

Services and Housing In the Province (SHIP)

Housing and Development Business Plan

May 2025





Executive Summary

On behalf of Services and Housing In the Province ("SHIP"), I am pleased to provide our business plan for the supply of new affordable housing in Peel Region. Our plan provides an overview of SHIP's experience in affordable housing and the need to deliver the 273 Main Street North project aimed at meeting the urgent need for increased affordable housing in Brampton.

With over 30 years of experience, SHIP has built a reputation for delivering high-quality housing and services. We are uniquely positioned to bring this important initiative to life to address the urgent housing crisis affecting Peel Region's most vulnerable populations. Since 1992, we have demonstrated an ability to combine safe, affordable housing with compassionate, person-centred care which has transformed the lives of countless individuals and contributed to building stronger, more inclusive communities. We are proud to have developed over 350 housing units to date and have partnered with local governments, service providers, and community organizations to ensure seamless service delivery.

To help achieve our plan to deliver the 273 Main Street project, the business plan speaks to SHIP Community Bonds. This is a new financing tool that SHIP will use to allow us to complete pre-development and early construction work on the project. SHIP Community Bonds are an opportunity for you to invest locally and to balance financial returns with the social impact of providing affordable housing to those in need.

If you have inquiries about SHIP's community bonds, please feel free to contact me, at invest@shipshey.ca or 437-244-8256. We hope that you enjoy reading our business plan and that you would consider investing in SHIP.

Please visit www.shipshey.ca/invest to start your investment in SHIP.

Sincerely,

Thomas DiCarlo

Acting Chief Executive Officer

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Services and Housing In the Province (SHIP)

Organization Profile

Services and Housing In the Province (SHIP) has championed the fundamental right of housing for over 30 years.

SHIP is a nonprofit, charitable, accredited with exemplary standing (through Accreditation Canada), housing and health service provider. We are one of the largest supportive housing providers in the province of Ontario with extensive experience in developing, managing and operating our own residential building projects. Our expertise spans the spectrum of housing solutions, from initial development and construction to long-term operations, ensuring sustainable community-focused outcomes. We promote the well-being of vulnerable and at-risk populations, and we work closely with individuals in our community, enabling them to embrace their full potential. Our approach encourages participation in planning and directing personalized support to ensure clients and tenants receive the best possible care.

SHIP began as an organization dedicated to providing housing and hope, despite a less than favourable social climate in the early 1980s. Through the commitment of SHIP's staff, the support of compassionate members of the community and our funders, SHIP has grown from supporting a few individuals in a town house and two group homes to providing a broad range of housing, homelessness and support services to over 5,000 individuals annually in the communities we serve.

Today, we remain a person-centred, person-focused organization and one that is committed to the principles of Equity, Diversity and Inclusion and Anti-Racism as we continue to strive for the highest standard of health for all people.

We deliver services to the Region of Peel, County of Dufferin, West Toronto, and most recently, the Region of Waterloo.

SHIP's Vision, Mission & Core Values

Vision

Quality Services, Quality Housing, Quality Lives.

Mission

We work to support those with mental health and addiction challenges to increase their quality of life and live to their full potential through safe, affordable and supportive community based housing and services.

Values











Brief History of SHIP

As an organization, SHIP has consistently taken a proactive approach in addressing the needs of our tenant and client populations while maintaining constant vigilance in our accountability to the public and our standard of housing and services. Promoting the wellbeing of individuals continues to be the directional marker by which SHIP steers further development of housing and supports.

Since 1999, SHIP has worked to provide a comprehensive network of housing options and services. With our fundamental belief that housing is a human right and the most important social determinant of health, SHIP has been motivated to increase our responsiveness to the needs of the homeless populations and SHIP led the Ministry of Health (MOH) Homelessness Initiative in collaboration with seven partners. This initiative secured SHIP rental units and the acquisition of three 'as built' apartment buildings in the communities of the Region of Peel and West Toronto. This initiative led to building a strong infrastructure that would support further developments within the community while maintaining the integrity of the services being offered and the longevity of the assets purchased.

With the infrastructure in place and recognizing the rapid increase in wait lists and the critical need in the community, SHIP explored new funding avenues that would expand housing and services to the most vulnerable populations. This resulted in acquiring Federal funding to purchase a building in Mississauga and additional MOH funding to expand our Rent Supplement program and relationships with private and non-profit landlords in Peel and into **Dufferin County.**

In 2024, with support of both provincial and federal government funding, SHIP completed the redevelopment of a property in Orangeville, converting an underutilized motel to permanent affordable housing for 27 individuals. As part of this project, SHIP prioritized energy efficiency with an investment of over \$1.8 million made in efficiency upgrades designed to exceed all established efficiency targets.

Over the past decade, SHIP has been fortunate to see growth in our programs, housing, and services. In response to this growth, we have aligned our organizational structure to better position us today and as we look into the future. Our structure provides for a collaborative organization that is integrated and aligned to have better service and housing outcomes, and ensures an optimal experience for those we serve, our staff and those we collaborate with. SHIP currently manages 1,200+ rent supplement units and owns/operates 11 multi-unit apartment buildings where the daily operations of these buildings are managed through SHIP's Housing Department consisting of both a Property Management and Tenant Relations Team.

