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This booklet has been prepared for the people who have seen the two 'Challenge for Change' films – *Co-op Housing: The Best Move We Ever Made* and *Co-op Housing: Getting It Together*. It is the final part of a three part programme. The first film describes the co-op housing alternative, the second film outlines the experience of developing a housing co-op and part three, the booklet, is intended to give a closer look at that development process. In it we try to answer some common questions about housing co-operatives, suggest a strategy for starting a co-op and outline the process of buying and rehabilitating existing housing or acquiring land and managing the construction of new housing. This booklet is not intended to be a fool-proof step by step guide. Its purpose, rather, is to provide an overview of the entire process for groups in the formative stages and to familiarize them with some of the mechanics of starting a housing co-op. It is our hope that this basic information will enable groups to better utilize the specialized help available in their own area and that they will find their own path to fulfilling their particular housing needs.

In the two films, *Alexandra Park* was inadvertently spelled *Alexander Park*. Our apologies.

Researched and written by Andy Taylor and Catherine Macleod

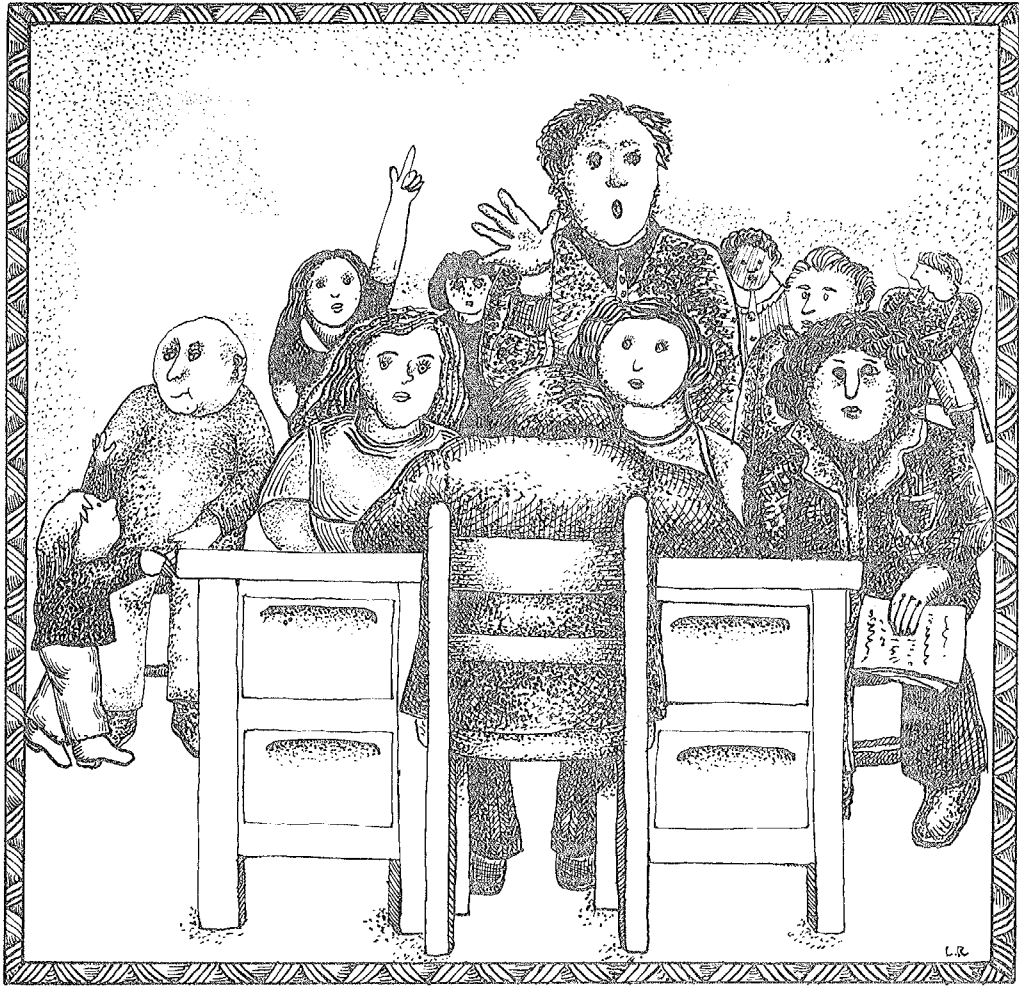
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Section 1 — What Is a Non-Profit Housing Co-operative?

Nearly half the people in Canada live in rented homes. They have no security of tenure, no stable community, and little protection from ever-increasing rents — rents that are quickly exceeding many peoples' ability to pay. Individual home ownership is not the answer. Inflation, speculation, and high mortgage rates have put the cost of buying a house out of the reach of most families.

An alternative is co-op housing which can make it possible for people to solve their housing problems through collective ownership. Co-op housing is not some new government program; it has been around a long time. In some countries most of the new housing stock is co-op housing. In Canada the history of co-op housing goes back to 1937 in Nova Scotia and since then it has developed into a force of growing significance in the housing field. Today there are a few thousand co-op homes across the country with many more under construction and being planned. Why? Because it puts housing in the hands of people, not profit-motivated corporations. Houses should be to live in, not invest in. It is investment and speculation that have led to our present housing crisis.

What Kinds of Housing Co-ops Are There?

Although this booklet deals with only one form of housing co-ops — the non-profit continuing housing co-operative — other forms are also important. Building co-ops are well-known in the Maritimes, Quebec, and the Prairies. In a building co-op the members co-operate to build their own homes but then the co-operative ends and the houses are privately owned. Although building co-ops remain popular in rural areas and small towns, they are inappropriate for large urban areas where high land costs result in higher

densities and more comprehensively planned communities. Another type of housing co-op, the continuing type that allows equity build-up and profit, is very similar to the condominium and can be considered as such.

The non-profit continuing housing co-op is so named because the members continue to own and manage their homes collectively after they are built and no member has a build-up of equity. This concept of collective ownership makes the continuing co-op neither a rental nor a private ownership form of housing. The individual co-op member does not own his or her particular unit; the houses and apartments in a housing co-operative are owned by the entire group. Members, however, have security of tenure as long as they maintain the home and keep up the payment of monthly charges. They also have some control over costs as they participate in the management of the co-op.

Within this classification there are two basic types of housing co-ops, those that build new housing and those that buy and rehabilitate existing housing. 'New construction' co-ops are often large, modern developments housing hundreds of people. They may be high-rise buildings, low-rise multiple family dwellings, town houses, or any combination of these. Co-ops that buy and rehabilitate existing housing usually consist of single family houses, duplexes, or small apartment buildings. Often the tenants of a building will organize to buy the building from the landlord and turn it into a co-op.

Separating housing co-ops into 'rehab' and 'new-construction' is actually a little artificial since they are not mutually exclusive. A new-construction co-op may very well rehab some existing houses on land they have bought for development, and rehab co-ops may undertake new construction if land becomes available.

Who Are Housing Co-ops For?

The co-op housing alternative is for people who want to work together to find their own answers to their housing needs. It is for people who share the spirit of co-operation and wish to live in a co-operative community. Although co-ops do recognize the need for a broad income mix and thus have no income restrictions, their main purpose is to serve those who have the greatest need — families of low-to-moderate income. Throughout Canada co-ops are being established by tenants who want security of tenure, a stable community, and control over quickly rising rents but for whom home ownership is impossible, burdensome, or undesirable. Many serve the needs of special interest groups — particular communities, native people, old people, the handicapped, ethnic groups, etc.

Who Runs a Housing Co-operative?

Ultimately, it is the members who govern the co-op. Each year they elect, from among themselves, a volunteer board of directors to oversee the operation of the co-op. The board may then appoint committees from the membership to deal with such specific areas of operation as finance, maintenance, membership, etc. In larger co-ops, a property manager is usually hired to look after day-to-day affairs. The membership can also decide to hire maintenance staff or to perform those functions themselves in order to keep the monthly charges as low as possible. To maintain member control, all actions of the board must be ratified by the members at general meetings.

Why Is Co-op Housing Cheaper Than Conventional Housing?

