

# NON-PROFIT DEVELOPMENT FAQs

## WHAT ARE 'HARD COSTS' AND 'SOFT COSTS'?

"Hard cost" is a term used for the square foot construction costs. Hard costs include all labour, materials and subtrades such as electrical, mechanical, etc., to build your project to an occupancy-ready state. Soft costs are development costs required to get a project construction-ready. Examples of soft costs includes site due diligence, design development (including the architect and subconsultants), demolition of an existing building, etc.

## HOW MUCH WILL MY PROJECT COST?

Construction costs will vary region to region and are dependent on a number of variables including: lot zoning, size & shape; parking requirements (surface or underground), concrete structure vs. wood-frame, unit count and number of floors of your development. BC Housing has a template on their website called the "Social Housing Development Cost Target Framework". This tool provides baseline costs for both hard and soft costs based on size and by region. In addition, your local construction association is a great resource to understand construction costs in your region.

The Social Housing Development Cost Target Framework is available [here](https://www.bchousing.org/projects-partners/non-profit-resources/resources-a-z) or by typing "Social Housing Development Cost Target Framework" in the following link: <https://www.bchousing.org/projects-partners/non-profit-resources/resources-a-z>

## HOW LONG WILL MY PROJECT TAKE FROM START TO FINISH?

The pre-development stage (project feasibility and viability assessment) can take as little as six months or up to three years in some cases. There are many factors impacting this stage; however, the average pre-development stage takes 18-24 months, if funding is secured. An average four- to six-storey wood-framed building (40 to 50 units) also typically takes between 18 to 24 months from construction start to occupancy. From start to finish, this equates to an average of 36 to 48 months (three to four years) for a new development.

## IS THERE FUNDING AVAILABLE TO HELP PAY FOR MY PROJECT?

Both the provincial and federal governments have funding in the form of grants (forgivable loans), mortgage subsidies, and repayable loans. BC Housing launches requests for proposals aligned with the provincial mandate and CMHC has funding and financing through National Housing Strategy programs. Other national organizations (like the Federation of Canadian Municipalities), foundations, private donors, corporations and charitable non-profits can also be sources of funding. Community fundraising efforts can help raise funds and also garner community support for the project.

## DO I NEED LAND BEFORE I GET STARTED?

Finding the right piece of land in the right location (proximity to services and transportation. etc.) is an integral part of the due diligence process. Although you may require land, for example, to submit a call to a request for proposals to BC Housing, you do not necessarily need land to get started in the pre-development stage of your project. Having equity to buy land or a partner (municipal/ investor) identified before you get started is highly desirable and should be top of mind when considering an affordable housing project. Additionally, serviced land is critical to a project's success and zoning is another key consideration.

## TERMS & DEFINITIONS

**ADEQUATE HOUSING:** Adequate housing does not require any major repairs, according to residents. Major repairs include those to defective plumbing or electrical wiring, or structural repairs to walls, floors or ceilings.

**AFFORDABLE HOUSING:** One definition is that affordable housing costs less than 30% of before-tax household income. Shelter costs may include the following:

- For renters: rent and any payments for electricity, fuel, water and other municipal services;
- For owners: mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

It is recommended Proponents read funding applications carefully to respond to specific requirements. Different funders and different authorities having jurisdiction may have conflicting or differing definitions of affordability that will need to be balanced.

**ASSISTED LIVING:** Housing that includes hospitality services (e.g. meals, housekeeping, social and recreational activities) and one or two personal assistance services, such as regular assistance with activities of daily living, medication services or psychosocial supports (referred to as prescribed services). This housing is subject to registration by the Assisted Living Registrar and includes self-contained apartments for seniors or people with disabilities who need some support services to continue living independently, but do not need 24-hour facility care; or housing in which residents receive services related to mental health and substance use issues.

**BC HOUSING:** A crown corporation that reports to the B.C. Attorney General and Minister responsible for Housing. It supports social housing, affordable housing, rent supplements, homeless outreach and emergency shelters and regulates residential construction.

