



2017 ONPHA Conference and Trade Show

Shaping
our
Future

604

Strategic models for affordable housing development

PRESENTED BY:

Greg Dewling, CEO, Capital Region Housing

Kaye Melliship, Executive Director, Greater Victoria Housing Society, British Columbia

Cliff Youdale, Vice President, Asset Management, Ottawa Community Housing

Lisa Ker, Executive Director, Ottawa Salus (moderator)

Learning goals

1. Assessing Portfolio Management Objectives
2. Methods of Aligning Strategy with Needs:
Getting Board (and government) Support
3. Financial Models
4. Social Impact for tenants





2017 ONPHA Conference and Trade Show

Shaping
our
Future

604

Strategic models for
affordable housing
development

PRESENTED BY:

Cliff Youdale, P.Eng, CIHCM

VP Asset Management, Ottawa Community Housing Corp

Assessing Portfolio Management Objectives

Portfolio Management Objectives

What are the short and long term objectives?



OCHC Portfolio Management Framework

Objectives: 1% Renewal Rate

- Divest high value or non performing assets
- Control capital repair investments by identifying future redevelopment and/or divestiture candidates (rust out)
- Create stable of shovel ready opportunities to take advantage of opportunistic funding



OCHC Portfolio Management Framework

Objectives: 1% Renewal Rate

(continued)

- Create a sustainable business model that maximizes the ability to build new units with limited grant funding
- Create long term pipeline for development opportunities



Methods of Aligning Strategy with Needs: Getting Buy-In

Buy-In

- Identify and quantify “Burning Platform”
- Develop strategy, not projects



OCHC Road to Buy-In

- Exhaustive Building Condition Assessment (BCA) completed in 2009 highlighting long term capital repair shortage (burning platform)
- Agreement that continuous improvement of the portfolio is a core objective
- Agreement that sales of select assets is a strategy for protecting the portfolio in the long term



OCHC Road to Buy-In (continued)

- Confirmation that reliance on grant related builds only is not sustainable
- Agreement that the business model will change



What has changed?

- Ability to plan long term
- Ability to plan for the broader portfolio
- Improved capital repair planning



Figure 4-2: Gladstone CDP Concept

The existing multi-use pathway running parallel to the east side of the Trillium Line corridor is to be maintained as a focal point for the local active transportation network, and a similar pathway is proposed on private lands on the west side of the corridor. To improve connectivity in the neighbourhood and provide better station access, a new multi-use bridge is to be built linking Oak and Laurel Streets, and a second multi-use crossing is proposed halfway between the Oak/Laurel and Gladstone Avenue bridges.



What has changed?

(Continued)

- Opportunities to engage in broader City building initiatives
- Increased opportunities for partnership and joint ventures
- Improved positioning for raising large scale capital funding



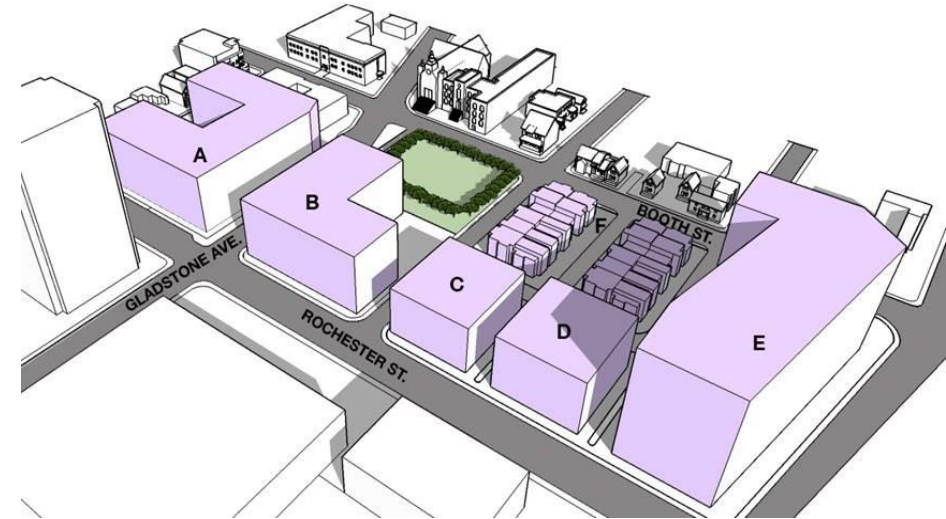
Figure 4-2: Gladstone CDP Concept

The existing multi-use pathway running parallel to the east side of the Trillium Line corridor is to be maintained as a focal point for the local active transportation network, and a similar pathway is proposed on private lands on the west side of the corridor. To improve connectivity in the neighbourhood and provide better station access, a new multi-use bridge is to be built linking Oak and Laurel Streets, and a second multi-use crossing is proposed halfway between the Oak/Laurel and Gladstone Avenue bridges.



