



Middlesex County Attainable Housing Review **Affordable Rental Housing Development Resource Guide**

This guide is intended to provide a resource to organizations wanting to develop, build and operate affordable and attainable housing

TWC
tim welch
consulting inc



Preface

While the County of Middlesex does not have a formal role in delivering housing programs in support of new affordable housing, it does wish to encourage new attainable and affordable housing. Ontario legislation designates the City of London as the Service Manager responsible for the housing service system management including the delivery of some housing programs, management of a centralized waiting list and oversight of housing operations and reporting. The responsibilities related to homelessness are delivered in the county through contracted service agreements with Middlesex County. The City of London provides an annual allocation to the County for homelessness prevention programs. This fiscal year base allocation may be adjusted if in year funding is received from the Province and additional allotments can be provided to meet homelessness prevention needs in the County. The costs of Housing Services are apportioned between the County and City based on a combination of a Weighted Assessment Basis and Actual Cost Basis.

The service agreements between the City of London and County of Middlesex include administrative oversight. London and the County Management Oversight Committee meets quarterly to discuss issues relating to the delivery of Housing Services and Homelessness Prevention. The City/County Liaison Committee meets to discuss joint advocacy initiatives.

At the federal government level, the Canada Mortgage and Housing Corporation (CMHC) also directly delivers a number of important housing funding initiatives that are directed to some designated communities or provides the opportunity for municipalities, not for profit and private sector organizations to apply for funding. The City of London is a designated community for several programs and receives funding just for the city.

Local municipal governments are prescribed to manage local integrated planning, policies and by laws and have the options to deliver and fund local programs. Middlesex County and local municipalities are each responsible for their respective *Planning Act* approvals process along with potentially providing incentives for new affordable housing development.

The City of London is the provincially designated Service Manager as it relates to housing for the City of London and Middlesex County.

Municipalities are the biggest financial contributors to existing community housing, although federal and provincial governments also provide some financial support. The County or local municipalities could play a role in getting partners together and facilitating conversations about applying for federal funds.



Middlesex County faces many challenges supporting those experiencing homelessness as the area covered by Middlesex County is vast with no transportation between communities resulting in services having to include outreach or transportation supports. In addition, there is a crossover of services to some degree between the City of London and Middlesex County as many services are not provided in the County due to limited financial supports.

The County of Middlesex serves a population of approximately 78,000 persons (Census data 2021) within a geographic area that includes eight local governments: the Township of Adelaide Metcalfe, Township of Lucan Biddulph, Municipality of Middlesex Centre, Municipality of North Middlesex, Municipality of Southwest Middlesex, Municipality of Strathroy-Caradoc, Municipality of Thames Centre and the Village of Newbury.

This guide is made available by the County of Middlesex as a resource on affordable and attainable housing development.

The County recognizes the significant need for a range of affordable housing and wishes to encourage a wide variety of organizations and individuals to consider becoming involved in the creation of affordable housing.

Disclaimer: This report is the best information available at the time of publication and subject to change and is not a substitute for professional advice.

The County of Middlesex

399 Ridout Street North
London, ON N6A 2P1
T: 519-434-7321
F: 519-434-0638
www.middlesex.ca

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Table of Contents

1.0 Introduction	7
2.0 Purpose of the Guide	9
3.0 The Role of the Service Manager and Municipalities	11
3.1 The Service Manager Role	11
3.2 The Municipal Role in Land Use	12
4.0 Types of Housing Providers	13
4.1 Municipal or Private Non-profit Housing Corporations	13
4.2 Non-Profit Housing Corporations with Charitable Status	13
4.3 Private Developers	13
4.4 Co-operative Housing Providers	14
4.5 Supportive Housing Providers	14
5.0 What are the Housing Needs in Your Community?	15
5.1 Housing Need and Demand Study	15
5.2 The Housing Needs of Future Residents	16
5.3 Design, types and size of unit	18
5.4 Human Rights and Rental Housing	18
6.0 Organizational Readiness	19
7.0 Assembling a Professional Team	21
7.1 Early Players	22
7.2 Project Team Members	23
8.0 Early Financial Considerations	28
8.1 Canadian Mortgage and Housing Corporation	29
8.2 Banks/Financial Institutions	30
8.3 Federation of Canadian Municipalities, Green Municipal Fund, Sustainable Affordable Housing (SAH)	30
8.4 Social Enterprise Financing	31
8.5 Infrastructure Ontario	31



9.0 Finding a Suitable Site	32
9.1 Vacant Sites	33
9.2 Site with Existing Buildings to Convert or Demolish	33
9.3 Site with Potential to Intensify	34
9.4 Leveraging	34
9.5 Building New or Renovation	34
9.6 Potential “Red Flags”	35
9.7 Small Urban and Rural properties	37
9.8 Mixed Use – Commercial and Residential	37
9.9 Offers	38
9.10 Buying a Property and Due Diligence	38
10.0 Building Design	39
10.1 Preliminary Concept Drawing	39
10.2 Crime Prevention Through Environmental Design (CPTED)	40
10.3 Universal Design and Accessible Unit/Building Design	40
10.4 Energy Efficiency Features	41
11.0 Planning Approvals	42
11.1 Where to Find Information on Planning Approvals	42
11.2 Planning Process in General	44
11.3 Ontario Land Tribunal (OLT)	46
11.4 Site Plan Control	47
11.5 Building Permit Application	47
11.6 Ways Affordable Housing can be Facilitated through Land Use Planning and NIMBYism	48
11.7 Municipal Incentives and Offsetting Grants	49



12.0 Funding and Financing (parallel process with Planning Approvals)	50
12.1 Costs of Building Rental Housing	50
12.2 Equity Sources	51
12.3 Preconstruction Costs and CMHC Seed funding	52
12.4 Timing and Tolerating Risk	52
12.5 HST Rebate	53
12.6 Service Manager Funding and Cash Flow	54
12.7 Construction Financing	54
12.8 CMHC National Housing Strategy – Financing Options	56
13.0 Construction Phase	58
14.0 Rent Up, Property Management and Long-term Operations	59
14.1 Property Management	59
14.2 Rent up	60
14.3 Long-Term Operations	62
15.0 Supportive Housing	64
15.1 What is Supportive Housing?	64
15.2 New Development of Supportive Affordable Rental Housing	64
16.0 Resources	66
16.1 Articles and Resource Guides	66
16.2 Websites	66



1.0 Introduction

Across Ontario, a common goal exists to increase the supply of affordable housing for low- and moderate-income households. This goal is addressed in part by Canada Mortgage and Housing Corporation (CMHC) and in part by Municipal Service Managers (SM) which are responsible for housing service system planning in their communities through their 10-year *Housing and Homelessness Plans*. In the Middlesex County area the Service Manager is the City of London.

Local strategies to create affordable housing may be implemented, but they are often dependent on important federal and provincial investments to offset the economic realities of building new affordable housing. A combination of roles and partners are necessary to work together. These can include:

- the residents in need of improved access to affordable housing
- Housing Providers to develop the housing,
- all four levels of government including Service Managers; and
- housing development experts in the private sector such as lenders, builders and architects.

The introduction of the *Federal Government's National Housing Strategy* in 2017 has resulted in a much more active role for the federal government's Canada Mortgage and Housing Corporation (CMHC) in affordable housing development compared to the previous 30 years. Organizations that want to create new affordable housing may now apply directly to CMHC funding and financing programs. Proponents at an early stage of development may apply for CMHC Seed funding, and they may later respond to a Service Manager proposal call for federal/provincial capital funds and may also make an application for CMHC Co-investment financing. While more government investment in affordable housing is positive for the housing sector, it does mean more complexity to navigate for developers of attainable and affordable housing.

To create new affordable housing, it is most likely that housing providers will need resources and financial assistance from a number of sources and programs, not just one funding program.

This guide can assist proponents with information and common considerations as they move through the various stages of development in order to achieve a successful outcome.

References in this guide will refer to the local Service Manager administration and funding for affordable housing developments accessed through the federal/provincial programs such as the *Ontario Priorities Housing Initiative (OPHI)*, The CMHC *Co-Investment Fund* and *Sustainable Affordable Housing* through the Federation of Canadian Municipalities' *Green Municipal Fund* will also be highlighted. Potential municipal incentives and investments such *Community Improvement Plans* will also be discussed. Housing Providers and developers are encouraged to contact their Service Manager (City of London) and CMHC staff for up-to-date information on available affordable housing development initiatives and funding opportunities.



2.0 Purpose of the Guide

The purpose of this guide is to provide a resource to organizations wanting to develop, build and operate affordable and attainable housing.

A growing body of research shows that access to good quality affordable housing can support not only low- and moderate-income households, but also has positive community-wide benefits related to economic competitiveness, health, education and community well-being.¹ But what do we mean by “affordable housing”? Affordable housing is an umbrella term, which refers to a range of different housing types in the private market and non-profit sectors that rents or sells below market values.

The definition of affordable rental housing used in this guide can be found in the Glossary of Terms and is adapted from the federal/provincial OPHI program. However, there are different definitions of affordable housing used in the current CMHC programs and new definitions of attainable housing under the provincial government’s “More Homes” legislation of November 2022. And there are also different definitions of affordable housing found in certain municipal by-laws.

It is important to check with the specific details of the programs as your new development may have to meet multiple definitions of affordability in order to qualify for accessing different funding and financing programs.



1 Ministry of Municipal Affairs and Housing, 2011. Municipal Tools for Affordable Housing.

Before undertaking a development project, it is recommended that proponents gain a basic understanding of the policy and legislative framework that regulates affordable housing development in Ontario.

Included in this guide are practical considerations that highlight specific topic areas and the development process more fully. Affordable housing development is, first and foremost, residential development (most often multi-residential development), and is regulated by the *Ontario Planning Act* and other Provincial statutes. For many proponents committed to increasing the supply of affordable housing, the development process is new and challenging. The time needed to go from a housing development idea to a completed building typically takes several years. This guide will help orient those new to the field and for experienced developers, highlight good practices and matters unique to building affordable housing.

Note, this document is not intended to be a comprehensive “how to” guide or complete checklist as each development project is unique with regard to site development, financing and design to name a few. Importantly, if a proponent is proceeding with development, they will be completing a number of tasks, shown in the different sections of this guide, simultaneously. The timing of the various tasks will be specific to the project and, in part, guided by the professional team.

Further, residential development involves a number of professionals each accountable to their own regulatory body and with specific legislation guiding their work. It is beyond the scope of this guide to cover the professional standards and/or legislation governing the work of your professional team.

3.0 The Role of the Service Manager and Municipalities

The Province of Ontario has set out various roles for Service Managers and municipalities for purposes of provision of affordable housing in terms of housing programs and services, as well as land use planning and services.

