City of Toronto

Multi-Tenant Housing Land Economics Study

June 2025

nblc
N. Barry Lyon Consultants Ltd.

City of Toronto

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Disclaimer:

The conclusions contained in this report have been prepared based on both primary and secondary data sources. NBLC makes every effort to ensure the data is correct but cannot guarantee its accuracy. It is also important to note that it is not possible to fully document all factors or account for all changes that may occur in the future and influence the viability of any development. NBLC, therefore, assumes no responsibility for losses sustained as a result of implementing any recommendation provided in this report.

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Executive Summary

N. Barry Lyon Consultants ('NBLC') was engaged by the City of Toronto to assess the factors influencing the proliferation of multi-tenant housing (MTH) across the city. This work included proforma and other land economics analysis and research to determine the feasibility of developing MTH as well as estimating any land value impacts that may result.

The purpose of this report is to answer the following questions relating to MTH identified by City staff and Council:

1. What are the preconditions that could lead to the proliferation of new multi-tenant houses within Toronto?
2. What magnitude / type of incentives would be required to stimulate the legalization of multi-tenant houses?
3. What impact, if any, do multi-tenant houses have on residential property values in the surrounding neighbourhood?
4. What impact do multi-tenant houses have on residential property values specifically within neighbourhoods around post-secondary schools?

Prior to answering these questions, NBLC conducted an extensive policy and literature review to describe the historical development of multi-tenant housing and of the current MTH regulatory framework in Toronto. NBLC then conducted additional analysis, as described throughout this report and summarized below, and came to the following findings in response to the City's questions:

- To answer the first question, a geospatial analysis was conducted to identify potential socio-economic conditions associated with the distribution of licensed and suspected unlicensed MTH properties across the city. This utilized City-provided data on both property types, as well as ward-level socio-economic and demographic data from the 2021 census.
    - Strong correlations were found between certain census characteristics and the density of suspected MTH operations. The share of income from government transfers, share of visible minority population, share of households in core housing need, and average household size were found to have a strongly positive correlation with the density of suspected unlicensed MTH operations. This analysis does not identify a causal relationship between these variables, simply that they are likely associated with one another, which we elaborate through qualitative commentary in the relevant sections.
    - In addition to socioeconomic considerations, other market, policy, and neighbourhood characteristics (e.g., presence of post-secondary institution) were found to influence where MTH properties tend to locate.

- Moreover, while certain conditions are more correlated with a stronger likelihood of MTH operations, it should be emphasized that this report highlights how broadly multi-tenant housing already exists across the entire city. While some areas accommodate higher concentrations, the presence of multi-tenant housing in all wards reflects a need for, and demand for, this housing supply broadly across the entire City. This is expected to continue as affordability in both the rental and ownership markets continues to erode.

- To answer the second question on the incentives required, NBLC conducted a proforma analysis to assess the feasibility of MTH development across 8 case study areas identified by the City. Two redevelopment scenarios were investigated for each case study – one being an internal renovation to add dwelling rooms to an existing home, the other being new construction (e.g., either demolition and new-built, or renovation and addition) to create a MTH. The second scenario represented the maximum permitted density for dwelling units and rooms for each area.

  - The findings of this work indicate that the feasibility of creating new MTH, either through renovation/conversion of existing homes or new construction, is challenged. While results varied, only one of the scenarios evaluated represents a feasible outcome based on the assumptions used in this analysis.

  - The level of subsidy necessary for most case studies to be viable might range between $50,000 and $400,000, largely driven by the high cost of acquiring a home in the City, as well as situations where development charges are applied.

  - As a starting point for supporting new MTH development, the City should first standardize its practice to exempting MTH from development charges for all MTH outcomes permitted as-of-right by zoning. Currently, the City's Development Charges by-law provides an exemption for rooming houses that are conversions of an existing single detached house or semi-detached house. New purpose-built multi-tenant homes are subject to development charges on each dwelling room.

  - The above findings are influenced by current market conditions impacting all real estate development: high construction costs, high borrowing rates, declining market rents, economic uncertainty, and other similar considerations. Where these conditions improve, MTH development may become more feasible.

  - These findings are also supported by other similar studies on this topic, as referenced in Section 4 of this report.

  - Despite the above, it is important to identify that financial feasibility is challenging to accurately assess small-scale development such as the ones under investigation. Small

developers, investors, and homeowners will have significant variance in their required rates of return and overall feasibility lens. What is feasible for one person may not be feasible to another and in some circumstances, feasibility through proforma analysis may not even be considered at all.

- The City should continuously review the uptake of the licencing program over the coming years and implement incentives as needed to encourage unlicensed MTH operators to pursue a licence as well as to spur the creation of new MTH, should the market response be modest.

- To answer the third and fourth questions on property value impacts, NBLC conducted a property value impact analysis utilizing resale data within 6 different clusters of currently licensed MTH properties across the city. This analysis reviewed two areas - an observed area (i.e., within 100 m of MTH properties) and a control area (i.e., between 100m to 500m from MTH properties). Two periods of time were also considered (i.e., 2012 to 2014, 2022 to 2024). This analysis has two goals – to identify the difference in average resale prices between the observed and control areas in each period, and to compare the rate of price appreciation of average resale prices in the observed and control areas over time. To supplement this analysis, a literature review of other studies assessing similar topics was undertaken.

  - The broader feasibility of MTH appears to be challenged and is unlikely to result in MTH developers 'bidding up' the price of single-family homes across the City. In fact, the already high cost of acquiring single-family homes in the market is a significant reason why feasibility is so challenged. The analysis indicates that in most cases, a MTH developer would need to pay below market value for these homes to advance a viable project.

  - The results were true broadly across the test areas evaluated, including areas near post-secondary schools, transit, and other features. This was primarily because while revenues and demand were higher in proximity to these features, so too were home values and therefore development costs.

  - Feasibility was only shown to improve when the density permissions were increased and/or costs were reduced, allowing these significant home acquisition costs to be spread across a larger project.

  - These results are also reflected by the low number of new MTH applications for a license, and the fact that no new licensed MTH have yet been created through the new regulatory framework.

  - The analysis also indicates that the presence of MTH are unlikely to measurably influence the value of nearby properties, either positively or negatively. Where notable distortions

were identified, these were likely caused by a wide array of other site- and locale-specific factors that can all more strongly influence the value of a specific property.

- The literature review on the impact of MTH and affordable housing on neighbouring property values provides varied findings that are heavily influenced by localized, contextual, and wider market/economic conditions.

- Overall, there are many factors that influence property values and for the most part, both the analysis in this report and literature review indicates that there are unlikely to be major negative value impacts. In the more urban locations of the City, residents are often willing to overlook possible nuisance issues that might be associated with MTH properties (and other factors) in exchange for easy access to transit, amenities, retail, and jobs. Meanwhile, MTH in the outer suburbs are more likely to be better "camouflaged" due to the newer, larger homes present in these areas, limiting their potential impact on surrounding property values.

- It is likely that any negative property value impacts can be mitigated by ensuring good design and property upkeep of any created MTH. However, it cannot be ignored that some negative value impacts could materialize in certain situations.

- Finally, there are potentially thousands of unlicensed MTH already in existence and located broadly across the City in virtually every context (e.g., suburban, urban, low-rise communities, along main streets, near hospitals and post-secondary schools, etc.). It is therefore unlikely that the implementation of the new MTH framework, combined with the poor feasibility of developing new MTH, will suddenly result in measurable impacts to property values, positive or negative.

1.0 Background and Project Scope

On March 31, 2024, the City of Toronto's new Multi-Tenant Housing ('MTH') Regulatory Framework ('The Framework') came into effect. This culminates the work conducted by City staff to investigate the feasibility of permitting MTH across all zones that permit residential housing. The Framework was presented in June 2021 and adopted by City Council in December 2022. Following adoption, Council requested City staff to report back to the Planning and Housing Committee on the results of additional analysis on certain items of concern, discussed below.

The City retained N. Barry Lyon Consultants ('NBLC') as a qualified consultant to assess potential impacts resulting from the implementation of the new Framework. As directed by Council, the land economics study is to answer four core questions, which are assessed individually at the end of this report:

1. What are the preconditions that could lead to the proliferation of new multi-tenant houses within Toronto?
2. What magnitude / type of incentives would be required to stimulate the legalization of multi-tenant houses?
3. What impact, if any, do multi-tenant houses have on residential property values in the surrounding neighbourhood?
4. What impact do multi-tenant houses have on residential property values specifically within neighbourhoods around post-secondary schools?

To answer the above research questions, the following high-level methodology was developed:

- A geospatial analysis of MTH locations in the City. This identifies where clusters of MTH buildings – both licensed and suspected unlicensed – exist, as well as identifying key characteristics and observed trends tied to this housing typology. This is key to answering **Question 1**.
- A proforma analysis of MTH development across the City. Considering 8 locations and 2 built forms, this analysis will investigate the profitability of operating MTH in Toronto. The analysis will consider home acquisition, retrofit or redevelopment costs, rental revenues, and an estimate of profit expectation. The analysis will assess whether a MTH is currently feasible without incentives or alternatively the possible level of incentive that might be necessary to encourage their delivery. This is key to answering **Question 2**.
- The proforma analysis will also be used to understand if MTH are so profitable that they might increase the value of low-density homes in the area, both surrounding post-secondary institutions as well as other areas across the City. We will also conduct an analysis of property values surrounding clusters of MTH to understand if their presence negatively affects the value of other low-density homes in the area as well as an assessment of property complaints for low-density

homes in the City. This land economics analysis will also be supported by a review of academic papers and other studies assessing the impact of affordable housing and MTH on nearby property values. This is key to answering **Questions 3 and 4**.

The study's research and analysis are anchored by information and data provided by the City of Toronto (e.g., on licensed and suspected un-licensed MTH, consultation efforts and background research, complaints relating to MTH, etc.), NBLC research (e.g., market data, construction costs, proforma development, review of similar studies, etc.), and interviews with MTH operators.

2.0 Historical Overview of Multi-Tenant Housing in the City of Toronto

NBLC conducted a brief review of literature and policies highlighting the historical development of multi-tenant housing (MTH) and associated regulations in the City of Toronto. This considers the historical socio-economic, demographic, and policy conditions that have contributed to the proliferation of MTH, as well as briefly highlighting the knowns and unknowns of this housing typology.

2.1 What is Multi-Tenant Housing

The City defines a multi-tenant house, commonly known as a rooming house, as a building where four or more bedrooms are rented out to separate people as living accommodations. Tenants may have shared use of a kitchen and/or washrooms, but they do not live together as a single housekeeping unit. This distinguishes multi-tenant homes from multiplexes, which contain multiple self-contained dwelling units with their own kitchen and bathroom facilities, occupied by people living together as a single household.

This shared housing arrangement can therefore provide more affordable housing options relative to the self-contained dwelling units as they are typically smaller, and share kitchens and/or washrooms. Given the lack of affordable rental supply in the private market, and the long waitlist for community housing through Toronto Community Housing Corporation (nearly 100,400 applicants on the waitlist[1]), many lower income and vulnerable households are forced to either live in housing that is not suitable to their needs, is unaffordable relative to their income, live with family, become homeless, leave the City, or other similar outcomes. The Canada Mortgage and Housing Corporation (CMHC) notes that as of 2021, there were over 215,000 households in the city in Core Housing Need[2], representing 19.6% of all Toronto households.

MTH dwelling rooms can fill this gap in the private market by being more affordable than self-contained units typically found in the rental market. However, up until the recent legalization of MTH across the city, many suspected unlicensed operations have been operating in Scarborough, North York, and East York – areas of the City where this has long been unpermitted. These unlicensed MTH can be different in quality, with some properties being identical to a house (with existing bedrooms rented out individually), while others are more densely structured (with little communal space and higher bathroom counts). The City has identified that some of these operations may not provide adequate living and safety conditions to tenants, posing a risk to their overall well-being. Poor management has also led to complaints from neighbours related to noise, property standards,

[1] City of Toronto. Social Housing Waitlist Reports. https://www.toronto.ca/city-government/data-research-maps/research-reports/housing-and-homelessness-research-and-reports/social-housing-waiting-list-reports/#:~:text=Quarterly%20reports%20showing%20activity%20on%20the%20centralized%20waiting%20list%20for

[2] Core Housing Need, as defined by the CMHC, is a two-step indicator which identifies households that are a) currently live in inadequate (i.e., in need of major repairs), unsuitable (i.e., not having enough space for the household's size), or unaffordable (i.e., costing a household 30% or more of its gross income) housing and that are b) unable to afford an alternative housing option in the local market that meets these standards.

and other nuisance issues. These issues could be more proactively addressed under a licensing system, wherein MTH owners are required to comply with the City's property standards.

Until recently, there was no path in licensing these operators, as many of them operated in areas where the zoning by-laws did not permit them. However, adequate zoning permissions are only one factor influencing the existence of unlicensed MTH, as many of these operators are likely to encounter significant permitting and licensing costs to become a legal operation, as well as the capital costs required to structurally adjust/expand their homes in a legally conforming fashion. Similar issues are often encountered with the creation of basement apartments in older homes.

2.2 History of Rooming Houses

Multi-tenant housing in its current form largely began in the Great Depression. At this time, these structures were more commonly referred to as rooming houses. Wealthy homeowners hoped to earn income on their spacious properties by leasing out rooms to multiple tenants, which would allow them to manage through this period of economic turmoil[3]. By the mid-1900s, these leased properties had become a staple in neighbourhoods close to the former City of Toronto's urban and industrial cores, and concentrated around large industrial plants, such as the former Massey-Harris equipment plant along King Street West and Strachan Avenue. Living in a rooming house was seen as a typical choice for many demographics, including single workers and newlyweds, as well as students and new immigrants. This was often seen as an alternative to lodging with family members, as it afforded people a greater sense of freedom for a relatively reasonable cost[4].

Negative shifts in public perception began in the 1960s, a time when a boom in suburban development made homeownership more affordable for many moderate-income households. Households with sufficient income and savings were able to move out of their shared accommodations in the inner-city core to a new suburban home. This gradually narrowed the remaining demographic in the City's core to lower-income, more financially insecure tenants[5].

Moreover, the flight of financially established residents to the suburbs pushed land prices down considerably in the urban core. Rooming houses were sold to investors and developers, who would assemble swaths of downtown land, and then wait for an opportunity to resell or to redevelop the properties. Of the smaller landlords and homeowners that remained and continued to rent out their properties, the lower achievable rents that could be charged due to the change in local demographics resulted in a general decline of capital investment, resulting in dilapidation of both property facades and structural integrity. These issues reinforced negative perceptions of rooming homes.

[3] Dixon Hall. Rooming Houses. https://dixonhall.org/rooming-houses/#:~:text=Rooming%20houses%20in%20Toronto%20date%20back%20to%20the,a%20popular%20and%20respectable%20accommodation%20for%20returning%20soldiers.

[4] Campsie, P. (1994). A Brief History of Rooming Houses in Toronto, 1972-94. https://housingsolutions.home.blog/wp-content/uploads/2019/06/history-of-rooming-houses-in-toronto.pdf

[5] Ibid.

2.3 Provincial Policies Impacting Multi-Tenant Housing

During this same period, Ontario reached the peak of its role as a community housing provider. The province was a national leader in its expertise, capacity, and approach in housing policy and production, producing just over 84,000 social housing units between 1964 and 1975, or on average 7,600 units a year.[6] This gradually declined in the 1970s and 1980s with the rise of stagflation, decline in public spending, and the subsequent rise of a neoliberal approach to achieve prudent fiscal governance. A major economic downturn in the early 1990s and then premier Mike Harris's hard-line approach to cutting the Province's spending and involvement in many areas led to a complete halt in new production. The Harris government made no commitments to build new housing and cancelled 17,000 units that were already under construction at the time.[7] Harris's administration also conducted a realignment of municipal and provincial responsibilities, resulting in social housing (among other responsibilities) being downloaded to the municipalities. This change resulted in a larger balance sheet which municipalities had to grapple, but without any additional revenue generating ability that could have assisted them with this additional expense.[8] This led to the stagnation of the social housing stock across Ontario over the following decades, which alongside a growing population, led to long public and non-profit housing waitlists, the dilapidation of existing units, and the necessity for many lower-income individuals and households to attempt finding affordable alternatives in the private market, such as in rooming homes.

While having shifted social housing to the municipalities, the province was still an active player in housing policy overall. The Province introduced the Tenant Protection Act in 1997, which allowed for fast-tracked evictions, default evictions, and vacancy decontrol, which was beneficial for landlords who had unruly tenants, but were also grounds for arbitrary expulsion of tenants from their shelters. Its subsequent replacement, the Residential Tenancies Amendment Act in 2012, provided more opportunities for tenants to respond to eviction notices and introduced rent increase guidelines, but allowed for fast-track evictions and vacancy decontrol to continue.[9]

Overall, the province's passing of social housing responsibility to the municipalities and the inability of many municipalities to single-handedly fund and manage social housing has led to its decline, pushing low-income households into more expensive options in the private market.

2.4 Evolution of Policies and Regulations Relating to Multi-Tenant Housing

Up until the early 1970s, there was no prevailing by-law in Toronto that regulated MTH anywhere across the former municipalities. However, rooming house fires in the winter of 1973-1974 resulted

[6] Ontario Non-Profit Housing Association. 2011. Appendix A – Timeline: A History of Social Housing in Ontario. Toronto: Ontario Non-Profit Housing Association. https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=17416

[7] Shapcott, M. (2007). Ten Things You Should Know about Housing and Homelessness. Toronto: Wellesley Institute. https://www.wellesleyinstitute.com/publications/ten_things_you_should_know_about_housing_and_homelessness/

[8] Smith, A. (2022). Toronto. *Multiple Barriers: The Multilevel Governance of Homelessness in Canada, 195-227.* https://www.jstor.org/stable/10.3138/j.ctv2sm3bcz.10

[9] Campsie, P. (2018). Rooming Houses in Toronto, 1997 – 2018. *Neighborhood Change Research Partnership.* campsie-toronto-rooming-houses.pdf

in 20 deaths and put enough pressure on Council to enact two by-laws – one requiring rooming houses with five or more tenants to be licensed and inspected annually, and another which set standards for fire safety[10].

In the former City of Etobicoke, regulations emerged in the 1990s. There, MTH structures were called "lodging houses", which were regulated under the former City of Etobicoke's Municipal Code. This primarily licensed retirement-type homes and hostels, but 3110 of the 348 licensed rooms are located close to the Woodbine Racetrack. These provide accommodations for 310 people, who are often seasonal workers who work at the Track, such as horse groomers and walkers[11].

In the former City of York, rooming houses were a permitted use in the zoning by-law, but had no licensing requirements (after amalgamation, this was changed to match the former City of Toronto's licensing standards). The maximum occupancy in this area was 10 rooms, but was limited by a required minimum floor area per resident ratio[12].

Rooming houses were not permitted in the former Cities of North York and Scarborough, as well as the former Borough of East York.

The amalgamation of these entities into the current City of Toronto in 1998 had resulted in a patchwork of regulation around MTH. The City officially initiated investigations into the feasibility of permitting and licensing rooming houses city-wide in 2008. This resulted in work on a framework of city-wide zoning regulations to begin in 2013, which through further staff research, additional requests from City Council, and community-based consultations, resulted in a new regulatory framework – consisting of a zoning by-law amendment and a new licensing by-law - being adopted by Council in December 2022, with enforcement dated to March 31, 2024.

Post-amalgamation, regulations around MTH were not harmonized across the former boundaries. Some did have limited permissions for MTH (i.e., Etobicoke and York), while others which did not (i.e., North York, East York, Scarborough). Up until recently, there was no harmonized framework in place for MTH, resulting in inconsistencies in the known presence and regulatory treatment of this housing type across the City.

2.5 New City-Wide Regulations

The new framework permits MTH across all residential zone areas in the City in all zones that permit residential uses, subject to a common set of standards and licensing requirements, with the following key distinctions:

Maximum number of units (Figure 1)

[10] Campsie, P. (2018). Rooming Houses in Toronto, 1997 – 2018. *Neighborhood Change Research Partnership.* campsie-toronto-rooming-houses.pdf
[11] Ibid.
[12] Ibid.

While all MTHs containing four or more rooms require a license, the maximum permitted number of rooms can vary:

- 6 in the former Cities of Scarborough, Etobicoke, and North York, as well as in areas zoned for low-density residential forms (R, RD, RS, RT, most RM)
- 12 in medium-density zones (RA, RAC, some RM) in the former Cities of Toronto, York and East York
- 25 in high-density, mixed-use zones (CR, CRE) in the former Cities of Toronto, York and East York
- Exceptions may occur in areas noted as '6 Dwelling Room Special Area' or '12 Dwelling Room Special Area'.

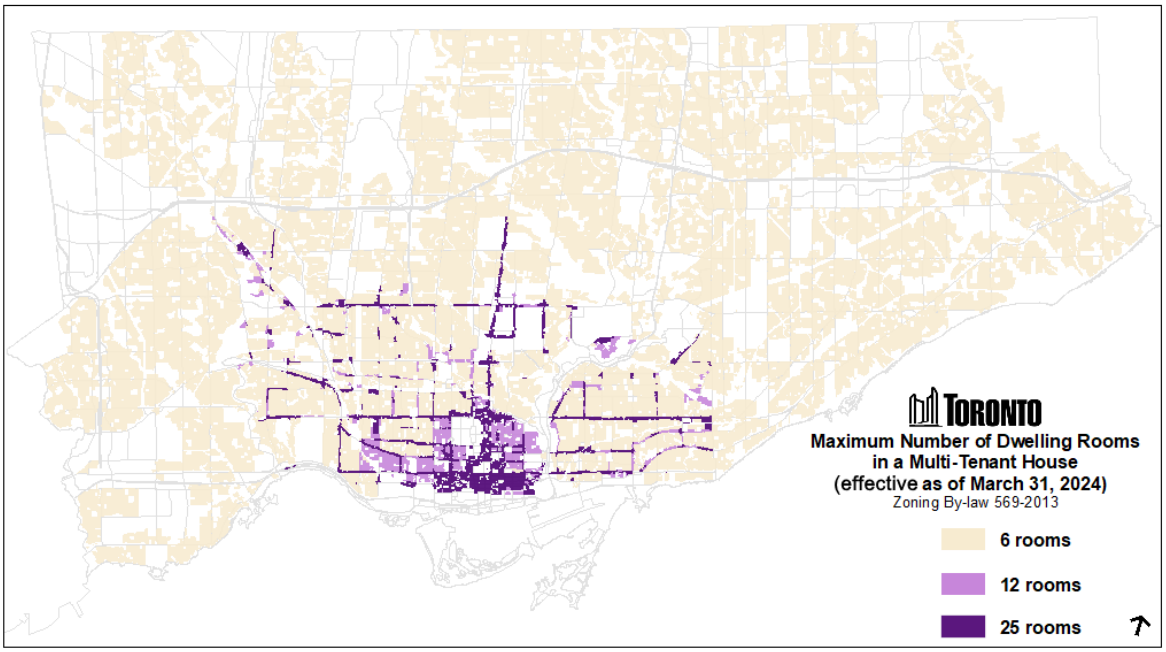
Facility ratio

- At least one sanitary facility/washroom is needed for every four dwelling rooms, with a fractional ratio rounded up to the nearest whole number (e.g. For a 7-dwelling room MTH to meet the 1 washroom: 4 dwelling room ratio, you would need 1.75 washrooms, which is rounded up to 2 washrooms needed).

Parking space ratios

- No parking spaces are required for MTH located within the former City of Toronto or in the Policy Areas noted in the City's Zoning By-law 569-2013, while a ratio of 0.34 spaces per room is needed in all other areas.

Figure 1: Maximum Number of Dwelling Rooms Permitted in MTH



2.6 Licensed Vs. Unlicensed Properties

As noted earlier in this section, prior to amalgamation, some former municipalities did have permissions for MTH (i.e., Etobicoke, York, Toronto), while others which did not (i.e., North York, East York, Scarborough). Up until recently, the was no harmonized framework in place for MTH, resulting in inconsistencies in the known presence and regulatory treatment of this housing type across the City.

There have been many instances of unlicensed rooming houses operating near university campuses where zoning did not allow for them, such as at York University and the University of Toronto's Scarborough campus (see Section 3 of this report for more detail). This housing type presents opportunities for affordable shelter for students and other groups, but also potential risks in the form of poorly maintained property and inadequate safety standards[13].

This creates a conundrum, as while this housing type was not permitted in many parts of the City, this was seen as a more affordable – if less secure – housing choice for many residents. As the cost of living continues to increase, these housing types will likely continue to exist and experience demand from a wider range of households and incomes. As such, it is important to consider policies regulating this housing type carefully, as lax regulations may result in inadequate and unsafe living conditions, but more stringent regulations may cause financial hardship on these currently unlicensed operators, resulting in a decline of this affordable housing stock. It could also result in the continued proliferation of unlicensed properties as is seen within the former City of Toronto where, despite having been a permitted use for decades, many suspected unlicensed operations exist.

[13] Campsie, P. (2018). Rooming Houses in Toronto, 1997 – 2018. *Neighborhood Change Research Partnership.* campsie-toronto-rooming-houses.pdf

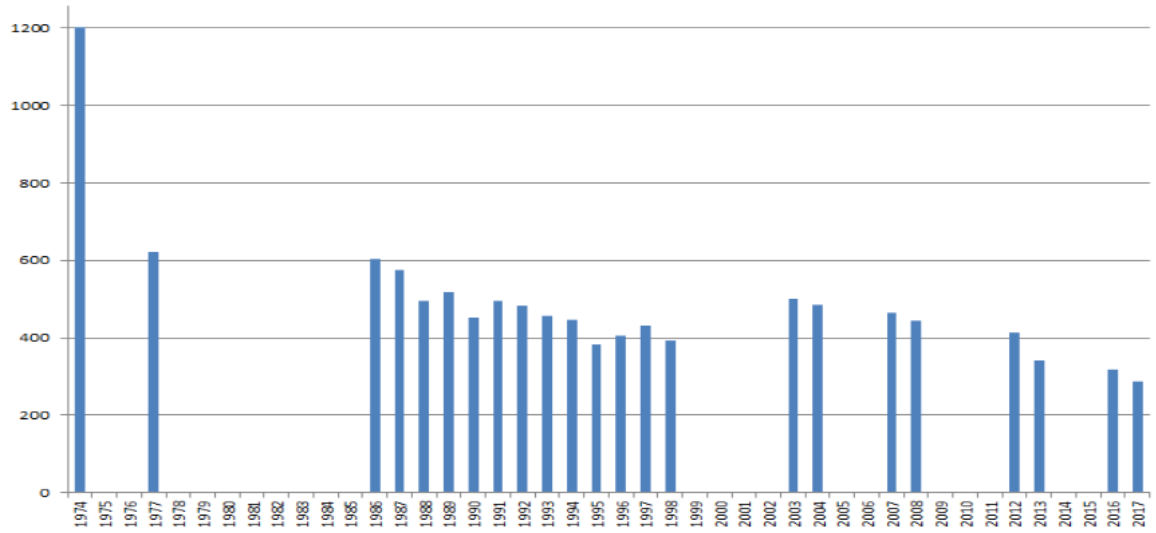
3.0 Geospatial Analysis

To better understand the locational considerations and other potential factors relating to the proliferation of MTH properties across the City, NBLC mapped City-provided data on licensed and currently suspected unlicensed MTH properties, as well as service requests (i.e., property complaints) relating to potentially unlicensed MTH operations.

