

# OLD GRACE HOUSING CO-OPERATIVE

## UNIT SHARE CONTRIBUTION ASSISTANCE POLICY

*The Old Grace Housing Co-operative will provide members with affordable homes where they can live together in a diverse and sustainable community.*

OGHC Vision 22 April 2013

### DEFINITIONS

1. **Base Unit Share Contribution:** the number of additional Member Shares that a member must subscribe to in order to gain the right to occupy a unit;
2. **Housing Charges:** the amount that the co-op will charge a member occupying a unit, in the form of a monthly charge. This is equivalent to, or comparable to, rental charges in a landlord/tenancy arrangement;
3. **Member:** means a member of the co-op who has purchased one (1) Member Share and currently occupies or has been approved to occupy a residential unit owned or controlled by the co-operative, and has purchased any additional Member Shares required as a condition of occupancy (see OGHC By-law 6.01(d));
4. **Occupancy Agreement:** is a contract between the member and the co-op that sets out the rights and responsibilities of both parties respecting occupancy rules, housing charges and other matters related to the operation of the co-op;
5. **Shares:** means Member Shares in the co-op that have a par value of \$50.00 each;
6. **Sponsor:** an individual or organization that supports a member of the co-op financially. Sponsors do not own the Member Shares that are purchased with their financial assistance. Sponsors are not members of the co-op and have no rights of residence.
7. **Unit:** means a housing unit in the co-op. When referring to a member's residence, both the terms "unit" and "suite" are used in this policy.

### BACKGROUND AND PURPOSE

Old Grace Housing Co-operative intends to be a mixed-income community and recognizes that the Base Unit Share Contribution may be a barrier to membership for some households. The co-op seeks to provide assistance to households that have an identified need for low-cost housing, such as newcomers, people living with disabilities, and Indigenous people.

The cost of the additional Member Shares can be offset in several ways:

- A. **Private sponsorship** by family members of the applicant, or other known individuals
- B. **Agency/private organization sponsorship** of households
- C. **Co-op sponsorship** of very-low-income households
- D. **Co-op loans** to be applied to the cost of the Base Unit Share Contribution

The Finance Committee will implement this policy and consult with the Board when/if necessary.

## **A. PRIVATE SPONSORSHIP**

1. The co-op may enter into an agreement with the applicant and an individual willing to sponsor a portion of the cost of the Base Unit Share Contribution. The unit may be categorized as either affordable or market housing.
2. The applicant must be eligible for membership in the co-op (see By-law 6.01) and have been allocated the unit through the co-op's Wait List process.
3. The co-op requires applicants who are privately sponsored to contribute a minimum of 25% of the Base Unit Share Contribution, the cost of the additional Member Shares required to occupy the unit. The sponsor shall pay for the remaining Member Shares.
4. The co-op will sign a *Sponsorship and Share Pledge Agreement* with the applicant and the sponsor. See Schedule 1 for a sample agreement.
5. The applicant being sponsored must sign the *Member Shares Subscription Statement* which details their contribution to the cost of the unit. They must also sign the co-op's *Occupancy Agreement* committing to the payment of monthly housing charges.
6. When a sponsored member withdraws from the co-op, the sponsor shall have the following options:
  - a. to have their sponsorship funds reimbursed in full;
  - b. to request all, or a portion, of their sponsorship funds be paid to the departing member;
  - c. to request all, or a portion, of their sponsorship funds be transferred to the co-op to be used for sponsorship of a new applicant selected by the co-op.

## **B. AGENCY/PRIVATE ORGANIZATION SPONSORSHIP OF LOW-INCOME HOUSEHOLDS**

1. The co-op may enter into an agreement with an agency or private organization willing to sponsor the cost of the Base Unit Share Contribution for affordable units for one or more households.
2. As a condition of sponsorship, the agency/private organization may assign the unit(s) to households that it is already assisting. Such an agreement may include partial or full support for housing charges and additional services.
3. The four 4-bedroom units on the Arlington site are reserved for allocation to large, very-low-income newcomer households.
4. Adult members of each household must be eligible for membership in the co-op (see By-law 6.01). At least one adult member of each household must pay the one-time fee required to purchase one (1) Member Share.
5. The members must sign the *Member Shares Subscription Statement* which details their contribution to the Base Unit Share Contribution, if any. They must also sign the co-op's *Occupancy Agreement* committing to the payment of monthly housing charges.
6. The co-op will provide an annual report to the sponsoring agency/private organization about the household(s) it is supporting.

7. When a sponsored member withdraws from the co-op, the sponsoring agency/private organization shall have the following options:
  - a. to have their sponsorship funds reimbursed in full;
  - b. to sponsor a new applicant that the agency/private organization has identified, in which case the co-op will retain the funds; or
  - c. to sponsor a new applicant that the co-op has identified, in which case the co-op will retain the funds.

