

# Risk Register

Draft: October 14th 2013

## Semiahmoo House Society: Affordable Rental Housing Project

Risk ID	Timeline Phase	Risk Event	Trigger / Root Cause	Consequence on Project Performance	Risk Probability	Risk Impact				I Score Total Risk Impact	Risk Ranking P score x I score
						Scope	Schedule	Budget	Org.		
1	2A. Pre-Rezoning	A possible, unplanned change to the project that has a potential impact to scope, schedule, budget or SHS	Describe why the risk event would occur.	Describe the consequences should the risk occur in terms of scope, schedule and budget.	P Score Probability of risk occurring (5=High, 1=Low)	Impact of the risk if it occurs (3=High, 1=Low)				I Score Total Risk Impact	P score x I score
1	Pre-Rezoning	Cash flow shortfall	Vancity doesn't provide additional \$100,000 on top of the \$200,000 already committed	Strain on cash flow which could mean additional funds needed from SHS or delay in completion of work	1	1	1	3	1	6	6
3	Pre-Rezoning	Development Cost Charges (DCCs) and other fees have to be paid	City of Surrey doesn't agree to waive them	Impact on proforma that may require additional equity or reduction in number of units	3	1	3	3	2	9	27
4	Pre-Rezoning	CLBC grant not secured in pre-rezoning phase	CLBC does not confirm whether or not they will provide a grant at this stage of the project	Greater uncertainty on funding. Cost of rezoning phase may be at greater risk.	5	1	3	3	1	8	40
5	Pre-Rezoning	BC Housing grant not secured in pre-rezoning phase	BC Housing refuses to confirm whether or not they will provide a grant at this stage of the project	Greater uncertainty on funding. Cost of rezoning phase may be at greater risk.	5	1	3	3	1	8	40
6	Rezoning	Community opposition to project: density, traffic, etc	"Not in my backyard" attitude.	Potential to prevent rezoning application from getting approved	3	3	3	1	2	9	27
7	Rezoning	Rezoning application is not granted	City Council opposes proposed project	Project either refines idea, design and application to re-apply, or stops completely	2	4	4	4	2	14	28
8	Rezoning	CLBC grant denied	CLBC confirms they will not provide any funding for this project	Impact on proforma that will require additional equity from another source	3	1	3	4	3	11	33
9	Rezoning	BC Housing grant denied	BC Housing confirms they will not provide any funding for this project	Impact on proforma that will require additional equity from another source	2	1	3	4	2	10	20
10	Rezoning	Relaxations in addition to rezoning are not granted	Staff/City Council opposes proposed relaxations	Slight amendments are made to the design, potentially reductions in number of units or overall square footage	1	3	2	3	1	9	9
11	Rezoning	Not enough funding/equity to secure construction financing	Could be a combination of various things including reduced grants or no pre-signed long-term leases	Project is delayed until further funding can be confirmed	2	2	4	3	2	11	22
12	Pre-Construction	Change in law or building code	Municipal or provincial regulation is amended prior to granting of BP	Delay in securing BP possible additional costs to upgrade to new compliance standards	1	2	2	2	1	7	7
13	Pre-Construction	Higher construction financing rate	Fluctuation in interest rates between now and time to commit to construction financing	Impact on cash flow that may require additional equity to cover additional construction loan costs	2	1	2	3	1	7	14
14	Pre-Construction	Delays in timing	Rezoning and building permit approvals take longer than expected	Schedule delay, potential opportunity cost in terms of securing trades or materials. Additional carrying costs.	2	1	3	2	1	7	14
	Pre-Construction	Site adequacy & geotechnical risk	Ground conditions are problematic or unable to support planned structure	Remediation is required presenting additional costs or a schedule delay	2	2	2	3	1	8	16