Although co-ops usually cannot buy or lease land or build homes at a lower cost than a private developer or the

government, there are a number of reasons why co-op housing is cheaper than conventional housing. Savings can be accomplished through 'sweat equity', if the members choose to do some of the finishing, such as final painting and landscaping, themselves. Savings also occur because there are no marketing costs or profit. In addition, the following government programs and subsidies available to non-profit co-ops result in lower costs than for conventional housing.

- 1 The Federal Government, through Central Mortgage and Housing Corporation (CMHC), provides a mortgage covering the full capital cost of the project at below-market interest rates and with a long repayment period.
- 2 CMHC provides a grant of 10% of the total cost; the co-op pays back only 90% of the mortgage.
- 3 In Ontario and British Columbia, the Ministries of Housing provide an additional grant of up to 10% of the purchase price, if a certain percentage of the units will be made available to members who qualify under the provincial rent subsidy program. This percentage varies with the objectives of the co-op and the limitations of the provincial programs.
- 4 CMHC, under the Residential Rehabilitation Assistance Program (RRAP), makes, in effect, a grant of up to \$3,750 per unit (a unit is a single family accommodation — a house, a flat, an apartment, etc.) to be used to bring existing housing up to acceptable standards.

The real savings in a housing co-op, however, are over the long term. Because the monthly charges will rise only when actual costs (e.g. for taxes, utilities, etc.) rise, rather than rising according to what the market will bear, as usually occurs in the private rental sector, the co-op becomes more and more of a bargain the longer it exists. For example, Sarce Meadows in Calgary had monthly charges of \$181 for a three-bedroom rent in 1971 (when the members moved in) and of \$239 for the same accommodation in 1976. This includes heat and all utilities.

What Does It Cost to Live in a Co-op?

Before 1973, co-ops were only able to obtain 95% financing through CMHC and, therefore, were forced to charge a 5% down payment to new members. This usually amounted to six to eight hundred dollars. In 1973, however, complete financing became available and now most new co-ops only require a small membership fee. In most cases the co-op also asks for a small member loan or member shares of a few hundred dollars to provide some day-to-day working capital.

The monthly charges in a co-op (which include a share of the mortgage, taxes, insurance, utilities, and other services for the co-op) will be below the rents charged for similar housing in the private sector and, of course, they will rise more slowly. In many co-ops the monthly charges of lower income members are subsidized by surcharging the members whose incomes are higher. This surcharge is only a small amount per month and still does not bring the monthly charges above what is charged for similar housing in the private sector.

What Are Some Other Advantages of Co-op Housing?

Co-op housing provides the same tenure and stability as conventional home ownership. You will not be arbitrarily evicted or have your rent raised beyond what is required to meet increased taxes and management costs. In addition, the sense of ownership results in a high standard of maintenance. At the same time, co-op housing allows the mobility of rental accommodation — members can move out with sufficient notice, or apply for a larger or smaller house or apartment as their needs change. Perhaps the single greatest advantage of co-op living is the sense of community it fosters. There is a feeling of friendship and helpfulness that is becoming increasingly rare in our urban environment. Many housing co-ops also have other co-

operative services — day-care centres, food stores, recreational facilities, etc.

How Do We Start a Housing Co-operative?

Most housing co-ops are started by a small group of people who are concerned with specific problems of housing in their area, usually ones that affect them personally. Although this small group usually consists of potential occupants, some co-ops begin through the sponsorship of other community-based organizations such as labour unions, credit unions, and churches. The core group usually meets regularly over a period of time to discuss housing problems and the possibilities for a housing co-op. Since this is a fairly new alternative in Canada, there is little printed material available. To learn about the development and operation of a co-operative it is necessary to draw upon the knowledge and experience of sympathetic people in the field. These people may be members of a resource group, an established co-op, or staff at a local or regional CMHC office. As the group continues to meet, a set of objectives is gradually formed and a strategy for starting a co-op is developed. Section 2 of this booklet deals with these objectives and outlines the procedure for starting a group.

Section 2 — Establishing a Housing Co-op

The first step in starting a housing co-op is to present your idea to the person dealing with non-profit housing at your local CMHC office. Most branches have a community or social housing officer who deals specifically with non-profit housing. This officer should be able to explain the legislation concerning co-ops and give you information sheets, forms, and booklets to help familiarize the group with the available programs, as well as advising you on how best to proceed. It is possible the local office may be unfamiliar with, and thus unsympathetic to, co-operative housing. In this case, the regional office might be more helpful. Either the local or regional office will be able to supply a list of resource groups and housing co-ops in your area.

In addition to contacting CMHC, you should also find out if there are any local or provincial social housing programs that you can use, such as programs for senior citizens, native housing, or single people. If there are such programs, the applicable agency should also be contacted at this early stage.

Resource groups are organizations experienced in co-op housing that have been established to provide help to co-ops in the development stages. There are many different kinds of resource groups offering a variety of services: some offer advice, some will help you get organized, and others offer professional, legal, architectural, or management help. Some even offer complete delivery systems, which include legal, accounting, architectural, construction management and property management services. Resource groups are non-profit organizations and are usually subsidized, either by the government or by unions, credit unions, churches, etc. Although they may charge a fee for their services it is usually far less than private firms would charge. This money will be paid out of the group's

start-up funds (explained later) or the cost will be added to the mortgage. It will not have to be paid personally by founding members.

Contact the resource groups in your area and find out what help is available. If there are no resource groups nearby, contact the Co-operative Housing Foundation of Canada, in Ottawa, or a resource group in another area, for information. You should also introduce your group to other housing co-ops in your vicinity.

These contacts will give you some insight into co-operatives and the co-operative process and will also give you an idea of whom you can call on when you encounter difficulties.

Getting the Group Together

At this early stage your group will probably be composed of a small number of committed people. You may wish at this time to supplement the group with others who share your ideals and concerns, and who will be useful to the development of the project. (This can be done in many ways, including public meetings or presentations to existing community organizations.) Since the most important aspect of the co-op movement is people helping themselves find their own solutions to problems, it is essential that new members be potential users of the housing and that they become involved in its development, although realizing that the co-op will not solve any of their immediate housing needs. They must, of course, be chosen carefully. Because the time from the birth of the co-op to the time when occupancy of the homes occurs can be, and usually is, more than a year, members must be prepared to work in a continuous fashion over a long period of time.

It is also important to get members who understand and approve of the co-op concept and who have certain skills that the group can use, but who may not be future occupants. Such 'experts' can offer valuable advice on a volunteer basis, not only saving money on consultants, fees but also minimizing the time spent getting advice when the group does not know what to decide. Particularly useful are those who have experience in the construction or building industry and those who have bookkeeping or accounting skills.

Preliminary Work of the Group

The first task of the group will be to discuss and establish the objectives of the project: Who will the co-op serve? What are their particular housing needs? Which of these needs will the co-op answer? Where will the co-op be located? Is there land available for new housing or do you wish to buy existing buildings? What types of housing are appropriate? How many units, roughly, do you wish to acquire? etc.

You probably should form an interim board of directors at this time for the purpose of getting the group organized. The board should have a chairperson to run the meetings, a secretary to take minutes, and a treasurer (although you probably don't have any money at this stage it will be coming soon). The board should be elected from among the members.

Now that the group is organized, and you know what its objectives are, CMHC can be approached for money.

Start-up Funds

Explanation

- a) Start-up funds of up to \$10,000 (and in special cases, more) may be made available to the sponsors of non-profit housing projects. These funds are intended to help the group reach the point of a properly prepared loan application to CMHC and to cover some co-ordination expenses if and when the project is approved by CMHC and underway.
- b) A group does not have to be incorporated (explained later) at the time of application for start-up funds but it should designate key individuals as representatives of the group who will have a continuing role to play in its organization and affairs.
- c) The money can cover expenditures for research and organization, incorporation, site selection, options, professional fees, the purchase of technical skills required to put the project in place, member selection, staffing, negotiations with government agencies and other bodies, office and administrative expenses and similar costs.
(It should be noted that the start-up funds will probably not be enough to cover all expenses necessary to bring the project to the point of a properly prepared loan application to CMHC. Groups may have to seek unsecured interim financing (e.g. from churches, unions, and credit unions) to cover the difference, or persuade people to work on risk that a mortgage commitment will be achieved and they will be paid out of the mortgage funds.)
- d) When start-up funds are used to cover such costs as land options and architectural fees, which are clearly to be paid back as part of the loan for the housing project if and when the loan is approved, these amounts are included in the mortgage application.

