



# Acquisition Planning for CLTs

## Lessons from Parkdale Neighbourhood Land Trust



November 2025

Written by Celia Wandio



+

Neighbourhood  
Land Trust



# Table of Contents

<b>Introduction</b>	<b>1</b>
<b>Stage 1: Pre-Project Planning</b>	<b>2</b>
Identify housing needs & acquisition priorities	2
Identify funding sources	3
Select a housing operating partner	4
Assemble your core project team	5
Develop an acquisition work plan	8
Develop a draft pro forma	8
Create a shortlist of sites	9
<b>Stage 2: Feasibility Analysis</b>	<b>9</b>
Carry out site visits	10
Assess feasibility of shortlisted properties	10
Prepare necessary reports & applications	11
Select a site & get Board approval	11
<b>Stage 3: Securing a Site</b>	<b>12</b>
Refine your pro forma	12
Prepare an offer & Agreement of Purchase and Sale	12
<b>Stage 4: Due Diligence</b>	<b>13</b>
Finalize funding agreements	13
Create plan for building operations	14
Coordinate due diligence activities	14
Formalize agreement with housing operating partner	16
Bring due diligence report to board	16
<b>Stage 5: Closing &amp; Stewardship</b>	<b>17</b>
Oversee the closing preparation period	17
Assume operations	17
Celebrate your successful acquisition	18
<b>Appendix: Working with a Real Estate Agent</b>	<b>19</b>
Key terms	19
Selecting a suitable real estate agent	19
Working with an agent	20

## Acknowledgements

This guide is co-published by the [Canadian Network of Community Land Trusts](#) (CNCLT) and [Parkdale Neighbourhood Land Trust](#), for the benefit of community land trusts across Canada. For assistance navigating any of the information contained within, please get in touch with a team member of CNCLT.

Version 1, Published November 2025

Written by Celia Wandio, CNCLT

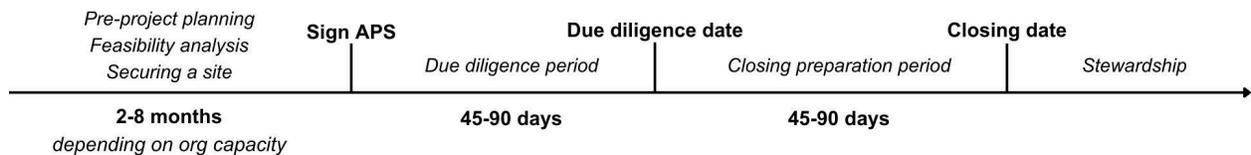
# Introduction

Community land trusts (CLTs) are often created with the goal of acquiring existing affordable housing and stewarding these housing assets to ensure permanent affordability. This guide is intended to help CLTs navigate the process of acquiring existing rental properties. It is informed by the acquisition process used and developed by the Neighbourhood Land Trust (NLT), a CLT in Toronto that has completed two successful acquisitions of existing rental housing in addition to the successful acquisition of 82 public housing properties.

NLT’s acquisition projects have been funded in part by the City of Toronto’s Multi-Unit Residential Acquisition (MURA) Program, a funding program that arose in large part because of the advocacy of NLT and other affordable housing advocates. The steps outlined are therefore particularly relevant to the context of the MURA Program, where organizations are pre-approved for funding and funding is released upon locating a suitable property to acquire. However, the information will also be relevant to CLTs elsewhere in Canada.

The steps in this guide refer specifically to the process of acquiring buildings that are already tenanted, with the goal of maintaining the current built form and use, at least in the short/medium term. Some aspects of this guide may be relevant to acquiring land to use for (re)development, but additional steps would be involved for such projects.

The timeline below summarizes the steps involved in completing an acquisition project.



## Stage 1: Pre-Project Planning

Pre-project planning encompasses the early stage activities that need to take place before your organization can proceed with an acquisition project. This phase is critical because your organization, your funders, and your partners will need to be assured that the intended project is deliverable and in line with your organization's mission before investing your limited time and funds.

Some of the steps outlined here may continue into other stages of the process, but it is beneficial to front-load this work as much as possible before entering into time-sensitive parts of the acquisition process.

### Identify housing needs & acquisition priorities

Before embarking on an acquisition project, your CLT should decide what housing needs you aim to address. By this point, most CLTs will have conducted some type of research into local needs that will be informing their organizational strategies. This will typically include both the form of housing and the population(s) the CLT aims to serve.

