

Building **Partnerships** 2018,
The 6th Annual MNPHA conference

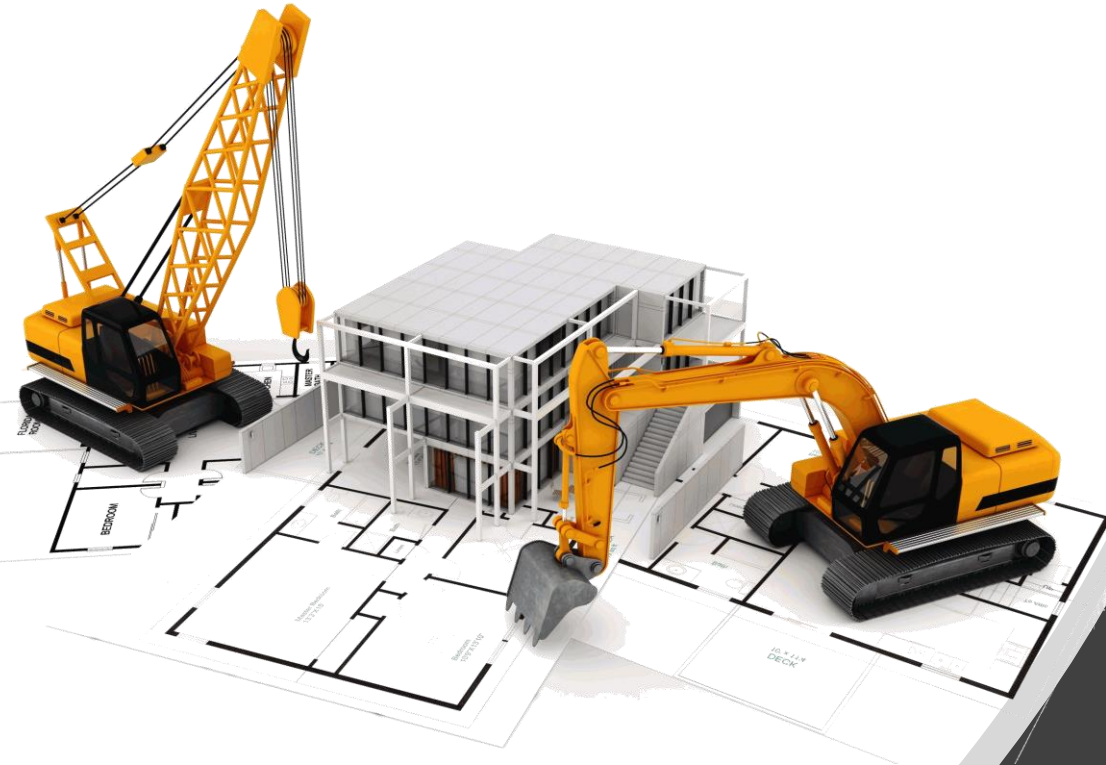
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SO YOU WANT TO BUILD AFFORDABLE HOUSING

