

# Role of the Development Manager in Social Purpose Real Estate

The Development Manager is a critical early position to fill in any social purpose real estate project. Different than the Project Manager who will manage all aspects of the project along the way, the Development Manager helps pull together the early team of professionals (from architects to planners to engineers and market consultants to environmental consultants and lawyers) to address the issues – financial, environmental, political, physical – that will need to be thought through to take your idea from a vision to a shovel ready project. Good Development Managers will help point out pitfalls and avoid (most) costly errors, and for not-for-profit partners, can also help skill up your board of directors and senior leadership to take on a large real estate project. By working together, the NFP and the development manager are a team that translates the organization's vision into reality.

## **The duties of a Development Manager typically include some or all of:**

- overseeing the preparation of development/concept plan
- undertaking market need/demand analysis (market research); the NFP may already have some of this from its programming work.
- identifying, evaluating and assisting with property acquisition; the NFP may already own land or be receiving a bequest or a gift of a City amenity
- assisting with project design (from market and budget perspectives)
- preparing capital and operating cost budgets
- assisting with zoning/rezoning and other approvals
- preparing applications to CMHC and/or BC Housing or other funders
- helping prepare marketing materials and coordinating marketing/application processes
- preparing financing application to investors and lenders, and helping negotiate terms
- helping design a transparent procurement process and construction contract
- may assist with monitoring and reporting on construction costs (but this may transfer to the project manager)
- ensure a plan for property management is in place (again, may transfer to project manager)

## **Developing a RFP for a Development Manager for project conception**

Early in the dream of a real estate project, a NFP partner should issue a request for proposals from three potential development managers. The RFP should describe:

- vision for the project – what you dream of doing
- short background on your NFP – why this is on mission for you
- assets you already have – land you own, amenity you have negotiated, funds you have saved
- what discussions you might have already had with the municipal government or any other level of government
- what talents exist in your senior staff and your board of directors to help with this project
- any timelines that you think are important (Is your lease up soon? Is there a funding program you are aware of?)

At this early stage, you want to find a Development Manager to help you conceive the project and break it into chunks. Who you choose here must be a good fit for your mission, your competencies and inspires your confidence. You can offer a small contract (i.e. \$10k inclusive) and ask the respondents to the RFP to indicate what they will do of the list above to get you started on the development path. Of course, they won't do all of the above – it's a just a small contract for them to help you get started on the project.

*These worksheets are meant to provide introductory information and are not to replace the assistance of hired consultants and professionals.*

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You can also specify that the awarding of this initial contract is not a guarantee that either (1) the project will proceed – some early work by a Development Manager may tell you to stop in your tracks or (2) the Development Manager chosen for this first work will become the Development Manager of record for the project. You can mark the RFP confidential and say you will accept responses in confidence as well.

Send your RFP to three or more Development Managers for possible responses. Set a deadline for submissions, and if a Development Manager asks for more information (such as your financials or annual reports for the past few years, take this as a good sign).

You'll likely get varied responses, and they may be hard to assess relative to each other. The most important things to consider are:

- track record (have they worked with NFPs before, can they point to past projects?)
- your sense of how they would work with you – would they treat you as a partner?
- your understanding of what they are saying – they should be trying to build your capacity and acumen while doing their job.

You'll want to interview some or all that respond. The interview should be in a panel format, and include someone from the Board as well as the Executive Director and the CFO (or whomever is the most senior person responsible for finances).

### **Signing the contract with your chosen Development Manager**

It is perfectly reasonable for you to ask your chosen Development Manager to draft a contract with you for the services she or he has proposed they do. They will have done this before, so let them build on previous work. But, reserve the right to review and amend the contract. In particular, ask the Development Manager to detail all costs, so you aren't surprised later by unbudgeted "disbursements" or *per diem* or travel costs. It's also perfectly reasonable to issue the contract as an all-in, fixed price contract at this stage. Make sure you include a clause for early termination of the contract for either party, if it turns out you really don't like working together. Ask the Development Manager for a sample of a clause. And then, add in timelines that make sense to you, given how you'll be working with your Board, etc. A Development Manager that has worked well with NFPs in the past will understand this.

After this first piece of work with a Development Manager, you should be starting to have a blueprint for how your project will proceed, and what next steps you need to take, including starting on a capital campaign and hiring a Development Manager for the project. Don't hesitate to reach out to other NFPs you may know that have gone through a real estate project; they will be good mentors and coaches to you along the way. And make sure that the person inside the NFP that has the responsibility for shepherding this project has the time in their role to work on this; it's a big job.

**Need more guidance?** Email [housing@vancity.com](mailto:housing@vancity.com) or [socialpurposerealestate@vancity.com](mailto:socialpurposerealestate@vancity.com)