

## Two-Building Mixed-Use Infill

Construction budget, stabilised income pro forma, and CMHC MLI Select underwriting

Purpose-built rental conversion of two adjacent low-rise buildings – 10 residential suites and a ground-floor retail tenancy – in an established inner-urban Ottawa neighbourhood.

Asset class	Mixed-use purpose-built rental (residential and ground-floor retail)
Programme	Two adjacent buildings; 10 residential suites (8 one-bedroom, 2 three-bedroom) plus 730 SF retail
Location	Established inner-urban Ottawa rental submarket (address withheld)
Financing strategy	CMHC MLI Select construction-to-takeout – mixed-use, Tier 3 energy efficiency
Total project cost	\$4,198,145
Stabilised net operating income	\$223,691 (Year 1)
Status at reporting date	Under construction – 65.4% of total budget committed (41.9% of construction)
Prepared by	Lumenalis Consulting Ltd. – Real Estate Development Advisory
Document control	LUM-RP-MUI-SAMPLE · v1.0 · sanitised public sample

### BASIS OF PREPARATION

This sample is built from a live project budget and a CMHC MLI Select underwriting model. All monetary figures are retained from source. The street address, the developer, vendor names, and other identifiers have been removed under the Personal Information Protection and Electronic Documents Act (S.C. 2000, c. 5). Figures are management estimates at the reporting date; they are not an appraisal, and they are not a financing commitment. See the Sources & Method tab.

# Executive Summary

Two adjacent low-rise buildings converted to a 10-suite residential and ground-floor MLI Select. Figures below are live links to the detail tabs.

## PROJECT COST

Total project cost	\$4,198,145
Committed to date	\$2,745,974
Per cent of budget committed	65.4%

## STABILISED INCOME (YEAR ONE)

Net operating income – residential	\$180,566
Net operating income – commercial	\$43,126
Net operating income – total	\$223,692

## FINANCING — CMHC MLI SELECT

Takeout debt (total)	\$3,835,488
Blended debt-service coverage	1.19x
Cash flow after debt service	\$35,074

## RETURNS — MARKET BASIS

Yield on cost	5.33%
Implied going-in cap rate	5.23%
Stabilised value at going-in cap	\$4,260,792
Development margin on cost	1.5%
Equity remaining at takeout	\$362,657
Cash-on-cash on remaining equity	9.7%

## RETURNS — SPONSOR BASIS (FEES RETAINED)

Management fees retained as profit	\$340,000
Total sponsor profit (incl. retained fees)	\$402,647
Total sponsor profit margin on cost	9.6%

## KEY JUDGEMENT

On a market basis this reads as a financing-driven hold: the development margin on third manufactured by the takeout – forty-year insured debt recovers about nine-tenths of cost strong cash yield. On a sponsor basis it is stronger, because roughly \$340,000 booked as paid to the developer and kept as profit, lifting total sponsor profit toward \$400,000. The exit cap rate, lease-up of the single retail unit, and the HST treatment of the mixed-u

r-retail rental asset, financed under CMHC

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1-party cost is slim, and the return is  
cost, and the equity that stays in earns a  
management, supervision, and overhead is  
the exposures that matter are the takeout rate,  
use complex.

## Assumptions & Inputs

Values in blue are engagement inputs. Other tabs reference these cells and recompute when they change.

PROGRAMME		
Input	Value	Basis / note
Residential suites (no.)	10	8 one-bedroom plus 2 three-bedroom.
One-bedroom suites (no.)	8	371 SF average.
Three-bedroom suites (no.)	2	796 SF average.
Residential rentable area (SF)	4,560	Net rentable, per underwriting.
Ground-floor retail area (SF)	730	Single retail tenancy.
MARKET — RESIDENTIAL RENTS		
Input	Value	Basis / note
One-bedroom rent (\$/month)	\$1,900	Submarket asking, stabilised.
Three-bedroom rent (\$/month)	\$3,000	Submarket asking, stabilised.
Storage income (\$/month)	\$100	Ancillary.
Residential vacancy allowance	3.00%	Underwriting; CMHC four-year submarket average near 2.63%.
MARKET — COMMERCIAL		
Input	Value	Basis / note
Retail rent (\$/SF/year)	\$65.75	Ground-floor retail, net.
Commercial vacancy allowance	5.00%	Underwriting.
Commercial operating cost (\$/SF)	\$3.39	Structural-vacancy carry on the retail unit.
FINANCING — CMHC MLI SELECT		
Input	Value	Basis / note
Mortgage interest rate	3.90%	MLI Select indicative, construction-to-takeout.
Amortisation (years)	40	MLI Select maximum for the qualifying energy tier.
Term (years)	5	Initial term.
Residential DSCR floor	1.10x	MLI Select residential minimum.
Commercial DSCR floor	1.76x	Underwriting, commercial component.
Residential loan-to-value	92.40%	MLI Select, energy and affordability tiers.
Commercial loan-to-value	75.00%	Mixed-use commercial portion.
VALUATION		
Input	Value	Basis / note
Going-in capitalisation rate	5.25%	Implied by the CMHC lending value; see Returns & Valuation.
Cap-rate sensitivity step (bps)	0.25%	Applied across the sensitivity grid.
COST		
Input	Value	Basis / note
Land acquisition — APS (combined)	\$1,700,000	Combined purchase of the two properties.

# Construction Budget — Building A

Smaller of the two buildings. Trade-package budget with progress (per cent complete) and committed-to-date at the reporting date.

