<b>Total Construction Costs including Allowances</b>	<b>3,838,900</b>
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Survey Conducted January 2025.

NORTH BAY Samples		SUDBURY Samples	
1BR	2BR	1BR	2BR
\$1,500	\$1,700	\$1,300	\$2,500
\$1,400	\$1,800	\$1,750	\$2,240
\$1,500	\$1,750	\$1,500	\$1,999
\$1,860	\$1,600	\$1,400	\$2,299
\$1,895	\$1,925	\$1,999	\$1,935
\$1,695	\$2,045	\$1,500	\$1,840
\$1,500	\$2,000	\$1,695	\$2,099
\$1,100	\$1,800	\$1,600	\$1,695
\$1,550	\$1,750	\$1,599	\$1,950
\$1,500	\$1,650	\$1,899	\$1,600
\$1,400	\$1,800	\$1,600	\$2,195
\$1,300	\$1,800	\$1,350	\$1,945
\$1,550	\$1,650	\$1,500	\$2,099
\$1,600	\$2,230	\$1,125	\$1,600
\$1,425	\$1,950	\$1,350	\$1,750
\$1,445	\$1,800	<b>\$1,544</b>	\$1,700
\$1,500	\$1,500		\$1,850
<b>\$1,513</b>	<b>\$1,809</b>		\$1,650
AVERAGE			<b>\$1,941</b>
		AVERAGE	

## Financial Review

The Descon Team and its Consultants have perfected the financial aspect of **Community Attainable Projects**.

The initiatives are structured to include many inherent items and methods that will reduce, manage or even eliminate the financial risks for the stakeholders.

- **No Cash Required**
- **100% Hard & Soft Costs are Capital Financed**
- **Initiative, Sustainable & Viable**
- **Land Acquisition Rolled into Capital Financing**

## Risk Mitigation

- **Needs Analysis Studies** - Consultants Operate on Speculation until a project can be realized,
- **Fixed Price Contract** – There will never be overruns or change orders to increase the price,
- **Turn-Key Project** – The Descon Team will execute and pay for all project activities,
- **Performance Bonding** – Descon can provide a performance bonding facility if required,
- **Third Party Verifications** - Project Appraisals, Pricing & Draws verifications are available,
- **Assignment of Rents** – as safety & security measure for stakeholders the Non-Profit will undertake to provide assignment of rents and revenue,
- **Annual Audit** – Operational and Financial Activity will be audited annually,
- **Governance Control** – Stakeholders such as the Municipality may appoint its own directors,
- **Pre-Rentals**, Waiting List will be quantified and verified before execution,
- **Non-Profit** – NPO owns and operates the housing facility, municipality with no direct risk,
- **Operating Agreement** – Oversight agreement for the Municipality will be in place,
- **Third Party Governance & Management** – Year 1 and beyond will have guidance from an independent third-party property management expert,
- **Financial Guarantees** - by the Municipality would be Limited to the Mortgage Payments only and the municipality would not be responsible for the behavior or liabilities of the NPO.
- **Financing Structure** - Financing Strategies to help Non-Profit create Cash Reserves made available to stakeholders in the event of default.
- **Mortgage Guarantees** – any mortgage guarantees provided by the municipality would not affect their balance sheet since the debt is with the Non-Profit. The guarantee would be a note to the annual financial statement by the municipal auditors.

The background image shows a large-scale construction project. A multi-story building is under construction, featuring a prominent steel frame with vertical columns and horizontal beams. The structure is open, revealing the interior framework. The ground in the foreground is a flat, sandy or gravelly surface. In the background, a clear blue sky is visible with a few wispy clouds. The overall scene conveys a sense of industrial development and infrastructure building.

Municipality of St. Charles

# ATTAINABLE COMMUNITY HOUSING

Descon Group,  
Harriman Planning & Financial Consultants

# **SPECIALIZE:** Implementing Attainable Housing for Smaller Communities



# Who We Are?

- The Descon Team
- Financial - Planning Consultants

## **Mr. John Demeis & Mr. Jeff Felice**

John is President and Jeff as General Manager of Descon Construction, having its Head Office located in North Bay, Ontario. For over 30 years, they have successfully directed the Descon Group of Companies to become one of the more prominent Construction, Design Build and Real Estate Developers in Northern Ontario.

## **Mr. David Butler**

David is an independent Financial Consultant. During the past 15 years he has worked along side many prominent General Contractor in Northern Ontario to implement many Attainable & Affordable Housing Complexes across the region. David is a cost accountant by trade and offers many financial solutions to housing groups.

## **Mr. Keith Harriman**

Keith is the President of *Harriman & Associates*; a planning and development firm located in Georgetown. Keith has specialized experience in project management specifically related to affordable housing initiatives. He has been a senior Municipal Planner for over 30 years.