3.1 MTH Proliferation and Demographics Served

As of October 2024, there were 365 licensed multi-tenant homes (containing just over 4,980 dwelling rooms) in Toronto (**Figure 2**). Only 2 properties were in former Etobicoke, with nearly all properties located within the former City of Toronto. While data is limited, **Figure 2** also illustrates that the number of licensed MTH has declined significantly in the city since the 1970s.

Figure 2 – Estimated Number of Licensed Rooming Houses in the Former Cities of Toronto and York (1974-2017)



Source: Campsie, P. (2018). Rooming Houses in Toronto, 1997-2018. University of Toronto Cities Centre.

The shifts in affordability for suburban homeownership, shifting geographic demand for housing and land, tightening municipal regulations, and shifting provincial legislation all likely influenced the decline of rooming homes in the City. In 1974, when the former City of Toronto enacted its regulatory and licensing by-laws, there were 1,202 operating MTH facilities. Just three years after this, it was found that only half this number were operating as licensed rooming houses, with landlords either selling property off to developers, reconverting houses into single-family homes, decreasing the number of tenants to avoid the licensing requirement, or continuing operations without a license. As of 2024, this number has decreased further to only 365. However, this is not considering the number of unlicensed operations. When considering unlicensed MTH, it is likely that the number of properties has increased, as discussed to follow.

Multi-tenant housing has been, for vulnerable populations with more limited income means and/or complex social needs, a more affordable housing option compared to market-rate rentals and more quickly accessible than social housing. These groups include:

- New immigrants
- Refugees and asylum seekers
- People with mental health issues
- People with complex substance dependence issues
- People on fixed and/or limited income (e.g., receiving ODSP, OW assistance)
- Precariously employed individuals (e.g., gig workers, casual workers)
- Chronically unemployed individuals (who may end up couch surfing)
- Students
- Seniors
- Single men [14] [15] [16] [17] [18]

It is important to note that there is a demographic difference between tenants of downtown and suburban multi-tenant housing. While downtown MTH tenants tend to be older adults, male, and have experience with being unhoused, suburban tenants tend to be a mix of newcomers, seniors, and international students[19].

3.2 Factors That Foster MTH Concentration

As identified by many Toronto residents, rooming houses are an important stock of affordable housing in the city, wherein people who cannot currently access social housing and who cannot afford their own self-contained units in the private market are able to live[20]. While MTH were traditionally concentrated in areas located near major workplaces (e.g., industrial plants) in the downtown core, the current distribution is not as clear as identified in the subsections to follow.

To better assess the conditions which allow for the proliferation of multi-tenant housing properties across the City, NBLC assessed the distribution of both licensed properties and suspected unlicensed

[14] Freeman, L. (2014). Toronto's Suburban Rooming Houses: Just a Spin on a Downtown "Problem"? *Wellesley Institute.* https://www.wellesleyinstitute.com/wp-content/uploads/2014/10/Suburban-Rooming-Houses-FINAL-Sept-24.pdf
[15] Campsie, P. (2018). Rooming Houses in Toronto, 1997 – 2018. *Neighborhood Change Research Partnership.* campsie-toronto-rooming-houses.pdf
[16] City of Toronto. (2015). Rooming House Review – Public Consultations. https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-97266.pdf
[17] Grant, J., et al. (2018). Neighbourhood Change and the Fate of Rooming Houses. *Tijdschrift voor Economische en Sociale Geografie*, 110(1), 54-59. https://doi.org/10.1111/tesg.12338
[18] Freeman, Lisa. (2017). Governed Through Ghost Jurisdictions: Municipal Law, Inner Suburbs and Rooming Houses. *International Journal of Urban and Regional Research*. https://doi.org/10.1111/1468-2427.12441
[19] Ibid.
[20] City of Toronto. (2015). Rooming House Review – Public Consultations. https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-97266.pdf

properties (with complaints on suspected unlicensed MTH operations as a proxy) and compared them to various locational and socio-economic characteristics and indicators in each of the City's 25 wards.

3.2.1 Licensed MTH Properties

As identified in Section 2.0, many currently licensed properties were first registered in the 1970s in the former City of Toronto. Rooming houses were also permitted in the former Cities of York and Etobicoke (called "lodging houses") but were less prominent here than in the former City of Toronto.

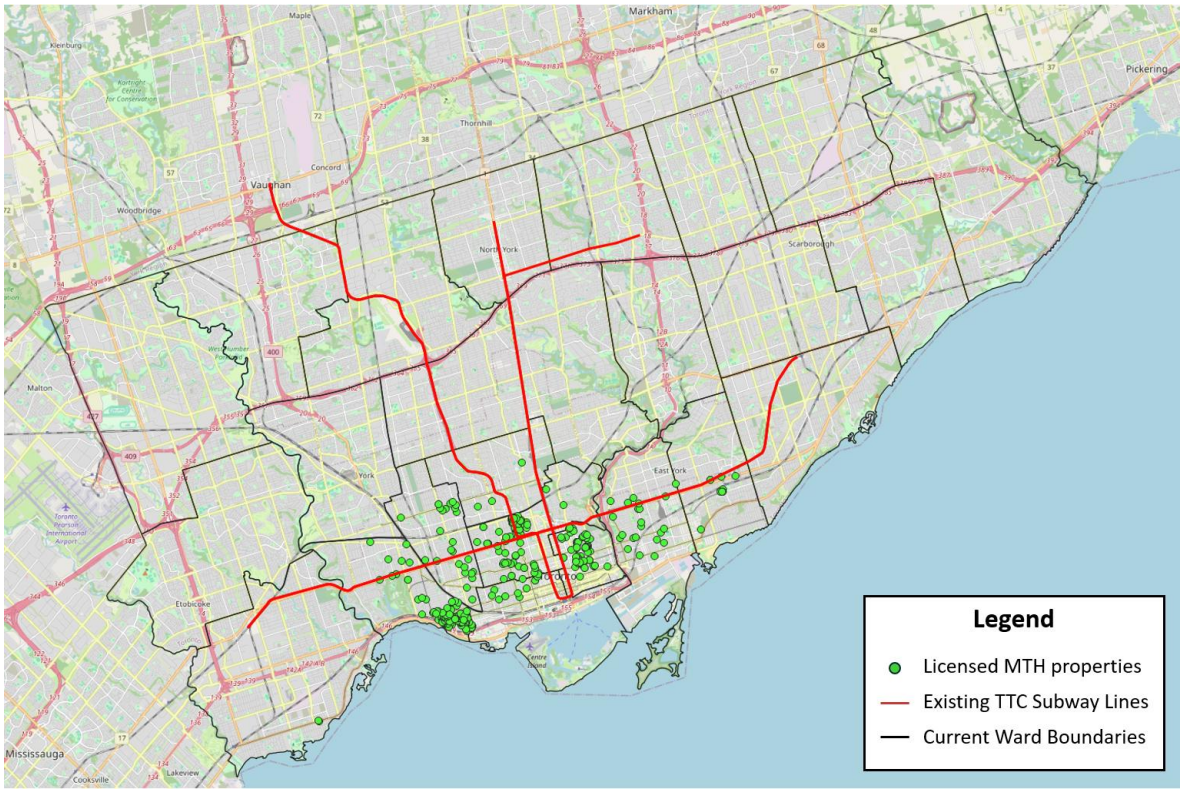
As shown in **Figure 3,** licensed MTH properties are present in almost all parts of the former City of Toronto, but concentrate largely within Parkdale, the Garden District, and the Annex, all of which are 'urbanized' inner suburban neighbourhoods. The former two are lower-income areas with high concentrations of various vulnerable populations (e.g. asylum seekers, refugees, persons experiencing homelessness, persons with addictions and/or mental health illnesses), with these licensed homes operating as affordable alternatives to self-contained units on the private market and as a faster to access option compared to social housing.

Meanwhile, the Annex is a higher-income area located north of the University of Toronto's St. George Campus, which make these properties well-situated to offer rooms to university and other post-secondary students and staff. These are more affordable than on-campus residences, which at the lowest would be roughly $13,000 for a full year at Innis College Residence (or $1,083 per month) plus a $2,000 deposit fee[21] [22]. Nearby rooming houses in the Annex offer rents for around $850 to $900 per month.

Due to the costs associated with meeting zoning, Building Code, and Fire Code requirements, there have been no – or very few – new licensed MTH properties since the beginning of licensing in 1974. With the new regulations that have legalized MTH across the City's residential areas, combined with the City's renewed efforts to enforce licensing, property standards, and other non-compliance issues, the City is hoping to encourage unlicensed MTH operators to become licensed and improve housing and safety outcomes for tenants, as well as to encourage this relatively affordable housing option to be built across the city. As of May 2025, roughly 120 MTH licences have been issued under the new MTH framework (including one net-new MTH), and roughly 200 applications are under review for zoning and building compliance.

[21] University of Toronto. Compare U of T Residence Fees. https://studentlife.utoronto.ca/task/compare-u-of-t-residence-fees/
[22] University of Toronto. About Innis College. https://innis.utoronto.ca/residence/application-fees/

Figure 3: Location of Licensed MTH Properties (data provided by City of Toronto)



As the currently licensed properties illustrated in **Figure 3** have been in place for several decades, the factors determining their presence and their continuation is a mix of historical and current conditions. The highest concentration of licensed multi-tenant homes are in Parkdale-High Park (Ward 4) with 36 licensed MTH dwelling rooms per 1,000 households, followed by University-Rosedale (Ward 11) and Toronto Centre (Ward 13) at 23 and 18 dwelling rooms per 1,000 households respectively.

Table 1 (more details found in **Appendix A**) presents the findings of a correlation analysis between the number of licensed MTH dwelling rooms per 1,000 households in each ward and various socio-economic characteristics and indicators as taken from the 2021 census. These characteristics and indicators include income status, age of individuals, immigration status, housing conditions, and other items which may have a bearing on the ability and/or likelihood of a household to be able to afford self-contained units on the market.

The correlation co-efficient between the number of MTH dwelling rooms and socio-economic standing of each ward was calculated, allowing us to measure the connection between certain socioeconomic characteristics and where MTH dwelling rooms have concentrated. Importantly, this analysis does not identify a causal relationship between MTH dwelling rooms and certain socioeconomic indicators. In other word, it does not identify which one of the two influences the other first, or if one influences the other at all. **Table 1** to follow notes the strength associated with various ranges of correlation values.

It is important to note that this analysis is limited in that the number of licensed MTH has dwindled since legalization first occurred in the 1974, and that demographic, social, and economic conditions across the many neighbourhoods of the former Cities of Toronto, York, and East York have changed over the decades. This analysis therefore provides a very limited picture, since it uses data on current conditions against the backdrop of an established, many decades-old pattern of multi-tenant housing properties.

Table 1

Correlation Co-Efficient and Associated Strength	
Co-Efficient	**Strength**
0 to 0.1	Very Weak
0.11 to 0.3	Weak
0.31 to 0.5	Moderate
0.51 to 0.75	Strong
0.76 to 1	Very Strong

This data within **Table 2** shows a moderately strong and positive correlation for refugees as a share of the population and a moderately strong and positive correlation for median household income. These findings indicate that dwelling rooms are somewhat more likely to be present in wards with lower median household incomes and in wards with higher shares of refugees relative to their total population. It also underpins the likely circumstance of multi-tenant homes continuing to operate over the decades in areas which have the greatest demand for them, that is, areas containing larger populations of lower-income households, refugees and asylum seekers in central areas of the City.

It may simply be the case that the key concentrations of multi-tenant housing in Parkdale-High Park, St. James Town and Moss Park (both in Toronto Centre) are also areas that have long been resided by disadvantaged communities of various identities, such as new immigrants from poorer countries, refugees, lower-income workers, and unhoused people. These areas typically have lower rents due to the lack of investment, older infrastructure, and higher levels of poverty, as well as also having a higher concentration of relevant supports and services utilized by disadvantaged communities. Currently, higher concentrations of refugees in these areas may not necessarily reflect that they are housed in MTH properties, but that they simply reside in areas where essential supports and services – which are also utilized by other disadvantaged groups – are concentrated and where rent is more affordable.

Interestingly, no other socio-economic characteristic or indicator presents a meaningfully strong correlation with the number of dwelling rooms in each ward. This again is likely reflective of the long-standing presence of many licensed rooming houses in neighbourhoods whose social, economic and cultural circumstances have changed over time (e.g., while Parkdale was historically a lower-income neighbourhood, gentrification has occurred over time and has gradually changed the socio-economic makeup of the community).

This clustering identified in **Figure 3** also largely reflects the historical permissions of MTH through zoning, with concentrations predictably focused in areas where zoning permitted them and a licence could be obtained. This therefore offers an incomplete picture of where these properties have located since the 1970s, therefore necessitating a locational review of suspected unlicensed MTH properties (see **Section 3.2.2** to follow).

Table 2

Correlation Between Total MTH Dwelling Rooms per 1,000 Households (By Ward) and Socio-Economic Characteristics/Indicators			
Socio-Economic Characteristics/Indicators	**Correlation**	**Correlation Strength**	**Relationship**
Refugees (%)	0.41	Moderate	Positive
Median Household Income	-0.38	Moderate	Negative
Low-Income After-Tax Households (%)	0.25	Weak	Positive
Individuals with Post-Secondary Education (%)	0.18	Weak	Positive
Average Household Size	-0.18	Weak	Negative
Households Spending > 30% of Income on Shelter Costs (%)	0.16	Weak	Positive
New Immigrants - 2016 to 2021 (%)	-0.13	Weak	Negative
Visible Minority Individuals (%)	-0.11	Weak	Negative
Seniors - 65+ Years Old (%)	-0.11	Weak	Negative
Student-Age Persons - 15 to 24 Years Old (%)	-0.10	Weak	Negative
Non-Permanent Residents (%)	0.09	Very Weak	Positive
Households in Single-Family Homes (%)	-0.07	Very Weak	Negative
Total Income from Gov't Transfers (%)	-0.06	Very Weak	Negative
Average Rent	-0.01	Very Weak	Negative

3.2.2. Suspected Unlicensed MTH Properties

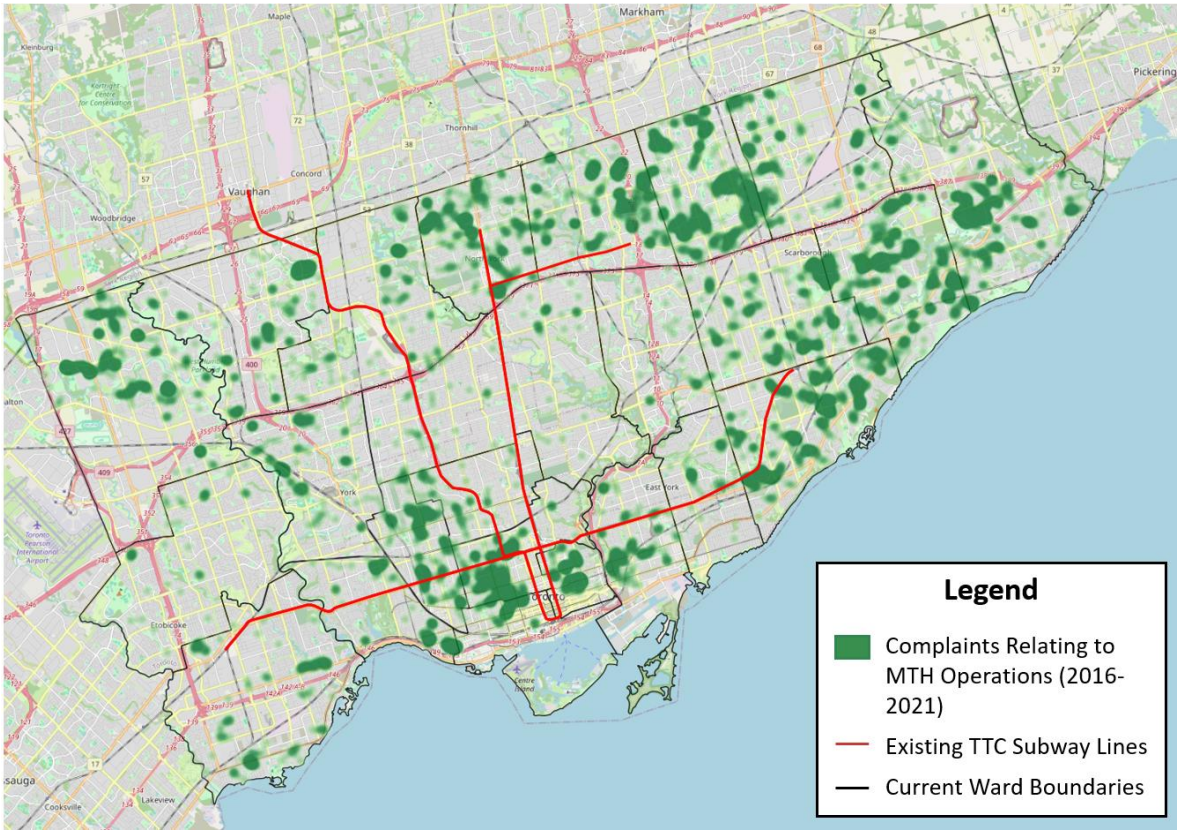
The City has estimated the number of suspected unlicensed MTH properties in the City by collecting and assessing data on MTH-related complaints and investigations, which have been provided to NBLC. This is only reflective of what properties the City was informed may be multi-tenant homes, and is likely not fully accurate, with potentially incorrect reporting (e.g., suspected home is not actually a multi-tenant home) or overlooked properties (e.g., home appears to be a single-family home and has not been flagged by the public or City workers). **Figure 4** displays the location of these suspected unlicensed MTH properties, which illustrates several key findings:

- MTH properties appear to be scattered broadly across the entire City of Toronto, indicating they already exist in most neighbourhoods in the City.
- A reflection of historical zoning permissions, there are high concentrations of unlicensed operations in areas of the City that did not permit their use. Interestingly, there are also high concentrations of unlicensed operations within the former City of Toronto where zoning and licensing was available, indicating there are many MTH that could have pursued a license but did not.
- Despite the broad locational clustering, some observations include:
    - High value neighbourhoods in the central City (e.g., Rosedale, Midtown) as well as some locations west of the City do not appear to have high concentrations of MTH. This is likely due to the high cost of housing in these areas and other possible headwinds (e.g., community opposition).
    - Significant clustering appears in the same areas as licensed locations, such as Parkdale the Annex, and the Garden District, as well as within the low-density neighbourhoods east, north, and west of the Downtown.
    - There are clear concentrations located around the City's major post-secondary schools, including central (e.g., OCAD, TMU, UofT) and suburban (e.g., York University, University of Guelph-Humber, Centennial College) institutions.
    - There are also heavier concentrations of suspected MTH located at the northern end of the City as well as throughout Scarborough, whereas Etobicoke appears to have fewer MTH overall with most locating at the northwest segment of the City where Humber College and the Woodbine Racetrack are located.
    - There appears to be no clear correlation between subway access and suspected MTH property concentration. Large swaths of Scarborough and Etobicoke, which are not near any subway station, have high concentrations of suspected unlicensed properties. Moreover, areas along

Don Mills Ave. and Kipling Ave., which have all-day, 10-minute bus service, do not contain a high concentration of suspected MTH housing.

- The above indicates that while MTH certainly favour certain locations (e.g., central City, nearby key employment and post-secondary schools), they have also located broadly across the City. As assessed to follow in Section 4, these locational preferences are likely to be economic where demand for rooming houses is high and/or where homes can be purchased and converted to a MTH in a cost-effective manner. For example, Scarborough accommodates both strong concentrations of groups that typically are attracted to MTH while also having relatively lower home prices.

Figure 4: Location of Suspected Unlicensed MTH Properties (data provided by City of Toronto)



To compare against the data presented in **Table 1**, NBLC also assessed if there was a correlation between reports of suspected unlicensed MTH operations across the City and various socio-economic indicators. **Table 2** presents the correlation analysis between the number of complaints of unlicensed MTH operations per 1,000 households in each ward and various socio-economic characteristics and indicators as taken from the 2021 census**.** The following items were found to have a strong positive correlation:

- Visible minority individuals: This correlation could be tied to both economic and socio-cultural factors. These groups can include immigrants, recent immigrants, and long-term residents.

- Total income from government transfers: Individuals with low-income, disabilities, or other circumstances which make them more reliant on government subsidies are less likely to afford self-contained units given the rising rents experienced during this period.
- Average household size: Wards with higher average household sizes likely contain higher proportions of extended or multi-generational families. There is likely more preference/tolerance for multi-tenant housing arrangements in these areas, and in some cases, could include people living with and paying rent to a property-owning relative.
- Households Spending > 30% of Income on Shelter Costs (%): Households facing high shelter costs relative to their income may opt to find shelter in more affordable informal housing options on the private market, such as in unlicensed multi-tenant homes.
- Individuals with Post-Secondary Education (%): Higher education can result in higher income earning potential relative to the wider population, while lower educational attainment can constrain income earning potential, which impact the types and quality of housing an individual can afford. MTH appear to be strongly correlated with households that do not have post-secondary education.
- Households in Single-Family Homes (%): This re-affirms that most multi-tenant homes are in low-density areas. Of the 10 wards with the highest number of suspected unlicensed MTH per 1,000 households, 6 are in Scarborough, 3 in North York, and 1 in Etobicoke.

Meanwhile, the following was found to have a moderately strong correlation with the density of suspected MTH properties:

- Average Rent: Given that the relationship found was negative, this indicates a likelihood of multi-tenant homes operating in areas that have lower rents. This is reasonable as lower-income individuals/households are likely to locate where housing costs are lower, but where market rents are too high.
- Share of Student-Age Persons: Post-secondary students who do not live with their families can opt to live in market rentals nearby, in the institution's residences (if available), or in multi-tenant housing settings. Where market rentals or university/college residences are too expensive, living in a rooming house is often an attractive alternative.
    - The concentration of complaints around unlicensed MTH operations are evident south of York University's Keele campus, and around the University of Toronto Scarborough campus and the Humber College North campus. (See **Figure 5**)
- Median Household Income: As mentioned in the previous section on licensed MTH properties, the presence of multi-tenant operations is more likely where there is a higher need for it, such as in lower-income communities.
- Share of Seniors: Older adults are more likely to experience housing precarity given limited income sources following retirement and limited opportunities for higher income employment.

Where there are inadequate financial resources for self-contained units on the private market, MTH dwelling rooms are an option. However, the City's low-density neighbourhoods are also aging – indicating that this correlation could be influenced by the fact the most unlicensed MTH are within low-density neighbourhoods that accommodate a higher proportion of older households.

- While non-permanent residents formed a weak relationship in both correlation analyses, this is likely due to the census undercounting these populations. However, it is also important to note that the federal government has recently reduced immigration and non-permanent resident (including international students) targets significantly. The confluence of heightened demand through greatly increased immigration targets (including for temporary foreign workers and international students), rising home prices and rents, and lagging housing completions created conditions wherein market rents became unaffordable to a larger segment of society.

Figure 5 – Heat Map of Complaints Relating to Unlicensed MTH Operations
(From Left to Right – University of Toronto, York University, Humber College)

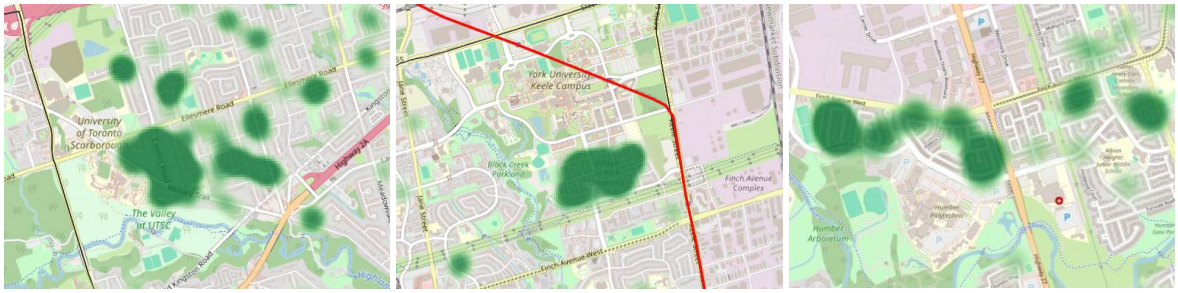


Table 3

Correlation Between Total Complaints per 1,000 Households (By Ward) and Socio-Economic Characteristics/Indicators			
Socio-Economic Characteristics/Indicators	**Correlation**	**Correlation Strength**	**Relationship**
Visible Minority Individuals (%)	0.72	Strong	Positive
Total Income from Gov't Transfers (%)	0.66	Strong	Positive
Average Household Size	0.66	Strong	Positive
Households Spending > 30% of Income on Shelter Costs (%)	-0.53	Strong	Negative
Individuals with Post-Secondary Education (%)	-0.51	Strong	Negative
Households in Single-Family Homes (%)	0.51	Strong	Positive
Average Rent	-0.48	Moderate	Negative
Student-Age Persons - 15 to 24 Years Old (%)	0.48	Moderate	Positive
Median Household Income	-0.37	Moderate	Negative
Seniors - 65+ Years Old (%)	0.34	Moderate	Positive
Refugees (%)	0.14	Weak	Positive
Non-Permanent Residents (%)	0.10	Weak	Positive
New Immigrants - 2016 to 2021 (%)	-0.01	Very Weak	Negative
Low-Income After-Tax Households (%)	0.01	Very Weak	Positive

3.3 Key Findings

These findings are useful indicators of where in the city MTH operations have proliferated and highlight the intersection of many socio-economic characteristics and conditions which coincide with the presence of licensed and suspected unlicensed multi-tenant housing. Moreover, while certain conditions are more correlated with a stronger likelihood of MTH operations, it should be emphasized that **Figure 4** highlights how broadly multi-tenant housing already exists across the entire city. While some areas accommodate higher concentrations, the presence of multi-tenant housing in all wards reflects a need for, and demand for, this housing supply broadly across the entire City.

