



MIXED MARKET HOUSING TOOLKIT



780-439-6473



www.ascha.com



9920 – 45 Ave., Edmonton, AB



Welcome to Our Guide



The Challenge

Alberta is facing an acute affordable housing supply gap. More than 160,000 households are in core housing need, and new supply has not kept pace with population growth, rising construction costs, and shifting demographics. Traditional reliance on large, upfront public grants is no longer sustainable. The sector must embrace models that combine financial discipline with social purpose.



Community Housing
Transformation Centre

Centre de transformation
du logement communautaire

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The Toolkit

The Mixed Market Housing Toolkit equips housing providers, boards, municipalities, and community partners with the tools needed to design, test, and advocate for viable mixed-market housing projects. By combining financial modelling, policy levers, and real-world examples, the toolkit helps sector leaders turn ideas into fundable, financeable, and sustainable projects.

This guide brings together:

- Financial Research & Modelling – led by Steve Pomeroy & Gary Gordon.
- Mixed-Market Calculator – developed with Affordable 360.
- Policy Framework & Advocacy Tools – advanced by ASCHA.

Why Now?

- Government Direction: Federal and provincial governments are calling for scalable and innovative housing models.
- Sector Need: Housing providers and municipalities must demonstrate financial viability to access financing and policy tools.
- Leadership Opportunity: ASCHA is uniquely positioned to equip its members with evidence-based tools that can influence both local decision-making and provincial policy.

This toolkit is designed for:

- Providers & Developers: Test project viability before committing significant resources.
- Boards & Councils: Understand financial implications and make evidence-based decisions.
- Policy-Makers: See how specific tools close the viability gap and enable new supply.
- Community Partners: Align advocacy and resources toward scalable solutions.

By using this toolkit, sector partners can:

- Translate complex housing finance into accessible, strategic-level insights.
- Identify the key “gap-closing” levers for each project.
- Build confidence in pursuing mixed-market housing models that balance social impact and financial sustainability.

What is Mixed Market Housing

Mixed-market housing blends units at different rent levels within a single development, creating both financial sustainability and inclusive communities. The three most common categories are:

- Market Units – rented at full market value; these generate cash flow and can cross-subsidize below-market units.
- Near-Market Units – priced 10–20% below market rent; targeted at moderate-income households who do not qualify for deep subsidy but struggle with full market rents.
- Affordable Units – deeply discounted rents supported by subsidies, grants, or rent assistance programs.

This tiered structure balances financial feasibility with community need, allowing developments to serve a wide spectrum of households.

Why It Matters for Alberta

Mixed-market housing is particularly important in Alberta's context:

- Financial Sustainability: By blending revenue streams, providers reduce dependence on one-time grants and create projects that can be financed and sustained over the long term.
- Scalable Model: Purely subsidized housing models often require large amounts of public funding per unit, limiting growth. Mixed-market approaches can leverage smaller policy tools (e.g., land contributions, tax relief) to achieve greater scale.
- Inclusive Communities: Mixed-income developments promote social cohesion and reduce stigma, with households of different income levels living side by side.
- Alignment with Government Direction: Both provincial and federal governments are emphasizing financial innovation, partnership, and scalability — areas where mixed-market housing excels.

What is Mixed Market Housing

The Viability Gap Explained

Despite its strengths, most mixed-market projects face a viability gap — the shortfall between total project costs (land, construction, operations) and total revenues (market rents, near-market rents, subsidies).

- Typical gap: \$25,000–\$75,000 per unit.
- Without supportive policy tools, this gap prevents projects from reaching financial close.
- Closing the gap requires combining multiple levers: land contributions, tax relief, innovative financing, or equity investment.

The Value Proposition for Boards and Councils

Boards, councils, and other decision-makers often struggle with the complexity of housing finance. The mixed-market approach makes the financial story simple and actionable:

- Clear Math: The calculator and framework translate technical finance into straightforward outputs.
- Levers & Trade-offs: Decision-makers can see how each policy or assumption changes the outcome.
- Confidence in Decisions: With transparent modelling, boards can approve projects knowing risks and opportunities are evidence-based.



Section 2

Policy Framework

This Policy Framework outlines 15 recommendations, organized under four themes: Financing Tools, Land & Tax Tools, Operational Sustainability, and Innovation & Integration. Together, these recommendations provide a roadmap for how municipalities, provincial and federal governments, and housing providers can work collaboratively to close the gap.

15 Recommendations

Increase Yearly Capital Target

01

Alberta currently invests far less per capita in housing than other provinces, and programs fluctuate year to year. By setting clear, multi-year capital targets — for example, 3,000 new units annually — the province would give providers confidence to plan. Predictability reduces pre-development costs and signals to lenders that mixed-market housing is part of a stable system, not a one-off pilot. Edmonton's mid-rise case study shows the importance of a pipeline approach: rather than negotiating land and tax relief project by project, a consistent target would normalize approvals and reduce delays.

Incentivize Developer Equity

02

Many private developers want to contribute but lack incentive structures. Programs that match developer equity contributions with tax benefits or preferred financing terms would unlock private capital at scale. In Red Deer, a \$500,000 equity contribution by a developer partner was the deciding factor that allowed a 40-unit project to move forward without ongoing subsidy. This shows how even modest equity injections — 5-10% of total project costs — can reduce the per-unit viability gap by \$5,000-\$15,000.

Leveraging Subsidies

03

Leveraging Public Subsidies with Flexible Financing is another critical recommendation. Traditional subsidies are rigid, often requiring all support upfront. By shifting to flexible instruments — such as forgivable loans, extended amortizations, or below-market interest rates — limited public dollars can stretch further. The Red Deer project demonstrated how Canada Mortgage and Housing Corporation's (CMHC) Apartment Construction Loan Program reduced annual debt service by \$1M, closing the gap entirely. Similar provincial tools could extend these benefits across Alberta.

