



Affordable Housing Development Process

A Guide for Community Housing Providers

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About this Guide

Building affordable housing is not just an exercise in construction and financial competency. It is about creating safe, accessible, energy efficient homes, and shaping communities that will thrive over many generations. An adequate supply of housing that is safe and affordable allows communities to attract and retain essential employees such as nurses, teachers, and service workers. It also leads to positive health outcomes and addresses social concerns such as homelessness among vulnerable groups.

The Province of Nova Scotia is committed to creating a modern, resilient, sustainable, and vibrant community housing sector in which more providers operate sustainably as social enterprises and seek to achieve social, economic, and environmental outcomes. In addition, the Province is committed to helping private sector developers leverage funding available through existing programs, to help generate safe, accessible, and affordable homes for all. Through funds accessed under the [National Housing Strategy Action Plan](#), the Province will support the creation of new housing supply and ensure every Nova Scotian has access to a safe and affordable home.

Whether you are an experienced private developer or a new not-for-profit organization, the process of executing a successful housing development and applying for government funding can be complicated. This document is not intended to provide complete direction, but to provide a guide as to what type of information you will require to implement a successful project and increase the likelihood of securing government funding.

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THE HOUSING DEVELOPMENT PROCESS

From vision to occupancy, the development of affordable housing may take anywhere from 1-5 years or more to complete and can be challenging depending on the complexity of the project. In general, the development process has four phases: Concept Development, Planning and Pre-development, Construction, and Occupancy and Operations. This guide provides an overview of each of these phases including key considerations, team members roles, and insight into issues that may arise.

1. Concept Development

Demonstrating Need & Demand

One of the most critical aspects to consider before undertaking any real estate development project is identifying the need in a particular location, and then demonstrating a meaningful demand.

This may involve commissioning a local Housing Needs Assessment, which is a market analysis that carefully examines the area's supply and demand to determine existing and future needs for housing, as well as identifying appropriate area median income and market rental rates.

[CMHC provides housing data](#), which is available online, but the statistics do not always accurately reflect the market reality. In some rural locations the data does not exist at all. In some cases, municipalities may have already gathered data and have housing plans available that developers may access. For other communities, this data will have to be collected and analyzed. Here are a few common considerations for data collection:

- **Population and demographics:** Is the population growing or shrinking? What are the demographics of the population (i.e., age, income, family composition etc.)? What type of employment is available in the area? Are local employment opportunities growing or shrinking? What is the local employment rate?
- **Marginalized populations:** Are there marginalized or at-risk communities in the area whose housing needs should be considered (Indigenous, black, youth, senior, LGBTQ2S+, persons with disabilities, immigrants)? What are their current challenges?
- **Existing housing:** What types of owned and rental housing are already available in the community (i.e., single family, multi-family, apartment, condo etc.)? What is the current vacancy rate? What is the age and condition of the current rental stock? What percentage of the community's housing stock is rental? Is there subsidized housing available and, if so, is there a waitlist? What is the average rent in the community? How quickly have rents been increasing/decreasing? What percent of the community are in [core housing need](#)? Are there sub-standard properties in the area?
- **Community support:** While you may be able to demonstrate need for affordable housing in your community, local residence may express concern or opposition to the project (i.e., NIMBY or Not in My Backyard). It will be important early in the project plan to consider how you will gain support for the project, listen to and, where appropriate, act on the concerns of your neighbors, and keep your community stakeholders educated and informed on the project and its benefits.

Did you know?

Municipal Affairs and Housing is currently undertaking a provincial Housing Needs Assessment for all 49 municipalities in Nova Scotia. It is anticipated that the final report will be available in December 2022, with some community-specific data potentially available earlier. For more information, email: HousingNeedsAssessment@novascotia.ca.

Local housing coalitions, regional networks, and housing professionals such as realtors and appraisers may have access to data or information that can be helpful for developing a Housing Needs Assessment. Once the data has been collected, it needs to be analyzed for indicators that will identify both the current and future need and demand for affordable housing in your community. Fundamentally, the Housing Needs Assessment should answer the questions of who needs affordable housing, what type of housing is required, and determine if the current and forecasted local market conditions can sustain the development.

Organizational Structure & Capacity

The strength of your organization and the people within it is fundamental if you are to execute a successful housing development and receive approval from funding available through the government, or any other funding partner. You will be required to provide detailed information on the structure and capacity of your organization as well as the capability of the people within it. Think carefully about appointing individuals with relevant skills and experience to your project. This could include third-party professionals from outside of your organization to help support your team.