- e) The evaluation of the group's application for start-up funds is carried out by the local CMHC office and may involve several meetings with the group's representatives. An application that is recommended by the local CMHC office is sent in summary form to the Province for their reaction. The application is then sent to CMHC Head Office in Ottawa for consideration and approval.
- f) When a group is awarded a start-up contribution, the local office issues the cheques and requests periodic reports on the group's progress. The conditions of the contribution are outlined on the back of the application form. The form, when signed, becomes the agreement of the group to abide by the conditions indicated. If the project fails, the group will be expected to return only the unused portion of the funds. Individual members are not in any way held liable for the repayment of start-up funds.

Application Procedure

Go to your local CMHC office, ask their advice, and get copies of the application forms (CMHC 1851 and 1851A). Form 1851 determines the name of the group and the area in which it will operate; form 1851A asks for a narrative description of the project. The following is a general guide to the information CMHC will require.

History of the Group

- 1 Explain how the project began, and why.
- 2 Describe the individual, groups, and/or organizations that have been involved.
- 3 Describe any participation by, or dialogue with, the community that your project intends to serve.

Composition of the Group

List names, addresses, and histories of the members of your group and your board of directors, if you have one. These histories should include occupation, previous com-

munity involvement (e.g. membership in residents, groups, church groups, etc.), and an outline of any skills that may be volunteered to the co-op (e.g. bookkeeping, contracting, property management, etc.).

List the names, addresses, occupations, etc. of any non-members who have made a commitment to work in a volunteer advisory capacity.

The Proposal

Briefly describe the area, the housing conditions, and the population, and outline any particular problems that a housing co-op might alleviate. Outline the objectives of the project — who it's aimed at, what their income range is, what problems the project will resolve, etc. Although you might not have a firm goal at this point, a general outline of the type of housing and the number of units you wish to acquire or construct should be given.

Budget Breakdown

In order to complete the budget breakdown, you must anticipate the likely out-of-pocket expenses that your group will incur, before a loan can be secured from CMHC. Most 'scattered-unit' rehab co-ops and large new-construction co-ops will require the services of a full-time coordinator. To decide if your co-op will need one, it is necessary to envision the tasks ahead and decide if you have enough committed volunteer support to accomplish them in an organized way. You might also need to hire a part-time secretary and bookkeeper. When making out your budget, you must settle on a realistic salary for these employees and remember to add the costs of Unemployment Insurance and Canada Pension Plan contributions, and any other benefits you decide to provide.

Depending on your circumstances, you might wish to rent an office, and rent or buy a typewriter, an adding machine, and office furniture. You should provide a fund for stationery and advertising.

You will also have to pay for legal fees for incorporation and legal advice during development. Other expenses might include deposits on property purchases, member selection, costs of negotiating zoning changes, architectural consulting fees, etc.

In the case of a new-construction co-op major expenses might be legal and architectural fees, costs of feasibility studies, lot surveys, soil tests, land options, etc.

It is important to remember that start-up funds are not intended to totally underwrite the cost of development; the group is expected to continue to contribute through volunteer labour.

Projected Cash Flow

To determine your cash flow it is necessary to envision a schedule for each stage of development and try to determine the costs of each of these stages. For example, there might be monthly staff and office expenses, legal fees in the second month, consulting fees in the fourth month, deposits on property in the eighth month, etc. The cash flow is just an estimate and CMHC will not hold you to it should circumstances change. If the situation warrants it, CMHC will permit dollar amounts for specific items to be re-allocated within the start-up funds awarded.

Hiring a Paid Co-ordinator

When you have received start-up funds, and if you have determined that your project requires one, you should begin looking for a full-time co-ordinator. The co-ordinator will handle day-to-day chores under the guidance of the board. It is of the greatest importance to get the best co-ordinator you can. You might keep the following qualities in mind while interviewing applicants.

Competence — proven general ability and sound judgment.

Commitment — The co-ordinator should be committed to the co-operative philosophy and to working on what often seems an uphill grind.

Experience — It may be difficult to hire someone with experience in co-op housing. Alternatively, you should look for someone with a background in organizing, construction management, or housing.

Ability to function in the group — There are a great many managers who, through their own drive and energy, 'bull-doze' their way along. Though effective in the short term, this authoritarian approach inevitably leads to difficulties later on. Your co-ordinator must be able to organize, motivate, and work with the group.

Self-assurance — It takes a particular kind of courage to work with little supervision or feedback and not to shy away from difficult tasks and decisions.

Clerical Ability — There will be voluminous paper work to be attended to with diligence and attention to detail. It will save a lot of misunderstanding later on if, when the co-ordinator is hired, his or her duties are defined and clearly set down on paper. Everyone must realize that the co-ordinator is not assuming any of the responsibilities of the board. The board must continue to guide the project and take an active role in it. This 'active role' means not only attending meetings but committing a specific amount of time to assume some of the concrete tasks at hand.

Creating Committees of the Board

To maximize the effectiveness of the board of directors, and to have as much member involvement as possible, it is advisable to form committees to deal with specific jobs within the co-op. These committees are appointed by the board and are responsible to it. In some cases they will be

called upon to make interim decisions for later ratification by the board. The number and function of these committees will vary from co-op to co-op, depending on their individual needs, but the following are some commonly found committees.

An Executive to act in an overall capacity and to make day-to-day decisions for later ratification by the board.

A Property Committee to examine possible acquisitions and to oversee their development and maintenance.

A Membership Committee to form policies on membership, draft a membership agreement, interview applicants, arbitrate disputes, maintain membership and mailing lists, keep members informed, and provide statistical information.

A Finance Committee — to oversee the organization's finances, budgeting, contracts, and accounting procedures.

A Publicity Committee — to inform the neighbourhood of the purpose and operation of the co-op, in order to assuage the fears of members of the community who might oppose a co-op development and educate new members in the co-operative way of life. This could include writing brochures and articles.

A Development Committee — to oversee the design and construction of new housing; to work with the architects as the source of member input for both site-planning and unit design or rehabilitation; and to check on the quality of construction.

A Management Committee — to manage the property when members have moved in.

A Children's Committee — to consider the needs of all the children and to get input from the older ones.

A Social Committee — to organize social events, both prior to moving in and after the community is established, in order to facilitate communication and build community spirit among members.

Incorporating the Co-op

Before a co-op can buy property it must become incorporated. This simply makes the group a legal entity, able to receive a mortgage and buy property collectively. It also protects the members of the co-op, since individuals are not liable for the debts and liabilities of a corporation.

Because corporations are not legally tied to an individual, the co-op will not be dependent on any particular member(s) remaining in the co-operative, in order to continue. To become a corporation you must register not only the name of the group but the rules by which it will operate. Your lawyer will help you draft these rules, which will then become your constitution and by-laws. Typical documents are available from the Co-operative Housing Foundation of Canada, in Ottawa, (see page 46 for the address) and these could be used or adopted for your purpose.

The requirements for incorporation vary from province to province but the following is generally applicable. The constitution is the heart of the corporation. It provides information in the following areas:

- a) *The name of the corporation.* You cannot use a name that is misleading or easily confused with the name of another corporation.
- b) *Its objects.* An outline of the purpose of the corporation.
- c) *The locality of the corporation.* The area in which it will operate.

- d) *Winding-up clause*. This determines what will become of the assets of the corporation if it disbands.
- e) *Board of directors*. Simply a list of the names and addresses of the founding directors.
- f) *Non-profit clause*. This is a standard clause required to benefit from CMHC funding and grants. It states that there will be no gain for members and no remuneration for directors.

The by-laws of the corporation state certain statutory requirements and practical rules by which the corporation will operate, under the following main headings:

- a) *Membership*. You must outline the terms and conditions of membership, the obligations of the members, and the conditions under which a member can be expelled.
- b) *Meetings*. This states the month in which the 'Annual General Meeting' is held, the method by which it is called, and the rules of it and any other meetings of the membership.
- c) *Board of directors*. The co-op should lay down the regulations by which the board operates: How they are elected, how the executive is appointed, the conditions under which a member of the executive can be removed, what constitutes a quorum, etc.
- d) *The seal*. The corporate seal is taken quite seriously. You must provide rules for its custody and use.
- e) *Other regulations*. These are provisions for borrowing money, auditing the books, procedure for changing the by-laws, care and preparation of minute books, etc.

