

Questions	Creekside Commons, Courtenay	Yarrow Eco Village, nr	Fernwood Urban Village, Victoria	Wolf Creek Lodge Sr Coho	Pacific Gardens Cohousing, Nanaimo	General Cohousing Advice
LEGAL	www.creeksidecommons.ca	www.yarrowecovillage.ca	www.fernwoodurbanvillage.ca	www.wolfcreeklodge.org	www.pacificgardens.ca	
	Pam Munroe - John Boquist & Robert Dick	Gerry Kilgannon - John Boquist	Bill McKechnie - M. Critchlow & C Rossner	Barb Kronmal - Nitya Harris	Susana Michaelis - Andrew Moore	Yonas Jungkind - Robert Dick
1. What legal structure did you put in place and why did you choose it?	Non-profit corporation which was recommended by our project consultant. It assisted in limiting the financial liability of individuals involved in the project. This company applied for and received the loans, paid all the invoices, dealt with the GST issues, etc. All of the equity owners were shareholders in the company. The board of directors was the original five members and they held those positions until the company was disbanded one year after the project was completed. We used a lawyer to set up the company.	They started as a cooperative, which means they are not eligible for nonprofit funding. Why did they choose the coop model? Because it aligned with their values. The coop legal structure was a problem when it came to getting financing and they had to take out the loan in four members' names, then pay a land transfer tax to return the title to the co-op. She said to check with the Land Transfer office before setting ourselves up as a coop to avoid similar problems. The coop is the legal structure for the whole 25 acre property. Within the coop, the 5 acre "ecozone" (created by/with the town of Chilliwack) contains all the housing. Within the ecozone, the cohousing complex is strata titled.	The information below comes from a meeting that Christa Rossner and Margaret Critchlow had with Bill McKechnie on 14 Oct 2010. Bill is the sole organizer of this cohousing project although he plans to gradually transfer control to the residents. The legal structure is a Joint Venture agreement between Bill (50%) and the owners of two adjacent lots (25% each).	Became a limited liability company upon the recommendation of the cohousing founders (Katy and Chuck). Came in as investors into the cohousing developments, as partners with "Cohousing Partners" --Chuck and Katy's company. Merged together into one company, once the construction is complete, they will dissolve the LLC, and become a home owner.	shareholders bought units -- project took ten years but they wanted to be hands-on all the way.	My recommendation is to run the development as a BC company. If you run it as a co-op you will need to explain what a co-op is to every lender in the project and then you will pay them and their lawyers to review your co-op rules. Also you will be confused with a housing co-op by the bc government. Your shareholders agreement will ensure that everyone has an equal say. Then at completion you will switch to a strata corporation. Then people will own their own units as Strata units. If you go the co-op model, the financing will be at prime+1 rather than prime-.5 for strata units. Also with a co-op members will not receive title which many will want to leave in their wills to their children in the most secure way. Make sure that you offer discounts in exchange for money invested early rather than annual returns. There is a proven capital structure for co-housing projects, and you should just use that model. Make sure that you use a shareholders agreement that has the structure -- DO NOT CREATE YOUR OWN!!!! Use one that is tried and true.
2. What legal structure would you discourage us from using and why?	Anything that is not a corporation. The liability issues can be a concern and this helps to keep the finances of the development separate from the finances of the strata (if you are planning on becoming a strata after completion. I think you would have to become a strata if you are sharing common space.) This structure was also very advantageous for GST purposes meaning that the corporation applied for GST and received GST rebates on all costs of the development process.	see above re complications they had with coop re financing	not discussed	Don't know about the alternatives. Setting it up with Katy and Chuck who have a lot of experience made it a lot easier. Partnered with someone who has experience and is their business.		Co-ops are very good if you want to be operated under one of the CMHC programs for subsidized housing, which I don't think is your intent.
3. Did you use the model given in the Canadian Cohousing Network under Ownership/Legal Status which suggest incorporating as a standard corporation then on completion of the development, changing the legal status to allow for individual home ownership? If not what was used?	We formed a non-profit corporation registered in BC. We used a lawyer to set this up. Once the homes were completed ownership reverted to a Strata Corporation under the Strata Act of BC. The Development corporation was dissolved in October 2008.	No.	Yes. Though I'm not sure a Joint Venture is the same as a std corporation. FUV will become strata when occupied.			