3.1 The Service Manager Role

The Provincial government has identified 47 Municipal Service Managers and District Social Services Administration Boards (the “Service Manager”) across Ontario. The Service Manager – which, for the County of Middlesex is the City of London – is responsible for the delivery of multiple social services and programs, including but not limited to social and affordable housing, and homelessness, within designated geographic areas.

It is worth noting that over the past six years the role of the federal government, in support of new affordable housing, has expanded significantly to include direct delivery of programs (information about these programs is found later in this guide). The Federal Government’s *National Housing Strategy* has also resulted in a much more active role for the federal government’s Canada Mortgage and Housing Corporation (CMHC) compared to the previous 30 years.

In planning to build affordable housing, the Service Manager is a good place to start given their administrative and funding role. Research and plans to address homelessness and the shortage of affordable housing are generally available on the Service Manager website – <https://london.ca/sites/default/files/2020-10/2020-01-24%20181029038-COL-Homeless-Prevention-And-Housing-Plan-Report-EMAIL-WEB%20%28002%29.pdf>

Related affordable housing resources can be found on housing sector partner’s websites, such as the Ontario Municipal Social Services Association (OMSSA), Ontario Non-Profit Housing Association (ONPHA), Co-operative Housing Federation of Canada (CHFC) and the Housing Services Corporation (HSC).

3.2 The Municipal Role in Land Use

Ontario's land use planning system provides municipalities with the key role in most land use planning decisions. The ministry identifies and protects provincial interests through the *Planning Act* and promotes sound land use and infrastructure planning, environmental protection, economic development and complete communities through the *Provincial Policy Statement (PPS)*. The PPS requires municipalities, including both upper and lower-tier governments, to address the current and projected housing needs of their residents through policies in official plans, which establish affordable housing targets and provide for a range and mix of housing options and densities. To achieve affordable housing targets, municipalities may implement supportive regulations in the zoning by-law and more specific policy direction through secondary plans and related land use planning documents.

The municipal role with regard to residential development will be covered in **Section 10.0**, Planning approvals.



4.0 Types of Housing Providers

4.1 Municipal or Private Non-profit Housing Corporations

These are non-profit housing corporations established by a municipality (Municipal Non-Profit Housing Corporation – MNP) or a community organization (Private Non-Profit Housing Corporation – PNP), such as a church, ethno-cultural group, service club, labour union or other community group.

In accessing funding through Service Managers or directly through CMHC, it is important that the board of directors have a variety of skills applicable to affordable rental housing development, including but not limited to multi-residential construction, corporate loan financing, property management and housing operations, legal, and human services (for client population). Once the project is built and occupied, it is important to have a board of directors with the applicable skills to oversee the operations. More resources can be located at [Ontario Non-Profit Housing Association \(ONPHA\)](#) and at the [Cooperative Housing Federation of Canada \(CHF Canada\)](#).

4.2 Non-Profit Housing Corporations with Charitable Status

Non-profit Housing Corporations may have a charitable component. The Canada Revenue Agency has specific requirements regarding permissibility on whether a charity is carrying on a related business. As noted in **Section 4.1**, the “Not-For-Profit Incorporator’s Handbook” (May 2018) is available at www.attorneygeneral.jus.gov.on.ca. Also, check with your legal services for specific charitable requirements related to affordable housing and potential financial incentives.

Having charitable status is important if a non-profit is going to fundraise and issue charitable receipts for donors. There are also some funding organizations, such as community foundations, that will only provide funding for registered charities.

4.3 Private Developers

A private developer, or real estate developer, is an entrepreneur who owns or purchases land for residential and/or commercial purposes, prepares it for development and manages the construction process with the intention of a financial gain. The Private Developer may own and manage the housing project, or may sell to another corporation or arrange private property management services. The provision of affordable housing may be a component of a for profit development.

4.4 Co-operative Housing Providers

Co-operative housing is a different form of social and affordable housing. It is not rental housing in the context of tenant-owner relations. The households who live in the project are all members of the cooperative corporation that owns the building. They elect from amongst themselves a board of directors who are responsible for overseeing the management of the building. They are subject to rules in the *Co-operative Corporations Act*. More resources can be found at www.chfcanada.coop.

4.5 Supportive Housing Providers

Supportive Non-profit housing is available for people who require support services to live independently, e.g., the elderly, people with serious mental illness, addictions or developmental disabilities. Typically, support services are funded directly by the province to approved service providers, and the service providers administer the funding to provide support services to the residents. “Supportive Housing”, “Housing with Supports” and “Housing First” differ from one another due to the level of intensity of the support services, staff expertise, on or off-site support service staff, as well as type of housing unit to meet the needs of the client households.



5.0 What are the Housing Needs in Your Community?

5.1 Housing Need and Demand Study

In helping to set goals for the housing you want to develop, it is important to analyze and document housing needs in your community. Understanding the needs is a task to be completed early in the development process to show that the affordable development you are proposing to create will be fully occupied and generate the projected rental revenue.

Note: Creating and updating a business plan is a key part of the early stage of your work – having a financially viable business plan to show potential government funders, financial institutions or potential donors inspires confidence in your plan for new housing.

Funders and financial institutions will be evaluating the viability of your proposed development based on a business plan that includes capital and operating budgets. Your business plan will also include a section referred to as a Housing Need and Demand study and will document three things:

1. Current housing needs in your community (needs analysis),
2. Emerging and future needs (demand analysis), and
3. The current supply of housing in your area.

If the housing you are proposing to build is for a specific target group and size of unit, e.g., one-bedroom apartments for Indigenous one-person households, then focus your analysis of the need, demand and supply for these households.

There are key sources of information you will want to reference in completing this research:

- Service Manager information on housing need, including *Housing and Homelessness Plans* and reports, housing related Statistics Canada and census data, and waiting lists for affordable and social housing,
- Local municipal land use planning information,
- Local service providers who provide support services in housing, including but not limited to Canadian Mental Health Associations, Community Living, and groups/shelters for victims of domestic violence, etc.
- Canadian Mortgage and Housing Corporation (CMHC) *Rental Housing Reports* that report on average and median rents as well as rental vacancy rates. These reports are typically released near the end of each calendar year),
- Waiting lists for existing similar housing, and
- Research reports that talk about population projections and housing needs specific to your target group.

5.2 The Housing Needs of Future Residents

The need for affordable housing continues to steadily increase. As noted, documenting the housing needs of your target group is a key part of your business plan. This research also assists your organization to keep in mind the needs of your future residents throughout the planning, design and construction of your project. Overall, you will want to research and document the economic disadvantage some households in your community experience and/or if you plan to offer supportive housing to a specific target population. These two themes are explored more fully below:

5.2.1 Income

Housing costs are the largest monthly expense for most households and if these costs are 30% or more of household income an individual or family may have an affordability issue. Due to the high cost of housing in many communities, finding a place to live that is affordable, in good repair, suitable to household size and in a location of choice is a significant challenge for low- and modest-income households.

Having housing that is affordable to persons working at minimum or just above minimum wage is also important for the local economy so that there is housing available for the local workforce. In addition, in the context of Middlesex County where public transit is very limited, the location of choice may be most appropriately within larger settlement areas (or something along these lines)...

5.2.2 Support Service Needs

Income is not the only factor to consider in the provision of affordable housing. There are a number of groups disadvantaged in the housing market from an income perspective that may also require supports to find and maintain housing. These supports may be temporary or long-term and of varying intensity. Some of the groups that may require supports are:

- Persons with a physical disability, and acquired brain injuries,
- Persons with mental health disability,
- Persons with substance abuse/addictions,
- Persons with developmental or intellectual disability,
- Youth,
- Immigrants and refugees,
- Women and children and others leaving domestic violence,
- Frail Seniors,
- Indigenous people, and
- Households experiencing homelessness

These are broad categories and it is not to be assumed that all individuals or families within these or other groups require or want support services.



5.3 Design, types and size of unit

It is well established that housing design impacts the safety, health and sense of community of your future residents. Housing design can also reduce costs and improve energy efficiency. There are a number of resources that will assist your organization in making key design decisions with your architect. See **Section 10.0** for a more detailed discussion of design considerations. As a starting point, it is essential to think about whom you are providing housing for and anticipating the needs of your future residents. For example, you may want to consider a [universal design](#), which means built environments to be usable by all people, to the greatest extent possible, without the need for future adaptation or specialized design.

Self-contained units are the most desirable type of affordable housing units. The self-contained unit consists of a kitchen, living space, bedroom(s) and bathroom(s), and offers a permanent and independent means of living. Common building design types are apartment or townhouse. The federal/provincial affordable housing programs generally expect self-contained units in the proposal, unless a rationale is provided. Housing Providers who wish to build congregate buildings (rooms with shared living spaces) for supportive housing may be eligible for federal/provincial affordable housing funding and should provide a rationale in order to receive funding.

5.4 Human Rights and Rental Housing

Housing is a human right and more information about how these rights are protected under the Human Rights Code (the "Code") can be located on the Ontario Human Rights Commission website. The *Ontario Human Rights Code* specifies that everyone has the right to equal treatment in housing that is free of harassment or discrimination.

The Commission's policy on [Human Rights and Rental Housing, 2009](#) is a useful document that provides basic information on Code protected groups, what is meant by discrimination, a landlord's duty to accommodate their tenants and acceptable business practices for landlords.

6.0 Organizational Readiness

The first place to start is to do research into affordable housing needs, as outlined in **Section 5.0**.

This research can be done together with an assessment of your organization's readiness. At this point it is important to answer the following questions:

- Who are we going to provide housing for?
- What is our goal?
- Is there more than one way to achieve this goal (you may decide to offer support services for some households and let another organization be the developer/landlord of the new housing)?
- Are there other organizations addressing this housing need?
- Are there opportunities for partnerships?
- Do we have the management/staff and volunteer resources to take on a significant capital project?
- What is our organization's financial position?
- What is the scale or size of housing development that is practical to undertake?
- What resources are there to assist us with our pre-construction activities?
- As an organization, what roles will we take on before, during and post construction—developer, owner, landlord, property manager, support service provider?
- Have you recruited Board Directors with a variety of skills geared to new housing development?
- Who from our staff and Board will be assigned to this project? Will the Board be fully involved or will we set up a Project Committee with Terms of Reference that reports to the Board?

Options for delivering housing with supports: In some situations, the Canadian Mental Health Association (CMHA) owns and operates rental housing for people they provide support services for, while in other situations the organization partners with private market landlords and offers their clients a rent subsidy and support services in scattered apartments throughout the community.

