

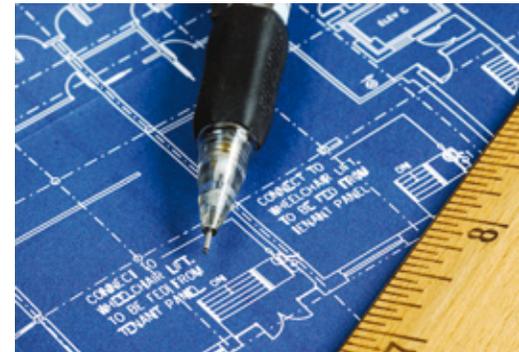


Business Plan 2013

AHCC Development: **Origins at Cranston**
Visit AttainYourHome.com for more information



David Laycock
Chairman, Attainable Homes Calgary Corporation



Message from our Chairman

Attainable Homes Calgary Corporation (AHCC) was created by The City of Calgary in 2009 to address the housing affordability gap in Calgary and contribute to the 10-Year Plan to End Homelessness. By providing home ownership solutions to hard working Calgarians who otherwise couldn't afford entry-level homes, we're helping ensure that Calgary remains a vibrant, energetic city where people don't just make a living – they make a life.

Specifically, we make home ownership attainable for moderate-income Calgarians by partnering with reputable, community-minded builders and establishing savings that are directly passed onto our customers. These savings combined with our unique financing model make it possible for many more Calgarians to own their own home in our great city. We are grateful for our building partners and appreciate their participation with us in this important endeavour.

To date we've provided greater choice, security and quality of life for hundreds of Calgarians who were previously priced out of the ownership market. Interestingly, many of our buyers have indicated that their housing costs have *decreased* when compared with renting costs, and that their sense of financial freedom and hope for the future improved.

Today our journey continues with clear goals, a skilled team and passionate partners. I am pleased to announce that in 2012 David Watson became the new President and Chief Executive Officer of AHCC. David has around forty years of experience in the planning and development industry and is a passionate supporter of our mission.

One of our greatest challenges continues to be reaching people who are eligible for our program but who have given up on the possibility of ever owning a home of their own. We offer a message of hope and opportunity, and we will continue to work hard to expand understanding of AHCC as the key to unlocking the dream of home ownership to prospective customers. Approximately 20 percent of Calgarian families are potentially eligible for our program, with an annual income of approximately \$50,000 to \$79,999. These households—whatever their composition—are an important part of Calgary's fabric.

During 2013, we will begin developing projects on our own land for the very first time. In the past we have worked with other developers and builders on their projects, which we will continue throughout 2013 and the foreseeable future. These new developments, however, will contribute to our

inventory of available homes and will provide our potential customers with an even greater selection of attainably-priced entry-level homes, specifically apartment condos and townhomes. Managing this new approach to developments will be a key test for our management team.

In spite of current world economic challenges, Alberta's economy continues to move forward, resulting in continued migration and pressure on housing stock in Calgary. AHCC will continue to play an important role in alleviating pressure on rental demand—particularly among clients of Calgary Housing Company.

As a non-profit company, we remain committed to sound financial management, good governance, and ever-focused on meeting the needs of those households we serve.



David Laycock

Chairman, Attainable Homes Calgary Corporation

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Who We Are



In recent years, the milestone of owning a home has eluded more and more Calgarians. Housing prices have outpaced the average salary. The cost of renting leaves little room to save for a down payment. Day-to-day living expenses turn planning for a home into a distant dream.

Attainable Homes Calgary Corporation is a non-profit organization and wholly owned subsidiary of The City of Calgary that works to deliver well-appointed, entry-level homes for Calgarians who have been caught in the city's growing affordability gap. Through our attainable home ownership program, we provide a variety of unique home ownership opportunities to eligible moderate-income Calgarians.



VISION: We are the **leading organization** addressing Calgary's housing affordability gap.

