Greater Nelson Housing Entity Study

Improving Access to Non-Market, Affordable Rental Housing

Phase One Final Report

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Prepared For:

Sandy Mackay
Housing Research and Policy Lead
smackay@makoladev.com

Jenna Hildebrand
Project Planner
jhildebrand@makoladev.com

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In Fall 2022, Community Futures Central Kootenay and its partners at the City of Nelson, the Regional District of Central Kootenay (RDCK) and the Nelson and District Chamber of Commerce commissioned Phase One of the Greater Nelson Housing Entity Study on behalf of the Nelson and Area Economic Development Partnership (NAEDP). The goal of the study was to assess the need for a local government supported housing entity and to explore other strategies and tools to facilitate the creation of non-market, affordable housing in the Greater Nelson area, with a specific focus on housing options to meet the needs of moderate-income, working families and individuals (also known as workforce housing).

The project team reviewed relevant housing data and policy, conducted a significant case study analysis of local and regional government-supported housing entities, and engaged with local businesses, employers, housing providers, and committees to determine if a local-government supported housing entity was viable and relevant in Greater Nelson. The following key findings emerged through this process:

There is a Housing Gap in Greater Nelson

Though many non-profits provide housing and housing related services in Greater Nelson, there is a perception that most of these units are targeted towards specific population groups or include supportive services. Some non-market, affordable rental housing options exist, and existing non-profits may choose to pursue more in the future, but there is a need for significantly more units to support working families and individuals in Greater Nelson. Bridging this gap should be the primary focus of any local-government or regionally supported housing entity.

Broad Support for a Local-Government Supported Entity

Across all interviews and focus groups there was broad support for a local government supported housing entity. Employers and businesses support housing for critical workers, and housing non-profits were welcoming of an additional partner in the community. Critically, non-profits stressed that any new organization should complement and collaborate with existing providers and services to avoid competition for limited resources.

Any New Entity Should Be "Made in Greater Nelson"

There are many examples of local-government supported housing entities in British Columbia and across Canada, but none perfectly fit the context of Greater Nelson. Any new housing entity will need to account for the strong existing non-profit housing ecosystem, the geographic context of the region, the assets at local government's disposal, and the expertise that exists in the community.

RECOMMENDATIONS

Two recommendations emerged through the study. As any new entity will take significant time to establish, the project team is recommending that both the RDCK and City of Nelson use the intervening time to develop and formalize additional policies and tools to support non-market, affordable housing

development. This can include procedures that govern land disposal, policies to integrate affordable housing into growth planning, and tools to support additional development in Greater Nelson as well as opportunities for the municipality and the RDCK to further collaborate with member municipalities on non-market, affordable housing strategies outlined in the upcoming RDCK Housing Action Plan.

In the medium to long term (two to five years), the project team recommends establishing a new housing entity in Greater Nelson. This could take the form of an arms-length housing corporation or a new non-profit. Further research into legal structures, financial models, and governance is slated to occur in Phase Two of this project.

NEXT STEPS

Following receipt and publication of this report and with the approval of the project steering committee, the project team will initiate Phase Two. The focus of Phase Two is generating educated feedback and input from the City of Nelson, the RDCK, employers, non-profit housing providers, and other relevant committees. The project team will further refine and develop model analysis criteria, continue to engage with local housing non-profits, and conduct a visioning session with elected officials and additional partners. Phase Two will conclude with final recommendations for the mission, legal status, and governance structure of the Greater Nelson housing entity.

REPORT OVERVIEW

This document is the final deliverable for Phase One: Best Practice Research and Analysis of the Greater Nelson Housing Entity Study.

In Phase One, the project team conducted a review of best practices for local or regional government supported housing models. This included a review of prominent housing corporations, local government supported non-profit models, and other relevant organizations. Key commonalities, structures, partnerships, and funding mechanisms were identified, and a findings report that included a high-level benefit and relevance analysis was completed and shared. Also included in the findings report was a preliminary evaluation matrix that will inform Phase Two engagement with City of Nelson Council, the RDCK Regional Board, staff from both organizations, employers, and non-profit housing providers.

Using the information gathered from the housing organization review, housing options model development, and high-level engagement with critical partners in the Greater Nelson area, the Phase One Final Report includes preliminary recommendations that will undergo a more detailed review in the next project phases. This report concludes with a description of next steps for Phase Two.

GEOGRAPHY

For the purposes of this report, "Greater Nelson" refers to the combined geographic areas of the City of Nelson and Electoral Areas 'E' and 'F' of the Regional District of Central Kootenay (RDCK). Electoral Area 'E' includes the unincorporated communities of Blewett, Balfour, Queens Bay, Longbeach, Harrop/Procter, Sunshine Bay, Bealby/Horlicks, Taghum Beach and Nelson to Cottonwood Lake. Electoral Area 'F' includes the unincorporated communities of Beasley, Taghum, Willow Point, Nasookin, Grohman, Crescent Beach, Sproule Creek, Six Mile and Bonnington.

Although this report is for Greater Nelson, there is the opportunity for the findings and options presented in this report to serve and apply to a broader geographic area in the future, including other municipalities and electoral areas within the RDCK.

The term "housing continuum" refers to the range of housing options generally available within the province. This includes emergency shelters and transitional housing, supportive housing for vulnerable populations, including seniors and people with mental illness, through to non-profit affordable rental housing, market rental, and home ownership (shown in Figure 1 and 2). Ideally, there is an appropriate variety of these options available for those who need them along the housing continuum within a region.

Various funding programs, loan, and grant streams prioritize different sections of the housing continuum, typically supporting multiple affordable housing types. Some important affordable housing distinctions relevant to this study are defined and discussed in this section.

The yellow boxes in Figure 1 and Figure 2 illustrate where the scope of this project falls within the housing continuum. The scope of this project is focused on increasing the number of non-market, affordable housing units, with a focus on workforce housing, a type of non-market rental housing that is affordable to individuals and families who earn around the median income in a community.

Figure 1: Housing Continuum (project scope highlighted in yellow)
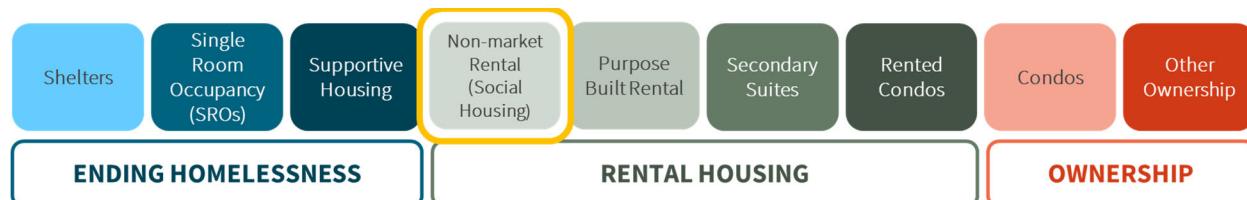
Source: Adapted from the City of Vancouver, Civic Toolbox Factsheet on Housing

Figure 2: Non-Market and Market Housing Types and Forms (project scope highlighted in yellow)
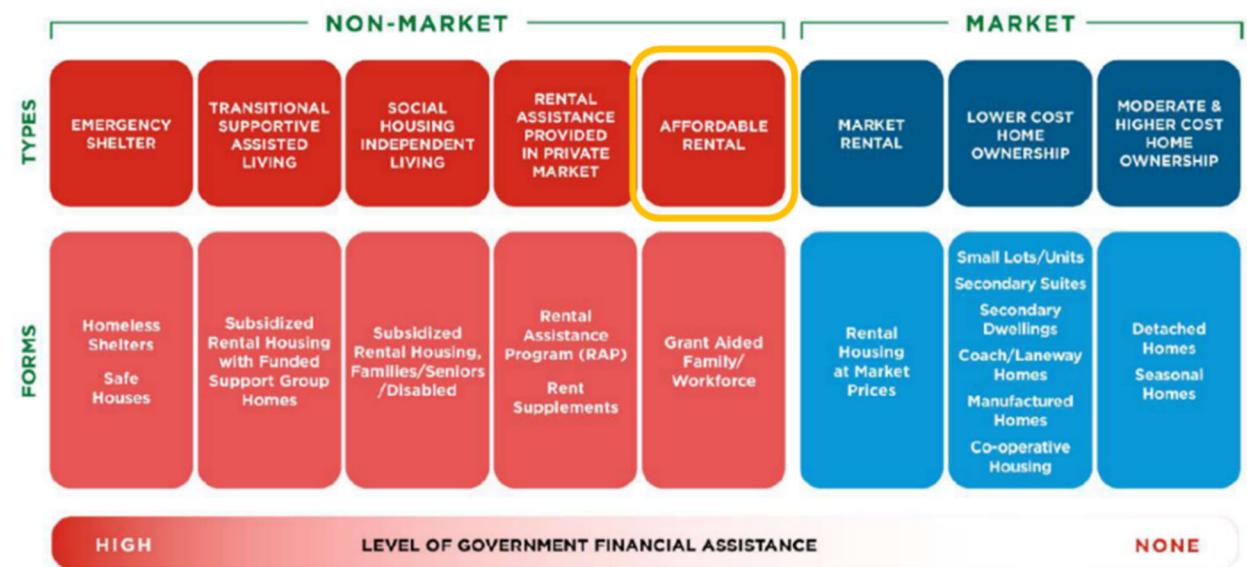
Source: City of Kimberley

