Affordable Housing Advisory Board
A City of St. Albert Board

Report

Affordable Housing Models

Various models for acquiring land, developing, and managing affordable housing

June 2005

THE CITY OF St. Albert
Planning and Development

PART OF A SERIES OF AFFORDABLE HOUSING POLICY REPORTS

Disclaimer

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Executive Summary

The City of St. Albert is facing an increasing lack of affordable housing choices. A greater variety of housing choices will be required in response to the city's changing demographics: more young adults will be looking for their first homes to raise families in, more seniors will be looking for affordable housing options, and an influx of new residents will arrive, attracted by St. Albert's unique character as a family-oriented city with excellent amenities.

St. Albert has a number of constraints affecting typical approaches to the provision of affordable housing. The City of St. Albert's proposed annexation of land from Sturgeon County is likely the best opportunity to address the housing affordability challenge, along with financial support and a long-range plan based on sound principles and models.

This report will examine seven models that can be used for affordable housing development. These models cover the three key components of residential project planning: land acquisition, housing development, and housing management. Examples and case studies are provided to show how these models are used across North America, and each model is assessed for its viability in promoting affordable housing development in St. Albert.

The following table summarizes the findings of this report:

Model	Component	Local Considerations
Land Banks	Land acquisition	• Difficult to establish due to lack of derelict properties, surplus lands, and high acquisition costs in St. Albert
Community Land Trusts	Land acquisition	• Difficult as an instrument to secure new land because of high local land costs • Effective at maintaining existing affordable housing land costs
Housing Trust Funds	Development	• Effective as a funding intermediary between housing agencies and developers
Public-Private Partnerships	Development	• Effective in building new housing units through shared expertise and resources
Housing Cooperatives	Management	• Effective at maintaining housing affordability • Already exists in St. Albert
Life Leases	Management	• Effective at maintaining housing affordability • Already exists in St. Albert
Municipal Housing Corporations	Management	• Effective at maintaining housing affordability • Gives the City more control over housing • Difficulties in developing new units due to high land costs

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Introduction

St. Albert within the Edmonton Metropolitan Region

St. Albert is a part of the Edmonton metropolitan region, which is experiencing its longest period of sustained economic expansion with one of the highest rates of growth in the country. The region is expected to see ongoing population growth, significant in-migration, low unemployment, and high participation in the labour market, contributing to an unprecedented demand for housing. While a slowdown is predicted, growth and demand are expected to remain relatively high.

While retaining its unique character as a distinct community, St. Albert is an important player in the ongoing success of the region. Like other area municipalities, St. Albert needs to maintain its economic competitiveness within the region. To do this, the City of St. Albert must secure a sufficient supply of land for development and provide a variety of housing choices for residents. The current land constraints limit the City's ability to pursue and implement new planning measures and keep the city competitive with other municipalities in the region. Despite these constraints, St. Albert continues to lead with a 13.5 percent average population growth rate, which is well ahead of the other municipalities in the Edmonton region, as shown in Table 1.

Table 1 — Population growth in the Edmonton metropolitan region

Municipality	Average rate of population growth (1981-2001, %)
Edmonton CMA (total)	6.3
Edmonton CMA (urban centres)	6.1
Fort Saskatchewan	1.9
Leduc	4.8
Edmonton	5.3
Spruce Grove	11.6
St. Albert	13.5

St. Albert is a family-oriented city. While increases in residential development are occurring in central areas like downtown Edmonton, many households prefer lower density suburban-style residential development, especially when the households are in a family-oriented lifestyle phase. Rural-to-urban migration continues to rise, with new residents generally preferring to reside in suburban areas. Residents of smaller cities like St. Albert have shorter non-work and shopping trips and job development tends to be greater in suburban areas than in central areas.

Changes are occurring in St. Albert's demographics. With more young adults about to move out and start families and more seniors, there will be a need for more housing options and a greater degree of affordability. Given the family-oriented nature of St. Albert, many local residents value being able to remain in the city as they grow older. This family focus is expected to continue, dictating a continuation of development styles comparable to what currently exists.

Growth in Demand for Housing Choices

The *St. Albert Affordable Housing Strategy*, released in 2005, indicated as many as 3,046 local households may be in Core Housing Need, meaning they pay more than 30 percent of their income for housing. These households include single adults, seniors, single parents, and those requiring some level of support. As St. Albert grows, the need for affordable housing for those in Core Housing Need will continue to rise.

Table 2 shows the projected need for affordable housing in St. Albert over the next twenty years. An average of just over one hundred affordable units could be needed each year.

Table 2 — Projected growth of households in Core Housing Need

Year	Number of households	Households that may be in Core Housing Need	Change
2003	19,037	3,046	—
2016	25,289	4,045	+999
2027	34,485	5,517	+1,472

There are a number of issues in St. Albert resulting in reduced housing choice, including:

- housing prices, which have generally increased the price of entry-level homes,
- housing sizes, which have tended to favour middle- and higher-end housing construction instead of smaller, affordable homes,
- the lack of available land, resulting in fewer developers and limiting the provision of a variety of housing choices,
- declining rental stocks, which have been shrinking over the ten years prior to 2001,
- land use regulations that have prohibited smaller lots and supported the development of single-family houses (the current review of the *Land Use Bylaw* should allow for more flexibility in the types of housing provided),
- an in-migration of higher-income households, and,
- low interest rates, which encourage residents to purchase larger, higher-priced homes.

Land Availability and Housing Choice

The price of a new house is determined by two main factors: the price of the labour and materials required to build the house, and the price of the land itself.

The price of labour and materials is relatively constant throughout the Edmonton region. While there have been significant increases in costs for both labour and materials due to increasing local and global demands, the effect has been constant throughout the region.

On the other hand, St. Albert has experienced a greater change in the price of land than other municipalities in the region. As seen in Table 3, St. Albert has a smaller supply of developable land within its boundaries than many other Alberta municipalities.

The effects of maximizing growth while holding less than a twenty-year supply of land are becoming apparent in St. Albert. These effects are similar to those found in cities with an imposed growth boundary that contains growth within a defined area with the aim of encouraging higher densities and more infill development. Cities with growth boundaries are now discovering some significant associated costs, including:

- housing prices rising significantly,
- land prices rising significantly,
- a reliance on infill resulting in a significant increase in cost,
- bigger houses being built on smaller lots,
- significant reductions in new housing starts,
- new developments that retain typical suburban characteristics, and,
- a significant increase in country residential and hobby farms outside the boundary, which take up more prime land than traditional urban development, and result in these residents forming significant lobby groups that campaign against more traditional forms of urban development and are a part of the sprawl so many are fighting against.

Table 3 — Density comparisons (2002)

Municipality	Land area (km^2)	Density (population/ km^2)
Medicine Hat	120	427
Lethbridge	127	572
Grande Prairie	61	606
Cochrane	17	710
Edmonton	699	952
Airdrie	22	999
Red Deer	62	1,138
Calgary	722	1,253
St. Albert	39	1,474

As of May 2003 the population of St. Albert was 54,588, spread over a total land area of 34.61 km^2. The resulting high population density shows that the city has a much smaller land inventory than other municipalities, indicating a significant planning achievement in maximizing the use of existing land while maintaining a comparatively high level of growth. However, this challenges the City's long-term future planning and supports the need for more land.

Growth-constrained cities are finding both development and growth are slowing and significantly reducing their ability to meet the housing needs of low- and middle-income families. The fact that St. Albert has maximized the use of its land far more than most other Alberta municipalities demonstrates the City's reasonable and efficient land development approach. However, St. Albert must find a reasonable means to address the issue of land availability and costs to ensure its ongoing effectiveness as a sustainable community, which requires the provision of a variety of housing choices, both on its own and as part of the Edmonton region. In order to do so, the City must expand its land base beyond its current boundaries. Otherwise, the challenges to the City's sustainability could become insurmountable and even impact the larger region.

Infill development

Infill developments in a city's core are often a feasible way to create more affordable housing. Both Edmonton and St. Albert have downtown cores that house about one percent of their populations, but the significant difference is found in the downtown fringe of Edmonton, which is the most densely populated area in that city. Multi-family rental dwellings in Edmonton's downtown and fringe areas house an extremely high percentage of single people and a growing number of seniors, with families making up less than 10 percent of the area's total population. It is in this area that more infill and higher densities are generally found to be most effective.

St. Albert does not have a similar fringe area. Often cities have a ring around the downtown that includes former warehouse or light industrial lands, or significant amounts of vacant land currently used as parking lots. St. Albert's downtown core is constrained on three sides by St. Albert Road, the Sturgeon River, and the CN railway tracks. The industrial area adjacent to the railway is still active and the city has not seen the relocation of its small amount of industrial uses away from this area. The linear nature of the development along the river also precludes a cohesive core of development around the downtown. To the south of the downtown are single-family neighbourhoods that, unlike such neighbourhoods in cities like Edmonton, are still very viable and well-established neighbourhoods. There are few redevelopment opportunities in these areas.

This particular area of redevelopment and its role in the provision of greater housing choice is not feasible in St. Albert, due to the lack of suitable land available.

Government surplus lands

Many cities benefit from the availability of municipal, provincial, or federal government surplus land that can facilitate the provision of more affordable housing. Table 4 outlines

St. Albert's publicly owned lands. The properties owned by both the Provincial and Federal governments are required for ongoing government needs, and the City's lands are located in industrial or commercial areas and not suitable for residential development.

Table 4 — Publicly owned lands in St. Albert

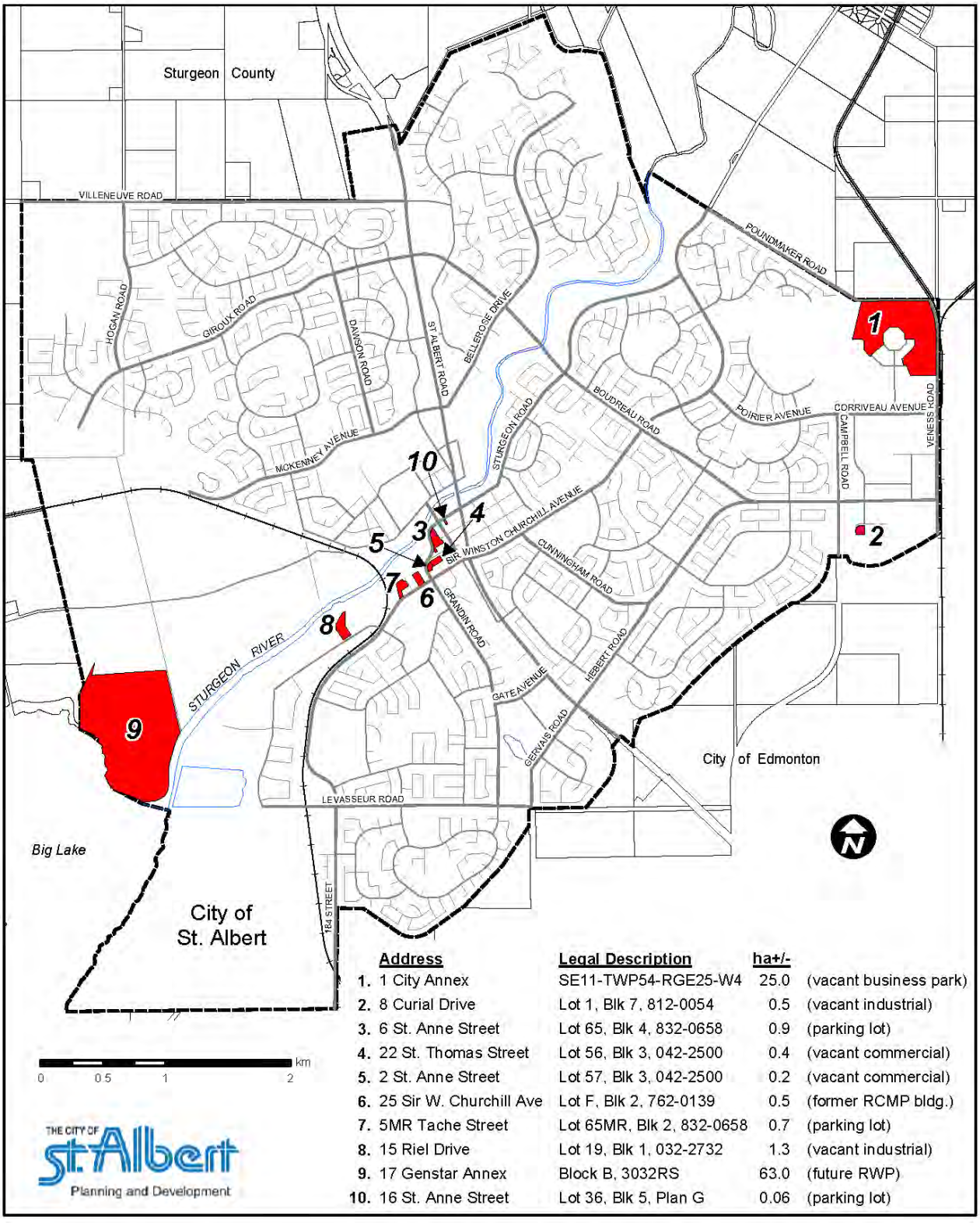
Owner	Address	Current Use
Province of Alberta	3 St. Anne Street	Court House
	North Poundmaker site (north of Campbell Business Park)	Rehabilitation facility (within Sturgeon County limits)
	East Poundmaker site (east of Campbell Business Park)	Vacant land (within City of Edmonton limits)
	30 Sir Winston Churchill Avenue / 4 Glenview Crescent	Provincial Building
Government of Canada	131 Herbert Road	Letter Carrier Depot 1 St. Albert
	50 Corriveau Avenue	Public Works and Government Services Canada office
	13A Perron Street	St. Albert Post Office
City of St. Albert (undeveloped or vacant sites only)	1 City Annex	Vacant business park
	8 Curial Drive	Vacant industrial
	6 St. Anne Street	Parking lot
	22 St. Thomas Street	Vacant commercial
	25 Sir Winston Churchill Avenue	Former RCMP building
	5MR Tache Street	Parking lot
	15 Riel Drive	Vacant industrial
	17 Genstar Annex	Future RWP
	16 St. Anne Street	Parking lot

The City-owned sites are shown on the map in Figure 1, and are either in the downtown area or in the industrial/business park areas.

Proposed Annexation

The City of St. Albert is making an application to the Municipal Government Board to annex 1,336 hectares of land from Sturgeon County to the north and west of the City's current boundaries. It is anticipated that this land will provide nearly 1,000 hectares for future residential development. Due to the current limited supply of reserve, downtown fringe, and government surplus lands, the addition of the annexed land provides the most feasible opportunity to increase the variety of housing choices available in St. Albert.

The proposed land area annexation is shown in the map in Figure 2. It is anticipated that the availability of more land for development along with proposed land use regulations will mitigate the current high cost of land in St. Albert. Given the opportunity, the proposed annexation lands will give the City more options in providing affordable housing choices.