15 Recommendations

Rental Guarantee Programs

04

Rental Guarantee Programs would reduce lender concerns in smaller markets. Vacancy risk is a key barrier to financing in rural Alberta. A limited-term rental guarantee — where municipalities or provinces backstop a portion of units for 3-5 years — could unlock private financing and improve loan capacity by 10-15%. For small towns like Stettler, where demand exists but is less predictable, this tool could be transformative.

Property Tax Relief

05

Expanding Property Tax Relief is one of the simplest and most powerful levers available to municipalities. Property taxes account for up to 15% of annual operating costs. Relief — whether full or partial, temporary or long-term — lowers expenses, improves debt service coverage ratio (DSCR), and makes projects financeable. In Edmonton, a five-year property tax exemption reduced annual costs by \$250,000, raising DSCR from 1.12 to 1.28 and closing most of the gap.

Land Acquisition

06

Creating and Expanding Land Acquisition Programs addresses the second barrier: escalating land costs. Municipal and provincial land funds allow providers to bank land in advance, insulating them from future price spikes. This is especially important for sites near transit or community services, which are otherwise priced out of reach. In the Edmonton case, access to nominal-cost land was the decisive factor in reducing a \$4.2M gap to just \$750,000.

15 Recommendations

Municipal Land Contributions

07

Recognizing Municipal Land Contributions as Equity ensures these contributions carry maximum financial weight. Currently, lenders often undervalue donated land, treating it as a discount rather than equity. By formally recognizing land value as equity, providers can leverage larger loans, raising loan-to-costs (LTC) and loan-to-value (LTV) ratios by 5-10%. This recognition would transform municipal contributions from symbolic gestures into true financial enablers, unlocking millions in financing capacity.

Reinvest Surpluses

08

Allowing Housing Management Bodies (HMBs) to Reinvest Surpluses is critical. Current policies often require HMBs to remit surpluses back to government, limiting their ability to build reserves or reinvest in new housing. Allowing reinvestment could build \$50,000–\$200,000 annually per project, funding future expansions and covering unforeseen costs. In rural Alberta, these surpluses could provide the equity needed for modular additions without reliance on new grants.

Separate Rent from Subsidy

09

Separating Rent Assistance from Deep Subsidy Construction helps align financial viability with tenant affordability. Embedding deeply affordable units into a proforma creates permanent gaps. Portable rent subsidies (e.g., Rent Assistance Benefits) allow providers to set rents closer to viability while ensuring tenants pay only 30% of income. In Stettler, separating rent assistance benefits (RAB) from construction financing reduced the gap by \$15,000 per unit — demonstrating the clear financial logic of decoupling affordability from bricks-and-mortar costs.

15 Recommendations

Long-Term Affordability

10

Long-Term Affordability Covenants reassure both governments and lenders. By locking affordability for 30–40 years, covenants unlock access to low-interest financing and justify tax relief or land contributions. In Calgary, a 40-year covenant allowed a seniors housing provider to access provincial low-interest loans, reducing annual debt service by 5–10%. This proves that clear commitments to affordability can be rewarded with tangible financial benefits.

Establishing Reserves

11

Establishing reserve policies ensures long-term financial resilience for projects by maintaining dedicated operating and capital reserves. These reserves help mitigate inflation, unexpected repairs, and funding variations. A solid policy typically sets minimum annual contributions (2–4% of operating revenues) and limits drawdowns to emergencies or planned renewals. Such policies stabilize cash flow, prolong asset life, and enhance confidence from lenders and the government. Contributing 3% of revenues annually could result in \$1 million over 20 years, aiding in major repairs without disrupting tenant rents.

Pipeline Approvals

12

The Pipeline Approval Model is a simple but powerful reform. Current approval processes are piecemeal and slow, with each project treated as a new negotiation. A pipeline approach — pre-approving multiple projects for funding and policy tools — reduces delays, cuts pre-development costs by 10–15%, and provides certainty to both providers and lenders. Edmonton and Red Deer projects would both benefit from pipeline approval, moving from “stop-start” funding to predictable multi-year delivery.

15 Recommendations

Affordable Housing Fund

13

The creation of an Affordable Housing Infrastructure Fund reframes housing as essential infrastructure, like roads and schools. This stable, long-term funding approach reduces volatility and signals to lenders that affordable housing is a permanent priority. All four case studies — urban, mid-size, small town, and seniors — would benefit from the certainty that comes with treating housing as infrastructure.

Modular and Modern Methods

14

Modular and Modern Methods of Construction (MMC) Incentives tackle the challenge of high costs and labour shortages. Modular construction reduces timelines by 20–40% and per-unit costs by 5–15%, but faces high upfront logistics. Incentives level the playing field and encourage wider adoption. In Stettler, an MMC incentive reduced the project's gap by \$300,000, proving that innovation is particularly powerful in smaller markets.

Integrated Community Services

15

Integrated Community Services in Projects create holistic affordability. Housing alone is not enough — especially for seniors and vulnerable populations. By co-locating health, childcare, or community services, providers reduce long-term costs and improve resident outcomes. In Calgary, integration with Alberta Health Services (AHS) reduced seniors housing operating costs by \$400,000 annually, while ensuring residents had access to essential care.



Conclusion of Policy Framework

No single policy can close the viability gap, but combining financing tools, land and tax incentives, operational reforms, and innovation can reduce per-unit gaps by 70-100%.

Key insights include:

- Urban projects thrive with land and tax tools.
- Mid-size city projects need flexible financing and developer equity.
- Small towns benefit from modular incentives and portable subsidies.
- Seniors housing requires integrated, layered approaches.

The 15 recommendations provide an evidence-based roadmap to transform Alberta's housing system into a scalable and sustainable model, ensuring safe, affordable homes for all Albertans.



Section 3

The Mixed-Market Calculator

The Mixed-Market Calculator is a practical tool that translates project assumptions into financial viability indicators. It is designed to help providers, boards, and councils quickly test whether a proposed project is financeable, and, if not, which policy tools are required to close the gap.

