

DATE: September 7, 2023

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TO: Chair and Directors
Regional District Board

FROM: Alana Mullaly
Acting Chief Administrative Officer

Supported by Allana Mullaly Acing
Chief Administrative Officer

A. Mullaly

RE: Affordable Housing Supports Interim Update

Purpose

To provide an update concerning the Board's strategic interest in providing non-market rental housing supports and seek confirmation on next steps.

Recommendations from the Chief Administrative Officer:

1. THAT staff be directed to engage a third-party consultant to prepare a business case and seek advice for the possible establishment of a local government corporation to facilitate the creation of new non-market housing;

AND FURTHER THAT \$75,000 for professional fees be allocated from the Management Services sub-function of the Administration and General Government Service for this purpose.

2. THAT staff be directed to work with member municipalities and other community partners to explore opportunities for using public land to deliver affordable housing.

Executive Summary

- The Board has identified a strategic interest in establishing a means for regional housing collaboration, coordination, advocacy and development focused on non-market rental housing, and has directed staff to assess the role that a housing corporation could play in meeting this interest.
- Local governments have a number of tools and approaches to support affordable housing. The creation of an independent housing organization is optimal when local governments seek to directly develop and operate non-market housing units.
- Although this report provides a cursory review of different corporate structures and existing housing entities, comprehensive business plan development and due diligence is proposed to provide the Board with detailed considerations respecting the potential role, structure and operations as well as the financial and legal implications for such an entity.
- Aligned with the Board's interest to support the development of affordable housing, the Province of BC has announced plans to launch a new BC Builds program that, amongst other objectives, may assist in the near-term creation of housing on available public land. Engagement with the Comox Valley Regional District (CVRD) partners is proposed to consider the development of an inventory of such lands and gauge interest in a collaborative response to the program

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Government and Community Interests Distribution (Upon Agenda Publication)

City of Courtenay	✓
Town of Comox	✓
Village of Cumberland	✓
Comox Valley Coalition to End Homelessness	✓
K’ómoks First Nation	✓

Background/Current Situation

Safe, affordable, and inclusive housing is recognized as a critical component of healthy communities, serving as a platform for economic and overall societal well-being. Like other regions in the province, a significant shortage in rental availability and high prices across the continuum of housing are evidence of local housing affordability challenges.

The housing continuum can be presented in many ways but for the purposes of this report it is illustrated through the City of Kelowna’s “Wheelhouse” model as provided in Figure 1. The Wheelhouse describes three categories of housing: market housing, safety net housing and housing with supports. These housing categories generally range from high levels of government support (or subsidy) within safety net and housing with supports to no government support for market housing.

The Board provided direction through its June 2023 strategic planning process to undertake further housing-related actions, specifically:

- Establishing a vehicle for regional housing collaboration, coordination, advocacy and development focused on non-market rental housing;
- Advocating to the Province for emergency shelter housing; and
- Continuing to support the Comox Valley Coalition to End Homelessness.



Figure 1

Such actions are supplemental to the CVRD’s existing funding activities through Function 450 – Emergency Shelter and Supportive Housing Land Acquisition Service and Function 451 – Comox Valley Homelessness Supports Service. These two functions raise funds annually to support local government and community-based actions within the safety net housing category.

In 2020 the CVRD partnered with the City of Courtenay, Town of Comox and Village of Cumberland to complete a housing needs assessment for the region. The report outlined the current and projected housing needs, identified the most pressing needs and population groups facing the greatest housing challenges, and identified a number of potential regional actions. Some of the key findings included:

- The private market is not able to provide housing for a significant proportion of the Comox Valley (market rates not affordable for many households)
- Rent subsidies are not keeping up with changes in the housing cost
- There is a desire to explore alternative housing options (tenure types and forms of housing)
- There is a need for more non-market housing across the CVRD
- The people in most need are those with the least housing options available to them

While the housing situation and above-mentioned report identified significant needs across the various housing categories, in consideration of the current activities and services in the Comox Valley, the Board identified a strategic interest in establishing an entity to advance regional housing collaboration, coordination, advocacy and development with particular focus on non-market (or subsidized) rental housing. Non-market rental housing fits within the “Housing with Supports” category as shown in the housing wheelhouse model provided in Figure 1.

