PARTNERSHIPS FOR AFFORDABLE HOUSING:  
AN EXAMINATION OF THE BARRIERS  
FACED BY MUNICIPALITIES AND  
THE NON-PROFIT HOUSING SECTOR  

by  

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ABSTRACT

The changes in housing policy during the 1990s has been profound. With federal funds for non-market housing no longer available, the Province of British Columbia has attempted to involve municipalities to a greater extent in meeting the housing needs in their communities. However, this has proved to be an immense challenge for many municipalities. Nevertheless, many have reported that they use, or in the future will use, partnerships with other organizations to obtain more affordable housing in their communities. Specifically, partnering with non-profit housing organizations is seen as one means of achieving this. The non-profit organizations, too, find building more affordable housing a challenge, and are interested in working with municipalities where possible. The intent of this research, then, is to analyze the relationships between local governments in B.C. and non-profit societies, and identify some of the barriers that each party faces. The research also examines the roles of some of the other participants in affordable housing.

For municipalities, the barriers faced by them to enter housing partnerships are great. A lack of resources, the absence of staff dedicated to housing issues, the lack of staff expertise required to analyze complex housing partnerships, and a lack of commitment on the part of politicians all contribute to the difficulties in having these agreements. The non-profit housing groups also face deterrents, such as small staff sizes, few resources, in some cases, little expertise in development, or ageing board members who do not wish to build new housing. These barriers, however, are not insurmountable, and recommendations are provided to overcome them.
It is important to realize that although housing partnerships can be a very effective tool, they are just one of many that municipalities use to meet the housing needs in their communities. Ultimately, housing needs will best be met by having all levels of government, the private and non-profit sectors working together towards common goals.
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1. INTRODUCTION
In an era of fiscal restraint and government downsizing, local governments are increasingly under pressure to undertake more responsibilities traditionally under the purview of provincial and federal levels of government. This is also true in the housing sector, where cutbacks in federal programs and legislative changes by the B.C. government have made it necessary for local governments to respond to the social and affordable housing needs in their communities. One tool that is commonly cited by municipalities as a means of providing these types of housing is partnerships with non-profit housing organizations. This study focuses on the success of these partnerships, the conditions that attribute to success and/or failure, and the policy implications that may arise from the research. The purpose of this chapter is to introduce the policy context of housing in B.C. municipalities. The objectives of the thesis are also presented here. The jurisdictional and geographical scope are also given as well as an overview of the research methods that were used. Finally, some key concepts relating to housing policy are defined.

1.1 An Introduction to Housing Policy
All levels of government have been active players in developing and implementing housing policy since World War II, but this policy sector has seen tremendous changes during the 1990s. The federal government was traditionally the major partner in devising and financing housing programs, and introduced programs in the 1970s that were instrumental in establishing the non-profit sector. However, in response to its growing debt crisis, the federal government scaled back its funding of social programs in general, and housing programs in particular (Fallis, 1995: 17). From 1993, after years of activity in the housing sector, the
federal government no longer financed non-profit or co-op housing programs and greatly reduced the scope of work being done by the Canadian Mortgage and Housing Corporation, the government’s main vehicle for housing program delivery.

The British Columbian government has been involved in housing policy since the 1950s, but the agreement between Ottawa and the provinces in 1986 to transfer more responsibility for social housing to provincial governments greatly expanded B.C.’s role. The B.C. Housing Management Commission (BCHMC) became responsible for delivering and managing federal-provincial social housing programs, and developing social housing policies. The new provincial responsibility for housing evolved into the Homes B.C. program which targeted support to those most in need, and continued to support initiatives of the non-profit sector. When the federal government withdrew financial support from housing programs in 1993, B.C., and Quebec were the only provinces who pledged to continue supporting non-profit housing. The B.C. government responded in a number of ways, but one of its major policy directions was to require municipalities to undertake an expanded role. Legislative changes to the Municipal Act required municipalities to include affordable, rental and special needs housing policies in their community plans (Municipal Act, Section 945, s.2.1) and provided them with the planning tools to enable them to better implement their housing policies.

Despite fulfilling the legislative requirements to adopt affordable housing policies, and receiving expanded authority to implement those goals, municipalities have found that getting affordable, rental or special needs units built in their communities is a difficult task.
One reason for this is that local governments often have few resources that can be used for housing, be it buildings, land, funds, or staff with the appropriate skill and expertise. Also, in B.C., funding to municipalities in general is continually under threat of reduction by the Province, making local governments wary about committing resources to housing projects. Another barrier is the lack of political leadership when it comes to housing issues. Politicians either misunderstand the housing needs in their communities or bow to community opposition. Local municipal councils also sense that the political “payoff” for developing housing is not as strong as for other infrastructure such as roads, parks or recreation facilities. Finally, most municipalities still view housing as the responsibility of senior governments and view any attempt at encouraging municipal involvement as “downloading” of a senior government responsibility.

At the same time that jurisdictional changes were happening at the government level, the non-profit housing sector was experiencing a period of development. Federal government actions introduced in the early 1970s boosted the sector by creating programs into which it could access. The Province, too, encouraged a healthy non-profit sector, and continues to do so today. As governments have supported the non-profits, their expertise in housing has grown. Not only are they well-suited to identify housing needs in the community, they have also developed the skills necessary to build cost-effective housing.

Municipalities have increasing been looking towards partnerships with the private and non-profit sectors as a means of having affordable housing produced. A survey of local governments throughout B.C. found that 77% believed they would use partnerships with
private developers and 73% would use partnerships with non-profit housing groups as tools to implement affordable housing strategies (Britton, 1995: 22). Of twenty-one options, partnership agreements were among the highest ranked tools that municipalities said they would employ. Furthermore, a survey of non-profit housing providers found that most projects undertaken were done so under partnership arrangements (Kraus and Eberle, 1998: ii).

At a time when the demands on all levels of government to provide an increasing array of services and functions is rising, yet financial resources with which to do so are scarce, it is not surprising that partnerships appeal to the public sector as a means of implementing policy. At the local level, partnerships with the private sector to provide community amenities are fairly common in many municipalities. For example, in the Lower Mainland, the City of Richmond partnered with a private developer to get an aquatic complex built, and Coquitlam did the same for the development of an ice arena. However, local governments' ability to work with the non-profit sector to provide housing is more challenging, as both parties have quite limited resources. How effective then are partnerships in providing affordable housing?

The focus of this research is to examine local government/non-profit sector partnerships in the provision of social housing. The research will examine the theory of government/non-profit partnerships, and analyze how the partnerships function in practice. A better definition of what constitutes a partnership will be explored. Although focusing on the housing sector in particular, the research on partnership agreements could be of interest in
other local government policy areas. Furthermore, while the research will examine local
governments, the findings may be of interest to other levels of government which participate
in housing policy, such as the Province.

1.2 Thesis Objectives

The main objective of this research is to examine local government and non-profit organization partnerships in the delivery of social and affordable housing.

From this statement, several sub-objectives emerge:

1. to identify the factors that contribute to the current policy context within which
   local governments and non-profit groups operate;

2. to analyse the current relationship between local governments and non-profit
   societies;

3. to define “affordable housing partnerships” by identifying the actors and
   explaining the role that each plays in developing housing;

4. to identify conditions that make these partnerships more successful, or barriers that
   cause failure; and

5. to examine the planning and policy implications that public/non-profit partnerships
   have for the housing sector.

1.3 Scope

The research will focus on local government policy and practice in B.C. Although the focus
of the research is at the municipal level, literature and theoretical work that cross
jurisdictional boundaries and policy fields will be analysed.
1.4  **Research Methods**

1.4.1  **Primary Research**

In order to determine the extent and nature of the relationship between local governments and non-profit housing societies, key informant interviews were conducted with people who have knowledge about municipal housing policy and the non-profit housing sector. Planning staff from the City of Vancouver, City of North Vancouver, the District of North Vancouver, the City of Richmond, and the City of Surrey were interviewed to gain a municipal perspective. A variety of municipalities were examined generally in order to gain a broader understanding of how affordable housing is approached in different jurisdictions. Individuals who work for non-profit societies were also contacted. Other people involved in the housing sector were also interviewed to help highlight the importance of the development community and the Province in affordable housing development.

1.4.2  **Secondary Research**

Relevant planning journals and texts were reviewed in order to gain a better understanding of housing policy and the theory behind public and non-profit organization partnerships. Often, examples in the literature included the involvement of the private sector, which can be fundamental in financing projects or providing land. Publications and policy documents produced by local governments, the Province of British Columbia and non-profit housing groups were also used as secondary research material.

1.5  **Key Concepts**

There are a number of terms used in the housing policy field that will be referred to throughout the research. The following provide clarification:
Key Terms:

affordable housing - Canada Mortgage and Housing Corporation (CMHC) defines housing as affordable when no more than 30% of a household’s income is spent on housing. In B.C., municipalities have been redefining affordability to meet the conditions in their communities. For example, Richmond defines affordable housing as “... housing that costs no more than 30% of the gross income of those households in the lower two income quartiles” (B.C., MMAH, 1997: 2). Victoria’s definition also lists the types of housing that can be considered affordable.

core need - as well as living in unaffordable housing, those who are in “core need” cannot find homes that are suitable or adequate. The definition of core need considers the state of repair of the housing as well as the extent to which crowding occurs (Dreier and Hulchanski, 1993: 55). Core need is the measure of housing need adopted by many government programs, including the Homes B.C. program.

third sector - consists of private social service agencies, self-help groups, charitable or religious organizations or non-profit or co-operative groups (Fallis and Murray, 1990: 12).

Housing Types:

social housing - housing developed or assisted by the government and owned and managed by either public housing agencies or non-profit corporations (Pomeroy, 1995: 622). Social housing accounts for almost 7 percent of the Canadian housing stock.

public housing - federally subsidized housing which is owned and managed by public housing authorities and which targets 100 percent of the units for the very poor (Dreier and Hulchanski, 1993: 48).

non-profit housing - as the name implies, no profits are made from the resale or rental of this type of housing. Non-profit housing can include housing owned by public agencies (municipal housing authorities), private groups (church groups, unions or community organizations) or can be owned co-operatively. Non-profit housing is most often rental housing (Dreier and Hulchanski, 1993: 52).

non-profit co-operative housing - an alternative tenure type in which members jointly own the housing. The co-operative corporation has permanent ownership of the housing and members have the right to occupy their units. Co-op housing can be rental or owner-occupied (Selby, et. al., 1997: 7). Co-ops usually encourage income-mixing, that is, including tenants who have low and medium incomes, in a project. They also help those who may not be able to enter the private sector market to own a home. Non-profit co-operatives are usually developed in the context of a government program.
limited equity co-ops - a type of co-op where the individual buys a unit, and the amount paid towards the mortgage belongs to him/her. However, the owner is limited in the amount of profit that can be made upon resale of the co-op unit. The amount at which the owner can sell the unit is determined by the co-op's rules and is usually designed to keep the housing affordable, yet ensure that the owner does not lose purchasing power (B.C. Ministry of Health and Social Planning Research Council of B.C., 1993: 74)

Planning Tools:
density bonusing - municipal governments can increase the allowable density on a site in return for the provision of affordable housing, special needs housing or other amenities.

comprehensive development zoning - allows zoning for multiple uses on one site, in essence, it is “custom” zoning. It is usually used for large, multi-use sites and municipalities can negotiate with developers to achieve affordable housing or amenities as part of the development package.

housing agreements - a municipality can enter into a housing agreement with a land owner, which binds the landowner to provide affordable housing under the conditions of the agreement. Conditions can include who may occupy a unit, how units are managed, or the rents of a unit. Agreements are registered on the title of the property. Housing agreements can ensure the long term affordability of units (MHRCS, undated).

1.6 Conclusion
The aim of this thesis is to analyse the relationship between local governments in B.C. and non-profit societies, and analyze their ability to provide social and affordable housing. A clearer definition of the term “partnership” will be gained by the research. Barriers to partnering will be discussed, as well as opportunities where municipalities and non-profit groups could more effectively work together on housing. It is hypothesized that partnerships between local governments and other bodies work well in providing infrastructure and services in many fields. However, in the housing field, the complexities of housing partnerships and the barriers faced by the partners means that partnerships are not able to
produce the amount of affordable housing needed in our communities, and should be considered just one of many tools that municipalities can use to meet their affordable housing goals.
2. LITERATURE REVIEW

2.1 Affordable Housing: A Continuing Policy Concern

The cost of housing has been a policy concern for decades, but it was not until the 1970s that housing affordability came to the forefront of policy initiatives (Sewell, 1994: 1). The election of reform minded councils in many Canadian cities meant that urban livability and social equity issues were at the top of the political agenda, and this opened the door for affordable housing initiatives to be implemented. In the 1980s, the increasing number of homeless individuals in major Canadian cities resulted in continued attention to housing concerns (Sewell: 1994: 1). However, the 1990s have seen a policy shift away from concern with social issues in general and housing policies in particular, as all levels of government continue to focus on debt reduction, job creation and economic growth.

Nevertheless, housing affordability continues to be a pressing concern for many individuals. Census figures for 1996 indicate that in B.C., 46 percent of renters paid more than 30 percent of their income in rent (Barrett and Ward, 1998: A12). This number is an increase of 11 percent from 1991. In the Lower Mainland, rental accommodation is a large part of the housing stock; as an example, in the City of Vancouver, 58 percent of the housing units are rented. Furthermore, it is estimated that 12 percent of Canadian households are in core need (Pomeroy, 1995: 647) and in Canada’s most expensive housing market, Vancouver, it is estimated that 20 percent of all households are in this same category.
Despite the need for housing, commitment to housing by the federal government has decreased. For example, in 1991, Ottawa provided funding for 15,500 housing starts, but in 1996, only 300 housing units were funded (Wanzel, 1996: 4). The last two decades has seen low income earners particularly hard hit, as those in the lowest income quintile are found to be spending more of their income on housing (Wanzel, 1996: 4). Also, homeownership rates for those in the lowest income quintile dropped during the past twenty years from a high of 49 percent to the current rate of 27 percent. In comparison, those in the highest quintile have a homeownership rate of 90 percent.

There are two main factors that affect housing affordability, the first being income. Quite simply, people may not have enough income to pay for housing, and the fact that real incomes have declined in Canada since the mid-1970s is likely linked to the affordability problems faced by many people (Pomeroy, 1995: 637). If housing affordability is considered to be due to a lack of income, then the policy response would be to provide people with more transfer payments so that they can pay for shelter (Doyle and Page, 1996: 27). However, if there is a shortage in the affordable housing supply, then increasing people’s ability to pay for housing is an inadequate response.

The second factor that affects housing affordability is housing supply. In British Columbia, Doyle and Page (1996: 27) have identified a supply shortage as the reason that 61 percent of individuals who receive social assistance pay more than 30 percent of their income on housing. As low income people are usually renters, it is in this market that housing costs should be examined. In the Lower Mainland, high housing costs and a supply shortage in the
rental market is due to many land economic factors (Doyle and Page, 1996: 30). The following realities explain why creating rental housing is uneconomical (Pomeroy, 1995: 642; Fallis, 1990: 59):

- it is more profitable for building owners to convert rental buildings to condominiums;
- it is uneconomical for private developers to create rental housing because the cost of borrowing to build the units exceeds affordable rent levels;
- new additions to the rental stock that are made are usually in the form of private condo rentals, which often result in the loss of older rental buildings in the process of their construction;
- the value of land for multiple-family developments is high because of the advent of condominium tenure. Developers of rental buildings cannot afford the higher land values;
- gentrification, or the process of middle-income earners moving into lower-cost areas and rejuvenating homes and neighbourhoods, are welcome by those who see the process as positive for neighbourhood livability. However, low-cost housing is usually lost in the transition.

All of these factors contribute to lower vacancy rates, which means landlords are able to discriminate against anyone it deems a ‘problem tenant,’ usually those who have trouble paying their rent (Fallis, 1990: 55).
Therefore, it is clear that there is still a need for government and third sector involvement in providing affordable housing. Past government strategies to encourage homeownership and to rely on the market place to provide housing has not benefited all Canadian households. In the words of Doyle and Page (1996: 30): “To describe these as income [and supply] problems is to miss the point. The market itself does not function in such a way as to include all, or even most, of those who need to access housing. There are many factors involved. It is not a matter of greedy developers and landlords but the fact that the market does not work adequately across the entire spectrum of consumers.” The following section describes how government actors have participated in this policy realm.

2.2 **Evolution of Housing Policies: The Governmental Policy Framework**

2.2.1 **The Legacy of Federal Government Housing Strategies**

The federal government has been an active player in housing policy for over 60 years. Numerous programs and policies were initiated by the federal government and are documented by Sewell (1994), Fallis (1995), Drier and Hulchanski (1993), Prince (1995), and Carter (1997). The purpose of this section is to highlight the evolution of federal government programs and explain the lasting effects of some of these policies.

The federal government has been active in housing since the Depression era, but it was not until the 1960s that a significant social housing component was introduced to federal programs. Canada Mortgage and Housing Corporation (CMHC), the federal government’s housing arm, became active in creating public housing. The public sector owned and managed public housing units and rents were based on the tenant’s income. However, the era
of public housing was short-lived. By the late 1960s and early 1970s, criticism of public housing began to grow due to the stigmatization of tenants, the negative impacts of massive public housing developments on neighbourhoods, and increased crime and vandalism found in those projects (Fallis, 1995: 10).

Changes to the *National Housing in Act* in 1973 responded to those criticisms. New programs promoted the inclusion of tenants with different income levels into one project and encouraged the rehabilitation of residential properties. Also important was the support given to the non-profit and co-operative sectors. Loans for 100 percent of the capital costs were granted to these groups and groups could receive a start-up grant of $10,000 to undertake the planning of a project (Sewell, 1994: 164-5). These attractive financial terms made it possible for community groups, churches, labour unions and municipal governments to develop their own projects in response to community-defined needs (Dreier and Hulchanski, 1993: 52). The federal government’s policy direction to aid the non-profit sector has been seen as a move that benefited tenants as it encouraged them to participate in the decisions made about their housing, and it also benefited neighbourhoods as smaller projects were introduced into areas (Dreier and Hulchanski, 1993: 51). This option was also more politically acceptable to taxpayers.

