

Summary Report

of the discussions held on May 28, 2009 between
BHC Homeowners and Town Council

To: All Participants in the BHC Homeowners and Council meeting

Enclosed you will find the Certus Strategies summary report of the proceedings and discussions that occurred at our event held Thursday, May 28, 2009 at the Banff Community High School Gymnasium. This report incorporates the consultation inputs received from the community through the Workbook process.

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BHC Homeowners/Council Meeting In Review

The BHC Homeowners/Council Meeting was held on May 28, 2009 from 7:00 pm to 10:00 pm at the Banff Community High School Gymnasium. Over 100 members of the Banff community attended the first meeting of homeowners.

What did we accomplish?

- We accommodated a large group
- We clarified issues
- We affirmed interests
- We generated options for the future
- We met Council's commitment to meet with BHC homeowners

The evening covered an array of topics including:

1. Facilitator's Presentation About This Process
2. Goals And Objectives
3. Founding Principles: Criteria And Yardsticks
4. Issues Identification:
 - a. Are they complete
 - b. How do we prioritize for this meeting
 - c. Exploring interests and needs for each issue
5. How Do We Address The Issues
 - a. Brainstorming solution options
6. Next Steps
 - a. Role of working groups
 - b. Community meeting

Who Participated at this meeting?

Those who participated as spokespeople	
All Town Council	BHC Homeowners
John Stutz	Melissa Callaghan
John Gibson	Linda Chisholm
Stavros Karlos	Jason Connell
Chris MacDonald	Jeff Hayes
Chip Olver	Francis Hopkins
Karen Sorensen	Debra Hornsby
Leslie Taylor	Kathy McNeil
As A Resource	Shannon O'Donoghue
Robert Earl	Ladd Snowsell
Dougal Forteach	April Wood

Our Objectives And Goals

The process for maintaining affordable housing for residents of Banff is complex, longstanding and involves many parties with very diverse interests and needs. In order to effectively address this situation, a resolution process must balance the parties' search for a long term vision with certain immediate and pressing practicalities.

While the Banff Town Council is the ultimate decision making authority in matters such as these, Council's interest was in engaging the community in a discussion and providing homeowners with the opportunity to voice their issues and concerns in a forum that allowed for open dialogue that would inform their decision making processes. The discussions that occurred assisted the decision makers to understand the various affected parties' interests and needs and began a search for "solution options" that Council would consider.

With the clarity of purpose established at the start of the meeting, and with the help of the workbook building process, the facilitator led the parties through an open and thorough dialogue about the issues as they saw them and their interests in an effort to promote a very high level of mutual understanding. From these mutual understandings, the facilitation helped parties brainstorm options for resolution.

Throughout this process, the role of the facilitator was to manage the process itself and let the participants address the substance.

Our structured facilitation began a process to help answer key questions such as:

How can we best define and prevent equity creep?

Why was the mandate review initiated?

What is the future role of the BHC and how can we fund it?

How do we maintain affordable housing in Banff?

There is still much work to be done and many constituents to ultimately be involved. We began with BHC homeowners and we will continue our process as we search for lasting solutions that work for all of the Banff community.

The Principles That Will Apply

In an effort to allow this process to become an effective dialogue towards solution, we gathered and listened carefully for the principles upon which the solution options could be based.

During the facilitated discussion on May 28 we heard all parties voicing common interests. The most common principles and common ground upon which these interests were founded were articulated as follows:

PRINCIPLES

Pride	We all have pride in our community and want it to be sustainable
Honour	We honour and live by our commitments
Partnership	We are partners in this endeavour
Consistency	Consistency and even handedness in the application of our legal agreements
Inclusivity	Inclusiveness and public involvement/engagement in future decision making
Openness/Transparency	Open and transparent consultation processes
Clarity	Clarity in communications
Fair/Respectful	Any solution option generated will be fair and respectful to the community as a whole

There was general agreement that the four criteria that had been established for the municipal government's intervention into the private market, introduced in May 1993, should continue to apply as **principles**:

- Homes must have an affordable initial cost
- The purchaser must be able to realize full appreciation on their investment in the property
- There could be no limit on future market value
- The units were to remain affordable for future buyers

Interests That Were Expressed

Below you will find the interests expressed in the Workbook and during our facilitated discussion on May 28, 2009. The attribution of interests to a particular group as noted in the Workbook has been removed since most have converged to common ground in the meeting.