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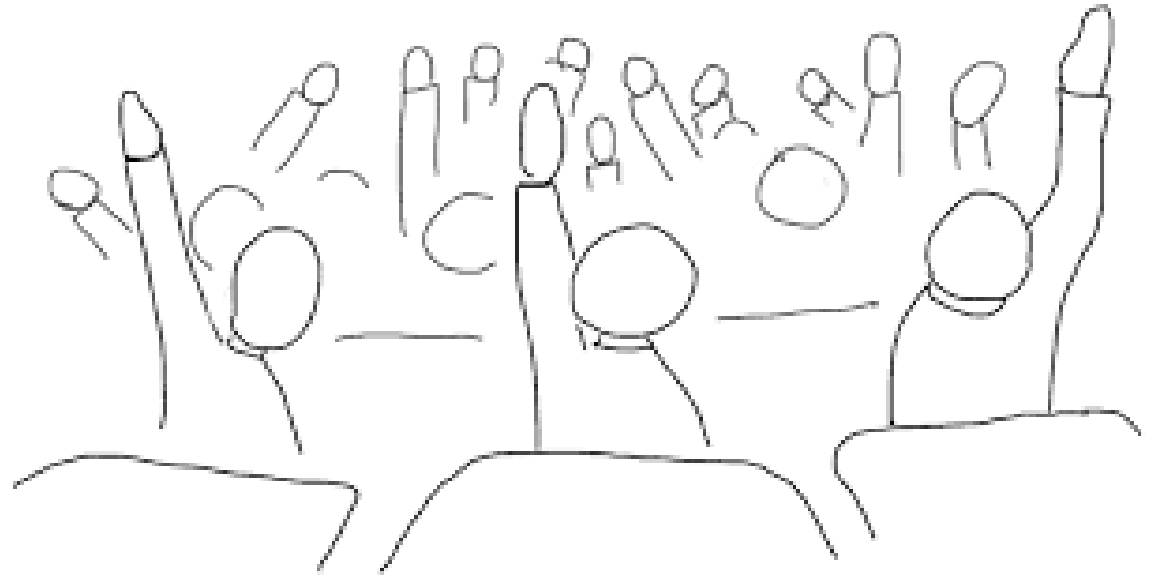


Building **Partnerships**
2018
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SO YOU WANT TO BUILD AFFORDABLE HOUSING

Getting to Know You

- Who has been involved in land acquisition?
- Who has written a project proposal?
- Who has put together a project proforma?
- Who has staff in their organization specifically dedicated to development/capital projects
- Who has completed a capital project? i.e. major renovation or new build
- Are there any Architects or Contractors in the room?



Agenda

- Who We Are - WHRC
- Who We Are – UWCRC/UWCRC 2.0
- Risk
- Timelines/Project Schedule
- Idea/Concept
- Financing & Funding
- Team Formation & Roles
- Construction Contracts
- Close-out/Property Management
- Sample Projects



Who We Are - WHRC

- Founded in the late 1970's to develop and manage affordable housing.
- Property Management/Licensed Property Management Broker.
 - 1300 housing units with assets valued at \$240 million.
- Tenant Resource Coordination/Project Glow
- Real estate development focused on community housing goals and addressing affordable housing need.



What we Develop

- Extensive experience developing affordable residential housing from pre-development/assessment phases to construction completion/close-out and rent-up.
- Projects range in scale between \$40k to \$26M
- Since 2000 developed over 275 affordable housing units, leveraged approximately \$40 million of funding creating over \$52 million of investment in Winnipeg's communities.
- Development Consulting and Project Management Services since 2012: Construction/renovation of 102 affordable housing units worth \$18M
- WHRC has received national recognition and awards for sustainability, accessibility, and best practices in affordable housing.



Who We Are - UWCRC/UWCRC 2.0

- Award winning not-for-profit development corporation with over ten years' experience in values-driven planning
- Guided by a four-pillared concept of sustainability:
 - environmental • social • economic • cultural
- Property management services
- First Nations' business analysis and development
- Social enterprise development, ownership and management
- Real Estate Development

**\$250
million in
development
projects**



What We Build

Education, Housing, Recreation, Retail, Food Services, Fine Arts

How We Do It

- Conventional commercial bank and insurance company loans (1-40 year terms)
- government operating and capital contributions for post-secondary and affordable housing (e.g. CMHC mortgage insurance, Rental Housing Construction Tax Credit, Tax Increment Financing, Knowledge Infrastructure Fund, etc.)
- corporate and private donations, sponsorships and impact investments
- commercial and residential rents and business revenues
- PowerSmart and other grants for environmentally sustainable design





Risk

Risk Management In Development:

- Identification, analysis, control measures and mitigation strategies
- Minimize impact on the project and keep project on track



