

**COMMUNITY DEVELOPMENT COMMITTEE**

*HIS WORSHIP, THE MAYOR  
AND COUNCILLORS*

**SUBJECT: AFFORDABLE FAMILY CO-OPERATIVE HOUSING STUDY**

**RECOMMENDATIONS:**

1. THAT Council authorize an expenditure of up to \$10,000 from the Community Benefit Bonus Housing Fund for an Affordable Family Co-operative Housing Study.
2. THAT Council authorize staff to apply to BC Housing for a \$5,000 cost-sharing grant for the Affordable Family Co-operative Housing Study.

**REPORT**

The Community Development Committee, at its meeting held on 2013 August 26, received and adopted the *attached* report seeking Council's funding approval to complete a study on Affordable Family Co-operative Housing. The proposed study is considered to be a beneficial and timely initiative which can be recommended based on its contribution to the City's stated goals and objectives.

Respectfully submitted,

Councillor C. Jordan  
Chair

Councillor D. Johnston  
Vice Chair

Councillor P. Calendino  
Member

Copied to:	City Manager Director Planning and Building Director Finance
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**TO:** CHAIR AND MEMBERS  
COMMUNITY DEVELOPMENT COMMITTEE

**DATE:** 2013 August 22

**FROM:** DIRECTOR PLANNING AND BUILDING

**FILE:** 16000 01  
*Reference: Affordable Housing –  
Family Co-operative Study*

**SUBJECT: AFFORDABLE FAMILY CO-OPERATIVE HOUSING STUDY**

**PURPOSE:** To seek funding approval to complete a study on Affordable Family Co-operative Housing.

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1. **THAT** Council be requested to authorize an expenditure of up to \$10,000 from the Community Benefit Bonus Housing Fund for an Affordable Family Co-operative Housing Study.
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**REPORT****1.0 BACKGROUND**

The City, in an effort to remain contemporary and through ongoing reviews of adopted housing plans and policies, has identified specific actions to define emerging issues, including addressing matters relating to housing affordability. The lack of affordable and suitable family housing options continues to be challenging for many families seeking homes in Burnaby and the region. Building on the key goals set by the Official Community Plan, the Social Sustainability Strategy targeted specific actions related to developing further studies to define how the City could advance innovative ideas and projects as part of a comprehensive Housing Action Plan. The new Housing Action Plan is intended to inform the development of the updated Official Community Plan and would be part of Burnaby's on-going commitment to the Regional Growth Strategy.

Planning staff have identified a need to undertake a study of affordable family co-operative housing models and their potential application in Burnaby. The purpose of this report is to outline the role and benefit of this proposed Study as a part of working towards developing a Housing Action Plan. In addition, recommendations are provided on funding the Study through the Community Benefit Bonus Housing Fund with matching funds being sought through BC Housing.

## **2.0 AFFORDABLE HOUSING POLICIES**

### **2.1 Study Context**

Various statistics and data suggest that it is becoming more challenging for families to find affordable and suitable housing within Burnaby and Metro Vancouver. Many families in Burnaby find themselves having to make compromises about the location, size, and cost of their housing. Often these limitations can have detrimental social and economic impacts to the quality of life for families that may be multi-generational or have small children.

The context for the proposed Study of affordable co-operative housing in Burnaby is based on the following Council adopted plans, strategies, and policies:

#### **Official Community Plan (OCP)**

The OCP includes, as part of its Strategic Direction for Housing, two specific objectives which relate to the proposed Study in terms of housing diversity and affordability:

- Residential Opportunities – To provide a varied range and choice of living opportunities within the City.
- Special and Affordable Housing Needs – To help ensure that the needs of people with special and affordable housing requirements are met.

#### **Social Sustainability Strategy**

The City’s Social Sustainability Strategy included a number of specific actions which relate to the proposed Study in terms of innovative approaches to housing that improve diversity and affordability:

- Consider developing clarifying criteria for use of the City’s Housing Fund to fill gaps in the City’s housing continuum.
- Continue to lease City-owned properties for non-market and supportive housing which is affordable to low and moderate income households.
- Look for opportunities to work with senior levels of government, businesses, Fraser Health, community organizations and others to facilitate the development of housing that is supportive, suitable and affordable to specific targets groups.
- Consider consolidating and updating the City’s numerous housing policies and programs into a comprehensive Burnaby Housing Action Plan.
- Consider a review of City bylaws, policies, and practices in order to reduce possible regulatory barriers to innovative, alternative, and supportive types of housing options.

#### **Regional Growth Strategy**

As part of the City’s approval of the Regional Growth Strategy, and through the recently Council adopted Regional Context Statement, Burnaby has committed to prepare a Housing Action Plan to outline the City’s objectives and initiatives for addressing housing issues. As cited in the Regional Context Statement, the City relies upon the “Affordable Housing and Homelessness – A Response to

Issues and Proposals” report to help define roles and to facilitate affordable housing in the Region and the City.

The report states that, based on the identified needs, issues and program gaps, priority attention should be given to the following key initiatives:

- **Non-Market Housing Units:** Funding and development of new non-market housing units for low-income families, seniors requiring assistance with daily living, and vulnerable populations requiring support. This housing could include new public, non-profit, and co-operative housing units.
- **Homelessness:** Funding and programs to assist homeless people move from the street into stable housing with adequate supports.
- **Market Rental Stock:** Increasing and maintaining the stock of affordable market rental housing including more proactive protection of tenant rights, particularly in “problem” rental buildings.

