



WSC Second Stage Transitional Housing (SSTH) New Build Project

Common Affordable Housing Development Terms and Acronyms

Accessibility: refers to the way housing is designed, constructed, or modified (e.g., renovation, modification), to enable independent living for persons with diverse abilities. Accessibility is achieved through design, but also by adding features that make a home more accessible (e.g., modified cabinetry, furniture) to improve the overall ability to function in a home.

Affordability: housing is considered to be affordable when 30 percent or less of a household's gross income goes towards paying for housing costs.

Architect: a professional who is qualified to design and provide advice, both aesthetic and technical, on built objects in public and private landscapes. The Architect will hire [Sub-Trades](#) for the project that include mechanical and electrical engineers, civil engineers, structural engineers, and landscape Architects.

Average Market Rent (AMR): the average monthly rent in an area by unit type, as determined in the annual fall survey of rents for the prior calendar year published by the CMHC ([Annual Market Rent Survey](#)).

Below Market Rent (BMR): housing where the rental price is below the value set or dictated by the market. This is often measured as either 70% or 80% below [AMR](#).

Bonding: is an optional form of [Insurance](#) that protects the owner (Performance Bond) in the event the contractor is unable/willing to complete the work, and/or pay the [Subcontractors](#) (Labour and Materials Payment Bond) in the event the [General Contractor](#) does not pay the Subcontractors. Lending institutions sometimes require this surety.

Brownfield Site: any land that has previously been built on, such as disused factories, outmoded office buildings, or any location that was once a work site. These sites can contain contamination.

Capacity: the number of in-house staff and volunteers that can spend time on the project. The ability to dedicate time to a project.

Capital Costs: fixed, one-time expenses to bring your project to operable status. Examples of Capital Costs include the purchase of land, building materials, equipment, consultants, etc.

Canadian Housing and Renewal Association (CHRA): the national, housing network organization that provides advocacy, policy, and research, on affordable housing and homelessness issues.

Canadian Mortgage and Housing Corporation (CMHC): refers to the Canadian Crown Corporation that serves as the national housing agency of Canada. CMHC is responsible for the [National Housing Strategy \(NHS\)](#) and all the funding programs under it, such as the [National Housing Co-Investment Fund](#), [Women and Children's Shelter and Transitional Housing Initiative \(WCSTHI\)](#), [Rental Construction Financing Initiative \(RCFI\)](#), and the [Rapid Housing Initiative \(RHI\)](#).

Change Order (CO): the mutual consensus between the owner, [General Contractor](#), and the [Architect](#) to change the work, price, schedule, or other terms of the contract. Often, it will be to change an aspect of

the work due to a change in material, design, or cost, from what was originally anticipated. The [Project Manager](#) can assist and advise the owner on COs.

Class D Cost Estimate: is an estimate of the construction cost in the preliminary phase of [Feasibility](#) or [Design Development](#). It is the first cost estimate prepared for the project. The [Construction Manager](#) or [Quantity Surveyor \(QS\)](#) may prepare a construction cost estimate. The Class D Construction Cost Estimate is based on historical cost data for similar projects, suitably adjusted for such factors as inflation, location, risk, quality, size, and time. All related factors affecting cost are considered to the extent possible. Cost estimates provide the owner with an indication of the order of magnitude of the construction cost for a project completed within the estimated completion date and shall include labour and material costs and the owner's construction contingencies and allowances.

Class C Cost Estimate: is an updated estimate of the construction cost based on updated owner requirements, architectural and engineer drawings, general description of the Project, preliminary site information, and existing conditions, and takes into consideration market conditions as well as basic implementation logistics. As the project progresses, the cost estimates are more precise.

Class B Cost Estimate: is typically prepared when all site investigations are complete and the design of the major systems and sub-systems of the Project (including outline specifications and preliminary drawings and models) are well underway. The Class B estimate will include labour and material costs, allowance for all costs resulting from the project schedule, all actual associated costs, including cash allowances, contingencies, allowances for design, escalation, market conditions, and anticipated amendment amounts as applicable.