	Address	Legal Description	ha+/-	
1.	1 City Annex	SE11-TWP54-RGE25-W4	25.0	(vacant business park)
2.	8 Curial Drive	Lot 1, Blk 7, 812-0054	0.5	(vacant industrial)
3.	6 St. Anne Street	Lot 65, Blk 4, 832-0658	0.9	(parking lot)
4.	22 St. Thomas Street	Lot 56, Blk 3, 042-2500	0.4	(vacant commercial)
5.	2 St. Anne Street	Lot 57, Blk 3, 042-2500	0.2	(vacant commercial)
6.	25 Sir W. Churchill Ave	Lot F, Blk 2, 762-0139	0.5	(former RCMP bldg.)
7.	5MR Tache Street	Lot 65MR, Blk 2, 832-0658	0.7	(parking lot)
8.	15 Riel Drive	Lot 19, Blk 1, 032-2732	1.3	(vacant industrial)
9.	17 Genstar Annex	Block B, 3032RS	63.0	(future RWP)
10.	16 St. Anne Street	Lot 36, Blk 5, Plan G	0.06	(parking lot)

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Planning and Development

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Figure 1

City Owned Lands
(excluding park and public utility lots)

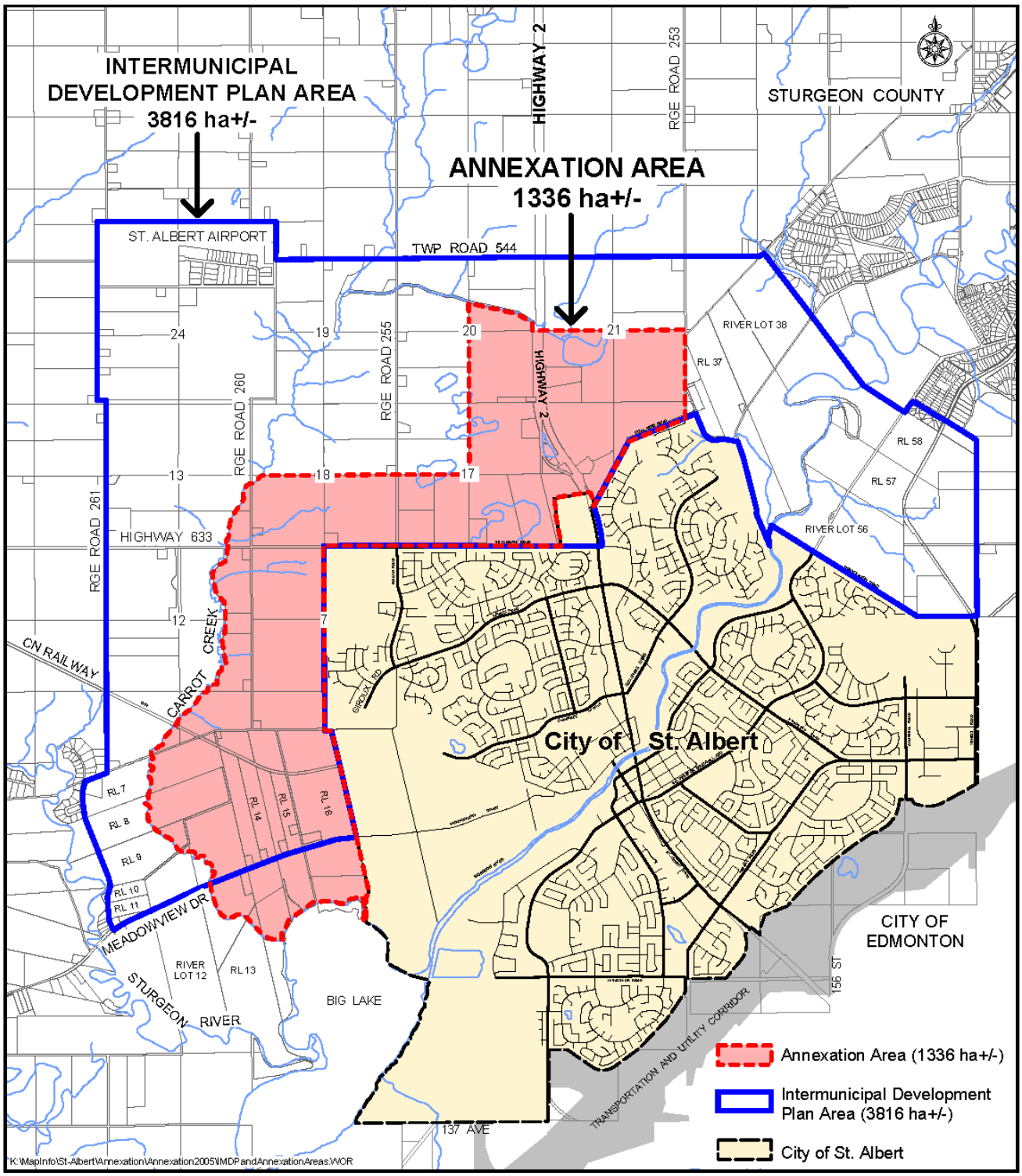


Figure 2 ***Annexation Area (2005) and Intermunicipal Development Plan Area***

Report Structure and Significance

This report will introduce seven affordable housing models that are used by municipalities and other groups. These models will be presented in three parts corresponding to the three phases of residential development: land acquisition, housing development, and housing management.

By using these tested models along with a clear community housing plan, a municipality can avoid many unnecessary risks, including:

- financial risks due to construction budget overruns and poor resource management,
- community opposition to a project without clear goals, objectives, and value,
- political opposition due to possible municipal liabilities and poor perception of value,
- project stoppages due to lack of co-ordination between stakeholders, and,
- a project that is useless to the households in need of housing.

More than one model may be used in an affordable housing development plan. For example, an affordable housing agency's plan might look like this:

1. The affordable housing agency completes an assessment of its needs and abilities and decides that it does not have the expertise or resources to build new housing units alone. The agency chooses to form a public-private partnership with other, more-experienced organizations to fulfill the goal.

2. The agency turns to a housing trust fund for financial assistance and advice, and obtains sufficient funding to start work on the new housing units.

3. Working with a land bank, the affordable housing agency identifies a good site for new housing units and obtains the parcel of land for a discounted price.

4. The agency then places the land into a community land trust, which ensures that the land value will remain affordable over the long-term.

5. Through a partnership with a private non-profit developer, a land use plan is created and construction of the new housing units begins.

6. With the land value secured, the agency helps the new residents keep the value of the housing units affordable over the long-term by assisting in the creation of a housing cooperative to own and manage the new units.

These affordable housing models will be reviewed by the Affordable Housing Advisory Board to determine if they could be feasible for St. Albert's specific needs. Appropriate recommendations will then be made to City Council.

Part 1:

Land Acquisition Models

Land Banks

Definition

A land bank is an agency that acquires unproductive, vacant, and developable land, which it then holds in anticipation of future development. These separate and distinct agencies are created by legislation, municipal policies, or municipal bylaws. Land banks typically acquire properties by:

- purchasing it, either on the open market or through a right of first refusal on newly annexed or government surplus lands, or,
- seizing it from landowners who are delinquent in the payment of their property taxes or who have abandoned their properties.

Funding

Land banks are often funded by a municipality, but they can also generate revenues from:

- transfer fees on real estate transactions,
- shares of capital gains taxes in connection with local land transactions,
- allocation of property tax gains from increased assessments after development, and,
- capital gains on the sale of land bank properties.

Advantages and Challenges

Advantages of a land bank:

- land banks encourage redevelopment of vacant and abandoned properties, which leads to benefits like:
    - increased enrolment in local schools,
    - increased property tax revenues,
    - a reduction in city property maintenance costs,
    - a reduction in criminal activities and associated fire and policing costs,
    - increased local property values, and,
    - the promotion of further residential and commercial development
- it reduces the cost of land for affordable housing development
- the city has more control over the future development of the land

Challenges:

- the land bank or municipality may lack sufficient acquisition funds for new land
- it requires ongoing and effective coordination between the land bank, the city, and affordable housing development agencies,
- the land bank's properties may not have enough value to merit development
- the city must forgo any delinquent taxes associated with land bank properties

Components of a Typical Land Bank

Component	Description	Advantages	Challenges
Legal incorporation	Legal establishment of the land bank (if it is to be a non-municipal agency)	• Allows the bank to acquire and hold properties	
Mission statement or purpose	Statement of the land bank's goals and purposes	• Can make a land bank project specific or general purpose	

		• Shows the bank's appropriateness to the city's needs	
Intermediary status	The land bank acts as a land holder, not a developer	• Frees the bank from needing development expertise	• Requires significant coordination of development partners, other agencies, and governments
Revenue plan	Shows the bank's ongoing revenue sources and financial viability	• Allows the bank to continue acquiring land at a controlled pace	• Requires governmental assistance (directly through transfers or indirectly through policies on levies)
Land inventory	A database of what lands are available	• Lets the bank know what lands are available for purchase • Lists the current assets of the bank	• Requires coordination of all government levels • Requires expertise in mapping and database entry

Canadian Context

Two examples include the cities of Saskatoon and Edmonton, which acquired and held tax delinquent lands as a reserve for future development in the 1930s.

Since 1954, the National Housing Act has had provisions for financing land banks, provisions that were widely used by municipalities until the 1970s. The Hellyer Report of 1969, prepared by the Federal Task Force on Housing and Urban Development, a CMHC report from 1970, and the Dennis Report of 1972 all recommended the creation of land banks.

Examples

The long history of land banks around the world has demonstrated that such programs can be successful. Land banks, like the following, are effective tools for affordable housing development:

Genesee County Land Bank Authority

Genesee County, which includes the city of Flint, Michigan, established a highly successful land bank model based on long-term planning principles. The Flint area has many derelict and tax delinquent properties due to a prolonged economic downturn. By targeting and acquiring over 3,400 specific parcels through the foreclosure process, the Land Bank has control over entire neighbourhoods, allowing it to plan over the long-term.

The Bank has sold 130 parcels to non-profit housing agencies for affordable housing development. The Bank has also redeveloped large downtown commercial buildings and has provided hundreds of lots for other non-profit community organization projects.

Augusta-Richmond County Land Bank Authority

Located in Georgia, this land bank is a non-profit corporation created to return tax delinquent properties to a productive use. The bank's goal is to provide land for both affordable housing construction as well as job creation for low- and middle-class households through commercial and industrial development.

The Augusta land bank acquires properties by purchasing land, receiving land donations, and through tax foreclosure auctions. When a developer submits a suitable proposal either for affordable housing units or for a job-creating development, the land bank clears the property of all outstanding liens and taxes and gives it to the developer.

St. Louis Land Reutilization Authority

St. Louis has a fiscally driven model of land banking. This means that the land bank has no priorities for land acquisition and sales, nor does it participate in long-term land use planning. Instead, this bank was created purely as a fiscal catalyst for neighbourhood redevelopment and to generate short-term incomes by turning around land quickly.

This land bank, like the others, acquires its land by purchasing parcels at tax foreclosure auctions and then clears the title of liens and other debts owed when it is resold for development. No statistics are available for the number of affordable houses built, but the land bank does provide parcels at a reduced price for non-profit organizations.

Applicability to St. Albert

Most land banks focus on the acquisition of land that is derelict, tax delinquent, former industrial sites, or government surplus. Because there are not many of these properties in St. Albert, a local land bank would need to focus on another method of acquiring land. This could involve:

- the purchase of existing lots at market rate, or,
- the negotiation of some sort of trade, but this would be limited by the land bank's assets and willingness to assume risks.

Land Banks: Case Study

Agency:	Cleveland Land Bank
Location:	Cleveland, Ohio
Established:	1976
Assets:	1,673 buildable lots and 3,933 non-buildable lots (as of 30 May 2005)
Structure:	Municipal program operated by the City of Cleveland

The Cleveland Land Bank was formed in response to unpaid property taxes on abandoned Cuyahoga County structures. As the value of these unpaid taxes approached US$100 million, the City of Cleveland eagerly pushed the State of Ohio for new laws on the seizure of vacant and tax-delinquent structures. The State responded by giving cities these powers, and the city created the land bank to deal with these newly acquired properties.

Governance

This municipal program is run by the City's Department of Community Development, Neighbourhood Development Division, under the oversight of City Council and the Mayor's Office.

The expedited foreclosure process is managed by Cuyahoga County, as part of its Government Action on Urban Land program.

Funding Sources and Land Pricing

As a municipal program, the Cleveland Land Bank is funded as part of the City's budget. This City funding also covers property management and maintenance expenses. However, the expedited foreclosure process receives a dedicated five percent of the income from collecting delinquent taxes.

The land bank lots are sold for these prices:

- buildable lots with 40' or greater frontages are sold for $100, and,
- non-buildable lots with less than a 40' frontage are offered to adjacent property owners for $1.

Acquisition and Development Process

The Cleveland Land Bank acquires land using the following process:

1. Properties in Cuyahoga County are certified as being tax delinquent after a year of missed payments. From this list of properties, the City identifies the properties it wants for the land bank and submits a request to the County,

2. When a Judgment of Foreclosure and Order of Sale is received, the County attempts to sell it at a Sheriff's sale. Parcels not sold after two Sheriff's sales are deemed forfeited and the City is declared as the winning bidder. The property becomes free and clear of all private liens and interests, subject only to existing covenants and easements,

3. Community development corporations (CDCs) submit proposals for redevelopment that are evaluated by:

    a. a neighbourhood planner,
    b. land bank staff, and,
    c. a neighbourhood advisory council.

If this panel and city council approve, then the land title is transferred to the developer.

On occasion, properties are donated by their owners to the City in lieu of foreclosure.

Successes

The success of the Cleveland Land Bank can be measured in these statistics:

- CDCs have produced 2,700 affordable single-family houses,
- about 90 percent of these houses involve land bank lots, and,
- the land bank is cited as being responsible for the “remarkable renaissance” of three of Cleveland’s most distressed neighbourhoods.

Challenges

Challenges associated with the Cleveland Land Bank include:

- problems with project capitalization,
- the limited capacity of CDCs to acquire and rehabilitate lots,
- time consuming administrative procedures, and,
- competition with the County Treasurer, whose aim is to sell tax liens to private agencies to recoup the delinquent taxes, which reduces the supply of affordable or low-cost properties.

Lessons Learned

Based upon the history and structure of the Cleveland Land Bank, a land bank should have these components or be prepared to lobby for them:

1. a judicial foreclosure process that expedites processing and cleans the property title,

2. laws and municipal procedures that cancel delinquent taxes, interest, and penalties,

3. the legal and administrative capacity to sell approved properties for less than fair market value, and,

4. a strong network of development partners that have the capacity to redevelop many properties annually.

5. strong relationships with other stakeholders, including other government departments, to prevent competition for housing lots and delinquent tax payment.

Land Banks: Case Study

Agency:	Fulton County/City of Atlanta Land Bank Authority
Location:	Fulton County and Atlanta, Georgia
Established:	1991
Assets:	No statistics are available
Structure:	Independent corporation with input from the City and County

In response to a growing inventory of abandoned tax delinquent properties in inner city Atlanta, the State of Georgia passed legislation in 1990 enabling the creation of land bank authorities. In 1991, an intermunicipal cooperation agreement was signed between the City and the County to create the Authority to acquire, manage, and dispose of land for affordable housing purposes.

Governance

The Authority is established as an independent corporation, complete with its own staff and a separate Board of Directors. However, the Mayor appoints two representatives and the City Council of Atlanta appoints two representatives to represent the City's interests on the Board.

Funding Sources and Land Pricing

Seventy-five percent of the Authority's funding comes from federal Community Development Block Grants. The City of Atlanta and Fulton County each contribute an annual payment of $256,000.

No information is available on how the Authority prices its land for sale, but trades are usually done for nominal considerations. The Authority concerns itself more with contractual agreements with affordable housing developers than with revenue generation.

