



THE EDEN CONCEPT

**Good Housing for All Canadians
A Successful Canadian Business Model**

ROADMAP

From overheated Housing and Rental Markets to reasonably priced Quality Rental Apartments for Canadian Families and Citizens

Jan Hesseling



Affordable Housing: Vancouver Island Society

Introduction

Tent cities appear all over Vancouver Island in numbers we have never seen before. From the **Vital Signs** brochures, we can learn that poverty in our cities is on the rise and currently around 20% of our population is affected by it. Foodbanks are running out of supplies regularly.

Lack of affordable housing is a huge challenge Canada wide.

Some cities in Canada seem to have found a working solution.

The city of Medicine Hat, Alberta solved homelessness by providing shelter to those in need and within a few weeks affordable housing and support so people can start picking up their lives again and earn their own living. The big shift that happened there was in *the mindset of the politicians and citizens.*

Somebody started doing the Math.

Being homeless is extremely stressful and severely impacts your physical health, mental health, and healthy habits. Sooner or later they end up in a hospital.

- One month in the hospital for a homeless person costs our society more than \$ 13,000.00
- One month in a Provincial Jail for 1 person costs our society more than \$ 7,000.00
- One month in a homeless shelter costs our society less than \$ 200.00

During our lifetime all of us will encounter crisis like divorce, passing away of a loved one, losing your job or business, bankruptcy, car, work, and other accidents, run into health and mental health crisis like anxiety, depression, and loneliness, addictions going out of control, etc. To some of us, these personal earthquakes and crisis can even result in temporary homelessness.

Supporting people to get their lives back in control is *considerably cheaper* than criminalizing, condemning, and abandoning them. Giving these people a hand is a more humane solution and feels better too. It improves or community by a reduction in break-ins, shoplifting, robbing, health risks for the public, needles in the street, etc.

Whistler, BC, is a thriving resort town. Twenty years ago when people outside of Whistler started buying up a lot of local real estate, prices went up fast and there was no

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affordable housing left for the workforce in Whistler. Even all the couches were surfed to the maximum and workers could not find an affordable place to stay.

No workforce, no business

There was a **real threat for Whistler turning into a Ghost town**. Something needed to be done to curb this predictable disaster. A mind-boggling challenge that needed an answer.

How can you save your municipality and your residents from the disastrous influence of the housing market dynamics and guarantee a home for all of them at an affordable rate?

The city found a solution and created 1,100 affordable rental units open only to people who worked in Whistler.

The city also found out that some of their working people in the ages between 20 and 40 years not only wanted to work and rent an affordable home in the community, they also wanted to buy a home of their own. The city then created 1000 **restricted ownership houses** for people who had a direct working relationship with the community.

A perfect solution to free the town of the disastrous supply and demand mechanism of the real estate market, and foreign buyers, who were messing up their community and businesses.

Workers in Whistler could now buy at a below market price, a home and have a nest of their own and **become first-time homeowners**. The **restricted ownership concept** allows them to buy a home. The new owners were not allowed to flip the house. They can sell their home back to the Whistler Housing Authority, get their initial price returned plus an inflation correction for every year they owned it.

Our communities on Vancouver Island face similar challenges.

We can solve them if we use these models and our common sense and decide to work together. There will be hurdles to overcome but it's all doable.

The rest of this brochure will give information about successful approaches of others, entrepreneurs as well as non-profit organizations.

Let's work together,

Courtenay, BC, 18 December 2018.

Jan Hesseling



Affordable Housing: Vancouver Island Society

Building a Better Community for All Residents of BC Starts with More Affordable Housing



The Eden Concept

The Eden Concept is **a business model** that enables an ambitious Non-Profit Affordable Housing Society (such as AHVIS) to add a large number of quality apartments to the housing market and rent them out at an affordable rate. AHVIS is focusing on low-and-modest income students, seniors, other adults (especially service workers) and families.

There is a housing crisis in BC. The price of real estate, especially housing, is skyrocketing. Rents have gone up accordingly leaving a large group of renters in a tough situation. High rents are severely impacting their financial situation and, therefore, their quality of life. Debt of Canadian families and other residents is on the rise and are among the highest in the world.

The amount of Non-Profit Housing, as a percentage of all the housing in **Canada**, is **around 4%**. In **Western Europe**, this percentage is **between 33% and 50%**.