Building homes is not easy, but successfully maintaining and operating them efficiently over an extensive period is even harder. If you are a not-for-profit organization, here are a few things you will want to consider before embarking on an affordable housing project:

- Does becoming a housing developer align with your organization's goals? Does your organization have the planning, financial, and reporting systems in place needed to take on a housing development project? What are your organizational goals as it relates to housing?
- Does your organization have the skills internally to take on a project – financial, fundraising, marketing, communications, construction management, property management etc.?
- Can you partner with another reputable and experienced developer to close any skills gaps that may exist? If so, you will want to find an organization that has common or complementary goals, and together work to develop clarity around roles, sharing of risk, financial or other contributions to the partnership, decision making process, and other partnership needs. Be sure to allow the time to effectively build the partnership. Creating a partnership agreement or memorandum of understanding is an advisable step to ensure all partners are clear on their roles and responsibilities.

Did you know?

Municipal Affairs and Housing has partnered with the Community Housing Transformation Centre to deliver the Community Housing Growth Fund. The Fund has three funding streams, including: Capacity Building, and Planning and Pre-development, which can help co-ops and non-profit housing providers access funding to help cover the costs of market analysis, and other pre-development activities. For more information visit the [CHTC website](#).



2. Planning and Pre-development

Property & Site Information

Now that you have a good sense of what type of affordable housing is needed, by whom in your community, and what the market rental rates are in your area, you can now turn to site assessment and selection. In some cases, you may already have a piece of land available but if you do not, or if you are comparing multiple land options, here are some things to consider:

- Be sure to establish your site assessment and selection criteria. For example, access to utilities, proximity to public transportation and shops and services, environmental sensitivities, zoning designation, proximity to employers, and whether the site can accommodate the planned building type.
- Review sites or buildings that are listed on the market, sold through tax sales, or surplus land that will be disposed of through municipal or provincial governments. You should also seek to confirm that no Restrictive Covenants, Easements or Rights of Way or any other legal restrictions exist on the property or any adjacent property, that may impede development.
- Once you have secured a site, consider developing an initial development concept based on the needs assessment. This could include the type of housing, quantity, and size of units, and who the project will serve. While this initial concept will change over the life of the project, it is a useful resource to facilitate discussions with partners and funders.

Did you know?

The Province is currently assessing land within its holdings to determine suitability for housing projects. Once an inventory of public land is identified, land parcels will be made available to private and non-profit developers through a competitive process, also known as a Partnership Opportunity Notice. For more information, email: LandforHousing@novascotia.ca or visit: housing.novascotia.ca/programs/land-for-housing.

Contact Funders

Now that you have an organizational structure and a specific project, it's a good time to make initial contact with CMHC and Municipal Affairs and Housing so you can start to understand what funding may be available.

Detailed Drawings

To evaluate the feasibility of any proposal, one of the first priorities is to engage with an architectural firm who will conduct a site review and consider such things as: access, servicing, environmental features, land use by-law regulations and any other site-specific features or constraints. From here, the architect will be able to start developing a masterplan which will provide a general outline for access and utility provision, a block plan with building setbacks and footprints, parking, and outdoor amenity provision. Once this stage is complete, the architect will work towards a more detailed schematic design. This work is vital to be able to consider likely construction costs, size and number of units, servicing and maintenance costs and specific design details such as environmental or accessibility requirements.

Planning Approval Process

You should start by trying to identify the specific planning policies and zoning that apply to your project within the relevant municipality. Many municipalities post their Municipal Planning Strategies and Land Use Bylaws online. It is recommended that you call the planning department of the relevant municipality to discuss your proposal to see if a planning application is required or if your proposal would be 'as-of-right' under the Land Use By-law (LUB).

A relatively quick and cost-effective way to have this confirmed is by submitting for a Development Permit. Depending on the nature and complexity of your proposed development, it may be prudent to engage a qualified land use planner who can provide an independent opinion regarding the planning merits of your development application or proposal. If your proposal requires a planning application (i.e., rezoning or a development agreement) a longer and more costly process is required that is subject to Council approval. Most municipalities will require planning application fees as well as other supporting documentation, such as: a planning justification report; engineering and servicing reports; traffic studies; environmental reports; architectural and landscape plans.

Cost Estimates

Once you have an initial masterplan, you will be able to obtain a professional cost estimate from a Contractor, Project Manager or Professional Quantity Surveyor (PQS). At this early stage, the cost estimate will probably be a 'Class D' or 'Class C' estimate, which is high-level, but vital for helping to establish the financial viability of the project. As the schematic design progresses, the cost estimates will advance towards 'Class B' which includes more detail, such as the mechanical, electrical, and plumbing systems and outline specification. Finally, a 'Class A' estimate is provided at the point you have completed working construction drawings.