The calculator uses a single-unit example to clearly show how revenues, costs, and policy tools affect project viability. Per-unit results can then be applied across multi-unit developments to understand how these relationships scale at the project level.

The calculator is not intended to replace full financial modelling; rather, it helps users grasp the fundamentals and build confidence before moving into more detailed analysis.





NOI

Net Operating Income

Median Monthly Income: The typical market rent for similar units in the area, where half of rents are higher and half are lower, used as a benchmark to estimate rental income and project viability.

Vacancy Rate (5%): The percentage of rental units expected to be unoccupied at any given time, which reduces rental income and affects a project's Net Operating Income and loan capacity.

Replacement Reserve (4%): Funds set aside for major future repairs and replacements (roofs, boilers, appliances). CMHC requires 4%.

Administrative Expenses (4%): Overhead costs (management fees, office, professional services).

Operating Expenses (17%): Property-level costs (maintenance, taxes, insurance).

Maintenance Expense (5%): Routine upkeep and repairs to keep the property in good condition.

Utility Expense (10%): Water, gas, electricity, waste, and other tenant service utilities.

Net Operating Income (NOI): The annual rental income remaining after operating expenses are paid, used by lenders to determine how much debt a project can support.

Because NOI determines borrowing capacity, even modest policy interventions that reduce costs or stabilize revenue can materially improve project feasibility.





Debt Sizing

Debt Service Coverage Ratio (DSCR): Measures a property's ability to pay debt. Calculated as $\text{NOI} \div \text{Annual Debt Service}$. A DSCR of 1.25 means \$1.25 of income for every \$1.00 of debt payment.

Interest Rate: The annual cost of borrowing money, expressed as a percentage of the loan amount. Determines the size of debt payments.

Cap Rate: The property's annual $\text{NOI} \div \text{Value}$, shown as a %. Indicates expected return if purchased with cash. Lower is better; less risky.

Loan-to-Value (LTV): The ratio of loan amount to property value. Example: 75% LTV means borrowing \$7.5M on a \$10M property.

The Calculator will produce a maximum loan amount based on the NOI and Debt Sizing levers. The Cap Rate or Loan to Value will limit the maximum loan amount.

Max loan based on income ⓘ

\$174,268

\$1,742,681

\$6,970,724

▶ Max loan based on value

\$169,029

\$1,690,290

\$6,761,160

The maximum loan becomes a source in the section below, in the form of debt. The lender grants the smaller of the two possible loans.





Capital/Funding

Use this section to enter the types of capital grants, funding, or borrowing to make up your capital stack.

Capital / Funding Total	1 unit	10 units	40 units
Other Grant/Funding ⓘ 	\$50,000	\$500,000	\$2,000,000
CMHC Forgivable Loan ⓘ 	\$0 ☐ OFF	\$0 ☐ OFF	\$6,000,000 ☒ ON
Provincial/Terri. Funding ⓘ 	\$0 ☐ OFF	\$0 ☐ OFF	\$3,400,000 ☒ ON
Municipal Funding ⓘ 	\$0 ☐ OFF	\$0 ☐ OFF	\$8,000,000 ☒ ON
Capital / Private Funding ⓘ 	\$0 ☐ OFF	\$0 ☐ OFF	\$4,000,000 ☒ ON
CLICK TO ADD SOURCES			





Project Development Costs

Land Acquisition Costs: The purchase price of land plus related expenses (legal fees, due diligence, closing costs, taxes). \$35,000-50,000 per unit.

Construction / Hard Costs: Direct building costs such as materials, labour, site work, and trades. Typically \$300-\$350 per sq. ft. for mid-rise multi-family in major Canadian markets (higher for high-rise or concrete builds).

Soft Costs: Indirect development costs such as design, engineering, permits, financing, and professional fees. Typically 20-30% of hard costs in multi-family projects.

Contingency Fees: A reserve for unexpected cost overruns during construction. Typically 5-10% of hard and soft costs in multi-family projects.





Section 4

Case Studies

- 01 Large Urban Example | Edmonton
- 02 Mid-Size Example | Red Deer
- 03 Small Town Example | Stettler
- 04 Seniors Housing Example | Calgary

All scenarios are illustrative and are intended to demonstrate relative impacts and trade-offs, not to establish funding benchmarks or program commitments.





Project Profile

A non-profit housing provider is exploring a 60-unit mid-rise development in Edmonton's core. The development includes one- and two-bedroom units in a six-storey concrete building, with mixed-market rents intended to support long-term operational sustainability.

Baseline Financials

- Land acquisition: \$5.5M
- Hard + soft costs: \$20M
- Unit Mix: 30 Market, 20 Near-Market, 10 Affordable
- Average Market Rent: \$1,500 per month

Baseline viability gap: \$4.2M

Policy Tools Applied

- **Municipal land contribution:** City provided land at nominal cost, reducing upfront capital requirement by \$5.5M.
- **Property tax relief:** Five-year exemption reduced annual expenses by \$250,000.

Result

- Gap reduced from \$4.2M to \$750,000 (82% reduction)
- DSCR increased from 1.12 to 1.28, meeting lender

Lesson Learned

In large urban centres, land cost and property taxes are the most significant barriers. Securing municipal support through land contributions and tax relief can transform an unviable project into a viable one.





Project Profile

A community housing society planned a 40-unit infill project in Red Deer using a wood-frame construction model.

Baseline Financials

- Land acquisition: \$1.2M
- Hard + soft costs: \$10M
- Unit Mix: 18 Market, 15 Near-Market, 7 Affordable
- Average Market Rent: \$1,250 per month

Baseline viability gap: \$1.5M

Policy Tools Applied

- **Developer equity investment:** A private partner contributed \$500,000 in exchange for long-term ground lease revenue.
- **CMHC's Apartment Construction Loan Program (ACLP):** Below-market financing, reducing annual debt service by \$1M over 40 years.