In the case of NLT, a community-based research project was conducted to understand the rooming house and low-end-of-market rental markets in Parkdale. This research informed their focus on acquiring rooming houses and small purpose-built apartment buildings.

Your CLT should also set out priorities related to the physical condition and other characteristics of the building. For NLT, this includes the following:

- Unit count and unit type - NLT currently prioritizes buildings with 15 or more self contained units.
- State of good repair - NLT considers the major capital works that may be required and will not pursue buildings where it will not be possible to access sufficient funding, or carry the necessary mortgage, to carry out these works.
- Double egress - NLT prioritizes buildings with two points of egress from all units.
- Fire safety - Beyond double egress, NLT prioritizes buildings with fire safety systems in good condition.
- Large windows - NLT prioritizes buildings with large windows as this is a feature desired by tenants.
- Exterior amenity - NLT looks for buildings with exterior amenity spaces that tenants will be able to enjoy.
- Accessibility - NLT has found that most older multi-unit buildings are not fully accessible; however, they assess the viability of improving a building's accessibility, for example by retrofitting a portion of units for accessibility.

- Heating system type - NLT has a goal to reduce emissions from their buildings. They will assess the building's heating system with reference to the need for upgrading in the near future, as well as with reference to sustainability and operating costs.
- Cooling system type - NLT prioritizes buildings with cooling systems already in place.
- Intensification potential - NLT prioritizes buildings where it will be possible to add units through intensification in the future.

## Identify funding sources

An acquisition project typically requires the following types of funding:

- Acquisition planning & due-diligence funding
- Deposit (2-10% of acquisition price)
- CLT equity contribution
- Grant funding
- Financing

It is important to make a plan to fund all parts of your acquisition project early to ensure you do not encounter cash flow issues.

At this stage, you should review potential funding programs and determine which types of buildings may or may not be eligible, considering things like building size, location, attributes of current tenants, accessibility, etc. It is also important to consider your ability to secure funding for capital renewal works as this will also influence which properties you may be able to consider.

Beyond capital funding for your acquisition, at this stage you should secure funding to cover acquisition planning costs. This will include staff salaries and/or development consultant fees as well as legal fees. NLT includes these costs in their pro formas (see *Develop a Draft Pro Forma* for more), as 1-2% of total acquisition costs, but it is necessary to have this funding available before beginning the project. These costs may be covered by a grant geared at capacity-building or organizational growth.

Depending on your project, you may also try to secure funding that your housing operating partner can use for planning and building staff capacity.

You will also need to secure funding for due diligence at an early stage. As with acquisition planning costs, this will be included in your project pro forma but due diligence expenses will be incurred before you can access your primary funding sources. Due diligence will typically cost around \$20-30k, which includes several reports (typically \$3-5k each) and legal advice.

## Select a housing operating partner

Some CLTs operate the housing they own, while others partner with reputable organizations that have demonstrated experience in operating non-profit housing. This partnership approach, which NLT uses, allows for the CLT to focus on asset management and growth while the operating partner manages day-to-day operations.

In the case of NLT, tasks and responsibilities are usually split as follows:

- CLT (Owner & Asset Manager)
  - Asset Management - Capital repairs, retrofit works, redevelopment
  - Oversight - Ensuring the property is used in line with the CLT's vision and values & supporting the operator to succeed
- Partner (Operator)
  - Property Management services
    - Performing day-to-day maintenance (typically defined as works under a particular cost)
    - Administration, financial management and reporting
    - Providing customer service to tenants
    - Collecting rent from tenants
    - Selecting tenants and managing waitlists
  - Tenant Engagement and Support services
    - Eviction prevention
    - Community building
    - Providing support services to tenants (if applicable)

A key step in any acquisition project is choosing a housing operator that will partner with your CLT on the selected property. In some cases, this step may come later, once a site has been chosen; however, NLT has found it helpful to select a housing operator first so that the operator will be able to contribute their expertise to the selection process. It is also beneficial to begin this process early because it can take time to build a strong working relationship and to come to formal agreements about the operations of your selected site.

The steps used by NLT in selecting a housing operating partner are as follows:

1. Choose a process for selecting an operating partner. You may send out a Request for Expression of Interest (REOI), which is a briefing document used to initiate interest and to ensure that the appropriate organizations are aware of the opportunity (see an example REOI from NLT [here](#)); or you may conduct your own research and contact potential partners directly.
2. Develop a short list of local or regional organizations (based either on REOI responses or your own research) that have experience and/or capacity to

operate the type of housing the CLT seeks to acquire and who have experience serving the potential target tenant population.

