

# 2023/2024 Roadmap Connect Webinar Series

## Key Takeaways, Webinars 1-6



### 1: Building and Sustaining Board Buy-In

In this webinar, speakers discuss how to build board buy-in for affordable housing development. This includes ensuring board support can be sustained throughout the lifecycle of ideation to construction, and that the development is clearly connected with meeting the needs of their community members. **Guest speakers:** Joanna Rodrigues (CivicAction); Diane Walter (Margaret's Housing and Community Support Services).

#### Key Qualities for Engaging Board Members in Housing Development

- Engage board members in practical conversations outside of meetings to maintain excitement and buy-in.
- Recruit board members with passion for the mission, active listening, and empathy, rather than just hard skills.
- Ensure board members have the time to commit to the mission and understand the issues at hand.
- Seek diversity of perspectives among board members to effectively work through problems and bring solutions forward.

#### Building Board Buy-in for Racialized Nonprofits in Affordable Housing Development

- Importance of board members' presence in community meetings to gain support for development projects.
- Advice for racialized leaders: prioritize self-care and have a strong support system
- Center decisions around the mission and have open, respectful conversations
- Strong leadership is needed to address conflicts and engage with differing opinions
- Need for effective collaboration between staff, leadership, and board for mission-centered decision making

#### The Importance of Term Limits and Board Member Involvement

- Term limits are important for board members to bring in new ideas and perspectives.
- Clear delineation of board member roles is crucial to avoid overstepping and frustration.
- Board's role is to provide support and governance, not tasking staff with work.



### Resources

- [Epic Leadership](#)

## 2: Development Finance in 2023

How are affordable housing projects funded, and how is this funding different from other forms of real estate? This session outlines how to engage with organizations and systems that can provide funding for pre-development phase (i.e. the planning phase) and implementation phases of development, reviewing the costs associated with each phase of development, and the art of 'capital stacking' and financial planning in pursuit of developing affordable housing with sustainable maintenance and operations. **Guest speaker:** Tristina Sinopoli, (SHS Consulting)

### Understanding Proforma and Capital and Operating Budgeting for Construction Projects

- Pro forma provides a high-level overview of projected costs for a real estate development project.
- The capital budget and operating budget are key aspects of the development pro forma.
- Operating budget determines the long-term sustainability of a project based on future incomes and expenses.
- Typical costs and inputs for a capital budget, including soft costs like design and professional fees, site studies, and hard costs like construction and land.
- The process of building certainty in project costs through contracts, quotations, benchmarking, and construction tender prices is iterative.

### Funding for Affordable Housing Development

- Net operating income (NOI) helps determine the size of the mortgage the project can support.
- Debt coverage ratio and different lender requirements affect the mortgage amount a project can sustain.
- Various funding sources and options are available to fill the financial gap for affordable housing projects such as with CMHC or various subsidy programs from Ministries.

### Financing Options for Real Estate Development Projects

- Card contribution for free reduces capital cost of the project.
- Various lenders provide lines of credit for pre-development work, construction, and term financing.
- Nonprofit organizations can use equity contributions and dispose of existing sites to capitalize development funds.



## 3: How Being on a Board Transforms & Propels Careers

This session explored inspirational stories highlighting the positive experiences and significant impacts of real estate professionals who have served on non-profit boards led by racialized individuals. These stories showcase the joy and fulfillment these professionals have found through their contributions to these boards, as well as the far-reaching positive effects on affordable housing initiatives and communities. **Guest speaker:** Salima Rawji (York University Development Corporation); Michael Brooks (REALPAC).

### The Role of Real Estate in Nonprofit Organizations and Board Membership

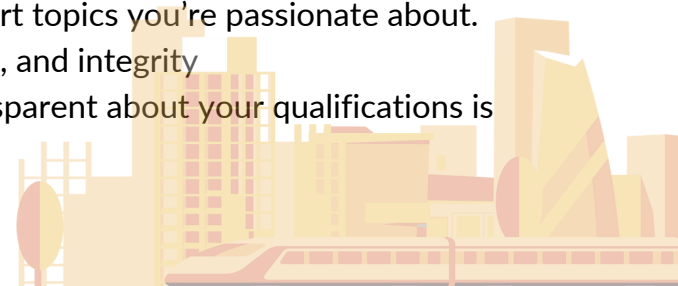
- Real estate is a crucial part of every organization, including nonprofits, so there is always value in having someone with real estate experience with board leadership.
- Board members need to find their role and commit to adding value to the organization.
- Considerations for board membership include time, energy, and ability to add value.

