

# Big Challenge, Bold Solution

The current development model for housing in Canada has not kept up with demand. Market developers seeking adequate equity returns cannot deliver the affordable and supportive housing stock we need across the country.

This leaves the non-profit and municipal housing sectors. While there are government initiatives and development programs available to help these groups, typical development models drain a housing provider's equity, and expose them to the risk of uncertain interest rates, project costs and schedules. This delays developments and prevents housing providers from committing to developments of a scale that would enable us to provide housing for all.

## Housing as Infrastructure: Reassign Responsibilities, Remove Risk

EllisDon Community Builders proposes rethinking the way we deliver affordable and supportive housing. Housing is a human right, so let's deliver it like we do social infrastructure. Using methodologies that have delivered education and healthcare facilities, complex transportation systems, public institutions and other infrastructure, we can transfer risk from non-profit and regional government housing providers to expert developers, enabling projects of a larger scale to be delivered with certainty.

This model will enable us to deliver many more units, in various regional locations simultaneously, while protecting public equity and making a meaningful impact on the housing crisis.

## Value For Money

In an independent report<sup>2</sup> published in September 2015 for Infrastructure Ontario, Altus Group found that projects delivered under private development and financing save 5% to 12% of total costs through design and process innovations. These savings typically outweigh the increased costs of private market debt and equity. And there are additional qualitative and quantitative savings from transferring risk to the private sector. Talk to us about public projects that have already achieved value for money using these methodologies.

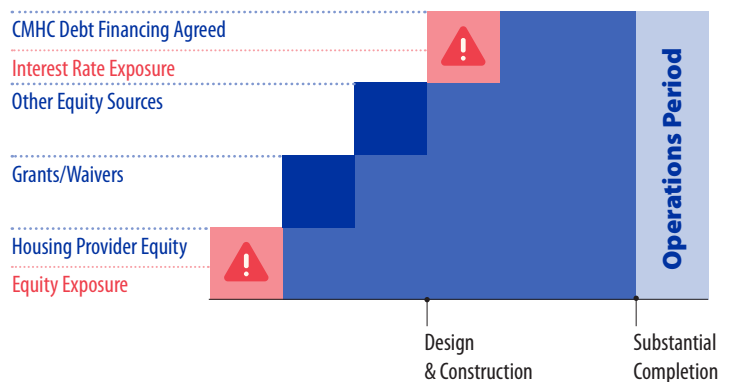


"... 3.5 million units will be needed by 2030 in order to restore housing affordability to Canadian provinces."<sup>1</sup>

**If we are to achieve this goal, we must consider new approaches to delivering housing at scale.**

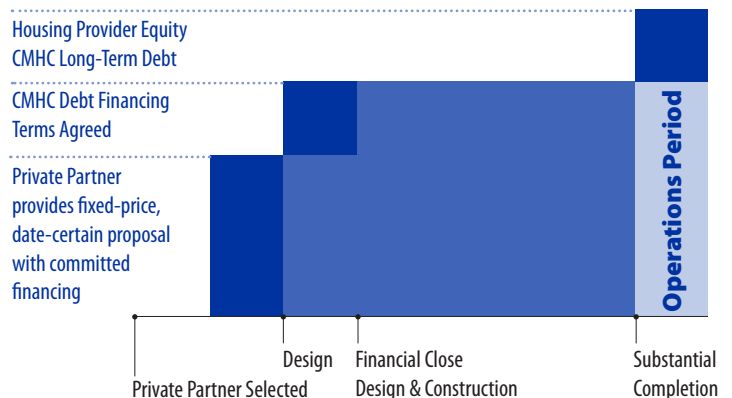
### Current Models

- ⚠️ Less scalable (individual sites)
- ⚠️ Equity exposure
- ⚠️ Uncertain costs and schedule
- ⚠️ Lack of Certainty Regarding Equity
- ⚠️ Interest rate exposure until first draw



### Housing as Infrastructure

- ✅ Fully scalable for regional developments
- ✅ Risk transferred to Design-Builder
- ✅ Equity invested only after units delivered
- ✅ Certain costs and schedule
- ✅ Financing terms agreed pre-construction



<sup>1</sup> "Restoring affordability by 2030," CMHC-SCHL, June 23, 2022, <https://www.cmhc-schl.gc.ca/blog/2022/canadas-housing-supply-shortage-restoring-affordability-2030>.