Modern societies have changed, and in most of them, there has been a growing need for rental units. Thirty years ago in BC people were able to buy a house of their own if they worked full

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-time. Now when working full-time earning a minimum wage in B.C. it's impossible to save for a down payment of a mortgage. Even with a down payment towards a mortgage no bank will touch a client with a minimum wage.

An increasing group of seniors, students, parents and other minimum/moderate income earners are depending on the rental market creating a high demand for rental units and thus increasing the rents for these already under privileged groups.

In our economy rents are dictated by supply and demand, thus creating high unaffordable rents. In the past 20 years, there has been little to no affordable housing built by the Province. This has created a **backlog in the affordable rental housing** market.

To fill in this backlog, we need to create a large number of units. Adding large numbers of housing to the market will cause the market to cool off and creating more affordable rental units will influence rental costs turning them into more reasonable rents.

*No party or government can, by themselves, create a large enough number of housing units to have such an effect. But **working together we can solve this housing need.***

The Eden business model guarantees a positive outcome. It is based on the following principles:

1. Working together

- 1.1.1.** Municipalities, School Districts, and other **landowning parties donate building lots for free**, allowing the non-profit AHVIS organization to build affordable rental units and thus have a positive impact on our communities and the lives of **our fellow Canadians.**
- 1.1.2.** **Municipalities provide utilities, sewer, electricity, roads, etc. for free (or low fee) and waive taxes.**
- 1.1.3.** Municipalities also **reduce 'red tape'** so units can be built within a short period of time to alleviate the stressful rental housing scarcity situation.



- 1.1.4. **Construction Companies** contract for a reasonable fee and are engaged **for the long-term**. This includes training opportunities for new workers.
- 1.1.5. The plan is to **create large numbers of housing units until the affordable housing need on Vancouver Island is solved**. These needed numbers, to fill in the backlog and keep up with growth, are estimated to be at least **25,000 units** over the next 7 years. (Source: BC Housing Sept 2018)

Based on the latest **Census 2016 Data**

Renter Households spending 50 % or more towards their basic shelter costs.

- *Campbell River 740 Renter Households.*
- *Comox Valley, Courtenay 1,235 Renter Households*
- *Port Alberni 680 Renter Households*
- *Nanaimo 2,995 Renter Households*
- *Duncan 990 Renter Households*
- *Victoria 12,835 Renter Households*

These Households spending more than 50% of their income towards shelter costs and are therefore at risk of homelessness.

Source BCNPHA - BC Non-Profit Housing Association.

<http://bcnpha.ca/research/2016-housing-data/>



Example of what a large-scale affordable housing complex might look like.

2. Using Economies of Scale

2.1.0 Using economies of scale, creating more density, allows us to **bring down construction costs** per unit by **more than 50%**, which means more units for the same cost. The same foundation and roof are now used for more units.

- Building a 5 or 6 storey building instead of a 2 or 3 storey building cuts the costs per unit with 50% needed for foundation and roofing.
- Building more well-designed buildings with the same building plan, allows building crews to become more efficient, which saves time and costs.
- Purchasing building material in bulk also cuts costs.
- Big companies get their finance on better and often very favorable terms with lower interest rates, often less than half of the current mortgage rate.



To solve the housing need on Vancouver Island we need to build with more density.

The planning part is an essential part of our building plans. Building without density creates urban sprawl, more traffic congestion and creates more need for infrastructure like more roads, services e.g. sewer water, etc. and uses more land. Creating more density saves in many ways costs, land, commuting time, etc.

Opting for less density also creates a financial disaster. The costs per unit go up dramatically without being compensated with more incoming rent, thus creating a situation that makes each unit relatively expensive. This creates financial dependence on outside support in perpetuity and a burden for our society. For that reason, we would not start building a number less than a 100 new units.

The Eden Concept embraces economies of scale, which allows a rental Non-Profit Organization to become financially independent and operate without additional financial support in perpetuity.

- 2.1.1 AHVIS devised a plan to use **the same design for our buildings**. This **cuts** the designing **costs** and allows us to build the same well-designed apartment blocks in many different locations.
- 2.1.2 **Procuring large amounts of building material** gives us a better deal and cuts costs.
- 2.1.3 Experienced **building crews become more efficient building the same design more often** and therefore need **less building time**, which, again, cuts costs.
- 2.1.4 Using a Modular approach allows for custom fit solutions and saves again costs and building time.
- 2.1.5 **Property management costs** per unit drop when the number of units is substantial because of lower management costs per unit. You need only one office, one good software set, one management system, etc. The break-even point is reached when managing above 200 units. (Jan Hesseling worked as a business consultant with a Vancouver Island-based property management agency (Remax 2014/2015) to improve their management results. At that



time, these numbers were kept as a guideline in BC. Data from that same period strongly suggests that using a well-designed software system is paramount for an efficient management system as many systems still used in the industry are ill suited, very time consuming and, therefore, expensive to operate.