**CORE HOUSING NEED:** A household is said to be in core housing need if its housing falls below at least one of the adequacy, affordability or suitability, standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three housing standards).

- Adequate housing is reported by their residents as not requiring any major repairs.
- Affordable dwellings costs less than 30% of total before-tax household income.
- Suitable housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements.

A household is not in core housing need if its housing meets all of the adequacy, suitability and affordability standards OR, if its housing does not meet one or more of these standards, but it has sufficient income to obtain alternative local housing that is acceptable (meets all three standards).

**EMERGENCY SHELTER:** Typically, short-stay housing of 30 days or less. Emergency shelters provide single or shared bedrooms or dorm-type sleeping arrangements with varying levels of support to individuals.

**HOUSING CONTINUUM / SPECTRUM:** The wide range of housing options available in our communities, from temporary options such as emergency shelters for people who are homeless, to more permanent housing such as rental and homeownership. The term isn't intended to imply progression towards homeownership – it simply represents the full range of options that match people's needs and preferences with appropriate forms of housing and supports (if needed).

**HOUSING FIRST:** A recovery-oriented approach to ending homelessness that centers on quickly moving people experiencing homelessness into independent and permanent housing and then providing additional supports and services as needed.

**HOUSING INCOME LIMITS (HILs):** Defined by BC Housing, dollar amounts that represent the maximum annual income, before taxes, that a household can earn for suitable housing in their location. Updated from time to time.

**HOUSING REGISTRY:** A database that gives access to subsidized housing for renters and housing providers in British Columbia.

**LOW- AND MODERATE-INCOME LIMITS:**

- a) For residential units with less than two (2) bedrooms, a gross household income that does not exceed the median income for couples without children in BC, as determined by BC Housing from time to time. For 2022, this figure is \$77,430 (compared to \$75,730 last year).
- b) For residential units with two (2) or more bedrooms, a gross household income that does not exceed the median income for families with children in BC, as determined by BC Housing from time to time. For 2022, this figure is \$120,990 (compared to \$117,080 last year).

**MARKET HOUSING:** Housing that is privately owned by an individual (or a company) who generally does not receive direct subsidies to purchase or maintain the unit or property. Prices are set by the private market. About 95% of households in the province live in market housing, either rental market housing or home ownership.

**MODULAR HOUSING:** A modular home is a home that is built off-site, as opposed to on-site. These homes are often called factory-built, system-built or prefab (short for prefabricated) homes.

**NON-PROFIT HOUSING:** Rental housing that is owned and operated by community-based, non-profit societies or local governments and regional districts. The mandate is to provide safe, secure, affordable accommodation to households with low to moderate incomes.

**NON-MARKET HOUSING:** An umbrella term to refer to all housing options that have been artificially removed from market forces, typically because of government intervention, non-profit programs, or other external factors. Can include non-profit operated housing, co-ops, affordable home ownership options and other affordable housing tenures.

**SUBSIDIZED HOUSING:** A space where the rent received for the unit is less than market rent or where the resident occupying the unit is subsidized.

**SUITABLE HOUSING:** Suitable housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements. Enough bedrooms based on NOS requirements means one bedroom for:

- each cohabiting adult couple;
- each lone parent;
- unattached household member 18 years of age and over;
- same-sex pair of children under age 18; and
- additional boy or girl in the family, unless there are two opposite sex children under 5 years of age, in which case they are expected to share a bedroom.

A household of one individual can occupy a [studio] unit (i.e. a unit with no bedroom).

**SUPPORTIVE HOUSING:** Housing that includes on-site services such meals, housekeeping, health care, counselling, and others. BC Housing has a current Supportive Housing Funding Program.

**TRANSITION HOUSES:** Temporary housing for women and children fleeing violence. Transition houses provide housing, food, crisis intervention and referrals. All provincially-funded transition houses have around-the-clock staff coverage. Typically, stays do not exceed 30 days.

**TRANSITIONAL HOUSING:** Housing provided for a minimum of 30 days that can last up to two or three years. It includes the provision of on- or off-site support services to help residents move towards independence and self-sufficiency.

**VACANCY:** A space is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.