MISSION: Our **innovative** home ownership solutions provide greater choice, value and **security** for moderate-income Calgarians.

MANDATE: Creating **value-driven** developments using innovative financing solutions with our partners and communities underpins our success in providing quality entry-level homes at **attainable prices.**

Market Overview

Alberta's booming economy and rising population have caused home prices to escalate in Calgary.

But wages, while increasing, have not kept pace.

This has resulted in a growing housing affordability gap that means thousands of Calgarians have been priced out of the ownership market.



Calgary is a vibrant and dynamic city, continually attracting people from all corners of Canada and the world in pursuit of exciting work opportunities and a greater standard of living. For this reason Calgary's population increased by 29,289 people (up 2.68 percent) during the 12 months to April 2012, including net migration of 19,658.¹

But as we welcomed more people to our city, we experienced increased demand for housing, which impacted vacancy rates and escalated home prices. From 2000 to 2010, the average home price in Calgary escalated 126 percent.⁶ More recently, a 4.85 percent year-on-year increase in the average price of a condo apartment was reported.⁴

This level of inflation continues to exceed the average annual increase in earnings across Alberta of 3.2 percent.²

This historical imbalance between the growth of home prices and income continues to make it difficult for many moderate-income Calgarians to purchase a home in Calgary. To compound this issue, the unemployment rate was as low as 4.6 percent in December 2012,⁷ which means Calgary's future skills shortage must be resolved with continued migration. Businesses argue that housing needs to become more accessible in order to address Calgary's labour needs, as our ability to continue to attract and retain employees and their families depends upon it.

These issues have implications on the future of our city and a dramatic impact on our capacity to build diverse communities and sustain strong long-term growth.

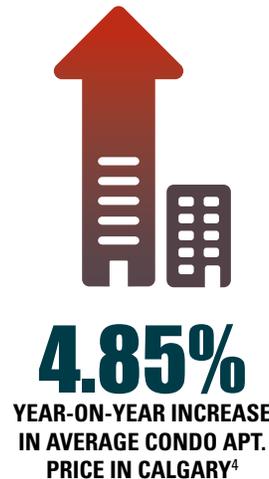
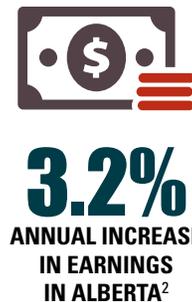
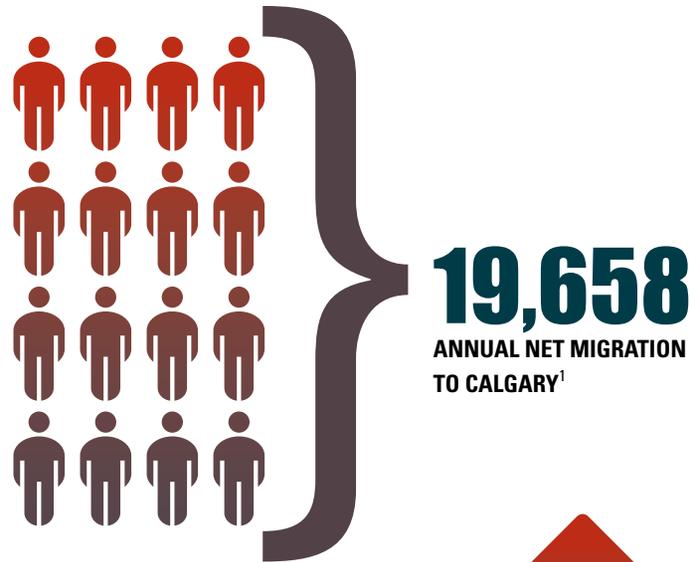
The need for our organization will increase as forecasts indicate that economic, employment and population growth will continue putting upward pressure on housing prices throughout the coming years.