Our growth has been supported through the enhancement of our internal supports including housing administration and development, property service and management, direct support through clinical and intensive case management services, finance services, human resources, information systems, quality assurance and community development.

Our Impact



Peel Region's Housing Crisis

Lack of Affordable Housing

There is a lack of affordable housing and rising homelessness in the Region of Peel. There is a housing affordability crisis leading to increased homelessness, mental health and addiction issues. This rise in homelessness is caused by several factors including:

- An increase in Peel's population. The current population of Peel is 1.5 million and it is expected to grow to 2.2 million by 2051.
- There is a lack of dedicated affordable housing units. There are only 7,600 affordable units currently in Peel for a large and growing population.
- There is a high demand for affordable housing in the Region. There are over 91,000 households with core housing needs.
- There is a historically low vacancy rate meaning that units are not available for individuals looking for housing. The vacancy rate is currently at 0.9% in Peel.
- The average rent amount for a 1-bedroom unit in Peel has increased significantly in recent years. A 1-bedroom now costs \$2,500 monthly in the Region.

All these factors are leading to emergency housing (shelters) being at 300% above capacity and individuals waiting up to 21 years for affordable housing.

Market Trends

In 2024, SHIP partnered with Optimus SBR consultants to develop a comprehensive need and demands analysis, focusing on housing. The report covered:

- 1. Community profiles and trends
- 2. Community profiles and economic characteristics
- 3. Priority groups
- 4. Housing profiles
- 5. Projected needs and next steps

The analysis revealed a significant and growing demand for affordable and supportive housing across the Region of Peel, which is most significant for vulnerable populations such as individuals experiencing mental health challenges, low-income households, seniors, and those at risk of homelessness.

High level key findings include:

- A critical shortage of affordable rental units and long waitlists for subsidized housing.
 - The challenge around greater need for housing applies across the full housing continuum from homelessness services to home ownership but is particularly acute for supportive housing.
 - This has led to issues such as long waitlists to access housing, increased individuals at risk of homelessness, increased pressures on homelessness services, emergency shelters and transitional housing.
- An urgent need for supportive housing options to assist individuals who require integrated services, such as mental health and wellness support.
 - There is a need for better integration of housing with the broader social and health system.
 - The integration with the health sector is critical for better individual health outcomes.
 - For instance, service providers from the Peel region expressed a greater need for Assertive Community Treatment (ACT) Teams that would be beneficial for supporting clients with certain needs and to transition them into supportive housing
- Disproportionate impacts of the housing crisis on marginalized groups, including newcomers, racialized communities, and individuals with disabilities.
 - Need for greater affordability with the cost-of-living increasing over time, affordability
 poses a large challenge. This challenge is amplified for SHIP clients with mental
 health and addictions, other disabilities, or seniors without a stable source of income
 - Homelessness in the Region of Peel data for 2023, showed that approximately 57% of individuals experiencing homelessness identify as male, while 40% identify as female. Half of those surveyed reported being between 24 and 40 years old, highlighting a significant portion of this population in their prime working years.
 - Ethnic diversity is also prominent, with over 50% identifying as racialized individuals. Additionally, 4.3% of individuals identify as Indigenous, highlighting the varied backgrounds of those seeking support in the community.

This data underscores the importance of developing new, sustainable, and accessible housing projects that address these gaps.

How SHIP is Positioned to Help

SHIP's vision as an organization is to help address the lack of affordable housing and rising homeless issues affecting the Peel Region. We recognize that there is a need to develop a significant amount of new affordable rental housing. Our proposed project, 273 Main Street North in Brampton, will help address some of the issues within Peel Region impacted by the lack of affordable housing by creating 50 new supportive and affordable housing units.

There is also a need for supportive housing to help address the mental health and addiction crisis. When individuals have a safe place to call home they are better prepared to focus on wellness and recovery. SHIP's wrap-around supports make us unique in our housing offerings.

SHIP has extensive experience in delivering evidence-based, person-centred housing and support services, making it a leader in addressing the needs of vulnerable populations. This holistic model highlights SHIP's commitment to fostering stability, resilience, and well-being in safe, supportive housing environments.

Housing First: SHIP embraces the Housing First model, prioritizing immediate access to safe, permanent housing for individuals experiencing homelessness, without preconditions such as sobriety or participation in mental health and / or addiction treatment programs. This approach promotes stability in support of recovery and improved well-being.

Trauma-Informed Care: SHIP integrates trauma-informed principles into its operations, recognizing the impact of past trauma on individuals and the need to create safe, supportive environments that foster trust, empowerment, and resilience.

Harm Reduction: SHIP employs harm reduction strategies, offering nonjudgmental, client-centred support that meets individuals where they are in their journey. This approach emphasizes reducing risks and promoting health and safety for tenants with substance use or mental health challenges.

Culturally Responsive Practices: SHIP is committed to fostering inclusivity and cultural competency, ensuring services are responsive to the diverse needs of tenants, including Indigenous, racialized, and newcomer populations. Programs are designed to honour tenants' unique cultural identities and lived experiences.