Class A Cost Estimate: is the final cost estimate before the bid, [Tender](#), or proposal call. It is based on the completed contract documents. The Class A reflects the size and character of the entire project, including architectural, structural, civil, mechanical, and electrical systems.

Community Housing Transformation Centre (CHTC): a third-party network, affiliated with CMHC and the [National Housing Strategy \(NHS\)](#), to represent and serve the needs of the country's community housing sector. CHTC provides access to tools, financial resources, and best practices to support the maintenance and growth of the community housing sector and increase the organizational [Capacity](#) of community housing providers.

Concept Design: represents the design team's initial response to the client's requirements. Concept Design generally takes place during or after the [Feasibility](#). This is the very first design of the project. Unlike the [Schematic Design](#), these drawings only show the client's conceptual ideas on paper.

Contingency: a typical capital project will have two contingencies: one for hard costs and one for soft costs. Each Contingency will be set at a percentage of the costs. At the early stages of a project, Contingency may range from 15-25%. When construction is ready to begin, Contingency may be closer to 5-10%. Each project will have different variables to consider when determining how much Contingency to carry on the project.

Construction Manager (CM): a construction company or [General Contractor](#) responsible for overseeing the successful building of a project by managing the physical construction of the building, coordinating and resourcing materials, and administration of personnel. A CM joins a project early in the design and

development phase. There is value in this type of contract because the CM can provide early advice on costing of the project and work with the architectural team to [Value Engineer](#) the project as it is designed.

Conversions/Rehabilitations: the acquisition of a non-residential building and construction to turn it into a residential property type.

Core Housing Need: Individuals are in Core Housing Need when they spend 30% or more of their before-tax income on housing. To determine Core Housing Need in an area in Canada, visit this [interactive map](#) available on Statistics Canada and select “find a place.”

Cost Overruns: when the cost of the project exceeds the planned amount in the project development budget.

Debt Coverage Ratio (DCR): calculated by dividing the [Net Operating Income or NOI](#) (all rental income minus all [Operating Expenses](#)) by the Debt Service (cash required during a specified time to cover the payment of interest and principal on a debt). Many banks require a DCR of 1.1, which would mean a 10% surplus of operating income on a property. CMHC will often try to push to a DCR of 1.0 under the [National Housing Co-Investment Fund](#), which would mean there is no operating surplus on the building.

Design Development Phase: during this phase, the [Architect](#), [General Contractor](#), and owner will work together to select materials, including interior finishes and products such as windows, doors, fixtures, appliances, etc. The Architect will revise the drawings to be more specific and have more detail than in [Schematic Design](#). Engineering will commence on the structure, plumbing, electrical, heating/ventilation systems, energy analysis, and other project-specific systems. At the end of Design Development, the majority of product selection and systems design should be near complete. This phase concludes when the interior and exterior design of the building is locked in by the owner, [Construction Manager](#), and Architect. As the drawings progress, the cost estimates (D to A) progress.

Designated Substances Survey (DSS): a survey performed by a consultant to determine if there are hazardous materials on your property. It involves a walkthrough of the facility to identify materials suspected of containing designated substances, such as asbestos and lead, the locations of suspect materials, collecting samples of suspect materials to be analyzed by a lab, noting the type and condition of suspect materials, and providing a DSS report to the owner.

Embargo: for some projects, there may be an Embargo from them announcing their funding until the funder has publicly announced their contribution to the project. This often occurs with CMHC funding. Organizations should be aware of when they are allowed to publicly announce their project.

Environmental Efficiency: in relation to the [National Housing Strategy \(NHS\)](#), it can be defined as the improvements in the measurement of energy efficiency combined with reductions in greenhouse gas emissions as a result of energy efficiency measures designed for and applied to the building.

Environment Site Assessment (ESA): an assessment of the building site to determine if the site is in a sufficient state to develop. An ESA will look for evidence of environmental conditions associated with the presence, storage, or disposal of hazardous substances or petroleum products, evidence of storage tanks, odors, pools of liquid, drums, unidentified substances, PCBs, stains, corrosion, drains, sumps, pits, ponds or lagoons, stained soil, pavement, stressed vegetation, solid waste, wastewater, wells, and septic systems.