Subsequent amendments to the *National Housing Act* in 1978 further reduced the direct role of the federal government, but bolstered the role of the non-profit sector. CMHC would no longer provide direct loans to non-profit groups, but would provide subsidies so that rents could remain low. This was a unilateral program initiated without the input of the provinces,
and implemented at a time when negotiations between the federal and provincial
governments over the jurisdiction of social programs was at its height (Fallis, 1995: 14).
The federal government move to ‘disentangle’ itself from social programs has been analyzed
in the context of federal-provincial relations (Banting, 1990), but also was a signal of the
government’s retrenchment from social policy. Yet, despite the federal retreat from social
policy, the government still continued programs that supported the non-profit sector.

By the mid-1980s, with a worsening federal debt, the government could no longer justify
subsidizing middle-income earners in order to achieve a balanced income mix in projects. In
1986, it announced that it would only fund housing for those in core need (Sewell, 1994:
173). At this time, it was apparent that the devolution of housing responsibility to the
provinces had begun. Agreements signed between the federal government and the provinces
encouraged the provinces to take a more active role in housing. The provinces would
implement federal programs and contribute dollars to them as well (Drier and Hulchanski,
1993: 60). In the early 1990s, in response to its still worsening financial position, and in the
belief that the provinces could more appropriately manage the housing portfolio, the federal
government reduced funding to non-profit and co-op programs (Carter, 1997: 605). In 1993,
funding levels to CMHC were frozen at $2 billion. This effectively stopped the construction
of new non-profit units (Fallis, 1995: 19).

The call for a renewed federal government role will undoubtedly be heard for years to come,
but after a six-year hiatus from the social housing field, it is unlikely the federal government
will ever re-enter this sector and fund projects at the same levels as in the past. The federal
government's contribution to Canada's affordable housing stock over the past 30 years was substantial; between 16,000 and 20,000 housing units were produced annually between 1980 and 1990 (Fallis, 1995: 18). However, the government should also be recognized for its commitment and encouragement of the non-profit and co-operative sectors. Programs introduced in the 1970s allowed this sector to establish itself and become an active participant in the housing sector today.

2.2.2 The B.C. Government's Role in Housing
The Province has been involved in housing issues for four decades, but it was the federal government withdrawal from the housing sphere in 1993 that left B.C. with new housing responsibilities and forced the Province to become a more active player. B.C. and Quebec were the only provinces to continue funding housing programs. One of the Province's responses to federal withdrawal was to establish a commission (Commission on Housing Options) whose mandate was to discover ways to meet the housing needs of the Province within the context of limited financial resources (Britton, 1996: 10). The Province was seeking ways in which to create a 'made in B.C. policy' which considered the needs of B.C. communities and to provide local governments with tools in which to respond to those needs (B.C., Ministry of Municipal Affairs and Housing, 1996: 3). The Commission's report recommended that legislative reform be done to give local governments more powers, and that strategies be introduced that give more strength to the non-profit and co-operative sectors.
Prior to 1992, municipalities had no formal jurisdiction over housing policy (Carter and McAfee, 1990: 228). However, amendments to the Municipal Act in 1992 signalled to local governments that the Province expected them to take greater responsibility for housing in their communities. Bill 20 (May, 1992) states that “a community plan must include housing policies of the local government respecting affordable housing, rental housing and special needs housing,” (Ministry of Housing, Recreation and Consumer Services [MHRCS], undated). In order to provide local governments with tools to fulfil the requirements of Bill 20, the Province further amended the Municipal Act (Section 963) in 1993 to enable local governments to use density bonusing, comprehensive development zoning and housing agreements. Amendments to the Municipal Act in 1994 provided municipalities with further powers. Section 536.1 permits local governments to enact ‘standards of maintenance’ bylaws for rental housing, thus ensuring that rental housing is safe and healthy for tenants. Section 734(1) allows municipalities to sell or lease municipal land at a discount to non-profit housing societies in an attempt to help those groups develop more housing (MHRCS, undated).

The Homes B.C. program is the major provincial initiative that supports rental housing and the non-profit and co-op sectors. The program is delivered by B.C. Housing and has four major components:

- **Non-profit Housing** - this initiative provides operating subsidies to non-profit and co-op groups to allow them to build rental units. Projects housing families, seniors and those with disabilities are priorities, and 60 percent of tenants must be in core need;
- **Homeless/At Risk Housing** - this program encourages the development of housing for those at risk, such as the homeless, street youth, single mothers or women who are at risk of abuse;

- **New Options for Home Ownership** - construction financing for co-ops and non-profits to build limited equity co-ops for first time buyers is the thrust of this program;

- **Community Housing Initiatives** - the Province provides grants to community groups for education, advocacy, community development or research to help build awareness of housing issues.

In summary, as did the federal government, the B.C. government has looked to another level of government, to take more responsibility and become more active participants in the housing field. However, in contrast to the federal government’s complete withdrawal, the Province has provided a policy framework and accompanying legislation to assist local governments and the non-profit sector in becoming more active in providing affordable housing. As many local government officials and non-profit housing providers will attest, though, the limited amount of funds the Province provides to these programs makes the provision of more affordable units difficult.

### 2.2.3 Municipal Governments: New Responsibilities

For many years, local governments had no constitutional responsibility in the sphere of social housing and until the 1970s, many participated little in this sector. In Canada, the Constitution provides for two levels of government, federal and provincial. Municipalities are created by the provinces by statute, and in B.C.’s case, by the *Municipal Act*. Only powers and responsibilities granted by the Province can be undertaken by municipalities. Until the Province of B.C. introduced amendments to the *Municipal Act* in 1992 to require
municipalities to provide for affordable, rental and special needs housing in their communities, there was no onus for local governments to do so.

Traditionally, zoning and establishing building quality standards were the main tools municipalities could use to try to create affordable housing (Carter and McAfee, 1990: 229). Cities certainly had the power to help the poor, but this was usually left to charities or church groups (Carter and McAfee, 1990: 228). Despite their grass roots relationships with the community, and the awareness of housing need in their jurisdiction, senior governments for many years withheld the legislation that would have made municipalities more responsible for housing (Carter and McAfee, 1990: 229).

In the 1970s, the role of municipalities began to diversify. Some municipalities began programs to provide land at less than market value to co-op and non-profit groups. Others provided density bonuses to developers who wished to provide affordable housing. In other cities, municipal housing corporations were formed (Dreier and Hulchanski, 1993: 57). Housing needs studies were completed by new housing departments in some municipalities (Carter and McAfee, 1990: 230). These new housing initiatives were prompted by the 1973 National Housing Act amendments which strengthened non-profits. Local governments who formed their own housing corporations were able to benefit from the new legislation (Carter and McAfee, 1990: 230). The reform-minded civic councils elected in the 1970s also supported their cities' activity in housing, as often their mandate was to improve the quality of life in cities, which included providing more affordable housing (Dreier and Hulchanski, 1993: 57).
However, to characterize all municipalities as ‘active’ players in the social housing sector is misleading. Carter and McAfee (1990) have identified three models of municipal participation which more actively reflect the activity of local governments. The first model describes municipalities as taking a passive role in affordable housing. Passive local governments perceive their role to be limited to processing applications, regulating land use, or maintaining building standards. In these cases, municipalities are unwilling, or believe it unnecessary to expand their role beyond these mandatory functions.

The ‘facilitator’ model is the second one described by Carter and McAfee. As the label implies, municipalities encourage other groups to develop affordable housing by providing land, often at below market rates, providing subsidies to non-profit groups, initiating rezoning for affordable housing, processing projects quickly and lobbying senior governments for affordable housing funds. The facilitator model is most common in cities where the local government has a limited amount of funds and where community housing groups are already active.

In the final model the local government is seen as an ‘initiator’ or a ‘comprehensive developer.’ An ‘initiator’ would be involved in all aspects of an affordable housing project including implementing the project, doing the site design, and managing the project once built. In some cases, the municipality would provide subsidies to the project as well. Needless to say, there are few municipalities in Canada who have the resources necessary to undertake the comprehensive developer role.
As discussed above, the devolution of housing policy from the federal government to the provinces, and in turn, the Province’s reliance on local governments to become more active in housing has meant municipal governments in B.C. have both the authority and the tools to provide affordable housing. Despite these expanded powers, and the fact that municipalities widely report using these new planning tools (B.C., Ministry of Municipal Affairs and Housing, 1997), it is still difficult for municipalities to provide or facilitate the development of more affordable housing units. Barriers that municipalities face include relying on the municipal tax base, which traditionally has not been large enough to support any major social programs such as housing (Hulchanski, et. al., 1990: 8). Furthermore, at a time when municipalities are receiving less transfer payments from the Province, and when taxpayers are adverse to any increase in taxes, the financial resources to implement housing policies are simply not available. The other barrier faced by municipalities is a lack of political commitment (Hulchanski et. al., 1990: 33). An absence of political will may be due to the now mistaken belief that housing is the domain of senior levels of government, to the lack of ‘payback’ that politicians receive when championing affordable housing projects, aversion to NIMBY or to philosophical convictions about providing for those less well off in general. Whatever the cause, without a desire on the part of politicians to encourage affordable housing in their municipality, these types of projects will never be built.

2.2.4 The Expanding Role of the Third Sector
The third sector has a long history of involvement in the housing field and has grown to become a major player in affordable housing. Today, the Canadian Housing and Renewal
Association estimates that there are between 4,000 and 5,000 third sector groups involved in housing (Carter, 1997: 625). In the co-operative sector, the Canadian Housing Federation, the national association which represents co-ops, estimates it has about 2,100 co-op members, representing 90,000 dwelling units and 250,000 people (CHF Canada, 1998). Non-profit organizations are under community, co-operative or employee control, and as well as developing housing, their aim is also to develop their communities (Dreier and Hulchanski, 1993: 56).

The development of the non-profit and co-op sectors had different origins. Non-profit groups had their beginnings in charity work, starting with the Catholic Church in the early 1800s who took responsibility for the sick, poor, or mentally challenged (Wolfe and Jay, 1990: 202). The deplorable living conditions present in 19th century Canadian cities promoted the formation of welfare groups who were committed to helping the urban poor (Wolfe and Jay, 1990: 202). However, the expansion of the welfare state after World War II and the federal government’s role in social welfare meant that charitable groups no longer had a mandate to perform social assistance functions. By the 1960s and 1970s, charitable groups were re-defining their role to attempt to solve problems that were not receiving government attention. In the 1970s, the condition of inner city housing rose to the forefront, and new housing groups formed to stop urban renewal schemes and to promote neighbourhood revitalization (Wolfe and Jay, 1990: 205-6).

Distinct from the non-profits, the co-operative sector’s origins were localized in the Atlantic region. During the Depression of the 1930s, unemployed miners in Nova Scotia pooled their
resources to buy materials and build their own homes. These first housing co-ops, referred to as “building co-ops,” received financial aid from the Province in the form of a loan, but used collective purchasing power and sweat equity to have their homes built (Selby et. al., 1997: 2). Other co-op origins are said to be located in Toronto, where students organized a housing co-op at the University of Toronto in 1934, and which is still in use today (Selby et. al., 1997: 2).

While the two movements had different origins, the 1973 federal government programs to aid co-ops and non-profit groups helped both to expand. Also, the devolution of housing authority to lower levels of government has increased the role for the third sector (Keyes et. al., 1996: 205), and as has been noted in B.C., the provincial government has created further programs to support non-profit and co-op groups. It is reported by Keyes et. al. (1996) that support of the third sector is attractive at both ends of the political spectrum. The political right sees non-profit organizations’ participation in housing as a means of self-help, or ‘bootstrapping,’ while the left views the promotion of the third sector desirable because of these groups’ roots in the community. Keyes et. al. also argue that third sector organizations are attractive to local and provincial governments because they provide a means of ensuring that housing will have long term affordability. It may also be true that the Province and local governments may believe that the delivery of housing is best left to the group closest to the community, as suggested in provincial policy documents (B.C., MMAH, 1996). However, cynics may suggest that governments support third sector involvement because they rid senior governments of the responsibilities of providing costly and politically sensitive programs.
Non-profit and co-op groups share a number of characteristics that differentiate them from the public and private sectors. Of course one of the major differences between third sector and private sector housing is the form of ownership. Non-profit housing is owned by an organization or housing corporation and rented to tenants. Co-operative housing is owned collectively by members. Both of these forms of ownership are run, as the name implies, on a non-profit basis, and thus housing is taken out of the market (Prince, 1995: 734). This sector is also characterized by its organizational structure, which is usually based on a small staff and budget and the reliance on voluntary labour (Walker, 1993: 383). Non-profit and co-op organizations are also noted for their patchwork financing structure, which always leaves them vulnerable if funding is lost (Walker, 1993: 384).

Also unique to the third sector is that not only is their objective to provide more housing, it is also to revitalize communities by providing stable housing and building the capacity of residents (Walker, 1993: 380; Prince, 1995: 735). Community building is achieved by allowing residents to have democratic control over their environment, encouraging them to acquire skills in building operation or maintenance, and teaching people to work in groups (Walker, 1993: 380; Prince, 1995: 736; Selby et. al., 1997: 7). Being responsive to grassroots needs allows non-profit and co-op groups to perform this community building function (Dreier and Hulchanski, 1993: 59). As well as housing, some non-profits achieve community building goals by providing or partnering with other agencies to provide other types of services such as job training, or to work on issues such as crime and safety in their neighbourhoods (Prince, 1994: 736).
Therefore, non-profit and co-op groups have many strengths that are unique to them. The social benefits gained by third sector housing groups are many, the most obvious being the provision of more affordable housing for low income people which gives stability in their lives. Non-profit and co-op sector housing also takes housing out of the market place and ensures affordability in the long term (Selby et. al., 1997: 10). Third sector groups also work to house people with 'special needs,' such as those with physical or special disabilities, First Nations people, women or the elderly (Selby et. al., 1997: 8). Other social benefits include the community development aspect mentioned above. On an individual level, non-profit housing can help to foster personal growth and development, as residents work together to improve their situation (Selby et. al., 1997: 9). Finally, it can be argued the community as a whole benefits, as those who live in third sector housing, by becoming more involved in their own housing projects, develop an interest in civic life (Selby et. al., 1997: 9-10). Economic benefits include affordability for individuals, but also because non-profit and co-op housing is self-managed, federal government studies have found that in the long run, non-profit housing is less expensive to run than government-funded public housing (Dreier and Hulchanski, 1993: 59).

Two of the biggest barriers faced by third sector housing groups are funding and organizational structures. As noted, non-profits often rely on multiple funding sources, which can mean that multiple agreements must be made, thus driving up the amount of time and ultimately the cost of a project (Walker, 1993: 370). Relying on multiple funding sources is also risky for the non-profit because if one source is lost, the project can be
jeopardized (Walker, 1993: 370). Other complaints about non-profits are that they spend a lot of resources searching for funding, and that they often compete against one another for grants (Wolfe and Jay, 1990: 210). Scarce funding may also mean that non-profit groups cannot adequately train staff, purchase needed equipment, hire outside expertise, or recruit and retain competent staff (Walker, 1993: 390).

Although smaller organizations may appear to be more efficient and flexible, in some instances their size can be a weakness. For example, having fewer people in an organization may mean that there is inadequate technical advice on staff, and thus costs of a project are driven up if services have to be contracted out (Walker, 1993: 390). Wolfe and Jay (1990) note that non-profits can be poorly managed. Non-profits may have a smaller paid staff, but may rely heavily on volunteers. The danger here is that volunteers can suffer from ‘burnout’ and thus jeopardize the organization (Wolfe and Jay, 1990: 210).

### 2.3 The Increasing Use of Partnerships

As the review of literature on municipal housing policy indicates, local governments are having to undertake more responsibility for providing affordable, special needs and rental housing in their communities. Yet, local governments are faced with declining financial resources (B.C. Report, 1996; 20) and, as this research will show, in some cases, little political support for implementing affordable housing policies. Concurrently, non-profit and co-op organizations, due to federal government cutbacks to these sectors, are faced with fiscal restraints as well. Therefore, it is no wonder that both sectors have identified partnerships with other agencies as a means of creating more housing. The Province has also
identified partnerships as viable innovations in affordable housing provision (B.C., MHRCS, undated).

Partnerships may include the non-profit, private or public sectors. The municipal role in the partnership has been described as providing land lease programs, technical assistance to housing groups, facilitating rezoning, approving density bonusing or in some cases, providing equity to the project. The role of the non-profit groups is to define the needs of the community and to promote housing that builds communities. By involving tenants in the maintenance and administration of the projects they can often provide housing at a lower cost than governments. Other potential partners include the Province, which provides project funding, and developers, who provide land, funds or project expertise.

Britton’s (1996) study examined the municipal government response to the Province’s devolution of housing responsibilities in B.C. The 80 largest municipalities ranked by population were surveyed as to which planning tools they would use in the future to support affordable housing. Of those that responded, 73 percent reported that they would co-ordinate with non-profit housing groups. This tool was ranked third out of twenty-one possibilities (Britton, 1996: 22). Kraus and Eberle’s (1998) national study of housing providers was designed to identify how housing groups were developing housing without the aid of traditional federal and provincial supply programs. More than three-quarters of respondents said they had a role in creating affordable housing, but that the role was as part of a team as either partners, facilitators or sponsors (Krause and Eberle, 1998: 6).
Therefore, the provincial and local governments and the non-profit sector define partnerships as an essential tool in securing affordable housing in B.C. communities. However, the literature reports that despite the recorded increase in use, partnerships are not well researched (Fallis and Murray, 1990: 13). Keyes et. al. (1996: 208) concur, noting that although the growth of the non-profit sector has been well documented, the relationships between non-profits, other levels of government and other institutions are less well known. Is the success of an affordable housing project dependent upon the local government, the non-profit group or upon the relationship between the two? How are other parties involved in the partnership? How is the development industry linked to this? What conditions are necessary for partnerships between non-profits and local governments to work? These questions form the basis of the research.

