

Solving the Toronto Condo Crisis with Smart Lease Structuring & Tax Innovation

The Problem

Toronto developers are facing a perfect storm:

- **Pre-sale cancellations** due to rising interest rates and tighter mortgage qualification
- **Foreign buyer restrictions** reducing demand
- **Price drops** forcing developers to cut margins below bank-required return-on-cost thresholds
- **Buyers now need 75% more equity** than in 2020 to close

The Solution: Equipment Lease Structuring + Tax Flow-Through

Step 1: Shift CapEx to OpEx

- Instead of the developer purchasing HVAC, solar, EV chargers, etc., the **condo corporation signs a 10-year rental agreement** for these systems
- Developer **avoids 20% markup** and **drops unit prices by 12–15%**
- Condo owners pay for the equipment over time—but **green tech savings offset the rental cost**

Step 2: Bundle More into the Lease

- Add other construction elements (e.g. thermal storage, smart meters, building automation) into the lease
- Create a **10-year breakeven** structure with **3-year payback tech**
- Use **lease bundling** to keep it off the condo corp's balance sheet while maintaining transparency

The Tax Magic: Flow-Through + Accelerated Depreciation

Flow-Through Depreciation

- Developer (or investor) contributes **10% equity** to the rental asset pool
- Claims **100% of the depreciation** on the full asset value
- **10x leverage** on tax write-offs—offsetting profits from the entire project

Accelerated Capital Cost Allowance (CCA)

- Under Canada's **Accelerated Investment Incentive**, cleantech assets (solar, HVAC, EV infrastructure) qualify for **full expensing**
- Write off **100% of eligible assets** in year one

Who Can Benefit?

- **Developer:** Reduces taxable income, improves IRR
- **HVAC or solar vendor:** Can be the 10% investor and claim full depreciation
- **Condo buyer:** Can use tax benefit to offset equity requirement

RRSP Integration: Unlocking Down Payments

RRSP-Backed Depreciation Flow

- A **\$10,000 self-directed RRSP** investment into the lease pool can generate **\$100,000 in depreciation**
- That tax benefit can be used to **withdraw up to \$200,000** from the RRSP **without penalty**
- Solves the equity gap for buyers who now need \$175K+ to close

Results & Impact

Metric	Traditional Model	Lease-Structured Model
Unit Price	\$800,000	\$680,000–\$700,000
Developer Profit Margin	Compressed	Restored via tax offset
Buyer Equity Requirement	\$175,000	\$75,000–\$100,000
Condo Corp Utility Savings	N/A	20–40% via TOU + solar
Investor Tax Write-Off	Limited	10x contribution

Why This Works

- **Solves affordability** without subsidies
- **Preserves developer margins** without price hikes
- **Accelerates cleantech adoption** with no upfront cost
- **Unlocks RRSP capital** for buyers
- **Complies with CRA and IFRS** via lease bundling and flow-through

Yours Truly

Tony Ramps
 Executive Vice President
 Greensmart.Ltd
 Direct: (778) 729-2202
 Web: <https://greensmart.ltd>
 Email: info@greensmart.ltd

CONFIDENTIALITY

The subject matter and contents of this document, including its existence, shall be considered confidential information and shall not be disclosed to any third party. If either party determines that it is required by law to disclose information regarding this document, it shall, within a reasonable time before making any such disclosure, consult with the other party regarding such disclosure and seek confidential treatment for such portions of the disclosure as may be requested by the other party.