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Starting a Community Land Trust

A Practical Guidebook for Organizers

Version 1

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Canadian Network of Community Land Trusts

Acknowledgements

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Land Recognition

The Canadian Network of Community Land Trusts and its members operate on the ancestral territories of Indigenous people across Turtle Island (also known as North America).

Settler colonialism dispossessed Indigenous people of the lands they stewarded since time immemorial. Operating within this reality, it is imperative that the Network and its members support Indigenous self-determination and restitution of Land through tangible actions.

In this spirit, CNCLT is committed to:

- Supporting the development and growth of Indigenous-led community land trusts
- Building relationships with Indigenous people, communities, and organizations
- Disseminating best practices regarding reconciliation, decolonization, and Land Back via the community land trust model, and
- Creating and sharing tools to support non-Indigenous community land trusts in reconciliation and decolonization efforts

We call on our members to:

- Build relationships with local Indigenous people, communities, and organizations,
- Identify whose ancestral territories there are on and uphold their role within treaties, and
- Support Indigenous-led community land trusts develop and grow by sharing knowledge and resources

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Introduction

Community land trusts (CLT) believe that land should be held for the benefit of local communities. They are member-based non-profits committed to the long-term stewardship and permanent affordability housing and other land-based assets.

Informed by the experiences of CLTs across Canada, this guide, the CLT Roadmap, supports new CLTs and groups considering forming a CLT. It is a constantly evolving document that will be updated as both the Canadian CLT sector and CNCLT grow.

This guide presents recommended steps in creating a CLT. The sequence of activities, and the time spent on each, will vary between CLTs based on their specific contexts and needs. As such, this guide is not meant to be a prescriptive checklist activity, but rather as a hand-up in the complex yet rewarding process of forming a CLT.

As always, CNCLT is happy to support emerging CLTs in their journeys towards land stewardship. Please reach out for direct support beyond that offered by this guide.

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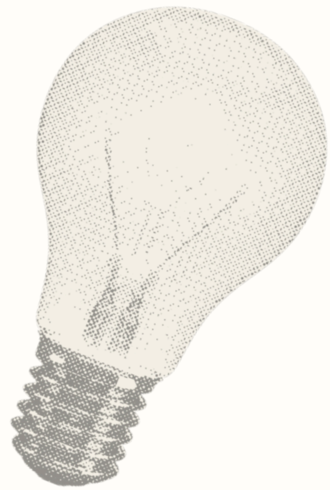


Phase 1: Establish Your CLT

1.1 Early-Stage Organizing

Initiation Models

CLTs can be initiated at the grassroots level, by unaffiliated members of a community; by a non-profit; or by the public sector, most commonly a municipality. You cannot choose the way in which your CLT is initiated, but it is useful to understand the opportunities and risks presented by each initiation model.

The table below summarizes the pros and cons of each approach—note that the pros and cons associated with non-profit and public sector initiated CLTs are similar. In general, CLTs initiated at the grassroots level may benefit from greater acceptance from, and accountability to, their communities. They may also benefit from greater local insight and are unlikely to be hampered by prior organizational baggage. However, grassroots-initiated CLTs may have limited capacity in the early stages as they will tend to be volunteer-run; they may also have more difficulty accessing funding and establishing credibility with funders and other key external supporters.

On the flip side, non-profit or public sector initiated CLTs may have greater capacity in the early stages, enabling faster progress. They may also have credibility with funders. However, their acceptance within the community could be hampered by the organization's history. In addition, it can be more complicated for these CLTs to establish a governance structure—and to enable accountability to the community—because they need to work within previously established institutions.

There is a lot of variation among these types. Some CLTs will be initiated in a way that enables them to access the benefits of initiation models. In the early stages, most CLTs are affiliated in some way with an existing non-profit or government body.

Table 1: Pros and Cons of Different CLT Initiation Models

	Pros	Cons
Community or grassroots Initiated	• Bottom-Up • Acceptance and accountability within the community • Local insight (know their own markets, neighbourhoods) • No prior organizational baggage	• Limited capacity (volunteer-based) may translate to slower progress • Need to establish credibility with funders
Non-Profit or Public Sector Initiated	• Increased capacity and productivity (existing staff and funding) • Credibility with funders • May have charitable status	• Could be hampered by non-profit's baggage or history • Complicated governance, accountability to community • Lingering control

Credit: Davis, 2007

Organizing Strategies

Related to initiation models is what John Emmeus Davis, a CLT expert in the US context, calls organizing strategies. Community-initiated CLTs will often begin with a broad-based community organizing strategy, while non-profit or public sector initiated CLTs may begin with a core group organizing strategy.

A community organizing strategy involves conducting broad public outreach and education. Community members are recruited to a working group to lead the CLT's organizational development, while maintaining accountability to broader community.

Conversely, non-profit or public sector initiated CLTs will often begin with a small core group leading the work to develop a framework for the CLT. They will then, at a later stage, bring in the broader community to increase support. This core group approach may also be taken by community-initiated CLTs in situations where the community being served is scattered, or where there is a time-sensitive opportunity.

The key difference between these two organizing strategies comes down to who is involved in setting the direction of the CLT. A community organizing strategy can lead to greater awareness and acceptance of the CLT model within your community, which can also lead to a broader pool of supporters who can donate, volunteer, or advocate for the CLT. However, this approach can be more time- and resource-intensive, and it can open your CLT up to criticism from those who are not supportive of the project. On the other hand, using a core group organizing strategy can enable you to work more nimbly, leading to faster progress without facing external opposition or dissent; however, it may be more difficult to build support for your CLT at a later stage.

Considerations for Early-Stage Organizing

When you're recruiting people to support your CLT in the early stages, it's useful to think strategically, ensuring that you have all your bases covered. That means thinking about skills, knowledge, connections, and perspectives.

It's helpful to have some particular technical skills on your initial steering committee or board, related to finance, real estate, law, planning, community organizing, research, fundraising, and non-profit housing development/operations.

Members with this knowledge can save you money on consultants and can help ensure you're considering all the pertinent options. It's also helpful to have people on board with useful connections to local community organizations, tenant organizers, elected officials, or other potential supporters of your CLT.

It is also important to engage with people who have lived experiences of the issues your CLT is aiming to address—these are people who may be future beneficiaries of your CLT. This could include low- and medium-income renters, people who have experienced homelessness, people from communities that have been historically excluded from homeownership, etc. A core aspect of the CLT model is that people are involved in making decisions that impact their homes and their communities.

Depending on your community context and the reason for wanting to develop a CLT, your community organizing can take a number of different forms:

- Holding workshops/focus groups to identify needs, assets, aims, and broad vision.
- Delivering presentations and developing materials to educate on the value of the CLT model.
- Identifying, and advocating for, policy changes to support your intended work (i.e., land use planning, new funding).
- Holding structured consultations with key stakeholders including future beneficiaries and potential funders.
- Conducting community-based research activities (discussed later in this guide).

It is worth stressing the importance of community education here as this has always been a core component of the CLT model.

You can't just expect people to intuitively understand the model and support it—you need to work towards that understanding and support through deliberate education.

You can also capitalize on flashpoint issues, such as controversial developments happening in your community. If you posit the CLT as a response or alternative, you can capture people's interest, and potentially bring media/political attention to your burgeoning CLT.

You should think critically about how you're expecting people to engage with your CLT and should actively try to reduce barriers to their engagement. The table below highlights some mitigations to consider. Some of these solutions come with costs, but they are things to keep in mind when writing grant applications so that they can be worked into project budgets.

Table 2: Reducing Barriers to CLT Engagement

Consideration	Mitigation
Volunteer Time	• Provide opportunities to engage asynchronously. • Think strategically about who is needed when. • Locate in-person engagements in convenient places.
Volunteer Funds	• Where possible, provide honoraria, provide refreshments, and reimburse for travel. Work these into grant applications.
Accessibility Needs	• Translate materials and offer interpretation services. • Provide tech support and captioning for online engagements. • Ensure in-person engagements are physically accessible.

1.2 Developing Guiding Principles

Non-profits, including CLTs, employ several terms to describe the sorts of guiding principles they use to shape their work. Sometimes these terms are used interchangeably. Some of the most common forms of guiding principles used by CLTs are:

- **Vision:** an aspirational statement of what the future would look like if your CLT achieved all its goals.
- **Mission:** a statement of your plan to realize your vision, which usually includes why you exist, who you serve, and how you will serve them.
- **Purpose**: a statement that summarizes the rationale for your CLT, often intended for an internal audience.
- **Value:** abstract ideas that guide organizational thinking and actions.

You may develop all of these for your CLT, or only a couple of them. What you call them does not particularly matter; what matters is having agreed-upon language that will be used to guide your CLT's work.

While CLT members may want to speed past the process of developing guiding principles and get to work with more tangible outcomes, it would be a mistake to skip this step in organizational development. Taking the time to develop guiding principles can:

- Ensure clarity among the CLT's early supporters.
- Spur constructive ideas through the brainstorming process.
- Inspire people to support or get involved with your CLT.
- Clearly communicate your CLT's value to funders and other supporters.
- Help maintain alignment to core values and aims when making decisions.

Developing and Mobilizing a Vision

Often, developing a vision is the first step taken by a CLT. The information below is focused on this step, but it can apply to the development of mission, values, or any other form of guiding principles for your CLT.

When developing your CLT's vision, it is important to consider who is involved in the visioning process. The process may be led by a small core group, but it can be beneficial to seek ideas and feedback from other stakeholders, including future beneficiaries, local community organizations, and other community leaders. The vision itself can be developed through a process that involves semi-structured or unstructured brainstorming; seeking feedback; refining and finalizing. Some CLTs choose to hold a weekend retreat to encourage deep discussions that feed into their vision.

There are many different activities that can be used to develop your vision:

- Brainstorming:
  - Why does what we do matter?
  - Where do we draw inspiration?
  - What impact do we want to make in the next 5 years? 50 years?
  - What is our most ambitious goal?
  - What would our community look like if we achieved this goal?
- Likes and Dislikes: Gather 5–10 examples of vision statements; articulate what you like and don't like.
- Hopeful Headline: Brainstorm an ideal headline you'd like to see about your CLT's work 25+ years from now.
- Naming the Moment: A series of questions for identifying interests, naming issues, assessing forces, and planning for action.

Once your vision is finalized, it can be mobilized to attract volunteers, supporters, and funding for your CLT. Your vision should be fairly resilient in the short-term—it should not be something that will become irrelevant or dated any time soon. You should encourage board members, the membership, and staff to return to the CLT's vision to ensure organizational decisions and approaches are aligned. Every 3–5 years, it is good practice to review the vision and decide whether or not it needs to be updated.

1.3 Community-Based Research

It may feel unnecessary to devote limited volunteer time and resources to research and report-writing in the early days of your CLT's development. To some, research feels antithetical to action. However, the research conducted by community-led CLTs is not research for research's sake—it is data and information gathering with a specific strategic purpose. Conducting this type of research, and compiling and sharing it, will benefit your CLT, if you go about it in a strategic way.

Benefits of conducting research early in your CLT's development:

- **Check your assumptions:** You likely have a good understanding of your community's needs, but there may be things you're missing. It's also beneficial to ensure you have a deep—and sometimes quantifiable—understanding of the issues you're aiming to address.
- **Inform your CLT's form, structure, and strategies:** Based on your findings, you can make informed decisions about the best ways for your CLT to proceed.
- **Inspire community support:** The research process itself can be an organizing tool, bringing more people on board with your CLT's work. By sharing proof of the need for your CLT, you can bring more community members on board as supporters, donors, and CLT members.
- **Prove local expertise:** You know your community, but you may need to prove this to external partners—like foundations and government bodies—in order to convince them to support you, financially or otherwise.
- **Provide a rationale for your work:** Research of some form is needed at an early stage to provide a rationale for your work, helping you answer the questions:
    - Why a CLT?
    - What are we trying to do?
    - Why is this needed?
    - Can it work?

  You will want to have answers to all of these questions available as this can help you garner support of all kinds as you move forward. These answers may also feed into your vision, mission, etc., as mentioned in the previous section.

There is no one-size-fits-all approach to CLT-led research; every CLT will take a different approach. But there are some common forms of research:

- (Housing) needs assessments
- Feasibility studies
- Asset mapping
- Property mapping
- Advocacy reports

Often, early-stage CLTs will combine two or more of these report types; for example, they may include a section on housing needs as part of a feasibility study. These forms of research may also feed into, or otherwise inform, strategic plans and business plans.

(Housing) Needs Assessments

A needs assessment, at base, is about determining the gap between the current state of things and the ideal state—the gap represents the "needs." A housing needs assessment is a common tool in the non-profit housing sector as well as in the public sector.

You might conduct a housing needs assessment for a specific project or site, or for a broader community or population group:

- To confirm if the need for a specific project has already been conceptualized (specific demographic, affordability level, etc.)
- To revise an existing project concept.
- To determine housing needs to be addressed by an organization as a whole, across multiple future projects.

This third type of broader housing needs assessments is equivalent to what is carried out by the public sector, often by municipalities, to understand housing needs in their particular jurisdiction. As a result, it's probably going to be a more straightforward task to get this information together if your CLT's area of operation is the full municipality and if you aim to serve a broad population. See "Methods for CLT-Led Research" below for data sources.

No matter your scope, the first step should be to determine what data already exists and what gaps you will need to fill. A housing needs assessment is likely to draw on census data. You will probably want to supplement this with interviews, focus groups, or some other kind of qualitative data gathering to make sure you're interpreting the data properly.

CLTs that are looking to acquire and hold land for non-residential or mixed uses can follow the same approach to assess land-based needs for cultural spaces, agricultural land, commercial space, etc.

You may need to get more creative in data gathering as you won't necessarily find everything you need from the census: more counting exercises, interviews, focus groups, and other methods may be needed to fill in the gaps in existing data.

Feasibility Studies

Feasibility studies are not specific to the CLT sector. A feasibility study takes a specific approach—an organization, or a particular program/project—and looks at it from a variety of perspectives to determine if it's likely to accomplish its intended goals. You can approach a feasibility study as an exercise to help decide if you should do a particular project; or you can use it to show others why the intended approach is possible and recommended.

Property Mapping

Property mapping is a detailed, fine-grained research process used to understand property-based threats and opportunities within a given geographic area. This often results in an actual map that displays key property data. The map may be just one part of a broader output—you can also produce a report to display and explain your findings.

Because mapping usually involves looking at data at the level of a single lot, it's best to keep the scope relatively narrow. As a result, this approach makes the most sense for a CLT focusing on a specific neighbourhood; it is usually used to answer questions about a specific property use (for example, a specific form of housing). Generally, property mapping involves combining property ownership data and other data (usually available from government sources) with community knowledge of the area and with other data gathering exercises.

Asset Mapping

Asset mapping isn't just a research process; it's generally thought of as a community development exercise. It involves shifting from the usual focus on needs and problems to look at the strengths embedded in a community. These community assets can be land-based, like community centres, parks, or other physical spaces. They can be less tangible, like skills that community members have, previous successes that have come out of community organizing, and other resources available to the community.

The output isn't necessarily a map, but it can be. You can conduct asset mapping as part of a broader research exercise, like some kind of property mapping, or feasibility study.

Assessing Research Needs

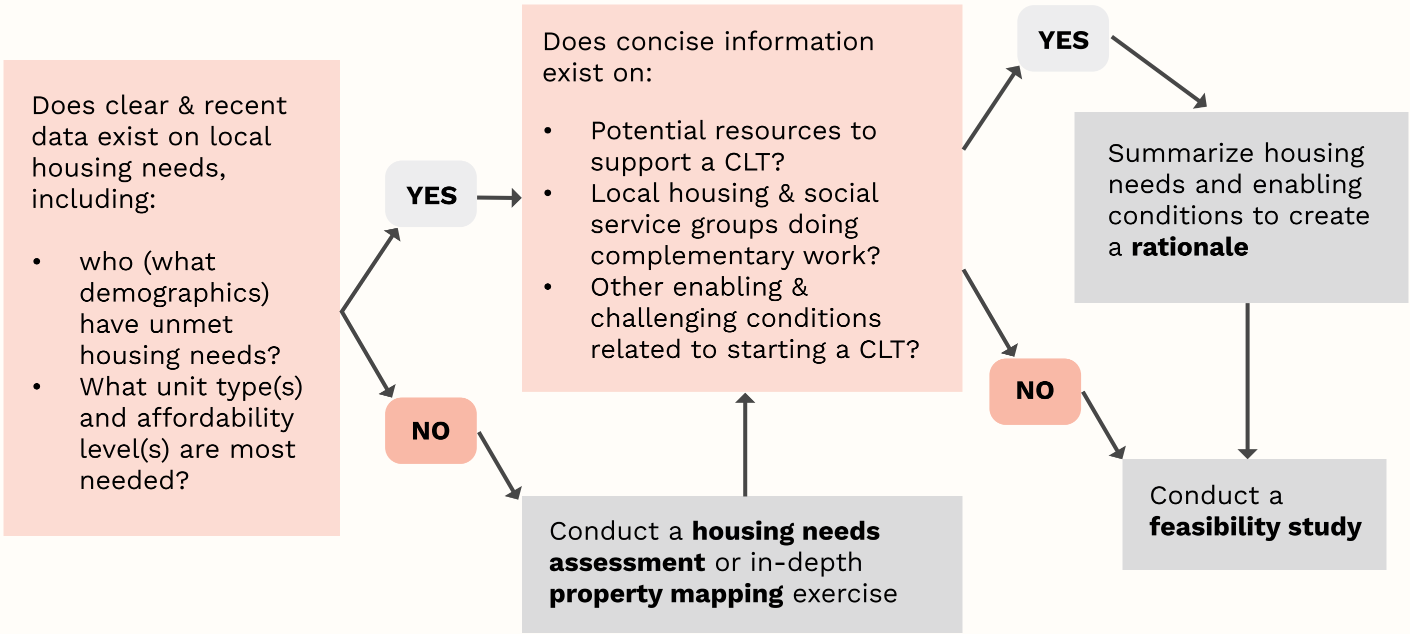
To figure out what form of research you should conduct, you should ask yourself:

- What do we need to know?
- What do we need to convince people of?
- Who do we need to convince?

