

Building it Right



1. Are you ready to start?

Assess your organization's real estate development readiness

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Community Foundation

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Introduction

Redeveloping property in a community-based organization can be a long process with many decisions. While redevelopment can increase your ability to make a difference in your community and improve your long-term sustainability as an organization, it can also divert energy from other work and create tension and uncertainty. Getting key information early on about the process and the issues you may encounter is critical to ultimate success. So is being sure that you have the people and resources to carry out a redevelopment project. This guide is designed to help you assess whether you should begin a redevelopment project in earnest in the near future.

In this guide you can assess your organizational capacity to take on a real estate redevelopment project. It explains the important components of organizational readiness and provides a worksheet to help you assess your readiness by answering key questions and compiling relevant information to embarking on a redevelopment project. After reviewing this document and completing the worksheet, you may decide you are ready to proceed. If not – that’s OK! You can work with your organization to strengthen your capacity and plan to redevelop at a later date.

This guide is part of the series *Building it Right* toolkit by Vancity Community Foundation (www.vancitycommunityfoundation.ca). The toolkit was developed to provide guidance to community-based organizations that are in the early stages of contemplating redevelopment. This toolkit is the practical outcome of research interviews with leaders in non-profit organizations in the Vancouver area that were involved in redevelopment projects. We sought to learn about challenges and successes, and to draw out lessons to make it easier for others to overcome challenges. The result is two key tools: the current tool for assessing whether your organization is ready to undertake a project, and a second which can help you define a vision for redevelopment. The toolkit also includes additional resources that can help you to understand the world of redevelopment, including a primer on development delivery options, and a short glossary of development terminology.



From Idea to Bricks and Mortar: What Redevelopment Entails

Redevelopment starts with an idea. And this idea has to turn into bricks and mortar. The diagram below can help you visualize what this looks like and the specific activities that you will need to complete. The first step in moving things forward is to flesh out the idea and get a better understanding of your capacity to proceed. The Build it Right Toolkit will help guide you through this stage, but you may want to involve external people that can add expertise and context such as a facilitator, real estate developer, funder, and/or community partners. After this stage you will move into more formal parts of redevelopment that require specific expertise and financial commitments, including concept feasibility where you explore development scenarios, business planning to ensure a viable project, pre-development work to prepare for construction, construction and ultimately operations. At each stage, it's important for your organization to use the lens of your mission and vision to decide whether or not to proceed.

Redevelopment stages and associated activities

The Idea	Concept Feasibility	Business Plan	Pre-Development	Construction	Operations
1-3 Months	6-12 Months	3-6 Months	6-12 Months	12-24 Months	Lifetime of Asset
<ul style="list-style-type: none"> Clarity on Mission Identify need or opportunity Evaluate internal capacity (Staff & Board) Articulate Project Vision 	<ul style="list-style-type: none"> Analyze & quantify the need & demand Explore potential partnerships Identify key financial limitations Identify approvals required & associated internal governance processes 	<ul style="list-style-type: none"> Complete due diligence on site/building for purchase Prepare CF analysis, pro-forma & prelim financing terms Have schematic design completed Take steps to secure site control (Partnership agreement, conditional offer...) Finalize full development team and all required professionals 	<ul style="list-style-type: none"> Finalize design and full architectural drawings Select builder or construction manager Obtain permits Draft an operations plan Obtain various preliminary take-out financing terms for comparison Negotiate with commercial tenants and/ or start marketing pre-sales 	<ul style="list-style-type: none"> Observe Construction Monitor technical and cost reports Communicate with builder and community Finalize leases and/or continue marketing and sales 	<ul style="list-style-type: none"> Complete testing & commissioning of all building systems Perform or contract property maintenance Monitor capital expenditures and building lifecycle and reserve accordingly Communicate with tenants



Getting your ducks in a row: Nine things to do to get ready for redevelopment

1. Clarify and solidify your organization's mission. Incorporate redevelopment into your strategic planning.

Your redevelopment project should be driven by your ambition to further your organization's mission. If your organization's mission is at all uncertain and in a process of changing, this should be resolved first before you begin to seriously contemplate redevelopment. Ideally you should also have a clear mission statement that resonates and motivates the people in your organization and can clearly communicate what you do to others.

