

Housing Reset :: Creative Advisory

Accelerating Non-Profit / City Partnerships

What We Heard

Purpose

This Creative Advisory was formed as part of the Housing Reset to generate policy recommendations which will feed into the process of developing a revised Housing and Homelessness Strategy 5-Year Action Plan (2017-2021). The advisory group consisted of ten members who represent a diverse section of non-profit housing and community service organizations, government, co-operative housing, commercial real estate and Aboriginal housing providers. The advisory met four times as a group, including the launch event, and City staff conducted individual in-depth interviews with the members.

The purpose of the Creative Advisory was to explore what “partnership” means to the parties involved (i.e. what do successful partnerships look like and what is the value added by participants?) and to develop recommendations for strengthening the relationships between the City and non-profit housing sector into the future. The group analyzed current partnership avenues between the Non-Profit Housing Sector and the City of Vancouver, what lessons have been learned and what principles and actions can be applied to future partnering opportunities to enhance housing affordability in Vancouver. This document summarizes the key discussion points and recommendations from the advisory group for input into the Housing Strategy Reset.

An enhanced role for the non-profit sector in delivering housing affordability

The City has long recognized that the success of any strategy to address housing affordability and homelessness depends on all of its partners locally, regionally, provincially and nationally. Vancouver’s Housing and Homelessness Strategy 2012-2021 based any future successes on commitment from all levels of government, support and cooperation of stakeholders and partners, and widespread support from the community. In the past year, affordable housing has become the number one issue for British Columbians, and senior governments have responded with funding announcements that outstrip their commitments of the previous 20 years combined.

There is growing recognition that the non-profit sector is best positioned to play a key role in delivering on the mandate of ending homelessness and creating more affordable housing going forward. The Housing Matters BC (2014) provincial housing strategy provides direction to place increased control in the hands of non-profit housing providers and increase the capacity of the non-profit housing sector with the anticipated outcome of a sustainable and self-sufficient social housing sector. The BC Housing Non-Profit Asset Transfer program is guided by this strategy and contributes to the capacity of the non-profit housing sector by transferring the ownership of up to 350 social housing properties to the sector.

In their submission to the National Housing Strategy, the BC Rental Housing Coalition stated that, “Third sector organizations are a key vehicle for delivering affordable housing infrastructure. Policy initiatives should recognize and enable these organizations to utilize and grow their assets.” This advisory believes that the Housing Reset is an opportunity to accelerate support for and enable the growth of this third sector to take a leadership role in addressing the housing crisis currently facing Vancouver.

Current challenges and opportunities for meeting housing need

The need for strong partnerships is highlighted by the complex challenges facing the delivery of affordable housing and ending homelessness. These challenges include an aging social housing stock and the expiry of operating subsidies which currently enable non-profit organizations to house some of our most vulnerable populations. While non-profit housing organizations and co-operatives are working to meet housing needs, many currently have small portfolios, few assets and limited administrative and financial capacity to redevelop or grow their stock. Rising land costs, growing unaffordability across the region and increasing complexity of client needs are additional challenges driving the need for rethinking how affordability will be delivered into the future.

Opportunities exist for some social housing projects facing expiry of operating subsidies which have their mortgages fully paid off on buildings. Projects in these circumstances provide non-profits with the ability to leverage their equity to grow their portfolios and develop new partnerships. Some non-profits are further demonstrating leadership in seeking new partnerships to leverage expertise and equity to develop more long-term affordable housing for diverse populations such as the Vancouver Community Land Trust. Land and funding commitments are being signaled by senior levels of government spurred on by public focus on the housing crisis. Harnessing this momentum to create dedicated funding streams and flexible programs to enable non-profit sector growth will be a key driver moving forward.

Value brought by partners in addressing housing unaffordability

Non-profits have often been seen as program operators and recipients of charitable dollars for social purpose. This is shifting as non-profit housing providers become more entrepreneurial and proactive in driving the affordable housing agenda. While private sector developers have created new market rental and social housing units in Vancouver, this is a reactive response to market conditions and incentives provided by the City. Conversely, non-profit actors are proactively seeking partnerships and leveraging their assets to achieve a social, rather than capital, return on their investments in the form of long-term housing affordability.