Acquisition and Development Process

The Atlanta land bank acquires land by:

1. working with interested developers to identify tax-delinquent properties that would be suitable for affordable housing development,

2. requiring the developers to negotiate a land purchase and submit an application to the Authority, which includes either:
   a. a letter of endorsement from the Neighbourhood Planning Unit (NPU), or,
   b. an letter of no opposition from the NPU, and,

3. if approved, the Authority either:
   a. sends a letter to the Tax Commissioner who then initiates judicial foreclosure, or,
   b. buys the property from the owner (the City or the County) and then removes the lien.

Successes

A success of the Atlanta land bank is its legal authority to clear liens and delinquent taxes, including school taxes, from property titles. This saves the Authority from having to prepare judicial requests to clear the title when the City or County owns the property.

Although exact figures on how many affordable housing units have been developed through the Authority are not available, it has been successful at turning over more than 1,000 parcels for residential development

Challenges

The Atlanta land bank does not have a long-term plan for its properties, nor does it target properties for acquisition. This may lead to

a piecemeal approach to affordable housing development and neighbourhood renewal.

Lessons Learned

A land bank agency should consider these recommendations based on Atlanta's experience:

1. the land bank should have or campaign for the legal authority to clear land titles of liens and taxes without needing to file a request for judicial intervention, and,

2. the land bank should consider whether it wants to be a short-term agency used to turn over properties quickly, or to have a long-term planning focus dedicated to the development of entire communities.

Community Land Trusts

Definition

A community land trust is an organization that acquires land and holds it indefinitely for the benefit of the community. This indefinite hold stabilizes the price of land by removing speculative pressure. The trust then signs long-term leases with people, businesses, and groups, who use the land for their own needs.

A land trust acquires and holds land by:

- soliciting for land donations,
- trading charitable tax receipts, and,
- purchasing land with cash.

Community land trusts promote affordable housing initiatives by building or renovating housing on its land. The land trust divides home ownership into two components:

- the housing unit, which is sold or rented to low-income families, and,
- the land, for which the household signs a long-term lease and can choose later to bequeath to their children or sell at a price controlled by the trust.

Advantages and Challenges

Advantages:

- good at creating new affordable housing units
- often encourages good planning and development on its lands and neighbouring areas
- effective at revitalizing derelict housing, abandoned shops, and former industrial sites
- prevents absentee ownership and associated dilapidation
- encourages “ownership pride” and better upkeep of homes

Challenges:

- future household equity is limited to the value of the house, not the land
- households are limited to what they can build on the land, and how it is used
- secondary suites are not possible because of restrictions on sub-letting the property

Components of a Typical Community Land Trust

Component	Description	Advantages	Challenges
Legal incorporation	Legal establishment of the trust	• Lets the trust assume greater liabilities • Gives the trust credibility	
Registered charity status	Registration of trust under Section 149 of the federal *Income Tax Act*	• Allows the trust to issue charitable tax receipts • Increases eligibility for grants and other funding • Exemption from paying Property Purchase Tax and income tax on Crown lands	• No benefit for co-op housing that owns its own land (co-ops are also non-profit and do not benefit from charitable tax receipts)
Mission statement	Statement of the trust’s goals	• Shows how the trust fits into the city’s plans • Shows how the trust fits in with public opinion	

Democratic representation	Elected board of directors	• Board members can be held accountable for trust activities	• Need the following groups together: ○ residents and leaseholders ○ community members ○ housing and funding groups ○ experts in real estate, finance, development, and insurance ○ land donors ○ government
Policies on candidate selection	Guidelines on who gets to live in the new housing	• Ensures that applicants qualify for help	• Must measure household income • Must assess the household's needs
Land use plan	A plan showing what the trust is going to do with the land	• Shows the land involved • Shows how the land was acquired • Shows what future uses will look like • Shows usefulness of existing structures	
Financial plan	A plan that shows the trust's income and expenditures	• Provides income estimates • Notes the stability and source of funds • Shows how the trust will support itself and expand in the future	• Must consider these costs: ○ land trust administration ○ new development ○ internal subsidies ○ land transfer fees
Stakeholder involvement	Brings together everyone who is involved in the trust	• Broad stakeholder expertise allows the trust to take on bigger, politically sensitive projects	
Outreach activities	Promotes the trust to various stakeholders and the public	• Raises public and stakeholder awareness of the trust and its goals • Can result in benefits like: ○ community support ○ grants ○ good lending plans ○ sponsorships ○ seed funding • Minimizes NIMBY groups • Stops residents from treating the trust as a landlord	• Must target these groups: ○ co-op housing boards ○ church groups ○ service organizations ○ government officials ○ lenders ○ leaseholders

Canadian Context

Community land trusts are becoming popular in Canada. With the end of federal support and the imminent expiry of Canada Mortgage and Housing Corporation (CMHC) co-op land lease and funding agreements, many co-ops are looking for ways to keep prices affordable and stable. A recent Co-operative Housing Federation of Canada study concluded that land trusts are effective at keeping land leases affordable beyond the expiry of the CHMC agreements.

Examples

Community land trusts are adaptable to many political and economic conditions. Here are three brief examples of where the land trust model has been used to promote affordable housing:

Sawmill Community Land Trust

Located near downtown Albuquerque, New Mexico, the Sawmill neighbourhood is situated on the former site of a particleboard factory. Property values in this area increased dramatically due to gentrification; vacant industrial land was priced at $1.05 per square foot in 1996 rising to $4.10 per square foot today, and homes that sold for $26 500 in 1981 cost $175,000 in 2004, with real increases in price by 31 percent.

In partnership with the City, the Trust acquired 27 acres and built 196 housing units of various types (including single family homes with secondary suites and “flex space” reconfigurable units) surrounding a shared plaza, a community centre, commercial space, and open space featuring a trail system. These houses were sold to low-income families, and the land was handled with a long-term lease that controlled prices.

Community Housing Land Trust Foundation

Because of poor finances and damaged community relations, the owner of a manufactured home park in Surrey, British Columbia was eager to sell, which potentially could have caused the eviction of the existing tenants out of their low-cost homes.

The park owner agreed to consider selling the land in exchange for both cash and tax receipts. The cash offer was to be recovered through pad rents (which would not change) charged to the residents. The tax receipts were simply based upon the property’s appraised value. Negotiations are under way with BC Housing and the City to cover any possible financial shortfalls. The day-to-day operations and management of the park would fall to the residents, possibly through the establishment of a co-op board.

This sale would maintain existing affordable housing stocks by securing resident access to affordable land, with the bonus that no new housing units would need to be built.

Central Vermont Community Land Trust

Formed in 1987, the CVCLT is a charitable non-profit corporation mandated to create affordable housing through housing development, homebuyer education, lending, and property management. The Trust has been involved with the development of 322 units, which includes apartments, mobile homes, single-family homes, and commercial spaces.

The Trust encourages applicants to find homes to purchase. The Trust then obtains ownership of the land and leases it back through a 99-year renewable ground lease.

Applicability to St. Albert

Given the short supply and intense speculative pressure on land prices in St. Albert, a community land trust would be highly beneficial to the city’s affordable housing developments. However, such an agency would need the resources to purchase land before it could enter into long-term leases with land users.

Community Land Trusts: Case Study

Agency:	Central Edmonton Community Land Trust (CECLT)
Location:	Edmonton, Alberta
Incorporated:	September 1998
Assets:	22 housing units (16 single-family homes, 3 duplexes)
Structure:	Community land trust and rent-to-own home ownership program

The CECLT approach is to purchase existing substandard properties, renovate the houses to current housing standards, and then rent them to member households for five years. After five years, the rent payments serve as down payment equity, and the house is then offered for sale to the household. The CECLT retains title to the land at all times and leases it to the household separate of any agreements for the house.

Governance

The CECLT is governed by a board of directors and is supported by a volunteer executive director. The board is composed of the following members:

Inaugural Board
- member households
- neighbourhood representatives
- social services agency representatives
- City of Edmonton (Community Services) representative

Current Board
- four member households
- lawyer
- residential relations expert
- financial services expert
- City of Edmonton representative

Funding Sources

Seed funding sources
- Muttart Foundation (grant)
- Canada Mortgage and Housing Corporation (interest-free loan)
- Communitas Group (deferment of technical consulting fees)

Operational grant sources
- Alberta Real Estate Foundation
- Mennonite Centre for Newcomers
- City of Edmonton, Family and Community Support Services

Renovation funding sources
- City of Edmonton, *Low Income Capital Assistance Program* (land donation)
- Burger King, Home Depot, other agencies (financial donations)
- A-Channel (publicity)

Membership Requirements

Households who wish to become members, and thereby residents, of CECLT housing must meet the following requirements:

1. household income must be equal or less than the CMHC's Core Need Income Threshold,
2. they must purchase a CECLT share (currently valued at $30),
3. an application and a credit check fee ($25) must be submitted, and,
4. they must pass an interview with the selection committee,

Households will be given housing on a first-apply-first-serve basis with consideration given to special needs.

Successful households enter into a five-year rent-to-own agreement. The money set aside by the rental payments is used as the down payment after the agreement expires, and the remaining payments on the house are handled like a normal mortgage. However, the household will continue to lease the land from the CECLT for a fee (expected to be $50 per month), which will

be used to pay for operations and future projects.

Successes

It is too early to say whether this program is a success. The CECLT has placed several households into its units but none have assumed their mortgages yet because the first series of five-year agreements have not yet matured.

Challenges

The CECLT has faced several operational problems, which to date have not been entirely resolved. These problems include:

- the inability of households to build up sufficient equity within the five-year rent-to-own period to pay for the down payment,
- households that believe they are merely renters and therefore not responsible for household upkeep during the five-year period,
- CECLT's volunteer failures to collect rents, enforce rules, and continue operations, resulting in rent payment arrears, vacancies, and sub-letting of properties to non-qualified households,
- difficulty in finding a mortgage lender who is willing to provide a mortgage on the housing unit without attachment to the land,
- underwriting restrictions for CMHC mortgage insurance, and,
- the lack of a sense of community amongst the households due to properties being spread out.

Lessons Learned

Based on the CECLT experience, a community land trust program must keep in mind the following lessons:

1. that the home ownership model not involve renting the properties to households,

2. that households and the public be educated about the nature, rights, and responsibilities associated with land trust-based housing,

3. that trust management include a professional element that can be held responsible for operations,

4. that creative solutions for property funding and insurance be in place before irreversible decisions are made, and,

5. that housing sites be either several single-family units within walking distance of one another or multi-family units to foster a sense of community.

Community Land Trusts: Case Study

Agency:	Calgary Community Land Trust Society (CCLT)
Location:	Calgary, Alberta
Incorporated:	June 2003
Assets:	27 housing units (townhouses)
Structure:	Community land trust

The CCLT specializes in the land acquisition component of affordable housing, preferring to collaborate with other agencies that would develop the housing and manage it. On its first project, the CCLT acquired the land and collaborated with Habitat for Humanity to get the housing developed and managed, and with MCC Employment Development to provide home ownership education and training to the households. The CCLT is currently working on a second affordable housing project, and has plans for a third project that will be a public-private partnership.

Governance

The CCLT is governed by a 17-member Board of Directors with expertise in:

- affordable/special needs housing,
- architecture,
- business management,
- communications,
- environmental,
- finance,
- fundraising,
- government,
- home inspections,
- homelessness,
- housing development,
- law,
- mortgage financing,
- planning, and,
- real estate.

The CCLT also has a coordinator with expertise in affordable housing, community land trusts, and planning.

Funding Sources

Seed funding grants and in-kind support

- Province of Alberta (Alberta Lottery Fund)
- Government of Canada (Human Resources and Skills Development),
- various local foundations
- private and corporate donations

Membership Requirements

Because the CCLT is focused on land acquisition, it does not have extensive guidelines on membership. The only requirement is that households must have an income that is below the Statistics Canada Low Income Cutoff (LICO) level, which is a measure of poverty where households that spend 70 percent or more of income on food, clothing, and shelter are defined as being below the poverty line.

As for Board membership, anyone with expertise relevant to the CCLT is welcome.

Successes

The CCLT has completed its first affordable housing development project and been successful in several other areas:

- it has built a solid base of support, including government, corporations, and private citizens,
- continued operational support (funding and donations) is in place,
- the creation of a solid business plan and financial sustainability model, and,
- it successfully obtained charitable status, despite Canada Revenue Agency obstacles caused by the society's dealings with non-charitable non-profit organizations.

Challenges

The CCLT faces several ongoing problems that include:

- the high cost of acquiring land that is suitable for affordable housing development,
- the difficultly in competing with better established charities and causes for corporate donations, and,
- the CMHC's refusal to underwrite mortgages on homes built on land trust properties because of the restrictions on resale.

Lessons Learned

Based on the CCLT experience, several lessons can be learned:

1. that partnership possibilities be explored and used because it allows the land trust to specialize in one field of interest and to capitalize on the specializations of other experienced agencies,

2. that some form of land bank program be considered to reduce land acquisition costs,

3. that studies be commissioned to report on:
    a. alternative mortgage underwriting options,
    b. protocols for satisfying Canada Revenue Agency regulations on non-profit partners and to ensure that only low income households are housed on trust lands, and,

4. that any board of directors created includes the widest array of expertise possible to encourage innovation and to bring experience to the project.

Part 2:

Housing Development Models

Housing Trust Funds

Definition

A housing trust fund is an organization created to receive, manage, and disperse funds for affordable housing development. These funds may be used to support private and non-profit developers, public agencies, and other organizations that produce or manage affordable housing. A housing trust fund typically maintains an arm's length relationship with its government sponsor.

Funding

A housing trust fund earns revenue for operations and project funding from sources such as:

- real estate transfer, excise, and property tax surcharges,
- linkage fees and development levies, and,
- loan repayments.

Advantages and Challenges

Advantages:

- able to establish long-term policies and develop long-term relationships with affordable housing developers and agencies because of dedicated and ongoing funding
- they eliminate the need for housing agencies to compete with other charities and causes
- they are locally-based and should be more accessible and accountable
- they do not rely on government or community stakeholders for funding
- they can operate independent of political administrations and agendas

Challenges:

- they must get a government commitment for a permanent source of ongoing revenue
- they must ensure that the fund is adding to available resources and not replacing others
- if the funding comes from new development levies and linkage fees, then it may be seen by developers and the public as a disguised tax increase
- if the funding comes from existing levies and fees, then the government will have to make up this revenue shortfall in other areas

Components of a Typical Housing Trust Fund

Component	Description	Advantages	Challenges
Mission statement/ purpose	Statement of the fund's goals and purpose	• States the purpose and goals of the trust fund	
Dedicated revenue sources	Permanent and ongoing revenue generation	• Funding is less vulnerable to changing political priorities • Allows for long-term planning and policies	• Must add to the pool of available housing funds instead of diverting or replacing other sources
Administration	Board of trustees	• Provides leadership and accountability to the trust and its activities	
Local in nature	Trust funds are controlled and act locally	• Able to act on local opportunities • Able to respond to community needs	• No provincial or national organization to depend upon

Programs	Things that the trust fund does or supports	• Trust funds can support many programs: o housing unit construction/ rehabilitation o land trusts o first home subsidies o homeless support services	• Program flexibility may cause the fund to take on too many projects at once • Flexibility may allow the fund to take on projects it has no experience with

Canadian Context

Currently, there are at least seven Canadian housing trust funds. These funds range in size from very small, dealing with only a few houses, to large funds financing the construction of thousands of units. Most housing trust funds are modeled after similar agencies in the United States, where these funds are common and widespread.

Examples

Of the seven Canadian housing trust funds, three are listed here as examples:

Affordable Housing Fund

Started in 1993, the Fund provides capital grants for non-profit housing in Vancouver, British Columbia, with particular interest given to low-rent single room occupancy units. The Fund has committed nearly $9 million in capital subsidies for the development of about 1,000 affordable housing units in eighteen projects, of which 500 units have been of the single room occupancy type.

