LIMESTONE CITY cooperative housing

Limestone City Co-Operative Housing Inc

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LCCH's Housing Attainability September 12, 2024

When housing is treated as a commodity there are powerful incentives to increase its scarcity and therefore its price. This dynamic is how most real estate works. It is not sustainable that housing should continue to go up faster than people can afford it. Limestone City Co-operative Housing Inc. (LCCH) is a reaction against the commodification of housing. We do not insist on a down payment or allow for capital to accumulate in housing. This is what LCCH means when we say we are a non-profit, non-share capital, attainable housing co-op.

LCCH is principally a housing provider that refuses to commodify our housing. We want to provide attainable, at cost, co-operative housing.

"Attainable" in LCCH's sense means we want to make sure that housing is provided well for the entire life cycle of the building – that is, that the project must be fiscally sustainable over its expected 200-year lifetime. To do this we have asked the architects to itemize every component that goes into the building and give us its expected lifecycle. For example, the building will need to be replaced in 200 years. A tub and tiles may have a life cycle of 20 years – that means that every tub and tile bathroom will have to be renovated 10 times during the next 200 years or every twenty years during the lifetime of the building. This is an expense that we can amortize for every twenty years. We adjust for inflation and add that value to the needed reserve account from the housing charges. This fiscal management coupled with our asset management plan will ensure the co-op is looking beautiful, with excellent curbside appeal, and in a proper state of repair for the full life of the building.

"Attainable" also means the co-op is owned jointly but not severally. By being a member, everyone has a share in the co-op and one vote in how we are governed. The ownership stake is secure and non-sellable – it adheres to residency. The pride of our special form of ownership and the local member control of finances lowers the cost of operations making it that much more fiscally sustainable.

"Attainable" has a further multi-dimensional sense in LCCH's project as the effects of commodification extend beyond just the housing market. Many people who struggle with rent also have to pay for utilities. LCCH's project aims to be self-sufficient in energy production and hope thereby to eliminate the energy bills of residents. Our building will be collecting massive amounts of rainwater and using it in as many non-potable water uses as possible, such as in toilets and in laundry. This will have the effect of minimizing the municipal water bill. We want a housing solution that minimizes the cost of utilities for members. This requires embracing and maximizing renewable energy sources. In LCCH's case we will integrate next generation solar panels and full geothermal systems. These next generation solar panels will look like wood, stone, steel, glass – unless you know, you will not be able to tell that the building is covered in solar panels. By being self-sufficient in energy production, we can escape the negative effects of the commodification of energy that result in higher and higher prices, we avoid the energy crunch coming to North America, and we live sustainably within the means our environment can provide.

Inflation also has a nefarious effect on the value of our income. This means that food prices will continue to grow and likely at a higher rate than wages. Today we see this when some people have to choose between eating and paying rent. LCCH wants to provide food security through the vertical farm making it certain that members will never have to worry about where their food will come from or whether they can afford food. Attainable housing for LCCH means taking food production out of the market. Farm to table food production in the same building is attainable. Having housing and a steady source of healthy nutritious food is what LCCH means by attainable housing.

The $2,290,000 bridge loan that LCCH is asking for to make this 248-unit co-op a reality is not an unheard of or unwarranted request. The City has made many such loans recently. On April 16, 2024, this council approved $3,843,818 contingency allowance to be funded by the City and to be used on an as-needed basis in addition to a previously approved $9.9 million loan to build a 38-unit supportive affordable housing complex at 484 Albert St. and 620 Princess St.

On December 19, 2023, Council agreed to pay $3,800,000 for the old Extendicare building at 309 Queen Mary Rd. to provide 33 to 35 transitional housing units.

In both cases on going expenses in operating costs will need to be funded by tax dollars. There is only one taxpayer, and taxes will be taken out somewhere either through property tax or income tax.

LCCH's ask is significantly less per unit than many project the City of Kingston has undertaken. Further this is the first financial plan that takes operating costs off of the City of Kingston's books and taxpayers. LCCH recognizes that housing people based on tax dollar funding is difficult long term due to continuous pressures to keep property taxes low therefore LCCH wishes to take that uncertainty and establish a sustainable long-term model that is independent of taxpayer contributions.

Based on our class D estimates LCCH's average costs to pay for and maintain the building for 200 years is $19.66 per square foot per year in today's dollars. This includes a generous reserve fund contribution for future expenses.

This means that a 450sf studio would have a housing charge of $737. per month. The average in Kingston for a studio according to CMHC was $1035 in 2023. The attainable average is 71% of the mean market rates. This is the beauty of a non-profit organization.

Likewise, a 560sf one-bedroom unit would have a housing charge of $917. per month. The average in Kingston for a one-bedroom according to CMHC was $1329 in 2023. The attainable average is 69% of the mean market rate. This is what happens when you de-commodify housing.

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Further, a 660sf two-bedroom unit would have a housing charge of $1081. per month. The average in Kingston for a two-bedroom unit was $1609 according to CMHC in 2023. The attainable average is 67% of the mean market rate in Kingston. This is what happens when co-ops reduce the operating expenses of the enterprise.

Lastly, an 800sf three-bedroom unit would have a housing charge of $1310. per month. The average in Kingston for a three-bedroom unit was $2141 according to CMHC in 2023. The attainable average is 61% of the mean market rate in Kingston. This is what happens when the co-op provides food for the community.

This is what non-profit attainable co-op housing looks like: low housing charges, low utilities fees, lots of nutritious food on a low budget, with a supportive community.

What these numbers also show is that LCCH has a lot of fiscal flexibility to take on more debt once the building is built and occupied. This is why I can confidently say that LCCH will be able to pay back any bridge loan or capital loan if the building is built and occupied.

There are two funding streams to the large multi-million capital dollars through CMHC. To qualify for a CMHC capital loan through the Affordable Housing Fund (AHF) we need to make sure that only 30 percent of units are at least 80 percent of market for 20 years. Based on these numbers we can achieve that easily and maintain the viability of LCCH's attainability goals far longer than 20 years.

The other CMHC funding stream, the Co-op Housing Development Program (CHDP), does not require an affordable housing component. It requires us to maintain all housing charges at or lower than 110% of mean market rents. Again, our sustainable numbers are in the 60% to 70% range, therefore we can achieve that requirement easily too. The better our numbers the higher priority CMHC considers us. One enhancing option CMHC give us is the ability to choose the number and depth of affordable units to priority groups such as women and their children fleeing domestic violence – LCCH can choose the number of depth of discount based on long-term fiscal viability.

The main message is that this project has a lot of financial wiggle room once it is built to pay off debt and demonstrate long term attainable housing viability.