4.0 Proforma / Feasibility Analysis

To understand the feasibility of developing new licensed MTH properties, a series of proformas have been prepared on 8 case studies developed by the City of Toronto. For each of the eight case studies, which consider differing market locations, two scenarios are evaluated:

- **Scenario A:** Conversion / renovation of an existing ground-related home into a new MTH, and
- **Scenario B:** Redevelopment (either through demolition and new construction or an addition and renovation to an existing home) to accommodate a new fourplex that includes four dwelling units and the maximum number of dwelling rooms permitted by zoning. This aims to spread the cost of and maximize returns from redevelopment across a wider space and number of units.

The details of each case study and the specific conversion/redevelopment characteristics are presented in **Table 3** to follow, with the location of each illustrated in **Figure 6**. These case study locations are geographically distributed throughout the city, to consider factors including historic clusters of licensed and unlicensed rooming houses, proximity to post-secondary institutions, differing access to transit modes, eras of construction and property configurations.

4.1 Methodology

To undertake the analysis, the following steps were undertaken:

- We first conducted market research to understand the likely rents, vacancy, target renters, and other characteristics for each market area under investigation. This included rents for dwelling rooms as well as dwelling units. Data collection occurred through various sources including MLS, listings on websites such as Facebook and craigslist, and university/college message boards.
- NBLC also completed research on home values to understand the cost to acquire a home for each market area under investigation. Of note, the cost to acquire a home and transform it into a MTH is one of the highest costs a group will face when seeking to create an MTH.
- NBLC worked with City staff to determine all municipal costs that would be associated with both scenarios under consideration including development charges, cash in lieu of parkland, community benefit charges, planning approvals, building permits, and other government fees and charges.
- For new construction, we utilized the most recent (2024) Altus Cost Construction Guide. For renovation costs, the Altus Cost Guide was considered in addition to interviews with local contractors to understand a general order of magnitude renovation cost to turn an existing single-family home or multiplex into an MTH.

- NBLC reviewed several studies to understand operating costs and other required inputs for the proforma, including a recent (2021) study by Maytree[23]. We later completed interviews with a small number of MTH operators to further confirm operating costs, vacancy/bad debt[24], financing, and other assumptions.
- NBLC had discussions with a lender to understand order of magnitude financing rates and requirements for groups seeking to purchase a home and create a multi-tenant home.
- We then utilize all the revenue and costing inputs to create a cash flow proforma that assesses the following key components:
    - All costs associated with undertaking the project including acquiring the home, the construction and other costs associated with undertaking renovations or new construction, financing and downpayment, and others.
    - The cash flow is then estimated by calculating gross rental revenues and subtracting vacancy and bad debt and operating costs. The remaining amount is the Net Operating Income (NOI) of the property, which is further refined by subtracting debt servicing costs from the loan to determine the levered cash flow.
    - The cash flow is assessed over a 10-year period, at which point the value of the multi-tenant home is determined by assessing the Year 10 NOI against an estimated capitalization rate.
    - The proforma for each case study is provided in the Appendix of this report.

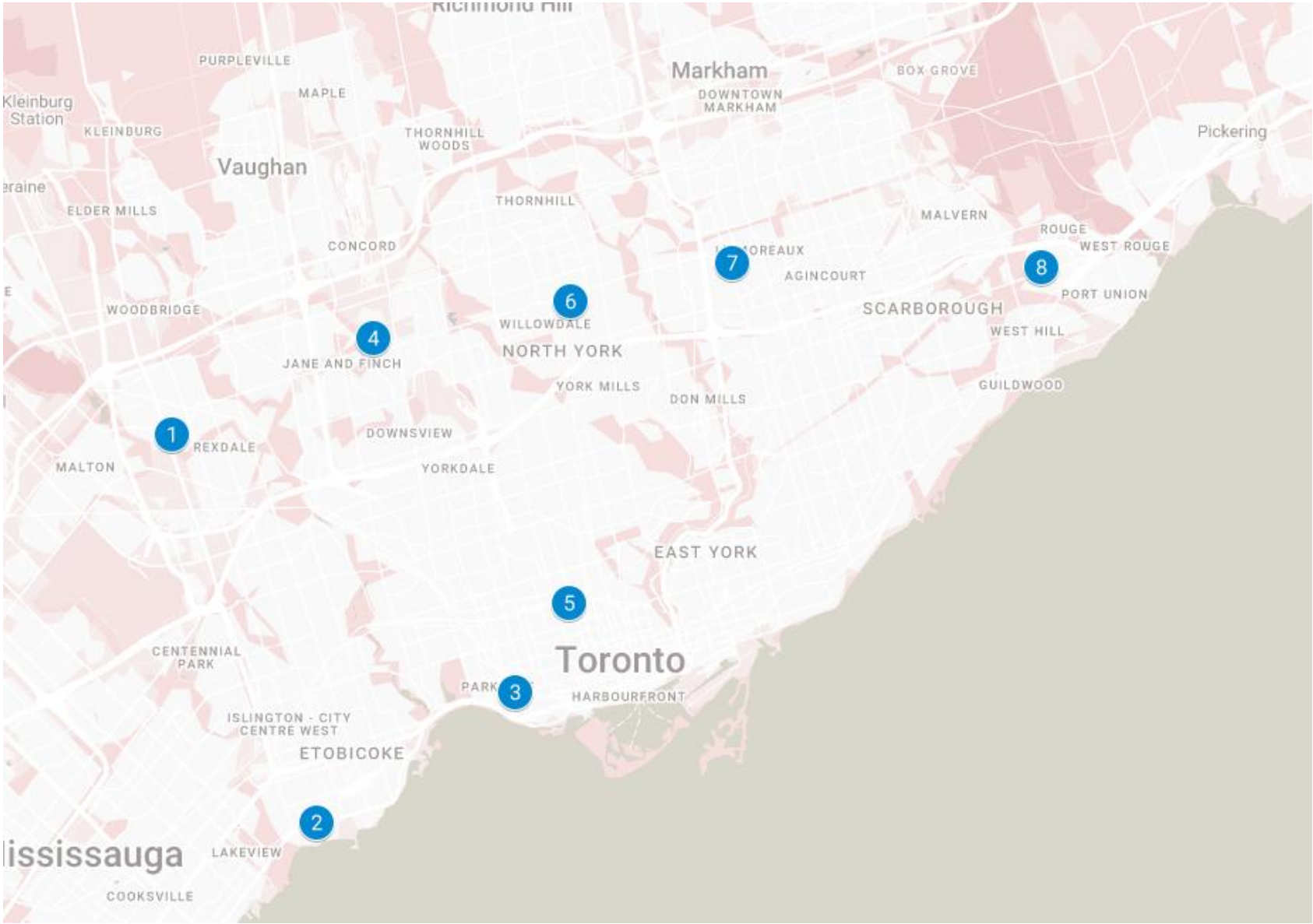
[23] Connelly, J., & Connelly, P. (2021). The Economics of Rooming Houses. *Maytree.* https://maytree.com/wp-content/uploads/The-economics-of-rooming-houses.pdf

[24] Bad debt refers to unpaid rent by tenants and represents a financial loss for the rental operator.

Table 4: Case Study Locations, Characteristics, and Scenarios for Proforma Testing (developed by City Staff)

Case Study #	1	2	3	4	5	6	7	8
Case Study Area	**Humber-Etobicoke**	**Humber Lakeshore**	**Parkdale**	**York University**	**UTSG/George Brown Casa Loma**	**Willowdale**	**Seneca Newnham**	**UTSC**
LONGITUDE	-79.601	-79.530	-79.434	-79.503	-79.408	-79.407	-79.329	-79.180
LATITUDE	43.732	43.596	43.641	43.766	43.673	43.779	43.792	43.791
Major Intersection	Finch Ave W and Humber College Blvd	Lake Shore Blvd W and Thirtieth St	Queen St W & Lansdowne Ave	Finch Ave W and Sentinel Rd	Dupont St and Spadina Rd	Finch Ave E and Willowdale Ave	Finch Ave E & Victoria Park Ave	Ellesmere Rd and Conlins Rd
Ward #	1	3	4	7	11	18	23	24
Ward Name	Etobicoke North	Etobicoke - Lakeshore	Parkdale - High Park	Humber River - Black Creek	University - Rosedale	Willowdale	Scarborough - Agincourt	Scarborough - Rouge Park
Zoning - Zone label	RT (u137) (x4)	RD (f12.0; a370; d0.6)	R (d1.0) (x803)	RM (x32)	R (d1.0) (x900)	RD (f15.0; a550) (x5)	RD (x1091)	RD (x696)
Zoning - Multi-Tenant House Rooms	6	6	12	6	6	6	6	6
Zoning - Parking Spaces per Room	0.34	0.34	0	0.34	0	0.34	0.34	0.34
Post-secondary nearby	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Post-secondary campus	Humber College, North Campus / University of Guelph @ Humber	Humber College, Lakeshore Campus		York University / Seneca College, Yorkgate Campus	University of Toronto / George Brown College, Casa Loma Campus		Seneca College, Newnham Campus	University of Toronto, Scarborough Campus / Centennial College, Morningside Campus
Higher Order Transit				Subway	Subway	Subway		
Site Characteristics								
Lot area (m^2)	240	350	600	225	410	740	560	380
Lot frontage (m)	12	9	15	7	10	15	15	12
Existing Building								
Approximate Year of Construction	1979	1964	1919	2004	1889	1949	1969	1954
Building type	Detached	Detached	Semi-detached	Detached	Semi-detached	Detached	Detached	Detached
Storeys	2	2	3	3	3	2	2	2
Existing Floor Area (incl. basement)	250	260	500	320	370	310	415	230
# of dwelling units	1	2	4	2	2	2	2	1
# of bedrooms (total)	4	5	8	6	5	5	6	4
# of washrooms (total)	1	3	4	4	4	2	4	3
Scenarios								
Scenario A (Interior Renovations)								
Description	Convert entire house for Dwelling Rooms	Convert entire house for Dwelling Rooms	1 Floor dwelling units, 3 Floor dwelling rooms	1 Floor dwelling units, 3 Floor dwelling rooms	1 floor dwelling units, 2 floors dwelling rooms	1 floor dwelling units, 2 floors dwelling rooms	2 Floors dwelling units, Basement dwelling rooms	Convert entire house for Dwelling Rooms
Floor Area (total)	250	260	500	320	370	310	415	230
Floor area for dwelling units	0	0	150	100	130	110	270	0
# of dwelling units	0	0	2	1	1	1	2	0
# of bedrooms (in dwelling units)			4	3	3	4	4	
# of washrooms (in dwelling units)			2	2	2	3	2	
# of kitchens (in dwelling units)			2	1	1	1	2	
Floor area for dwelling rooms	250	260	350	220	240	200	145	230
# of dwelling rooms	6	6	12	6	6	6	6	6
# of washrooms (for dwelling rooms)	3	3	12	2	2	2	3	2
# of kitchens (for dwelling rooms)	1	1	2	1	1	1	1	1
Scenario B (Fourplex + Max dwelling rooms)								
Description	Demolish	Demolish	Addition + Renos	Addition + Renos	Addition + Renos	Demolish	Demolish	Demolish
Floor Area (total)	400	450	620	400	450	450	500	450
Floor area for dwelling units	280	340	340	280	340	340	400	340
# of dwelling units	4	4	4	4	4	4	4	4
# of bedrooms (in dwelling units)	8	12	12	8	12	12	12	12
# of washrooms (in dwelling units)	8	8	8	8	8	8	8	8
# of kitchens (in dwelling units)	4	4	4	4	4	4	4	4
Floor area for dwelling rooms	120	110	280	120	110	110	100	110
# of dwelling rooms	6	6	12	6	6	6	6	6
# of washrooms (for dwelling rooms)	6	6	13	6	6	6	6	6
# of kitchens (for dwelling rooms)	1	1	2	1	1	1	1	1

Figure 6: Location of Case Studies



- The following feasibility metrics are calculated for each case study:
  - **Internal Rate of Return ('IRR'):** The IRR calculates the average rate of return a cash flow earns an investor by accounting for the initial cash invested in the project[25], the levered cash flow[26] of the property over a period of time (10-years for this analysis), and an estimate of the future sale value of the property (net of remaining mortgage) after the hold period.
  - **Cash on Cash Return ('CoC'):** This metric evaluates the return an investor might make on the cash or equity invested in the project. In this scenario, the analysis considers debt/financing and therefore evaluates the levered cash flow of the property against the cash invested in the project. The metric calculated represents the annual return an investor might expect on their investment, but does not consider the time value of money, the possible sale of the MTH in the future, or the future cash flows of holding the property.
  - Both metrics above consider financing and therefore only the cash invested. Typical rates of return required by real estate investors typically range between 12% - 20% for IRR and 8% - 12% for CoC. Investors will require a higher rate of return than what might be available through risk free investments like GIC's and slightly riskier investment vehicles like bonds and stocks because there is significant risk and uncertainty developing new real estate, which requires adequate compensation to justify the investment.
- In addition to these two metrics, we also evaluate the following feasibility factors:
  - **10-Year Cash Flow:** Represents the total net cash flow of the project over a 10-year period. This indicates whether the project produces a positive cash flow or not (e.g., do revenues exceed costs), and by how much.
  - **Net Profit:** Calculates the costs of acquiring a home and creating a MTH relative to the value of the MTH at completion and occupancy. If positive, this indicates an investor could create the MTH and sell it at occupancy for a profit.
- The following limitations are identified:
  - It is important to identify that financial feasibility is challenging to accurately assess small-scale development such as the ones under investigation. Small developers, investors, and homeowners will have significant variance in their required rates of return and overall feasibility lens. What is feasible for one person may not be feasible to another and in some circumstances, feasibility may not even be considered at all.

[25] Total project costs net of the amount financed.

[26] Rental revenue net of vacancy, bad debt, operating costs, and debt payments.

- Further, variances in home value, condition of the property, purchase price, remaining mortgage balance, credit score, access to capital, income, and many other variables will also influence results.

- The renovation and construction costs used in this analysis will be highly variable. For instance, the costs associated with renovating an old home in the City, securing permits, and securing a MTH license can vary widely with some homes presenting significant unforeseen costs and challenges (e.g., asbestos removal, mold, electrical repairs, etc.).

- Some groups may also be pursuing affordable housing through the creation of a MTH and have access to funding or be a non-profit and therefore not have any profit expectations.

- There may also be instances where a MTH is created under extraordinary circumstances such as a home being acquired for a low-price, the home being inherited, or other circumstances.

4.2 Assumptions

The following inputs are, except where noted, consistent across the discussed scenarios:

- It is assumed the MTH would be licenced and therefore require all permits. This is reflected in the assumed renovation cost, which could be lowered if the operator did not pursue a license.
- Parking is required for some of the case studies and not others.
- Cash-in-lieu of parkland and community benefit charges are exempt for all case studies.
- Development charges are exempt for all case studies in Scenario A.

    - For Scenario B, development charges are exempt for the four dwelling units created, per exemption 415-6.A(2). Scenario B would also exempt development charges for the dwelling rooms created for locations 3, 4 and 5 because they are additions to a building originally constructed as a detached house.

    - However, the other locations within Scenario B that involve the demolition of a home and creation of a new MTH would be required to pay development charges for each MTH dwelling room created. The current dwelling room development charge is $37,356, which would increase costs for a project creating six dwelling rooms by approximately $225,000. For additional context, the City's current Development Charge by-law provides an exemption for rooming houses that are conversions of an existing single detached house or semi-detached house. New purpose-built MTH dwelling rooms are subject to development charges on each dwelling room.

- New construction costs are assumed to be the mid-point of the wood-frame apartment cost range found in the Altus Cost Construction Guide, which is $316 per square foot.

- Renovation costs are assumed to be $100 per square foot.
- Since zoning now permits the MTH, and site plan is only required above 10-units, the only approval required is assumed to be a minor variance and building permit.
- Land transfer tax, legal fees, and a 10% contingency is also assumed.
- Development and construction management fees are assumed for Scenario B, as well as a demolition cost.
- Rents and costs are assumed to inflate by 2% annually.
- Vacancy and bad debt are assumed to be 3%, with a 30% operating cost expense ratio.
- Downpayment is assumed to be 30%, with a 25-year loan offered at a 4.5% interest rate.
- The rental cap rate is assumed to be 5%.
- See the proformas in the appendix for a full listing of all assumptions and other details.
- All revenue assumptions for each case study are displayed in **Table 5** and 6 for the Dwelling Rooms and **Table 7** and 8 for the Dwelling Units.

Home acquisition costs are displayed in **Table 9** for each case study.

Table 5

Scenario A Pricing Assumptions - Dwelling Rooms Added Into Existing Structure								
Case Study Area		TFA (sf)	Total Rooms	Total Washroom/s	Total Kitchen/s	Dwelling Room Rent[1]	Number of Parking Units	Monthly Parking Fee[1]
1	Humber-Etobicoke	2,691	6	3	1	$900	2	$50
2	Humber Lakeshore	3,767	6	3	1	$1,000	2	$60
3	Parkdale	2,368	12	12	2	$1,175	0	-
4	York University	2,799	6	2	1	$1,000	2	$50
5	UTSG/George Brown Casa Loma	2,583	6	2	1	$1,150	0	-
6	Willowdale	2,153	6	2	1	$1,050	2	$50
7	Seneca Newnham	1,561	6	3	1	$1,000	2	$50
8	UTSC	2,476	6	2	1	$950	2	$50

Sources: Places4Students.com. Facebook Marketplace. MLS Realtor Data. Apartment Leasing Materials & Agents.

[1] *Heat, Water, and Hydro monthly fees are included in rent. Considers that Case Study Area 3 has ensuite washrooms.*

[2] *Assumes parking is driveway/garage parking.*

Table 6

Scenario B Pricing Assumptions - New Construction Dwelling Rooms								
Case Study Area		TFA (sf)	Total Rooms	Total Washroom/s	Total Kitchen/s	Dwelling Room Rent[1]	Number of Parking Units	Monthly Parking Fee[1]
1	Humber-Etobicoke	1,292	6	6	1	$1,050	2	$50
2	Humber Lakeshore	3,014	6	6	1	$1,150	2	$60
3	Parkdale	1,292	12	12	2	$1,250	0	-
4	York University	1,184	6	6	1	$1,150	2	$50
5	UTSG/George Brown Casa Loma	1,184	6	6	1	$1,300	0	-
6	Willowdale	1,184	6	6	1	$1,200	2	$50
7	Seneca Newnham	1,076	6	6	1	$1,150	2	$50
8	UTSC	1,184	6	6	1	$1,100	2	$50

Sources: Places4Students.com. Facebook Marketplace. MLS Realtor Data. Apartment Leasing Materials & Agents.

[1] *Heat, Water, and Hydro monthly fees are included in rent. Considers that all rooms are smaller, but have ensuite washrooms.*

[2] *Assumes parking is driveway/garage parking.*

Table 7

Scenario A Pricing Assumptions - Dwelling Units								
	Case Study Area	Dwelling Units TFA (sf)	Number of Dwelling Units	Status	Unit Type	Avg. Size per Unit (sf)	Rent	$PSF
1	Humber-Etobicoke	-	-	-	-	-	-	-
2	Humber Lakeshore	-	-	-	-	-	-	-
3	Parkdale	1,615	2	Renovated	2B, 2WR	807	$2,850	$3.53
4	York University	1,076	1	Renovated	3B, 2WR	1,076	$3,750	$3.48
5	UTSG/George Brown Casa Loma	1,399	1	Renovated	3B, 2WR	1,399	$4,800	$3.43
6	Willowdale	1,184	1	Renovated	4B, 3WR	1,184	$4,600	$3.89
7	Seneca Newnham	2,906	2	Renovated	2B, 2WR	1,453	$3,500	$2.41
8	UTSC	-	-	-	-	-	-	-

Sources: Places4Students.com. Facebook Marketplace. MLS Realtor Data. Apartment Leasing Materials & Agents.

Table 8

Scenario B Pricing Assumptions - Dwelling Units								
	Case Study Area	Dwelling Units TFA (sf)	Number of Dwelling Units	Status	Unit Type	Avg. Size per Unit (sf)	Rent	$PSF
1	Humber-Etobicoke	3,014	4	New Build	2B, 2WR	753	$2,700	$3.58
2	Humber Lakeshore	3,660	4	New Build	3B, 2WR	915	$3,700	$4.04
3	Parkdale	3,660	4	Renovated	3B, 2WR	915	$3,850	$4.21
4	York University	3,014	4	Renovated	2B, 2WR	753	$2,750	$3.65
5	UTSG/George Brown Casa Loma	3,660	4	Renovated	3B, 2WR	915	$4,000	$4.37
6	Willowdale	3,660	4	New Build	3B, 2WR	915	$3,850	$4.21
7	Seneca Newnham	4,306	4	New Build	3B, 2WR	1,076	$3,850	$3.58
8	UTSC	3,660	4	New Build	3B, 2WR	915	$3,550	$3.88

Sources: Places4Students.com. Facebook Marketplace. MLS Realtor Data. Apartment Leasing Materials & Agents.

Table 9

Land Pricing Assumptions						
Case Study Area		Lot Frontage (m)	Lot Size (m2)	Lot Size (ft^2)	Comparable Lot $PSF	Land Price Assumption
1	Humber-Etobicoke	12	240	2,583	$345	$1,050,000
2	Humber Lakeshore	9	350	3,767	$302	$1,250,000
3	Parkdale	15	600	6,458	$334	$2,200,000
4	York University	7	225	2,422	$300	$1,350,000
5	UTSG/George Brown Casa Loma	10	410	4,413	$615	$2,725,000
6	Willowdale	15	740	7,965	$227	$1,820,000
7	Seneca Newnham	15	560	6,028	$242	$1,500,000
8	UTSC	12	380	4,090	$314	$1,290,000

Source: HouseSigma.

4.3 Feasibility Results

The results of the feasibility assessment for each case study are displayed in **Table 10**, with **Figures 7** and **8** focusing on the IRR and COC of each case study, respectively. The following are key findings from the analysis:

- Only the Parkdale (Case Study 3) location currently shows a viable result, and only when evaluating the IRR associated with Scenario A. Even then, the IRR of 12.2% is at the low-end of the feasibility range of 12% - 20%.
- The results of this analysis are influenced by the same factors impacting the development industry at large, which includes elevated interest rates and high construction costs. The high cost of acquiring a home to create a MTH is also significant across the city, which adds a major cost to the project budget and in many cases single-handedly erodes the feasibility. Many existing MTH operators have noted the lower home acquisition cost as a key enabling factor in the creation of a profitable MTH (e.g., purchased the home many years ago prior to the large increase in home prices observed over the past decade, purchase a lower quality home at a reduced price, etc.).
    - While higher rental rates in some areas of the city, such as those near higher-order transit or a post-secondary school improve the revenues of the project, the home acquisition costs in these areas are also very high, which in most cases more than offsets the higher revenue.
- The Parkdale Case Study performs well largely because it is the largest development outcome considered, where 12 dwelling rooms are created (compared to only 6 in the other locations) in addition to two dwelling units (compared to 0-1 in the other locations) in Scenario A. This larger development helps to offset many of the 'sunk costs' such as home acquisition, consulting fees, etc. by spreading these over more units. This is a similar principle explaining why high-rise apartments are more profitable than mid-rise projects.
- The next best performing Scenario A location is Seneca Newnham (Case Study 7), which is also supported by higher density (6 dwelling rooms and 2 dwelling units), while also having a relatively lower home acquisition cost.
- Humber Lakeshore (Case Study 2), while not a viable project, performed the best in the Scenario B modeling. This is attributable to its lower land costs (lower than most other non-downtown core locations) and its reasonably strong achievable rents.
- The remaining case studies do not present viable or near-viable results, but as noted earlier, feasibility lens, costs, revenues, and profit expectations can shift significantly across groups and situations. Further, the 10-year cash flow and net profit of these other scenarios are also largely negative, indicating they are unlikely to be built and licensed for purely economic motivations.
- Of note, development charges are exempt for all case study locations for Scenario A and some locations for Scenario B.

- Scenario A case study locations all benefited from being exempt, which contributed to the Parkdale location becoming a feasible project.

- Case study locations 3, 4, and 5 for Scenario B are exempt as they are additions to the existing house on the property, as opposed to demolition and new construction as in the other locations.

- Eliminating development charges for the non-exempt locations would measurably improve their financial outcomes, in some cases reducing project costs by up to 10%.

- As seen in the Parkdale example, being the only location to contain 12 instead of 6 dwelling rooms, increasing permissions to allow for more dwelling rooms will improve feasibility. However, the Parkdale location only showed better feasibility for Scenario A. In Scenario B, where extensive renovation and the addition of extra floor area to the structure was envisioned, Parkdale performed similar to the other case studies which only had 6 dwelling rooms. Both revenues from density and costs from renovations/redevelopment must be considered when assessing feasibility outcomes.
- The analysis therefore indicates that the feasibility of developing new MTH dwelling rooms is challenging. This indicates that it is unlikely that the new zoning framework will have positive property value impacts where MTH operators can outbid homeowners for resale properties as they become available. Rather, the analysis indicates the opposite is true, that MTH operators can afford to pay less than current market values for homes in order to advance a viable project.
- As noted above, it is still possible that MTH's will advance in certain situations, and/or that unlicensed operators will continue to exist / be created.