Your organization's housing research and goal setting should result in the following outcomes:

1. our organization has a specific goal for addressing an identified housing need that is supported by the research.
2. You have the capacity as an organization and a clear understanding of your organization's role(s) with regard to a development project and will establish partnerships early on, as appropriate.
3. You have management/staff/volunteer resources assigned and with the time to undertake this project and a Committee/Board to oversee and make decisions.
4. You recognize the need for professional help to undertake a new residential development.
5. If your organization is not currently in a position to take on a development project, you plan to partner with and/or support the efforts of other groups addressing this housing need; or work toward your own organization's readiness to develop affordable housing.
6. The findings of the research as well as your housing goals should all be included in the business plan that you will need to create to build the support and funding/financing needed for the new housing.

Caution: A project involving a small number of units does not mean less time or fewer resources. There are economies of scale achieved when developing affordable housing of 20 units or more.



7.0 Assembling a Professional Team

It can be a complex process to identify appropriate land and then to design and build new housing on a site. It is very important to recognize that a significant number of professionals need to be involved to create a successful new affordable housing development.



7.1 Early Players

There are a number of professionals, early to the process, that you will call upon as part of assessing the land you are proposing to build on:

- Appraiser – a professional who determines the current value of the property you are considering buying/developing.
- Professional Planner (to find out whether the municipal zoning allows the type of residential development you are wanting to create),
- Environmental Engineer (to determine if the site meets the appropriate environmental standards for residential development),
- Geotechnical Engineer (to determine if the soil can support the size of residential building being proposed),
- Engineer to undertake energy modeling, now a requirement for most of the CMHC financing programs
- Surveyor (to set out the exact dimensions and topography of the site), and
- Civil Engineer (to determine water and sewage capacity and connections)

Some of these professionals help you complete due diligence for the property you are considering, flagging any reasons why you can't develop the land as you're proposing. Preliminary reports may indicate a need for further study. For example, an *Environmental Site Assessment* (ESA) Phase 1 report prepared by an environmental engineer may conclude, based on past uses of the site (e.g., auto repair business), that further study is required to assess the type and level of contamination and provide an estimate of the cost of clean-up.

Another purpose for hiring these professionals at the onset of the project is to complete studies identified in your formal consultation meeting/report with the municipality. For example, a civil engineer will assess the site conditions and determine the requirements for water, sewage and storm water management for the proposed development.

Finally, these professionals complete work needed by the architect to undertake full architectural drawings. For example, you will hire a surveyor to complete boundary and topographic surveys early in the process.

Note: Expect to pay some upfront costs that may or may not result in your moving forward with a particular property. Undertaking new development does involve some degree of risk.

7.2 Project Team Members

Your project team needs to clearly identify your plans for the site and any site constraints, who you plan to provide housing for, amenity and accessibility needs, energy efficiency requirements and most importantly your budget. In addition, your organization will need the following areas of expertise on your project team.

7.2.1 Development Consultant/Project Manager

If you are new to development, or experienced, but without the time to dedicate to your project, hiring a Development Consultant or Project Manager with experience in affordable housing development and government funding programs is an important option to consider. Development Consultants can work with you to complete or co-ordinate some or all aspects of the preconstruction, construction and post construction stages of your affordable housing project.

Development Consultants can assist you to:

- secure early resources
- help locate a site
- develop a business plan with capital and operating budgets
- prepare funding applications
- develop proposal calls for hiring an architect and contractor
- meet funding requirements
- complete planning approvals (if they have planning expertise)
- secure financing and
- guide you through all phases of development.

As Project Managers, Development Consultants assist you with the timing of various tasks, management of cash flow, and the coordination of your professional team.

You can contact the Service Manager or other recent developers of affordable housing about potential development consultants. Getting references for and conducting interviews with potential development consultants is important in selecting this key member of your development team.

Suggestion: In preparing your preliminary budget, estimate about 2% of construction costs (a smaller percent for larger projects and a higher percent for small projects) for the estimated cost of Development Consultant Services.

7.2.2 Architect

The architect for your project has a key role on your project team, not only for the design of the building, but as the consultant who reviews the building while it is under construction to ensure the work meets the requirements as set out in the drawings.

Note: At an early stage, you may retain the services of an architect at modest cost to complete a conceptual design. This will be useful for your formal consultation with the municipality as they want to understand what you are proposing for the site. The conceptual design also provides you with the square footage for the building that you need for your capital budget calculations.

The architect often (but not always) contracts with engineering sub consultants: mechanical, structural and electrical engineers. As part of the hiring process, it's important to determine whether civil engineering services or other engineering costs are included in the architect's overall fee. You could hire an architect and then hire the various engineers directly but that will entail a more complex administrative role for your organization.

The Royal Architectural Institute of Canada provides a guide "Determining Appropriate Fees for the Services of an Architect" and outlines the three possible methods of payment:

- lump sum or fixed fee,
- time basis,
- or a percentage-based fee.

Your organization may directly hire an architect you have previously worked with or have a strong reference for, but it is good practice to undertake a proposal call to select your architect. Once you complete the proposal call, it is a good idea to interview a short list from the architects who responded. In interviews, it is important to discuss who you are wanting to house, key design features you would like to see in a building, and also convey the limitations of your budget.

Once you select the successful architectural firm, you will enter into a standard Ontario Association of Architects contract. Review contracts carefully to familiarize yourself with the scope of work and what costs are in/excluded. Ensure you know how any revisions to the size of the building will affect their fee.

During construction, the architect typically (not an exhaustive list):

- attends construction site meetings,
- reviews/inspects work for compliance with drawings,
- reviews change orders to the design,
- reviews and authorizes construction manager draw requests,
- acts as your “technical eyes” during construction.

Suggestion: In preparing your preliminary budget, use 4-7% of construction as an estimate for the cost of architectural services (if engineering costs are included). The fee can also be impacted by the complexity of the design – a townhouse development is typically less complicated to design than a larger apartment building with an elevator.

7.2.3 Contractor/Construction Manager

It is important to hire a contractor who has experience with multi-residential construction and the non-profit sector. You will want to work with a contractor who has good references and ideally, may have worked either with your architect or development consultant/project manager. In all situations, you should interview a limited number of contractors to ensure a full understanding of the project goals and that the contractor selected is a good fit with your organization and the project team. The main contractual options for a contractor relationship are:

i) Full Tender

In this situation, full architectural drawings and specifications are completed (the architect is hired by the housing provider) and then a proposal call with detailed drawings is sent out to a number of contractors. It could be fully open, public tender or circulated to a more limited number of firms, which you know have experience in multi-residential construction. After reviewing the results of the tender bids, a firm is selected at the bid price and a fixed price contract is entered into.

ii) Construction Management

With this approach, the contractor is involved early on in the development process with a proposal call based on initial conceptual drawings. The contractor/construction manager sets out their fee for managing the construction. Then, the owner, architect (who is once again hired by the housing provider) and construction manager work together to get the most cost-effective design that can still achieve the housing/design goals of your organization.

Once full drawings are created, the construction manager will tender to sub-trades in order to get the complete price of construction. While construction management can stay open ended, for most non-profit organizations, and for private sector developers needing mortgage financing, the results of the construction management tendering will need to be rolled into a fixed price contract such as a CCDC 2 or CCDC 5B contract. Ensure the appropriate level of insurance and construction bonding are in place to mitigate any risks. If you have applied to CMHC's Co-investment program for funding or have a CMHC insured mortgage, you will need to obtain CMHC's extensive insurance requirements and have the necessary insurance in place before construction starts.

Suggestion: In preparing your preliminary budget, use 3-7% of construction costs as an estimate for the cost of Construction Management Services. A smaller project will have a relatively higher percentage fee,

iii) Design-Build

The design and the building are contracted to a single company that completes the project for a fixed price. Again, it is important you are clear on what is included in the price. With this option there is less work for the housing provider and often less financial risk; however, you typically have less contact with the architects and engineers involved in the design and less control over the building design and details. During construction, any cost savings to be had will benefit the contractor. There may also be less control by the housing provider in the specific type of building materials used. In a design-build approach, the contractor hires the architect so your contract is with the contractor.

Note: Once drawings are finalized and contractor or sub-trade bids are in, it is important to keep at least a 5 to 10% contingency even with a fixed price contract.

Note: Most financial institutions want a fixed price construction contract and will require a minimum 5% contingency in the budget.

7.2.4 Lawyer

Legal services will be required at various points during your project such as at the time of purchase of the property, reviewing your contract for government funding and contracts with professional team members. Your lawyer will also be involved in draws of mortgage financing, which are typically registered against the property you are developing. It will be necessary to estimate a higher amount for legal fees if you are applying for multiple funding sources.

And for budget purposes it is also important to include an amount for legal fees from the financial institution(s) you are borrowing from, except if you are borrowing directly from CMHC.

7.2.5 Quantity Surveyor/Cost Consultant

A Quantity Surveyor, sometimes referred to as a cost consultant, is a professional with a comprehensive knowledge of construction, construction methods, construction costs and accounting and their role is to monitor the value expended on your development. A Quantity Surveyor report of the overall budget as well as regular reports during construction will be a requirement for most major financial institutions as well as when the mortgage is insured by CMHC or when you have a CMHC Co-investment or Rental Construction financing Initiative application.

Note: Professional team members come with their own expertise, role, technical language and regulatory framework. It is important to ask questions and understand the information presented by your team members before making decisions.

8.0 Early Financial Considerations

Identifying your organization's available land and/or financial resources that can be committed to a capital project is an essential first step. Without land and/or equity, your organization will be unable to obtain the necessary government funding and financing to build affordable housing. This is because generally, government funding to build affordable housing flows at the point a project is construction ready and there are significant costs and time invested before a project reaches this point.

It is important to note, pulling together the funding and financing to build affordable housing is increasingly complex as there are more recent federal programs to assist. While there may be some affordable housing providers that have the financial resources required in developing new affordable housing without a mortgage, most will need some form of mortgage financing.

Financing typically comes in two stages:

1. Construction financing provides money during the development/construction phase.
2. Takeout or permanent financing happens just after the completion of the building and typically has financing spread over a 25- to 35-year period, although the more recent CMHC Rental Construction Loan program and the CMHC Co-investment program permits financing to be spread over a period of up to 50 years, therefore lowering the monthly mortgage payments. Often, but not always, construction financing and takeout financing can be provided by the same financial institution.

The financial institution options for land purchase, new construction or renovation include:

- Banks/credit unions, (longer amortizations and lower rates can be obtained if insured under the CMHC MLI-Select program),
- [Infrastructure Ontario](#) (for non-profits),
- CMHC Co-investment Funding or Rental Construction Financing,
- Federation of Canadian Municipalities, Green Municipal Fund, [Sustainable Affordable Housing \(SAH\) funding](#)
- Social enterprise financing such as [Community Forward Fund](#), [Canadian Co-operative Investment Fund](#), HPC Housing Investment Corporation and [New Market funds](#).