This flowchart below is a simplified version of that decision-making process; it is specific to CLTs that focus on acquiring land to use for affordable housing.

When you have all of this information gathered, you have your CLT's rationale—the what, why, why now, and why you. The rationale isn't necessarily something that you write out or publish, but it's a series of arguments that you can use in different forms to support the CLT's work.

Figure 1: Flowchart for Early-Stage CLT-Led Research Projects



Community-Engaged Research

Community-engaged research is an approach to research that involves and empowers people with lived experience of the issues at hand. This approach, when done well, has positive outcomes beyond just gathering useful data. You also engage a broader group in your work, and you benefit from the deep understanding people have of the issues that have impacted their lives.

Usually, with community-engaged research, at least some part of the research and data gathering is carried out by community-based researchers, who have lived experience of the issues being researched. They won't necessarily carry out the full project, but they'll help inform the research process. Their involvement in implementing on-the-ground research may include conducting surveys. They'll be part of identifying issues and interpreting findings to develop recommendations.

Community action research is a form of community-engaged research where action is part of the research process and action informs research findings. (These terms are sometimes used interchangeably.) Community action research means that you don't wait until the research is completed and the report is published before you act; instead, action is undertaken repeatedly, and outcomes of the actions become part of the research process.

Research Methods

The first step when conducting a research project should be to determine what research/data already exists. This will involve consulting secondary sources. What data exists will be area-dependent; you should also look into research done by other local organizations, including social service providers and advocacy groups.

Then, once you have determined what gaps exist, you can fill them using primary sources.

Secondary Sources

- Census data
- CMHC reports
- Academic publications
- HART needs assessment tool
- HART land assessment tool
- Canada Rental Housing Index
- Municipal reports:
    - City of Toronto
    - City of Vancouver

Tip: search your municipality's Council minutes and reports; look for municipal open data sources.

Primary Sources

- Workshops, focus groups
- Interviews with key informants
- Surveys
- Community meetings
- Fieldwork

Supporting Your Research

These kinds of research projects take time and resources. Luckily, a lot of funders love providing grants for these projects, especially when they involve community engagement and the production (and mobilization) of new and useful data.

Another approach is to work with universities. Some people are reluctant to partner with universities, and these partnerships can be tricky, but they can also be a great way to get affordable support from people with specific technical skills that can complement the skills and knowledge in your community. You can participate in a university course that pairs students with specific community projects, through programs like urban planning, public policy, or social work. Most universities have an office dedicated to this type of course; reach out to your local university to see what is available.

A caveat to the student research route is that you should only do it if you get a strong commitment from a professor to support students throughout. Your CLT should have the capacity to support the project and to connect students with relevant resources; otherwise, it can be more work than it's worth.

You could also partner with academics working on related issues—some Toronto-area CLTs, like PNLT, KMCLT, and Toronto Chinatown Land Trust, have worked closely with researchers to carry out their projects. Partnering with academics also brings other possible funding options.

Another option that has worked well for some CLTs is creating a research committee, which is a way to bring in supporters with research experience and other specific technical skills.

Mobilizing Your Findings

You completed your research project for a reason, and now you need to make sure you get the most out of your research. It should respond to your initial objectives. The ways of mobilizing your findings will be different for every project, but at this early stage you should consider what your findings suggest about:

- **Organizational form, business planning, governance structure:** These may come out of a feasibility study which will likely suggest specific directions.
- **Acquisition development, community engagement:** These may be informed by needs assessment, asset mapping, or property mapping.

You should also think about mobilizing your findings for external stakeholders. There are many different ways you can use what you've learned to further your goals and to bring other people and organizations on board. These could include:

- Sending out a press release to increase public awareness.
- Developing a pitch to funders and other supporters.
- Using findings to inform and strengthen policy advocacy.
- Using findings to garner community support and develop membership.
- Highlighting key findings on websites and in other promotional materials.

1.4 Organizational Form and Non-Profit Sponsorship

You won't necessarily make all decisions about your CLT's organizational form at the beginning; in this section we cover some of the decisions you'll want to start thinking about. By organizational form, we mean the corporate and legal form your CLT takes.

Your organizational form can be influenced by a number of factors, including:

- Your CLT's initiation model—as discussed above, this is where your CLT came from
- Availability of appropriate, aligned, and willing partners
- Organizational values
- Planned revenue sources

As mentioned above, many CLTs are started by, or in partnership with, an existing non-profit. There is a spectrum of partnership forms—for example, a CLT may be grassroots in origin but may receive support in early stages from an initial non-profit, while retaining full independence. The CLT's initiation model may influence the options available in terms of organizational form.

Given that most CLTs have a relationship with an existing non-profit in the early stages, we explore the different organizational forms that can come from this. In the later section on CLTs and charitable status, we discuss ways that CLTs can become, or otherwise partner with, charities.

Independent Non-profit

CLTs initiated by an existing non-profit can split off and form a new, fully independent non-profit. This is by far the most common approach taken by Canadian CLTs.

The new non-profit may maintain some ties to the sponsoring non-profit; for example, the CLT may set reserve a seat on its board of directors for a representative from the incubating non-profit organization.

This approach enables the CLT to develop its own clear governance structures and to ensure accountability to its community. Strategy for the CLT can be developed independently from the founding non-profit, based on the CLT's own values and vision. However, this approach does involve incorporation and it may take longer to get the new non-profit up and running. The new non-profit will also be limited in its ability to benefit from the founding non-profit's support and credibility.

Affiliate or Subsidiary

An existing non-profit can incorporate a new non-profit as an affiliate or subsidiary—essentially, a dependent non-profit. This may also be called a "spin-off" organization. The depth of the ties between the two organizations will vary; generally the founding non-profit will have some control over the governance and strategy of the affiliated CLT. Generally, affiliate groups are more independent than subsidiaries.

With this approach, the CLT will benefit, to an extent, from the credibility and support of the founding non-profit; there will be some separation as the CLT will be its own non-profit organization. However, this approach does involve a complicated balance between control and autonomy of the CLT.

Program

A CLT can technically be run as a program of the founding non-profit: the founding non-profit continues its existing programming and starts a CLT as an additional function, without incorporating a new organization. This approach may be quicker than incorporating a new non-profit, and may allow the CLT to benefit from the non-profit's resources, reputation, and administrative processes.

However, the CLT will have very limited autonomy, and limited ability to implement a community-driven governance model, as there will be only one board of directors for the non-profit.

This approach is very rare in the Canadian context. The most comparable example would be Habitat for Humanity affiliates in the United States that run affordable homeownership programs using a shared equity/ground lease model, similar to American CLTs.

Conversion

With this approach, an existing non-profit becomes— that is, converts to—a community land trust. The non-profit's land holdings become part of the CLT. This will usually involve some form of restructuring, including changing the organization's governance structure, updating its by-laws and/or Articles of Incorporation, and updating its guiding principles.

Table 3: Pros and Cons of Different Organizational Forms

Form	Pros	Cons
Independent Non-Profit	• Clear governance and accountability • Ability to shape organization strategy independently from founding non-profit	• Involves incorporation and may take longer • May limit ability to benefit from founding non-profit's support and credibility
Affiliate/ Subsidiary	• Benefit from credibility and support of founding non-profit • Some separation via independent legal status	• Complicated balance between control and autonomy • CLT strategy may be guided by founding non-profit
Program	• Quicker and easier to get started • Benefit from existing non-profit resources and reputation	• Limited autonomy • Limited ability to implement classic CLT governance model
Conversion	• Benefit from existing non-profit connections, administrative processes, incorporated status	• May involve a lengthy restructuring/re-imagining process

1.5 Start-up Budgeting and Gathering Resources

Early-Stage Budgeting

In the early stages of starting a CLT, there will be costs to plan for. It is helpful to develop a start-up budget to:

- Determine resource needs prior to applying for funding.
- Formalize support (cash and in-kind) from a sponsoring non-profit.
- Ensure and demonstrate responsible financial management.

It is a good idea to start budgeting before you incorporate; there will be costs associated with incorporation that you may want to plan for. You should, at least, draft a budget prior to applying for grants. Your initial start-up budget may cover just one year, or it may be multi-year.

If you are working with a sponsoring non-profit at this point, you will likely be working within their budgeting process. Either way, the budgeting process typically involves:

1. Identifying goals for each year/quarter of the budget period.
2. Attributing costs to each goal.
3. Estimating baseline operating costs.
4. Listing current and potential revenue sources.
5. Comparing expenses to revenues and adjusting accordingly, either by decreasing expenses or by finding additional revenue sources.

You can also identify "stretch goals," which are goals that are not fundamental but that would be beneficial if you are able to access additional funding.

Start-Up expenses for community land trusts will vary, but they will usually include:

- Incorporation fee (approximately $200; discussed in more detail below)
- Legal fees such as incorporation and charitable status. Legal fees will vary, based on the complexity of the organizational structure you are using, and on whether you'll be applying for charitable status.
- Accounting/bookkeeping expenses
- Financial fees (banking)
- Website hosting and communications costs
- Insurance (including Directors and Officers Insurance)

Additional expenses may apply. Some of these will be greater when your CLT begins hiring paid staff, which comes with a number of associated costs.

- Office space and related costs
- Event/engagement costs
- Memberships/professional associations
- Consulting costs
- Staffing and benefits
- Software subscriptions
- Hardware costs
- Other project-specific expenses

To cover these costs, your start-up revenues may include:

- **Cash:** grants, donations, membership fees
- **In-Kind:** goods/property, use of office space, professional services

As your CLT begins receiving and using money, you should set up financial management processes. These will include:

- Setting up a bank account
- Hiring a bookkeeper
- Purchasing accounting software
- Establishing a Finance Committee and/or ensuring there are board members with financial understanding
- Establishing reporting processes and expense policy
- Ensuring compliance with the Canada Revenue Agency (CRA)

Financial management processes will be more complex and specific if your CLT has charitable status.

Business Planning for CLTs

Eventually, you will want to step beyond a start-up budget and develop a business plan that charts the sustainable development of your CLT.

An organizational business plan is a costed plan for how you will carry out your mission over a several year period (usually 3–5 years). For start-up CLTs, it may follow, or be combined with, a feasibility study. It may come before or after a strategic plan, according to your organization's trajectory.

Prior to commencing a business planning activity, you should:

- **Secure funding to support your business plan:** Typically, you will need funding to hire an external consultant skilled in business planning and financial modelling. Complete your own rough time allocation to estimate reasonable costs based on local rates.
- **Reflect on your CLT's planned activities and your expected business model:** There are tools like the Business Model Canvas that can help with this.
- **Ensure you are clear on the scope of the business planning activity:** This will help you to hire the right person for the job. You should be explicit about inclusions and exclusions in terms of project outputs and methodology. Consider whether you want the business plan to include local market analysis, whether there should be case study or best practice research, and whether you want pro formas (a financial projection of rental income and expenses) for a given number of potential properties. You should also be clear about the desired audience and format for the final product.
- **Be realistic about timelines:** You should plan ahead and issue the Request for Proposals (RFP) 4–6 weeks ahead of when you want work to commence. Also, be sure to plan for sufficient time for the project, especially given that the business planner will need to meet and consult with the CLT's key stakeholders.

Early-Stage Funding Opportunities

In the early days, CLTs tend to be reliant in part on grants to cover start-up operating costs. This funding could come from the public sector, for example:

- Municipal grants
- Provincial/territorial grants
- Federal grants, including:
    - CMHC (multiple)
    - The Community Housing Transformation Centre (multiple)
    - Canadian Co-operative Investment Fund
    - New Horizons for Seniors Program
    - Investment Ready Communities
    - Community Services Recovery Fund

CLTs often receive important early-stage support from foundations, including:

- Trillium Foundation (ON)
- BC Real Estate Foundation (BC)
- Metcalf Foundation
- Echo Foundation
- Atkinson Foundation (ON)
- Vancity Community Foundation
- Catherine Donnelly Foundation
- Maytree Foundation
- United Way
- Local community foundations

When applying for start-up grants, it is helpful to:

- Recognize that start-up activities can take longer than expected—plan accordingly.
- Be realistic about what can be completed internally, and what will require external (paid) services.
- Find volunteers with grant-writing experience.

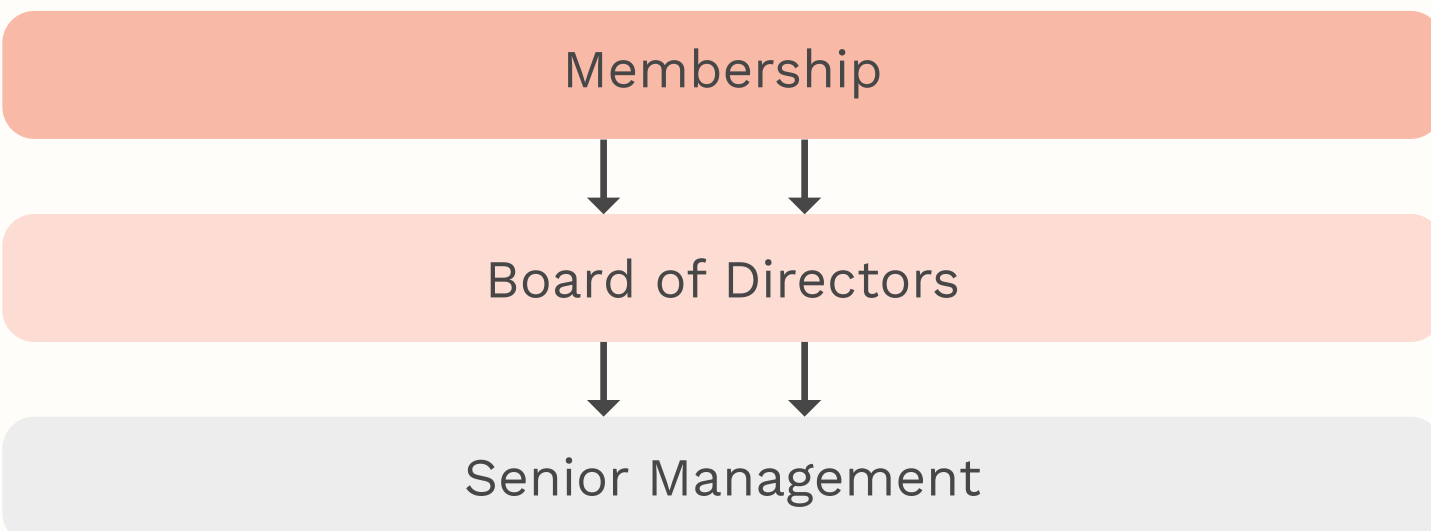
You could also consider running a fundraising campaign, looking for in-kind support, or soliciting local business sponsorships.

Phase 2: Incorporation & Governance

2.1 CLT Board and Membership Structures

The figure below shows the basic structure of an incorporated non-profit in Canada. The membership elects the board; the board hires senior management; and senior management hires other employees. The relationships flow both ways in terms of reporting and accountability, but it is important to remember that everything effectively flows from the decisions of the membership.

Figure 2: Simplified Non-Profit Organizational



Under the Ontario Not-for-Profit Corporations Act (ONCA), a member of a non-profit is “a person (including a corporation) who supports or benefits from the goals and objectives of the corporation.” Membership is similarly defined in other provincial/territorial/federal legislation.

The rights and responsibilities of members can vary from organization to organization; you can assign different rights and criteria to different membership classes. You can have one or more classes of voting members, and you can also have one or more classes of non-voting members. Voting members can typically do things like vote in member meetings, elect and run for the board of directors, approve by-laws, etc.

People sometimes think that being on a board is like any other volunteer role; however, it’s a completely unique responsibility. Non-profit board members are volunteers, but they also have a serious legal relationship to the organization and its beneficiaries.

Board members are legally fiduciaries of the non-profit. That means they have a legal duty to act primarily for the organization’s benefit. The CPA’s guide to non-profit governance explains that directors are in a fiduciary relationship “because of the position they occupy within the organization. The assets belong to the organization, and the assets can only be managed through its directors.” As organizations that aim to acquire and perpetually steward land-based assets, it is crucial that CLTs take seriously the responsibilities of directors.

Directors have a duty of care, which means a duty to be competent, to be informed, and to act with diligence. That doesn’t mean they’re experts, but that they act in accordance with a particular standard of care. They also have a duty of loyalty, which requires directors to act honestly and in good faith, in the best interests of the organization. They can’t profit from their role, and they need to avoid conflicts of interest and to maintain confidentiality.

Classic CLT Governance Structure

The classic CLT governance structure involves a tripartite board and an open membership. “Tripartite” refers to three parties, or three categories of board directors.

It is important to understand this model and the ideas that underpin it, not so that your CLT can exactly emulate it, but so that you can adapt it to suit your particular community context.

Under this model, members are those who live on/directly use CLT-owned land, as well as those who live/work within the CLT’s geographical boundaries. The membership elects the board of directors, which is composed of three groups, each of which has been allocated a third of the seats, according to the organization’s by-laws.

A tripartite board is a specific form of multi-stakeholder board, which means different seats are allocated to ensure representation from different stakeholders. Under this structure, “Control of the CLT’s board is diffused and balanced to ensure that all interests are heard but that no interest is predominant,” as explained by John Emmeus Davis.

Figure 4: Simplified Illustration of Tripartite Board

The table below outlines the different terms used for each of these parties and the different people who might be included in each category.