Interests	Interests
<ul style="list-style-type: none"> • Protect equity and value in our homes • To understand and be confident in my deal • To feel like a legitimate partner with BHC • To have as much future security as possible • To realize a return on one's investment • To ensure BHC homes are desirable and exist in a family friendly environment • Understanding the sublease • To find a solution to over inflated selling prices • To standardize the way BHC manages its equity position • To feel good about future buyers having an opportunity for a below market purchase • To have a larger financial support base for the BHC • To find new solutions for affordable housing in Banff • To be flexible to respond to changing affordable housing in Banff • To be responsive to the needs of those who require accommodation in Banff • New units available for first time buyers • To ensure BHC continues to be financially viable • To ensure Council's motives and actions are understood • To give preference to first time buyers • Higher density new development • To add rental units to the BHC mix • To be responsive to the needs of businesses and their staff housing • Affordable rental housing 	<ul style="list-style-type: none"> • Rebuild trust and confidence • Consistent communications directly to BHC homeowners • To build a democratic and collaborative process for the future • To reduce stress and conflict with neighbours and have peace in our community • To have decisions and information flow freely into the community as a whole • To incorporate the broader interest of the municipality as a whole • To have all Banff voices heard • To insulate buyers from over inflation • To ensure a demographically complete community • To have the opportunity to trade up to a better home for my family in the future • To continue to attract future buyers and serve future families

The Issues And How To Address Them

There were a number of issues raised during the meeting. Many of them were discussed at length and a number of solution options were generated to address them. This section captures the discussion of the major issues and the options generated.

Issue 1

- Clarity around existing agreements and understanding legal obligations contained within
- Sanctity of past agreement and rules

Discussion:

The discussion centered around the legal agreements and the obligations contained within them. It was noted that individual agreements may be different due to individual circumstances which made comparisons somewhat difficult. Also noted was the fact that there are a number of supporting documents like the “Banff Housing Corporation Handbook for Middle Springs Phase 2D” that have been distributed over the years and verbal responses given to BHC homeowners that have created a sense of “not really knowing” or being able to interpret the “real” rules. It was noted that there was a sense of disconnect between the actual agreements and what people had been told or led to believe in the past. There was discussion about the need for partnerships and the partnership model adopted by council in 1994 (it should be noted that council did not adopt a partnership model in 1994, and that the sublease agreement is a landlord/tenant style agreement). There was also a need expressed to find clarity in some of the legal clauses that could have multiple interpretations.

Solution Option:

The legal review that is currently underway is appreciated and could expand its mandate to include a review of all documentation to ensure clarity and consistency of the rules and language that will help BHO homeowners understand obligations and agreements about buying and selling their homes. Any recommendation that comes forward should be able to balance the legal requirements to protect privacy within a transparent structure. This is primarily seen as an issue between current homeowners and council.

Issue 2

- Administration fees of BHC and future funding

Discussion:

The discussion centered around the concept that fees are a “charge for service” and should not be used to support the expansion of the BHC properties but rather to support the ongoing administration of the BHC. It was noted that the current fees are not excessive, however, if it is a necessity that they be raised, it would be important that this need be articulated and justified to the BHC homeowners and provide evidence of why they are insufficient and what they are used for so that the increase could be better understood.

It was noted that the current fees do go to funding current operations and that project expansions are funded through provincial grants and sales of homes.