Result

- Project became fully viable with no ongoing operating subsidy.
- DSCR increased from 1.05 to 1.24.

Lesson Learned

In mid-sized markets, creative financing tools such as ACLP, combined with private developer equity, can eliminate the need for traditional grants. Partnerships unlock financial sustainability.





Project Profile

A rural municipality partnered with an HMB to pilot a modular housing project with 20 units, targeting seniors and local workers.

Baseline Financials

- Land contribution: municipal parcel at \$0 cost.
- Modular construction: \$6M.
- Unit Mix: 10 Market, 7 Near-Market, 3 Affordable.
- Average Market Rent: \$1,100 per month.

Baseline viability gap: \$800K

Policy Tools Applied

- **Modular/Modern Methods of Construction (MMC) incentive:** \$300,000 grant covered additional logistics for modular delivery.
- **Rent Assistance Benefit (RAB) separation:** Affordable units funded through portable subsidies rather than embedded deep subsidy.

Result

- Gap reduced by \$15,000 per unit (total reduction \$300,000).
- Remaining gap covered by community fundraising and credit union partnership.

Lesson Learned

In smaller communities, MMC incentives and flexible rent assistance are game-changers. They enable housing providers to deliver modest but sustainable projects where traditional large-scale approaches fail.





Project Profile

A faith-based non-profit proposed a 50-unit seniors residence combining independent living with integrated supports (meals, health services).

Baseline Financials

- Land donation: church-owned parcel.
- Hard + soft costs: \$18M.
- Unit Mix: 20 Market, 15 Near-Market, 15 Affordable.
- Average Market Rent: \$1,800 per month (service-enriched units).

Baseline viability gap: \$3.0M

Policy Tools Applied

- **Long-term affordability covenant:** 40-year covenant triggered access to provincial low-interest financing.
- **Integrated health services:** Partnership with AHS reduced staffing/operating costs by \$400,000 annually.

Result

- Gap reduced from \$3M to \$1.2M.
- DSCR improved from 1.08 to 1.21. Project advanced to financing stage.

Lesson Learned

For seniors housing, layered policy tools plus service integration are essential. Health and housing must be planned together to ensure both affordability and operational viability.





Section 5 Implementation Checklist

- 01 Define the Project Concept
- 02 Input Assumptions in the Calculator
- 03 Review Outputs and Identify Viability Gap
- 04 Apply Relevant Policy Tools
- 05 Re-Model the Scenario
- 06 Prepare the Business Case
- 07 Present to Board or Council
- 08 Apply for Financing and Funding
- 09 Monitor, Report, and Adapt



Step 1



Project Concept

Establish the vision and purpose of the project before running the numbers.

Actions

- Identify the target population (e.g., families with children, seniors requiring supports, Indigenous households, students, essential workers).
- Decide on the housing form: apartments, townhomes, modular units, mixed-use.
- Clarify the goals: affordability, inclusion, financial sustainability, service integration.
- Align with municipal housing strategies, provincial policy priorities, or community needs assessments.
- Before advancing, boards and management should assess their governance readiness, including financial literacy, risk appetite, and technical capacity. Smaller providers may wish to partner with developers, financial advisors, or umbrella organizations for support.

Checklist

- ✓ Target group defined
- ✓ Unit type and tenure (rental/ownership) chosen
- ✓ Alignment with community plan established
- ✓ Governance and Capacity Check

Tip

Keep the initial concept simple — a one-page summary works better than a 40-page feasibility report at this stage.



Step 2



Input Assumptions

Translate your project concept into financial terms.

Actions

- Enter land and construction costs, including contingencies.
- Define the unit mix: how many market, near-market, and affordable units.
- Estimate rents (supported by CMHC market reports or appraisals).
- Add operating costs: insurance, maintenance, utilities, reserve funds.
- Input financing terms: interest rates, amortization, lender DSCR requirement.
- Stress test interest rates, construction costs, and vacancy rates against worst-case scenarios.

Checklist

- ✓ All costs entered
- ✓ Market rent data validated
- ✓ Vacancy allowance included (3–5%)

Tip

Use conservative assumptions — assume costs are higher and revenues lower than best-case projections.



Step 3



Review Outputs

Understand the baseline financial picture before applying tools.

Outputs to Review

- Net Operating Income (NOI): Rental revenue – operating expenses.
- Debt Service Coverage Ratio (DSCR): $\text{NOI} \div \text{annual debt payments}$.
- Loan Capacity: How much the project can borrow.
- Equity Gap: Total costs – loan capacity – available equity.

Checklist

- ✓ DSCR ≥ 1.20 ?
- ✓ Equity gap calculated?
- ✓ Red flags highlighted?

Tip

Think of the gap as the “ask” — this is the dollar value you’ll need to close using policy tools, partnerships, or equity.



Step 4



Apply Policy Tools

Identify which levers can realistically close the gap.

Common Tools

- Land & Tax: Municipal land contributions, property tax relief.
- Financing: CMHC ACLP, below-market loans, credit union partnerships.
- Operating Support: Rent Assistance Benefits, long-term covenants.
- Innovation: Modular/MMC incentives, integrated community services.

Checklist

- ✓ At least two scenarios tested (e.g., with/without land contribution).
- ✓ Tools matched to community size (urban → land/tax relief, rural → modular/MMC).
- ✓ Impacts quantified (DSCR and equity gap re-calculated).
- ✓ Confirm capacity to meet reporting and covenant requirements attached to policy tools.

Tip

Use layering — one tool rarely closes the gap on its own. The strongest projects combine 2–3 supports.



Step 5



Re-Model Scenario

Test how tools change the project's financial outcomes.

Actions

- Re-run calculator with policy tools applied.
- Compare before-and-after equity gap and DSCR.
- Run sensitivity tests:
 - +10% construction cost increase.
 - +1% interest rate.
 - 5% rent reduction.

