



CHF BC

Introductions and Meeting Goals

- Start a discussion with our members on the future of co-op land leases in Vancouver
- Share information on status of discussions to date and future prospects
- Hear members' concerns, goals, priorities
- Gather feedback for CHF BC board

SAGM Resolution on Leases

- “Protect the interests of housing co-ops on leased land by negotiating fair and reasonable terms for lease extensions or other arrangements designed to promote security of tenure, affordability and sound asset management, consistent with co-op principles and values.”

– 2015 SAGM Resolution

Agenda

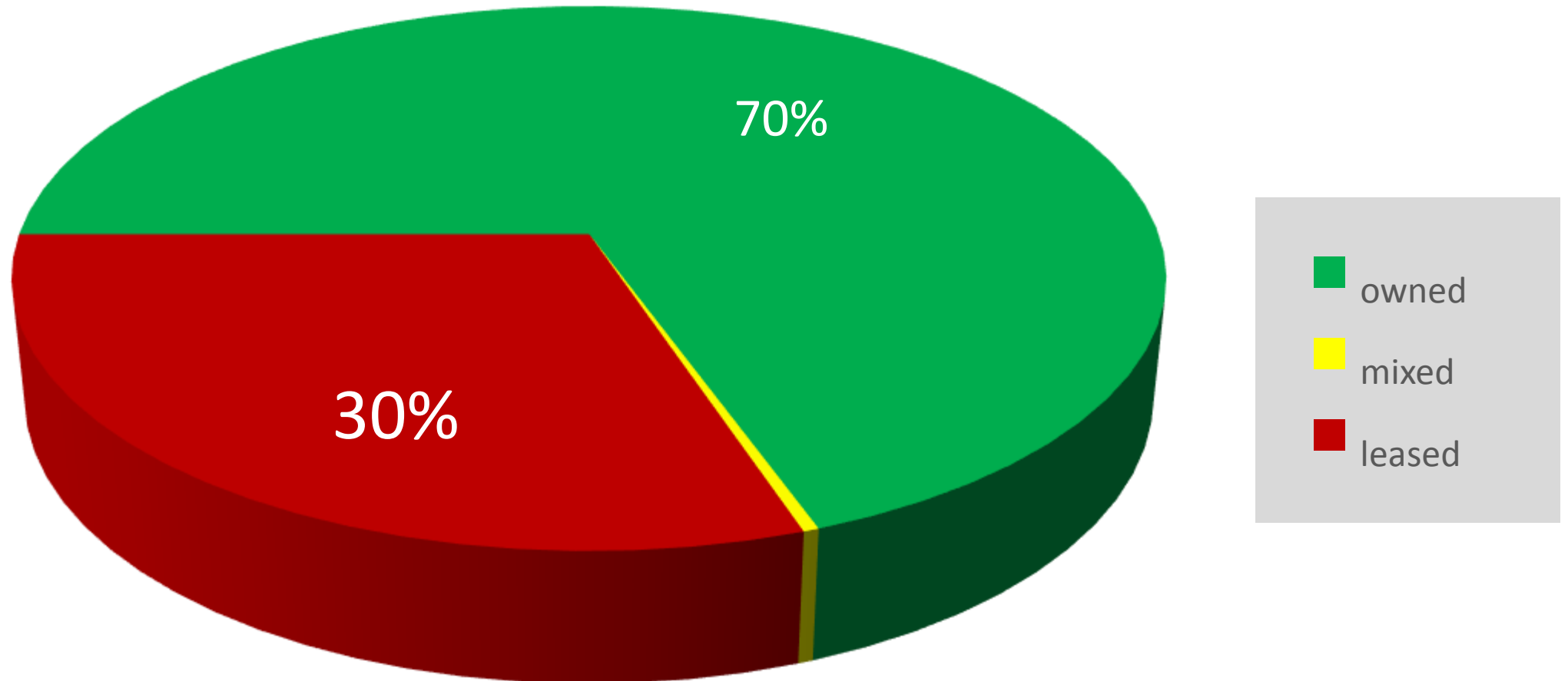
- Background on City of Vancouver co-op leases
- Previous lease extensions for leaky (pre-paid) co-ops
- Future lease extensions
 - City issues and priorities
 - Co-op issues and priorities
- Ground rent review process
- Options going forward (process)
- Wrap-up / Next steps

Who's Here?