The Fund generates revenue from levies on new development that the city collects to pay for various capital improvements and from regular allocations from the city. Occasionally, the Fund also receives cash in lieu of social housing sites in new residential areas, and it receives community amenity contributions on residential projects that need rezoning.

Loan Fund of the Housing Opportunity Partnership

This Fund has been rehabilitating and reselling homes in Winnipeg, Manitoba to low-income households since 1997. As of mid-1999, $574,000 was used for three homes.

The revolving loan fund was established by the Winnipeg Real Estate Board, and is funded through dedicated revenues from the interest on real estate broker accounts, and public funding from a home equity program. The Fund reduces its costs by using cash wherever possible instead of financing its purchases.

Social Housing Reserve Fund

Before 1986, the City of Toronto used density bonuses to secure social housing in the downtown. When suitable sites for new developments became difficult to obtain, the city began accepting cash in lieu payments in 1986, which eventually became the preferred method of generating revenue. These payments went into the Social Housing Reserve Fund, which secured sites for non-profit housing developments until 1999 when the fund was absorbed into the new Capital Revolving Fund for Affordable Housing.

This Fund was the most successful housing trust fund in Canada, securing almost $19 million through 1988. It also owned 49 housing units and land capable of accommodating another 2,000 units. No records of the Fund's accomplishments were kept, but it did purchase sites and provide grants for housing development. At its end, the Fund transferred $9.9 million to its successor.

Applicability to St. Albert

A housing trust fund could be an effective model for encouraging affordable housing construction in St. Albert. As an intermediary, the housing trust fund could provide assistance in creating partnerships between the City, affordable housing agencies, and developers. The fund would also remove the need for affordable housing agencies and developers to compete against one another for funding and resources, and present a united voice for fundraising and campaigning activities.

As an alternative to establishing a dedicated St. Albert housing trust fund, it may be worthwhile to explore partnership opportunities with the Edmonton Housing Trust Fund. By working together with the Edmonton fund, St. Albert affordable housing agencies could leverage the experience of a much bigger and more experienced partner. Working with the Edmonton fund would also allow for a greater degree of coordination to confront an issue that affects every municipality in the metropolitan region.

Housing Trust Funds: Case Study

Agency: Edmonton Housing Trust Fund

Location: Edmonton, Alberta

Established: October 1999

Structure: Non-profit trust

The Edmonton Housing Trust Fund provides financial assistance towards the acquisition and development of low-income, community-based housing, especially for the homeless and those with the greatest need. The Fund assists both not-for-profit and private sector housing agencies.

Governance

The Fund is governed by a seven-member Board of Trustees who are appointed by and from the following agencies:

- the Edmonton Coalition on Housing and Homelessness,
- the Province of Alberta,
- the City of Edmonton,
- the Greater Edmonton Home Builders' Association, and,
- the Edmonton Interfaith Centre for Education and Action.

The Board appoints a Chair, an Executive Director, and a Secretary/Treasurer.

Funding Sources

Funding to date has been through a partnership of public, private, and not-for profit agencies. These partners include:

- the Canada Mortgage and Housing Corporation,
- the Government of Canada (Homelessness Initiative),
- the Province of Alberta,
- the City of Edmonton,
- the Edmonton Inner City Housing Society, and,
- the Alberta Real Estate Foundation.

Funding Application Requirements

To apply for funding, applicants must submit the following to a committee for review:

- a proposal that explains or provides:
  - the project's objectives,
  - the Edmonton Community Plan Priority that is being addressed,
  - proposed activities and timelines,
  - the capital project's scope and size, if applicable,
  - the applicant's background, mandate, and expertise,
  - the applicant's past projects and outcomes,
  - evidence of community support,
  - a detailed capital (if applicable) and operational budget,
  - a list of partners and their roles and responsibilities,
  - detailed demonstrations of sustainability and viability,
  - expected results and milestones, and,
  - performance and success measurement strategies,
- an application for funding, which includes the following sections:
  - applicant information,
  - proposal description, and,
  - a budget.

Successful applicants must come to an agreement with the EHTF to maintain affordability for a negotiated period.

Successes

The Edmonton Housing Trust Fund has committed itself to funding $36.7 million worth of projects that will create 1,216 permanent housing units and spaces.

Challenges

The Edmonton Housing Trust Fund faces four key challenges:

- it must ensure long term funding stability in order to provide long-range affordable housing planning and policies,
- it faces questions about the appropriateness of using public funding to support private sector housing initiatives and projects,
- there are currently no subsidies available to the residents of Trust Fund projects, and,
- the Trust Fund's jurisdiction is limited to Edmonton, but affordable housing is an issue that affects the entire Alberta Capital Region.

Lessons Learned

A housing trust fund should consider the following lessons:

1. it must have a proper financial plan, including measures to ensure that long-term funding is secure,

2. it must establish objects and procedures to guide the scope and activities of the Fund,

3. it must decide whether to enter into partnerships with other trust funds as a way to combat a regional issue.

Housing Trust Funds: Case Study

Agency: City of Saskatoon Affordable Housing Reserve

Location: Saskatoon, Saskatchewan

Incorporated: 1987

Structure: Municipal program operated by the City of Saskatoon

The City of Saskatoon's Affordable Housing Reserve aims to increase the supply of suitable and affordable housing for low-income households, with an emphasis on non-profit community-based family housing in run down inner-city neighbourhoods.

Governance

The Reserve was originally overseen by the City's Social Housing Advisory Committee. However, in December 2003, the Committee ended its affiliation with the City and became a community organization. The Reserve was then restructured into the Community Services Department, City Planning Branch.

City Council approves Reserve funding applications based on recommendations provided by City Administration.

Funding Sources

The Reserve's annual funding is derived from 10 percent of the net proceeds of land sales from the City's land bank. Contributions have ranged from zero to $350,000 per year, with an average annual payment of $160,000.

The Reserve also received a one-time allocation of $5.3 million when it was established.

Funding Applicant Requirements

Applicants for Reserve funding must submit the following documents:

- a detailed capital budget listing the costs of:
    - development,
    - construction, and,
    - renovation.
- a business plan showing:
    - sources of development funds, and,
    - operating revenues,
- proof of incorporation in the Province of Saskatchewan,
- a building permit (for projects involving renovation or construction), and,
- an application for financial assistance, which features the following sections:
    - applicant information,
    - project description,
    - project development costs,
    - housing/shelter units,
    - support facilities, and,
    - funding and sustainability.

Successes

The Reserve has spent about $6.4 million since 1987 to create 1,328 housing units. The housing units include social housing, private sector affordable housing, and homeowner cooperatives.

Another Reserve success is that as a municipal program, it maintains close relations with the City's land bank, allowing the two programs to act together on affordable housing development. This reduces the amount of administrative resources spent on co-ordination and partner recruitment significantly.

Challenges

Due to its long history of land banking and trust programs that date back to the 1930s, the Reserve does not face any ongoing structural or operational challenges.

Lessons Learned

A housing trust fund should learn from the following lesson:

1. if the fund is established as a municipal program, the trust fund should be set up in conjunction with other land management programs, such as a city land bank or a community land trust, to reduce the amount of co-ordination and competition between agencies and increase development control.

Public-Private Partnerships

Definition

A public-private partnership, also known as a PPP or a P3, is a venture that spreads development risks and responsibilities between a combination of public and private participants. The term private is somewhat of a misnomer, as it not only includes private for-profit developers, but also private non-profit agencies such as:

- land banks,
- community land trusts,
- housing trust funds,
- non-governmental housing and service agencies, and,
- various community interest groups.

Advantages and Challenges

Advantages:

- partnerships allow groups to achieve common goals
- they maximize limited land, staff, and financial resources through pooling
- they minimize each partner's exposure to risks
- the credibility of the individual partners is increased
- new fundraising and investment leverage opportunities may arise
- opportunities to learn from other partners are created

Challenges:

- partnerships can be complex and require a significant resource and management investment
- there may be conflicts over who controls the partnership
- distrust between partners must be overcome
- legal liabilities must be clearly agreed upon before development

Components of a Public-Private Partnership

Component	Description	Advantages	Challenges
Partners	Agencies who are willing to work together on a project	• Creates a pool of resources, expertise, and strengths	• Must find willing partners • Requires significant coordination between partners
Timeframe	Defines how long the partnership will last	• Can be tailored to the project's scope and size • Short-term partnerships tend to be project-specific • Long-term partnerships can be used to address broad social needs	• Requires planning and agreement between partners on how long they will work together
Level of formality	Determines how organized the partnership is	• Can range from informal verbal agreements to formally written and legally binding contracts	• Financial and legal risk-sharing partnerships will require high levels of formality

Operating agreement	An agreement that determines how much control and liability each partner has	• Clearly states who is responsible for what • Can prevent conflicts over control and risk exposure
Organizational approach	Guidelines on how the project is developed and managed	• Shows the short- and long-term plans for the development • Allows partners to exit the partnership when their part is done

Canadian Context

Historically, affordable housing in Canada has been developed by community-based non-profit agencies and funding programs. The Canadian non-profit housing system was perceived to be one of the best and most efficient in the world. However, with the introduction of cooperative federalism in the 1980s, devolution of federal housing programs to the provinces and territories required partnerships to be formed between the two levels of government. Encouraged by the American housing system and high land prices of the late 1980s, these partnerships had grown to emulate American-style public-private joint ventures but of using private non-profit groups. These Canadian partnerships have since excelled at providing affordable housing for seniors, but the provision of housing for low-income families is still in its infancy.

Examples

Harlem Distressed Properties Initiative

This public-private redevelopment partnership brought the Chemical Bank, a private lender, together with the City of New York (New York) Housing and Preservation and Community Assisted Tenant Controlled Housing, a non-profit organization that assists with tenant takeover and rehabilitation of distressed properties.

By arranging a creative financing package that included private and public funds, clearing back taxes and loans, and eliminating property taxes for the next twenty years, this partnership revitalized three derelict apartment buildings and provided 61 units of affordable housing and 557 square metres of commercial space.

Enterprise Nehemiah Development Corporation

Created in 1987 as a non-profit corporation, this Baltimore, Maryland partnership assembled $21 million in public, private, and philanthropic financing to revitalize a distressed neighbourhood. The partnership accomplished this by building 283 new three-bedroom townhouses and rehabilitating another 17, and then selling them at an affordable price to low-income households.

Partners include Baltimoreans United in Leadership Development (a non-profit group), the City of Baltimore, seven local religious institutions, the State of Maryland, the federal department of Housing and Urban Development, the Enterprise Foundation (a technical services agency), and a private utility company.

Housing Opportunities Partnership

Based upon the successful Columbus (Ohio) Housing Partnership, the Winnipeg, Manitoba partnership aims to revitalize inner city neighbourhoods by acquiring, renovating, and selling derelict homes, as well as promoting home ownership through education programs, and to be a prototype for other Canadian cities to follow.

Composed of the Winnipeg Real Estate Board, members of the business community, and the three levels of government, the Partnership has invested $2.5 million and sold 35 rehabilitated homes with another six currently being renovated.

Applicability to St. Albert

St. Albert could seriously examine public-private partnerships as a way to develop local affordable housing. In the absence of a local affordable housing agency with a comprehensive approach to funding, building, and managing housing units, a partnership would provide local expertise required to develop housing. This would save time and resources that otherwise would be used on learning through research and through trial and error, and allow specialization by partners in specific aspects of housing development.

Forming Public-Private Partnerships

For information on how to form a public-private partnership, please refer to the article *Forming Public-Private Partnerships* in section 4 of this report.

Public-Private Partnerships: Case Study

Lead agency: Collectif en aménagement urbain Hochelaga-Maisonneuve

Location: Montreal, Quebec

Established: 1983 (revitalization program started in 1996)

Structure: Consortium of local individuals and non-profit groups

The CAUHM's mission is to improve the quality of life in the Hochelaga-Maisonneuve neighbourhood by involving the local population in measures such as area revitalization. As part of its mandate and program, the CAUHM has been assisting in the improvement of housing units in the area as a means of attracting new residents and reviving the community.

Program Overview

The CAUHM's program originates in a 1995 Government of Quebec funding program for revitalizing central neighbourhoods. This program was augmented through a cost-sharing agreement with the City of Montreal, and the funds were targeted to five areas including Hochelaga-Maisonneuve. Funding is provided for private projects such as:

- the renovation of residential buildings,
- the rehabilitation of derelict buildings, and,
- the construction of new housing on vacant lots.

The Hochelaga-Maisonneuve neighbourhood revitalization program is a partnership between various government agencies, the non-profit CAUHM, and private property owners for the redevelopment of area housing stocks.

Partners

The CAUHM features a lengthy list of partners, including:

- the Government of Quebec,
- the City of Montreal,
- the *Société d'habitation populaire de l'Est de Montréal* (the local housing corporation),
- *Bâtir son quartier* (a technical resources group),
- *CLSC Hochelaga-Maisonneuve* (the local community health and social services centre),
- the *Corporation de développement de l'Est de Montréal* (the local development corporation),
- *Pro-Est* (an organization promoting socio-economic joint action plans),
- the *Conseil pour le développement local et communautaire Hochelaga-Maisonneuve* (the community development council),
- the *Chambre de commerce de l'Est de l'île de Montréal* (the local chamber of commerce),
- the *Service de l'habitation de la Ville de Montréal* (the City's housing agency),
- the Samuel and Saidye Bronfman Foundation,
- the *Société d'habitation du Québec* (the provincial housing agency),
- *SIDAC Ontario* and *SIDAC Ste-Catherine* (the downtown commercial artery development initiatives corporations for Ontario and St. Catherine Streets),
- the ACT (Affordability and Choice Today) Program,
- CIBL 101.5 FM (radio station),
- *Nouvelles de l'Est*,
- the *Ministère de l'emploi et de la solidarité* (the Quebec Ministry of Labour and Unions),
- *Tourisme Hochelaga-Maisonneuve* (the local tourism agency), and,
- the Canadian Housing and Mortgage Corporation.

Funding Eligibility

The revitalization program is a funding partnership between the Province, the City, and the property owner, with each paying one-third of the renovation or construction costs. Owners may qualify for additional funding for projects involving derelict or vacant buildings, and if they intend to occupy one of the renovated units or to rent space to non-profit groups.

To be eligible for funding, buildings must need repairs in at least one of the following with the expected average cost of renovation per unit exceeding $10,000:

- building structural components,
- electrical systems,
- plumbing systems,
- heating systems, or,
- fire protection.

Subsidies for the recycling of non-residential buildings and for new construction are awarded as lump sum payments.

Successes

Citywide success statistics include:

- 4,200 renovation housing units,
- the recycling of 20 buildings resulting in 550 new housing units,
- the construction of 840 new housing units, and,
- 200+ formerly vacant or derelict buildings that have been rehabilitated, including 40 in the Hochelaga-Maisonneuve area.

The program has also increased the number of resident landlords from below 10 percent to more than 41.5 percent in buildings that have received grants.

It is estimated that the original budget of $40.2 million has generated more than $156 million in economic spin-offs, with more than 70 percent coming from the private sector.

Challenges

The revitalization program's greatest challenge was to overcome senior-level government apathy. It took many years of campaigning by both the City of Montreal and various Hochelaga-Maisonneuve neighbourhood groups before the provincial government recognized the area's needs through policy and funding initiatives.

