

Social Housing Cost Target Framework

In 2009 an industry Task Group was formed on Costing and Targeting to develop a costing framework for the development of social housing projects, ensuring that the framework could be applied to regions and municipalities across the province.

The Social Housing Cost Target Framework establishes a tool to determine acceptable project costs. The framework, which is based on a detailed review of more than 20 projects, is flexible, providing cost control while allows for design flexibility. The framework generates a target cost for a project based on the project data and allows social housing proponents to assess their projected project cost against this target.

BC Housing will take the lead role in ensuring that the framework is accessible to the sector and that the information and data is kept current.

Costing Framework

The intent of the framework is to act as a guideline for non-profit housing societies and their teams by providing a target project cost for their development which they can then compare to their actual project cost.

The framework is a comprehensive costing model, incorporating line items for all project costs associated with the social housing development. The cost factors in the framework were established through extensive research on 20 projects. The projects studied were selected to represent a broad range of developments. Project selection considered factors such as project location, client group, construction type, size and year constructed. To arrive at the cost factors in the framework the sub-group used the average of all projects, rather than the median. This ensured that the costing model captured the 'out-liers' as well as the 'norm' for each of the line items.

The approach and design of the framework has several strengths as outlined below.

- The framework is structured to allow groups to easily see whether they are over or under the target cost for their project. By doing so, the framework reminds groups that social housing development involves a competitive process and encourages them to be cost conscious.
- The framework provides a tool for non-profit societies to evaluate their own project proposal. If a project is not viable, the group can abandon or change its plans quickly, rather than wasting their time on a project that simply will not go ahead.
- The framework provides a costing position that allows non-profit housing societies to manage the expectations of other partners, for example municipalities and health authorities. It was also noted that development consultants might use the framework to calibrate the expectations of new housing societies; groups that had never been involved in the development of social housing.
- The framework has been designed to allow comparisons of building size and efficiency between projects on two levels. The efficiency calculated on the base building area can be used to compare social housing projects to market housing developments. The overall building efficiency calculation can be used to compare social

housing projects to one another. The Task Group felt that the ability to compare projects would help non-profit housing societies, development consultants and architects in controlling the efficiency and size of the building, which are a major contributors to project cost.

- The framework utilizes the cost classification system established by BC Housing's JEDI development cost tracking program. JEDI had become the sector standard, and many development consultants and non-profit housing societies have already developed systems based on the JEDI classifications. Using JEDI classifications should simplify data analysis, comparison and transfer.

While providing a guideline, the framework does not prevent a group from proposing a project that falls outside the target parameters. The Task Group suggested that groups that wish to do this should be prepared to provide a sound business case to justify any variances proposed for the project.

Framework Definitions

Below is a line-by-line list of definitions for the Social Housing Cost Target Framework. It should be noted that all factors in the cost target framework will be adjusted periodically, as required, in order to ensure that they remain current.

Net Unit Livable Area: Is calculated by measuring a unit from the inside face of the studs on the inside walls of the unit. Vertical ductwork should be excluded from the Net Unit Livable Area and included in the Circulation and Service Rooms calculation.

Net Unit Area: Is calculated by measuring a unit to the centerline of corridor and party walls and the outside face of exterior walls. Where the unit abuts thicker structural elements, the centerline offset dimension at the party wall shall apply.

Accessible Unit Adjustment: This factor provides the extra space required to create a wheelchair accessible unit.

Net Unit Sub-Total: This measure is arrived at by adding the Net Unit Areas.

Circulation and Service Rooms: The **target** area calculation for circulation and service rooms is calculated as a percentage of the Net Unit Sub-Total. At this time it is 18% of the Net Unit Sub-Total.

The **actual** area calculation is arrived at by subtracting the Net Unit Sub-Total and Programming Area from Gross Livable Area (GLA: see definition below).

Base Building Area: This measurement is arrived by subtracting the Programming Area from the Gross Livable Area.

Programming Area: The framework has defined three programming models. For each model, a square foot / unit calculation has been defined. This calculation was based on a survey of 20 projects.

The Programming Area is calculated by measuring the space to the centerline of corridor and party walls and the outside face of exterior walls, Where the space abuts thicker structural elements, the centerline offset dimension at the party wall shall apply. This measure also includes the circulation and service space related to the Programming Area.

