

Subject: FW: AFFORDABLE HOUSING

Date: Fri, 17 Jan 2003 11:04:15 -0800

From: "Ernie Crist" <ernie_crist@dnv.org>

Hello All:

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> There appears to be a large gap between fact and assumption when it comes to Co-op housing. Granted, there are many different types of Co-ops. But Co-op housing such as the Lynn Valley Co-op is not subsidized. The initial Gov. (CMHC) loan is being paid back along with interest of 14% over 40 years. In turn for this loan, (at 14% not exactly a gift), the Co-op is obliged to take in a certain percentage of lower income people. Their income is reviewed on an ongoing basis by the Board of the Co-op. The subsidy for their monthly payment comes from the monthly payments of the rest of the members who are paying what is termed "market".

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> Thus, those lower income members are not subsidized by the CMHC but by the members of the Co-op. As soon as the income of those members reaches a certain level however, up go their payments depending on income. Those subsidies are never more than to 15% of the total number of Co-op members. Should any member fall victim to misfortune, payments will go down. If the payments of the Lynn Valley Co-op members in general are today somewhat lower than market then it is because the Co-op has paid off the loan and because the payments have stabilized over time just as would be the case if the units were market.

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> But if all the Co-op debts have been paid off, members will have to continue making payments indefinitely based on income. In a sense it is a lease arrangement. Co-op members can never make any profit, neither will they ever own the units in a market sense no matter how high their monthly payments and/or how much they have paid over the years. Members will not get a penny back when they sell other than their initial down payment plus cpi and/or share of \$ 1,500 plus compensation for improvements, seldom in excess of \$ 10,000. Indeed Co-op members who "sell" may only sell back to the Co-op. The advantage of co-op is security. Market vagaries or interest ups and downs will not cause people to lose their home. On the other members must be socially responsible or face eviction.

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> The only advantage of moving into a Co-op, to state again, is to avoid the initial high down payment one would have to fork out for market housing. For that privilege Co-op members in turn give up all the advantages of market housing.

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> Neither did the municipality give up anything since the land was leased to the Co-op over 60 years at market except that when the Lynn Valley Co-op was given the opportunity it took advantage of this and, through an additional assessment of all the members bought the land at market. The Co-op is owned jointly by all its members. So there you have it folks.

When I stated "using the Heritage Fund" for financing I meant that, this would fit into the category of the CMHC loan, but that would certainly not be a gift or subsidy. The Municipality would not lose, since, as everyone knows, after the lease is up, the land would revert back to the municipality. If the housing units themselves are financed through the Heritage Fund the same would apply. Both principle and interest would come back to the District. I am not holding my breath on my proposal. I have after all tried this before without success, except, most candidates did promise such things and more during the election.

> Ernie Crist,

