

Housing Co-ops with City of Vancouver Leases

(Original short-term and ground-rent lease co-ops)

WELCOME!

Access

Alder Bay

Amicae

Cedar Mill

Creekview

Eight Oaks

Four Sisters

Grace MacInnis

Heritage

Maple Creek

Marina

Marpole Terrace

Northern Way

Pacific Heights

Paloma

Rising Star

Vera

Dunbar Village

La Petite Maison

Penta

Cana, Spice, Re*Plan

OBJECTIVES

- Review current status of co-op lease renewals in Vancouver
- Share observations and opinions about how we got here
- Chart a course forward

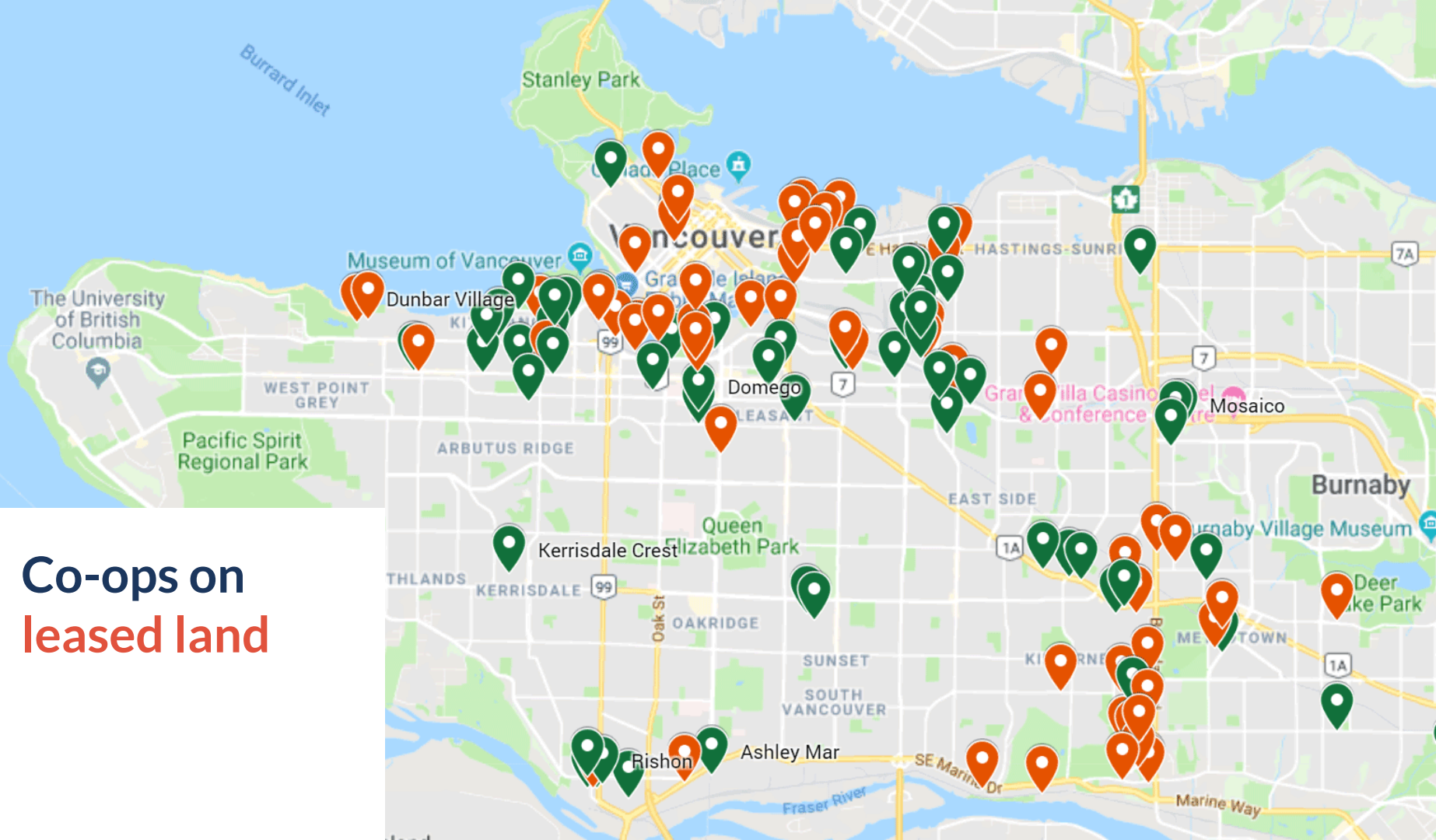
AGENDA

- Welcome and introductions
- Snapshot of leasehold co-ops in BC and Vancouver
- A short history of lease renewal efforts in Vancouver
- February 2017 Council framework
- Expectations and outcomes: how did we get here and why?
- Now what? Hearing from you
- Summary and next steps