2.4 Community Economic Development Theory and the Role of Housing
In many cities and towns, economic development efforts were often practiced with a more traditional approach (Blakely, 1989). For example, one of the roles of local political and business leaders was to market the town in an attempt to attract industry and investment. Sophisticated programs were not needed as the strategy was simple: attract industry and jobs and benefits would follow. Any other attempt to create jobs was limited to providing infrastructure and reallocating city resources (OECD, 1987: 12). However, changes in the economy in the last decades have made local governments rethink their economic development strategies. Despite growth in the economy, unemployment is still high in many places, and towns are no longer able to attract outside industry to alleviate the situation. Local governments have come to realize that national policies to promote jobs may not
benefit their town and that jobs and business creation must meet the needs of their community (OECD, 1987: 17).

Other communities have moved away from traditional approaches to economic development in search of methods that incorporate objectives other than those economic. Simon Fraser University’s Centre for Community Economic Development has devised a definition that encapsulates these principles:

*Community Economic Development is a process by which communities can initiate and generate their own solutions to their common economic problems and thereby build long-term community capacity and foster the integration of economic, social and environmental objectives* (SFU, CEDC).

This definition incorporates the concept of grassroots solutions to economic problems, emphasizes the importance of looking at long term strategies, and integrates economic, social and environmental objectives.

The SFU definition is useful in understanding CED, but concrete examples of how communities may practice it is also insightful. Boothroyd and Davis (1993) explain CED by looking at the three components separately. “Community” focuses on how wealth is used and distributed and considers how the economy, if at all, strengthens community. This component of CED regards collective decision-making processes, the elimination of marginalization and the promotion of social justice as important objectives. In practice, programs that eliminate social inequity and marginalization; institutions, such as co-operatives, that promote social justice; and activities, such as volunteerism, that strengthen
the non-cash economy are examples of CED activities that promote the development of community (Boothroyd and Davis, 1993: 236; Blakely, 1989: 226, 227).

Social housing accomplishes community development objectives in a number of ways. First, it encourages social equity by providing an alternate housing tenure, that is rental and co-op ownership rather private ownership, especially for society’s most disadvantaged (Prince, 1995: 741). Also, social housing advances stability in society, because a secure housing situation allows people to become more self-sufficient and thus other policy fields, such as job retraining, are reinforced (Prince, 1995: 739). Finally, non-profit and co-op housing encourages residents to participate in decision-making and management of their building.

The ‘Economic’ component of CED focuses on ways in which communities can collectively strategize to promote growth. By increasing the productivity of local firms or by establishing new ones, communities can create economic opportunities without relying on outside investors. Community groups can provide training programs for local people, incubator facilities to help new businesses get started, or provide information for businesses (Boothroyd and Davis, 1993: 233; Blakely, 1989: 226-7). In this view of CED, housing can be seen as a means to increase employment and create jobs.

The ‘Development’ part of CED also emphasizes increased local control rather than relying on outside investors (Boothroyd and Davis, 1993: 233; Roseland, 1992: 216). Here, stability, independence, and self-reliance are the main goals (Boothroyd, 1991: 3). In a general sense, practitioners can encourage structural change by promoting strategies that
diversify the local economy, encouraging local ownership and control of resources, reducing the dependence on imports by substituting local production, and by strengthening the non-cash economy (Boothroyd and Davis, 1993: 233; Blakely, 1989: 226-7). Non-profit housing and housing co-ops are examples of CED wherein growth or development are not the main goals. These types of housing are also removed from the market place, and thus give local people more control over local resources. Also, community stability is increased by providing housing types that accommodate people of different ages, incomes and abilities, and provides a greater security of tenure than market housing.

Evolving from Community Economic Development theory is the concept of social capital. This term can be defined as “... the ability of individuals and organizations to acquire resources through membership in networks and other social structures,” (Keyes et. al., 1996: 202). Jane Jacobs is credited with introducing social capital concepts in her Death and Life of Great American Cities (Roseland, undated: 5). Social capital is more than merely ‘networking’ in the business sense, but embraces the sociological perspective of civic-mindedness as well (Keyes et. al., 1996: 210).

Social capital can better be described by explaining some of its characteristics. An important defining feature is the relationship of trust and reciprocity between organizations (Keyes et. al., 1996: 211). In the case of housing partnerships, relationships between individuals of the non-profit organization, the local government or other partners that have been fostered over time are most likely more productive than if the partners had never worked together. Often, relationships are established or enhanced because members of one type of organization
worked previously for another. For example, a municipal planner who had previously worked for a non-profit society is able to bring together the two organizations. Also, if organizations share a common vision, social capital will be more abundant, and thus enhanced (Keyes et. al., 1996: 211). For example, if all participants believe that non-profit groups are the ones most appropriate to develop housing, and work towards supporting that ideology, then social capital is improved.

There must also be some mutual benefit for each organization (Keyes et. al., 1996: 212) in order for social capital to work. In the case of housing, it may be to everyone’s benefit if the non-profit succeeds, and thus all parties work toward that goal. Finally, social capital often is strengthened if there is an economic or financial component to participation (Keyes et. al., 1996: 22). For housing, it is in every partner’s financial interest if more partners contribute to financing a project, as there is less financial burden on everyone. If one organization does not have money to contribute, they can still contribute in other ways, as is often the case in housing partnerships.

2.5 Conclusion
Despite many years of government effort to alleviate the housing problems of Canadians, housing affordability is still an issue for many. This chapter reviewed the evolution of housing policy from the perspective of all levels of government as well as the third sector. In summary, decades of active federal government involvement has left a legacy of housing stock and a strengthened non-profit and co-operative sector. The provincial government has also worked to bolster this sector by creating its Homes B.C. program, and enacting
legislation that requires municipalities to become more active partners in housing. The municipalities too, have looked for new ways in which to fulfil their housing obligations, and many have indicated that they will be working with non-profit groups in order to do so. Non-profit and co-operative groups have early roots in working to provide housing for low-income Canadians, but the policy decisions to encourage this sector has further established these organizations.

In researching the relationship between local governments and third sector housing providers it useful to frame the discussion in the context of Community Economic Development. Whether the discussion focuses on the ‘community,’ ‘economic,’ or ‘development’ aspect, the objectives of affordable housing clearly meet those of CED. The concept of social capital provides theory for analyzing the nature of the relationship and is useful in structuring the research of this thesis.
3. PROFILE OF A HOUSING PARTNERSHIP

"Partnering" is a key theme in housing policy and practice. Yet, despite the increasing tendency of agencies and organizations to classify their relationships with other groups as "partnerships," the term is ambiguous. Who are the players? What does each group bring to the relationship? Why are some agencies more successful at "partnering" than others? What does this mean for affordable housing?

The data presented below aim to answer these types of questions. The objective of the chapter is to introduce the partners involved in affordable housing. As the main focus of the research is to investigate the ways in which municipalities and non-profit groups work together in the housing arena, the greater part of this chapter's discussion is focused on these two entities. The section describing the activity of municipalities is especially detailed as it provides the context in which other partners must work. The involvement of other participants, such as the Province or developers, is instrumental in ensuring that affordable housing projects come to fruition. By presenting the role of the various groups, and by describing what each is able to contribute to the partnership, a clearer understanding of how affordable housing is created is possible.

This information was gathered from interviews with individuals working in the affordable housing field (see Appendix A for a list of those interviewed). There were two main objectives that shaped the data collection. First, it was hoped that a clearer understanding of
what each party does could be garnered. The second objective was to uncover some of the structural factors that help or hinder the development of housing. Those findings will be presented in the following chapter.

3.1 Participants in Affordable Housing Projects

3.1.1 Municipalities
There are twenty-one municipalities in the Greater Vancouver region that could have been analysed for this research, but only five were contacted. The City of Vancouver was studied because it is considered an innovator in this field and to omit it would leave a serious gap in the research. North Vancouver City was selected because the municipality presents an interesting case study of how a small urban centre can respond to needs in its community. The District of North Vancouver is an example of a municipality that attempts to be innovative in the face of wavering political support. Richmond has seen a lot of development in the past years. In Richmond’s case, the question is how development has affected housing affordability. The final municipality that was studied was Surrey, a large, growing municipality. The issue for communities like Surrey will be how they can incorporate affordable housing into their long term strategies, and how housing can be financed.

3.1.1.1 CITY OF VANCOUVER
With respect to affordable housing, Vancouver is regarded as the most active of the region’s municipalities and an innovator in the field. Vancouver’s history of involvement in housing issues, its long-standing political commitment to ensure housing availability for all income levels, and the dedication of staff and resources in developing housing policy and programs
has, over time, led to this distinction. The City's active interest in housing dates from the 1950s, when the City provided land at half the market value to the federal government to provide veterans' housing. During the 1970s, a time when governments were focussed on revitalizing inner cities, Vancouver's major initiatives were to use existing senior government programs to develop the False Creek and Champlain Heights sites. In the 1980s, the City focussed on developing housing in the Downtown Eastside (Gray, 1998). Today, affordable housing is still a concern, as Vancouver has a high proportion of renters (47 percent) who pay more than 30 percent of their income in housing costs (Barrett and Ward, 1998: A12). As 58 percent of Vancouver households rent, this is a large group of people.

When changes to federal and provincial housing programs were introduced in the early 1990s, the City had many programs with which it could respond. Today, one of the approaches used most often by the City to encourage affordable housing is to lease City-owned land to non-profit housing societies and co-ops as it has been doing for years. Typically, the City leases the land to the group for 60 years at 75 percent of market value. The City also actively searches and buys land for its Property Endowment Fund for the purposes of leasing it to housing groups. Other housing policies adopted by the City include a 20 percent social housing requirement in all major projects requiring a rezoning and providing developers with a bonus in density in exchange for affordable housing units. These are some of programs that typify the work done by Vancouver's Housing Centre, which was created to co-ordinate the City's housing initiatives. The Housing Centre also spearheads other affordability initiatives, such as overseeing programs to protect the existing rental stock and ways the stock can be increased (City of Vancouver, 1996).
Vancouver's willingness to encourage non-profit housing by contributing money directly to projects or by using the regulatory process to extract housing from development projects was apparent prior to senior government funding cutbacks, as many of the above-mentioned programs were implemented in the 1980s (City of Vancouver, 1996). However, the housing situation of the 1990s has meant that other parties have increasingly looked to the City to increase its role. To date, the City has been able to respond, partly because of the financial resources devoted to housing that have accumulated over the years, and because of the development activity the City saw in the mid-1990s which allowed Vancouver to extract housing from developers (Gray, 1998). If resources such as these shrink in the future, the City may not be as active in the housing field; however, looking at its past record, Vancouver will most likely find other solutions to its housing issues.

3.1.1.2 CITY OF NORTH VANCOUVER
The City of North Vancouver is a small urban centre of about 40,000 people. Many older, rental buildings comprise the housing stock. North Vancouver also has a sizeable number of seniors. Compared with the higher-priced housing in neighbouring West Vancouver, and the larger, family-oriented neighbourhoods of the District of North Vancouver, the City has a unique set of housing challenges. Housing has been an issue for the City for many years. Beginning in the 1950s, the City leased land for non-profit seniors' housing to be built. Today, the high proportion of seniors who require affordable rental housing is still an issue (City of North Vancouver, 1998). However, as 55 percent of the City's housing is rental
(Barrett and Ward, 1998: A12), it is obvious that affordability for a variety of age groups is a concern. The City is committed to providing a variety of housing options to address a variety of housing needs.

During the past twenty years, the City of North Vancouver has developed a policy framework that both encourages an increase in the affordable housing supply in the market and non-market sectors, and that strives to protect the rental stock (City of North Vancouver, 1997). Increasing the supply of affordable housing is encouraged by policies that provide density bonuses to developers for providing affordable units, and policies that require small units in higher density developments, because those units are more affordable than large ones. The City promotes non-profit housing by leasing City-owned land for non-profit social housing. North Vancouver City also has an affordable housing fund. Protecting the existing rental stock is another important initiative, because it is more economical to preserve what is already built, rather than to create new affordable units. To achieve stock protection, the City has a bylaw which prohibits the conversion of rental buildings to strata-titled property.

To better illustrate the types of initiatives that the City has undertaken, some recent projects are described:
Legion Redevelopment, 1998

The local branch of the Royal Canadian Legion wished to redevelop its property so that it could improve its recreation space and provide more housing for seniors. The Legion received a Homes B.C. allocation from the Province which allowed it to construct 33 units of non-profit rental housing. The B.C. Housing funding provides for an ongoing subsidy to ensure that rents will be held at 30% of income. The funding covers the difference between the cost of the development and the rents collected. Of those units, 8 will be wheelchair accessible. The remainder of the units will be strata-titled and sold at 20 percent below market rate. In addition, meeting space will be available to the community 50 percent of the time.

In order to make the project viable, the City did a number of things. First, it granted the developer a density bonus of twice the allowable floor space ratio. It also exempted some areas from the floor space ratio calculations, thus allowing the Legion to create extra units. Despite tremendous opposition from the community, Council unanimously supported the project. From the City's point of view, 33 non-market units will be added to the rental stock, affordable ownership units will be created, and the community will benefit by having more meeting space. However, the extra density granted to the Legion was quite high, and may be in excess of what was needed. The other consideration was that the Legion was not required to register housing agreements on the ownership properties, meaning that long term affordability of the units will not be guaranteed (Kathler, 1998; Pomerleau, 1998; McQuade, 1998: 112).

Quayside Co-Housing Project, 1997

The Quayside Co-Housing group approached the City to develop a co-housing project in North Vancouver. Co-housing is more common in European countries, especially in Scandinavian ones, but is considered an innovative type of housing in North America. Co-housing is designed to help foster a sense of community by creating large common rooms and communal kitchens but the trade-off for residents is having less personal living space.
The Quayside group created four affordable units and offered them for sale at 20 percent below market rate. One two-bedroom unit is a rental, with the rent set at the B.C. provincial guideline rate. In this instance, the City did not lease land or provide a density bonus to the group, but assisted it by providing relaxations on requirements where feasible and subjecting the project to a less rigorous design review than was typical of other multi-family projects (Kathler, 1998).

Margaret Heights, (early 1990s)

In the early 1990s, Entre Nous Femme developed a 19 unit multi-family project in the City. Entre Nous Femme is a non-profit society dedicated to providing housing for single mothers. To aid this society, the City provided a 60 year land lease to the group at a rate of 75 percent of market value. The City supported this project despite community opposition (Kathler, 1998).

These examples show that the City of North Vancouver has worked to create different projects, despite community opposition and potential financial risks.

3.1.1.3 DISTRICT OF NORTH VANCOUVER

Known for its mountain setting and views of Burrard Inlet, the District of North Vancouver is a desirable single-family suburb. The predominate type of housing is single-family homes, but about 30 percent of the District’s housing consists of higher density forms such as townhouses and apartments (District of North Vancouver(a), undated). A high proportion of the District’s population owns their homes, but for those who rent, over 40 percent pay more than the 30 percent rent-to-income affordability threshold (Barrett and Ward, 1998: A12). Although most District households are made up of two parent families, statistics show that the numbers of those over 60 years old are the fastest growing segment of the population (District of North Vancouver(b), undated).
The District has pursued a number of initiatives in the affordable housing realm. One of the more common tools they have used is to lease land to non-profit groups (Bostwick, 1998). Land leases benefit both the non-profit group, and in the long term, the municipality benefits from receiving lease payments as well as by controlling the land at the end of the lease term. Another tool North Vancouver District uses to aid non-profit housing organizations is to provide them with financial ‘relaxations’ (Bostwick, 1998). Essentially, the District has in some instances allowed the non-profit society to defer lease payments until they have a positive cash flow.

In the realm of market housing, the District has negotiated with developers of higher density projects to encourage them to build smaller units, which are more affordable (Bostwick, 1998). The legalization of secondary suites is another policy initiative undertaken by the District (Bostwick, 1998). Allowing secondary suites improves affordability for the owner, who then has help paying his or her mortgage, and improves affordability for renters by increasing the supply of what is traditionally a lower cost form of housing. Suites are also desirable because they are usually ground-oriented and thus suitable for all types of renters. North Vancouver’s approach is considered one of the most innovative, flexible and realistic by those involved with tenant’s issues (Grieve, 1998).

The following project describes the type of initiatives the District is willing to undertake:
Norgate House, 1993 - 1998

The municipality initiated the Norgate House project by seeking land and assembling five separate sites. A proposal call was issued and non-profit groups that were interested in the project were interviewed. Innovative Housing, a non-profit resource group active in the Lower Mainland, was selected to develop the project. The group wished to create rental housing for seniors who face physical challenges. The project’s two objectives were to incorporate accessible design features and to keep the rents at an affordable level. In the Greater Vancouver region, this type of housing is rare.

The project took five years to come to fruition. Because of the uniqueness of the project, Innovative Housing had difficulty finding people who were interesting in forming a society and taking on the project. Another obstacle during that five year span, which seriously threatened the project, was the change in the District’s Council. The new Council questioned why the process was so lengthy, and at one point considered abandoning the project and selling the land. The resource group was able to convince Council to continue supporting the project. From the society’s point of view, not only was Council’s withdrawal of support frustrating, other requirements made by City Hall were unexpected and onerous.

Despite the barriers and complications, the project will be completed and the objectives of both parties met. Perhaps the Norgate House is a perfect example of what is typical in housing partnerships; they are complicated deals which take perseverance and commitment from representatives on all sides (Bostwick, 1998; Pomerleau, 1998; Duvall, 1998).

