

Share prices and occupancy charges

Costs

There are two central financial challenges in the establishment and operation of a housing co-operative:

- 1) the cost of construction of the co-operative
- 2) the ongoing operation of the co-operative

Paying for construction of the co-operative

The Old Grace Housing Co-operative plans on funding construction in the following fashion:

- 1) Mortgage: approximately 59 percent of costs.
- 2) Refundable member shares: approximately 21 percent of costs.
- 3) A Manitoba Housing loan: approximately 13 percent of costs. This loan is forgivable as long as the co-operative sets aside 30 units for households with low-to-moderate incomes.
- 4) A Manitoba Construction Tax Credit: approximately 5 percent of costs.
- 5) Manitoba Hydro grant and OGHC fundraising: approximately 2 percent of costs.

OGHC is planning fundraising which may offset some of the costs related to unique features of the co-op, such as the co-op cars and the chimney swift habitat structure.

Paying for operation of the co-operative

Operating costs, which include utilities, property taxes, building maintenance, and establishment of an adequate

reserve fund, will be funded by monthly occupancy charges that members pay to the co-operative. The occupancy charges do not cover discretionary costs such as tenant insurance, parking, laundry, telephone, cable, and wireless services.

What do members pay?

OGHC households are expected to make two forms of investment in the co-operative.

- 1) The purchase of refundable member shares.
- 2) Ongoing monthly occupancy charges.

Members may be required to pay for upgrades or additional amenities beyond those provided by the co-operative with each unit.

Member shares

Member share costs will be based upon three factors:

- 1) The size of the unit the household will be occupying. This will be based on construction cost of the unit. As result, the larger the unit, the greater the cost.
- 2) A proportionate share of the cost of the common areas. Since all households will be sharing the use of these spaces, the costs will be shared equally.
- 3) Whether the Manitoba government has provided support for the purchase of the members shares.

Support for the purchase of member shares

The Manitoba government has agreed to provide a forgivable loan of \$2.1 million to the co-op. This funding will pay a portion of the member share for 30 households

whose annual incomes fall below a specified amount. These figures are adjusted annually. The table below shows three years of adjustments to the program income limits.

Year	Household without children or dependents	Household with children or dependents
2014	\$48,455	\$64,606
2015	\$48,693	\$64,924
2016	\$52,253	\$69,671

Shares whose purchase is supported by Manitoba government funding are termed “Affordable” shares. Shares that are not supported in this way are termed “Market” shares.

The table below shows member share costs based on the information available as of April 2016. These costs are subject to revision once the final quotes are received from the contractor in June 2016.

Bedrooms	Market Shares	Affordable Shares
1	\$72,000	\$16,000
2	\$92,000	\$20,000
3	\$112,000	\$24,000
4	\$132,000	\$28,000

Occupancy charges

As a policy decision, the OGHC has determined that monthly occupancy charges will not exceed the Manitoba Housing Affordable Housing Rental Program Rents. These rents are based median market rents for similar units in the City of Winnipeg. (Half the market rents for apartments of comparable size are lower than the median, while the other half are higher.)

The following table shows the monthly occupancy charges based on the projected 2017 median market rents.

Bedrooms	Monthly Occupancy Charge
1	\$889
2	\$1,135
3	\$1,254
4	\$1,528

Support for occupancy charges

The OGHC is negotiating an agreement with Manitoba Housing to ensure 12 units are available for households qualifying for the province’s rent supplement. Under this program, the provincial government would pay a portion of the member’s occupancy charge. Households that qualify for this support must also comply with the Manitoba Housing policies setting out the number of bedrooms that are allowed per unit. These policies stipulate:

- not less than one and not more than two persons may occupy a single bedroom.
- parents and children do not use the same bedroom.
- single persons 18 and over have a separate bedroom.
- children five and over do not share a bedroom with another person of the opposite sex.

Further information on Manitoba Housing assistance and requirements can be found at: <http://www.gov.mb.ca/housing/mh/progs/pil.html>

For more information

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