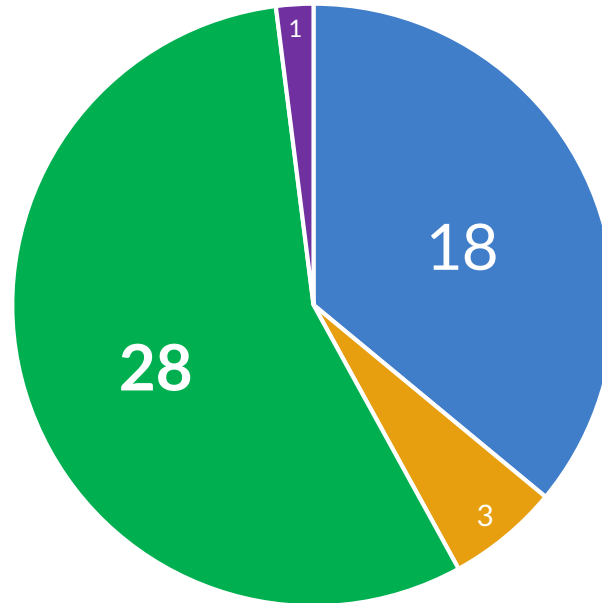
HOW MANY CO-OPS RELY ON LEASED LAND?

Who Owns the Lands?	Number
City of Vancouver	50
Community Land Trust	9
Provincial Rental Housing Corporation	9
Other Municipalities	8
Pension Funds	6
Private Companies	2
CMHC, First Nations	2
	86

Co-ops on leased land



ORIGINAL CITY OF VANCOUVER LEASES



Duration of original term

■ 40 or 41 yrs

■ 50 yrs

■ 60 yrs

■ >60 yrs

CO-OPS ORIGINALLY WITH SHORTER LEASES

Co-op Names	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Eight Oaks, Marina	Green	Green	Green	Light Green	Light Green	Light Green	Teal	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow
Cedar Mill	Green	Green	Green	Light Green	Light Green	Light Green	Teal	Teal	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow
Access	Green	Green	Green	Green	Light Green	Light Green	Teal	Teal	Teal	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow
Helen's Court	Green	Green	Green	Green	Green	Light Green	Teal	Teal	Teal	Teal	Yellow	Yellow	Yellow	to 2044	
Creekview	Green	Green	Green	Green	Green	Green	Teal	Teal	Teal	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow
Vera, Northern Way	Green	Green	Green	Green	Green	Green	Teal	Teal	Teal	Teal	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow
Pacific Heights	Green	Green	Green	Green	Green	Green	Teal	Teal	Teal	Teal	Teal	Light Yellow	Light Yellow	Light Yellow	Light Yellow
Paloma	Green	Green	Green	Green	Green	Green	Teal	Teal	Teal	Teal	Yellow	Yellow	Yellow	to 2044	
Northern Way, Amicae	Green	Green	Green	Green	Green	Green	Teal	Teal	Teal	Teal	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow
Rising Star, Heritage, Marpole Terrace	Green	Green	Green	Green	Green	Green	Teal	Teal	Teal	Teal	Teal	Teal	Light Yellow	Light Yellow	Light Yellow
Grace Macinnis	Green	Green	Green	Green	Green	Green	Teal	Teal	Teal	Teal	Teal	Teal	Yellow	to 2046	
Four Sisters	Green	Green	Green	Green	Green	Green	Teal	Teal	Teal	Teal	Teal	Teal	Teal	Teal	Teal

ORIGINAL LEASES

- Shorter-term leases varied but most had similar terms
- 40/41 years (pre-paid) or 50 years (ground rent)
- Obligations for co-op to pay taxes, maintain insurance, etc.
- Co-op to surrender land and buildings at the end of the term
- IF staying on: on a month-to-month basis only and with additional payments
- RARELY: option for extensions, with additional payments