These findings are also reflected by the general lack of new licensed MTH in the City and the findings expressed in *The Economics of Rooming Houses* report by Maytree[27]. This Maytree study evaluated five rooming houses operated by private owners and found that none of the operators surveyed earned significant profits. The following summarizes the findings of this survey:

> *Only one of the five landlords surveyed operated houses as a business, earning an average of $8,675 per house per year. However, this owner also provided all landlord functions himself, including renovations, repairs, and grounds-keeping. In this case, the income can't be viewed as a profit unless the landlord's time is assigned a value of zero. The owner observed it would be impossible to break even if he paid contractors to do this work.*

[27] Connelly, J., & Connelly, P. (2021). The Economics of Rooming Houses. *Maytree.* https://maytree.com/wp-content/uploads/The-economics-of-rooming-houses.pdf

The remaining four owners did not expect to make significant profits. Instead, most saw room rentals as a way to offset their own housing costs, enabling them to buy or remain in their home.

Of interest, the Maytree study also noted the following regarding the feasibility of moving from unlicensed to licensed MTH:

> *When asked, all landlords supported the legalization of rooming houses across the city and welcomed regulations that would ensure houses are safe and well run. However, none believed they would be able to afford additional renovations should these be required by a new regulatory regime. Without government grants or loans to cover government-mandated work, the landlords said they would either close altogether or rent their [units] to families rather than singles.*

4.4 Ways to Improve Feasibility

The City of Toronto can consider several strategies to assist in the creation of MTH:

- As a starting point, the City should first standardize its practice of exempting MTH from development charges for all MTH outcomes permitted as-of-right by zoning. Within the context of this study, this would include extending the development charge exemption to all dwelling rooms created through demolition and new construction.
- The City could further support the feasibility of MTH by offering subsidies that cover either upfront capital expenditures, operating costs (e.g., reduced property tax), and/or low-cost financing. The results of the analysis indicate that a subsidy ranging between $50,000 and $400,000 might be necessary to encourage the creation of new MTH, with the higher end of the range identifying situations where development charges are applied.
- The City should continuously review the uptake of the licencing program over the coming years and implement incentives as needed to encourage existing MTH to pursue a licence as well as the creation of new MTH.
- As explored to follow, the City could also consider expanding density permissions where appropriate.

Table 10

Financial Feasibility Results														
Case Study Area		Scenario A: Renovation							Scenario B: New Construction					
		Dwelling Rooms	Dwelling Units	DC Paid	IRR	Cash on Cash	10-Year Cash Flow	Net Profit	Dwelling Rooms	Dwelling Units	DC Paid	IRR	Cash on Cash	10-Year Cash Flow	Net Profit
1	Humber-Etobicoke	6	0	$0	-9%	-4%	-$176,638	-$548,370	6	4	$224,136	0.58%	-1.29%	-$109,714	-$193,633
2	Humber Lakeshore	6	0	$0	-11%	-4%	-$221,103	-$667,975	6	4	$224,136	5.21%	0.64%	$59,886	$158,289
3	Parkdale	12	2	$0	12%	4%	$324,078	$285,351	12	4	$0	3.44%	0.30%	$40,554	$133,523
4	York University	6	1	$0	5%	0%	$821	-$235,576	6	4	$0	0.25%	-0.97%	-$83,062	-$138,204
5	UTSG/George Brown Casa Loma	6	1	$0	-15%	-5%	-$487,187	-$1,428,801	6	4	$0	-13.93%	-2.98%	-$426,561	-$825,425
6	Willowdale	6	1	$0	1%	-2%	-$111,219	-$527,011	6	4	$224,136	-1.65%	-1.46%	-$166,361	-$299,307
7	Seneca Newnham	6	2	$0	10%	3%	$144,809	$24,961	6	4	$224,136	0.45%	-1.15%	-$125,803	-$217,516
8	UTSC	6	0	$0	-16%	-5%	-$249,188	-$726,361	6	4	$224,136	2.86%	-0.35%	-$32,067	-$29,842

Notes:
IRR (Internal Rate of Return) measures the annual leveraged cash flow over 10-years, including initial capital expenditure and sale of asset in year 10;
Cash on Cash Return measures the the ratio of annual before-tax cash flow to the total amount of cash invested;
10-Year Cash Flow quantifies the total net cash flow of the project over a 10-year period;
Net Profit quantifies the profit gained by selling the MTH after construction and occupancy by tenants.

Figure 7

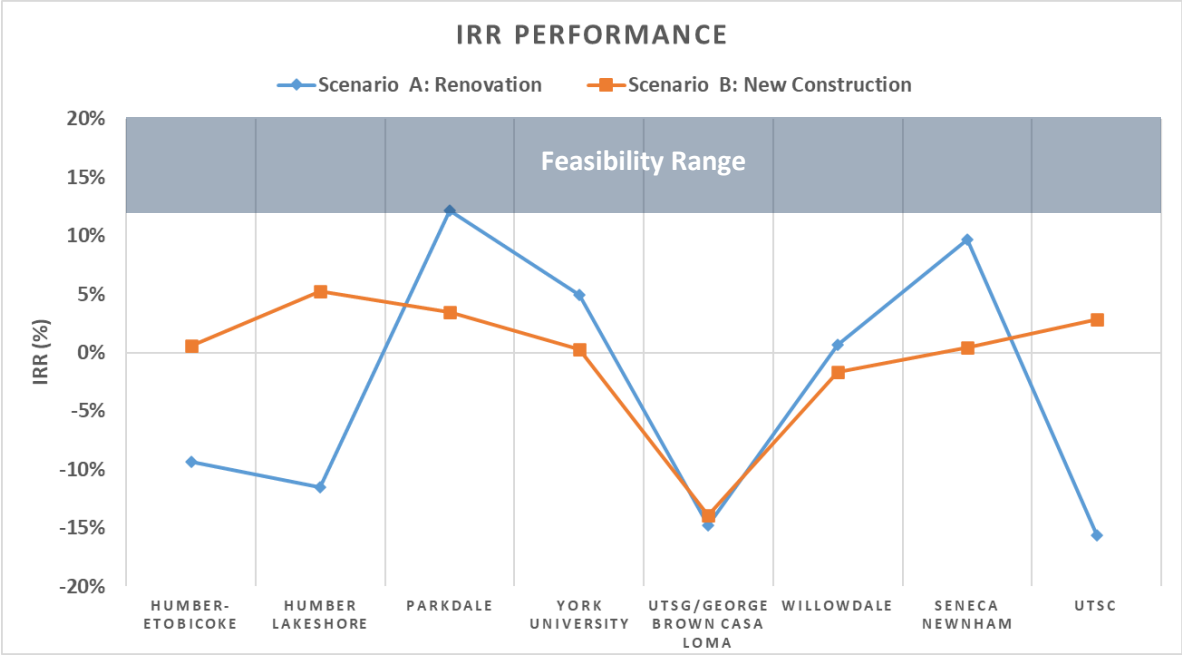
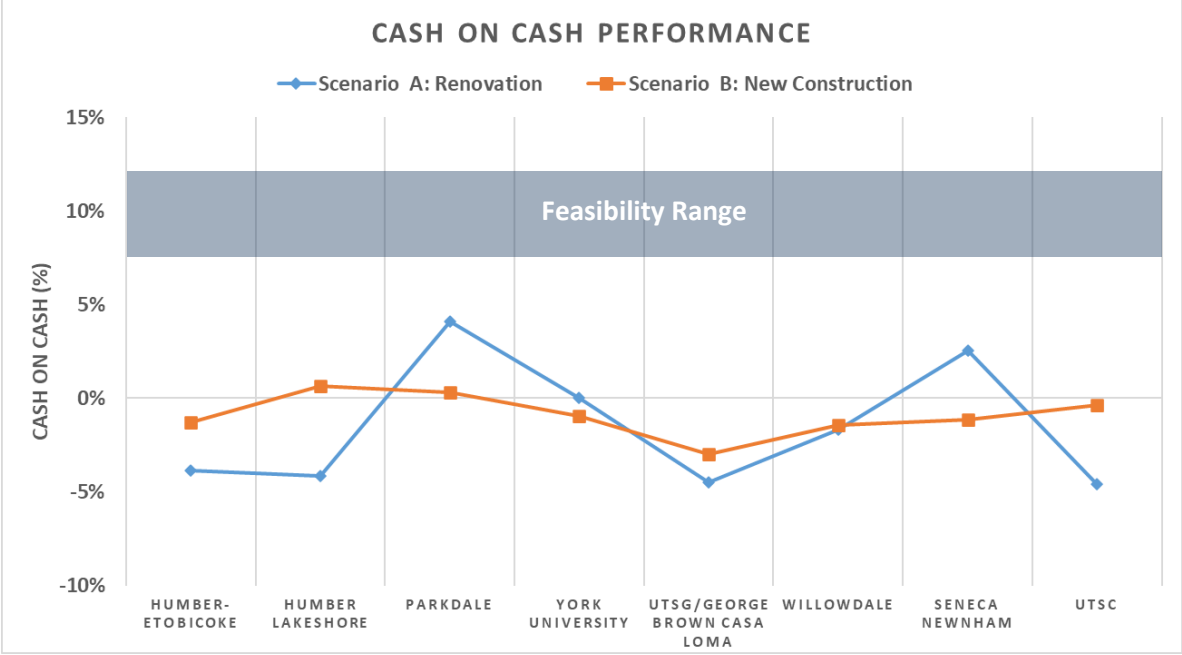


Figure 8



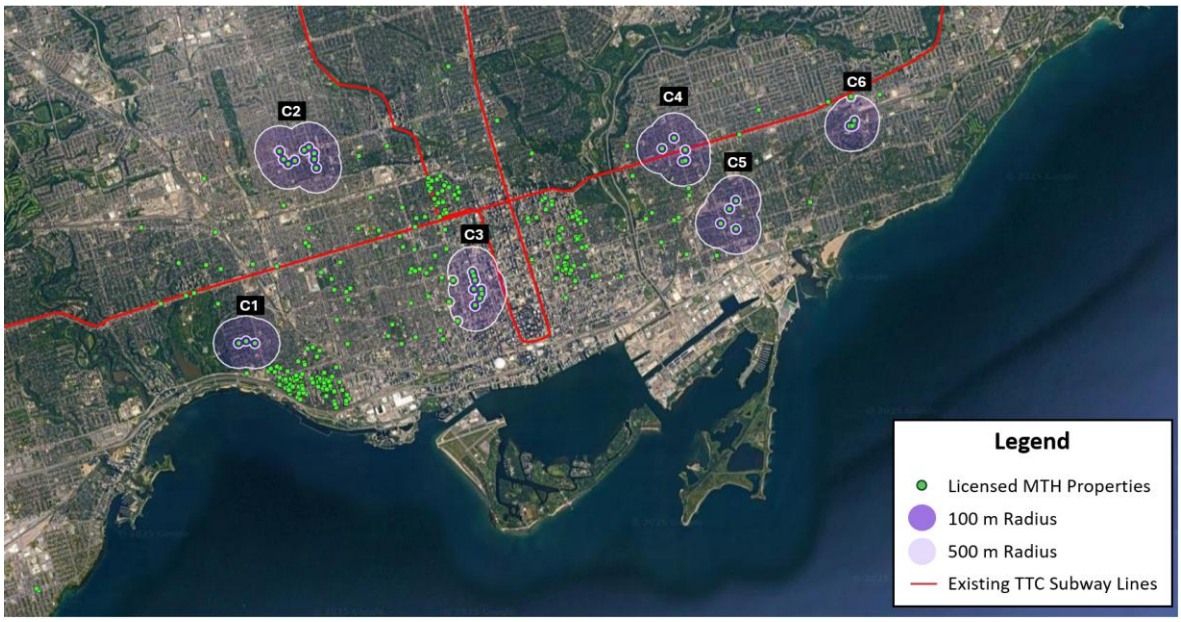
5.0 Property Value Impact Analysis

Section 4 has established that MTH are not likely to drive large increases in home values due to their relative unprofitability, regardless of location (e.g., near post-secondary schools, transit). This Section assesses whether or not licensed MTH have negative impacts on surrounding property values, specifically by analysing resales around six MTH property clusters (**Figure 9**). MLS resale and TREB market data were utilized for this work. This exercise assesses if there is a difference in:

- The resale value of properties located within 100m from licensed MTH properties (observed area), and properties located between 100m to 500m from licensed MTH properties (control area).
- The resale price growth between 2012-2014 (Period 1) and 2022-2024 (Period 2) for properties located within both observed and control areas.

The analysis will therefore consider if properties located near a MTH had a lower value or appreciated in value slower than similar homes further away. The clusters selected are located in the following neighbourhoods – Roncesvalles, Corso Italia, University/Grange Park, Pape-Danforth, Leslieville, and Main Station.

Figure 9: Cluster of MTH Selected for a Property Value Analysis



5.1 Resale Value Comparison

This exercise found no consistency of outcomes across the clusters, as illustrated in **Table 11**. Two clusters showed consistently higher resale prices for the observed area, one cluster showed consistently lower resale prices, one showed consistently similar resale prices, and two clusters fluctuated in price differential outcomes between the two periods of analysis.

Table 11

Comparison of Resale Prices Within Markets		
Cluster	Observed area vs. control area resale values	
	Period 1 (2012-2014)	Period 2 (2022-2024)
C1 - Roncesvalles	Higher (35%)	Higher (21%)
C2 - Corso Italia	Higher (24%)	Higher (23%)
C3 - University/Grange Park	Higher (17%)	Similar (-2%)
C4 - Pape-Danforth	Similar (-3%)	Lower (-23%)
C5 -Leslieville	Similar (0%)	Similar (-2%)
C6 - Main Station	Lower (-6%)	Lower (-17%)
1 - 'Similar' is when the difference between the two groups is 5% or less.		

Several factors that were found to have likely influenced local resale prices include:

- Lot sizes – Houses built on larger lots are typically bigger and have more spacious yards, which means they are more likely to be priced higher than smaller houses within their locale. In Cluster 1, lot sizes were generally larger on the west side of Roncesvalles Avenue compared to the east side, contributing to relatively lower resale prices in the latter. In Cluster 2, lot sizes in the Regal Heights and Wychwood neighbourhoods were larger than in other areas within the cluster, contributing to relatively lower resale prices in the latter.
- Proximity to main streets – While living near main streets provide the benefit of access to retail, transit, and other amenities and services, single-family homes located along or very near to main streets were found to resale for lower amounts than those within walking distance of a main street but far enough away that they don't encounter any nuisance impacts.
- Proximity to larger green space and natural features – This was found to be a factor which likely contributed to higher prices in certain areas of Cluster 1 (near High Park), Cluster 4 (near Withrow Park), and Cluster 6 (along the Glen Davis Ravine).
- Proximity to higher-/lower-socio-economic outcome neighbourhoods – This was an observed factor in Cluster 1 and Cluster 2. The MTH properties in Cluster 1 were located in the High-Park-Swansea neighbourhood, an area with a higher median household income than the neighbourhood to its east, Roncesvalles. Meanwhile, the MTH properties in Cluster 2 were largely located within or beside Regal Heights, a higher-income neighbourhood.
- Proximity to sources of nuisance – The presence of different institutions/facilities near a house can impact its potential resale price, depending on the institution's/facility's surrounding impact and neighbourhood impression. The noise and vibration from trains on above-ground railway lines in Cluster 4 and 6 likely contributed to the lower pricing of homes found along the corridor, as would the presence of a large TTC carhouse in the south end of Cluster 1.

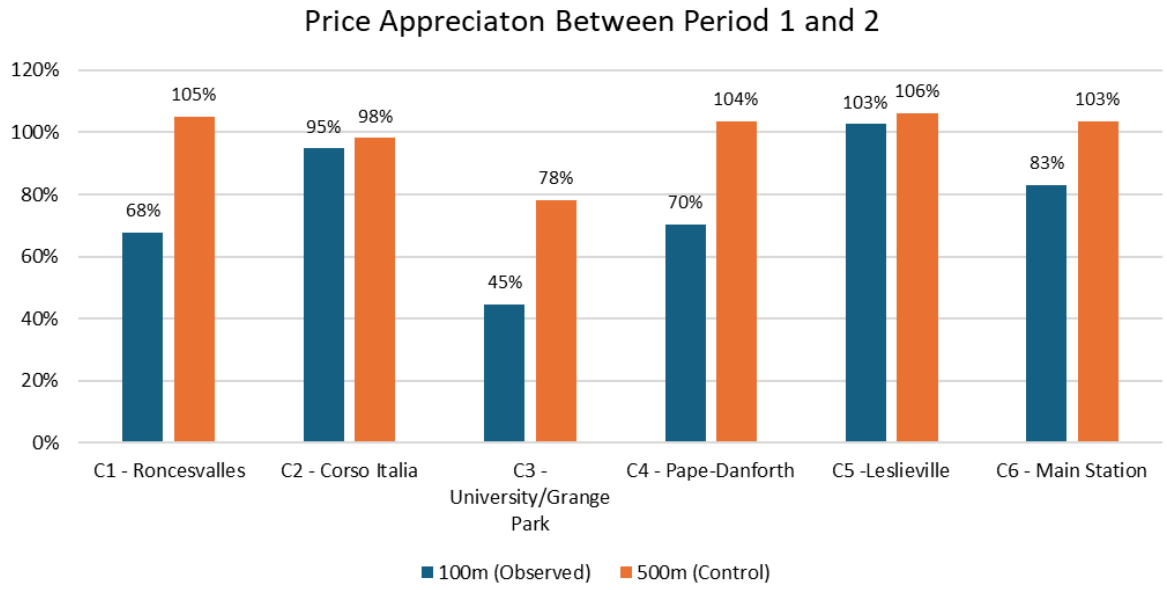
This list is non-exhaustive as there are hundreds of factors that could influence the sale value of a property, including the condition of the home itself. The presence of a MTH is one of many factors, and may not influence a property's value at all, particularly if it is not obvious that the MTH exists or if there are not any obvious nuisance issues associated with the building (e.g., property is in good

state of repair and maintenance). A more detailed table of outcomes can be found in **Appendix B**, while clearer images of the cluster groups can be found in **Appendix C**.

5.2 Price Appreciation

Analysis was also conducted to assess price appreciation differences between the observed (within 100m of a MTH) and control (100m – 500m of a MTH) areas in each cluster. As illustrated in **Figure 10**, two clusters showed relatively similar price appreciation between the observed and control areas, while four clusters showed lagging price appreciation for the area within 100m of an MTH.

Figure 10



Some factors need to be considered when analysing this data:

- For Cluster 4, one must consider the initiation of the Ontario Line construction at Pape station and its negative impacts on surrounding resale prices.
- When assessing data within such a small geography, the sample size and distribution of data will always influence the results. For Cluster 3, Period 1 sales were more evenly distributed across the cluster, while Period 2 sales were more concentrated by Grange Park, where resale prices are generally higher and thus increased the average resale price for the control area.

This may indicate some impact by MTH properties on the price appreciation of surrounding homes, but it also shows that these are not enough to counteract market-wide housing demand and price appreciation. Even if the lowest price appreciation was taken (i.e., observed area for Cluster 3), this still represents an annual appreciation of 4.5% annually, which is substantial given the base average resale value of $1.1 million. It is also important to acknowledge that there are many factors impacting the value of a home, as assessed in **Section 5.1** and it is impossible to control for all of these factors and outcomes.

5.3 Literature Review

The above results are reflective of the findings within relevant existing literature. There is limited literature that directly investigates the impacts of rooming houses/MTH on surrounding property values, but what literature exists alludes that any potential impact is likely minor. These findings include:

- Any impact on surrounding property value is dependent on highly individualized factors, such as unruly tenants and poor investment into property maintenance. In the 1950s and 1960s, as middle-income households gradually left the downtown core for homeownership in the newer, outer suburbs, achievable rents in these neighbourhoods decreased as mostly lower-income renters remained. Landlords stopped investing in the upkeep of their rental properties, resulting in poorly maintained homes, which alongside the perception of poverty and crime, and the blockbusting enacted by prospecting developers, contributed to the lower attractiveness, and thus prices, for downtown homes during this period.[28] [29]
- Value impacts from multi-tenant houses are likely different between the downtown and suburban neighbourhoods due to two key differences – building condition and tenant demographics.
    - Downtown houses are smaller, considerably older and in some instances experience a lack of reinvestment. Downtown MTH are also more likely to have higher rates of illegal drug use and heightened police presence, and are more likely to house individuals that have previously or repeatedly experienced homelessness[30].
    - On the other hand, suburban homes are newer, larger, and often located on larger lots. MTH operations are thus less likely to be distinguishable from single-family homes as it is easier to house more people in these larger, newer structures. Many MTH in the suburbs are also operated as converted basements, making it easier to "camouflage" these operations. This allows housing operating as MTH to blend in with the surrounding neighbourhood, and thus, to have a lesser impact on surrounding property values[31].
    - Unlike downtown multi-tenant houses, most of these properties contain newcomers, seniors, and international students.[32] While these are still financially less secure groups compared to

[28] Campsie, P. (1994). A Brief History of Rooming Houses in Toronto, 1972-94. https://housingsolutions.home.blog/wp-content/uploads/2019/06/history-of-rooming-houses-in-toronto.pdf

[29] Freeman, L. (2014). Toronto's Suburban Rooming Houses: Just a Spin on a Downtown "Problem"? *The Wellesley Institute.* https://www.wellesleyinstitute.com/wp-content/uploads/2014/10/Suburban-Rooming-Houses-FINAL-Sept-24.pdf

[30] Freeman, L. (2017). Governed Through Ghost Jurisdictions: Municipal Law, Inner Suburbs and Rooming Houses: Governed Through Ghost Jurisdictions. *International Journal of Urban and Regional Research*, 41(2). https://doi.org/10.1111/1468-2427.12441

[31] Freeman, L. (2014). Toronto's Suburban Rooming Houses: Just a Spin on a Downtown "Problem"? *The Wellesley Institute.* https://www.wellesleyinstitute.com/wp-content/uploads/2014/10/Suburban-Rooming-Houses-FINAL-Sept-24.pdf

[32] Freeman, L. (2017). Governed Through Ghost Jurisdictions: Municipal Law, Inner Suburbs and Rooming Houses: Governed Through Ghost Jurisdictions. *International Journal of Urban and Regional Research*, 41(2). https://doi.org/10.1111/1468-2427.12441

established couples and families, they are more secure than repeatedly unhoused individuals, or individuals with mental health and/or substance abuse issues.

- In Halifax, the growth of student rooming houses – despite the decline of non-student-oriented counterparts - was partially attributed to the reliability of annual leasing to students, the lower likelihood of property damage, and the security coming from parental references guaranteeing a residing student's good behavior[33].

- Any perceived impact on surrounding home value is not strong enough to counteract wider market demand. While negative perceptions of rooming houses may impact the value of surrounding properties, these impacts cannot be isolated from stronger market and policy forces. For example, in Parkdale and Chinatown – areas with high concentrations of MTH and low-income households - property values have seen significant increases due to their central access to transit and amenities, as well as overall population growth leading to pressures for intensification and redevelopment. The larger gap between potential rent/sale yields from purchasing and renovating/redeveloping properties has made investment here lucrative.

To augment this literature review, we also investigated the impacts of affordable housing on surrounding property values. Affordable housing development is a relatively good comparable in this context as rents for this housing type are lower than typical market units (i.e., multi-tenant units and affordable housing units are both typically cheaper than self-contained units in the private market), and there is also generally a negative association with affordable housing by some segments of the public. The main caveat is that affordable housing is typically designed with means-testing targeted towards moderate-to-lower income households, while multi-tenant housing in the private market is not means-tested and likely contain a wider spread of income demographics.

Three literature reviews were consulted[34] [35] [36] for this approach. The studies within these contained conflicting findings on the impact of affordable housing on surrounding property values, with some finding positive impacts [37] [38] [39], others finding negative impacts[40] [41], and others finding no significant

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[33] Grant, J., et al. (2018). Neighbourhood Change and the Fate of Rooming Houses. *Tijdschrift voor Economische en Sociale Geografie*, 110(1), 54-59. https://doi.org/10.1111/tesg.12338

[34] Nguyen, M. T. (2005). Does Affordable Housing Detrimentally Affect Property Values? A Review of the Literature. *Journal of Planning Literature*, 20(1), 15-26. https://doi.org/10.1177/0885412205277069

[35] Calabrese, T., Beadles, A., & French-Fuller, K. (2021). The Impacts of Affordable Housing: A Literature Review. *Weber State University.* Microsoft Word - Affordable Housing Report.docx (webercountyutah.gov)

[36] Bratt, R. G., & Lew, I. (2016). Affordable Rental Housing Development in the For-Profit Sector: A Review of the Literature. *US Department of Housing and Urban Development,* 18(3), 229-262. https://www.jstor.org/stable/26328285

[37] Ingrid G.E., & Voicu, I. (2006). Nonprofit Housing and Neighborhood Spillovers. *Journal of Policy Analysis and Management,* 24(1): 31–52. https://doi.org/10.1002/pam.20155

[38] Deng, Lan. 2011. "The External Neighborhood Effects of Low-Income Housing Tax Credit Projects Built by Three Sectors," Journal of Urban Affairs 33 (2): 143–166.