Lessons Learned

Based on the CAUHM experience, a number of lessons can be learned:

1. a local public-private partnership must be prepared to lobby senior levels of government for assistance over the long-term, both in getting governments to recognize the problem, and for ongoing funding of programs,

2. such a partnership should draw upon the expertise and resources of as many local groups as possible.

Public-Private Partnerships: Case Study

Lead agency: Royal Canadian Legion, Branch 52

Location: Kamloops, British Columbia

Structure: Non-profit corporation

The Royal Canadian Legion is an organization dedicated to supporting veterans, ex-service personnel and their dependents, and community activities. Asides from running the highly visible Annual Poppy Campaign, the Legion also contributes to many causes including the development of affordable housing for seniors.

Project Overview

In addition to constructing a new facility and hall, the Kamloops Legion sought to provide low-cost ownership and rental housing to seniors in the downtown Kamloops area. To do this, the Legion entered into a public-private partnership to assist in the development of an apartment project. The partnership was able to build a 48-unit building, with 41 sold at below-market prices and the remaining seven retained for the City's affordable seniors housing pool and rented at a break-even cost.

Partners

The Legion entered into a partnership with the following agencies:

- the City of Kamloops, which acted as a community land trust by offering both an equity investment on the seven rental units and a 99-year land lease, and,
- a private developer, who contributed cash equity and was responsible for development coordination, including obtaining planning approvals, project financing, construction management, and marketing.

The Kamloops Foundation, a local community fund administered by the City, is entitled to receive 15 percent of resale prices.

Successes

Because of the reduced front-end costs associated with a long-term land lease, the ownership units were sold at a price that was 10 percent less than market rates. The rental units are priced at about $200 per month lower than market rental rates.

Challenges

Although unconfirmed by the Legion or its partners, there appears to be no long-term controls to maintain the affordability of the units. Without these controls and in an expansionary housing market, these units might be resold for a substantial profit by the first owners, who may be able to capture profits both from the reduced initial costs and from capital gains, despite the 15 percent mandatory contribution to the Kamloops Foundation.

Lessons Learned

An affordable housing development partnership should:

1. try to enter into a partnership with an agency that is able to control land costs, such as a land bank or a community land trust, and,

2. consider controls on future resale pricing to ensure the housing remains affordable after resale.

Part 3:

Housing Management Models

Housing Cooperatives

Definition

A housing cooperative is formed when residents form a non-profit cooperative corporation to own and/or control the buildings in which they live. Housing cooperatives can be formed by the residents of several types of developments, including collectives of single-family detached and semi-detached houses, apartment units, and mobile home parks.

In Alberta, housing cooperatives are regulated and must be incorporated under the provincial *Cooperatives Act*.

Advantages and Challenges

Advantages of the co-op:

- provides tenure security and cost stability for its members
- non-profit status reduces monthly resident living costs
- the co-op is responsible for mortgage loans and liabilities, not the resident
- members have influence on the management and development of their homes
- economy of scale for building maintenance achievable through collective purchasing
- ability to provide extended support services to residents
- residents are not responsible for major repairs, common upkeep, and insurance
- increased security and reductions in tenant vandalism
- studies show that resident happiness is higher in co-op settings than in any other housing

Challenges:

- must keep members informed and involved in all co-op activities
- must establish a model of leadership accountability
- maintenance of adequate financial reserves for operations and capital
- annual audits of financial statements are required

Components of a Typical Housing Cooperative

Component	Description	Advantages	Challenges
Legal incorporation	Legal establishment of the co-op	• Allows the co-op to own its buildings • Allows the co-op to make land leases	
Financial plan	Shows the co-op's income and expenditures	• Provides estimates of income from residents • Shows operating and capital costs	• Must consider both short-term and long-term scenarios
Membership policies	Policies on who gets to live in the co-op	• Ensures that residents have the proper attitudes and financial standing	• Must assess applicant attitudes towards co-ops • Must measure income • Must assess special needs of applicants
Democratic representation	Elected board of directors	• Board members can be held accountable for	

		co-op activities	
Common ownership and control	Property and policies of the co-op are owned and controlled by residents	• Relieves households from property liabilities • Frees households from dealing with a landlord	• Resident participation on boards and in committees is crucial • Consensus must be reached before actions can happen

Canadian Context

According to the Co-operative Housing Federation of Canada, there are 2,186 Canadian housing cooperatives providing housing to about a quarter of a million people in 91,266 households.

Housing cooperatives face an uncertain future. Federal support for the administration of co-op housing programs has ended, and the Canada Mortgage and Housing Corporation, which acts on behalf of federal interests on affordable housing issues, has proposed to let their current co-op housing agreements expire without renewal, leading to the end of co-op operating and unit subsidies. The co-op sector has proposed to take over the administration of these programs from various levels of government, but no firm organization or plan has been created yet.

Examples

There are many examples of how Canadian housing cooperatives provide affordable housing units, including these three:

Campus Co-operative Residence

Located near the University of Toronto's St. George Campus, the Campus Co-op provides housing for university students. The Co-op has over 300 rooms in more than thirty detached and semi-detached Victorian-style houses and operates year-round.

The Co-op provides affordable student housing in the expensive downtown Toronto area. The co-op charges fees ranging from $482 to $527 a month for a bedroom and a shared kitchen and bathroom. This is lower than the University of Toronto's residence fees, which range from $608 to $764 per month for similar living conditions, and the market rent for a bachelor apartment, which can range from $500 to $750 per month.

Pacific Heights Housing Cooperative

Situated on the south shore of Vancouver's downtown peninsula, the Pacific Heights Co-op provides family housing of one-, two-, and three-bedroom apartments and two- and three-bedroom townhouses. Underground parking and a courtyard are provided.

The Co-op provides affordable housing in one of Vancouver's most expensive areas. Co-op fees range from a maximum of $667 per month for a one-bedroom apartment to $1,093 for a three-bedroom townhouse. Currently listed rents for similar apartments and houses are up to twice as expensive as the co-op's fees.

Charles Darrow Housing Co-operative

The Charles Darrow Co-op is a 107-unit townhouse development located in Aurora, Ontario. It provides an assortment of two-, three-, and four-bedroom units as well as a number of handicap-accessible units.

Co-op fees range from $970 per month for a two-bedroom townhouse to $1,233 per month for a four-bedroom unit. The Co-op estimates that its fees are at least 15 percent less than rents on comparable units in the area.

Applicability to St. Albert

St. Albert currently has two housing cooperatives: the Liberton Terrace Housing Co-operative and the Heritage Hills Housing Co-operative. Both have been established for a number of years, and to date they still provide housing that is affordable to low- and moderate-income families.

Establishing another co-op would be an effective way for households to control housing price and affordability. The Heritage Hills Co-operative has offered to share their experiences with agencies looking to establish a similar form of ownership. In addition, there is a wealth of experience and support from the Northern Alberta Co-operative Housing Association for the establishment of a new co-op.

Incorporating Cooperatives

For information on how to incorporate a cooperative, please refer to the article *Incorporating a Cooperative* in section 4 of this report.

Housing Cooperatives: Case Study

Agency:	Sundance Housing Co-operative
Location:	Edmonton, Alberta
Incorporated:	Fall 1974
Assets:	69 housing units (59 townhouses, 4 duplexes, and a fourplex)
Structure:	Non-profit cooperative corporation

Located in the Riverdale community just east of downtown Edmonton, the Sundance Housing Cooperative Ltd. provides affordable two-, three-, four-, and five-bedroom townhouse, duplex, and fourplex units. Sundance holds a long-term land lease with the City of Edmonton.

Governance

Sundance's Board of Directors is elected by the membership to oversee the operations of the co-op. The Board is composed of:

- a President,
- a Secretary,
- three Vice-Presidents (Finance, Maintenance, Membership),
- a Past Director,
- three Directors-at-large,
- a Treasurer, and,
- an Executive Vice-President.

Committees are formed to advice the Board on both operations and policies. There are nine committees:

- Finance,
- Membership,
- Maintenance,
- External Affairs,
- Newsletter,
- Community Relations,
- Member Involvement,
- Subsidy Review, and,
- Youth.

Each household is expected to participate in the operation of the co-op by attending general meetings and by volunteering their time for committee work. The membership is also responsible for:

- electing the board of directors,
- appointing the auditor,
- approving budgets and annual financial statements, and,
- approving new policies and bylaws.

Funding Sources

Seed funding sources

- Canada Mortgage and Housing Corporation (grant)
- City of Edmonton (long-term land lease)

Operational grant sources

- Province of Alberta (unit subsidies)

Membership Requirements

Households who wish to be a part of the Sundance Co-op must:

- show a commitment to co-op principles and a willingness to participate in co-op decision-making and activities,
- demonstrate financial responsibility,
- show indications of permanency or long-term commitment to the co-op,
- be a good resident who will maintain co-op property,
- be a good neighbour who will live cooperatively with and respect the rights of others,
- show a positive attitude towards living in a community with people from a variety of backgrounds, and,
- meet household side and income requirements.

Successes

The Sundance Co-op has had several major successes over its history:

- it successfully lobbied to reverse the City's policy of eliminating the Riverdale neighbourhood and to allow new residences to be built,
- it prevented the threatened closure of the local school,
- it incorporated the newest green environmental technology available at the time of construction and preserved old growth trees,
- it successfully absorbed the defunct Commonage Co-op units, and,
- it is currently proposing that a new 12-unit seniors complex to be built.

Challenges

The Sundance Co-op currently faces two challenges:

- the Co-op is working through the challenge of building a senior's complex, which involves working with community stakeholders who do not want the area redevelopment plan to be changed, and,
- the Co-op has not received any housing unit subsidies for the last nine years.

Lessons Learned

Based on the experiences of the Sundance Housing Cooperative and the staff of the Communitas Group, a housing agency providing technical expertise and is associated with the co-op, a number of lessons can be learned:

1. membership screening must be conducted to ensure that the co-op residents understand the long-term commitment required of them,

2. community outreach committees must be created to promote the co-op's interests and needs to the city and the community,

3. a co-op board must understand that its residents may not be able to contribute to the co-op as much as the board wants, and,

4. environmentally friendly technologies should be incorporated into the design of the housing units for the benefit of reduced utility costs.

Housing Cooperatives: Case Study

Agency:	Cole Road Co-operative Community
Location:	Guelph, Ontario
Incorporated:	July 1990
Assets:	82 townhouse units
Structure:	Non-profit cooperative corporation

The Cole Road Co-operative Community is located southwest of the University of Guelph. It is composed of 40 two-bedroom and 42 three-bedroom townhouses, and a community centre.

Governance

The eight-member Board of Directors is elected to oversee the operations of the co-op, of which two are the president and the vice-president. The co-op also elects officers who may be on the board:

- a Corporate Secretary,
- a Treasurer,
- a delegate to the Co-operative Housing Federation of Canada, and,
- a delegate to the Central Ontario Co-operative Housing Federation.

Committees are formed to advice the Board on the following issues:

- Finance and Arrears,
- Landscape,
- Maintenance,
- Member Education,
- Newsletter,
- Social,
- Member Involvement,
- Personnel,
- Community Action,
- Member Relations, and,
- Member Selection.

Each household is expected to participate in the co-op by attending general meetings and by volunteering for committee work.

Funding Sources

The Co-op does not have a complete record of their funding sources. The only source cited was the Province of Ontario, which provided funding in the early 1990s through a program that has since ended.

Membership Requirements

In addition to demonstrating that they share in the values of the co-op, households who wish to be a part of the community must:

- attend an information meeting sponsored by the co-op,
- submit all prescribed application forms with complete information,
- provide all financial and other information necessary to conduct credit and reference checks,
- attend an interview conducted by the co-op, and,
- have their application recommended by the Board for acceptance.

Existing members of the co-op get priority over new members when housing units become available.

Challenges

The biggest problem that the co-op faced was a lack of participation by members. Members who did not participate had an apathetic or negative attitude towards the co-op. Those who did participate in the activities of the co-op resented those who did not participate. Past attempts that failed to correct this problem tended to be either punitive or accusatory. These measures ended up offending and alienating members. The Board eventually took several successful measures to correct this problem, including a greater reliance on committee

work and a reward-based system to encourage involvement and participation.

Successes

The community has had several major successes over its history:

- it successfully increased member participation rates from roughly 20 percent to nearly 85 percent,
- it won the first annual Central Ontario Co-operative Housing Federation's Co-op Spirit Award,
- its turnover rate is very low because of resident satisfaction, and,
- it is held as a positive model of affordable housing development by Guelph City Council.

Lessons Learned

Several important lessons can be learned based on this community's experience:

1. a co-op housing board must create programs such as social activities and newsletters that encourage the members to become involved and to interact with each other,

2. programs such as newsletters, awards, and member involvement committees must communicate co-op and board news to its members, and,

3. the co-op must screen new candidates carefully to determine if they will contribute to the community as members.

Life Leases

Definition

A life lease is a contract giving older individuals or couples the right to lease a housing unit and access to communal facilities and services until they die or move out. Life leases tend to cater to adults 55 years of age and older who are looking to move out of their current homes into units that are smaller, more affordable, and more manageable. Life lease residents are neither owners nor renters.

When a resident moves out or dies the unit reverts back to the sponsoring agency, who then pays out the amount redeemable for ending the lease to the occupants or heirs.

Residency Costs

Life leases are obtained by individuals through a single upfront payment, which can be obtained from the equity gained from the sale of their earlier homes or through financing. The cost of this payment depends on factors like:

- size,
- amenities,
- location,
- age of the individual or couple, which determines their life expectancy and therefore the length of the lease,
- whether the provider is a for-profit or non-profit agency, and,
- the amount of the initial payment returned when the lease ends can be set at:
    - zero,
    - a steadily decreasing rate to zero,
    - equal to the initial payment,
    - a pre-determined price index that accounts for increases in value,
    - the full market value of the unit, or,
    - some other rate negotiated between the management and the resident.

Residents must also pay a modest monthly fee, similar to a monthly rental payment, for the management and upkeep of the property.

Advantages and Challenges

Advantages of life leases:

- they are an opportunity for older individuals to move into smaller, more affordable homes
- residents receive the security of tenure, access to communal facilities and services, and an assurance that their neighbours will be of a similar age
- the upfront payments allow developers and sponsors to raise the capital needed to construct the units without borrowing
- they allow non-profit organizations to protect the affordability of units for future residents

Challenges:

- life leases are a relatively new form of tenure, meaning that there may not be supporting legislation or expertise
- the range of life lease terms, conditions, and options and how it affects future housing value may be confusing to buyers
- the legality of life leases is currently in question, specifically on issues like:
    - whether it is legal to reserve housing for households aged 55 and over, and,

- whether resident investments are protected in case of sponsor problems or bankruptcy

Components of a Typical Life Lease Contract

Component	Description	Advantages	Challenges
Initial payment	The amount residents must pay to acquire the lease	• Can be less than the down payment on a new condo	• The end of lease refund must be clearly stated • Residents must have enough assets to cover the cost of purchasing a lease
Monthly fee	The amount residents pay for maintenance	• Can be less than condo fees	• Must ensure service value for fees paid
Redemption value	The amount paid back after the resident die or moves out	• May provide capital for future activities or to heirs	• Resident may receive nothing back, depending on contract terms
Ownership/tenant status	Residents are neither owners nor renters	• Residents do not have to worry about maintenance	• Residents may have no say in how the units are managed

Canadian Context

Life leases are a relatively new concept in Canada. The first Canadian life lease projects were developed in Manitoba and Saskatchewan in the late 1980s. These projects were encouraged by government programs that resulted in joint life lease and rent supplement programs.

To date, there are nearly two hundred life lease projects in Canada, all of which are in the western provinces or in Ontario. Legislation on life leases varies widely between provinces.