The rental market will be less of an affordable housing option for Calgarians as low vacancy rates are anticipated to continue inflating the average monthly rent. Forecasts indicate that two-bedroom rent will average \$1,200 per month by October 2013.⁵ In an effort to keep up with



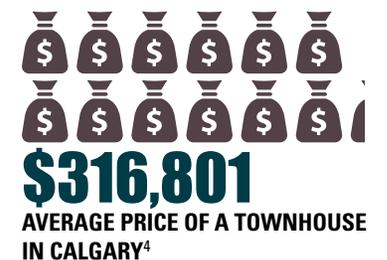
growing demand for housing, the industry is anticipated to start around 6,000 multi-family units in Calgary in 2013⁵, which signals important opportunities for our organization to develop partnerships.

Ensuring we improve access to housing would contribute to achieving Calgary's 10-Year Plan to End Homelessness and make it clear that Calgary is a great place to make a living and – importantly – a great place to make a life.



CALGARY BY THE NUMBERS

Some of the facts and figures that support the AHCC business model.



¹ The City of Calgary 2012 Census

² Statistics Canada, 11-001-X, October 25, 2012

³ Calgary Economic Development, Calgary's Financial Landscape, January 2013

⁴ CREB, Calgary Regional Housing Market Statistics, December 2012

⁵ CMHC, Housing Market Outlook, Fall 2012

⁶ RE/MAX, Housing Evolution Report, 2011

⁷ Calgary Economic Development, Economic Indicators, January 2013

Target Market



We help Calgarians who have been locked out of home ownership.

School teachers, registered nurses, bus operators, accountants, construction workers, mechanics and truck drivers have all registered interest in our program.

Many of our potential customers have sufficient earnings to manage mortgage payments, but have been unable to save the required down payment as a result of high monthly rent and an increasing cost of living.

Our potential customers include a mix of current renters of various ages, from young couples searching for their first home, to single parents seeking a place to call home, growing families with children, and retirees in need of greater financial stability. Some of our prospective clients have been born and raised in Calgary suburbs, while others are new Canadians looking to lay permanent roots. What defines our diverse target group is the common desire for greater financial stability for themselves and their families.

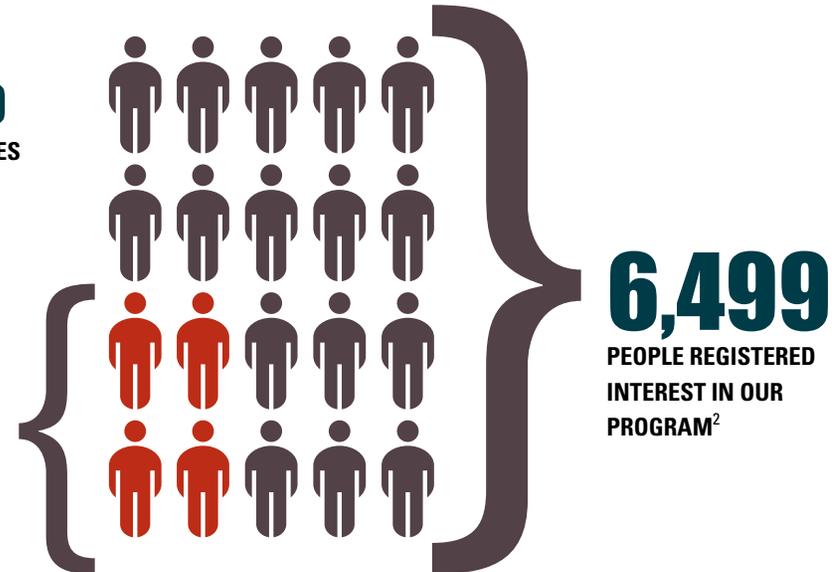
Importantly, we also work closely with Calgary Housing Company (CHC) to enable more Calgarians to transition from subsidized near market rental housing into our market home ownership program. It is estimated that around 500 CHC households could be ready for home ownership opportunities in the coming years. This is expected to make available more CHC rental homes for people currently in shelters and transitional housing, contributing to reducing homelessness in Calgary. Working together with other housing providers like CHC, Calgary Homeless Foundation and Habitat for Humanity in Calgary will help us to positively impact all aspects of the housing continuum.