[39] Ahrentzen, S. (2008). How does affordable housing affect surrounding property values? ASU Stardust Center. https://s3-us-west-2.amazonaws.com/gios-web-img-docs/docs/stardust/housing-research-synthesis/research-brief.pdf

[40] Lyons, R.F., & Loveridge, S. (1993). An hedonic estimation of the effect of federally subsidized housing on nearby residential property values. Staff Paper. *University of Minnesota at Minneapolis-St. Paul, Department of Agricultural and Applied Economics*. http://dx.doi.org/10.22004/ag.econ.13377

[41] Diamond, R., & McQuade, T. (2019). Who wants affordable housing in their backyard? An equilibrium analysis of low-income property development. Journal of Political Economy, 127(3), 1063-1117. https://www.journals.uchicago.edu/doi/abs/10.1086/701354

impacts [42] [43]. Some studies[44] showed negative, positive or no significant impacts occurring depending on the various characteristics of the affordable housing project, such as housing quality, property management, neighbourhood context, and housing density, making it difficult to parse out the general impacts of this housing type on surrounding property values. However, various site, neighbourhood, and time-based factors were deemed important in determining the likely property value impacts of an affordable housing development. Those that are highly applicable to the context of multi-tenant housing include:

- **The physical quality and design of the structure.** Redeveloped or newly-built housing of good quality generally boost surrounding property values[45] [46] [47]. Suburban houses, particularly in the inner suburbs of Toronto, are often several decades old. Some of these properties are poorly maintained, or have aged structural features (e.g., no central ventilation, unused fireplaces, sagging floorboards). Renovations would benefit the landowner, allowing them to sell or lease out their property at higher amounts, potential tenants who would benefit from modern amenities and features added through renovations, as well as neighbouring properties as the appearance of the home is improved.
- **The design of the structure built.** Where the design of the property is made to fit into the surrounding neighbourhood, there was no conclusive impact on surrounding property values[48] [49]. One study found that despite facing years of opposition to construction, nearly 30% of nearby residents did not even know there was an affordable housing project that was built close to them[50]. Well-maintained multi-tenant houses are at many times indistinguishable from single-family homes.
- **The type of affordable housing project.** Some studies found that existing private market properties housing low-income households who received housing vouchers were found to have

[42] Cummings, Paul M., and John D. Landis. (1993). Relationships between affordable housing development and neighboring property values. Working Paper 599, ed. University of California at Berkeley, Institute of Urban and Regional Development. 1-relationships-between-affordable-housing-developments-and-neighboring-property-values.pdf

[43] Briggs, X.d.S., Darden, J.T., & Aidala, A. (1999). In the wake of desegregation: Early impacts of scattered-site public housing on neighborhoods in Yonkers, New York. *Journal of the American Planning Association*, 65 (1), 27-49. https://doi.org/10.1080/01944369908976032

[44] Lee, C., Culhane, D. P., & Wachter, S. M. (1999). The differential impacts of federally assisted housing programs on nearby property values: A Philadelphia case study. Housing Policy Debate 10 (1): 75-93. https://doi.org/10.1080/10511482.1999.9521328

[45] Ahrentzen, S. (2008). How does affordable housing affect surrounding property values? Research Brief. *ASU Stardust Center*. https://s3-us-west-2.amazonaws.com/gios-web-img-docs/docs/stardust/housing-research-synthesis/research-brief.pdf

[46] Eskic, D. (2021, February). The impact of high-density apartments on surrounding single-family home values in suburban Salt Lake County. *Kem C. Gardner Policy Institute*. https://gardner.utah.edu/wp-content/uploads/HighDensity-Feb2021.pdf

[47] Freedman, M., & Owens, G.B. (2011). Low-income housing development and crime. Journal of Urban Economics, 70(2-3), 115-131. doi:10.1016/j.jue.2011.04.001

[48] Cummings, Paul M., and John D. Landis. (1993). Relationships between affordable housing development and neighboring property values. Working Paper 599, ed. University of California at Berkeley, Institute of Urban and Regional Development. 1-relationships-between-affordable-housing-developments-and-neighboring-property-values.pdf

[49] Eskic, D. (2021, February). The impact of high-density apartments on surrounding single-family home values in suburban Salt Lake County. *Kem C. Gardner Policy Institute*. https://gardner.utah.edu/wp-content/uploads/HighDensity-Feb2021.pdf

[50] Albright, L., Derickson, E.S., & Massey, D.S. (2013). Do affordable housing projects harm suburban communities? Crime, property values, and taxes in Mount Laurel, NJ. City Community, 12(2), 89-112. https://doi.org/10.1111/cico.12015

no impact on surrounding communities [51] [52]. These are likely comparable properties, as they operate nearly similar to multi-tenant homes, both typically having a private landlord with a profit or cash flow incentive. However, enforced regulations and licences are needed to prevent such properties from falling into disrepair without proper maintenance.

Conflicting findings are found when looking at the following factors:

- **The level of income and investment in the neighbourhood.** Some studies find that affordable housing situated in low-income, racialized neighbourhoods are seen more negatively and are likely to exacerbate low property values[53] [54], while others find that it increases surrounding property values as this introduces investment and revitalization, which potentially risks the affordability of existing housing options in the neighbourhood.[55] [56] [57] [58] Meanwhile, affordable housing situated within white, middle-income neighbourhoods had no significant impact on property values[59] [60] [61] [62].
- **The proximity to affordable housing development.** Some studies [63] [64] [65] [66] found higher property value increases in neighbourhoods closest to affordable housing projects, particularly in

[51] Ellen, I.G., Schwartz, A.E., Voicu, I & Schill, M.H. (2007). Does federally subsidized rental housing depress neighborhood property values? Journal of Policy Analysis and Management, 26(2), 257-280. https://doi.org/10.1002/pam.20247

[52] Lyons, R.F., & Loveridge, S. (1993). An hedonic estimation of the effect of federally subsidized housing on nearby residential property values. Staff Paper. *University of Minnesota at Minneapolis-St. Paul, Department of Agricultural and Applied Economics*. http://dx.doi.org/10.22004/ag.econ.13377

[53] Galster, G.C., Tatian, P., & Smith, R. (1999). The Impact of Neighbors Who Use Section 8 Certificates on Property Values.. Housing Policy Debate 10 (4): 879-917. https://doi.org/10.1080/10511482.1999.9521354

[54] Albright, L., Derickson, E.S., & Massey, D.S. (2013). Do affordable housing projects harm suburban communities? Crime, property values, and taxes in Mount Laurel, NJ. City Community, 12(2), 89-112. https://doi.org/10.1111/cico.12015

[55] Baum-Snow, N., & Marion, J. (2009). The effects of low income housing tax credit developments on neighborhoods. Journal of Public Economics, 93, 654-666. https://doi.org/10.1016/j.jpubeco.2009.01.001

[56] Diamond, R., & McQuade, T. (2019). Who wants affordable housing in their backyard? An equilibrium analysis of low-income property development. Journal of Political Economy, 127(3), 1063-1117. https://www.journals.uchicago.edu/doi/abs/10.1086/701354

[57] Dillman, K., Horn, K.M., Verrilli, A. (2017). The what, where, and when of place-based housing policy's neighborhood effects. Housing Policy Debate, 27(2), 282-305. http://dx.doi.org/10.1080/10511482.2016.1172103

[58] Ellen, I.G., Schwartz, A.E., Voicu, I & Schill, M.H. (2007). Does federally subsidized rental housing depress neighborhood property values? Journal of Policy Analysis and Management, 26(2), 257-280. https://doi.org/10.1002/pam.20247

[59] Briggs, X.d.S., Darden, J.T., & Aidala, A. (1999). In the wake of desegregation: Early impacts of scattered-site public housing on neighborhoods in Yonkers, New York. *Journal of the American Planning Association*, 65 (1), 27-49. https://doi.org/10.1080/01944369908976032

[60] Albright, L., Derickson, E.S., & Massey, D.S. (2013). Do affordable housing projects harm suburban communities? Crime, property values, and taxes in Mount Laurel, NJ. City Community, 12(2), 89-112. https://doi.org/10.1111/cico.12015

[61] Baum-Snow, N., & Marion, J. (2009). The effects of low income housing tax credit developments on neighborhoods. Journal of Public Economics, 93, 654-666. https://doi.org/10.1016/j.jpubeco.2009.01.001

[62] Dillman, K., Horn, K.M., Verrilli, A. (2017). The what, where, and when of place-based housing policy's neighborhood effects. Housing Policy Debate, 27(2), 282-305. http://dx.doi.org/10.1080/10511482.2016.1172103

[63] Ahrentzen, S. (2008). How does affordable housing affect surrounding property values? Research Brief. *ASU Stardust Center*. https://s3-us-west-2.amazonaws.com/gios-web-img-docs/docs/stardust/housing-research-synthesis/research-brief.pdf

[64] Albright, L., Derickson, E.S., & Massey, D.S. (2013). Do affordable housing projects harm suburban communities? Crime, property values, and taxes in Mount Laurel, NJ. City Community, 12(2), 89-112. https://doi.org/10.1111/cico.12015

[65] Diamond, R., & McQuade, T. (2019). Who wants affordable housing in their backyard? An equilibrium analysis of low-income property development. Journal of Political Economy, 127(3), 1063-1117. https://www.journals.uchicago.edu/doi/abs/10.1086/701354

[66] Dillman, K., Horn, K.M., Verrilli, A. (2017). The what, where, and when of place-based housing policy's neighborhood effects. Housing Policy Debate, 27(2), 282-305. http://dx.doi.org/10.1080/10511482.2016.1172103

disadvantaged neighbourhoods, due to the introduction of new investment and infrastructure. Meanwhile others found the opposite[67] [68].

Various confounding factors also exist to make it difficult to properly assess impacts associated with affordable housing, including the general appreciation of property values, and the presence of transit and other amenities that may offset any negative impacts. One of the literature reviews[69] concludes that where negative effects exist, they are small and are tied to the many factors listed above.

As this relates to multi-tenant housing, it is prudent to note that many site- specific, area/locale-specific, and macro-context (e.g., government policy, immigration, economic and market conditions) considerations must be assessed when determining potential impact on surrounding property values. Items such as the architectural quality, neighbourhood fit, and management of a multi-tenant house, as well as the local population and income growth, municipal land use policies and by-laws, and national interest rates, are likely more impactful in assessing long-term property value trajectories than the simple presence of a MTH property.

[67] Lyons, R.F., & Loveridge, S. (1993). An hedonic estimation of the effect of federally subsidized housing on nearby residential property values. Staff Paper. *University of Minnesota at Minneapolis-St. Paul, Department of Agricultural and Applied Economics*. http://dx.doi.org/10.22004/ag.econ.13377

[68] Galster, G.C., Tatian, P., & Smith, R. (1999). The Impact of Neighbors Who Use Section 8 Certificates on Property Values.. Housing Policy Debate 10 (4): 879-917. https://doi.org/10.1080/10511482.1999.9521354

[69] Nguyen, M. T. (2005). Does Affordable Housing Detrimentally Affect Property Values? A Review of the Literature. *Journal of Planning Literature*, *20*(1), 15-26. https://doi.org/10.1177/0885412205277069

6.0 Findings

The following summarizes the key findings of this study categorized within the four core questions directed by City Council.

6.1 What are the preconditions that could lead to the proliferation of new multi-tenant houses within Toronto?

There are several key factors that have led to the historic creation and likely continued proliferation of new MTH – licensed or not - in the city.

- **Market / Economic:** One of the key factors that will influence the viability of new MTH will be market and economic forces.

  - The continued erosion of affordability in both the ownership and rental housing market will support the demand of new multi-tenant housing. Eroding affordability creates demand for more affordable housing outcomes such as MTH, while also creating an environment whereby homeowners may elect to convert their properties into a multi-tenant home to reduce their own housing costs, as opposed to solely for a strong economic return (e.g., IRR).

    Building off the above, the continuation of high rents in the broader market will support demand for below-market housing outcomes like MTH, while also allowing operators to charge higher rents and support stronger returns.

  - While unaffordability creates strong demand for MTH, high home prices result in significant costs for parties interested in converting a single-family home into an MTH. In most cases, the high cost of acquiring a home in the City inhibits financial feasibility, particularly if a home is dilapidated and requires significant renovation, on top of conversion costs to meet zoning, building, and fire code standards.

    The MTH scenarios examined in **Section 4** do not provide sufficient density in most cases to create a viable outcome. This is true even in stronger market areas, as higher home prices offset the gains from higher achievable rents. In these situations, more density would need to be provided to justify the high home acquisition cost, such as Case Study 3 presented in **Section 4**.

  - While home prices are currently on a downward trend in most communities within the City, so too are rents. Looking forward, the supply of new housing is also low relative to recent years as the construction industry faces significant challenges related to high costs, reduced demand, and pricing distortions. Should single-family home prices continue to decline, or stabilize, this may improve the feasibility of developing new MTH or converting single-family homes into MTH.

- High construction costs and elevated interest rates are also heavily influencing the feasibility of developing new MTH and converting single-family homes into MTH.

- Finally, the Federal Government's recent announcement to reduce immigration and foreign temporary residents (e.g., international students) will impact demand for MTH. While demand for lower cost rental housing is immense in the City even with these changes, the net reduction in these demographics will result in a slight, short-term decline in overall rental pressure in Toronto.

- **Policy / Zoning:** An enabling policy and zoning environment is key in ensuring interested parties can advance MTH broadly across the City.

  - While the City has implemented a MTH zoning framework, which is a fundamentally important first step, the framework should be monitored over time to ensure it is functioning effectively. Applications for licensing should be evaluated closely to understand where variances were needed, with steps taken to update the framework to remove such barriers and improve as-of-right permissions. Variances increase costs, risk/uncertainty, and potential for community opposition.

  - The City can also consider developing pre-approved and standardized designs for MTH on different lot sizes. Similar to the CMHC housing design catalogue[70], which is also being replicated by other communities to encourage missing middle housing forms[71] [72], these types of pre-approved designs can reduce costs, increase certainty, and accelerate the construction of these housing outcomes. Pairing designs with opportunities for modular construction can further reduce costs and delays. Of note, the City has a Certified Plans Program which now includes housing projects, so a builder or designer can have plans for an MTH certified to enable replication.

  - The City could also consider expanding the dwelling room caps to improve the feasibility of developing licensed MTH properties. This would consider the lot size, total floor area, FSI, setbacks, servicing capacity, surrounding context, parking and safety requirements appropriate to ensure denser developments are safe, properly operated, and are on the whole, livable given the additional density.

  - Notably, the City has put together a report noting alternative compliance paths for multi-tenant housing development to meet the Ontario Building and Fire Code requirements. This

[70] Government of Canada. (2025). Housing Design Catalogue. https://housing-infrastructure.canada.ca/housing-logement/design-catalogue-conception/index-eng.html

[71] City of Mississauga. (n.d.). Pre-Approved Garden Suite Plans. https://www.mississauga.ca/services-and-programs/building-and-renovating/building-more-units-on-your-property/pre-approved-garden-suite-plans/

[72] City of Burlington. (n.d.). Garage Conversion Toolkit. https://www.burlington.ca/en/building-and-renovating/garage-conversion-kit.aspx

is aimed at providing guidance to designers and operators in meeting the requirements in a cost-effective way, potentially improving the feasibility and timeline of proposed MTH projects.

- **Regulation and Licensing:** Where regulation and licensing requirements are too onerous, this may detract interest from existing MTH operators in securing a license and/or the creation of new licensed MTH.
  - The City should continue monitoring uptake from both existing unlicensed MTH as well as the construction of MTH, in addition to consultation with these groups. This review should occur annually to understand the take-up, challenges, and opportunities to make changes that balance the intent of the regulations relative to their impact on feasibility.
  - To encourage more unlicensed MTH to pursue a license, as well as to reduce complaints and possible property value impacts, enforcement of zoning and property standards by-laws should be enhanced. This will reduce complaints about noise, waste, and potential property value impacts.
  - Notwithstanding the above, enforcement could risk the loss of currently operating MTH or the continuance of unlicensed operations, as regulations and licensing add significant costs to operators. This must be carefully considered and reviewed over time to ensure the correct balance is established, as well as the implementation of incentives if determined appropriate (see below and **6.2** to follow).
- **Incentive:** Where feasibility remains challenged and uptake is small, the City can consider incentivizing the development of MTH where appropriate. See **Section 6.2** for more detail.

6.2 What magnitude / type of incentives would be required to stimulate the legalization of multi-tenant houses?

The findings of this work indicate that the feasibility of creating new MTH, either through renovation/conversion of existing homes or new construction, is challenged. While results varied, the level of subsidy necessary for most case studies to be viable might range between $50,000 and $400,000, largely driven by the high cost of acquiring a home in the City, as well as situations where development charges are applied.

Notably, the City's Multi-Tenant Houses Renovation and Repair Program provides financial support for property owners and operators of unlicensed MTH properties to encourage them to get a license.

This includes up to $50,000 per dwelling room, planning fee and building permit waivers, and forgivable loans aimed at improving the safety and building conditions in the applicant's property.[73]

As a starting point for supporting new MTH development, the City should first standardize its practice to exempting MTH from development charges for all MTH outcomes permitted as-of-right by zoning. Currently, the City's Development Charges by-law provides an exemption for rooming houses that are conversions of an existing single detached house or semi-detached house. New purpose-built multi-tenant homes are subject to development charges on each dwelling room. While our analysis shows that removing DCs may not result in viable outcomes broadly across the City in isolation, they nonetheless can reduce costs in a meaningful way that will further incentivize their creation.

The City could further support the feasibility of MTH by offering subsidies that cover either upfront capital expenditures, operating costs (e.g., reduced property tax), and/or low-cost financing that cover the renovation/construction costs. Property tax exemptions in particular can significantly reduce the operating expenses and have measurable impacts on an MTH's calculated return metrics.

The City should continuously review the uptake of the licencing program over the coming years and implement incentives as needed to encourage unlicensed MTH operators to pursue a licence as well as to spur the creation of new MTH, should the market response be modest.

6.3 What impact, if any, do multi-tenant houses have on residential property values in the surrounding neighbourhood?

The results of the feasibility assessment indicate a few key findings:

- The broader feasibility of MTH appears to be challenged and is unlikely to result in MTH developers 'bidding up' the price of single-family homes across the City. In fact, the already high cost of acquiring single-family homes in the market is a significant reason why feasibility is so challenged.
- The analysis indicates that in most cases, a MTH developer would need to pay below market value for these homes to advance a viable project.
- The results were true broadly across the test areas evaluated, including areas near post-secondary schools, transit, and other features. This was primarily because while revenues and demand were higher in proximity to these features, so too were home values and therefore development costs.
- Feasibility was only shown to improve when the density permissions were increased, allowing these significant home acquisition costs to be spread across a larger project.

[73] City of Toronto. (n.d.). Multi-Tenant Houses Renovation & Repair Program. https://www.toronto.ca/community-people/housing-shelter/multi-tenant-rooming-houses/multi-tenant-house-owners-operators/multi-tenant-house-renovation-repair-program/

- These results are also reflected by the low number of new MTH applications for a license, and the fact that no new licensed MTH have yet been created through the new regulatory framework.

Regarding the potential for negative property value impacts, the analysis in this report provides somewhat inconclusive findings:

- The property value analysis indicates that MTH are unlikely to be measurably influencing the value of nearby properties, either positively or negatively. Where notable distortions were identified, these were likely caused by a wide array of other site- and locale-specific factors that can all more strongly influence the value of a specific property.
- The literature review on the impact of MTH and affordable housing on neighbouring property values provides varied findings that are heavily influenced by localized, contextual, and wider market/economic conditions.
- Overall, there are many factors that influence property values and for the most part, both the analysis in this report and literature review indicates that there are unlikely to be major negative value impacts. In the more urban locations of the City, residents are often willing to overlook possible nuisance issues that might be associated with MTH properties (and other factors) in exchange for easy access to transit, amenities, retail, and jobs. Meanwhile, MTH in the outer suburbs are more likely to be better "camouflaged" due to the newer, larger homes present in these areas, limiting their potential impact on surrounding property values.
- It is likely that any negative property value impacts can be mitigated by ensuring good design and property upkeep of any created MTH. However, it cannot be ignored that some negative value impacts could materialize in certain situations.
- Finally, as illustrated by **Figure 4**, there are potentially thousands of unlicensed MTH already in existence and located broadly across the City in virtually every context (e.g., suburban, urban, low-rise communities, along main streets, near hospitals and post-secondary schools, etc.). It is therefore unlikely that the implementation of the new MTH framework, combined with the poor feasibility of developing new MTH, will suddenly result in measurable impacts to property values, positive or negative.

6.4 What impact do multi-tenant houses have on residential property values specifically within neighbourhoods around post-secondary schools?

As identified in 6.3, the feasibility of developing new MTH near post-secondary schools does not appear to be improved relative to locations away from post-secondary schools. As such, nuanced impacts for these areas are not envisioned.

Notwithstanding the above, post-secondary schools have attracted strong clusters of both licensed and unlicensed MTH historically given that MTH are attractive housing options for students. We expect this to continue looking forward, however near-term impacts related to reduced international student targets will dampen demand over the short-term.

7.0 Appendices

7.1 Appendix A: MTH and Socioeconomic Indicators

City of Toronto Currently Licensed MTH and Socio-Economic Indicators, by Ward

Ward Information				Currently Licensed MTH Properties		Income Status			Age of Individuals		Immigration Status				Housing Conditions				Other	
Ward Number	Ward Name	Population	Households	Total Dwelling Rooms per 1,000 Households	Total Number of Dwelling Rooms	Median Household Income	Low-Income After Tax Households, (%)	Total Income from Gov't Transfers (%)	Seniors - 65+ Years Old (%)	Student-Age Persons - 15 to 24 Years Old (%)	New Immigrants - 2016 to 2021 (%)	Immigrants (%)	Non-Permanent Residents (%)	Refugees (%)	Average Household Size	Avg. Rent	Households Spending > 30% of Income on Shelter Costs (%)	Households in Single-Family Homes (%)	Visible Minority Individuals (%)	Individuals with Post-Secondary Education (%)
12	Toronto-St. Paul's	114,095	58,105	0.3	17	$86,000	13%	9%	27%	13%	8%	34%	6%	11%	2.0	$1,768	45%	29%	35%	72%
19	Beaches-East York	108,500	45,705	3	137	$89,000	12%	13%	24%	20%	5%	32%	3%	18%	2.4	$1,370	39%	36%	36%	63%
10	Spadina-Fort York	135,400	80,730	4	324	$89,000	14%	8%	9%	4%	11%	35%	8%	10%	1.7	$1,988	44%	43%	52%	78%
14	Toronto-Danforth	104,555	46,235	4	204	$93,000	12%	12%	24%	16%	3%	31%	2%	18%	2.3	$1,424	38%	47%	34%	62%
9	Davenport	104,730	45,670	6	259	$85,000	11%	17%	27%	15%	4%	41%	4%	15%	2.3	$1,552	41%	4%	34%	53%
13	Toronto Centre	116,930	68,965	18	1,259	$65,000	22%	14%	14%	7%	9%	40%	10%	17%	1.7	$1,520	43%	19%	57%	70%
11	University-Rosedale	102,385	53,510	23	1,228	$84,000	15%	7%	23%	10%	6%	32%	8%	9%	1.9	$1,976	49%	55%	38%	72%
4	Parkdale-High Park	104,715	49,440	36	1,757	$85,000	12%	12%	22%	15%	4%	32%	3%	23%	2.1	$1,492	40%	22%	29%	69%
Average / Weighted Average		**111,414**	**56,045**	**11**	**635**	**$84,422**	**14%**	**11%**	**21%**	**12%**	**6%**	**35%**	**6%**	**15%**	**2.0**	**$1,646**	**42%**	**32%**	**40%**	**68%**
					Correlation (r) :	**-0.38**	**0.25**	**-0.06**	**-0.11**	**-0.10**	**-0.13**	**-0.14**	**0.09**	**0.41**	**-0.18**	**-0.01**	**0.16**	**-0.07**	**-0.11**	**0.18**

Source: City of Toronto 2021 Census Custom Tabulations and Other City-Provided data.
* Green indicates figures below the weighted average for each category, red indicates the opposite.

City of Toronto MTH-Related Complaints and Socio-Economic Indicators, by Ward

Ward Information				Currently Licensed MTH Properties		Income Status			Age of Individuals		Immigration Status				Housing Conditions				Other	
Ward Number	Ward Name	Population	Households	Total MTH-Related Complaints per 1,000 Households	Total MTH-Related Service Requests/Complaints	Median Household Income	Low-Income After Tax Households, (%)	Total Income from Gov't Transfers (%)	Seniors - 65+ Years Old (%)	Student-Age Persons - 15 to 24 Years Old (%)	New Immigrants - 2016 to 2021 (%)	Immigrants (%)	Non-Permanent Residents (%)	Refugees (%)	Average Household Size	Avg. Rent	Households Spending > 30% of Income on Shelter Costs (%)	Households in Single-Family Homes (%)	Visible Minority Individuals (%)	Individuals with Post-Secondary Education (%)
10	Spadina-Fort York	135,400	80,730	0.3	24	$89,000	14%	8%	8%	9%	11%	35%	8%	10%	1.7	$1,988	44%	4%	52%	81%
19	Beaches-East York	108,500	45,705	0.5	22	$89,000	12%	13%	15%	10%	5%	32%	3%	18%	2.4	$1,370	39%	46%	36%	65%
12	Toronto-St. Paul's	114,095	58,105	0.5	30	$86,000	13%	9%	19%	9%	8%	34%	6%	11%	2.0	$1,768	45%	22%	35%	74%
8	Eglinton-Lawrence	114,820	45,915	0.5	25	$97,000	10%	10%	17%	13%	6%	39%	4%	12%	2.5	$1,588	38%	44%	37%	66%
16	Don Valley East	94,335	38,285	0.5	21	$78,500	14%	21%	19%	12%	10%	53%	5%	24%	2.5	$1,492	39%	27%	63%	60%
2	Etobicoke Centre	117,200	45,345	0.6	27	$100,000	8%	14%	21%	11%	4%	41%	2%	22%	2.6	$1,574	39%	55%	32%	62%
15	Don Valley West	101,025	40,030	0.6	24	$102,000	13%	7%	17%	13%	7%	40%	4%	15%	2.5	$1,716	41%	47%	47%	71%
13	Toronto Centre	116,930	68,965	0.7	48	$65,000	22%	14%	11%	13%	9%	40%	10%	17%	1.7	$1,520	43%	5%	57%	73%
3	Etobicoke-Lakeshore	139,920	65,575	0.9	62	$90,000	11%	12%	17%	9%	7%	38%	4%	20%	2.1	$1,592	41%	34%	35%	68%
4	Parkdale-High Park	104,715	49,440	1.0	48	$85,000	12%	12%	15%	9%	4%	32%	3%	23%	2.1	$1,492	40%	29%	29%	70%
14	Toronto-Danforth	104,555	46,235	1.2	54	$93,000	12%	12%	15%	9%	3%	31%	2%	18%	2.3	$1,424	38%	45%	34%	65%
5	York South-Weston	115,675	45,055	1.3	58	$72,000	15%	27%	16%	12%	6%	52%	4%	23%	2.6	$1,196	35%	39%	58%	44%
6	York Centre	107,355	41,265	1.4	57	$82,000	12%	21%	17%	12%	9%	56%	4%	14%	2.6	$1,448	36%	35%	53%	58%
9	Davenport	104,730	45,670	1.6	74	$85,000	11%	17%	14%	9%	4%	41%	4%	15%	2.3	$1,552	41%	34%	34%	58%
11	University-Rosedale	102,385	53,510	1.7	90	$84,000	15%	7%	18%	13%	6%	32%	8%	9%	1.9	$1,976	49%	19%	38%	75%
7	Humber River-Black Creek	111,200	37,675	2.0	76	$73,000	15%	33%	15%	15%	8%	58%	7%	28%	3.0	$1,261	33%	43%	78%	41%
18	Willowdale	117,130	50,550	2.3	118	$81,000	18%	15%	17%	11%	12%	61%	10%	7%	2.3	$1,880	49%	30%	71%	73%
17	Don Valley North	112,590	45,785	2.6	120	$84,000	14%	18%	20%	11%	10%	63%	9%	11%	2.5	$1,754	44%	36%	74%	70%
23	Scarborough North	94,025	29,545	2.7	81	$87,000	12%	29%	20%	12%	6%	67%	5%	18%	3.2	$1,408	33%	64%	92%	49%
21	Scarborough Centre	111,560	40,565	3.0	122	$78,000	13%	27%	17%	13%	8%	56%	6%	19%	2.8	$1,338	36%	43%	74%	53%
1	Etobicoke North	115,120	38,135	3.2	123	$81,000	13%	29%	16%	15%	8%	58%	6%	27%	3.0	$1,328	34%	43%	78%	48%
20	Scarborough Southwest	110,095	41,905	3.9	163	$79,000	14%	23%	15%	12%	6%	46%	4%	20%	2.6	$1,196	32%	47%	61%	55%
22	Scarborough-Agincourt	103,690	38,345	4.4	169	$77,000	15%	27%	23%	11%	8%	66%	6%	17%	2.7	$1,358	36%	44%	82%	55%
24	Scarborough-Guildwood	102,755	36,245	4.8	173	$78,000	15%	28%	16%	13%	8%	54%	6%	19%	2.8	$1,197	32%	42%	76%	55%
25	Scarborough-Rouge Park	101,485	32,315	5.0	161	$84,000	8%	22%	19%	13%	4%	52%	3%	19%	3.1	$1,362	33%	75%	76%	56%
Average / Weighted Average		**110,452**	**46,436**	**1.9**	**78**	**$84,029**	**13%**	**18%**	**17%**	**12%**	**7%**	**47%**	**5%**	**17%**	**2.4**	**$1,518**	**39%**	**37%**	**56%**	**62%**
					Correlation (r) :	**-0.37**	**0.01**	**0.66**	**0.34**	**0.48**	**-0.01**	**0.63**	**0.10**	**0.14**	**0.66**	**-0.48**	**-0.53**	**0.51**	**0.72**	**-0.51**

Source: City of Toronto 2021 Census Custom Tabulations and Other City-Provided data.
* Green highlights indicates figures below the weighted average for each category, red highlights indicates the opposite.
** Complaints for currently licensed MTH properties were excluded.