3. Engage with shortlisted organizations to identify interest, capacity to grow, willingness to partner with the CLT, and preferences for building characteristics. To support this step, it may be beneficial to develop and use an Operating Partner Readiness Checklist. Whether or not this type of tool is used, at this stage your CLT should be sure to assess:
  - i. The organization's interest in growth and capacity to grow (e.g., plans for growth outlined in their Strategic Plan)
  - ii. The organization's interest in operating buildings on land they do not own
  - iii. The potential project's alignment with the organization's executive mandate
  - iv. The organization staff's commitment to the mandate
  - v. Staff capacity for project planning
  - vi. Staff capacity to allocate to the acquired property's operations
  - vii. Experience operating similar sites
  - viii. The organization's financial health
4. Develop a Memorandum of Understanding (MOU) outlining your commitments to collaborate to plan for an acquisition project. The MOU should include the project goals, objectives, scope, timeline, roles, deliverables and resources each organization is contributing. The MOU is not legally binding but it is a useful step in explicitly spelling out your mutual agreement to work together.

Once you have selected your operating partner and signed an MOU with them, you will continue regularly engaging them throughout the remainder of the acquisition process.

## Assemble your core project team

Creating a strong project team is an essential component to the overall success of your CLT's acquisition project. Typically, your project team will include both CLT staff and consultants. While you will engage with a range of consultants over the course of the acquisition project, only a few key actors will be part of your core project team.

- **Project Manager**

- The Project Manager (PM) may be a member of staff from your organization, if you have the capacity to lead on the project, or they may be a development consultant you hire (see *Text box: Hiring a Development Consultant*)

- If you hire a development consultant, you will still need someone in your organization to take the lead in coordinating with the development consultant and others.
- **Realtor**
  - It is advisable to engage with a realtor from the beginning so they can support with the site selection process. See *Appendix A: Working with a Real Estate Agent* for more information.
- **Lawyer**
  - You should retain a real estate lawyer early in the acquisition process. The Lawyer will assist in drafting and/or reviewing Agreements of Purchase and Sale, MOUs, leases, financing documents, funding agreements and more.
  - It is important to select a legal firm that has experience supporting other non-profits to acquire properties, secure financing, and finalize government funding agreements.
- **Representative from CLT Board or Committee (*optional*)**
  - Your CLT may have a committee tasked with supporting acquisition projects; your board may also choose to select a director to represent the board during the process.
  - For example, NLT has an Acquisitions Committee who are part of the project team and are very involved throughout the acquisition process.
- **Funder**
  - As noted above, it is best to secure, or identify a clear path to securing, funding early on in the process. This may involve submitting funding applications before selecting a site, if this is possible with your given funder(s); if it is not possible to submit before selecting a site, you should at least meet with the funder and review funding applications to understand their requirements.
  - You should either secure funding before beginning the acquisition process, or ensure there is a high probability you will receive funding; if not, you risk using CLT time and resources on a project that is ultimately not feasible.
  - The funder(s) will not participate in project meetings but the project manager will be in regular contact with them throughout the project.
- **Lender**
  - It is advisable to select a lender to work with in advance. A CLT can meet with multiple lenders to share their project and assess which lender will be the best partner for their project.
  - NLT initially considered four lenders and ultimately selected Vancity Community Investment Bank (VCIB), based on their values alignment with NLTs goals and a willingness from the bank to work collaboratively with NLT to identify financing solutions. Prior to commencing an acquisition planning process, NLT meets with VCIB staff to discuss the

projects and develop a plan to ensure financing can be secured. This also means planning to ensure that the underwriting process can happen in a timely manner to support the acquisition.

- The lender will not participate in project meetings but the project manager will be in regular contact with them throughout the project.
- **Housing operating partner**
  - See *Select a housing operating partner*, above - once selected, the housing operating partner should be involved throughout the acquisition process.

Once you have formed your core project team, it is helpful to hold a project kick-off meeting to ensure that all team members have a clear understanding of their role, the role of the other team members, their deliverables, and the overall requirements of the project. You should also set up some sort of communications system to ensure all project team members communicate effectively over the course of the project. This can include setting up a cloud file storage system for document sharing, setting up regular meetings, or using a project management program.

### **Hiring a Development Consultant**

If your CLT does not have staff experienced in leading similar projects, you will likely choose to hire a development consultant to act as project manager.