Cost centre / scope item	Budget (\$)	% complete	Committed to date (\$)	Trade / procurement role
<b>Structural Engineering</b>				
Structural Report for project	\$1,000	100.0%	\$1,000	Structural engineer
Structural Design	\$4,000	100.0%	\$4,000	Structural engineer
Geotechnical Exploration	\$1,000	100.0%	\$1,000	Geotechnical / environmental engineer
<b>Subtotal — Structural Engineering</b>	<b>\$6,000</b>	<b>100.0%</b>	<b>\$6,000</b>	
<b>Plumbing Selections</b>				
Plumbing Selections	\$6,000	0.0%	-	General contractor (self-perform)
<b>Subtotal — Plumbing Selections</b>	<b>\$6,000</b>	<b>0.0%</b>	<b>-</b>	
<b>Furniture selections</b>				
Furniture	\$12,000	0.0%	-	General contractor (self-perform)
<b>Subtotal — Furniture selections</b>	<b>\$12,000</b>	<b>0.0%</b>	<b>-</b>	
<b>Demolition</b>				
Demolition Basement	\$4,000	100.0%	\$4,000	General contractor (self-perform)
Basement Abatement for Mould	\$5,000	100.0%	\$5,000	General contractor (self-perform)
<b>Subtotal — Demolition</b>	<b>\$9,000</b>	<b>100.0%</b>	<b>\$9,000</b>	
<b>Structural wall removal+replacement ground floor</b>				
Structural for wall removal+replace	\$8,000	100.0%	\$8,000	General contractor (self-perform)
structural framing for Internal stairs	\$3,000	100.0%	\$3,000	General contractor (self-perform)
structural fix for exterior stairs	\$2,000	100.0%	\$2,000	General contractor (self-perform)
structural fix for balcony second floor	\$2,000	100.0%	\$2,000	General contractor (self-perform)
Framing Shelves for Basement	\$1,500	100.0%	\$1,500	General contractor (self-perform)
Framing Material Order+Budget	\$8,000	100.0%	\$8,000	General contractor (self-perform)
Framing exterior Facade Work	\$5,000	100.0%	\$5,000	General contractor (self-perform)
Framing Addition Labour	\$6,000	100.0%	\$6,000	General contractor (self-perform)

Carpentry labour	\$4,000	100.0%	\$4,000 General contractor (self-perform)
<b>Subtotal — Structural wall removal+replacement groi</b>	<b>\$39,500</b>	<b>100.0%</b>	<b>\$39,500</b>

### Architecture services

Architectural Services	\$6,300	100.0%	\$6,300 Architect
<b>Subtotal — Architecture services</b>	<b>\$6,300</b>	<b>100.0%</b>	<b>\$6,300</b>

### Electrical

Electrical Rough In Ground Floor	\$4,000	100.0%	\$4,000 Electrical subcontractor
Electrical Rough in Second Floor	\$4,000	100.0%	\$4,000 Electrical subcontractor
Electrical Rough In Basement	\$1,000	100.0%	\$1,000 Electrical subcontractor
Electrical Finishing	\$2,000	50.0%	\$1,000 Electrical subcontractor
ESA Inspection/report	\$100	0.0%	- Electrical subcontractor
Electrical Material Budget	\$10,000	0.0%	- Electrical subcontractor
Electrical Service	\$12,000	50.0%	\$6,000 Electrical subcontractor
<b>Subtotal — Electrical</b>	<b>\$33,100</b>	<b>48.3%</b>	<b>\$16,000</b>

### Windows

Windows \	\$14,000	100.0%	\$14,000 Window & door supplier
Exterior doors	\$3,200	100.0%	\$3,200 Window & door supplier
<b>Subtotal — Windows</b>	<b>\$17,200</b>	<b>100.0%</b>	<b>\$17,200</b>

### Appliances

Appliance budget Item holder	\$11,000	0.0%	- Appliance supplier
Appliance Install Ground Floor	\$500	0.0%	- Appliance supplier
Appliance Install Second Floor	\$500	0.0%	- Appliance supplier
<b>Subtotal — Appliances</b>	<b>\$12,000</b>	<b>0.0%</b>	<b>-</b>

### Trims and Doors

Doors Installed	\$1,200	0.0%	- Trim & door installer
Baseboard Installed	\$1,500	0.0%	- Trim & door installer
Final Trim	\$800	0.0%	- Trim & door installer
Recessed Trim Extra	\$1,000	0.0%	- Trim & door installer
<b>Subtotal — Trims and Doors</b>	<b>\$4,500</b>	<b>0.0%</b>	<b>-</b>

## Flooring

Subfloor Install	\$3,000	100.0%	\$3,000	General contractor (self-perform)
Flooring for ground floor	\$7,000	0.0%		- Flooring / tile subcontractor
Flooring second Floor	\$3,000	0.0%		- Flooring / tile subcontractor
Flooring Basement	\$1,500	0.0%		- Flooring / tile subcontractor
<b>Subtotal — Flooring</b>	<b>\$14,500</b>	<b>20.7%</b>	<b>\$3,000</b>	

## HVAC

HVAC Rough In	\$2,000	100.0%	\$2,000	HVAC subcontractor
HVAC Primary Install	\$5,000	100.0%	\$5,000	HVAC subcontractor
HVAC Finishing	\$2,000	50.0%	\$1,000	HVAC subcontractor
HVAC testing	\$1,000	0.0%		- HVAC subcontractor
Material	\$5,000	100.0%	\$5,000	HVAC subcontractor
<b>Subtotal — HVAC</b>	<b>\$15,000</b>	<b>86.7%</b>	<b>\$13,000</b>	