Risk Management – Affordable Housing

Volunteer Non-Profit	Development	Construction	Property Management
Sense of need without supporting data	Changes from the Owner/Owner Group	Poor record of schedule & cost management	Poor quality build
Volunteer resources, capacity & burn-out	Funding, financing, rate risk, finance agreements	High levels of disputes and litigation	Tenant literacy
Threat to mission or mandate	Unforeseen site conditions	Intense competition for work	Operations and Maintenance
Lack of knowledge	Low-bid: designer/builder	Low margins and profit risk.	Agreement framework
Lack of experience and change of plans/change of personnel	Contingency	Poor safety and occupational health record	Ownership structure
Operations & maintenance	Design to budget	Pressure to save time and money	Vacancy rate



Timelines/Project Schedule

Year 1	Year 2	Year 3	Year 4	Year 5
Concept	Financing Confirmed	Construction	Construction complete	Construction Warranty
Land & appraisal	AHJ approval: zoning, subdivision	Capital accounting	Deficiencies	Tenant Living
Pro Forma & market study	Design Development	Project Management	Property Management	
Funding Financing	IDP Contract Documents	Report to funders	Lease Up	
Team formation	Partners, grants			
Owner Project Requirements & Schematic design	Permits			



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Idea/Concept



The Housing Continuum

Source: CMHC

- Concept: in-fill, low rise, high rise?
- Financing & funding alignment: conventional mortgage, CMHC, other?
- Affordability: 100%, 50%, 10%?
- Energy Efficiency: 10% better than MNECB, 20% better, LEED, Green Globes, other?
- Accessibility: visitable, universal design, 10% of barrier free suites?
- Establishing Owners Project Requirements
- Project charter (if applicable)
- Identification of land (appropriate zoning, subdivision)