Non-market rental housing can be described as housing that is generally for low and moderate income individuals and families that is government supported, typically through either monthly subsidies or one-time capital grants. Non-market rental housing can be managed through various operators, most commonly through the non-profit sector but also through co-ops and public bodies. Non-market rentals can range from just below market rates to nominal rates that are deeply subsidized.

Within the Comox Valley there are a number of existing non-profit organizations that develop and/or operate non-market rental housing, including the M'akola Housing Society, Comox Valley Affordable Housing Society, L'Arche Comox Valley, Comox Valley Transition Society and Dawn to Dawn Action on Homelessness Society.

Local government tools and approaches to support affordable housing are numerous and a wide variety of tactics are undertaken in communities of all sizes. While there are at least 60 different individual approaches they generally fall into three main categories: policies and bylaws, land and financing and capacity building. Appendix A to this report provides a summary of these different tools in an infographic produced by BC Housing entitled “Affordable Housing Tools for BC Small Communities”. The creation of a housing organization would be a significant step for the regional district in establishing a new line of business beyond the existing tools of supportive policies and plans and the provision of funding, to proactively and directly facilitating the creation of new non-market housing.

Like the approaches to support affordable housing, the creation of a local government entity dedicated to providing and managing non-market rental housing can also take different forms, including:

- Creation of a local government corporation;
- Creation of a non-profit society; or
- Establishment of an in-house function.

Although a thorough analysis of the various models has not been conducted, the following table outlines some of the known considerations.

<p>Housing Corporation</p>	<ul style="list-style-type: none"> - Established under the <i>Business Corporations Act</i> with the local government as the sole shareholder - Approval by the Inspector of Municipalities is required - Partnering agreement with the local government required - Governed by an autonomous board of directors that could reflect the local government Council/Board, external individuals or a combination. - Can own property, enter contracts, sue and be sued independently - Can enter wide range of private agreements/partnerships - Not required to borrow through the Municipal Finance Authority - Ability to access senior government grant funding - May be exempt from paying federal income tax - May be eligible for permissive property tax exemptions - Can generate positive net income for long-term sustainability - Independence mitigates financial risk to local government - Controlled by the CVRD
<p>Non-Profit Society</p>	<ul style="list-style-type: none"> - Established under the <i>Societies Act</i> with the purpose to manage and operate housing units on behalf of the local government - Can have voting and non-voting members with directors being appointed by voting members - Limited ability to enter into arrangements, directly or indirectly, through partnerships, joint ventures and subsidiaries - May apply for charitable status which could provide exemption from paying property transfer tax. Also eligible for permissive property tax exemptions - Wide range of granting opportunities available
<p>In-House Regional Function</p>	<ul style="list-style-type: none"> - Establish a new internal local government department to provide housing management and operations services - Minimal implementation requirements with no legal enacting process required - Limited autonomy so reliant on political approvals and processes for decisions - More likely to be taxpayer supported like other internal departments - Electoral assent required for all long-term financing - Increased risk exposure for CVRD

In preparing this report, staff undertook a scan of a selection of jurisdictions that have developed housing entities. Appendix B provides a summary of this scan with consideration to their corporate structure, governance and services. In addition, a number of key informant interviews from various jurisdictions were conducted. This scan and these conversations identified the following:

- There are many different roles and operating models with no community or entity being the same;
- There are a very small number of housing entities, particularly corporations, outside of resort municipalities and large population centres;
- There is fierce competition for senior government grants for affordable housing so regional collaboration, not competition, is critical;
- Development of a housing entity requires considerable public investment and other resources in the formative years until there is a critical mass of housing units established (10-20 years to reach organizational maturity).

As noted in the table above, the *Local Government Act* provides that a regional district may incorporate a corporation or acquire shares in a corporation only with the approval of the Inspector of Municipalities. In order to consider approval, the Ministry requires supporting background and information, such as draft articles of incorporation, a business plan and draft partnering agreement

between the local government and corporation. With the Board's interest in establishing a housing corporation, the completion of a business plan and other related analyses is a prudent step to evaluate the benefits, costs and risks of the various options for consideration and provide the necessary details and rationale to support the provincial approval process. At this stage, it is an exercise that does not commit the Board to any action (i.e. low risk) and can assist the Board in further assessing whether a housing corporation is indeed the tool to advance the Board's interest in seeing the development of affordable housing. The exercise will also enable engagement with local service providers, member municipalities, the province, and industry to understand how a CVRD housing corporation may or may not complement efforts by these parties to develop affordable housing.