## Painting

Primer+First Coat Ground Floor	\$1,000	0.0%		- Painting subcontractor
Second Coat Ground Floor	\$1,000	0.0%		- Painting subcontractor
Touch Ups Ground Floor	\$500	0.0%		- Painting subcontractor
Primer+First Coat Second Floor	\$1,000	0.0%		- Painting subcontractor
Second Coat second floor	\$1,000	0.0%		- Painting subcontractor
touch ups second floor	\$500	0.0%		- Painting subcontractor
<b>Subtotal — Painting</b>	<b>\$5,000</b>	<b>0.0%</b>	<b>-</b>	

## Cleaning

Consruction Cleaning Office	\$300	0.0%		-
Final Cleaning Office	\$300	0.0%		-
Construction cleaning second floor	\$300	0.0%		-
Flnal Cleaning Second Floor	\$300	0.0%		-
<b>Subtotal — Cleaning</b>	<b>\$1,200</b>	<b>0.0%</b>	<b>-</b>	

## Cabinets

Cabinet Install	\$17,000	50.0%	\$8,500	Cabinetry supplier
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Subtotal — Cabinets	\$17,000	50.0%	\$8,500
<b>Countertops</b>			
Countertops Install	\$10,000	0.0%	- Countertop supplier
Countertop Extra	\$10,000	0.0%	- Countertop supplier
Subtotal — Countertops	\$20,000	0.0%	-
<b>Plumbing</b>			
Plumbing Rough In Ground Floor	\$7,500	100.0%	\$7,500 Plumbing subcontractor
Plumbing Rough In Second Floor	\$7,000	100.0%	\$7,000 Plumbing subcontractor
Plumbing Finishing	\$1,000	50.0%	\$500 Plumbing subcontractor
Subtotal — Plumbing	\$15,500	96.8%	\$15,000
<b>Drywall/Plaster</b>			
Drywall Ground Floor	\$3,000	0.0%	- General contractor (self-perform)
Plaster Ground Floor	\$3,000	0.0%	- General contractor (self-perform)
Drywall Second Floor	\$3,000	0.0%	- General contractor (self-perform)
Plaster Second Floor	\$4,000	0.0%	- General contractor (self-perform)
Subtotal — Drywall/Plaster	\$13,000	0.0%	-
<b>Insulation</b>			
Ground Floor Exterior Insulation	\$7,500	40.0%	\$3,000 Insulation subcontractor
Second Floor Exterior Insulation	\$6,000	40.0%	\$2,400 Insulation subcontractor
Roof Insulation?	\$3,000	25.0%	\$750 Insulation subcontractor
Basement Insulation	\$3,000	0.0%	- Insulation subcontractor
Acoustical insulation	\$2,000	0.0%	- Insulation subcontractor
Subtotal — Insulation	\$21,500	28.6%	\$6,150
<b>Inspection Overhead</b>			
Framing Inspection	\$500	100.0%	\$500 General contractor (self-perform)
Insulation/Firerating Inspection	\$500	50.0%	\$250 General contractor (self-perform)
Occupancy Inspection	\$500		-
Subtotal — Inspection Overhead	\$1,500	50.0%	\$750

### Management Costs

Management	\$23,500	70.0%	\$16,450	General contractor (self-perform)
Overhead	\$8,500	100.0%	\$8,500	General contractor (self-perform)
Contingency Construction	\$20,000	0.0%	-	General contractor (self-perform)
Supervision	\$13,500	70.0%	\$9,450	General contractor (self-perform)
<b>Subtotal — Management Costs</b>	<b>\$65,500</b>	<b>52.5%</b>	<b>\$34,400</b>	

### Facade Materials

Facade Cladding work	\$3,500	0.0%	-	
Facade Brickwork	\$15,000	0.0%	-	
Cedar siding	\$9,000	0.0%	-	
Misc	\$3,000	0.0%	-	
<b>Subtotal — Facade Materials</b>	<b>\$30,500</b>	<b>0.0%</b>	<b>-</b>	

### Networking

Networking Rough In	\$1,000	50.0%	\$500	Low-voltage / data subcontractor
Networking Finishing	\$2,500	50.0%	\$1,250	Low-voltage / data subcontractor
<b>Subtotal — Networking</b>	<b>\$3,500</b>	<b>50.0%</b>	<b>\$1,750</b>	

### Contingency

Contingency Budget Minor	\$10,000	0.0%	-	
<b>Subtotal — Contingency</b>	<b>\$10,000</b>	<b>0.0%</b>	<b>-</b>	

### Helical Piles for rear

Helical piles	\$2,500	100.0%	\$2,500	Helical-pile subcontractor
Helical piles for front	\$2,000	100.0%	\$2,000	Helical-pile subcontractor
<b>Subtotal — Helical Piles for rear</b>	<b>\$4,500</b>	<b>100.0%</b>	<b>\$4,500</b>	

### Glass Partitions Interior

Glass Partitions interior	\$7,000	0.0%	-	
<b>Subtotal — Glass Partitions Interior</b>	<b>\$7,000</b>	<b>0.0%</b>	<b>-</b>	

### Paving

Paving	\$10,256	0.0%	-	
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Subtotal — Paving	\$10,256	0.0%	-
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### Additional roof front and back

Addition roof front and back	\$10,000	100.0%	\$10,000 Framing subcontractor
Subtotal — Additional roof front and back	\$10,000	100.0%	\$10,000

