

# Housing Co-operatives as a Municipal Partner

CHDG Symposium Presentation

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# Presentation Overview

- Overview of Municipal and Cooperative Roles
- Examine Land and Development Cost Issues
- Examine Equitable Access and Protecting Public Investment
- Overview of Multi-Stakeholder Cooperative Model
- Application of Multi-Stakeholder to Municipal Interest

# The Context

- [G]rowing pressures for affordable housing across the nation and the direct correlation between housing and the physical, economic and social well-being of individuals and families has led many municipalities...to take active roles in facilitating the development of affordable housing in their communities.

*Affordable Housing Strategy, Brandon, 2013*

# Context

In addition to effectively delivering affordability:

*“Program evaluations by ...CMHC have found co-ops provide a platform for residents to develop new skills, acquire organizational experience and gain employment. Residents in co-ops also reported an improved sense of community, better relations with friends and neighbours, and improved social supports compared to other forms of rental housing”*

- Page 6 [http://www.chfcanada.coop/eng/pdf/ontdocs/CHF%20Canada%20LTAHS%20Submission\\_web.pdf](http://www.chfcanada.coop/eng/pdf/ontdocs/CHF%20Canada%20LTAHS%20Submission_web.pdf)

# Municipal Roles in Affordable Housing

1. Service and Land Supply
2. City Land.
3. Zoning, Subdivision and Building Regulations
4. Advocacy and involvement.
5. Information and Outreach.
6. Measuring Accomplishments.
7. Strategy and Implementation.
8. Policy Development.
9. Assistance to Non-market Housing Providers
10. Market Rental Housing Stock.
11. Forecasting Housing Needs.

# Cooperative Roles in Affordable Housing

1. Existing Organizational Infrastructure & Knowledge
2. Existing Assets to Leverage
3. Democratic Exercise of some Ownership Rights
4. Affordability in Perpetuity
5. Capacity Building for Citizens
6. Willing Partner At Nexus of Market and Public Sectors

# “Critical Points of Collaboration”

- a) Land Assembly & Cost
- b) Reducing Development Costs
- c) Ensuring Equitable Access
- d) Protecting Public Investment

# Land Assembly & Cost

Municipalities can assist through creating an “Affordable Housing First” or similar policy. Can facilitate:

- a) Land Banking & Acquisition
- b) Land Trust
- c) Lease of Municipal Land
- d) Transfer of surplus Municipal Land at reduced or no cost

Cooperatives can examine existing sites for densification opportunities



# Reducing Development Costs

Municipalities can reduce development costs by:

- a) Waive or reduce development cost charges or building permit fees
- b) Parking variances or exemptions
- c) Density bonusing
- d) Dedicating revenue streams for affordable housing development  
(see example next slide)

# Reducing Development Costs - Example

## City of Ottawa:

- Adopted Housing First Policy in 2005
- 25% of proceeds from sale of municipally owned residential land goes to Social Housing Reserve Fund
- Used to fund predevelopment activity and help pay municipal permit, planning and development fees
- 2008-2010 disbursed over \$1 million from fund

# Development Costs Example

Village Canadien densification project, City requires:

- Pay for additional city sidewalk on opposite side of site
- Pay for pedestrian corridor on opposite side of site (waived)
- Pay all City's costs in preparing Zoning Approval
- Admin fee of \$1200/acre on subdivision
- Dedication fee of \$75,747

# Ensuring Equitable Access

## Strategies Include:

- Municipalities purchasing shares “in trust” for some units.
- Cooperatives structuring “tiered” share requirements.
- Committing to affordability targets as part of land lease or land trust arrangement.

# Protecting Public Investment

- Non-Profit Co-ops are also known as “Continuing Co-operatives”
- Reflects that affordability and public investment is imbedded in structure, in perpetuity.
- Legal requirement for divesting or discontinuing co-ops to transfer net equity to other non-profit co-ops. This outlives the mortgage, operating agreement or land lease.

# Illustrative Re-Cap

City of Brandon assisted Western Manitoba Seniors by providing:

- \$501,000 capital contribution
- Free land
- Grant equal to 50% reduction of municipal taxes for 20 years
- Purchase of shares for 3 units to insure equitable access

# The Multi-Stakeholder Co-op

- The Multi-Stakeholder model of cooperative created under amendments to the Cooperatives Act (passed in 2011, proclaimed in 2014)
- Allows for multiple categories of members in a single cooperative (called “stakeholder” groups)

# The Multi-Stakeholder Co-op

- Stakeholder groups can be made up of individuals (residents), corporations, other cooperatives, *municipalities*, or any other legal “person”.
- Section 295 requires that for each stakeholder group, the articles define voting rights, quorum requirements, board representation, and member share requirements.



# The Multi-Stakeholder Co-op

Where a multi-stakeholder co-op has a stakeholder group of non-profit oriented resident/members:

- (a) Those members enjoy the same rights and protections of the Act as conventional housing co-op members, and
- (b) The multi-stakeholder co-op as a whole is bound by the non-profit provisions of the Act. (see next slide)

# The Multi-Stakeholder Co-op

Restrictions on a multi-stakeholder housing co-operative include:

- No investment shares
- No financial gain for its members
- Net assets on dissolution go to another non-profit housing co-op

# Multi-Stakeholder - Municipal Application

- A Multi-stakeholder Co-op could be incorporated with a Municipality as the sole member in a designated stakeholder group.
- Municipality could also be a voting member of a broader “supporting” stakeholder group.

# Multi-Stakeholder Municipal Application (cont'd)

- An existing non-profit housing cooperative could amend its articles to bring a municipality into membership
- A multi-stakeholder housing co-op could also include arms length entities in a membership class (i.e. Winnipeg Housing Rehabilitation Corporation, a Development Corporation, etc.)

# Advantages for Municipalities

- Increased social outcomes over other affordability strategies
- Affordability investment protected in perpetuity
- Opportunities for more mixed income neighbourhoods
- The multi-stakeholder model has the flexibility to tailor itself to specific municipal goals (see next slide)

# Multi-stakeholder advantages for Municipalities

- Allows participation in governance, either directly or at arms-length.
- Requires less administrative overhead than a housing authority or development corporation.
- Encourages greater use of community-wide governance assets.
- Allows municipality to structure contribution as equity rather than grant, but retain limited liability.

THANK YOU for your attention!

Final Questions?