Rental Units Ardea & Heron's Landing, Victoria, BC.



3. Facing Challenges

3.1.1 Well Being and Education of our Renters

Not only are **we interested in keeping our properties in prime shape**; we are equally **interested in the wellbeing of our tenants.**

The Well-being and Education of our renters are important to us. Happy healthy renters behave better and help save costs.

3.1.2 We will work closely with local organizations to support our renters to *behave as responsible, accountable tenants* who are respectful of fellow residents.



- 3.1.3 We discern three areas of importance:
- A. Financial Education
 - B. Mental Health Support and Addiction Management Education
 - C. basic Nutritional Education, saving costs, boosting health.

Local organizations, such as *Rose Harbour* (a well-organized local women's shelter in Campbell River) provides **renter training** for their clients, and helps potential renters to manage their finances e.g. to pay their rent on time.

Habitat for Humanity provides **financial literacy training** courses for their potential clients; we can do the same for our renters.

- 3.1.4 Equally important is to educate our renters about **healthy food quality/nutrition**, which can **boost** mental and physical **health** and **save costs** thus having a positive effect on tenants. Ideally, we would like to have community gardens on site or close by to support healthy nutrition.

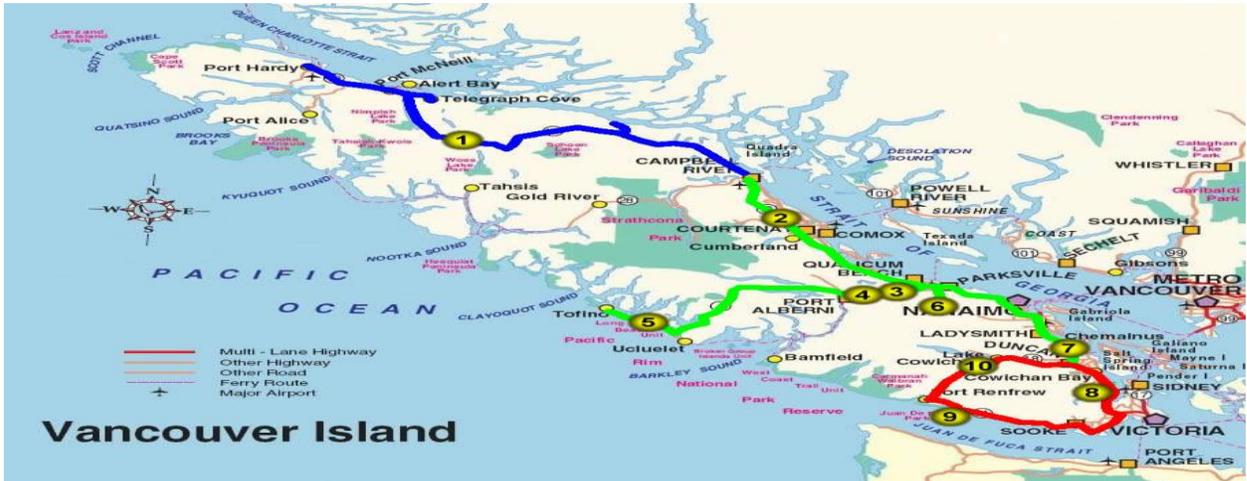
3.1.5 Mental Health and Addiction are a common part of life.

As an Affordable Housing Organization, we need to **use our common sense and be proactive**. We cannot afford to wait until our tenants cause challenges. We need to assess every potential renter situation and figure out what **kind of support** is desired/needed and arrange for that to be supplied. Often, people in lower financial brackets in our society are under more pressure and with that easier victims to expensive and unhealthy habits.

Offering Stress Management Skills Training helps people to master their addictions instead of being managed by it and thus saving, stress, money, relationships and other costs.

- 3.1.6 Again, working closely with local organizations will create a better community** and a better result for **AHVIS** as an affordable rental unit provider. It **will save us grief and costs** and improve overall satisfaction while serving our communities.

A cooperative governance model will also be investigated for AHVIS buildings.