- **Model A: Common space programming:** These projects would provide 15 sq. ft. /unit of programming space. Generally, this will accommodate a large meeting room and a small project office.
- **Model B: Program space programming:** These projects provide 40 sq. ft. / unit of programming space. Generally, this will accommodate a large flexible space, a galley kitchen, lounge areas and a project office.

- **Model C: Meal service programming:** These projects provide 85 sq. ft. / unit of programming space. To be eligible for this level of programming space, the project operating plan must include full meal service for all residents. As a result, the programming space will accommodate a full commercial kitchen and dining room, as well as other programming space and program staff offices.

Gross Livable Area (GLA): GLA is the sum of all floor areas with a finished ceiling above grade measured to the outside face of the exterior walls. This includes utility areas with unfinished surfaces and it excludes covered parking areas. The measurement is to be taken at the floor level.

Base Square Foot Cost - Type of Construction: The model envisions three construction types: wood construction with parking on grade, wood construction with underground parking, and concrete construction with underground parking. BC Housing will track and publish the cost per sq. ft. for each of these construction types. These costs will be updated semi-annually (every six months) or as required.

Adjustments: The framework has defined four categories of cost adjustments. These categories recognize that projects funded by government must incorporate higher quality standards as a result of life cycle cost considerations and the potential for ongoing liability. The adjustment factors were determined using project data collected by BC Housing. These factors will be monitored semi-annually, or more often, and adjusted as required. These calculations are determined by multiplying the Total Base Square Foot Cost by the percentage adjustment in the second column.

- **Design factors:** This adjustment accounts for the fact that building infrastructure (e.g. plumbing) is intensified in small-unit projects. The framework assumes that a one-bedroom unit is neutral. A two or three bedroom unit would receive a negative adjustment while a studio unit would receive a positive adjustment.

- **Durability:** This adjustment accounts for the requirement to consider lifecycle costing and include more durable products and finishes in the development.
- **Sustainability:** This adjustment accounts for the requirement to achieve LEED Gold certification.
- **Geographic location:** This adjustment accounts for the fact that it generally costs more to build a project outside of major urban areas. The adjustment will be based on data analyzed by a cost consultant. A map and adjustment factors are included in the notes appended to the costing framework. These factors will be reviewed annually and the adjustment factor will be provided by BC Housing.

Total Hard Construction Cost: Is the sum of the Base Square Foot Cost and the Adjustments.

Additional Project Costs: These costs include all costs that are not associated with hard construction. These calculations are determined by multiplying the Total Hard Construction Cost by the adjustment in the first column. The definitions of these costs are in keeping with the classifications used by BC Housing's JEDI program.

- **Soft Costs:** These include all line items in the JEDI subgroups titled Appraisals/Studies, Utility Fees, Design Consultants, Consultants, Miscellaneous Soft Costs, Borrowing Costs (if applicable), and Building Start-Up/Commissioning.
- **Net Municipal Fees:** This includes the net cost of all line items in the JEDI subgroup titled Municipal Fees.
- **Contingency:** This includes general, design and construction risk contingency.
- **Net Acquisition and Servicing Cost:** This includes the net cost of the line items in the JEDI subgroup titled Acquisition and Servicing.

Gross Floor Area: Gross Floor Area should be calculated by measuring from the outside face of exterior walls, disregarding cornices, pilasters, buttresses, etc which extend beyond the wall face. In addition to ground to top storey internal floor spaces, GFA should include basements, attics, garages, underground parking garages, enclosed porches and balconies, penthouses and mechanical equipment floors, lobbies, mezzanines (including access stairs measured on plan) and corridors. Galleries and suspended walks including access stairs measured on plan.

No deductions to the area shall be made for:

1. Walls, partitions, etc
2. Openings in floors for stairwells, escalators, ducts and other facilities
3. Pits, trenches, depressions which are open or have removable covers
4. Columns, piers or pilasters

Note that furniture, fixtures and equipment are not included in the project budget.