BC Non-Profit Housing Association, its members and other housing providers have a focus on building non-profit capacity and the provincial Non-Profit Asset Transfer Program is regarded as a key capacity building initiative for the sector. These activities are being carried out with the understanding that an empowered non-profit housing sector is a powerful tool for delivering new affordable housing and providing housing and services that meet local demand and needs. Given this context, the Advisory Group felt that there is an opportunity for the City of Vancouver to better acknowledge the contribution that non-profits can and are currently making in delivering non-market housing in the city.

Specifically, non-profit housing providers bring:

- Specialized experience delivering affordable housing:
 - Ability to manage complex funding and compliance agreements with other levels of government and partners;
 - Experience in project design development, complex development approval processes, and project construction;
 - Holistic understanding of housing need and response to local need and demand

- Property management and tenanting skills, including for hard-to-house individuals;
 - Well-developed, collaborative relationships with other community organizations;
 - Aboriginal housing providers and other housing providers often bring additional funding sources that are intended only for non-profits;
 - Ability to leverage assets/equity or funding; and
 - Established relationships with government funders and knowledge of affordable housing program requirements.
- Delivery on core City of Vancouver goals and targets, including:
 - Increasing affordable housing choices and contributing to ending street homelessness by developing and managing various types of non-market housing;
 - Increasing resident's sense of belonging and safety through the provision of safe and appropriate housing and, where appropriate, wrap around services and community programming for the City's most vulnerable populations; and
 - Cultivating relationships and building community to create social and cultural connections which are responsive to clients and to special needs groups.
- Organizations that are mission-driven to deliver housing affordability over the long term:
 - Land and housing managed with a strong social purpose that create real affordability for very low to moderate income households, often beyond the minimum prescribed in policy or regulation;
 - Land owners and long-term asset managers that enhance security of tenure for vulnerable populations; and
 - Able to mobilize significant volunteer resources and self-generated or charitably acquired capital and equity financing to contribute to projects.

The City of Vancouver in turn brings a number of policy tools and resources to enable the creation of non-market housing, including:

- Setting high-level policy and strategic direction implemented through local area plans and district schedules;
- Acting collectively with other levels of government to lead policy shifts regionally, provincially and nationally;
- Bringing a city-wide perspective to individual development projects which considers competing priorities and needs of a diverse population;
- Provision of land and capital grants for affordable housing projects;
- Provision of incentive programs for non-market housing (fee waivers, density bonusing etc.);
- Negotiating power with private-sector developers to achieve inclusionary social housing and Community Amenity Contributions (CACs); and
- Acting as a facilitator between various civic actors and other levels of government.

There are many other partners are involved and bring their own value and skills to the creation and operation of non-market housing. These include Aboriginal housing providers, Provincial and National Government, Health Authorities, social service organizations and the residents themselves who will be neighbours to new projects.

The partnership continuum

Non-profits and the City currently engage in many different types of relationships, not all of which can be defined as true “partnerships.” Partnership implies the sharing of responsibilities and recognition of the value brought by each partner to achieve mutual objectives in meeting critical community needs. In some cases the relationship between the City and a non-profit will be purely transactional where the City as regulator is requiring adherence to regulation or policy. In other cases a more collaborative approach to a problem will be more appropriate and in that case a partnership may be entered into.

Understanding what type of relationship you are engaging in early will help each party manage expectations around the outcome of the interaction. Towards this end, the Advisory Group identified a “partnership continuum” which lays out in broad terms the variety of relationships which exist between non-profits and the City. Some of these relationships can be in existence simultaneously, for example the city acting as a regulator and funder for an affordable housing project initiated by a non-profit.

Defining the continuum does not imply one end is preferable to the other but can be used to structure future discussions to clarify what outcomes a partnership is looking to achieve and to manage expectations on both sides.