Pragmatic Implications

- Development focus throughout the organization
- A dedicated internal fund for new development (sales proceeds)
- Board approval for land acquisition fund



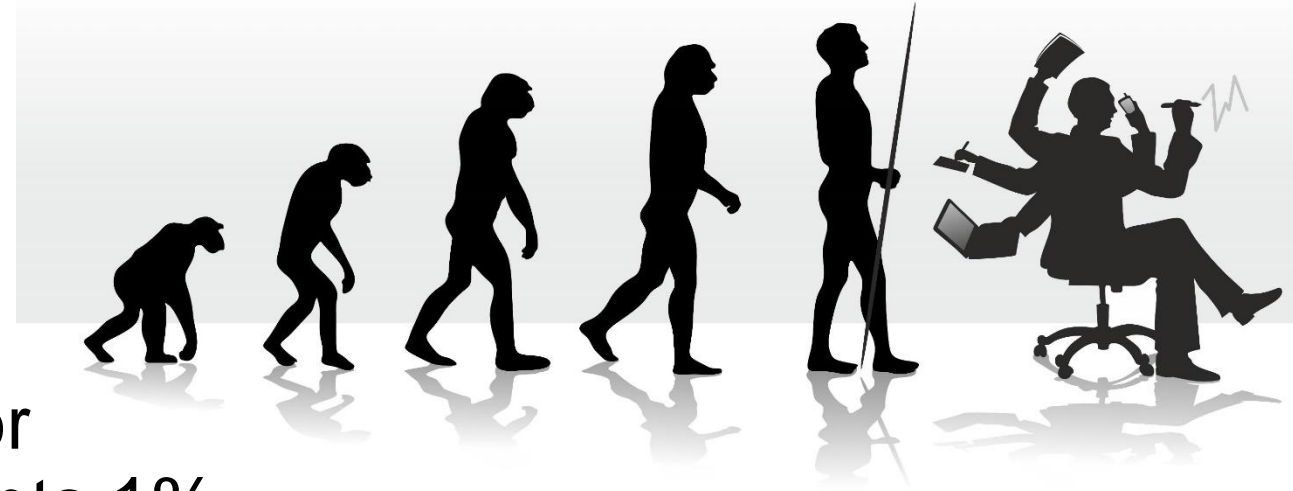
Pragmatic Implications (continued)

- Bulk approvals for sale of properties
- Creation of Tenant Relocation Strategy
- 4 large scale redevelopment opportunities in design with potential for over 8,000 housing units (affordable, market-rent and condo)



Plan Will Evolve

- The plan will need to be flexible and dynamic to address inevitable changes to:
 - Housing market
 - Economic conditions
 - Political environment
- When it appears aggressive or overwhelming, it only represents 1% renewal and anything less would be complicit denial





Session 604: Strategic Models for Affordable Housing Development

Kaye Melliship Executive Director

November 2017



Greater Victoria Housing Society

- Established in 1956
- Registered Charity
- Mission: *To provide affordable rental housing*
- 15 buildings - 765 homes
- Seniors, Families, Working Adults, Adults with Disabilities





Challenges (1)

- Land: expensive/hard to secure
- Rising construction costs and building standards
- Slow and risky municipal approvals processes
- Risk of higher interest rates



GOLDSTREAM/COLWOOD

Challenges (2)

- Funders with varying goals
- Timing issues with funders and partners
- Relocating tenants from redevelopment sites



ESQUIMALT LIONS LODGE

Case Study 1: Build and Sell



DAHLI PLACE



RAE MEWS



Case Study 2: Co-Develop



PEMBROKE MEWS



Case Study 3: Buy Used



FOREST HEIGHTS

Case Study 4: Redevelopment



TOWNLEY LODGE



Case Study 4: Redevelopment



TOWNLEY PLACE

Case Study 5: Developer Led



Lessons Learned

- Funding is still essential
- Municipal support
- Partnerships/other players add complexity
- Take on and manage risk
- Use “every tool in the tool kit”.





Kaye Melliship
Executive Director

www.greatervichousing.org





2017 ONPHA Conference and Trade Show

Shaping
our
Future

604

Strategic models for affordable housing development

PRESENTED BY:

Greg Dewling, MBA, CIHCM
CEO, Capital Region Housing, Edmonton

Financial Modeling

Financial Model

What is the most important determinant for a private sector investor?



Financial Model

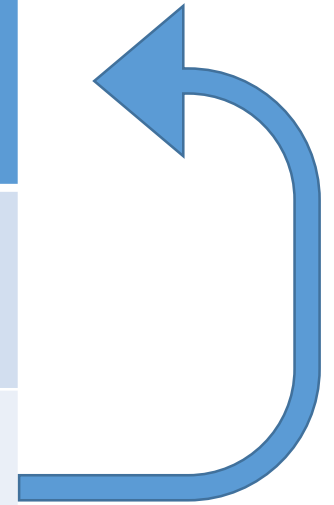
50% Ownership	50% Ownership
Cap rate	Cape Rate
Return on Investment	Return on Investment



Reducing the rent on 20% of the units by 20% equals a 4% reduction in revenue.

Financial Model – Reduced Revenue

50% Ownership	Non-profit 50% Ownership
Cap rate	Cape Rate
Return on Investment	Return on Investment



Financial Model

Return on Investment	
9%	9%



Financial Model - Reduced Revenue

Return on Investment	
7%	7%
$7\% + 2\% = 9\%$	$7\% - 2\% = 5\%$



Board (and government)
Support

Take your time

- Introduce this concept early and often
- Get a champion who understands the sector
- Due diligence, due diligence, due diligence
- Be prepared to walk away



Due Diligence

- Financial
- Environmental
- Social



Convincing the government of a new idea is likely your biggest challenge — they have institutionalized risk aversion.

The Tenants

Social Impact

- Integration into market-built and market-operated
- Rent geared to income that targets income bands
- Addressing the upstream demand
- Families don't have to hit bottom
- Rise to market without the requirement to move
- Put down roots





QUESTIONS?