

RE: STATUS REPORT ON NON-MARKET HOUSING INITIATIVES FOR CARIBOO HEIGHTS

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Planning & Building Inspection be adopted.

\* \* \* \* \*

TO: MUNICIPAL MANAGER 1989 September 12

FROM: DIRECTOR PLANNING & BUILDING INSPECTION Our File: 17.819  
X-Ref: 15.711.1

SUBJECT: STATUS REPORT ON NON-MARKET HOUSING INITIATIVES FOR CARIBOO HEIGHTS

PURPOSE: The purpose of this report is to provide an update on actions taken to date in addressing various non-market housing initiatives for Cariboo Heights which have been adopted by Council.

=====

RECOMMENDATIONS:

1. THAT staff be authorized to write to CMHC to indicate the Municipality's formal desire to facilitate development of co-op housing on site 6a of Cariboo Heights.
2. THAT Council authorize staff to follow the process described in Section 3.0 of this report for allocation of Municipal sites, on a leased basis, for development of co-op housing.
3. THAT a copy of this report be sent to the Municipal Housing Committee and Program Manager, Social Housing, CMHC, Suite 400 - 2600 Granville Street, Vancouver, B.C., V6H 3V7.

R E P O R T

1.0 BACKGROUND

At its meeting of 1988 October 03, Municipal Council adopted the following recommendations:

1. "THAT Council approve in principle the allocation of sites 7a, 6a, and 4c of the Cariboo Heights project for co-operative housing development.
2. THAT Council authorize staff to consult with the Canada Mortgage and Housing Corporation to determine the economics, preliminary terms, and mechanics of a long term lease for co-operative housing development in the Cariboo Heights project."

Since that time, staff have submitted a number of additional reports to Council regarding non-market housing in Cariboo. Also, Council has clarified its position that other forms of non-market housing, in addition to co-ops, will be considered on the designated sites. Council has instructed staff to work with representatives of the Burnaby Loughheed Lions Club, striving to reach a satisfactory lease agreement and development plan for Family Non-Profit Housing on site 7a of Cariboo Heights.

The designated-non market housing sites are shown in Appendix 1, attached.

This report is intended to provide Council with an update on efforts to facilitate development of co-op housing in Cariboo Heights. Specifically, it focuses on the following items:

- discussions with Canada Mortgage and Housing Corporation (CMHC) regarding potential for co-op development in Cariboo Heights and terms of lease agreements for the co-op sites.
- a process for selecting resource groups to develop the designated co-op housing sites in Cariboo Heights.

## 2.0 DISCUSSIONS WITH CMHC

In recent months, staff have met several times with CMHC regarding co-op development in Cariboo Heights. The discussions focused on two matters: the possibility of developing a co-op without supply subsidy, and terms of a lease agreement for the co-op site(s).

### 2.1 Co-op Development Without Supply Subsidy

Two forms of subsidies are available for co-ops under the Federal Co-operative Housing Program: 1) rent supplements, which are used to subsidize the rents of "core needy" residents, and 2) supply subsidies, which cover the difference between a co-op's market rent and economic or "break even" rent. For example, if a co-op's annual mortgage and operating costs are \$700,000, and its revenue from rents or occupancy charges is \$600,000, the supply subsidy requirement would be \$100,000 per year (i.e. \$700,000 - \$600,000 = \$100,000). Rent supplements are cost shared by the Provincial and Federal governments. Supply subsidies are borne entirely by the Federal government.

When the present Co-operative Housing Program was introduced in 1986, the annual budget was set at \$5 million and the aim was to provide up to 5000 co-op units per year in Canada. The supply subsidy requirement, on a per unit basis, has been higher than originally projected. The Federal government responded by increasing the budget for the Co-operative Housing Program in 1987 and 1988. In 1989, however, the government did not supplement the Program budget, hence the annual unit allocations have been significantly reduced throughout the country. For CMHC's Vancouver Regional office, the 1980 budget has translated into 122 co-op units with supply subsidies. This represents a sharp decrease from the 1988 figure of 484 units and the 1987 figure of 696 units.