DEFINING AFFORDABLE HOUSING

Providing a definition for affordable housing can be challenging. Communities have varying needs and demands, varying incomes and economies, and different housing stock ecosystems, all of which can influence affordability. The most commonly accepted definition of affordable housing comes from the Canada Mortgage and Housing Corporation (CMHC), which considers housing to be "affordable" when the household spends less than 30% of their pre-tax income on adequate shelter. It is a very broad definition that does not account for typology, tenure, or household structure. An affordable home can be a rental apartment, a single-detached house, a co-op, condo, or social housing, provided it costs no more than 30% of the resident household's pre-tax income.

NON-MARKET HOUSING

Non-market housing is typically facilitated by non-profit or senior government providers and subsidised predominantly by provincial and federal government funding programs, but local, regional, and Indigenous governments are key facilitators of development. In some cases, local governments develop and operate non-market housing themselves, often indirectly through a municipal corporation or non-profit organization. Though difficult to develop, not only because of community perceptions about below market housing, but also because of limited funding and appropriately serviced and sited land, non-market units are one of the only ways to secure affordability in the face of unprecedented market pressures.

Tools for setting the price of a non-market vary by funding program, but all non-market units meet some definition of affordability and have that affordability secured for a minimum period. Non-market stock is key to providing safe, affordable, appropriate housing to the residents of the Greater Nelson. Increasing the number of non-market housing units was a key recommendation that emerged from the 2020 RDCK Housing Needs Assessment and is similarly highlighted in the upcoming RDCK Housing Action Plan.

NON-MARKET, AFFORDABLE RENTAL HOUSING

The most common type of non-market housing is non-market, affordable rental housing without supportive elements. In most cases, a non-market, affordable rental development looks just like and is operated identically to a market rental building. The only significant difference is the cost of rent.

Rents are typically set by the funding program[1] but common rent-setting mechanisms include:
- Rent Geared to Income - Rental fees are set at 30% of the occupant household's total gross income.

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[1] Examples of provincial funding programs include BC Housing's Community Housing Fund, Indigenous Housing Fund, Supportive Housing Fund and Women's Transition Housing Fund Program. Examples of federal housing funding programs funded through the Canadian Housing and Mortgage Corporation (CMHC) include National Housing Co-Investment Fund, Rapid Housing Initiative, and the Affordable Housing Innovation Fund (this is not an exhaustive list).

- Low End of Market - A type of housing where the housing provider calculates rent according to rental market conditions. Providers typically aim to charge less than or close to the average market rent in a community, as calculated by CMHC (~$1000/month in Nelson in 2021).

WORKFORCE HOUSING

Workforce housing is a type of non-market, affordable rental housing that is affordable to individuals and families who earn around the median income in the community (~$70,000/year in Nelson in 2020)[2]. Eligibility for these units can be tied to employment status within a community but is not tied to a specific employer. As previously highlighted, this project is focused on increasing the number of non-market, affordable housing units, which includes increasing the number of workforce housing units.

EMPLOYEE HOUSING

Housing that is owned and provided by the employer and tied to an individual's employment status with the company/organization. Employee housing is not non-market housing as it is privately owned and subsidized by a private entity.

AFFORDABLE OWNERSHIP

Affordable home ownership options can be classified as both market and non-market housing depending on the level of support being received from a public entity. Lower cost home ownership in the market often takes the form of smaller, denser ownership options, like laneway housing, manufactured homes, or housing co-operatives. Though often mission driven and potentially founded with funding assistance from a government program, housing co-operatives are still typically classified as market housing as their price is set by a private co-op board or internal bylaws.

Non-market home ownership is very challenging to build. Almost all current funding programs are focused on rental housing, and very few organizations are able to offer an ownership model to community members. When organizations do offer affordable ownership, the right to purchase is typically restricted to residents of a community or employees in a certain industry and the organization retains the right of first refusal to purchase the unit back. Resale price is typically restricted to the original sale price of the home plus inflation.

In the absence of specific funding programs, affordable home ownership is not currently a feasible path for communities to improve affordable rental stock. However, an organization or entity that operates affordable rentals may choose to privately fund affordable ownership options once they have accrued enough capital to pursue development without a senior funding partner.

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[2] Statistics Canada. 2023. (table). Census Profile. 2021 Census of Population. Statistics Canada Catalogue no. 98-316-X2021001. Ottawa. Released February 8, 2023.

Phase One of the project was completed through a five-step process illustrated in Figure 3. A detailed description of each step is summarized in the following sections.

Figure 3 – Phase 1 Process Summary

1. Review and Summarize Housing Organizations	2. Develop Housing Organization Option Models	3. Develop Preliminary Evaluation Matrix	4. Initiate Preliminary Engagement	5. Completed Phase 1 Report
• High-level overview of 13 successfully established and new housing authorities, corporations, and non-profits	• **Option A:** Create a New Housing Corporation • **Option B:** Create a New Non-Profit Society • **Option C:** Partner with Existing Non-Profit Society • **Option D:** Expand Formalized Government Support	Matrix Categories: • Governance & Organizational Structure • Legal & Tax Implications • Financial Implications • Implementation & Roll Out	• Met with local non-profits and businesses/employers	• Findings report with process, considerations, and final recommendations

1. REVIEW & SUMMARIZE HOUSING ORGANIZATIONS

The housing organization review and summary provided a high-level overview of successfully established and new housing authorities, corporations, non-profits, or combination models across British Columbia, Alberta, and the United States. Each case study provided an overview of the organization, including their current portfolio, and described the various tools used to encourage affordable housing development, the financial mechanisms to sustain and expand operations, as well as the organization's governance structure and staff resourcing.

Though none of the case studies perfectly match conditions within Greater Nelson, some operating housing models utilize relevant tools or funding mechanisms that will be instructive when designing a similar body to serve Greater Nelson. The most relevant case studies to Greater Nelson include Revelstoke Community Housing Society, Tofino Housing Corporation, Squamish Community Housing Society, and Cowichan Valley Housing Association.

A detailed case study summary of the reviewed housing organizations is included in Appendix A.

2. DEVELOP HOUSING ORGANIZATION OPTION MODELS

Through the case study summary and further analysis, key commonalities, structures, partnerships, and funding mechanisms were identified which informed the development of four housing organization models to support affordable and non-market housing initiatives in Greater Nelson. Each model requires a differing level of involvement and commitment from the City of Nelson and the RDCK.

The four housing organization option models include:
- Option A: Create a New Housing Corporation
- Option B: Create a New Non-Profit Housing Society
- Option C: Partner with an Existing Non-Profit Society
- Option D: Expand Formalized Government Support

A detailed description of each model, including a primary advantages and potential risks summary can be found in Appendix A.

3. DEVELOP PRELIMINARY EVALUATION MATRIX

In preparation for Phase Two engagement with the City of Nelson Council and staff, and the RDCK Regional Board and staff, preliminary evaluation matrix categories with criteria to assess the four models were developed in Phase One. Draft engagement questions are included within each category to provide an example of the questions that will be asked and discussed as part of Phase Two engagement and discussion process.

The preliminary evaluation matrix categories include:
- Governance and Organizational Structure
- Legal and Tax Implications
- Financial Implications
- Implementation and Roll Out
- Scalability

A detailed description of each criterion within the categories and questions to consider can be found in Appendix A.