3.1.1.4 CITY OF RICHMOND

Although all Greater Vancouver municipalities have seen transformation and change over the years, perhaps the most dramatic has been Richmond’s. By mid-century, Richmond’s transformation to a bedroom suburb was no great surprise and followed the path of development of other municipalities in the region. However, from the early 1980s, Richmond’s dramatic growth began. Its proximity to Vancouver International Airport and to downtown Vancouver meant its location was ideal for both locals and the region’s new
immigrants. Richmond became one of the suburbs of choice for new Lower Mainland residents, and new inhabitants spurred economic growth and housing demand.

New residents affected housing demand in two ways. First, demand increased, and as the population grew, housing prices in Richmond rose as well (Business in Vancouver, 1998: 19). Second, new housing forms became more accepted in the City. The so-called “monster home” was one type that became ubiquitous, and was attractive because it could comfortably house extended families. Higher density housing, especially in the downtown core became more common in Richmond too. Today, half of Richmond’s housing forms are single-family, while low-rise apartments, townhomes and high-rise apartments make up the remainder (Richmond, 1998: 49).

The housing challenge for Richmond then is to ensure housing is still affordable, at a time when demand for housing is still high. Also, as in the case in most parts of the region, Richmond has to ensure that in the future, there is an adequate supply of housing that meets the needs of seniors. Fortunately, growth in the City has put Richmond in the position of responding to some of its housing needs. In the early part of the 1990s, a high level of development meant that developers were in a position to contribute to the City’s “Affordable Housing Reserve Fund” (Morrison, 1998). That fund is used by the City to buy land which it can then lease to non-profit housing societies.

Richmond has tried to advance affordable housing options in other ways. Recently, it encouraged the developer of a four tower project to create small, market rental units in one of
the buildings. The City will register housing agreements on the title to ensure that the units will remain rental and not be converted into strata-title (Morrison, 1998). As the Greater Vancouver area has seen little purpose-built rental created in the last decade, it is hoped that this new building is an indication that the market can again support rental housing.

Richmond believes working with non-profit groups and leasing land to them is the most effective way that it can increase affordable housing supply (Morrison, 1998). Leasing land is attractive to the municipality because over time it gets the value of the land back in lease payments, as well as owning the land at the end of the period. To date, most of the projects in Richmond have been family co-ops, and few non-profit rental units have been built. Despite Richmond’s desire to work with non-profit groups, these groups indicate that Richmond is not especially active in the affordable housing field (Sundberg, 1998; Pomerleau, 1998), perhaps because the municipality has little land which it can offer for lease.

3.1.1.5 CITY OF SURREY
Like other municipalities in Greater Vancouver, the last decade has brought tremendous growth to Surrey. Considered one of the fastest growing cities in the country (City of Surrey, undated), Surrey’s population is expected to surpass Vancouver’s by 2021. Not surprisingly, population growth has unleashed a great demand for housing. Due to lower land costs, and the distance to Vancouver’s downtown core, home ownership in Surrey is considered quite
affordable compared to some of the region’s other municipalities. However, affordability for half of Surrey’s renting population is difficult.

Although Surrey has included affordable, rental and special needs policies in its Official Community Plan (adopted in 1997), to date there have been few programs implemented that achieve those objectives. Surrey’s most notable affordable housing initiative was its creation of an “Affordable Housing Reserve Fund.” The City required developers to contribute $750.00 to the fund, and the City also contributed five percent of the sale proceeds of City-owned land. However, in February, 1997, developers were no longer required to contribute to the fund, and in June, 1998, the City’s 5% contribution was eliminated (City of Surrey, July 3, 1998: 2) Currently, the fund stands at about $5 million.

Since 1982, Surrey has leased land to non-profit groups three times (Aronson, 1998). In 1982, land was leased to a co-op group so that it could develop a 39-unit family townhome development. In 1994, the Semiahmoo Peninsula Affordable Housing Society leased land from the City to create a non-profit rental townhouse project. More recently, in 1997, the City again leased land to a non-profit group so that it could create the 61-unit “Rodeo Park” project. Of these projects, only the Semiahmoo one received help from the fund. The City did not use the fund to purchase land for non-profit groups, as Vancouver does with its Property Endowment Fund.

Surrey’s newest initiative is to use the interest earned from the Affordable Housing Reserve Fund for a new affordable homeownership program (City of Surrey, 1998). The objective of
the program is to assist first-time homebuyers to enter the housing market. The implementation plan is currently being developed, but most likely Surrey will work with non-profit groups to administer it (Aronson, 1998). Non-profit groups will either develop the housing, or act as the organization through which the City will dispose of the funds to qualified recipients. The Municipal Act states that municipalities cannot give grants to individuals in order for them to purchase housing; however, the City may give grants to “an organization considered by the Council to be contributing to the general interest and advantage of the municipality,” (City of Surrey, 1998: 4). Thus, it is necessary that the City work with the non-profit housing societies.

Table 3.1 Summary of Selected Municipalities’ Housing Issues and Tools

<table>
<thead>
<tr>
<th>MUNICIPALITY</th>
<th>HOUSING ISSUES</th>
<th>COMMONLY USED TOOLS</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver</td>
<td>• high percentage of renters who have difficulty finding affordable housing</td>
<td>• land leases - buys land for non-profits</td>
<td>• most active and innovative municipality in the region</td>
</tr>
<tr>
<td></td>
<td>• many groups to house (youth, single mothers, Downtown Eastside residents,</td>
<td>• density bonusing</td>
<td>• development activity in Vancouver allows Housing Centre to leverage new affordable units - what will happen when development slows?</td>
</tr>
<tr>
<td></td>
<td>seniors, etc.)</td>
<td>• 20% social housing requirement in large developments</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• initiatives to protect the rental stock</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Vancouver City</td>
<td>• small, urban centre with high proportion of seniors</td>
<td>• land leases to non-profits</td>
<td>• uses a variety of tools</td>
</tr>
<tr>
<td></td>
<td>• rental housing stock threatened by re-development</td>
<td>• encouraging smaller units in med. and higher density projects</td>
<td>• type of projects undertaken shows willingness to accommodate and try new initiatives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• affordable housing fund</td>
<td>• Council supports affordable housing despite NIMBY</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• policies to protect rental stock</td>
<td></td>
</tr>
<tr>
<td>North Vancouver</td>
<td>• single-family suburbs</td>
<td>• land leases</td>
<td>“Norgate House” example shows non-profit groups and staff must be persistent</td>
</tr>
<tr>
<td>District</td>
<td>• seniors will be concern in future</td>
<td>• financial relaxations to non-profit groups</td>
<td>• also, changes in political leadership threaten affordable housing projects</td>
</tr>
<tr>
<td></td>
<td>• resistance to growth, and higher density housing by recent Council</td>
<td>• encourage developers to build smaller units</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• secondary suites program</td>
<td></td>
</tr>
</tbody>
</table>
Richmond

- population boom raises housing demand - affordability is difficult to achieve
- land leases
- affordable housing fund
- encourages rental housing were possible
- lots of development - could Richmond use density bonusing or require 20% social housing?
- non-profit housing groups believe Richmond could be more active

Surrey

- lots of land and lower land prices means lots of development
- conservative Councils not interested in promoting affordable rental housing
- affordable housing fund
- leased land (3 since 1982)
- affordable home ownership program is newest initiative
- affordability is issue for Surrey renters but programs do not address
- Surrey will continue to grow - how can affordable housing be included?

3.1.2 Non-profit groups

The non-profit sector is the force driving the development of affordable housing in the region. Often times, a non-profit group will initiate a project that meets the needs of its clientele. It will contract with an architect and builder to have the project designed and constructed. It will then secure the funding either by applying for funds through the Provincial program, or by conventional funding sources. The non-profit group also deals with the municipality. In some instances the municipality may provide land to the non-profit group as described in the projects above. In all cases, the non-profit group must work with the municipality to get approval for the project. Non-profit groups liase with all others in order to see the project through to completion.

This description masks the differences amongst non-profit housing societies, as not all non-profits develop housing. Non-profit housing organizations can be broadly categorized into three groups. The first of these are often referred to as “service clubs” (Bostwick, 1998). Groups such as the Kiwannis Club, the Lions Club, or the Rotary, who developed much of
their projects decades ago, fall into this category. In the past, service clubs could easily obtain funds from the federal government for their housing initiatives. Today, both the members of the clubs and their housing is ageing. This poses problems for the stewardship of the housing, as board members grow old and become reluctant to make changes (Morrison, 1998). However, the ageing stock provides an opportunity for developing more housing. Because the housing was created before the Lower Mainland became heavily populated, many of the service clubs' sites are well-located and under-developed.

The second category of non-profits is the resource groups (Haddrell, 1998). Proliferating during the heyday of the federal co-op programs in the 1970s, these groups have had to adapt and become more resourceful in the way they create projects in the face of reduced federal programs. The resource groups face the added challenge of operating with reduced funds and staff. Staff burnout is a common concern. Despite having little capital and few resources, the groups have managed to continue building non-profit housing with the government programs that are available, and have looked at working with service groups and other groups who only do one project at a time.

“Single project” groups are the third broad category of non-profit housing associations (Bostwick, 1998). As the name implies, the groups, often affiliated with organizations such as church or seniors’ groups, work on a single project for their constituents. Frequently, group members have little expertise in the housing field, but may be in a position to develop housing because they own land or have money. Therefore, single-project groups find housing development frustrating because they do not understand the municipal approvals
process or they do not know how to tap into Provincial funding programs. The amount of time required to complete a project is discouraging to members, many of whom are volunteers. Single project groups frequently connect with resource groups who have the necessary knowledge to get the project done. Single project groups would benefit from supportive municipal planning staff who can explain the process to them, advise them of pitfalls, and who could expedite the project when possible.

There are thousands of service clubs and groups that build and manage a single project. The fragmentation of the non-profit sector obviously has some drawbacks (Charles, 1998). The proliferation of so many groups means that non-profits compete with one another for land and Provincial funding allocations. If a proposal call is issued by the Province or by a municipality, different groups spend time and money creating a proposal. In a situation where many small groups operate, it is difficult for expertise to be nurtured, and as reported, non-profit groups rely on consultants and developers to get the projects completed. If the non-profit sector had fewer small groups competing with one another for projects, the sector as a whole could be more efficient; however, it is questionable whether having fewer, but larger non-profit housing groups in the sector would be in the best interest of the community.

Recognizing the disjointed nature of the sector, in 1993, the B.C. Non-Profit Housing Association (BCNPHA) was formed (Sundberg, 1998). The objective of the association is to take the lead in representing the interests of the sector. The BCNPHA provides information to its members, advocates on behalf of the non-profit groups and provides networking opportunities for those involved in non-profit housing and is also investigating the creation of
a joint wait list/housing registry for affordable housing to better serve people needing housing and non-profit societies providing the housing. However, despite its attempt to unify the non-profit sector, it represents only about a third of the non-profit housing societies in British Columbia.

Table 3.2 Profile of Non-Profit Housing Groups

<table>
<thead>
<tr>
<th>TYPE</th>
<th>WHAT THEY DO</th>
<th>CHALLENGES</th>
<th>OPPORTUNITIES</th>
</tr>
</thead>
</table>
| Service Clubs     | • developed projects during the 1960 and 70s with federal government funds - now manage their housing stock | • ageing board members means society finds it difficult to manage the project or find new members for the board  
• housing is ageing and may need expensive renovations  
• groups resistant to change or building new projects | • ageing projects which are well located, but on under-developed sites means potential for re-development |
| Resource Groups   | • have expertise to develop new projects  
• assist other non-profit groups to develop housing  
• project management | • grew when federally funded programs encouraged new projects  
• today, difficult to get project capital  
• organizations are small due to lack of funds - means less on-staff expertise and more staff burn-out | • cutbacks to government funding programs has meant groups have become creative - these groups can do more with less government dollars |
| Single Project Groups | • develop one project for a pre-determined clientele | • usually no expertise, so spend time and money learning the process | • usually have land or capital that it can contribute to the project |

3.1.3 Other Actors in the Affordable Housing Field

3.1.3.1 B.C. HOUSING AND MANAGEMENT COMMISSION (BCHMC)

This Provincial government body is responsible for delivering the “Homes B.C.” program which funds new non-market housing projects. Working with the non-profit sector is a key strategy of the BCHMC, as it believes the non-profits are best able to build and manage projects (CitySpaces, 1998: 2). Furthermore, stemming from the image of large-scale federal housing projects built during the 1960s, public opposition towards government
intervention in housing provision is high. From the Province's point of view, it benefits everyone to have a strong non-profit sector that constructs and manages non-market housing.

The role of the BCHMC is to provide capital and give project approval. The Province’s approval process is concerned that non-market projects use public funds wisely, and that they not face future liability. BCHMC’s concern with liability has drawn criticism from the non-profit sector in that the Commission creates unnecessary bureaucratic obstacles, and that too many resources are spent checking and double-checking projects (Duvall, 1998). However, if an inexperienced non-profit group is involved in the project, it is necessary for B.C. Housing to be diligent in its review process (Charles, 1998).

To some, the Province’s programs are not flexible enough to respond to the housing needs in the community. For example, one of Vancouver’s priorities has been to develop housing for youth, but the Province’s programs are primarily targeted at families and seniors. Building housing for youth under these programs is not effective or feasible as standards must be changed to account for the wear and tear that young people place on the units in which they live (Gray, 1998). Also, a non-profit group reported that they wished to build some two bedroom units in their development because their clients would have been better served (Pomerleau, 1998). In that case, the housing was for ill seniors, and it would have been preferable if a couple could have separate bedrooms, but under the Provincial guidelines, only one bedroom units were approved.
Undue bureaucracy is not the only criticism of the BCHMC. Some in the housing field believe the Province could be more innovative in finding alternative funding sources for housing programs (Kathler, 1998). For example, one suggestion is to redirect part of the Property Purchase Tax, currently collected on all land transactions, into funding housing programs rather than that money going into general revenues (Kathler, 1998). In this way, the Province could accumulate a reserve fund, as some municipalities have done. Despite raising these concerns, all of those interviewed commended the Province for their commitment to non-market housing when all but one other province has abandoned this sector.

As well as working with non-profit groups, BCHMC works with Lower Mainland municipalities. Vancouver's position is that it prefers to work with the Province on each project, as it means that each organization does not have other projects competing against one another (Gray, 1998). Other municipalities are not as interested as Vancouver in dealing with the Province in general. Longstanding antagonism between the two parties in other policy areas has affected some municipalities' decision to co-operate on issues such as housing (Sundberg, 1998). For example, a project in Coquitlam that had received a B.C. Housing allocation and was seeking approval from the municipality was rejected by Coquitlam council, just at the time when the Province was reducing transfer payments to municipalities. Considering this, housing has suffered because of poor relations between some municipalities and the Province.
3.1.3.2 DEVELOPERS
Although not always the initiators of affordable housing projects, developers are often key players. Both market and non-market developers can be instrumental in getting affordable housing projects built. Developers can bring capital to the project. Non-profit groups report that in some instances, their projects are not considered seriously by municipal officials, but when a developer is brought onto the project, the project instantly gains respect and credibility from the municipality (Duvall, 1998; Sundberg, 1998). Market developers may be less willing partners, and may be involved because of municipal regulations to include a percentage of social housing in their projects. Also, developers may chose to provide affordable housing in exchange for extra density for their project.

Despite municipal policies that encourage market developers to develop non-market housing, municipalities report that the number of times this occurs is few. Although rezoning property to a higher density use is profitable to the developer, there is a limit to the extra value that can be generated, and the project most likely will not be able to support all the amenities desired by the different parties (Gray, 1998). Often in major rezoning projects, affordable housing has to compete with other amenities desired by the municipality or community, such as improved infrastructure, dedication of park space or retention of heritage buildings. Frequently, affordable housing is not at the top of the list, either because the municipality does not believe it to be a priority, the community does not want it, or the developer finds other amenities to be more marketable (Bostwick, 1998). In the end, developers cannot be compelled to provide affordable housing, and for this reason dealings with market developers
are often not true “partnerships” because the decision-making power between the two parties is so unbalanced.

Some developers choose to focus their activities on the non-market housing sector (Duvall, 1998). As for-profit developers do, non-market ones bring capital or land to the project and credibility for non-profit projects in the eyes of municipal officials. Non-market developers are valued for their development expertise, their knowledge of the funding agencies and understanding of the non-profit sector. For example, for the Norgate Project in the District of North Vancouver, the developer was able to review the plans and find more economical ways of building (Duvall, 1998). Non-market developers choose to operate in this field because their financial objective is to earn steady profits over the years, rather than undergo the boom and bust cycles that other developers who want higher profits will tolerate. As a result, developers of non-profit housing make less profit than their market counterparts, but that is because they undertake less risky projects. Although non-market developers are profit driven, it is more likely that their project objectives align with the non-profit sector’s than does the for-profit developer.

3.1.3.3 GREATER VANCOUVER HOUSING CORPORATION (GVHC)

This intra-municipal body was created in the 1970s in order that Lower Mainland municipalities could tap into the federal programs designed for public non-profit organizations, which included municipal non-profit housing corporations. Although the corporation has over 3,000 housing units under management, in recent times it has been
inactive in developing new housing (Charles, 1998). The GVHC is unique from other municipalities because of its reporting structure. The GVHC reports to a board consisting of Lower Mainland politicians. Indirect political accountability gives the corporation a degree of autonomy that municipal departments, which are responsible to council, do not have.

The GVHC has recently undergone a mandate review, and is looking at new initiatives with which it can expand its role as a more active player and a housing developer in the non-profit sector (Charles, 1998). An 86-unit project in Coquitlam for families and seniors is the corporation’s first development endeavour in years. Unlike other non-profits, the GVHC has accumulated capital which it can use to buy land, as it did in this case. Other funding for this project came from BCHMC. The GVHC is also exploring ways in which to introduce a homeowner program for first time buyers. The GVHC’s other activities include offering services to Greater Vancouver municipalities. For example, the corporation will manage any units which municipalities may acquire through density bonusing. Often times, municipalities who are negotiating with developers over the amount of bonus density to grant in exchange for affordable housing do not have the financial expertise to determine whether the deal is reasonable or not. The GVHC offers financial analysis for municipalities in this situation. The GVHC also wishes to promote itself as a resource group to any non-profit which wishes to develop a project.