Alignment and integration with strategic planning can strengthen the ultimate success of the endeavor. When there is a clear and compelling link, all the time and effort you're going to put into the redevelopment will be justified.

2. Reflect on potential partnerships

Partners often bring equity, skills and relationships into a redevelopment process. Partners include important funders, higher-level umbrella organizations, long-term tenants, government partners, and community representatives. By thinking about and bringing potential partners into the redevelopment process early on you open doors for collaboration during the planning process, development, and/or operations. At this stage, it is useful to think through what partners may be useful to you and what your criteria for selection will be. To avoid a stalled process or inefficient decision making, find partners that you can trust and whose basic values are aligned with yours.

3. Assess your board and staff 's capacity and skills to engage in a redevelopment process

Staff in your organization (and in particular the executive team) will play a crucial role in moving a redevelopment project forward. Consider whether you have a strong skill set in your staff to do this and what capacity they have to be involved in the forthcoming development process, especially around financial oversight and project management. You will also need to engage your board effectively and make sure they have the right skill set. Dedication and continuity of both staff and board is important in keeping the project moving forward continuously over many years.

You can strategically build staff and board capacity to support a redevelopment project through training and recruitment. Ideally you need staff with good project oversight skills and who have experience working effectively with consultants, funders, your membership and neighbours. You will also want to have a board of diverse backgrounds and skills, who will stand behind and actively support your redevelopment vision. Through your board you can also build relationships, fundraise and access skills when they are needed. A well-positioned board will have project management, legal, planning, accounting, and preferably real estate development experience.

4. Find your champion(s) for redevelopment

A leader, who is ideally charismatic, with experience in project management, conflict resolution and an ability to continuously learn and engage in new challenges, is needed to move redevelopment forward. The champion will develop a shared vision for the project and forge the relationships to make an idea reality. It's best to have a champion on the board who has the credibility and trust from fellow board members. You may need many project champions that will reach out and get buy in and support for the project.

5. Consider community needs that could potentially be addressed through redevelopment

Redevelopment can not only provide your organization with a new facility and greater financial sustainability, but it can also help you serve the needs of your community. Research into these needs will inform the components of your project. This may be intuitive to you, something that you have already done in depth. Or you may need to reach out to partners to gain an understanding of where you can be most effective. You can also look to organizations like the BC Non-Profit Housing Association and Metro Vancouver that may have undertaken generalizable assessments about needs in specific communities. Informal research may be adequate for the initial stages of the process. Later on, funders and lenders may need a more detailed *Need and Demand Study*, particularly if you are planning to build housing. This will also involve community consultation (at a later stage) if your organization doesn't have deep roots in the services sector or are trying to reach a new population.

6. Figure out who makes decision about your land

Map out your networks so that you have a clear understanding of who has to be involved in making decisions about redevelopment. This is important particularly if your governance and institutional decision-making processes are complex. Your legal status may necessitate the consultation of your trustees or a higher-level body in your network.

Consider the following cases:

- **Non-profit Organization A** has a membership that elects its board of directors. It also has a related entity that's a foundation with the same board as the non-profit society. The property is owned by the foundation so it's important that related discussions are noted as being part of foundation meetings.
- **Faith-based Organization B** holds their church land in trust on behalf of a regional umbrella organization. All decisions must be approved by both the local and regional bodies.

Reviewing your internal governance and institutional decision making processes is important to ensure that you are involving all relevant stakeholders in the decision making process.

7. Understand your current financial standing and what financial resources you bring to a redevelopment process

As obvious as it may sound, it is important to diligently review and assemble all financial information of relevance to your organization and property early on in the process. The assembled information will inform the scope of your redevelopment project and will safeguard you from unforeseen financial problems. Any funders, lenders, and partners will want to make sure you have a solid financial track record.