Feasibility Study: is the initial assessment done based on the idea of a project to determine whether or not to proceed with the project. The study outlines the vision of the project, considers site options, a preliminary [Concept Design](#) is drawn, basic [Proforma](#) modelling is conducted, and options for funding are considered.

Financial Sustainability: an organization's ability to financially sustain a project long term.

Financial Viability: the ability of the building owner or manager to generate enough income (from rent, common elements fees, etc.) to meet its [Operating Costs/Expenses](#) and debt commitments (mortgage), and saving or future capital needs to maintain the building in good condition.

Forgivable Loan: a grant with conditions. A type of loan that, if specified conditions are met, does not need to be repaid. Sometimes this is referred to as a contribution by CMHC.

General Contractor: an individual or company who typically manages a construction project – also known as a [Construction Manager](#). They lead the construction crew and facilitate communication between construction labourers, clients, and other parties relevant to the project. They also negotiate with vendors to get the right resources for the project.

Greenfield Site: land that is vacant and has yet to be developed.

Headleases/Commercial Leases: the primary lease that is signed between a tenant and a property manager. The tenant, or head lessee, is contractually responsible for the terms of the lease, and in most lease agreements, they can sublease the space if they wish.

Issued for Construction (IFC): the drawing set created by the architecture firm for construction purposes as well as preparation of shop drawings for the contractor. This follows the [Issued for Tender](#) drawing set.

Issued for Tender (IFT): the drawing set created by the architecture firm to move the project forward for [Tender](#). These drawings predate the [Issued for Construction](#) drawing set.

In-Kind Contributions: can be provided by project collaborators, such as other interested parties (e.g., non-profit organizations, private sector), departments, or other government bodies (e.g., Municipalities, Provinces and Territories, Indigenous governments, and organizations) and involves non-cash asset transactions (e.g., land donation, inclusionary zoning provisions, waived development charges and fees; tax rebates).

Insurance: the builder's risk and general liability (and any other insurance required by the owner) that the contractor is required to carry throughout the duration of the construction. Insurance is transferred to the owner on the substantial completion date.

Land Lease: an organization will buy and own the building, but the land is owned by another entity. The land and the structure are owned independently. A Land Lease could run up to 99 years.

Letter of Intent (LOI): CMHC sends an LOI to indicate that funding has been earmarked to support the building or repair of units. However, the formal project agreement is still subject to final approvals and conditions.

Market Rent: refers to the amount of rent paid by a household that is not subsidized.

Massing: a technical drawing created by an [Architect](#) that shows the structure or building in three dimensions.

Median Market Rent (MMR): the median monthly rents of an area by unit type as determined in the [annual fall survey of rents](#) for the prior calendar year published by the CMHC.

Mixed-Income Housing: any type of building development (rent or owned) that includes a range of income levels among its residents, including low, moderate, and/or higher incomes.

Mixed Model: a housing community intentionally designed with a mix of units that vary in [Affordability](#) for households with a range of income levels.

Mixed Tenure: a mix of rental and ownership units in one building.

Mixed-Use Development: the development of land or a building with two or more different uses, such as residential, office, or retail. Mixed-use can occur vertically within a building, or horizontally on a site.

Memorandum of Understanding (MOU): a non-binding agreement between two parties that signals their intent to enter into a contract. The MOU serves as a starting point for contract negotiations, defining the scope and purpose of the relationship.

Modular Housing: housing that is partially or fully built off-site (for example a factory, warehouse, or similar facility) by a qualified manufacturer and delivered to the site in whole or in parts and installed on an appropriately zoned and serviced lot. This may range from single units to larger multi-unit housing projects.

National Housing Co-Investment Fund (NHCF): provides capital for new affordable housing projects or for repairs and renovations of existing affordable or community housing. Funds are provided as either low-interest loans or contributions/grants.