<sup>2</sup> Altus Group (Sept 22, 2015). Assessment of Innovation through AFP Project Delivery. Infrastructure Ontario. <https://www.infrastructureontario.ca/497156/contentassets/84df22e71b7c40b2aaef94da88c78b5/assessment-of-innovation-through-afp-project-delivery---altusgroup.pdf>

## European Precedent

Ireland has succeeded in delivering affordable housing at scale using development models that treat housing as infrastructure. Local Authorities work with private developers to serve the country’s goal of delivering “sufficient homes for all [its] people” without increasing government debt. Two of six planned “bundle” projects are complete.<sup>3</sup>

“Bundle”	Sites	Homes	Delivery Model	Capital Expenditure	Debt to Equity Ratio
1	6	534	DBFOM	\$181M	90:10
2	8	465	DBFM	\$213M	93:7

## The EllisDon Edge:

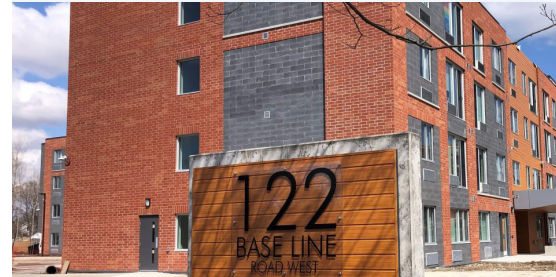
- **Trusted.** EllisDon has been awarded and reached financial close on 54 public infrastructure projects.
- **Beneficial Relationships.** Our work with top lenders means competitive financing terms for housing providers.
- **Vision.** A pioneer of the Canadian public infrastructure market, we’ve developed some of the most recognizable infrastructure across the country and are applying our methodologies to affordable housing.
- **Experience.** EllisDon has led or is currently leading the development of over 1,200 affordable residential units across Canada, with a capital cost over \$400 million.

## With EllisDon’s Housing as Infrastructure model, you get:

- private sector financial investment secured at a competitive interest rate prior to construction, giving you the confidence to develop regional housing at scale.
- certainty from transfer of risk and design-build responsibility to private developer.
- fixed costs and schedule.
- protected public equity and assets; public sector equity repays debt only after units are delivered; ownership remains with the Housing Provider.
- unique CMHC commitment for long-term debt financing.

<sup>3</sup>“PPP Bundles: Update,” Housing Ireland, August 11, 2023, <https://housingireland.ie/ppp-bundles-update/>.

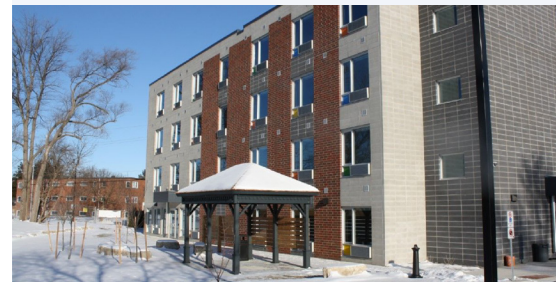
EllisDon has a demonstrated record of success working within tight timelines, fixed costs and exacting output specifications. For example, we have several developments under the CMHC’s Rapid Housing Initiative, including three commissioned by the City of London. We used a consistent design-build team; each development had a one year construction schedule and strict building specifications featuring a panelized modular system.



122 Base Line Rd W, London, Ontario

Number of Units: 61

Status: Complete



403 Thompson Rd, London, Ontario

Number of Units: 44

Status: Complete



345 Sylvan St, London, Ontario

Number of Units: 42

Status: Under Construction

Talk to Nick and his team about your developments

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