When hiring a development consultant, you can either issue an RFP (Request for Proposals) to solicit bids, or develop a shortlist of trusted firms and send them a brief scope of work to request fee proposals. NLT does not recommend issuing an RFP for such a small scope of work in most cases as it can be a more onerous process; however, it may be worthwhile if such a process is in line with your organization's values and practices.

If your organization is new to working with development consultants, it is advisable to consult with CNCLT or with other trusted local organizations to get recommendations. You may then create a shortlist of 2-5 consultants; you can then email these consultants with a brief scope of what support you need and request they submit a fee proposal in response.

A fee proposal is a 1-2 page letter they write in response to your scope, telling you what their services would cost and what would be involved. You would then review all received fee proposals, and you may conduct interviews with firms to gather more information.

The scope of work for a development consultant may include: developing a consultant list and team, site selection, pro forma development, RFP response or funding application response, project managing acquisition. When determining the scope, you should consider what your organization can do in-house and what you will require support with. The narrower the scope of work, the less costly the services will be.

When selecting a development consulting firm, you should ensure they are:

- Experienced in delivering acquisition projects;
- Knowledgeable about relevant funding programs and have established relationships with public sector staff;
- Aligned with your CLT's goals and objectives;
- Willing to mentor CLT staff.

During your CLT's first acquisition project, it may be worthwhile to build into the contract that all resources (templates etc.) developed during the project will become the CLT's property; in addition, you may choose to specify that the consultant will provide some training to CLT staff throughout the process. By using the contract in this way, your CLT may be able to project manage its own acquisition projects down the line.

## Develop an acquisition work plan

A work plan is a necessary component in this stage as it will outline the direction of the project and it will guide the work of the entire project team. The role and deliverables of all project team members should be clearly identified in a project plan that each team member be required to sign upon receipt. Your work plan may be in the form of a Gantt chart on Excel.

You will likely share a simplified version of this work plan with your CLT's Board of Directors to keep them informed on project progress.

## Develop a draft pro forma

A real estate pro forma is a cash flow projection for a given property. It is also referred to as an investment property pro forma. A pro forma is used to determine the past, current, and anticipated costs associated with owning property. Pro formas are typically created on Excel or other spreadsheet software so that formulas can be used to connect different parts of the projection

You could create a pro forma from scratch, likely with the assistance of a development consultant, or borrow a template used by another organization for

similar projects. This tool will enable you to assess the financial viability of potential sites. Before reviewing potential sites, it is beneficial to have an acquisition pro forma template ready - such a pro forma differs from a pro forma that might be used for new construction, and the acquisition pro forma tends to be simpler.

Often, pro formas do not balance right away - that is, costs may initially outweigh revenues. This is normal for affordable housing projects and simply means you need to find ways to decrease costs (capital or operating) or increase revenues (capital or operating); this often means seeking additional sources of funding.

As noted above, you should have already identified sources of funding and financing for your project. You will input these into your pro forma; at this point, you may also review other forms of financial assistance that your organizations could access to support the project. You should be sure to note all funding criteria to ensure your project will be eligible.

## Create a shortlist of sites

At this point in the process, you will begin working with your realtor to identify potential sites. They will help you begin with a long list of potential properties; you will then review all of these sites against your identified housing needs, acquisition priorities, and funding eligibility criteria to create a short list.

In order to help you create and narrow down this list of properties, you should refer to the acquisition priorities and physical features you identified earlier in the planning process. Your short list will typically contain 2-5 properties; if your CLT is newer to acquisition projects, it may be beneficial to assess more properties to better understand and refine your priorities.

## Stage 2: Feasibility Analysis

Feasibility analysis is the process of assessing the viability of a given property, or multiple priorities, to deliver your project vision. Your CLT will utilize this process to narrow your shortlist down to one recommended site for acquisition. While it is possible to conduct feasibility analysis on just one selected property, it is best to proceed with multiple properties concurrently as there is a high likelihood any given property will not work out.

It is advisable to engage with your chosen housing operating partner throughout this process; they will have specific insight into the suitability of a given site for the target population, and they will also be able to advise of any potential challenges in operating a given property.

Different methods can be used to assess the feasibility of a given site. NLT uses a feasibility checklist to evaluate a project based on its social, physical, and financial feasibility; each of the benchmarks is given an evaluation of low, medium, or high feasibility. No matter what method you use, your feasibility analysis should include the following steps.