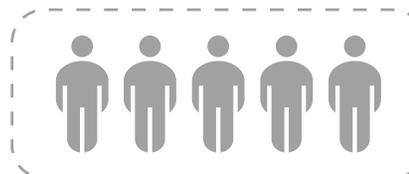
21.5%
OF CALGARIAN FAMILIES
EARN BETWEEN
\$50,000 AND \$79,999 ¹

1,466
HOUSEHOLDS
QUALIFIED FOR OUR
PROGRAM²

500
CHC RESIDENTS
POTENTIALLY QUALIFY
FOR OUR PROGRAM³



6,499
PEOPLE REGISTERED
INTEREST IN OUR
PROGRAM²



¹ Statistics Canada, Table 202-0401
² AHCC Database as at January 1, 2013
³ CHC report as at February 1, 2013

Business Model

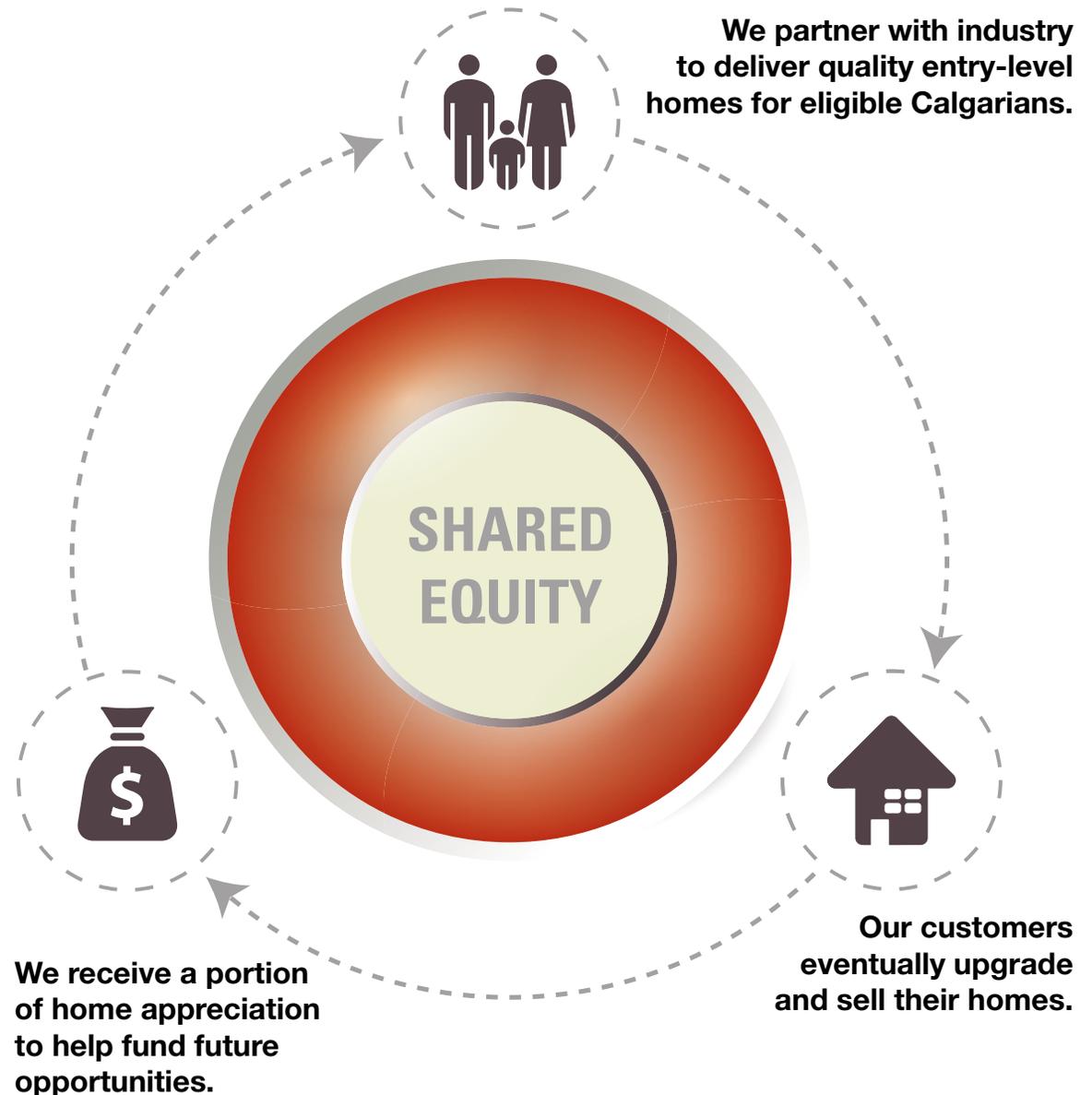
As our customers eventually upgrade and sell their entry-level homes, a portion of each home appreciation will be reinvested into our program, helping to expand our ability to benefit future Calgarians.

