**Social Housing Development Cost Framework**

In 2009 an industry Task Group was formed 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 Development Cost 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 allowing 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 Task Group used the average of all projects, rather than the median. This ensured that the costing model captured the ‘outliers’ 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 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 major contributors to the 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 societies that wish to do this should be prepared to provide a sound business case for the project.

# Framework Definitions

Below is a line-by-line list of definitions for the Social Housing Development Cost Framework. It should be noted that all factors in the cost 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 per cent 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 at by subtracting the Program 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 lifecycle 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. that 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 of have removable covers, and
4. Columns, piers or pilasters.

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

# JEDI Classifications and Codes

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| **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. |
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| 12115 | GST Appraisal |  |  | 12458 | Development Consultant Ex. Travel |
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| 12120 | Market/Fees Study |  |  | 12460 | Geotechnical |
| 12125 | Need & Demand Assessment |  |  | 12466 | Surveyor |
| 12130 | Traffic Study |  |  | 12470 | Topographical Surveyor |
| 12150 | ACQUISTION & SERVICING |  |  | 12475 | Cost Consultant |
| 12155 | Land Value |  |  | 12480 | Environmental Consultant |
| 12160 | Offsite Service Costs |  |  | 12485 | Hazardous Materials Consultant |
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| 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 |
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| 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 |
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| 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 |

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| 12356 | Architect Contract Sub- Consultants |  |  | 12650 | BORROWING COSTS |
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| 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 |
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| 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 |
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| 127790 | On-Site Security |  |  | 12992 | Society Equity |
| 12775 | Building Warranty |  |  | 12940 | Grants |
| 12800 | BUILDING START- UP/COMMISSIONING |  |  | 12945 | BC Housing Grants |
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| 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 |
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| 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** |