4. INITIATE PRELIMINARY ENGAGEMENT

As part of Phase 1, the project team met with local non-profits to understand broader development trends, upcoming projects, current portfolio and critically needed supports. Main themes that emerged from discussions with non-profits are summarized below.

- Existing providers have a strong housing ecosystem with a variety of housing options – including many that would fall under "workforce" housing definition.

- Providers have found it challenging to tenant some of their "closer to market" units and would appreciate a mechanism for coordinated tenanting and/or help advertising units when they are available.
- There is limited interest in developing more non-market/affordable rental units. Some non-profits may consider if opportunities arise but would prefer to focus on target population groups and supported/semi-supported housing options.
- Existing providers would welcome an additional partner in Greater Nelson and are supportive of a local government organization focused on affordable/non-market rental housing. Providers emphasized the importance of partnership and collaboration rather than competing for limited resources.

The project team also met with key employers in the Greater Nelson area to better understand their employees' housing challenges and needs and to determine interest in involvement and capacity to support future non-market, affordable housing developments.

Main themes that emerged from these discussions are summarized below.

- Employees are commuting from nearby towns (e.g., Salmo and Castlegar) because they cannot find affordable, stable rental accommodation in Nelson.
- Employers are having a difficult time staffing positions due to a lack of housing options for prospective employees and are more supportive of workforce housing options, as opposed to employee housing (i.e., housing should not be directly attached to an individual's employment).
- Businesses support the development of non-market, affordable housing in the community – even if this means a potential tax increase (little appetite for direct investment).
- If an organization is stood up to lead the development of non-market, affordable units, the mandate of the organization needs to be clearly communicated to the community (e.g., what type of housing is the organization developing and for whom).
- There is a strong, support local/be local ethos in Nelson and surrounding areas and many employers that the project team spoke to felt that an innovative municipal/RDCK partnership housing organization would be supported by businesses and more broadly, the community.

The focus of Phase Two engagement will be on generating educated feedback from City of Nelson, the RDCK Regional Board, and staff from both organizations to confirm Phase One assumptions.

5. COMPLETE PHASE 1 REPORT

The last deliverable for Phase One is the Phase One Final Report. This report outlines the Phase One process and includes preliminary recommendations to further build upon, validate, and refine in Phase Two.

SHORT TERM RECOMMENDATION: EXPAND FORMALIZED GOVERNMENT SUPPORT

The City of Nelson has and continues to apply a variety of municipal tools to support the development of non-market, affordable housing. Establishing an Affordable Housing Reserve Fund, providing permissive tax exemptions for affordable housing providers, revising regulatory bylaws to encourage increased density and intensification, and developing short term rental regulations to preserve long term rental housing stock – among others – are all commendable and timely actions that the City has taken over the past decade to prioritize affordable housing development. The RDCK has also shown a commitment to supporting non-market, affordable housing through its work coordinating the RDCK housing needs assessment and corresponding Housing Action Plan, which it will begin implementing upon final report approval.

In the short term, the project team is recommending that the City of the Nelson and the RDCK build upon these policies and tools and expand the in-house abilities of the municipality and the Regional District to encourage and promote more affordable and non-market housing options. Specifically, the project team recommends the expansion and strengthening of municipal tools to identify and dispose of land for the purpose of non-market, affordable rental housing development. These tools could include the creation of a land acquisition and disposal plan, pre-zoning specific sites for rental housing, including allocations for affordable housing in growth and servicing planning, and exploring land swaps or other development tools to increase land available for affordable housing or increase amount available in the Affordable Housing Reserve Fund. The Regional District and City of Nelson can partner to co-develop policy goals and align implementation criteria. With support from City of Nelson staff and Council, some of these pieces may be better led by the RDCK to improve policy scalability and applicability across multiple geographies.

PRIMARY ADVANTAGES

- **Simpler Implementation:** Can be completed internally by staff at the Regional District and City of Nelson. Does not necessarily need external funding and can be completed faster.
- **Supports Multiple Partners:** In the absence of a Greater Nelson Housing Entity, these policies will support the ability of existing non-profits to build and operate new affordable rental units.
- **Lower Risk Potential:** Risk potential would not differ from any other City or RDCK department as the Municipality and/or Regional District is not borrowing.

POTENTIAL RISKS

- **Political Implications:** Internal departments are easily impacted by political changes. Political oversight is required for approvals and decision-making and there is a risk that regulations, policies and incentives approved by the current municipality and/or the RDCK could be revoked or altered with changing political priorities.
- **Sustainability**: As a political entity, long-term sustainability may not be secure with changing political priorities. An internal champion is required.

Expanding formalized government support can also work along side the medium to long term option described in the following section.

There are several service providers in the City of Nelson who have successfully developed and are operating non-market, affordable housing units in the community. However, there appears to be limited interest in developing and operating more of these units in the short to medium term. Existing providers would prefer to focus on target population groups and supported or semi-supported housing options. Given this, and the overwhelming support that businesses and employers expressed for an organization to take the lead in developing affordable, non-market rental units, the project team is recommending that the City of Nelson and the RDCK create a new housing corporation or non-profit organization with the mission to create more non-market, affordable housing.

The new entity would operate at an arms-length organization of the City and the RDCK, and would be governed by a Board, with bylaws determining how the board is appointed. Using the either the "Tofino", "Revelstoke", or "Squamish" models as a guide, the project team is recommending that the new entity act as a land steward and/or housing facilitator and either partner with an external housing developer to facilitate new developments, or develop and operate their own units. This new entity will likely require a multi-year funding commitment from the City and the RDCK and will rely on contributions and funding from BC Housing and CMHC.

PRIMARY ADVANTAGES
- **Arms-length Independence**: A new entity can help to remove political involvement from housing provision and day-to-day operations. Although funding is kept separate, it will require initial contributions from the City and/or the RDCK.
- **Flexibility**: The new entity can enter into a wide range of partnerships and agreements.
- **Expertise**: Working with partners, the entity can assist the municipality and/or the RDCK in leveraging specialized expertise within community and private organizations. This allows internal expertise to be more effectively developed and retained.
- **Transparency:** Depending on ownership and governance structure, the entity can have specific reporting requirements and may be subject to freedom of information considerations.
- **Focused scope:** The entity will have a specific purpose (e.g., to increase the supply of affordable and non-market housing options) and set of objectives.

POTENTIAL RISKS
- **Cost implications:** The creation of a new housing entity will require initial and longer-term funding from the municipality and/or the Regional District and would likely be an expense from general tax funds and therefore directly supported by the taxpayer.
- **Staff Recruitment:** A new entity requires dedicated staff with a specific skillset and expertise as there is limited overlap between standard municipal or regional housing competencies and

corporate structure competencies (i.e., the entity cannot simply be run by a municipal department). Attracting the right people to staff the corporation could be a potential challenge.

- **Coordination**: A new entity may be unfamiliar with the coordination of current programs and activities among agencies already engaged in affordable housing provision in Greater Nelson and could experience challenges working with existing non-profits (may be perceived as a competitor if communication and collaboration is not established earlier on).
- **Competition for Funding:** A new entity may be seen as competition and garner negative perception from existing societies in the area who are already engaged in affordable and non-market housing initiatives.
- **Duplication of Resources/Expertise:** A new entity may be duplicating the work of existing societies.

Further engagement and discussion are necessary with City of Nelson Council, the RDCK Regional Board, and staff from both organizations to confirm preferred level of support, financial viability, governance structure, and legal implications for both options. This engagement will take place in Phase Two.

NEXT STEPS

Following receipt and publication of this report and with the approval of the project steering committee, the project team will initiate Phase Two. The focus of Phase Two is generating educated feedback and input from the City of Nelson, the RDCK, and other relevant housing organizations and committees. The project team will further refine and develop model analysis criteria, continue to engage with local housing non-profits, and conduct a visioning session with elected officials and additional partners. Phase Two will conclude with final recommendations for the mission, legal status, and governance structure of the Greater Nelson housing entity.