Partnership Continuum:

		Non-Profit Role	City Role
transactional		Applicant <i>(e.g. submitting a development permit application to build an apartment building)</i>	Regulator <i>(e.g. development permit application review to ensure it meets zoning requirements)</i>
		Tenant/Operator <i>(e.g. provide housing services to the community through a short-term lease)</i>	Landlord <i>(e.g. managing a lease on a city-owned building to ensure the property is maintained)</i>
		Housing Operator/Lease Holder <i>(e.g. managing, tenaning and maintaining a residential building under a long-term lease)</i>	Land & Building Owner <i>(e.g. RFP to select an operator to enter into a lease to manage city-owned social housing)</i>
		Land Interest Holder/Lease Holder <i>(e.g. building improvement owner, property managers under long-term land lease)</i>	Land Owner <i>(e.g. RFP to select a proponent to enter into a lease to develop and manage social housing)</i>
		Land Owner <i>(e.g. land owner impacted by land use changes)</i>	Land Use Planner <i>(e.g. leading community planning and city-wide planning and zoning reviews)</i>
relational		Developer <i>(e.g. initiating and managing an affordable housing project with multiple funders)</i>	Funder <i>(e.g. providing a capital grant or land to a housing project led by a non-profit)</i>
		Co-Developer <i>(e.g. jointly managing, funding and designing an affordable housing project)</i>	Co-Developer <i>(e.g. jointly managing, funding and designing an affordable housing project)</i>
		System Partner <i>(e.g. addressing systemic program and funding barriers to achieving affordable housing projects)</i>	System Partner <i>(e.g. addressing systemic program and funding barriers to achieving affordable housing projects)</i>
		Communicators / Facilitator <i>(e.g. outreach through community events to raise awareness and educate in advance of a specific project)</i>	Communicators / Facilitator <i>(e.g. facilitating and participating in regional discussions to coordinate actions to combat homelessness)</i>

There are opportunities for improvement within each area along the continuum. There are process oriented changes that can be made on the “transactional” end of the continuum in order to move affordable housing projects through the system in a timely manner. There are also new partnership opportunities to be developed on the “relational” end to enable holistic approaches and creative solutions to shared challenges.

Facilitating a culture shift to achieve more effective partnerships

Currently there is limited engagement on the “relational” end of the partnership continuum however the Advisory identified those types of partnerships as a real opportunity to advance mutual housing affordability goals. A major barrier to entering into more collaborative partnerships is a culture which does not adequately recognize the risk and responsibility being taken on by each party.

Facilitating a culture shift must begin with a shared understanding of how we will work together. The Advisory engaged in initial discussion on what principles will move us towards this shift. These starting principles include the following, but will evolve through future work on affordable housing projects and continued engagement between stakeholders:

1. Mutually respectful interactions
2. Recognition of the value each partner brings
3. Clarity of expectations with regards to returns for value contributed
4. Commitment to collaborative problem solving
5. Commitment to contributing fairly and addressing power imbalances
6. Engagement of all stakeholders
7. Commitment to risk sharing

It is also important to recognize that responsibility lies with each party when embarking on a partnership. Going forward, the Advisory identified that both the non-profit sector and the City have certain responsibilities to create successful partnerships to address housing unaffordability such as:

Non-profit sector responsibility	City of Vancouver responsibility
<ul style="list-style-type: none"> • Continue to enhance sector professionalism (e.g. through the Chartered Institute of Housing) • Clarify sector position on a future vision for the non-profit housing sector • Grow awareness of municipal policy, guidelines and regulations • Seek to scale up operations where this aligns with the strategic priorities of providers and build capacity to manage larger, more diverse, and complex portfolios 	<ul style="list-style-type: none"> • Share ownership, control and risk for new affordable housing projects • Become more transparent and less authoritarian in partnerships • Empower rather than pit organizations against each other for limited funding • Facilitate a culture shift away from viewing non-profits as compliance managers and instead as active asset holders/managers • Strategically lever funding from other levels of government

Recommendations for a 5-Year Action Plan and Beyond

PARTNERSHIPS / RELATIONSHIPS			
Recommendations	Rationale	Primary Principles Addressed	Partnership Outcomes
1. Develop an implementation group accountable for delivering on recommendations and identifying practical actions to address each recommendation.	Partnership is an ongoing project and requires continued engagement with a range of stakeholders.	Engaging all stakeholders to problem solve.	Systems partners to collaboratively implement solutions across the housing and partnership continuum.
2. Shift the partnership culture to enable more effective relationships through: -Developing partnership principles (measurable/auditable); and -Identifying opportunities for mutual learning.	Recommendations will not be successful without buy-in and support from other city departments, government and community partners.	Developing mutually respectful relationships and engaging a range of stakeholders.	More effective and efficient relationships along the partnership continuum.
3. Facilitate discussions between affordable/social housing funders to align requirements and priorities.	Currently municipal, provincial and federal funding programs operate in siloes which adds administrative burden and takes focus away from affordability.	Clarifying expectations with regards to returns for value contributed.	Systems partners taking a broader view of the housing system.
4. Develop partnership between BC Housing, the Non-profit housing sector and COV to share social housing and need/demand data to identify redevelopment sites with highest potential.	Recognizing limited funding opportunities, taking a coordinated approach to redevelopment and ability to create more complete measures for the health of the non-market housing sector.	Engagement between a wider range of stakeholders when making decisions. Developing mutually respectful relationships.	Systems partners taking a broader view of the housing system.