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	1. Business Plan 2A. Pre-Rezoning 3. Pre-Construction 4. Construction 5. Occupancy	A possible, unplanned change to the project that has a potential impact to scope, schedule, budget or SHS	Describe why the risk event would occur.	Describe the consequences should the risk occur in terms of scope, schedule and budget.	<b>P Score</b> Probability of risk occurring (5=High 1=Low)	Impact of the risk if it occurs (3=High, 1=Low)					
15											
16	Construction	Interested residents lose interest or find somewhere else to live	Delays in construction timeline	Higher than projected vacancy rates which negatively affect cash flow	2	1	1	3	2	7	14
17	Pre-Construction	Modifications specific to residents is not provided for in design	Design team not appropriately aware of needs	Additional costs to have modifications included, or reduced desirability/marketability amongst clients	1	2	2	2	1	7	7
18	Pre-Construction	Conflicting views between families as potential purchasers and organizational values	Poor communication	Negative project reputation, reduced commitment to lease units, lack of trust for on-going SHS programs	1	1	1	2	4	8	8
19	Pre-Construction	Soil contamination	Unknown or past use of the site	Remediation is required presenting additional costs or a schedule delay	2	1	3	3	1	8	16
20	Construction	The number of long-term leases signed are lower than expected	Fewer interested buyers aware of the opportunity	Potential increase in equity requirements.	1	1	2	3	2	8	8
21	Construction	Cost overruns	Change orders due to changes in design/spec or inadequate plans/specs	Strain on cash flow, potentially more equity required to hold financing	2	2	1	3	1	7	14
22	Construction	Cost overruns	Increased materials costs	Strain on cash flow, potentially more equity required to hold financing	1	1	1	3	1	6	6
23	Construction	Cost overruns	Labour supply shortage	Strain on cash flow, potentially more equity required to hold financing	1	1	2	3	1	7	7
24	Construction	Cost overruns	Inexperienced contractor	Strain on cash flow, potentially more equity required to hold financing	1	1	3	2	1	7	7
25	Construction	Soft cost overruns	Unbudgeted fees incurred	Strain on cash flow, potentially more equity required to hold financing	1	1	1	2	1	5	5
26	Construction	Higher take-out financing interest costs	Fluctuation in interest rates between now and time to secure mortgage	Reduced operational profitability, potential strain on cash flow	3	1	1	4	1	7	21
27	Construction	Delays in completion	Delays in construction process due to weather, labour, process or delivery of key materials	Increased financial and opportunity costs as well as potentially frustrated future residents	2	1	2	1	1	5	10
	Construction	Initial lease up of apartments is prevented or slowed down	Residents aren't able to secure their own financing and/or support from CLBC	Higher than projected vacancy rate which negatively affects cash flow	3	1	1	4	2	8	24

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28	Construction	Materials or labour shortage. Time delays.	Strike	Delay and possible increased costs	1	1	3	3	1	8	8
29	Construction	Technology outdated	Superior technology introduced to market since design	Building completed with designed technology that is not "leading edge" or significant additional costs to upgrade	3	1	1	1	1	4	12
30	Construction	Contractor default	Contractor or significant subcontractor goes bankrupt	Major schedule delay, additional costs to administer the process of finding another contractor and potentially significantly more costs due to an increase in contract price	1	1	3	4	2	10	10
31	Construction	Design risks	Problems with the design become apparent in construction process and require modifications	Possibility for schedule delays and cost overruns - dependent upon nature and severity of problem	1	2	2	3	1	8	8
32	Construction	Unforeseen ground conditions	Impactful conditions that were not able to be detected prior to construction	Remediation is required presenting additional costs or a schedule delay	1	2	2	2	1	7	7
33	Construction	Tax risk	Change in calculation of taxes (e.g. cancellation of HST)	Possible increase in administrative costs	1	1	1	2	1	5	5
34	Construction	Earthquake	Natural disaster	Project partially or completely destroyed	1	1	3	2	3	9	9
35	Construction	Flood	Natural disaster	Project partially or completely destroyed	1	1	3	2	3	9	9
36	Construction	Liability of damaging neighbouring properties	Accident, negligence or otherwise from contractors on site	Negative media attention or damage to reputation. Possible associated costs depending on the nature of the incident	2	1	2	2	2	7	14
37	Construction	Contractual liability	Improperly drawn up contracts	Dispute with contractor causes delays, poor work or additional costs	2	1	2	2	2	7	14
38	Occupancy	Residents are delayed in moving in	Delay due to deficiencies including commissioning	Negative project reputation, reduced commitment to lease units, lack of on-going trust towards SHS	2	1	2	2	2	7	14
39	Occupancy	Higher than expected operating costs	Costs are higher than budgeted	Strain on cash flow, potentially more equity or higher level of financing required	3	1	1	3	2	7	21
40	Occupancy	Higher than expected vacancy rates	May be caused by a variety of triggers	Difficulty in signing up new tenants, negative reputation and ultimately a strain on cash flow	3	1	1	4	2	8	24
41	Occupancy	Resale/re-rent ability and/or value restricted	Resident specific modifications	Negative affect on agreement to long-term lease units, lack of willingness amongst clients or their families to take on the risk of resale	2	1	1	1	3	6	12