- Penta (20 units)
- Dunbar Village (15 units)
- La Petite Maison (66 units)

for a TERM of 10 years
conditions and subject
so that the LESSEE m
and the building...

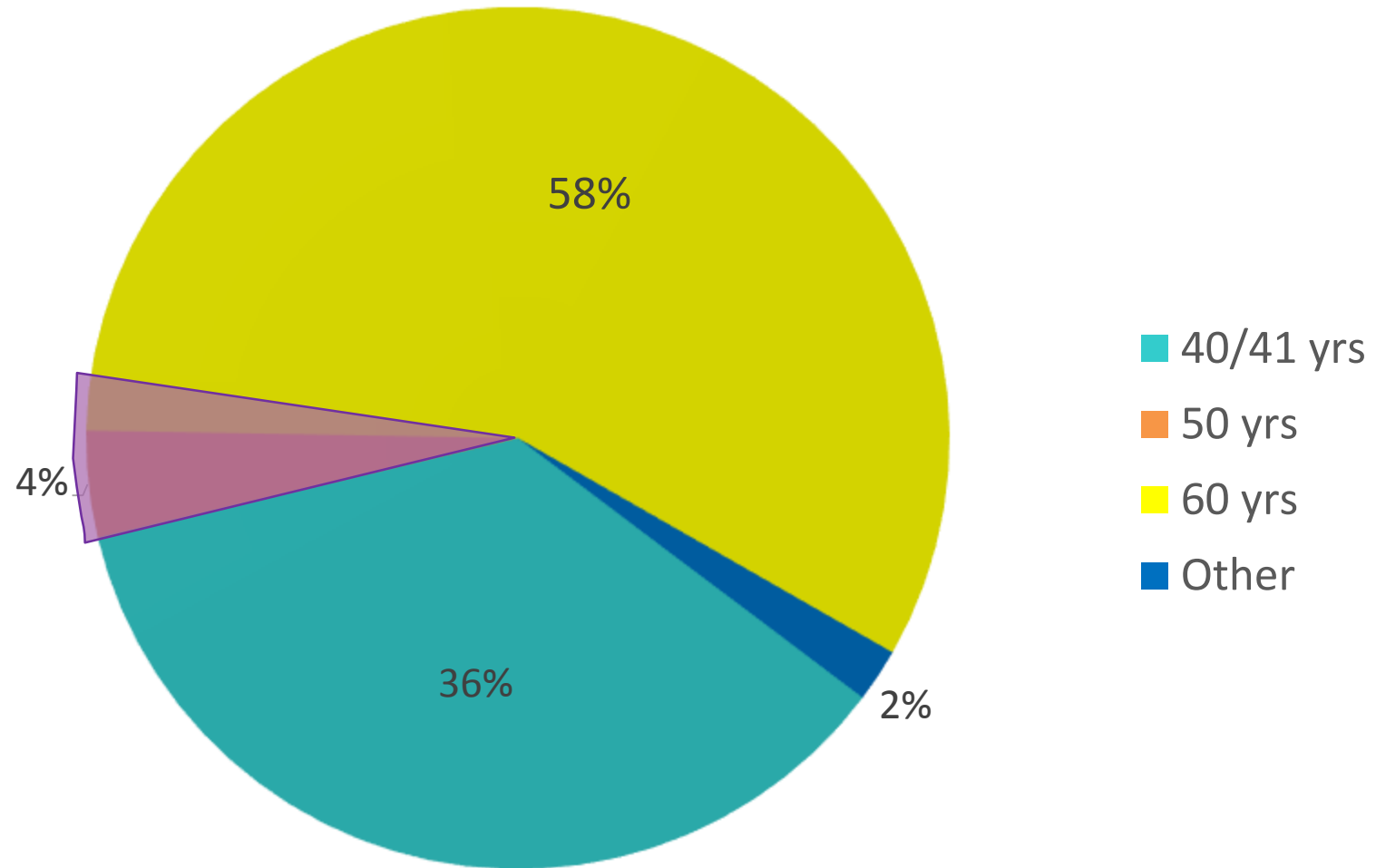
Forms of Land Tenure (Co-ops in BC)