The project team anticipates key activities in Phase Two to include:

- Further refinement of non-market, affordable housing definitions and visual tools to ensure the focus of the project is clearly understood and communicated.
- A visioning and education session with Mayor and Council and/or RDCK Regional Board and additional partners to describe the non-market development process, review key housing needs, outline the purpose of a housing organization and the recommended option models, explain analysis criteria, and generate feedback on the proposed recommendations.
- Further refinement and analysis of the evaluation criteria based on input from Elected Officials.
- A deeper dive into recommended models to determine funding, borrowing capacity, and liability implications including long term impact on borrowing ability, and unforeseen impacts.
- The procurement of legal advice to assess and provide recommendations on the legal implications of the proposed option model.
- Discussions with housing non-profits to review Elected Official feedback and confirm their roll in the proposed model.
- A final decision on which model to proceed with.

Phase Two will conclude with a findings report that includes a final recommendation for the most effective, viable, and timely model.

Greater Nelson Housing Entity Study

Improving Access to Non-Market, Affordable Rental Housing

Case Study Summary, Preliminary Option Models,
and Preliminary Evaluation Matrix

December 2022

Prepared For:

Sandy Mackay
Housing Research and Policy Lead
smackay@makoladev.com

Jenna Hildebrand
Project Planner
jhildebrand@makoladev.com

CONTENTS

REPORT OVERVIEW

This document is the first deliverable for Phase One: Best Practice Research and Analysis of the Greater Nelson Non-Market Housing Study. The report is broken into three sections: A, B, and C.

Section A includes a case study summary that reviews local and regional government supported models of successfully established and new housing bodies across British Columbia, Alberta, and the United States. Through the case study summary and further analysis, key commonalities, structures, partnerships, and funding mechanisms were identified. This analysis informed **Section B**, which describes four organizational models to support affordable and non-market housing initiatives in Greater Nelson. Recognizing that a critical next step in this study will be engaging with partners in the Greater Nelson area to discuss the feasibility and support of each model, **Section C** presents a preliminary evaluation matrix with categories to begin assessing the four models with proposed engagement groups.

GEOGRAPHY

For the purposes of this report "Greater Nelson" refers to the combined geographic areas of the City of Nelson and Electoral Areas 'E' and 'F' of the Regional District of Central Kootenay (RDCK). Electoral Area 'E' includes the unincorporated communities of Blewett, Balfour, Queens Bay, Longbeach, Harrop/Procter, Sunshine Bay, Bealby/Horlicks, Taghum Beach and Nelson to Cottonwood Lake. Electoral Area 'F' includes the unincorporated communities of Beasley, Taghum, Willow Point, Nasookin, Grohman, Crescent Beach, Sproule Creek, Six Mile and Bonnington.

Although this report is for Greater Nelson, there is the opportunity for the findings and options presented in this report to serve and apply to a broader geographic area in the future, including other municipalities and electoral areas within the RDCK.

SECTION A: CASE STUDY SUMMARY

This section provides a high-level overview of successfully established and new housing authorities, corporations, non-profits, or a combination of models across British Columbia, Alberta, and the United States. Each case study provides an overview of the organization, including their current portfolio, and describes the various tools used to encourage affordable housing development, the financial mechanisms to sustain and expand operations, as well as the organization's governance structure and staff resourcing

The following housing organizations are included:

- Whistler Housing Authority
- Canmore Community Housing
- Revelstoke Community Housing Society
- Tofino Housing Corporation
- Vail Housing Authority
- Squamish Community Housing Society
- Cowichan Valley Housing Association
- Vancouver Affordable Housing Agency
- Metro Vancouver Housing Society
- Greater Victoria Housing society
- Capital Region Housing Corporation
- Banff Housing Corporation
- Medicine Hat Community Housing Society

ORGANIZATION OVERVIEW

In 1997, the Whistler Housing Authority (WHA) was created as an arms-length, non-profit local housing authority with the Resort Municipality of Whistler (RMOW) as its sole shareholder. The WHA was created using an initial contribution of $6 million from the Employee Works and Service Charge under the condition that it be completely self-funding within two years and that no taxpayer money would be used to fund its ongoing operation.

PORTFOLIO

- The WHA has developed both affordable rental and homeownership units based on community demand, with a roughly 50/50 split of rental and homeownership housing stock.
- The WHA as built and acquired over 2,270 units of affordable rental and ownership housing for the community's workforce and families.

TOOLS

- Through the Employee Housing Service Charge Bylaw, enabled under the Resort Municipality Act, the resort municipality collects affordable housing units or cash-in-lieu from developers of commercial or industrial uses for municipal works and services.

FINANCIAL MECHANISMS

- WHA was created with an initial contribution of $6 million from the Employee Works and Services Charge.
- It is funded through the Employee Housing Service Charge Bylaw, which is enabled under the Resource Municipality Act. WHA collects affordable housing units or cash in lieu from commercial or industrial developers. This subsidizes capital investment requirements for development and rental revenue fully subsidizes the operation of rental units and administrative expenses.
- As of 2009, the WHA began collecting a Housing List Registration Fee and annual Housing List Participation Fee to help offset administration costs.
- Requires no taxpayer funding and is completely self-sustaining in operations.

GOVERNANCE STRUCTURE

- Governed by a Board of Directors which includes three members from the RMOW Council and one senior staff member – allows the RMOW to maintain strategic direction of the WHA.
- The Board also includes three community members and two non-voting housing representatives from the residents and senior's housing community.

STAFF RESOURCING

- Six staff members manage the WHA developments and operations.

CANMORE COMMUNITY HOUSING

ORGANIZATION OVERVIEW

Established in 2000, Canmore Community Housing (CCH) is a non-profit corporation wholly owned by the Town of Canmore and governed as an arm's length organization. There are two shareholders of CCH, the Town of Canmore, represented by the Town Council and the chef administrative officer (CAO), who holds their share in trust for the Town of Canmore.

PORTFOLIO

- 120 rental units
- 155 homeownership units

TOOLS

Vital Homes Program:
- Enables CCH to provide homes at below market prices to eligible community members. Resale and rental price formulas are used to ensure investment and the prices are retained for future residents.

Accessory Dwelling Grant Program:
- Helps offset the costs of constructing a new accessory dwelling or legalizing an existing accessory dwelling (contributes $20,000 or 75% of total costs) – bound by 10-year term.

Matching Down Deposit Program:
- Assists current Vital Homes owners or those on the waitlist to acquire a market or CCH property under a homeownership tenure with the Town of Canmore, CCH matches an approved applicants deposit up to $25,000 by way of a second mortgage.

FINANCIAL MECHANISMS

- Operational costs are offset through funds collect by the Town of Canmore
- Funds are derived from tax contributions – the Vital Homes mill rate (current residential mill rate is 0.05 of the total rate of 4.84).
  - E.g. Annual tax assessment for $1 mil home would be approx. $4,844, $52 is earmarked for Vital Homes

- Vital Homes mill rate generates approx. $700,000 revenue annually -- $450,000 goes towards CCH operational funds and the remaining funds are held in a reserve for future Vital Homes initiatives
- Debt servicing and operational costs of rental units are covered through rental revenues
- Costs to develop ownership units are recovered through the purchase price of the units

GOVERNANCE STRUCTURE

- The shareholder (Town of Canmore) appoints a Board of Directors who governs the administration of CCH
- Board is comprised of seven public members, two Council member representatives from the Town of Canmore, and one senior administrative personnel liaison from the Town of Canmore (non-voting)

STAFF RESOURCING

- Four administrative staff: Managing Director, Manager of Housing Programs, Rental Administrator, and an Executive Assistant

REVELSTOKE COMMUNITY HOUSING SOCIETY

ORGANIZATION OVERVIEW

Established in 2007, the Revelstoke Community Housing Society (RCHS) is a non-profit corporation formed by the citizens of Revelstoke in conjunction with the municipality. The primary objective of RCHS is to provide, manage and promote a range of affordable housing options within the city of Revelstoke that are accessible to residents. RCHS is working towards becoming a self-sustaining entity.

PORTFOLIO

- 38 rental units (operated by property management companies)
    - 24, 1-bedroom building (2022)
    - One duplex (2010)
    - Two, 6-unit townhouses (2016)

TOOLS

- Develop affordable rental housing projects (acquire land, zoning, grants, financing, and overseeing development contracting)
- Oversee and manage the projects using property management companies

FINANCIAL MECHANISMS

- Funded through partnerships and grants (BCH, Columbia Basin Trust), with support through municipal mechanisms (nominally leased land, DCC waivers, etc.)
- No taxpayer contributions

GOVERNANCE STRUCTURE

- Board is comprised of seven Directors that are elected through membership and one Director is appointed by the City of Revelstoke

STAFF RESOURCING

- One part-time Project Manager (limited staff capacity)

TOFINO HOUSING CORPORATION

ORGANIZATION OVERVIEW

The Tofino Housing Corporation (THC) is a municipal, private non-profit housing corporation, owned in full by the District of Tofino, with a mission to facilitate development and operation of below market housing in Tofino. The THC exists to fill the community housing need not met by the private housing market.