Furthermore, we are implementing a budget over the next three to five years that has been designed to help implement more projects in the future.

The challenge is that development and building have lengthy project cycles, which we combined with an additional cycle that occurs when our customers decide to sell their units. This requires planning to look between five to seven years in the future to ensure adequate land and units are in the pipeline.



[Click Here](#) to view a short orientation video of our Attainable Home Ownership Program (AHOP) at AttainYourHome.com.



Strategic Goals



AHCC Development: **SkyView Ranch**
Visit AttainYourHome.com for more information

BECOME AN INDEPENDENT & SUSTAINABLE ORGANIZATION

The business of creating attainable home ownership solutions involves several vital phases – from land use and development applications, to the eventual construction and sale of homes. As a young organization with a unique business model, we are committed to ensuring our organization is adaptive and capable of managing each phase of our projects in order to identify and confirm our best approach over the long term.

Most of our projects to date have involved partnering with other developers and builders; we are now diversifying to develop our own land in order to moderate some of the risks.

Furthermore, we will investigate the feasibility of alternative attainable home ownership solutions that might complement our business model.

Actions: Prepare a survey of other housing models and outline recommendations that might improve our model; Find other sources of income to maintain our operations.

ESTABLISH STRATEGIC PARTNERS

We are continually engaging the industry to attract more potential partners, which is important to ensure we can offer our customers different products and more choice. Expanding our preferred builders will enable our organization to better leverage the strong existing purchasing power of our partners, as well as position us to have sufficient inventory with good savings.

Furthermore, we must review the results of previous projects to determine which partners could be engaged on an ongoing basis.

Actions: Source a minimum 100 units from private sector partners for 2013; Increase our value proposition to partners; Create a short list of preferred builders; Sell out all partnership projects before occupancy.

Strategic Goals (Cont.)

“We help hard-working Calgarians own a home much sooner than they ever dreamed.”

Mayor Naheed Nenshi
Director, Attainable Homes Calgary Corporation



BE ACCEPTED AND WELCOMED INTO COMMUNITIES

Our program is intended to help create a more vibrant and diverse network of communities. To reflect this notion, we are committed to working collaboratively with key stakeholders to establish common goals and ensure our program and projects are understood and supported as we expand into new communities.

Over the next three to five years, our goal is to inform, educate and build relationships with communities so that our vision and mission eventually resonate with Calgary as a whole.

Actions: Work with the Federation of Calgary Communities (FCC) and individual communities to establish positive working relationships and increase awareness of our program.



STRENGTHEN OUR BRAND

Brand awareness over the next three years will be key in attracting and retaining customers and partners to achieve sales and inventory targets. We will implement a highly targeted marketing plan to connect with our key sectors, improve brand recognition and generate leads. An integrated communications strategy will also build our profile and position AHCC as a leading organization addressing Calgary's housing affordability gap.