National Housing Strategy (NHS): in 2017, the federal government announced its new National Housing Strategy as a \$40 billion nationwide housing strategy that includes funding from the federal and provincial governments. Today, it is approximately \$82+ billion due to additional funding.

Net Operating Income (NOI): a formula used in real estate to calculate the profitability of a particular investment. NOI determines the rent revenue (including any rent subsidies) and then subtracts the [Operating Expenses](#). To have a viable project, your expenses cannot be larger than your revenues. This is often used to determine how much financing can be carried on a project. This is used for the [DCR](#).

Net Zero Energy (NZE): a building standard that demonstrates a building can produce as much or more clean energy (solar, geothermal, etc.) than it consumes. To accomplish this, the building will be highly energy efficient.

On-Site Support: refers to services offered to occupants on the premises to maintain their optimal level of health and well-being. These services may take a variety of forms and vary in intensity based on tenants' needs. For example, counselling or daycare services.

Operational Costs: the maintenance and administration of the building after the completion of the housing development. Examples are the salaries of frontline workers, utilities, property tax, etc.

Operating Leases: a contract that allows for an asset's use but does not convey ownership rights of the asset. These leases allow businesses to use the asset without incurring the expenses involved in purchasing it.

Passive House: is a design standard for energy efficiency in a building. It achieves thermal comfort with minimal heating and cooling by using insulation, airtightness, appropriate window and door design, ventilation systems with heat recovery, and elimination of thermal bridges.

Proforma: a financial model that details a project's capital budget, operational budget, projected [Net Operating Income \(NOI\)](#), and cash flow projections using its current and potential rental income and [Operating Expenses](#). It is a complex financial modeling system, often in Excel format.

Project Manager: or Development Manager or Development Consultant, is an experienced development professional who is responsible for overseeing all aspects of the building process, working closely with engineers and [Architects](#) while representing the owner of the building.

Quantity Surveyor (QS): also referred to as a 'project monitor,' a Quantity Surveyor is a consultant hired by the client or the [General Contractor](#) to ensure the costs of large construction and infrastructure projects are accurately estimated based on initial requirements and project specifications. They can be used for costing as well as project monitoring throughout the course of the project. CMHC funding programs often require a QS monthly report to release funds.

Rapid Housing Initiative (RHI): a housing program by CMHC that provides funding to facilitate the rapid construction of new permanent affordable housing units for people and populations who are in [Core Housing Need](#). As part of the [National Housing Strategy \(NHS\)](#), the RHI takes a human rights-based approach to housing. It offers contribution (grant) only, not a loan.

Remediation: an activity undertaken to improve a contaminated site to prevent, minimize, or mitigate damage to human health or the environment. Remediation involves the development and application of a planned approach that removes, destroys, contains, or otherwise reduces the availability of contaminants.

Rent Supplements: payments from the government that cover the cost between what a household can afford for rent and what the cost of the unit is. They are generally geared at reducing the cost to the household at 30 percent of pre-tax income.

Rent-Geared-to-Income (RGI): rent is set at approximately 30 percent of household income.

Rental Construction Financing Initiative (RCFI): provides low-cost loans to encourage the construction of sustainable rental apartments where there is an identified need for more rental housing supply. The minimum loan is \$1 million and a maximum of up to 100% of Loan to Cost (for the residential loan component).

Request for Expressions of Interest (REOI): a process used to assess interest in a project. It can be used to gather useful information from potential project partners and to test and refine the project vision. It is usually followed by a [Request for Proposals \(RFP\)](#). A client may put out an REOI to identify possible partners. A government entity may put out an REOI to offer funding and/or land for a project.

Request for Information (RFI): a process where information is requested from vendors regarding their interest in, or the feasibility and availability of, specific goods and/or services in the marketplace and to determine if there are enough vendors to justify a [Request for Proposals \(RFP\)](#). Typically, it will request CVs of the team and/or background on an organization. It asks for less information than an RFP.