Sustainability

4. Eden Concept - Building Quality

- 4.1.0 **Building well-designed apartments (in high performance buildings) will reduce our maintenance and replacement costs, which, in the long run, will save in overall costs.**
- 4.2.0 **Using concrete as a building material for the interior structure would be preferred.** The last 25 years, a large number of innovative building materials appeared on the building market. **Using Insulated Concrete Forms (ICF's) as a building material has dramatically increased the Life Span, Durability, Fire-Proofing, Sound Proofing and Air Quality of the Buildings.** No more musty apartments.

In Rome, Italy, the Pantheon is the oldest concrete building dating back 1,900 years ago, with an unreinforced dome shape roof of 43 meters, still in good shape and in use after centuries of neglect.

Wood as an organic structural building material is vulnerable to rot, warp, mold and mildew, insect and rodent infestation, highly combustible and with all the used chemicals in engineered wood high in toxic off-gazing.

Wood can be used as a material for decoration purposes to embellish our rental buildings.



4.3.0 Increased Disaster Resilience of our New Buildings



*This image shows the devastation from **Hurricane Katrina**, Florida, August 2005, with sole resilient building (**ICF construction**) standing. All other buildings were traditional North-American soft-wood construction. Wood construction buildings, if built properly can resist wind gusts up to 125 miles per hour, ICF buildings can easily withstand 200 - 300 mile winds without mayor structural damage. More info www.amvicsystem.com*



Wooden structures are the main cause of fast expanding fires. If not destroyed by fire, a large number of apartment buildings are to be **destroyed because of water damage**. Comparable to a book (also a wood product) that gets wet or has been immersed in water and dries up, will never have the same shape again. Wooden structures don't dry properly after fires and become inhospitable **due to mold and mildew explosions**. There is an endless list of homes that needed to be torn down after a fire and/or water damage.

Duncan, June 2018, 3 units in an apartment burnt down. After successfully extinguishing the fire, the building was immersed in water and 120 units had to be torn down completely.

Parksville, July 2017, a wooden rental apartment caught fire, considerable water damage caused 32 apartments beyond repair.

Fort McMurry, 2016. An enormous fire, **48% of the town burnt completely down, all highly combustible wooden structures**. For this reason building in stone became mandatory 2000 years ago in bigger cities like Rome, Italy. Later in London, England, after the big city fire in 1666, Paris, France followed Amsterdam, Holland, etc.

In 2018 in BC we still continue to build almost 100% temporarily wooden structures which are extremely expensive considering the short lifespan of these organic low-quality building materials. After one generation you are looking into



major renovation costs. (Our first quality wood in BC is exported and not available for local builders.)

Concrete/stone residential structures suffer considerable less damage from fires. Stone and concrete do not burn. After an extinguished fire mostly a good clean and a paint job is needed to fix up an apartment. Fire does not damage the structural integrity of the unit or the building and fires do not spread easily from one unit to the next. Water damage is often very limited to the unit on fire and **water does not damage the stone/concrete building.**

Sprinkler systems in wooden structures may help extinguish or contain a fire, but considerable **damage is done because of the water spilled by these systems** and can result in the necessity to demolish the building due to **mold/mildew explosions.**

4.4.0 Residential Comfort

- 4.4.1 Research done on wooden residential rental apartments in Canada show that the **Number 1 Complaint from Tenants is Sound and Noise from other tenants.**



*Improved sound insulation, using **Passive House** design as much as possible will improve the comfort level for our residents. (See 4.5.0)*

- 4.4.2 The Number 2 Complaint is **Smoke Penetrating** through the walls of a wooden building from the neighbors. **Concrete buildings** solve that problem they are considerably **more soundproof** and **do not allow Smoke or Air to penetrate from neighboring apartments.**





4.5.0 We aim for a **Lifespan building standard for our rental apartments** to be a minimum of **60 years** or longer. Our plan is that we would like to enjoy the fruits of our investments well after the amortization period (20 years) has ended, without being forced to make mayor expensive upgrades.

4.6.0 *Passive House:* *By increasing the building-envelope of a structure, the thickness of the outside walls and triple glaze the outside windows, you reduce the impact of outside temperatures and therefore the fluctuations. It saves in heating and cooling costs of the building and increases the well-being of the tenants.*

Our well-insulated apartments will reduce **Yearly Hydro Costs by up to 70%**.

It also makes environmental sense as a result of a smaller Carbon foot print.
The extra costs by doubling the outside walls are estimated from 5 – 9% of the building costs. There are already Non-profit organizations building with this new method of building.