### Tenant Compensation

Tenant Compensation	\$2,955	100.0%	\$2,955 Tenant
Subtotal — Tenant Compensation	\$2,955	100.0%	\$2,955

### Architectural Design

Drafting + Stamping	\$7,000	100.0%	\$7,000 Architectural drafting
Code Consultant Fees	\$8,500	100.0%	\$8,500 Architect (code)
Subtotal — Architectural Design	\$15,500	100.0%	\$15,500

### Tiles

Tiles	\$8,500	0.0%	- Flooring / tile subcontractor
Subtotal — Tiles	\$8,500	0.0%	-

### Professional Services

MEP Full Set Engineering	\$10,500	100.0%	\$10,500 MEP engineer
Drafting Misc	\$1,200	100.0%	\$1,200 MEP engineer
Subtotal — Professional Services	\$11,700	100.0%	\$11,700

### Insurance

Builder's Insurance	\$3,450	70.0%	\$2,415 Insurance broker
Subtotal — Insurance	\$3,450	70.0%	\$2,415

### Equipment Rentals

Heating Rentals	\$1,250	80.0%	\$1,000
Hand Tool Rental	\$785	100.0%	\$785
Subtotal — Equipment Rentals	\$2,035	87.7%	\$1,785

### Misc Labor

Misc Labor Expenses	\$3,250	85.0%	\$2,763 General contractor (self-perform)
<b>Subtotal — Misc Labor</b>	<b>\$3,250</b>	<b>85.0%</b>	<b>\$2,763</b>

**Mortgage Principle/Interest**

Admin	\$1,200	100.0%	\$1,200
<b>Subtotal — Mortgage Principle/Interest</b>	<b>\$1,200</b>	<b>100.0%</b>	<b>\$1,200</b>

<b>TOTAL — Building A</b>	<b>\$459,646</b>	<b>49.9%</b>	<b>\$229,368</b>
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## Construction Budget — Building B

Larger building. Trade-package budget including embedded construction-period interest and management. Progress shown at the reporting date.

Cost centre / scope item	Budget (\$)	% complete	Committed to date (\$)	Trade / procurement role
<b>Contingency</b>				
Contingency	\$218,500	0.0%	-	
<b>Subtotal — Contingency</b>	<b>\$218,500</b>	<b>0.0%</b>	<b>-</b>	
<b>Architectural Design</b>				
Architectural Design	\$6,500	100.0%	\$6,500	Architectural drafting
<b>Subtotal — Architectural Design</b>	<b>\$6,500</b>	<b>100.0%</b>	<b>\$6,500</b>	
<b>Architectural Drawings</b>				
Architectural Drawings	\$4,000	100.0%	\$4,000	Architect (code)
<b>Subtotal — Architectural Drawings</b>	<b>\$4,000</b>	<b>100.0%</b>	<b>\$4,000</b>	
<b>Structural Drawings</b>				
Structural Drawings	\$2,400	100.0%	\$2,400	Structural engineer
<b>Subtotal — Structural Drawings</b>	<b>\$2,400</b>	<b>100.0%</b>	<b>\$2,400</b>	
<b>Demolition</b>				
Demolition Internal	\$8,000	100.0%	\$8,000	General contractor (self-perform)
Demolition Back section	\$5,000	100.0%	\$5,000	General contractor (self-perform)
Demolition of roof section	\$2,000	100.0%	\$2,000	General contractor (self-perform)
Disposal Costs	\$20,000	85.0%	\$17,000	Waste disposal
<b>Subtotal — Demolition</b>	<b>\$35,000</b>	<b>91.4%</b>	<b>\$32,000</b>	
<b>Electrical Layout</b>				
Electrical layout	\$400		-	
<b>Subtotal — Electrical Layout</b>	<b>\$400</b>	<b>0.0%</b>	<b>-</b>	
<b>Management</b>				

PM %4	\$79,000	65.0%	\$51,350 General contractor (self-perform)
SS %4	\$79,000	65.0%	\$51,350 General contractor (self-perform)
Carpentry labour	\$10,000	100.0%	\$10,000 General contractor (self-perform)
Company Overhead	\$75,000	65.0%	\$48,750 General contractor (self-perform)
Parking Tickets	\$250	100.0%	\$250 Municipality
Interest Estimate	\$449,666	70.0%	\$314,766
<b>Subtotal — Management</b>	<b>\$692,916</b>	<b>68.8%</b>	<b>\$476,466</b>

### Roofing

Roof OSB	\$2,400	100.0%	\$2,400 Roofing subcontractor
Roofing	\$33,000	100.0%	\$33,000 Roofing subcontractor
Roofing Inspection	\$500	100.0%	\$500 Roofing subcontractor
<b>Subtotal — Roofing</b>	<b>\$35,900</b>	<b>100.0%</b>	<b>\$35,900</b>

### ESA Phase 2 %50

ESA Phase 2 %50	\$8,500	100.0%	\$8,500 Geotechnical / environmental engineer
<b>Subtotal — ESA Phase 2 %50</b>	<b>\$8,500</b>	<b>100.0%</b>	<b>\$8,500</b>

### Vacating Units

Management Overhead	\$3,500	100.0%	\$3,500 Property management / tenant relations
Lock Change	\$300	100.0%	\$300 Property management / tenant relations
Vacating Units Payments	\$6,000	100.0%	\$6,000 Property management / tenant relations
<b>Subtotal — Vacating Units</b>	<b>\$9,800</b>	<b>100.0%</b>	<b>\$9,800</b>