The report also identifies the following initiatives that may enhance the City’s role as a facilitator and work towards achieving the aforementioned priorities:

- Cooperate to make City lands available for non-profit/affordable housing.
- Manage development cost charges and property taxes.
- Reduction of Permit Fees.
- Build flexibility in development standards.
- Facilitating approval processes.
- Support innovations in affordable housing types and forms.
- Increasing densities.
- Build innovations in civic housing policies.

Based on the aforementioned civic directions, the need has been identified to consider innovative housing models, including co-operative housing, that could assist families in achieving their housing needs. As such, an Affordable Family Co-operative Housing Study would contribute significant research on innovative co-operative housing models which would then be used to inform the City’s future Housing Action Plan.

## 2.2 Affordable Family Co-operative Housing Study

The purpose of the Study is to identify co-operative housing models, based on a community land trust approach, to increase the stock of family housing that is affordable to median income households in Burnaby. It is noted that the median household income for Burnaby is \$50,205 (Source: 2006 Census).

BC Housing defines co-operative housing as: *“a housing development in which individual residents own a share in the co-operative. This share grants them equal access to common areas, voting rights, occupancy of an apartment or townhouse, and the right to vote for board members to manage the co-operative. Each member has one vote and members work together to keep their housing well-managed and affordable.”*

There are two main types of housing co-ops:

- **Non-profit:** In non-profit co-ops, members do not accrue equity and cannot sell their share.
- **For-profit:** In for-profit co-op, members own a share of the co-op (but not the individual unit they live in) and may gain equity in their share and could sell it on the private market.

Non-profit housing co-operatives have typically depended on public land leases provided at reduced rates to be financially viable. Under past Federal co-operative housing funding, subsidies are also typically required to reduce the housing costs of households which meet the guidelines of the program. Many non-profit housing co-operatives are located on Provincial or Municipal lands using long-term lease agreements or other legal instruments.

For-profit housing co-operatives, sometimes referred to as equity co-operatives, are not built using government subsidies or land leases. If an equity co-operative was planned to include below-market units, there may be a need for a subsidy (likely government) to make the project viable. A feasibility analysis would be required to determine the need for various subsidies and the required provisions to protect the intended use and occupancy of any below-market units.

The main tasks and deliverables for the Study would include:

- defining scope, and timeline;
- review of Burnaby's housing goals and policies;
- development of strategic objectives and principles;
- assessment of housing needs and objectives;
- consultation with key stakeholders such as co-operative housing providers, financial institutions, other levels of government and their agencies, and developers;
- review of co-operative housing types and community land trust models;
- feasibility analysis of land leasing options and rates;
- review potential housing and financing partners;
- development of criteria to evaluate sites to be considered suitable for a community land trust;
- review potential use of Community Benefit Bonus Housing Fund for affordable family co-op projects; and,
- provide recommendations and directions for Council's consideration.

### 3.0 FINANCING

#### 3.1 Community Benefit Bonus Housing Fund

The total cost of the consulting services required to complete the study is estimated at \$10,000 (including applicable taxes). It is proposed that the study be funded through the Community Benefit Bonus (CBB) Housing Fund which is supported by cash-in-lieu contributions resulting from the density bonus provisions in the Zoning Bylaw. The CBB policy requires that 20% of cash-in-lieu contributions be allocated to the Housing Fund. The Fund currently contains \$10.7 million including interest.

The Council adopted policy for the Housing Fund states that funds can be used for either City initiated projects or community sponsored projects, and that they can be used for any component of a

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From: Director Planning and Building  
Re: Affordable Family Co-operative Housing Study  
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project's development costs. Staff consider that this Study could be treated as the preliminary research for a future development project, and as such, is eligible for support under the Housing Fund. Staff would manage the process, including the hiring of a consultant to complete the study. It is therefore recommended that Council approve an expenditure of \$10,000 from the Community Benefit Fund for the full cost of the study as outlined in this report.

### **3.2 BC Housing Grant Application**

BC Housing maintains an ongoing program of funding cooperation with municipalities and encourages innovative studies, programs and projects. BC Housing staff have indicated that they are willing to consider an application from the City to cost-share the funding of the proposed Affordable Family Co-operative Housing Study. This proposed study meets the overall objectives of BC Housing to partner with municipalities to explore innovative new housing initiatives.

It is proposed that staff would pursue an application to BC Housing for a cost-sharing contribution of \$5,000. Should BC Housing approve the grant application, it would reduce the City's total contribution from the Community Benefit Housing Fund to \$5,000.

### **4.0 NEXT STEPS**

The proposed Study of co-operative housing models for affordable family housing is considered to be a beneficial and timely initiative which can be recommended based on its contribution to the City's stated goals and objectives. It is recommended that Council be requested to authorize an expenditure of up to \$10,000 from the Community Benefit Bonus Housing Fund to provide for the completion of this study. Additionally it is recommended that staff pursue an application to BC Housing for a cost-sharing grant of \$5,000 to reduce the City's total contribution. Notwithstanding the outcome of the grant application, staff would pursue the engagement of qualified consultant services to complete the scope of work identified for this study. Further staff reports advancing the results of the report and future civic actions for consideration would be provided directly to Council through the Community Development Committee.

Lou Pelletier, Director  
PLANNING AND BUILDING

JW/SF/sla/sa

cc: City Manager  
Director Finance