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FINANCIAL						
1. At what point was the initial capital raised?	The initial capital was raised in order to purchase the land. About half of the money was supplied by equity owners, the rest from a loan with the credit union. Construction financing was secured just prior to construction start. In this phase of the process we also received significant funding from individual equity owners.	Quite early on. She stressed that we should expect substantial contributions from members, e.g., \$10,000. They were unable to get start-up money from any source other than their own members. CMHC did give them a \$10,000 grant to explore whether they could offer affordable housing. They couldn't but as it was a grant, did not have to refund the money.	Bill provided the initial capital, buying two adjoining lots. Two neighbours then decided to join his venture.	Went through a series of workshops that people had to pay to attend --the workshops included site design, common area design and unit design. Value of the workshops were credited if the person went forward with the purchase of the unit		
2. How did you raise your initial capital?	As above – we raised \$2.5 million of our \$11 million project from the equity owners. They received interest on the loans they gave and this interest was deducted from the cash they had to pay at the time of purchasing their home. The remainder of the funds we borrowed from the local Credit Union because we wanted to deal with an institution that was more keyed into the local situation. Because of the size of the loan (over \$7.5 million) the local credit union syndicated with a credit union on the mainland.	From core members only	To get the project built, members who pay \$250 for the privilege of participating in decision making will be asked to put a \$25,000 downpayment on the unit of their choice. Once 50% of the units have downpayments on them, VanCity will release financing for the construction to Bill as the developer. Once the building is completed, unit owners will pay the balance due for their units (\$230 to about \$400 K estimated, based on \$193/sq ft)	Had a design period, and did not allow bring in a new members during the design stage. Did not go through a Study Group 1 phase. First initial investment was 5% of the projected cost of the unit. This was put in early on (9 months after start of groups). There was a \$500 non-refundable fee for meeting costs. This made people an official member and allow you to pick the unit type. Cohousing Partners fronted the beginning costs. The rest of the money came from members (who could afford to pay for the whole amount) and would get discounts towards the cost of their home. Members paid more \$ as each hurdle was passed. The whole budget was set up as cost plus 10%. The 10% would be shared by Cohousing Partners and any outside investors that came in as partners. If a community could fund the whole project, then the 10% would be shared with the members.	Capital raised from shareholders	
3. What lender did you use?	Coastal Community Credit Union supplied all the funds for the property purchase loan. They syndicated with Westminster Credit Union on the mainland for the remainder of the financing. We paid fees for a quantity surveyor which was required by the credit union. These reports were usually monthly and cost about \$500 each. There were also fees involved in setting up the loan which totalled about \$10,000.	A credit union. Not sure which one. Felt VanCity was most difficult.	VanCity	Had to go to a bank that has worked with Cohousing Partners before. Also there are cohousing friendly people who are private venture capitalists. Even members of the group could be an outside investor for the project.		

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DEVELOPMENT						
1. Would they suggest we develop the project ourselves eg. Appointing architects, financiers and contractors and supervise the physical design, specification and technical development or engage a property developer to provide capital, get the project build and sell it back to us? What are the pros and cons of these models?	I would not suggest that you develop the project yourselves unless you have people with the particular skills and the time (it is a more than full time job to do this). I am not familiar with the model of engaging a property developer although I would suspect that if you went this route it might be hard to find someone who is familiar with cohousing. Without that familiarity you could find yourselves being at odds with the developer who might want to low ball the development which means leaving out a lot of sustainability features to keep costs down. One of the biggest cons of doing it yourself is that you might miss something critically important in the process and have to spend thousands of dollars to fix it.	recommends beginning with a project manager (Ronaye Matthews), once the project is underway bring in architect at the appropriate moment. Yarrow did not have a project manager -- the members had experience with cohousing and she had lived 11 years at Windsong. Yarrow began in 2002 but in 2010 they hired Charles Durrett to be project manager and architect for building out the housing. This is still controversial and G was unsure if it was worth the expense.	Bill has developed hotels and started his own brewery, so he is comfortable developing FUV himself. He didn't make a recommendation for us.	They worked with Cohousing Partners, so cannot imagine how difficult it would be to do this all themselves without the expertise. Would need the expertise and the structure needed to handle the community building of the partnership.	Most of the visioning and development was done by our stalwart group of shareholders (who bought units). It was at least a 10 year journey, but we wanted to be very much involved all along the way, from before the land was purchased.	I also recommend that you use a cohousing consultant. They will save you money and streamline the process. I think that some groups choose to do it themselves as the price tag seems high for the consultant, and occurs at the start of the project before the group is used to spending real money (the budget for your project will be 5,000,000 to 8,000,000) so at the start, it's a bit of a shock. Also, it's difficult to see what you don't know at the outset. It's really, really, really hard for even the most sophisticated people to sit down and come up with an amazing development based on no experience. When you have the experience consultant he takes you through the discussions in the right order at the right speed to get to the answer. Otherwise groups tend to keep going around and around the same issues. (In a development, everything seems to affect everything else).