In 2018, the THC Board agreed to go with a business model in which the THC would act as a land steward/housing facilitator, and partner with Catalyst Community Developments Society (Catalyst) as the third party, non-profit housing developer.

PORTFOLIO

- Facilitated the sale of two price restricted, resident restricted one-bedroom homes – developed policies and processes for managing future price restricted, resident restricted sales
- 86 units currently under development
- Target for 2030: 30 units of price restricted resident ownership housing and 150 rentals

TOOLS

- Identified the District-owned lands of District Lot (DL) 114 as the most suitable municipal lands to develop for attainable and affordable housing – two development projects are currently underway
- Partnered with the Catalyst Community Developments Society to develop 86 rental housing units over the next 3-4 years (this will be the corporation's first build phase)
- The THC business model depends on District-owned land donated to the THC for housing

FINANCIAL MECHANISM

- Receives annual project revenues from the District through an agreement for MRDT (municipal and regional district tax) funds. This amount varies annually but is in the range of $250,000 to $275,000 per year.
- Additional capital funding has come from the sale of two one-bedroom apartments owned by the District, acquired as amenity contributions during the rezoning process, and from government grants and loans. The THC business model currently also depends on District-owned land donated to the THC for housing.
- Funding secured through BC Housing's Community Housing Fund for recent developments.
- Estimated funding distribution by end of 2022:
    - 64% through grants
    - 24% Lands
    - 7% District MRDT transfers
    - 3% District Reserve Transfers

GOVERNANCE STRUCTURE

- Tofino Council appoints the Board of Directors on an annual basis and can choose to alter the structure of its subsidiary at any time.
- Board composed of:
    - 4 District staff and elected officials
    - 3 independent Board members

STAFF RESOURCING

- Part-time Executive Director
- Partnered with Catalyst Community Developments Society (Development Consultant and Property Management)

VAIL HOUSING AUTHORITY

ORGANIZATION OVERVIEW

Vail Local Housing Authority (VLHA) is a statutory authority[1] (responsible for housing) created under Colorado Revised Statues. It was created to focus its efforts on maintaining and expanding the supply of resident housing opportunities in the community. VLHA is responsible for VLHA budget approval, advocacy, coordinating with Town staff on housing initiatives, and providing recommendations to Town Council for strategic long-term planning.

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[1] Statutory authority refers to the powers and duties assigned to a government official or agency through a law passed by Congress or a state legislature.

The VLHA places a special emphasis on affordable housing initiatives and works to ensure there is deed restricted housing for at least 30% of Vail's workforce.

PORTFOLIO

- Since 1996, the town has helped more than 180 local employees purchase homes within Vail's boundaries.
- There are currently 1,000+ deed-restricted rental and for-sale employee housing units within the Town of Vail.
- Aiming to acquire 1,000 additional resident housing unit restrictions by 2027

TOOLS

Vail InDEED Program:
- Created to provide a cash incentivize in exchange for a deed restriction on a Vail residential property
- Deed restrictions require homes and apartments to always house at least one person who works an average of 30 hrs/week in Eagle County (where Vail is located)
    o This does not specifically address affordability issues (someone may purchase a property to rent but there is no enforcement mechanism to ensure affordability)
- Vail is beginning to purchase properties it believes are a good fit for resident-workers. Once the transaction closes, the property is deed restricted and sold at a lower, deed-restricted price (Vail has spent an average of $68,000/unit) – this leverages existing housing stock immediately

FINANCIAL MECHANISM

- Deed restricted program is funded through Council – voters in Vail approved a 0.5% sales tax to create a permanent revenue stream for the program and for other housing initiatives (raised approx. $5.4 mil in the first year the tax was implemented

GOVERNANCE STRUCTURE

- Board members with housing-related expertise are appointed to act on behalf of the Vail Town Council

STAFF RESOURCING

- The Housing Department is the staff liaison to the Vail Local Housing Authority and advances the direction provided by the Vail Housing Subcommittee and the Vail Town Council.
- Housing Department has three members – Housing Director, Senior Housing Coordinator & Housing Coordinator

SQUAMISH COMMUNITY HOUSING SOCIETY

ORGANIZATION OVERVIEW

In 2021, the District of Squamish established the Squamish Community Housing Society (SCHS) to increase the supply and availability and access to affordable housing options across the community and entire housing spectrum. The Society will serve as a single point of access for residents to access non-market and affordable housing rentals.

In its first two years of operation, the Housing Society will focus on a hiring and organizational structure, establishing the Society as the 'Face of Affordable Housing' in Squamish, offering meaningful service to participating non-profits, and identifying a potential new development.

PORTFOLIO

- No units have been developed by or are currently managed by SCHS
- 443 units are committed to the Housing Society through developer commitments

TOOLS

- In March 2020, the District of Squamish Council approved the Perpetually Affordable Housing (PAH) Policy to provide a clear definition of the District's affordable housing needs, in order for developers to pledge units to the affordable housing inventory from their developments as part of a Community Amenity Contribution (CAC).
- The policy ensures rental rates are determined by income in order to support the diverse housing needs of the community. CACs are negotiated by the District as part of amendments proposed to the Zoning Bylaw or Official Community Plan by developers.

FINANCIAL MECHANISM

- The District has committed to fund the Society for the first 5 years

GOVERNANCE STRUCTURE

- The Society is governed by following board make up:
    - One Director from the private sector
    - Two Directors with housing or legal experience
    - One Director from Council
    - Four Directors representing community housing societies
    - One Director who is member of public and occupies an affordable housing unit

STAFF RESOURCING

- In its first two years of operation, the Housing Society will focus on a hiring and organizational structure

COWICHAN VALLEY HOUSING ASSOCIATION

ORGANIZATION OVERVIEW

The Cowichan Valley Housing Association (CVHA) is a not-for-profit association (incorporated in 2015 under the Society Act) working to increase affordable housing options and prevent homelessness in the Cowichan Region. The association grew out of the Social Planning Cowichan (SPC) committee.

PORTFOLIO

- Program based model – currently is not developing or operating any units but has contributed funding to other organizations/societies to support development.
- Regional Housing Service (RHS) (described below) funds have been allocated to three affordable housing projects in Ladysmith, Lake Cowichan and Duncan – applications are pending for two projects in North Cowichan (~452 units of affordable housing)

TOOLS

- Bylaw adopted by the CVRD to provide annual contribution to the CHA Regional Housing Service (RHS). Two Primary Goals:
    - o Increase capacity for local communities to develop affordable housing projects and
    - o Increase local funds for affordable housing in order to leverage funding from other sources
- Two Funding Programs:
    - o Project Development Fund (PDF)
        - ▪ Helps with due diligence and development "soft costs"
    - o Rental Housing Capital Contribution Fund (RHCCF)

FINANCIAL MECHANISM

- Bylaw adopted by the Cowichan Valley Regional District (CVRD) in 2018 to provide an Annual Financial Contribution (AFC) to the CVHA Regional Housing Service ($750,000).
- Other revenue streams include: BC Housing, Canadian Mental Health Association (CMHA) Cowichan Branch, GoFundMe, Red Cross, & United Way

GOVERNANCE STRUCTURE

- Governed by a Board of Directors (majority are community members with an interest in homelessness prevention, affordable housing and social equity)
- Includes City of Duncan Council Liaison (non-voting member)

STAFF RESOURCING

- Two FTE – Executive Director and administrative staff

VANCOUVER AFFORDABLE HOUSING AGENCY

ORGANIZATION OVERVIEW

Vancouver Affordable Housing Agency (VAHA) builds on City-owned land and liaises with investment, development, and community partners to create below-market housing options. Using innovative building techniques and unique partnerships, VAHA is focused on building high quality rental housing for individuals and families on low to moderate incomes across Vancouver.