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As an organization who owns its land, you bring substantial equity into the development process. Your ability to borrow capital will also depend on the local development context, borrowing rates, projected construction and soft costs (legal, advertising, etc.) and other factors. It is crucial to gain a good understanding of the range of what may be feasible early on. At this stage, consult your BC Assessment value of property, along with other assets. A proper real estate appraisal is done based on the use of the land, so it's best to hold off on this until you have determined the redevelopment plan.

8. Explore the constraints on redevelopment

The local planning context determines what you will be able to build and where. Without knowing the regulations and expectations of your local municipality, you will not be able to build your project. Research local zoning and planning requirements to develop a good understanding of local constraints. As a first step, call your planning department to talk about what you can and can't do on your property.

To avoid unpleasant surprises and plan with certainty, review your land title (covenants and other encumbrances), lease and operating agreements, ownership structure and current zoning regulations and ordinances. Seek support if needed.

9. Anticipate your neighbourhood's reception to development

It is important to be able to rely on strong community relationships to support your project. You will likely face some opposition to your plans at some point, because of density, height, populations, etc. Take the time now to think about your relationships with your immediate neighbourhood, and any conflicts that may arise, especially if you are planning to provide services on your property which the public may see as controversial. Your immediate neighbourhood also offers potential allies that will work to move the project forward.



Assess your Readiness: The Worksheet

Are you ready to start a redevelopment project? Apply what you've learned in this guide to your organization by filling in the worksheet below. It will help you determine whether you should proceed, and pinpoint the areas that you need to work on. The filled in worksheet can also be really helpful for when you are ready to go, because it also serves to compile much of the information you need – about your organization, staff & board capacity, financials, and community – all in one place so that you can easily move to the next stage. The nine sections below correspond to the nine points outlined in the guide in case you need to refer back.

1. Organization – vision, mission, strategic planning

Vision statement

Mission statement

What are the **primary reasons** for considering redevelopment?

1. _____

2. _____

3. _____

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What are your top **strategic priorities** as an organization, and how would redevelopment affect them?

Priority	Impact of Redevelopment

2. Potential Partnerships

What organizations do you know that could be **potential partners** in redevelopment?

Organization name	How you currently work with them	Potential value as a partner

3. Staff and Board Skills and Capacity

What is the make-up of your **Board of Directors**?

Director Name	Areas of expertise	Committee representation

What **skills** do you need to add to be able to embark on redevelopment?

1. _____

2. _____

3. _____

What can your **staff team** bring to the redevelopment process?

Staff Name	Role	Areas of expertise	Hours/month available

4. Champions for Redevelopment

Who in your organization will **champion** your redevelopment vision to get buy-in internally and externally?

1. _____
2. _____

5. Community Needs

List **needs** that have been identified by your organization and others in your community

Who	Need(s)	Alignment with your mandate
e.g. Seniors	Housing	Medium – we do a seniors drop-in but have no experience in housing

If you are having trouble identifying the community needs, who you can talk to for help? What resources are available?

1. _____

2. _____

3. _____

6. Decisions about your Land

Make a diagram of your **governance structure**, including all affiliated organizations and those that have claims on your land. Specify the legal status of each entity and where land ownership lies.

7. Financial Resources

Value of land after debt:

Book	\$ _____
BC Assessment	\$ _____
Appraisal (if available)	\$ _____

Other savings/endowment/equity:

Type	Value
e.g. Term deposits	\$100,000

Annual operating budget \$ _____

Available resources to fund the planning for redevelopment \$ _____

8. Constraints on Redevelopment

Which community projects have been supported by the local municipality in the past?

Redevelopment Project	Reaction of the Municipality

Specific **constraints** on your property.

9. Neighbour's Reception to Development

How have your neighbours responded to recent redevelopments in your neighbourhood?

Redevelopment Project	Reaction from the Neighbourhood

How do you anticipate neighbours will respond to redevelopment?

Building it Right: Are you ready to start?

Overall Assessment: Are you Ready?!

Considering the information you have gathered above, what are your strengths and weaknesses when it comes to redevelopment? What are you going to do to fill the gaps and improve your capacity to proceed?

Strengths	Weaknesses
<ul style="list-style-type: none">••••	<ul style="list-style-type: none">•••••
Plan for improvement	
<ul style="list-style-type: none">•••	