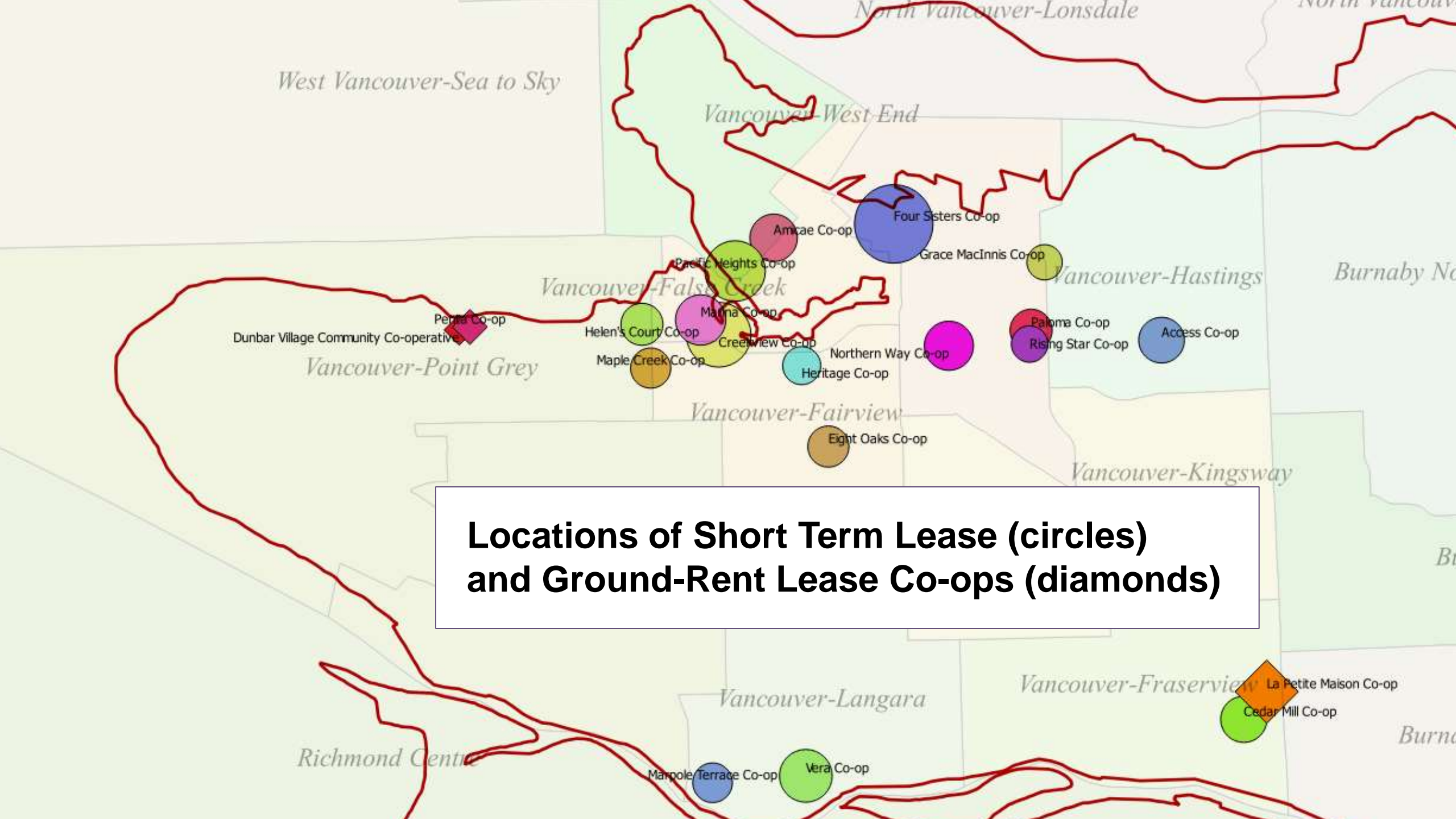


Who are the Owners of the Leased Lands?

