SUSTAINABILITY GUIDE AND CHECKLIST FOR CAPITAL PROJECTS

Reaching Home Indigenous NL Funding Stream

FOR APPLICANTS OF CAPITAL PROJECTS ONLY

REACHING HOME INDIGENOUS NL FUNDING STREAM
PROJECT SUSTAINABILITY GUIDE

Applicants:

- *Please ensure that the capital project proposal including the application and sustainability plan are complete in accordance with the guidelines below.*

For the successful development and implementation of a capital project, it is recommended that applicants ensure that they have the necessary knowledge or access to expertise in the following key areas: property development; housing management; financial management; and, raising government and private funds. Identifying the pertinent skills and experience gaps within the organization applying for funding will enable it to determine the professional services needed to implement and complete the project. For more information, please consult Canada Mortgage and Housing Corporation's Development Checklist for Affordable Housing at: https://www.cmhc-schl.gc.ca/en/developing-and-renovating/develop-new-affordable- housing/programs-and-information/development-checklist-for-affordable-housing
Expertise may be sought from the provincial or territorial government, cost consultants, or professional quantity surveyors.

FUNDING DETAILS

1. Funding to Implement the Project

In order to have a complete proposal for a capital project, it is important to include all relevant cost items and be as detailed as possible. The following are some cost items to consider:

Project Financing

- Cash, equity, grants, loans, and/or other sources of financing

Project Costs

- Land or property acquisition costs: Purchase price, taxes, legal fees, environmental remediation, survey, inspection, appraisal costs, city/municipal development charges, city/municipal permit fees, city parkland levy fees, insurance, mortgage, utility fees, consultants and professional fees, architect and engineer fees, or other costs
- Construction or renovation costs: Renovation/conversion/construction costs, costs related to living space, and other equipment
- Organizational costs: Administrative costs, organizational infrastructure costs, staff wages, and other related labor costs
- Additional costs: Rent loss during construction, GST, PST, contingency funds

Partners

The Application Package for the project must identify all partners relevant to implement the project. This will help define the scope of the project, ensure all relevant partners have been consulted, and establish the funding and budget required to implement the project.

Depending on the scope of the project, relevant partners to consider, among others, include:

- The provincial or territorial government
- Land owners and developers
- Agency, church, or other organization to develop land they own

- Lawyers and development consultants with substantial not-for-profit and development experience
- Architects able to design shelters or quality housing within a fixed budget
- Community agencies who serve homeless clients and those at imminent risk of homelessness
- Partners who will share space or provide services after completion of the project

Funding sources

It is important to confirm all funding commitments for the project proposal. The applicant must obtain a letter of commitment from each organization outlining their contribution for the project (usually one letter for each source of contribution). These letters must be attached to the Reaching Home funding application. Each letter must include and clearly identify the following:

- Name of the source of contribution
- Names of the applicant and project to be funded
- Amount (in dollars, or dollar value of an in-kind contribution) that will be provided to the applicant and the project
- Time when contribution will be provided, with precise dates (day-month-year to day-month-year).

Before submitting the application, the applicant must identify the funding sources (and any other contributions) for which a letter of commitment is outstanding:

- The applicant should review all letters of commitment and follow up with any organizations whose information is incomplete
- If required, the applicant should identify additional funding sources and confirm them through official letters of commitment

2. Impacts of the Project

This section guides how to proceed with the rest of this checklist. Sustainability is a requirement for all capital projects, regardless of the activity. The variance is the degree to which sustainability must be demonstrated depending on the type of investment.

The applicant completes **Section 3** if the proposed project will **not add new beds/units or create/expand services** through at least one of these activities:

- Renovation of an existing building (e.g., to meet building standards or maintain the facility)
- Purchase of equipment, appliances or furniture

In this case, the sustainability plan of the application package must demonstrate that the equipment or facility will remain in use as intended over the long term to demonstrate that the benefit of the project will continue.