Strengths-Based Approach: SHIP focuses on empowering tenants by identifying and building on their existing strengths and capacities. This approach promotes self-determination, resilience, and long-term success in maintaining housing stability.

Eviction Prevention: SHIP's eviction prevention strategies prioritize proactive interventions, including case management, mediation, and individualized support plans to address issues before they escalate. These efforts help tenants remain housed and avoid displacement.

Support Services Delivery: SHIP has over 30 years of direct experience delivering comprehensive support services, including case management, life skills training, and specialized mental health supports. These services are tailored to meet the unique needs of tenants, ensuring they have the resources and tools necessary to maintain stable housing and improve overall quality of life.

SHIP's Supportive Housing Benefit

SHIP's supportive housing reduces pressure on both the healthcare and justice systems. When people have access to affordable homes, their overall health is better, and they are more likely to avoid becoming caught up in the justice system.

It is significantly more cost effective for society to provide citizens with affordable housing compared to the alternatives noted below. SHIP housing cost an average of \$613 per month, compared to:

- \$2,100 for 1 shelter bed monthly
- \$3,960 for 1 long-term care bed monthly
- \$4,300 for 1 correctional facility bed monthly
- \$13,500 for 1 hospital bed monthly

The 50-unit project at 273 Main Street would save the system as much as \$644,350 a month if 50 people were out of hospital and \$74,350 a month if 50 people were out of shelter beds. This is a savings of over \$7.7 million a year for 50 people out of hospital and \$892,200 a year for 50 people out of shelter beds.

Management and Advisors

Board of Directors

SHIP is governed by an 11-member Board of Directors. The Board of Directors is accountable to SHIP's staff, clients and communities served with the goal of:

- Advocating for and seeking resources to provide the best possible services, given current levels of resources and utilizing its resources effectively to fulfill SHIP's mandate;
- Using community contributions and resources appropriately; and,
- Considering the community's diversity of needs and interests in its policy formulation and decision-making.

Board members are responsible for acting ethically, honestly, in good faith and in the best interest of SHIP; and are responsible for exercising the care, diligence and skill that a reasonable and prudent person would demonstrate in comparable circumstances. Members of the board are extremely knowledgeable and are drawn from a variety of disciplines including, business management, property management, land development, law, auditing/ accounting, finance, human resources, customer service, industrial relations and social purpose enterprise.

SHIP's current Board of Directors are the following individuals:

NAME	POSITION	OCCUPATION
Lori Ker	Chair	Independent Director
Keith Ward	Vice-Chair	Consultant, Housing
Arun Navaratnasingam	Director	IT Audit Manager, Ontario Treasury Board Secretariat
Brian E. Scott	Director – Past Chair	Consultant Senior Manager, Corporate Services Corporate Affairs Division Ontario Financing Authority
Buruzoth Balasubramaniam	Director	Enterprise Data Governance Office (EDGO) Program Manager
Jennifer Graham	Director	Assistant Crown Attorney
Justyn Mahanger	Director	Researcher
Lawrence D'Souza	Director	Consultant
Michael Finch	Director	President and Chief Executive Officer, Nikon
Sandy Kang-Gill	Director	Engineering Consultant
Tandra Ach <mark>arjee</mark>	Treasurer	CRA File Auditor

SHIP's Senior Leadership

Thomas DiCarlo, CFO, Acting CEO

Thomas has over 20 years of financial experience. He spent 15 years in public practice as an auditor and the past 5 years as SHIP's CFO. Thomas will provide financial oversight on the project. This will include review of all financial documents, preparation of proformas, review of contracts and ensuring procurement policies are adhered to. He has supported on past SHIP projects as auditor and now as SHIP's CFO.

Cory O'Handley, Director of Housing and Service Innovation

Cory has over 30 years experience in the housing and related services working for various not for profits. Cory's role on the project is overseeing the project development, construction and rent up. His team works with consultants and the constructor to oversee their work as well as supporting with the rental of the building units once construction is completed.

SHIP's Housing Experience

SHIP has a long history of developing similar projects to the 273 Main Street North. This prepares SHIP for the development of this project. All key team members were involved in these projects. Three of those projects are pictured below.



247 Queen Street, Brampton



11 Henderson Avenue, Brampton



236 First Street, Orangeville

SHIP has constructed both the 247 Queen and 11 Henderson projects from the ground up. The 236 First Street project was a conversion of a motel to affordable housing. The details of these projects are as follows:

- 247 Queen Street, Brampton: 17 Storey, 232 Unit Affordable Housing with Mixed Use (\$55M cost)
- 11 Henderson, Brampton: 3 Storey, 26 unit supportive housing building (\$8M cost)
- 236 First Street, Orangeville: conversion of motel into 27 unit supportive housing units (\$11M cost)

In addition to the 3 buildings pictured above, SHIP operates 8 other affordable housing apartment buildings. All of these properties operate with positive cash flows, have a stable tenant base with rent that is supported by a rent supplement from our funders. With this strong experience of operating other affordable housing projects, SHIP is well positioned to make this project successful.