### Networking

Networking Cameras	\$2,500	100.0%	\$2,500 Low-voltage / data subcontractor
Networking Internet	\$2,800	50.0%	\$1,400 Low-voltage / data subcontractor
<b>Subtotal — Networking</b>	<b>\$5,300</b>	<b>73.6%</b>	<b>\$3,900</b>

### Structural Framing

Structural Framing Material	\$55,000	100.0%	\$55,000 Framing material / supply
Structural Framing Labour (incl. carpentry)	\$4,200	100.0%	\$4,200 General contractor (self-perform)
Basement Work for LVLs	\$2,000	100.0%	\$2,000 Framing material / supply
Steel Beams	\$4,000	100.0%	\$4,000

Stairs in Back Material	\$35,000	50.0%	\$17,500 Framing material / supply
Material For lumber in stairs	\$10,000	100.0%	\$10,000 Framing material / supply
Framing Stairs Back Labour	\$8,000	0.0%	- General contractor (self-perform)
Piles	\$6,000	0.0%	- Helical-pile subcontractor
MISC for stairs	\$1,500	100.0%	\$1,500 General contractor (self-perform)
Subfloor	\$10,500	100.0%	\$10,500 General contractor (self-perform)
Partition Wall Framing	\$6,000	100.0%	\$6,000 General contractor (self-perform)
Temporary Walls	\$6,500	100.0%	\$6,500 General contractor (self-perform)
Roof Truss Fixes (probably)	\$1,000	100.0%	\$1,000 General contractor (self-perform)
Foundation Fix for the horizontal LVL into foundation	\$1,200	0.0%	- General contractor (self-perform)
<b>Subtotal — Structural Framing</b>	<b>\$150,900</b>	<b>78.3%</b>	<b>\$118,200</b>

### Plumbing

Plumbing Demolition	\$2,000	100.0%	\$2,000 Plumbing subcontractor
Plumbing Rough IN	\$16,000	100.0%	\$16,000 Plumbing subcontractor
Plumbing Finishing	\$16,000	0.0%	- Plumbing subcontractor
Plumbing Selections	\$15,000	0.0%	- Plumbing subcontractor
Hot water per unit	\$6,000	0.0%	- Plumbing subcontractor
Plumbing Extra	\$15,000	50.0%	\$7,500 Plumbing subcontractor
<b>Subtotal — Plumbing</b>	<b>\$70,000</b>	<b>36.4%</b>	<b>\$25,500</b>

### Electrical

Electrical Rough in	\$35,000	70.0%	\$24,500 Electrical subcontractor
Electrical Finishing	\$35,000	0.0%	- Electrical subcontractor
Electrical Selections	\$7,000	0.0%	- Electrical subcontractor
Exterior lighting budget	\$2,500	0.0%	- Electrical subcontractor
Fire Alarm extra	\$25,500	100.0%	\$25,500 Electrical subcontractor
Electrical Extra	\$17,000	50.0%	\$8,500 Electrical subcontractor
<b>Subtotal — Electrical</b>	<b>\$122,000</b>	<b>48.0%</b>	<b>\$58,500</b>

### Flooring

Vinyl Flooring	\$35,000	0.0%	- Flooring / tile subcontractor
Stairs	\$4,700	0.0%	- Flooring / tile subcontractor
Transitions	\$5,000	0.0%	- Flooring / tile subcontractor

Sanding joints and prep extra	\$7,500	0.0%	- Flooring / tile subcontractor
<b>Subtotal — Flooring</b>	<b>\$52,200</b>	<b>0.0%</b>	<b>-</b>

### Trim + Moulding

Tim + Mouldings	\$28,000	0.0%	- Trim & door installer
Installation	\$11,000	0.0%	- Trim & door installer
<b>Subtotal — Trim + Moulding</b>	<b>\$39,000</b>	<b>0.0%</b>	<b>-</b>

### Kitchens

Kitchen Cabinets	\$80,000	0.0%	- Cabinetry supplier
Countertops	\$25,000	0.0%	- Countertop supplier
Cabinetry schedule allowance	\$6,000	0.0%	- Cabinetry supplier
<b>Subtotal — Kitchens</b>	<b>\$111,000</b>	<b>0.0%</b>	<b>-</b>

### Tiles

Tiles Labour	\$25,000	0.0%	- Flooring / tile subcontractor
Tiles Material	\$20,000	0.0%	- Flooring / tile subcontractor
<b>Subtotal — Tiles</b>	<b>\$45,000</b>	<b>0.0%</b>	<b>-</b>

### Remedial Excavation

Earthworks	\$2,000	100.0%	\$2,000 Sitework subcontractor
Engineering	\$4,500	100.0%	\$4,500 Geotechnical / environmental engineer
Waste Disposal	\$2,000	100.0%	\$2,000 Waste disposal
Power washing exterior	\$8,900	0.0%	-
<b>Subtotal — Remedial Excavation</b>	<b>\$17,400</b>	<b>48.9%</b>	<b>\$8,500</b>

### Painting

Primer	\$2,000	0.0%	- Painting subcontractor
Prime Check	\$1,000	0.0%	- Painting subcontractor
2 Coats	\$11,000	0.0%	- Painting subcontractor
Touch ups	\$1,000	0.0%	- Painting subcontractor
Painting xtra	\$4,000	0.0%	- Painting subcontractor
<b>Subtotal — Painting</b>	<b>\$19,000</b>	<b>0.0%</b>	<b>-</b>