PORTFOLIO

- Currently involved in 29 projects across Vancouver – three at rezoning stages, five at permitting stages, four under construction, and 17 completed

TOOLS

- Identifies City owned land and facilitates connections between investment partners, development partners, and community partners for future affordable housing developments

FINANCIAL MECHANISM

- City of Vancouver provides municipal land to leverage partnerships
- In August 2019, CMHC announced $184 million in loans and funding for Vancouver Affordable Housing Agency (VAHA), to leverage VAHA's $96 million contribution to build up to 1,100 new units on City-owned sites

GOVERNANCE STRUCTURE

- Governed by an oversight committee:
  - City Manager, City of Vancouver (COV)
  - General Manager of Arts, Culture & Community Services, COV
  - General Manager of Finance, Risk & Supply Chain, COV

- General Manager of Planning, Urban Design & Sustainability, COV
- Director and CEO, VAHA

STAFF RESOURCING

- Staff of seven – Director & CEO, Director of Non-Market Housing Development, Development Managers (4), Project Manager

METRO VANCOUVER HOUSING SOCIETY

ORGANIZATION OVERVIEW

Wholly owned by the Metro Vancouver Regional District (MVRD), Metro Vancouver Housing (MVH), a non-profit organization, was established in 1974 to provide safe and affordable rental housing across the Metro Vancouver Region. Its sites are diverse, mixed-income communities that include families, seniors, and people with disabilities.

PORTFOLIO

- 3,400 units over 49 sites in 11 municipalities (over 9,400 tenants)
- All housing provides some level of affordability – either below market-rents or Rent-Geared-to-Income
- 35 sites owned fee simple, 14 sites on municipal leased land, 1 site owned fee simple by MVRD

TOOLS

- MVRD partners with a wide range of public, private, and non-profit housing stakeholders to build, manage, and preserve affordable rental housing across the region
- Builds and operates new affordable rental housing on municipally-owned land
- Developed Metro Vancouver Housing 10-Year Plan – provides vision and framework to guide how MVH will provide, preserve, and expand housing in the region
- MVH will invest $190 million in affordable housing over the next 10 years ($90 mil for renewing and enhancing existing, and $100 mil to develop new affordable housing)

FINANCIAL MECHANISM

- Majority of housing portfolio was developed in late 1970s and 1980s through Federal funding programs and later through Federal/Provincial or Provincial programs.
- Mixed-income model now supports operations and helps MVH to be mostly self sustaining.
- Tenant rents are used to pay for operating costs, including ongoing maintenance and upkeep, building managers and staff, income testing, and tenant engagement programs. The remaining surplus is transferred into a Housing Reserve Fund which is reinvested back into housing.

- External funding is pursued on a project-by-project basis

GOVERNANCE STRUCTURE

- MVH board appointments mirror the appointments made to the MVRD board – 2023 board will consist of 41 Directors representing 21 municipalities, one Electoral Area and one treaty First Nations

STAFF RESOURCING

- MVH operations are overseen by the Regional Planning & Housing Services department, who is responsible for providing safe and affordable housing units across the Metro Vancouver Region

GREATER VICTORIA HOUSING SOCIETY

ORGANIZATION OVERVIEW

Founded in 1956, the Greater Victoria Housing Society is a non-profit charitable organization dedicated to providing affordable rental housing for low-to-moderate income families, seniors, working singles, and adults with diverse abilities who live independently.

PORTFOLIO

- Over 1,300 tenants living in 933 homes at 17 properties
- 137 units under construction
- 526 units in planning stages

TOOLS

- Strong funding partnerships with multiple levels of government
- Large portfolio of affordable rental housing units

FINANCIAL MECHANISM

- Revenue breakdown (2020/21):
  o 76% tenants
  o 19% government (BC Housing, CMHC, Capital Regional District, Town of Esquimalt, City of Colwoord, City of Victoria, District of Saanich)
  o 5% other (VanCity, individual and corporate donors)

GOVERNANCE STRUCTURE

- Governed by 13-member Board of Directors made up of community members with housing, development, legal, finance, business, and public sector experience

- Only the Executive Director position is listed on the website – assuming they have tenant relations, property management, and building operations/maintenance staff

CAPITAL REGION HOUSING CORPORATION

ORGANIZATION OVERVIEW

CRHC is a wholly-owned subsidiary of the Capital Regional District (CRD). The CHRC's mandate is to develop and manage affordable housing to meet the needs of people living within the capital region. It is the largest social housing provider in the Capital Region.

PORTFOLIO

- As of 2021, the CHRC owns and operates 1,893 units with a further 109 under construction and 661 in pre-construction and development
  - Properties in 7 municipalities
  - 50 complexes
  - $561m insured value

TOOLS

- Regional Housing First Program (RHFP):
  - Equal partnership agreement between the CRD, the Government of BC through BC Housing, and CMHC. The $120 million program will create up to 2,000 units of affordable housing as part of the initiative, and up to 400 units renting at the current provincial income assistance rate to address the needs of people experiencing homelessness on southern Vancouver Island and the Gulf Islands

FINANCIAL MECHANISM

- Funding breakdown (as of 2021/22):
  - 81% tenant rent
  - 14% subsidies (CMHC & BC Housing)
  - 5% transfer from reserves

- Governed by 24-member appointed Board of Directors, board is comprised of one or more elected official from each of the local governments within the CRD boundaries.

STAFF RESOURCING

- 44+ staff work for the CHRC (Tenant Relations team, New Building Rentals team, Property Management Team, Senior Manager's Office, and Building Maintenance Attendants)

BANFF HOUSING CORPORATION

ORGANIZATION OVERVIEW

Created in 1993, the Banff Housing Corporation (BHC) is an arm's length, non-profit organization of the Town of Banff. The Town is the sole shareholder, and the Town of Banff Council represents the shareholder. The BHC mission is to help maintain a healthy and balanced community by offering rental units as well as price restricted and equity share home ownership.

PORTFOLIO

- As of January 2019, the BHC portfolio includes 317 units consisting of both homeownership and rentals units. BHC has built 304 units and acquired 13 units.
- Of the 317 units, 134 are rental apartments and 183 are home equity share properties

TOOLS

- BCH provides value-priced home opportunities for residents of Banff by developing lands within the Town of Banff boundary and offering them via sub-leases
- Ownership models:
  - Equity Share: BHC owns a percentage of the home (anywhere from 13.2% to 35.32%) and the homeowner pays and owns the rest. Over time if the house price increases, the dollar value of the BCH's share and the homeowner's share increase at the same rate.
  - Price Restricted: The BHC owns a percentage of the home, and the homeowner pays for and owns the rest. The future resale price of these properties is tied to a price restriction of two percent per annum, compounded annually. The price restriction is tied to the amount the purchaser paid for the unit when the property was originally sold.

FINANCIAL MECHANISM

- Income comes from fee revenue (BCH charges annual admin fees), grant revenue, interest revenue, and rental property revenue. Majority of annual income comes from rental property revenue.
- BCH does not receive subsidies from municipal taxes for the administration of new and existing developments

GOVERNANCE STRUCTURE

- The Town appoints a Board of Directors that governs the administration of the BHC. The Board includes: one Councillor from the TOB; four public members; and one senior administrator from the TOB.

STAFF RESOURCING

- 3 FTE manage the rental and home equity portfolios and maintenance of current rental buildings
- Town of Banff subcontracts senior admin services to oversee the BCH portfolio

MEDICINE HAT COMMUNITY HOUSING SOCIETY

ORGANIZATION OVERVIEW

Established in 1970, the Medicine Hat Community Housing Society (MHCHS) is a charitable organization under the Societies Act, a Housing Management Body established by Ministerial Order under the Alberta Housing Act, and the Community Based Organization/Community Entity for Medicine Hat established to coordinate initiatives in the community dedicated to ending homelessness. MHCHS has two mutually supporting core business functions: housing Initiatives and housing supports.

PORTFOLIO

- 994 units
  - Social Housing Programs – 827
  - Affordable Housing Programs – 167
  - Some units are owned by the City of Medicine Hat, the Province of Alberta, and the MHCHS

TOOLS

- Housing Programs
  - MHCHS has been established as a "Housing Management Body" (HMB) by Ministerial Order; a HMB is established for the purpose of administering social housing programs for the government under the Alberta Housing Act.
- Homelessness Initiatives:

o MHCHS has been established as the Community Based Organization (CBO) and Community Entity (CE) for Medicine Hat, charged with leading and implementing the local Plan to End Homelessness. A CBO (provincial) and CE (federal) is established for the purposes of administering funding from these respective jurisdictions, targeted to initiatives aimed at ending homelessness.