Checklist

- ✓ At least 3 sensitivity tests run
- ✓ Revised DSCR meets lender thresholds
- ✓ Gap reduced to fundable levels

Tip

Document both the baseline and the improved scenario — boards and funders want to see the transformation clearly.



Step 6



Business Case

Package the project in a format that boards, councils, and funders understand.

Content

- Problem: Core housing need in the community.
- Solution: Proposed project concept.
- Baseline Gap: Financial shortfall from calculator.
- Tools Needed: Specific policy or financing levers.
- Impact: Number of households served, affordability levels, community benefits.
- Risk Register: Identify risks and mitigation strategies.

Checklist

- ✓ Executive summary (1-2 pages)
- ✓ Clear charts (NOI, DSCR, gap before/after tools)
- ✓ Case study comparisons included

Tip

Lead with the story (who will be housed), then follow with the numbers.



Step 7



Present to Board

Secure governance and political support.

Actions

- Present findings in plain language — avoid jargon.
- Show how policy tools change the outcome.
- Provide decision options: approve project, advocate for land/tax relief, or defer.

Checklist

- ✓ Presentation slides or briefing note prepared
- ✓ Options with pros/cons included
- ✓ Risk assessment included

Tip

Anticipate questions: “What if interest rates rise?” “What if rents don’t materialize?” — and have answers ready.



Step 8



Financing & Funding

Secure the capital stack.

Actions

- Approach lender (CMHC, ACLP, MLI Select), provincial programs, municipal housing funds.
- Engage lenders early — show calculator outputs and board approval.
- Pursue layered funding: federal + municipal + private equity.

Checklist

- ✓ Application templates complete
- ✓ Letters of support from municipality and board
- ✓ Updated proforma included

Tip

Build relationships with lenders and funding program representatives early. A pre-application meeting saves time and increases approval odds.



Step 9



Monitor and Report

Keep the project on track and build credibility.

Actions

- Track actual costs against proforma.
- Report quarterly to board/council.
- Adjust if assumptions change (e.g., rents, interest rates, cost overruns).

Checklist

- ✓ Quarterly dashboard developed
- ✓ Variances explained
- ✓ Policy learnings documented for future projects

Tip

Treat reporting not just as accountability, but as advocacy. Showing what worked (and what didn't) strengthens the case for future policy tools.



Section 6 Evaluation



Evaluation ensures that mixed-market housing projects achieve their financial, social, and community goals — and that the Toolkit itself remains relevant and effective. This framework offers a layered approach:

- Evaluate the project.
- Evaluate the policy tools applied.
- Evaluate the Toolkit's overall effectiveness.
- Feed lessons back into practice.



Project-Level Evaluation

Every project should be tracked from pre-development through operations. This ensures that assumptions in the calculator are tested against real-world performance.

A. Financial Viability

- DSCR: Monitor annually. Target ≥ 1.20 .
- Equity Gap Closure: Document how the gap was covered (e.g., land, tax relief, CMHC financing).
- Loan Covenant Compliance: Ensure project meets lender requirements year to year.

B. Affordability Outcomes

- Unit Mix Delivered vs. Planned: % of market, near-market, affordable units built.
- Rent-to-Income Ratios: At least 90% of affordable tenants should not pay more than 30% of income on rent.
- Households Served: Number of households moving out of core housing need.

C. Operational Sustainability

- Vacancy Rates: Maintain $\leq 5\%$.
- Maintenance & Reserves: Minimum annual reserve funding of 2-4% of gross revenue.

Tenant Satisfaction: Regular surveys on safety, service, and quality of housing.

Suggested Reporting Template:

Metric	Target	Actual	Variance	Notes/Actions
DSCR	≥ 1.20	1.23	0.03	On track
Vacancy	$\leq 5\%$	7%	2%	Increased marketing needed
Reserve Funding	$\geq \$80,000$	\$60,000	-\$20,000	Adjust operating budget



Policy Tool Impact Evaluation

The Toolkit emphasizes that projects often require layered policy support. Evaluation must capture which tools work best, where, and how much they reduce the gap.

Examples of Metrics by Tool Theme:

- Financing Tools
 - Amount of private financing leveraged per \$1 of public financing.
 - Change in DSCR after applying below-market loans.
- Land & Tax Tools
 - Dollar value of municipal land contributions.
 - Annual savings from property tax relief.
 - Reduction in per-unit equity gap attributable to land or tax policies.
- Operational Tools
 - Number of affordable units sustained via Rent Assistance Benefits (RAB).
 - Surplus reinvested by HMBs.
- Innovation & Integration
 - % reduction in construction time from modular/MMC.
 - Annual cost savings from integrated services (e.g., health + housing).

Reporting Mechanism:

Each project should submit a short “Policy Impact Report” showing baseline vs. with-tools scenario (1–2 pages).



Toolkit Effectiveness Evaluation

To ensure the Toolkit remains valuable for providers and policymakers, ASCHA should evaluate its adoption, usefulness, and influence.

Key Performance Indicators:

- Adoption & Use
 - Number of organizations actively using the Calculator.
 - Number of boards/councils reviewing Toolkit-informed business cases.
- Capacity Building
 - % of staff/board members reporting higher confidence in housing finance.
 - Number of workshops and training sessions delivered.
- Policy Influence
 - Number of municipalities adopting land/tax contribution policies.
 - Number of provincial/federal policies citing Toolkit evidence.

Feedback Channels:

- Post-training surveys (1-5 rating for clarity, usability, and confidence gained).
- ASCHA-hosted feedback sessions.
- Annual member survey with a Toolkit-specific module.