Table 4: Stakeholder Groups in Tripartite Board Structure

Board Seats	May be Called:	May Include:
Core Representatives	• Leaseholders • Residents • Tenants • Users	• Homeowners on CLT land • Tenants or co-op members • Commercial tenants • Leaseholders of agricultural land • Users of community spaces
Community Representatives	• Residents • General members • Directors-at-Large • Neighbourhood reps	• Residents within the CLT's geographic area • Those who work in the CLT's area • Those with historical ties to the CLT's area
Public Representatives	• Organizational reps • Experts • Public interest reps	• Public officials • Local funders • Local non-profits • Organizations that lease from the CLT

Shaping Your CLT's Board/Membership

In Canada, most CLT's do not use the precise tripartite governance structure explained above— instead, they adapt this structure, and its underpinning principles, to suit their community contexts. In Appendix B, you will find examples of adaptations of the tripartite structure in the Canadian context.

When deciding on your CLT's governance structure, you should discuss and consider the following questions:

- What need is your CLT responding to? Who is experiencing the need?
- Who has deep knowledge of your community? How will they be involved?
- What are your guiding principles? What governance structures are compatible?
- Do you want to prioritize efficiency (outcomes) or accountability/community control (process)?
- How will your CLT grow? Be protected? Adapt to changing contexts?
- How do existing groups and communities in your area govern themselves? Can you borrow some of these norms of governance?
- Does this way of decision-making align with your core values?

With the answers to these open questions in mind, there are many decisions to make in terms of structuring your membership and board. These include:

- The criteria for membership.
- Whether or not you will have multiple membership classes, and if so, how many?
- Which membership class(es) will be voting, and which will be non-voting.
- The number of board seats (minimum and maximum).
- Whether any of your board seats will be allocated to particular groups, organizations, or communities.
- The nomination and election process for your board of directors.
- A method for filling core member seats (if any) until the CLT has land/units.
- Board term length, whether board terms will be staggered, and whether board terms can be renewed.

Non-Board Engagement

Being on the board of directors is one way of contributing to a CLT. It comes with significant responsibilities, and it might not be of interest or accessible to everyone.

There are other ways of enabling people to engage with, and contribute to, your CLT. You can set up as many other engagement structures as you want. Unlike your membership or board of directors, these structures are not statutory—that is, they are not specifically defined in legislation or in your by-laws.

It can be a benefit that these alternative engagement structures aren't overly restricted by legislation, but it also means that they don't have legal power over the CLT's decisions. The structures will be advisory in nature and will only have the power the board chooses to give them. It is therefore important to think about how your CLT can ensure you respect the time, work, and opinions of those who participate.

Other forms of engagement can include:

- **Board committees:** Committees are struck by the board and can make recommendations and support the board's work. They are typically a combination of board members, CLT members, and other volunteers. Governance, finance, and human resource committees are common within non-profit organizations. CLTs may strike committees for key activities where they need increased capacity (e.g. research, acquisitions, membership, communications).
- **Property-specific committees:** These can provide an opportunity to discuss operational issues and communicate

operational issues and communicate leaseholder or tenant priorities to the CLT's Board and staff.

- **Community-based research projects:** As mentioned in the Research section above, research projects can be a means to engage the broader community in informing the CLT's work.
- **Project-Specific working/advisory groups.**
- **Community organizing and education:** CLTs are often engaged in local housing advocacy and public education campaigns.

2.2 Incorporating Your CLT

A CLT isn't a specific corporate form in Canada; there is no legislated definition of a CLT. You therefore do not incorporate or register your CLT as a CLT specifically. CLTs are also not typically legal trusts.

In most cases, CLTs incorporate as non-profits (also called not-for-profits) or societies (also a form of non-profit). Throughout the incorporation process, we recommend that you keep key aspects of the CLT model in mind, to ensure the decisions you make are consistent with your CLT's values.

Incorporation means forming a corporation, which is a legal entity. The purpose of incorporating is to enable the corporation, rather than an individual, to sign contracts and bear responsibilities. It also enables the corporation to hold and protect assets, which is very important for a CLT that aims to steward land-based assets in perpetuity.

It is a good idea to incorporate as soon as you have a general idea of what your CLT will do, and at least a few people willing to support the organization as initial directors. In some provinces (including Ontario), you can incorporate before you establish your by-laws; there is, however, a requirement to submit by-laws within a given amount of time. In other provinces (including BC), you need to submit your by-laws when you file for incorporation.

If your CLT is not being sponsored/incubated by an existing non-profit, you will need to incorporate prior to applying for grants. Some grants also require applicants to be operational for a minimum number of years, so it may be beneficial to incorporate earlier to ensure you are eligible for these opportunities.

The decisions you need to make prior to incorporating will vary depending on what legislation you are incorporating under. Typical decisions include organization name, number of directors, and your organization's purpose. You may also need to indicate whether you intend to apply for charitable status.

These decisions are not set in stone—just about everything, including your organization's name, can be changed at a later date. These changes take time and money so are therefore best avoided where possible! You do not need legal assistance to incorporate, but it is a good idea to consult with a lawyer to assist with the incorporation process and to review your by-laws. This is particularly important if you intend to make significant changes to your jurisdiction's standard by-laws.

In Canada, non-profits can choose to incorporate federally or provincially/territorially. The table below summarizes the differences between incorporating federally (under the Canada Not-for-Profit Corporations Act) and incorporating provincially in Ontario; while this is specific to the Ontario context, similar considerations exist in other jurisdictions across Canada.

Table 5: Differences Between Federal and Provincial Incorporation

	Federal Incorporation (CNCA) (Refers to Soliciting Corporations Specifically)	Provincial Incorporation (ONCA)
An Option if...	You have an address anywhere in Canada and operate in one or more provinces/territories.	You have an address in Ontario; you may operate outside of Ontario, but you must also follow other provinces laws.
Financial Review Requirements	Stricter than provincial requirements—financial statements need to be filed annually, by a certified public accountant.	No need to file financial statements annually.
Public Information Requirements	Address, names and addresses of directors and officers, financial statements, by-laws, annual return, articles of incorporation.	Address, names and addresses of directors and officers.

In Appendix C, we summarize incorporation options and considerations available for CLTs in each Canadian province and territory.

The fees associated with incorporating range from $43 to $215; in some jurisdictions, you will need to pay an additional name search or name reservation fee. It is recommended that you also budget for legal advice on incorporation/by-laws. Prior to incorporating, you will not be eligible for most grants: if you are working with an existing non-profit, you should partner with them to apply for a small capacity-building grant that will cover these early-stage costs.

Once you are incorporated, there are requirements you will need to continually meet. The figure below summarizes these requirements.

Figure 4: Summary of Requirements as Incorporated Non-profit

Financial Management Requirements

Vary based on legislation you incorporated under

Note that these requirements are more onerous under CNCA (federal)

Annual Filing Requirements

Vary based on legislation you incorporated under

May include annually filing financial statements, list of directors; may also include payment of an annual fee

Annual Meetings

Vary based on legislation you incorporated under, but in all cases some form of annual members meeting is required

Specific rules for your meetings are set out in your by-laws

2.3 CLT By-Laws

By-Laws set out the rules for operating and governing your community land trust. The contents of your by-laws need to comply with the legislation you incorporate under, for example, the Canada Not-for-Profit Corporations Act or the BC Societies Act.

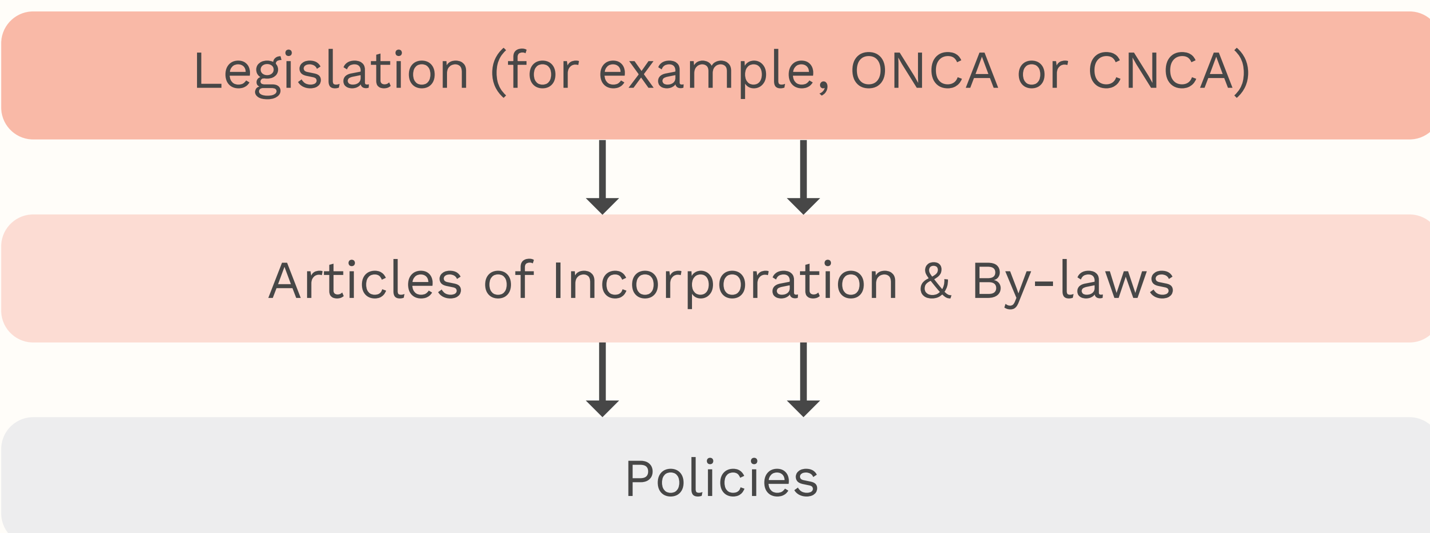
This legislation takes precedence over your by-laws—that is, if part of your by-laws contradicts the legislation, the legislation will apply rather than your by-laws. Similarly, your by-laws take precedence over any organizational policies you set.

By-Laws can be amended, but it's generally good practice to avoid being overly specific or prescriptive in your by-laws when it comes to things that need to be updated regularly, like membership fees or processes. These details can be set out in policies instead.

While the precise contents will vary based on the legislation you incorporate under, in general your by-laws will contain:

- **Rules for membership:** membership classes and their rights, process for terminating membership.
- **Rules for members' meetings:** what's covered in meetings, the process for giving notice, quorum, voting procedures.
- **Rules for the board of directors:** board composition, board election procedure and term lengths, process for filling vacancies between elections, board meeting procedures, board committees and officers.
- **Management and financial matters:** organizational borrowing powers, your financial year.
- **Dissolution and distribution of property:** what happens to CLT assets upon dissolution, the process for disposing of assets.
- **Rules for amending by-laws.**

Figure 5: Non-profit Governing Documents



Most jurisdictions have a model/sample by-law that you can use as a starting point when drafting your by-laws. You may choose to significantly adapt or add to the model by-laws: while setting more prescriptive by-laws can limit your CLT's activities, this can be a way of ensuring the membership has a say on a broader range of issues. If you do choose to be creative in writing your by-laws, it may be advisable to get a lawyer to review them to ensure they comply with the relevant legislation and to ensure what you have written will accomplish the desired purposes.

Protecting CLT Assets through By-Laws

By-Laws can help to ensure perpetual community stewardship of CLT land and other assets. It is important to plan for asset protection from the beginning because, as time goes on, CLT assets could be put at risk by misuse, mission creep (the gradual shift of an organization's focus from its original mission to other areas that may not be aligned with its core values), or dissolution of the CLT.

There will be certain requirements for what you do upon dissolution based on the legislation you incorporate under. In most cases, assets simply need to go to another non-profit; but under some legislation (including CNCA) you need to transfer assets to a qualified donee. This category, under the Income Tax Act, includes registered charities, municipalities, and some other forms of organizations.

One way of protecting assets using your by-laws is to make it more difficult for the CLT to sell off or otherwise dispose of assets. You can do this by setting a higher threshold to approve fundamental changes like these; for example, establishing multiple membership classes and requiring that important decisions be approved by all voting membership classes. You could also ensure stability in your board of directors by establishing staggered terms and setting particular board member eligibility requirements.

Incorporating a Decolonial Perspective

Some CLTs are using provisions in their by-laws to enshrine their commitments to decolonization and Indigenous self-determination. You could, for instance, commit to transferring all land and other assets to a local Indigenous organization upon dissolution, if the applicable legislation permits. You could also consider allocating board seats to representatives from Indigenous organizations, or broadening geographic requirements for membership to include those who belong to your nearest First Nation(s). For an example of this, see the by-laws of the Gabriola Island Land Stewards Society.

2.4 CLTs and Charitable Status

As noted above, CLTs in Canada are basically always non-profits. They have a number of options when it comes to incorporating as a non-profit, depending on their province or territory of operation. People sometimes use charity and nonprofit interchangeably, but, while all CLTs are nonprofits, only some are registered charities. In Canada, a charity is a legal concept that is primarily relevant to the applications of the Income Tax Act, although it has other implications. Charitable status registration and enforcement is managed by CRA.

According to the CRA, "Registered charities [...] must use their resources for charitable activities and have charitable purposes that fall into one or more of the following categories: the relief of poverty; the advancement of education; the advance of religion; other purposes that benefit the community." Unlike non-profits, charities are defined not just on how money flows in and out of the corporation but also on the corporation's activities.

Registered charities are a form of qualified donee, meaning they can:

- Issue official donation receipts for gifts they receive from individuals and corporations.
- Receive gifts from other registered charities.

Applying for Charitable Status

Applying for charitable status involves providing quite a lot of detailed information to the CRA. What you need to provide will depend in part on your particular circumstances, but it will likely include:

- **Incorporating documents:** articles and bylaws.
- **Charitable activities:** maximum details and supporting documents for each purpose.
- **Income earning activities:** your different methods, supporting documents, percentage of resources dedicated to each.
- **Financial information:** financial statements and/or proposed budgets.
- **Partnership agreements:** name, contact, and written agreement for anyone your activities say you work with.

The CRA has a handy application checklist generator you can use to figure out which of these will apply to your CLT.

Once you submit a complete application to the CRA, they will either approve it and send a notice of registration; respond that they need more information, in which case you must respond within 60 days; or reject your application, in which case you can appeal within 90 days. If you appeal once and are rejected again, you can appeal to the Federal Court of Appeals.

CLTs and Charitable Status

Having charitable status can come with benefits for community land trusts, but it can also constrain the activities of a CLT.

Potential benefits of having charitable status as a CLT include:

- **Ability to issue tax receipts:** This can incentivize donations, including donations of land.
- **Eligibility for additional grant opportunities**: Some foundations only grant to registered charities.
- **Benefit from increased public trust:** The additional monitoring of charities can lead to greater public trust that you are properly managing funds and you are operating in accordance with your stated purposes.

- **Exemption from some taxes/fees:** This varies based on jurisdiction and can change over time; for example, charities in British Columbia are exempt from the property transfer tax, but charities in Ontario must still pay the provincial land transfer tax.

Constraints/negatives of applying for charitable status as a CLT include:

- **Costly and lengthy application process:** This may include legal fees, as organizations will typically, although not always, seek legal advice to support the process.
- **Increased reporting and financial management requirements:** These increased requirements may necessitate greater staff/ volunteer capacity.
- **Limitations on political activity:** CLTs are often deeply involved in local advocacy efforts, which may need to be curtailed as a registered charity.
- **Limitations on other activities:** Some other common CLT activities, including community planning and education, may not be in line with their charitable objectives. Some operating models for CLT land-based assets may not be permitted.
- **Charitable status cannot be easily reversed:** Assets are effectively "locked in" to the charitable structure; it is difficult to transfer land-based assets outside of the charity. If your charitable status is revoked (voluntarily or not), all assets must be transferred to another qualified donee.

As it stands, most Canadian CLTs are not registered charities; there are currently 4 active CLTs in Canada with charitable status.

Partnering with Charities

There are ways for non-charitable non-profits (also called non-qualified donees or NQDs) to partner with charities. Charities can partner with NQDs in ways that enable those NQDs to do work that falls within the charity's charitable purposes.

This could involve partnering with a charity to apply for a particular grant; the charity would then be the main applicant and project leader, effectively the project trustee. This sort of partnership may be very helpful in the early stages of a CLT's life, including when the CLT is applying for grants to support their capacity-building. Having a well-aligned charity as a trustee may mean that you don't feel the need to apply for charitable status for your CLT.

If your CLT intends to partner with a charity in this way, it's very important that you establish a clear agreement to guide your partnership, and that you carefully account for the use of funds. Anything that involves the transfer of resources from a charity to an NQD is highly regulated and needs to be done carefully.

The CRA recently released a new guidance on charities and NQDs, following an update to the Income Tax Act. This change essentially provides a less restrictive way for charities to partner with NQDs. Previously, the charity needed to exercise "direction and control" over the work the NQD might do in such a partnership. Now they don't need to be as closely involved in the NQD's work as long as they can ensure that any resources they grant are only used for charitable activities. The work done with these resources must still be in line with the charity's own charitable purposes.

Charitable Status and CLT Values

The question of charitable status can be controversial within the CLT movement. CNCLT does not want to be prescriptive in terms of the approach any given CLT should take. It is important that you make this decision with a full understanding of the potential ways in which having charitable status could conflict with your CLT's values/principles/goals.
The following are a few areas where charitable status could lead to challenges or value-related conflict.

- **Community organizing vs. professionalization/hierarchy:** This may lead to decreased community participation/ownership, decreased ability for CLT residents to participate in governance, further "barriers to entry" for board participation.
- **Political advocacy vs. strict CRA guidelines:** The CLT might be at odds with tenant organizers and other key local supporters. Political advocacy may be necessary to obtain funding vital to the CLT's survival—backing out of this work puts the onus on other groups.
- **Neighbours/community members vs. beneficiaries:** The "relief of poverty" requirement changes the relationship between the CLT and the people it serves, who may also form an important part of CLT governance. The CLT might be further removed from a mutual aid ethos—helping others vs. helping ourselves/each other.