Financing and Funding

1. Context

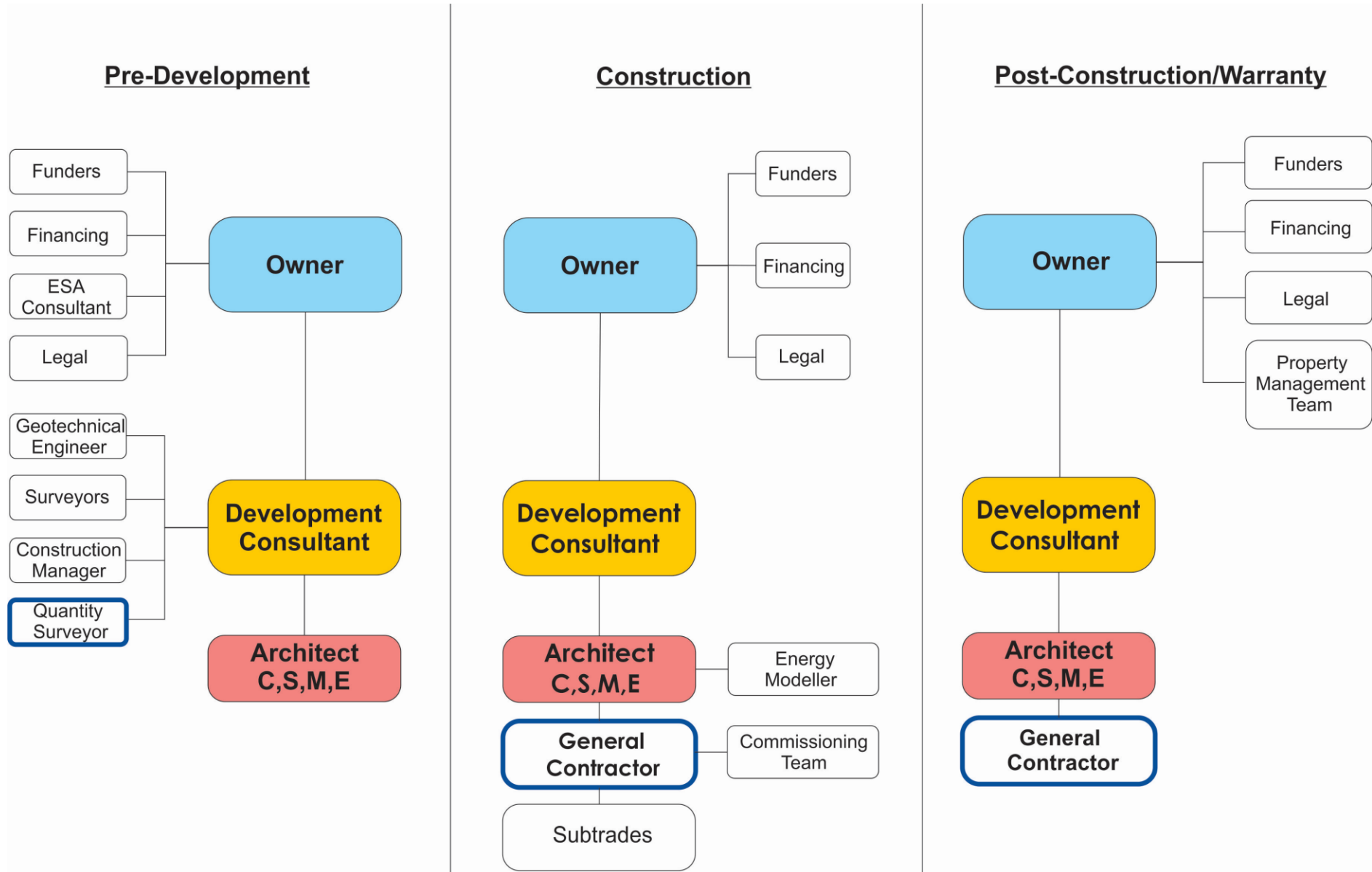
2. Scope

3. Sources

4. Integration



Team Formation & Roles



Role of the Owner

- Create, communicate and maintain consistent owners project requirements
- Enter into project funding agreements and contracts with Development Consultant, Architect, Contractor and others
- Flow project funds
- Liaison with community/stakeholders
- Coordinate media relations, marketing and fundraising
- Sole decision maker, unless delegated



Role of the Development Consultant

- Project Management
- Pre-Development – site/zoning review, development applications (rezoning etc.), design development with OPR
- Procurement – Consultants, Architect, Contractor, RFP/RFQ
- Budget – capital, operational, create, monitor and manage
- Construction – tender support, monitor and advise, manage contracts, financial reporting.



Role of the Architect

- Familiarize themselves with the project vision/requirements, preliminary studies/surveys, budgetary and program constraints.
- Design
 - Coordinate C, S, M, E sub-consultants
 - Prepare drawing sets at multiple phases (33/66/99)
- Tender support
- Construction contract administration (SI/FC/PCN/CO)
- Warranty review



RFP Processes, Evaluation Methods

Selecting your team:

- RFQ and RFP
- Establish an evaluation committee (Owner, Developer, Funders, Community, Project Stakeholders)

Request for Qualifications (RFQ):

- Used when Owner doesn't have a clearly defined scope of work for their project
- Typically public – open to all those who want to submit an interest in the project
- Short list for RFP



RFP Processes, Evaluation Methods

Request for Proposals (RFP):

- Owner to communicate clear project scope; project type, size, program summary, project budget, project schedule
- Sent to short list of qualified firms from RFQ process or
- Invitational – sent to a select number of firms to expedite overall process (be willing to work with all consultants invited)
- More detailed than RFQ – approach, schedule, fees



Evaluation Methods

- Design Competitions
- Cost-based selection
- **Quality/Qualifications based selection (QBS)**
 - Selection based on a range of criteria
 - Transparent selection process often preferred by funding agencies
 - Criteria and priorities established by evaluation committee, scoring values weighted according to project priorities.