5. Creating a Vibrant Community

We will **proactively** influence the creation of a local resident community to enhance the quality of life for our residents. All over Canada there have been and still are taken great and creative initiatives to actively create a better community. We mention a few.

5.1.0

We will **incorporate Community Gardens on the premises**, wherever possible, to allow residents to grow some of their own healthy and fresh food. Designing and attending their communal gardens together will strengthen relationships with fellow tenants and build community.

5.2.0 Every larger building will have a **community room** which **will allow for resident activities**, meetings, etc.

5.3.0 It will have a **kitchen facility** that will allow to prepare a healthy meal or a barbecue for the residents of the building.

5.4.0 To build a community we need a **playground** for the kids or visiting grandkids, next to the housing site. Materials will be provided by the Eden Corporation, the residents themselves will build and maintain the playground.

5.5.0 **Organizing a Talent Event** where residents can show and exchange/barter their skills and expertise to help each other. Computer skills exchanged for technical skills, baby sitting, teaching, cooking, painting, repairing, etc.

5.6.0 Having organized **garage sales** to sell or barter items.

5.7.0 **All of these activities again will boost the community feeling and belonging** of our residents.



Location of our Rentals

The location of our rental apartments needs to be well planned.

- 5.8.0 Most potential renters have tight budgets and their income does not always allow for having a car to commute to work/school and services.
- 5.8.1 Being as close as possible to public transportation is paramount to save costs, time and unnecessary traffic movements.



Another example of a high-density building that could dedicated to affordable housing



6. The Rental Apartment Division of AHVIS is run like a business

6.1.1 **Our goals** are to create *Financial Independence* for the non-profit AHVIS and, at the same time, **grow exponentially until the housing need on Vancouver Island is met.**

6.1.2 To be able to do that, we need to operate as a lean business and make sure we **use common sense business guidelines** to avoid turning into an expensive bureaucratic juggernaut.

6.1.3 We will **create a flat organization**, with as few managers as possible and responsibilities delegated low in the organization. Another key cost saving component is recruiting the right professional self-motivated staff who are **open-minded, responsible and self-driven and eager to learn.**
We will support professional education.

6.1.4 **Extra Revenue.**

The ground floor of our buildings will be reserved for **attracting commercial tenants**, like shops, retail, offices and restaurants but also social enterprises such as childcare, medical services, etc. The rental agreements with these tenants will provide extra revenue to support our main goal of gaining financial independence.

The top floor of our apartment buildings can be **rented out at a higher market rent** than the affordable middle section of our apartment buildings thus helping us to be able to offer affordable rents.

No ghetto

This approach will also help us creating a **mixed income tenant population** and **steer away from creating a ghetto.**



7. Our Guiding principles are:

- Financial Independence of the Non-Profit Housing Organization
- Affordability and Security for our Renters
- Sustainability
- Using Best Practises in the Industry - instead of reinventing the wheel
- Common Sense
- Working Together
- Continuous Learning
- Responsibility
- Self-Driven
- Pro-Active
- Creating Win-Win Partnerships

Courtenay, BC, Trumpeter Landing Apartments



Our designs will incorporate the most recent innovations in the building industry to meet our standards of affordability, sustainability, security, comfort of living, community, and respecting the environment for our children and the generations to come.



8. Financing

Reducing Costs - Generating Revenue

- 8.1.1 We ask our partners to help with donating building lots, providing low fee utilities, waiving of fees and taxes.
- 8.2.1 **We use economy of scale** to reduce construction costs.
- 8.3.1 We **generate extra revenue by renting out the ground floor** for restaurants, retail, office space, childcare, and community rooms.
- 8.3.2 **Our reasonable rents are income-based** so an increase in a renter's income will also increase revenues paid by our tenants. However, our rents will stay affordable and meet BC Housing guidelines of maximum 30% of gross income.





8.4.1 We will create a Community instead of a low-income ghetto.

Our system of mixed income rent will attract a variety of renters with various income levels and **will prevent the creation of a ghetto (and avoid the stigma)** of a solely low-income renters' building.