Actions: Increase volume of unique visitors to our website and expand social media reach to drive increased online registrations; Measure and improve brand recognition in the marketplace; Assess online educational session methods.



SECURE ADDITIONAL LAND FROM THE CITY OF CALGARY

The City of Calgary created our organization in late 2009 with start-up funding that included several pieces of land. Many of these sites were underutilized and vacant spaces at the time of transfer and we are now developing units on them. Considering lengthy project cycles, it will be important in 2013 to begin negotiating additional sites in order to plan and prepare for future projects.

Actions: Start a discussion about additional sites in 2013, in anticipation for further project planning in 2014 and development in 2015 and beyond.

MOVE 1,000 PURCHASERS INTO THEIR OWN HOMES

Our goal is to deliver 1,000 quality entry-level homes at attainable prices in response to the call for action within the 10-Year Plan to End Homelessness. We have already enabled over 200 Calgarians to purchase their own homes and remain committed to achieving this target.

To ensure we achieve this goal, we are actively pursuing a combination of land use amendments, project developments and unit acquisitions to continually increase our inventory and provide greater choice to our customers.

Actions: Close on a minimum of 178 units in 2013, with increases in 2014, 2015 and beyond.

ALIGN WITH CALGARY HOUSING COMPANY AND CALGARY HOMELESS FOUNDATION

Our attainable home ownership program has the ability to free up more rental units, consequently opening spaces in transitional and emergency shelters and contributing to reducing homelessness. For this reason it is important to work closely with both Calgary Housing Company (CHC) and Calgary Homeless Foundation (CHF) to help more people progress along the housing continuum.

We will collaborate with CHC staff to inform and educate its residents about our attainable home ownership program and project developments. We will also work together with CHC

and CHF to build a common message and engage public and government stakeholders about how we can continue to progress the 10-Year Plan to End Homelessness.

Actions: Establish common goals with CHC and CHF at Board and administrative levels to ensure our activities and messages support each other.

Key 2013 Projects

Our attainable home ownership solutions are implemented through a strategic combination of project developments and unit acquisitions.

Current development projects for 2013 and beyond include:

- **Origins at Cranston** – The closing of 72 townhouses and apartment units are due in the first half of 2013.
- **SkyView Ranch** – 56 apartments with high quality specifications and appliances will be closing in 2013 ; Six townhomes to close in mid-2013.
- **West Springs** – Breaking ground on 74 units in the second half of 2013, closings are anticipated in 2014.
- **Mount Pleasant** – 28 units with a modern design to break ground in 2013, with closings in 2014.
- **Glenbrook** – Breaking ground on 60 units in the third quarter of 2013, closings are scheduled for 2014.
- **Bowness and Varsity** – Land Use amendment approvals for both the Bowness and Varsity projects are anticipated in the second quarter of 2013, with development beginning in 2014.



AHCC Development: **SkyView Ranch**
Visit AttainYourHome.com for more information

Stakeholder Engagement

INVENTORY TARGET

Our inventory target requires the support of our development and building partners. We are continually engaging with builders and developers to obtain additional units. Our aim is to complement current development projects on hand with existing or partially constructed units that will increase our inventory in the short term.

PROJECT
DEVELOPMENTS
ON OUR LAND

+

UNIT ACQUISITIONS
THROUGH INDUSTRY
PARTNERSHIPS

=

INVENTORY TARGET



We are committed to working collaboratively with the communities where our projects are located to ensure our attainable home ownership program is understood and our developments add value to the community. We also engage key stakeholders to assist our organization to implement projects and continually attract new customers and partners.

Objective: Review and refresh the mandate of the Advisory Committee in order to attract new members and strengthen the ways in which we share messages and receive feedback from key stakeholder groups.