If a co-op can be developed without supply assistance (i.e. its market rent equals its economic rent), CMHC can approve the development outside of its proposal call process and still guarantee the mortgage. This summer, CMHC approved its first non-supply assistance co-op, the Killarney Gardens Housing Co-op in Vancouver's Champlain Heights area. A preliminary analysis by CMHC indicates that a co-op could be developed without supply assistance on site 6a of Cariboo Heights, based on a 60 year lease at 75% of estimated freehold market value. To provide the impetus for more in depth analysis and planning efforts, it is recommended that staff be authorized to write to CMHC to formally indicate the Municipality's desire to facilitate the development of a co-op on the site. CMHC officials have indicated that upon receipt of this letter, they will free up staff to work with the Municipality in the necessary follow-up activities.

It should be noted that the provision of supply assistance has no bearing on rent supplements. Regardless of whether supply assistance is provided or whether the sponsor groups go through a proposal call process, 30% of the units in the co-op would still have to be designated for "core needy" households and be eligible for rent supplements.

#### 2.2 Terms of Lease

As indicated in the report, "Cariboo Heights Development Plan: Non-Market Housing Sites," presented to Council on 1989 September 05, CMHC's policy for leasing Municipal properties is to require a 60 year term based on 75% of the site's appraised freehold value. CMHC officials have indicated that they may consider a shorter lease term (e.g. 50 years) if the site is being leased at less than 75% of freehold value.

Details of the lease agreement will need to be determined at an early stage in subsequent discussions between CMHC and Municipal staff.

#### 3.0 SELECTION PROCESS FOR CO-OP RESOURCE GROUPS

Co-op resource groups are non-profit bodies involved in the development of co-op housing. They prepare project proposals for submission to CMHC, coordinate the planning and development of the projects, and serve as a resource to co-op residents in developing the co-op management. Four housing resource groups have been involved in development of virtually all the co-op housing projects constructed in the Lower Mainland in recent years: Access Building Association, Affordable Housing Advisory Association, Columbia Housing Advisory Association, and Inner City Housing Society. These resource groups have a wealth of experience and expertise in the development of co-ops. Also, all are affiliated with the Co-operative Housing Foundation of Canada.

Staff have met with representatives of the four resource groups to gain their suggestions concerning a recommended process for allocating the designated co-op sites in Cariboo Heights. A consensus was reached that the Municipality would notify the groups when a site is being made available on a long term lease basis for co-op development. At that time, the groups would meet amongst themselves to recommend which one would seek Municipal approval to lease the land and undertake the development.

A summary of the recommended process is contained in Appendix 2, attached.

It should be noted that when the resource groups were consulted, the understanding was that sites 7a, 6a, and 4c in Cariboo Heights would be made available for co-op development. As noted, Council has subsequently indicated that other forms of non-market housing, in addition to co-ops, will be considered for the designated sites. Also, staff have been instructed to work with the Burnaby Loughheed Lions Club regarding the possible development of Family Non-Profit Housing on site 7a in Cariboo Heights.

ITEM 1  
MANAGER'S REPORT NO. 58  
COUNCIL MEETING 89/09/18

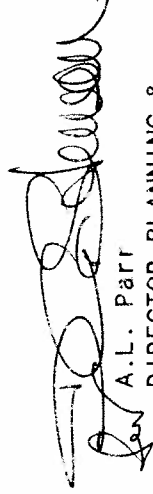
Regardless of the number of sites being made available for co-op development, the proposal to use the resource groups to select the lead agency is considered sound. It would ensure that the groups' resources are used effectively and efficiently. It would also facilitate cooperation amongst the groups, improving their ability to develop quality co-op housing for residents in need. Given these benefits, it is recommended that Council authorize staff to follow this process in the disposition of Municipal sites, on a leased basis, for development of co-ops. Recognizing that the number of active co-op resource groups could change over time, it is recommended that all local groups affiliated with the Co-operative Housing Federation of Canada be considered eligible to lease Municipal sites for co-op development.

With respect to Site 6a of Cariboo Heights, staff would notify the resource groups that the site is being made available on a long term lease basis for development of a co-op, once satisfactory lease and financial terms have been reached with CMHC.