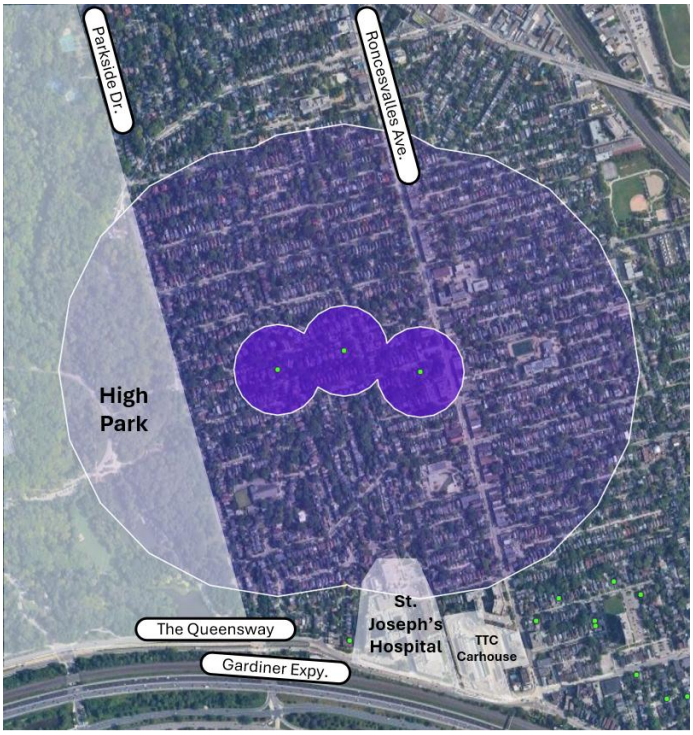
7.2 Appendix B: Property Impact Analysis

Comparison of Resale Prices Across Geographies and Time				
	2012 - 2014 (Period 1) Resales		2022 - 2024 (Period 2) Resales	
C1 - Roncesvalles				
	100m	**500m**	**100m**	**500m**
Average Resale Price	$1,475,500	$954,335	$2,476,660	$1,957,423
Total Sales	3	130	6	81
100m vs. Control	**35%**	**-**	**21%**	**-**
C2 - Corso Italia				
	100m	**500m**	**100m**	**500m**
Average Resale Price	$891,868	$678,997	$1,737,643	$1,345,218
Total Sales	26	265	14	179
100m vs. Control	**24%**	**-**	**23%**	**-**
C3 - University/Grange Park				
	100m	**500m**	**100m**	**500m**
Average Resale Price	$1,105,433	$913,894	$1,598,667	$1,628,812
Total Sales	15	25	7	17
100m vs. Control	**17%**	**-**	**-2%**	**-**
C4 - Pape-Danforth				
	100m	**500m**	**100m**	**500m**
Average Resale Price	$752,800	$774,068	$1,281,443	$1,575,442
Total Sales	28	234	14	179
100m vs. Control	**-3%**	**-**	**-23%**	**-**
C5 - Leslieville				
	100m	**500m**	**100m**	**500m**
Average Resale Price	$651,567	$653,089	$1,320,000	$1,347,135
Total Sales	38	389	12	207
100m vs. Control	**0%**	**-**	**-2%**	**-**
C6 - Main Station[2]				
	100m	**500m**	**100m**	**500m**
Average Resale Price	$621,024	$655,258	$1,136,871	$1,333,428
Total Sales	9	140	7	80
100m vs. Control	**-6%**	**-**	**-17%**	**-**

1 - Resales include all typologies except for condominium apartment units.
2 - Two resales ($3.3 million, $5.3 million) were removed from the list due to it being outliers.
Sources: TRREB, MLS Resale Data.

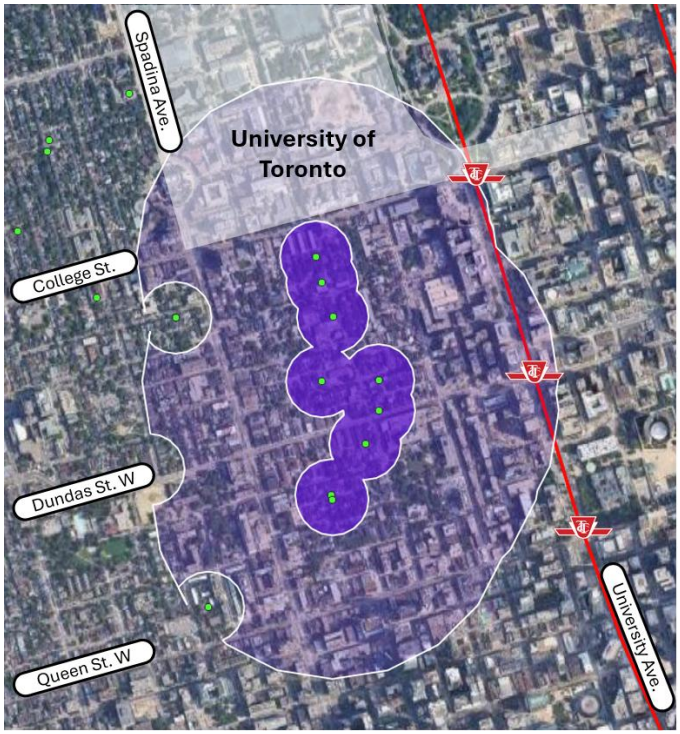
7.3 Appendix C: Property Impact Cluster Mapping

Cluster 1 - Roncesvalles

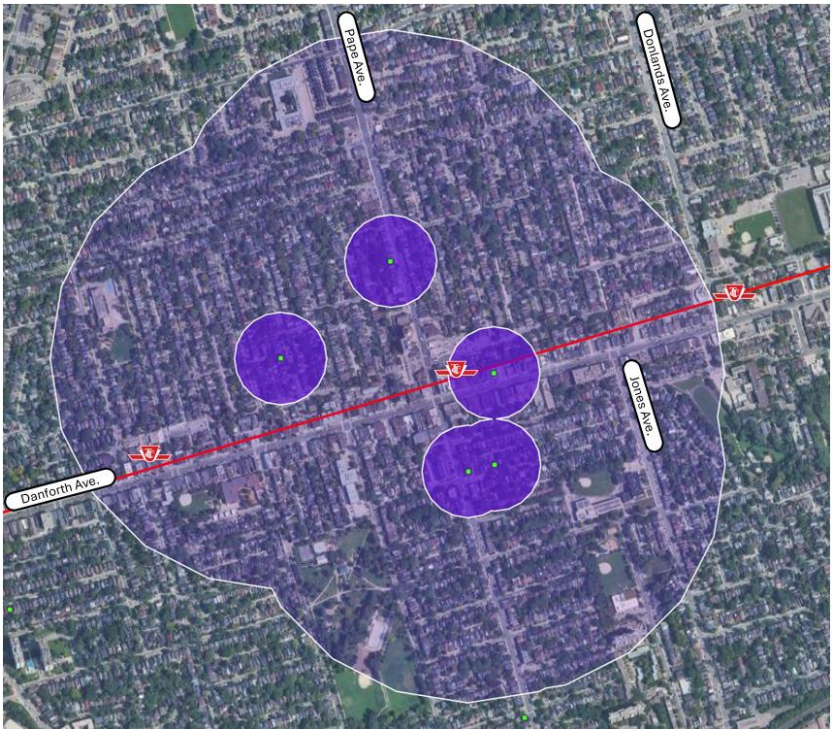


Cluster 2 – Corso-Italia

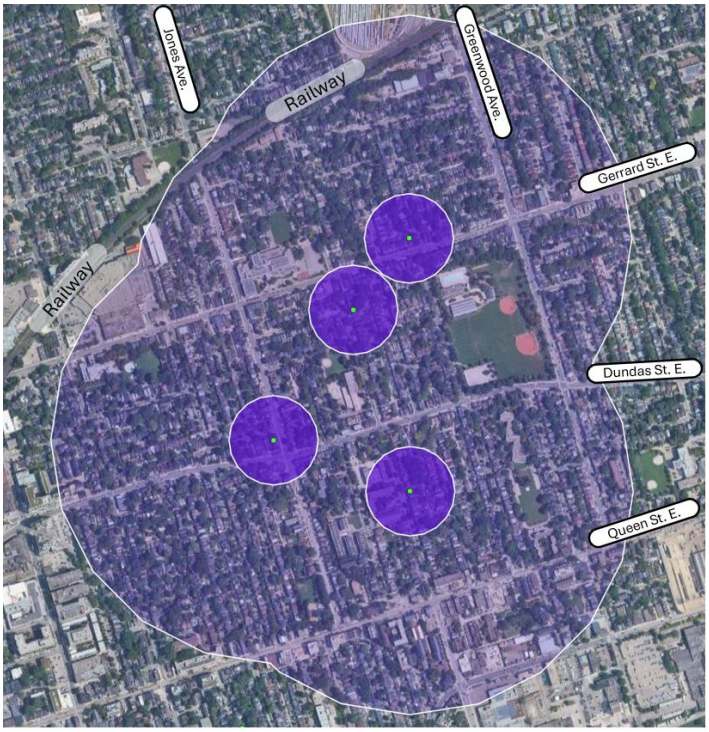
Cluster 3 – University/Grange Park



Cluster 4 – Pape Danforth



Cluster 5 – Leslieville



Cluster 6 – Main Station

7.4 Appendix D: Proforma Analysis

Test Site 1 - Humber Etobicoke
Scenario A - Home Renovation

Project Details	
Existing Home	
Size (sf)	2,691
Housing Type	Detached
Home Age	1979
# of Bedroom	4
# of Bathrooms	1
Renovation	
Size (sf)	2,691
Floor Area for Dwelling Units	0
# of Bedrooms	0
# of Washrooms	0
Floor Area for Dwelling Rooms	2,691
# of Bedrooms	6
# of Washrooms	3
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,050,000
Renovation Cost ($psf)	$100
Total Renovation Cost	$269,098
Minor Variance	$10,000
Building Permit	$10,000
Development Charge	$0
Consultant Fees	$30,000
Land Transfer Tax	$34,675
Legal	$5,000
Contingency (10%)	$35,877
Total Cost	**$1,444,650**

Market Inputs	
Market Rent	$5,500
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	4.50%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$66,000	$67,320	$68,666	$70,040	$71,441	$72,869	$74,327	$75,813	$77,330	$78,876
Vacancy and Bad Debt		$(1,980)	$(2,020)	$(2,060)	$(2,101)	$(2,143)	$(2,186)	$(2,230)	$(2,274)	$(2,320)	$(2,366)
Effective Gross Revenue		**$64,020**	**$65,300**	**$66,606**	**$67,939**	**$69,297**	**$70,683**	**$72,097**	**$73,539**	**$75,010**	**$76,510**
Operating Expenses		$19,206	$19,590	$19,982	$20,382	$20,789	$21,205	$21,629	$22,062	$22,503	$22,953
Net Operating Income		**$44,814**	**$45,710**	**$46,624**	**$47,557**	**$48,508**	**$49,478**	**$50,468**	**$51,477**	**$52,507**	**$53,557**
Loan Information											
Loan Funding	$1,011,255										
Loan Payment		$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(732,416)
Cash Flow After Debt Service		$(23,384)	$(22,488)	$(21,574)	$(20,641)	$(19,690)	$(18,720)	$(17,730)	$(16,721)	$(15,691)	$(747,057)
Acquisition and Sale Information											
Acquisition Cost	$(1,444,650)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,071,138
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(53,557)
Net Levered Cash Flow	-$433,395	-$23,384	-$22,488	-$21,574	-$20,641	-$19,690	-$18,720	-$17,730	-$16,721	-$15,691	$270,524
Cash-on-Cash Return		*-5.4%*	*-4.9%*	*-4.5%*	*-4.1%*	*-3.8%*	*-3.5%*	*-3.2%*	*-2.9%*	*-2.6%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$1,011,255	$988,563	$964,851	$940,071	$914,176	$887,116	$858,838	$829,288	$798,408	$766,138
Total Loan Payment		$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)	$(68,198)
Principal Payment		$(22,692)	$(23,713)	$(24,780)	$(25,895)	$(27,060)	$(28,278)	$(29,550)	$(30,880)	$(32,270)	$(33,722)
Interest Payment		$(45,506)	$(44,485)	$(43,418)	$(42,303)	$(41,138)	$(39,920)	$(38,648)	$(37,318)	$(35,928)	$(34,476)
Ending Balance		**$988,563**	**$964,851**	**$940,071**	**$914,176**	**$887,116**	**$858,838**	**$829,288**	**$798,408**	**$766,138**	**$732,416**

Home Value	**$1,050,000**	**$1,071,000**	**$1,092,420**	**$1,114,268**	**$1,136,554**	**$1,159,285**	**$1,182,471**	**$1,206,120**	**$1,230,242**	**$1,254,847**	**$1,279,944**
Unit Value (capitalized)	**$896,280**	**$896,280**	**$914,206**	**$932,490**	**$951,140**	**$970,162**	**$989,566**	**$1,009,357**	**$1,029,544**	**$1,050,135**	**$1,071,138**

Leveraged Return Metrics	
IRR	**-9.35%**
Average Cash-on-Cash	**-3.88%**
Cash Flow Oven 10-Year Period	**-$176,638**

Construction Project Cost	**$1,444,650**
Sale Value of MTH	**$896,280**
Net Return	**-$548,370**

Scenario B - New Build / Addition

Project Details	
Existing Home	
Size (sf)	2,691
Housing Type	Detached
Home Age	1979
# of Bedroom	4
# of Bathrooms	1
New Build	
Size (sf)	4,306
Floor Area for Dwelling Units	3,014
# of Dwelling Units	4
# of Bedrooms	8
# of Washrooms	8
Floor Area for Dwelling Rooms	1,292
# of Bedrooms	6
# of Washrooms	6
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,050,000
Construction Cost ($PSF)	$316
Total Construction Cost	$1,361,633
Minor Variance	$15,000
Building Permit	$20,000
Demolition Cost	$26,910
Development Charge	$224,136
Consultant Fees	$50,000
Land Transfer Tax	$34,675
Legal	$10,000
Development/Construction Mgmt.	$27,233
Contingency (10%)	$176,959
Total Cost	**$2,996,545**

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$206,400	$210,528	$214,739	$219,033	$223,414	$227,882	$232,440	$237,089	$241,830	$246,667
Vacancy and Bad Debt		$(6,192)	$(6,316)	$(6,442)	$(6,571)	$(6,702)	$(6,836)	$(6,973)	$(7,113)	$(7,255)	$(7,400)
Effective Gross Revenue		**$200,208**	**$204,212**	**$208,296**	**$212,462**	**$216,712**	**$221,046**	**$225,467**	**$229,976**	**$234,576**	**$239,267**
Operating Expenses		$60,062	$61,264	$62,489	$63,739	$65,013	$66,314	$67,640	$68,993	$70,373	$71,780
Net Operating Income		**$140,146**	**$142,949**	**$145,807**	**$148,724**	**$151,698**	**$154,732**	**$157,827**	**$160,983**	**$164,203**	**$167,487**
Loan Information											
Loan Funding	$2,097,582										
Loan Payment		$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,593,653)
Cash Flow After Debt Service		$(23,941)	$(21,138)	$(18,279)	$(15,363)	$(12,389)	$(9,355)	$(6,260)	$(3,104)	$116	$(1,590,253)
Acquisition and Sale Information											
Acquisition Cost	$(2,996,545)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$3,349,739
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(692,487)
Net Levered Cash Flow	-$898,964	-$23,941	-$21,138	-$18,279	-$15,363	-$12,389	-$9,355	-$6,260	-$3,104	$116	$1,066,999
Cash-on-Cash Return		*-2.7%*	*-2.3%*	*-1.9%*	*-1.6%*	*-1.3%*	*-0.9%*	*-0.6%*	*-0.3%*	*0.0%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$2,097,582	$2,059,350	$2,018,824	$1,975,866	$1,930,331	$1,882,064	$1,830,901	$1,776,668	$1,719,181	$1,658,245
Total Loan Payment		$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)	$(164,087)
Principal Payment		$(38,232)	$(40,526)	$(42,958)	$(45,535)	$(48,267)	$(51,163)	$(54,233)	$(57,487)	$(60,936)	$(64,592)
Interest Payment		$(125,855)	$(123,561)	$(121,129)	$(118,552)	$(115,820)	$(112,924)	$(109,854)	$(106,600)	$(103,151)	$(99,495)
Ending Balance		**$2,059,350**	**$2,018,824**	**$1,975,866**	**$1,930,331**	**$1,882,064**	**$1,830,901**	**$1,776,668**	**$1,719,181**	**$1,658,245**	**$1,593,653**

Home Value	**$1,050,000**	**$1,071,000**	**$1,092,420**	**$1,114,268**	**$1,136,554**	**$1,159,285**	**$1,182,471**	**$1,206,120**	**$1,230,242**	**$1,254,847**	**$1,279,944**
Unit Value (capitalized)	**$2,802,912**	**$2,802,912**	**$2,858,970**	**$2,916,150**	**$2,974,473**	**$3,033,962**	**$3,094,641**	**$3,156,534**	**$3,219,665**	**$3,284,058**	**$3,349,739**

Market Inputs	
Market Rent	$17,200
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	6.00%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Leveraged Return Metrics	
IRR	**0.58%**
Average Cash-on-Cash	**-1.29%**
Cash Flow Oven 10-Year Period	**-$109,714**

Construction Project Cost	**$2,996,545**
Sale Value of MTH	**$2,802,912**
Net Return	**-$193,633**

Test Site 2 - Etobicoke Lakeshore

Scenario A - Home Renovation

Project Details	
Existing Home	
Size (sf)	2,799
Housing Type	Detached
Home Age	1964
# of Bedroom	5
# of Bathrooms	3
Renovation	
Size (sf)	2,799
Floor Area for Dwelling Units	0
# of Bedrooms	0
# of Washrooms	0
Floor Area for Dwelling Rooms	2,799
# of Bedrooms	6
# of Washrooms	3
Parking	Yes
Parking Rent (monthly)	$60
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,250,000
Renovation Cost ($psf)	$100
Total Renovation Cost	$279,861
Minor Variance	$10,000
Building Permit	$10,000
Development Charge	$0
Consultant Fees	$30,000
Land Transfer Tax	$42,675
Legal	$5,000
Contingency (10%)	$37,754
Total Cost	**$1,665,290**

Market Inputs	
Market Rent	$6,120
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	4.50%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$73,440	$74,909	$76,407	$77,935	$79,494	$81,084	$82,705	$84,359	$86,047	$87,768
Vacancy and Bad Debt		$(2,203)	$(2,247)	$(2,292)	$(2,338)	$(2,385)	$(2,433)	$(2,481)	$(2,531)	$(2,581)	$(2,633)
Effective Gross Revenue		**$71,237**	**$72,662**	**$74,115**	**$75,597**	**$77,109**	**$78,651**	**$80,224**	**$81,829**	**$83,465**	**$85,135**
Operating Expenses		$21,371	$21,798	$22,234	$22,679	$23,133	$23,595	$24,067	$24,549	$25,040	$25,540
Net Operating Income		**$49,866**	**$50,863**	**$51,880**	**$52,918**	**$53,976**	**$55,056**	**$56,157**	**$57,280**	**$58,426**	**$59,594**
Loan Information											
Loan Funding	$1,165,703										
Loan Payment		$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(844,277)
Cash Flow After Debt Service		$(28,748)	$(27,751)	$(26,734)	$(25,696)	$(24,638)	$(23,558)	$(22,457)	$(21,334)	$(20,188)	$(863,297)
Acquisition and Sale Information											
Acquisition Cost	$(1,665,290)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,191,884
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(59,594)
Net Levered Cash Flow	-$499,587	-$28,748	-$27,751	-$26,734	-$25,696	-$24,638	-$23,558	-$22,457	-$21,334	-$20,188	$268,993
Cash-on-Cash Return		*-5.8%*	*-5.3%*	*-4.8%*	*-4.4%*	*-4.0%*	*-3.7%*	*-3.4%*	*-3.1%*	*-2.9%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$1,165,703	$1,139,546	$1,112,211	$1,083,647	$1,053,797	$1,022,604	$990,008	$955,944	$920,348	$883,150
Total Loan Payment		$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)	$(78,614)
Principal Payment		$(26,157)	$(27,334)	$(28,564)	$(29,850)	$(31,193)	$(32,597)	$(34,064)	$(35,596)	$(37,198)	$(38,872)
Interest Payment		$(52,457)	$(51,280)	$(50,050)	$(48,764)	$(47,421)	$(46,017)	$(44,550)	$(43,017)	$(41,416)	$(39,742)
Ending Balance		**$1,139,546**	**$1,112,211**	**$1,083,647**	**$1,053,797**	**$1,022,604**	**$990,008**	**$955,944**	**$920,348**	**$883,150**	**$844,277**

Home Value	**$1,250,000**	**$1,275,000**	**$1,300,500**	**$1,326,510**	**$1,353,040**	**$1,380,101**	**$1,407,703**	**$1,435,857**	**$1,464,574**	**$1,493,866**	**$1,523,743**
Unit Value (capitalized & appreciated)	**$997,315**	**$997,315**	**$1,017,262**	**$1,037,607**	**$1,058,359**	**$1,079,526**	**$1,101,117**	**$1,123,139**	**$1,145,602**	**$1,168,514**	**$1,191,884**

Leveraged Return Metrics	
IRR	**-11.50%**
Average Cash-on-Cash	**-4.16%**
Cash Flow Oven 10-Year Period	**-$221,103**

Construction Project Cost	**$1,665,290**
Sale Value of MTH	**$997,315**
Net Return	**-$667,975**

Scenario B - New Build / Addition

Project Details	
Existing Home	
Size (sf)	2,799
Housing Type	Detached
Home Age	1964
# of Bedroom	5
# of Bathrooms	3
New Build	
Size (sf)	4,844
Floor Area for Dwelling Units	3,660
# of Dwelling Units	4
# of Bedrooms	12
# of Washrooms	8
Floor Area for Dwelling Rooms	1,184
# of Bedrooms	6
# of Washrooms	6
Parking	Yes
Parking Rent (monthly)	$60
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,250,000
Construction Cost ($PSF)	$316
Total Construction Cost	$1,531,838
Minor Variance	$15,000
Building Permit	$20,000
Demolition Cost	$27,986
Development Charge	$224,136
Consultant Fees	$50,000
Land Transfer Tax	$42,675
Legal	$10,000
Development/Construction Mgmt.	$30,637
Contingency (10%)	$195,227
Total Cost	**$3,397,499**

Market Inputs	
Market Rent	$21,820
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	6.00%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$261,840	$267,077	$272,418	$277,867	$283,424	$289,093	$294,874	$300,772	$306,787	$312,923
Vacancy and Bad Debt		$(7,855)	$(8,012)	$(8,173)	$(8,336)	$(8,503)	$(8,673)	$(8,846)	$(9,023)	$(9,204)	$(9,388)
Effective Gross Revenue		**$253,985**	**$259,064**	**$264,246**	**$269,531**	**$274,921**	**$280,420**	**$286,028**	**$291,749**	**$297,584**	**$303,535**
Operating Expenses		$76,195	$77,719	$79,274	$80,859	$82,476	$84,126	$85,808	$87,525	$89,275	$91,061
Net Operating Income		**$177,789**	**$181,345**	**$184,972**	**$188,671**	**$192,445**	**$196,294**	**$200,220**	**$204,224**	**$208,309**	**$212,475**
Loan Information											
Loan Funding	$2,378,249										
Loan Payment		$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,806,892)
Cash Flow After Debt Service		$(8,253)	$(4,697)	$(1,071)	$2,629	$6,402	$10,251	$14,177	$18,181	$22,266	$(1,780,460)
Acquisition and Sale Information											
Acquisition Cost	$(3,397,499)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,249,495
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(837,475)
Net Levered Cash Flow	-$1,019,250	-$8,253	-$4,697	-$1,071	$2,629	$6,402	$10,251	$14,177	$18,181	$22,266	$1,631,560
Cash-on-Cash Return		*-0.8%*	*-0.5%*	*-0.1%*	*0.3%*	*0.6%*	*1.0%*	*1.4%*	*1.8%*	*2.2%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$2,378,249	$2,334,901	$2,288,953	$2,240,247	$2,188,620	$2,133,894	$2,075,885	$2,014,396	$1,949,217	$1,880,127
Total Loan Payment		$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)	$(186,043)
Principal Payment		$(43,348)	$(45,949)	$(48,705)	$(51,628)	$(54,725)	$(58,009)	$(61,490)	$(65,179)	$(69,090)	$(73,235)
Interest Payment		$(142,695)	$(140,094)	$(137,337)	$(134,415)	$(131,317)	$(128,034)	$(124,553)	$(120,864)	$(116,953)	$(112,808)
Ending Balance		**$2,334,901**	**$2,288,953**	**$2,240,247**	**$2,188,620**	**$2,133,894**	**$2,075,885**	**$2,014,396**	**$1,949,217**	**$1,880,127**	**$1,806,892**