Did you know?

Both [CMHC](#) and the [Community Housing Growth Fund](#) provide funding to eligible not for profit organizations to assist with early phase project costs.

Financial Viability

Together with your land and acquisition costs, construction cost estimates, your estimated professional fees, and all other costs associated with the development (such as tax, interest, contingency, and insurance), you should now be able to start testing the financial viability of developing the property or site. You will be required to provide a full breakdown of all associated costs related to completing the development. You will also be required to provide information on how you intend to finance the project, with details of your equity assembly strategy and other sources of finance such as conventional bank finance, CMHC funding, Municipal Affairs and Housing funding, or grants and donations.

Operational Sustainability

Once you have established if the development is financially viable, it is then time to test if it's financially sustainable by providing a pro-forma operating budget. You will be required to provide a breakdown of all costs associated with managing and maintaining the project, such as: property taxes, utility costs, maintenance/repairs, replacement reserve, insurance, landscaping, property management, and professional or management fees. You should also provide a detailed breakdown of expected rental revenue for all elements of the project including both market and affordable housing as well as any commercial income, while allowing for vacancy rates and rent cap limitations. Consider that parking and laundry rooms can also generate additional revenues.

Contact Funders

With the extensive information you have assembled, you should now seek to submit a formal application for funding through both CMHC and Municipal Affairs and Housing. Application windows are not open indefinitely so the timing of your project delivery will need to align with the program requirements.

3. Construction

The construction phase is the most technical stage of the development cycle and will require a strong project team to ensure cost, time and quality targets are met. It is highly advisable to engage an experienced Project Manager or General Contractor to assist in the many different elements of construction, including - navigating the tender process, selecting a suitable contractor; implementing a robust construction contract; managing schedules and cashflows; ensuring all site safety and security standards are met; verifying the quality of work and materials; and overseeing the final handover of the finished project. It is also advisable to negotiate a comprehensive warranty package. Government program funding is often advanced by way of an agreed payment schedule that will align with the construction milestones and the final draw is released upon completion of the project.



4. Occupancy and Operations

Property Management

When construction is complete and the development is ready for occupation, you will need a strategy for the ongoing management of the individual units, as well as the internal and outdoor communal areas. You will need to be able to screen tenants and collect rent, demonstrating a strong knowledge of the [Residential Tenancies Act](#). For the affordable housing units subsidized by government, you will have to ensure that tenants meet income eligibility.

You will need to apply property maintenance and risk management procedures, while managing budgets and analyzing other financial implications. You will also require a solid understanding of all provincial and municipal legal standards. In lieu of direct property management experience, it would be prudent to hire a professional third-party property management firm.

ADDITIONAL RESOURCES

[Assessing Housing Need and Demand \(CMHC\)](#)

[Building your Team \(CMHC\)](#)

[Creating Community Support \(CMHC\)](#)

[Equity, Funding and Financing \(CMHC\)](#)

[Local Planning Process and Approvals \(CMHC\)](#)

[Project Costing and the Construction Process \(CMHC\)](#)

Glossary

Building Condition Assessment

A systematic inspection, review, and report on the state of a building's structure and systems.

Building Permit

Building permits provide permission for the construction of a building once the proposed project has been assessed against requirements in the Building Code.

Core Housing Need

People are in core housing need if they spend more than 30% of their gross income on housing costs, live in accommodation unsuitable for their needs, and/or require major repairs of the accommodation for health and safety.

Development Permit

Development permits provide permission for certain types of development to occur on a site once the proposed project has been assessed against Land Use or Zoning Bylaws requirements.

Environmental Site Assessment

Identifies, predicts, and evaluates the potential environmental effects of a proposed project.

Housing Needs Assessment

A market analysis that carefully examines the area's supply and demand to determine existing and future needs for housing.

Mixed Use Development

A type of development that blends multiple uses such as residential, commercial, or industrial uses.

Mixed Income Development

A type of development that includes both market and affordable homes. Mixed income developments tend to be more financially sustainable and socially inclusive.

Mixed Tenure

A type of development that includes rental units as well as homes available for affordable and market home ownership.

Planning Justification Report

Provides a review of all applicable planning policies and the rationale for a proposed development.

Pro-forma Operating Budget

A budget that forecasts revenues and expenses for a particular project.

Property Appraisal

The process of developing and determining a formal opinion of value for a piece of real estate.

Topographical Survey

Measures the position and height of both the artificial and natural topographic features of a site.

Traffic Impact Study

A study that analyzes the impact of a development on traffic congestion or safety and identifies if improvements are required to accommodate the development.

