

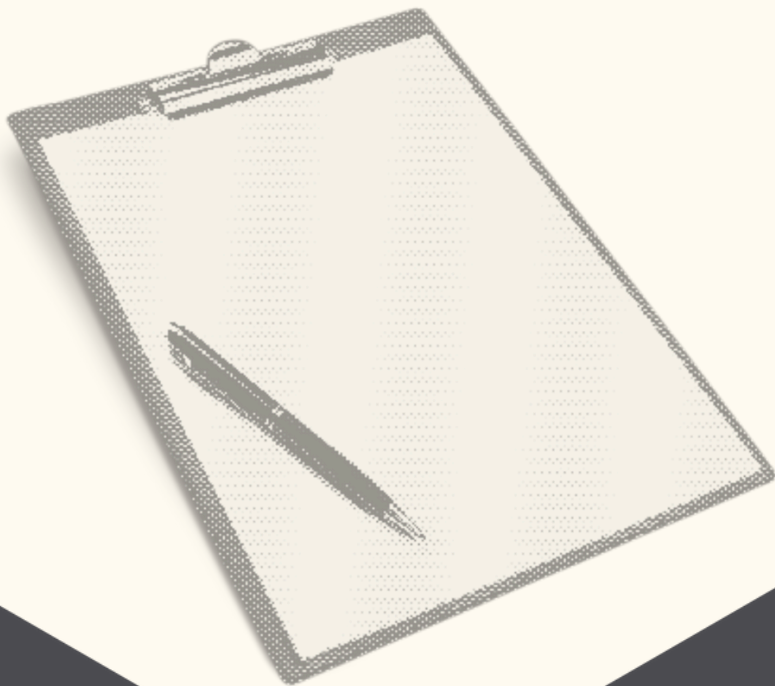


**Canadian
Network of
Community
Land Trusts**

Writing a Board Report for a CLT Acquisition Project

Suggested Outline & Best Practices

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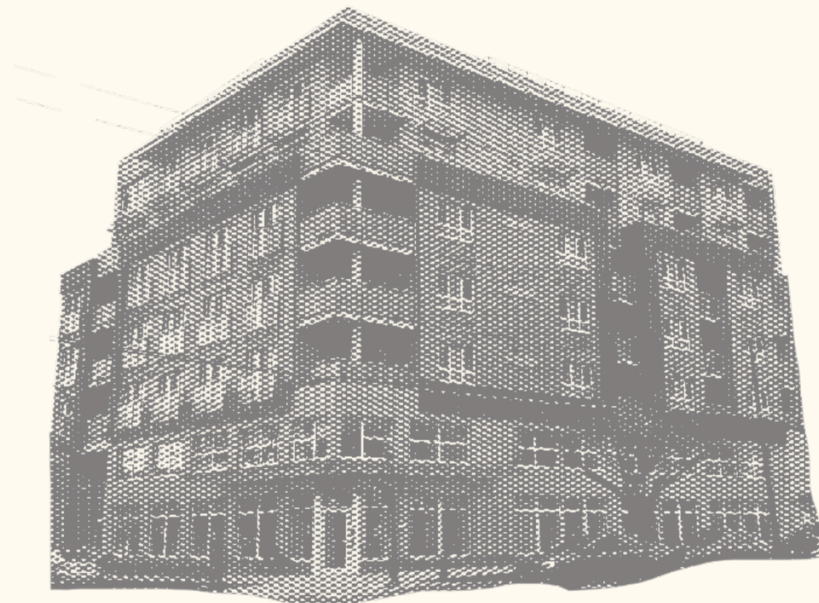


How to use this resource

This is a outline for a report CLT staff might provide to their Board of Directors when they are ready to secure an agreement of purchase and sale (APS) for a specific residential property and/or they are seeking Board input when deciding between multiple sites. Prior to moving forward with an acquisition, the Board should have agreed on priorities for the acquisition as well as a process and related policies. These processes will give CLT staff the direction they need to move the acquisition along while ensuring decisions come to the Board at the right time.

You will need to prepare reports for your Board of Directors at a few key points in the acquisition process. The template below can be adapted for other stages in the acquisition process because key property and financial information should be repeated; additional sections, like a section summarizing due diligence activity results, will need to be included as the acquisition progresses.

This template is based on a report template developed by the [Neighbourhood Land Trust](#) - thank you to NLT for letting us adapt it to share!



Report to Board of Directors - Proposed Acquisition of [ADDRESS]:

1. Executive Summary

Your board report will include a lot of detail that Board members should have access to, but do not necessarily need to fully absorb. An executive summary enables board members to quickly review the key information needed to make an informed decision. This section should be written last to ensure consistency with the body of the report; financial details will change frequently during the feasibility period of an acquisition.

Your executive summary will generally include some or all of the following sections:

- **The opportunity:** Here, you should summarize what you are proposing to the board - an overview of the property/properties in question, reasons for your interest, the timeline related to the project, and any key information about partners and funding opportunities (i.e., whether or not you are responding to a specific application window/request for proposals).

