

Social Purpose Real Estate 101 Series

Glossary

- **Affordable Housing:** In Canada, this typically refers to housing that costs less than 30% of before-tax household income, however, provinces and municipalities use varied definitions of affordability for new developments with the most common being Average Market Rent (AMR) or Rent Geared to Income (RGI).
- **Acquisition:** the process of gaining ownership or legal access to a property or parcel within a building through with purchasing or leasing.
- **As-of-Right:** the situation in which someone can develop their property without obtaining permission from the municipality because the proposal conforms to planning regulations.
- **Average Market Rent (AMR):** used to define affordable housing, typically setting the cost to rent an affordable housing unit at 80% or 100% of the average rent on the market.
- **Capital Budget:** a long-term plan that evaluates the financial demands of a development or investment. Unlike an operational budget that compares revenue and expenses, a capital budget analyzes the longer term profitability of a project.
- **Contingency:** a future event with the potential to negatively impact a project
- **Creative Mixed-Use:** buildings that bring together public and private partners to deliver social benefits, such as a community centre integrated into a condominium project.
- **Debt Capacity:** the total amount of debt that an organization can take on, based on their ability to repay the loan in the perception of lenders.
- **Equity:** a property's current market value minus any amounts owed to lenders; the equity of a property fluctuates over time as payments are made on the mortgage and the housing market shifts.
- **Hard Costs:** in a development project, costs directly related to construction including material and labour costs.
- **Impact Investing:** also known as social finance, an approach to managing investments that leverages private capital to achieve social and environmental goals in addition to traditional profit-making.

- **Legacy Property:** a building or land that has been in the possession of an organization for generations which can be redeveloped to expand their services.
- **Massing:** the shape, size, and overall configuration of a building within its context; a 3D massing model is necessary at the feasibility stage of development for the calculation of floor space and unit counts, shadow studies, and understanding other development logistics
- **Mixed-Use:** the inclusion of more than one use or purpose in a single building or development site, most commonly exemplified as housing on top of ground floor retail
- **Net Operating Income (NOI):** a formula used in real estate to quickly calculate the profitability of a particular investment, it is determined by subtracting the projected operating expenses from projected revenues.
- **Official Plan:** a long-term policy document that guides the development of a city. If development proposals do not conform to the Official Plan then an amendment to the plan is required.
- **Operating Budget:** the total cost to operate a development.
- **Pro Forma:** a tool for calculating financial results using certain projections or presumptions of future expenses and revenues.
- **Rent Geared to Income (RGI):** used to define affordable housing, rent reflects a percentage of an individual or households's annual income.
- **Return on Investment (ROI):** the monetary value of an investment versus its cost; calculated by dividing the profit earned in an investment by the cost of investment.
- **Sensitivities:** key inputs or assumptions, such as revenue or construction costs, used to model variations in the rate of return on an investment property when conducting a sensitivity analysis.
- **Setback:** the required separation between a building and the property line which impacts the width, length, and ultimately the size of the building overall.
- **Social Finance:** also known as impact investing, an approach to managing investments that leverages private capital to achieve social and environmental goals in addition to traditional profit-making.

- **Social Purpose Real Estate (SPRE):** property owned and/or operated by mission-driven organizations for the purpose of community benefits.
- **Soft Costs:** in a development project, costs that fall outside of hard costs including permits, consultant fees, architectural design, and administration.
- **Zoning:** the process of separating the land of a city or town into zones reserved for specific uses, such as residential, commercial, or open space.