BC/YUKON COMMAND

PROPERTY APPROVAL PROCESS and CHECKLIST

August 2010

INTRODUCTION

The intent of this Procedures Booklet is to ensure that a Branch has determined, as much as possible, that a project will be viable before engaging the help of long-term planning generalists. The professional help needed in the preliminary assessment stages would come from individuals who have a specific area of expertise, for example, environmental assessors, appraisers, city planners, lawyer, etc. who would be hired to do a specific function and would be paid only for that function or product. At this stage of investigation – the Branch should be able to keep the expenses to a minimum. The Branch will need general meeting approval to expend funds for this type of investigation. As an example “A motion to approve not more than $5000 to investigate the opportunities…” would not be an unreasonable way to start.

Even if it is necessary at some stage to get architectural drawings, these can be acquired for a set fee, or perhaps they can be provided by the architect “as a cost of doing business” so long as the architect gets the future project IF it goes ahead. There is no need to hire someone to act as a liaison between the Branch and the architect. Remember, you are only investigating at this stage and you cannot commit large sums of money.

Most of the “generalist consulting” for a project at the preliminary stages can be done through the Legion Seniors Housing Consultant, Dave MacDonald who works out of the Seniors Housing Centre for Excellence in Charlottetown. And there is no expense to the Branch for this support. Mr. MacDonald is trained as environmental assessor and has property appraisal training and experience. He has experience and training in the legal aspects of real property and experience in court cases. He is a Notary, Commissioner of Deeds and a Commissioner for Oaths in PEI and has a Certificate in Real Property from York University. Mr. MacDonald has over 20 years experience with the Veterans’ Land administration Program with more than 10 years of that experience at the Director level. Mr. MacDonald has been involved exclusively with “Legion" related housing and real property related issues since 2000.

With the support we can provide through the services of Mr. MacDonald a Branch is not going to be at much of a disadvantage by holding off from hiring paid consultants - until the initial due diligence process determines that they should proceed to that next step. There is no doubt that through the support of the Seniors Housing Centre for Excellence in Charlottetown that Mr. MacDonald and his staff are qualified to assist, at least to the same extent, as a “for hire” general consultant.

The Branch Advisory Committee is most fortunate to have the services of Dave MacDonald and whether a Branch chooses to begin the process of discussion on property development with Dave initially or whether the Branch Advisory Committee brings Mr. MacDonald into the evaluation of the Branch proposal - all Branches benefit by his knowledge and expertise. And there is no cost to the Legion Branch for his assistance.

The Branch Advisory has additional expertise available at BC/Yukon Command head office to assist Branches; professional administrators a chartered accountant and a property development officer ready to ensure you avoid the numerous pitfalls that can occur in property development. Jerry Couling is the property development officer and he chairs the Sub Committee on Property Development. Jerry has an extensive back ground in real estate and corporate banking. His experience in negotiating financing has been invaluable to our Branches.

BC/Yukon Command recognizes that some Branches within the Command are exploring opportunities to develop their “land equity.” Sometimes this development is in the form of seniors housing which allows Branches not only to make use of their land equity, but also to help address the housing needs of veterans and seniors.

In other circumstances, Branches may determine that their property, or a property to be acquired, could be better utilized in some other way. In examining the options, consideration should be given to the overall viability of the Branch. Is the membership of the Branch able to commit to the project through the construction phase and ensure the establishment of a board that will oversee the project in the long term? Will involvement in the project have a positive, neutral or negative impact on the general and financial operations of the Branch?

Real property development is a complicated, technical and expensive course of action but is sometimes a reasonable and workable option to consider. To assist Branches, Branch Advisory has developed these easy to follow procedures for Branches to facilitate the planning, approval and construction stages of development. The procedures are generic in nature and cannot be expected to address all “project specific” needs, but they will help Branches with their overall project planning and in the identification of potential problems so that they can be addressed in a pro-active way.

Branch Advisory representatives will visit a Branch early on in the planning stages to develop the working relationship between the Branch and the Committee. In addition Dave MacDonald visits our Command at least twice a year and we can arrange for an onsite visit by him as well.

The commitment by Branch Advisory is to ensure the Branch gets the best deal possible. The committee is committed to helping the Branch move forward with a development project and in so doing – make sure the Branch and its members don’t get taken advantage of by any real estate agent, developer or anyone who has a vested interest in getting the **property but who is not committed to making sure the Legion get’s the best deal!** The Branch Advisory Committee is part of “your team” to make sure the Branch and its members come out on top!

Property Approval Process

Statement of Understanding

Upon receipt of the Property Approval Process booklet the Chairman of the Building Committee appointed by the Branch to investigate the development of property, must sign this certificate indicating receipt of the BC/Yukon Command Property Approval Process and Checklist.

Please attach to this Statement of Understanding a list of the members appointed to the Committee at Branch level:

This is to certify that _____ has been appointed by the Executive Committee of Branch No._____, _____ to investigate the feasibility of developing the property of the Branch.

