MCHC-P Development Proposal - January 2025

Last updated March 2025

This is a proposal for how MCHC-P can acquire, build, and develop our first project. Our goal is to build a mid-rise housing co-operative that could house up to 80 residents with an innovative approach to blending private and communal spaces. Our intention is to contribute to Toronto's "missing middle", both in terms of density and the built form as well as affordability level. We intend to seek partners who could provide land for this project (e.g. the City of Toronto), fund construction through a mix of public funding programs and community financing, and be financial guarantors. This project provides an affordable housing solution that addresses the needs for: more community in the face of the loneliness epidemic; medium-density builds that can fit into existing Toronto Neighbourhoods; and housing that is financially accessible to the younger middle and working classes. In addition, this project will contribute to MCHC's vision for a better Toronto through decommodifying housing, facilitating sustainable lifestyles, and operating with principles of equity, inclusion, and support for Indigenous communities.

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Building Vision

Note: this is a general vision to help us move forward in finding sites and partners. Specifics will depend on the site, size of project possible, zoning regulations, and other factors, and there is a lot of potential for flexibility as long as we adhere to our guiding principles. At this time, we encourage feedback related to the high-level vision and not those specifics that are currently subject to change.

Our vision is for a co-operative housing building that balances small units with a significant amount of communal space designed to encourage a truly community-minded approach to living. While specifics may depend on the size of the lot we are able to acquire, we envision a 4-6 storey building with 6-10 units per floor, with a mix of 1, 2, 3, and 4 bedroom units (this results in 25-50 units total). Each unit will have a small kitchenette and their own bathroom, but not very much living space. Every 6-10 units will have a shared living room and kitchen space and each social unit will determine how they will manage the use of that space (for example, how often they would want to cook and eat dinner together).

In addition, the main floor will have a large, shared room that can accommodate a gathering of everyone who lives there (for example, a multi-purpose room that can be set up for co-op meetings, events, and classes). The building will also have a shared outdoor space that will include gardens and social/play space. If necessary to conserve space, this could take the form of a rooftop garden instead of courtyard/backyard. Many amenities, such as laundry, could be efficiently shared among the entire building. The building itself should be built with environmental sustainability in mind, both in terms of construction and by facilitating a sustainable lifestyle for residents. The building will have an elevator and incorporate accessibility wherever possible.

Other features that we would like to include as non-exhaustive nice-to-haves:

- Bike storage / maintenance space
- Guest suite(s)
- A workshop
- A library and co-working space
- A small amount of parking - one proposal is to partner with a car-share service such as Communauto or Zipcar to provide them with parking spots and give our members the opportunity to use those cars.
- A small commercial space that could be used for a café, local retail, or a service such as a daycare. Ideally this business would also be cooperative.

Who is this for?

The target demographic for this project are those within the working and middle classes who do not own property and would likely have to move away from Toronto due to the affordability crisis. Many of us are young professionals between 25-40 years old who, despite post-secondary education and professional jobs, can no longer afford the average rent in the city. In addition, we want to have a community that is intergenerational and includes families with kids as well as older people who are looking for a comfortable home where they can age in place with community support and without being over-housed.

<u>Equity in Membership</u>
MCHC has a [strong set of values] that include equity and Indigenous sovereignty, and every effort will be made within this project to ensure we are including a diverse community of people, and that we offer a certain number of units to our partners in the Indigenous community. As much as possible, rental rates will reflect our commitment to inclusivity, for example with internal subsidized or RGI (rent-geared-to-income) units.

To provide housing to the people who experience the most barriers to it we will consider the following as the project develops:

1) Internal member subsidy for those who cannot afford the housing charges

2) Partnerships with charities and social services to dedicate units aside (co-op membership committee must still be able to vet)
3) Government subsidies as they become available
4) Co-op should aim for certain levels of diversity in its residents when the project is further along. Co-op will aim for 50% of residents from equity deserving communities. Membership committee will work to do recruitment for this target.

Ownership & Governance

This property would either be owned or leased by MCHC-Properties, who would operate as a land trust with a lease-back to the co-op. This would allow us to continue to expand in the future, replicating this first project and expanding the number of co-operative units available in the city. MCHC-P would have the ability to leverage existing assets in order to fund new projects, and could also spread resources out between individual cooperatives in the case of cash flow challenges. The individual co-operative would operate independently with a democratically elected board made up of residents. Residents would be members, paying a monthly “housing charge” (rent) to the co-op. Members could also choose to be investors in MCHC-P via supporter loans. Additionally, folks could be investors in MCHC-P without being residents of a co-op. Management of the property would likely require at least two part-time staff; in particular, a staff person who can manage residents’ files while maintaining their privacy.