A preliminary business case scope is as follows:

- Engagement with key partners and stakeholders i.e. member municipalities, K'ómoks First Nation, local non-profit sector, local industry/business sector representatives
- Overview of local conditions and needs/gaps
- Identification of potential mandate and services
- Overview and comparison of public sector organizational options i.e. corporation, society, in-house
- Conceptual working model of a potential housing organization, including governance, corporate structure, staffing etc.
- Implementation overview
- Proforma financial statements and cash flow analysis
- Projection of financial and other resource requirements from CVRD (including asset management planning)
- Establishment timeline and key milestones

It is recommended that the business case be conducted by a qualified third-party consultant. This process could take approximately three to four months from the time of engagement with opportunities for updates to the Board should direction or consideration be required. Subject to the findings of the business case and the Board's favorable consideration, staff could then proceed with the drafting of the necessary incorporating documents for submission with the business case to the Ministry.

While the creation of a regional district service is not required as part of the establishment of a housing corporation, any funding provided by the CVRD to the corporation would require sourcing from an eligible service and a partnering agreement to detail the assistance being provided. As noted earlier in this report, Function 450 and 451 already raise and provide funds for housing initiatives and therefore may serve as suitable candidates in this regard. However, given the narrow focus of these services it is anticipated that an amendment to the purposes outlined in the respective service establishment bylaws would be required to expand their scope. Amending the service establishing bylaw(s) requires approval by the participating areas as well as the province but could be undertaken in advance of or during the creation phase of the housing organization. Consideration of the use of these services in their existing and/or amended format is discussed under separate cover (i.e. service review findings). Also discussed under separate cover is the role of the Regional Growth Strategy (RGS) Housing Action Plan (to be developed in Fall 2023). The Action Plan will identify all of the affordable housing-related actions proposed by each of the RGS service participants within the next 3 – 5 years. The Action Plan will help to illustrate how each action relates to the implementation of Goal 1 of the RGS, being “(ensure) a diversity of housing options to meet evolving demographics and needs”.

BC Builds Program

Given the widespread housing affordability challenges being faced, the Province of BC has recently announced a number of housing-related programs. Through their Homes for People action plan four priorities have been identified – unlocking more homes faster; delivering better, more affordable homes; helping those with the greatest housing need; and creating a housing market for people, not speculators.

Part of their action plan includes the launch of BC Builds, a new program described as “bringing together public lands, low-cost financing, faster provincial and local government approvals, and innovative tools to support middle income households with housing”. While the program is yet to be officially launched, in anticipation staff are seeking support from the Board to undertake a cursory analysis and basic engagement regarding public land availability and interest in regional collaboration. Such work could support any potential proposals to provincial programs or near-term initiatives captured in an RGS Housing Action Plan.

Options

This report recommends proceeding with a business case respecting the potential creation of a housing corporation and directing staff to engage with regional partners to explore opportunities through the BC Builds program. The following alternatives are noted for consideration:

1. Defer consideration of the business feasibility analysis until after the completion of the proposed RGS Housing Action Plan to consider its findings.
2. Focus staff resources by directing action on either the business feasibility or exploration of potential opportunities through the BC Builds program.

Financial Factors

The creation and operation of an independent housing organization is expected to require considerable financial resources for initial start-up and operation, acquisition of land, capital development, and other activities. In addition, there may be requests to the regional district for land contributions and servicing for housing development sites. Projections for the initial costs would be detailed through the business planning process.

The cost to develop the proposed business case for an independent housing corporation has been estimated to be between \$60,000 and \$75,000. Upon reviewing the 2023 budget for the Administration and General Government Service, staff feel funds to support this expenditure could be derived through a reallocation of existing budgets within Other Professional Fees included in the Management Services sub-function. The total budget for this line item in 2023 is \$286,750 versus expenses to date of \$92,809. As the remaining budget available (\$193,941) is not expected to be fully encumbered this year, staff have identified specific budgeted items from which up to \$75,000 could be reallocated.