**4.0 CONCLUSION**

Staff believe that co-op developments are a desirable form of non-market housing that would be a positive addition to the housing stock in Cariboo Heights. To facilitate the development of such housing, it is recommended that staff be authorized to write to CMHC to indicate the Municipality's formal desire to see a co-op developed on site 6a of the area. Staff will, in turn, assist CMHC as necessary in the subsequent analysis and planning efforts. If a co-op seems viable, we will recommend that the local co-op resource groups be invited to submit the name of a group that wishes to take the lead role in developing site 6a of Cariboo Heights.

Staff will report to Council as required as efforts to develop a co-op in Cariboo Heights proceed.



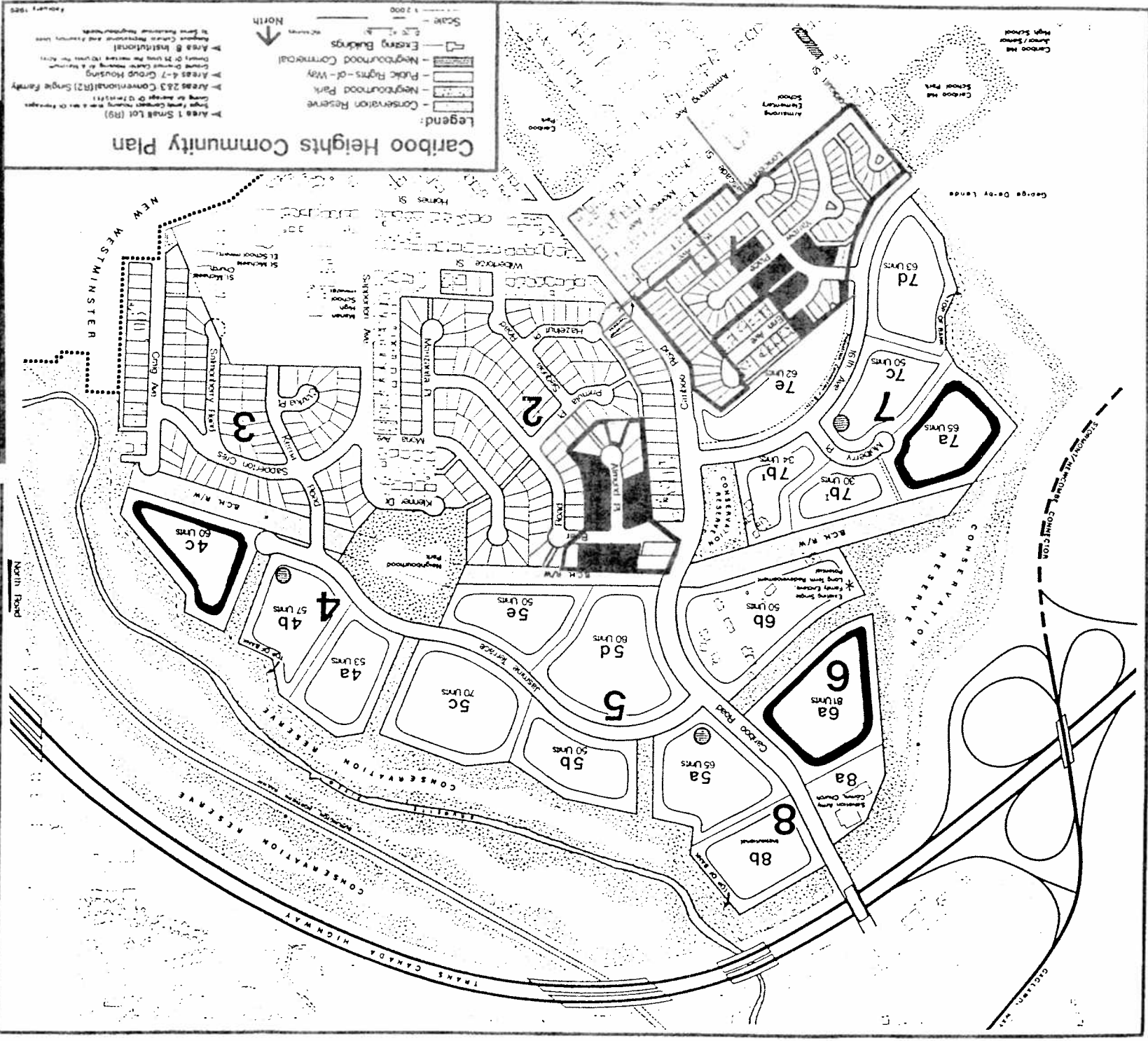
A.L. Parr  
DIRECTOR PLANNING &  
BUILDING INSPECTION