Project Information - 273 Main Street North

Located at 273 Main Street North, this property will be revitalized to align with the vision of creating a "Character Area" within Downtown Brampton. The project will bring vibrancy and vitality to the area using an innovative mixed-use housing model designed to meet the needs of a diverse population including singles, families, newcomers, those living in poverty, seniors and individuals with special needs. The project will offer linkages to identified community services and resources that are aligned with the regional and local priorities.

Address: 273 Main Street North, Brampton, Ontario

PIN: 14121-0153

Ward: Ward 1

Units: 50 units

Unit Types: 4 bachelor, 44 1-bedrooms, 2 2-bedrooms

Unit Sizes: Average of approx. 56.2 m2 (605.5 sq feet) per unit

Affordability: Rent for tenants \$582 to \$950

Energy: Target of greater than 25% reduction in greenhouse gas emission

compared to Ontario building code standards

Accessibility: 11 units will be accessible / barrier free

Target Population: Individuals with mental health issues and low income

Ownership: Land is owned by SHIP

Debt: Currently there is no debt registered on title

Structure: There is a residential home and cement block garage on site. It was

registered as heritage but is being de-listed.

Size of building: Proposed: 35,134 ft sq (residential), commercial (1,452 ft sq)

Size of land: Approximately 0.31 acres

Zoning: Central Area Mixed Use Three Development Permit System

(CMU3-DPS)

Site Assessment: ESA I complete

Community Bond Campaign & Series Information

SHIP intends to raise \$4 million through community bonds for the 273 Main Street project.

What Are Community Bonds

Community bonds are a social finance tool that can be used by charities, non-profits and co-operatives to finance socially and environmentally impactful projects. They are similar in many ways to a traditional bond in that they are an interest-bearing loan from an investor, which has a set rate of return and a fixed term.

Community bonds have been used by several organizations similar to SHIP to help finance the acquisition and development work for housing projects and other socially impactful projects.

Community bonds provide SHIP with a short-term financing solution for the 273 Main Street project and future projects. The community bonds will not be part of the permanent capital stack for 273 Main Street but will function as a revolving loan fund. Once the project is shovel ready and long-term financing and funding is obtained, the long-term financing will replace the community bond capital allowing SHIP to redeploy it on the next development. This long-term financing will take out the community bond capital allowing SHIP to redeploy it on the next development project. At the time of bond maturity, investors can choose to redeem their principal or reinvest their funds in any new SHIP investment offering available at that time.

Why Community Bonds

SHIP has experienced challenges in acquiring financing early in the development process for prior supportive housing developments.

It has been challenging to secure financing or funding for acquisitions and pre-development work. Once the project is shovel ready, funders are then more willing to finance a project. In our experience with Canada Mortgage and Housing Corporation (CMHC) they will not fund a project until it is shovel ready. To get shovel ready requires several steps that require capital.

There are several costs associated with each phase leading to construction. Throughout the acquisition and exploration phases, SHIP does due diligence, including an environmental assessment, planning and zoning review and financial modelling, to gain an understanding of the development potential of the site.

If the site is then acquired, continued due diligence is completed in the design and development phases. Full planning and zoning is undertaken and construction drawings are completed by an architect. At this point the construction contract is also tendered and SHIP works toward getting building permits issued. Depending on the size of the development the property acquisition and design development work can be significant.

It is anticipated that total pre-development costs would be in excess of \$3.5 million with the land acquisition and exploration phase costing \$2.5 million and design phase being approximately \$1 million. SHIP has already spent approximately \$2 million of this for the acquisition of 273 Main Street.

Community bonds will allow SHIP to get to the construction-ready point without the standard delays that are often encountered while seeking alternative funding or financing.

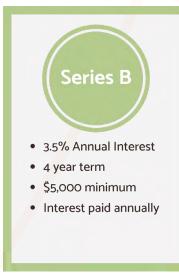
At SHIP we see community bonds as an important part of our capital stack for the following reasons:

- 1. They are an innovative capital source when compared to traditional debt financing
- 2. Wealth generated by the investment will be retained in the community
- They offer flexible terms that enable tailored offerings to match payment capabilities
- 4. They are an inclusive and open opportunity through which individuals, organizations and foundations can invest.
- 5. There is a growing network of social impact investors that are seeking these types of impact investments.

SHIP Community Bonds

SHIP is issuing 4 series of community bonds.









TFSA/RRSP Eligibility: Both Series C and Series D will be TFSA/RRSP eligible.

Fees: SHIP is a member of the Canadian Worker Co-op Federation (CWCF), an organization that operates a program called Common Good Capital, which allows securities issued by non-profits to be held at CWCF in RRSPs and TFSAs. There are fees that may apply when opening an account and if the investor is transferring funds from another RRSP or TFSA. SHIP can provide details regarding the process for holding investments in registered plans.

Security: A security registration is required to provide RRSP and/or TFSA eligibility for community bonds. The Series C and Series D of the community bonds are registered on title for 185 Lakeshore Road East, Mississauga and 19179 Centreville Creek Rd, Caledon East for a total of \$4,000,000. In the case of default, the security registration allows bondholders protection.