Strategic Considerations: Strategic Drivers and Regional Growth Strategy

CVRD Board Strategic Drivers:						
Fiscal Responsibility	✓	Climate Crisis and Environmental Stewardship and Protection	Community Partnerships	✓	Indigenous Relations	✓

Undertaking further actions to mitigate the ongoing housing affordability crisis is aligned with the CVRD Board’s strategic drivers of Fiscal Responsibility, Community Partnerships and Indigenous Relations.

CVRD Regional Growth Strategy Goals:						
Housing	✓	Ecosystems, Natural Areas and Parks		Local economic development		Transportation
Infrastructure		Food Systems		Public Health & Safety		Climate Change

Goal 1 of the CVRD RGS is to ensure a diversity of housing options to meet evolving demographics and needs, noting “affordable housing can attract employers and working households, and permits families to invest more time and energy in other aspects of community life.” Objective 1-B calls for an increase in affordable housing options with the supporting policies 1-6 paraphrased as follows:

- Adopt an affordable market and non-market housing definition;
- Encourage contributions to affordable housing options;
- Coordinate opportunities for developers to provide market and non-market affordable housing;
- Consider the development of a ‘Regional Affordable Housing Strategy’
- Require local governments to have provisions for developing affordable housing in new Official Community Plans and other bylaws; and
- Explore a delivery mechanism for a provincial non-profit program and assist local governments in the provision of non-profit housing, in their jurisdiction.

The RGS Housing Action Plan is intended to guide implementation of the above (i.e. “Regional Affordable Housing Strategy”).

Intergovernmental Factors

In the preparation of this report some limited engagement with senior municipal staff was undertaken. The feedback received noted concern regarding the requirement for adequate financial resources and scale for a housing organization.

Part of the proposed business planning process includes engagement with regional partners and stakeholders. Regional support and participation are viewed as critical to the development and operation of a housing organization so engagement with senior staff and elected officials from the member municipalities is included in the proposed scope of work.

Citizen/Public Relations

The CVRD has engaged fairly extensively with the general public on the topic of housing in recent years, most notably through the completion of the Housing Needs Assessment. Community engagement concerning the creation of a housing organization is recognized as an important component of the creation and launch phases. As such, engagement with the general public is proposed to occur after the Board has considered the business planning analyses.

Attachments: Appendix A - Affordable Housing Tools for BC Small Communities
 Appendix B – Affordable Housing Organization Scan

AFFORDABLE HOUSING TOOLS

for BC Small Communities



Policies and Bylaws

DENSITY BONUS

Request developers to include affordable housing units in exchange for increased development potential.

Communities implementing this:

- > Langford
- > Whistler

REZONING FOR INTENSIFICATION

Allow an increased number of housing units on a fixed footprint (e.g. secondary suites, accessory dwelling units), or allow for purpose built rentals.

Communities implementing this:

- > City of North Vancouver
- > Colwood

STREAMLINING & FAST-TRACKING APPROVALS

Create a quicker process for approving affordable housing projects to reduce costs for the developer and get to construction sooner.

Communities implementing this:

- > Kamloops

SHORT-TERM RENTALS REGULATIONS

Use zoning bylaws and policies to regulate where and how many short-term rentals are allowed.

Communities implementing this:

- > Nelson
- > Pemberton
- > Whistler
- > Tofino
- > Bowen Island

COVENANT TOOLS

Include in housing agreements to restrict who can live on a property and how much the property can be sold or rented for, thereby keeping a home perpetually affordable.

Communities implementing this:

- > Whistler
- > Banff

Land and Financing

MUNICIPAL AND NON-PROFIT OWNED LAND

Acquire, hold and use land specifically for the purpose of building affordable housing.

Communities implementing this:

- > Tofino Housing Corporation
- > Vancouver Community Land Trust
- > Port Moody (St. Andrews Church)

HOUSING FUND

Identify mechanisms to raise funds specifically for affordable housing. Mechanisms can include a percentage from property taxes; works and services charges; or cash-in-lieu contributions.

Communities implementing this:

- > Whistler
- > Capital Regional District
- > Cowichan Valley Regional District

Capacity Building

HOUSING STRATEGY

Develop a community vision and plan that quantifies the affordable housing shortage and provides strategies and initiatives to reduce the shortage.

Communities implementing this:

- > Squamish
- > Fernie
- > Quesnel
- > Nanaimo

HOUSING ORGANIZATION

Create an independent non-profit entity dedicated to providing and managing non-market housing for rent or purchase; this organization can serve specific projects, a community or a greater region.