ADVISORY COMMITTEE

We created an Advisory Committee to help our organization identify new ideas and share our messages with the broader community. The committee consists of a group of talented and diverse experts.

- **Bob Jablonski**
President, Calgary Real Estate Board
- **Jaelyn Molyneux**
Senior Editor, Avenue Magazine, RedPoint Media
- **Marg Pollon**
Founding Executive Director, Bridges of Love
- **Martina Jileckova**
Vice President Housing, Calgary Homeless Foundation
- **Vivien Lok**
Settlement Coordinator, Immigrant Services Calgary

Our Partners



We truly appreciate the participation and support of our key development and building partners.

We assist our development and building partners by bulk purchasing pre-existing properties or assisting with pre-sales and finishing projects. The upside for our partners includes exposure to our extensive database of potential customers, as well as opportunities to potentially sell future properties when our customers are ready to upgrade their homes. We also manage marketing of partnership projects and promotional activities.

Our attainable home ownership program could not be possible without the goodwill and dedication of our many financial, media, legal and other partners as well.



Holthe Tilleman Gross LLP

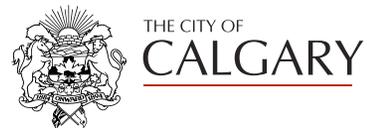


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Financial Strategy



The 2013 to 2015 financial strategy has been designed to ensure independence and stability of the organization over the long term.

We are implementing a budget that will create provisions required to fund future opportunities. This approach is uncommon for a non-profit organization in Calgary and enables us to pursue projects that take a number of years from conception to delivery.

2013 BUDGET

In 2013, we plan to achieve a target of 178 home occupancies. We have engaged a third party to assist in sourcing the balance as well as additional inventory for 2014, 2015 and beyond. This additional inventory may consist of existing or partially constructed units.

As we develop our own land for the first time in 2013, development costs will form a major component of our capital expenses. This includes the cost of land use and development applications, as well as preparing sites for construction. Operating costs will remain low in 2013 as a result of our continuing commitment to moderate and controlled spending.

STATEMENT OF INCOME	FISCAL YEAR	FISCAL YEAR	FISCAL YEAR
	2012	2012	2013
	BUDGET	ACTUALS	BUDGET
Sales	\$45,772,748	\$22,473,800	\$45,296,848
Cost of sales	-39,985,573	-19,634,293	-39,107,362
GROSS MARGIN ON SALE OF UNITS	<u>5,787,175</u>	<u>2,839,507</u>	<u>6,189,486</u>
Other revenue			
Interest income	4,000	4,513	5,000
Application fees & miscellaneous revenue	90,793	26,215	20,000
Sponsorship revenues	15,000	22,900	
TOTAL OTHER REVENUE	<u>109,793</u>	<u>53,628</u>	<u>25,000</u>
TOTAL MARGIN	<u>5,896,968</u>	<u>2,893,135</u>	<u>6,214,486</u>
Overhead expenses			
Salaries & benefits	895,989	761,879	979,696
Communications & marketing costs	368,000	227,619	342,500
Legal & professional fees	213,000	248,944	235,000
Other costs	282,801	228,195	405,120
TOTAL OVERHEAD EXPENSES	<u>1,759,790</u>	<u>1,466,637</u>	<u>1,962,316</u>
SURPLUS FROM OPERATIONS	<u>\$4,137,178</u>	<u>\$1,426,498</u>	<u>\$4,252,170</u>

2014 AND 2015 FORECAST

Over the next three to five years, some of our customers may begin to upgrade and sell their entry-level homes, providing a portion of the home appreciation to be reinvested into our program. This important cash flow will be placed in a sustainable reserve and help our organization fund new sites and opportunities.

Our capital expenses are expected to increase as we begin developing our own land and absorbing the costs of land use amendments, development permits and land preparations. Therefore, it is important to continually align our financial resources with our project pipeline and volume of sales.

Join us online at **AttainYourHome.com**



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AttainableHomes



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