Home Value	**$1,250,000**	**$1,275,000**	**$1,300,500**	**$1,326,510**	**$1,353,040**	**$1,380,101**	**$1,407,703**	**$1,435,857**	**$1,464,574**	**$1,493,866**	**$1,523,743**
Unit Value (capitalized & appreciated)	**$3,555,787**	**$3,555,787**	**$3,626,903**	**$3,699,441**	**$3,773,430**	**$3,848,898**	**$3,925,876**	**$4,004,394**	**$4,084,482**	**$4,166,171**	**$4,249,495**

Leveraged Return Metrics	
IRR	**5.21%**
Average Cash-on-Cash	**0.64%**
Cash Flow Oven 10-Year Period	**$59,886**

Construction Project Cost	**$3,397,499**
Sale Value of MTH	**$3,555,787**
Net Return	**$158,289**

Test Site 3 - Parkdale

Scenario A - Home Renovation

Project Details	
Existing Home	
Size (sf)	5,382
Housing Type	Semi-detached
Home Age	1919
# of Bedroom	8
# of Bathrooms	4
Renovation	
Size (sf)	5,382
Floor Area for Dwelling Units	1615
# of Bedrooms	4
# of Washrooms	2
Floor Area for Dwelling Rooms	3,767
# of Bedrooms	12
# of Washrooms	12
Parking	Yes
Parking Rent (monthly)	$60
# of Parking Spaces	0
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$2,200,000
Renovation Cost ($psf)	$100
Total Renovation Cost	$538,195
Minor Variance	$10,000
Building Permit	$10,000
Development Charge	$0
Consultant Fees	$30,000
Land Transfer Tax	$80,675
Legal	$5,000
Contingency (10%)	$67,387
Total Cost	**$2,941,257**

Market Inputs	
Market Rent	$19,800
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	4.50%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$237,600	$242,352	$247,199	$252,143	$257,186	$262,330	$267,576	$272,928	$278,386	$283,954
Vacancy and Bad Debt		$(7,128)	$(7,271)	$(7,416)	$(7,564)	$(7,716)	$(7,870)	$(8,027)	$(8,188)	$(8,352)	$(8,519)
Effective Gross Revenue		**$230,472**	**$235,081**	**$239,783**	**$244,579**	**$249,470**	**$254,460**	**$259,549**	**$264,740**	**$270,035**	**$275,435**
Operating Expenses		$69,142	$70,524	$71,935	$73,374	$74,841	$76,338	$77,865	$79,422	$81,010	$82,631
Net Operating Income		**$161,330**	**$164,557**	**$167,848**	**$171,205**	**$174,629**	**$178,122**	**$181,684**	**$185,318**	**$189,024**	**$192,805**
Loan Information											
Loan Funding	$2,058,880										
Loan Payment		$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,491,174)
Cash Flow After Debt Service		$22,482	$25,708	$28,999	$32,356	$35,780	$39,273	$42,835	$46,469	$50,175	$(1,437,218)
Acquisition and Sale Information											
Acquisition Cost	$(2,941,257)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$3,856,095
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(192,805)
Net Levered Cash Flow	-$882,377	$22,482	$25,708	$28,999	$32,356	$35,780	$39,273	$42,835	$46,469	$50,175	$2,226,073
Cash-on-Cash Return		*2.5%*	*2.9%*	*3.3%*	*3.7%*	*4.1%*	*4.5%*	*4.9%*	*5.3%*	*5.7%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$2,058,880	$2,012,681	$1,964,402	$1,913,952	$1,861,231	$1,806,137	$1,748,564	$1,688,401	$1,625,530	$1,559,830
Total Loan Payment		$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)	$(138,849)
Principal Payment		$(46,199)	$(48,278)	$(50,451)	$(52,721)	$(55,093)	$(57,573)	$(60,163)	$(62,871)	$(65,700)	$(68,657)
Interest Payment		$(92,650)	$(90,571)	$(88,398)	$(86,128)	$(83,755)	$(81,276)	$(78,685)	$(75,978)	$(73,149)	$(70,192)
Ending Balance		**$2,012,681**	**$1,964,402**	**$1,913,952**	**$1,861,231**	**$1,806,137**	**$1,748,564**	**$1,688,401**	**$1,625,530**	**$1,559,830**	**$1,491,174**

Home Value	**$2,200,000**	**$2,244,000**	**$2,288,880**	**$2,334,658**	**$2,381,351**	**$2,428,978**	**$2,477,557**	**$2,527,108**	**$2,577,651**	**$2,629,204**	**$2,681,788**
Unit Value (capitalized & appreciated)	**$3,226,608**	**$3,226,608**	**$3,291,140**	**$3,356,963**	**$3,424,102**	**$3,492,584**	**$3,562,436**	**$3,633,685**	**$3,706,358**	**$3,780,486**	**$3,856,095**

Leveraged Return Metrics	
IRR	**12.18%**
Average Cash-on-Cash	**4.1%**
Cash Flow Oven 10-Year Period	**$324,078**

Construction Project Cost	**$2,941,257**
Sale Value of MTH	**$3,226,608**
Net Return	**$285,351**

Scenario B - New Build / Addition

Project Details	
Existing Home	
Size (sf)	5,382
Housing Type	Semi-detached
Home Age	1919
# of Bedroom	8
# of Bathrooms	4
New Build	
Size (sf)	6,674
Floor Area for Dwelling Units	3,660
# of Dwelling Units	4
# of Bedrooms	12
# of Washrooms	8
Floor Area for Dwelling Rooms	3,014
# of Bedrooms	12
# of Washrooms	13
Parking	Yes
Parking Rent (monthly)	$60
# of Parking Spaces	0
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$2,200,000
Construction Cost ($PSF)	$316
Total Construction Cost	$2,110,532
Minor Variance	$15,000
Building Permit	$20,000
Demolition Cost	$53,820
Development Charge	$0
Consultant Fees	$50,000
Land Transfer Tax	$80,675
Legal	$10,000
Development/Construction Mgmt.	$42,211
Contingency (10%)	$238,224
Total Cost	**$4,820,461**

Market Inputs	
Market Rent	$30,400
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	6.00%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$364,800	$372,096	$379,538	$387,129	$394,871	$402,769	$410,824	$419,041	$427,421	$435,970
Vacancy and Bad Debt		$(10,944)	$(11,163)	$(11,386)	$(11,614)	$(11,846)	$(12,083)	$(12,325)	$(12,571)	$(12,823)	$(13,079)
Effective Gross Revenue		**$353,856**	**$360,933**	**$368,152**	**$375,515**	**$383,025**	**$390,686**	**$398,499**	**$406,469**	**$414,599**	**$422,891**
Operating Expenses		$106,157	$108,280	$110,446	$112,654	$114,908	$117,206	$119,550	$121,941	$124,380	$126,867
Net Operating Income		**$247,699**	**$252,653**	**$257,706**	**$262,860**	**$268,118**	**$273,480**	**$278,950**	**$284,529**	**$290,219**	**$296,023**
Loan Information											
Loan Funding	$3,374,322										
Loan Payment		$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(2,563,666)
Cash Flow After Debt Service		$(16,263)	$(11,309)	$(6,256)	$(1,102)	$4,155	$9,518	$14,987	$20,566	$26,257	$(2,531,605)
Acquisition and Sale Information											
Acquisition Cost	$(4,820,461)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$5,920,469
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,396,023)
Net Levered Cash Flow	-$1,446,138	-$16,263	-$11,309	-$6,256	-$1,102	$4,155	$9,518	$14,987	$20,566	$26,257	$1,992,841
Cash-on-Cash Return		*-1.1%*	*-0.8%*	*-0.4%*	*-0.1%*	*0.3%*	*0.6%*	*1.0%*	*1.4%*	*1.8%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$3,374,322	$3,312,820	$3,247,627	$3,178,522	$3,105,271	$3,027,625	$2,945,321	$2,858,078	$2,765,600	$2,667,574
Total Loan Payment		$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)	$(263,962)
Principal Payment		$(61,503)	$(65,193)	$(69,105)	$(73,251)	$(77,646)	$(82,305)	$(87,243)	$(92,478)	$(98,026)	$(103,908)
Interest Payment		$(202,459)	$(198,769)	$(194,858)	$(190,711)	$(186,316)	$(181,658)	$(176,719)	$(171,485)	$(165,936)	$(160,054)
Ending Balance		**$3,312,820**	**$3,247,627**	**$3,178,522**	**$3,105,271**	**$3,027,625**	**$2,945,321**	**$2,858,078**	**$2,765,600**	**$2,667,574**	**$2,563,666**

Home Value	**$2,200,000**	**$2,244,000**	**$2,288,880**	**$2,334,658**	**$2,381,351**	**$2,428,978**	**$2,477,557**	**$2,527,108**	**$2,577,651**	**$2,629,204**	**$2,681,788**
Unit Value (capitalized & appreciated)	**$4,953,984**	**$4,953,984**	**$5,053,064**	**$5,154,125**	**$5,257,207**	**$5,362,352**	**$5,469,599**	**$5,578,991**	**$5,690,570**	**$5,804,382**	**$5,920,469**

Leveraged Return Metrics	
IRR	**3.44%**
Average Cash-on-Cash	**0.30%**
Cash Flow Oven 10-Year Period	**$40,554**

Construction Project Cost	**$4,820,461**
Sale Value of MTH	**$4,953,984**
Net Return	**$133,523**

Test Site 4 - York University

Scenario A - Home Renovation

Project Details	
Existing Home	
Size (sf)	3,444
Housing Type	Detached
Home Age	2004
# of Bedroom	6
# of Bathrooms	4
Renovation	
Size (sf)	3,444
Floor Area for Dwelling Units	1076
# of Bedrooms	3
# of Washrooms	2
Floor Area for Dwelling Rooms	2,368
# of Bedrooms	6
# of Washrooms	2
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,350,000
Renovation Cost ($psf)	$100
Total Renovation Cost	$344,445
Minor Variance	$10,000
Building Permit	$10,000
Development Charge	$0
Consultant Fees	$30,000
Land Transfer Tax	$46,675
Legal	$5,000
Contingency (10%)	$44,612
Total Cost	**$1,840,732**

Market Inputs	
Market Rent	$9,850
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	4.50%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$118,200	$120,564	$122,975	$125,435	$127,943	$130,502	$133,112	$135,775	$138,490	$141,260
Vacancy and Bad Debt		$(3,546)	$(3,617)	$(3,689)	$(3,763)	$(3,838)	$(3,915)	$(3,993)	$(4,073)	$(4,155)	$(4,238)
Effective Gross Revenue		**$114,654**	**$116,947**	**$119,286**	**$121,672**	**$124,105**	**$126,587**	**$129,119**	**$131,701**	**$134,335**	**$137,022**
Operating Expenses		$34,396	$35,084	$35,786	$36,502	$37,232	$37,976	$38,736	$39,510	$40,301	$41,107
Net Operating Income		**$80,258**	**$81,863**	**$83,500**	**$85,170**	**$86,874**	**$88,611**	**$90,383**	**$92,191**	**$94,035**	**$95,916**
Loan Information											
Loan Funding	$1,288,512										
Loan Payment		$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(933,224)
Cash Flow After Debt Service		$(6,638)	$(5,033)	$(3,396)	$(1,726)	$(22)	$1,715	$3,487	$5,295	$7,139	$(924,204)
Acquisition and Sale Information											
Acquisition Cost	$(1,840,732)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,918,310
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(95,916)
Net Levered Cash Flow	-$552,220	-$6,638	-$5,033	-$3,396	-$1,726	-$22	$1,715	$3,487	$5,295	$7,139	$898,190
Cash-on-Cash Return		*-1.2%*	*-0.9%*	*-0.6%*	*-0.3%*	*0.0%*	*0.3%*	*0.6%*	*0.9%*	*1.3%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$1,288,512	$1,259,599	$1,229,385	$1,197,812	$1,164,817	$1,130,338	$1,094,307	$1,056,655	$1,017,308	$976,191
Total Loan Payment		$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)	$(86,896)
Principal Payment		$(28,913)	$(30,214)	$(31,574)	$(32,994)	$(34,479)	$(36,031)	$(37,652)	$(39,347)	$(41,117)	$(42,967)
Interest Payment		$(57,983)	$(56,682)	$(55,322)	$(53,902)	$(52,417)	$(50,865)	$(49,244)	$(47,549)	$(45,779)	$(43,929)
Ending Balance		**$1,259,599**	**$1,229,385**	**$1,197,812**	**$1,164,817**	**$1,130,338**	**$1,094,307**	**$1,056,655**	**$1,017,308**	**$976,191**	**$933,224**

Home Value	**$1,350,000**	**$1,377,000**	**$1,404,540**	**$1,432,631**	**$1,461,283**	**$1,490,509**	**$1,520,319**	**$1,550,726**	**$1,581,740**	**$1,613,375**	**$1,645,642**
Unit Value (capitalized & appreciated)	**$1,605,156**	**$1,605,156**	**$1,637,259**	**$1,670,004**	**$1,703,404**	**$1,737,472**	**$1,772,222**	**$1,807,666**	**$1,843,820**	**$1,880,696**	**$1,918,310**

Leveraged Return Metrics	
IRR	**4.92%**
Average Cash-on-Cash	**0.0%**
Cash Flow Oven 10-Year Period	**$821**

Construction Project Cost	**$1,840,732**
Sale Value of MTH	**$1,605,156**
Net Return	**-$235,576**

Scenario B - New Build / Addition

Project Details	
Existing Home	
Size (sf)	3,444
Housing Type	Detached
Home Age	2004
# of Bedroom	6
# of Bathrooms	4
New Build	
Size (sf)	4,306
Floor Area for Dwelling Units	3,014
# of Dwelling Units	4
# of Bedrooms	8
# of Washrooms	8
Floor Area for Dwelling Rooms	1,292
# of Bedrooms	6
# of Washrooms	6
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,350,000
Construction Cost ($PSF)	$316
Total Construction Cost	$1,361,633
Minor Variance	$15,000
Building Permit	$20,000
Demolition Cost	$34,444
Development Charge	$0
Consultant Fees	$50,000
Land Transfer Tax	$46,675
Legal	$10,000
Development/Construction Mgmt.	$27,233
Contingency (10%)	$156,499
Total Cost	**$3,071,484**

Market Inputs	
Market Rent	$18,000
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	6.00%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$216,000	$220,320	$224,726	$229,221	$233,805	$238,481	$243,251	$248,116	$253,078	$258,140
Vacancy and Bad Debt		$(6,480)	$(6,610)	$(6,742)	$(6,877)	$(7,014)	$(7,154)	$(7,298)	$(7,443)	$(7,592)	$(7,744)
Effective Gross Revenue		**$209,520**	**$213,710**	**$217,985**	**$222,344**	**$226,791**	**$231,327**	**$235,954**	**$240,673**	**$245,486**	**$250,396**
Operating Expenses		$62,856	$64,113	$65,395	$66,703	$68,037	$69,398	$70,786	$72,202	$73,646	$75,119
Net Operating Income		**$146,664**	**$149,597**	**$152,589**	**$155,641**	**$158,754**	**$161,929**	**$165,167**	**$168,471**	**$171,840**	**$175,277**
Loan Information											
Loan Funding	$2,150,039										
Loan Payment		$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,633,508)
Cash Flow After Debt Service		$(21,526)	$(18,593)	$(15,601)	$(12,549)	$(9,437)	$(6,262)	$(3,023)	$280	$3,650	$(1,626,421)
Acquisition and Sale Information											
Acquisition Cost	$(3,071,484)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$3,505,541
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(850,277)
Net Levered Cash Flow	-$921,445	-$21,526	-$18,593	-$15,601	-$12,549	-$9,437	-$6,262	-$3,023	$280	$3,650	$1,028,843
Cash-on-Cash Return		*-2.3%*	*-2.0%*	*-1.6%*	*-1.3%*	*-1.0%*	*-0.6%*	*-0.3%*	*0.0%*	*0.4%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$2,150,039	$2,110,851	$2,069,311	$2,025,279	$1,978,606	$1,929,132	$1,876,689	$1,821,100	$1,762,175	$1,699,715
Total Loan Payment		$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)	$(168,190)
Principal Payment		$(39,188)	$(41,539)	$(44,032)	$(46,674)	$(49,474)	$(52,443)	$(55,589)	$(58,924)	$(62,460)	$(66,208)
Interest Payment		$(129,002)	$(126,651)	$(124,159)	$(121,517)	$(118,716)	$(115,748)	$(112,601)	$(109,266)	$(105,731)	$(101,983)
Ending Balance		**$2,110,851**	**$2,069,311**	**$2,025,279**	**$1,978,606**	**$1,929,132**	**$1,876,689**	**$1,821,100**	**$1,762,175**	**$1,699,715**	**$1,633,508**

Home Value	**$1,350,000**	**$1,377,000**	**$1,404,540**	**$1,432,631**	**$1,461,283**	**$1,490,509**	**$1,520,319**	**$1,550,726**	**$1,581,740**	**$1,613,375**	**$1,645,642**
Unit Value (capitalized & appreciated)	**$2,933,280**	**$2,933,280**	**$2,991,946**	**$3,051,785**	**$3,112,820**	**$3,175,077**	**$3,238,578**	**$3,303,350**	**$3,369,417**	**$3,436,805**	**$3,505,541**

Leveraged Return Metrics	
IRR	**0.25%**
Average Cash-on-Cash	**-0.97%**
Cash Flow Oven 10-Year Period	**-$83,062**

Construction Project Cost	**$3,071,484**
Sale Value of MTH	**$2,933,280**
Net Return	**-$138,204**

Test Site 5 - UTSG / George Brown Casa Loma

Scenario A - Home Renovation

Project Details	
Existing Home	
Size (sf)	3,983
Housing Type	Semi-detached
Home Age	1889
# of Bedroom	5
# of Bathrooms	4
Renovation	
Size (sf)	3,983
Floor Area for Dwelling Units	1399
# of Bedrooms	3
# of Washrooms	2
Floor Area for Dwelling Rooms	11
# of Bedrooms	6
# of Washrooms	2
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	0
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$2,725,000
Renovation Cost ($psf)	$100
Total Renovation Cost	$398,264
Minor Variance	$10,000
Building Permit	$10,000
Development Charge	$0
Consultant Fees	$30,000
Land Transfer Tax	$101,675
Legal	$5,000
Contingency (10%)	$55,494
Total Cost	**$3,335,433**

Market Inputs	
Market Rent	$11,700
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	4.50%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$140,400	$143,208	$146,072	$148,994	$151,973	$155,013	$158,113	$161,275	$164,501	$167,791
Vacancy and Bad Debt		$(4,212)	$(4,296)	$(4,382)	$(4,470)	$(4,559)	$(4,650)	$(4,743)	$(4,838)	$(4,935)	$(5,034)
Effective Gross Revenue		**$136,188**	**$138,912**	**$141,690**	**$144,524**	**$147,414**	**$150,363**	**$153,370**	**$156,437**	**$159,566**	**$162,757**
Operating Expenses		$40,856	$41,674	$42,507	$43,357	$44,224	$45,109	$46,011	$46,931	$47,870	$48,827
Net Operating Income		**$95,332**	**$97,238**	**$99,183**	**$101,167**	**$103,190**	**$105,254**	**$107,359**	**$109,506**	**$111,696**	**$113,930**
Loan Information											
Loan Funding	$2,334,803										
Loan Payment		$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,691,015)
Cash Flow After Debt Service		$(62,125)	$(60,219)	$(58,274)	$(56,290)	$(54,267)	$(52,203)	$(50,098)	$(47,951)	$(45,761)	$(1,734,542)
Acquisition and Sale Information											
Acquisition Cost	$(3,335,433)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,278,602
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(113,930)
Net Levered Cash Flow	-$1,000,630	-$62,125	-$60,219	-$58,274	-$56,290	-$54,267	-$52,203	-$50,098	-$47,951	-$45,761	$430,130
Cash-on-Cash Return		*-6.2%*	*-5.7%*	*-5.2%*	*-4.8%*	*-4.4%*	*-4.0%*	*-3.7%*	*-3.4%*	*-3.2%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$2,334,803	$2,282,413	$2,227,664	$2,170,452	$2,110,666	$2,048,189	$1,982,900	$1,914,674	$1,843,378	$1,768,873
Total Loan Payment		$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)	$(157,457)
Principal Payment		$(52,391)	$(54,748)	$(57,212)	$(59,787)	$(62,477)	$(65,288)	$(68,226)	$(71,297)	$(74,505)	$(77,858)
Interest Payment		$(105,066)	$(102,709)	$(100,245)	$(97,670)	$(94,980)	$(92,168)	$(89,231)	$(86,160)	$(82,952)	$(79,599)
Ending Balance		**$2,282,413**	**$2,227,664**	**$2,170,452**	**$2,110,666**	**$2,048,189**	**$1,982,900**	**$1,914,674**	**$1,843,378**	**$1,768,873**	**$1,691,015**

Home Value	**$2,725,000**	**$2,779,500**	**$2,835,090**	**$2,891,792**	**$2,949,628**	**$3,008,620**	**$3,068,793**	**$3,130,168**	**$3,192,772**	**$3,256,627**	**$3,321,760**
Unit Value (capitalized & appreciated)	**$1,906,632**	**$1,906,632**	**$1,944,765**	**$1,983,660**	**$2,023,333**	**$2,063,800**	**$2,105,076**	**$2,147,177**	**$2,190,121**	**$2,233,923**	**$2,278,602**

Leveraged Return Metrics	
IRR	**-14.80%**
Average Cash-on-Cash	**-4.5%**
Cash Flow Oven 10-Year Period	**-$487,187**

Construction Project Cost	**$3,335,433**
Sale Value of MTH	**$1,906,632**
Net Return	**-$1,428,801**

Scenario B - New Build / Addition

Project Details	
Existing Home	
Size (sf)	3,983
Housing Type	Semi-detached
Home Age	1889
# of Bedroom	5
# of Bathrooms	4
New Build	
Size (sf)	4,844
Floor Area for Dwelling Units	3,660
# of Dwelling Units	4
# of Bedrooms	12
# of Washrooms	8
Floor Area for Dwelling Rooms	1,184
# of Bedrooms	6
# of Washrooms	6
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	0
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$2,725,000
Construction Cost ($PSF)	$316
Total Construction Cost	$1,531,838
Minor Variance	$15,000
Building Permit	$20,000
Demolition Cost	$39,826
Development Charge	$0
Consultant Fees	$50,000
Land Transfer Tax	$101,675
Legal	$10,000
Development/Construction Mgmt.	$30,637
Contingency (10%)	$179,898
Total Cost	**$4,703,873**

Market Inputs	
Market Rent	$23,800
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	6.00%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$285,600	$291,312	$297,138	$303,081	$309,143	$315,325	$321,632	$328,065	$334,626	$341,318
Vacancy and Bad Debt		$(8,568)	$(8,739)	$(8,914)	$(9,092)	$(9,274)	$(9,460)	$(9,649)	$(9,842)	$(10,039)	$(10,240)
Effective Gross Revenue		**$277,032**	**$282,573**	**$288,224**	**$293,989**	**$299,868**	**$305,866**	**$311,983**	**$318,223**	**$324,587**	**$331,079**
Operating Expenses		$83,110	$84,772	$86,467	$88,197	$89,961	$91,760	$93,595	$95,467	$97,376	$99,324
Net Operating Income		**$193,922**	**$197,801**	**$201,757**	**$205,792**	**$209,908**	**$214,106**	**$218,388**	**$222,756**	**$227,211**	**$231,755**
Loan Information											
Loan Funding	$3,292,711										
Loan Payment		$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(2,501,662)
Cash Flow After Debt Service		$(63,656)	$(59,777)	$(55,821)	$(51,786)	$(47,670)	$(43,472)	$(39,190)	$(34,822)	$(30,367)	$(2,527,484)
Acquisition and Sale Information											
Acquisition Cost	$(4,703,873)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,635,104
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,594,255)
Net Levered Cash Flow	-$1,411,162	-$63,656	-$59,777	-$55,821	-$51,786	-$47,670	-$43,472	-$39,190	-$34,822	-$30,367	$513,365
Cash-on-Cash Return		*-4.5%*	*-4.1%*	*-3.6%*	*-3.3%*	*-2.9%*	*-2.6%*	*-2.3%*	*-2.0%*	*-1.7%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$3,292,711	$3,232,696	$3,169,080	$3,101,647	$3,030,167	$2,954,399	$2,874,085	$2,788,952	$2,698,712	$2,603,056
Total Loan Payment		$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)	$(257,578)
Principal Payment		$(60,015)	$(63,616)	$(67,433)	$(71,479)	$(75,768)	$(80,314)	$(85,133)	$(90,241)	$(95,655)	$(101,395)
Interest Payment		$(197,563)	$(193,962)	$(190,145)	$(186,099)	$(181,810)	$(177,264)	$(172,445)	$(167,337)	$(161,923)	$(156,183)
Ending Balance		**$3,232,696**	**$3,169,080**	**$3,101,647**	**$3,030,167**	**$2,954,399**	**$2,874,085**	**$2,788,952**	**$2,698,712**	**$2,603,056**	**$2,501,662**