FINANCIAL MECHANISM

- Funded in part by Government of Canada's Reaching Home Strategy, City of Medicine Hat, and the Government of Alberta

GOVERNANCE STRUCTURE

- 11-member Board of Directors provides policy and planning direction to the Chief Administrative Officer (CAO). The CAO is responsible for overseeing all of the Society's business in the community and reports directly to the Board of Directors.

STAFF RESOURCING

- The Medicine Hat Community Housing Society employs 32 staff members

MOST RELEVANT CASE STUDIES TO GREATER NELSON

Though none of the case studies perfectly match conditions within Greater Nelson, some operating housing models utilize relevant tools or funding mechanisms that will be instructive when designing a similar body to serve Greater Nelson.

REVELSTOKE COMMUNITY HOUSING SOCIETY

- Similar size, target population, and housing issues.
- Limited direct municipal funding.
- Operations would overlap with other societies already developing and operating housing in Greater Nelson.

TOFINO HOUSING CORPORATION

- Similarly challenging rental environment and tourism-oriented economy.
- Land steward/facilitator role with third-party development and operations expertise may be most efficient way to bring units online.
- As a resort municipality, Tofino has advantages and funding options not available to the City of Nelson or Regional District of Central Kootenay.

SQUAMISH COMMUNITY HOUSING SOCIETY

- Takes advantage of existing community expertise but requires buy-in and participation from non-profits.
- PAH policy leverages development pressure to create affordable units which are added to SCHS portfolio. Not necessarily similar pressure or tools in Greater Nelson.
- SCHN acts as a coordination body for many of the non-profits in Squamish. Not necessarily the vision for a Greater Nelson organization.

COWICHAN VALLEY HOUSING ASSOCIATION

- Regional scope and Community Housing Service Bylaw funding tool are relevant to Greater Nelson.
- Organization is a funder, not a developer and operator.
- May be a mechanism to support existing community efforts but limits Regional District and City control over generated assets.
- Requires additional tax levy.

CONCLUSION

The above case study summary has illuminated multiple and differing housing models that are currently being implemented across Canada and the United States to support, promote, and develop affordable housing initiatives and developments within districts and municipalities. Key tools and financial mechanisms, as well as descriptions of the organizations' governance structure and staff resourcing have been included to begin highlighting and comparing the key commonalities and differences within the various examples. These commonalties and differences have been analyzed to develop four preliminary housing option models for Greater Nelson, which are described in the next section.

SECTION B: PRELIMINARY OPTION MODELS

This section describes four organizational models to support affordable and non-market housing initiatives in Greater Nelson. Through the case study summary and further analysis, key commonalities, structures, partnerships, and funding mechanisms were identified which informed the development of these models.

OPTION A: CREATE A NEW HOUSING CORPORATION

The first option is to create a housing corporation (legislated under the *Business Corporation Act)* with the City of Nelson and/or the Regional District of Central Kootenay (RDCK) as sole shareholders. The corporation would operate as an arms-length organization of the City and/or the RDCK and would be governed by a Board of Directors, with corporation bylaws determining how the board is appointed. The corporation could manage assets and operations, or contract operations to an external property manager. This model encourages active support from the municipality and/or the RDCK to develop and manage affordable and non-market housing.

PRIMARY ADVANTAGES

- **Arms-length Independence**: A new corporation can help to remove political involvement from housing provision in day-to-day operations. Although funding is kept separate, it will require initial contributions from the City and/or the RDCK.
- **Flexibility**: The new corporation can enter into a wide range of partnerships and agreements.
- **Expertise**: Working with partners, the corporation can assist the municipality and/or the RDCK in leveraging specialized expertise within community and private organizations. This allows internal expertise to be more effectively developed and retained.
- **Transparency:** Given that the corporation is owned by the municipality and/or the RDCK, it is legally required to report to the municipality and is subject to freedom of information considerations.
- **Focused scope:** The corporation will have a specific purpose (e.g., to increase the supply of affordable and non-market housing options) and set of objectives and is less likely to get pulled into activities or initiatives outside of its mandate.

POTENTIAL RISKS

- **Cost implications:** The creation of a new housing corporation will require initial and longer-term funding from the municipality and/or the Regional District and would likely be an expense from general tax funds and therefore directly supported by the taxpayer.
- **Staff Recruitment:** A corporation model requires dedicated staff with a specific skillset and expertise, as there is limited overlap between standard municipal or regional housing competencies and corporate structure competencies (i.e. the corporation cannot simply be run by a municipal department). Attracting the right people to staff the corporation could be a potential challenge.

- **Coordination**: A new corporation may be unfamiliar with the coordination of current programs and activities among agencies already engaged in affordable housing provision in the community and could experience challenges working with existing non-profits (may be perceived as a competitor).
- **Competition for Funding:** A new corporation may be seen as competition and garner negative perception from existing societies in the area who are already engaged in affordable and non-market housing initiatives.
- **Duplication of Resources/Expertise:** A new corporation may be duplicating the work of existing societies.

OPTION B: CREATE A NEW NON-PROFIT SOCIETY

The second option is to create a new non-profit society is enabled under the *Societies Act*. This option would lead to the incorporation of a new non-profit society that would manage and operate housing units on behalf of the municipality and/or the RDCK. This model encourages active support from the municipality and/or the RDCK to develop and manage affordable and non-market housing.

PRIMARY ADVANTAGES

- **Expertise:** Working with partners will assist in leveraging specialized expertise contained within the community and private organizations. This allows for internal expertise to be more effectively developed and retained.
- **Community Governance:** The board of a new non-profit society can include community members who are active in the affordable and non-market housing sector.
- **Risk-Sharing:** Providing housing solutions requires considerable capital investment and risk. A new society enables the municipality and/or the RDCK to mitigate some risks by collaborating on projects with external partners.
- **Arms-length Independence:** A new society helps to remove political involvement from housing provision in day-to-day operations.
- **Funding opportunities:** Although the creation of a new non-profit require initial and potentially longer-term funding from the municipality and/or the Regional District, non-profits have access to funding sources that corporations are not eligible for, including research, operations and program support grants. Non-profit societies also eligible for BC Housing and Canadian Housing and Mortgage Corporation (CMHC) development and operational funding programs.

- **Strategic Direction:** Strategic direction comes from a community-led Board. The municipality and/or the RDCK likely relinquish control and governing capabilities through this model.
- **Competition**: A new society may be seen as competition and garner negative perception from existing societies in the area who are already engaged in affordable and non-market housing initiatives. Engagement with non-profit societies and a clearly communicated mission, vision, and role of the new society will need to be established to mitigate this risk.
- **Scope Creep**: Non-profit societies can often get pulled into multiple directions with competing interests and priorities influenced by the public or Board direction. Its purpose and objectives may be susceptible to shifting outside the society's mandate based on board members' direction.
- **Cost implications:** As highlighted above, the creation of a new non-profit will require initial and potentially longer-term funding from the municipality and/or the Regional District and would likely be an expense from general tax funds and therefore directly supported by the taxpayer.

OPTION C: PARTNER WITH AN EXISTING NON-PROFIT SOCIETY

Partnering with an existing non-profit society in the community is permitted under Section 21 of the *Community Charter,* through the partnering agreement mechanism. Through a partnering agreement, the City and/or RDCK would offer land and/or other resources to an existing non-profit. In exchange, the non-profit could develop and operate non-market units that meet the goals of the City and/or RDCK. The existing society would have its own bylaws, constitution, mandate, and board of directors. In this model, the municipality and/or the RDCK play an active role in coming to the partnership with assets (e.g. land, supportive policy interventions, etc.).

PRIMARY ADVANTAGES

- **Coordination**: An existing society is familiar with the coordination of current programs and activities among agencies already engaged in affordable housing provision in the community.
- **Risk Mitigation:** Providing housing solutions will require considerable capital investment and risk. Partnering with an existing society will enable the municipality and/or the RDCK to completely mitigate risks by downloading responsibility to an external society.
- **Political Independence:** The existing society will remove political involvement from housing provision in day-to-day operations. However, the municipality and/or the Regional District will still be involved contract management and oversight. The partnering agreement can stipulate regular reporting to Council and/or Regional Board.
- **Contractual clarity:** Based on the established contract, the society will have a specific purpose and set of objectives to achieve. A flexible partner will be needed as they may have to adjust the terms of its operations to meet/accommodate the contractual requirements. This option also enables opportunities to adjust the scope each time the contract is signed.