Type	Number
City of Vancouver	50
Provincial Rental Housing Corporation	10
Other Municipalities	8
Community Housing Land Trust Foundation	5
Pension Funds	5
Private Companies	2
CMHC	1
	81

City of Vancouver: Duration of Leases





**Locations of Short Term Lease (circles)
and Ground-Rent Lease Co-ops (diamonds)**

Federal Government Programs

1973-78

Section 61

(then 34.18)

1979-85

Section 95

(then 56.1)

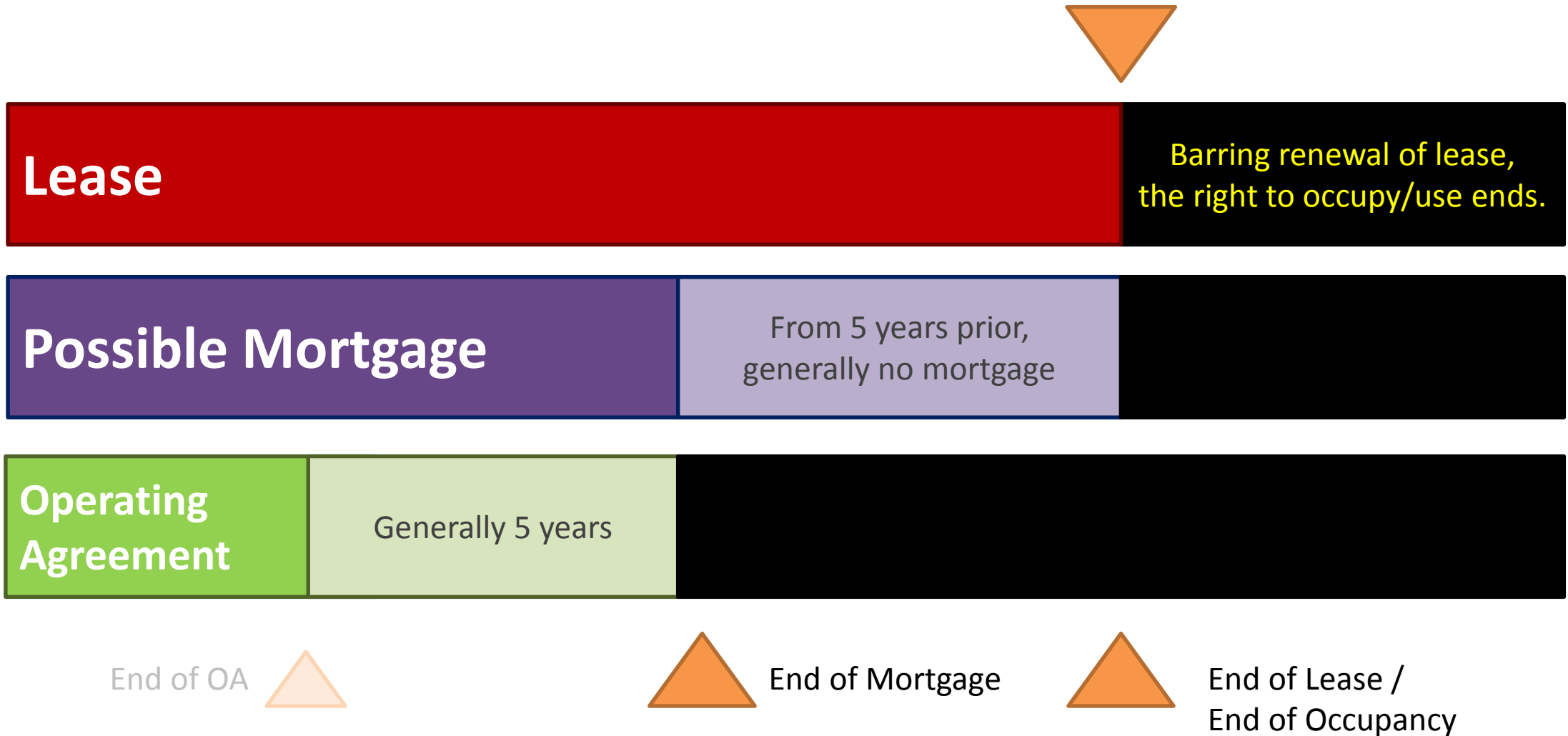
1986-92

ILM
(FCHP)

Ground Rent Leases (Section 61 Co-ops)

Co-op Names	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Penta				OA										
Dunbar Village					OA									
La Petite Maison					OA									

Co-op Names	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Penta	end													
Dunbar Village	end													
La Petite Maison										end				



Expiry of Leases and other Agreements

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Key (Typical) Terms: Surrender

- At the end of the TERM, either by forfeiture, default or lapse of time, **the LESSEE shall surrender the SAID LANDS and the BUILDINGS to the LESSOR in the condition in which they are required to be kept** by the LESSEE under the provisions of this lease...