Request for Proposals (RFP): a document that asks for proposals to hire an organization to do contractual work. An example is an organization putting out an RFP to hire an architectural firm for building designs. A client may put out an RFP to secure an [Architect](#). A government entity may put out an RFP to offer funding and/or land for a project.

Reserve Replacement: funds that are set aside to pay for the periodic replacement of building elements that wear out quicker than the building itself. CMHC recommends 4% of revenue. Other organizations often use \$50 per unit per month. The Reserve Replacement is in the operational budget.

Residential Lease: a contract between a landlord and a tenant - or a lessor and a lessee. It will outline and detail the terms under which the tenant can occupy the landlord's property. When it is signed and finalized, the agreement means that the tenant has a right to live in the property for as long as the agreement stipulates. It also outlines when and how much the tenant should pay the landlord in return for renting them the property.

Retrofit/Renovation: changing a building's systems or structure after its initial construction and occupation. This can include changing a building's use to residential, which is required for some [National Housing Strategy \(NHS\)](#) funding programs.

Scattered Units: rental residential units owned by an individual or organization that are in separate buildings.

Schematic Design: a rough construction drawing that offers a general overview of a project's basic features and construction cost estimates, allowing one to determine if the concept fits within the project budget. With Schematic Designs, the team turns ideas into physical drawings.

Shovel-Ready: a common term used to describe a project that is set to begin construction. To be Shovel-Ready, a project must have progressed drawings, be ready to [Tender](#), have planning approvals to build, and ensure any contamination on the site is [Remediated](#).

Stipulated Price: also referred to a lump sum or fixed fee contract, is a contractual agreement in which the [General Contractor](#) agrees to complete the project for a predetermined set price. A Stipulated Price contract binds the General Contractor to agree to be accountable for project execution at a predefined cost.

Sub-Consultants/Sub-Trades/Subcontractor: a skilled labourer who works under a [General Contractor](#). Subcontractors have a specific skill set relating to construction and building repairs, including plumbing and electrical. While a General Contractor handles the business end of a project, a Subcontractor typically performs physical labour, such as constructing framework, installing windows, or painting.

Surveyor: a professional who estimates or measures the dimensions of the land. A Surveyor is crucial to have to look over a land parcel before purchase, as they can confirm acreage and important markings such as beacons.

Tender: a process where the [General Contractor](#), or an experienced owner, obtains competitive bids for a project in an effort to get the best price. This can be referred to “going out for tender”. It often takes several weeks and is the final stage before beginning construction.

Traditional Construction: refers to construction techniques (for example wood frame, steel frame, concrete, etc.) in which the work and construction activities are primarily performed on-site. This differs from [Modular Construction](#).

Transitional House: refers to a supportive – yet temporary – type of accommodation that is meant to bridge the gap from emergency shelters to permanent housing. The tenancy duration is often six months to two years.

Underwriter: a financial expert that examines the organization’s finances and assesses how much risk a lender would take on if they were to provide a loan.

Universal Design: the design of an environment that can be accessed, understood, and used by all people regardless of their age, size, or ability. It also recognizes that peoples’ needs can change over time. In a new build project, this often means wider hallways between units and turning radiuses in the living space of all units. The intent is that someone using a wheelchair could visit any of the units comfortably.

Unit: refers to a dwelling intended for use as residential accommodation in a housing development. The unit can be a studio (open concept except for the washroom), one-bedroom, two-bedroom, etc. A unit has its own washroom and kitchen.

Value Engineering: a process where [Architects](#) and builders on the project will work together to ensure the project is economically priced without sacrificing functionality. This can mean substitutions of materials or methods with less expensive alternatives. It is a good exercise to undertake to try and reduce [Capital Costs](#) of a project.

Women and Children’s Shelter and Transitional Housing Initiative (WCSTHI): a stream of funding under CMHC’s [National Housing Co-Investment Fund](#) that was contribution-only for women's and children’s shelter and [Transitional Housing](#). There were two rounds launched in 2022 that totalled \$250 million in spending, \$200 million in capital funding and \$50 million in operational funding.