Solution Option:

It was noted that if there was some way to attach fees to buyers or those who apply to be on the list or when a sale is made, rather than only to the BHC homeowners, it would level the impact of the fee increase. What the fees are used for and why more money is needed could be clarified by the BHC and articulated to the BHC homeowners. As well, explaining how future projects are funded (and that fees are not used to do this) could help the BHC homeowners understand the whole fee picture. The option of having the community at large contribute to the day-to-day costs of the BHC operation was also mentioned.

The Issues And How To Address Them

Issue 3

- Right of first refusal

Discussion:

The discussion centered around the apparent use by BHC of the right to refuse to pass on the community's equity to the new buyer as a means to effectively "cap" the sales of homes perceived to be priced beyond the right level of affordability. The right to consent to deferral was seen by some to deny the free market to find the appropriate price level. Some felt that the right should never be used to stop the free market sale of a home and it should not be applied while discussions were still continuing. Others expressed concern that affordability would become a serious issue if the free market alone dictated the price and some discretion by the BHC was needed.

Solution Option:

Build criteria to help BHC make decisions regarding when to use the right of refusing to pass on community equity. Ask for legal opinion within the legal review about the use of the clause that lays out the terms and conditions of consent. Build agreed-upon criteria for the determination of the sale price. Bring clarity and focus to the sales process. This could be a task for the working group.

NOTE: Some suggested two working groups – a BHC homeowners/council/BHC group to work on issues of resale and equity creep, a more general working group to work on other issues.

Issue 4

- Fair market value
- Equity creep
- Inflation and over pricing
- Balance and benefits to the community as a whole

Discussion:

The discussion centered around the struggle to define what is really meant by "equity creep". Not all agreed that there is any evidence that equity creep is actually occurring. Some felt the market and the banks would dictate whether overinflation was affecting home sales and would limit lending. Some felt that market value is determined between buyer and seller and should be left alone.

There was interest expressed by some in developing a process that would help estimate the "fair market value" of a home. Benchmarks could be established so that equity creep and the right of first refusal does not come into play.

Solution Option:

Define "equity creep" and provide to the homeowners any available evidence of its existence. Develop tests for what is "fair market value". Use multiple appraisals and consider the practicality of including other tests such as taxes, etc..

The Issues And How To Address Them

Issue 5

- Initiation of the Mandate Review
- An environment of trust
- Time taken from announcement of Mandate

Discussion:

The discussion centered around how the Mandate Review was initiated and what evidence caused the BHC to undertake such a review. Questions were posed as to the rationale and what research was done to cause it to come under review.

Questions arose regarding the alignment of the Mandate Review recommendations with the four criteria or principles adopted by the Town in 1993 which has been clearly articulated in the "Banff Housing Corporation Handbook for Middle Springs Phase 2D". It was noted the Mandate Review was an attempt to keep the balance among the four criteria or principles which appear to be paradoxical at face value.

There was concern expressed over the way in which the Mandate Review was developed and whether there was appropriate or sufficient time for inputs from all stakeholders and whether a true public participation process was ever conducted. There was interest expressed in starting the process from scratch and rescinding the recommendations. There were also expressions that all should not be lost by starting over since there was a lot of good work put into the Mandate Review recommendations.

Solution Option:

Open the future of the BHC and of below-market housing to a wider public process. Strike a collaborative working group or groups to examine the issues and bring forward recommendations. Invite the BHC, Town Council, BHC homeowners and representatives from the community as a whole to serve on the working group(s). Work to rebuild trust among all parties. Define which issues should become the mandate of the working group(s). It was felt that the time pressures would be relieved if there was an understanding that an inclusive process was tasked with developing go forward recommendations.