Key (Typical) Terms: Repair of Buildings

- The LESSEE at the LESSEE'S cost [shall] keep in good order and condition [...] the SAID LANDS and the BUILDINGS [...] in the same manner and to the same extent as a prudent owner, make any and all changes and repairs, replacements, alterations, additions, changes, substitutions and improvements, ordinary or extraordinary, seen or unforeseen, structural or otherwise, and keep the BUILDINGS [...] fully useable [and of substantially equal quality as originally]

[Section 9.02]

Key (Typical) Terms: Overholding

- ...if the LESSEE shall hold over and the LESSOR shall accept rent after the expiration of the TERM, the new tenancy thereby created shall be a tenancy from **month to month** [and] not a tenancy from year to year

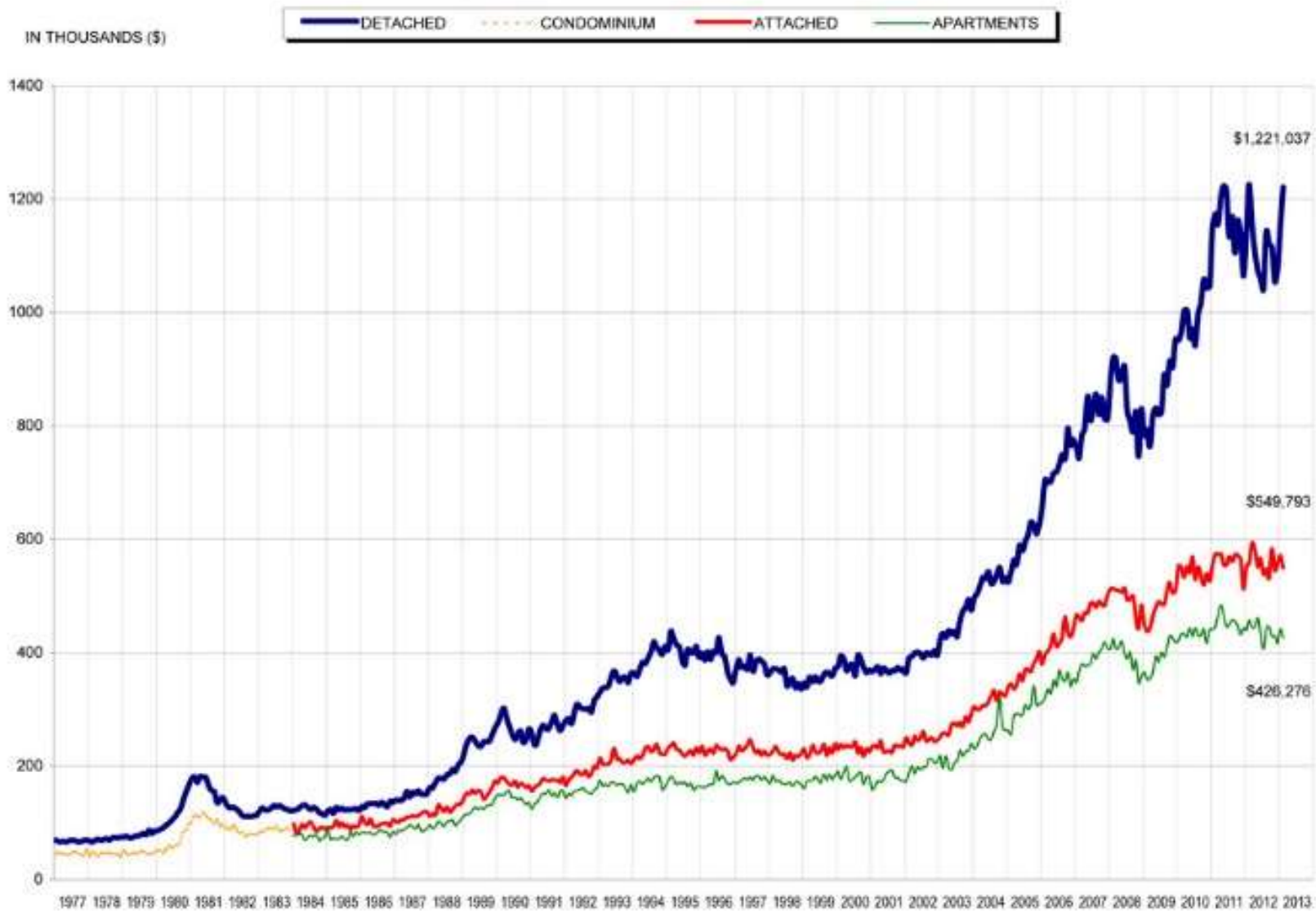
Key Terms: Right of First Refusal (Penta)