As Chairman, I assume the responsibility of ensuring the members of my committee understand the obligations to comply with the requirements of the property approval process as outlined in the Property Approval Process and Checklist document.

I fully understand that the Branch cannot commit the assets of the Branch without the prior approval of BC/Yukon Command and without out the approval of the membership at a special general meeting held in compliance with section 121 of the general by-laws. It is understood the only two signatories at the Branch who can sign legal and binding documents is the Branch Secretary and Branch President as per Section 53 of the BC Legion Act.

_____

Signature

_____

Date

REAL PROPERTY DEVELOPMENT
CHECKLIST FOR LEGION BRANCHES

1) Establish a Property Development Committee

In every case where a Legion Branch is contemplating the use and/or development of Branch property, or is considering the acquisition of real property for development purposes, the Branch must establish a Property /Development Committee. Its purpose will be to explore possibilities and investigate the feasibility of any proposed project and report back to the Branch executive. The committee will be set up in accordance with the following procedure:

It is important to set up a committee separate and apart from the Branch Executive for a number of reasons:

- only focus of the building committee will be the proposed development;
- the committee, being an extension of the Executive, would only make recommendations to the Executive and not make decisions;
- having the committee separate from the Executive gives the Executive the latitude to question committee recommendations;
- the committee does not operate independent of the Executive Committee; and
- must be monthly reporting process so the Executive is kept current with committee work.

There must be a motion to establish this committee and the motion must be approved by both the Branch Executive and a General Meeting. The motion should specify the terms of reference of the property committee. The motion could include approval to expend up to $5000 and also to investigate existing government grants available and to proceed with grant application if no financial liability is incurred.

The expectation is that the Committee appointed shall be in place for the duration of the project. Members need to understand their commitment to the project could be for three to five years. The committee shall have a minimum number of 5 members consisting of the Chair and 4 members at large.

The committee reports to the Branch Executive and the General Membership and it **does not have** the authority to spend money, borrow money, sign contracts or to commit the Branch legally, financially or contractually, in any way whatsoever, without the **prior approval** of the general membership. The committee will make progress reports to the Executive Committee and the general membership on a monthly basis.

Contact BC/Yukon Command, they have a list of resource people who can help:

Resource Help Available:

- Branch Advisory Committee
- Command Accountant
- Command Advisors
- Dominion Command - Seniors' Housing Centre for Excellence

Once the committee is established it must notify BC/Yukon Command of any potential developments. After the committee determines the feasibility of any proposed project, the same committee may be given approval by the Branch Executive, ratified by the General Membership, to continue on with other stages of project planning and development.

~ IMPORTANT ~

Committee members must perform their committee duties and responsibilities in a manner so as not to put them in a position of real, or perceived, conflict of interest, both personally and with respect to any relationship, or dealings with the Branch.

Be sure to consider the "Conflict of Interest" procedures - see Appendix A.

2) Determination of Branch Options

The Property Committee shall:

	Yes	No
❀ Identify current Branch financial situation. Review list of requirements that have to be met by the Command Branch Advisory Committee. See Appendix B;	☐	☐
Command can provide a five year analysis of the Branch operation – ask for a copy.	☐	☐
❀ Identify the short-term and long-term issues/needs and goals of the Branch to ensure any proposed real property development addresses those needs, etc. to the greatest extent possible. Short-term issues could include cash flow problems; outstanding financial commitments; requirement to do repairs and renovations to the building; financial/business trends, etc. Long term issues might be declining membership; a facility too large or too expensive to be maintained; financial and business trends over an extended period, etc.;	☐	☐
❀ Ensure Branch objectives established are realistic;	☐	☐
❀ Establish options available, such as downsizing; severance of a portion of the property for sale or development; amalgamating with another Branch or service organization i.e. Elks, Lions, and Kiwanis;	☐	☐
❀ Evaluate options and determine option most desirable and achievable given the Branch needs and ensure due consideration is given to how well the option addresses the needs of the Branch; and	☐	☐
❀ Select preferred option and prepare proposal.	☐	☐
❀ Select preferred option and prepare proposal.	☐	☐
❀ Before you go too far in making a recommendation for a new site for the licenced Branch operation – have some preliminary discussion with the Liquor Inspector. A liquor licence can't be arbitrarily transferred to a new site. There are lengthy procedures involved in getting approval for a liquor licence in a new premises. It's not just a matter of "moving" the	☐	☐

existing liquor licence.

Preliminary Assessment of Project

Renovations and/or development to an existing facility may have a short-term negative impact on Branch operations. As much as practically possible, do a preliminary assessment of the viability of the proposed project as early as possible.

This is especially true with respect to the financial viability of the proposed project. Obtain as much information as possible with respect to financing options of the development **before** financial commitments are made to architects, planners, etc.

a) While Branches may not have firm details about proposed projects in place at this stage, they usually have general ideas as to what type of development they want to consider. Some possible options to consider are:

- housing (assisted vs. market rentals, condos, life-lease, etc.)
- commercial use of land
- sale or lease of land

b) One of the first things to evaluate is the actual "site" capacity.