### The Value of Service and Learning from Diverse Perspectives

- Board membership involves managing multiple committees, adding to the workload.
- Committees allow for open conversation, brainstorming, and more detailed discussions.
- Serving on a board provides opportunities for personal and professional growth, including developing soft skills and gaining diverse perspectives.
- Community service outside of work builds confidence and professional value.
- Learning from diverse leaders on boards enhances professional growth.

### Strategic Approach to Joining Nonprofit Boards for Affordable Housing Development

- Research and approach not-for-profit housing providers in the area to offer your assistance to.
- Consider up-skilling through online resources and networking on LinkedIn to find board positions.
- Joining a board's advisory committee can provide benefits and opportunities for engagement with an organization without the full commitment of being on a board.
- There are risks to joining a board, such as toxic board culture or dysfunctional organizations, and it's important to be selective and join board's that support topics you're passionate about.
- Qualifications for joining a board include soft skills, trust, and integrity
- Understanding the board's requirements and being transparent about your qualifications is important.



## Resources

- [Institute of Corporate Directors](#)
- [Community Housing Transformation Centre](#)
- [Canadian Housing and Renewal Association](#)
- [Kiwaniis Homes](#)
- CivicAction  
<https://leadership.civicaaction.ca/civimatch/> +  
<https://leadership.civicaaction.ca/boardshift/>

# Session 4 - Critically Assessing Risks: Optimizing Timelines and Project Costs in Non-Profit-Driven Affordable Housing Development

In this webinar, speakers address and disentangle risks in timelines and delays in the development process, associated costs, indicators to look out for, and mitigation strategies.

**Guest Speakers:** Tim Welch (Tim Welch Consulting), Tristina Sinopoli (SHS Consulting), Greg Gilbert (Fitzrovia)

**Key costs at each stage of real estate development, and how to prepare for them:**

## Feasibility stage

- **Costs:** Feasibility study and business plan.
- **Preparation:** Set up invoice tracking; be clear about goals; set up a governance structure, BOD, who is responsible for making key decisions and conveying them.

## Development stage:

- **Costs:** Site studies, design, materials required for planning approvals, legal fees for contracts, consultant fees
- **Preparation:** Build contingency into budgets (even for soft costs), constantly monitor budget and schedules, set clear go/no go frameworks, understand planning approval process effects on timelines, plan for cash flow needs (often in affordable housing funding sources flow at the start of construction), getting proper cost estimates.

## Construction stage

- **Costs:** remaining soft costs (i.e. design fees), hard costs (demo, site preparation, materials, etc.), and costs for operational set-up.
- **Preparation:** final budget should meet funders' expectations, require fixed price contracts, allow ample time for pre-qualification and tendering of the builder, build contingency into the final budget (5% contingency for hard costs), and plan for costs of operational set-up.



## Challenges & risks to building affordable housing

- **Accessing land.** It can take 4-5 years between concept planning and occupancy, if not more.
- **Interest rates.** In the last few years interest rates and construction costs have increased.
- **Staff turnover & capacity.** For non-profits, there might be a lack of staff resources.
- **Lengthy processes.** Development timelines are long, and delays common.
- **Access to funding.** Typically a project should already be in the advanced stages of development to receive significant government funding.

## Addressing ongoing challenges & mitigating risks:

- **Set clear goals** for the organization to focus its energy.
- **Consider** options to partner with higher capacity or existing affordable housing providers who have the resources to build the affordable housing component of a project.
- **Intensify** an existing site instead of starting from nothing.
- **“Lasagna funding”:** Layer (or “stack”) sources of funding. Few projects rely on only one source of funding.
- **Look for examples of success.** When dealing with boards that are not sure about the project, bringing local examples of other similar initiatives is a good starting point.
- **Be realistic** about funding, enthusiasm on its own is not enough for projects to be realized.



# Session 5 -Building Your Team: How to structure an affordable housing project

This webinar introduces a discussion on how to recruit, retain and build capacity on your board to take on ambitious long-term projects. **Guest speakers:** Mwarigha (Woodgreen), Amina Yassin Omar (Learning Enrichment Foundation)

## Understanding the board's perspective

- The board has good reason to be risk-averse, if a development goes wrong they are financially liable for it.
- Real estate development is not often the focus of community-based non-profits, and regular streams of funding are not allocated for that. The board needs to understand how development can help them achieve the organization's goals.
- Affordable housing will not bring much in the way of financial returns, so it is important to highlight how it will benefit the community served.
- Outlining contingency plans in case the development runs into complications is important to increase confidence among board members.