Home Value	**$2,725,000**	**$2,779,500**	**$2,835,090**	**$2,891,792**	**$2,949,628**	**$3,008,620**	**$3,068,793**	**$3,130,168**	**$3,192,772**	**$3,256,627**	**$3,321,760**
Unit Value (capitalized & appreciated)	**$3,878,448**	**$3,878,448**	**$3,956,017**	**$4,035,137**	**$4,115,840**	**$4,198,157**	**$4,282,120**	**$4,367,762**	**$4,455,118**	**$4,544,220**	**$4,635,104**

Leveraged Return Metrics	
IRR	**-13.93%**
Average Cash-on-Cash	**-2.98%**
Cash Flow Oven 10-Year Period	**-$426,561**

Construction Project Cost	**$4,703,873**
Sale Value of MTH	**$3,878,448**
Net Return	**-$825,425**

Test Site 6 - Willowdale

Scenario A - Home Renovation

Project Details	
Existing Home	
Size (sf)	3,337
Housing Type	Detached
Home Age	1949
# of Bedroom	5
# of Bathrooms	2
Renovation	
Size (sf)	3,337
Floor Area for Dwelling Units	1184
# of Bedrooms	4
# of Washrooms	3
Floor Area for Dwelling Rooms	2,153
# of Bedrooms	6
# of Washrooms	2
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,820,000
Renovation Cost ($psf)	$100
Total Renovation Cost	$333,681
Minor Variance	$10,000
Building Permit	$10,000
Development Charge	$0
Consultant Fees	$30,000
Land Transfer Tax	$65,475
Legal	$5,000
Contingency (10%)	$45,416
Total Cost	**$2,319,571**

Market Inputs	
Market Rent	$11,000
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	4.50%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$132,000	$134,640	$137,333	$140,079	$142,881	$145,739	$148,653	$151,627	$154,659	$157,752
Vacancy and Bad Debt		$(3,960)	$(4,039)	$(4,120)	$(4,202)	$(4,286)	$(4,372)	$(4,460)	$(4,549)	$(4,640)	$(4,733)
Effective Gross Revenue		**$128,040**	**$130,601**	**$133,213**	**$135,877**	**$138,595**	**$141,367**	**$144,194**	**$147,078**	**$150,019**	**$153,020**
Operating Expenses		$38,412	$39,180	$39,964	$40,763	$41,578	$42,410	$43,258	$44,123	$45,006	$45,906
Net Operating Income		**$89,628**	**$91,421**	**$93,249**	**$95,114**	**$97,016**	**$98,957**	**$100,936**	**$102,954**	**$105,013**	**$107,114**
Loan Information											
Loan Funding	$1,623,700										
Loan Payment		$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,175,988)
Cash Flow After Debt Service		$(19,873)	$(18,080)	$(16,252)	$(14,387)	$(12,485)	$(10,544)	$(8,565)	$(6,546)	$(4,487)	$(1,178,375)
Acquisition and Sale Information											
Acquisition Cost	$(2,319,571)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,142,275
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(107,114)
Net Levered Cash Flow	-$695,871	-$19,873	-$18,080	-$16,252	-$14,387	-$12,485	-$10,544	-$8,565	-$6,546	-$4,487	$856,786
Cash-on-Cash Return		*-2.9%*	*-2.5%*	*-2.2%*	*-1.9%*	*-1.6%*	*-1.4%*	*-1.1%*	*-0.8%*	*-0.6%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$1,623,700	$1,587,266	$1,549,192	$1,509,405	$1,467,827	$1,424,379	$1,378,975	$1,331,528	$1,281,946	$1,230,133
Total Loan Payment		$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)	$(109,501)
Principal Payment		$(36,434)	$(38,074)	$(39,787)	$(41,578)	$(43,449)	$(45,404)	$(47,447)	$(49,582)	$(51,813)	$(54,145)
Interest Payment		$(73,067)	$(71,427)	$(69,714)	$(67,923)	$(66,052)	$(64,097)	$(62,054)	$(59,919)	$(57,688)	$(55,356)
Ending Balance		**$1,587,266**	**$1,549,192**	**$1,509,405**	**$1,467,827**	**$1,424,379**	**$1,378,975**	**$1,331,528**	**$1,281,946**	**$1,230,133**	**$1,175,988**

Home Value	**$1,820,000**	**$1,856,400**	**$1,893,528**	**$1,931,399**	**$1,970,027**	**$2,009,427**	**$2,049,616**	**$2,090,608**	**$2,132,420**	**$2,175,068**	**$2,218,570**
Unit Value (capitalized & appreciated)	**$1,792,560**	**$1,792,560**	**$1,828,411**	**$1,864,979**	**$1,902,279**	**$1,940,325**	**$1,979,131**	**$2,018,714**	**$2,059,088**	**$2,100,270**	**$2,142,275**

Leveraged Return Metrics	
IRR	**0.63%**
Average Cash-on-Cash	**-1.7%**
Cash Flow Oven 10-Year Period	**-$111,219**

Construction Project Cost	**$2,319,571**
Sale Value of MTH	**$1,792,560**
Net Return	**-$527,011**

Scenario B - New Build / Addition

Project Details	
Existing Home	
Size (sf)	3,337
Housing Type	Detached
Home Age	1949
# of Bedroom	5
# of Bathrooms	2
New Build	
Size (sf)	4,844
Floor Area for Dwelling Units	3,660
# of Dwelling Units	4
# of Bedrooms	12
# of Washrooms	8
Floor Area for Dwelling Rooms	1,184
# of Bedrooms	6
# of Washrooms	6
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,820,000
Construction Cost ($PSF)	$316
Total Construction Cost	$1,531,838
Minor Variance	$15,000
Building Permit	$20,000
Demolition Cost	$33,368
Development Charge	$224,136
Consultant Fees	$50,000
Land Transfer Tax	$65,475
Legal	$10,000
Development/Construction Mgmt.	$30,637
Contingency (10%)	$198,045
Total Cost	**$3,998,499**

Market Inputs	
Market Rent	$22,700
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	6.00%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$272,400	$277,848	$283,405	$289,073	$294,855	$300,752	$306,767	$312,902	$319,160	$325,543
Vacancy and Bad Debt		$(8,172)	$(8,335)	$(8,502)	$(8,672)	$(8,846)	$(9,023)	$(9,203)	$(9,387)	$(9,575)	$(9,766)
Effective Gross Revenue		**$264,228**	**$269,513**	**$274,903**	**$280,401**	**$286,009**	**$291,729**	**$297,564**	**$303,515**	**$309,585**	**$315,777**
Operating Expenses		$79,268	$80,854	$82,471	$84,120	$85,803	$87,519	$89,269	$91,054	$92,876	$94,733
Net Operating Income		**$184,960**	**$188,659**	**$192,432**	**$196,281**	**$200,206**	**$204,210**	**$208,295**	**$212,460**	**$216,710**	**$221,044**
Loan Information											
Loan Funding	$2,798,949										
Loan Payment		$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(2,126,522)
Cash Flow After Debt Service		$(33,993)	$(30,294)	$(26,521)	$(22,672)	$(18,746)	$(14,742)	$(10,658)	$(6,492)	$(2,243)	$(2,124,431)
Acquisition and Sale Information											
Acquisition Cost	$(3,998,499)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,420,877
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,131,044)
Net Levered Cash Flow	-$1,199,550	-$33,993	-$30,294	-$26,521	-$22,672	-$18,746	-$14,742	-$10,658	-$6,492	-$2,243	$1,165,402
Cash-on-Cash Return		*-2.8%*	*-2.5%*	*-2.1%*	*-1.8%*	*-1.4%*	*-1.1%*	*-0.8%*	*-0.5%*	*-0.2%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$2,798,949	$2,747,933	$2,693,857	$2,636,536	$2,575,775	$2,511,369	$2,443,099	$2,370,732	$2,294,023	$2,212,712
Total Loan Payment		$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)	$(218,953)
Principal Payment		$(51,016)	$(54,077)	$(57,321)	$(60,760)	$(64,406)	$(68,270)	$(72,367)	$(76,709)	$(81,311)	$(86,190)
Interest Payment		$(167,937)	$(164,876)	$(161,631)	$(158,192)	$(154,547)	$(150,682)	$(146,586)	$(142,244)	$(137,641)	$(132,763)
Ending Balance		**$2,747,933**	**$2,693,857**	**$2,636,536**	**$2,575,775**	**$2,511,369**	**$2,443,099**	**$2,370,732**	**$2,294,023**	**$2,212,712**	**$2,126,522**

Home Value	**$1,820,000**	**$1,856,400**	**$1,893,528**	**$1,931,399**	**$1,970,027**	**$2,009,427**	**$2,049,616**	**$2,090,608**	**$2,132,420**	**$2,175,068**	**$2,218,570**
Unit Value (capitalized & appreciated)	**$3,699,192**	**$3,699,192**	**$3,773,176**	**$3,848,639**	**$3,925,612**	**$4,004,124**	**$4,084,207**	**$4,165,891**	**$4,249,209**	**$4,334,193**	**$4,420,877**

Leveraged Return Metrics	
IRR	**-1.65%**
Average Cash-on-Cash	**-1.46%**
Cash Flow Oven 10-Year Period	**-$166,361**

Construction Project Cost	**$3,998,499**
Sale Value of MTH	**$3,699,192**
Net Return	**-$299,307**

Test Site 7 - Seneca Newnham

Scenario A - Home Renovation

Project Details	
Existing Home	
Size (sf)	4,467
Housing Type	Detached
Home Age	1969
# of Bedroom	6
# of Bathrooms	4
Renovation	
Size (sf)	4,467
Floor Area for Dwelling Units	2906
# of Bedrooms	4
# of Washrooms	2
Floor Area for Dwelling Rooms	1,561
# of Bedrooms	6
# of Washrooms	3
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,500,000
Renovation Cost ($psf)	$100
Total Renovation Cost	$446,702
Minor Variance	$10,000
Building Permit	$10,000
Development Charge	$0
Consultant Fees	$30,000
Land Transfer Tax	$52,675
Legal	$5,000
Contingency (10%)	$55,438
Total Cost	**$2,109,815**

Market Inputs	
Market Rent	$13,100
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	4.50%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$157,200	$160,344	$163,551	$166,822	$170,158	$173,562	$177,033	$180,573	$184,185	$187,869
Vacancy and Bad Debt		$(4,716)	$(4,810)	$(4,907)	$(5,005)	$(5,105)	$(5,207)	$(5,311)	$(5,417)	$(5,526)	$(5,636)
Effective Gross Revenue		**$152,484**	**$155,534**	**$158,644**	**$161,817**	**$165,054**	**$168,355**	**$171,722**	**$175,156**	**$178,659**	**$182,232**
Operating Expenses		$45,745	$46,660	$47,593	$48,545	$49,516	$50,506	$51,517	$52,547	$53,598	$54,670
Net Operating Income		**$106,739**	**$108,874**	**$111,051**	**$113,272**	**$115,538**	**$117,848**	**$120,205**	**$122,609**	**$125,062**	**$127,563**
Loan Information											
Loan Funding	$1,476,870										
Loan Payment		$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,069,645)
Cash Flow After Debt Service		$7,140	$9,275	$11,452	$13,673	$15,939	$18,250	$20,607	$23,011	$25,463	$(1,041,681)
Acquisition and Sale Information											
Acquisition Cost	$(2,109,815)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,551,255
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(127,563)
Net Levered Cash Flow	-$632,944	$7,140	$9,275	$11,452	$13,673	$15,939	$18,250	$20,607	$23,011	$25,463	$1,382,012
Cash-on-Cash Return		*1.1%*	*1.5%*	*1.8%*	*2.2%*	*2.5%*	*2.9%*	*3.3%*	*3.6%*	*4.0%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$1,476,870	$1,443,731	$1,409,100	$1,372,911	$1,335,093	$1,295,573	$1,254,276	$1,211,119	$1,166,021	$1,118,893
Total Loan Payment		$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)	$(99,599)
Principal Payment		$(33,140)	$(34,631)	$(36,189)	$(37,818)	$(39,520)	$(41,298)	$(43,156)	$(45,098)	$(47,128)	$(49,248)
Interest Payment		$(66,459)	$(64,968)	$(63,409)	$(61,781)	$(60,079)	$(58,301)	$(56,442)	$(54,500)	$(52,471)	$(50,350)
Ending Balance		**$1,443,731**	**$1,409,100**	**$1,372,911**	**$1,335,093**	**$1,295,573**	**$1,254,276**	**$1,211,119**	**$1,166,021**	**$1,118,893**	**$1,069,645**

Home Value	**$1,500,000**	**$1,530,000**	**$1,560,600**	**$1,591,812**	**$1,623,648**	**$1,656,121**	**$1,689,244**	**$1,723,029**	**$1,757,489**	**$1,792,639**	**$1,828,492**
Unit Value (capitalized & appreciated)	**$2,134,776**	**$2,134,776**	**$2,177,472**	**$2,221,021**	**$2,265,441**	**$2,310,750**	**$2,356,965**	**$2,404,105**	**$2,452,187**	**$2,501,230**	**$2,551,255**

Leveraged Return Metrics	
IRR	**9.71%**
Average Cash-on-Cash	**2.5%**
Cash Flow Oven 10-Year Period	$144,809

Construction Project Cost	**$2,109,815**
Sale Value of MTH	**$2,134,776**
Net Return	**$24,961**

Scenario B - New Build / Addition

Project Details	
Existing Home	
Size (sf)	4,467
Housing Type	Detached
Home Age	1969
# of Bedroom	6
# of Bathrooms	4
New Build	
Size (sf)	5,382
Floor Area for Dwelling Units	4,306
# of Dwelling Units	4
# of Bedrooms	12
# of Washrooms	8
Floor Area for Dwelling Rooms	1,076
# of Bedrooms	6
# of Washrooms	6
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,500,000
Construction Cost ($PSF)	$316
Total Construction Cost	$1,702,042
Minor Variance	$15,000
Building Permit	$20,000
Demolition Cost	$44,670
Development Charge	$224,136
Consultant Fees	$50,000
Land Transfer Tax	$52,675
Legal	$10,000
Development/Construction Mgmt.	$34,041
Contingency (10%)	$215,256
Total Cost	**$3,867,820**

Market Inputs	
Market Rent	$22,400
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	6.00%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$268,800	$274,176	$279,660	$285,253	$290,958	$296,777	$302,712	$308,767	$314,942	$321,241
Vacancy and Bad Debt		$(8,064)	$(8,225)	$(8,390)	$(8,558)	$(8,729)	$(8,903)	$(9,081)	$(9,263)	$(9,448)	$(9,637)
Effective Gross Revenue		**$260,736**	**$265,951**	**$271,270**	**$276,695**	**$282,229**	**$287,874**	**$293,631**	**$299,504**	**$305,494**	**$311,604**
Operating Expenses		$78,221	$79,785	$81,381	$83,009	$84,669	$86,362	$88,089	$89,851	$91,648	$93,481
Net Operating Income		**$182,515**	**$186,166**	**$189,889**	**$193,687**	**$197,560**	**$201,512**	**$205,542**	**$209,653**	**$213,846**	**$218,123**
Loan Information											
Loan Funding	$2,707,474										
Loan Payment		$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(2,057,023)
Cash Flow After Debt Service		$(29,282)	$(25,631)	$(21,908)	$(18,110)	$(14,236)	$(10,285)	$(6,255)	$(2,144)	$2,049	$(2,050,698)
Acquisition and Sale Information											
Acquisition Cost	$(3,867,820)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,362,451
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(968,123)
Net Levered Cash Flow	-$1,160,346	-$29,282	-$25,631	-$21,908	-$18,110	-$14,236	-$10,285	-$6,255	-$2,144	$2,049	$1,343,631
Cash-on-Cash Return		*-2.5%*	*-2.2%*	*-1.8%*	*-1.5%*	*-1.1%*	*-0.8%*	*-0.5%*	*-0.2%*	*0.2%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$2,707,474	$2,658,126	$2,605,816	$2,550,369	$2,491,594	$2,429,293	$2,363,253	$2,293,252	$2,219,050	$2,140,396
Total Loan Payment		$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)	$(211,797)
Principal Payment		$(49,348)	$(52,309)	$(55,448)	$(58,775)	$(62,301)	$(66,039)	$(70,002)	$(74,202)	$(78,654)	$(83,373)
Interest Payment		$(162,448)	$(159,488)	$(156,349)	$(153,022)	$(149,496)	$(145,758)	$(141,795)	$(137,595)	$(133,143)	$(128,424)
Ending Balance		**$2,658,126**	**$2,605,816**	**$2,550,369**	**$2,491,594**	**$2,429,293**	**$2,363,253**	**$2,293,252**	**$2,219,050**	**$2,140,396**	**$2,057,023**

Home Value	**$1,500,000**	**$1,530,000**	**$1,560,600**	**$1,591,812**	**$1,623,648**	**$1,656,121**	**$1,689,244**	**$1,723,029**	**$1,757,489**	**$1,792,639**	**$1,828,492**
Unit Value (capitalized & appreciated)	**$3,650,304**	**$3,650,304**	**$3,723,310**	**$3,797,776**	**$3,873,732**	**$3,951,206**	**$4,030,231**	**$4,110,835**	**$4,193,052**	**$4,276,913**	**$4,362,451**

Leveraged Return Metrics	
IRR	**0.45%**
Average Cash-on-Cash	**-1.15%**
Cash Flow Oven 10-Year Period	**-$125,803**

Construction Project Cost	**$3,867,820**
Sale Value of MTH	**$3,650,304**
Net Return	**-$217,516**

Test Site 8 - UTSC

Scenario A - Home Renovation

Project Details	
Existing Home	
Size (sf)	2,476
Housing Type	Detached
Home Age	1954
# of Bedroom	4
# of Bathrooms	3
Renovation	
Size (sf)	2,476
Floor Area for Dwelling Units	0
# of Bedrooms	0
# of Washrooms	0
Floor Area for Dwelling Rooms	2,476
# of Bedrooms	6
# of Washrooms	2
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,290,000
Renovation Cost ($psf)	$100
Total Renovation Cost	$247,570
Minor Variance	$10,000
Building Permit	$10,000
Development Charge	$0
Consultant Fees	$30,000
Land Transfer Tax	$44,275
Legal	$5,000
Contingency (10%)	$34,684
Total Cost	**$1,671,529**

Market Inputs	
Market Rent	$5,800
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	4.50%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$69,600	$70,992	$72,412	$73,860	$75,337	$76,844	$78,381	$79,949	$81,547	$83,178
Vacancy and Bad Debt		$(2,088)	$(2,130)	$(2,172)	$(2,216)	$(2,260)	$(2,305)	$(2,351)	$(2,398)	$(2,446)	$(2,495)
Effective Gross Revenue		**$67,512**	**$68,862**	**$70,239**	**$71,644**	**$73,077**	**$74,539**	**$76,029**	**$77,550**	**$79,101**	**$80,683**
Operating Expenses		$20,254	$20,659	$21,072	$21,493	$21,923	$22,362	$22,809	$23,265	$23,730	$24,205
Net Operating Income		**$47,258**	**$48,204**	**$49,168**	**$50,151**	**$51,154**	**$52,177**	**$53,221**	**$54,285**	**$55,371**	**$56,478**
Loan Information											
Loan Funding	$1,170,070										
Loan Payment		$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(847,440)
Cash Flow After Debt Service		$(31,650)	$(30,705)	$(29,741)	$(28,757)	$(27,754)	$(26,731)	$(25,688)	$(24,623)	$(23,538)	$(869,871)
Acquisition and Sale Information											
Acquisition Cost	$(1,671,529)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,129,563
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(56,478)
Net Levered Cash Flow	-$501,459	-$31,650	-$30,705	-$29,741	-$28,757	-$27,754	-$26,731	-$25,688	-$24,623	-$23,538	$203,214
Cash-on-Cash Return		*-6.3%*	*-5.8%*	*-5.3%*	*-4.8%*	*-4.5%*	*-4.1%*	*-3.8%*	*-3.5%*	*-3.2%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$1,170,070	$1,143,815	$1,116,378	$1,087,707	$1,057,745	$1,026,436	$993,717	$959,526	$923,796	$886,458
Total Loan Payment		$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)	$(78,908)
Principal Payment		$(26,255)	$(27,437)	$(28,671)	$(29,962)	$(31,310)	$(32,719)	$(34,191)	$(35,730)	$(37,338)	$(39,018)
Interest Payment		$(52,653)	$(51,472)	$(50,237)	$(48,947)	$(47,599)	$(46,190)	$(44,717)	$(43,179)	$(41,571)	$(39,891)
Ending Balance		**$1,143,815**	**$1,116,378**	**$1,087,707**	**$1,057,745**	**$1,026,436**	**$993,717**	**$959,526**	**$923,796**	**$886,458**	**$847,440**

Home Value	**$1,290,000**	**$1,315,800**	**$1,342,116**	**$1,368,958**	**$1,396,337**	**$1,424,264**	**$1,452,750**	**$1,481,805**	**$1,511,441**	**$1,541,669**	**$1,572,503**
Unit Value (capitalized & appreciated)	**$945,168**	**$945,168**	**$964,071**	**$983,353**	**$1,003,020**	**$1,023,080**	**$1,043,542**	**$1,064,413**	**$1,085,701**	**$1,107,415**	**$1,129,563**

Leveraged Return Metrics	
IRR	**-15.68%**
Average Cash-on-Cash	**-4.6%**
Cash Flow Oven 10-Year Period	**-$249,188**

Construction Project Cost	**$1,671,529**
Sale Value of MTH	**$945,168**
Net Return	**-$726,361**

Scenario B - New Build / Addition

Project Details	
Existing Home	
Size (sf)	2,476
Housing Type	Detached
Home Age	1954
# of Bedroom	4
# of Bathrooms	3
New Build	
Size (sf)	4,844
Floor Area for Dwelling Units	3,660
# of Dwelling Units	4
# of Bedrooms	12
# of Washrooms	8
Floor Area for Dwelling Rooms	1,184
# of Bedrooms	6
# of Washrooms	6
Parking	Yes
Parking Rent (monthly)	$50
# of Parking Spaces	2
Locker	No
Locker Rent (monthly)	$50

Costs	
Home Price	$1,290,000
Construction Cost ($PSF)	$316
Total Construction Cost	$1,531,838
Minor Variance	$15,000
Building Permit	$20,000
Demolition Cost	$24,757
Development Charge	$224,136
Consultant Fees	$50,000
Land Transfer Tax	$44,275
Legal	$10,000
Development/Construction Mgmt.	$30,637
Contingency (10%)	$195,064
Total Cost	**$3,435,706**

Market Inputs	
Market Rent	$20,900
Rent Inflator (% annual)	2.0%
Home Appreciation (% annual)	2.0%
OpEx Ratio (Incl Ptax)	30%
OpEx Inflator	2.0%
Vacancy / Bad Debt	3.0%
Hold Period (Years)	10

Mortgage Inputs	
Downpayment	30%
Amortization (years)	25
Rate	6.00%

Closing Costs at Sale	
Realtor Fees	5%
Cap Rate	5%
Legal	$5,000
Other	$10,000

Cash Flow	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income & Operating Expenses											
Gross Potential Revenue		$250,800	$255,816	$260,932	$266,151	$271,474	$276,903	$282,442	$288,090	$293,852	$299,729
Vacancy and Bad Debt		$(7,524)	$(7,674)	$(7,828)	$(7,985)	$(8,144)	$(8,307)	$(8,473)	$(8,643)	$(8,816)	$(8,992)
Effective Gross Revenue		**$243,276**	**$248,142**	**$253,104**	**$258,166**	**$263,330**	**$268,596**	**$273,968**	**$279,448**	**$285,037**	**$290,737**
Operating Expenses		$72,983	$74,442	$75,931	$77,450	$78,999	$80,579	$82,190	$83,834	$85,511	$87,221
Net Operating Income		**$170,293**	**$173,699**	**$177,173**	**$180,717**	**$184,331**	**$188,017**	**$191,778**	**$195,613**	**$199,526**	**$203,516**
Loan Information											
Loan Funding	$2,404,995										
Loan Payment		$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)
Loan Payoff		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(1,827,212)
Cash Flow After Debt Service		$(17,842)	$(14,436)	$(10,962)	$(7,418)	$(3,804)	$(117)	$3,643	$7,479	$11,391	$(1,811,831)
Acquisition and Sale Information											
Acquisition Cost	$(3,435,706)										
Sale Price		$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,070,323
Closing Costs (Sale)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$(848,516)
Net Levered Cash Flow	-$1,030,712	-$17,842	-$14,436	-$10,962	-$7,418	-$3,804	-$117	$3,643	$7,479	$11,391	$1,409,976
Cash-on-Cash Return		*-1.7%*	*-1.4%*	*-1.0%*	*-0.7%*	*-0.4%*	*0.0%*	*0.3%*	*0.7%*	*1.0%*	

Financing	Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance		$2,404,995	$2,361,159	$2,314,694	$2,265,441	$2,213,233	$2,157,892	$2,099,230	$2,037,049	$1,971,137	$1,901,271
Total Loan Payment		$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)	$(188,135)
Principal Payment		$(43,835)	$(46,465)	$(49,253)	$(52,208)	$(55,341)	$(58,661)	$(62,181)	$(65,912)	$(69,867)	$(74,059)
Interest Payment		$(144,300)	$(141,670)	$(138,882)	$(135,926)	$(132,794)	$(129,473)	$(125,954)	$(122,223)	$(118,268)	$(114,076)
Ending Balance		**$2,361,159**	**$2,314,694**	**$2,265,441**	**$2,213,233**	**$2,157,892**	**$2,099,230**	**$2,037,049**	**$1,971,137**	**$1,901,271**	**$1,827,212**

Home Value	**$1,290,000**	**$1,315,800**	**$1,342,116**	**$1,368,958**	**$1,396,337**	**$1,424,264**	**$1,452,750**	**$1,481,805**	**$1,511,441**	**$1,541,669**	**$1,572,503**
Unit Value (capitalized & appreciated)	**$3,405,864**	**$3,405,864**	**$3,473,981**	**$3,543,461**	**$3,614,330**	**$3,686,617**	**$3,760,349**	**$3,835,556**	**$3,912,267**	**$3,990,513**	**$4,070,323**

Leveraged Return Metrics	
IRR	**2.86%**
Average Cash-on-Cash	**-0.35%**
Cash Flow Oven 10-Year Period	**-$32,067**

Construction Project Cost	**$3,435,706**
Sale Value of MTH	**$3,405,864**
Net Return	**-$29,842**

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