Before the application for incorporation is sent to the proper government ministry, it should be submitted to your local CMHC office to ensure that it meets their requirements for consideration as a non-profit group.

Finding a Suitable Lawyer

Your group will need a lawyer to help draft your constitution and by-laws, and to make the application. You will also need a lawyer to receive money in trust for you and to handle the legalities of buying or leasing property. It is important to find a lawyer who is familiar with co-operatives and is prepared to work *with* the group and not just *for* it. He must understand the aims of the co-op and the members' needs. You might ask for leads from resource groups, other co-ops, and any community legal assistance groups in your area.

When you buy property, CMHC, as a mortgage vendor, will also need a lawyer. The cost of both your lawyer and theirs will be added to your mortgage. Since both lawyers do essentially the same things, your co-op can save money if you can convince CMHC to appoint your lawyer to work on their behalf as well. They must, however, be persuaded that going to this trouble will result in substantial savings for the co-op. This means that you must find a lawyer who is willing to work below the standard CMHC tariff. Most will.



Section 3 — Starting a New-Construction Co-op

The first non-profit continuing housing co-op in Canada to build new housing was Willow Park in Winnipeg. It was completed in 1964, long before any of the social housing programs we know today were available. Since then, such co-ops have sprung up in every major city in the country. This proliferation is due not only to recent government programs but also to the commitment of resource groups and sympathetic organizations that provide expertise and financial aid.

There is no single step-by-step procedure to follow in starting a new-construction co-op. The actual process will depend on the objectives and philosophy of the group, the locality, and the land and financing available. This section describes some of the basic steps in starting a new-construction housing co-op, while Section 4 deals with rehab co-ops.

Expanding the Group

The previous section has explained the preliminary organization of the group. Many groups feel that it is important to have a large initial membership in a new-construction co-op. This will give the group validity in the early stages and will carry the co-op's history, philosophy, and a sense of co-operativeness into the finished project with them.

As well as user-members, the co-op will need some technical people involved with the project from a early stage. The most important of these is the architect. You must find one with demonstrated competence in residential housing of the type you want to build. Again, you might ask the advice of resource groups and other co-ops. You might find that there is an architect in your area who has done co-op work before. As well as being competent, the

architect must be willing to work with your group to determine what they want. The problem is that many technical people lose patience dealing with laypersons and go ahead and do what they assume is right, forgetting that it will be the laypersons who will have to live with, or in, any mistakes that are made.

Some co-ops feel it is an advantage to have an architect, a lawyer, and perhaps other technical people in the group, and sometimes on the board, to give advice and make sure that the co-op's interests are properly represented to others. Other co-ops feel that this is dangerous as the technocrats tend to mystify and override the other members of the board. It can also lead to difficulties later on if the co-op decides to use another architect or lawyer.

The resource group is another essential component of the development team. As described in Section 2, they offer a wide variety of services and the extent of their support will depend on the objectives of the co-op, the number of resource groups in the area, and the philosophical disposition of the members of the resource group.

If the resource group does not offer many services, the co-op may have to look into hiring a construction manager to oversee the development of the project. Engineers (soil, mechanical, structural, electrical, etc.) will also be required, but in most cases the architect will be responsible for this. A good bookkeeper or chartered accountant is also beneficial and an auditor will be required.

Acquiring Land

There are two different kinds of land: Serviced and un-serviced. Serviced land is ready to build on, with water, sewers, hydro, etc. provided. Unserviced land is often just a field somewhere; water and other utilities could be miles away. Also, it is usually in a large package that may have to be subdivided if the co-op only wants a portion of it.

Subdividing can be a complicated business, needing the approval of several levels of government and government bureaucracy. If, in the end, the co-op is refused the right to subdivide, or if the municipality refuses to provide services, the project will fail.

Whether the land is serviced or unserviced, it will be zoned for a specific type of land use and density; that is, the maximum number of units per acre allowed. If the co-op requires a different type of land use or density than the zoning allows, the land will have to be rezoned. This is also a complicated matter that will take months to complete. However, without the necessary zoning, the development cannot be started.

There are two ways that co-ops acquire land. The first is to lease it on a long-term basis. Leased land has, in the past, been available from three main sources: Municipalities (e.g. Winnipeg, Thunder Bay and Toronto); provinces (e.g. British Columbia); and organizations such as other co-ops, credit unions, churches, and labour unions. CMHC will also consider buying land and leasing it to co-ops.

The second way to acquire land is, of course, to buy it. However, CMHC will not approve financing until the land is properly zoned and the group has fully planned the development, designed the buildings, and determined what the costs will be. At this point, if CMHC approves the project, they will make a mortgage commitment and provide a first advance with which the group can secure land. While the co-op is developing the proposal it may be necessary to hold the land by buying an option on it. This means that for a particular sum of money the owner will hold the land for you for a specified period of time and at an agreed-upon purchase price. It is expensive, however, to take out an option for the long period of time that it can take to receive a mortgage commitment.

The co-ordinator, the architect, and the property committee, with the help of CMHC, should determine what kind of land will be suitable for the co-op, how much land is needed, what general area it will be in, and approximately what land costs will produce acceptable monthly charges in the finished community. When land becomes available it should be inspected by this group and an appraiser from the local CMHC office. If it seems suitable, steps must be taken to secure the property while a feasibility study is done.

Designing the Project

After determining what steps are necessary to ensure that the land is suitable for development (e.g. rezoning, servicing, surveying, soil tests, etc.) the architect can start the basic design for the project, knowing approximately what the construction can cost. The basic design should then be discussed with CMHC and the co-op members to determine what changes may be necessary before the design is finalized.

Getting a Mortgage

A mortgage commitment from CMHC means that CMHC will provide a mortgage on the land and buildings upon receipt and approval of the following information:

- a) *The group's charter* — CMHC must approve the constitution and by-laws of the co-operative.
- b) *Proof of need* — The best proof that the project will be fully occupied is a large membership in the co-op at this preliminary stage. Other proofs may be in the form of surveys and statistical material. In some areas, because of a chronic housing shortage, CMHC will agree immediately that a need exists.
- c) *Description of special care* (if any) that will be provided to the residents, such as care of the aged, the handicapped, etc.

- d) *Application for loan* — form CMHC 301. This loan application gives a detailed estimate of all capital and operating costs for the project and the resulting monthly charges required for the co-op to break even.
- e) *Plan* — CMHC should review and comment on all preliminary drawings before the final drawings are made. The mortgage application will then be considered on the basis of the final plans.
- f) *Site Plan* — showing the dimensions of the property, the location of services, trees, existing and proposed grades, etc.
- g) *Location Map* — showing the relation of the site to shopping areas, schools, public transportation, parks and recreational areas.
- h) *Legal description of the land* — contained in the deed. The details and cost of the proposed purchase or lease must be included, along with a description of other acquisition costs.
- i) *Landscape Drawings* — prepared by a qualified Landscape Architect.
- j) *Confirmation of appropriate zoning* — by the local municipal council.
- k) *Copy of the construction contract* — your agreement with your contractor.
- l) *Outline Specifications* — For buildings of up to three stories and less than 6000 square feet in area, form CMHC 24 describes the materials to be used in the construction. Larger developments must submit full descriptive specifications (form NHA 5062).
- m) *Confirmation of Approval from Provincial Authority* — that the proposal meets any special licencing requirements (e.g. for nursing homes, boarding houses, etc.).
- n) *Verification of Grants* (if any) — from municipal, provincial, or federal government, attesting to their availability and amount.

If all these meet the approval of CMHC and the proposed monthly charges are competitive with rents in similar

accommodation in the area, you will receive a written mortgage commitment.

Interim Financing

The co-op may require financing before the construction starts, in order to buy land or pay consulting and professional fees. CMHC now gives advances to co-ops to be used for this purpose, but only after a loan commitment has been made. Until it receives such a commitment, the co-op may have to turn to other sources of financing. Some sympathetic lenders have been banks that specialize in development and construction financing, credit unions, and church organizations.