The role of the GVHC as a housing developer has been limited in the past decade, but the corporation wishes to reverse that. The GVHC has assets and can tie up land, which municipalities and non-profit groups are not always able to do. They may be able to create a
niche for their organization in the non-profit housing sector. It is too soon to determine the full extent of activities that the GVHC may undertake, however, it is clear that they are willing to take on a role that many municipalities presently find too onerous.

3.1.3.4 COMMUNITY
The extent to which the community can be considered a “partner” in the development of any project varies for each circumstance. The term “community” itself is vague because it is unclear who is being represented or included. Nevertheless, the role of the community is discussed here because of its potential to help or hinder an affordable housing project. In cases of market developments where non-market housing is proposed as part of the plan, the non-market housing often has to compete with the amenities favoured by the community. If there is no community support for the non-market housing, it is difficult for it to remain on the agenda. In a situation where a non-profit society tries to develop a site, and a rezoning is required, the support of the community is critical. There are few councils dedicated to affordable housing to the point where they will support it in the face of vociferous community opposition.

3.2 Conclusion
The purpose of this chapter was to introduce the organizations which play an integral part in developing affordable housing. The chapter focussed on the role of some Lower Mainland municipalities and described some of the initiatives undertaken by them to aid the development of non-profit housing. It is clear that municipalities have multi-pronged affordable housing strategies where partnering with non-profit societies is just one
component. A substantial portion of the chapter was devoted to them, as often the municipality sets the context in which other organizations must operate. The role of the non-profit sector was also described. It is apparent that the diversity within the non-profit sector is great. Although having a variety of organizations involved in the non-profit sector means that a larger clientele is better served, it also poses challenges for the sector overall. Other groups, such as developers, the Provincial government, the Greater Vancouver Housing Corporation, and the community were introduced and their roles in affordable housing were explained. Although this thesis focuses on local governments and non-profit organizations, to ignore the contributions made by other groups would result in an incomplete picture of the partnerships required for affordable housing.

**Figure 3.1 Typical Links Among Organizations in the Creation of a Housing Partnership**
4. ISSUES IN AFFORDABLE HOUSING PARTNERSHIPS

The previous chapter listed those that participate in the affordable housing sector and described the role that each has in an affordable housing or non-market project partnership. From that information, some general observations can be made. For municipalities, it is apparent that the extent to which they implement affordable housing policies varies greatly. It is also evident that of the municipalities that do work in partnership with non-profits, land leasing is the most common planning tool used. The findings in this chapter have been organized to explain why some municipalities are pursuing affordable housing initiatives to a greater degree than others.

Some generalizations can be made about the non-profit sector as well. Obviously, the sector is fragmented, with thousands of groups individually managing their housing project. Changes in government housing policy have affected the non-profit sector and have compelled some groups to become more innovative and creative in their attempt to create affordable housing. Constraints faced by the non-profit sector will be explored below. The chapter will also explore the concept of partnering between the non-profit and public sectors and how the relationship can be strengthened.

4.1 Municipalities

4.1.1 The Importance of Political Support

A constant theme arising from this research was the importance of having a council that supported housing initiatives. Quite simply, if a municipal council does not support affordable housing initiatives, staff are unable to be proactive on housing issues (Gray, 1998;
Bostwick, 1998; Kathler, 1998). Staff find it difficult to bring forward their own housing initiatives, to work with the non-profits, or to negotiate with developers for housing. Furthermore, non-profit groups that attempted to introduce affordable housing projects to unsympathetic councils found their efforts futile, despite support from staff (Pomerleau, 1998).

Understanding why councils are unsupportive of social housing projects is a complex issue that goes beyond “left-“ or “right-wing” political ideology, as “right-wing” councils, such as Vancouver’s, have been very supportive of these projects. Councils are concerned with a myriad of issues that influence their decision of whether to support a project. At one level, they may not support social housing projects because they believe it to be the responsibility of senior levels of government, not of municipalities (Morrison, 1998). From a financial perspective, they may believe that their municipality cannot afford to support a non-profit project because the municipal tax base is not large enough and not designed for what they see as essentially social welfare programs (Morrison, 1998). Or, councils realize, on the advice of their Directors of Finance, that affordable housing does not help their financial bottom line (Sundberg, 1998). Councils also perceive themselves to be carrying out the wishes of the community, so significant community opposition can veto an affordable housing project.

Municipalities that have councils that support affordable housing initiatives appear to have a history of participating in the field. For example, Vancouver and the City of North Vancouver leased land to the federal government for affordable seniors’ housing in the 1950s and have worked on various initiatives since that time. Richmond’s council also has a
history of supporting affordable housing projects, especially family co-ops (Morrison, 1998). A history of supporting such projects seems to shape political attitudes towards housing issues in two ways. First, municipalities are comfortable with supporting affordable housing projects and working with non-profit groups because, for the most part, they have not suffered negative consequences from past deals, and they are carrying on with activities they have always traditionally done. Second, because of past action, there is a sense of commitment on the part of the municipality toward affordable housing (Kathler, 1998). These councils support housing regardless of any political ideology.

Municipalities also report that having long-serving councillors on council is a factor in whether affordable housing is supported. Staff have found that they have better working relationships with councils that have had few changes in members over the years (Kathler, 1998). Individual councillors become more familiar with housing issues, allowing staff to introduce new initiatives (Pomerleau, 1998). A long-standing relationship between councillors and staff also benefits staff in that they become more knowledgeable as to when and how politically sensitive issues such as housing can be brought forward (Morrison, 1998). Councillors, over time, gain more confidence in staff's ability to enter into new policy fields or undertake new strategies.

4.1.2 Bureaucracies: Helping or Hindering Non-Profit Housing?
Bureaucracies are a favourite target of almost anyone who has dealings with them; however, non-profit organizations take a pragmatic outlook in their relationships with local government staff. When the issue is local government bureaucracy, non-profit developers
have the same complaints as for-profit ones. People who develop housing projects do not want to face unexpected delays, as this increases the costs of their projects (Pomerleau, 1998). They also appreciate dealing with the same staff person because they feel they can build a rapport with that person and they like to have a municipal official who knows the details of their project (Pomerleau, 1998). For non-profits, this may be especially important as their projects can be more complex than a regular market development. In the case of non-profit groups, they also appreciate staff efforts to direct them to sites that may be more suitable for affordable housing (Pomerleau, 1998). Generally, they appreciate honestly from municipal staff about their project’s likelihood of going ahead.

Many municipalities in the Lower Mainland do not have a staff person who is responsible for affordable housing projects. Thus, when a non-profit housing society approaches a municipality to do a project, the staff person with which they are dealing may have no appreciation for what the group is trying to accomplish, the limited resources that they have, or the type of assistance that they may need (Pomerleau, 1998). This is discouraging for many non-profits. In other instances, the “social” planner responsible for non-market housing has limited insight into the development activities in his or her municipality. Therefore, the social planner is unable to negotiate with the developer for affordable housing units. Unless the “development” planner makes social housing his or her objective, it will not be an issue for that project. Clearly, an ideal solution would be to have a housing planner or social planner whose responsibility is affordable housing, and who is informed of, and can comment on, major developments in the community. Richmond follows this practice (Morrison, 1998). Non-profit groups report that the presence of dedicated staff people make
the difference in whether their project will go forward in that municipality or not (Sundberg, 1998).

The structure of the internal bureaucracy can hinder housing projects. When a new development is proposed, different municipal departments become involved. Each has a set of objectives that it might wish to achieve from that project (Bostwick, 1998; Pomerleau, 1998; Gray, 1998). The planning department may want the development to fulfil either social, design or long term planning objectives. The engineering department’s concern is for the developer to provide infrastructure. The parks department may require the developer to save certain trees. In some cases, heritage planners may be involved. Affordable housing must compete against all of the other objectives proposed by other departments. Even within the planning department, affordability may be low on the list of priorities (Bostwick, 1998).

This situation may be a result of two factors. First, the structure of municipalities is such that it pits departments against one another in the competition for amenities, rather than having co-operation between departments. Second, the personal values of staff may dictate which objectives become priorities or not (Kathler, 1998). If staff do not personally believe that affordable housing is a priority, then it is unlikely they will work hard to bring it to the agenda. This situation can partially be rectified by council attitudes. If council supports affordable housing, then staff from all departments will begin to treat it as a priority.
4.1.3 Municipal Requirements and Regulations
It is agreed by municipal staff and representatives of the non-profit sector that municipal regulations are a necessity that have been created to respond to safety and livability concerns of the community. From a non-profit housing society's point of view, municipal requirements are another cost that must be built into the project's budget (Duvall, 1998). What frustrates non-profit developers is when they are faced with delays or unexpected regulations because this increases the timeline of the project and effects the costs (Haddrell, 1998). All of this is true for the for-profit developer, but for the non-profit developer, whose project is usually tightly budgeted, unexpected costs can affect the financial viability of the project.

Therefore, any program to fast-track development is appreciated by the non-profit sector. In Surrey, for example, the rapid pace of development means that city staff are inundated with rezoning and building permit applications and the time required to receive municipal approvals is longer than in other jurisdictions. Surrey could help the non-profit sector by fast-tracking their applications (Haddrell, 1998). Of course in smaller municipalities, this may not be a concern, and a policy of informal fast-tracking may be sufficient in ensuring that non-market development proposals are not unduly delayed at city hall, as is done in the City of North Vancouver (Kathler, 1998). Richmond also reports that it informally fast-tracks projects (Morrison, 1998). However, from a staff perspective, it is found that non-profit developments are more complex, involve more players, such as funding agencies, and that due to high staff turnover, it is difficult to get timely responses from the developer. It is
often advised that the developing society appoint a lead person to push the application forward.

Development Cost Charges (DCCs) are a requirement that effects the non-profit housing sector. Of course, no developer likes paying DCCs, but most agree they are necessary to pay for the infrastructure needed to meet the demands of new residents. For the non-profit sector, DCCs are onerous because they cannot be passed on to the end purchaser, as they are with for-profit developments. Essentially, they are an extra cost for the non-profit group that goes to the municipality, and not into the housing itself. Non-profit groups have also mentioned that because DCCs are calculated on a per unit basis and not a square footage basis, higher density housing is essentially penalized because it is charged proportionally more than lower density housing (Haddrell, 1998). In the past, Surrey gave a grant to non-profit groups to help offset the cost of DCCs, but this practice has stopped (Bostwick, 1998). Besides affecting the cost of housing, DCCs influence the location of non-profit housing (Haddrell, 1998). Not all municipalities have DCCs, so if a non-profit has to choose between two sites that cost the same, one in a municipality with DCCs and one in a municipality without, it will obviously be attracted to the one without. This is the situation in Surrey, which has DCCs, and Delta, which does not.

4.1.4 Municipal Resources
A major barrier faced by municipalities is that they have a limited amount of resources that they can use for affordable housing. Essentially a municipality can contribute two kinds of resources, density or land. Density can be used as a negotiating tool to extract affordable
housing from a developer, or it can be given to a non-profit group to help them make their project more feasible. However, density is a limited commodity (Bostwick, 1998). Municipalities cannot grant an endless supply of it, because too much density could conflict with other interests in the community. No matter how committed a city is to affordable housing, it is still cognizant of basic planning principles. Furthermore, the community itself places limits on the amount of density it will accept, through the rezoning process. Also, density bonusing can only be used during periods of development activity (Gray, 1998). If the economy is doing poorly, and development activity is low, density bonusing is not a prudent strategy for extracting affordable housing. The other drawback to using density bonusing is that municipalities are left with units that it must manage (Morrison, 1998), which represents a cost to the municipality. The solution is usually to contract with a non-profit group to have them manage the units.

When cities have land and wish to support affordable housing, they are content to offer land leases to non-profit groups. Land leases have been done for many years by many municipalities, so for most municipalities, this type of arrangement appears limited in risk and thus is politically acceptable (Morrison, 1998). In fact, land leases are good for a municipality’s bottom line because usually the terms, 75 percent of the market value for 60 years, are the market price of the lease. The city regains its investment, and can re-use it for affordable housing (Morrison, 1998). From the finance department’s point of view, it is good business for the municipality to own the land because it is an asset, and because the municipality receives cash flow in the form of lease payments (Gray, 1998). At the end of the term, the municipality will again have control of it. The drawback for the municipality is
that in the short term the financial benefits are not as great (Charles, 1998). Municipalities must balance the housing needs of today with needs of the future, so they carefully consider each lease they enter (Kathler, 1998). The amount of time and paper work required by municipalities for the lease is a necessity to ensure that their successors do not suffer negative consequences in the future.

Land leases are a useful vehicle for all parties but not all municipalities use them. Not all Lower Mainland municipalities have land that they can lease. If they wished to lease land to non-profit groups, they would have to buy it. Municipalities in this position argue that they are not in the financial position to do so. Some municipalities who do buy land and lease it back to non-profit groups do so not only to help non-profit groups, but also because they want to expand their property portfolio. In the long term, owning property will benefit the city. Other municipalities do not have such long range vision.

All non-profit groups report that it is good for them if the municipality will lease them land (Haddrell, 1998). It means that suddenly they are much closer to completing their project, and also they know they have the support of the municipality. However, land leases are a trade-off for the non-profit groups because although their immediate needs are being met, they are paying for something that they will not own at the end of the lease term (Pomerleau, 1998). Non-profits would like to believe that in the future, the municipalities will continue to use that land for affordable housing, but no one is certain of the situation municipalities may find themselves in the next sixty years. In order to ensure that the land will be used for affordable housing in the future, some non-profit groups have said they would like to see the
land leased for affordable housing by the municipalities to go into a land trust, to be used for affordable housing in perpetuity (Pomerleau, 1998).

Another barrier for municipalities is a lack of expertise. Developing partnerships involves a good knowledge of land economics, negotiation skills, financing methods, contractual law and property negotiation skills. Few municipalities have staff with this range of knowledge and abilities and to acquire them by consultants is expensive. Related to this is the fact that most partnerships are complex. Since each project is unique, a new model must be created each time. For the municipality, this is expensive and time consumptive. Further, because of the “newness” and uniqueness of each project, the chance of failure is high, a prospect not attractive to fiscally cautious councils and staff members.

4.2 Non-Profit Housing Organizations

4.2.1 Non-profit Sector Resources
When it comes to finding resources to build housing, the non-profit sector faces the same problem as municipalities. A lack of resources has forced the non-profit sector to become more creative in putting projects together, and has forced them into partnerships with other groups. Non-profits cannot accumulate capital, because they can only get income from charging fees (Haddrell, 1998). Fees are charged for managing buildings and for developing projects. If they are unable to acquire a BC Housing allocation for their project, they have to find funding from a conventional lender. For the non-profits, this means the time and cost of the project will increase as they comply with the regulations of the lending institutions. The other element crucial to developing a project is land, and often, non-profits do not own any at
the onset of the project. As discussed in the previous section, there is the opportunity for non-profit groups to redevelop sites owned by service clubs, which would mean the land component is secure. Ultimately, the absence of resources means that non-profits cannot provide the best service to their clients because they are always settling for poor sights in inconvenient locations (Pomerleau, 1998).

Why would anyone want to partner with the non-profit sector then? What do they have to offer to municipalities or the Province? Non-profits have expertise on how funding can be obtained from the Province, and they know how to build non-profit housing projects on time and on budget (Charles, 1998). They have successfully developed relationships with all of the other parties involved in a non-profit housing project. But importantly, the non-profit sector has long-standing ties to the community (Charles, 1998). Their ability to meet the needs of the community is an important one that municipalities cannot always do. Community ties are a resource that cannot be measured, and therefore is often not recognized by municipalities, the Province, the developer, or sometimes even the non-profit group themselves. Non-profit groups contend that municipalities do not appreciate their expertise, and they feel they are not accorded the respect that developers of for-profit projects receive (Sundberg, 1998). This can partly be contributed to municipalities not understanding and valuing the community roots that non-profit housing groups bring to the process.

4.2.2 Understanding the Political Arena

Municipalities who have worked with non-profit housing groups have a common lament about them. Groups routinely approach the municipality for assistance with their project and
are often unrealistic about what they can achieve. They expect resources from the municipality that it simply cannot provide. A Vancouver planner recounts a recent discussion with a non-profit group, noting that, “every group comes in and wants the City to get them a site on the westside of Vancouver, and have their project be affordable, and have the City give them the land. That’s simply not going to happen,” (Gray, 1998). This observation is most applicable to the single-project groups who are doing a development for the first time and are unaware of what a municipality can offer. Resource groups are likely to be more realistic in how the municipalities can aid them because they have experience developing projects. Regardless of the type of non-profit group, municipalities also report that they seem to be unaware of the political realities that shape municipalities and the political constraints that staff and politicians face (Kathler, 1998). Planning staff must always consider whether a housing proposal will have council support (Bostwick, 1998; Kathler, 1998). If non-profits were able to consider the political aspect of a project before they brought it to the city, there would be a better chance of it going forward. This requires consideration on the part of the non-profit and on the part of the municipality, which can educate non-profits about the political considerations that must be made.

4.2.3 Internal Structure of Non-Profit Groups
It is generally acknowledged that the size of the resource groups has become smaller since the discontinuation of federal funding of housing programs. After growing exponentially during the 1970s and 1980s, non-profit groups have had to reduce staff in order to cut costs and stay in business (Haddrell, 1998). The effect of lower staffing levels is a heavier workload and more stress for the staff who remain working in the sector (Pomerleau, 1998).
Non-profit organizations also lose expertise when some staff members leave. However, other non-profits do not report that having a small number of staff is problematic (Haddrell, 1998). They believe the staff they have retained has expertise, and the non-profit group can always rely on builders and architects for technical knowledge. A smaller staff allows them to be less bureaucratic, and thus they are able to be more flexible and responsive in their work (Haddrell, 1998).