## HVAC

HVAC Rough in	\$15,000	50.0%	\$7,500 HVAC subcontractor
HVAC Install	\$15,000	0.0%	- HVAC subcontractor
HVAC Fixes	\$6,000	0.0%	- HVAC subcontractor
Extras Unforseen	\$4,000	0.0%	- HVAC subcontractor
<b>Subtotal — HVAC</b>	<b>\$40,000</b>	<b>18.8%</b>	<b>\$7,500</b>

## Insulation

Insulation	\$35,000	0.0%	- Insulation subcontractor
Basement Sprayfoam	\$2,000	0.0%	- Insulation subcontractor
<b>Subtotal — Insulation</b>	<b>\$37,000</b>	<b>0.0%</b>	<b>-</b>

## Windows

Windows	\$42,000	0.0%	- Window & door supplier
Window Installation	\$5,000	0.0%	- Window & door supplier
Window Caiking	\$1,000	0.0%	- Window & door supplier
<b>Subtotal — Windows</b>	<b>\$48,000</b>	<b>0.0%</b>	<b>-</b>

## Concrete Footing In basement

Concrete footings in basement	\$2,500	50.0%	\$1,250 Concrete subcontractor
Redjack costs	\$2,500	0.0%	-
<b>Subtotal — Concrete Footing In basement</b>	<b>\$5,000</b>	<b>25.0%</b>	<b>\$1,250</b>

## Cleaning

Final Cleaning	\$5,000	0.0%	-
Construction Cleaning Internal	\$1,000	0.0%	-
<b>Subtotal — Cleaning</b>	<b>\$6,000</b>	<b>0.0%</b>	<b>-</b>

## Furniture

Assuming budget of 2k per unit	\$20,000	0.0%	-
Furniture Labor and installation	\$4,000	0.0%	-
TVs	\$4,000	0.0%	-
TV mounts	\$700	0.0%	-
Appliances	\$40,000	0.0%	- Appliance supplier

Subtotal — Furniture	\$68,700	0.0%	-
<b>Paving/Landscaping</b>			
Front Hardscaping section+Rear	\$3,500	0.0%	- Sitework subcontractor
Paving Side plus rear	\$8,500	0.0%	- Paving subcontractor
General grading & sitework	\$2,000	0.0%	- Sitework subcontractor
Planters	\$1,500	0.0%	-
New electrical housing for meters in exterior	\$500	0.0%	- General contractor (self-perform)
Subtotal — Paving/Landscaping	\$16,000	0.0%	-
<b>Drywall+Plaster</b>			
Drywall	\$40,000	0.0%	- General contractor (self-perform)
Plaster	\$25,000	0.0%	- Plaster subcontractor
tapping	\$10,000	0.0%	- Plaster subcontractor
Subtotal — Drywall+Plaster	\$75,000	0.0%	-
<b>Signage</b>			
Building signage	\$2,000	0.0%	-
Subtotal — Signage	\$2,000	0.0%	-
<b>Backside Siding</b>			
Siding for back and Fascia	\$3,000	0.0%	-
Subtotal — Backside Siding	\$3,000	0.0%	-
<b>Sound Insulation</b>			
Sounds Insulation ceiling material+installation	\$20,000	40.0%	\$8,000 Insulation subcontractor
Subtotal — Sound Insulation	\$20,000	40.0%	\$8,000
<b>Parging</b>			
Parging	\$4,500	0.0%	- Parging subcontractor
Subtotal — Parging	\$4,500	0.0%	-
<b>Hydro Room Extra</b>			
Design	\$6,500		-

Concrete	\$16,683		-
Water Service Upgrade	\$18,000		-
Hydro Room	\$15,000		-
<b>Subtotal — Hydro Room Extra</b>	<b>\$56,183</b>	<b>0.0%</b>	<b>-</b>

**Builder's Insurance**

Builder's Insurance	\$11,400	85.0%	\$9,690 Insurance broker
<b>Subtotal — Builder's Insurance</b>	<b>\$11,400</b>	<b>85.0%</b>	<b>\$9,690</b>

<b>TOTAL — Building B</b>	<b>\$2,038,499</b>	<b>40.1%</b>	<b>\$816,606</b>
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## Stabilised Income Pro Forma

Year-one stabilised operations. Residential and commercial components underwritten separately, consistent with CMHC MLI Select mixed-use treatment.

RESIDENTIAL INCOME		
Component	Basis	Annual (\$) Note
One-bedroom suites	8 × \$1,900/mo	\$182,400
Three-bedroom suites	2 × \$3,000/mo	\$72,000
Storage income	\$100/mo	\$1,200
<b>Gross potential revenue — residential</b>		<b>\$255,600</b>
Less: vacancy allowance	3.00% of GPR	(\$7,668)
<b>Effective gross revenue — residential</b>		<b>\$247,932</b>

RESIDENTIAL OPERATING EXPENSES		
Component	% of EGR	Annual (\$) Basis
Property taxes	8.1%	\$20,000 2024 final tax bill
Insurance	1.8%	\$4,500 2024 insurance bill
Utilities	5.2%	\$13,000 ICI estimate
Repairs and maintenance	3.3%	\$8,300 CMHC Ontario benchmark
Replacement reserve	1.2%	\$3,000 CMHC benchmark, \$60/appliance
Salaries	2.2%	\$5,550 CMHC Ontario benchmark
Management fee	4.3%	\$10,537 4.25% of EGR — CMHC benchmark
Other costs	1.0%	\$2,479 1.00% of EGR — CMHC benchmark
<b>Total operating expenses</b>	<b>27.2%</b>	<b>\$67,366</b>
<b>Net operating income — residential</b>		<b>\$180,566</b>