Types of Construction Contracts

Stipulated Price (CCDC 2), Construction Management (CCDC 5B)

Stipulated Price (CCDC 2)

- Fixed Price
- Typically used in a Design, Bid, Build process
- Owner receives competitive bids
 - Can result in the lowest total construction cost due to competitive nature
- Contractor joins team after design phase
 - Can result in high number of change orders during construction
- Contractor responsible for all sub-trade contracts



Types of Construction Contracts

Construction Management (CCDC 5B)

- Collaborative process – Construction Manager (CM) joins team (through RFP) during early design phase
- CM provides pre-construction advisory services to the Owner
 - Provides input on constructability, cost control
 - Cost estimating at various stages – high level of accuracy
- CM undertakes construction (General Contractor) and is responsible for all sub-trade contracts
- Allows Owner to be part of the selection of sub-trades, bidding process is transparent
- Builds relationships, understanding and trust with the team prior to construction
- Can reduce the amount of change orders during construction due to early detection of design discrepancies



Most common approach being used by non-profit sector: CCDC 5B pre-tender, convert to CCDC 2 post tender



Close-out/Property Management



One of the most exciting and frustrating phases of a project



Construction is complete and vision is now reality



Developer/Architect are chasing the Contractor to complete deficiencies



Property management team are eager to get tenants moved in

Communication and transfer of knowledge is important for a successful transition



The “Transition”

Warranty Period

- One year following substantial completion of the project
- Maintain Development Consultant through warranty period if feasible
 - Project history knowledge
 - Gives Property Manager opportunity for knowledge transfer
- Establish clear lines of communication/process
 - One person designated to coordinate warranty and be the point of contact between the Property Management group and the Contractor.
 - Ensures issues are rectified appropriately and reduces operational costs during the first year.
- Involve Property Manager prior to completion of construction
 - Transfer knowledge – work outstanding, keys, operator training, reports, obligations, contracts, annual inspections.



Sir Paul Martin Estates

Sir Paul Martin Estates was constructed as a 92 unit intergenerational project with 47 senior and 45 family suites.

It is the first building of its kind in Manitoba where affordable housing for both seniors and families was constructed in one facility connected by common amenity space.

Accessibility was incorporated throughout the entire building and grounds providing a model where families can live close to an aging parent or someone in need of care, and provides an opportunity for the residents to “age in place”.



Sir Paul Martin Estates

Owner:	WHRC
Proponent Role:	Developer/Property Manager
Project Cost	\$25.4M
Project Funding	Manitoba Housing/City of Winnipeg/Equity Contribution
Architect	Ray Wan Architects
Contractor	Concord Projects Ltd.
Size	4 & 6 Storeys - 110,645 sf
Timeline 2010-2016	Research, Proposals etc. -1 yr
	Land Acquisition – 1 yr
	Rezoning from M1 to RMU – 1 yr
	Design/Funding – 2 yrs
	Construction – 2 yrs Nov. 2014 – Oct 2016



Downtown Commons

New mixed-income residential development at one of Winnipeg's most iconic locations at Portage Avenue and Memorial Boulevard.

Opened: Sept 2016

Features:

- 102 self-contained one, two, and three bedroom premium, market and affordable apartments, with 3 fully accessible suites
- 31 affordable units for UWinnipeg students and families
- 15 affordable units for immigrant student families moving from transitional housing and attending other educational institutions or programs





Downtown Commons

Owner:	UWCRC
Proponent Role:	Developer / Project Manager/ Property Manager
Architect:	LM Architectural Group
Size:	14 storeys; 112,000 sq. ft.
Budget:	\$31 million
Financing:	
\$26.5 million	RBC Insurance Mortgage
\$2.5 million	City/Province TIF grants
\$1.2 million	RCH tax credit
\$0.5 million	Equity (including land)
\$0.25 million	PowerSmart Grant



Thank you!
&
Questions?