## Engaging with the Board

- Initial studies of financial feasibility (pro forma) will make it clear to the board what are all the money streams that can be leveraged for a project.
- Cultivating a collaborative process with the board brings confidence and can help make innovative solutions more feasible.
- Not everyone on the board is a specialist in real estate development. Organizing a committee of specialists who can run the project and clearly communicate with the board is important.
- Organizing regular progress meetings with the board and being clear about why or why not decisions were made raises confidence in the project and the team's capacity, which can help future projects.

## Challenges to keep in mind when building board confidence and capacity

- Government grants have been decreasing, and all levels of government have shifted to facilitating loans, increasing costs for non-profits.
- It is possible to be creative with partnerships (i.e. work with private developers) to address capacity gaps.
- It is important to have in place procedures that account for staff/board member turnover. Document conversations and decision-making processes to inform ongoing project development, providing context for new members as to how the project has developed.



# Session 6 - Innovative Financial Approaches for Non-Profit-Driven Affordable Housing

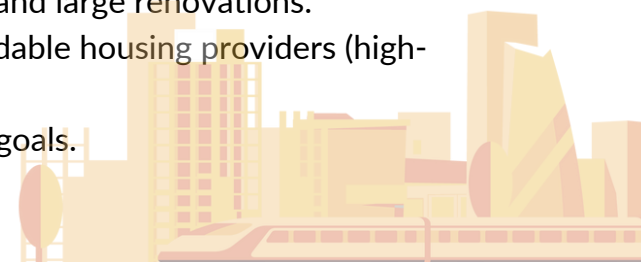
This session aims to shed light on innovative financial approaches that non-profits can employ to generate revenue while fostering social impact, ensuring long-term project and organizational sustainability. **Guest speakers:** Suzanne Faisa (Tapestry Community Capital), Carley Bridgeland (Vancity Community Investment Bank)

## Community Bonds (Tapestry Community Capital)

- Community bonds are, simply put, loans from community members to a community organization. By issuing community bonds, a social purpose organization is borrowing money from its supporters for a specific time, with a specific rate of return (i.e. %500, for 3 years, at a 3.5% return rate).
- Community bonds are issued in order to finance community-oriented projects.
- As opposed to typical bonds, they are private, meaning not publicly traded in the stock market, meaning they have fewer administrative requirements.
- They are flexible (organizations can define terms), and more community members can be involved with lower lending amounts.
- Best suited to raise \$1-10 million and faster than regular donation campaigns.
- Community bonds should be used for funding capital assets and equipment since they are secured against these assets.
- Community bonds are often registered as the second charge, meaning they are paid only after CMHC or banking financing.
- Organizations should consult with big lenders first before issuing community bonds.
- Organizations should assess if a community bond is financially suitable for them through business models and financial modelling.
- Community bonds can, and should, be combined with other forms of financing.

## Community Bank (Vancity Community Investment Bank)

- The only bank in Canada that works exclusively with social-purpose organizations
- Most used forms of financing options for affordable housing providers are:
  - Term financing: geared towards acquisitions and mortgage refinancing
  - Real estate secured line of credit: geared for loosely defined programs (i.e. repairs, maintenance costs)
  - Construction financing: geared towards new constructions and large renovations.
- The bank also offers investment solutions suitable for affordable housing providers (high-interest savings; GICs)
- Works with organizations to find solutions tailored to their goals.



### Things to keep in mind when venturing into social-purpose real estate investment:

- Historically, communities of colour have been engaging in community financing to counter the disinvestment in their neighbourhoods.
- Collaboration is key. Partnerships with multiple actors (i.e. private developers or government funders) can go a long way.
- When organizations are new to real estate development there is a big learning curve and capacity building. Education about the ins and outs of how to develop is necessary.
- It is important to educate the board to ensure that they have trust in the investment.
- Some level of entrepreneurship is necessary.



### Resources

- [Ontario Non-Profit Housing Association](#)
- [CHF](#)
- [CMHC](#)
- [Canadian Network of Community Land Trusts](#)