Still, municipalities complain that non-profits are sometimes too slow, which stems from being understaffed, over-worked and having less expertise on hand. Some non-profits have a decision-making structure which, although more consensual, is also more timely (Kathler, 1998). The effect of this is more serious than the project being slowed down. Delays cause concern with the other partners (Bostwick, 1998). Municipalities, especially councils, become anxious as to why the project is taking so long. Their belief in the non-profit’s ability to complete the project begins to wane. The credibility of the non-profit group begins to be questioned by the municipality, and the relationship between the parties can begin to falter. Therefore, the non-profit’s ability to deliver what it proposes, on time, is essential to establishing and maintaining the relationship it has with the municipality.

### 4.3 The Makings of a Partnership

#### 4.3.1 Why Organizations Participate

Organizations work together to create affordable housing out of necessity. For the resource-poor non-profit group, partnering may be the only way to get new affordable housing built. Working with the municipality or a developer to obtain land, and with the Province to obtain
funds is the only solution for groups with no cash or land. From the municipal perspective, partnerships are entered into in order for the them to achieve their social housing objectives. Municipalities are required by the Municipal Act to have policies for special needs, rental and affordable housing. How municipalities implement those policies is the challenge, and working with the non-profit sector is one solution for the municipality to achieve its goals. As the Province’s focus is on the core needy, the municipalities and non-profits can work to fill the other gaps in the affordable housing spectrum (Morrison, 1998).

The non-profit group can aid a municipality in three ways. Firstly, it can help the municipality by identifying housing need and producing more housing in the community, as has happened in many Lower Mainland municipalities. Second, it can manage units the municipality obtains from developers, as Richmond hopes they will do. Finally non-profits can help the municipality administer affordable housing programs, as Surrey is proposing for its affordable homeownership program (Aronson, 1998).

The Province enters into partnerships with non-profit groups because it needs an organization that will deliver its programs. From the municipality, the Province hopes the land component can be secured through land leases (Charles, 1998) and that the Province can offer expertise and a program structure that can secure the affordable housing in the long term. Non-profit developers work with non-profit groups because that is the way they stay in business. For-profit developers, on the other hand, may work with non-profits because of coercion from the municipality. A policy requiring developers to provide 20 percent social housing in large-
scale projects, or a density bonus program may force the developer to work with the non-profit groups. Clearly, “partnerships” based on forced participation are not ideal.

4.3.2 Conditions for Partnerships
In order for a partnership to happen, it is universally agreed that every partner must bring something to the deal, and what is brought must be recognized and valued (Sundberg, 1998). Being able to bring something to the table helps each partner earn the respect of the other partners. According to the non-profit groups, if the municipalities are not offering anything to the project, then their role is as regulators, not as partners (Haddrell, 1998). Also important for a partnership is that each party recognizes the motivation of the other parties, and realizes that each party must obtain something from the partnership in order for it to work (Gray, 1998). If the objectives of one party are not met, then the partnership is unlikely to succeed. Furthermore, if the partners have differing objectives, then the relationship is likely to be strained. This has been the case in Vancouver, where the City’s housing objectives of the day were to do projects for young urban singles, but the Province was only concerned with funding housing for families. Non-profits especially believe that each partner must share equally in the decision-making (Sundberg, 1998). If one party makes all of the decisions and dictates the outcome, the arrangement may not even be a partnership, but more of a working relationship.

Also important for a partnership’s success is if each party incurs the same level of risk (O’Dea, 1998). If one of the partners enters the partnership risk-free, their motivation for cooperating, sharing information or working to meet other partners’ objectives is low.
Governments are notorious for being fiscally conservative and thus, risk-adverse. By virtue of supporting the project, though, they may be contributing to the partnership and taking a political risk. In a partnership where a for-profit developer is involved, it is important for them to realize that participating in a partnership is a way for them to reduce risk. Partnering with the non-profit group, the municipality or the community is a way for the developer to gain support from these organizations and reduce the risk of opposition, thus making the project more likely to succeed.

Partnerships are also helped if there is a level of trust established between the parties. Having a transparent process can help develop trust. This means that the municipality’s process is clear, the requirements and objectives of all parties are understood, and the conditions and terms of the partnership are stated from the outset (Kathler, 1998). Mistrust arises when some parties meet at the exclusion of others, if information is not shared with all partners, or if there is some unexplained delay in the process. Also, if a developer is involved with helping a group build housing, negotiations should be done with all parties present, so that everyone is certain that all parties have the same information and that the group’s interests are best being represented (Kathler, 1998).

Certainly it would seem advantageous for a non-profit group to work with a municipality that it has worked with in the past. Developing a relationship over time would seem to be the ideal way for the municipality and non-profit group to develop trust (Morrison, 1998). Non-profit groups, however, report that positive experience in a municipality is no guarantee of further successful partnerships, as each project is different, and municipalities are constantly
evolving in terms of council personalities, staff and bureaucratic requirements and procedures (Haddrell, 1998). Therefore, trust between parties must be re-established with each project.

4.4 Conclusion
It is evident that from a municipal and non-profit perspective, there are many constraints to affordable housing partnerships. Yet, rather than dwell on the barriers to partnerships identified here, some municipalities and non-profit groups have chosen to work in the policy context given. Rather than view a lack of resources, little political support, bureaucratic hold-ups or the innumerable other barriers that could become insurmountable obstacles to the project, municipalities and non-profit groups do what they can, when the opportunities arise. The following chapter will discuss how the barriers to partnering faced by municipalities and non-profit groups can be overcome, and further analyze the concept of partnerships as it pertains to affordable housing.
5. **ANALYSIS**

The data in the previous chapters provide illustrations of what each participant can do in the affordable housing field and describes some of the issues that affect their ability to implement policies or undertake projects. The purpose of this chapter is to address the issues posed in chapter one and in the literature review. Specifically, what conditions are necessary to make partnering successful for all participants? Why do some municipalities choose not to participate in affordable housing partnerships? Finally, how effective are partnerships as an affordable housing planning tool?

These questions will be answered through the discussions in the following sections. To begin, the term “partnership” will be re-considered to reflect the findings of the previous chapters. Second, the barriers faced by all of the partners will be examined, and suggestions as to how some of these can be surmounted will be given. Next, conditions that allow for a successful partnership will be outlined. Finally, the findings will be analyzed with respect to the literature review provided in chapter two. The intent of this section is to analyze the role of the various actors over time and to discuss aspects of the ways in which affordable housing can be considered within the framework of community economic development concepts.

5.1 **Housing Partnerships: The Challenge of Incorporating Social Objectives**

“Partnership” is a buzzword used in many contexts to describe a variety of relationships between the public and private sectors. Governments partner with the private sector and the community to obtain a diversity of projects or programs for the community’s benefit. Fairs
and festivals, ice arenas and swimming pools, and roads and bridges have been created through partnerships. In many ways, housing partnerships are no different from the ones listed above. They all involve government, community, and at times, private sector participation. These parties enter into partnerships because by acting alone, they cannot meet their objectives.

The factor that makes housing partnerships unique compared to other types is that the main objective is a social one and the benefits appear to serve a very few. A new swimming pool facility, for example, is also built to meet social objectives, such as to improve the health of community members or to provide a place for socialization, but the benefits accrue to everyone in the community. Providing housing, on the other hand, is different because it requires a significant municipal expenditure, but the benefits appear to go to only those that live in the housing. Fulfilling social objectives is challenging for any level of government or organization, including municipalities, because the municipality must always consider who pays and who benefits.

The municipality may be unaware of the positive benefits of having more affordable housing in the community as a whole. Thus, for affordable housing, it appears that there are few benefits, but tremendous costs. However, the benefits to the overall community are great. Affordability for all income levels is beneficial to the community because it makes a community more diverse, contributes to the livability of a place and in general, contributes to a complete community (GVRD, 1996). The economic benefits brought by more housing construction are a benefit to the city as well. Finally, like market housing, residents of non-
market housing contribute to the economy by paying property taxes and patronizing local businesses. Often, these benefits are not considered when municipalities analyze affordable housing projects.

People within the community, too, do not always appreciate the benefits affordable housing brings to the community. Partnerships for other items are perceived as public goods that benefit everyone, but affordable housing is not. The community usually supports partnerships for amenities or infrastructure because it is obvious that a large proportion of the community will gain. NIMBYism often will be opposed by politicians because they can argue that the community’s needs override those few who oppose the project. It is much easier for politicians to stand up to NIMBY if this is the situation. In the case of non-market housing, when the projects are proposed in an established neighbourhood, NIMBY again is often an issue. Some citizens feel that they should not have to accept neighbourhood change for the benefit of a handful of people, and politicians usually agree. The “greater good” that affordable housing serves is never mentioned, or is often undervalued. Thus, for politicians, the political risk of supporting affordable housing projects, especially in the face of opposition, outweighs the perceived social benefits.

Housing partnerships also differ with infrastructure-type partnerships for another reason. The private sector is willing to partner with a municipality to provide infrastructure or other services if it can make a profit, as was the case with the construction of an aquatic facility in Richmond and an ice arena in Coquitlam. With non-market housing, however, realizing a profit is much harder to accomplish because of the huge cost of providing housing and the
limit in the amount for which revenues can be generated. Unless the housing is part of a larger development in which the developer can see some financial return, he or she is unlikely to want to enter into a partnership with government to build housing.

Therefore, what sets affordable housing partnerships apart from other types of partnerships is that the main objective is social, rather than economic. For a municipality, the difficulty in meeting social objectives lies in the fact that they are not easily measured. Because the benefits are difficult to quantify, affordable housing does not compare well with other demands that compete for a municipality’s resources. Consequently, affordable housing partnerships face resistance from municipalities that other, infrastructure-type partnerships do not. Also, housing partnerships cannot attract the private sector capital that other types of partnerships can because it is difficult for the private sector to make a profit. Other types of partnerships that involve achieving social objectives, such as community economic development initiatives, will face the same difficulty.

Hence, it is important for municipalities to be able to better quantify the benefits of affordable housing. The benefits of having a new road or ice arena are obvious to the municipality and its citizens, but not so for housing. The key is for municipalities to account for the community and social benefits of affordable housing when analyzing the financial implications of a project. Admittedly, this is difficult for municipalities to do. What is the value of a social housing unit to the community? What is the cost of not having any? While it may not be possible to assign objective values to these concepts, it is possible to consider
them. This would be preferable to the current practice of analyzing affordable housing projects, which is to look at the development in strictly financial terms.

5.2 Barriers to Entering Into Partnerships
Distinct from identifying barriers faced by parties once they have entered into the partnership, this section attempts to determine why municipalities and non-profit groups participate in partnerships at all. It seems that once organizations decide to enter into the partnership, very rarely does the partnership falter to the point that the project never gets built. For the non-profit organization, the question is not one of political risks, but more one of financial considerations that make it possible for the non-profit housing group to build a project in a certain municipality. Non-profit housing groups recognize the housing need in all municipalities, and their decision to try to partner with a municipality depends on the resources available at the time, not on the perceived barriers of working in that municipality. Perhaps more compelling is the question of why some municipalities take the risk of partnering while others do not.

5.2.1 Municipal Barriers
Of the municipalities contacted for the study, all had resources of some kind. Of course, land is one of the most important components of housing. Among the municipalities in the region, Vancouver probably has the most municipally-owned land that can be used for leasing to non-profit housing groups, although both North Vancouver District and City do this to a lesser extent as well. In the absence of land, Affordable Housing funds offer opportunities for municipalities to buy land to use for housing, as is done in Richmond, the City of North Vancouver, and as Surrey did in the past. Density can also be considered a
resource, as it is something of value that municipalities can trade for housing. However, as discussed in the previous chapter, there is a limit to the amount of density a municipality can trade.

Municipalities that do not have land or a housing fund are unlikely to want to enter into partnerships with non-profit groups that involve land leasing. Furthermore, if the development market is slow, there is no point in municipalities attempting to trade density for affordable housing as pointed out by Cameron Gray of the City of Vancouver. Attempting to get affordable housing built in the community without having these resources then is very difficult. From a non-profit group’s perspective, if the municipality had no resources to contribute, it would be a regulator, not a partner.

Hence, the municipality that wishes to enter into partnerships with non-profit groups must obtain some resources with which to do so. The municipality could begin landbanking, but due to the expense of buying land in the Lower Mainland, most municipalities would not find this a viable option. In the absence of land, the municipality could start an affordable housing fund with which it could buy land. Richmond and Surrey’s funds were accumulated during the housing construction boom of the early 1990s by charging developers a “fee” (Morrison, 1998; Aronson, 1998). The legal ability for them to do this is in question, as municipalities do not have the authority under the Municipal Act to do so, as Vancouver does under its Charter. In Vancouver’s Downtown South neighbourhood, developers are levied a fee when they demolish existing housing (Gray, 1998). This fee goes to the City’s fund and
is earmarked to replace the lost housing. Therefore, the Province should consider changing the Municipal Act to allow municipalities to collect levies for an affordable housing fund.

Another common feature among four of the municipalities studied was that each had a staff person dedicated to affordable housing initiatives. In the case of Vancouver, an entire department is allocated to the task of working on housing issues. The benefit of this is that when non-profit groups come to these municipalities with a project in mind, they can deal with a staff person who is knowledgeable about the issues and can provide suggestions as to how the project can move forward. That person is also able to watch for opportunities that the municipality may be able to parlay into affordable housing. Municipalities that do not partner with non-profit groups often do not have a staff person dedicated to housing, so the non-profit group has no “ally” at city hall. Also common is that the “housing” or “social planner” is not informed of development proposals by the staff person dealing with rezonings or major projects. Therefore, municipalities could assign a staff person whose responsibility would be to try to facilitate affordable housing partnerships with non-profit groups.

Affordable housing partnerships are complex arrangements requiring expertise in many areas, such as land economics, finance or law. Not surprisingly, most municipalities, especially some of the small ones, do not have staff who are knowledgeable in all of these areas. The municipalities profiled here have developed some expertise because of their past experience. For municipalities wishing to enter into partnerships, a lack of staff expertise is a significant barrier. However, the Greater Vancouver Housing Corporation claims it can provide help to
municipalities by analyzing potential partnerships (Charles, 1998). This option should be
explored by municipalities.

Undoubtedly, political acceptance of affordable housing is one of the most important
conditions in determining whether housing partnerships will happen or not. Vancouver, the
City of North Vancouver, and Richmond all identify having the support of their council as
important to their affordable housing initiatives, including partnering. The District of North
Vancouver was able to complete the Norgate House project in the face of shifting political
support, but the project would never have gotten underway if initial support from council was
not present (Bostwick, 1998). Surrey’s efforts at implementing an affordable
homeownership program, rather than easing the housing situation for renters, is in response
to council’s hesitance to support more innovative programs to increase the affordable housing
supply. Representatives from non-profit groups also report that political acceptance of
affordable housing is crucial in creating conditions for them to build projects in those
communities (Sundberg, 1998).

Those municipalities that support affordable housing partnerships all have a long history of
activity in affordable housing. Their history of involvement has led them to believe that they
have a commitment to work with the non-profit groups and to meet the housing needs in their
communities. Municipalities that participate in housing partnerships also report that their
councils are fairly stable in that there has not been dramatic shifts in their make-up from one
election period to the next, as evidenced in the City of North Vancouver. Continuity on
council is important because it means that over time, individual councillors become more
knowledgeable about the housing issues in their communities (Kathler, 1998). Relations between staff and council may be better too, as council has had the time to become accustomed to staff, value their knowledge, and become comfortable using their expertise (Kathler, 1998).

Vancouver reports that the link between affordable housing and neighbourhood livability has been understood by successive councils for the past two decades. Including co-op housing in the False Creek and Champlain Heights redevelopments were in response to a desire to create livable communities that were affordable to a broad range of people (Duvall, 1998). Why Vancouver is cognizant of the attributes of affordable housing while some surrounding municipalities seem to be uninformed of the benefits is not clear. Perhaps the obvious presence of homelessness in Vancouver compared to the surrounding municipalities and the housing crisis that pervades the Downtown Eastside has made housing issues more visible, and contributes to the fact that Vancouver is the most proactive municipality in the region.

Why is political willingness to undertake innovative housing strategies such as housing agreements lacking in other municipalities in the region? Some of the reasons have been identified in previous chapters, and include: the belief that the municipal tax base is not an appropriate revenue source for wealth redistribution objectives such as social housing; the belief that housing provision is the responsibility of the federal and provincial governments; the fear of community opposition to affordable housing projects; the inability to account for the benefits of affordable housing; and the misunderstanding of the level of housing need in the community.
The question would then be how housing partnerships can gain municipal support. A better understanding on the part of politicians of housing issues, housing need in the community, and of partnerships would be useful. Housing issues have fallen off the political agenda in the past few years, as Lower Mainland politicians have been preoccupied with other municipal issues. To increase the awareness of housing issues, politicians have to be better informed of them. This can be achieved by encouraging politicians to attend housing conferences or workshops. Municipalities that have housing committees, such as Burnaby, also find them to be good forums for politicians to learn about the housing issues in their communities.