HISTORY OF LEASE RENEWAL ISSUES

- Isolated challenges (False Creek, De Cosmos Village)
- Leaky co-ops (Paloma, etc.) from the early 2000s
- Refinancing, reinvesting in co-op assets from about 2010
- 2015 SAGM resolution

PALOMA

- 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 (by mutual agreement) if it isn't
- Flexibility after CMHC operating agreement ends

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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

ENGAGEMENT WITH CITY – ROUND 1

- May 2015 – SAGM Resolution
- June 2015 – First meetings with members
- November 2015 – Follow-up meetings with members
- June 2016 – Draft position paper
- June to Sept 2016 – Feedback from members
- September 2016 – Common position presented to City
- Sept 2016 to Jan 2017 – Discussion/Negotiation with City
- Feb 2017 – Update to members
- Feb 2017 – Unanimous adoption of framework by City Council

CITY PRIORITIES

- More **efficiency** (right-sized housing)
- More **transparency** (how members are selected)
- More **affordability** (for those who need it most)
- More **fairness** (but not too affordable for those who need it least)
- More **housing** (increase supply by redeveloping low-density sites)
- More **money** (a financial return to reinvest in housing)
- More **asset management** (good stewardship of a long-term asset)
- More **viability** (long term financial stability)
- More **control** over the terms of the relationship

CO-OP PRIORITIES

- Long-term affordability
- Timely renewal
- Security of tenure
- Smart redevelopment
- Mixed-income communities
- Autonomy: management, member selection
- Longer lease extensions (30+ years)
- Clarification of process
- Smart renewals
- Accessibility / Aging in place
- Real partnerships

SUMMARY OF FEBRUARY 2017 FRAMEWORK

City goals:

1. Protect affordability (especially for those who need it most)
2. Security of tenure for co-op residents
3. Financial and environmental sustainability
4. Stable governance

SUMMARY OF FEBRUARY 2017 FRAMEWORK

1. Options
2. Key terms and conditions
3. Priority co-ops
4. Reporting back

FRAMEWORK OPTIONS

- Extend/modify leases
- Explore redevelopment opportunities
 - High redevelopment potential
 - Existing buildings at end of useful life

KEY LEASE TERMS

1. Income limits on new members (5 x market rents)
2. 15% of homes for low-income members
3. Work towards coordinated access
4. Apply national occupancy standards
5. Require audits and inspections
6. Termination for breach
7. Disposition of surpluses
8. Environmental performance

ON PASSING THE FRAMEWORK

“This is a major step forward for co-ops on City of Vancouver land.”

– Thom Armstrong

“Housing co-ops are vital to the City’s housing landscape. It’s important that we approach the upcoming negotiations with flexibility and timeliness in mind.”

– Gregor Robertson

ENGAGEMENT – ROUND 2

- Work toward a template lease and standard offers, including pricing model and minimum/maximum terms
- Support individual co-ops (long-term planning advice, engineering reports, discussions with City staff)
- Offers received (inadequate)
- Responses given (negative)
- No positive outcomes by late 2018

CITY APPROVED LEASE MODELS/CHANGES

- **False Creek** reset its ground rent payment schedule (in 2000) for \$1
- **De Cosmos** agreed a ten year extension (from 50 to 60 years) with prepaid annual rent set for the period from July 1, 2001
- **Paloma** (20-year lease extension 2007)
- **Grace MacInnis** (2008 agreement in principle; finalized in 2015)
- Promised but not delivered: Northern Way, Vera
- **Helen's Court** (2017)
- New leases for **CLT properties** (2015-2018)

HELEN'S COURT

- **20-year lease** from the City commencing 2024
- Payment of “**annual Basic Rent**” in equal monthly installments (or fully prepaid on lump sum basis)
 - 50% of appraised freehold market value of lands as of 2024 multiplied by the cost to the City of borrowing ten-year funds
 - appraisal based on lands as if vacant and available for highest and best use under zoning in place at the time
- **Rent will be revaluated after ten years**