	Yes	No
Is Branch land available or	☐	☐
Does it need to be acquired?	☐	☐
Is there a need for rezoning or a zoning variance,		
Consider what will be the new highest and best use value of the property after the rezoning?	☐	☐
Will the property pass an environmental assessment?	☐	☐
Can a clear, unencumbered title to the property be obtained? (re: mortgage, easements, flood plains, etc.)	☐	☐
Can the property be severed?	☐	☐
How much development will the lot size allow?	☐	☐
What is the soils capacity for the lot?	☐	☐
What is the assessed value of the property?	☐	☐
If the property is serviced by a septic field – is the property large enough to accommodate the increased use of land serviced by the septic field in accordance with Ministry of Health Regulations?	☐	☐

The primary purpose of this planning step is to get a clear understanding of what development options the proposed site allows and to determine as soon as possible if the project cannot proceed for site reasons

c) In addition to the physical consideration of the site, it is necessary to assess, as much as possible, the financial marketing and funding viability of the proposed project, **before the Branch commits large expenditures to the development.**

- What preliminary project expenditures are required during the feasibility assessment stage? i.e. soil testing; market study; zoning; relocation expenses.

- What equity can be brought to the project?
  - land value
  - cash
  - grants
  - development concessions
  - "sweat equity"

- Development of Preliminary Pro-formas
  - income/expense/construction cost

    ***see examples attached as Appendix C**

BC/Yukon Command has expertise to assist with the preparation of pro formas.

- What are possible, and best, funding sources available to the project? If possible, obtain a Letter of Commitment for project funding, from the developer or recognized lender.

- Some of the areas to consider under this bullet are:

	Yes	No
➢ will CMHC involvement be necessary?	☐	☐
➢ If it is, it will be necessary to know what information CMHC will need for mortgage insurance purpose.	☐	☐
➢ very preliminary expense/income and construction cost statements can be developed and this information will be very valuable in determining what financing options might be available.	☐	☐

The property development committee may be able to obtain this information on its own, but it may be necessary to involve a mortgage and/or financial expert. The Chairman of the Property Development Sub-Committee at BC/Yukon Command is an excellent resource.

The key consideration in this step is to determine, as early as possible and as thoroughly as possible, if the proposed project can be financed in a manner, and at a rate, acceptable to the Branch. If the preliminary proposals are NOT readily financeable, perhaps it may be necessary to change the development or re-think the project.

3) Develop a Preliminary Project Plan

To determine project feasibility a preliminary project plan is required to show what must be done, set up the sequence of tasks and allocate the costs associated with each task.

	Yes	No
a) The scope of the feasibility assessment must be identified.	☐	☐
- Is rezoning necessary?	☐	☐
- Is an existing needs assessment/marketing study available? It may not be necessary to conduct a market assessment if this	☐	☐

analysis has already been done in your project area. Remember the key is to prove there's a need and once the need has been determined by someone there is no need to do it again

b) Identify project specific tasks and performance time-lines and attach costs.

- Example:
  - needs assessment ☐ ☐
  - rezoning application ☐ ☐

The costs of preparing needs assessments, rezoning applications, etc., may vary depending on project specific requirements. It is important to get firm estimates for these costs early in the planning process.

c) **Determine what professional assistance is required to carry out the identified tasks**. Identify a member to contact City Hall and check on the zoning and footprint of the building.

Some questions to ask:

- what is the present zoning of the property? ☐ ☐
- what does this zoning allow? ☐ ☐
- what is the minimum time-frame for approval of uncontested rezoning application or zoning variance?
- what are the costs associated with a rezoning or zoning variance approval? ☐ ☐
- assuming property can be rezoned to accommodate proposed project are there any building restrictions (i.e. height, maximum development capacity, set-back requirements, line of sight issues, etc.)? ☐ ☐
- what are the development fees? ☐ ☐
- are there any easements, restrictions, or other impediments to development that affect the property? ☐ ☐
- what is the assessed value of the property? ☐ ☐
- what are the dimensions of the property? ☐ ☐
- is there a plan for the property on file? ☐ ☐

d) Identify possible funding sources to cover the estimated costs:

- Example:
  - Proposal Development Funding (PDF) - CMHC ☐ ☐
  - Seed Funding (CMHC) ☐ ☐
  - Branch funding ☐ ☐
  - Community write-offs and deferrals ☐ ☐

e) Determine funding gaps between tasks to be performed and funding sources and amounts identified. ☐ ☐

4) Submit Preliminary Project Plan (PPP) to Branch Advisory for review prior to presentation at the General Meeting.