Build capacity and facilitate partnerships to support existing non-profit organizations to build housing.

Communities implementing this:

- > Whistler Housing Authority
- > Tofino Housing Corporation
- > Banff Housing Corporation
- > Canmore Community Housing Corporation
- > Fernie Family Housing Society

COMMUNITY ENGAGEMENT

Engage your community through communications and education - this is crucial for generating support for affordable housing.

Communities implementing this:

- > Livable Canmore
- > Comox Valley Coalition to End Homelessness
- > Strathcona Community Health Network

Appendix B – Affordable Housing Organization Scan

1. Revelstoke Community Housing Society (RCHS)	
- Corporate Structure	Non-profit society established in 2007
- Governance	Volunteer board of directors with 1 Council representative appointed by the City of Revelstoke. Structure also incorporates society members that can participate in the annual general meeting and other business. Appears to be a working board model reliant on directors actively participating in general activities and operations.
- Mandate/Services	To provide, manage and promote a range of affordable housing options within the City of Revelstoke that are accessible to local residents. RCHS currently operates a total of 38 units.
- Context/Findings	<p>The City set aside a 14-acre site for affordable housing and established the housing society to develop and manage the sale or rental of the affordable housing units produced. The City is looking at releasing other vacant/surplus lands to support further development.</p> <p>While RCHS strives to become a self-sustaining entity, the City provided a \$100,000 operations grant to the RCHS in 2023 with the funds obtained through the Rural Economic Diversification and Infrastructure Program.</p>
2. Squamish Community Housing Society (SCHS)	
- Corporate Structure	Non-profit society established in 2021
- Governance	Operate independently, but in collaboration with the District of Squamish. 12-member Board of Directors comprised of a District of Squamish Council appointee as well as representatives from 4 local non-profit housing entities, the development sector and the community at large. Voting members of the society consist of the Council appointee and the representatives of the 4 local non-profit societies.
- Mandate/Services	Act as a single point of contact and a waiting list for affordable housing in the community, and assume management of affordable housing units that are being provided in new developments as part of Community Amenity Contributions related to re-zonings. The vision for the society includes offering meaningful service to participating non-profits and directly developing new affordable housing projects.
- Context/Findings	Formed relatively recently, the SCHS is funded through a contribution agreement with the District of Squamish that provides approximately \$200,000 per year. The Society is staffed by 2 full-time equivalents. Considerable resources and effort have been required in the formation of the society and in advancing capacity development and relationships/partnerships within the community.

3. Whistler Housing Authority (WHA)	
- Corporate Structure	Local government corporation established in 1997. Resort Municipality of Whistler (RMOW) is the sole shareholder.
- Governance	The Board of Directors consists of 3 members of Council, the Chief Administrative Officer of the RMOW, 1 representative of the Whistler Mature Action Community and 5 individuals from the community at large.
- Mandate/Services	Development, administration and management of employee restricted rental and ownership accommodation for local income earners and retirees.
- Context/Findings	Primary goal to house at least 75% of employees locally. Established through an initial municipal contribution of \$6 M from the Employee Works and Service Charge (development cost charge exclusively enabled for designated resort municipalities). Clear objective from the onset that the authority be self-sustaining at no cost to the taxpayer. The WHA has achieved this objective with operational funding being derived from revenues generated from their housing inventory (1,900 units/7,000 beds).
4. Tofino Housing Corporation (THC)	
- Corporate Structure	Local government corporation established in 2005
- Governance	Council appoints THC board of directors which consists of 4 District of Tofino staff and elected officials and 3 independent Board members. 1 staff position (executive director)
- Mandate/Services	Facilitate development and operation of below market housing. THC's business model is focussed on acting as a land trust/steward and partnering with the Catalyst Community Developments Society to develop and own the housing with the ability for THC to buy them back in the near/long term
- Context/Findings	In 2012 the THC was dissolved and then in 2017 it was restored. This pause was a result of unstable political commitment, some community sentiment that the market will solve housing challenges, lack of funding and staffing challenges. Support and funding for THC comes from a variety of sources including: land provided free by the District of Tofino, Municipal Regional District Tax (MRDT) on Online Accommodation Providers (OAP) taxation, proceeds from the sale of homes provided through private development, development cost charge waivers, property tax exemptions, in-kind support from the District, grants obtained from senior government (Rural Dividend Fund, CMHC Seed Funding, BC Housing Community Housing Fund and CMHC Co-Investment) and pre-development loan and mortgage financing at below-market terms. Target for 2030 is 30 units of resident restricted ownership housing and 150 rental units. Current inventory is approximately 7 homes and 50 rental units