Each of these options will be discussed below.

8.1 Canadian Mortgage and Housing Corporation

The Canada Mortgage and Housing Corporation (CMHC) was established by parliament in 1944 and has a number of roles such as housing research, promoting the development of affordable housing and mortgage insurance. CMHC is an excellent resource for groups wanting to develop affordable housing.

8.1.1 CMHC Mortgage Insurance

The mortgage insurance provided by CMHC is to the lender. Your financial institution may require your mortgage be CMHC insured. The benefits of CMHC insurance for affordable housing funded under federal/provincial programs are:

1. A longer amortization period – up to 50 years (without CMHC mortgage insurance the maximum amortization is typically 25 years),
2. Reduced equity requirements and larger loans, and
3. More financial institutions will be willing to loan you development funds.

There is a CMHC extra premium for amortizations longer than 25 years for CMHC mortgage insurance but that premium is generally added on top of your mortgage rather than payable up front.

8.1.2 CMHC – Co-investment Funding, New Construction Stream

Information pertaining to this CMHC affordable housing loan program can be found at the following link: <https://www.cmhc-schl.gc.ca/en/nhs/co-investment-fund---new-construction-stream>. As noted on the website, this is primarily a loan program that prioritizes partnerships between governments, non-profits, private sector, among others and provides low-cost loans and/or small forgivable loans.

Early in your organization's pre-development phase it is suggested you become familiar with program details by speaking with the CMHC representative for your area and reading the program requirements on the website. This fund prioritizes projects that are socially inclusive and are above *Ontario Building Code* in terms of energy efficiency, accessibility and provide deeper levels of affordability.

It should be noted that the process for moving from initial application to a release of the funds can take up to a year although CMHC is aiming to shorten turnaround times. Remember that the CMHC co-investment will not flow funds until a project is fully under construction.

8.1.3 CMHC – Rental Construction Financing

This program offers rental construction financing to eligible borrowers during the risky phases of development of rental apartments (construction through to stabilized operations). Projects must decrease energy use and greenhouse gas emissions 15% below the 2015 National Energy Code for buildings and at least 10% of the project's units must meet or exceed accessibility standards as regulated by local codes. The energy efficiency and accessibility thresholds for this program are not as stringent as the Co-investment program.

For both CMHC Co-investment and Rental Construction financing one of the key benefits are borrowing at interest rates that are below market levels.

8.2 Banks/Financial Institutions

Financial institutions will want to review your capital and operating budgets to analyze all funding sources and how they will come together to ensure the project is financially viable. Once approved, your financial institution will issue a discussion paper or term sheet outlining their terms and rates. It is advised to “shop around” for the best package for your project.

8.3 Federation of Canadian Municipalities, Green Municipal Fund, Sustainable Affordable Housing (SAH)

The [SAH funding initiative](#) is targeted to municipal, not-for-profit organizations and housing co-ops that are interested in retrofitting existing affordable housing units, or constructing new affordable housing. In terms of affordability, the required eligibility threshold is 30% of the units have rents set at 80% of the local median market rent for the duration of the loan repayment period with FCM. With regard to energy efficiency, if you plan to retrofit, a minimum of 25% reduction in building in energy consumption from current performance must be achieved. If building new affordable housing, your project must be working toward net-zero energy (NZE) or net-zero energy ready (NZER) performance.

There are different SAH funding grants to assist your organization at the various stages of development including studies, planning, pilots and capital projects.

8.4 Social Enterprise Financing

Social enterprise financing is innovative financing available to not-for-profit and cooperative organizations to help them achieve affordable housing projects with long-term community benefits.

The Community Forward Fund provides innovative financing to community organizations throughout Canada including not for profit housing providers. They provide loans to not-for-profit organizations and social enterprises to enable their mission of providing long-term community benefit.

The Canadian Co-operative Investment Fund is a source of alternative financing for co-operatives across Canada including housing co-operatives. It works collaboratively to bridge gaps in access to capital for co-operative enterprises so they can realize their goals and strengthen their communities.

New Market Funds is a multi-fund manager that delivers investment opportunities with financial returns and lasting community benefit. They manage capital from foundations, financial and other institutions, and can provide equity investment in new not for profit housing.

The HPC Housing Investment Corporation delivers long-term, low-cost financing to housing non-profits and cooperatives to build more affordable housing and regenerate Canadian community housing portfolios. They are an affordable housing focused corporation that can lock in interest rates for up to a 30-year period.

8.5 Infrastructure Ontario

Infrastructure Ontario is part of the government of Ontario and is another option for construction and take out financing for new not for profit housing. They offer competitive rates and the ability to fix an interest rate for up to 25 years – which can provide a level of cost certainty for the operation of your new housing.

9.0 Finding a Suitable Site

In many communities, finding a suitable site to develop is a challenging endeavour. Unless your organization has the financial resources to buy a property, or you already own a site suitable for residential use, the high cost of buying land and the competition for sites in the private market puts those developing affordable housing at a disadvantage. Properties that are lower in price may not be suitable, or will be costly to develop because of issues such as contamination.

The timing of property acquisition with Service Manager funding proposal calls is unpredictable. Ideally, you will have acquired a property or have a conditional offer on a site before your Service Manager releases a call for proposals for new rental construction.

If you have land, or are considering purchasing a specific parcel of land, there are a number of considerations:

- Is the property an appropriate size for the proposed development including parking requirements?
- Is this a renovation, conversion, or intensification of the current development or a new build?
- Does the property require an Official Plan and/or Zoning By-law amendment?
- Are there any development constraints specific to the site? (e.g., brownfield, easements)?
- Is the land in proximity to amenities i.e., grocery store, health services, etc.?
- Availability of municipal water and sewer services
- And most importantly, is the purchase price financially viable?

Once you have found a site within your organization's price range, take note of the type of land uses around your site, the type of street it is on, the proximity to transit (if available) and amenities such as shopping and green space. Ask the realtor about the history of the property and whether any studies have been completed. This will be useful information in considering the suitability of the site for your proposed use.

Note: There is considerable work that goes into selecting a site for your proposed development. From the outset, you are assessing the property from a number of perspectives: land use/planning approvals, financial, environmental, servicing, location and with future residents in mind. You may give serious consideration and investigate/spend some due diligence money on a number of sites before settling on the appropriate site.

Important Timeframe: If successful for federal/provincial affordable housing funding, your organization will typically need to have a demolition or building permit and start construction between 90-120 days of signing a partnership agreement with the Service Manager or federal government.

In this section, the types of sites and issues to consider are fully explored.

9.1 Vacant Sites

Sites without buildings are not necessarily construction ready. Your project team will need to determine any development and client population constraints such as zoning and contamination, environmental, water and sewage servicing, NIMBYism (Not-in-my-backyard), cost(s) per unit, legal and other requirements, walkability, noise, access to shopping and services, etc.

9.2 Site with Existing Buildings to Convert or Demolish

If you are considering a property with existing building(s), is your plan to demolish, convert, intensify or adaptively reuse the building. There are many considerations if there are existing building(s). For example:

- What are the buildings being used for now and in the past? Is there any soil contamination as a result of this use (e.g., automotive repair shop)? Are there substances such as asbestos or lead paint that need to be removed from an older building before it is demolished or renovated for a new use?
- How much will it cost to demolish the building?
- Is there adequate parking for the proposed development, or can you make a case for a reduced number of spaces?
- Do you anticipate any concerns from the neighbours about your proposed development? What is your strategy for addressing these concerns? Are they planning concerns or Nimbyism?
- If you are incorporating an existing building into a new development, what will be the cost to achieve the new design based on the *Ontario Building Code* (OBC) and Accessibility requirements? If your group plans to apply for CMHC Co-investment funding, energy efficiency and accessibility requirements must exceed the OBC.
- Does the site have access to water and sewer services?



9.3 Site with Potential to Intensify

Some organizations have an existing residential or faith-based facility site that is under-utilized and has the potential to develop more units. This is a unique, positive opportunity that saves on land costs and could meet the municipalities' objective to intensify residential housing in already built-up areas. This opportunity makes good use of existing infrastructure such as water and sewer.

However, it is important to plan for the complexities and inconveniences for existing tenants during the construction phase.

9.4 Leveraging

Leveraging involves using the existing resources of the housing provider, such as land or the potential to refinance existing properties. Unless the operating agreement has expired, there will need to be a discussion with either the Service Manager or The Agency for Co-operative Housing to work through the administrative approvals needed in order to permit an addition of new housing onto existing non-profit or co-operative housing or to refinance in order to purchase a new site or invest in a new building on the existing site.

9.5 Building New or Renovation

If you are looking for land, you will to decide whether to build new or renovate an existing building.

	Pros	Cons
Building New	Easier to establish cost estimates New, energy efficient building	Can be more difficult to get planning approvals for new buildings
Renovation	Revitalizing older buildings in central districts that may be vacant or underused; could be less complicated zoning approvals in central districts.	Adapting older buildings to new Code requirements can be costly with unexpected surprises.

You are looking for a property within your price range that will accommodate the size of building you would like to develop in a location that is accessible to amenities such as grocery stores, schools, etc.

9.6 Potential “Red Flags”

As our urban areas become more intensified, there are fewer properties available without constraints. It may be particularly challenging finding and purchasing sites with potential for affordable multi-residential housing. Importantly, the Province and municipalities must ensure that new residential development is compatible with the surrounding land uses. For example, through Official Plan and zoning requirements, municipalities ensure that new multi-residential development is compatible with existing neighbourhoods and is not negatively affected by things like industrial uses.

In this section, some of the common constraints you may encounter are highlighted. It is beyond the scope of this resource guide to fully elaborate on each of these potential issues. Although it is possible to develop the type of properties listed below, be aware that this will take time, further study and cost to determine.

Find out what studies have been completed by the owner or other potential buyers. Talk to Planning staff about the site and whether they are aware of any development constraints. Review the Official Plan for your municipality and become familiar with the policies with regard to brownfields, heritage, floodplains, etc. Be prepared to look into whether the municipality has financial incentive programs to help with things like the cost of rehabilitating a contaminated site or preserving heritage features in a new design.

9.6.1 Brownfields

Brownfields, such as former gas stations or industrial sites, will require additional environmental assessment and cleanup costs. You will need to work closely with your environmental engineer on the trade-offs between the costs of the clean-up and buying a brownfield site, which may be selling at a lower price. There are properties with significant levels of contamination that render the development of new affordable housing on that site financially prohibitive.

It is helpful to check with the local municipality and Service Manager for any brownfield incentives and requirements.