Examples

Shepherd Gardens

As part of the Shepherd Village seniors' community, this Toronto, Ontario life-lease development consists of 115 one- and two-bedroom units and common facilities. The units are managed by the Pentecostal Benevolent Association of Ontario's charity organization.

This community provides affordable housing by maintaining low monthly fees ranging from $375 to $633. Initial costs started at $99,000, which was lower than market values.

Fred Douglas Place

Located in downtown Winnipeg, Manitoba, this residential tower features 130 one- and two-bedroom units with common amenities available for resident use. The tower is managed by Fred Douglas Place, Inc., a non-profit organization, for the benefit of senior citizens and those approaching retirement age.

Affordability is maintained using sliding scales of purchase costs and rents. For example, the lease to a small one-bedroom unit can by purchased for just over $15,000 with rent set at just over $400 a month. However, with a purchase price of just over $55,000, the same unit's rent is lowered to $275 per month.

The Mews at Citadel Village

Planned as part of an urban village in St. Albert, Alberta, the Mews will have 80 one- to three-bedroom life-lease units in addition to apartments and long-term seniors care spaces. This is a partnership between Christenson Developments, a for-profit developer, and the non-profit Citadel Care Corporation.

This high-end development prices its life-leases for two-bedroom units at $209,900, with the expected rental to be about $2,000 per month.

Applicability to St. Albert

As mentioned, St. Albert already has one life-lease community in development. Although the Mews at Citadel Village is geared towards high-income households, the principles of life leasing are being used.

This model could be used for the creation of low- and moderate-income affordable housing in St. Albert. Life leasing would be effective for expanding the selection of housing choices for those who are of retirement age and are looking for smaller, more affordable homes.

Life Leases: Case Study

Project: Elks Manor

Location: Neepawa, Manitoba

Established: 1993

Building: Six-storey building containing 35 life lease units and 15 rental units

The Elks Manor was developed for senior citizens who are capable of independent living, including those who are able to purchase a lease, and those who require rent subsidies.

Life lease units consist of 650 square feet one-bedroom units and 850 square feet two-bedroom units. Rental units are all 600 square feet one-bedroom units. The development also features common rooms and shared facilities, and services like meals and home care are available.

Project Funding Sources

Funding for the development of Elks Manor came from the following sources:

- the local Elks Chapter, who paid for the land acquisition costs,
- the Province of Manitoba, through:
  - a federal/provincial non-profit cost-shared subsidy assistance program for rental units, and,
  - mortgage guarantees for the life-lease units, and,
- the Beautiful Plains Credit Union, which provided mortgage financing.

Resident Expenses

Elks Manor residents are expected to pay a schedule of expenses depending on whether they own a life lease or have a month-to-month rental agreement:

Life lease residents

- Initial purchase of lease:
  - $24,000 for a one-bedroom unit
  - $26,000 for a two-bedroom unit
  - the payments are fully refundable at the lease end
  - $2,000 non-refundable deposit

- Monthly rent:
  - $597 to $631 for one-bedroom
  - $725 to $745 per month for two-bedroom units
  - rent covers all utilities and building services except cable and telephone charges
  - parking costs $12 a month for a single space or $35 per month for a single garage

Subsidized unit rental residents

- rent payments are set at 27 percent of annual household income, with a annual income cap of $18,500

Successes

The project has allowed many farmers and their spouses to retire, sell or lease their farms, and relocate to town, an option that did not exist before the Elks Manor was built. This project has been so successful that there is currently a waiting list for both life lease and rental units.

Challenges

Despite the fact that rents have only gone up once in the project's history, residents felt that rent rate increases were a significant concern. However, residents understand that the financial viability of the project is entirely dependent on these rental rates.

Another challenge experienced by the Manor was management accessibility. For a time, the manager was also a resident, which made him too accessible and led to frequent and unnecessary after-hours requests for assistance. The problem was solved when the manager moved out.

The last challenge is that the materials and equipment used in building the manor were of a low grade, which has led to issues with building quality and durability.

Lessons Learned

Based on the experience of the Elks Manor project, a life lease project should:

1. maintain open communications with residents to alleviate worries about future rent increases, and,

2. maintain building quality standards during the design and construction of the project to avoid future issues with building quality and durability.

Life Leases: Case Study

Project: Southwinds

Location: Windsor, Ontario

Established: 1993-1997

Building: Three high-rise buildings containing 161 one- and two-bedroom units

Southwinds was designed specifically for seniors, with provisions for handicap-accessibility and a variety of common facilities. The project was initiated and sponsored by Community Living Among Seniors (CLAS), a local organization that represents twelve churches. CLAS coordinated all development activities with a marketing team and marketed the units to seniors.

Project Funding Sources

CLAS developed a unique funding package in response to two financing difficulties:

1. a conventional loan would have required mortgage loan insurance underwritten by the CMHC, which was too expensive, and,

2. a loan would have required CLAS to register the building as a condominium.

Because of these difficulties, CLAS entered into a partnership with a private development company, which agreed to:

- acquire and bear the carrying costs of the land during construction,
- provide construction financing, and,
- in exchange, the company was hired to construct the buildings on a turnkey basis.

The developer then sold the land to CLAS as each project phase was completed.

Other funding sources include:

- resident equity from the sale of life-lease agreements,
- donations to and fundraising by CLAS,
- the City of Windsor, which expedited approvals and waived its normal parkland levy,
- the lawyer, development consultant, and architect, who agreed to work on a speculative basis, and,
- countless CLAS volunteer hours given over a ten-year period.

Resident Expenses

Southwinds residents are expected to pay the following costs:

- an initial life-lease purchase cost of:
  - $80,200 to $105,700 for a one-bedroom unit with a den, or,
  - $126,800 to $165,400 for a two-bedroom unit with a den, and,
- monthly maintenance and operating fees of $190, which does not include electricity and property tax costs.

The first wave of residents was required to contribute a down payment of 25 percent of the unit development cost and a proportional share of the common area development costs. The remaining 75 percent could be borrowed at a special rate of 0.25 to 0.5 percent less than posted mortgage rates, and was to be paid in full before moving into the unit.

When they decide to move, residents are permitted to sell their unit directly to households on the waiting list for whatever they can obtain. This price is paid to CLAS, which keeps 5 percent and gives the balance to the outgoing resident. In case of resident death, the lease is passed to his/her estate.

Successes

Southwinds has had several measurable successes, such as:

- initial purchase prices about 15 percent below comparable condominium unit prices
- in many cases, the monthly fee was significantly more affordable to the residents than the costs of their previous homes
- 60 percent of the units were sold before construction even began

Challenges

The Southwinds development faces some serious challenges now, including:

- long-term unit affordability, which was not secured by CLAS, and as a result resale prices are now above market levels due to popularity, and,
- profiteering by residents, especially by the first wave of owners who captured both the initial savings and the subsequent resale gains.

Lessons Learned

Life lease projects should consider these lessons, based on the Southwinds experience:

1. policies must be created to limit resale prices as a way to preserve long-term affordability,

2. alternative financing packages should be examined, especially where it is possible for the developer to avoid mortgage loan interest and insurance costs, and,

3. volunteers from the community should be used where possible to reduce development costs.

Municipal Housing Corporations

Definition

A municipal housing corporation is an agency that is either established by or associated with a municipality to manage publicly owned housing. This housing is often a mixture of market-rate rental units and subsidized housing. In some cases, the corporations may be called upon to fulfill other municipal housing goals and objectives, such as neighbourhood revitalization or the management of housing subsidy programs.

In Alberta, municipal housing corporations are regulated under the *Business Corporations Act*.

Advantages and Challenges

Advantages:

- allows the municipality to keep the housing development agency at arm's length but still be able to set the agency's policies and priorities
- effective at maintaining the affordability of housing units
- residents are not responsible for the upkeep and maintenance of their housing units

Challenges:

- must compete with other government departments and programs for funding
- public perception of municipal housing corporations is poor and often associated with American-style large-scale housing projects, which have tended to be poorly designed and a cause of social unrest and criminal activity

Components of a Typical Municipal Housing Corporation

Component	Description	Advantages	Challenges
Legal incorporation	Legal establishment of the agency	• Allows the agency to own housing stocks • Allows the agency to negotiate and enter into agreements	
Public representation	Board usually includes city councillors	• Provides accountability to the public • Provides the corporation with a senior-level voice in city deliberations	• The corporation may be subject to political interests and partisanship
Public funding	Funding from government sources	• Allows the corporation to reduce housing costs through subsidies • Removes competitive market pricing pressures	• Requires ongoing government support • Funding is never as much as the corporation wants
Community or asset plan	A plan showing what the corporation's activities	• Shows what the corporation will do with its housing stocks • Shows how the corporation will relate to the community and its needs	
Tenant involvement	Feedback on housing unit management	• Gives the tenants a say in how the corporation and its units are run	

Canadian Context

Municipal housing corporations are a well-established affordable housing model and exist in virtually every Canadian municipality. They range in size from small agencies with only a few units, to ones in Toronto and Montreal that house hundreds of thousands of people. Municipal housing corporations usually enjoy support and funding from all levels of government, although government cutbacks in spending have affected these agencies significantly.

Examples

Société d'habitation et de développement de Montréal

The Montreal Housing and Development Corporation is a non-profit corporation founded by the City of Montreal to manage its residential real estate assets. The Corporation's past objectives included neighbourhood revitalization through maintenance and integration of residential, community, cultural, and commercial projects, the promotion of co-operative housing ownership, and to assist in the implementation of the City's housing and development policies.

The Corporation's stock currently includes 5,669 affordable units spread across the city. Of these units, 2,130 housing units currently receive federal subsidies, 3,044 are held in partnership with non-profit agencies and housing cooperatives, and approximately 400 units are part of rooming houses designed for single people with disabilities.

CityHousing Hamilton

This trade name represents three housing corporations owned by the City of Hamilton, Ontario: the Hamilton Housing Corporation, the Municipal Non-Profit Housing Corporation, and the Dundas Valley Non-Profit Housing Corporation. CityHousing Hamilton is managed by the City's Housing Branch and provides affordable housing on a rent-geared-to-income basis.

CityHousing Hamilton owns 6,234 affordable housing units. These include apartments, row houses, townhouses, and detached and semi-detached units.

Ottawa Community Housing Corporation

This municipal housing corporation manages about 14,600 affordable housing units, with 12,000 units that are available on a rent-geared-to-income basis and the remainder on a market rental basis. Ottawa's corporation allows all types of households, including people with disabilities and special needs to rent its units. Applications for units are managed by the Social Housing Registry of Ottawa, a non-profit organization also affiliated with the City of Ottawa.

Applicability to St. Albert

A municipal housing corporation would provide the City of St. Albert with more affordable housing and a degree of control over how it is managed. The corporation would also provide the City with a unique opportunity to prevent the decay of neighbourhoods and housing stock through long-term management and rehabilitation planning. However, the City would face significant costs to build new affordable housing units, because of the price of land, or to acquire existing housing for use as low-income units.

Municipal Housing Corporations: Case Study

Agency:	Toronto Community Housing Corporation
Location:	Toronto, Ontario
Incorporated:	January 2002
Assets:	58,500 units in 351 apartment blocks and 800 houses and duplexes
Structure:	Share capital corporation owned by the City of Toronto

Formed by the amalgamation of the Metro Toronto Housing Corporation and the Toronto Housing Company, the Toronto Community Housing Corporation (TCHC) is the largest social housing provider in Canada with 164,000 residents. The TCHC provides subsidized housing to low-income households and affordable market-rate rentals to moderate-income households.

Governance

The TCHC has an independent 13-member Board of Directors composed of:

- the Mayor or the Mayor's Designate,
- three members of Toronto City Council, and,
- nine citizens, of which two must be tenants of the TCHC.

Citizen and tenant appointments serve for three-year terms.

The Board oversees the management of the TCHC and monitors its performance against its business plan. The Board is accountable to its sole shareholder, the City of Toronto.

The TCHC also has a seven-member executive team of officers who lead the staff of 1,500 employees:

- Chief Executive Officer,
- Chief Financial Officer,
- Chief Development Officer,
- Chief Operating Officer,
- Vice President, Human Resources,
- Vice President, Corporate Planning and Performance, and,
- Vice President, Corporate Communication.

Revenue and Expenditures

In 2003, the TCHC raised $572.9 million, including $282.8 million in subsidies:

- 48 percent of the revenue came from the City of Toronto, Greater Toronto Area municipalities, and the Government of Canada,
- 37 percent from rent-geared-to-income tenant rent,
- 8 percent from market tenant rent,
- 5 percent from other revenue sources, and,
- 1 percent from the Province of Ontario.

TCHC expenditures were equal to revenue:

- 20 percent for municipal taxes,
- 17 percent for mortgage payments,
- 15 percent for utilities,
- 14 percent for building operations and maintenance,
- 13 percent on net capital expenditures, and,
- 22 percent on corporate administration and operations, support services, and other programs and costs.

Applying for Tenancy

To apply for an apartment, individuals have to apply to Access Housing Connections Incorporated, a TCHC subsidiary corporation, which coordinates the wait list for the TCHC and 197 other social housing providers. Applicants must fill out an application form and complete an eligibility assessment that looks at:

- the age of the applicant (the TCHC does not provide housing to those 16 and under),
- the applicant's citizenship and/or immigration status,
- whether the applicant owes money to other social housing agencies,
- whether the applicant has a criminal record in conjunction with social housing fraud or misrepresentation,
- the applicant's income level, and,
- whether the applicant owns any real estate property.

Successes

One of the major successes in recent years was the establishment of twenty-seven geographically based community housing units. These units, a part of the community-based model of management, received budgeting authority, separate performance standards, work plan creation powers, and the support of shared service structures. This model allows the TCHC to work closely with tenants to address local concerns.

Another part of the community-based model is the tenant participation system. This system is composed of tenants who are elected to tenant councils, giving them a say in the corporation's governance.

Another major success is the TCHC's green retrofit program. Funded by the federal Green Municipal Investment Fund and the Toronto Atmospheric Fund, the TCHC replaced 7,705 appliances and 32,339 toilets with more efficient models, and spent $2.94 million on building retrofits. The savings have been reinvested into further building improvements.

Challenges

The biggest challenges to the TCHC are funding and infrastructure-based. Between 2000 and 2003, the Corporation received only one increase in funding, and it was less than the rate of inflation. The cost of utilities and taxes, however, are rising faster than the rate of inflation, leading to a financial sustainability problem.

The Corporation currently faces a capital repair backlog of $120 to $150 million. The TCHC also inherited the Regent Park housing project in east Toronto, well known on a national level for its poor design, criminal activity, and serious social needs. Regent Park is slated for redevelopment in the near future.

Lessons Learned

Several important lessons can be learned based on the Toronto Community Housing Corporation's experience:

1. it is vital to use a community-based model of management to encourage resident participation and feedback on operations and in the design of affordable housing units,

2. a long-term funding solution should be in place before the development of new housing units, and,

3. new affordable housing units should make use of environmentally friendly technologies to capture cost savings and reduce resource usage.

Municipal Housing Corporations: Case Study

Agency:	Seattle Housing Authority
Location:	Seattle, Washington
Incorporated:	March 1939
Assets:	5,300 standard housing units and 1,000 seniors and accessible units
Structure:	Municipal corporation owned by the City of Seattle

As the first housing authority formed in the State of Washington, this authority has had a longstanding presence as an affordable housing provider in the Seattle area. The Seattle Housing Authority (SHA) focuses on developing and managing subsidized housing for low-income households, seniors, and people with disabilities, and affordable market rate rental units for moderate-income households.