COMMERCIAL COMPONENT (GROUND-FLOOR RETAIL)		
Component	Basis	Annual (\$) Note
Gross potential revenue — retail	730 SF @ \$65.75/SF	\$48,000
Less: vacancy allowance	5.00%	(\$2,400)
<b>Effective gross revenue — retail</b>		<b>\$45,600</b>
Less: operating cost	\$3.39/SF	\$2,474
<b>Net operating income — commercial</b>		<b>\$43,126</b>

**NET OPERATING INCOME — TOTAL**

**\$223,692**

*Underwriting rounds total NOI to \$223,691; formula result differs by ~\$1 from rounding in the source operating-expense lines.*

## CMHC MLI Select Financing

Construction-to-takeout under the CMHC MLI Select mixed-use stream. Each tranche is sized by its binding constraint – the residential tranche by debt-service coverage, the commercial tranche by loan-to-value.

### TAKEOUT DEBT SIZING

Tranche	Loan (\$)	Rate	Annual debt service (\$)	DSCR
First mortgage – residential	\$3,337,488	3.90%	\$164,128	1.10x
First mortgage – commercial	\$498,000	3.90%	\$24,490	1.76x
Total / blended	\$3,835,488		\$188,618	1.19x

### COVERAGE & CASH FLOW

Stabilised net operating income	\$223,692
Less: total annual debt service	(\$188,618)
Cash flow after debt service	\$35,074
Blended debt-service coverage	1.19x
Amortisation / term	40 yr / 5 yr

### SIZING LOGIC

- The residential tranche binds on the 1.10x DSCR floor: maximum debt service equals residential NOI divided by 1.10, which sets the loan near its 92.4% loan-to-value ceiling.
- The commercial tranche binds on the 75% loan-to-value limit; its 1.76x coverage sits well above the floor.
- Blended coverage of 1.19x leaves roughly \$35,073 of annual cash flow after debt service – thin, and sensitive to rent and rate movement.

## Returns & Valuation

Derived analysis. The capitalised value, yield on cost, development margin, and equity-recovery metrics below are computed from the cost, income, and financing tabs. A sponsor view follows the market view.

PROJECT COST	
Construction – Building A	\$459,646
Construction – Building B	\$2,038,499
Land acquisition (APS)	\$1,700,000
<b>Total project cost</b>	<b>\$4,198,145</b>
Committed to date	\$2,745,974
Per cent of budget committed	65.4%

INCOME & CAPITALISED VALUE	
Stabilised net operating income	\$223,692
CMHC implied lending value – residential	\$3,612,000
CMHC implied lending value – commercial	\$664,000
<b>CMHC implied lending value – total</b>	<b>\$4,276,000</b>
Implied going-in cap rate (NOI / lending value)	5.23%
<b>Stabilised value at going-in cap rate</b>	<b>\$4,260,792</b>

RETURN METRICS — MARKET BASIS	
Yield on cost (NOI / total project cost)	5.33%
Development spread (yield on cost – cap rate)	0.08%
Development profit (value – cost)	\$62,647
Development margin on cost	1.5%
Takeout debt (total)	\$3,835,488
Equity remaining at takeout (cost – debt)	\$362,657
Debt as per cent of cost	91.4%
Cash-on-cash on remaining equity	9.7%

SPONSOR ECONOMICS — MANAGEMENT FEES RETAINED AS PROFIT	
Management, supervision & overhead fees retained by sponsor	\$340,000
Development profit, market basis (value – cost)	\$62,647
<b>Total sponsor profit (market profit + retained fees)</b>	<b>\$402,647</b>

Total sponsor profit margin on total cost 9.6%

Total sponsor profit margin on third-party cost 10.4%

The fees above were paid to the developer, which is the project sponsor; in a sponsor's hands they are retained margin, not a third-party cost. The construction budget's explicit management, supervision, and corporate-overhead lines total about \$283,200; the retained figure of \$340,000 also captures margin on self-performed scope. Corporate overhead is modest because it is spread across a portfolio of concurrent projects. An arm's-length buyer or lender treats these fees as real costs — the market-basis profit above stands for valuation; the sponsor view stands for the developer's own return.

#### SENSITIVITY — CAPITALISED VALUE & PROFIT vs EXIT CAP RATE

Exit capitalisation rate	4.75%	5.00%	5.25%	5.50%	5.75%
Capitalised value	\$4,709,296	\$4,473,831	\$4,260,792	\$4,067,119	\$3,890,288
Development profit, market basis (value – cost)	\$511,151	\$275,686	\$62,647	(\$131,026)	(\$307,857)
Total sponsor profit (incl. retained fees)	\$851,151	\$615,686	\$402,647	\$208,974	\$32,143

#### READING

On a market basis the development margin on cost is thin at the implied entry cap rate, and value is created mainly by the takeout structure: high-leverage, low-rate, forty-year CMHC debt recovers roughly 91 per cent of cost, leaving a small equity balance at a strong cash yield. On a sponsor basis the picture is materially better, because about \$340,000 of what the budget books as management, supervision, and overhead is paid to the developer and retained as profit; counting it lifts total sponsor profit toward \$400,000 and the margin on cost to roughly nine to ten per cent. A 25-basis-point move in the exit cap rate still swings value by more than \$200,000 under either view.

## Risk & Sensitivity

Expected-value risk register. Likelihood and impact are management estimates; expected cost is their product. The expected-value total is compared with the contingency carried in the construction budgets.