Again, there are no definite answers to these conflicts. The best way to walk this line and to respond to these conflicts will be unique to your group and your community, and of course, to the financial realities you're facing.

Further Resources

Beyond this guide, there are a handful of other resources to glean for information. Be wary that information within non-Canadian guides may be informed by specific policy and legal contexts that differ from Canada's.

- Grounded Solutions Network Startup Community Land Trust Hub: Aimed at community-led groups in the US wanting to start a CLT from the bottom-up, with greater emphasis on affordable homeownership
- Community Land Trust Handbook: UK-based manual for community groups wants to create a CLT
- Starting a CLT: Organizational and Operational Choices: US-based resource developed by John Emmeus Davis

Below are further resources, organized by topic.

Early-Stage Organizing:
- John Emmeus Davis: Starting a Community Land Trust (focus on pages 35–43)
- Parkdale Neighbourhood Land Trust: Starting a CLT
- Dr. Mahbub Hasan: Community Organizing for People, Power and Change

Developing Guiding Principles:
- DonorBox: How to Create a Non-profit Vision Statement
- Design Kit: Brainstorming tips
- Prosper Strategies: Non-profit Vision Statements Guide

CLT Research:
- See the Change's Facilitator's Guide for Community Asset Mapping
- UBC's Asset Based Approaches to Community Development
- Province of Alberta guide to municipal needs assessments: provides useful definitions, key statistics, and where to find key statistics
- HART needs assessment tool
- UCLA Guide to Community-Based Participatory Action Research

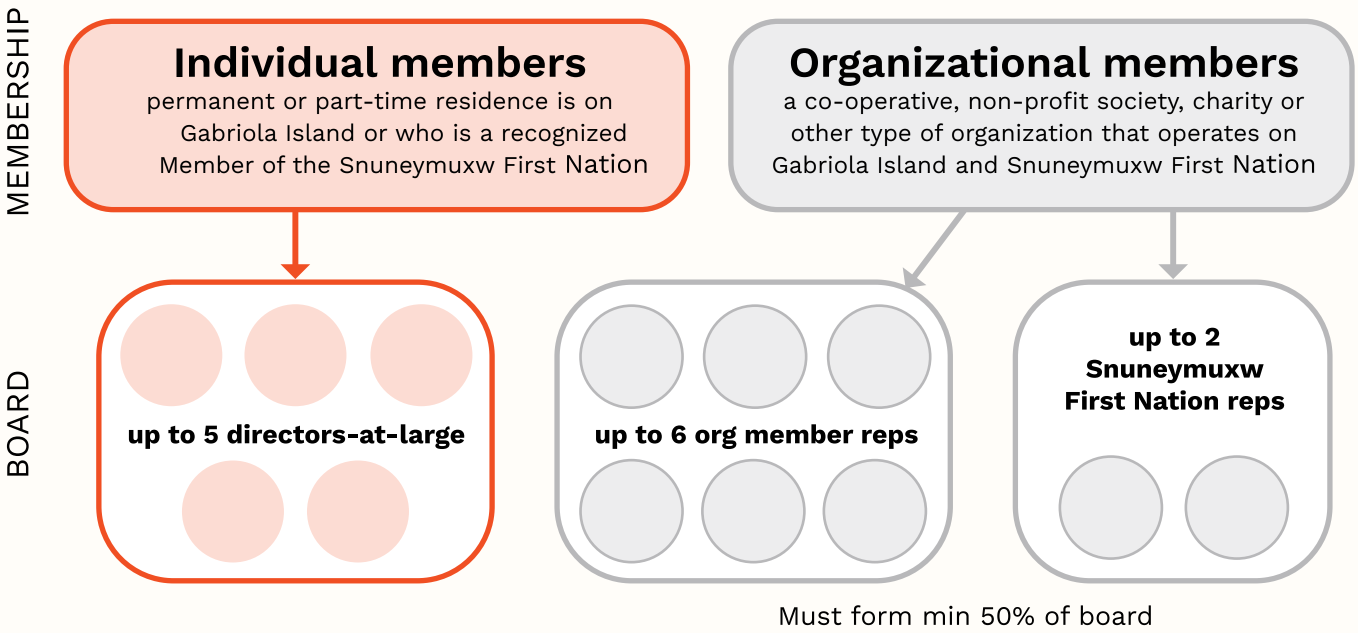
Gathering Resources and Business Planning:
- Chattanooga CLT start-up budget: See page 45.
- List of Canadian Foundations
- Charity Village grant-writing articles
- Community Toolbox guide to applying for grants
- Keela guide to grant writing business plan guide and templates

CLT Board and Membership:
- CPA Canada guide to NFP governance: useful for understanding board liability!
- PNLT's guide to starting a CLT: including setting up a board, membership, etc.
- Starting a Community Land Trust: by John Emmeus Davis (focus on pp. 4–9)
- KEA Canada tips for decolonizing non-profit board governance

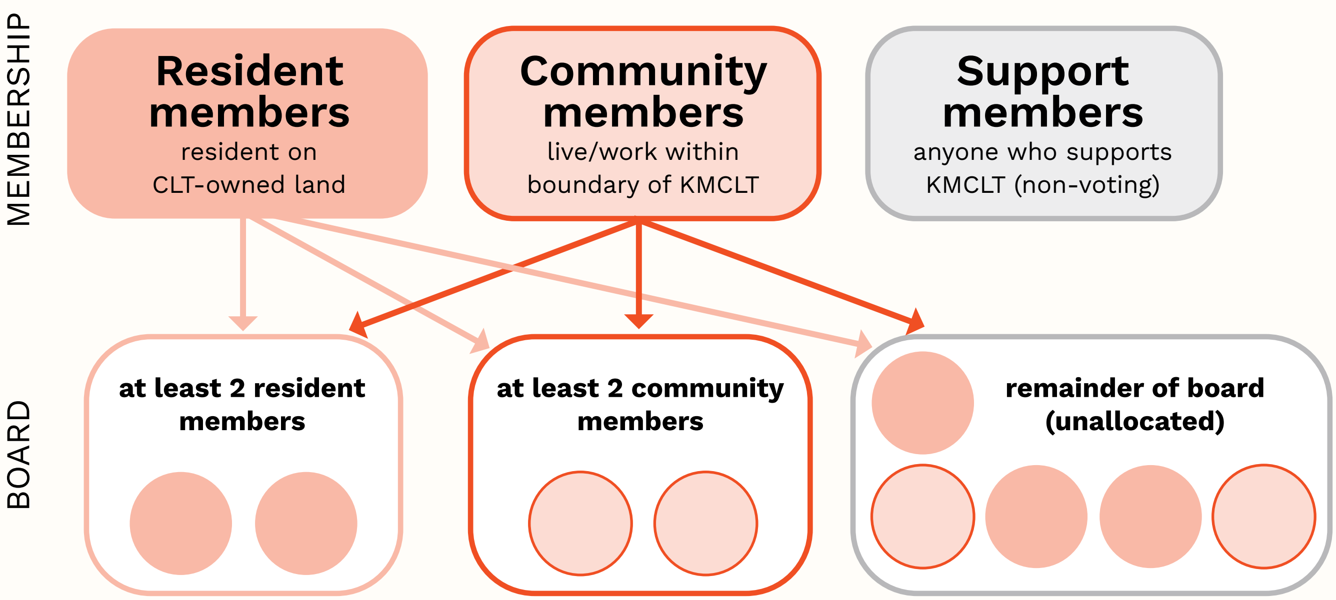
Incorporation and By-Laws:
- Peoples Law School Best Practices for Nonprofit By-laws: specific to BC
- Nonprofit Law Ontario by-laws guide and by-law builder: specific to Ontario
- Educaloi Quebec By-law Guide: specific to Quebec
- Alberta By-laws Guide: specific to Alberta
- Creating a Non-Profit Corporation - Federal Incorporation Guide
- Imagine Canada guides to non-profit governance: note that these are a bit out-of-date in places
- KEA Canada tips for decolonizing non-profit board governance

Appendix A: Governance Model

Gabriola Island Land Stewards Society (By-Laws)

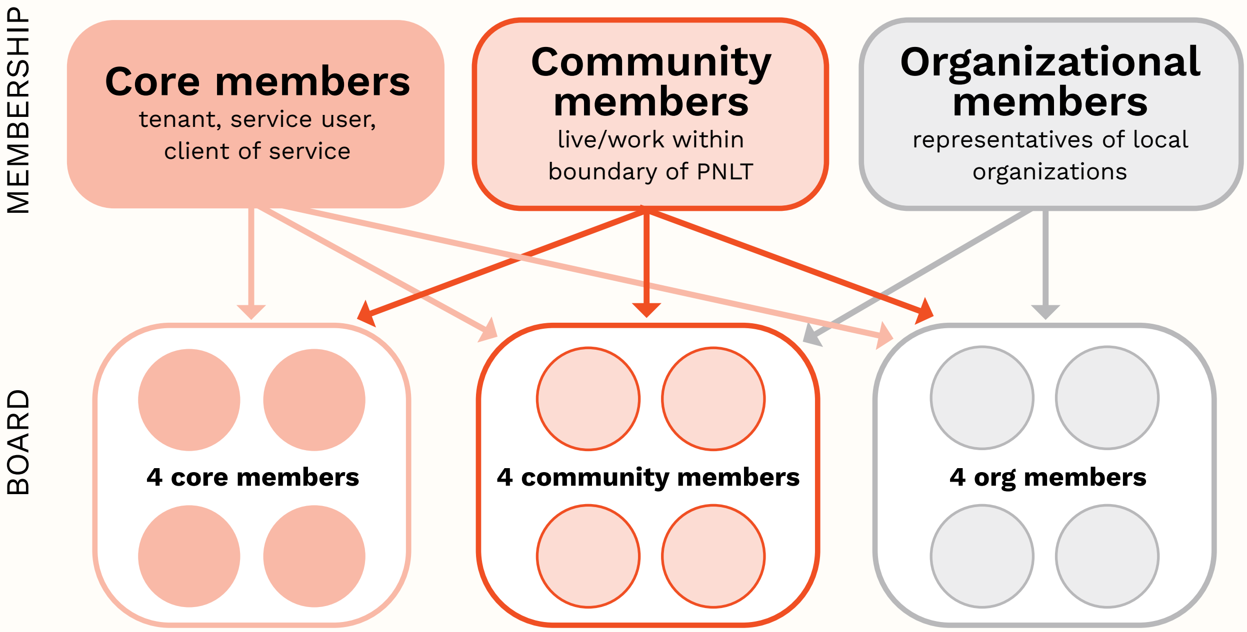


Kensington Market Community Land Trust (By-Laws)

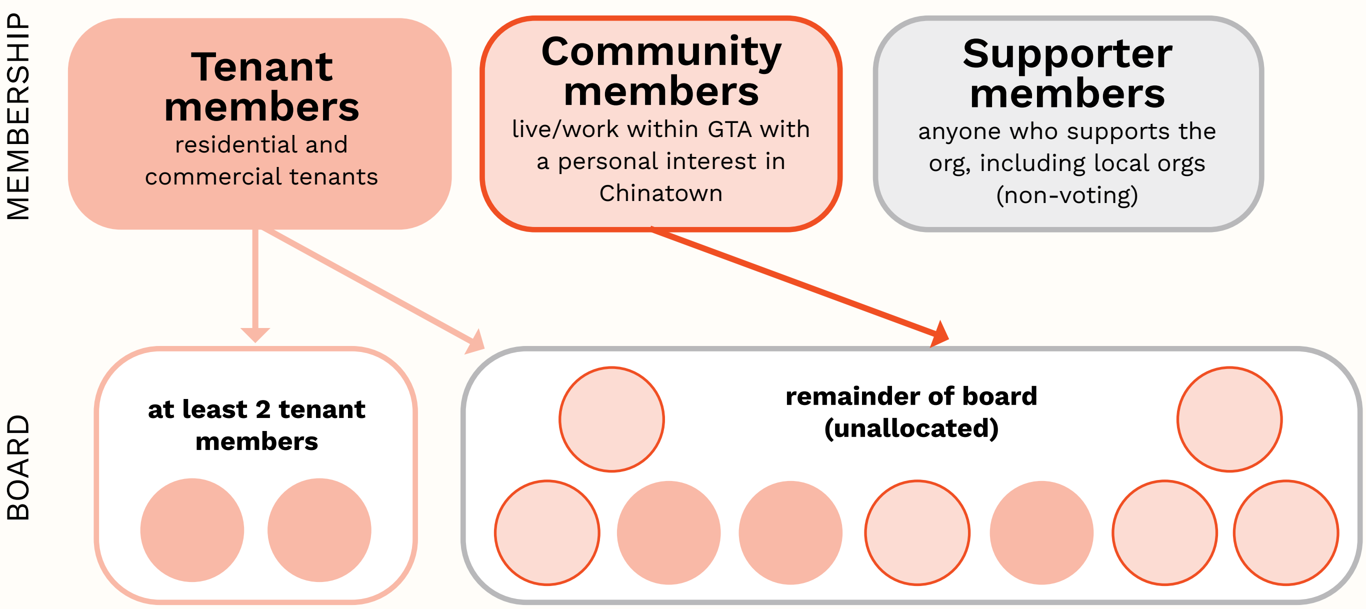


Parkdale Neighbourhood Land Trust (By-Laws)

Parkdale Neighbourhood Land Trust's governance model is an example of the classic tripartite structure in action. The figure below shows the governance structure for PNLT, which is a non-profit affiliated with the charity, Neighbourhood Land Trust (NLT). NLT is a sole-member non-profit (meaning the organization has only one member), where its membership consists entirely of the PNLT's board. NLT's four-person board is appointed by the PNLT board.



Toronto Chinatown Land Trust



Appendix B: Incorporation by Province/Territory

Province/ Territory	Key Legislation	Where to File	Other Resources	By-Laws needed?
Alberta*	Societies Act	Corporate Registry	Province's guide; board development guide	Yes
BC*	Societies Act	Societies Online	Province's guide; People's Law School guide	Yes
Manitoba	Corporations Act	Form	Province's guide; Volunteer Manitoba guide	No, only Articles of Incorporation
NFLD and Labrador	Corporations Act	Instructions	Province's guide	No, only Articles of Incorporation
New Brunswick	Companies Act	Form	Province's guide	No
NWT*	Societies Act	By mail	Territory's guide	Yes
Nova Scotia*	Societies Act	Form	Province's guide; Legal Info NS	Yes
Nunavut*	Societies Act	Email/mail	Territory's guide	Yes
Ontario	Not-for-Profit Corporations Act	Service Ontario	Province's guide; Non-profit Law Ontario guide	No, only Articles of Incorporation (must pass by-laws within 60 days)
PEI	Companies Act	Form	Province's guide	Yes
Quebec	Companies Act	Form	Educaloi guide; Province's guide	No, only Letters Patent
Saskatchewan	Non-Profit Corporations Act	ISC Business Registry	ISC Guide; Sask Culture Guide; PLEA Guide	No, only Articles of Incorporation
Yukon*	Societies Act	YCOR	Territory's guide	Yes

*It may be possible to incorporate under Business/Companies Act, although incorporating as a Society is more common in these jurisdictions

Phase 3: Building Internal Capacity

3.1 Developing Your CLT Board and Membership

Recruiting & Formalizing Membership

In Phase 2, we covered the basics of CLT board and membership structures, and ways to decide what structures make sense for your CLT. Once you have made these decisions and formalized them in your by-laws, it is time to mobilize your board and membership to enable sustainable and community-informed governance of your organization.

Normally, you will have already engaged your community to some extent; now is the time to formalize the ways community members feed into your governance.

Developing membership materials

Your by-laws are high-level rules about who is eligible to become a member and what rights members have. When it comes time to recruit members, it is important to translate the complex legal jargon of your by-laws into plain language to make them accessible to community members; you will also need to provide more details about things like how to apply for membership, why membership matters, and any other context that is important for your community to understand.

It is recommended that you develop both short-form and more detailed materials to communicate with potential members. A one-pager about your organization, who can become a member, and how to apply is a good start and can be widely shared on social media. You should also develop a more detailed overview of what it means to be a member - often called a **member handbook** or terms of reference - this should contain things like the membership approval process, what members do, the different classes of membership, and any other background about your organization that is relevant for members to know.

On the more practical side, you should create a **member application form** and determine membership fees. The application form should solicit all the information you need to determine eligibility for membership.

CLTs with a broad community membership usually set membership fees for local residents quite low, but they may set higher fees for supporter (non-voting) members or organizational members. At the start, it may make sense to set fees lower to encourage participation and later have further conversations about how membership fees will feed into your work. Some CLTs offer an option and process to waive membership fees for those who cannot afford them in order to eliminate barriers to access. You may ask members to approve membership fees for the coming year at your Annual General Meeting (AGM).

Launching Membership: Methods

Some CLTs choose to hold a big membership launch, sharing membership information widely on social media, through partners, and through a launch event. Other CLTs may choose to keep their membership relatively contained until after their first AGM. Your community context will determine which approach is best.

When soliciting new members, it is important to clearly communicate what your CLT is about - in terms of values, mission, and vision. This can be communicated through presentations, brochures, one-pagers, and one-one-one conversations.

Simply asking people to become members may not be persuasive; a new CLT typically needs to build trust and demonstrate its worth to the community. Some ways you might build trust include:

- Showing up to community events to educate the community on the importance of the CLT's work;
- Demonstrating the power members will hold over the CLT's governance;
- Hosting events that might be of interest to prospective members, from more informal events (like barbeques or park drop-ins) to spaces for people to discuss matters of interest (panels/workshops on local housing issues, proposed developments, etc.).