Governance

The SHA is governed by a seven-member Board of Commissioners, who are appointed by the Mayor with Council's approval. Two Commissioners must be SHA residents.

The Board of Commissioners is responsible for approving the annual budget and for setting policy directions for the Authority.

The SHA's operations are overseen by the Executive Director, who is appointed by the Board of Commissioners.

Revenue and Expenditures

The SHA's 2004 budget projected total revenues to be $136.8 million, composed of:

- $75.6 million from federal Housing Choice Voucher payments,
- $19.0 million from rental income,
- $14.1 million in Low-Income Public Housing capital grants,
- $13.6 million in operating subsidies, and,
- $14.6 million from other grants, administrative fees, and investment income.

2004 expenditures totaled $122.1 million:

- $75.6 million on Housing Choice Voucher program units,
- $36.0 million on public housing,
- $13.0 million on Low-Income Public Housing capital expenses,
- $4.5 million in seniors housing, and,
- $16.3 million on other grants and housing programs.

Applying for Tenancy

Applicants must complete and return an application form to the Authority. This form considers things such as:

- the applicant's income level,
- the applicant's citizenship and/or immigration status,
- whether the applicant owns any assets that are income-generating,
- whether the applicant has a criminal record,
- the age of the applicant (to qualify for seniors housing), and,
- the rental history of the applicant through good landlord references.

Applicants are placed on a waitlist. When units are available, the applicants are invited to an interview where the full application process is completed and the supporting documentation is gathered. Applicants will then be conditionally approved or denied based upon the interview.

Successes

In addition to being the oldest housing authority in the State of Washington, the SHA is the biggest landlord in the entire

Pacific Northwest. The SHA provides affordable housing for 23,400 residents, of which 8,400 are children. The SHA also has experience with housing those with extremely low incomes. The average income for SHA residents is below $11,500.

In the past ten years, the Authority has received $84.1 million in grants for the construction of nearly 5,000 new affordable housing units in the Seattle area, in addition to parks and other community amenities. These units range from standard units for families and seniors to specialized units for people with disabilities.

Challenges

The SHA reports that its biggest challenge right now is securing federal funding support for the operations and development of its affordable housing units.

Other challenges include community activists who are opposed to the development of the Authority's public housing. However, the Authority has been able to mitigate this response by including residents and community members in the planning of residential projects.

Lessons Learned

Based on the Seattle experience, a municipal housing corporation should:

1. create meaningful ways for residents and the community at large to participate in the governance and operation of the corporation, as well as in the planning of affordable housing development projects, and,

2. attempt to secure long-term financing from both governmental and non-profit partners to ensure that the corporation is viable.

Part 4:

Creating Non-Profit Agencies

Incorporating a Society

Definition

A society is a voluntary association of individuals who share a common recreational, cultural, scientific, or charitable interest. Societies may or may not be incorporated as a legal entity.

In Alberta, incorporated societies are regulated under the *Societies Act*.

Advantages of Incorporating

- Members of an incorporated society may not be held responsible for the society's debts.
- A society is a legal entity that may own property and enter into contracts.
- The existence of the society continues irrespective of its members.
- Incorporation gives a society a sense of permanence and public credibility.
- Government grants often require that a society be incorporated.
- An incorporated society may register as a charity with the Canada Revenue Agency.

Steps to Incorporating a Society

1. *The society must choose a name for itself.* This name must be made up of three parts and cannot be the same or similar to the name of another society or corporation. The three parts of a name, which can be in any order, are:

    a. the distinctive element, which is a unique word or location that makes the society's name different from others,

    b. the descriptive element, which describes what the society is or does, and,

    c. the legal element, which must be chosen from the following list of words: society, association, club, fellowship, guild, foundation, institute, league, committee, council, board, centre, bureau.

    For example:

St. Albert	*Affordable Housing*	*Society*
(distinctive element)	(descriptive element)	(legal element)

    Once the name has been chosen, a NUANS report must be obtained. This report determines the similarity of the proposed name against a database of registered names and trademarks. If the proposed name is similar to a name already registered, then permission must be obtained from the other group to use the similar name.

2. *The society must complete an application form.* The application form must include the objects or purposes of the society. The objects or purposes must be pursuant to the *Societies Act*, and may be amended after incorporation.

    For example, the a housing society might list objects such as:

    a. to acquire lands, by purchase or otherwise, erect or otherwise provide a building or buildings for social and community purposes,

    b. to provide a meeting place for the consideration and discussion of questions affecting the interests of the community,

c. to sell, manage, lease, mortgage, dispose of, or otherwise deal with the property of the society.

The Canada Revenue Agency recommends that societies should not select any objects listed on the *Application to Form a Society* document, but to create a clear list of purposes instead for the purposes of registration as a charitable organization. The selection of certain objects on the *Application to Form a Society* document may actually disqualify a society from becoming a registered charity.

3. *The society must complete a set of bylaws.* The set of bylaws must be pursuant to the *Societies Act*, and may be amended after incorporation. As a minimum, these bylaws must specify:

    a. the way the society is organized,
    b. the rules surrounding its activities,
    c. how new members join the society,
    d. the rights and responsibilities of members,
    e. how the membership will be notified of meetings,
    f. how directors may be appointed and removed, and,
    g. an arbitration procedure to be used in case of an internal dispute (optional).

4. *The complete address of the society must be set out.*

5. *The society must submit the completed forms, the NUANS report, and the incorporation fee to the Alberta Corporate Registry*. The Registry will examine the submission, and if the requirements are met, will issue a Certificate of Incorporation under the *Societies Act*.

Obligations and Responsibilities after Incorporation

Incorporated societies have three ongoing responsibilities that must be fulfilled in order to maintain good standing in the Corporate Registry's records.

Annual returns

Annual returns must be supplied to the Corporate Registry before each anniversary month of incorporation. This annual return contains information on the officers and directors of the society.

If the annual return is not submitted, the society will be dissolved.

Change notices

Incorporated societies are required to submit notifications to the Corporate Registry of all changes of address and changes of officers and/or directors.

Amend notices

Requests for amendments to objects, bylaws, and/or the name of the society must be written and submitted to the Registry. These amendments must be in accordance with the *Societies Act*.

Note on Registered Charity Status

Incorporation under the provincial *Societies Act* does not automatically grant registered charity status, as defined by Section 149 of the federal *Income Tax Act*, to the society. A separate application from the Canada Revenue Agency must be completed.

As noted previously, it is strongly urged that objects not be selected from the list provided on the *Application to Form a Society* document in order to ensure eligibility for registered charity status.

Incorporating a Non-Profit Company

Definition

A non-profit company is an incorporated commercial organization that is formed to promote art, science, religion, charity, or other similar endeavours, or for the sole purpose of promoting recreation for its members.

In Alberta, incorporated non-profit companies are regulated under the *Companies Act*.

Advantages of Incorporating

- Shareholders and directors of an incorporated non-profit company may not be held responsible for the debts of the company.
- An incorporated company is a legal entity that may own property and enter into contracts.
- Ownership of the company can be transferred to others.
- The existence of the company continues irrespective of the shareholders and directors.
- Incorporation gives a company a sense of permanence and public credibility.
- Government grants often require that a non-profit company be incorporated.
- An incorporated company may register as a non-profit organization or charity with the Canada Revenue Agency.

Steps to Incorporating a Non-Profit Company

1. *The company must choose a name for itself.* A non-profit company can choose to have a "named" name or a numbered name.

   A "named" name is usually made up of three parts and cannot be the same or similar to the name of another non-profit group or corporation. The three parts of a name are:

   a. the distinctive element, which is a unique word or location that makes the non-profit company's name different from others,

   b. the descriptive element, which describes what the company is or does, and,

   c. the legal element, which is optional. If present, it must be "Ltd." or "Limited".

   For example:

St. Albert	*Affordable Housing Developments*	*Ltd.*
(distinctive element)	(descriptive element)	(legal element)

   Once the name has been chosen, a NUANS report must be obtained. This report determines the similarity of the proposed name against a database of registered names and trademarks. If the proposed name is similar to a name already registered, then permission must be obtained from the other group to use the similar name.

   Alternately, a numbered name is also acceptable, and is also composed of three parts, which are:

   d. the numbered part, which is assigned by the Corporate Registry,

   e. the word "Alberta", and,

f. either “Ltd.” or “Limited”.

For example:

555555 *Alberta* *Ltd.*
(assigned by the Corporate Registry)

A numbered name must be specifically requested from the Corporate Registry, and NUANS reports are not required.

2. *The company needs to draft a Memorandum of Association*. This document must be drawn up specifically for the company by or on behalf of the individuals forming it. The document must include the following:

    a. the objects of the non-profit company, which are statements of what the company hopes to achieve, but cannot indicate business conduct of a profit-making nature,

    For example, a non-profit company might list these objects:

        i. to finance and build units of housing within the city of St. Albert based upon principles of affordability to low-income households,

        ii. to educate and advocate for affordable housing in St. Albert, and,

        iii. to sell, manage, lease, mortgage, dispose of, or otherwise deal with the property of the company as seen fit by its Board of Directors.

    b. the type of non-profit company to be established, which are defined by the following two categories:

        i. limited by guarantee, which means that each member agrees to help pay off the company’s debts and liabilities when the company is dissolved, up to a certain limit written in the Memorandum, or,

        ii. limited by shares, which requires the company to describe the shares as being:

            1. a fixed number of shares (an unlimited number of shares is not acceptable), and,

            2. either without a nominal or par value, or comprised partly of one of the foregoing classes and partly of another, and,

    c. a clause stating that no dividends or income will be paid to the members, and that all profits or any income, if any, must be used to promote the objects.

3. *The company must set out its Articles of Association*. The Articles are the rules drawn up specifically for the company by or on the behalf of the individuals founding the company. Instead of preparing and filing Articles of Association, Table A of the *Companies Act* may be adopted as its Articles with the following restrictions:

    a. Companies “limited by guarantee” should remove the portion of Table A referring to shares, liens, transfers and alteration of capital, etc. before adoption.

    b. Companies “limited by share” must get the people who signed the Memorandum of Association to sign Table A as well before adoption.

4. *The complete address of the company must be set out*. This address information must show where the company is located (the registered office), and where mail is to be directed (the mailing address) if the address is different.

5. *The appointment of directors is not necessary at the time of incorporation*. However, if the subscribers of the Memorandum of Association and the Articles of Association are stated to be the first directors of the company, then this information will be entered into records by the Corporate Registry at the time of incorporation.

6. *The company must decide whether it will be private or public*. The difference is that:

    a. a private non-profit company requires at least two people to form it, and has restrictions on the number of members or shareholders, shares or membership transfers, and invitations to the public to subscribe for any company shares or debentures.

    b. a public non-profit company requires at least three people to form it, but has none of the above restrictions imposed on private companies.

7. *The company must submit the required information and documents, together with the NUANS report (if applicable) and the incorporation fee, to the Alberta Corporate Registry office*. The Corporate Registry office will examine the submission, and if the requirements are met, will issue a Certificate of Incorporation under the *Companies Act*.

Obligations and Responsibilities after Incorporation

Incorporated non-profit companies have three ongoing responsibilities that must be fulfilled in order to maintain good standing in the Corporate Registry's records.

Annual returns

Annual return information must be supplied to the Corporate Registry before each anniversary month of incorporation. This annual return contains information on the officers and directors of the company.

If the annual return is not submitted, the non-profit company will be dissolved.

Change notices

Incorporated societies are required to submit notifications to the Corporate Registry of all changes of address and changes of officers and/or directors.

Amend notices

Amendments to capital, amendments to bylaws, and changes of company name must be written and submitted directly to the Corporate Registry. These amendments must be in accordance with Part 9 of the *Companies Act*.

Note on Registered Charity Status

Incorporation under the provincial *Companies Act* does not automatically grant registered charity status, as defined by Section 149 of the federal *Income Tax Act*, to the non-profit company. A separate application from the Canada Revenue Agency must be completed.

Society and Non-Profit Company Differences

Issue	Description of Issue	How it Affects a Society	How it Affects a Non-Profit Company
Share capital	The ability to issue shares of the organization	• Not permitted	• Permitted
Constitutional powers	Controls what the organization can legally do	• Only has powers that the constitution entitles it to	• Certain defined powers explicitly stated in Section 20 of *Companies Act*
Bylaw powers	Controls what the organization can legally do	• All powers must be defined in the bylaws	• Certain powers are implied in the *Companies Act*
Membership	Controls who can join the organization and how they may act	• Membership lapses, expulsions, and withdrawals are allowed (must be addressed by bylaws)	• Membership expulsion may be difficult, if even possible
Member interest	The stake a member holds in the organization	• Not transferable to another person	• Transferable to another person

Incorporating a Cooperative

Overview of Housing Cooperatives

For an overview of what a housing cooperative is, please refer to the article *Housing Cooperatives* in part 3 of this report.

Defining Legislation

Alberta-based cooperatives are governed by the *Cooperatives Act*.

Steps to Incorporating a Housing Cooperative

1. *The co-op should create a business plan*. Although this is not required, the Government of Alberta recommends that a proposed co-op form a business plan before incorporating in order to assess how the co-op will succeed in the open market.

2. *The co-op must draft its Articles of Incorporation.* The Article should include these sections and address these topics:

    a. General (mandatory topics):
        i. name of cooperative,
        ii. registered office location,
        iii. name and residential addresses of incorporators,
        iv. restrictions placed on the business to be carried out,
        v. restrictions on class of membership,
        vi. statement that the cooperative will be organized, operated, and carry on business on a cooperative basis,
        vii. provision for distribution of property upon dissolution,
        viii. any restriction the membership may impose on the board to manage,
        ix. transfer of member interest provision,
        x. if there is a maximum rate of return paid on a member loan,
        xi. any provision for a maximum dividend that may be paid on membership shares,
        xii. if there will be investment shares,

    (optional topics):
        xiii. bylaw provisions,
        xiv. higher number of votes than contained in the Act for an action,
        xv. set rate of interest on undistributed patronage,
        xvi. equal rights for members to receive the remaining property on dissolution,
        xvii. may provide for payment of all debts and liabilities, including member distribution, on dissolution,
        xviii. except for Part 18 cooperatives, provides for distribution of excess assets after dissolution,
        xix. if the directors require authorization from members or investment shareholders to borrow,
        xx. any further information about the cooperative's financial position, as well as the financial statement,

    b. Membership (all topics are optional):
        i. survivor joint holder rights as member,
        ii. governed by bylaws, unless the Act or articles provide otherwise,

iii. appeal termination alternatives,

c. Directors and Officers (mandatory topics):
   i. number of directors or minimum or maximum number of directors,

   (optional topics):
   ii. member/non-member directors,
   iii. rules for election/appointment,
   iv. set meeting location,
   v. quorum other than majority,
   vi. restrictions on setting all remunerations,
   vii. restrictions for designating offices and any powers or duties,
   viii. restricts rights/powers of directors, or members given the power to manage,

d. Housing Cooperatives (all topics are mandatory):
   i. additional name provisions,
   ii. primary objective/type of non-profit housing coop and special limitations,
   iii. no gain to members,
   iv. distribution upon dissolution,
   v. circumstances where co-op can pay amounts owed to members,
   vi. cannot pay interest or dividends on shares,
   vii. surplus from operations may be paid as patronage,
   viii. cannot change non-profit status or type,
   ix. is non-profit, and is subject to the Act,
   x. eligible people can use housing, and ancillary services and facilities,
   xi. is non-profit home ownership and is subject to the Act,
   xii. eligible people can use self-contained housing and ancillary services,

e. Shares (all topics are mandatory):
   i. if there will be membership share capital, the amount or the amount of the membership fee,
   ii. there are membership shares, any restrictions as to number or value,
   iii. cannot provide for any preference, right, condition, restriction, limitation, or prohibition on shares unless the Act provides,

f. Investment shares (mandatory topics):
   i. if there will be investment shares, and if so, the rights and restrictions to any class of them,
   ii. price or formula,
   iii. procedures for issuance authorization,
   iv. constraints,

   (optional topics):
   v. voting rights for joint shareholders,
   vi. can provide for any class investment share referred to in one of more series,
   vii. preference of new offering to existing investment shareholders,
   viii. provide for a charge on investment share,
   ix. meeting date can be specified if shareholders have right to elect one or more directors,
   x. election of directors by cumulative voting of investment shareholders,
   xi. articles must provide a fixed number of directors to be elected by investment shareholders where cumulative voting is applied,
   xii. holders may vote separately to amend certain articles,

xiii. can make provisions to convert from one investment share class to another,
xiv. limit of investment shares can be increased due to the transfer provisions, and,
xv. can provide for a holder of a fractional investment share to vote.