ID	Risk	Likelihood	Impact (\$)	Expected (\$)	Mitigation
R-1	MLI Select scoring shortfall reduces takeout leverage	25.0%	\$250,000	\$62,500	Engage CMHC pre-application; hold equity cushion.
R-2	Takeout rate exceeds the 3.90% modelled at stabilisation	30.0%	\$90,000	\$27,000	Negotiate rate hold at commitment; stress the coverage.
R-3	Residential lease-up slower than the 3% vacancy assumption	30.0%	\$60,000	\$18,000	Pre-marketing; staged occupancy; reserve.
R-4	Single retail tenancy stays vacant on completion	30.0%	\$48,000	\$14,400	Early leasing; underwrite to a conservative retail rent.
R-5	Construction cost overrun beyond the contingency carried	30.0%	\$150,000	\$45,000	Fixed-price subcontracts on major trades; draw monitoring.
R-6	Exit or refinance cap rate expands above the going-in rate	40.0%	\$210,000	\$84,000	Hold strategy reduces forced-sale exposure; monitor spreads.
R-7	HST self-supply or rebate treatment on the mixed-use complex	35.0%	\$109,000	\$38,150	Tax counsel on PBRH versus NRRP eligibility before occupancy.
R-8	Contamination or hazardous material found in demolition	30.0%	\$40,000	\$12,000	ESA Phase 2 underway; abatement allowance in budget.
R-9	Schedule slippage extends construction-period interest	35.0%	\$55,000	\$19,250	Critical-path management; lender-monitored draws.
R-10	Adjacent-property or party-wall damage (infill site)	15.0%	\$75,000	\$11,250	Builder's risk with party-wall extension; pre-condition survey.
Expected-value risk budget				\$331,550	

### COVERAGE

Contingency reserve carried in budgets

**\$248,500** Building A \$30,000 minor + Building B \$218,500.

Coverage of expected-value risk

**(\$83,050)** Positive means the carried contingency exceeds expected risk.

### SENSITIVITY POINTERS

- Cash flow after debt service (\$35,073) is the thinnest line in the model; a 50-basis-point rise in the takeout rate or a sustained 5% rent shortfall erodes most of it.
- The Returns & Valuation tab grids capitalised value and development profit across a ±50-basis-point cap-rate band.
- The single largest discrete exposure is the HST treatment of the mixed-use complex (R-7), worth roughly \$109,000 depending on rebate eligibility.

# Sources & Method

Authorities relied on, the basis of the numbers, and the anonymisation applied to this sample.

## SOURCES & AUTHORITIES

Domain	Citation
Mortgage insurance	CMHC MLI Select Program – multi-unit residential and mixed-use; Tier-based energy and affordability incentives.
Rental market	CMHC Rental Market Report, Ottawa CMA – submarket vacancy benchmarks (four-year average near 2.63%).
Operating benchmarks	CMHC Ontario operating-cost benchmarks – repairs, replacement reserve, salaries, management and other costs.
HST self-supply	Excise Tax Act, R.S.C. 1985, c. E-15, s. 191(3); CRA Guide RC4231 – self-supply on substantial completion of a residential complex.
HST rebates	Excise Tax Act s. 256.2 (New Residential Rental Property) and s. 256.2.1 (Purpose-Built Rental Housing); CRA Guide 19-3-9 – mixed-use eligibility.
Land transfer tax	Land Transfer Tax Act, R.S.O. 1990, c. L.6, s. 2(1).
Development charges	City of Ottawa Development Charges By-law, as amended; Development Charges Act, 1997, s. 2(3.2) (additional-unit exemptions).
Cost estimating	AACE International Recommended Practice 18R-97 – Cost Estimate Classification System.
Risk method	Project Management Institute, Construction Extension to the PMBOK Guide, 2022 – expected-value risk treatment.
Privacy	Personal Information Protection and Electronic Documents Act, S.C. 2000, c. 5 – basis for anonymisation.

## METHODOLOGY & RECONCILIATION

- Total project cost ties exactly to source: Building A \$459,646 + Building B \$2,038,499 + land \$1,700,000 = \$4,198,145. Committed-to-date of \$2,745,974 (65.4% overall; 41.9% of construction) reconciles to the source progress columns.
- Building B carries embedded construction-period interest of about \$449,666; this is the construction loan's cost, separate from the CMHC takeout debt service modelled on the financing tab.
- The income pro forma reproduces the underwriting as given; the formula total of net operating income differs from the underwriting's \$223,691 by about one dollar, from rounding in the source operating-expense lines.
- Loan tranches are sized by the binding constraint: the residential tranche by the 1.10x DSCR floor, the commercial tranche by the 75% loan-to-value limit.
- Capitalised value, yield on cost, development margin, and equity-recovery figures are derived by Lumenalis from the cost, income, and financing inputs; they are analysis, not an appraisal.
- The construction budget is organised by trade package, not by cost class. The Hard / Soft / Management / Financing / Contingency split, where referenced, is an analytical overlay on the same line items and reconciles to the construction subtotal.

## ANONYMISATION (PIPEDA)

The street address, postal code, the developer, all vendor and subcontractor names, and repository links have been removed and replaced with the project codename, a generic location, and generic trade roles. All monetary figures are retained, since the figures are the instructive content of the sample. This treatment follows the Personal Information Protection and Electronic Documents Act, S.C. 2000, c. 5.

*Note on presentation: bold weight is deprecated in the Lumenalis brand. Section bands, column headers, and total rows use background fill and the display typeface for structure instead. In a dense financial spreadsheet this is a deliberate, functional deviation that preserves legibility without bold body text.*