Broadening your outreach can also help ensure your membership is diverse and representative of your community. Consider online (social media, newsletter), in-person (town halls, attending events, door knocking), print (posters, pamphlets, newspaper), and even radio outreach.

Tip: Membership recruitment is an ongoing process, not a one-time thing - you should plan to regularly repeat activities that will attract new members to your CLT.

Reviewing & Approving Initial Members

Once applications start coming in, you need to have a way to **review and approve members**. If your organization already has staff or a lead volunteer organizer, it may be most efficient for that person to review applications and make a recommendation to the board to either approve or deny each applicant. You should ensure you are doing this at least 2-3 months ahead of your planned first AGM to ensure approved members receive appropriate notice and can participate in the AGM.

To facilitate the process of reviewing member applications, you may want to develop a **Membership Policy**; this could also come later, with support from your first elected board. You may also establish a **Membership Committee**; this committee's responsibilities could include recruiting new members, reviewing membership applications, and making membership-related recommendations to the board of directors.

If you have clearly laid out member eligibility in your by-laws and related membership materials, it should be simple for staff and the board to decide who should be approved. However, it could be helpful to enshrine the decision-making process in a procedure document to ensure consistency, both in reviewing the initial batch of applicants and in reviewing later applicants.

You should also develop a simple way to **maintain membership records** - you must always have an up-to-date list of current members handy. This could be as simple as a spreadsheet linked to a Google Form, or you might use a Customer Relationship Management (CRM) program.

Make sure you are following any processes laid out in your by-laws and/or in the legislation you incorporated under. Usually by-laws are not overly prescriptive in how members apply and are approved, but no matter what, the board will legally be the body that ultimately approves membership.

Planning Your First Annual General Meeting & Electing Board

The legislation you incorporate under will typically specify how soon after incorporating you must hold your first members' meeting. This is often within 18 months of your incorporation date (as per the Ontario Not-for-Profit Corporations Act and the Canada Not-for-Profit Corporations Act). When you start to plan your first AGM, it is helpful to create a **workback schedule** that outlines what lead-up tasks need to be completed when and by who.

Sending Notice & Collecting Board Nominations

One item that is time sensitive is sending **official notice of the AGM**. Your by-laws will contain notice requirements, which are based on the minimum notice required by the legislation you incorporated under; be sure to check and follow these requirements. Notice needs to be sent to all approved members, and the notice should include the AGM agenda, information about how to join, and information about the board election process and how to be nominated.

Tip: To promote high participation, you can send a save-the-date invitation ahead of time, before issuing the formal notice and agenda.

You will want to create and send around a board nomination form. Groups approach board nominations in different ways, and these may be stipulated in your by-laws. You may require nominees to get signatures from other members to validate their nomination. You may also choose to set a deadline for nominations and not allow nominations from the floor during the AGM. This will make preparing for board elections simpler, but it may lead to a smaller list of nominees as some members may only decide to nominate themselves after learning more about your CLT during the AGM.

You may carry out **targeted recruitment for your board of directors**. Remember, these nominees will still need to be voted in by your membership - but targeted recruitment can help ensure your first elected board is filled with people you know bring valuable skills and experience. Targeted recruitment can happen through community partners (i.e. members of community organizations with aligned goals) with which your organization already has a relationship or through community engagement, including membership drives and other initiatives. It is important to strive to ensure that nominees represent the diversity of the community you are serving. Ideally, you will have enough nominees so that there are more than the amount of available seats - this ensures that your members are able to make meaningful choices.

It is good practice to create a board of directors **Terms of Reference** (TOR) prior to your first AGM. This document will give prospective board members more information about the commitment involved in joining the board, and give the first board a defined mandate and direction.

Your Board TOR should include:
- A description of board responsibilities;
- Information about board composition and meeting practices; and
- Any other key information that defines the board's work.

Being a director comes with important responsibilities and, in some cases, can expose volunteers to legal risk; it is vital that community members volunteering for your board fully understand what they are taking on, and that your CLT purchases **Directors & Officers (D&O)**

Liability Insurance to protect directors.

AGM Business & Process

There is vital organizational business that needs to be conducted at your first AGM. The agenda of your first AGM should include:

- Receiving the previous year's financial statements/auditor's report, if applicable (only needed if a full fiscal year has elapsed since you incorporated);
- Appointing an auditor/public accountant for the current fiscal year;
- Approving the organization's by-laws;
- Electing the board of directors.

You should use the first AGM as an opportunity to educate members about the key decisions members get to make. While some of the business can be dry, members will appreciate knowing why these decisions are vital to the functioning of your CLT. Ensure you explain what financial statements/audits are and their purpose. You should also explain the importance of organizational by-laws, and flag how members can amend by-laws, along with any other notable sections of the by-laws.

Your first AGM is also an opportunity to teach members how such meetings will function. Most non-profits use Robert's Rules of Order to ensure members' and board meetings progress in an orderly fashion, but these rules can be alienating for some people due to their relatively rigid structure. Martha's Rules, for example, are an alternative created by a housing co-operative in Madison, Wisconsin. Whichever process you use, ensure everyone present is able to fully and comfortably participate.

Carrying out Board Elections

Prior to proceeding with the election of directors, clearly explain how the voting process will work. As part of this, you should come to the meeting prepared with a list of approved voting members, and ensure only these members can vote.

If you are holding the election online/hybrid you need to have a system to ensure only voting members can participate in elections. There are online tools that enable you to hold votes; whatever tool you use, ensure you can block non-members/non-voting members from voting, and ensure that members' votes remain anonymous. You should also ensure that less technically savvy members have the information and support they need to participate fully.

If you are holding your AGM in person, you may still use an online tool to carry out the vote; again, ensure everyone is clear on how to use it, and ensure that only voting members can participate. You could also use a traditional ballot system; while tallying the votes may take longer, this option is simpler when it comes to ensuring only voting members can participate.

If you have the same number of candidates as open board seats, you may simply make a motion to elect that slate of nominees; however, you should be prepared to hold a proper election, in the case of nominations from the floor.

Tip: It is good practice to stagger board term lengths from the beginning - for example, if your maximum term length is 3 years and you have 12 board members, you may want to elect 4 directors for 1-year terms, 4 directors for 2-year terms, and 4 directors for 3-year terms. This will ensure the initial board does not turn over all at once.

AGM Follow-Up

After your first AGM, it is best practice to send communications to your membership to announce the elected board. You may also want to inform members of ways to stay engaged - this could include joining a committee or working group, or volunteering in some other way.

You also need to inform the government of your new board members and approved by-laws. If you incorporated federally under CNCA, you need to send this information to Corporations Canada; if you incorporated under provincial or territorial legislation, each jurisdiction will have a different process; but generally the same information needs to be provided.

Supporting the Elected Board

Holding the First Elected Board Meeting

Soon after your AGM, the elected board will meet to:

- Appoint/elect officers (e.g. chair, vice-chair, treasurer, and secretary)
- Appoint directors to committees
- Determine the meeting schedule going forward;
- Determine board procedures, if not already established.

Establishing Committees

Your by-laws will likely note which committees must be established. These typically include standing committees - committees that must always exist - like a Governance Committee, a Finance Committee, and an Executive Committee. The Executive Committee consists of board officers, typically the President, Vice-President, Treasurer, and Secretary. Beyond this, your board should determine who will take part in each committee. Generally, the Treasurer chairs the Finance Committee.

Your by-laws may define the minimum size of each committee and whether non-member individuals with relevant skills and experience can participate. As with your board, you should establish clear terms of reference for each committee, and ensure regular communication and trust-building between the board and committees.

Tip: It is good practice to have one board member chair and/or act as board liaison to each committee.

Committees are a great way to engage members and non-member experts in your CLT's governance, without the larger commitment of becoming a board member. Consider actively recruiting committee members with expertise in things like real estate development, law, hiring, and organizational finance. This is also a way to nurture leadership and establish sustainable community governance: members who take part in committees may later choose to run for the board, providing your CLT with a consistent stream of interested and informed volunteers.

Other committees you might consider forming include the following:

- Fundraising/Resource Development Committee: charged with supporting on grant applications, fundraising planning, and other activities that help the CLT's financial sustainability
- Acquisition/Development Committee: charged with leading/supporting on capital projects, including acquisition and development projects
- Events committee: planning community engagement, member gatherings such as picnics

Tip: Avoid establishing committees for one-off projects, or matters that have an end date. Projects that have an end date are better supported by a working group; these are flexible groups that may include board members, CLT members, external advisors, and CLT staff.

Clarifying Board Roles

Your CLT's newly elected board will need support to function well and sustainably. Every director should be well-informed of the board of directors Terms of Reference.

The TOR should be clear on the scope and role of your board. Working/operational boards essentially carry out all the work of the non-profit in the absence of paid staff. Policy boards set long-term and big-picture direction for the organization, while staff carry out day-to-day operations.

CLTs typically start with working boards and later transition to policy boards as their staffing capacity increases. This can be a complicated and sometimes emotional transition. Board members may struggle to relinquish control over day-to-day operations and smaller decisions, which can harm the board-staff relationship and also prevent the board from making the important governance decisions necessary to guide the CLT. On the other hand, it is important not to move too fast, downloading too many duties on inaugural staff who may be unfamiliar with organizational processes in place.

Supporting & Training Board Members

It is important to ensure everyone has the skills and knowledge necessary to participate fully and confidently on the board. Otherwise, it is easy to fall into a dynamic where one or two people who are perceived to be "experts" dominate board conversations and decision-making.

After each election, board member support should begin with a **board orientation**. You should provide new directors with an overview of the CLT's work, including key policies, ongoing projects, strategic and work plans, and financial information. You may also want to provide training on the role of a non-profit board more broadly.

Throughout the year, you may identify areas where all or some directors would benefit from subject-specific training. Offering ongoing training opportunities, especially to board members that do not come from specific professional backgrounds, is a great way to increase your board's capacity and make your CLT's governance more sustainable.

Record-Keeping Responsibilities

There are significant and specific **record-keeping requirements** dictated by whichever legislation you incorporated under. Generally, this includes keeping records of all members' meeting and board meeting minutes and agendas. You need to also maintain a register of members. Keep this information somewhere safe and ensure it is kept up to date. This is all information you will be asked to share during an audit, and it is much easier to collect it as you go rather than try to pull it together later.

Relatedly, you should set up a system to ensure safe and easy file-sharing among board members, committees, staff, and other volunteers. Ensure that people only have access to the information they need for their role. Take extra care with personal data, including tenant information and organizational/project financials. All volunteers should review and sign a **Confidentiality Policy** and **Conflict of Interest Policy** before gaining access to these files.

Policy Work

The board is responsible for approving policies that guide the organization's work. As a new CLT, there are many policies to establish, and this should be an early focus for your board, generally with support from staff and/or committees.

Typical organizational policies include:

- Hiring Policy
- HR Policy
- Purchasing/procurement policy
- Board Nomination Policy
- Conflict of Interest Policy
- Confidentiality Policy
- Disability Accommodation Policy
- Anti-discrimination Policy
- Workplace Safety Policy
- Financial Control Policy
- Conflict Resolution Policy

If your CLT aims to own and/or operate housing, there are many further policies needed to guide that work. The BCNPHA's Policy & Tenancy Templates provide a good starting point. For specific policy requirements and templates, refer to resources targeted at your province/territory as requirements can vary.

Tips to keep your policies organized and effective:

- Centralize all policies in a single place. A low-effort approach is creating a spreadsheet that lists your policies by number, title, next review date, and status (drafting/approved);
- Use a policy template with consistent formatting and information, including things like minimum include the name of your organization, date, title, number, and revision history;
- Develop a simple numbering or code method to keep track of your policies - organizations can easily have over 100 policies and their titles may change over time. Research a few options online to see how organizations approach this;
- Do not create policies for one-off projects or procedures;
- Differentiate board and management policies - the former deal with strategic alignment and fiduciary responsibilities, while the latter deal with day-to-day operations.

Succession & Sustainability Planning

CLTs typically have a lot of energy and enthusiasm in the early days, but this can be hard to maintain. It is important to set up strategies and processes from the beginning that will enable your CLT to maintain that energy and a steady stream of involved members and volunteers.

First, you should ensure your CLT's **values, strategies, and history** are written down and passed on. This information should be on your website and also in your board and member handbooks. Often, a CLT's founding board has a shared understanding of the CLT's values and direction; but if this is not made explicit and communicated to new members, this direction may be lost over the years.

As noted above, staggering board terms will help ensure board knowledge is passed down between generations of board members; this will also help avoid the uncertainty and risks of a full board turn-over. Limiting the number of terms a given director can serve for, or can serve consecutively, can also help ensure you welcome new board members and don't let the CLT become overly reliant on specific individuals. These limits should be established in your by-laws, but it is up to your board to remember to enforce them.

Another way to pass on board knowledge and support new directors is to establish (formal or informal) mentorship between new and experienced board members. New directors often feel uncertain about how to engage and what their role should be, but they may be reluctant to ask questions and disrupt the flow of board meetings. Having an established mentor who they can consult will help build their confidence and ability to participate.

As noted above, you can also establish a "pipeline" of involvement. This is a great way to get your CLT's core members engaged in governance. This pipeline, or ladder, begins with engaging people and encouraging them to become members; then encouraging members to volunteer in less intensive ways, such as through a working group or project-based committee; then encouraging them to volunteer for a standing committee; and finally, encouraging them to run for the board of directors. This phased approach can help those without relevant professional experience feel comfortable and build skills gradually.

3.2 Hiring staff

Funding for Staff

Before your CLT hires its first member of staff, it is important to determine expected costs by creating an initial budget. This budgeting may already have been done as part of a business plan, feasibility study, or strategic plan. Staff costs include more than just salaries; you also need to consider Mandatory Employment Related Costs (MERCs), and other costs that come with having staff - professional development, travel, office space, equipment (laptops, monitors, etc.), subscriptions (consider G Suite/Microsoft 365 and other software), phone plans, benefits, and so on.

Once you have established expected costs, you need to secure funding to pay for staff. If you charge membership fees, this may be only a small source of revenue and therefore unlikely to be anywhere near sufficient to cover staff costs. Generally, until you have a significant portfolio of properties and/or other revenue streams, you will rely largely on grants to cover operating costs.

Most grants for non-profits are project-based, meaning they want to cover costs associated with new/additional projects, rather than regular operating costs. It is important to approach these grant applications strategically because it is easy to over-commit. Ideally, you can find capacity-building grants that cover early-stage organizational development work. Multi-year funding is ideal but harder to find.

Another consideration is that many foundation grants are only open to registered charities. For more information on considerations related to partnering with or becoming a charity, see Phase 2 of this guide, and refer to our legal guide on CLTs and charitable status.

Once you have secured funding, be sure to set reminders for any reporting requirements, and ensure you scope your hiring and other projects to include all grant-related deliverables.

Hiring Process

Before hiring, you need to determine exactly what you are hiring for. You may have already created an organizational chart and/or job descriptions as part of strategic/business planning; if you have not, you should create them now. You should also review all existing strategies and work plans to ensure the job description reflects the expected tasks and necessary skills and experience.

Once funding is secured, a CLT will usually first hire a coordinator or executive director. Keep in mind that job titles that suggest more responsibility will generally attract more experienced candidates, but they may also expect higher pay commensurate with their experience. Your board should strike a hiring committee to lead the process. The hiring committee will not hire unilaterally, but will eventually make a recommendation to the board.

Once you have written the job description, circulate it to your community and post in all the regular job listing sites, as well as in sector-specific spaces (for example, Charity Village). After the deadline passes, the hiring committee should review all applicants and select a shortlist to interview. You should establish criteria for reviewing applications, and decide key questions to ask in interviews.

After interviews, with any luck there will be a standout candidate. The Hiring Committee should make a recommendation to the board to hire them; this report to the board should include an overview of the hiring process, other shortlisted candidates, and the chosen candidate's expected salary and other contract terms. If the board approves, you can make an offer to the candidate. There may be further negotiations related to salary and benefits. To simplify the process, the board should approve a maximum salary that can be offered to the candidate.

Once an executive director (ED) or coordinator is hired, they should be afforded considerable input into remaining staffing decisions; however the HR Committee or a Hiring Committee can support the staffing process in a number of ways, including:

- Finalizing, with the ED's input and recommendations, an organizational chart and additional job descriptions for the board's approval
- Support the ED with creating and circulating job postings based on the job descriptions
- Support the ED with candidate selection and interviews

Becoming a CLT with staff changes the nature of your board's work. Typically, this is when a board shifts from a working board to a policy board, as noted above. Expect this transition to be challenging and to require a lot of open communication between staff and the board. Establishing clear policies and decision-making processes will help ensure everyone knows their role and can work well together.

3.3 Strategic planning

What is Strategic Planning & Why Do it?

A strategic plan defines your organization's strategies and objectives over a given period of time (typically 3-5 years). It is not meant to guide the day-to-day, but to provide overarching direction and ensure the organization remains vision-driven.

A strategic plan helps you make informed choices about how to sequence actions and goals to work towards your vision. There may be endless things your CLT could do, but with limited resources, you will need to prioritize.

It is important to note that a strategic plan is not just about the output (which is often a report); the process is just as important as it defines your objectives and strategies over a period of time. The purpose of developing a strategic plan is to both document and guide your CLT's intended direction, while aligning all partners, stakeholders, and community members with the organization's vision, values, and mission.