Once Branch Advisory Committee has had the opportunity to offer comment on the PPP, the Branch shall serve notice of motion at the general meeting prior to the special general meeting when the project is voted on. The notice of motion at the general meeting should include distribution of the written proposal and the developer/architect should be on hand at the information meeting to answer questions on the proposal.

To ensure a successful development with the full support of the membership you need to do

everything you can to educate your members PRIOR to the vote being taken at Special General Meeting. When you come together at the SGM the committee should have a high level of confidence the project will get approved because you have done your homework and you have communicated extensively to your membership so they understand the project.

For members to make informed decisions at the SGM they need to have had time to consider the proposal. Holding informal information sessions prior to general meetings or meat draws is an excellent way to take advantage of attendance by members. Don't overlook the ability to convey information through your newsletters as well.

Remember, the SGM which must be called in accordance with section 121 of the general by-laws is the time for the members to discuss the project and vote. This is NOT the time for the members to be given, **for the first time**, the selling job by an architect or a developer.

You as the members of the committee need to have a full understanding of the project and you should be answering the questions at this time – not subject your members to a pressure sales job by an agency that has a vested interest in the project going forward – they will make money off the decision of your membership.

You are well advised to have the developer/architect provide enough copies of the written proposal for distribution to all your members **well in advance of the SGM**. In fact, if you can negotiate with the partner on the mailing costs, if you could mail a copy of the written proposal when you give notice to come to the SGM you will have a much more informed audience in attendance.

At this stage the Branch should have some drawings to support the project. If the committee hasn't been able as a group to come to some conclusions on exactly what they want to present to the membership for approval – **then you are not yet ready for general meeting notice.** Once the proposed project is outlined on paper through drawings the concept begins to take shape and this allows for much more discussion on the ability of the project to meet the needs of the membership.

5) Branch approval of the Preliminary Project Plan (PPP)

Apply for PDF Funding Approval as per the requirements of section 121 of the General By-laws.

Once a preliminary project plan (PPP) is established by the property development committee and the plan is deemed to be feasible, the PPP must then be approved by the Branch general membership by way of a proper Notice of Motion through 121 of the General By-laws and approval from BC/Yukon Command.

Remember the authorized signatories for the legal document as per the Legion Act of BC (Chapter 53 is the Secretary and Branch President). Section 7 applies as per the following:

> All deeds, bonds, mortgages, transfers, assurances, conveyances, Instrument contracts, and other instruments with respect to real and personal property owned by the Command or a Branch shall be executed under the seal of the Command or Branch, attested by the signatures of the President of the Command or Branch and its Secretary for the time being.

You can obtain a copy of the Act from BC/Yukon Command.

6) BC/Yukon Command Review Process (Preliminary Project Plan)

BC/Yukon Command is prepared to work with Branches on each stage of the development to reduce turnaround time. Branches must contact BC/Yukon Command right away and ensure the Branch Advisory Committee is well informed of each step of the project. BC/Yukon Command will provide its review as quickly as possible but the onus is on the Branch to give a reasonable time frame for consideration by Command. Some Branches give less than 24 hours and that is not acceptable. Command will do their best to give a 14-day turn around.

The BC/Yukon Command review will consist of a review of all motions, supporting documentation and any and all information gathered by the property development committee to ensure the Branch has followed steps 1 - 5 of the Property Approval Process guideline. The review will be conducted as follows:

- Branch must forward to BC/Yukon Command copies of all documents, information, Notices and Minutes of meetings that support steps 1-5 of the Property Approval Process (PAP);

- Information will be reviewed by BC/Yukon Command Property Development sub-Committee.

- Branch Advisory Committee may seek assistance, guidance and/or direction from other Command officials, officers, staff and outside consultants and experts to assist in its deliberations.

- Branch Advisory Committee will then notify Command staff of its findings and direct the staff to advise the Branch accordingly; and

7) Final Determination of Project Viability

It is appropriate to remind you of the authorities contained in the Legion Act of Incorporation:

- No Branch may, without the consent in writing of the Provincial Command having jurisdiction over the Branch, hypothecate, mortgage, pledge, lease, sell, convey or otherwise dispose of its real or personal property except in the ordinary and usual course of its activities.

At this time the Branch will have already completed its preliminary viability assessment and have decided to do a more in-depth, project analysis. This may necessitate engaging additional professional help and there could be rather substantial costs associated with this stage of planning. **See “Hiring of Professionals Guidelines”, Appendix ‘D’, attached.**

Some of the work required at this stage could include:

- Obtaining funding identified as a “funding gap” when preliminary project plan developed. This money will likely be needed to help cover expenses associated with this stage of the project;

- Getting detailed architectural and survey plans:
  - drawings
  - topography surveys
  - landscaping plans
  - engineering plans

- If you plan on having a liquor licence in the new location – start talking to the Liquor Inspector – there are lengthy approval procedures involved.
- Obtaining a quantity cost analysis:

  This will require detailed professional construction cost analysis and architectural plans. This information will be needed to develop the financial pro-formas;

8) Developing Financial Plans:

- construction cost pro-forma
- income/expense pro-forma

  The Income/Expense Pro Forma is essentially a projection of the future income and operating expenses of the project. **The accurate development of the pro forma is necessary to determine if the project will generate sufficient income to carry itself and to establish the mortgage paying capacity of the facility**. For example, the monthly income that remains after all the expenses and contingencies are looked after is what is left to pay the mortgage.