5. Capital Regional Housing Corporation (CRHC)	
- Corporate Structure	Established in 1982, the CRHC is a non-profit corporation (registered under the BC Company Act) that is wholly owned by the Capital Regional District (CRD).
- Governance	CRHC Board of Directors (24) replicates the membership of Capital Regional District Board. Prior to 2018 the CRHC Board included regional district directors and community and housing sector representatives.
- Mandate/Services	Solely focused on affordable rental housing for low and moderate-income seniors, families and people living on government disability pensions. CRHC develops and manages affordable housing communities with 46 complexes across 8 municipalities.
- Context/Findings	<p>The CRHC was formed to address the lack of affordable and accessible rental housing. The CRD has two regional housing functions that benefit the CRHC, the Land Assembly, Housing and Land Banking Service and the Regional Housing Trust Fund. Through these two services the CRD undertakes a variety of affordable housing activities, most notably the provision of capital grants for “bricks and mortar” developments by the non-profit sector and CRHC.</p> <p>In 2016, the Regional Housing First Program was announced, providing a partnership between the CRD, BC Housing and the Canada Mortgage and Housing Corporation (CMHC) to create new affordable mixed-market rental housing. Each partner committed \$30 million, resulting in a \$90 million investment. The CRD borrowed their portion through the above-noted service and financed the debt over a 25-year period.</p> <p>The CRHC does not receive an ongoing operating subsidy from the CRD. Approximately 75% of funding is generated from tenant revenue and 25% from federal and provincial operating agreements. CRHC has a staff complement of approximately 60 individuals that are employees of the CRD but funded by CRHC.</p>
6. Cowichan Housing Association (CHA)	
- Corporate Structure	Non-profit society established in 2015
- Governance	10-member board of directors consisting of individuals from the community-at-large. 1 regional district liaison.
- Mandate/Services	<p>CHA services include:</p> <ul style="list-style-type: none"> - Housing navigation and information - Rent bank (no-interest repayable micro-loans to those facing a temporary financial crisis that impacts their ability to pay for rent, damage deposits, or utility costs) - Utility bank (basic energy retrofit supplies, assistance with crisis applications, and energy efficient coaching to support individuals decrease their energy costs and usage)

	<ul style="list-style-type: none"> - Emergency assistance (assists applicants by providing financial grants towards eviction due to rental arrears or hydro disconnections) - Food voucher program - Rental housing capital contributions
- Context/Findings	<p>CHA was formed as a result of work and advocacy completed by Social Planning Cowichan. In 2018, the Cowichan Valley Regional District established a Regional Housing Service to provide an annual financial contribution to CHA to assist with providing programs and services related to affordable housing and homelessness prevention. Currently, the CHA receives an \$800,000 annual contribution from the CVRD with approximately \$250,000 being utilized to support operations of the CHA. Instead of a direct affordable housing developer, the Association's mandate and services appears to be structured towards capacity development, capital contributions, and housing-related services and support within the region.</p>
7. Banff Housing Corporation (BHC)	
- Corporate Structure	Local government corporation established in 1993 with the Town of Banff being the sole shareholder.
- Governance	The Board of Directors consists of 1 member of Town Council, the Town Administrator and 6 individuals from the community at large.
- Mandate/Services	Build and operate rental units and equity-restricted & price-restricted homes for residents and retirees of Banff. BHC has a portfolio of 317 units consisting of both homeownership and rentals units. BHC has built 304 units, and acquired 13 units.
- Context/Findings	<p>Unique relationship with Parks Canada with land leased to the BHC for affordable housing projects. Further, parks legislation provides ability to regulate who may occupy residences. BHC has refined its role to focus on being a housing operator, with development now completed in-house through an internal team that leverages Town resources. This was in recognition that the Town contained much of the required capacity internally, supplemented by a housing sustainability manager.</p> <p>The BHC operates on a cost recovery model (no profit).</p>