## Carry out site visits

You should arrange physical visits of all shortlisted sites as soon as possible. Prior to each visit, establish contact with the vendor to arrange a date and time, and seek out additional attendees (this could include your consultant(s) and others on the project team) to assist with site analysis. This should also include your housing operating partner as their opinions on the site will be valuable.

You may choose to develop a Site Visit Checklist which will outline the areas and elements of the property you need to focus on during your visit. During site visits, you should receive a series of documents from the vendor, including the rent rolls.

Typically, you will not speak with existing tenants during these initial site visits. You may choose to carry out tenant surveys during the due diligence period; more detail on this is included in *Stage 4: Due Diligence*.

## Assess feasibility of shortlisted properties

Based on the information received during site visits, you should return to your pro forma template and create a version of the pro forma for each site in consideration. This will help you narrow down site options based on which are financially feasible.

### **Common Mistakes in Assessing Financial Feasibility**

Early stage pro formas are based on a series of assumptions; however, it is beneficial to get as close as possible to the costs and revenues that will actually be realized by the site you are considering.

When reviewing financial information provided by the vendor it is important to consider which figures can be trusted and which may not hold true, were you to acquire that property. For example, property tax figures will likely be accurate because they are based on publicly available information; similarly, utility costs are relatively standard and the figures they provide will tend to be accurate.

However, it is advisable to perform your own calculations or conduct research to determine figures for maintenance, insurance, cleaning, security etc. Coming up with figures for these operating costs will require consulting with your housing operating partner; you may base maintenance costs, for example, on costs for similar buildings that they currently operate.

Security is one cost that can vary wildly from building to building; it is worthwhile to take the time to price it out for your potential site. Similarly, cleaning costs can be estimated based on cleaners' rates and the desired frequency of cleaning.

Finally, you should have conversations with your housing operating partner at this point about staffing costs. NLT will typically account for property management staff, maintenance, cleaning, and a small administrative fee in project operating budgets. However, additional support staff from the operating partner is not usually included in the operating budget. These supports are costly and tend to require a secondary funding source. If your intended project will have supports for tenants, this is something that should be explored early on to ensure funding is available.

At this point, you will also consider the feasibility of each site based on funding program criteria, your CLT's acquisition priorities, and the opinions of your housing operating partner.

## Prepare necessary reports & applications

As you narrow down your site options, it is important to understand what information is required by your funder(s) and other partners, and in what format, to avoid unnecessary work or duplication. Your funder may request a Business Plan, which is a document that explores and plans for the financial feasibility of a given organization or project; it is essentially a summary of the key points in your pro forma, and your pro forma will also be included.

Most acquisition projects will not require a planning report, which will typically include analysis of the current zoning of the property as well as factors that might influence what future development might be permitted. You may choose to develop a planning report if you intend to redevelop or add density to your chosen site in the short/medium term.

## Select a site & get Board approval

Once all pertinent information is gathered and analysis is conducted, you will bring your core team together to select a recommended site to proceed with. You will then bring a report and recommendation to your Board of Directors, outlining the process used to select and assess sites as well as the details of the recommended site.

You will request Board approval to put in an offer; the motion should include an offer range, which your realtor can help you determine. You may also bring the draft deal - the Agreement of Purchase and Sale (APS), explained further below - to the Board as part of the package.

In their motion, the Board should delegate authority - to staff or to a committee - to be able to negotiate the final APS with the vendor. The Board may also delegate authority to the Board's chair, secretary, or treasurer to approve the final version of the APS.

## Stage 3: Securing a Site

Securing a site means moving forward with one property, based on feasibility analysis and a decision by your core project team.

### Refine your pro forma

Once you have selected a site, you should refine your pro forma to a greater level of detail. This means changing any estimate or assumptions to figures based on the realities of the site.

### Prepare an offer & Agreement of Purchase and Sale

Before putting in an offer, you should have an idea of the following, most of which will be informed by your feasibility analysis and determined in consultation with your realtor:

- Average rent levels for the types of units or rooms in the area which you are buying;
- What improvements and repairs need to be carried out;
- A starting price for your offer;
- The maximum price you are willing to pay; and
- Some important as well as non-important requests that will be included in the offer.

Your realtor will prepare an Agreement of Purchase and Sale (APS). The APS is a written contract used when buying and selling property. In Canada, most provinces have a real estate association that will publish a standard commercial APS form; NLT uses the Ontario Real Estate Association (OREA) APS. It is important to note that many vendors will be unwilling to accept a contract that is not in a standardized format, like the OREA in Ontario.