HELEN'S COURT

- Three designations in co-op: Core Need Households, Gap Households and Standard Occupancy Charge households
- $\geq 50\%$ of homes to be occupied by **Core Needs households***
- **Operating surpluses** beyond what's needed for RRF will be placed in **separate fund** (for capital upgrades if further lease renewal or for investment in affordable housing by mutual agreement if not)
- Co-op to maintain **waiting list** of prospective Core Needs Households → and use the list to fill vacancies if proportion of Core Needs Households falls below 50%

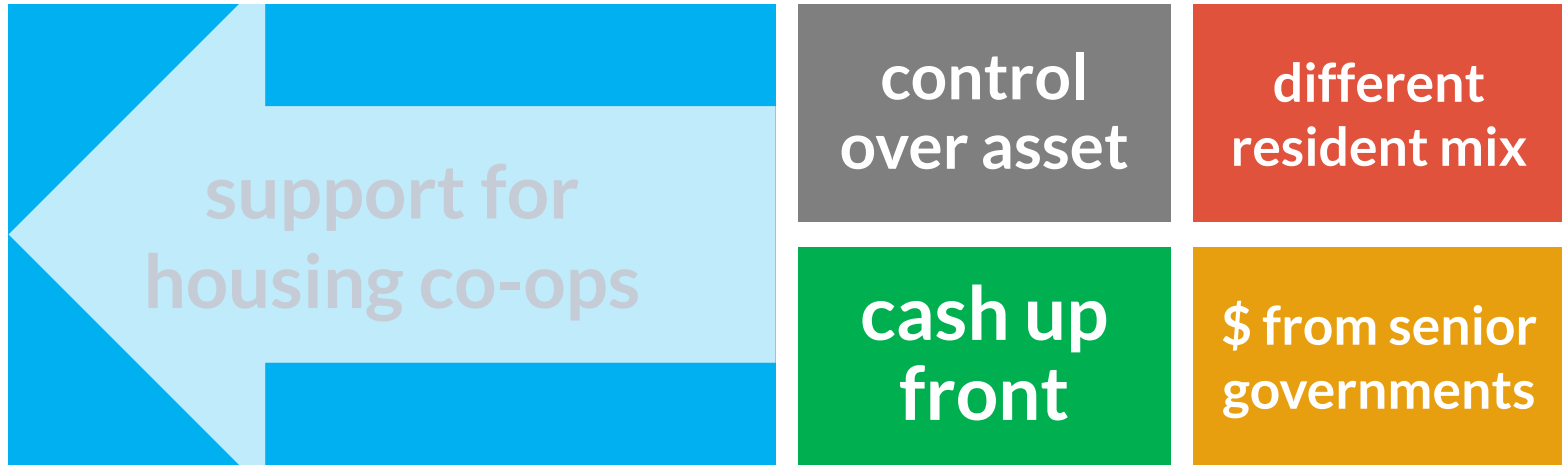
TWO DECADES OF PROGRESS

New Payment Terms	10-Year Extensions	20-Year Extensions	New CLT leases 60-99 terms
False Creek Informally: <i>Dunbar Village</i> <i>LPM</i> <i>Penta</i>	De Cosmos	Paloma Grace MacInnis Helen's Court	Fraserview Railyard

OUTSTANDING LEASE EXTENSIONS OR REDEVELOPMENT AGREEMENTS

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HOW DID IT COME TO THIS?



WHAT'S NEW? / WHAT'S NOT?

- Mayor and Council
- Provincial government
- Federal activity on housing
- Lack of co-op trust and confidence
- Wider City planning discussions
- City staff (direction)
- Crisis in affordable housing
- Our resolve
- The co-op advantage

STRATEGIES TO MOVE US FORWARD

1. Regroup around 2017 framework and try again
2. Start fresh on new set of first principles
3. Some middle ground between #1 and #2
4. Make common cause with non-profit housing providers
5. Advance a community land trust solution
6. ??

QUESTIONS FOR YOU?

1. How has your thinking shifted in the last year?
2. What's your bottom line:
 - what do you absolutely need from the City?
 - what might you be prepared to give?
3. What else do you want to say to us this evening?

NEXT STEPS

- Continue conversation with longer-term lease co-ops (Feb 11)
- Consolidate comments and distribute meeting summaries
- Re-engage with City in February
- Report back to you and CHF BC board



Co-operative Housing Federation of British Columbia