- mortgage application packages etc.

9) Establish a Business Plan

On request Command can provide a Guide to Develop a Business Plan.

- rental/expense information
- marketing plans
- long-term clientele data
- succession planning
- property management

10) The Incorporation of a separate "Housing Society"

This procedure only applies when a Branch is looking at developing seniors housing and consideration is given to forming a separate society for the purpose of managing the seniors housing site.

Some steps to consider when looking at the creation of a separate housing society: -

- Ensure Branch goals and objectives, as well as those of the new corporation, are covered in the Letters of Incorporation.

  Example

  a) limitation of Branch liability;
  b) possible Branch access to future profits;
  c) deal with Conflict of Interest situation (see Conflict of Interest guidelines attached as Appendix "A"); and
  d) will the Branch be completely at "arms-length" from the new company?

  This step may have already been started as part of the preliminary assessment of project viability, but finalization of the letters of incorporation for the new "holding company" will likely be finalized at this stage of planning.

This is an extremely important step in the planning process and the Branch and/or project solicitor(s) must be involved in these meetings. It is important to note also that BC/Yukon Command has the final review of incorporation documents as they relate to any interaction with the Branch.

11) Final Review of Proposed Project by BC/Yukon Command

At this stage, the primary focus of the BC/Yukon Command review will be to ensure all steps in the Property Approval Process have been followed. The relevant material will be:

- reviewed by the BC/Yukon Command Branch Advisory Committee; and
- on behalf of Branch Advisory Committee, the Command staff will advise the Branch as to the results of the review within 21 days from receipt of all the information from the Branch

With the final endorsement from the Command the Branch can then proceed to issue the notice under Section 121 of the general by-laws to call the membership together for a Special General Meeting to consider the proposal. Approval requires a 2/3rds majority and the minutes must reflect the number of votes cast and the votes “for” and “against.”

12) Final approval of Proposed Project by Branch

Once project is determined feasible and viable - before development can commence it is necessary to get final approval to proceed from the Branch membership and to have this approval reviewed by BC/Yukon Command.

- As with the Branch approval of the PPP, this final approval by the Branch general membership must be by way of a proper notice of motion to call members to a special general meeting. Approval requires adherence to 121 of the General By-Laws.

- Steps and requirements for this approval are the same as in Step 5 of this checklist.

13) Proceed with Project

Once project has received final approval from membership and BC/Yukon Command has reviewed that approval, the new corporation will carry out all further actions.

14) Evaluation of the Expected Reporting Requirements

Reporting requirements will be tailored to meet the specific development project. Jerry Couling as Chairman of the Property Development Sub-Committee will notify each Branch of the requirements throughout the development phase.

Appendix "A"
CONFLICT OF INTEREST PROCEDURES

Appendix "B"
COMMAND REQUIREMENTS

Appendix "C"
DRAFT PRO-FORMAS

Appendix "D"
HIRING OF PROFESSIONALS GUIDELINES

Appendix "E"
AFFORDABLE AND ASSISTED LIVING COMPLEXES STATEMENT

APPENDIX "A"

CONFLICT OF INTEREST PROCEDURES

1. PREAMBLE:

a) It is important for the Legion Provincial Commands and/or Branches when considering housing projects to address conflict of interest situations. Conflict of interest can be both real and perceived; and
b) Since some provinces have implemented rules and legislation relating to conflict of interest issues involving non-profit housing providers, Branches should check provincial legislation to see if any regulations or guidelines exist.

2. DEFINITIONS:

In these guidelines "conflict of interest" includes, but is not limited to: -

i A director of a Branch initiated housing project is also a member of the Legion Branch executive; and/or
ii The Branch and the housing corporation have a formal and/or informal business arrangement, and one or more of the decision makers has decision making capacity for BOTH entities; and/or
iii Any member(s) of the Branch executive, or a person related to the member(s) stands to receive a direct or indirect gain, benefit, advantage or privilege as a result of the Branch being involved with the housing corporation.