Continuous Improvement Loop

Evaluation only matters if it drives action. The Toolkit uses a **4-step learning cycle**:

- Collect Data
 - Project financials, tenant outcomes, policy tool usage, Toolkit adoption metrics.
- Analyze Results
 - Identify which tools close the gap most effectively.
 - Compare projected vs. actual outcomes across projects.
- Share Findings
 - Publish case studies and sector-wide dashboards.
 - Present results at ASCHA conferences and workshops.
- Update the Toolkit
 - Refresh calculator assumptions (interest rates, costs).
 - Add new case studies and templates.
 - Adjust policy recommendations based on evidence.

Cycle Frequency: Annually, with mid-year updates as needed.



Evaluation Roles & Responsibilities

- Providers → Track project metrics, submit annual evaluation reports.
- Boards/Councils → Review evaluation results, hold management accountable.
- Municipalities & Governments → Assess policy tool impact, adjust funding models.
- ASCHA → Collect data across members, publish sector-wide evaluations, update Toolkit.



Example Evaluation Dashboard (for sector reporting)

Category	Indicator	2025 Result	Target	Sector Insight
Financial	Avg. DSCR	1.22	≥ 1.20	Sector meeting lending thresholds
Affordability	Units at $\leq 80\%$ of market	45%	40%	Exceeding target
Policy	Avg. gap reduction via land/tax	\$35k/unit	\$25k/unit	Land tools highly effective
Toolkit	# of orgs trained	68	50	Toolkit adoption strong

Summary:

This evaluation framework ensures that projects are financeable, policy tools are evidence-backed, and the Toolkit stays current. It builds a feedback culture in the sector turning data into advocacy and continuous improvement.



Conclusion

Alberta's affordable housing sector stands at a crossroads. With more than 160,000 households in core housing need, the demand for scalable, financially sustainable solutions has never been greater. Traditional reliance on large capital grants is no longer viable. The sector must adapt — blending financial discipline with social purpose.

The Mixed-Market Housing Project Toolkit provides a roadmap:

- For Housing Providers: A way to test project viability quickly, identify risks, and design projects that balance affordability with long-term sustainability.
- For Boards & Councils: Clear, evidence-based insights that demystify housing finance and highlight which levers matter most in decision-making.
- For Policy-Makers: Proof that modest, targeted tools — such as land contributions, tax relief, and innovative financing — can close the viability gap and unlock new housing supply at scale.

Mixed-income structures are not only a social integration tool, but also a risk-management strategy that stabilizes revenue and improves resilience over time. When used together, these tools enable sector partners to move from isolated projects towards a scalable, financially sustainable system.



Through the Calculator, Policy Framework, Case Studies, and Implementation Flow, this Toolkit demonstrates that mixed-market housing is not only possible, but practical. It shows that with the right supports, Alberta can:

- Build inclusive communities where households of different incomes live together.
- Deliver financially sustainable projects that reduce reliance on one-time grants and operating subsidies.
- Scale up affordable housing supply to meet growing demand.

But tools alone are not enough. Success requires partnership and commitment:

- Providers must step forward with innovative projects.
- Boards and councils must support evidence-based decision-making.
- Municipal, provincial, and federal governments must align policies and investments.

The Call to Action

- Use the Calculator to test your project.
- Apply the Policy Framework to close the gap.
- Share your results with ASCHA so the sector can learn and adapt together.



Glossary

This glossary translates technical housing finance language into plain English. Each definition includes a short explanation and a worked example.

Net Operating Income (NOI)

- What it means: The annual income a project generates after covering operating costs, but before paying the mortgage.
- Formula: $\text{Gross Rent} - \text{Vacancy Allowance} - \text{Operating Expenses} = \text{NOI}$
- Example: Rent \$1,200,000 - Vacancy \$60,000 - Expenses \$400,000 → NOI = \$740,000

Debt Service Coverage Ratio (DSCR)

- What it means: A measure lenders use to ensure a project generates enough income to pay its mortgage.
- Formula: $\text{NOI} \div \text{Annual Debt Service} = \text{DSCR}$
- Benchmark: $\text{DSCR} \geq 1.20$ for most lenders.
- Example: NOI \$740,000 ÷ Debt Service \$600,000 → DSCR = 1.23 (acceptable).

Loan-to-Cost Ratio (LTC)

- What it means: The percentage of total development cost that a lender is willing to finance.
- Formula: $\text{Loan} \div \text{Total Development Cost} = \text{LTC}$
- Typical Range: 65–80%.
- Example: Loan \$12M ÷ \$20M Project Cost = 60% LTC.

Equity Gap

- What it means: The additional funding required to make a project viable.
- Formula: $\text{Total Costs} - (\text{Loan} + \text{Equity}) = \text{Gap}$
- Example: Project Cost \$20M - (Loan \$12M + Equity \$5M) = \$3M gap.

Intermediate Housing

- What it means: Housing priced between market and deeply subsidized, often 10–20% below market.
- Purpose: Serves households who don't qualify for deep subsidy but struggle at full market rents.



Cross-Subsidy

- What it means: Using revenues from higher-rent (market) units to cover the cost of lower-rent (affordable) units.
- Example: 20 market units offset the shortfall from 10 affordable units.

Pipeline Approval Model

- What it means: Pre-approval of multiple projects by a funder or government, so projects can move quickly when financing and land opportunities align.

Modern Methods of Construction (MMC)

- What it means: Innovative building methods such as modular or prefabricated construction.
- Benefit: Faster build times, reduced costs, especially effective in rural/small town contexts.

Rent Assistance Benefit (RAB)

- What it means: A portable rent subsidy paid directly to tenants, allowing providers to set rents closer to viability while tenants remain protected.

Average Market Rent (AMR)

- What it means: The average rent of all units in a given area, typically reported by CMHC. Used as a benchmark for affordability calculations and subsidy design.
- Example: If one-bedroom units average \$1,100, two-bedrooms \$1,400, and three-bedrooms \$1,700, the AMR across all units might be \$1,400.