Community Bond Project Team

Issuer: Services and Housing In the Province (SHIP)

Trustee: Randy Beyers

Administrator: Tapestry Community Capital

Legal Advisor: Davis Webb LLP

Financial Institution to hold RRSP/TFSA: Canadian Worker Co-op Federation

SHIP Key Partners

Ontario Government – Operating Funding

Through the Ministry of Health at the Ontario government, SHIP receives rent supplements that help to keep the projects affordable. These rent supplements are used to top up the rent clients can afford towards their rental units. This allows the project to be viable while allowing the rent for clients to remain affordable. SHIP has an evergreen (with no end date) agreement for the rent supplement funding which has been in place since 2007.

Through Ontario Health at the Ontario government, SHIP receives funding for all programs that support tenants at our buildings. SHIP receives operating funding for staffing, client programming and other related costs that allow SHIP to provide wrap-around support services to tenants.

Local Government - Capital and Operating Funding

The local level of government has supported SHIP on past projects with capital funding and rent supplements. They have provided funding in the form of forgivable loans which allows SHIP to keep borrowing costs to a minimum which allows the project to remain affordable. They have also provided rent supplements to SHIP in the past to help keep rents affordable for tenants while keeping the properties financially viable.

Tapestry Community Capital – Community Bonds

SHIP is working with Tapestry Community Capital to execute a community bond campaign to raise \$4 million through the sale of SHIP community bonds. Tapestry is providing all the administrative support and infrastructure for the community bond raise. Tapestry has supported the administration of several raises for other organizations in the past and has a proven track record when it comes to community bonds.

Strengths and Opportunities

SHIP has several strengths that it brings to this project based on our experience. These strengths include:

A Skilled Team. SHIP is led by a committed Board of Directors and Senior leadership. The team has a wide variety of skills and experiences needed to implement a project of this scale. As shown in prior projects of similar size and scale we can complete the development and operate housing properties with positive results.

High Demand for Affordable Housing. Filling units will not be an issue. Peel Region and Brampton in particular has a shortage of affordable housing and SHIP has a significant waitlist of individuals looking for housing.

Strong Partnerships with Funders. SHIP has developed long-term positive relationships with funders at all levels of government. SHIP will have strong support from governments for operational and capital funding to ensure the project remains viable and affordable.

Potential for Strong Community Support. SHIP is addressing a need in the community by providing affordable supportive housing. The need for more housing is a pressing issue in the Region and often highlighted in the news. SHIP's housing will address this issue and help support the need in the community.

SHIP also has several opportunities that will help support the project.

Funding Opportunities. SHIP has received funding from all levels of government in the past including Regional, provincial and federal governments. There are opportunities for lower interest rates and long amortization loans with the government. There is also funding in the form of forgivable loans that allow for the loan to be forgiven over a period of time as long as the project remains affordable.

Ability to Leverage Other Properties. SHIP has 11 other properties, and some are currently not leveraged and do not have funding agreements as security on the property. This would allow SHIP the ability to leverage those properties to secure funding for future development.

Growth Opportunities. SHIP recently undertook a growth strategy to look at the 10-year growth of SHIP. There is significant opportunity for SHIP to grow its housing portfolio and its impact on the communities we currently operate in. SHIP is looking at expanding its housing units and properties over the next 10 years.

Challenges and Risks

SHIP is also aware that there are many challenges and risks involved with the development process and with housing. The development and housing risks are presented below with mitigation strategies.

Project Related Risks

Funding and Financing. SHIP receives funding from the provincial and regional governments. SHIP faces risks if funders decide to stop funding or there are changes in government. SHIP has mitigated this risk by diversifying funding sources, so the organization is not reliant on just one funder. SHIP has also built operating and capital reserves to sustain operations in the event of a loss of funding. SHIP will also be exploring traditional mortgages as a part of the project as a way to mitigate this risk.

Design and Construction Delays. The design and development of a project takes time and involves many groups to complete. There could be delays from the City planning process and construction delays due to weather, labour issues or supply issues. SHIP builds extra time into schedules for delays. SHIP also works with construction companies and project managers that help to ensure schedules are adhered to.

Construction Cost Overruns. Construction costs could be higher than budgeted. Costs can be affected by many factors that are either impossible to predict or not feasible to predict. Examples include soil conditions, weather, theft, supply chain interruptions and job site accidents. Financial modelling has been conducted using conservative estimates and contingencies have been built into the budget. SHIP is also entering into a design-build stipulated price construction contract. The same vendor designing and constructing the building mitigates the risk of any unexpected costs as they will know the design they are building.

Not In My Backyard (NIMBYISM). Neighbours and the surrounding community may not approve of the project and provide resistance to construction. SHIP has an internal community engagement strategy that engages the community early in the project to get buyin and prevent NIMBYISM.

Community Bond Risks

Community bonds come with several risks that are outlined below along with how SHIP will mitigate the risks.

Default Risk. This is the possibility that SHIP will be unable to fulfill its debt obligations, such as paying interest or repaying the principal amount borrowed for the community bonds. SHIP has a strong financial position that will mitigate this risk. SHIP currently has a capital and operating reserve that can be used to fund the principal and interest payments. SHIP currently generates positive cash flow and surplus that can be used to pay ongoing interest payments while the project is under construction. SHIP also will be looking to refinance the bonds once the project is complete providing liquidity to pay the principal on the bonds.