9.6.2 Heritage buildings

The *Ontario Heritage Act, 1990* gives the provincial government and municipalities the power to protect heritage properties and archeological resources. Heritage buildings may be on the municipality's list of properties that are of interest, or designated cultural heritage sites. The studies needed prior to development of such a site will be provided through your pre-consultation meeting with planning staff. If the property is designated, a heritage permit will need to be obtained and design of the development will be approved through a Heritage Committee and ultimately Council. If the property is of Heritage interest, you as the developer may be required to have a Cultural Heritage Impact Assessment completed at your cost.

9.6.3 Archeology

At your pre-consultation meeting, Planning Staff may determine you must complete an archeological assessment of your site before development can occur. The need for an assessment may be triggered by the site being a heritage property or adjacent to a heritage property. This assessment must be completed by an archeologist licensed in Ontario. There are up to four stages of archeological assessment outlined on the [Ministry of Heritage, Sport, Tourism, Culture Industries](#) website.

Important: There are several examples of innovative affordable housing projects that have materialized on former brownfield sites, heritage sites, etc. If your property has constraints, contact projects in other communities and learn from their experience. There are examples of innovative affordable housing developments, including former brownfields, or heritage sites profiled on CMHC's website.

9.6.4. Proximity to a Railway Corridor

If the property you are considering or own is in [proximity to a railway corridor](#), there will be another layer of consultation and viability assessment required by the railway. As outlined in the guidelines, there are key issues in developing close to rail corridors, which include noise, vibration and safety issues. If these issues cannot be mitigated or are too costly to address then development will not be possible on the site.

9.6.5. Flood Risk

Your local Conservation Authority works in cooperation with the municipality and the Province to regulate development in flood prone areas. Municipal Official Plans and Zoning By-laws provide policy direction and regulations with respect to natural hazards and flooding. Generally, residential development is not permitted in flood ways and for fringe areas, certain design features may be required, e.g., only non-residential units on the ground floor.

9.7 Small Urban and Rural properties

It is important to determine if there is water and sewage servicing to your site or plans by the municipality to service the site or increase capacity necessary to accommodate your development. In the alternative, septic systems for wastewater or wells for groundwater can be installed but they bring significant costs (both construction costs as well as operating costs) to new multi-residential developments.

9.8 Mixed Use – Commercial and Residential

If you have found property on a main road and/or on the periphery of a neighbourhood, there may be an opportunity to develop a commercial use (e.g., office space) on the ground floor with apartments above. Your organization may be looking for office space in order to provide support services to tenants residing in the apartments or renting out office space to another organization. This can provide a unique opportunity but also raises other issues to consider:

- What are the Official Plan policies and zoning requirements for your development concept (e.g., Height? Density? Permitted Uses?)
- Can the site accommodate enough parking, as specified by the municipality, for the residential and commercial units?
- If you will be renting the commercial space, what is the financial plan for managing potential vacancies?
- What are your obligations as a commercial landlord?

Consider: Federal/provincial affordable housing capital funds do not include the cost of construction or renovation of commercial space. If including a commercial use in your development, how will your organization cover the cost of construction or renovation of this space?

9.9 Offers

It is common for housing providers to make a conditional offer of purchase on a property in order to give time to carry out the due diligence on major issues (financing, planning, environmental, etc.) needed before the offer to purchase can be finalized. The seller will likely be keen to close a deal and sell the property in a timely fashion. Your organization will need to organize a reasonable amount of time to complete due diligence.

9.10 Buying a Property and Due Diligence

Before finalizing an offer to purchase a property, identify and analyze potential risks and determine the financial viability of your proposed project. Common risks (not an exhaustive list) are:

- Is your proposed development financially viable?
- Is construction financing in place (as well as financing just for the land purchase)?
- Is there contamination and what is the cost of clean-up?
- Can the soils support the proposed building to be constructed?
- Site constraints such as required parking ratio, easements, right of ways;
- Is an Official Plan and/or Zoning by-law amendment required?
- Are there heritage or archeological constraints?

Before finalizing the purchase, the goal of due diligence is to make known and eliminate risks and/or to determine the timeframe and cost of mitigating those risks. The results of the due diligence work can also mean that you walk away from a property you have been examining for a significant number of weeks or even months. At this stage, it is necessary to ensure your project can work financially and that the Planning Department is supportive of your concept for development.

Also, as part of due diligence, your lawyer completes a number of legal searches on your behalf as part of purchasing a property.

10.0 Building Design

Design is an exciting part of the development process as your organization shares their vision for the building and its future residents with your architect and project team. This is also when the constraints of your site and/or your budget will need to be carefully reviewed. For example, ideally you may want to include amenity space for the residents as well as energy efficiency features to help reduce operating costs and residents' utility bills. The municipal zoning by-law identifies the amount of amenity space required. The *Ontario Building Code* specifies the standards for energy efficiency. Not surprisingly, most groups want to exceed these standards. Features like rooftop gardens, a community room, storage for scooters and bicycles as well as solar panels, a grey water system, etc. are sometimes discussed by groups developing affordable housing.

Importantly, only the residential component is eligible for funding through the federal/provincial or CMHC affordable housing funding program. Finding alternative sources of funding and the timing of this funding is critical to the inclusion of these enhanced amenity features. Talk with other groups who have incorporated such features into their development for ideas and lessons learned. Two funding opportunities for energy efficiency are:

The design of your building starts with a concept drawing and moves to full drawings as part of the scope of your architect's role and the planning approvals process outlined in **Section 11.0**.

Some aspects of good design are relatively low or no cost. For example, windows facing public spaces such as parking or play areas can provide natural surveillance to enhance a sense of safety.

10.1 Preliminary Concept Drawing

Once your organization has selected a site, it is useful to prepare a concept drawing showing the building massing, dimensions, location on the site and proposed parking. This preliminary concept drawing should be submitted with a request for a pre-consultation meeting with the municipal planning department.

More detailed concept renderings are required for Official Plan and Zoning By-law amendments as it provides the level of detail needed for planning staff and the public to more fully understand your proposal. It also becomes the basis for full architectural drawings as required for site plan approval. Full architectural drawings may include site plan, unit and building layout, mechanical, electrical, etc., components and building specifications.

10.2 Crime Prevention Through Environmental Design (CPTED)

Crime prevention through environmental design is a design philosophy that attempts to deter criminal behavior by making intentional choices in the physical design of buildings and communities. The three main principles of this approach are:

- Natural surveillance
- Natural access control
- Natural territorial reinforcement

[CPTED Ontario](#), formed in 2001, is a resource to promote an understanding and implementation of these principles in creating safer communities.

10.3 Universal Design and Accessible Unit/Building Design

In the residential development context, universal design means a design that is inclusive of everyone's needs in age-friendly ways. The assumption being that everyone benefits from maximum barrier free design and accessibility features. The Center for Universal Design in North America and the Canada Mortgage and Housing Corporation (CMHC) have information resources applicable to affordable housing.

In many communities, the availability of fully accessible units is very limited. The *Ontario Building Code*, requires a certain number (minimum 15%) of barrier free units in new residential construction, as well as accessibility standards to enhance building components



10.4 Energy Efficiency Features

New, energy efficient units decrease energy costs for residents and housing providers. In order to address climate change, all levels of government are developing policies and incentive programs to enhance energy efficiency in the residential sector. Discussing the options for energy efficient systems to incorporate into your development is a key discussion to have with your architect and project team once you are moving forward with a site and before detailed drawings are prepared. Housing Providers should, however, only consider energy efficiency innovations with a proven track record. Increasingly a number of new affordable housing developments are being built to passive house standards to more dramatically reduce energy consumption.

The *Ontario Building Code* requires a high standard of energy efficiency for residential development. If your goal is to go above and beyond the OBC standards, it is important to undertake a calculation of the financial payback in energy savings as compared to the additional upfront capital costs of those additional energy efficiency features. You will need to retain an energy consultant specialist as part of your project team for this type of analysis.



11.0 Planning Approvals

As previously mentioned, housing development is a complex process whereby your organization will carry out a number of tasks, as outlined in different sections in this guide, often simultaneously. In this section, whether you are planning to redevelop your existing site or find a suitable site to purchase (**Section 8.0**), you will need to consider land use planning approvals. The *Planning Act* guides land use planning in the province of Ontario.

11.1 Where to Find Information on Planning Approvals

In most municipalities you can speak with Planning and or/Building department staff on a walk-in basis to obtain information about planning approval requirements. The Official Plan and Zoning By-Laws for your municipality are typically online for your reference. This is the first step to understanding the development potential of your site.

In speaking with municipal Planning staff on an informal basis, be prepared to provide the basic details of your proposed development concept such as type of building, number of units, number of storeys, and number of parking spaces. Some questions to ask staff are:

- What is the site designated under the Official Plan (OP) and what is the site zoned under the *Comprehensive Zoning By-law*?
- Does the proposed development concept align with the OP policies and zoning for the site or will planning approvals be required?
- Will minor variance(s) be needed?

At this preliminary stage, the answer to the above questions provides you with some important information. If planning approvals are required, then check online or ask staff the cost of an Official Plan amendment (OPA) and/or Zoning By-law amendment (ZBA). These approvals will require a number of months to complete and you will need a professional planner as part of your development team. An OPA and ZBA also cost you, the developer. In some municipalities, there can be successful requests to not have the housing provider pay the municipal fees but these are often on a case-by-case basis and will need to be discussed with municipal officials before making any assumptions about the project budget not covering these costs.

Speak to your Planner, or check on line for the fee schedule for the following to add the following to your projected capital budget for the project:

- Pre-consultation fee,
- Planning application fees,
- Site Plan Control fee,
- Building permit fees,
- Right of Way (road work linking services to the site)

Official Plan and Zoning By-law amendments may require a number of studies to support the changes necessary to facilitate a development. It may be necessary to retain engineering and architectural professionals to provide accurate building and landscape drawings, analyze the required parking and request a reduction for your development and/or determine whether there is sufficient capacity in the existing water, sanitary and storm sewer infrastructure servicing the sit. Not surprisingly, planning approvals do not only take time but also have cost implications. In order to prepare a capital budget as part of your business plan, you will need to know which planning approvals are required. It is noted that most planning approvals include public notification including a public meeting where interested parties may speak to a proposal.

Example: Here are some questions, in addition to discussions about price, to ask your realtor and the Municipal Planner in order to help you further assess the suitability of potential sites.

Realtor – What is the history of the site? Former uses? Is there a survey available or any studies completed for the site (e.g., ESA Phase 1)? Has there been interest from other perspective purchasers in developing the site? If so, did they come up against any roadblocks?

Planner – Does our proposed building fit with the Official Plan and zoning designations for the site? Are planning staff supportive of our concept? Is there servicing to the site (water and sewage)? Is there adequate capacity to accommodate your proposed development? What planning approvals will be required?