Land Acquisition, Potential Sites, and Partnerships

Our preference for sites would be in downtown Toronto, in designated Neighbourhoods that have been declining in population and are in need of gentle density (for example, the Annex or Bloorcourt). Our first area of research will be into the potential of leasing land at no/low cost from the City of Toronto; for example, former parking lots that could be converted to housing for the benefit of the community. To pursue this path, we will begin by contacting progressive city councillors who may have suggestions of sites. A secondary potential pathway would be churches or other faith-based or cultural communities that own land they can no longer support.

Most funding programs by CMHC require proponents to have positive financial records for over 3 years and experience running significant budgets. MCHC-P will need to secure partnerships with organizations like the Neighbourhood Land Trust or the Co-operative Federation of Toronto in order to pursue funding.

Funding

Funding for such a project might come from three primary sources:

1. The CMHC Affordable housing fund would in theory be the majority of funding, providing:
    a. A loan & grant that can cover *up to* 95% of costs with a 50 year amortization of which 40% can be forgivable loan, with the loan being forgiven over time
    b. Interest-only payments until loan is fully advanced (distributed)
    c. Money is drawn down at schedules
2. Pre development funds including (we still need pre-pre funds)
    a. Community Housing Pre-development fund via City of Toronto / Infrastructure Institute -
        i. Provides up to $50K in early development funding, applications start in early 2025
        ii. Up to 30% of funding will be advanced following execution of the PreDevelopment Funding Agreement; The remaining 70% of funding will be advanced only based on monthly invoices from the appropriate consultant or consultant team undertaking eligible work
    b. CMHC's Seed Funding - Grant and Loan
        i. Up to $350,000 interest free loan with a 3-year term to complete
        ii. Up to $150,000 of non-repayable contributions (not always available)
        iii. Advances will be processed once invoices are provided, activities are completed and supporting documentation is received
3. Community financing.
    a. Loans that come from us and our community given at low, close to inflation interest.
    b. Membership fees (see below).

The financial feasibility of such a project depends on:
1. How expensive pre-development is, how much of the predevelopment loans we would get and how much money we ourselves could get together.
2. The portion of grant we get from CMHC

In an ideal world we would use small internal loans, membership fees to get to a solid proposal around $20-50k in pre-pre-development funding. This would be in order to get an offer for land. Then we would use SEED and the City of Toronto funds to get us through the planning and development stages around $200k. Next, we would apply for the CMHC AHF program and we would use funds to pay back the co-op growers and supporter loans.

Membership and Prioritization

Membership of MCHC-P is classified in two tiers: Participatory and Supporter. Each has different requirements and benefits. **Only participatory members will be given a space on the waitlist for the new co-op on a first-come-first serve basis.** All current members will be given notice of a general members meeting where all members in good standing present will be randomly assigned a spot on the waitlist. New members will join the bottom of the list.

It is important for us that we balance attracting a wide array of diverse members and prioritizing those of us who have been committed to the mission and put in significant work into the project.

Dues, Co-op Growers, and Supporters

For moving forward in the project it would be ideal to have some money set aside now to use in pre-pre-development activities and to show potential funders we are serious. **Our goal is to raise $20,000 in pre-development fees by the end of 2025.** We will raise this through dues, donations, and supporter-loans. As we accumulate funds and learn when we will spend we will store funds in a high-interest savings account and/or GIC.

Dues shows that there is real interest and stake in making this move forward, especially for those not able to put in as much time into the project.

The MCHC-P board will suggest a redistribution plan proportional to their contributions if our project is not successful.

Sources of funding:	**Participatory Member**	**Co-op Grower**	**Supporter Member**
What you are:	You agree to the proposal and MCHC Principles. Committed to attending minimum 3 meetings (board, general, subcommittee) in 15 months* and complete at least one task**. You also pay your membership dues. *Barriers to attending meetings will be considered on a case-by-case basis **E.g. Did an action item, researched a piece of land, recruited a supporter	You are someone that wants to support the organization with pre-pre-development money. Give money that has no guaranteed return. Help your co-op get to $20,000.	Contributed capital
Fee:	1% of average monthly income after taxes	$500-10,000* *If the project is	$10,000+

		successful we will pay these funds back.	
What you get:	Spot on the waitlist. Representation on board of MCHC-P.	Satisfaction (if you want a spot, become a PM). Name on brick.	Money back once co-op is built (if you want a spot, become a PM). Representation on board of MCHC-P.

An Alternate Project Note - A First Step

The board has recently been discussing whether it would be sensible to start our MCHC-P venture by buying an existing small, multi-unit building (example). The argument for this is that it would allow us to establish our credibility and gain experience in managing a co-op as we move toward the bigger project proposed above. City of Toronto's Multi-Unit Residential Acquisition Program (MURA) would be a likely funding source for this. MURA covers $200,000 per unit or $150,000 per dwelling room. It would likely need supplemental funding from supporter loans.

One argument against this idea in the past is that we didn't want to evict existing tenants or take away extant housing. However, if we view this as a step toward the larger project, we could offer existing tenants to join the co-op without worrying about immediately finding housing for everyone on our MCHC waiting list.