The applicant must complete **Section 4** if the proposed project will ultimately lead to the **addition of new beds/units or creation/expansion of services**, through at least one of these activities:

- Construction of a new facility
- Conversion/renovation of an existing building (e.g., to create a new facility, to add beds/units in the facility)
- Addition of new beds/units or equipment which will result in new or expanded services (more staff or more clients served)
- Purchase of land or property

As these activities incur increased annual operational costs, the requirements for demonstrating sustainability are more rigorous.

Please note:

Project proposals may include activities that will both increase annual operational costs and not impact on annual operating costs. For instance, a proposal may include the purchase of equipment (e.g. furniture, appliances) and renovations to add new units. In such a case, **Section 4** must be completed as the proposal includes at least one activity which will incur increased annual operational costs and require a more thorough assessment of sustainability.

SUSTAINABILITY PLAN

3. Long-term benefit for the community

The applicant completes this section if the proposed project will **not** add new beds/units or create/expand services. The sustainability plan of the application package must demonstrate that the equipment or facility will remain in the long term so that the benefit of the project will continue.

4. To operate for five years after the project ends:

Impacts of the project

Impacts are related to the operation of the facility where a capital project is to be implemented. The sustainability plan must clearly indicate the activities and scope of the project, how the activities will be sustainable and what the impact will be five years after the end of the project. The sustainability plan must also clearly indicate the level of staff and services that will be needed for operating the facility once the project is completed, for a period of five years.

Capital projects also have an impact on staff and services delivered by other organizations, agencies and social programs delivered by the provincial or territorial government. For instance, opening a new transitional or supportive housing operated by a not-for-profit organization may impact on the delivery of services by other organizations in the community, including services and programs offered by the provincial or territorial government as the individuals who will be housed may need income support or any other specific programs. The sustainability plan must clearly indicate whether the project will have an impact on the level of staff and services delivered by organizations that are not directly involved with the implementation of the project, and describe the impacts if applicable.

Operational costs

Applicants must include in their sustainability plan an operational budget showing all the relevant operational costs, in order to have a robust proposal and ensure that the sustainability of the proposal can be fully assessed. The operational budget must be clear and detailed and identify all the relevant costs of operating the facility once the project has been completed. The budget must take into account the additional staff and service requirements resulting from the completion of the project activities (e.g., from the addition of new beds/units or creation/expansion of services).

Annual Expenditures include:

- Building operating costs: maintenance, repairs, materials, utilities, insurance, municipal taxes, vacancy allowance

- Organizational expenditures: administrative costs, organizational infrastructure costs, staff wages and other related labor costs, support services
- Mortgage and other expenditures

Operational budget
The sustainability plan must include a five-year annual operational budget identifying all relevant funding sources for the operation of the facility/new service. The funding sources must be indicated for the five (5) years after project completion. The sustainability plan must include information about how the operational budget figures were calculated and confirmed.

Annual Income includes: Government supplement/per diem, government funding, income from rent, income from parking, donations, other grants, and other income.

The total annual amount (in dollars) coming from the funding sources must at least be equal to the total operational cost of the project for five (5) years after project completion. This must be reported in the sustainability plan for the project, in the form of a five-year annual operational budget.

If the annual operating budget is not balanced, applicants must consider the following:

- Identify additional funding sources
- Revise the scope of the project, in order to have the appropriate operational

Partners
The sustainability plan for the project must identify:

- All partners relevant to the project
- All partners relevant to the delivery of services or housing for five years after the end of the project

For more information on partners, please see the guidelines for **Section 1**, under "**Partners**".

Operational Funding Sources
The sustainability plan for the project must identify all partners that will provide operational funding for five years after the end of the project.