- **Cost-effectiveness:** This model bolsters the capacity of an organization already working on affordable and non-market housing initiatives. It enables the municipality and/or the District to utilize existing resources without duplicating costs.

POTENTIAL RISKS

- **Transparency:** Depending on the procurement methods for property management, an adequate procurement policy will need to be established to ensure transparency for procurement.
- **Decision-making and Governance:** While a partnering agreement would determine the operational terms and conditions of the property management function, additional action may be required to solidify ongoing decision-making authority within that agreement.
- **Tax-Payer Funding**: A partnership with an existing society will require funding to support their expanded role and function and would likely be an expense from general tax funds and therefore directly supported by the taxpayer.
- **Non-profit capacity/interest:** This model assumes an existing non-profit in Greater Nelson is interested in further development. Engagement with non-profits is required to determine interest and capacity.

OPTION D: EXPAND FORMALIZED GOVERNMENT SUPPORT

The final option is to expand the in-house abilities of the municipality and/or the RDCK to encourage and promote affordable and non-market housing options through municipal tools, such as policies, regulations and incentives (e.g. pre-zoning, density bonus policy, land disposal plan, grant programs etc.). Through this model, the City and/or the municipality are making it easier for existing and new non-profits and societies to build affordable and non-market units. This option would not involve direct management or operation of housing services by the municipality and/or the RDCK, but rather it ensures municipal and Regional District staff have tools and levers to encourage affordable and non-market housing developments. Option D can be implemented alongside Options A through C.

PRIMARY ADVANTAGES

- **Simpler Implementation:** Compared to options A through C, option D requires minimal implementation efforts.
- **Lower Risk Potential:** Risk potential would not differ from any other City or RDCK department. Municipality and/or Regional District not borrowing.

POTENTIAL RISKS

- **Political Implications:** Internal departments are easily impacted by political changes. Political oversight is required for approvals and decision-making and there is a risk that regulations, policies and incentives approved by the current municipality and/or the RDCK could be revoked or altered with changing political priorities.

- **Sustainability**: As a political entity, long-term sustainability may not be secure with changing political priorities. Requires internal champion.
- **Tax-Payer Funding**: Potential policy, regulation and incentives may require additional funding, and would therefore be an expense from general tax funds and therefore directly supported by the taxpayer.

CONCLUSION

Each of the options represent a proposed model to support affordable and non-market housing initiatives. Each model requires a differing level of involvement and commitment from the City of Nelson and the RDCK. Further engagement and discussion are necessary to identify the level of involvement required from partners to sustain a diverse range and supply of affordable and non-market housing options in a fiscally responsible manner.

A critical next step in this study will be engaging with partners in the Greater Nelson area. This will include interviews or small group sessions with prominent housing non-profits, the business sector, and other impacted and involved partners (full list will be decided with input from participating staff and the Project Team).

Alongside this engagement, the project team will also begin the process of defining model analysis criteria with the City and the RDCK staff. This will include reviewing what sections of the housing spectrum the proposed model should serve, local government partner's appetite for risk, capacity to financially support, and level of control.

In preparation for this engagement, the project team has developed preliminary evaluation matrix categories with criteria to begin assessing the four models. Draft engagement questions have been included within each category to provide an example of the questions that will be asked and discussed as part of the engagement process with different groups/audiences.

GOVERNANCE & ORGANIZATIONAL STRUCTURE

MUNICIPAL AND/OR REGIONAL DISTRICT CONTROL

This criterion relates to the degree to which the municipality and/or the RDCK can regulate the activities of an organization (e.g. corporation, non-profit corporation, society, etc.).

Scale: Full control over organizational activities → No control over organizational activities

Questions to consider:
- What level of control does the municipality and/or the RDCK wish to retain of the organization's finances, resources, and alignment with bylaws and policies?
- To what degree does the municipality and/or the RDCK wish to be responsible and accountable for the outcomes of the organization?

MANAGERIAL AUTONOMY

This criterion relates to the degree to which the organization can manage day-to-day operations without reliance on political approvals for decision-making.

Scale: Council approval is not required for day-to-day operations or decision making → there is a frequent need to involve Council in decision-making.

Questions to consider:
- How involved does the municipality and/or the RDCK wish to be in the day-to-day operations of the organization?

ORGANIZATIONAL OWNERSHIP

The degree to which the municipality and/or the RDCK possesses, free of encumbrances or limitations, ownership of the organization.

Scale: 100% owned (by the municipality and/or RDCK) → 0% owned (by the municipality and/or RDCK)

Questions to consider:
- What level of ownership of the organization does the municipality and/or the RDCK want to have?

LEGAL & TAX IMPLICATIONS

LEGAL IMPLICATIONS

This criterion identifies the legal responsibility of them municipality and/or the RDCK for the Organization's actions and/or the results of these actions.

Scale: Most legal responsibility → least legal responsibility

Questions to consider:
- What level of legal responsibility is the municipality and/or the RDCK willing to undertake?

TAX IMPLICATIONS

The level to which the organization will be taxed.

Scale: Non-taxable → highly taxed.

Questions to consider:
- To what degree is the municipality and/or the RDCK willing to incur tax implications?

FINANCIAL IMPLICATIONS

MUNICIPALITY AND RDCK RESOURCES

This criterion relates to the amount of resources (both financial and personnel) that are required from the municipality and/or the RDCK to achieve the goals of the organization.

Scale: Minimal resources are required → significant amount of resources required.

Questions to consider:
- Is the municipality and/or the RDCK willing to commit financial and/or human resources to support the implementation of the proposed model(s)?

IMPLEMENTATION & ROLL OUT

EASE OF IMPLEMENTATION

This criterion relates to the implementation and creation of the Organization.

Scale: Simple organizational set-up and implementation → difficult and lengthy implementation process.

Questions to consider:
- Does the municipality and/or the RDCK have a timeline for implementation?
- Is the municipality and/or the RDCK interested in exploring a phased implementation approach? (e.g., start implementing in-house regulations and incentives whilst implementing a housing authority model)

DUPLICATION AND COMMUNITY PERCEPTION

There are several non-profit housing providers already offering services in the Greater Nelson area. This criterion relates to the extent to which the Organization would be recreating or duplicating existing structures and programs in the community as well as how the Organization may be perceived within the community.

Scale: The Organization is a partner and coordinates with existing service providers → the Organization duplicates these existing programs.

Questions to consider:
- What non-profit/societies in the Greater Nelson area engaged in affordable and non-market housing initiatives? Do they have an interest in expanding their capacity to take on a larger role? What types of resources would they need to expand?

CRITICAL MASS OF HOUSING UNITS

This criterion relates to achieving the number of housing units that are required for maximum property management efficiencies across each operational option.

Scale: Maximum operational efficiency → least operationally efficient.

Questions to consider:

- Is there a target number (or %) of affordable and non-market housing units that the municipality and the RDCK are hoping to meet in the next five years?

IMPACT ON EXISTING PROVIDERS

This criterion relates to the impact of the Organization on existing providers.

Scale: Net-positive impact on existing providers → net-negative impact on existing providers.

Questions to consider:

- What types of collaborative relationships currently exist between non-profits operating in this space? Would the implementation of a new society enhance these relationships or put them at risk?

NEXT STEPS

Following the completion of this report, the project team will begin the engagement process in the early 2023 with critical partners in Greater Nelson. This will include interviews or small group sessions with prominent housing non-profits, the business sector, and other impacted and involved partners (full list will be decided with input from participating staff and the Project Team). Interviews will incorporate elements of the evaluation matrix and focus on potential for collaboration, upcoming projects, current portfolio, and critically needed supports.

The project team will also begin the process of reviewing the preliminary model analysis criteria with the City of Nelson and the RDCK. This will include reviewing where along the housing spectrum a new organization should focus and evaluating appetite for risk, capacity to financially support, and level of control. The project team will also identify and review which policy and funding options have the most support from staff.

Phase one will conclude will a full report of engagement findings and a recommended direction or model that should be the focus of a more detailed review in the next project phases.