

Affordable Rental Housing Program: A Step-by-Step Toolkit for Non-Profits in the Fredericton Region

STEP ONE: Showing Interest in ARHP Construction & The Initial Proposal

The affordable rental housing program provides assistance to private entrepreneurs, private non-profit corporations (includes off-reserve native population), and co-operatives for the construction, acquisition and rehabilitation, conversation and operation of rental housing projects.

Step 1: Begin by contacting Pat at Social Development

Region 3 (Fredericton): 1-866-444-8838

- Pat represents the first point of contact for developers in terms of the AHRP.
- If you are interested in constructing a housing unit, you must approach Social Development with a proposal. Pat will look this over, and decide whether you qualify or not for the program.

In order to qualify, your proposal must include the following aspects:

- Information on sponsoring group
- Development plans
- Target group
- Site selection and consideration
- Concept proposal
- Additional cost effectiveness considerations
- Development schedule

Criteria Details:

1. Information on Sponsoring Group

⇒ Discuss origins, objectives, membership, affiliations, community support and type of organization

2. Development Plans

⇒ Outline steps to be taken to develop the project through each stage
⇒ Indicate consultants available to provide assistance

3. Target Group

⇒ Identify the client group to be served and provide evidence of need in relation to availability of suitable, adequate and affordable accommodation in the private market for the target group.
⇒ Target group must be in high demand (Non-Elderly singles, Families, Seniors).
⇒ Eligible tenants include families, seniors, non-elderly singled, disabled households, persons with special needs. Supportive housing programs may also be used to assist vulnerable seniors and adults to help them maintain or resume independent living in their own home.

4. Site Selection and Consideration

⇒ Near big box grocery stores and other amenities (Pharmacies, services, etc.) and on a bus route

- ⇒ Identify suitable land available for development
- ⇒ Discuss zoning restrictions, if any, and potential cost
- ⇒ If a specific site has yet to be identified, comment on the availability of suitable land in the area

5. Concept Proposal

- ⇒ Identify the type of housing to be built/acquired that is most suitable for the target group's needs
- ⇒ Identify the total number of units to be developed
- ⇒ Estimate the total capital cost and operating cost
- ⇒ 1 Bedroom- 500- 550 sq. ft.
- ⇒ 2 bedroom- 600- 750 sq. ft.
- ⇒ 3 bedroom- 800- 1000 sq. ft.

6. Additional cost-effectiveness considerations

- ⇒ Comment on ways and means to be investigated to control or reduce costs such as equity (land, case, etc.)
- ⇒ ARHP will review the overall costs of construction

7. Development Schedule

- ⇒ In order to minimize the risks of projects not proceeding after their selection to receive proposal development funding beyond the proposal development phase, as well as to minimize the carrying costs included in contract prices and options, project sponsors are to submit a development schedule with their initial application
- ⇒ Proposals are compared with each other to ensure that those that best meet the program objectives and are most cost-effective will be selected for further development and a conditional allocation
- ⇒ Ineligible projects are those which do not meet the criteria of properties operated as bona fide rental enterprises and include: residential care facilities, nursing homes and emergency shelters.

By preparing this information in advance, Pat will better be able to identify whether or not you qualify for the program. It is very important that your site proposal also sits in a "Core Area" in order to be considered.

Once Pat identifies that your proposal both considers and includes the proper criteria, the next meeting will be set up to discuss further qualification including a draft plan with a rough cost.

Step 2: Draft Planning and Cost Identification

If your initial proposal is considered, Social Development then required a draft plan of your affordable rental housing unit with a rough cost attached.

The developer (or non-profit) is then tasked with getting a draft drawing, which includes either:

- Hiring an architect to draw one
- Using a previously approved draft from a past successfully established unit

Once you've obtained this...

- Set up a meeting with Pat again and present him with the draft
- Engineers with Social Development will be in charge of approving it
- Once it is evaluated and approved, the developer will receive a "soft commitment letter"
- Once this is received, the developer is able to begin preparing **final drawings and working on a site plan.**

STEP 3: Site Planning

At this time, the developer must be in communication with both...

- The City of Fredericton
- Social Development

City of Fredericton

- Developer must either **find or own the piece of land/existing unit** they would like to use in their affordable housing construction and ensure that it is zoned properly through the city of Fredericton
- Must jump between development plans and construction details
- More often than not, the zoning will not match, so the developer must work with the city
- If the zoning is appropriate, the city will provide the developer with a confirmation letter to return to Social Development
- If the zoning does not match, they must set up a meeting with member of the City Planning Department to provide more accurate planning

Criteria:

Zoning

- ⇒ The municipality should be consulted to ensure that if a potential change is required to accommodate the build, that it would be receptive

Social Development

- ⇒ The plan received from Social Development (approved by the engineers) is the same plan that you provide to the city
- ⇒ These plans are used to go to the city, but they must enter more detail to ensure accuracy for the development application
- ⇒ Site plans and architectural drawings are also used to better predict finances for not only Social Development, but financial institutions