3. AVOIDING CONFLICT OF INTEREST

3.1 Exceptions

Branch Executive Committee members must not enter into any relationship, arrangement or contract with any Branch initiated housing project and/or Housing Corporation/ Housing Society or associated Property Manager in a way that creates a conflict of interest. However, there may be circumstances where real or potential conflict of interest situations are unavoidable, or do exist, and in these cases the member involved must:

A) Provide a detailed, written notice of the real or potential, conflict of interest to the Branch executive. The Branch executive will copy the notice to Command. The Branch executive shall then determine if there is a real or potential conflict of interest with respect to the affected member and if there is a conflict situation, the Branch may attempt to resolve the real or potential conflict of interest, in accordance with the following procedure:

a. Notice of the real, or potential, conflict of situation must be provided to the Branch executive by the affected member, within seven (7) days of the affected member becoming aware of the conflict situation;

b. When the conflict situation is addressed by the Branch executive, the affected member must leave the room and may not in any way participate in discussion. The executive may, at its discretion, recall the affected member to answer questions that it may want to ask, but the affected member must again leave the room before any further discussion on the matter is undertaken by the executive.

c. The Branch executive shall advise the affected member of its interim decision, which will be subject to Command review, in writing, no later than seven (7) days from the date of the meeting. Command will be concurrently advised within the same time frame.

d. Once Command has reviewed the Branch decision it will, within fourteen (14) days of its receipt of the decision, advise the Branch of any objections, if any, that it may have;

e. If there are no objections from Command the Branch executive shall, within seven (7) days of receiving the Command review, advise the affected member of its final decision; and

f. If there are objections from Command, the final decision shall be taken in accordance with Section 4, sub-section 4.1 of these Procedures.

B) In the case of a Branch executive member living in a dwelling unit in the Branch initiated housing development, the member may be employed by the housing corporation to perform routine tasks (i.e. maintenance, unit rentals, etc.) but the member may not be employed in a managerial or supervisory role; and

C) A Branch executive member who does not live in the housing development may also only be employed by the housing corporation in accordance with the terms and conditions of paragraph B. above, which paragraph is Section 3, Sub-Section 3.1, Sub-Sub-Section B of these Procedures.

3.2 Responsibility to Avoid Conflict of Interest: Branches shall closely monitor its dealings to ensure that these Procedures are followed and that conflict of interest issues are quickly identified and resolved.

4) COMMAND/BRANCH DISAGREEMENT RE CONFLICT SITUATION:

4.1 In the event that BC/Yukon Command does not concur with the Branch interim decision, every effort will be made by the two parties to reach an agreed upon decision. If an agreed upon decision cannot be reached within fourteen (14) days of the initial written review provided to the Branch by Command, then the decision taken by Command will stand.

5) RECORD KEEPING:

5.1 It will be the responsibility of both BC/Yukon Command and the Branch to keep detailed records of all conflict of interest decisions.

5.2 It will be the responsibility of the affected member to advise the Branch of any change in a recorded conflict of interest situation; and

5.3 it will be the responsibility of the Branch to advise Command of any change in a recorded conflict of interest situation.

APPENDIX "B"

COMMAND REQUIREMENTS

1. Command conducts a five-year review of financial statements.
2. Command looks at Branch membership figures for the last five years.
3. Branch must submit their Business Plan and yearly budget.
4. Branch must submit the current year-to-date statement.
5. Branch must explain how business will be improved to cover the increased costs with the loan and interest payment?
6. Branch must provide minutes from the special general meeting that approved the loan in accordance with General by-laws 121.
7. Branch must provide interest rate and monthly payment rate over what period of time - if a loan is required.
8. Branch must verify they have Director's Liability Insurance.
9. Confirm whether the Branch involved with a Society.
10. Is the development of the property under the name of a society?
11. Who will own the property?
12. Who will develop the Legion building?
13. Who will administer the rentals?
14. Who is named as the mortgage holder?
15. How is mortgage held – single, joint?

APPENDIX "C"

DRAFT PRO FORMA
CALCULATION OF EQUITY CONTRIBUTION

Land Acquisition and Severing:

Pay down to CMHC

Other Acquisition Costs:

Legal Services
Survey
Development Charges (Rustico)
Appraisal

Other Fees and Charges

Registry Fees
Environmental Assessment, Engineering, etc.
Interest during Construction
Taxes during Construction
Insurance during Construction
Lender Fees
CMHC Mortgage Insurance Fee

Building, Landscaping and Chattel Costs

Construction Cost
Stoves and Fridges
Laundry Equipment
Landscaping
Contingencies

Total Capital Cost

Credits Towards Capital Costs
Members Equity Contributions:
Appraisal
Survey
Plans and Drawings
Management fee – 4%
Affordable Housing Subsidy
Real Property

TOTAL

Income Expense Pro Forma

Income:

Rents	$
Subsidies	

Expenses:

Depreciation	$
Electricity	
Heat	
Insurance	
Interest and bank charges	
Interest on long-term debt	
Office and travel	
Professional Fees	
Repairs and maintenance	
Replacement reserve	
Taxes	

APPENDIX "D"

HIRING OF PROFESSIONALS PROCEDURES

At some stage during the development proposal process it will be necessary to retain some professional assistance. Professionals involved in the development of real property could include, but not be limited to: lawyers, architects, engineers, accountants, land surveyors, planners, development consultants, financial consultants, market analysts, professional fund raisers, realtors, traffic and noise consultants, property appraisers and environmental assessors.

