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Sustaining Affordable Co-op Housing on City Land

Council Presentation

February 8, 2017

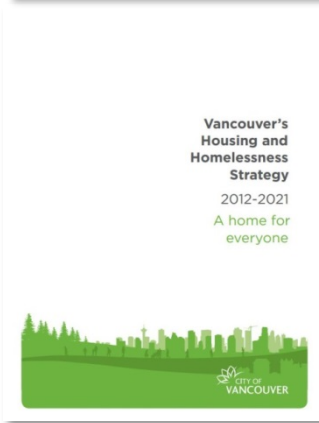
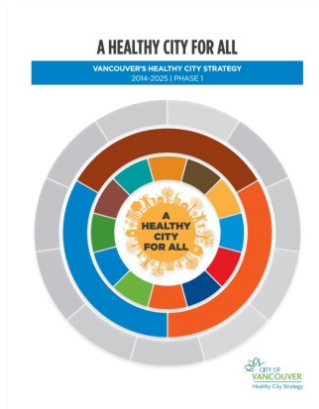


Co-op Housing on City Land



- Co-op housing on City land plays a vital role in the provision of affordable housing in Vancouver
- 77% of the units in Co-ops on City land are family units (two bedrooms or more)
- City Leases are expiring as well as operating agreements with senior levels of government
- The city will Pilot the key terms for the first seven priority leases. Once completed, we will report back with lessons learned for future lease negotiations

Connections to City Policy



- Healthy City Strategy, 2014
- Housing and Homelessness Strategy, 2012
- Housing Re:Set

re:set

Co-op Leases: Goals of Lease Extensions



- **Protect affordable housing** stock as the cost of housing continues to rise in Vancouver, and ensure this affordable housing stock is accessible to those who need it most
- **Provide security of tenure** for Co-op residents to advance the City's goals of becoming a healthy and diverse city with strong community ties
- **Address the physical building challenges** and the upcoming expirations of ground leases and operating agreements in a financially and environmentally sustainable manner
- **Ensure that co-ops have a stable governance** structure, and are financially sustainable through the term of the lease extension

Stakeholder Consultation



Staff consulted on a draft framework with the following groups:

- Co-op Housing Federation of BC
- BC Non Profit Housing Association
- BC Housing
- CMHC
- Federal Agency for Co-op Housing
- 16 individual Co-ops



City Gate Co-op (Source: Google Maps)



Matheson Heights Co-op (Source: Google Maps)

What we Heard



- Co-ops are a unique and important form of housing in Vancouver
- The length of lease and valuation of any pre-paid ground rent is an important part of the lease extension negotiations
- Co-ordinated membership has some merits, but further work is required

City Options at Lease Expiry



Extend and Modify Lease on City Terms

- The site has low redevelopment potential
- The building is in good or fair condition
- The Co-op will be financially sustainable

Work with Co-op to Explore Opportunities to Redevelop the Site as Co-op or Non-Market Housing

- The site has high redevelopment potential
- The building is reaching the end of its economic life and would require a significant upgrade
- The new building will be financially sustainable
- Existing Co-op members can be appropriately re-housed

Key Terms to Meet City Objectives



1. Co-ops will only admit new households whose monthly income is no more than five times the prevailing market rent for similar units in the surrounding area.
2. A minimum of 15% of units should be allocated to low-income households; the housing charge paid would be 30% of household income, which would be below the Co-op's standard housing charge, where Co-op finances allow.



Key Terms to Meet City Objectives



Co-ops to transition to:

3. Co-ops will work towards a coordinated access system for new applicants.
4. The Co-op will adopt and implement unit occupancy guidelines that align with the National Occupancy Standards, requiring households to move to an appropriately sized unit within the Co-op within a reasonable time frame.

Key Terms to Meet City Objectives



5. The City to have the ability to perform audits or inspection of financial statements, asset management plans and reserve funds, rents/housing charges, and occupancy records, where such information is related to a Co-op's obligations under the lease.
6. The City will continue to have the option to terminate the lease if the Operator breaches the lease and the breach is not rectified after sufficient notice has been given.



Key Terms to Meet City Objectives



7. The City has the option to direct the disposition of financial surpluses once the Co-op has provided for replacement reserves, operating reserves and increased affordability within the Co-op.
8. Renovation and repair activities of the Co-op should improve environmental performance to support the goals of making the City a Renewable City by 2050.

Proposed Approach : Pilot Key Terms



- Both the sector and the City see an opportunity to re-position and optimize the assets, land, and investment we already have for future generations
- Piloting the Key Terms for the most urgent lease renewals will provide an opportunity for the City to develop the balance between housing affordability and return on investment of the City's land assets through actual negotiations with co-op partners



Proposed Priority Sites for First Lease Extensions - 477 units



	Characteristic	Co-ops Meeting this Characteristic
1	Building requires significant repairs as identified through a Building Condition Assessment.	Four Sisters Co-op (DTES) 153 units
2	Building recently completed significant repairs and is now waiting for a lease extension to obtain a mortgage in order to pay the cost of repairs.	Vera Housing Co-op (Marpole) 69 units Northern Way Co-op (Mount Pleasant) 60 units Rising Star Co-op (Grandview/Woodland) 33 units
3	Existing lease requires that ground rent is reviewed (for leases that are not “prepaid”).	La Petite Maison (Killarney) 66 units
4	Ground lease with the City is expiring within the next five years.	Marina Co-op (False Creek South) 54 units Eight Oaks Co-op (Riley Park) 42 units

Proposed Next Steps - 2017 Work Plan



1. Complete Seven Priority Lease extensions (Ongoing 2017)
 - Develop methodology for pre-paid ground rent relative to affordability targets and financial sustainability (Q2-2017)
 - Report back to Council on the seven priority leases and lessons learned (Q4-2017)
2. Report to Council on Decision Framework for Social and Non-Market Housing for Council consideration (Q4-2017)



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