2. Is it possible to estimate the costs associated with own project development versus development?	It is not possible for me to do this although you might find someone who could make an estimate for you. We paid our project manager 4% of the cost of our project and it was worth every penny because she knew exactly what to do and when to do it.	She couldn't do this either.	no			Development is a risky business. There are many risks. I think that I was mentioning a few big ones on the call. As you look to purchase your land you need to make sure that you will be able to rezone and build the cohousing on the property. The biggest barriers are: 1. Density allowed and ability to re-zone and the cities plan for that area. 2. Fire Flow / Water 3. Septic / Sewer 4. Storm Water. 5. Bearing capacity of the soil 6. Amount of soil on site / grade / fill required 7. etc. To mitigate these risks the best practice is to put an offer on the property subject to a feasibility report that would cover off these items. Then the vendor should give you 30 days to look at the issues. And may be able to provide additional information themselves. You will probably need an engineer to write the report for most of the items. Though someone experienced in multi family developments could probably suss out most of these issues.
FACILITATION						
1. Where and when do we need a facilitator for a) overall process of cohousing development, b) study groups and c) within group facilitation?	We used a facilitator throughout our entire process from the beginning of the idea to the end of construction. We could not have done this project as quickly or as efficiently as we did without her expertise. We engaged a cohousing consultant from the beginning of the project. She drew up a feasibility study for us in December 2004 and remained with us through the entire project. We would not have progressed as quickly as we did (from idea to move-in in less than 3 years) without her expertise. The person we used and would highly recommend is Ronaye Matthew of cdcohousing consulting. She lives in Cranberry Commons (a cohousing development in Burnaby) and has been a project manager on at least 5 cohousing projects in BC and SA. Check out her website at www.cohousingconsulting.ca	If we have a couple of members trained as study group 1 facilitators, we shouldn't need to hire anyone for that. But we should hire a project manager. WE remain the developers, but the project manager should be from outside the group b/c if they are inside, they can't be fired.	Bill is not using a facilitator. He did a year's research on cohousing and visited many in the US, Canada, and Europe. He feels the group will come together through the design process.	Early on, hire someone to teach us all the skills needed to build community, communications, effective meetings. Need a community builder which includes facilitation, mediation. Bring them on early as possible. They have a process team that creates decision making processes, communication processes. Otherwise everything will go where it will. Otherwise the control people will trample everyone, and the process people will just talk and not get anything done. Nice to find someone who understands cohousing and a good facilitator who can train us. Go to the cohousing conference to get the info. Check in on the blogs that are put out by other cohousing groups.	We didn't have a consultant, but we do know that Ronaye Matthew at Cranberry Commons in Burnaby does this for a living. I'm sure she can advise you. Or you can contact Chuck Durrett who lives in the US but comes up here to consult for Yarrow Ecovillage.	

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2. Is specific experience in seniors cohousing necessary? Desirable?	Probably not necessary, would be desirable. Difficulty is that there is no one in BC who has this expertise except Ronaye Matthew. She is managing a seniors cohousing project in Saskatoon right now. I would recommend you get copies of the book "Seniors Cohousing" by Chuck Durrett and work through the process in the book for dealing with the issues around <u>Seniors cohousing</u> .	Ditto Creekside's response. Talk to Ronaye now. Take her to dinner.	FUV is aimed at adults between about 40 and 60 years old because he prefers "that energy and focus" and because there is a market for it.	Use Head Heart and Hand by Sherry Leach. Experience re seniors cohousing is desirable, if we go with a senior cohousing. Not many people out there with seniors cohousing experience, so will need to use the experience of communities who went before us.		
3. What is the cost?	We paid 4% of the cost of our project based on the square footage (\$11,000,000 total) for the project manager/facilitator. Paid by monthly installments. She was well worth it.			Used Annie Russell who brought forward agreements that can be used once the cohousing is set up. The facilitator costs included in the budget approximately \$20,000. There are lots of group facilitators or community builders who could do this for us. Will not be able to find someone who has experience on Seniors Cohousing.		
