

Island House – Affordable Scaled

1. Price for building is assumed to be \$110 million.
2. Assumes that PILOT and Ground Rent are frozen at present levels.
3. In return for 2) above, agree to a Period of Restraint of 10 years, during which insider sale values are controlled, and limited to a maximum increase of 10% p.a., cumulative.
4. New Primary mortgage of 40% of price, debt service 7.5% p.a., principal & interest.
5. Inflation assumed at 3% p.a. on all operating costs, except PILOT and Ground rent, which are frozen.
6. Average rent increases for renters assumed to be 5% p.a. Renters subject to means test if rent is below market.
7. Some outside rent support assumed for Seniors and low income renters, assumed to amount to \$1 per foot per annum of rented space.
8. Owner Common charges increased at 3% p.a. first five years, 2% p.a. thereafter
9. During the Period of Restraint the Housing Company may sell up to 12% of apartments at Market price to provide some cash flow to support affordability.
10. Apartments remaining on rental would initially be purchased by the Housing Company from a). 10% Equity, b). a mortgage of the difference between the insider price and the funding provided by Equity and the underlying mortgage. The mortgage would be repaid as apartments are sold.
11. When a vacant rental apartment is sold by the Housing Company at Market price the profit over the original Insider price is added to Rental Support & Building Reserve, and the balance is used to repay the Rental Apartment mortgage.
12. All sales by insiders would be subject to a 15% Flip Tax on the profit made, 25% when market rates apply.
13. Rental Tenants can buy their apartments at any time at the insider price in effect in the year of purchase.