Ultimately, it is unrealistic to expect every municipality to want to do affordable housing partnerships. Many municipalities have housing strategies that incorporate a diverse set of affordable housing initiatives, but do not rely on housing partnerships. Housing partnerships may be too complex or risky for some communities. Accepting this, though, does not excuse municipalities from not supporting initiatives brought forward to them by non-profit housing groups. In this area, some municipalities could work to improve their relationship with the non-profit housing providers. It is also important for the Province to realize the limitations of municipalities, and to continue to work in all communities, regardless of the level of municipal political support.
Table 5.1 Suggested Recommendations for Municipal Governments

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<tr>
<th>BARRIERS FACED BY MUNICIPALITIES</th>
<th>RECOMMENDATIONS</th>
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<tr>
<td>Few resources that can be used for affordable housing</td>
<td>• Province should change Municipal Act to allow municipalities to create “Affordable Housing Funds”</td>
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| No knowledgeable staff person at city hall to “champion” affordable housing | • Municipalities should dedicate staff person to work on affordable housing  
• Include housing or social planner in development approval process (for market and non-market developments) |
| Lack of expertise in analyzing the complexities of housing partnerships | • Consider working with the Greater Vancouver Housing Corporation, who has ability to analyze housing partnerships |
| Lack of political support for affordable housing initiatives         | • Increase awareness of housing issues by inviting politicians and senior municipal officials to housing conferences or workshops, or create municipal housing committee  
• link housing affordability to community livability |

5.2.2 Barriers for the Non-Profit Housing Sector

Non-Profit Housing Societies face a different set of obstacles that prohibit them from undertaking a housing project. Out of a necessity to partner with another resource-rich agency, non-profit groups are willing to work with any municipality that wishes to develop housing in their community. What prevents them from doing so is a reflection of the current state of the non-profit housing sector. Because they are usually small organizations, non-profit groups cannot pursue every initiative they learn about, and thus they sometimes lose the opportunity to work on certain projects. Also, competition amongst different non-profit housing providers for land or other resources is a drain to the non-profit housing sector as a whole, as energies and resources are spent by different groups pursuing the same opportunities. Finally, as with the municipalities, an absence of resources makes it difficult for the non-profit group to get a project started.
These points are more applicable to the non-profit resource groups, rather than the service clubs and single-project groups described in Chapter 3. These days, it is rare that the service clubs focus their energies on providing new housing. There are many barriers faced by the service clubs. For instance, the group may simply be content with the status quo. However, if they did want to build new housing, they would find it difficult to do so because they have not developed the expertise in housing development. Finances may also be a barrier. The service club may have land and housing, but the group’s financial situation may mean that they are not in a position to undertake a new project. Often, service clubs are managed by ageing boards who do not have the energy or interest in developing new housing. Some groups, like the Dania Society in Burnaby, have taken on the task of renewing their board as a priority. This has resulted in a new interest in using their land resources to develop new partnerships and housing (Grieve, 1998).

In order for the non-profit sector to be an effective housing partner, the sector must be strong. A strong non-profit sector would be one in which non-profit groups shared information, worked together on projects, and strived to make other members stronger. For example, if resource groups helped the ageing service clubs rejuvenate their membership and better use their resources, the entire sector would benefit in the long run. Governments could strengthen the non-profit sector by allowing non-profit groups to receive donations and accumulate capital so that they have more opportunity to develop housing. The BCNPHA is the key organization for supporting the non-profit housing sector, and undertakes many initiatives that in the long run will improve the sector as a whole.
This treatment of the non-profit housing sector is not exhaustive. Compared to the municipalities, there appears to be fewer factors that prevent them from doing housing partnerships. However, it is suspected that other factors may have not been discovered in the research, despite probing interview questions. For example, the question of project financing was raised in the interviews, but was not recognized by the non-profit sector as a significant obstacle, although an article in a CMHC publication identified it as such (CMHC, 1998: 6). Other facets of the development process may be barriers to the non-profit sector, but were not uncovered in the research.

Table 5.2 Suggested Recommendations for Non-Profit Housing Groups

<table>
<thead>
<tr>
<th>BARRIERS FACED BY NON-PROFIT GROUPS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESOURCE GROUPS</strong></td>
<td></td>
</tr>
<tr>
<td>• small staff - unable to pursue all project opportunities</td>
<td><strong>Strengthen the Non-Profit Housing Sector by:</strong></td>
</tr>
<tr>
<td>• competition amongst non-profits to work on projects</td>
<td>• sharing information between groups and work together on projects</td>
</tr>
<tr>
<td>• own few resources</td>
<td>• change government regulations so non-profits can receive tax breaks or accumulate funds</td>
</tr>
<tr>
<td><strong>SERVICE CLUBS</strong></td>
<td></td>
</tr>
<tr>
<td>• little expertise in development</td>
<td>• renew ageing boards by recruiting new members</td>
</tr>
<tr>
<td>• own land, but cash resources limited</td>
<td>• work with resource groups to develop new options for existing housing</td>
</tr>
<tr>
<td>• ageing boards do not want to develop new housing</td>
<td></td>
</tr>
<tr>
<td><strong>SINGLE PROJECT GROUPS</strong></td>
<td></td>
</tr>
<tr>
<td>• inexperienced in project development</td>
<td>• network with resource groups</td>
</tr>
<tr>
<td>• unrealistic expectations of municipalities</td>
<td>• municipal staff should recognize their level of experience, and assist them where possible</td>
</tr>
</tbody>
</table>

5.3 Making Partnerships Work

After the parties decide to work together on a project, how is the success of the relationship measured? For a housing project, it may seem easy to assess the success of the partnership because usually the proof is the finished product. But beyond whether the housing was built or not, there are other issues the parties may consider when evaluating the partnership. Were the objectives of all parties met? Was the project completed on time? What compromises
were made in order to complete the project? Was this project the best use of resources? Was the working relationship between the parties such that each will want to work with the other in the future? This section looks at what the various partners can do to make the relationship more productive.

One rather simple thing that municipalities can do to improve the working relationship between themselves and a non-profit group is to ensure that the same staff person works on the project. Non-profit groups report that otherwise, time is lost when a new staff person has to "get up to speed" on the complexities of the case, and as these partnerships can be complicated, this is a valid concern (Pomerleau, 1998). The importance of having a staff person assigned to monitor affordable housing issues was discussed above in terms of being a barrier for municipalities, but in this context it is also relevant. A housing planner is the person most likely to be able to raise the profile of affordable housing within the municipal bureaucracy.

Municipal requirements and fees can be onerous for any developer, but when a non-profit housing society is faced with unexpected ones, the housing project's financial health can be jeopardized. To avoid this, municipalities should explain their requirements and fees at the onset of the project. Vancouver is noted for having a clear approvals process, despite the many requirements it has (Haddrell, 1998). Non-profit housing groups, too, also have a responsibility to ensure they have accounted for all costs. In order for municipalities to aid the non-profit group, though, they should offset these fees if possible. As discussed in the
previous chapter, Surrey has used part of its affordable housing fund to give grants to non-profit groups to help them offset Surrey’s Development Cost Charges (Pomerleau, 1998).

Another way that municipalities can help non-profit groups is to fast-track projects, as is done as informal policy in Richmond and the City of North Vancouver (Morrison, 1998; Kathler, 1998). It is in the interests of municipalities to get affordable housing projects done quickly, if possible, because the municipality would like to see the project succeed, and delays reflect poorly on them, too. However, the onus should not only be on the municipality, as non-profit groups have a reputation amongst municipal staff to be slow to respond and to address development approval prerequisites especially compared to the private sector (Bostwick, 1998). The slow response time of non-profit groups has been attributed to their democratic decision-making process, their small staff, or, in some cases, their lack of experience in building a project. Regardless of the reason, the non-profits should strive to improve their responsiveness because their delays cause the municipalities to worry about the stability of the project (Bostwick, 1998). Delays also can reflect upon the reputation of the non-profit group. Becoming aware of the situation may motivate non-profit groups to rectify it, but a more concrete suggestion is for them to appoint a lead contact person who ensures the project moves forward and the group makes decisions more quickly.

Non-profit groups have to come to the municipality with realistic expectations of what the municipality can contribute to the partnership. They also have to be sensitive to the political realities of affordable housing projects and work with the municipality to allay community concerns (Bostwick, 1998). Experienced non-profit groups have this understanding, but
other non-profit groups may not. This is an instance where the non-profit sector may need to better inform other members. The B.C. Non-Profit Housing Association can play a role here, but other forums that allow non-profit housing groups to network with more experienced societies are important as well.

These are specific suggestions as to what municipalities and non-profit housing societies can do to make their relationships work more efficiently. There are also some general conditions, identified in the research findings, that both parties can attempt to satisfy. For example, each group should recognize what the other brings to the partnership, even if these skills do not have a monetary value attached to them. The expertise in the housing field that the resource groups bring to the table is very valuable, as is the non-profit groups’ connection to the community members they are serving (Sundberg, 1998). Furthermore, local governments should not only be viewed as a source of land, but also as experts in ensuring that projects have political support.

A better understanding of what each party can contribute to the partnership also lends itself to each party better understanding the objectives of the other and striving to have each partners’ objectives met. Of course building affordable housing is the main objective, but each party may have multiple aims. The non-profit society may also wish that the housing serves a certain population, or meets specific design criteria, such as accessibility for the physically disabled. Similarly, the municipality may require that a certain amount of open space be incorporated into the project, or that the project meet its particular design objectives. It is necessary to recognize the objectives of each partner and strive to meet them. The alternative
is a partnership wherein each partner works towards their organizations' agenda to the exclusion of the interests of others.

It seems obvious that the most desirable situation for the partners involved would be to operate in an atmosphere of trust (Kathler, 1998), but in practice this is not always the case. It is doubtful that an atmosphere of mistrust was consciously cultivated; rather, mistrust between parties can stem from seemingly unimportant actions. For example, the failure to share information with all of the parties may simply be an oversight, but may strain the relationship between the partners. Similarly, if the municipal process is unclear, the other partners may take this negatively, although it is unlikely the municipality purposely makes its regulations and requirements confusing. Because trust between partners emerged as a point of contention in the research findings, it is necessary here to stress the importance of this in enriching the partnership relationship.

The concept of risk is also an important component to housing partnerships (O'Dea, 1998). From the research, it is clear that governments are seen as risk-adverse, and that in order to build housing, some risk must be undertaken (Pomerleau, 1998). The issue that emerged is how risk can better be shared between partners. In practice, however, the focus should not be on how to shift risk between partners, but how risk can be reduced for everyone involved. Risk can be reduced by connecting with partners who have more experience, by introducing new financial partners into the project, or by reducing community opposition by bringing the community on-side.
Table 5.3 Making Partnerships Work

<table>
<thead>
<tr>
<th>MAKING PARTNERSHIPS WORK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Suggestions for MUNICIPALITIES:</strong></td>
</tr>
<tr>
<td>• assign a staff person to work on the affordable housing project</td>
</tr>
<tr>
<td>• state all fees and costs at the outset</td>
</tr>
<tr>
<td>• offset fees for non-profit groups, if possible, by providing grants (perhaps from an “Affordable Housing Fund”)</td>
</tr>
<tr>
<td>• fast-track affordable housing projects</td>
</tr>
<tr>
<td><strong>Suggestions for NON-PROFIT HOUSING GROUPS:</strong></td>
</tr>
<tr>
<td>• ensure that all municipal costs and regulations are understood</td>
</tr>
<tr>
<td>• improve response time by appointing a lead person to move the project forward</td>
</tr>
<tr>
<td>• consider the political realities of a project and how your group can work with the municipality to overcome them</td>
</tr>
<tr>
<td><strong>Suggestions for both parties:</strong></td>
</tr>
<tr>
<td>• recognize the skills that each group brings to the partnership</td>
</tr>
<tr>
<td>• recognize each group’s objective and work to ensure everyone’s are met</td>
</tr>
<tr>
<td>• work to establish trust by sharing all information, making procedures clear, etc.</td>
</tr>
<tr>
<td>• work to reduce the risk for all parties by bringing on partners with more expertise, introducing new financial partners or bringing the community onside</td>
</tr>
</tbody>
</table>

### 5.4 Re-examining the Housing Policy and CED Literature

The literature review chapter consisted of four sections. The first section described the different organizations that worked in the housing sector, and focused on the three levels of government and the non-profit sector. The second section described the theory of Community Economic Development and the concept of social capital. These two sections will be revisited below. The literature review also introduced the housing partnership concept, but this has been treated throughout this chapter. Finally, chapter two discussed the need for affordable housing, which will be more appropriately discussed in the final chapter of the thesis.

### 5.4.1 Participants

#### 5.4.1.1 MUNICIPALITIES

In terms of housing policy, Carter and McAfee (1990) identified three types of municipalities. “Passive” municipalities act as land use regulators and see their role as one
of processing applications. The “facilitators” encourage other groups to develop housing by providing land, providing funding or aiding the project development in other ways. Finally, the “initiator’s” role was more comprehensive, wherein the municipality acts as the affordable housing developer. This classification is useful in understanding how municipalities respond to affordable housing issues, however, the categories can be re-examined to reflect the research findings.

Carter and McAfee’s model can be conceptualized into three separate classes. The following diagram illustrates their model:

**Figure 5.1 Classification of Municipal Responses to Housing Issues**

<table>
<thead>
<tr>
<th>PASSIVE</th>
<th>FACILITATOR</th>
<th>INNOVATOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>regulates land</td>
<td>leases land</td>
<td>established municipal housing</td>
</tr>
<tr>
<td>approves applications</td>
<td>fast-tracks applications</td>
<td>corporation</td>
</tr>
<tr>
<td></td>
<td>subsidizes non-profit groups</td>
<td>acts as developer of project</td>
</tr>
</tbody>
</table>

Source: Carter and McAfee, 1990

In practice, though, municipal actions cannot be neatly compartmentalized, but rather, municipalities should be thought to be involved in a spectrum of activity, ranging from passive to innovative initiatives. A new category can be added to Carter & McAfee’s framework. The following diagram illustrates this:
Figure 5.2 New Model of Municipal Action With Respect to Housing Policies

<table>
<thead>
<tr>
<th>Typology</th>
<th>facilitating by policy</th>
<th>facilitator</th>
<th>initiator</th>
</tr>
</thead>
<tbody>
<tr>
<td>passive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>regulating fast-tracking</td>
<td>secondary suites policy</td>
<td>partnerships</td>
<td>municipal housing corp</td>
</tr>
<tr>
<td></td>
<td>protecting rentals from conversion to strata</td>
<td>leasing land</td>
<td>develops projects</td>
</tr>
<tr>
<td></td>
<td>requiring small units</td>
<td>affordable housing fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td>infill housing</td>
<td>density bonusing</td>
<td></td>
</tr>
</tbody>
</table>

Activity

Municipalities adopt a range of policies and can be classified as passive, a facilitator by policy, facilitator or initiator. Another category is necessary to reflect the fact that many municipalities attempt to facilitate affordable housing through policy initiatives that do not require municipal financial resources. For example, the District of North Vancouver implemented a secondary suites policy, the City of North Vancouver has a policies to protect its rental housing stock, and Richmond and the District of North Vancouver attempt to encourage developers to build smaller units when possible. These programs may not produce the units that non-profit groups attempt to provide, but are an important component of a municipality’s over-arching affordable housing strategy.

Of the municipalities studied here, most could be classified as facilitators. Indeed, most municipalities in the Lower Mainland likely fall in the middle of the spectrum, as most have affordable housing policies of some type. As facilitators, the extent to which they are proactive or not fluctuates depending on their circumstances and resources. Of course, there
are passive municipalities in the region, likely due to the political or financial barriers described above.

None of the municipalities surveyed here are initiators. This is not surprising, as there may be only one or two municipalities in the entire country who are comprehensive housing developers. Regardless, this may not be a role that should be encouraged, as initiating housing projects requires resources and expertise that most municipalities do not have and can be extremely risky from an economic perspective. Furthermore, providing options for community groups to develop housing may be preferable. Compared to the municipalities, they have the required experience, community ties and understanding of needs that are necessary to build successful housing projects.

To say that municipalities are not initiators by no way implies that they are not innovative. The most realistic role for municipalities is to be affordable housing facilitators, and undertaking any of the facilitator activities requires innovative responses from municipalities. The issue, then is how to encourage municipalities to become active facilitators. The Province has attempted to do so by amending the Municipal Act to require municipalities to take more responsibility for affordable housing, but, as this research has found, the barriers to becoming more active players are formidable.
5.4.1.2 NON-PROFIT HOUSING GROUPS
As was the case for municipalities, the literature does not fully reflect the state of the non-profit housing sector today. Rather than behaving as a coherent set of actors who share the same objective, the non-profit housing sector today is very diverse. The main types of non-profit groups, being the resource groups, service clubs, and the single-project groups, each have unique abilities and work towards their own objectives. This broad classification, too, is a simplification of the diversity of work done in the non-profit housing sector. The proliferation of non-profit housing providers was discussed above in terms of acting as a barrier (Charles, 1998), but in reality, the number of non-profits suggests that the sector is able to respond to a variety of housing needs. Furthermore, different groups have specialized to fulfil specific niches, such as developing co-ops in Vancouver’s downtown, or building housing for the physically or mentally challenged (Pomerleau, 1998).

The role of the non-profit housing groups is always changing. The non-profits continue to attempt to fill the gap between what governments provide and what is needed. The role of the non-profit groups has evolved to the point where they initiate many of the non-market housing projects. In some instances, non-profit groups prod reluctant municipalities into action by demonstrating housing need in the community, or proposing new solutions in which the municipalities can partner. Their projects improve the quality of life for their tenants, and help to move neighbourhoods towards becoming more complete communities because the projects offer an alternative housing type and tenure.
However, non-profit groups are not the panacea to the affordable housing issue. The non-profits have had to adjust to the cutbacks in federal funding by reducing staff and by cutting back themselves (Haddrell, 1998). Funding for the non-profit groups will continue to be an issue for the sector. Also, despite claims that the non-profit groups ensure housing affordability in the long term (Pomerleau, 1998), the research has not found this to be the case. Housing partnerships usually mean that non-profit groups do not own the land, but that municipalities or the provincial government does. Despite the length of the lease, usually 60 years, there is no way to ensure that the land will be used for affordable housing in the future. Non-profit groups themselves have been reluctant to put land into a land trust to ensure perpetual affordability, because their own options would be limited in the future too.