- [if the] LESSEE has faithfully and promptly paid the BASIC RENT and ADDITIONAL RENT and performed and observed its covenants [...] then the **LESSOR agrees it will not sell or lease [the lands or buildings] without first offering to sell or lease the same to the LESSEE** [60 day notice period]
- [this term expires on 55th anniversary of agreement]

Key Terms: Rent Reviews [Sections 1+2]

- Defining “BASIC RENT” and the review of annual basic rent
- **“the annual BASIC RENT payable by the LESSEE shall be reviewed as of the twentieth (20th), thirtieth (30th) and fortieth (40th) anniversaries of the DATE OF COMMENCEMENT OF RENTAL”** [Penta, Dunbar]
- Rent **review based on “market rental value of SAID LANDS”** six months prior to the end of the period

Residential Average Sale Prices - January 1977 to February 2013



NOTE: From 1977 - 1984 condominium averages were not separated into attached & apartment.

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Status of Existing Leases

- 2 co-ops have approved lease extensions
- 2 co-ops meet the criteria established by Council for similar lease extensions

For the rest, the future is uncertain:

- Some have renewal terms in their leases
- Some do not

Pressing Issues

- Will the City renew the leases?
- For how long?
- On what terms?

- Will the City amend the ground rent terms?

Paloma: the Poster Child

- THAT Council advise [CMHC, the Province, and CHFBC] that the City is prepared to **consider, on a case by case basis, 20-year lease extensions with a nominal prepaid rent** for non-profit housing co-operatives with 40- or 41-year leases with the City, **where CMHC's and BC Housing's enhanced assistance is required to ensure the viability of co-operatives undergoing building envelope repair**, and that 20-year extensions at nominal prepaid rents are the City's maximum financial contribution.

Paloma: renewal conditions

- Rent for 25% of households capped at 30% of income
- Break-even rents not lower than 85% of market
- Surpluses in a capital reserve for upgrades if lease is renewed again or for investment in affordable housing if it isn't
- Flexibility after CMHC operating agreement ends

Stakeholder Concerns: City Perspective

- Efficient use of stock (over-housing, family housing)
- Access and open membership (new members)
- Priority help for those with ties to the City (live/work here)
- Affordability (avoid creating windfall benefits for some; look at income limits to target assistance)
- Sound asset management (good stewardship)
- Encouraging new supply (redevelopment)

Stakeholder Concerns: Co-op Members

- Security of tenure
- Affordability
- Preservation of community
- Good quality homes (sustainable, stewardship)
- Expanding options for others (redevelopment, accessibility)
- Predictability (and risk management)

Stakeholder Concerns: CHF BC

- Better identify member concerns and issues (beyond the SAGM resolution)
- Set the stage for new discussions. What do co-ops want?
- Develop a timeline for action and a process for engagement

Discussions

- What are the most important priorities for your community in discussions with the City about the renewal of your land lease?
- What are the most important priorities for your community in discussions with the City about coming to an agreement on ground rent reviews?

CHF BC Plan

- Gather information on co-op and City positions
- Make recommendation to CHF BC board on lease renewals and ground rent reviews (consistent with the recent SAGM resolution)
- Seek co-op support and involvement
- Meet again? When?

