New Co-op Development! Canadian case studies

WORKSHOP, NAHC ANNUAL MEETING, SAN ANTONIO, TEXAS

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Introductions

- Presenter/facilitator:
  
  Scott Jackson  
  Program Manager, National Communications  
  Co-operative Housing Federation of Canada  
  sjackson@chfcanada.coop

- Slide credits:

  Housing Alternatives, Harvey Douglas (WMSC), Darren Kitchen (CHF BC)
Introductions: now you!
Icebreaker

Adding only a single line, transform into a ‘6’

\[ \text{I X} \]

Hint: there are at least 2 different solutions.
Today’s Outline

- Intros
- The Case for Growth
- Background – co-ops in Canada
- Three recent case studies
- Future opportunities/challenges
- Dialogue – what can we learn from each other?
Your thoughts

What does “growth of our sector” mean to you?
Thoughts on Growth
Case for Growth

- There’s a need/market:
  - 3.3 million Canadians (1 in 10) in core housing need, housing costs in major cities are unaffordable
  - Similar situation in U.S. (25% of renters pay more than 50% of income on housing)

- Energize our movement, strength in numbers

- Co-op principles: (#1) Open Membership, (#4) Economic Independence

- ‘Blueprint for a Co-operative Decade’ International Cooperative Alliance - 2012
Background

- 2,300 housing co-ops in Canada
- 96,750 co-op homes in Canada
- 250,000 Canadians live in housing co-ops
- Housing co-ops represent a little over 1% of Canadian housing market
Most Canadian co-ops were developed with federal assistance from the Canada Mortgage and Housing Corporation (CMHC)

Small number of independent ‘equity’ co-ops

Government funded co-ops become independent when they pay off mortgage (happening now)
History

1930-1960 – **Independent projects** by church, labour and credit unions

1966-1972 – Federal government funds several **pilot projects**

1973-1991 – Federal government launches **programs** to develop mixed-income housing co-ops, creating over 60,000 homes.

1986-1993 – More than 20,000 homes built through **federal/provincial co-op housing programs** in Ontario, Quebec and BC.

1993 - Federal government stops funding new affordable housing initiatives. **Co-op development stops**. Development companies disappear.
20 dry years – 1993 -2013

Sector spent 15 years trying to get government back to development
Then got fed up, started innovating:

- takeovers of failed social housing stock
- mergers, expansions
- land trusts
- partnerships
Case 1 - Unified Saint John Housing Co-op

Location: Saint John, New Brunswick
Population: 69,700
UNIFIED SAINT JOHN HOUSING CO-OPERATIVE
In 2012, nine small Saint John, New Brunswick, co-ops got together and realized they shared similar goals and values.

CHF Canada and Housing Alternatives helped the co-ops explore the benefits that come with economies of scale.

In December 2015, eight of the co-ops merged to become Unified Saint John Housing Co-op.

At 252 units and over 400 members – USJ is one of Canada’s ten largest housing co-ops.
Results – Merger Benefits

Financial savings
- decreased audit fees
- decreased insurance premiums
- bulk purchasing options
- group tendering
- contracts e.g. snow removal, lawn care
- decreased risk – vacancies, arrears
Results – Merger Benefits

Stronger governance

- Increased interest in leadership roles
- Prevention of board member burn-out
- Increased involvement
- More access to time and/or funding for education
- An increase of new ideas and direction for the co-operative
- A ‘new start’
South City Housing Co-op (45 units)
- Heritage Preservation Area
- Aging Buildings
- Inadequate Replacement Reserves
- Take Down of 30 Units
- Expiry of Operating Agreements
- Changing Demographics

Jenny’s Spring Housing Co-op (25 units)
- Structural Issues
- Aging Buildings
- Expiry of Operating Agreements
- Changing Demographics

North End Family Housing Co-op (21 units)
- Priority Neighbourhood
- Derelict/Dilapidated Buildings
- Vacant Land
- Expiry of Operating Agreements
- Changing Demographics
Opportunities