Contracting and Managing Construction

There are several ways to have the co-op constructed, each with its own advantages and disadvantages. Resource groups in your area and other local housing co-ops may be able to suggest the best method and company to use. *Construction Management* — A construction management firm may be an architectural or engineering firm. It will estimate the costs of construction, contract out and supervise the work. The firm charges a fee for its services, either a fixed amount or a percentage of the final cost. If the co-op has an experienced construction manager as a member, it may be possible to do your own construction management.

General Contractor — The general contractor will have the work done by his own employees or by sub-contractors. The general contractor usually does the work on a 'fixed sum' basis, that is, for an agreed-upon price. Again, if there is construction experience in your membership, you could possibly be your own contractor.

The drawback to construction management is that the co-op will not have a firm, committed price and construction costs can, therefore, shoot up. To offset this, an incentive to reduce costs can be built into a fee agreement — by offering bonuses if final costs are below the initial estimates. The general contractor, on the other hand, is working to a contracted price and the co-op pays that amount and no more. To avoid taking a loss, however, the general contractor usually includes a large ‘cushion’ in his price, which may not prove necessary and becomes extra profit.

There is one other way to have the project built. It is called a ‘turnkey proposal’ and is not often used in the co-op sector. With this method you approach one or more developers, explain the co-op, its finances and objectives, and ask for a proposal. The development company, chosen on the basis of the proposals, then finds or uses land it already owns, develops it, and sells it to the co-op when it is finished. The disadvantage of this method is that, once the selection of the developer has been made, the co-op has no further control of, or input into, the design and quality of construction. This could result in a poorly designed building with higher maintenance and operating costs in the future.

Financing Construction

While the construction is underway, a CMHC inspector visits the site regularly. CMHC will then advance funds to the co-op, commensurate with the amount of construction that has been done.

Moving In

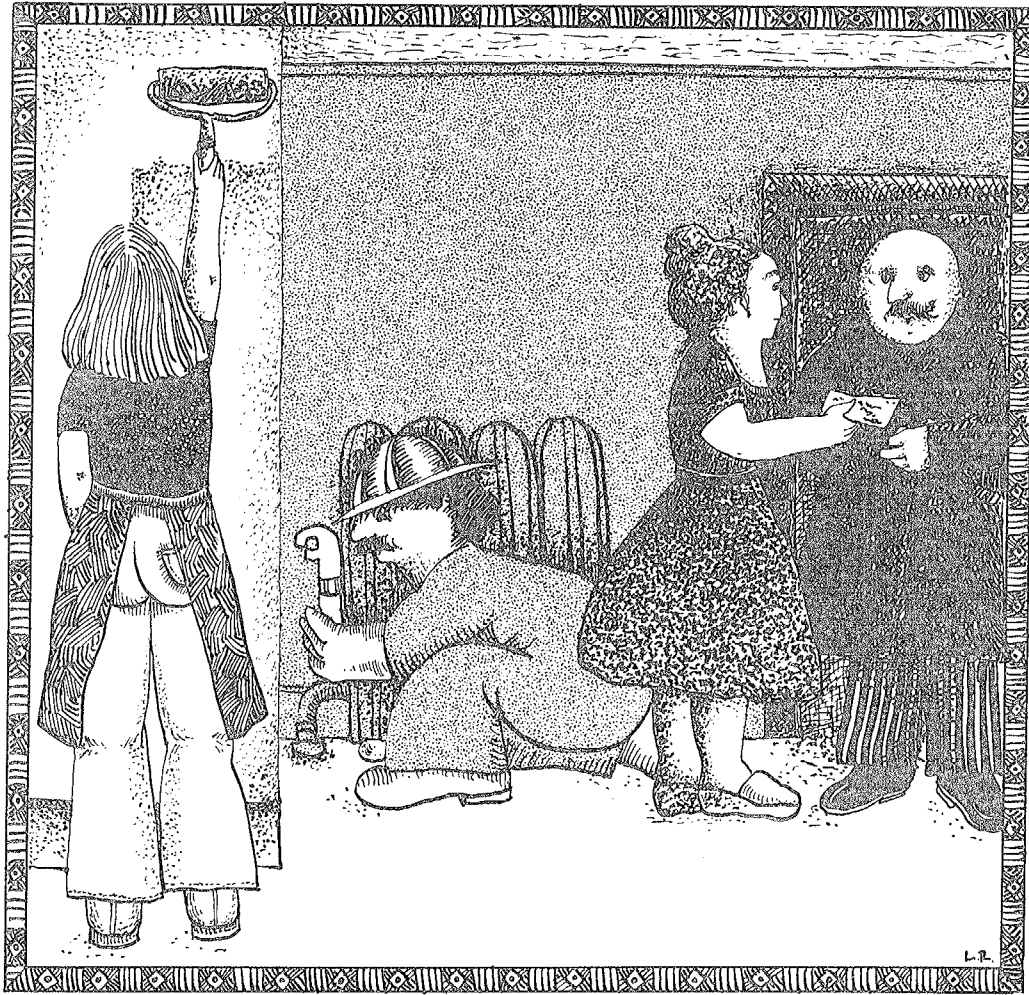
As the project nears completion, a property manager should be hired, if the project is large enough to warrant one. (In a smaller co-operative a committee could act as

manager.) A good manager will have accounting knowledge, organizational ability and, preferably, co-operative experience. The actual bookkeeping and collection of monthly charges could be done by the manager or bookkeeper or contracted out to a local credit union.

Some of the tasks to be performed prior to occupancy are:

- a) If necessary, launching an advertising campaign to recruit new members;
- b) preparing office space and furniture;
- c) obtaining street signs, rental signs, directional signs, etc.
- d) establishing house members or building addresses;
- e) designing application forms and finalizing the housing agreement (membership agreement);
- f) setting up accounting procedures;
- g) setting up maintenance and service systems;
- h) negotiating utility contracts; and
- i) initiating an education program for new members.

This is a good time for the general membership to become involved in the management of the completed project, for it is important to have people accustomed to working together before moving in.



Section 4 — Buying and Rehabilitating Existing Housing

The purchase and rehabilitation of existing housing is the practice in many urban areas, such as Toronto and Montreal, where reasonably priced land for new housing is not readily available. This is particularly true if the co-op is committed to working in an inner-city neighbourhood. While rehab co-ops rarely add to the housing stock available, they do have their own particular advantages such as urban renewal, rent stabilization, and the preservation of neighbourhoods threatened by developers, speculators, or white painters.

There are two types of rehab co-ops. 'Scattered-unit' co-ops seek out, buy, and rehabilitate separate units of housing within a specific area as they come on the market. This is quite common where co-ops are operating in downtown neighbourhoods, buying any house or apartment building that is acceptable to CMHC. These co-ops can continue to expand until their members feel that their objectives have been reached or until there are no more reasonably priced units available. The second type of rehab housing are those co-ops that intend to buy only one building or a particular group of buildings. These co-ops are sometimes organized by the tenants of a building in answer to a specific need. For example, if a landlord decides to sell the building or raise the rents drastically, the tenants, faced with being forced out of their homes, may decide to collectively buy the building and turn it into a housing co-operative.

What follows is a typical process that a rehab co-op might undergo.

Expanding the Membership

We'll now assume that the group has been organized, that start-up funds have been applied for, and the incorporation process has started, as described in Section 2. In the case of a co-op intending to buy only one particular property, you will by now have organized most of the tenants of that building and they may now be members. Scattered-unit co-ops sometimes do not choose to expand their membership with potential users, often expecting tenants of the buildings they buy to join the co-op. Occupants of a purchased building are usually encouraged to remain and become members of the co-op. The membership is then expanded to fill any vacancies. This has the disadvantage that people are moving into a co-op with no knowledge of what a co-op is or how it is run, and little sense of the ideology behind it. It might be desirable at an early stage to expand the membership with potential users. They will then have a hand in the acquisition and renewal of properties that they may eventually occupy and will move in with a sense of what it is all about. They will supplement the previous tenants, provide continuity, and help educate the new members.

Submitting a Bulk Loan Application

There are two ways to get mortgage money from CMHC. The simpler, the way used by most co-ops that intend to buy a specific property requiring only one mortgage, is just to make a single application as described later in the booklet. This application is approved by the local office and sent to Ottawa where it is approved by the Executive Committee of the Board of Directors of CMHC.