Three or more members must sign the Articles at an incorporation meeting. The Articles must then be returned with an *Affidavit of Execution*, which must be signed and verified before a Commissioner for Oaths/Notary Public.

3. *The co-op must fill out the Summary of Articles of Incorporation and Statutory Declaration forms*. These forms summarize the Articles and declare the co-op to be organized and operated on a co-operative basis in compliance with the *Cooperatives Act*.

4. *The co-op must choose a name and obtain a NUANS report*. This report determines the similarity of the proposed name against a database of registered names and trademarks. If the proposed name is similar to a name already registered, then permission must be obtained from the other group to use the similar name.

5. *The co-op must complete copies of the following forms and submit them along with the application fee to Alberta Government Services:*

    a. *Notice of Address/Change of Address*, and,
    b. *Notice of Directors/Change of Directors/Change of Director's Address*.

    If approved, the Director of Cooperatives will issue a *Certificate of Incorporation*, which gives the cooperative permission to begin business.

Obligations and Responsibilities after Incorporation

Bylaws

The directors must hold a meeting to create the co-ops bylaws within 180 days of the Certificate of Incorporation being issued. These bylaws can come into effect on the day they are made, or on a later date specified in the bylaws or in the adopting resolution.

A copy of the bylaws (signed by the directors) and another *Affidavit of Execution* must be sent to the Director of Cooperatives within 60 days of the bylaws coming into force.

Access to information

Every member and investment shareholder must be entitled to receive a copy of the bylaws free of charge once every calendar year.

Annual returns

Annual return information must be supplied to the Director of Cooperatives within six months of the fiscal year end. This annual return contains information on the co-op's officers and directors.

If the annual return is not submitted, the non-profit company will be dissolved.

Note on Registered Charity Status

Incorporation under the provincial *Cooperatives Act* does not automatically grant registered charity status, as defined by Section 149 of the federal *Income Tax Act*, to the cooperative. A separate application from the Canada Revenue Agency must be completed.

Obtaining Registered Charity Status (Canada)

Definitions

Registered charity status allows organizations to issue official receipts for gifts received, which can be used by an individual donor to reduce income tax payable or by a corporate donor to reduce taxable income. This status also grants exemption from paying income tax.

Gifts are a voluntary transfer of property for which the donor receives or expects nothing in return. To qualify as a gift, it must be some form of property, either in the form of cash or a gift-in-kind (such as equipment, shares, or land), transferred from a donor to a charity. Contributions of services such as time, skills, and effort are not gifts.

In Canada, registered charity status is regulated under Section 149 of the *Income Tax Act*.

Applicability to the City of St. Albert Affordable Housing Advisory Board

As a board administered by the City of St. Albert, AHAB already enjoys a similar status granted to Canadian municipalities. If the City of St. Albert agrees to receive the gifts contributed, control the expenditures, and issue official receipts in the City's name, then AHAB does not need charitable registration for income tax purposes.

Applicability to an Independent Affordable Housing Society or Non-Profit Company

An organization dedicated to developing and managing affordable housing in St. Albert should qualify for registered charity status because it provides a service beneficial to the community.

An organization dedicated to educating the public on issues of affordable housing should also qualify because it advances education. However, an advocacy group that promotes affordable housing would not qualify because it presents a side of the issue, and as such, is not educational.

Steps to Registering for Charity Status

1. *The organization must have an established model of governance*. This simply means that whatever society or non-profit company is to be created should be incorporated already, or have trust documents and a constitution complete.

2. *The organization must complete Form T2050, Application to Register a Charity Under the Income Tax Act*. The form has seven sections, and is fairly straightforward:

    a. Identification of applicant: name and mailing address of the organization,

    b. List of applicant's directors or trustees: name and position of the officers,

    c. Organizational structure of applicant:
        i. presentation of governing documents (bylaws and either incorporating documents or a copy of the constitution and trust deeds),
        ii. list of currently owned real property, and,
        iii. designation (shows whether directors and officers are related to each other, with donors, and with funding sources),

    d. Information about the activities of the applicant:
        i. a listing of the programs and activities in detail, how it intends to accomplish its goals, where this will take place, and who will benefit
        ii. supporting documentation for the above, if available,

iii. listing of political activities and their purpose, and,
iv. details of fund-raising events and on-going campaigns,

e. Financial information: proposed budget for the next fiscal period including receipts (cash inflow), disbursements (cash outflow), assets, and liabilities,

f. Confidential information:
   i. business address of the organization,
   ii. location of where official books and records are kept,
   iii. authorized representative/contact person,
   iv. personal information of directors and officers, and,
   v. current financial statements, if available,

g. Certification and Final Steps: enclosure checklist and signatures.

The Canada Revenue Agency is willing to perform a one-time review of an application package containing draft governing documents to determine whether an organization's mandate would qualify for registered charitable status. Two results are possible:

1. if the CRA views the draft application favourably, then registration will occur once the formal governing documents are received.

2. if the CRA views the draft application negatively, then they will send a written explanation of the negative assessment. There is no appeals process for this because the CRA cannot rule on organizations not yet formally in existence.

If the Canada Revenue Agency views a formal application negatively, then the CRA will send a written explanation of its negative assessment. The organization then has sixty days to make further submissions to the application. If the application is denied, then the applicant has the option of appealing this decision in court.

Obligations and Responsibilities after Registration

A registered charity must devote its resources to charity, to continue meeting the requirements of registration, and file Form T3010, *Registered Charity Information Return*, within six months of its year-end. The latest version of Form T3010 is unavailable because the CRA is still re-writing it. However, the 2002 version include the following sections:

1. Identification
2. Directors/Trustees
3. General Information
4. Financial Information
5. Further Information on Amounts Received
6. Remuneration and Benefits
7. Political Activities
8. Gifts to Qualified Donees
9. Expenditures for Programs Outside Canada
10. Certification

There are also several Schedules attached to the end that assist in the form's calculations.

Obtaining Charitable Organization Status (Alberta)

Definition

In addition to federal requirements, registration as a charitable organization may also be required under the *Charitable Fund-raising Act* of Alberta. This registration is a license for charities to solicit donations through fundraisers. This applies to any incorporated or unincorporated organization that is formed for a charitable purpose, including a society as defined by the *Societies Act* of Alberta, and organizations that have received federal registered charity status.

A charitable organization must be registered if:

- it will use a fund-raising business, and/or,
- it intends to raise more than $25,000 in gross contributions in its financial year from solicitations to persons in Alberta.

However, registration is not necessary if:

- a charity asks for contributions from its members or their immediate families,
- a charity asks for goods or services that it will use for its administration or other non-charitable purpose, and/or,
- a charity raises funds through an event that is authorized by the Alberta Gaming and Liquor Commission.

Applicability to the City of St. Albert Affordable Housing Advisory Board

As a board administered by the City of St. Albert, AHAB does not have to apply for this status to receive donations greater than $25,000 in value per fiscal year.

Applicability to an Independent Affordable Housing Society or Non-Profit Company

An organization dedicated to developing and managing affordable housing in St. Albert needs to register with the Province as a charitable organization if it intends to accept contributions greater than $25,000 in value in a year in any of the following forms:

- cash donations, either through fundraising events or through grants,
- land donations,
- building supplies,
- technical expertise, and,
- other goods and services.

Steps to Registering as a Charitable Organization

1. *The organization must complete the Application for Charitable Organizations form*. The form includes the following sections:

    a. the organization's name, contact information, and incorporation number,
    b. the name and contact information for any branches or chapters, if any,
    c. the organization's objectives or the purpose of fundraising,
    d. the financial year of the organization,
    e. a consent form that allows the Province to conduct criminal records checks on the directors and officers, and,
    f. the names, titles, contact information, and birthrates of the directors and officers.

The form must be signed by a director or officer before a Commissioner for Oaths.

2. *The form, supporting documents, and an application fee must be submitted to a provincial registry agent*. The supporting documents include the solicitation materials and canvassing scripts that will be used to solicit funds.

Obligations and Responsibilities after Registration

Ethical fundraising techniques

A registered charitable organization must conduct its fundraising activities in an ethical manner. As defined by the Province, this manner focuses on three key responsibilities:

1. proper disclosure of the following information to donors before accepting a donation:
    a. the name of the charitable organization for which the donation is being requested,
    b. the charitable purpose for which contributions will be used,
    c. the cost of fund-raising and how much the charity expects to raise,
    d. the address of the charity, and if incorporated, the place of incorporation,
    e. the name and phone number of a contact person employed by the charity whom the donor can call for further information, and,
    f. if a fund-raising business is used to solicit donations, then a donor must be told:
        i. the operating name and full legal name of the fund-raising business, and,
        ii. how the remuneration of the fund-raising business is determined.

2. maintenance of complete and accurate financial records of its operations for at least three years after solicitations are made, including:
    a. original copies of financial statements,
    b. records regarding solicitations,
    c. records of the deposit bank account used by the fund-raising business and any payments from that account,
    d. the names of the signing officers for the bank account,
    e. samples of the kinds of information given to potential donors, including any solicitation materials and phone scripts,
    f. copies of the fund-raising agreements any amendments, and,
    g. copies of receipts for all monetary contributions.

3. preparation of audited financial statements if the organization has solicited $250,000 or more, or a copy of its financial information return if it has raised less than $250,000.

    These statements must identify all solicitation expenses, including:
    a. information on the gross contributions received,
    b. a summary of dispositions of contributions, with a separate description of each disposition equal to or greater than 10 percent of the gross contributions received,
    c. the total amount paid as remuneration to employees of the organization primarily responsible for fund-raising, and,
    d. the amount of remuneration paid to the fund-raising business used, if applicable.

Section 39 of the *Charitable Fund-raising Act* allows the Province to enter premises and inspect, examine, and copy books, records, and documents that are required by the Act.

Annual registration

A registered charitable organization must renew its status every year. The Province will send out a notice, forms, and instructions automatically before the registration expires.

Forming Public-Private Partnerships

Overview of Public-Private Partnerships

For an overview of what a public-private partnership is, please refer to the article *Public-Private Partnerships* in part 2 of this report.

Steps to Forming a Public-Private Partnership

This strategic planning approach, developed by the Canada Mortgage and Housing Corporation, provides a linear and rational process for an agency to develop a partnership:

1. *A clear understanding of the community's housing needs must be developed.* This understanding guides the partnership's goals and objectives by considering:

    a. which community groups need housing assistance (e.g. seniors, families, young adults, single parents, people with disabilities, etc.),

    b. whether the problems is with housing supply availability, the inadequacy of existing housing, or other issues,

    c. the form and tenure of housing needed in the community,

    d. what price and rent will target groups look for and be able to pay,

    e. if there are any services beyond housing provision that the target group may require,

    f. if existing neighbouring facilities and conveniences are adequate, and,

    g. what sites are suitable for housing development.

    Resources that would help develop this understanding include:

    h. municipal studies and statistics,
    i. social housing wait list data,
    j. Canada Mortgage and Housing Corporation rental surveys and statistics,
    k. local real estate board expertise and studies,
    l. Statistics Canada data,
    m. market research, surveying, and focus groups, and,
    n. public meetings.

2. *The agency must determine its objectives.* This visioning process should include:

    a. housing objectives, including statements on:
        i. the characteristics of the target group,
        ii. form of housing tenure,
        iii. price or rental range,
        iv. type of housing,
        v. other service required, and,
        vi. the timing of the development,

    b. other objectives, which may include statements on:
        i. neighbourhood revitalization,
        ii. skills development,

iii. community development,
iv. capacity building,
v. increased credibility,
vi. better use of the building stock, and,
vii. environmental considerations,

c. an identification of the agency's strengths and weaknesses,

d. an identification of local barriers to affordable housing development, such as:
i. lack of expertise,
ii. difficult planning regulations and approval processes,
iii. resistance to certain concepts, like life-leasing or limited equity housing,
iv. risk exposure,
v. financial sector or municipal skepticism about affordable housing,
vi. community resistance to affordable housing development,
vii. difficulties in obtaining financing,
viii. site environmental constraints,
ix. lack of land or financial equity, and,
x. land prices that may not be affordable,

e. a choice on how development will occur (e.g. new construction, renovation, acquisition, or intensification),

f. a preliminary housing concept, with information on:
i. tenure,
ii. number of units by type,
iii. approximate size of units,
iv. approximate size of site,
v. approximate capital, operating, and reserve costs,
vi. the rent or selling price,
vii. on-site facilities, and,
viii. care and support services,

g. the development of a business plan, including the following plans:
i. a management plan,
ii. a marketing plan,
iii. a financial plan,
iv. a human resources plan, and,
v. a development or operating plan.

3. *The agency must identify its needs.* This involves:

a. identifying resource and expertise gaps in the organization,
b. assessing the formality, risk exposure, and legal structure of the partnership,
c. understanding the financial requirements and mechanisms,
d. clarifying the synergies and resources required from each partner, and,
e. refining the business plan and housing concept.

4. *The agency must look for suitable partners.* This involves:

a. identifying potential partners with complimentary skills, access to needed resources, and who have a good strategic and cultural fit,

b. understanding how the potential partners operate, their histories, why they might contribute, and how the agency might benefit them, and,

c. meeting with potential partners to express the agency's interests, to share objectives and plans, and to identify mutual interests.

5. *The partnership must be formed and structured.* Thoroughly understanding how the partnership is to be structured will save a lot of time and money that would otherwise be used later for legal and financial advice, and produce an agreement that is better for the involved partners. Components include:

    a. refined and specific objectives,

    b. a clear management structure,

    c. a clear definition of the scope of the agreement, including:
        i. definitions of development activities, and,
        ii. the resources required from each partner,

    d. a definition of the relationship between the partners, including:
        i. definitions of each partner's contributions,
        ii. an allocation of risk and liability among partners,
        iii. a cash flow management agreement,
        iv. requirements for reporting to other partners, and,
        v. decision making procedures,

    e. measures to address other issues such as:
        i. the terms of agreement,
        ii. transition plans, and,
        iii. partnership management and coordination of relations.

6. *The partnership must be implemented.* This includes:

    a. transforming broad objectives into concise, realistic, and measurable goals,
    b. the creation of a development schedule and a work plan,
    c. the setting out of responsibilities,
    d. the creation of internal and external communications strategies,
    e. a dispute resolution mechanism, and,
    f. a feedback model to recognize and deal with new problems and to allow the partnership to build upon its successes.