Note: If changes to land use are proposed, affordable housing, like other residential development, goes through the same review and approval process based on the provisions of the *Planning Act*.

11.2 Planning Process in General

In general, the process of obtaining Planning approvals for a property is similar regardless of which municipality you are looking to develop in.

11.2.1 Zoning Confirmation

For a small fee, the building department will confirm the zoning of your property in writing. This is part of due diligence. Written confirmation of zoning may also be required when submitting funding applications. Check with your local municipality for application forms and documents.

11.2.2 Formal Pre-consultation

Before you can move forward with construction, check with your local municipality for processes that are necessary. In general, you are required to arrange a pre-consultation with your local Planning Department. To set up a pre-consultation meeting, you will need to complete an application form, you may have to pay a fee and submit a concept drawing and description of your proposed development. Planning staff will arrange a meeting with representatives from your organization and your planner/architect or development consultant to discuss your concept and provide you with important information. This information will confirm the planning approvals and background studies required as well as flag any concerns.

Below are some examples of typical reports the Planning Department can ask you to complete as part of the planning approvals process. Other studies may be required that are not listed if, for example, your site is a heritage property, near a railway or is a brownfield.

- Phase 1 Environmental Site Assessment (ESA 1),
- Geotechnical Study,
- Planning Justification Study,
- Parking Justification Study,
- Urban Design Brief,
- Shadow Assessment (if constructing a taller building),
- Servicing/Stormwater reports, and
- Traffic Impact report.

If your site is zoned appropriately and does not require minor variances, you can proceed to the *Site Plan* stage as outlined in **Section 11.3**. If not, you may need to prepare and file an Official Plan and/or Zoning Amendment or a Minor Variance application. Further information on these processes is outlined below. It is noted that site plan approval is not required for developments of ten or less units in some circumstances.

Note: Of the studies to complete, some will be included in the architect's fee. Make sure your budget reflects the cost of studies either as stand-alone budget lines and/or as part of the architect's fee.

11.2.3 Official Plan and Zoning By-law amendments

If an Official Plan amendment and/or a Zoning By-law amendment is necessary, you have to adjust your work plan and budget accordingly. You have a professional planner as part of your development team who will complete the applications on your behalf.

The planning approvals process involves the following steps:

- Staff review the application(s) and supporting materials,
- Notice is provided to prescribed agencies, neighbours and the public,
- A public meeting is held,
- Staff prepare a report that evaluates the proposed development against Provincial, County and local policies and considers all comments received. The report is presented to local Council where you will also be provided an opportunity to speak to the proposal.
- If approved or denied, there is a 20-day appeal period to the Ontario Land Tribunal (OLT), and
- If no appeals are filed, amendments are in full effect.

It is noted that in the context of Middlesex County, the County is the delegated Approval Authority for local Official Plans and local Official Plan amendments. As such, Official Plan amendments are adopted by local municipal Councils and forwarded to the County for review and a decision. The Official Plan amendment is considered by County Council and may be approved, approved with modifications, denied or deferred. In addition to the fees charged by a local municipality, the County of Middlesex also charges fees for Official Plan amendments.

Depending on the municipality and the complexity of the Official Plan and/or Zoning Amendment, it can take months to obtain these approvals.

11.2.4 Minor Variances

Minor variances are required if the zoning permits your proposed development, but does not meet all the regulations of the zoning by-law. Some typical examples are if your development does not meet the required setbacks from the property lines, amenity space requirements or parking space requirements to name a few.

An application for a Minor Variance is reviewed against and must meet the following tests as outlined in the *Planning Act*:

1. Is the variance minor in nature?
2. Is it desirable for the appropriate development or use of the land, building or structures?
3. Does it meet the general intent of the Zoning By-law?
4. Does it maintain the general intent and purpose of the Official Plan?

While it varies depending on the municipality, the process of obtaining a minor variance can take months.

Minor variance applications are considered by a Committee of Adjustment and are public.

11.3 Ontario Land Tribunal (OLT)

Planning applications may be appealable by third parties including neighbours. If an appeal is filed within the 20-day appeal period, your planning application cannot be passed until it is resolved by the Tribunal.

Note: If the municipal planning report supports the development, Tribunal decisions have generally favoured new affordable housing developments.

11.4 Site Plan Control

As noted previously, you may be redeveloping a property that does not require an Official Plan Amendment, Zoning By-law Amendment or Minor Variance, in which case your pre-consultation meeting will provide you with information on what is required for the site plan. Site Plan Control ensures that your development meets municipal requirements for zoning, loading zone, garbage pick-up, accessibility features, fencing, etc.

The Architect prepares the site plan with your project team's involvement. A *Site Plan Agreement* is prepared through the process and finalized once the site plan is approved by municipal staff. The time frame varies from municipality to municipality and can range from 4 to 8 months. The agreement outlines the amount of site securities (funding deposit, which is held by the municipalities during construction – this can tie up tens of thousands of dollars although refunded after completion) and your organization's legal obligations in constructing the development to the specifications of the site plan drawing.

11.5 Building Permit Application

To submit a Building Permit Application, you will have to prepare a full set of building drawings (including architectural, mechanical, structural, electrical and civil drawings) and pay the applicable Building Permit fee. In general, these fees are listed on a municipality's Building Department website.

You can speak with Municipal Building Department staff that will provide information about these fees.

Once a Building Permit Application has been filed, a comprehensive review of the full building drawings is undertaken by the Building Department and other departments and agencies (including Fire Department). Any items that do not meet the *Ontario Building Code* or any other applicable federal or provincial policies are identified. Depending on the municipality, it may take two or three months to complete the Building Permit Application process.

Obtaining a Building Permit is a significant milestone:

- If you have been approved for Service Manager funding or CMHC Co-investment funding, the issuance of a building permit is a key milestone for releasing funding.

It should be noted that other permits may be obtained before the full building permit is issued. If there is a delay in obtaining the full building permit, municipalities will often approve demolition, site servicing and/or foundation permits. Obtaining these permits cannot only help start construction sooner but also help your organization meet affordable housing development requirements and funding through the Service Manager.

11.6 Ways Affordable Housing can be Facilitated through Land Use Planning and NIMBYism

A growing body of research shows that access to good quality affordable housing supports not only low- and moderate-income households, but also has positive community-wide benefits related to economic competitiveness, health, education and community well-being.² Many municipalities recognize the importance of affordable housing in their official plans and will sometimes make it a priority to move affordable developments forward through the planning approvals process.

When affordable housing is being considered, there is almost always some opposition. “Not in My Backyard” syndrome or “NIMBYism” happens when people hold negative attitudes or stereotypes about the people who live in affordable housing. This is often directly related to one or more Human Rights Code grounds. This kind of opposition can be hidden in land use planning terms, and can be expressed in many ways.

It is important to both gain acceptance for well-planned, affordable housing developments and to respond to concerns, NIMBY myths, and community opposition with a non-confrontational approach. Resources such as [“In the Zone: Housing, human rights and municipal planning”](#) and [“Neighbourhood Housing Tip sheet”](#) offer information to navigate common neighbourhood concerns within the context of human rights and requirements in affordable housing.



² Ministry of Municipal Affairs and Housing. (2011). Municipal Tools for Affordable Housing

11.7 Municipal Incentives and Offsetting Grants

There are some municipal financial incentives that might benefit your development, which are not related to the affordability of the housing. An example of this could be financial incentives to offset part of the cost of cleaning up environmental contamination, often referred to as cleaning up brownfield sites. There may be other financial assistance provided by the municipality because your organization is specifically creating affordable housing.

In November of 2022, the Provincial government changed legislation so that non-profit housing providers do not have to pay municipal development charges. Additionally, private sector affordable rental housing and attainable housing are also exempt from paying municipal development charges.

There will likely need to be some direct advocacy to municipal councils when requesting funds to offset municipal fees. It is important to speak to municipal councillors and municipal planning and finance staff early in the process. You want to convey how not being charged municipal fees will improve the affordability and financial viability of the proposed development. As well, early discussions can help clarify the municipal process to request waiver of fees or offsetting grants and also identify any potential sources of municipal support such as a *Community Improvement Plan*.



12.0 Funding and Financing (parallel process with Planning Approvals)

As described in **Section 6.0**, assessing your organization's financial position is part of determining organizational readiness. Developing affordable housing is increasingly more complex and most projects will need to consider multiple funding sources. In this section, these concepts are explored more fully.

12.1 Costs of Building Rental Housing

As financing and cash flow are the biggest challenge with developing new affordable housing, it is important to assess and determine the costs of building rental housing, and long-term operations.

Key components to consider when budgeting for capital costs and financing include:

- Land and related costs, including property costs, costs for ESA and geotechnical reports, legal fees, HST, land transfer tax, surveys, other costs such as design drawings,
- Soft costs, such as municipal approval fees and permits, consultants' fees such as architect and development consultant, mortgage insurance fees, taxes and insurance during construction, interest during construction, other,
- Hard costs, including construction, site servicing, appliances, HST and construction contingency (5 to 15% depending on construction type),
- Equity total, based on equity sources such as land, cash and fundraising capacity (and ability to cash flow during development/construction,
- HST rebates (consider HST Municipal Status application, "qualifying" not-for-profit status with government revenue, and charitable status),
- Projected income statements, including rental revenue, laundry less vacancy loss for gross and net revenue.

In addition, a viable operational housing budget based on income and expenses must be determined and annual changes will be impacted by a variety of factors as well such as rent increase guidelines, Service Manager and CMHC program criteria, and economic costs to operate the project. Since affordable rental housing projects that access Service Manager affordable housing program funding may have an affordability period of 20 to 30 years, an operating projection of costs and anticipated revenue based on specific factors for this period can assist with long term financing expectations.

One place to start in reviewing rental project costs for financing and income, and operating expenses can be found on CMHC's website, [Seed funding](#). Under the Resources tab, there is a Viability Assessment Calculator that will assist with your preliminary calculations to determine your proposed affordable housing project's financial viability. Seed funding documents are aligned with other CMHC funding programs such as the Co-investment Funding, New Construction stream. Completing the Seed viability assessment calculator will assist your organization to become familiar with the program requirements such as enhanced affordability, energy efficiency and accessibility.

Early communication with your development team (development consultant, lender and cost consultant) is recommended to ensure that costs considered are appropriate for the proposed housing project. For assistance in completing this viability assessment calculator application, Housing Providers are encouraged to contact your local CMHC Affordable Housing Representative.

It is important to demonstrate viability of the affordable housing proposal with the Service Manager, including the project costs and the ability to obtain mortgage financing prior to Service Manager's approvals and funding.