This, however, takes time. Scattered-unit co-ops, because they would be making many separate applications in circumstances where speed is essential, usually prefer to apply for a 'bulk loan'. A bulk loan application is a single

mortgage application for the total number of housing units that the co-op proposes to buy, even though specific properties have not yet been found. It estimates the number of each type of unit (one-bedroom, two-bedroom, etc.), their probable costs, and the estimated cost of their rehabilitation and management. After this bulk loan is approved by Ottawa, mortgage money for each particular acquisition is approved by the local office and drawn from that fund. The bulk loan is approved if CMHC feels you can buy housing at a price that will allow for monthly charges below market rents in your area. The bulk loan will be granted with guidelines outlining the price-per-unit ceiling and generally the percentage of one-, two-, and three-bedroom units you will have in your co-op. These guidelines should not be seen as fixed rules; they can be renegotiated if you can show CMHC that by changing them, the objectives of the co-op will not be altered.

The following is a general guide to making a bulk loan application. It is important to work closely with your CMHC liaison officer (and area resource groups) when composing your application.

- a) Reassess or confirm your objectives. At this time you should have a pretty clear idea of how many units of what type of housing you want to buy. CMHC will want to know generally what proportion of one-, two-, and three-bedroom, etc., units you will have in your co-op.
- b) You should also know approximately what you will have to pay for the type(s) of housing you require. Information can be obtained from the local real estate board to help you attain a realistic assessment of the selling prices in your area (the board keeps a record of them). You should also have an idea of the rents charged for similar housing in the area. If you wish to do a rental survey, a list of tenants can often be obtained from the municipal assessment sheets.

- c) You may be required to submit proof of need by CMHC. Whether this is required, and the form it will take, will depend on your area and the objectives of your co-op.
- d) You now know the number and the price of the units that you hope to buy. Make out CMHC form 301 for the total number. It is important to go to the CMHC office for assistance, as they have facts and experience at their disposal that will save you a lot of time.
- e) Once your loan is approved, you can start buying. You must be quite aggressive in searching out housing that fits your requirements. You must, in the case of a scattered-unit co-op, purchase enough housing to support your staff and overhead out of monthly charges, before your start-up funds are exhausted.

Buying Property

In the case of a scattered-unit co-op you must search out housing that you can purchase. The first step is to contact several reliable real estate agents and present them with your proposal. Tell them what you want, where you want it, and what you can afford to pay. When a prospective property is located, the co-ordinator should go with the agent and examine it to determine if it will meet the co-op's requirements. At this time the co-ordinator should assess the property and estimate, roughly, the cost of necessary renovations.

If you think you can buy and renovate the property at a price that will afford monthly charges that CMHC will allow, call CMHC and arrange to have an inspector and an appraiser meet with your co-ordinator, the property committee, and the real estate agent and go through the building. The inspector and appraiser will later tell you what they think the property is worth and what renovations will be necessary to make it acceptable to CMHC. If CMHC approves the building, the property committee and

the co-ordinator should decide if they want to buy it and what they can pay for it. CMHC will not allow a mortgage if the purchase price appreciably exceeds the market value as appraised by CMHC. With this in mind, plus any hints from the real estate agent, the committee should decide what the owner might accept as an offer.

Make an offer to purchase. This will be accompanied by a deposit of up to 5% of the asking price. The 'offer to purchase agreement' should be drawn up by your lawyer in such a way that you are released from the agreement at no fault if CMHC will not finance it, or the municipality will not permit the necessary renovations.

When the offer to purchase is accepted, the property committee, your architect (if you have one), and your co-ordinator will go over the needs of the project and the CMHC inspector's report, and determine in more detail what renovations should be undertaken.

The co-ordinator should then fill out form 301 with the help of CMHC. This is your application for a mortgage. It should be accompanied by scale drawings of any units requiring renovation or conversion, and a detailed cost estimate of the renovations. Then complete CMHC form 1853, which is an application for a Residential Rehabilitation Assistance Program grant.

CMHC approval of the property is likely if all the following conditions are met:

- a) The asking price of the property is appraised by CMHC as close to or below the current market price for that property;
- b) the estimated rehab costs are acceptable; and
- c) the monthly charges are competitive with market rents (they should, in fact, be less).

When CMHC gives you a letter of commitment, confirming that your mortgage has been approved, then and *only* then have your lawyer close the deal on the building for you. He must make sure that you have an area survey done and he will also search the title and act as your agent.

Financing During Renovations

Before the closing date of the purchase you are required to submit a statement to CMHC regarding the amount of money you need on the day of closing to cover:

- i) Acquisition price;
- ii) legal service fees;
- iii) title and recording fee, plus land transfer tax;
- iv) survey costs (if any); and
- v) other costs of buying the property.

If the building is going to be empty for some time between the date of purchase and the occupancy date, you will need money to pay the interim heating, taxes, etc. This money, when it is received, is called your first draw. Your lawyer will receive the money in trust to pay all disbursements mentioned above. Whatever is left over will come to you.

At this point you must make a firm, signed agreement with your contractor. You will also have to negotiate with your tenants to determine whether they want to join the co-op and, if not, when they are prepared to leave.

CMHC charges interest on 90% of all advances made between the time of closing and the time when you have completed renovations and the units are in a fully occupiable condition. This date is referred to as the interest adjustment date, or IAD. This means that if you are not

collecting monthly charges during this period, you have to include the amount it's costing you, on interest on advances, in the mortgage. (Note: There is no interest charged on forgivable RRAP funds.) After the interest adjustment date you begin to pay back not only the interest on the mortgage but also the principal.

Managing the Rehabilitation

When buying houses, the necessary rehabilitation is usually quite minor, mostly involving drywall installation. The work can be more extensive, however, when duplexing houses, building additions, or renovating apartment buildings. Here is a list of some of the people and terms that may be involved.

The architect can be hired to produce drawings for CMHC and the local building department, should a permit be required. If the rehab is a major one, the architect might also redesign some portion of the building. Some architectural firms will also act as project managers: calling for tenders, contracting the tradesmen, and supervising the work. Architects, however, are usually very expensive and often not interested or experienced in renovations. Often, a good draftsman, contractor, or someone who is familiar with construction will do as good a job and cost a lot less money.

The general contractor. The 'general' is a contractor who will enter into a fixed-sum contract to do the entire renovation. He will then have his own employees do the work, or he might sub-contract part or all of the work.

The sub-contractors are tradesmen who will contract to work in their specific trade — drywall, plumbing, carpentry, etc. Most will work on a fixed-sum contract basis.

The 'cost-plus' contract is a contract whereby the contractor will give you an estimate of the cost of a job and then charge you for his labour, overhead, and materials. This is sometimes called 'working time and materials'. This type of contract is most common in trades such as plumbing, where it is difficult to estimate the costs accurately.

The 'fixed-sum' contract, as its name implies, is a contract that clearly outlines the work to be done and states the amount of money that will be paid. This is the usual way to contract both general contractors and individual tradesmen.

Tendering is the process of having tradesmen or general contractors submit quotes or estimates on the work to be done. The 'tender document' is simply a description of the work to be done that is given to several contractors to help them arrive at a price for the job.

There are several ways to get the rehab done. You can hire an architect or project manager to handle everything for you, although this is common only in extensive renovations that require thorough planning. You can hire a general contractor to do all the work, and handle the building permits yourself. This is a good method if the renovation involves many different trades. The 'general' will have his own group of reliable people and will know how to keep costs down and schedule the work efficiently. Because the general contractor works on a fixed price, you should have a good idea of the total cost from the outset. If there is little work to be done and there are few trades involved — for example, if you are just going to do some drywalling, minor plumbing, and replacing a few doors — then you might consider just hiring contractors dealing with those specific trades. These contractors will generally accept a fixed-sum contract.

The first thing to do is contact the co-ops and resource groups in your area for advice and the names of any reliable contractors they have used. If you are not sure whether to hire tradesmen or a general contractor, get bids from both. Try to get as many bids as you can. Accept the lowest, provided you are convinced of that contractor's honesty and reliability. Have your lawyer draw up the contract, or look at any contract you and the contractor have, before you sign it. CMHC will also want to check the contracts to make sure the work has been properly defined and no unapproved extras have been included.