One important thing to remember when dealing with professionals is that they work for you...however; you are paying them for their advice and guidance, so it is important to retain professionals with whom you are comfortable.

A professional, especially a lawyer should not be hired by two or more parties in a project. To protect the interest of each partner separate independent counsel MUST be retained.

Very often Branches have lawyers and accountants that they work with on a regular basis and often there is no need to involve another lawyer or accountant in the development process. Most lawyers and accountants, if they are not comfortable dealing with real property issues, will advise you accordingly. It is a good idea to ask your present lawyer and accountant if they are comfortable with real property development early in the planning process so if you need to retain someone else you can do so as early as possible.

The following should be followed when retaining professional help:

1) Get three or more quotes from professionals like architects, planners, market analysts, fund raisers, realtors, engineers, specialty consultants, etc. very often it is possible to structure payment deals that might work best for the Branch;

2) Always insist on signing a working agreement with the professional, and never sign any agreement without first having it reviewed and receiving advice from your lawyer;

3) Every working agreement should include, but not be limited to:

   - the cost of the services to be provided and how they will be billed (by the hour, by the job, will all hourly billings be the same, etc.)
   - a provision to receive detailed accounts for all billings;
   - a clear indication of the services to be provided;
   - a clear indication of the time-frame for the provision of the services;
   - a clear indication of when payment will be expected.

Again, no agreements should be entered into without the agreements first being reviewed by your lawyer.

APPENDIX "E"

Dave Sinclair, Chairman of the South Vancouver Island Zone Housing Society has had some personal experience in development of housing. We have included the following report from Dave to give another perspective from someone who has to work through the process of seniors' housing development.

SENIOR'S HOUSING - AFFORDABLE AND ASSISTED LIVING COMPLEXES BY DAVE SINCLAIR

Obviously obtaining the land for any housing development is the most crucial element in the project. If a Housing Society is already in possession of land this becomes less critical, however, for a new newly formed Society the first step would be to acquire a piece of property. One of the problems in this area is that municipalities for the most part do not have land set aside in their town plan where they may either sell on a deferred arrangement or lease to a Housing Society in order to start a project.

Another critical area in question for Housing Societies is the start-up funding or seed money required in order to get the project started. It is estimated that a project will require anywhere from $75,000 to $100,000 in order to promote an idea from the drawing board to a position where they are able to proceed further. Obviously this is dependent on the municipality and their willingness to help the project through the various levels within the community. Seed funding I made available through CMHC on the basis that if the project fails to proceed for any reason the money borrowed from CMHC can be forgiven, however as you will see later, this too has its pitfalls. Still relating to a funding source, a financial institution must also be brought into the picture in order that the proponent will be able to proceed with the construction loan phase if it proceeds to this point.

In most cases the municipality desires this type of project in their community and will assist in supporting the proponent in their quest to secure the required zoning through its various stages. Normally the municipality will want to zone the property for a senior's only complex to fall into line with their vision for future development in a certain area. In order to go to the municipality to commence this process, a Housing Society would also need to have architectural drawings showing the proposed complex. These are not working drawings, but demonstrate the layout of the building from a site planning perspective including an artist's sketch of what the building might look like when completed.

Proper due diligence is necessary to ensure the success of any potential development or redevelopment project. Informed research is critical to make certain the Housing Society is presented with an honest, unbiased analysis of their potential development. There are also five integral studies that must be conducted to attain a "green light" for property development. Any "red lights" in any one of the five key areas may hinder or halt the development process before any long term financial commitments by the Housing Society are made.

- Market study proving the needs and demand for this type of development in your area.
- Preliminary architectural plans that conform to building codes and zoning requirements of the local city government. These plans also maximize the use of available land to suit the intended use of the building.
- Construction cost estimates based on the architectural plans.
- Operating budget based on the architectural plans and the construction cost estimate.

- Obtaining financing for the proposed budget.

These studies will also have to be completed but only after the 5 key elements have been successfully completed: -

- Geotechnical analyses (soils study)
- Phase I environmental (soils contaminates)
- Topographical survey
- Appraisal (value when completed)

A feasibility report should also be prepared to meet the requirement for a Proposal Development Funding (PDF loans) from Canada Mortgage and Housing Corporation. As previously stated these are interest free loans of up to $100,000 that can be utilized to further the development potential of a property. It has been my experience however that you will be given up to $30,000 for interest free loans and that anything above this amount would have to be matched by the society in order to free up more funding from this source. For example in order to obtain a further $10,000 the Society would have to show that they have spent $10,000 of their own funds. This money would also only be paid incrementally upon presentation of invoices by the various consultants that you will have to hire. These fees will cover the preliminary portion of a project only, and expanded funding would have to be available during the construction process if all of the “green lights” are attained.