Nevertheless, all levels of government are relying on the third sector to continue providing affordable housing. Despite any shortcomings of the non-profit sector, it may remain the best vehicle for affordable housing provision. Governments, however, must recognize the limitations of non-profit groups. The housing needs of all communities will never be met with this approach, because not all municipalities have a healthy or active non-profit sector. Also, if the sector is being relied upon to initiate more housing projects, the sector should be better supported by governments. Governments have to consider how the sector can be strengthened, in all communities.
5.4.1.3 OTHER ORGANIZATIONS
The theme prevalent throughout the discussion of partnerships was the important role other organizations play. At the senior government level, the Province is commended by municipalities and non-profit groups alike for continuing to fund housing programs (Sundberg, 1998; Duvall, 1998; Kathler, 1998). It seems the issue for the Province is how they can be more flexible in administering their programs and how they can better fund housing initiatives. Programs should be based on what the community deems is needed. The situation in Vancouver where the City wished to provide housing for youth, yet the Province was committed to housing for families and seniors is a case in point. Similarly, the Province should fund research into providing housing policy support, such as developing templates for partnership agreements. Another important role for the Province is to facilitate affordable housing in all communities, not just those with a municipal government sympathetic to housing issues.

Although the federal government’s role in housing has been reduced dramatically, there is a need to revisit what they can do. Despite a recent surplus in the national budget, it is doubtful that the federal government will ever consider funding housing programs as it did decades ago. However, the federal government owns land across the country which it could, as municipalities do, lease to non-profit housing agencies. The federal government also has the power to make it easier for non-profit groups to operate by giving them tax breaks or allowing them to receive tax free donations.
It is also apparent that the GVHC has the potential to become more of a contributor in the housing field. The GVHC can contribute to affordable housing in the region in ways that individual municipalities cannot on their own. The corporation asserts it has expertise in housing and can put together projects because of its financial position, and thus, it could be very beneficial for municipalities to work with the GVHC. From this respect, the GVHC is able to overcome some of the barriers faced by municipalities identified in this paper, namely that of resources. The GVHC may be in position to overcome the political resistance that is found in some municipalities. A future role for the GVHC could be to become more of an advocate for affordable housing to the municipalities than it has been in the past.

Although overlooked in the literature review, it is apparent that developers play an important role in housing partnerships. The distinction between the for-profit and the non-profit developer is an important one to make. The for-profit developer can partner with the municipality and non-profit group when a large-scale project is being undertaken and a rezoning is required. This gives the municipality the leverage with which to deal with the developer.

As previously noted, only when economic conditions are good and the development industry is really active can the municipality use density bonusing to acquire affordable units this way. In order to take advantage of a density bonus situation, a for-profit developer can choose to partner with a non-profit society. In this way, the for-profit developer can take advantage of the non-profit’s ability and desire to manage the units in the long term, and the non-profit can utilize the for-profit developer’s expertise. Also, the non-profit’s management of the units
provides assurance that the units will be managed well and remain affordable in the long term. The non-profit developer is also key to partnerships because they often have the expertise to make projects more feasible. When considering partnerships it is important to include them because their objective is to build non-market projects in the long term, and thus they have an interest in contributing to a healthy non-market housing sector.

5.4.2 Community Economic Development and Housing
It is clear that the work of non-profit groups to establish affordable housing in a neighbourhood contributes to the community in many ways. The most obvious is the benefit of housing those less-advantaged in society. By having safe and secure housing, people often are able to focus on and become stable in other aspects of their lives, such as in employment or health matters. Clearly, this is beneficial to the entire community. In addition, the economic benefits of having affordable housing are becoming more apparent to cities. Good quality, low-cost housing makes the community more attractive. And as pointed out earlier, tenants of housing complexes contribute to the tax base and local economy in the same way as homeowners and other renters do (Sundberg, 1998). Many housing societies, especially co-ops, provide real opportunities to develop employment skills such as property management, bookkeeping and maintenance skills. Also, the construction of affordable housing creates jobs, something that every community strives to do. Finally, having local non-profit groups own and control affordable housing is preferable to the alternative of absentee landlords who run poorly-maintained rental properties. The key then is to have municipal governments realize the benefits of affordable housing as described in the context
of CED. Once municipalities understand this, they realize that by helping non-profit groups build housing, they are also helping them improve the community.

The concept of social capital was identified as one that could be used to explain the relationship between municipalities and non-profit groups (Keyes et. al., 1996). The research identified the notion of trust between parties, the ability for each party to benefit, the importance of each party making a financial commitment, and the need for the parties to share a common vision. From this study, it was found that the financial component was the most important one in determining whether the partnership would move forward. Each party must bring something of financial value, or something that can be converted to a financial value, such as a density bonus, for a partnership to take place. Risk, too, as it relates to financial obligations was also identified as an issue for each party. Of course trust, mutual benefit, and sharing a common vision were also important to the success of the partnership, but the absence of these did not jeopardize whether the partnership would occur.

5.5 Conclusion
This analysis of housing partnerships explains why some municipalities and non-profit groups choose to form partnerships. From the municipal perspective, there are many barriers that prohibit them from doing so. Perhaps one of the more difficult ones is the nature of housing partnerships themselves, in that they strive to redistribute wealth in order to meet social objectives, thus making it difficult for municipalities to justify the political risks for doing them. Until the benefits of affordable housing and the link that it has to community livability is clear, the political will to tackle the issue will be lacking. For non-profit groups,
the decision to work with a municipality is fairly straight-forward. If it has the resources available, it will work in that community.

Depending on the circumstances, partnerships can be a very effective affordable housing tool in increasing housing supply. In fact, they are one of the few ways, short of becoming a developer themselves, that municipalities can directly increase the amount of affordable housing in their communities. However, as shown in the revised model of the activities of municipalities, partnerships are just one of many policies that municipalities implement. Not all municipalities will adopt partnerships as an affordable housing tool either, because the barriers are too great. Keeping this in the mind, and the fact that partnerships produce only a fraction of the new housing required to meet the need, the impact of housing partnerships on the overall housing situation is put in a new perspective.
6. CONCLUSION
The expectation of municipal governments to provide more services with less resources has
challenged many of them to look at new ways to do so. Traditionally responsible for
providing the more basic infrastructure and services that made a city livable, such as roads,
water and sewer, municipalities are being relied upon to provide social infrastructure as well.
Housing is one area in which local governments are expected by senior governments to
become more involved in meeting the housing needs in their communities. The response has
been to look at new ways of financing such projects, and housing partnerships are a relatively
new tool that municipalities can use.

Critical to the success of housing partnerships is the way in which municipalities work with
the non-profit housing sector. It is this sector that often identifies housing need in the
community, initiates the project and brings other partners together to make the project
feasible. Indeed, the non-profit sector is viewed by all levels of government in many cases as
the best agent for delivering non-market housing, as evidenced by the Provincial
government's Homes B.C. program which was created to specifically elicit the non-profit
sector's participation. Therefore, the purpose of this research was to analyze the relationship
between the non-profit housing sector and municipal governments with respect to housing
partnerships. This chapter will provide a summary of the research findings, will comment on
the future of housing partnerships, and the implications for the partners, and will provide
some suggestions for future research.
6.1 Summary of Research Findings
The research began with a review of the literature. The first section identified some of the different actors in affordable housing partnerships. In particular, municipalities can be classified as either being "passive," "facilitators," or "initiators" with respect to housing policy. Barriers faced by the municipalities were also identified. These barriers were either political or economic ones and included the fact that the municipal tax base cannot be relied upon to implement social policy, municipalities have fewer financial resources with which to direct to social policy, and that there is often a lack of a political commitment to affordable housing. With respect to the non-profit sector, the literature reported that this sector has had a long history of involvement in social housing. Federal government housing programs of the early 1970s especially strengthened the third sector. The non-profit housing sector itself is large, but many of the organizations are small in terms of staff and budget. This can prove to be a hindrance to those organizations. Finally, the literature explored the role of housing in the context of Community Economic Development theory, and identified the concept of social capital in which to analyze partnerships between organizations.

The following two chapters reported the research findings. First, the role of the participants was described. Five Lower Mainland municipalities were studied to show the variety of affordable housing initiatives that are undertaken and how local governments partner with non-profit groups. Leasing land to the non-profits was the most innovative tool used by municipalities and involved the highest amount of risk because of the financial obligations required for leasing. With respect to the non-profit groups, it became obvious that they were the driving force behind many affordable housing projects. Three broad categorizations of
non-profit groups were identified. It also became apparent that the non-profit housing sector is fragmented because of the large number of small organizations. The drawback of a smaller organization is that it may be difficult for groups to develop expertise, and the groups must compete against one another for projects.

Other participants were also identified. The Province plays a critical role in terms of financing projects. Developers are also important. For-profit developers provide affordable housing in exchange for extra density and are valued for their ability to contribute to the affordable housing stock in this way. Non-profit developers have expertise in developing this type of housing and bring credibility to a non-market project. The Greater Vancouver Housing Corporation is another organization that develops affordable housing, and could play an expanded role by assisting municipalities in analyzing the financial implications of housing partnerships as well as managing units that municipalities obtain through bonus densities in market developments.

Chapter four described some of the issues involved in housing partnerships. Municipalities face four main types of barriers that prevented them from being effective partners. Political support is crucial to the success of housing partnerships. It was found that housing partnerships were more likely to occur in municipalities that had a longer history of supporting affordable housing and which had long serving council members who understood housing issues in their communities. Having a bureaucracy that was knowledgeable about the needs of the non-profit sector is also important to the success of housing partnerships. Municipal regulations and procedures are not so much a barrier to partnerships, but rather,
can add costs to the project if the regulations result in delays. Clearly a major stumbling block for municipalities though, is the lack of resources available for affordable housing.

Of course, a lack of resources is detrimental to the non-profit groups as well. It became clear that the major contributions of the non-profit housing groups was their ability to meet the housing needs in the community, to initiate the projects and to have the expertise required to move the projects along. However, non-profit groups sometimes neglect to account for the political context in which the housing partnerships take place. This chapter also identified some of the conditions required for partnerships to succeed. It found that all parties must bring something to the negotiating table, and that non-monetary contributions had to be valued as well. The objectives of all parties must be recognized and must be met. It is also important to attempt to reduce the risk for all parties. Finally, partnerships only work well in an atmosphere of trust, which can be created by following a transparent process and sharing information.

The analysis chapter attempted to address the issues raised in Chapter four, and offered suggestions as to how the relationship between municipalities and non-profit groups could be improved. The chapter also distinguished the difference between housing partnerships and other types of partnerships in which municipalities enter. Essentially, housing partnerships are more difficult to justify politically because a small number of people directly benefit from the municipal expenditure. Municipalities often look at housing partnerships in strictly financial terms and the social benefits to the community as a whole are difficult to measure and hence, are often overlooked or not considered. The analysis also revisited the role of the
various parties as described in the literature review. Finally, the role of housing in Community Economic Development was discussed. Clearly, affordable housing is an important component of a livable community and contributes to the social and economic well-being of a place. The key for municipalities is to understand this connection and thus better facilitate CED in this perspective.

6.2 The Future of Housing Partnerships
Housing partnerships certainly have limitations. They involve many parties and are thus complex. From a municipal perspective, they require staff time and expertise that is unnecessary for other types of developments, and are also expensive for the municipalities. For all of the effort required to have the housing built, the end result is only a few units. In this respect, housing partnerships alone will never meet the housing needs in the community. Furthermore, for some municipalities, the barriers of doing housing partnerships are too great, and for this reason will simply not be a viable policy option.

However, for governments, especially at the municipal level, housing partnerships are one of the few ways of having new non-market units built in their communities. Non-profit groups too, will continue to approach municipalities for opportunities to partner. For these reasons, partnerships will continue to be explored by municipalities. It is also likely that land leases will continue to be the option of choice for municipalities because of the ability to control the land in the long run, and the reduced financial risks that land leasing provides compared to developing the housing on its own. However, whether more municipalities will actively acquire land to lease to non-profit groups is doubtful, unless the municipality has some
means of acquiring the land without impacting the municipal tax base. Creating an
affordable housing fund to purchase land is an option, but again, the question is whether
municipalities will make this political commitment to affordable housing.

Most likely, municipalities and non-profit groups will continue to look for new partners.
Perhaps the federal government will re-enter the non-market housing field in a new capacity,
or lending institutions may be enlisted. VanCity Enterprises, for example, already supports
projects that contribute to Community Economic Development, as evidenced in the “VanCity
Place for Youth” development, a housing complex for Vancouver’s homeless youth complete
with offices on the ground floor that support the educational and employment goals of the
residents.

6.3 Suggestions for Further Research
There are four areas in which further study is warranted. Firstly, this treatment of
partnerships focussed on the municipal and non-profit sectors, and gave a brief overview of
the role of other parties. A more in depth study could be done of the other parties, and should
examine the role of the private sector. For example, the study could more closely analyze the
role that developers or lending institutions could play. It could also suggest a new role for
the federal government and ways in which the provincial government’s programs could
enhance partnerships.

This study identified the political commitment of the municipalities as crucial to the success
of affordable housing policies in general and partnerships in particular. Although
suggestions were given as to how to raise awareness of housing issues, this treatment was not thorough. Politicians and senior managers were never interviewed for this research. A study that does so may better uncover the reasons that affordable housing does not receive political support in some municipalities and could possibly suggest ways in which it could gain support.

The research uncovered the sometimes uneasy relationship between the Province and some municipalities. This was evident in the housing sector in particular but is likely the case in other policy areas as well. The role of the Province in both housing partnerships and in the field of housing is an area that warrants further study, and should include a discussion of the Provincial-municipal relations.

In reviewing the literature, it became apparent that there are few studies that examine the non-profit housing sector. Research that more comprehensively documents the history and evolution of the sector to the present would have been useful for this study and would prove useful to students of community development as well. The study would be beneficial if it included an analysis of government policy decisions that encouraged the development of the non-profit sector, some of the strengths and weaknesses of the sector, and the role of the non-profit sector today, given the current governmental context.

Finally, the scope of this study was narrowed to relevant Canadian examples of housing initiatives, some of which are becoming outdated. Furthermore, the primary research was limited to the Lower Mainland area. The Provincial government recently reviewed some of
the local government initiatives in B.C., but it would be interesting to discover how cities in other provinces are implementing housing policies, especially in light of the absence of provincial funding. In the U.S., too, housing funding is scarce. Although Canadian and U.S. examples are often thought not to be comparable due to different political structures, perhaps there are lessons to be learned from our southern neighbours.

The purpose of this thesis was to address ways in which communities can meet the housing needs of their citizens. Recent housing statistics tell us that housing prices in the Lower Mainland are dropping, and mortgage rates are at an all-time low (CMHC, 1998). CMHC reported that the conditions means that housing affordability is "high" compared to in the past. However, housing affordability should not only be looked in terms of house prices and the ability to enter the homeownership market, but should also include an analysis of incomes. Furthermore, affordability is not only an objective for home owners, but must also be a goal for renters. With this in mind, non-profit groups, together with municipalities, are instrumental in strategizing to make housing more affordable for everyone in their communities.
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APPENDIX A - List of Interviews

Leslie Aronson, Associate Planner, City of Surrey, July 23, 1998.

Mark Bostwick, Social Planner, District of North Vancouver, July 30, 1998

Gary Charles, Director, Greater Vancouver Housing Corporation, August 17, 1998

Elaine Duvall, Development Manager, Progressive Homes Ltd., August 10, 1998

Cameron Gray, Manager, Housing Centre, City of Vancouver, July 30, 1998

Glen Haddrell, Executive Director, Columbia Housing, August 4, 1998

Cheryl Kathler, Social Planner, City of North Vancouver, August 10, 1998

Carolyn Morrison, Social and Community Planner, City of Richmond, July 24, 1998

Joffre Pomerleau, Development Manager, Innovative Housing Society, August 18, 1998

Alice Sundberg, Executive Director, B.C. Non-Profit Housing Association, August 14, 1998
APPENDIX B - Interview Questions

A separate set of interview questions were created for municipalities and non-profit housing societies. The questions were modified for those interviewed who fall into another category.

INTERVIEW QUESTIONS
(For Municipalities)

1. Describe some of the recent initiatives of your municipality to provide more affordable, rental or special needs housing.

2. If applicable, please give examples of projects or initiatives that you have worked on with non-profit housing groups.

3. Of those listed in #2, how were these initiated?

4. Does your municipality have a policy stating that it will work with non-profit groups?

5. What difficulties, if any, do you face in working with non-profit groups?

6. How receptive is your council to supporting affordable housing projects where it is proposed that the municipality provide a benefit or resource (land lease, money, etc.)? How receptive is it to affordable housing initiatives in general?

7. How receptive is your council to working with non-profits housing organizations?

8. What regulatory or administrative obstacles, if any, hinder affordable housing projects from being pursued?

9. In your opinion, what conditions are necessary to make partnering with a non-profit group successful?

10. How effective are partnerships in providing affordable housing?

11. In your experience, what do you think the role of the Province should be?

12. What resources are you lacking (land, money) that makes it difficult for your municipality to provide more affordable housing?
13. How often and for how long have you worked with specific non-profits?

14. How well do your municipality’s goals align with the non-profits when it comes to affordable housing?

15. (if applicable) How can the relationship between your organization and non-profits be improved?

INTERVIEW QUESTIONS
(For Non-Profit Housing Groups)

1. Describe some of the recent affordable housing projects undertaken by your group.

2. Please estimate how many projects you have worked on in the past 5 years with various municipalities.

3. Is your group the one that initiates the project? If not, who does?

4. How receptive are municipalities to working with you?

5. What difficulties, if any, do you face in working with municipalities?

6. Of the municipalities that you have worked with, how long have you worked with them? How often have you done a project in those municipalities?

7. Would you say that your organization and the municipalities that you work with share the same goals when it comes to providing affordable housing?

8. Are bureaucratic regulations a significant obstacle to project completion?

9. In your opinion, what conditions are necessary to make partnering with municipalities successful?

10. How effective are partnerships in providing affordable housing?

11. What resources are you lacking that makes it difficult for your group to provide more affordable housing?
12. How does the length of the approvals process affect your group’s ability to complete a project?

13. How does your group get funding? Does a lack of funds hinder your ability to fulfil your mandate and if so, how?

14. How large is your organization? What are the benefits or drawbacks of the size of your organization?

15. Is project financing an obstacle to developing affordable housing?

16. Would you agree that it is mutually beneficial for you and local governments to work together?

17. How can the relationship between your organization and local governments be improved?