



Union: Sustainable Development Co-operative

Permanent Affordability through Community Ownership

Offering to Individuals

Membership Shares (\$500)
Vote, run for and elect directors, eligible to purchase preference shares.

Class A, Series 1 Preference Shares (\$1,000-\$10,000)
Annual board declared dividends; holder may request redemption 5 years after issue.

Offering to Foundations and Faith Organizations

Debentures
Matures 5 years after original issue date; earns fixed rate of interest set at the original issue date; security offered to significant investors (subject to mortgage lender approval).

Directors

Aaron Stauch
President & Chair

Aleksandra Szaflarska
Secretary

Nicole Langlois
Treasurer

Joel Marcus
Director

Ray Gormley
Director

Contact

Union Co-operative
c/o Kindred Credit Union Centre
for Peace Advancement
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WHAT WE DO

Union Co-operative is working to buy residential and commercial properties in Waterloo Region for permanent affordability through community ownership.

The Co-operative was founded in response to rising rental rates in Waterloo Region that are becoming unaffordable for a growing share of residents and local businesses. Union Co-operative's main source of income will be the rental charges it receives from tenants. Properties purchased by Union Co-operative will be held for long-term affordability. We will work to renovate the properties over time, increasing comfort and sustainability, without displacing current tenants.

WHY WE DO IT

Statistics Canada data for the period of 2018–2019 shows Kitchener-Cambridge-Waterloo to have been the fastest-growing Census Metropolitan Area in Canada. The Region of Waterloo's 2019 Building Permit Activity and Growth Monitoring report found that "the total value of building permits issued for new construction in Waterloo Region was a record \$1.7 billion in 2019, an increase of 68% from the previous year's values, and 44% higher than the 10-year average." The Provincial Growth Plan instructs the Region to accommodate an additional 158,500 residents over the period from 2016 to 2031, equivalent to nearly 10,567 new residents each year, primarily through urban intensification.

Average market rents increased by approximately 41% between 2009 and 2019. The Consumer Price Index increased by approximately 19% during this same 10-year period. The City of Kitchener's Housing Needs Assessment found that "the difference between the rent of an occupied unit and asking rent of [a] vacant unit was approximately \$250," as landlords raise the rents of vacated units.

The vacancy rate stayed at or below 3% for most of the period between 2009 and 2019. The City of Kitchener states that "a vacancy rate of 3% is generally accepted as a healthy vacancy rate."

CMHC's study of *Recent Refugee Housing Conditions in Canada* found that 57.4% of government-assisted refugee-led households experienced core housing need.

CMHC defines housing affordability as spending less than 30% of a household's before-tax income on housing. To be considered affordable, a private apartment with an average monthly rental cost of \$1,138 requires an annual household income of \$45,520. According to the 2016 Census, 52,690 households in the Kitchener-Cambridge-Waterloo Metropolitan Census area earned less than \$45,000 per year.

HOW WE DO IT

Union is a mission-driven and member-owned organization. However, the intended activities of the Cooperative are similar to those of a traditional corporation that owns and leases real estate.

1. Accumulate a portfolio of high-quality real estate assets;
2. Renovate properties to improve property value and increase tenant attraction;
3. Effectively manage and maintain the properties to retain satisfied tenants; and
4. Attract investors and pay out a consistent return which is, by design, anticipated to be significantly lower than comparable risk-adjusted returns for similar real estate investments.

Holding properties for the long-term benefit of the community has several ramifications for the business of the Co-operative:

- Preventative maintenance is of heightened importance
- Real estate equity can be leveraged to finance the purchase of additional properties
- The financial benefit for investors is derived from the income earned through tenant rents, and
- not from the appreciation in equity through the eventual sale of the property

COMMUNITY AND TENANT MEMBERS

Union Co-operative knows that membership matters. Members are not just investors, they make important decisions about the vision of the co-op, the types of properties we invest in, and Union's strategic direction. Our members are the force behind our mission of creating permanent affordability through community ownership!

Union Co-operative has two types of members:

- **Community Members** are people who live, work, or otherwise have a connection to Waterloo Region (e.g., past resident or student) and are committed to permanent affordability through community ownership. Community Members of the Co-operative can elect and be elected as a Director of the Community Member group.
- **Tenant Members** are people who live in a building owned by the Co-operative. Tenant Members of the Co-operative can elect and be elected as a Director of the Tenant Member group.

PARTNERSHIP WITH RECEPTION HOUSE

Union Co-operative has partnered with Reception House Waterloo Region, a charity that is contracted by Immigration, Refugees and Citizenship Canada to provide settlement supports for arriving government-assisted refugees who are referred to Canada for resettlement by the United Nations Refugee Agency or another referral organization. Reception House reports that due to a shortage in available and affordable housing, arriving government-assisted refugees are often settled in hotels and motels at a significant cost to the settlement system, and wait times to find permanent housing have increased. The charity will hold a headlease in the first property for units that are suitable for residential occupancy. The charity is a commercial Tenant Member and rent is paid by the charity to Union Co-operative. We want to focus on providing housing so that charities can focus on what they do best.

STAY CONNECTED

You can learn more about Union Co-operative by visiting the [website](#), attending an [information session](#), and reviewing the [offering statement](#). Follow the Co-operative's progress by subscribing to the [newsletter](#) or on social media ([Twitter](#), [Facebook](#), and [LinkedIn](#)). Get involved by [becoming a member](#).