In a strategic plan, it is important to:

- **Make the implicit explicit** - Assuming you are on the same page with everyone else can easily lead to misunderstandings down the road. It is helpful to make your CLT's strategies and approaches explicit so that everyone is clear and in agreement.
- **Hold your CLT accountable to its values** - It can be easy to stray from your underpinning values without a clear and actionable plan.
- **Maintain a big picture view of your CLT's vision** - Without a big picture view, you can get caught up in day-to-day details and lose sight of what you are working towards.
- **Encourage and inform new members and staff** - The original leaders of your CLT may know what your focus is, but when you bring new people on board you need a way to communicate your CLT's strategies and priorities. This is especially useful for new staff - having a clear strategic plan enables them to work more independently without constantly having to check with the board for direction.
- **Communicate competence to external stakeholders** - You can use your strategic plan to show funders, government stakeholders, and others that you know what you're doing, and that your plan has broad backing from your membership and supporters.
- **Ensure strategic use of limited resources** - There may be endless things your CLT could do, but with limited resources, you will need to prioritize. A strategic plan helps you make informed choices about how to sequence actions and goals to work towards your vision.

Your first strategic plan will usually focus on capacity building, while later strategic plans may have a different focus (for example, growth or long-term stewardship). If your CLT is brand new, you may do strategic planning at the same time as you determine your CLT's vision, values, mission, etc., as described in Phase 1.

Opinions differ on whether you should do a strategic plan or business plan first, and it really depends on your CLT's context: if you have an immediate opportunity for a capital project - like a land donation, or a property that needs to be urgently preserved in your neighbourhood - you might need to do business planning first to show that you can financially manage the project. However, if you are trying to decide between several different opportunities, you may want to do strategic planning to help prioritize and set a clear path forward.

Contents of a Strategic Plan

There are no absolute requirements for what should go in your strategic plan. However, most plans will contain the same main components:, though they may go by different titles. The point is to create a tool that works for your group and that will be intelligible to your key audiences (for example, funders, your municipality, members, etc.).

Strategic plans usually include the following:

1. **Background** - Your organizational history, rationale, social/political/economic context
2. **Guiding Principles** - Your organization's mission, vision, and values
3. **Strategic Objectives** - High level objectives; for each, specify related outcomes, goals, and supporting strategies
4. **Implementation & Monitoring** - Detailed implementation plan with specific actions, and a plan for monitoring and updating the strategic plan

Your first strategic plan's objectives will usually cover key tasks needed to build your CLT's capacity. Generally, these tasks can be divided into the following four categories:

1. **Administrative and governance tasks,** including:
   a. Development of organizational by-laws
   b. Writing policies
   c. Hiring staff
   d. Developing record keeping systems
   e. Financial processes
2. **Community engagement, education, advocacy, and research tasks,** including:
   a. Creating an online and in-person communication plan
   b. Member recruitment
   c. Advocacy planning
   d. Developing consistent branding and messaging
3. **Land acquisition management tasks,** including:
   a. Research to inform an acquisition strategy
   b. Business model for planned projects
   c. Prepare for acquisition
4. **Fundraising/financial sustainability tasks,** including:
   a. Identifying operating funding sources
   b. Developing an operational business planning
   c. Developing a process for accepting donations

Approaches to Strategic Planning

The stages involved in strategic planning are typically as follows:

1. **Planning:** Setting roles for strategic planning, gathering relevant internal information
2. **Brainstorming:** Visioning/brainstorming/strategizing activities to identify main objectives and develop analysis (over multiple sessions/retreat)
3. **Filling in the gaps:** Researching precedents, opportunities, constraints
4. **Drafting & soliciting broad feedback:** Validating your findings by bringing them to important internal and external stakeholders, and making changes where necessary
5. **Finalizing:** Seeking approval of board (and sometimes membership)
6. **Mobilizing:** Implementing monitoring procedures, sharing key takeaways to external audiences, and carrying out your plan

Hiring a Consultant for Strategic Planning

It can be helpful to have someone external supporting the strategic planning process and facilitating activities. Many CLTs choose to work with a consultant who is experienced in facilitation and strategic planning and who, ideally, has experience working with values-aligned groups. While you may have people within your CLT with the necessary experience and skills, there is a lot of value in bringing in someone external to lead you through this process.

Keep in mind that having the consultant carry out internal and external engagement for the plan will add significant costs. Consider what engagement work is beneficial for an external consultant to carry out versus what your staff/board/volunteers can do themselves. However, also consider what voices are important to bring to the table during the planning process, and ensure you have ways of engaging them.

Strategic Planning & Political Analysis

Many CLTs will choose to incorporate political analysis into their strategic planning processes. This approach is about identifying power dynamics within your community and beyond, and using this information to develop your analysis of what is possible.

Employing political analysis will enable your CLT to:

- Identify key relationships (and strategies to build those relationships);
- Understand your CLT's work in the context of broader socio-political forces;
- Anticipate and adapt to changing political priorities;
- Develop a strategic approach to community organizing and advocacy.

As an example, imagine that your CLT's desired approach to land acquisition may only be possible with significant grant funding, but there are no funding programs available. In order to proceed with the work your CLT wants to do, you may first need to build relationships with political actors and advocate for appropriate funding. In order to do this effectively, you need to first have an understanding of what is possible, who has power, and how to use this knowledge to your advantage.

Techniques for Strategic Planning

There are many specific techniques used by CLTs and other organizations to develop strategic plans. Two approaches are described below, but your CLT should not feel constrained to these options.

Naming the Moment

"Naming the moment" is a method used to understand the constraints and opportunities presented during a specific socio-political moment, how they will change over time, and how to plan to be able to strategically achieve your goals over time. There are four key phases involved in the "naming the moment" technique:

1. **Identifying** your organization and its interests
2. **Naming** the issues/struggles present in the current moment and their relevance to your organization
3. **Assessing** the socio-political forces at play
4. **Planning** for action

Learn more about naming the moment here.

Theory of Change

A "Theory of Change" approach can be used to map out how a group of early and intermediate accomplishments set the stage for long-term results.

Like strategic planning, "Theory of Change" is both a process and an output; it enables organizations to draw connections between their activities, the outputs of those activities, and short and long-term social change. Using this as a strategic planning technique involves:

1. **Identifying** goals
2. **Identifying** necessary strategies/activities
3. **Linking** the strategies/activities to outcomes and goals
4. **Testing** and **analyzing** the strategies and goals in the face of external forces

Learn more and find templates you can use here.

Finalizing & Mobilizing Your Strategic Plan

Strategic Planning Outputs

There are a number of different ways you can communicate your plan. Identify your audiences and what you want to demonstrate to them; from there, figure out what output will work best.

For example:

- Staff and board members will need a clear articulation of priorities and their own responsibilities to enable them to make decisions. In this case, a **full report with specific implementation and monitoring plans** would be helpful.
- Community and membership need to understand what your organization has accomplished so far, how that has informed the strategy, and a clear articulation of the organizational values, vision, and priorities. In this case, **clear infographics** or other **accessible outputs** that can be shared and consumed easily on social media (i.e. videos) are preferable to detailed plans, although the full plan can be made publicly available for those who are interested in reading further.
- Funders and government partners need to be confident that your organization is informed, well-organized, and moving towards its longer-term goals. An **executive summary** is generally sufficient to communicate the plan at a high level.

Mobilizing your Strategic Plan

An **implementation plan** comes after your strategic plan. It is a process-driven document outlining each task, including target dates, project leads, and any other pertinent project implementation information. Your implementation plan should be easy to update to reflect current progress (i.e. formatted as a spreadsheet).

It is important to ensure that your strategic plan is cohesive with other organizational planning documents. The strategic plan should be used as the basis for staff work plans, board committee work plans, and organizational budgets. You may create separate implementation plans for each year of your strategic plan period, and these can then be used as the basis for each year's work plan(s) and budgeting process.

It is good practice to keep your team accountable to the strategic plan and its implementation with **regular reviews of progress** against milestones or key performance indicators. This process can be done through a report to the board outlining the progress made to date and your plan for continued progress. You might also put into place regular reports to your membership on progress; this reporting could happen via a newsletter, information on your website, or updates at each year's AGM.

As the end of your strategic plan period nears, typically 6-12 months before the end, you should start the process of **updating the plan**. You can use the existing plan as a starting point - figure out what was accomplished, what has changed, what new opportunities have emerged, and so on. This end-of-plan review is also a good opportunity to **share what you have accomplished** over the strategic plan period - you may create a short report, video, or other output to communicate everything that has been accomplished to your members and others.

Further Resources

3.1 Developing your CLT Board & Membership

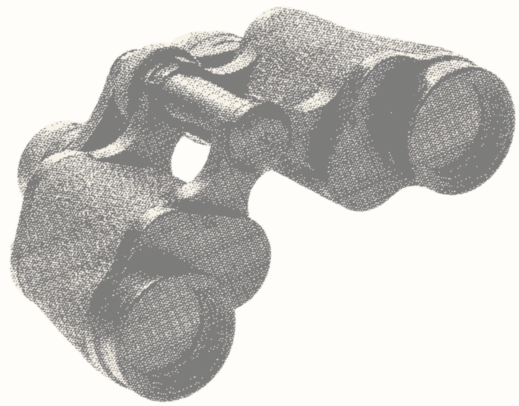
- Next Steps Following Incorporation - specific to organizations incorporated under the CNCA but much of the same will apply in other jurisdictions
- Non-Profit Law Ontario guide to meetings (AGM & Board meetings)
- Board Building: Recruiting and Developing Effective Board Members for Not-for-Profit Organizations - in Alberta context but broadly applicable
- Developing Job Descriptions for Board Members of Non-Profit Organizations
- Board Development: Committees
- Guide to Good Governance: Non-Profits and Charities - written for Ontario Hospital Association but broadly applicable to non-profits
- Nonprofit Governance Tools and Resource - from ONN, various resources around the theme of "reimagining governance"

3.2 Hiring Staff

- Staff Management - library of resources from Imagine Canada (a bit older but still relevant)
- HR Toolkit - series of articles and resources from HR Interval, including information about writing job descriptions, recruitment, and onboarding
- Hiring the Right Executive Director for Your Organization
- Hiring and Performance Appraisal of the Executive Director
- HR Compliance for Non-Profits
- How Equitable Hiring Practices Can Help Nonprofits Attract Talent
- Creating a more Inclusive and Equitable Hiring Process

3.3 Strategic Planning

- Naming the Moment: A Manual for Community Groups (original guide from 1989)
- Drawing a Problem Timeline
- Developing a Theory of Change - Guide (with templates)
- Theory of Change - Stanford Guide
- Community Organizing for People, Power and Change
- Building Resilient Organizations (article about progressive organizing in the face of multiple challenges)
- Maori Land Trust guide to strategic planning (using "Hedgehog Method")
- Funding for Good Strategic Planning guide
- Keela Strategic Planning guide
- Donorbox Strategic Planning guide



Phase 4: Acquisitions & Development Planning

In this chapter, we go over some basic principles to consider when preparing for and completing development and acquisition projects as a CLT.

Keep in mind that no two CLTs are the same, and the decisions you make will be informed by your mission, the opportunities available to you, and your community's needs, among other factors.
For more information on the process of acquiring an existing residential property, see CNCLT's Acquisition & CLTs resource page. For more information on the housing development process, see Further Resources at the end of the guide.

4.1 Determining priorities

Proactive/reactive growth

CLTs often face the challenge of balancing proactive and reactive growth strategies. Proactive growth involves identifying priority areas and parcels based on community needs, acquisition and development priorities, and long-term stewardship capacity. Proactive growth strategies could include initiating partnerships, developing a financing plan, and generally ensuring your CLT is prepared for land acquisition and development opportunities before they arise. In general, this **proactive, measured, planned approach**

is recommended for all CLTs. A proactive approach does not mean being overly cautious and waiting forever to act - it is still necessary to maintain the CLT's momentum so that volunteers and community supporters stay engaged.

Reactive growth occurs when a CLT is presented with a time-sensitive opportunity that may seem too good to pass up. In some cases, a CLT may be formed in response to such an opportunity and therefore try to work quickly to secure the land in question. These time-sensitive opportunities may include offered land donations, public land transfers, or properties at risk of speculation that suddenly go on the market. These opportunities can have a galvanizing effect, but they can be risky.

Tip: Having a clear framework for making decisions on growth opportunities (like an Acquisitions or Land Donations Policy) can help ease this process and enable your CLT to make clear headed discussions, rather than getting caught up in the now-or-never mentality.

We would caution CLTs in these rushed situations to consider the long-term consequences of insufficient planning, both for the assets you are aiming to secure and for the CLT and community more broadly. It is advisable not to let your CLT fall into a false sense of urgency; remember that the actions you take now may constrain your ability to take future positive actions for your community. Assess the risks of both action and inaction, and act accordingly.

Either way, a successful approach to portfolio growth includes the development of clear criteria for project selection, strong internal decision-making processes and policies, and demonstrated community collaboration to ensure that both planned and unplanned opportunities are aligned with your organization's mission, capacity, and long-term goals.

Engaging community governance

As an organization grows, its governance structure (board of directors, committees, and membership) will face new challenges. These challenges can be more complex for community-governed CLTs because there tends to be a wider network of stakeholders involved in decision-making, and these stakeholders may not all have experience with real estate transactions. It is important to **recognize the strengths of different actors within your CLT's governance structure, and to design a decision-making process** that caters to those strengths and addresses any weaknesses.

Before beginning an acquisition or development project, create a detailed plan for the project and determine at which points each piece of your CLT's governance structure will be engaged and how. Keep in mind things like:

- **Expertise:** Who has the expertise and specific knowledge to help your CLT progress this project? When will that expertise be necessary? Consider not only professional experience but community connections and knowledge.
- **Capacity:** Who has the time and willingness to support the project, and at which points? How much volunteer time are you asking of them?
- **Speed:** How quickly do different decisions need to be made? Is it possible to meaningfully engage this segment of your CLT's governance when a task must be completed quickly (considering vendors' or funders' timelines, for example)?
- **Confidentiality:** Are there risks involved in sharing information more widely at this point of the project? Have you signed any confidentiality agreements related to the project?

These decision-making processes should be enshrined within an **acquisition or development policy**. Creating a policy will also help your CLT's staff know which decisions they can make themselves and which decisions need to be referred to the Board or others. Having a policy that explicitly outlines responsibilities is essential to enable fast movement on time-sensitive projects and to limit opportunities for conflict to arise.

Generally speaking, it makes sense to **engage your CLT's membership** prior to initiating a project (to develop project criteria, assess needs, and inform project design, inviting them to site visits) and upon closing on a property/beginning a development project. The form of this engagement can range, from simple newsletters (intended to inform the membership) to discussion-based events (intended to solicit member feedback) to formal members' meetings (intended to enable binding member decision-making). Engaging the membership at regular intervals can ensure that your CLT's decisions reflect the perspective(s) of the community while upholding the mission and values of the CLT. While staff, the board, and any relevant committees will be most directly involved in acquisition and development projects, the membership helps hold these parties accountable.

Prioritizing land uses

CLTs acquire and develop land for a wide variety of uses. CLT land uses most commonly include:

- **Residential uses,** which can be:
  - **Rental housing**, including various levels of affordability (from deeply affordable to market rent), and with or without additional supports for tenants;
  - **Co-operative housing**, including rental co-operatives and equity co-operatives;
  - **Homeownership**, including different mechanisms that restrict resale and preserve affordability while enabling homeowners to build equity - learn more about homeownership programs for CLTs here.
- **Commercial uses,** e.g. local businesses and social enterprises.
- **Community and cultural spaces,** e.g. artist studios, community centres, cultural centres, event spaces, recreational facilities, and office space for community organizations.
- **Agricultural & conservation uses,** e.g. small-scale agriculture in the form of a community garden, farmland, and ecologically-sensitive land.

If your CLT's top land use priority is unclear, you can weigh your options by considering:

- **Opportunities:** Which land uses are there opportunities to enable right now (i.e., what is for sale)? Are there any emerging opportunities (i.e. community assets that are at risk of being lost, or public funding/land opportunities) that align with your CLT's priorities?
- **Capacity:** If your CLT has limited staff/volunteer capacity, which land uses are most realistic in terms of your ability to carry out the project and steward the land right now?
- **Needs:** What are you hearing from your community in terms of need? Is there a need that is particularly urgent?

Deciding on your approach to growth

When CLTs talk about "acquisition," they typically mean acquiring land already with a building or multiple buildings on it, with the purpose of maintaining the existing use - for example, acquiring land that has a rental apartment building and subsequently maintaining it as a rental apartment building. However, generally all CLTs need to start by acquiring land in some form; the main difference lies in whether or not the land will be imminently (re)developed.

It is difficult here to speak generally about all land uses, so we will speak to the specifics of CLTs seeking residential land here; however, much of the content will apply to other land uses. Should your CLT acquire an existing residential property or develop new?

Consider the following questions. If most of the answers are "no," you may want to prioritize acquiring land for new development.

Funding:

- Are you able to access public funding for the acquisition of an existing residential property? (see an overview of public funding options here)
    - If not, there may be other funding options, but acquisition is difficult without public or other grant funding.
- Is there funding for necessary capital repair work on acquired properties?
    - Most CLTs find that properties they acquire have been neglected for years and have major repairs to be addressed in the first several years of ownership. It is unwise to acquire a property without having a plan to fund the necessary works; and most funders will require you to demonstrate that you have assessed works required and made a plan to complete them (as explained further below).

Existing housing stock:

- Is your community seeing existing affordable housing stock being redeveloped or otherwise made unaffordable?
- Does the existing housing stock in your area meet the needs of the population you aim to house? Consider unit size, accessibility, cultural suitability, proximity to services, etc.

Target population & operations:

- Does your target population currently live in the properties that are available to acquire?
    - Note that while you may be able to fill units from your own internal waitlist on turnover, it is not reasonable to count on a significant portion of tenanted units turning over in the short term, meaning your tenant population will be primarily the people who already live in the building. Consider whether or not acquiring and operating such a property would be in line with your CLT's mission.
- If you are not planning on operating the property yourself, is there a non-profit housing provider/property manager in your community that is values-aligned and that would be interested in operating the property? Do they have the capacity to commence operations as soon as you acquire the property?
- If you are planning on operating the property yourself, do you have the capacity to start managing the property immediately upon closing - which could be as soon as 3 months after making an offer on the property?
    - See Phase 5 for more information on CLT operating models.