Other tasks that could be assigned to the working group(s) mandate may include the following:

- Bring clarity and focus to the sales process
- Help define "equity creep"
- Develop recommendations to ensure the future viability of the BHC
- Research and analyze standardized equity splits-create spreadsheets or similar illustrations of impacts and advantages

The Issues And How To Address Them

Issue 6

- Equity split
- BHC Management of equity split
- Impact of equity split on resale values
- Equity once home is upgraded

Discussion:

The discussion centered around whether or not there was a need to change current equity splits. Some felt that the current system was working well and should stay in place. Some perceived that standardizing equity split was a cash grab from current homeowners.

Some felt that by increasing the BHC's portion of equity, it would serve to make certain homes more affordable. Some felt that standardized equity splits would reduce equity creep.

Solution Option:

Look at ways to bring a standardized equity split or rational equity split into future agreements. This may include individual negotiations to purchase more equity to a set standard. The working group may be tasked with analyzing whether and to what level to standardize and/or rationalize equity splits. Consider a set of flexible rules that help determine equity split based on affordability.

Issue 7

- Future structure, operation and governance of BHC

Discussion:

The discussion centered around the future structure of BHC and whether or not a new model would serve the Town better in the future. Some were of the opinion that a private developer approach would better manage the Town's interests. Others felt current structures were just fine and that the few items that required clarification and redirection could be established quickly. Part of the Mandate Review was to ensure future viability of the BHC. It would be important to understand what would make BHC non-viable and what the rationale was for making the changes within the Mandate Review. This work should continue in order to ensure future viability to serve the needs of the whole community.

The membership on the BHC Board was questioned and the need to review the representation was noted. It was perceived that the majority of members were from Council and BHC administration. With this type of representation, the question of why it is called an arms length organization was raised.

Solution Option:

Ask the working group(s) to develop recommendations to ensure the future viability of the BHC. Review the representative membership on the BHC Board so as to consider the role and voice of more public members.

The Issues And How To Address Them

Issue 8

- Communications with the BHC homeowners
- Fear of conflict in the community

Discussion:

The discussion centered around the need for clear, open and transparent communications with the community as a whole. Not wanting to dwell on the past performance of Council and BHC in obtaining input into the Mandate Review Process, all wished to see improvements in the future.

Most agreed that many of the issues discussed in this meeting held importance for the community as a whole and that communications in the future about all but specific BHC concerns, should be with the entire community.

Solution Option:

People need to have the time and the opportunity to have input and be heard before decisions are announced.

Issue 9

- Affordable housing vs. below market housing
- Qualifications for applicants
- Affordability for first time buyers and into the future

Discussion:

The discussion centered around how to reach an agreed upon definition of what “affordable” housing actually meant and whether there were ways in which to develop criteria to reach that definition. It was noted that emphasis should be placed on targeting all demographic levels to ensure all levels of income can find housing to suit their needs.

Solution Option:

- Define “affordability” and reconcile against “below market value” and create criteria to help measure when it has been achieved
- Develop criteria and revisit rules that help BHC determine who may qualify. Consider who we want to serve and how we want to serve them, and build future structure, projects around that target group and methodology.

Issue 10

- Urban Density

Discussion:

The issue of urban density was not discussed. A question did rise about the limit to the “build out” of development.

Solution Option:

Urban density is being discussed as part of the land use bylaw review.

Our Criteria Or Yardsticks

During the facilitated discussion on May 28, a number of yardsticks began to surface that could be used to “test” future solution options to evaluate how well they help meet the interests we have all identified. One of the tasks that could be assigned to the working group(s) is to test the solution options generated against the principles outlined on page 4 and the list of yardsticks below.

Yardsticks	
Yardstick 1	How well does it consider the viewpoints of all the affected parties?
Yardstick 2	How consistent is it with our legal agreements and other commitments?
Yardstick 3	What is its effect on the equity and value of our homes and the community’s asset?
Yardstick 4	How well does it support or enhance the concept of below market housing and “affordability”?
Yardstick 5	Is it fair and balanced?
Yardstick 6	How well does it support peace, trust and confidence within our community?