12.2 Equity Sources

In considering your organization's equity sources, do you have cash, land, or fundraising capacity to bring to your proposed housing development? Do you have existing property with low or no mortgage that could be leveraged/refinanced into a new build? Having equity to contribute is very important in both convincing governments and potential funders that your development is viable and therefore appropriate to access government funding or other funding organizations. Having equity to contribute is also very important if trying to access mortgage financing from a bank or credit union.

Developing a Business Plan – Your business plan needs to demonstrate to government funders, potential donors, support service funders (if applicable) that all of the capital and operating funds will come together to ensure ongoing financial viability. A business plan is a "living document" and it will evolve as more details of the project become known. Sample business plan templates and requirements may be obtained through CMHC staff or the Service Manager.

12.3 Preconstruction Costs and CMHC Seed funding

One of the early tasks is to determine what resources can assist you in the preconstruction stage of your development. Many groups use CMHC Seed funding, which includes a grant and loan to assist groups with pre-development activities such as a business plan, property search and preliminary studies. The rules for Seed funding occasionally change. It is important to speak with a CMHC representative or check CMHC's website for the most up-to-date program guidelines. Currently, there is up to \$150,000 in contribution funding available and up to \$350,000 in CMHC repayable loan funding available. The [Seed funding](#) application is essentially a simplified version of the Co-investment application, which makes the process more streamlined for groups applying for both. For Seed funding, there is an expectation that there is a more detailed plan in place, including site selected, with key development team members in place before qualifying for seed funding.

12.4 Timing and Tolerating Risk

For most new housing providers, there can be many months of volunteer, staff and professional development consulting time expended before knowing with certainty that the new affordable housing development will move forward. Be prepared to spend some modest to medium amount of funds that are being spent at risk. Your organization will need to take time to discuss the amount of reasonable risk (financial and human resources) to invest in the early stages of the project.



12.5 HST Rebate

The HST rebate can be an important part of your cash flow for a development project. If you are an income tax registered charity you may recover 82% rebate of the 8% of the provincial part of the HST and 50% of the 5% federal GST from the 13% HST paid on project expenses.

If your organization has received its municipal designation from the Canada Revenue Agency (CRA), then you may recover 78% of the 8% provincial part of the HST and 100% of the 5% federal GST from the 13% HST paid on project expenses.

If your organization has both designations, then use the municipal designation to ensure a greater rebate on all expenses related to the affordable housing project.

If your organization has neither designation, then you will need to determine if you're eligible to apply for the municipal designation.

The Canada Revenue Agency (CRA) provides the following publications:

[RC4081 GST/HST Information for Non-Profit Organizations](#)

[RC4082 GST/HST Information for Charities](#)

[GI-124 Municipal Designation of Organizations Providing Rent-Geared-to-Income Housing](#)

Many non-profit organizations already receive the HST rebate for their operational costs twice per year if they qualify and are not registered for the GST. If you want to change the frequency of your rebate to monthly from quarterly, you must request this at the time of regularly filing.

Also note, there are special rules that must be adhered to when building or renovating residential housing or apartments. It is also important to speak with your accountant and consult with Canada Revenue Agency early on in your project to ensure you are filing correctly at all states of your affordable housing development.

12.6 Service Manager Funding and Cash Flow

A key source of funding for many affordable rental housing projects is paid through the Service Manager (City of London). The Service Manager has access to programs and tools that provide federal/provincial funding. It is important to check with Service Manager staff to obtain the most up-to-date and specific details on the Federal/Provincial housing programs, and timeline requirements.

If approved for Service Manager's federal/provincial program funding, be aware that no funding flows until the building permit is issued and construction starts. Based on the most recent guidelines:

- 50% of the funding will be released at construction start,
- 40% at the completion of structural framing,
- 10% after the 60-day lien period, once a development is complete.

You will need to carefully plan your cash flow to take into account this flowing of funds including discussing and planning with both your contractor as well as the financial institution you work with for construction financing.

12.7 Construction Financing

Arranging construction financing can be very challenging. New affordable housing providers typically must provide significant financial and organizational information as well as a solid business plan with details about the development and sources and timing of funding availability. Organizations may choose to go with conventional financing through a financial institution and pay market interest rates or determine eligibility for CMHC Co-investment financing/funding or the *Green Municipal Fund, Sustainable Affordable Housing* fund to obtain a lower interest rate.

Under the National Housing Strategy, low interest financing for affordable rental housing development through CMHC. The majority of non-profit and co-ops that are planning to build affordable housing should review the CMHC *Co-investment Fund – New Construction Stream* program details and talk with your CMHC representative. Private developers are also eligible to access co-investment financing.

There are program requirements specific to accessibility and energy efficiency that your architect needs to be aware of so your building can be designed accordingly from the outset. There will be additional costs to building to this higher standard, which could be offset by a modest contribution (forgivable loan) from CMHC and reduced operating costs over the long term. Loans under this program can be amortized up to 50 years.

Please note, meeting the program requirements will be time consuming and mean additional soft costs. Different layers of funding are necessary but increase the complexity of the development process.

CMHC Co-investment financing/funding will not be released to a housing provider until after construction has begun. An important point when looking at your project's cash flow.

If your organization decides to pursue conventional financing, it is a good idea to contact a number of financial institutions to request a term sheet for construction financing. There are a number of key pieces of information you will need to discuss with the financial institutions including:

- What interest rate will be charged?
- Will CMHC mortgage insurance be required in order to access the construction financing and what will the CMHC insurance fees be?
- What are the legal and administration fees charged by the financial institution?
- Will a quantity surveyor report be required and if so, are there specific firms that are used by the financial institution?
- How much equity must be invested in the project before any of the construction financing can be accessed?
- What reports and other requirements must be undertaken before the first draw of construction funds can be released?
- Are there corporate or other guarantees required before construction financing will be provided?

Consider: How will your organization provide cash flow until the first payment of Service Manager's federal/provincial affordable housing funding or Co-investment funding? This can be one of the most challenging aspects of developing new housing and your financial cash flow must be carefully planned out.

For both construction and long-term mortgage financing (sometimes referred to as take out financing) financial institutions prefer (but many don't require) that your housing development have an operating agreement/contribution agreement/municipal housing project facility agreement with a level of government.

Also keep in mind that when dealing with financial institutions that they will value the housing development at an amount that is significantly less than the cost to build and develop as you will be charging affordable, below market rents.

Note: Your business plan and pro forma (capital and operating budgets) must demonstrate to government, mortgage holders, potential donors and support service funders (if applicable) that all funding will come together to ensure ongoing financial viability.

12.8 CMHC National Housing Strategy – Financing Options

It is worth noting that over the past six years the role of the federal government in supporting the development of affordable housing has expanded significantly to include direct delivery of programs. The Federal Government's recent National Housing Strategy has also resulted in a much more active role for the federal government's Canada Mortgage and Housing Corporation (CMHC) compared to the previous 30 years.

The National Housing Strategy is a ten-year plan to:

- cut chronic homelessness by 50%
- Remove 530,000 families from housing need
- Renovate and modernize 300,000 homes
- And build 125,000 new homes.

For the purpose of this guide, two of the National Housing Strategy programs to create housing supply are highlighted below:

12.8.1 National Housing Co-investment Fund – New Construction Stream

Proponents of new affordable housing will need to apply directly to CMHC for both co-investment and rental construction financing.

The program provides low-cost loans and modest capital contributions for building new affordable shelters, transitional and supportive housing. The focus of this fund is to develop socially inclusive rental housing with above Building Code energy efficiency and accessibility requirements.

This program is geared to organizations that want to achieve a higher level of affordability, energy efficiency and accessibility and will be offering affordable or supportive housing for National Housing Strategy priority groups.

12.8.2 Rental Construction Financing

Between 2017 and 2027 (but currently under review), this program will provide low-cost loans encouraging the construction of sustainable rental apartments where the need is clearly demonstrated. Eligible not-for-profit and private sector proponents can apply for this financing, which has less stringent affordability, energy efficiency and accessibility targets than the Co-investment program.

For more information on programs and eligibility requirements for increasing housing supply or modernizing existing housing it is recommended you review CMHC's [NHS](#) website.



13.0 Construction Phase

Site plan approval and the issuance of a building permit signals the start of construction and is a significant milestone achieved. This is an ideal time to review the construction schedule and your cash flow for the project to ensure your organization has a backup plan for making payments to the contractor if these do not coincide with government funding source installments throughout the rest of construction.

Depending on the size of your project and the time of year construction starts, you can expect an average construction period of 10 to 18 months. During the course of construction, your project team will meet with the Contractor, typically every two weeks, to review progress of the construction and resolve any emerging issues. During construction there will be monthly draw requests to pay the contractor and you will need to start the review process of those draw requests (which would include the quantity surveyor review as well as the financial institution review).

During construction, it is not unusual for project teams to encounter challenges. These could be relatively minor in nature to issues such as delays, discrepancies in drawings, unforeseen problems upon breaking ground, e.g., poor soil conditions. Good project teams expect to encounter challenges and will solve problems quickly and effectively, relying on the expertise within the team. As the building is finished – substantial performance or substantial completion are the terms used. At this point, the contractor will post a notice in the Daily Commercial News (a private sector news journal) informing sub-trades that they have 60 days left to file any notice of lien for non-payment of work. Assuming there are no issues after the 60 days, the final 10% (referred to as “holdback”) of the contractor’s invoices are due to be paid.

With the completion of the 60-day lien period, you will also work to have your construction financing rolled into a permanent mortgage. Most non-profit providers will want to lock in their mortgage for a longer term (minimum five years, but often ten years or longer) in order to give certainty that mortgage payments will be fixed for many years.

14.0 Rent Up, Property Management and Long-term Operations

Once construction is underway, you will begin to prepare for management and operations of the new units.

14.1 Property Management

As noted in **Section 6.0**, as part of your organization's discussion about readiness and capacity you discussed which roles you would take on such as: developer, support service provider, landlord, and property manager. Based on those discussions, your organization may have decided to assume the role of managing the property by hiring staff directly or instead, to contract with a property management firm.

If you plan to hire a property management firm, it is suggested you conduct a proposal call for firms experienced in affordable housing property management. Through this process, make clear what services you are requiring such as but not limited to leasing, *Residential Tenancies Act* and Landlord Tenant Board requirements, *Co-operative Corporations Act* and co-op by-laws, emergency services and coordinating maintenance contracts. Anticipate fees, which are 5-6% of rents. Fees will likely be higher in a smaller building or if rents are significantly below market rents.



14.2 Rent up

In many communities, there will be significant awareness that new affordable housing is being created and the owner/operator may create a waiting list for initial and ongoing occupancy. Or if you are an existing housing owner/operator, you may already have a waiting list for people needing new affordable housing.