Step 4: Getting Approved by the City of Fredericton and the Bank

- Once the developer has finalized their site plans and been approved for zoning, the city will conduct internal reviews
- Site plans must get council approval, which is needed to keep things moving along
- In the event it does not, you may have to backtrack and complete things in alignment with the City of Fredericton and Social Development (i.e. the longer plans take, finances can change. Site locations may not be approved, different locations must be considered, etc.)
- If all things are approved, it's time to approach the bank

Approaching the Bank

- ⇒ The bank will require financial drawings and social development application approvals to secure the developer's financing
- ⇒ In the beginning, to better secure the process it is suggested that you communicate with the bank your initial interest in constructing an affordable housing unit. However, it is only now when you have final project plans nailed down in the second round of qualification with SD that they will clearly see how things are falling into place on paper and seriously consider financing
- ⇒ **Ensure that you know the funds needed, and that you approach them with a city-approved final plan.**

Step 5: Hiring a Contractor and Presenting your Business Plan

Once you have met and been approved by the bank, you must tender a contractor.

- Return to social development with potential contractors
- Once the funding has been completely sorted out with the bank's involvement, the final drawings are reviewed by engineering at Social Development to be 100% approved
- If approved, SD and the developer review a business plan with firm pricing
- This is completed in conjunction with details discussed in review of final drawings
- This information will be sent to the bank.

The bank will require the final draft and business plan in alignment with Social Development's criteria. The updated project plan must include a building timeline.

Relevant Criteria:

Build Construction

- ⇒ Must meet the provincial Green Building Policy and Building Codes (See Appendix A)
- ⇒ All new construction projects must conform to current design and building standards
- ⇒ Existing building must conform to acceptable standards, as determined by Social Development
- ⇒ Projects may be developed through new construction, the purchase of existing housing with or without subsequent rehabilitation and the conversion of existing buildings

Development Plans

- ⇒ Outline steps to be taken to develop the project through each stage
- ⇒ Indicate consultants available to provide assistance

Develop Schedule

- ⇒ In order to minimize the risks of projects not proceeding after their selection to receive proposal development funding beyond the proposal development phase, as well as to minimize the carrying costs included in contract prices and options, project sponsors are to submit a development schedule with their initial application
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Step 6: Final Review and Potential Rework Loops

- ⇒ Social Development, the City of Fredericton and the Bank will all be watching the timeline of the project
- ⇒ BE AWARE that any changes along the way can cause a rework loop to any or each of these shareholders
- ⇒ If more than 6 months has passed, a refreshed letter from the bank must be presented to Social Development

Other things to consider:

- Plans must go to Building Inspection
- You must apply for their permits, which include **three sets of drawings and three sets of site plans**
- The plumbing contractor must also submit their permit application

These aspects are reviewed by 4 different groups:

1. Building Inspection
2. City Planning (for checkoff)
3. Engineering
4. Plumbing

If something is not approved, backtrack and make necessary changes.

If all is approved, Social Development will refresh their letter or submit a final letter for complete bank approval.

- Keep in mind that both social development and the bank will want final letters from each other to secure the process
- Once all is secured, social development will send a letter to central office (from the Region 3 office) to turn the “soft commitment funding” from the beginning into “hard commitment funding”
- This also involves submitting the building project plan, which the minister will sign off on

Step 6: Minister Approval & Breaking Ground

Once all permits are approved and the letter is in hand, you are ready to break ground.

- Invoices will flow into the developer, which are to be directed to Pat’s office
- Building inspectors from social development will check up and ensure the process is going smoothly and according to plan
- If the inspectors continue to be pleased, money will continue to flow from Social Development to the developer (non-profit group)
- Inspections are completed 1-4 times, so it is important to consider the number of times you consider drawing money as it costs to draw money from the bank
- If all of the money is depleted, there is a reassessment (yet this is not typical)
- Once the developer has run out of Social Development money, they approach the bank
- The bank will also send inspectors to ensure the process is in alignment with the proposal

Breaking Ground...

- Building inspectors come out
- Foundation gets poured, they need top of wall letter
- Pre-backfill
- Letter by surveyor
- Developer will move on to framing
- Plumbing comes out prior to the slab pour
- When framing is complete, call building inspection and make sure you have a survey done
- They will complete framing inspection
- Then pre-drywall
- They will wire, plumb electrical etc.
- The plumbing will look at above ground inspector
- The pre-drywall inspection will happen as well

Step 7: Final Inspection

Once the building is nearing the end of completion...

- ⇒ Final inspection will be conducted on the build
- ⇒ If no deficiencies are found, the building permit end is complete
- ⇒ All of City Council's terms and conditions must be met, they will not inspect the site unless there is a problem reported by neighbours
- ⇒ Inside and outside must meet standards across the board

Building is COMPLETE! Now what?

- ⇒ If the zoning and building inspection are approved, social development will go into pre-inspection for move in
- ⇒ If everything goes well, the rental agreement is signed