At this point of the project we are ready to proceed with a zoning application with the municipally. The zoning will take 3 readings before its completion. During each reading the Housing Society must be ready to explain the project to the council and at the same time be prepared to answer any questions from the gallery as undoubtedly there will be some “not in my backyard” opposition. It will also be necessary to hold at least one public hearing which will have to be advertised two weeks prior to the hearing. This is where the general public will be invited to a general presentation and also to view your project drawings and concept.

This has been a very simplistic overview of the process which must take place prior to any building permit being issued. There are also some pitfalls which the society must be aware of and be considered.

- The fact that the society obtained the PDF funding in no way guarantees that CMHC will underwrite your project in order to obtain bank funding. CMHC could refuse the underwriting for a number of reasons, i.e. they do not like the wording in the rezoning presented by the municipality or they do not see a viable project due to size or cash flow.

- Without CMHC underwriting no bank will consider giving the society a loan for construction. However, not all is lost. Credit unions can provide funding without CMHC insurance providing they see a viable project. This will cost the society more for borrowing the money usually about 90 to 120 points above Canada Bank rate but on the bright side, they won’t have to pay CMHC for underwriting the project.

- Usually the municipality will have some strings contingent on approving the rezoning. These will include improvements to the roadways adjacent to your project, and, might include curbing, road widening, sidewalks, street lighting, enlarging the infrastructure such as sewer lines, water lines drainage etc.

- The municipality will also charge a fee called development cost charges (DCC's) which, depending upon the size of the proposal could be in the neighbourhood of $350,000 or more.

- Some municipalities will also require a bond of up to 125% of the total projected landscaping costs. This will ensure that the society landscapes the property as they indicated in their application. A letter of commitment will usually cover this, however; the money must be available in the budget.

- The municipality and the lending institution will also want to see a contingency fund built into the budget to cover any cost overruns that might occur. Depending on the value of the project this should be anywhere from $500,000 to $750,000.

- The lending institution might also want final approval of a Director that the Housing Society hires to ensure a smoothly run operation.

This is certainly not meant to discourage anyone from proceeding with the process of putting up a senior's residence but from experience provides a simplistic overview of the requirements and what might m be expected during the process.

As clearly indicated the process can be quite daunting and I would recommend that any new Housing Society should be hiring a consultant to walk them through the process. For those more established Societies they probably have the expertise within their organization to proceed on their own.

Seniors - Although not directly related to the housing topic I believe that I should also include some problems seniors encounter when trying to obtain housing and especially "Assisted Living" accommodation. It has been my experience that the affordable housing units for seniors are more often than not housing many more women than men. In the case of the housing complex which I am President the percentage is 70% women and 30% men. The reasons for this is obvious, as many of the seniors of today came from families where is husband worked and the wife stayed home to care for children and the home. Therefore many of the female seniors of today have only their old age pension and a supplement. Many of our tenants total income is less that $1100 per month.

This brings up the problems facing these seniors as they become the very old and now require "assisted living" to cope with their every day lives. **They simply can't afford to go into assisted living!** Using Victoria as an example, the average "**for profit"** "assisted living" complex will charge in the neighbourhood of $4000 per month. They also charge for all the little extras, for example, if the tenant requires having their medicine distributed to them, their personal laundry needs washing, they need help bathing etc.

The **"not for profit"** complexes charge much less, in many cases less than half of that charged by "for profit" complexes. For example, the complex I am associated with charges $1950 per month and the little extras as outlined above are given for free. But even with this reduced rate, it can readily be seen that many seniors, mostly women, can't afford to move into these complexes without some sort of subsidy. The Safer program which the Provincial Government administers, will not make up the difference between their income and the monthly fee for living in "assisted living" This might not be the problem with the "new" seniors coming in 10 to 15 years, because both partners usually work and they are much better off financially than those seniors of today. However, some stop-gap measure needs to be in place to help those seniors of today.

Recommendations:

1. A process must be put in place that requires municipalities to set aside land for building sites at reduced rates for not-for-profit societies.

2. The Provincial government must make seed money available for Housing Societies to help with the financing of these very expensive projects. This funding or grant should also be forgiven in the event the project does not proceed.

3. The Provincial government must take on the responsibility of underwriting the loan so that the society can obtain the preferred rate at the lending institution. This approval must also be given early on so as not to jeopardize the project. It would also be recommended that to obtain this approval the project must show a viable business plan and sufficient cash flow in their projections in order to service the mortgage and also show that they possess the expertise to properly administrate the proposed development.

4. I believe that private enterprise and not-for-profit societies should be building the complexes. I think that they can do it much more efficiently than government agencies. The Governments' role should be there to assist by amending present day policies, smoothing the process and providing the seed money and the guarantees required to proceed.

5. I think any new projects should also be adaptable in the planning stage so that the building can be easily changed into a rental unit for all ages. This is required so that when the "senior bulge" is over the buildings can be put to another worthwhile use within the community.

6. Subsidies must be put in place to allow the "older" senior the ability to move into assisted living when it becomes necessary. This is required so that they might live out their last years with some dignity.

Dave Sinclair
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