Liquidity Risk. This is the risk of the community bonds not being a liquid asset. The community bonds cannot be paid out in advance of their maturity date, so they are not a liquid investment. SHIP may honour early redemption requests on a case by case basis. Early redemption will require approval from SHIP's CEO and CFO.

Duration/Interest Rate Risk. This is the risk associated with the price of a bond as a result of interest rate changes. Since the terms and interest rate are fixed on the community bonds, a change in the economy resulting in an increase or decrease in interest rates does not change the interest being paid while investments with a variable rate like GICs or savings accounts vary with changing interest rates. SHIP is aware of the duration risk and is comfortable with this type of fixed rate interest rate risk to SHIP.

Anticipated Timeline

The 273 Main Street project has a timeline with an anticipated completion of the project and rent up of the project by 2027. The following are the major milestones of the project.

Property Acquisition (March 2024)

SHIP acquired the property in March 2024 and has been preparing the site and doing preliminary due diligence work for redevelopment on the site since acquisition.

Financing and Funding (December 2024 - January 2025)

SHIP has already started applications for funding from a major funder in December 2024 and January 2025. It is anticipated that SHIP will hear the result of the funding application in Q3 2025. SHIP will also be doing the community bond raise over Q2 and Q3 2025. Any additional long-term financing would be secured later on in the project.

Receipt of Planning Approvals (March 2025 - May 2025)

Planning approvals are expected by May 2025. SHIP has started the pre-development consultations with the City of Brampton. Based on the site being in Brampton's Development Permit System (DPS) area the approval process should be accelerated.

Obtain Site Plan Approval and Full Building Permit (June 2025 - January 2026)

Based on the schedule it is anticipated that the site plan approval would be received in January 2026. The work on the site planning documents would be completed between June and August 2025. The building permit application would be completed in September 2025 with approval expected in January 2026.

Constructor Mobilization to Site (March 2026)

As soon as the building permit application is approved, the constructor would mobilize on site. It is anticipated that it will happen in March 2026.

Construction Process (March 2026 - March 2027)

Once mobilized on site the constructor would be able to start construction of the foundation in March 2026. The foundation work would happen between March and April 2026. Once the foundation is completed, the constructor would start on the structural framing from May 2026 to June 2026.

Achievement of Substantial Completion (March 2027)

Substantial completion of the project will be in March 2027. It is estimated that the total construction timeline is 245 days to achieve substantial completion.

Confirmation of Occupancy of All Units (April 2027 - June 2027)

Starting after substantial completion is achieved, SHIP will start rent up in April with full rent up and occupancy in June 2027.

273 Main Street Development Schedule



Project Financials

Project Construction Costs

The 273 Main Street project is anticipated to cost approximately \$21.2 million broken down into the following cost categories:

Cost Category	Amount
Land Costs	\$2,200,000
Hard Construction Costs	\$16,330,000
Fees and Permits	\$475,000
Consultants (Architect, engineers, planners)	\$715,000
Legal and Administration	\$305,500
Financing Costs	\$502,500
HST Expense After Rebate	\$650,000
Total Cost	\$21,178,000

SHIP has entered into a design-build contract with VanMar Constructors ON Inc. VanMar will be supporting SHIP in the design process and full construction of the project.

Project Capital Stack

To fund the project SHIP is looking at the following capital stack.

Capital Category	Amount
SHIP Equity Contribution	\$2,500,000
Community Bonds	\$4,000,000
Grant Funding and Financing	\$14,678,000
Total Capital Stack	\$21,178,000

Community bond financing is short term and SHIP will replace the bonds with long term debt financing. SHIP is currently applying for funding with a funder for approximately \$14,400,000 of the total grant funding. SHIP will seek longer term financing once the building is shovel ready. SHIP will apply to Canada Mortgage and Housing Corporation (CMHC) for forgivable and repayable loans to replace the community bonds.

Use of Community Bond Funds

Community bonds allow SHIP to complete some of the development work and early construction before other funding sources start to come in. The proposed use of the \$4 million being raised is as follows for the project.

Expenditure	Amount		
Fees and Permits	\$475,000		
Pre-development Consultants	\$715,000		
Community Bond Fees	\$71,500		
Year 1 and 2 Bond Interest	\$320,000		
Project Manager	\$100,000		
Professional Fees (Legal and Accounting)	\$75,000		
Insurance	\$52,500		
Preliminary Construction Costs	\$2,000,000		
Contingency	\$191,000		
Total	\$4,000,000		