It is important, however, for you to be aware of the requirements for renting out new housing units if your new development has received government funding. It is important to take the time to fully understand the tenant rent up requirements attached to various governmental financial assistance programs.

It is very important that you have your new development fully rented up by the time of occupancy as your financial plan is likely dependent on receiving full rent at the time of occupancy (with some exceptions). It is appropriate to start advertising/creating a waiting list for new tenants about six months before the anticipated completion date.

Completing construction and being ready for occupancy is a milestone that requires some precision. Your new tenants will need to give notice where they are currently living (typically 60 days) and expect to move in on the agreed upon date. Once tenants give notice, if the new apartments are not ready your organization is responsible for the cost of a short-term stay elsewhere. You will need to work closely with your contractor, allowing enough time after construction is complete for the necessary municipal inspections and approvals to take place before the new tenants move in.



Some helpful best practices at least six months prior to and during rent-up include but are not limited to:

- preparation of the final operating budget at least six months prior to occupancy;
- arranging staffing and pre-management services;
- advertising signage, public notices, marketing information and brochure material related to the project, location and community features such as schools, shopping, related services and transit;
- sample unit plans and/or an on-site vacant unit with access for persons with and without accessibility requirements for viewing by initial prospective tenants;
- final market rents or monthly occupancy charges (with or without utilities included) per unit size at waiting list and leasing stages, and based on eligibility if receiving federal/provincial affordable housing program funding;
- maximum income ranges for eligibility per unit size if receiving federal/provincial affordable housing program funding;
- a residential property management and other database that administers data components such as waiting list information, tenant/member information per unit, rent collection and arrears, financial management for operating and capital reserve budgeting and expenses, property management functions such as leases and notices, unit maintenance, list of maintenance contracts and contractors, payables, tenant/ member complaints and social issues, etc.;
- preparation of leases/occupancy agreements and related forms and letters;
- tenant/ member orientation information or move-in package via policies, handbooks and information on rights, rules and responsibilities
- unit and mailbox keys from contractor;
- unit number listing from the contractor, identified by unit sizes, floor, etc.;
- if support services are being provided to eligible tenants / members:
 - finalize agreement or memorandum of understanding between the Housing Provider and the Service Provider that is providing the support or other services,
 - coordinate the rent-up responsibilities with the Service Provider for any designated units pending the arrangement;
- identification of any reporting and forms to the Service Manager if receiving IAH assistance;
- communication protocols for special events and media information if receiving IAH assistance.

Check with your Service Manager for information on local standards, guidelines, sample documents and options.

14.3 Long-Term Operations

Once you have reached this stage, most Housing Providers prepare to shift gears towards the next phase of the affordable housing project. Celebrate as you have reached a major milestone in your countless efforts to build the housing project for tenants/ members in need, as well as contributed to broad goals such as economic stimulation, improved energy efficiency, and essential new rental housing in your community.

If you are participating in an affordable rental housing program such as OPHI or CMHC Co-investment, there are requirements for the next minimum 20 years of operations with the affordable rental housing project. It is important to review the *Service Manager Contribution* agreement or CMHC loan agreement for specific Housing Provider responsibilities with regard to the capital funding loan, annual reporting, audits, risk management, energy efficiency and accessibility requirements, communication, protocols, and other requirements.

Key considerations for long-term operations include but are not limited to:

- Operating housing:
 - Resident Management, including application and selection process, management policies and procedures,
 - Community relations with the residents, meaning activities or events to build a sense of community for the residents as a whole, such as BBQ, community garden, bringing in external supports, etc.,
 - Administration, including legislative compliance and legal responsibilities, records management, insurance requirements, and rental unit marketing and leases, contracts for services or staffing, decisions, policies and procedures, database and data systems,
 - Rent calculations and annual reviews,
 - Rent collection and arrears
 - Best practices, including purchasing, risk management, one year and five-year plans, performance, industry standards for multi-residential units and buildings, quality of service to residents,
 - Financial Management, such as: financial administration, resident rent revenues, operating budgets, capital budgets and five-year plans, regular review of budget to actual variances, managing surpluses and deficits, replacement reserve funds and investments, financial statements, tax guides, mortgage renewals every term, refinancing, etc.,
 - Forms and templates, leases and notices
 - Audited financial statements,
 - Taxation requirements,
 - Security, safety and emergency preparedness, including fire plans with local fire departments, security systems and monitoring, emergency planning,



- Maintenance of units and building, such as: maintenance schedules and standing contracts, list of general, plumbing and electrical contractors, unit inspections, move-in/move-out inspections and procedures, maintenance requests by residents, timely repairs to maintain building in good condition, systems management and monitoring such as heating, plumbing, mechanical, fire and security, preventative maintenance guidelines, cleaning, etc.
- Capital repairs and lifecycle replacements, such as: inspections of units - common spaces - building and property on a regular basis, building condition audits every five years, contracting with consultants and architects and other firms for design and completion of capital projects, planning for health and safety as well as building and property lifecycle components for repairs and replacements, tendering and best practices for purchasing, regular monitoring and review and update of 5 year capital plan,
- Owner responsibilities to direct and govern the housing project, such as: non-profit board orientation, recruitment and Human Resources responsibilities, decision and policy making, enhancing your reputation and goodwill in the community by engaging community partners, improve staff retention and morale, undertake legal responsibilities, reduce risk, generate revenue, manage housing portfolio effectively and efficiently, compare performance to recognized standards, establish a business plan with priorities and improvements, financial management oversight.

15.0 Supportive Housing

15.1 What is Supportive Housing?

Supportive housing is an umbrella term that includes many different models of housing with support services that enables a person to live in the community with dignity and quality of life. Supportive housing brings together three components: a housing unit, a rent subsidy, and support services of an intensity geared to an individual's needs. In terms of types of models, it can mean:

- An apartment building owned and operated by a non-profit support service provider where all the residents are eligible for support services,
- A cluster of units in a building with on-site support services, which may involve a partnership between a non-profit housing provider and a support service organization, or
- scattered units in private apartments with visiting support services.

A general philosophy of the community-based supportive housing sector is to provide a non-medical approach to service delivery that is tenant directed and offers the person choice, as much as possible, for an apartment, neighbourhood, and the level of support services offered. Many support service providers also include social activities and representation on the Board of Directors to promote participation in decision-making and social inclusion. Importantly, the sector has demonstrated that providing community-based housing with supports has better health outcomes and is significantly less costly than institutional responses to housing and homelessness.

15.2 New Development of Supportive Affordable Rental Housing

If you are a support service organization wanting to develop affordable housing, there are some considerations that are outlined in **Section 4.0**. Specifically, these relate to the target group you want to provide housing for and the role(s) your organization wants to assume once the housing is built. It is important to consider the pros and cons of being both the landlord and support service provider and whether you will delink these roles.

Again, talking with Service Manager staff is an important first step in helping your organization refine your goals for developing supportive housing. The Service Manager may offer: links to partners, innovative options to achieve your goal, information about funding.

To build supportive rental housing, requires your organization review all the development steps outlined in this guide. Additional considerations (not an exhaustive list) are:

- Have we researched/visited supportive housing buildings to determine what model best aligns with our organization's supportive housing concept?
- Do we have formal partnerships in place to offer tenants visiting support services?
- Will there be on-site staff? If so, how will our organization cover these costs? Is this shown in the operating budget?
- Do we have access to rent subsidies to offer a deeper level of affordability to tenants?
- Will we build small self-contained units with more shared amenity space or standard size apartments.
- Do we have fundraising capacity to help us achieve our organization's supportive housing goals?

Note: The capital cost of community room/kitchen, universal washroom and office space, which are essential features of most supportive housing developments, may need to be fundraised for as they typically aren't covered by Service Manager federal/provincial affordable program funding that is based on per unit costs.

Note: Capital funding for new affordable rental construction and support service funding typically come from different provincial ministries; therefore, if you're proposing new support service funding with a new capital build it's essential that discussions with your Service Manager and Ministry of Children Community and Social Services or Ontario Ministry of Health and Long-term care provincial representatives happen early on to determine the viability of your project, and that a letter of intent be obtained from the support service funder prior to the final approval by the Service Manager for funding.

16.0 Resources

16.1 Articles and Resource Guides

Canada-Ontario Community Housing Initiative (COCHI) & Ontario Priorities Housing Initiative (OPHI): Program Guidelines

https://www.msdsb.net/images/ADMIN/correspondence/2019/MMAH_COCHI_OPHI_Guidelines_En.pdf

Federation of Canadian Municipalities. (FCM). (2009) Housing in My Backyard: A Municipal Guide for Responding to NIMBY.

https://data.fcm.ca/documents/tools/ACT/Housing_In_My_Backyard_A_Municipal_Guide_For_Responding_To_NIMBY_EN.pdf

Ministry of Attorney General. (May 2018). Not-For-Profit Incorporator's Handbook.

https://www.attorneygeneral.jus.gov.on.ca/english/family/pgt/nfpinc/Not_for_Profit_Incorporators_Handbook_EN.html

AMHO, CMHA and Wellesley Institute. (May 2018). Promising Practices in Supportive Housing Resource Guide.

<https://www.wellesleyinstitute.com/wp-content/uploads/2018/04/Promising-Practices-in-Supportive-Housing-Resource-Guide.pdf>

16.2 Websites

Canada Mortgage and Housing Corporation—Universal Design

<https://www.cmhc-schl.gc.ca/en/developing-and-renovating/accessible-adaptable-housing/universal-design-in-new-housing>

Canadian Co-operative Investment Fund

<https://ccif.coop/>

Canadian Housing and Renewal Association

<https://chra-achru.ca>

Co-operative Housing Federation of Canada

<https://chfcanada.coop>

Community Forward Fund

<https://communityforwardfund.ca/>

Crime Prevention Through Environmental Design Ontario

<https://www.cptedontario.com/>

Federation of Canadian Municipalities, Green Municipal Fund—Sustainable Affordable Housing

<https://fcm.ca/en/programs/green-municipal-fund/sustainable-affordable-housing>

HPC Housing Investment Corporation
<https://www.housinginvestment.ca>

Housing Services Corporation
<https://www.hscorp.ca>

Infrastructure Ontario
<https://www.infrastructureontario.ca>

Ministry of Municipal Affairs and Housing – Affordable Housing in Ontario
<https://www.ontario.ca/page/affordable-housing-ontario>

New Market Funds
<https://newmarketfunds.ca/>

Ontario Non-Profit Housing Association
<http://www.onpha.on.ca>

Ontario Human Rights Commission
<http://www.ohrc.on.ca/en>

Ontario Municipal Social Services Association –
see Housing and Homelessness Plans
<https://www.omssa.com/>