# Typical Barriers to Implementing Attainable Housing

- ✦ No Access to Capital or Seed Funding
- ✦ Local Non-Profit Board's Low Capacity to Navigate through Development Process
- ✦ Unable to Clearly Identify Community Needs
- ✦ Limited Staff Resources at the Municipal Level
- ✦ Not Enough Federal / Provincial Government Support

# Key Housing Program Features:



FINANCING  
SOLUTION



FIXED PROJECT  
PRICING



TURN-KEY  
APPROACH



## Key Housing Program Features:

### FINANCIAL SOLUTIONS

- No Cash Required
- 100% Capital Financed
- Initiative, Sustainable & Viable
- No Financial Impact to Municipal ARL



## Key Housing Program Features:

### FIXED PROJECT PRICING

- Bonded Fixed Price CCDC Contract
- No Overruns or Change Orders
- Includes, All Soft & Hard Costs



## Key Housing Program Features:

### TURN-KEY APPROACH

- All Aspects of the Project Included
- Project Planning to Completion
- After Project Facility Management
- Engage with Local Contractors & Trades

# Turn-key Approach

WHAT CAN YOU EXPECT:





# Experiences & Completed Housing Projects

# Planning and Housing Needs Studies by Harriman Planning

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- Municipality of Cobalt
  - New Liskeard Non-Profit
  - Parry Sound Non-Profit
  - Town of Echo Bay
  - Town of St. Joseph
  - Municipality of Wawa
  - Municipality of Chapleau
  - Town of Fenelon Falls
  - ICAN Sudbury
  - Municipality of Huron Shores
  - Sudbury Arts Council
  - Greater Sudbury Housing Corporation
  - Sudbury Arts Council, Sudbury Ontario
  - New Liskeard Non-Profit Housing
  - Parry Sound Non-Profit Housing
  - Haileybury Veterans Senior Housing
  - Municipality of Cobalt, Ontario
  - NOAH Non-Profit Sundridge / Powassan
  - Town of Mattawa
  - Bonfield Senior Housing Corporation
  - Township of Magnetawan
  - Town of French River



**Cochrane Seniors Housing - \$9,500,000**

A 25,000 square foot, new build, 38-suite community senior's residence. Supportive Living with Food Services and a wide variety of on-site amenities. Owned and Operated by the Cochrane DSSB.

Contact: Lee-Ann St Jacques – Area Manager.

**Parry Sound Affordable Housing & Community Hub - \$9,125,000**

A 43,000 sqft, school conversion, 45-suite community affordable residence, Commercial Space, Daycare and Community Hall. Owned and Operated by Parry Sound Non-Profit.

**Marathon Transitional Housing Complex - \$11,250,000**

A 32,000 square foot, new build, 36-suite community senior's residence. A variety of Independent, Assisted & Supportive Living with Food Services and a wide variety of on-site amenities. Owned and Operated by the Municipality of Marathon and the Local Hospital.

Contact: Daryl Skworchinski, COA/Clerk

**New Liskeard-Haileybury Housing Complex Project Value: \$16,450,000**

New Build, 60-unit Affordable Seniors Housing  
Jan Edwards – GM of Non-Profit



**Burks Falls Seniors Facility - \$8,200,000**

A 25,000 square foot school conversion, 28 suites community senior's residence. Independent Living.

Contact: Owned & Operated by the Municipality of Burks Falls.

**Mattawa Senior Housing - \$5,300,000**

A 30,000 square foot conversion, 30 suites for independent living. Owned and operated by the Town of Mattawa.

Contact: Garry Thiebert, Municipal Official

**Powassan Senior's Housing Complex - \$11,280,000**

A 36,000 square foot, new build, 50 suites community senior's residence. Independent Living.

Contact: Owned and Operated by The Parry Sound DSSAB.

**Bonfield Senior Housing Complex - \$5,400,000**

A 15,000 square foot, Townhouse Style, 20 suites for independent living.

Contact: Lise Allard, GM of local Non-Profit.

# Risk Mitigation, Financial Structure, Partner Relationships.



# FINANCIAL STRUCTURE

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- ❑ Financed Through an Institutional Bank in Canada
- ❑ The Non-Profit would Own and Operate the Facility
- ❑ The NPO would hold the Mortgage, Municipal Guarantee
- ❑ Bank Would Provide Favorable Terms:
  - ⇒ 100% Capital
  - ⇒ 35-yr Amms
  - ⇒ Interest Only first 3 yrs
  - ⇒ Preference Int

# FINANCIAL RISK MANAGEMENT

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- ☐ Must Be a Genuine Community Need
- ☐ The Initiative Must Be Sustainable & Viable
- ☐ Bondable Fixed Price Construction Contract,
- ☐ Mortgage Guarantees do not Affect the Borrowing Power or Credit of The Municipality,
- ☐ No Cash Needed by Municipality or NPO, 100% Financed,
- ☐ Financially Arranged to Build Cash Reserves for the NPO,
- ☐ Turn-Key Approach, One-Stop Program by Experts!

**Partner  
Relationship  
Chart**  
(after completion)

**The Municipality**

**Provides Guidance to the Non-Profit**  
**Provides Mortgage Guarantees (if required)**  
**Over-site Agreement between the Parties**

**Non-Profit- Client**

**NPO will Own the Project & Hold the Mortgage**  
**Volunteer Board members**  
**Board Chair Reports to Municipal Council**  
**Governs the Affairs of the Community Non-Profit**  
**Municipal Council have seats on the Board.**

**Property Management Company**

**Reports to the NPO Board on a day-to-day basis**  
**Lease Housing Facility, Operates Tenant Placements**  
**Coordinate the day-to-day affairs of the Housing Facility**  
**Organize Facility Service Contracts, Provides Full Cycle Accounting Function for Board**  
**Collect Rents from Tenants, Pay All Regular Bills of the Facility, Handle Dispute Resolutions,**  
**Enforce Facility Policies and Procedures, Audits and Tax & Other Statutory Returns**

# PROPONENT TEAM CONTACT INFO:

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