In the APS, you as the buyer are agreeing to purchase the specified property for a specific price as long as certain conditions are satisfied. The APS will specify the purchase price, a deposit that the buyer will pay to the vendor's realtor, and the exact date and time that the offer is open for. Schedule A of the APS will specify any changes to the terms of the agreement, including additional conditions that need to be satisfied to proceed with the purchase. This is where you will note anything that might be unique, for example, a longer due diligence period; it is advisable to ensure

that, as per the APS, your deposit is fully refundable prior to the conditions being waived.

A common additional condition is the successful confirmation of financing for the purchase. This is effectively a “catch-all” condition because any significant issues identified with the property will tend to make financing impossible. In addition, you may include the identification of environmental problems as a condition under which the deal will not proceed. It is imperative that you receive legal advice on the APS, and particularly the phrasing of any additional conditions.

Typically, the vendor will respond with a counter offer. If the vendor accepts the APS, the agreement goes into effect and you enter the due diligence period.

## Stage 4: Due Diligence

Due diligence is the process that begins once an APS is agreed to by both the buyer and vendor. This is the period when the buyer will conduct thorough inspection and investigation into the property in question. It is important to plan carefully to ensure all necessary activities can be completed during the due diligence period.

The due diligence period is specified in your APS; it should be at least 60 days after all the necessary documents have been delivered to you by the vendor, although a due diligence period of 45 days may be possible if you have secured funding and if you have consultants prepared to begin the necessary reports.

While you may prefer a longer due diligence period (i.e., 90 days), it may be difficult to get a vendor to agree to this, especially in urban property markets. In your APS, you may also have added provisions for extensions of this period based on the discovery of new information.

As a general rule, NLT will not pay for any inspections or professional reports until they have secured an APS.

## Finalize funding agreements

During the due diligence period, you will be communicating regularly with your funder(s) to move towards finalized funding agreements. You will typically send them an updated pro forma towards the beginning of the due diligence period; it is important to give funders time to review the pro forma and provide feedback so send it early on, even though you will be making some changes based on the findings in your Building Condition Assessment.

Once you have received the key reports resulting from the due diligence activities (listed below), update your pro forma again and continue to communicate with your funder. By the last week or two of the due diligence period, you should receive a letter of interest from your funder that you can bring to your board for approval.

## Create plan for building operations

As you move towards taking ownership of the property, you should work with your operating partner to create a plan for building operations. This plan should include staffing and training, maintenance processes, processes for accepting and tracking payments, tenant communication processes, etc. If you have a strong sense that the deal will proceed, it is advisable to begin this preparation before the conditions are even waived as this process can be time-consuming.

The City of Toronto's [RentSafeTO apartment building standards](#) provides an overview of the plans and systems you should have in place prior to taking ownership of the building. It is recommended that you review this list with your operating partner to ensure nothing important is missed.

Your CLT's role in this step will vary based on your agreement with the operating partner. The CLT is responsible for providing significant property and tenant information to the housing operating partner, including utility and rent information. In NLT's case, they also hold regular meetings with the operating partner to check in and ensure everything is progressing in a timely manner.

## Coordinate due diligence activities

Due diligence involves a series of standard reports and studies. The project manager will be responsible for coordinating these activities to ensure everything is completed on time and to ensure that consultants get access to the site as needed. You may also choose to undertake additional, optional activities.

Standard due diligence activities include:

- Appraisal
  - You will contract a professional appraiser to assess the value of the property.
- Title Search
  - The title search will be conducted by a lawyer; this process will determine if there is anything registered on title that you need to be aware of before proceeding with the purchase.
- Deliveries

- Once you have secured an APS, the vendor will provide you with a package of documents (as identified in the APS), typically including leases, property tax bills, and other financial information. These documents tend to be delivered 10-14 days after the APS is signed. You will need to review this information carefully as it will help you further update your pro forma. In addition, you should review the terms of any leases.
- Building Condition Assessment (BCA)
  - The BCA will typically take 2-3 weeks to finish, and you will be updating your pro forma in response to the assessment, so it is important that the BCA begins early in the due diligence period.
- Designated Substances Study (DSS)
  - A DSS should be completed every time, even if it seems unnecessary or is not required by your lender. Knowing about any potential issues earlier may save costs later and will ensure safety of tenants, staff, and contractors.
- Environmental Site Assessment (ESA 1)
  - If any concerns are identified in the ESA 1, you may need to conduct an ESA 2 or other testing. In some cases, you may choose not to proceed based on the associated costs and risks; you should make this decision with the advice of your lawyer and consultants.
  - In most cases, you will have specified in the APS that you will not proceed with the purchase if environmental concerns are identified.