Paying the Contractors

CMHC will give you only enough money to cover the work that they can see has been done. You should explain this to your contractors before they start. CMHC will send an inspector at regular intervals who will assess the amount of work done, approve it, and arrange for a 'draw down' of funds. It will take about a week for this to be processed and for you to get the money to pay the contractors. The contractors will have to be prepared to wait at least three weeks for their first payment.

Moving In

Before the property is ready for full occupancy, the management committee should begin to provide for the collection of monthly charges, the regular payment of bills, and the maintenance of building and grounds. Service contracts will also have to be negotiated for the supplying of fuel and maintenance of the furnace(s). A certain amount of the monthly charges, usually 3%, is set aside for property management. In a small co-op this might only pay for the necessary bookkeeping. In larger co-ops, however, this might make it possible to hire a full- or part-time property manager if the membership wishes.

The membership committee should, at the same time, be selecting new members if vacancies exist. They should also initiate a membership program. Members must be clear about what their responsibilities are and how they can participate in the management of the co-op. Some co-ops provide a brochure outlining the operation of the co-op, and hold 'socials' to introduce members to each other.

Section 5 — Managing a Housing Co-op

Co-op housing is neither a tenant-landlord nor a private home ownership situation and this must be the basis of the management philosophy. The members are, in fact, the owners who will either hire management or manage the community themselves. User-management is not a *we-them* but a *they-are-us* relationship.

Rules

The rules of the community must be democratically decided upon by the membership and then abided by. They should cover as many aspects as necessary (e.g. pets, garbage, noise) but as few as possible. The rules should try to allow as much diversity as is compatible with discouraging activities that would disturb others. You should work out grievance procedures for infractions and also forms of appeal.

The Housing Agreement should not be a traditional lease. It should be written in simple and understandable terms and incorporate co-operative terminology (e.g. 'member' instead of 'tenant'; 'monthly charges' instead of 'rent'; etc.). It should clearly indicate the responsibilities of the member and of the co-op as a whole. This will eliminate problems concerning maintenance and other points of possible conflict. (In some co-ops a member is any resident over a certain age, usually 18, but in others there is a one unit/one vote or a one unit/two vote system.)

Maintenance

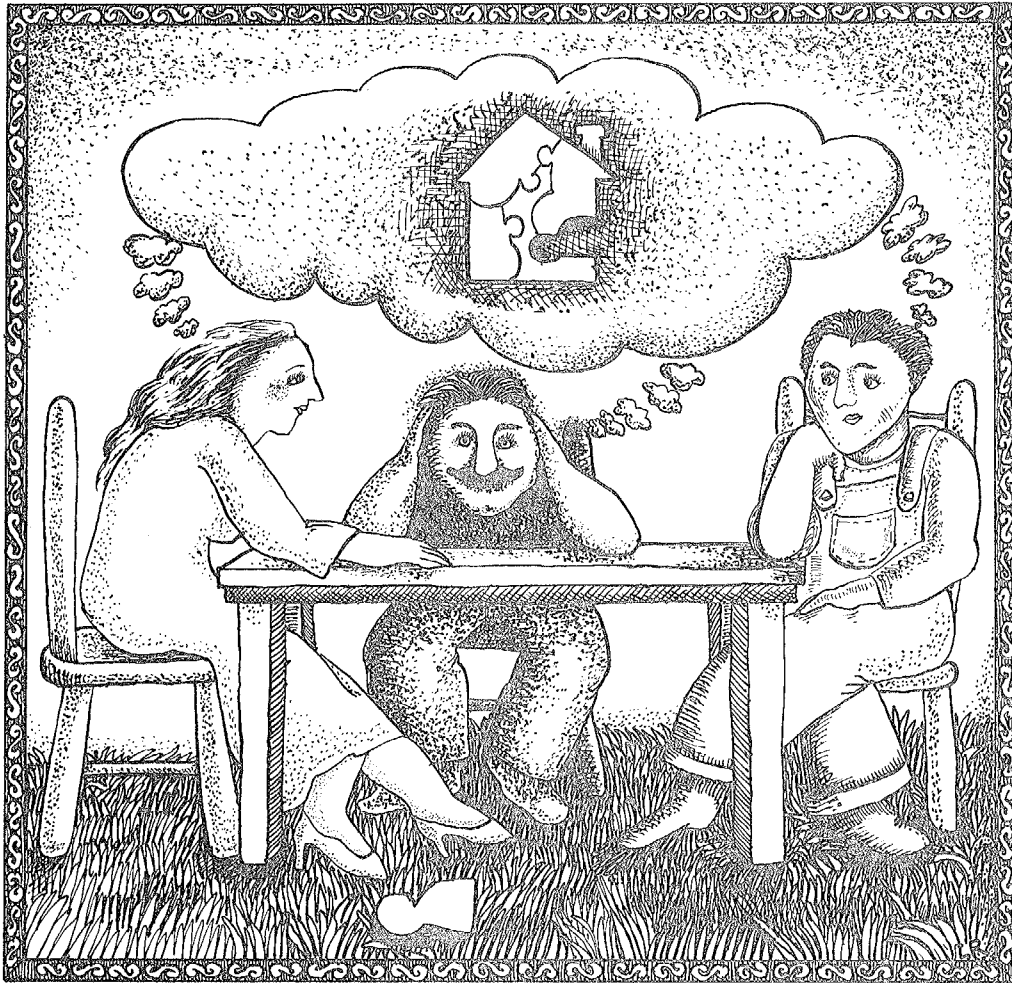
The members should understand that the more they do themselves, the fewer their monthly charges will be. Volunteer labour, even for jobs outside the member's own home, will keep costs down. Pride of ownership should encourage members to care for the property, again

resulting in lower operating costs. Conservation should be encouraged in such areas as heating and the use of water.

In Ontario, the act for incorporating co-operatives has a form of grievance procedure you can adopt or use as a guide for developing your own.

Social Aspects

In addition to encouraging volunteer maintenance, the co-op should encourage communication among members and the development of a good community spirit. The advantages are: Conflicts can be minimized or avoided; turnover will be less if members develop close ties with others, making them reluctant to move; additional co-op activities such as day-care or a food co-op may be undertaken; and, finally, a good social environment will tend to result in increased participation, spreading the work among more members, and increasing everyone's desire to make the co-op a good place to live in.



Section 6 — Some Common Problems of Co-ops

Every developing housing co-op will be faced with numerous problems along the way. Most problems are common to all housing co-ops, whether they are building new housing or rehabilitating older housing, but some apply only to a specific type. The following will give you an idea of some of the possible problems your group may face. By knowing about them in advance you may be able to avoid or minimize them.

We had terrible problems within our group. It is not easy for people to act co-operatively. It is, of course, important to hire a co-ordinator who can get along with the group and whom you have faith in, but sometimes, after the co-ordinator is hired, the board of directors begins to see its role as only making decisions and guiding the co-ordinator, rather than taking an active part. Often, then, the co-ordinator becomes overworked and doesn't take the time to attend to all the necessary details. At the same time the board becomes increasingly alienated and critical. The board must remain active and involved by participating in any tasks in a concrete way, not just by attending meetings.

Another frequent problem is simple personality conflicts within the board and the membership. The responsibility rests with the chairperson to keep things under control and as pleasant as possible and deal with arguments firmly, but the members are also responsible for behaving in a reasonable manner. Sometimes, especially in larger co-ops, it is helpful to use 'parliamentary procedure' during meetings to keep things moving in an orderly way and to diffuse personal disagreements.

To get the project completed took a lot of time and work and people were getting discouraged. Before getting involved in a co-operative, people should be aware that it requires a lot of time and effort. The average length of time for completing a new-construction development is about two years. All new members should be told the process will take that long so that expectations do not quickly rise and then fade.

Not being experienced in the housing field, we found that we made many bad decisions that resulted in increased costs and many delays. This stresses the importance of a good resource group and access to professional advice. The group must be willing to accept advice and act on it. In some instances, the directors may not understand the technicalities but, instead of stalling the process, they should try to understand the basic concept and depend on an experienced member or advisor to make the detailed decisions. Many delays are due to directors and members distrusting decision-makers. Also, avoid setting up an elaborate bureaucratic system, which will hinder action and cause many more delays.