- **Sites of interest:** If you are still considering multiple sites, you should summarize and compare them here; a summary table is a good way to visualize key differences between potential properties. If you have decided on one site, a summary table is still helpful to visualize key information. This summary table should include things like property stats (number of units, rent levels) and key figures from your preliminary pro formas, including the selling price, the per unit cost, estimated capital works costs, proposed funding sources, and the debt coverage ratio (year 1 and 10).

- **Staff recommendations:** Here, you should summarize what staff are recommending and why. This section should include a draft motion for the board, which will typically include some of the following language, as well as proposed terms for the APS:
 - “The Board of Directors approves the following actions to advance the potential acquisition of [ADDRESS]:
 - Approve the execution of a conditional Agreement of Purchase and Sale (APS) for [ADDRESS], with a purchase price not to exceed \$[PURCHASE PRICE].
 - Delegate authority to the Executive Director to negotiate and approve the terms of the APS, contingent on a review by legal counsel.

- Authorize staff to undertake necessary due diligence activities, with expenses not exceeding \$[EST COST], upon receipt of a fully executed APS.
- Direct staff to prepare and submit a funding proposal to [FUNDING PROGRAM] for acquisition funding for this property.
- Delegate authority to the Executive Director to negotiate a Memorandum of Understanding (MOU) or equivalent agreement with [OPERATING PARTNER] to serve as the housing operator for [ADDRESS], contingent on the acquisition's completion.

2. Property Information - [ADDRESS]:

This section will be lengthy and should contain detailed information about the property you are proposing to acquire. If you are proposing moving forward with multiple properties, or if you are requesting input on multiple properties, you should repeat this section in full for each option.

2.1 Property Details

In this subsection, you should provide all relevant details about the site and the unit breakdown. This may include tables like the ones below, as well as one or two photos of the site and a map showing the property location.

Table #: Property Details

Municipal Address	
Lot Dimensions (ft)	
Number of Storeys	
Date of Construction (if known, or approx.)	
Heritage Designation (if any)	
Known Dates of Additions/Major Renovations	
Current Number of Units	
Parking Spaces (Cars/bikes, At/below grade)	
Total Gross Residential Floor Area (sq. ft)	
Average Rents (% of AMR)	
Approximate Annual Rent (\$)	
Acquisition Cost / Selling Price (\$)	

Table #: Current Unit Breakdown & Rent Levels

	[unit type - i.e. 1-bed]	[unit type - i.e. 2-bed]	TOTAL
# of Units			
Average Size (sq. ft)			
Rent Range			
Average Rent			
% of AMR			

2.2 Rationale for Interest in Acquisition

Here you'll discuss the reasons for interest in acquiring this specific property, as well as potential challenges the property presents. This section may be short if you are presenting multiple options, but it will likely be longer as the acquisition progresses and you have more detail about a specific property.

2.3 Proposed Housing Program

Summarize your intentions for the property in terms of current tenants and process for filling vacant units. Again, this section will be initially short but will fill out with more detail as the acquisition progresses.

2.4 Proposed Operating Model/Partner

CLTs take different approaches to operating residential properties. Here, you should provide detail on the proposed operating model, including which partner(s) you are proposing to work with and opportunities/challenges related to the proposed partnership option(s).

2.5 Due Diligence and Financing

This section will initially be short but you will add detail as a property moves through the due diligence process. Initially, you can simply summarize the steps involved in carrying out due diligence and securing financing, as well as the expected costs associated with each activity, as shown in the table below.

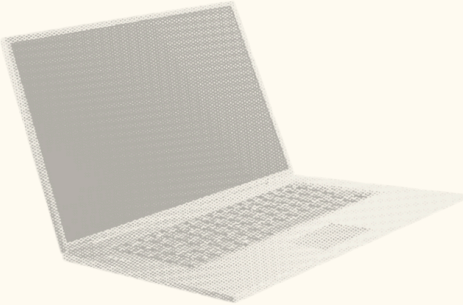
Table #: Acquisition and Due Diligence Steps and Timing

TASK	TIMING	LEAD	COST	STATUS
Letter of Interest to vendor Execute				
Agreement of Purchase and Sale				
Building Condition Assessment				
Designated Substances Study				
Electrical Inspection				
Market Appraisal				
Legal due-diligence				
Building package & pro forma to lender				
LOI from lender				
Funding program approval				
Confirmation letter from lender				
Waive conditions				
Closing				

2.6 Business Plan

This section will be primarily excerpts from the property’s pro forma and narrative explaining key takeaways from the pro forma. In particular, you should discuss and show:

- Anticipated acquisition and repair costs
- Anticipated contributions
- Debt servicing and operating projection



3. Conclusion and Recommendations

In this final section, you will summarize what you are proposing and the feasibility of the proposed projects, including key risks and other considerations. You may restate the recommendations to the Board, including the proposed Board motion and any related terms.

4. Appendix: Further Property Information

Your Board may not need to look into the original documents referred to in the report, but they should be able to access this further information if they are inclined. You should provide the Board with access to things like your draft pro formas, the rent and expense data provided by the vendor, and the listing information.



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**CATHERINE
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