Optional due diligence activities include:

- Electrical Inspection
  - An electrical inspection is not required and it is an additional cost. However, NLT has found that it is worthwhile, particularly when acquiring older buildings, because without an electrical inspection you may find that the costs associated with electrical works are far higher than originally estimated. In addition, electrical system problems can be a life safety concern so it is vital that any concerns are identified and budgeted for early on.
- Planning Review
  - As noted above under *Prepare Necessary Reports & Applications*, a planning review will only be needed if there is a zoning concern or you have plans to increase density or otherwise redevelop the property.
- Tenant Survey
  - Some CLTs may choose to survey current tenants to obtain a better understanding of the building and the tenants' needs. The CLT must get permission from the landlord to undertake such a survey, unless there is an existing tenant association willing to administer it and share the results.

- The information ascertained through this survey is not likely to affect your decision to proceed with the purchase; in addition, the vendor may not give you permission to survey tenants, and it is important to avoid misleading tenants in the event that the purchase does not proceed. For these reasons, NLT rarely surveys tenants until the purchase has been completed and they have ownership of the property.

## Formalize agreement with housing operating partner

Depending on the project, you may enter into a long-term lease (10-49 years) with your operating partner, or you may enter into a property management agreement. The former gives your operating partner more rights and responsibilities related to the building and its operations. The latter tends to be shorter term; if you have not been able to carry out an extensive housing operating partner search process by this point, you may choose to enter into a short-term (1-3 year) property management contract, pending selection of a longer term partner.

This step may continue into the closing period but it should be started earlier to ensure you are ready to take over operations of the property the day ownership is transferred.

## Bring due diligence report to board

Towards the end of the due diligence period, once all necessary activities have been completed, you will prepare a report to the CLT's board with all pertinent findings. At this point, the board can make the decision to waive the conditions of the APS, which is effectively the decision to proceed to acquire the property. Once the conditions are waived, the CLT is contractually obligated to close the deal; there could be substantial legal and financial implications if the CLT is unable to do so at this point.

It is not advisable to waive conditions unless funding is confirmed and the lender has provided a confirmation letter (or equivalent) confirming financing is approved. You should also bring confirmation of financing to your board at this point so they can approve financing agreements.

Once your due diligence date (typically 60 days after the APS is signed) passes, it is the responsibility of the purchaser to officially waive the conditions and proceed with the deal.

## Stage 5: Closing & Stewardship

### Oversee the closing preparation period

The closing date for a sale is typically 30-90 days after the due diligence date. As with the due diligence period, the vendor may prefer a 30-day period but you should not agree to less than 45 days, and you ideally would have at least 60 days. The period between the due diligence date and the closing date will be busy for your organization, particularly the week or so before closing, and you should plan ahead to ensure you have the capacity needed during this time.

During this period, your lawyer will be preparing the closing paperwork. You should ask your lawyer for a closing schedule, which is a schedule of things that need to be done prior to closing. Most of these activities will be carried out by the lawyer themselves, but there will be areas that will require your CLT's input and it is important to be prepared to respond quickly. At this time, your lender will be communicating with your organization and your lawyer; the lender may require additional information from your organization.

Finally, during the closing preparation period you should arrange for property insurance for your new property. Insurance will need to be in place from the closing date.

On the closing day, your lawyer will be completing documentation to officially change ownership of the property. From this point, you have officially acquired your property, and you can begin stewarding the property to ensure it remains affordable in perpetuity.

### Assume operations

As noted above in *Create plan for building operations*, you and your operating partner will have been preparing to take on ownership of the building during this period. It is imperative that you and your partner be prepared to take on operations on the closing day. This includes having processes in place to respond to maintenance issues, collect rent payments, provide tenant support services (if applicable), and respond to any other tenant inquiries. You should also create a plan for the 1-3 months following the closing date; this is a transitional period and you should ensure you have sufficient staff capacity during this time.

If you have not finalized preparations or an agreement with your operating partner in time, it is possible to hire a temporary property manager in the interim; this would typically be a company (not necessarily a non-profit) experienced in rental housing

operations, and ideally this arrangement would last no more than a few months while arrangements for longer term operations are finalized.

