

# Housing Co-operatives



## Introduction

Housing co-operatives exist to provide housing to their members — the co-op owns real estate and members in the co-operative each occupy a unit. The members have a say in how the co-op is run including voting on the annual budget, approving the financial statements of the co-op and electing a board of directors to take care of the day-to-day business of the co-op. Members who occupy units in the building pay housing charges to the co-op (which is analogous to rent paid by tenants in apartments).

In Ontario, there are several variations of housing co-ops depending on their ownership structure, the purpose of the co-op and/or the membership of the co-op. Regardless of the ownership structure, most housing co-operatives are operated on a not-for-profit basis (since it is the member-occupants that provide the income to the co-operative through their housing charges). There are well over 550 not-for-profit housing co-ops within the province.

## How Do They Work?

### Differences between Co-ops and Condominiums

On the surface, co-ops and condominiums appear to have some similarities in how they are structured: both involve the residents sharing expenses and some extent of joint ownership. However, there are notable differences. In a condominium the resident owns the unit they live in and holds a joint interest in the 'common areas' of the building (like the lobby, parking garage, and other facilities that all residents have access to). In a housing co-op, the building is owned by the co-operative corporation and the member gets access to a unit by virtue of membership and an agreement to pay housing charges.

There is no membership component to a condominium, which means that as long as a person can afford to purchase the unit, they can be a resident. With a co-op, membership is approved by the board of directors and there tends to be a more extensive set of qualifications for occupancy.

## Different Types of Housing Co-ops

### Not-for-Profit Housing Co-ops

Not-for-profit housing co-ops generally have an agreement with the federal, provincial, or municipal governments to receive a funding subsidy in exchange for developing affordable housing units (in addition to operating on a not-for-profit basis). In order to qualify for funding, housing co-ops must make a percentage of their units available to low-income or subsidized income occupants. This means that the co-op can charge lower housing charges to members with low-income and receive a subsidy from the government for the remainder of the housing charges that would normally be associated with that unit. In Ontario, these types of units are called Rent-Geared-to-Income (RGI) units.

### Equity Co-ops

In equity co-ops there is no requirement for co-ops to make a percentage of the units available to low-income individuals and they normally do not seek funding assistance from the government.

- There are over 1,300 co-operatives, credit unions and caisse populaires incorporated and operating in Ontario, with 1,900 locations in 400 communities.
- In 2012 alone, 73 new co-ops incorporated in Ontario.
- Housing is Ontario's largest co-op sector (45%), followed by Financial Services (17%), Child care (17%) and Agriculture (6%).
- The co-operative sector in Ontario represents a very conservative \$30 billion in assets (2007).

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In an equity co-op, the co-operative corporation develops the units and owns the building. This provides members with the opportunity to potentially save money because there is no outside developer trying to make a profit. Each member of the co-op contributes equity towards the development of the units through the purchase of shares, which entitles them to a unit in the building.

One challenge with equity co-ops is that it can be difficult to finance the purchase of shares because they cannot be used as collateral to obtain a mortgage. In short, this means a potential member has to be in a position to pay cash for a unit. In other provinces, there have been changes to the legislation that define the units with an individual title, more like those in a condominium development, which makes them easier to finance using a mortgage. This is not yet possible in Ontario.

### Student Housing Co-ops

Student housing co-ops are co-ops that provide residences for students that are attending university and college. They operate on the same principles as other not-for-profit housing co-ops, but are geared specifically to students. There has been a movement in past years to broaden the idea of student co-ops to include associations of student-members that organize for different purposes other than housing.

### Housing Co-op Managers

Many housing co-ops have onsite managers or co-ordinators (either full or part time) who work with members and the board of directors, in addition to performing administrative duties. Sometimes this role is contracted out to a property management organization, usually one with experience in co-ops or other non-profit housing initiatives. Examples of off-site managers include Homestarts Inc. ([homestarts.org](http://homestarts.org)) and Niagara Peninsula Homes ([nphcr.ca](http://nphcr.ca)).

### Federations and Associations

Most not-for-profit housing co-ops in Ontario belong to regional federations like the Co-operative Housing Federation of Eastern Ontario ([CHASEO.org](http://CHASEO.org)) or the Co-operative Housing Federation of Toronto ([coophousing.com](http://coophousing.com)) for training, professional development, networking, volume purchasing and government relations. The Co-operative Housing Federation of Canada has an Ontario region office as well ([chfcanada.coop](http://chfcanada.coop)). Its mandate is to promote the successful operation of housing co-operatives in Ontario by offering services, including education, to meet their unique needs. CHF Ontario Region defends the interests of its members by consulting for the provincial government and working with regional federations to help co-ops build links with municipal governments.

#### FOR MORE INFORMATION, CONTACT

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##### More resources are available at:

CoopZone Network  
[coopzone.coop](http://coopzone.coop)

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