Further reasons you may consider acquisition over development include:

- **Limited capacity:** Development projects take more funding upfront and typically take longer to carry out than a simple acquisition. If your CLT has no staff/a small team, and limited funds to build capacity within your team, it may be more feasible to carry out an acquisition project to start - assuming you are planning on contracting/leasing to a partner organization to operate the acquired property.
- **Starting small:** While acquisition projects are complex and expensive, there are fewer stages and steps involved in carrying them out compared to development projects. As a new CLT, it may make sense to start by acquiring a smaller property as a means to gain experience and build your portfolio before initiating longer-term and more complex development projects.

CLTs that choose to prioritize development for their first project are often located in small cities or rural/suburban areas where there may not be suitable properties available for acquisition, or where the lack (rather than loss) of housing stock is the key issue facing the community.

The Experience Paradox

Whether you are acquiring existing housing or developing new, you are likely to face the experience paradox during your first project. The paradox is: most funders will only fund applicants with relevant acquisition/development/operations experience; but you need funding to grow and gain that experience. This can be especially challenging if you are trying to get funding from a program with a competitive call for applications, where simply meeting minimum requirements will not guarantee success.

You may get lucky and find a partner willing to take a risk on you, but you shouldn't count on this. Instead, be creative and consider other ways of demonstrating competence and experience as an organization.

These can include:

- **Trying operations before ownership:** Before becoming a land-owning organization, your CLT could try leasing space from another organization and using this as an opportunity to demonstrate your capacity to responsibly operate a property.
- **Ensuring your board/committees contain people with relevant experience:** Funders want to know that the people behind your CLT's decision-making have done similar projects before. Try to strategically recruit at least one board member with significant experience leading the type of project your CLT will be undertaking.
- **Demonstrating your long-term commitment and planning:** Funders also want to be assured that their investments will be protected - that is, that your project will be viable not just next year, but 20+ years from now. You can demonstrate that you are thinking long-term by developing comprehensive strategic and business plans that take into account not just growth, but sustainable operations and asset management. Additionally, you can reassure funders that your CLT is here for the long haul by demonstrating the sustainable way you have set up your board and membership to ensure continuous community accountability and a regular supply of eager volunteers (see Phase 3 for tips on how to do this).
- **Partnering with experienced organizations:** By this point, your CLT should have close relationships with values- and mission-aligned local organizations. You might consider partnering with an organization that has more experience than you for your first project.
- **Demonstrating a history of formalized governance and accounting:** Your CLT should be an incorporated non-profit organization before you begin your acquisition process (see more on this in Phase 2 of this guide), and you should have formal records demonstrating responsible governance and financial practices. Funders want to see that you have a formal and functioning board of directors, a formal non-profit governance model (bylaws, record of past AGMs, etc.), and regular third party reviews of your financial processes (e.g. audited financial statements).

Deciding on your Approach to Operations

Before initiating an acquisition or development project, you should determine your operating model. We will go into more detail on operating models in **Phase 5**, but here we briefly outline key options.

If your CLT will be acquiring/developing residential properties, the main options you have for operating them are:

- **In-house property management:** Your CLT builds an in-house team responsible for all aspects of property management, including maintenance, accounting, and tenant services.
- **Retain property manager:** Your CLT has a contract with a property manager, who is then responsible for day-to-day management of the property; your CLT will typically still be in charge of long-term capital planning.
- **Head lease to commercial tenant (i.e. operating partner):** Your CLT leases the property to a commercial tenant (i.e. another organization) who acts as landlord; as above, your CLT will typically still manage long-term capital planning, in collaboration with the operating partner.
- **Headlease to housing co-operative**

Within each of these three options, there are many ways of customizing arrangements for your CLT's context. Consider carefully all aspects of property management and stewardship, and decide which party is best suited to carry them out; and devise an operating model in accordance with these decisions. Note that these decisions will have bearing on your CLT's financial sustainability and governance.

4.2 Accessing Land

Here, we provide an overview of the methods for accessing land that Canadian CLTs have most commonly used. There are other ways that CLTs can have an interest in a piece of land without owning the land directly. This can include owning one or more units within a condominium, partnering with a developer to secure some form of control over land/units, leasing land to develop and sub-leasing to an operating partner, and more.

Privately Donated Land

CLTs that have deep support in their communities may have opportunities to receive donated land from private individuals or companies. This can include immediate donations or bequests from an individual's will. CLTs may be more likely to attract land donors if they have charitable status. For more information on the considerations involved in soliciting and accepting land donations as a CLT, see our legal guide on the topic.

Briefly, for CLTs preparing to receive a property donation, a few key things are required: careful planning; transparent donor relations; and adherence to your organization's mission, needs, finances, and legal requirements. CLTs must ensure donations are voluntary, informed, and avoid undue influence. The CNCLT always encourages seeking independent legal and financial advice for each potential donation.

Due diligence is also critical before accepting a property in order to minimize risks to your CLT: assessing mission fit, financial impact, management capacity, legal title, zoning, and property condition are all necessary steps. Transparency and accountability in handling donations will build trust and help ensure donor intentions are respected.

Public Land via Competitive Process (Free or Discounted)

CLTs, along with other non-profits, may be able to respond to public Requests for Proposals (RFPs) or other competitive processes initiated by the public sector. These RFPs are usually issued by governments when they have surplus land that they would like to be used for a specific purpose. For example, federal land is regularly made available via an RFP process through the Federal Lands Initiative and the Canada Public Land Bank.

Public land offered via RFP may be offered for free or for a nominal price; the land may also be discounted (below market value), or it may be up to proponents to make an offer. The public sector may also launch an RFP to find a new owner/operator for public housing assets.

While your CLT may be able to receive free or discounted land, responding to RFPs often takes a lot of time and resources. You may need to hire consultants to carry out studies and to create an initial design; these costs may not be reimbursed if your bid is unsuccessful. You will likely be competing against experienced organizations, and experience is often a major factor in assessing applications. It is important to be strategic about where you put your efforts, especially when your CLT is new and has limited time and funds.

Long-term leases on public land

A sub-category of receiving public land is receiving access to public land via a long-term lease (often 99 years). This approach is most commonly used in British Columbia, where the provincial and municipal governments are often less willing to fully dispose of public land.

In some ways, holding a 99 year lease to a piece of land is similar to full ownership: you may be able to secure a loan against your leasehold interest, you are able to plan long-term for stewardship of the land and improvements, and you may have significant freedom in making decisions about the operations of the property.

However, in most cases CLTs prefer full ownership as this enables the community to more directly make decisions about how that land will be stewarded long-term; full ownership also makes it possible to leverage the asset to borrow and acquire/develop further

Public Land via Direct Request

Some CLTs have been able to receive land directly from the public sector without going through a competitive process, like an RFP. This is typically possible when the CLT can demonstrate one or both of the following:

- **The CLT is filling a need (usually a housing need) in the community that no other body is capable of filling:** this is more likely to be true in a rural or remote community with a smaller non-profit housing sector; a CLT that is led by/serving an underserved community (particularly if this community is prioritized in public housing strategies) may be more likely to occupy this position. This uniqueness may also be demonstrated through the depth of support the CLT has from the community.
- **The CLT is led by/serving a community to whom the public sector actions have caused historic and/or ongoing harm:** this can mean different things in different communities. For example, communities that were displaced by expropriation and urban renewal may be able to regain land taken by the public sector through direct negotiation with the public sector body that owns the land.

Each instance of receiving public land via direct request will be different. We recommend that your CLT prioritize developing close relationships with municipal and provincial/territorial governments to explore any potential for land donation. It often takes time to demonstrate to the public sector that your CLT is trustworthy and will be a responsible steward for public land, so start this process early and make sure you are clearly communicating the value your CLT brings to the community.

Privately Purchased Land

As with any corporate entity, CLTs are welcome to try and purchase land on the private market. This approach comes with the benefit of choice: the private market is where CLTS are most likely to find typically more opportunities available for purchase, enabling the CLT to find a property that is in line with its strategic goals, by virtue of more choice. Of course, the downside is cost: private vendors typically will not sell for a discounted price, regardless of your important mission. Most CLTs that take this approach are either located in less expensive markets, or they are able to benefit from public funding for acquisition of existing rental housing (see CNCLT's Funding for Residential Acquisition Projects resource for more information.

If you are looking to purchase private land, **engaging a knowledgeable, values-aligned realtor** will be a big help. Realtors, unlike other consultants, typically only get paid when you complete a transaction, meaning they will support you in finding, assessing, and purchasing sites without any upfront payment. They also have deep knowledge of real estate transactions and can help translate your CLT's needs into language property owners will understand.

Acquisition of Existing Housing Co-operatives

Relatedly, CLTs can receive non-public land from other non-profits. This most commonly occurs in the context of co-operative housing. Generally, a CLT may purchase an existing housing co-operative in order to ensure long-term sustainability of the asset; they may be purchasing the co-op land from the co-op itself or from the municipality that has been leasing land to the co-op.

4.3 Assessing the Feasibility of Land

Before buying - or accepting - a piece of real estate, it is vital to understand exactly what you will be able to do with that land, and the costs and risks associated with it, otherwise known as the **due diligence process**.

The specific studies and reports required will vary depending on the piece of land, your geographic area, your intended project, funder requirements, and other stakeholders. Here we provide a brief overview of common studies and reports, most of which are during the due diligence phase of purchasing land.

- **Site Surveys:** A site survey is an inspection to determine basic information about the site, such as its boundaries, dimensions, and surrounding land uses. A survey will show whether any neighboring properties or government agencies have easements (access rights) over the property, which is important to know for future development. Usually a site survey will be provided by the seller of the property. For sites you intend to build on, there are additional engineering reports that are typically required to supplement the site survey.
- **Environmental Site Assessments (ESAs):** ESAs are studies done to assess the historical uses of a piece of land, and to determine whether there are any environmental factors that will impact your use of the land. Most funders will require you to conduct an ESA. There are two types of ESAs: Phase 1 ESAs, which study the historical uses of your land and adjacent parcels (e.g. were there any contaminating uses nearby, such as a dry-cleaner or a mechanic); and Phase 2 ESAs, which are only done if the Phase 1 ESA flags any potential concerns and which involve more invasive and expensive testing (such as drilling boreholes and conducting soil samples).
- **Building Condition Assessments:** A Building Condition Assessment (BCA) can also be called a Property Condition Assessment (PCA). A BCA is a detailed report on the overall physical condition of a property. If you are acquiring a property with buildings on it, you should always get a BCA. Based on site visits from building engineers, the BCA documents all of the repairs that will be required on the property. The report will provide cost estimates for the work required and break down the level of urgency for each repair. Information from the BCA should be used to determine the expected costs of short-term (next 5-10 years) capital works on the building(s). From there,

you can decide if the acquisition is still feasible and desirable; and if it is, you can start planning to fund and carry out the necessary works.

- **Building Code Reports:** A building code report is an assessment conducted by a code consultant to identify building code compliance issues and suggest solutions. This report is not necessary in all cases, but it may be recommended if a BCA identifies significant code compliance issues. A building code report may also be advisable if you intend to change the use of a building or undertake major renovations.
- **Appraisals:** An appraisal is a means of assessing the value of a property; appraisals are conducted by professional appraisers. There are different types of appraisals so be sure to determine which your intended funder wants. A market appraisal, where the appraiser determines the market value of your property, is most common.
- **Planning Reports:** A planning report determines what uses and built forms are possible on the land, based on the planning and legislative framework. This report is usually only required if you plan on redeveloping a property or changing/adding uses. An urban/regional planner will carry this out. The report will typically tell you what uses are permitted as-of-right (without applying for amendments) and whether or not the current or planned uses are permitted.
- **Legal Reviews:** There are legal reviews you will typically get when considering acquiring a piece of land. A Title Review will tell you any interests registered on title - that is, anyone who has some kind of legal claim to the land (such as easements and encroachments) as well as review the current zoning. An Off-Title Review will search for any unpaid property taxes or utilities, as well as any active violations with local building, fire, electrical, and conservation authorities.
- **Designated Substance Surveys:** A Designated Substance Survey (DSS) studies any buildings on your property for evidence of contaminants. The most common contaminant these surveys look for is asbestos. A DSS works by taking samples of building materials (e.g. scrapping walls, floors) and testing them in a lab. Some, but not all, funders ask for a DSS; whether required or not, it can be a good idea to get a DSS as it may have implications for the complexity and cost of future renovations.

4.4 Accessing Project Funding

Even if your CLT receives donated land, you will need funding to plan the project, carry out the acquisition, carry out any subsequent (re)development or retrofit works, and pay your staff. Here we outline broad funding options for different aspects of your project. You can find more information about funding for acquisition projects, including different forms of project financing, here.

Most acquisition or development projects will require a combination of equity and debt to work. The combination of funding sources pulled together for a given capital project is called a **capital stack**.

The most common forms of equity for acquisition or development projects include:

- Public sector grants (from the municipal, provincial, or federal government)
- Private foundation grants
- Donations fundraised by your CLT

The most common forms of debt for acquisition or development projects include:

- Public sector financing (again, from the municipal, provincial, or federal government)
- Private long-term mortgage financing
- Short-term loans/lines of credit
- Community bonds

It is advisable to build a relationship with prospective funders well in advance of requesting funding. Take the time to understand their requirements and to communicate the values and commitment of your CLT.

4.5 Assessing the Financial Feasibility of Your Project

Financial feasibility is something you will continually assess and check throughout your acquisition or development project. In simplest terms, you are checking to make sure project revenues/funds are sufficient to cover project costs. In real estate, the tool used to budget and check financial feasibility is called a pro forma - this is essentially a complex spreadsheet. You will use a pro forma for acquisition as well as development projects, although the specifics will be a bit different.

The two main components of a pro forma are the operating budget and the capital budget. The capital budget includes capital costs (all costs associated with acquiring/developing the site) and capital contributions (the funds you will use to cover these costs, including equity and debt). The operating budget includes operating revenues (rents, laundry revenue, parking revenue, etc.) and operating costs (maintenance costs, property taxes, utilities, etc.).

A key measure of project financial feasibility is the debt coverage ratio (DCR). The DCR essentially calculates how much revenue is left over, after covering operating expenses and debt payments. A DCR of 1 means you have exactly enough to cover expected operating expenses and debt payments; typically, funders will want you to have a DCR higher than 1, meaning there is wiggle room if revenues are lower or expenses are higher than anticipated.

For more information on financial feasibility of a development project, see the Sustainable Housing Initiative's guide, CNCLT's Financing Acquisition Projects resource, and other resources in the Further Resources section.

For assistance in creating or reviewing pro formas, please consult with CNCLT or a trusted development consultant.

Further Resources

Development

- Sustainable Housing Initiative's Step-by-Step Guide to Developing Affordable Housing - a comprehensive guide that takes you through every stage of the development process
- CMHC Housing Development Resources - links to various fact sheets and helpful organizations
- New Commons Development's Community Developers Toolkit
- BCNPHA's Guide to Hiring and Working with Development Consultants
- Infrastructure Institute's SPRE Resources Page
- HART's Land Assessment Tool

Residential Acquisition

- CNCLT Acquisition Resources
    - Funding for Residential Acquisition Projects: A Summary of Options for CLTs
    - Financing Acquisition Projects: Considerations When Approaching Financial Institutions
    - Reading & Negotiating Funding Agreements for Purchase of Rental Properties
    - Writing a Board Report for a CLT Acquisition Project: Suggested Outline & Best Practices
- HART's Property Acquisitions Tool

Phase 5: Stewardship & Operations

The last chapter, Phase 4, covered the process of acquiring and developing land as a CLT. Getting land is not the end of your CLT's work, but the beginning of a perpetual responsibility to responsibly steward that land for the benefit of your community.

In this chapter, we cover two key aspects of responsibly stewarding your CLT's land. First, how do you manage your land-based assets for the benefit of your CLT, your core users, and your community? This relates to operating models. And second, how do you plan to ensure you have the money and capacity to sustain your assets and serve your community long-term? This relates to capital planning.

5.1 Capital Planning

Capital planning is the process of planning and budgeting to ensure you can carry out the necessary investments in an asset. For a CLT, that asset is typically a building, but this may not always be the case - for example, an agricultural CLT may carry out capital planning to ensure farm equipment can be replaced at regular intervals.

In this section, **we will speak primarily to capital planning processes used for residential properties,** but note that much of the logic and techniques can be applied for other land uses, including agricultural land or commercial/cultural properties.

Basics of Capital Planning

Why Capital Planning

Capital planning is essential for any organization that owns assets like buildings or land. Every CLT that owns assets needs a Capital Plan because it is central to CLTs mission: it forces you to think about the long haul and look beyond today's needs so you can ensure your assets continue to benefit the community in perpetuity.

A Capital Plan will help you:

- Ensure you have the required funds to maintain your assets in good condition;
- Plan ahead for repairs and replacements instead of reacting when equipment fails (reacting often ends up costing more money and disrupting tenants);
- Make sure your asset needs line up with your CLT's mission and vision. For example, prioritize energy efficiency and accessibility retrofits that can lower operating costs, improve tenants quality of life and adapt your building for climate change impacts.

CLTs often acquire older rental properties in order to remove them from the private market and preserve affordability, and older properties often require more extensive capital repairs. A Capital plan will help you carry out much of the needed building repairs, and have a plan ready when funding becomes available. In addition, there are significant risks associated with not being proactive when it comes to capital planning. If you do not have the funds and capacity to carry out necessary capital repairs, this can pose financial, legal, and reputational threats to your CLT, as well as physical threats to your property.