Median Market Rent (MMR)

- What it means: The rent that falls in the middle of the market distribution — half the units rent for less, and half for more. Less influenced by extremely high or low rents than AMR.
- Example: In a market where one-bedrooms rent for \$1,000, \$1,050, \$1,100, \$1,150, and \$1,600, the MMR is \$1,100 (the middle value).



MIXED MARKET HOUSING TOOLKIT



ASCHA

ALBERTA SENIORS & COMMUNITY
HOUSING ASSOCIATION

Contact Information:



780-439-6473



www.ascha.com



Edmonton, AB



Community Housing
Transformation Centre

Centre de transformation
du logement communautaire



Templates





Board Briefing Note

Subject: Affordable Housing Project Toolkit – Policy Framework & Advocacy Priorities

Prepared for: [Board of Directors / Council]

Prepared by: [Your Organization]

Date: [Insert Date]

Purpose

To brief the Board on the Affordable Housing Project Toolkit and to secure direction on advocacy priorities. Specifically, the Board is asked to consider endorsing a set of 15 policy recommendations that can significantly reduce the financial viability gap in mixed-market housing projects and enable more affordable housing to be developed across Alberta.

Background

Alberta faces a housing affordability and supply crisis, with more than 160,000 households in core housing need and growing. Most new developments that blend market, near-market, and affordable units face a \$25,000–\$75,000 per-unit shortfall, even when well-designed. This “viability gap” prevents projects from moving forward. Traditional reliance on large, up-front capital grants is no longer sustainable. Governments and providers need innovative, scalable solutions.

The Affordable Housing Project Toolkit, developed with ASCHA and partners, provides financial modelling, case studies, and a 15-point Policy Framework that shows how modest, targeted supports can close the gap.

Analysis

The 15 policy recommendations are grouped into four themes. Together, they represent a comprehensive roadmap to making mixed-market housing financeable and scalable in Alberta.



1. Financing Tools

Increase Annual Capital Targets – Establishing predictable multi-year housing targets (e.g., 3,000 units annually) would reduce uncertainty and signal stability to lenders and providers.

Incentivize Developer Equity – Matching private equity contributions with tax incentives or preferred loans attracts private partners, spreading risk and reducing the burden on public funds.

Flexible Financing Tools – Expanding access to CMHC-style low-interest, long-amortization loans at the provincial level could lower annual debt service, making projects bankable.

Rental Guarantee Programs – By backstopping vacancy risk, especially in smaller centres, governments can improve loan capacity and unlock private financing that would otherwise not materialize.

2. Land & Tax Tools

Expand Property Tax Relief – Multi-year exemptions could improve DSCR enough to move unviable projects into financeable territory.

Land Acquisition Programs – Dedicated land banks would help providers secure sites near transit and services before prices escalate.

Recognize Land as Equity – Ensuring that donated land counts toward project equity strengthens proformas and increases borrowing capacity.

3. Operational Sustainability

Reinvest HMB Surpluses – Allowing Housing Management Bodies to retain and reinvest surpluses would build long-term capacity and reduce reliance on external funding.

Separate Rent Assistance from Construction – Portable Rent Assistance Benefits (RAB) ensure tenant affordability while allowing providers to maintain viable rent structures.



Long-Term Affordability Covenants – Covenants (30–40 years) provide assurance to governments and lenders, unlocking financing incentives and ensuring affordability is preserved

Reserve Policies – Long-term reserve policies ensure financial resilience by requiring annual contributions (e.g., 2–4% of revenues) to cover inflation, unexpected repairs, and capital renewal, stabilizing cash flow and protecting affordability over time.

4. Innovation & Integration

Pipeline Approval Model – Pre-approving multiple projects reduces transaction costs and speeds delivery across the sector.

Affordable Housing Infrastructure Fund – Treating housing as core infrastructure, with dedicated capital funds, provides stability and legitimacy.

Modular/MMC Incentives – Incentives for modular housing support faster, cheaper builds, particularly useful in rural Alberta.

Integrated Community Services – Co-locating housing with health, childcare, or seniors' services lowers operating costs and improves outcomes for residents.

Case Study Evidence

The Toolkit includes real-world Alberta examples demonstrating the impact of these tools:

Edmonton (Urban): Municipal land + property tax relief reduced a \$4.2M gap by 82%.



Red Deer (Mid-size): Developer equity + CMHC financing closed a \$1.5M gap, making the project fully viable.

Stettler (Small Town): Modular construction incentives reduced per-unit gap by \$15,000.

Calgary Region (Seniors): Integrated health services saved \$400,000 annually, reducing the gap from \$3M to \$1.2M.

Options for the Board

1. Status Quo – Receive the Toolkit for information only; no advocacy undertaken.
2. Targeted Advocacy – Endorse a subset of priority tools most relevant to our projects (e.g., land, tax, financing) and advocate accordingly.
3. Comprehensive Advocacy – Endorse all 15 recommendations and direct management to engage in broad-based advocacy at municipal, provincial, and federal levels.

Recommendation

That the Board endorse Option 3: Comprehensive Advocacy and approve the use of the Policy Framework in all government and sector partner engagement.

Direct management to prepare tailored advocacy packages (briefs, one-pagers, and presentations) for municipal councils, MLAs, and Ministers. Support participation in ASCHA's sector-wide efforts to align messaging and increase collective impact.

Next Steps

1. Prepare one-page advocacy handouts summarizing the 15 recommendations.
2. Identify upcoming opportunities for engagement with municipal councils, MLAs, and Ministers.
3. Report back to the Board quarterly on advocacy activities, government responses, and progress made.



Advocacy Note

The Challenge

Alberta is facing an affordable housing crisis:

- Over 160,000 households are in core housing need.
- Construction costs and interest rates have risen sharply.
- Land prices and property taxes push projects out of reach.
- Reliance on large, one-time capital grants is no longer sustainable.

Even well-designed mixed-market housing projects — which blend market, near-market, and affordable rents — face a \$25,000–\$75,000 per-unit viability gap. Without targeted policy support, most projects stall.