Project 5 Year Operating Pro Forma

Construction is anticipated to be completed in 2027, and the building will start operations. When operations start SHIP will have the funds to repay the bond interest from the project. The following table outlines the first 5 years of operations of the property including the bond repayments. Projected financial statements for SHIP are presented later in the business plan.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	(3 months)	I Gai Z	Teal 5	I Gai 4	i Gai J	i eai o
Revenue						
Rent (1)	\$139,110	\$570,351	\$584,610	\$59 <mark>9,2</mark> 25	\$614,206	\$629,561
Rent Subsidy (2)	51,282	207,179	209,251	2 <mark>11,3</mark> 44	213,457	215,592
Other income (3)	15,585	63,899	65,496	<mark>67,</mark> 133	68,812	70,532
Vacancy loss (4)	(3,502)	(14,304)	(14,609)	(<mark>14,</mark> 921)	(15,240)	(15,567)
Total Revenue	\$202,475	\$827,124	\$844,748	<mark>\$86</mark> 2,781	\$881,234	\$900,118
Expenses (5)						
Property Tax (6)	\$26,250	\$107,100	\$109,242	\$111,427	\$113,655	\$1 <mark>15</mark> ,928
Insurance	10,000	40,800	41,6 <mark>16</mark>	42,448	\$43,297	44,163
Utilities	25,350	103,428	105,497	107,606	109,759	111,954
Maintenance	42,500	173,400	176,868	180,405	184,014	187,694
Superintendent	17,700	72,216	73,660	75,134	76, <mark>6</mark> 36	78,169
Bad Debt (7)	5,062	20,678	21,119	21,570	<mark>22</mark> ,031	22,503
General & Other	8,000	32,640	33,293	33,958	34,638	35,331
Reserve Contribution (8)	16,478	67,231	68,576	69,947	71,346	72,773
Total Expenses	\$151,3 4 0	\$617,493	\$629,870	\$642,496	\$655,376	\$668,515
Bond Interest (9)	42,375	169,500	168,900	165,50 <mark>0</mark>	154,700	123,300
Income	\$8,760	\$40,131	\$45,978	\$54,7 <mark>8</mark> 5	\$71,158	\$108,303
Opening Cash	\$0	\$18,760	\$98,891	\$1 <mark>43</mark> ,369	\$71,145	\$1,062,303
Bond Principal (9)	0	0	(40,000)	(<mark>16</mark> 0,000)	(400,000)	(1,000,000)
Interest Payment adjustments	10,000	40,000	38,500	33,000	(180,000)	(56,250)
Long-term financing (10)	0	0	0	0	1,500,000	0
Closing Cash	\$18,760	\$98,891	\$143,369	\$71,145	\$1,062,303	\$114,356

Assumptions

- Rent increase forecast at 2.5% a year (1)
- **(2)** Rent subsidy from Ontario Government – Ministry of Health forecast to grow at 1%
- (3) Other income includes commercial space lease, parking and laundry
- (4) Vacancy loss forecast at 2.5% of rental income
- A majority of expenses have been forecast to have inflation of 2% (5)
- SHIP will be seeking a full exemption of property tax, which has been achieved on SHIP's other properties
- Bad debt is forecast at 2.5% of rental income (7)
- 8% of rental income is contributed to a capital reserve fund
- Bond principal and interest assumes 100 Series A Bonds at \$100,000, 80 Series B Bonds at \$400,000, 100 Series C Bonds at \$1,000,000 and 100 Series D Bonds at \$2,500,000. Actual amounts could vary when bonds are issued. Assume that 60% will reinvest in future community bonds.
- (10) SHIP will take out bonds that are redeemed and not renewed with a long-term mortgage or a new series of bonds

SHIP Organizational Financials

The project and community bonds have been incorporated into the overall financials of SHIP to show the financial position of SHIP as an organization. SHIP's financials include the operations of 11 other rental properties, funding for support staff for clients living in our housing, the operations of shelters, transitional housing and several other related programs. Including 273 Main Street, find below the income statement and cash flow projections for SHIP as an organization over the next 7 years. This is until the bonds mature.

Income Statement	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Revenue							
Provincial Grants (1)	\$39,455,660	\$41,033,886	\$42,875,242	\$43,732,746	\$44,607,401	\$45,499,549	\$46,409,540
Regional Grants (2)	23,906,748	24,384,883	24,872,580	25,370,032	25,877,433	26,394,981	26 <mark>,9</mark> 22,881
Existing Rental Income (3)	7,529,052	7,717,279	7,910,211	8,107,966	8,310,665	8,518,432	8,731,393
Other Income (4)	3,305,802	3,639,839	3,731,615	3,714,647	3,746,456	3,779,059	3,812,478
New Rental Income (5)	0	139,110	570,351	584,610	599,225	614,206	629,561
Total Revenue	\$71,197,262	\$76,914,997	\$79,959,998	\$81,510,002	\$83,141,180	\$84, <mark>80</mark> 6,227	\$86,505,853
Expenses							
Operating (6)	\$61,192,121	\$63,092,716	\$65,250,848	\$66,761,928	\$68,308,382	\$68,891,046	\$71,510,775
Overhead (7)	1,974,939	2,051,938	2,205,476	2,249,586	2,294,578	2,340,469	2,387,279
Other Expenses (8)	5,322,715	5,429, <mark>17</mark> 0	5,537,753	5,648,508	5,761,4 <mark>7</mark> 8	5,876,708	5,994,242
Amortization	2,478,178	2,711,6 <mark>53</mark>	2,945,128	2,945,128	2,94 <mark>5,</mark> 128	2,945,128	2,945,128
Bond Interest	84,750	169,50 <mark>0</mark>	169,500	168,900	165,500	154,700	123,300
Other Interest (9)	650,630	639,043	627,105	614,807	602,137	589,083	575,634
Bond fees	34,800	13,800	13,800	13,800	13,800	13,800	13,800
Total Expenses	\$71,738,133	\$74,107,819	\$76,749,610	\$78,402,657	\$80,091,003	\$81,810,934	\$83,550,157
Net Profit	\$2,459,128	\$2,807,17 <mark>8</mark>	\$3,210,388	\$3,107,34 <mark>4</mark>	\$3,050,177	\$2,995,294	\$2,955,696