Principle lenders

- 8.5.1 CMCH Canada Mortgage
BC Housing
Private Investors

Right now, November 2018, most if not all of the existing **Affordable Housing organizations in BC are 100% financially dependent on BC Housing support.** We, at AHVIS, welcome BC Housing as a partner, although we realize that their funds alone are too limited to realize our goal of eliminating the housing need on Vancouver Island. Therefore, we **need to tap into other resources.**

8.5.2 Private Investors

In British Columbia, there are a large group of people who are financially well off. These individuals could donate, or invest in, the Eden Project if they were enticed to do so. Some people really like *the idea of Making a Difference, contributing to our society, and supporting a significant positive change.*

We could acknowledge their support by activities such as a **Hall of Fame** and **honouring those who contribute to our cause** with a building named after them or even a street or a park. There are many creative ways of stimulation and recognizing contribution.

- 8.5.1 We may also start a **Crowdfunding** campaign as a means of making money available to finance our building projects. **We would encourage investment in a community-enhancing project, helping to build a better world.**

- 8.7.1 **We are developing a financial product** (such as a *Community Investment Fund – CIF*) that allows people to lend us money so we can start building. This product would provide a considerable tax credit for the investor and be **a financially stable investment**



That will hold its value. The financial product is based on guaranteed income-generating rental real estate. By buying into this kind of an investment, investors would get a tax credit and still have access to the amount invested and receive a modest interest rate.

8.8.1 **Credit Unions and other Banks**

Credit Unions can help with our banking. They can provide us with a mortgage and/or loans which allows for a lower interest rate which, in turn, allows us to:

- Pay back our initial construction loan in short time; and
- Take on our next large project.



Example of an existing new rental structure in Victoria, BC.

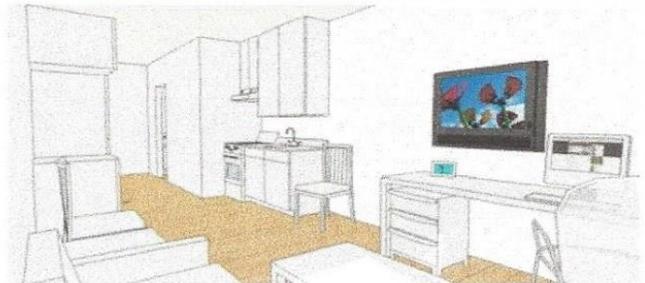
KPL James
architecture

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Client: E Y Properties Ltd.

Services: Architecture

Cost: \$10.5 M

Size: 104 Units

Completion: 2012

Location: Saanich, British
Columbia

Hérons Landing is the first 6-storey wood-frame residential building on Vancouver Island. The project is the first Built-Green Platinum, as well as the first rental building in Greater Victoria in 25 years.

This project comprises two buildings: Herons Landing, with five residential floors in wood frame on one commercial floor in concrete; and the Ardea, with four residential floors in wood frame on two parking floors in concrete.

Offering 104 micro suites, the buildings were designed for single, minimum wage earners, students, seniors, etc., and are

across the street from Tillicum Centre which includes:

- shopping mall
- restaurants
- library
- cineplex
- recreation centre
- community centre

The buildings are adjacent major traffic arteries, bus routes and cycling trail and have reduced parking components (0.5 stalls/unit).



The average building costs of this renter complex are around \$ 100.000 per unit which would allow us to rent them out at an affordable rate with rents from \$ 500 -\$900 per month depending on the size. Expanding the number of units would even lower the costs per unit and make it easier to reach our goal of being financial independent.

http://www.eyproperties.com/herons_landing_and_the_ardea.html



Affordable Rental Apartments ~ Rental Revenue vs Building Costs

Rental Units Ardea & Heron's Landing, Victoria, BC.



Size: 104 rental units

The units vary in size from bachelor to 3 bedroom apartments

Completion: 2012

Costs: \$10.5 M

Location: Saanich, British Columbia

This project comprises two buildings with 4-5 residential floors in wood frame and one commercial floor in concrete. One building has two parking floors in concrete.

The building costs for 2018 are slightly different due to an **innovative passive housing design** which adds an overall 5-7 % to the building costs but reduces the carbon footprint and hydro bill of our renters with more than 66% thus making the units even more affordable.

Our Affordable rents vary depending of the size of the Unit.

A bachelor suit is offered at a rent of \$575 per month.

The rent for three bedroom apartment is \$ 975 per month.

The average affordable rents for this design are \$ 750 per unit.

The total monthly Residential Rent for these buildings will be 104 x \$ 750 =	\$ 78,000.00
Average monthly Commercial Floor Rent	\$ 3,200.00 +
Total Monthly Rental Revenue	\$ 81,200.00

Yearly Gross Rental Revenue 12 x \$ 81,200.00 = \$ 974,400.00

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