5. Work together to engage with communities on new affordable housing projects and the broader values and vision of the non-profit housing sector.	Non-profits have social capital within communities and can draw on lived experience of clients and neighbourhoods to supplement municipal policy direction.	Recognition of the value each partner brings and commitment to authentic engagement.	Enhancing the communicator/facilitator role.
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PROJECT BASED			
Recommendations	Rationale	Primary Principles Addressed	Partnership Outcomes
6. Non-profit housing providers and partners develop a coordinated approach to tenant relocation during redevelopment (e.g. facilitate sharing or swapping of units).	Tenants need protection but relocation is challenging given the low rents needed; potential to utilize assets coming on stream or being redeveloped to act as interim housing.	Commitment to collaborative problem solving.	Facilitate connections to improve and/or optimize existing assets.
7. Dedicate and set aside a portion of city-owned affordable housing sites for Aboriginal housing to be developed by Aboriginal housing providers under 60 year leases.	Aboriginal housing organizations have access to different funding streams and are better positioned to respond to the needs of their communities.	Recognizing the value brought by partners.	Enabling non-profits to bring their expertise to bear on new developments.
8. Allow for a clause in long-term leases providing an incentive for operator to recapitalize towards the end of its economic life through automatic renewal/ right of first refusal or subsequent purchase by non-profit.	The asset deteriorates at the point of its life cycle where recapitalization is most required; renewal would be subject to performance metrics.	Sharing risk and clarifying expectations.	Enhancing the contractor/ operator relationship.

9. Explore the possibility of a delayed return on land (i.e. City as investor). Clarify that any return on land will be used to fund additional affordable housing.	Affordable housing projects face significant financial risk upfront and in the initial years of operation. Accepting a delayed return works to mitigate this and enables projects to be more affordable sooner.	Sharing risk equitably; working to enhance viability of projects through collaborative problem solving.	Enhancing the contractor/ operator relationship.
10. Explore opportunity for non-profit discounted/at cost purchase of affordable housing assets delivered fully or partially through CACs.	Creates ownership opportunities to enhance portfolios while recognizing a shared-risk approach and achievement of community ownership of assets.	Addressing power imbalances and moving towards shared risk/capacity building.	Co-developers of affordable housing projects with each providing financial input.

INTERNAL PROCESSES

Recommendations	Rationale	Primary Principles Addressed	Partnership Outcomes
11. RFP multiple city sites at once, in consultation with BC Housing to identify strategic priorities and/or funding opportunities, to allow for sector collaboration and a portfolio approach to affordability.	Providing more flexibility in RFP's enables non-profits to achieve greater affordability through partnerships and across multiple sites.	Addressing an impediment to creative solutions and enabling participation of more stakeholders.	Improving the contractor/ operator relationship.
12. As part of an Aboriginal housing stream, facilitate culturally appropriate housing forms for Aboriginal residents.	Currently the City demonstrates little flexibility in allowing for design/housing form innovation to meet the need of specific communities; challenge certain norms to achieve better housing outcomes.	Working towards respectful engagement and recognition of the needs of specific populations.	Streamline regulatory/ transactional interactions.

<p>13. Improve development review process through:</p> <ul style="list-style-type: none"> -clarifying what it means for affordable housing projects to be a priority (e.g. expedited process, “Nexus Lane,” separate review team etc.); -expand the mandate of the Urban Design Panel to include consideration of the impacts of design on affordability; and -review requirements for applicants during approvals process to avoid duplication of work. 	<p>The City has good policies and the necessary regulatory power to impact housing affordability however implementation is hindered by misalignment of values and work silos. Approvals time for projects is significant and costly.</p>	<p>Commitment to collaborative problem solving.</p>	<p>Streamline transactional interactions.</p>
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