Cash Flow Statement	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	
Opening Cash	\$13,618,012	\$16,56 <mark>4,</mark> 957	\$19,182,303	\$22,424,037	\$25,509,457	\$28,402,456	\$30,781,923	
Net Profit	2,459,128	2,80 <mark>7,</mark> 178	3,210,388	3,107,3 <mark>4</mark> 4	3,050,177	2,995,294	2,955,696	
Non-cash amortization income	(2,177,419)	(2,531,854)	(2,531,854)	(2,531,854)	(2,531,854)	(2,531,854)	(2,531,854)	
Non-cash amortization expense	2,478,178	2,711,653	2,945,128	2,945,128	2,945,128	2,945,128	2,945,128	
Loan repayments (9)	(397,693)	(397,693)	(421,928)	(434,598)	(447,652)	(447,652)	(461,101)	
Bond Funds	4,000,000	0	0	0	0	0	0	
Bond Repayments	0	0	0	(40,000)	(160,000)	(400,000)	(1,060,000)	
Funding Received (10)	8,500,000	6,178,000	0	0	0	0	0	
Asset Purchase (11)	(12,000,000)	(6,178,000)	0	0	0	0	0	
Interest Adjustment	84,750	40,000	40,000	39,400	37,200	(168,000)	(23,400)	
Closing Cash	\$16,564,957	\$19,182,303	\$22,42 <mark>4,</mark> 037	\$ <mark>25,509,457</mark>	\$28,402,456	\$30,781,923	\$32,616,536	

Notes and Assumptions

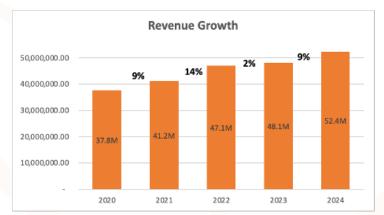
- (1) Provincial grants are from the Ontario government through the Ministry of Health (rent supplement) and Ontario Health (operating funding). Assume that funding will grow at 4% a year for the next 3 years and 2% thereafter.
- (2) Regional grants are from the Region of Peel (transitional housing, shelter and rent supplement) and Region of Waterloo (transitional housing and shelter). Assume funding would grow at 2% a year.
- (3) Rent on SHIP's existing capital buildings and from tenants in third party buildings. Assume a 2.5% increase a year.
- (4) Other income includes investment revenue, donations and smaller grant funding. Assume a 2.5% increase.
- (5) Rental income from 273 Main Street is expected to start in Q4 of 2026-27.
- **(6)** Operating expenses include salaries, benefits, building operations, client programming and staff related costs. Assume a 3.5% increase in first 3 years and then 2.5% thereafter.
- (7) Overhead includes office rent, supplies and general administrative expenses. Assume a 2% inflation rate on costs.
- (8) Other expenses mainly consist of provincial grants transferred to partnering agencies to provide services. Assume a 2% inflation rate on costs.
- (9) SHIP currently has existing debt on two properties it owns and these are the principal and interest payments based on amortization schedules.
- (10) This is the anticipated funding to be received from governments for the 273 First Street project.
- (11) This is the anticipated construction costs for the 273 Main Street project. SHIP has already incurred some of the \$21.2 million in costs with the purchase of the land in early 2024.

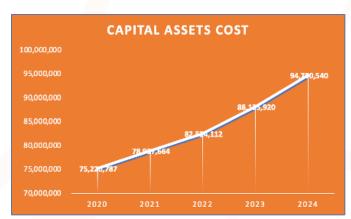
Financial Statements & Financial Accountability

SHIP's audited statements are available at the following link:

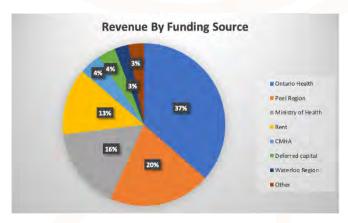
https://shipshey.ca/about/policies-and-compliance/

SHIP is funded by the Ontario government. As a publicly funded entity SHIP must adhere to Broader Public Sector Accountability Standards. The above link has a number of policies and procedures that SHIP must adhere to as a publicly funded organization. These policies include a procurement policy that outlines the duties and responsibilities to use public funds to the highest standards.

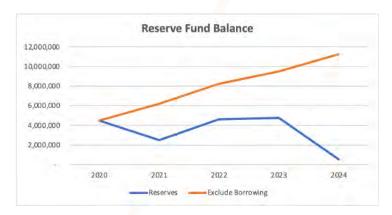




SHIP has experienced significant growth in both revenue and capital assets



SHIP has diverse funding sources from a number of different funders including the Ontario government, regional governments, rent and other organizations.



SHIP continues to have strong reserve balances net of internal borrowing from reserve funds.