### **C. CO-OP SPONSORSHIP**

1. The co-op may sign agreements with agencies/private organizations that support the co-op's goal of providing opportunities for very-low-income households to become members of the co-op.
2. The agencies/private organizations shall agree that the funds they have contributed will be held in the co-op's Unit Share Contribution Assistance Fund and allocated at the sole discretion of the co-op. Funds may be used to partially offset the Base Unit Share Contribution required for more than one unit. The co-op will sign a *Housing Assurance Agreement* with the agency/private organization - see Schedule 2 for a sample. Such an agreement may include partial or full support for housing charges and additional services.
3. The co-op's priority for sponsorship is applicants whose annual household income makes them eligible for a monthly housing charge subsidy from the Province of Manitoba.
4. Applicants must be eligible for membership in the co-op (see By-law 6.01) and have been allocated a suite through the co-op's Wait List process.
5. The co-op requires applicants to contribute a minimum of 25% of the Base Unit Share Contribution, the cost of the additional Member Shares required to occupy the assigned unit. The balance is paid by the co-op.
6. The applicant must sign the *Member Shares Subscription Statement* which details their contribution to the cost of the unit. They must also sign the co-op's *Occupancy Agreement* committing to the payment of monthly housing charges.
7. The co-op will report annually to each agency/private organization on the occupancy status of suites being sponsored with their assistance.
8. When a sponsored member withdraws from the Co-op, the agency/private organization shall have the following options:
  - a. to have their sponsorship funds fully reimbursed for the portion of the cost of the Member Shares that they have contributed;
  - b. to allow the co-op to select new applicants to be assisted by the agency's/private organization contribution, according to the terms of the *Housing Assurance Agreement*.

### **D. CO-OP LOANS**

1. The co-op may enter into an agreement with an applicant whereby the co-op lends the applicant up to 75% of the cost of the Base Unit Share Contribution for the unit being assigned. Applicants must request this assistance at the time they are offered the unit and demonstrate they are in need of such assistance. This loan must only be used to purchase additional Member Shares, not to pay other expenses related to the unit or to moving into the co-op.
2. The allocation of loans will be at the discretion of the co-op's board of directors. The board may decide to provide a loan of any percentage of the cost of the Base Unit Share Contribution, up to the maximum of 75%, or may decline the request. The board's decision will be guided by:
  - a. the reserves in the Unit Share Contribution Assistance Fund available for this purpose
  - b. the expectation for repayment of the loan within 3 years, based on the member's financial circumstances.
3. An applicant seeking a loan must be eligible for membership in the co-op (see By-law 6.01) and have been allocated a suite through the co-op's Wait List process.
4. The co-op requires applicants who are seeking loans to contribute a minimum of 25% of the cost of the Base Unit Share Contribution. The co-op will sign a *Loan Agreement* with the applicant - see Schedule 3 for a sample.
5. The applicant must sign the *Member Shares Subscription Statement* which details their contribution to the cost of the additional Member Shares. They must also sign the co-op's *Occupancy Agreement* committing to the payment of monthly housing charges for the suite.
6. Loans shall be for a maximum of three (3) years, with interest charged at a rate that reflects the maximum interest the co-op could be earning on its reserve funds at the time the loan agreement is signed. Interest is charged only for the period of the loan balance and there is no penalty for pre-paying all or a portion of the loan. The member agrees, at minimum, to pay the accrued interest annually.
7. At the end of 33 months, if the loan has not been repaid in full, the Board expects the member and the Finance Committee (or a representative), to meet and review the conditions of the loan. Based on the Finance Committee's recommendation, the Board may choose to extend the loan agreement, require that a new agreement be negotiated, or require that the loan be paid in full at the end of the 36 months.

#### **E. Procedure for Sponsor Reimbursement**

1. Co-op members must give three (3) months written notice of their intention to withdraw from co-op membership and terminate occupancy (see By-law 6.06 and *Occupancy Rules* Article 10.2). Any notice more than 3 months in advance of the planned withdrawal will be deemed to be 3 months' notice. When the co-op receives the completed *Notice of Withdrawal*, the

private sponsor or sponsoring agency/private organization will be notified that the member intends to leave.

2. A sponsored member who has submitted a Notice of Withdrawal may request reimbursement for their contribution to the Base Unit Share Contribution, the cost of the additional Member Shares required to occupy the unit.
  3. The Member Shares will be repurchased without interest. The repurchase price will be reduced by the cost of repairing any damage to the unit beyond normal wear and tear and/or unpaid housing charges, and/or other fees owed to the co-op (see By-law 6.13). The repurchase price will also be reduced by any unpaid balance of a co-op loan granted under Section D.
  4. If reimbursement is requested by a sponsor or a sponsored member, or if a private sponsor requests all, or a portion, of their sponsorship funds be paid to the departing member, the sponsorship funds will be repaid without interest no later than six (6) months from the date that the members' Notice of Withdrawal is received by the co-op, or from the date that the member no longer occupies the unit as their principal residence, whichever is earlier.
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Approved by the OGHC Board 2022.03.15