ZONING						
1. What was your location selection strategy, ie. Did yo seek suitable locations with respect to pre-existing zoning?	We were looking for a property of about 9 acres in the City of Courtenay. We managed to find a property of that size that had some services already installed. This property was zoned for a multi-family development.	They took their time and built their group first, making sure their values were aligned. Then they didn't limit themselves to one location but looked for suitable ecovillage land. They almost bought an old institution in Kamloops, but the deal fell through. What they ended up buying was an old dairy farm.	Wanted a site that was walkable to downtown and that would allow less reliance on cars.	They were given a location so did not have a strategy. The group before these folks were looking for a location. Want a place that is walkable, infill projects, rural??. within costs, on a busroute....location is everything, need to prioritize what is most important for the group.		
Alternatively did you go through a re-zoning process and if so, a) how long did it take and b) what were the key selling poing with respect to the local government/land use authority?	Our rezoning process went very smoothly because we were decreasing the density and increasing the livability of the property. The local government was impressed by our preparation and site plan and they liked the cohousing concept. We rezoned to a comprehensive development zone which allowed us to build the initial project and add auxiliary buildings in the future.	They took their time and built their group first, making sure their values were aligned. Then they didn't limit themselves to one location but looked for suitable ecovillage land. They almost bought an old institution in Kamloops, but the deal fell through. What they ended up buying was an old dairy farm. They did not have to take any land out of the ALR, as five acres was already out. But they did have to rezone the five acres to a multipurpose zone, which Chilliwack designated as an <u>Ecozone</u> .	Urban residential zoning when they bought sites. requesting Comprehensive development zoning from city of Victoria.	Started in June 06, were shovel ready and everything stopped because of the economic downturn. Had a delay of 2 years because of this. Lost some money because of the interest costs on the land. So, their budget became very tight. Would take anywhere from 3 to 7 years.		
3. If your project is in a rural area, how did you address infrastructure eg. Sewage treatment etc.?	None of the initial proponents wanted to live in a rural setting.	Yarrow has municipal water from an aquifer. Sewage is a big issue as the whole village (pop 3,000) is on septic systems. Yarrow is planning to build a solar aquatic sewage treatment system to be built by Windsong member Kim (?). Ultimately this could serve the whole village.				

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OTHER COMMENTS						
1. Is there anything else that you would like to add that would benefit our process?	I would advise you to spend at least a year making sure that you consider all the amenities you want in your individual homes and in your common facilities. Do lots of research into environmentally sensitive building practices and materials. Ensure that you consider all the things you might want to do in common spaces. Make sure you build in storage space both inside houses and for outside storage. The biggest risk is that you will start the construction project and not be able to sell all the units by the time you move in. Then you will be in the position of having existing owners pay for the carrying costs of unsold units until such time as they are purchased which could be several months.	She really emphasized the importance of solidifying as a group with common values and priorities	Recommends early architectural drawings to help people imagine the completed project and to facilitate zoning and other applications. Recommends not using consensus but instead favours 75% majorities. "Democracy is not always the best or most efficient way to go."	The most important is that we cannot be all things for all people and the sooner that we can focus and create who we want to be, our core values, our vision statement so that we have something constant to check against. The core vision will guide us so that we are going off in another direction. Will need someone with the skills to facilitate these types of discussions. Need effective meetings and good processes that will support our members. Need skills, vision and the practical knowledge re: how we are going to do this. Need to take care of the members.	I don't know what we would do differently. I think getting a fixed price for the construction would have been better in hind-sight, although we were told at the time, it would be an inflated price and not to go that route. Construction time and costs were more than the estimates we were given. We built a complicated building, but we absolutely love the glass covered indoor atrium joining all the units, which greatly added to the cost.	Also, one more word of caution. Be very careful of advise from single family home builders. You will bump across these guys, and they will offer to be able to do your project. Know now that a 25 unit complex is nothing like building 25 single family homes a year. I can tell you why this back fired at Pacific Gardens. The big project is all about managing projects and the small project is about managing a couple of guys and taking in the slack.
				Will not agree on everything. Early on its so wonderful, but it takes a lot of hard work to go through the process. You find out how committed you are for consensus even when you think you know best. Building and creating a cohousing project is one experience, and living in a cohousing community is something quite different.		