

Canada Development Checklist for Affordable Housing

Getting Started

Affordable housing is usually the result of bringing the right people and the right resources together, with a common vision for what the development will achieve. Prepare your organization

Your organization should have people experienced in key areas such as property development, financial management, and fundraising. You should also have a strong vision for the development – usually, a board of directors or a development committee sets this vision.

Here are a few questions worth considering right at the beginning:

Is your organization financially ready?

Do your employees have the skills, experience, and time to do the additional work?

Do you have a clear set of written job descriptions, policies, and procedures?

Do you have adequate insurance coverage, including liability insurance?

Not all of these items have to be dealt with before you continue, but it's good to get a start now.

Build a professional team

Even the most experienced teams sometimes need outside help. Consider adding a project manager, development consultant, lawyer, architect, cost consultant (quantity surveyor), or fundraising expert to your team. Experience with affordable housing or non-profits is an asset.

Your success might also depend on building partnerships with agencies that will serve the residents and with land owners and developers.

Create a development plan

A detailed development plan ensures the right steps are done in the right order, with the right resources in place so you avoid costly mistakes. You can also use it as a tool to promote your project.

The activities and responsibilities detailed in your plan depend on the type of project you're working on – from construction management (which involves contracting out most of the work) to turnkey development (where you'll be responsible from start to finish).

Find a site

Choosing a site for your project is central to its success, because it determines whether the housing can be made affordable, and whether it is accessible to the community you are trying to support.

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Affordability is important, but the first criteria is whether the property is suitable to your target group's needs. Is there enough space? If a building already exists, does it have the right kind of spaces? Does it meet accessibility needs? Does it have room for the right services and amenities, or are they located nearby?

Sites for affordable housing often involve developing properties that a stakeholder already owns. That can mean partnering with a service or community organization. You can also bid on requests for proposals for public land; some municipalities offer incentives to developers that plan to build affordable housing.

Even for a bargain property, other factors may influence the actual cost:

Is the site fully serviced (access, hydro, water and sewage)?

Does the zoning of the site, or any other local restrictions, allow for your development?

Is the site environmentally sound? If not, can a cleanup be done inexpensively?

Feasibility

With a team and a site ready for your affordable housing development, you will still need to demonstrate the project is acceptable to the community and answers to a definite need. You will also need tools to prove to lenders and stakeholders that your plan is workable.

Demonstrate the need for affordable housing

Proving that the community has a need and building a clear picture of that need are important to get buy-in from stakeholders and lenders.

You can use statistics, housing market trends, community profiles, or personal stories. Some of the most convincing data includes market data (vacancy rates, average rents, sales, existing stock, construction starts, and waiting lists) and demographic data (age, income, family size, and population trends).

Test financial feasibility

Stakeholders and lenders also need to know that you can meet the community's need while staying on budget yourself. First, assess the costs of living at your planned development. Rent is a big factor, but it is not the only one. An efficient building can lower utility costs, for example, and a walkable neighbourhood allows some residents to live without a car.

Then, assess your own costs through a preliminary capital budget that identifies:

all capital costs (purchase price, construction, fees and permits, carrying costs, marketing)

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- all equity contributions (donated land, cash and in-kind contributions, waivers of taxes or fees)

- financing (loans, mortgages)

- funding (government subsidies and grants)

You will also need to draw up a preliminary operating budget that identifies all your ongoing expenses (such as mortgage payments and insurance) and revenues (from rent to subsidies) after completion.

You can also prepare by finding out from lenders how much of a mortgage you can obtain, securing pre-development funding, and developing a cash-flow plan for the construction phase.

Plan for community engagement

Even if you've demonstrated a clear need for affordable housing, the community might not agree. Informing and involving community members is the best way to build trust and acceptance.

A variety of engagement tools are at your disposal, whether it is outreach through social media, town halls, or through community groups and leaders. A solid engagement plan specifies which of these channels to use and sets out strategies for answering objections, dealing with contingencies (such as bad press), and adapting your plans in response.

Write a business plan

A business plan is the essential tool for showing that your project is viable and worthy of support. Here are some of the most common elements that stakeholders look for:

- organizational information (team structure and membership, including their experience, credentials, or community involvement)

- market information

- project information (a project description and step-by-step plans)

- financial information