Key Vocabulary Related to Capital Planning

- **Asset management** iis a tool to understand what you own, what condition it's in, and what you need to do to take care of it over time. An asset management plan informs your capital plan. The asset management plan will identify what needs attention, what level of service must be maintained and long-term renewal needs. In a Capital Plan you will decide which of those needs will get funded and in what order, with what funds and on what timeline. A Capital plan is about decisions and budgeting.
- **Capital repairs/works/projects** refers to specifics projects completed under the umbrella of capital planning;
- **Retrofit/capital renewal** refers to comprehensive renovations to extend the life of your building.

The terms above all refer to capital assets - that is, tangible things you own with value. The term "capital" here has its basis in accounting and finance, but you can think of it as referring to tangible assets that have value and can be bought, sold, and financed.

It is important to **distinguish between capital repairs and day-to-day property maintenance.** Property maintenance refers to the day-to-day repairs carried out on a property. Maintenance forms part of your organization's operations, and is paid for through your operating budget, whereas capital works are budgeted and tracked separately. Most housing-providers will set a cost threshold to define the difference between capital works and maintenance; this is often $5000 or $10,000 (as in, projects costing under $XXXX are maintenance, whereas projects costing over $XXXX are capital works).

This definition is often laid out in an organizational policy. It may also be set out in a lease with an operating partner or a contract with a property manager; where your CLT is not directly carrying out property maintenance, it is essential that the differentiation between capital works and maintenance be clearly defined for all parties. However, while these two types of works must be accounted for separately, they should be considered together - for example, if you notice that a specific building component is regularly breaking down and needing repair (maintenance), it may be more economical to replace it (capital work).

Building Condition Assessments & Capital Plans

A Building Condition Assessment (BCA) is a report conducted on a building by a building science professional in order to understand the building's condition and to recommend capital works over a given period of time, typically 25-30 years. BCAs can go by different names in different contexts, including facility condition assessments, property condition assessments, or site condition assessments, but these all serve essentially the same function.

A BCA will:

- List elements in your building - these are all the parts of the building that could be repaired or replaced;
- Note the condition of all elements & necessary works (called liabilities)
- Give the replacement cost of building elements
- Provide dates and repeat intervals for replacement of elements

It is recommended that you get a new BCA every five years, and that you get your first BCA once your building is 10 years old.

If you are acquiring an existing building, funders will typically require that you get a BCA - and even if they don't, you should get one anyway as there may be significant works needed on the building that will impact the feasibility of your planned acquisition. Depending on the necessary works identified in the BCA, it may be possible to negotiate a price reduction with the seller. It is very important to have a professional conduct the BCA and to have someone with capital works expertise review it as the results of the BCA can have massive implications for the success of your acquisition. **Do not acquire a building your CLT will not be able to maintain in good condition!**

BCAs are sometimes confused with capital plans. A BCA is not a capital plan, but it is a key input for your capital plan. The capital plan itself will combine building information from the BCA (and sometimes other reports) with information about your organization's finances and capacity in order to create a costed and prioritized plan to carry out capital works.

The **capital plan** is the main output of the capital planning process and is a 5-10 year plan for a specific building, including a prioritized timeline of works and expected expenses and funding sources. The capital plan should inform your capital budget each year, which is a budget for expenditures on physical assets and related revenues/funding sources.

Funding Your Capital Plan

Capital planning is all about aligning building works with funding. Finding that funding is therefore essential.

A **capital replacement reserve** (CRR) is a separate pot of money built up gradually through contributions from a given property's operating revenues. It is essentially savings for a rainy day. The CRR contribution is usually set as a percentage of a project's gross annual revenue and it can range, typically from around 4-8%, depending on the building condition. The contribution for your CRR is both informed by and will inform your capital plan. When you are acquiring an existing property, you are starting with no reserves - it is therefore very important to think about building up your reserves in case major capital works are needed in the short/medium term.

Housing providers often **invest their capital reserves**. This is a way of ensuring your savings keep up with inflation, rather than lose value over time. There are of course risks involved with investing and it is important that you get good advice, from both capital planning and financial planning experts, to ensure you are investing responsibly and aligning your investments with your buildings' needs, both short- and long-term. Many non-profit housing providers invest with Encasa Financial, which is owned by the community housing sector. Whatever investment options you choose, you should ensure your investments are aligned with your CLT's values.

Even if you carefully build up your reserves, they may not cover the full costs of your necessary capital repairs. As a result, your CLT may need to seek out other sources of funding. Typical sources of funding for capital repairs include:

- Traditional loan financing from banks or credit unions;
- Public sector or foundation grants (often tied to delivering environmental, affordability, and/or accessibility outcomes);
- Public sector financing;
- Donations;
- Mortgage refinancing (typically a last resort).

Note that some rental acquisition funding programs may include additional funding for capital repairs. Explore these options when planning your acquisition project.

Procurement & Capital Planning Policies

Once you have your funding in place, you need to scope your capital works, and then find someone to carry out the works.

A **project scope** will usually require the BCA, your capital plan, and relevant budget information. The scope simply details what works need to be carried out. You may be able to create the scope internally if someone on staff has the necessary capacity and experience; however, some more complex projects, including ones requiring permits or drawings, will likely need an architect or engineer to be contracted for the scope. It is important to ensure the scope is sufficiently detailed so that bids are consistent and respond to the project needs.

Once you have the scope, you can get into **procurement**, which is the process of selecting and engaging suppliers for a given project. The procurement process you follow will typically be more formal and involved for projects with a larger monetary value, given that you have more to lose and there is more risk involved. Formalized processes for granting contracts is important to ensure you get value for money and to avoid real or perceived conflicts of interest or corruption.

The most common forms of procurement processes are:

- **Direct award:** usually used for very small projects where you already have evidence of the chosen contractor's qualifications;
- **Request for Quotations (RFQ):** usually for mid-sized projects, where contractors submit quotations and an overview of proposed works in response to an open call detailing your project requirements and scope;
- **Request for Proposals (RFP):** usually for larger projects, similar to RFQ but more information is required of contractors and the process for reviewing proposals is typically more formalized.

You should develop a procurement policy that will set out the processes used for different sizes and types of works.

You can find more information on project scoping and procurement in our guide, Capital Planning for CLTs: Lessons from Parkdale Neighbourhood Land Trust.

Capital Planning & CLT Values

As CLTs, it is important to approach capital planning through the lens of CLT values. Below we highlight some ways that CLT values can be incorporated into your capital planning processes.

Meaningful Community Engagement

Capital repairs are an opportunity for relationship-building with your CLT's tenants. This is especially crucial in the context of a recent acquisition as your first significant connection with a tenant may be when you plan and carry out a capital repair in their unit. There are ways to incorporate tenant and community feedback into your capital plan which can improve both tenant satisfaction and project success. For example, you can solicit tenant input on project scopes; or you can engage tenants earlier through tenant/building committees to help prioritize works.

Responsible Stewardship & Permanent Affordability
Capital planning is essential to ensure you can maintain your asset as affordable and accessible for the community in perpetuity. Responsible stewardship may also involve planning for growth - CLTs are accountable to not just current tenants but their broader community, and thinking long-term can help you identify possibilities to intensify, redevelop, or otherwise improve your properties.

Being a Better Landlord
Capital planning is an area to demonstrate the value of the CLT as opposed to traditional landlords. Beyond soliciting tenant input on projects, you can provide exceptional tenant support by minimizing disruption to tenants during works, and by providing great support when relocation/disruption is necessary. By creating a tenant impact policy and working associated costs into project budgets, you can improve your buildings without unnecessarily inconveniencing tenants.

Maximizing Social & Environmental Outcomes
Capital projects are major expenditures and as a result, they provide an opportunity to strategically direct your CLT's resources for further community benefit. They are also an opportunity for delivering additional benefits through your buildings - for example, carrying out energy efficiency retrofits, improving accessibility, improving tenant quality of life, etc. CLTs often use social procurement to strategically direct funds for major projects to companies that deliver additional benefits to their communities - learn more about social procurement in this guide.

Working Collaboratively
CLTs often do not manage properties unilaterally, but in partnership with a non-profit/co-op or by contracting a property manager. As a result, it is essential that all parties work collaboratively, share information, and ensure clarity about the division of responsibilities. While this can be challenging, this collaborative approach also enables all parties to focus on their areas of expertise - for example, a CLT may specialize in capital planning, but work closely with their property manager to understand the condition of building elements and identify key capital works for the building.

5.2 CLT Operating Models

CLTs take a wide variety of approaches to operate their properties. In this section, we will refer specifically to operating models for rental housing owned/stewarded by CLTs as housing comes with specific operating considerations; however, these models and logics can be applied to other land uses as well.

Operating Model Options

When we say "operating model," we refer to the range of processes, agreements, and partnerships used to carry out the day-to-day operations of CLT-owned residential properties.

Operating rental housing is complicated, and acting as a residential landlord comes with risks, both for your tenants, your property, and your CLT's sustainability. The tasks and responsibilities involved in owning and operating rental housing include:

- Rent collection & arrears management
- Handling general tenant inquiries
- Managing tenancy changes
- Managing rent subsidies, where relevant
- Responding to maintenance requests &

conducting preventative maintenance
- Preparing units upon turnover
- Coordinating contractors
- Ensuring regulatory compliance, including fire safety
- Carrying out annual property budgeting
- Producing financial statements
- Managing accounting for building expenses and revenues
- Conducting regular BCAs & carrying out capital repairs as needed
- Financial planning to ensure building sustainability
- Considering major building changes, including retrofits, redevelopment, intensification
- Managing relationships with tenants, neighbours, and community partners
- Including tenants in property/organizational decision-making
- Managing financing, including mortgage reviews
- Ensuring compliance with funding agreements

* This list does not include any additional support services you may provide to tenants, or other building-related programming.

As a CLT, you may choose to carry out all the activities listed above yourself; you may lease to an operating partner who will carry out the majority of the day-to-day activities; or you may carry out some activities while contracting a property manager to carry out others. These options, and a few sub-options, are explored below.

Lease to Operating Partner

Your CLT may choose to **lease** your property to an operating partner. A lease is a contract that gives a person or entity the right to use a given property in specified ways for a given period of time, in exchange for payment. By leasing a residential property owned by your CLT, you delegate certain responsibilities for the day-to-day operations of that property (including the housing it contains).

You can specify any division of responsibilities in your lease, as long as the operating partner is in agreement. However, in most situations the operating partner will typically handle the day-to-day landlord responsibilities, including tenancy services, property maintenance, and admin & finances related to operating costs and revenues. The CLT will typically handle capital planning & long-term stewardship considerations, community & tenant engagement, and all long-term financial and legal responsibilities.

The benefits of this approach include that:
- Both partners can specialize and focus on their area of expertise (i.e. the CLT focuses its energies on long-term planning while benefiting from the operating partner's experience managing housing);
- The CLT doesn't have to build a property management team from scratch, which can be costly, time-consuming, and risky;
- Building tenants receive services from non-profits experienced in tenant supports, maintenance, and rent subsidy management.

Challenges of this approach include that:
- The CLT may receive less revenue as they typically will not directly collect rents, making this approach more challenging for the CLT's financial sustainability;
- Significant coordination and strong communication is needed between partners to ensure maintenance and capital planning are complementing each other, rather than being considered in silos;
- There is potential for values-related conflicts between partners, for example when it comes to situations one partner believes warrants an eviction.

Lease to Housing Co-operative

Similar to the leasing model noted above, CLTs can lease their land to a housing co-operative, which then operates in largely the same way as any other housing co-op. Under such an arrangement, the co-op might be responsible for managing membership & waitlists, carrying out co-op member engagement and education events and programming, managing day-to-day maintenance, and collecting housing charges (i.e. co-op rents).

As the landowner, the CLT will typically handle capital planning & long-term stewardship, community & tenant engagement, and all long-term financial and legal responsibilities.

Benefits and challenges of this model are similar to the Lease to Operating Partner model. The democratic nature of the housing co-op means it is likely to be compatible with the landowning CLT's values, but the more diffuse decision-making approach may lead to greater coordination difficulties.

Sub-leasing Where CLT is Lessee

In some cases, the CLT doesn't own the land they steward - they instead hold a long-term lease, typically with the municipality, province/territory, or federal government. Every such arrangement will look a bit different, but the arrangements the CLT then makes with any further partners/operators are not significantly different from the other operating models outlined here.

Benefits of this approach include that it usually comes with other public sector support and benefits. However, a key challenge is that as the CLT does not own the land, it is limited in its ability to build equity through the property; the long-term future of the property, and the role of the community voice in its stewardship, is also not guaranteed under the lease model. Even if a current government intends to extend a lease, changes in government may put the future of the project in jeopardy.

Contract Property Manager

CLTs can enter into a **contract with a property management firm** to provide property management services. CLTs typically choose this option because there is no appropriate non-profit provider to partner with, because they want more direct control over property management than a lease model would allow, or both.

At a high level, the property manager's (PM) responsibilities look a lot like those of an operating partner with a lease; but the property manager (PM) will have less accountability for the future of the building, and less of a stake in the building's success, than would an operating partner with a long-term lease and a mission-related commitment to building tenants.

Under this model, the CLT still needs to spend significant capacity overseeing the PM, although creating clear policies and ways of working can decrease this load over time. The PM will typically collect rents on behalf of the CLT; the CLT gets the rental revenue and pays the PM as per their contract.

Benefits include that the CLT receives more direct revenue for CLT operations, and the CLT can have a direct say in building operations without having to build up a full property management team internally. Challenges include that this approach does still require significant internal capacity from the owning CLT, and it is easy for conflicts or coordination issues to arise between the CLT and PM when duties and decision-making processes are unclear. A private PM firm may also not have clear values-alignment with the CLT.

Own & Operate

Like other non-profits housing providers, CLTs can directly operate their own housing, carrying out all operations themselves. The benefits of this approach include that they have full control over the property and the ability to ensure services are provided in line with CLT values; they also have more opportunity for direct relationship-building with tenants, they can consider maintenance and capital planning in conjunction rather than in silos, and they receive the full project rent revenue to use as they see fit.

Challenges include the high costs and potential inefficiencies involved in starting a property management team from scratch. It may also be more difficult for a new CLT to get funding for a self-operated project, if funding is contingent on operating experience. Choosing this model may also distract from other CLT priorities, including ongoing growth and strategy, leading to mission drift.

Considerations When Selecting an Operating Model

CLT Capacity & Operations Considerations
Examine current staff capacity and experience, consider the implications of different models on operating revenues and operating costs, and ask yourselves:

- **Will you need to hire more staff?**
  - If your CLT is taking on new properties, more staff will likely be needed in any case. However, a lease approach may require the least increase in internal staff.
- **Do existing staff have the expertise and capacity to determine who to hire and how to structure roles?**
  - If you are looking at building out your own property management team, you need someone experienced in housing operations to support the scoping of those roles and the structuring of the team.
- **Does existing management have the capacity to oversee newly hired staff?**
  - Again, if your chosen approach will require a significant increase in staff size, consider who the staff will report to and whether you have the capacity at higher levels to effectively manage the new staff.
- **How will the chosen operating model impact your operating revenue?**
  - Typically, the more hands-on your CLT is in operations, the more revenue you will keep within the CLT.
- **How will the chosen operating model impact your operating expenses?**
  - Operating expenses are dependent on a lot of factors, including tenant needs and building specifics. However, generally a non-profit housing provider you lease to will have higher operating costs than a property management company. These costs may be worthwhile as they may indicate greater tenant care, more values-aligned practices (i.e. unionized staff, living wages, or greater staff benefits); but they may also be too great for your property to sustainably bear.
- **Can you continue this model sustainability in the medium- and long-term?**
  - It is important to carry out business planning to understand how the revenues and expenses associated with your chosen or potential operating model will impact your CLT's sustainability. Maybe you need significant building revenue as grants and donations cannot cover necessary staff costs sustainably; or maybe building out an internal property management team will be more costly to your CLT than hiring a property manager.

CLT Values & Strategic Objectives
Consider your CLT's values and strategic objectives, and ask yourselves:

- **How does your chosen model enable your CLT to remain accountable to your community?**
  - Your CLT is establishing its importance and commitment to its community through the responsible long-term stewardship of its buildings. Consider to what extent outsourcing property management will impact your CLT's ability to be directly accountable to

your community and stakeholders.

- **Are any potential models incompatible with your values?**
  - Your CLT may value a radical grassroots approach, meaning existing property managers and non-profit housing providers may not be aligned with your values or able to operate your properties in line with those values.
- **Will the chosen operating model take focus away from other priorities, like ongoing growth or community planning?**
  - If your CLT chooses a model that involves putting significant capacity towards property operations, consider how this might impact your ability to continue to grow and acquire/develop further properties in your community.

Availability of Appropriate Partners

If you are considering an operating model that involves working with a partner organization, consider the following:

- **Are there willing operating partners in your area?**
  - Considerations for operating partners may include your project's proximity to their other properties, property size, their tenant tenant population compared to your property's tenant population, and the partner's capacity and growth priorities.
- **Does a willing operating partner also have experience with your chosen tenant population?**
  - There may be no operating partners with experience serving the population your CLT is geared towards.

Funder Preferences & Eligibility

A final consideration is funder preference and funding eligibility. Most housing development or acquisition projects will require government funding in some form, and different funders will have different priorities and eligibility criteria.

Acquisition funding programs tend to prioritize experienced operators, meaning a lease model where you partner with an experienced non-profit may be the most beneficial. However, other funders may not understand the lease or property management model, and may be most familiar with the own-operate model used by traditional non-profit housing providers.

As the land owner, no matter which arrangement you choose, you will have the ultimate responsibility to ensure your property is managed in line with any funding agreements.

Disclaimer

This guide is intended as a starting place for information and resources at any stage of the CLT process. It is not meant to be exhaustive of all of the possible paths a CLT can take, as the path will vary depending on the community, the context, and the focus of the organization. Should you have further questions or want to dive deeper into any of the topics of the guide, please reach out to CNCLT through our website.