Funding for operational costs must come from stable funding sources such as:

- The provincial or territorial government
- Housing corporations
- Other sources of funding, including sponsors

Fundraising is generally not recognized as a stable funding source unless the organization can demonstrate consistent fundraising success over a minimum of five years. The applicant can provide evidence of their fundraising success by submitting annual reports or previous budgets along with the sustainability plan. However, fundraising must take into consideration any increase in the level of fundraising necessary to operate the new project.
Also, in selecting projects for funding, staff in Community Entities will carefully assess whether the operational funding sources and the portion expected to come from fundraising are appropriate for the capital project proposal.

If the operational funding relies mostly (or in large part) on fundraising, or funding is inadequate for additional staff or service requirements, applicants must consider the following:

- Identify additional funding sources and confirm them through official letters of support
- Revise the scope of the project, in order to have the appropriate operational funding for five (5) years after the project is completed

Letters Confirming Operational Funding or commitments
Letters of commitment for operational costs can help to strengthen the project proposal. These letters can clearly demonstrate that consideration was given to the operational costs for the project, that the partners are informed and support the direction of the capital project as well as identify the type of support they intend to contribute. These letters should confirm the provision of in-kind resources, services, or operational funds that will support the project once it is completed (one letter from each contributing organization or funding source).

The letters of commitment for operational funding must be attached with the sustainability plan, if available, and describe the nature of the:

- Partnership for the ongoing operation of the project once it is completed
- Funding amount expected for five years, if applicable ($ or in-kind through in-kind services or land donation)

Summary
The Reaching Home funding application package must include:

- A detailed budget for project implementation, in which the total amount (in dollars, or in-kind contributions) coming from the funding sources must at least be equal to the total costs
- Information about how the budget figures were calculated and confirmed
- A detailed sustainability plan describing the impact of the project and, if applicable, a five-year annual operating budget that is balanced and identifies all operational costs and funding sources for the operation of the facility/new service

Please note: In order to avoid approval delays and to allow the applicant to confirm all sources of funding, a capital project may be submitted for approval for Reaching Home funding **on the condition** that all funding sources and other contributions to cover the costs of the project are confirmed **before the contribution agreement is signed**.

REACHING HOME INDIGENOUS NL FUNDING STREAM PROJECT SUSTAINABILITY CHECKLIST

Note:
This checklist must be completed by all applicants seeking funding for capital projects to ensure that their application and sustainability plan address all the key elements of sustainability. It contains all the elements that will be verified during the selection process by the Community Entity and the Regional Advisory Board (RAB).

A. Funding Details

1. To fund the project:	**YES**	**NO**
a) Are all relevant and related **project costs** identified in the application package?		
b) Does the application package clearly show funding sources to cover the total costs of the project?		
c) Are all partners identified and all funding sources confirmed through letters of commitment in the application package? (See note in the guide)		

2. Impacts of the project:
a) If **no beds/units will be added, or no services will be created/expanded** by purchasing equipment or furniture, or renovating an existing building, go to **Section 3** below. (See note in the guide)
b) If the project results in the **addition of new beds/units or creation/expansion of services** by building a new facility, converting/renovating an existing building, or purchasing land/property, go to **Section 4** below. (See note in the guide)

B. Sustainability Plan

3. Long-term benefit for the community:	**YES**	**NO**
a) Does the sustainability plan (or application) clearly indicate that the purchased equipment or furniture, or renovated facility, will remain in the long term for the benefit of individuals who are homeless or at imminent risk of homelessness?		

4. To operate for five years after the project ends:	**YES**	**NO**
a) Does the sustainability plan clearly indicate the operational impacts of the project (i.e., additional staff or services needed once the project is completed or additional demand for health and social services)?		
b) Are all relevant and related **operational costs** identified in the sustainability plan for the project, including any costs related to additional staff and service requirements?		
c) Does the sustainability plan clearly show operational funding sources to cover the total operating costs related to the project? (i.e., a balanced annual operating budget for five years following the end date of the project)		
d) Are all partners and operational funding sources identified in the sustainability plan? (See note in the guide)		