- Workout Funding/Projects in Difficulty
  - Housing Authority

- Aging Housing Stock
  - New Housing Units
  - Land Availability

- End of Operating Agreements
  - Scale of Unified Saint John Housing Cooperative
Partnerships

Land Bank Committee
- Private Developer
- Real Estate Agent
- Community Developer
- Municipal Planner
- Habitat for Humanity
- Local Member of Parliament
Expansion of Existing Projects

JENNY’S SPRING HOUSING CO-OP – 12 UNIT (JUNE 2012)

SOUTH CITY HOUSING CO-OP – 21 UNIT (APRIL 2009)
Victoria Commons

- Previous streetscape
Victoria Commons

- Proposed streetscape
Case 2 - Western Manitoba Seniors Co-op

Location: Brandon, Manitoba
Population: 48,850
Why Brandon?

- The City of Brandon’s population in the 2016 Census was 48,859, a 6.1% increase from the 2011 Census.
- Brandon’s growth has kept pace with the fastest growing cities in Canada.
- Predominantly due to relocation of Maple Leaf Foods plant to Brandon.
- Seniors and many others squeezed out of housing in Brandon due to rising housing costs.
What Happened?

• The need for seniors housing talked about throughout community

• Held an open meeting with seniors to discuss housing—over 100 showed up

• Small group of people, personally driven by a dream to create affordable housing for seniors, served as champions

• City was engaged and agreed to provide land at no cost, capital grant and property tax credits

• Learning the co-operative model took a great deal of time but funding model and benefits of empowering residents, well worth it
Living God, architect and builder of all things, You have given us a task of being a sign of your love, and building a place we can call home.

Following the wisdom of your Presence, we have set about to provide co-op housing for seniors.

We seek your wisdom and guidance for the consultants, the Board, the manager and all other members. We seek your help in securing the necessary resources to complete The task you have given us.

May our work serve to help the people of Brandon & Westman to find safe, secure, comfortable & affordable housing. Amen
Construction Starts March 2012

Federal MP Merv. Tweed, MP, provincial MLA Drew Caldwell, and Brandon Mayor Shari Decter Hirst at Sod Turning Ceremony.

Board of directors on site March 2012 to watch the start of construction.
Occupancy Permit issued March 2013

- Manager John MacLellan welcomes one of the first people to move in.
- Keys are ready for distribution to all new residents.
- There have been no vacancies.
- The waiting list grows longer every day.
Financing and affordability

• Share equity runs from $17,900 to $23,900
• Shares may be owned by an outsider and assigned to a Senior family member: Mother, Grandmother, Brother, Sister, Great Aunt, etc.
• The City of Brandon purchased three shares and assigned them to individuals with very low income and no savings.
• Six suites are offered provincial rent supplements for lower income citizens.
(Financing continued)

Member share capital $715,600
Federal seed funding $10,000
City affordable housing grant $293,000
City land grant $154,885
1st Mortgage Westoba Credit Union $2,625,487
Provincial affordable housing loan $2,032,201
Total project cost $5,831,173

Municipal taxes 2014 of $28,273.00 per year

- The city of Brandon has gained a Legacy of Affordable, Accessible, Safe housing for Seniors that will become more affordable as housing costs increase. The members shares do not increase.
Details

- 34 suites
  - 12 one beds, and
  - 22 two bedroom
- Average age of residents is 80 yrs
- First housing co-op to be built in Manitoba using an unequal share equity model
- Building is super insulated – walls at R27 vs. R20 per code and roof at R50 vs R40 for code
  - Electric and gas bill was $24k for entire year!
- The recycling program diverts over 50% of the garbage. The Aluminum cans are sold raising over $100 per year for Social Activities.
Would you enjoy a view like this from your front room? We do!
Life is Always
Interesting at 620!