The Solution

The Affordable Housing Project Toolkit demonstrates that modest, layered policy tools can close the gap and unlock new supply.

15 Policy Recommendations

Financing Tools

1. Increase Annual Capital Targets – predictable unit targets (e.g., 3,000/year) allow providers to plan multi-year pipelines and signal to lenders that housing is a stable priority.
2. Incentivize Developer Equity – match developer equity with tax credits or preferred loan terms; even 5–10% equity reduces the reliance on scarce grants.
3. Flexible Financing Tools – expand access to CMHC-style long-term, low-interest loans at the provincial level, reducing annual debt service and stretching limited public dollars.
4. Rental Guarantee Programs – government guarantees during lease-up reduce lender risk, particularly in rural markets where vacancy concerns can otherwise kill a project.



Land & Tax Tools

1. Expand Property Tax Relief – property taxes can account for 10–15% of operating costs; multi-year exemptions can be the difference between financing approval or rejection.
2. Land Acquisition Programs – municipal/provincial land banks secure land near transit and services before prices escalate, giving non-profits a fighting chance.
3. Recognize Land as Equity – donated land should count toward equity on proformas, strengthening providers' ability to borrow and scale projects.

Operational Sustainability

1. Reinvest HMB Surpluses – allow Housing Management Bodies to retain annual surpluses; even modest reinvestment (\$50k–\$200k/year) builds reserves for future growth.
2. Separate Rent Assistance from Construction – portable Rent Assistance Benefits (RAB) protect tenants while allowing providers to set rents that keep projects financially viable.
3. Long-Term Affordability Covenants – 30–40 year covenants guarantee affordability for governments while unlocking lower-interest loans and property tax relief.
4. Establish Reserve Funds – Set clear reserve policies requiring annual contributions (2–4% of revenues) to build operating and capital reserves. Dedicated funds protect against unexpected repairs, stabilize cash flow, and provide equity for future expansions.

Innovation & Integration

1. Pipeline Approval Model – pre-approving multiple projects reduces transaction costs, speeds delivery, and cuts pre-development costs by up to 15%.
2. Affordable Housing Infrastructure Fund – treat housing like roads and schools by dedicating stable, multi-year infrastructure budgets.
3. Modular/MMC Incentives – modular construction cuts timelines by 20–40% and costs by 5–15%; incentives help providers adopt these innovative methods.
4. Integrated Community Services – co-locating housing with health and social services improves resident outcomes and reduces long-term public costs (e.g., hospital stays, emergency use).



Proven Results: Case Studies

- Edmonton (Urban): Land + tax relief reduced a \$4.2M gap by 82%.
- Red Deer (Mid-size): Developer equity + CMHC loan closed a \$1.5M gap.
- Stettler (Small town): Modular incentives cut per-unit gap by \$15,000.
- Calgary Region (Seniors): Health integration saved \$400k annually, reducing gap by 60%.

The Ask

We urge all levels of government to adopt these tools and partner with housing providers:

- Municipalities → Provide land and tax relief.
- Province → Expand financing tools, allow HMB reinvestment, scale RAB.
- Federal Government → Support pipeline approvals, MMC incentives, and long-term infrastructure funding.

The Call to Action

With these 15 recommendations in place, Alberta can reduce viability gaps by 70-100% — transforming stalled projects into homes for thousands of Albertans.

Housing is not a cost. It is an investment in Alberta's future — one that reduces homelessness, strengthens the workforce, and builds inclusive communities.

Now is the time to act.



Sample Risk Register

Risk Category	Description	Likelihood	Impact	Mitigation Strategy
Financial	Rising interest rates could increase debt service costs and reduce project viability.	High	High	Lock in long-term fixed-rate financing; run sensitivity tests; secure property tax relief to offset costs.
Political	Change in government priorities may reduce funding programs or policy supports.	Medium	High	Diversify funding sources (federal, provincial, municipal); align project with broader goals (climate, reconciliation).
Construction	Escalation in construction costs due to supply chain disruptions or labour shortages.	High	High	Build in 10% contingency; explore modular/MMC options; pre-purchase critical materials.
Demand/Occupancy	Lower-than-expected uptake of near-market units in the first year.	Medium	Medium	Use conservative rent assumptions; secure rental guarantee from municipality for 3–5 years; enhance marketing strategy.
Operational	Insufficient reserve funding leading to deferred maintenance over time.	Medium	High	Require minimum 2–4% of gross revenue into reserves annually; reinvest HMB surpluses.



Sample Governance Readiness Checklist

Board has at least one member with financial literacy in housing/real estate.

✓ Finance Committee includes a Charter Professional Accountant with experience in housing finance.

Board has discussed and documented its risk tolerance for debt, equity contributions, and long-term affordability covenants.

✓ Board agreed to pursue up to 75% Loan-to-Cost financing, accept 40-year affordability covenants, and contribute up to 10% equity from reserves.

Clear decision-making processes are in place for approving major housing projects.

✓ Partial – board approvals occur but no formal policy exists.

Recommendation: adopt a Major Capital Projects Decision Policy in 2025.

Board understands policy tools (land, tax relief, financing programs) and their implications.

✓ Board training completed on CMHC, municipal land programs, and provincial rent assistance benefits.

Board has access to technical expertise (internal or external) for financial modelling and project management.

✓ Currently relies on CEO only.

Recommendation: retain external consultant for proformas until staff capacity is built.

Board has a strategy for partner engagement (municipalities, funders, Indigenous partners, community).

✓ Engagement plan approved; two municipal presentations scheduled and Indigenous housing dialogue initiated.

Board commits to regular monitoring and evaluation of project performance against the proforma.

✓ Quarterly project dashboards included in governance calendar.

How to Use This:

- Boards should review this checklist before advancing a project past concept stage.
- Items not in place should be addressed with specific action steps before financial close.

The checklist can also serve as a board development tool, guiding recruitment, training, and external partnerships.