JEDI Classifications and Codes

Object Account	Description	Object Account	Description
	CONSTRUCTION	12450	CONSULTANTS
12100	APPRAISALS/STUDIES	12455	Development Consultant
12105	Appraisal	12456	Development Consultant Fees
12110	Market Rent Appraisal	12457	Development Consultant Disb.
12115	GST Appraisal	12458	Development Consultant Ex. Travel
12120	Market/Fees Study	12460	Geotechnical
12125	Need & Demand Assessment	12466	Surveyor
12130	Traffic Study	12470	Topographical Surveyor
12150	ACQUISITION & SERVICING	12475	Cost Consultant
12155	Land Value	12480	Environmental Consultant
12160	Offsite Service Costs	12485	Hazardous Materials Consultant
12165	Environmental Remediation	12490	Arborist
12170	Property Transfer Tax	12500	Service Delivery Consultant
12171	PPT – Purchase	12505	Fire Safety Plan
12172	PPT – Lease	12510	Maintenance & Renewal
12175	Demolition	12525	BC Housing Inspector
12180	Mortgage Buy-Out	12516	BCH Inspector Fees
12200	MUNICIPAL FEES	12517	BCH Inspector Disb.
12201	Municipal Fees	12520	Direct Delivery
12205	Building Permit	12525	Community Consultant
12210	Development Cost Charge	12550	MISCELLANEOUS SOFT COSTS
12215	Regional Development Cost	12555	Property Taxes Pre-IAD
12220	OCP/Rezoning Application	12560	Utilities Pre-IAD
12225	Subdivision Application	12565	Course of Construction Insurance
12230	Municipal Connection Fee	12570	Professional E&O Insurance
12235	Building Grade	12575	Society Organization Costs
12240	Development Permit	12585	Society Legal Costs
12250	UTILITY FEES	12590	BCH Program Sign
12252	Gas Connection Fees	12595	BCH Recoverable Costs
12255	Hydro Connection Fees	12600	Maintenance Costs
12260	Cable Connection Fees	12605	Title Fees
12265	Telephone Connection Fees	12610	Security Pre-Construction
12350	DESIGN CONSULTANTS	12615	GST Self-Supply
12355	Architect Contract	12620	GST Non Self-Supply
12356	Architect Contract Sub-Consultants	12650	BORROWING COSTS
12357	Architect Contract Fees	12655	Interest Pre-IAD
12358	Architect Contract Disb.	12660	Loan Administration Fee
12360	Structural	12665	Mortgage Insurance Fee
12365	Electrical	12670	Loan Fee
12370	Mechanical	12700	CONSTRUCTION
12375	Landscape	12705	Construction Contract 1
12380	Building Envelope	12706	Construction Contract Manager
12385	Code Consultant	12707	Project Manager
12390	Civil Consultant	12708	Construction Manager Disb.
12395	Certified Professional	12709	Support/Service Delivery
12400	Security Consultant	12710	Construction Costs
12405	Acoustic	12720	Construction Contract 2

12410	Kitchen	12730	Construction Contract 3
12420	LEED Consultant	12740	Construction Contract 4
12750	Landscaping	12900	DEDUCTIONS
12755	Unit Appliances	12910	Land Equity
12760	Common Laundry/Kitchen	12920	Equity
12765	Commercial Kitchen Appliances	12921	Society Equity Held by BCH
127790	On-Site Security	12992	Society Equity
12775	Building Warranty	12940	Grants
12800	BUILDING START-UP/COMMISSIONING	12945	BC Housing Grants
12805	Project Commissioning	12970	HOLDBACKS
12810	Vacancy Loss	12972	Builder's Lien Holdback 1
12815	Marketing	12973	Builder's Lien Holdback 2
12820	Common Dining/Furnishing	12974	Builder's Lien Holdback 3
12825	Office Equipment	12975	Builder's Lien Holdback 4
12830	Maintenance Equipment	12976	Deficiency Holdback 1
12835	Support Services Equipment/Supplies	12977	Deficiency Holdback 2
12850	CONTINGENCIES	12978	Deficiency Holdback 3
12855	Project Contingency	12979	Deficiency Holdback 4
12859	Miscellaneous Contingency	1289	Reduction of Loan Amount
			Total Capital Budget
			Total Deductions
			Net Capital Budget