Christmas visitors – Grade 5&6
Halloween door shelf decorations

Food donation for Samaritan House.
Birthday Celebrations
Fresh Tomatoes
Enjoying the gardens and maybe some apples
And the thrill of what is coming at 2105 Brandon Ave!
Case 3 - Fraserview Housing Co-op

Location: Vancouver, British Columbia
Population: 647,500
THE CHALLENGE OF SCALE

- 262 non-profit housing co-ops
- About 15,000 homes

- 600 housing societies
- About 60,000 homes
WHAT IS A COMMUNITY LAND TRUST?

A community land trust is a non-profit organization that acquires and holds land for the benefit of the broader community.
A COMMUNITY LAND TRUST CAN

• **Create** scale
• **Generate** capacity
• **Provide** access to capital (debt and equity)
• **Build** partnerships
A COMMUNITY LAND TRUST CAN BY

• **Aggregating** housing assets
• **Assuming** key functions at the portfolio level
• **Pooling** risk and reward
• **Providing** a common table and one point of contact
A Community Land Trust Development Model

358 Homes

Vancity
Consultants
Architects
Contractors
Legal Advisors

BC Housing

NEW MARKET FUNDS

Sanford Housing Society
(48 units)

Commercial Retail Unit

Kingsway Site

Fraserview Housing Co-op
(80+108 = 188 units)

Tikva Housing Society
(32 units)

East Marine Drive Site

Fraserview Housing Co-op
(90 units)

Total of 278 units over two sites

Kent Street Site
A NEW HOUSING PARTNERSHIP MODEL

- Portfolio approach
  (cross-site subsidies, capital and operating)
- Community partnerships
  (co-ops, non-profits, three levels of government)
- Government, private and community equity
- Deep and continuing affordability
  (76% of market in Year One and getting better over time)
## FINANCING MODEL

<table>
<thead>
<tr>
<th>Source</th>
<th>Contribution (millions)</th>
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<tbody>
<tr>
<td>City of Vancouver (land contribution)</td>
<td>$24.7</td>
</tr>
<tr>
<td>Community Land Trust</td>
<td></td>
</tr>
<tr>
<td>Partner Equity</td>
<td>3.8</td>
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<tr>
<td>Proceeds from CRU Sale</td>
<td>5.0</td>
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<tr>
<td>Fund Equity</td>
<td>11.0</td>
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<tr>
<td>BC Housing Equity</td>
<td>4.5</td>
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<tr>
<td>Lease-up Income</td>
<td>2.5</td>
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<tr>
<td>Debt Financing</td>
<td>68.2</td>
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<tr>
<td><strong>Total Project Capital (millions)</strong></td>
<td><strong>$119.7</strong></td>
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A DIFFERENT KIND OF PARTNERSHIP MODEL

- No operating subsidy from any level of government
- Best practices in procurement and long-term asset management
- Generates surplus to deepen affordability or increase supply
## THEN AND NOW

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<tr>
<th>THEN</th>
<th>NOW</th>
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<tbody>
<tr>
<td>Compliance monitors</td>
<td>Active asset managers</td>
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<tr>
<td>Funding applicants</td>
<td>Investment opportunities</td>
</tr>
<tr>
<td>Clients</td>
<td>Partners</td>
</tr>
<tr>
<td>Housing operators</td>
<td>Housing entrepreneurs</td>
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Gathering momentum

Renewed interest, excitement

Several governments, at all levels, back at the table
  ◦ municipal
  ◦ provincial (esp. BC, Manitoba, Nova Scotia)
  ◦ federal (money in last two budgets, National Housing Strategy)

Credit union partners keen to finance development/redevelopment

Housing co-op members eager to grow the movement: $1M resolution, leveraging $4 billion in assets
The U.S. connections

Doris Koo

Andy Broderick

Bernie Sanders
Discussion - key questions

- Is any of this helpful in the U.S. context?
- Are there any U.S. initiatives that Canada could learn/benefit from?
- What are opportunities/challenges for growth?
- Where should we begin?
- What should our priorities be?
- What is the role of co-op housing federations in fostering growth?
Engaging existing and potential co-op members

- How do we form a shared/common vision of growth?
- How do we engage members?
- What will help?
- What do we need?
- Resources and next steps?
Conclusion