The members are expecting too much, which would be too expensive to build. Although membership input into design is important, costs must be considered; expectations must be discussed in terms of cost. In the early stages members should be shown how costs are affected by the floor area of the unit, the type of finishes used, the type of appliances installed, and any other optional item (e.g. fireplaces, second washrooms, carports, etc.). It may be advisable to hire a consultant, such as a construction manager, to prepare construction costs.

We wrongly estimated our proposed costs and the project is too expensive. All estimates should be confirmed insofar as possible so that early hopes won't be disappointed.

Inflation and scheduling delays must be considered. A good way to make accurate estimates is to have input from a building expert in the early stages, to ensure that the type of construction planned for your project is economically feasible, and to learn where corners can be cut without losing quality. It should be remembered, however, that top-quality construction, although possibly more expensive in capital costs, can result in much lower maintenance and operating costs and does not necessarily cause a rise in monthly charges.

We had difficulty finding suitable land. In most urban centres there is a scarcity of serviced land suitable for multi-family housing projects. Often the price asked for such land makes low-cost housing unfeasible. There are, however, sources of reasonably priced land, such as municipal property and derelict industrial property. In addition, the land lease program of CMHC may enable you to obtain a site.

We had difficulty obtaining zoning approval. The process of obtaining approval for zoning changes varies from municipality to municipality, but in every case, opposition from the community can lead to rejection. It is, therefore, very important to relate well to the community and to pacify opposition from people in the neighbourhood at a very early date. The group's architect or lawyer might be able to assist you in understanding the concerns of the municipality in processing the zoning application.

We intended to buy single-family homes but found we couldn't. There are several ways CMHC protects their investment interests in a housing co-op. In the case of single-family homes there is a limit to the amount of mortgage money they will allow (this varies widely from region to region). They also will not allow a co-op to pay more than they consider the house is worth. It isn't difficult to meet these requirements in most areas, but

to ensure that the co-op will have a low vacancy rate and therefore will be able to meet its mortgage commitment, CMHC also requires that the monthly charges of the co-op be competitive with the rents of similar accommodation in the same neighbourhood.

The problem is that the rental market lags behind the real estate buying and selling market. For example, if you had bought a house five years ago for \$25,000 and your mortgage payments are about \$180 a month, you could rent it with all utilities included (and with a little profit) for about \$280 per month. If a co-op wanted to buy your house and you sold it to them at a reasonable price, say \$36,000, they would have to charge about \$320 per month to break even, for the same housing. In many lower income areas the problem is even worse, since landlords cannot charge high rents because of the condition of the property and the circumstances of the people in the area. They can, however, sell it at an inflated price to developers or middle-class 'white painters'. This makes it difficult to buy a house and provide monthly charges comparable to market rents. This doesn't mean that it is hopeless (many co-ops are buying single-family houses) but often it means that co-ops have to resort to subdividing larger houses into flats, or buying apartment buildings. The only short-term solution is an extremely aggressive purchasing campaign, seeking out bargains wherever possible.

We bought a building and the tenants are angry because their rents will go up. This is related to the above problem and is particularly common when purchasing run-down apartment buildings. In these older buildings the rent that the landlord could demand was probably quite low. When a co-op buys the building CMHC requires extensive and expensive renovations and that means that the monthly charges will have to go up. If the increase is more than the existing tenants can afford, then you have hurt the people you were trying to help. It is little consolation that

it was bound to happen anyway if the building inspectors catch up with the owner or if he sells the building. In Ontario and British Columbia the day has been saved by the provincial rent subsidy program under which tenants who cannot afford the new monthly charges are subsidized. Other provinces are considering such programs and you should check with the Ministry of Housing, or CMHC, in your province. Provinces that have no rent subsidy program could perhaps be made to see its advantages.

We bought a building that seemed feasible but the rehab costs got out of hand. This is an ever-present danger when buying large, old buildings. Because few rehab co-ops, starting out, have experience in the construction field, it is very important to hire honest, reliable contractors and to cover your ground with them very carefully. It is, unfortunately, not unusual to have major unforeseen expenses no matter how thorough you have been; basements that suddenly leak; plumbing that turns out to be worse than anyone expected; roofs that leak even though they seemed to be alright, and so on. When this happens it is important to contact CMHC immediately and renegotiate the mortgage.

Although there are many difficulties of varying kinds, the development of a housing co-operative is still a viable alternative. Thousands of Canadians have provided themselves with homes in this way and have emerged from the process with a great feeling of accomplishment, pride, and a sense of community.

References

Co-operatives and Resource Groups

For more information or for advice on how to develop a housing co-operative, contact one of the organizations listed below. Your local CMHC office should also be able to provide you with information and a list of the housing co-ops in your area.

National

Co-operative Housing Foundation of Canada,
111 Sparks Street,
Ottawa, Ontario,
K1P 5B5

British Columbia

Columbia Housing Foundation,
2769 East 28th Avenue,
Vancouver, B.C.

Housing and Building Department,
B.C. Central Credit Union,
885 Dunsmuir Street,
Vancouver, B.C.

New Living Development Co.,
2206 Hermon Drive,
Vancouver, B.C.

Alberta

Communitas, Inc.,
11328 — 100 Avenue,
Edmonton, Alberta.

Co-operative Activities and Credit
Union Branch,
Government of Alberta,
Edmonton, Alberta.

Co-operative Housing Association
Of Calgary (1974) Ltd.,
4020 — 37 Street S.W.,
Calgary, Alberta.

Saskatchewan

Department of Co-operation and
Co-op Development,
Province of Saskatchewan,
2505 — 11 Avenue,
Regina, Saskatchewan.
S4P 0K6

Saskatchewan Co-op Credit Society,
P.O. Box 3030,
Regina, Saskatchewan.

Manitoba

Co-op Housing Association of Manitoba,
Room 101, 61 Tyndall Avenue,
Winnipeg, Manitoba.

Co-op Housing Development Department,
Co-operative Credit Society
of Manitoba, Ltd.,
171 Donald Street, P.O. Box 9900,
Winnipeg, Manitoba.

Ontario

Castlegreen Co-op,
P.O. Box 952,
Thunder Bay, Ontario.

Community Sponsored Housing Branch,
Ontario Ministry of Housing,
60 Bloor Street, West,
Toronto, Ontario.

Co-op Dwellings Association of Windsor,
8888 Riverside Drive,
Windsor, Ontario.

Co-op Habitat Association of Toronto,
25 Eden Place, Suite 100,
Toronto, Ontario.

Co-op Homes Corporation of London Area,
P.O. Box 141, Station B,
London, Ontario.

Co-op Housing Committee,
213 South Algoma Street,
Thunder Bay, Ontario.

Housing Development Services Co-op,
451 Daly St.,
Ottawa, Ontario.

Labour Council Development Foundation,
25 Cecil Street,
Toronto, Ontario.

Social and Community Programs,
Canadian Labour Congress,
2841 Riverside Drive,
Ottawa, Ontario.

Toronto Non-Profit Housing Federation,
25 Eden Place, Suite 100,
Toronto, Ontario.

Quebec

Le Conseil de la Coopération du Québec,
2030 Boulevard Père Lelièvre,
Québec, P.Q.

Le Conseil de Développement du
Logement Communautaire,
C.P. 8, Succursale G,
Montréal, P.Q.

La Fédération des Coopératives
d'Habitation,
2030 Boulevard Père Lelièvre,
Québec, P.Q.

Service d'Éducation,
Confédération des Syndicats Nationaux,
155 Est Boul. Charest,
Québec, P.Q.

New Brunswick

Atlantic Peoples Housing Ltd.,
P.O. Box 750,
Moncton, N.B.

Nova Scotia

Extension Department,
St. Francis Xavier University,
Sidney, N.S.

Interfaith Housing Corporation,
P.O. Box 3186,
Halifax, N.S.

Nova Scotia Housing Commission,
P.O. Box 815,
Halifax, N.S.

Northwest Territories

N.W.T. Housing Corp.,
Yellowknife, N.W.T.

Newfoundland

Nfld. and Labrador Housing Corp.,
St. John's, Nfld.
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