Prior to the closing day, you should invite tenants to an informational meeting; this should occur one or two weeks ahead of closing. This will only be possible if the vendor allows you to communicate with tenants before closing. This should be a short meeting where your CLT can introduce yourselves, share your values, and provide key information about building operations, like how to report maintenance issues and pay rent. It is important not to overwhelm tenants with information during this first meeting; there will be later opportunities to engage and build relationships with tenants.

## Celebrate your successful acquisition

Acquisition projects can be lengthy and stressful. It is important for your CLT to take the time to celebrate its successes and to include key stakeholders in this celebration. NLT will typically have a celebration including CLT members, staff, board members, and any tenants who have been engaged through the acquisition process. This is a great opportunity to take photos that can be used in future CLT applications and publications.

Your CLT should also share your success more widely with members and the broader community through a press release.

## Appendix: Working with a Real Estate Agent

### Key terms

**Real estate agent or salesperson:** This is a person that is licensed by the government to assist buyers and sellers make real estate transactions. Agents are the representatives of clients that are buying, selling, or leasing property.

**Real estate brokers:** A real estate broker can open their own brokerage firm and hire other agents or become a manager at a large brokerage.

**Realtor:** “Realtor” is a term that is trademarked by the Canadian Real Estate Association and refers to real estate professionals who are members of the Canadian Real Estate Association (CREA). However, a Realtor is not the same as a real estate agent, broker or anyone else that holds a position in real estate.

**Client:** The person that is represented by a real estate agent. The client relationship represents the highest degree of obligation for a realtor to a consumer and is established through either a Listing Agreement (between the seller and realtor) or a Buyer Representation Agreement or Mandate (between the buyer and realtor) (OREA, 2013).

**Customer:** This is a person that is interested in buying or leasing property, but has not committed to working with an agent. This relationship is secondary to a “client” relationship and is established through a Customer Service Agreement (OREA, 2013).

**Vendor:** The person selling or leasing a property.

**Buyer Representation Agreement (BRA):** If you (the buyer) decides to work with a realtor, in some instances, they may make you sign a Buyer Representation Agreement. A Buyer Representation Agreement (BRA) discloses information about the type of property, location, service provisions, and length of the agreement as well as the service fees (commission etc.) (OREA, 2013). It also outlines your relationship with the brokerage on paper. It is not legally required, but it is a legal document so exercise a reasonable amount of caution before signing one.

### Selecting a suitable real estate agent

There are a few ways that you can go about locating an expert real estate agent:

- If your organization is looking for a specific type of property (e.g. low-rise apartments) in a particular area, you can do a neighbourhood scan, or an online

search to see if agents that specialize in selling the type of property that you are seeking work in that area.

- If your project is fixed in a certain area, walk or drive around that area and obtain contact information on real estate signs displaying properties for sale.
- You can also perform a search of all real estate companies that are active in the area and call or visit their offices (if they are in the specific neighbourhood you are in) and explain to them your reasoning behind wanting an agent (e.g. to buy) and for what purpose (e.g. to provide affordable housing).

Once your organization has established contact with at least three agents, you can narrow the choices down by reviewing their material (request their resume, references, and testimonials) and arranging face-to-face meetings. Make sure to consider an agent with a strong reputation with whom you feel comfortable working. After all, your agent will be on the frontline working on your organization's behalf.

## Working with an agent

A good real estate agent will:

- Explain real estate terminology and how the market works
- Discuss values with you
- Provide you with (and help you understand) all necessary forms and contracts
- Be knowledgeable about your desired property type and community
- Locate properties in which you are interested and help you screen them
- Let you know if there are any additional costs associated with a transaction
- Share the names of suppliers you may need, such as lawyers, lenders, contractors, and
- Prepare and negotiate offers.

If your organization chooses to work with a real estate agent, there are two ways that they can represent you. The first form of representation available to you as a "client"/buyer is the buyer/tenant relationship. This relationship begins upon the signing of a document called a Buyer's Representation Agreement (BRA), which permits a real estate broker to work on the buyer's behalf to find them a property to buy or lease. This is considered to be an exclusive relationship between the agent and the client (buyer).

The second type of agency relationship is dual agency. Dual agency occurs when both the buyer and seller are represented by the same agent, at the same time, even in instances when dealing with different representatives that work for the same brokerage. The brokerage must obtain written consent from all parties (buyers, sellers and realtors) implicated in the agreement if you chose to be represented dually (OREA, 2013).