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42	Occupancy	Resale ability and/or value restricted	Requirement to keep balance of types of residents in the building	Negative affect on agreement to long-term lease units, lack of willingness amongst clients or their families to take on the risk of resale	4	1	1	3	3	8	<b>32</b>
43	Occupancy	Resident safety is not adequate	Security systems not properly designed	Serious implications for residents, major negative impact on the reputation of the building and SHS	2	1	1	1	4	7	<b>14</b>
44	Occupancy	Higher vacancy rates among rental units	Strict and visible security measures deter other residents	Difficulty securing market rent tenants	1	1	1	3	3	8	<b>8</b>
45	Occupancy	Rental income is not adequate to cover operational costs	Rents set too low & constraints/inability to increase them to required levels	Strain on cash flow, potentially more equity or higher level of financing required	3	1	1	3	3	8	<b>24</b>
46	Occupancy	Refinancing risk	Renegotiated mortgage terms at end of initial mortgage term could be more expensive	Strain on cash flow	3	1	1	2	1	5	<b>15</b>
47	Occupancy	Increased operating costs	Building deficiencies that show up after warranty	Potential for additional costs, or negative impact on reputation	3	1	1	2	2	6	<b>18</b>
48	Occupancy	Insufficient capital reserves	Shorter lifespan on building materials and systems	Strain on cash flow, potentially more equity or higher level of financing required	2	1	1	3	2	7	<b>14</b>
49	Occupancy	Failure of demand	Nobody wants to live in this type of facility at the set pricing levels	Negative cash flow continuously would require changes to pricing, tenant mix or other requirements of the building	2	1	1	4	3	9	<b>18</b>
50	Occupancy	Higher vacancy and/or reduced rents	Other purpose-built rental buildings targeting the same population open or are announced	Increased competition puts pressure on price, service and quality offering	1	1	1	3	1	6	<b>6</b>
51	Occupancy	Financial stability of residents	Government funding programs are cut or changed with detrimental affect to those it served	Increased vacancy, strain on cash flow or difficult decisions to be made in terms of rent levels	2	1	1	3	2	7	<b>14</b>

# Probability

	<b>Description</b>	<b>Description</b>
5	Almost Certain	Event is almost expected to happen. Almost everyone has seen or heard about this happening similar projects.
4	Likely	Event is common to this type of project. Most people have seen this happen before or have heard about this happening on similar projects.
3	Possible	Many people have seen or heard about this happening on a similar project.
2	Unlikely	Many would be relatively surprised if this event were to occur. Few have ever heard about this risk happening on a project.
1	Remote	Most have never seen this risk realized or even heard about it on a similar project.

# Impact

Score	Description	Description
3	High	High severity event, major implications
2	Moderate	Medium level of disruption and consequences
1	Low	Minimal implications