JF/jp

Attachments

cc: Municipal Solicitor  
Director Finance

ITEM 1  
 MANAGER'S REPORT NO. 58  
 COUNCIL MEETING 89/09/18



APPENDIX 1  
 CARIBOO HEIGHTS  
 NON-MARKET HOUSING  
 COMPONENT

APPENDIX 2

ITEM 1  
MANAGER'S REPORT NO. 58  
COUNCIL MEETING 89/09/18

Access Building Association,  
45 East 6th Ave.,  
Vancouver, B.C. V5T 1J3

Affordable Housing Advisory Association  
#1700 - 800 McBride Blvd.,  
New Westminster B.C. V3L 5H1

Columbia Housing Advisory Association,  
#202 - 2250 Commercial Dr.,  
Vancouver, B.C. V5N 5P9

Inner City Housing Society,  
1046 W. 7th Ave.,  
Vancouver, B.C.

MARCH 21, 1989.

Mr. John Foster, Social Planner,  
Planning and Building Inspection,  
Corp. of the District of Burnaby,  
4949 Canada Way,  
Burnaby, B.C. V5G 1M2

Dear Mr. Foster:

RE: DEVELOPMENT OF MUNICIPAL SITES - ACCREDITED RESOURCE GROUPS

The Co-operative Housing Sector is encouraged by the enthusiasm demonstrated by the Municipality of Burnaby in providing land for co-operative housing development.

The rising price of land and declining supply of available sites has made co-operative housing nearly impossible for low and moderate income households to either rent or buy. Affordability is defined by the percentage of each household's income spent on housing. The number of households paying more than 30% on housing is growing each day forcing many households to be displaced from their community.

file: SITEALL1.DOC  
DOUG: 21-Mar-89

The accredited resource groups of the Cooperative Housing Foundation of Canada have been active in increasing the supply of co-operative housing in the Greater Vancouver area. Access Building Assoc., Affordable Housing Advisory Assoc., Columbia Housing Advisory Assoc., and Inner City Housing Society have demonstrated their ability and competence over many years and countless projects to produce good quality housing for those in need. We are prepared and anxious to apply our expertise collectively to the current housing problem.

The four accredited resource groups are prepared to work together and have agreed to allocate their collective resources in the production of affordable housing on sites made available by several Greater Vancouver municipalities. To date Burnaby, Vancouver and the City of N. Vancouver have indicated a willingness to provide sites on a leasehold basis. Discussions are expected soon with the District of N. Vancouver, New Westminster and Surrey.

The accredited resource groups have agreed to co-ordinate their resources and provide in writing which resource group is prepared to take the "lead role" with the development of designated sites. This ensures that the collective resources of the four accredited resource groups are used effectively and efficiently. We believe this will also ensure that project quality will not be compromised because of the lack of resources and that the needs of those to be housed will be adequately addressed.

We also anticipate that the approach we are prepared to undertake will improve the likelihood that each municipal site designated will be selected under the competitive CMHC proposal call.

Please find attached short resumes of each resource group. Should you require additional information, please let us know.

We would appreciate an opportunity to discuss our position with you as soon as possible and, should you be ready to proceed with development of the Cariboo Heights co-operative designated sites, we will be pleased to inform you of the accredited resource

file: SITEALL1.DOC  
DOUG: 21-Mar-89

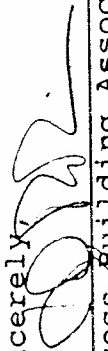
ITEM 1  
MANAGER'S REPORT NO. 58  
COUNCIL MEETING 89/09/18

- 3 -


group that is prepared to take the "lead role".

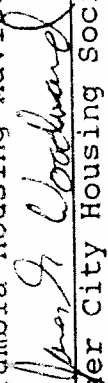
Thank you for your attention to this important matter. 108

Sincerely,

  
Access Building Assoc.

  
Affordable Housing Advisory Assoc.

  
Columbia Housing Advisory Assoc.

  
Inver City Housing Society

file: SITEALL1.DOC  
DOUC: 21-Mar-89