

WHAT IS A HOUSING CO-OP?

What is a co-op?

A cooperative is an association of people who come together to meet common economic and social needs. It is a business run jointly by its members.

What is a housing co-op?

Democratic communities where the residents make decisions on how the co-op operates. The ultimate purpose of a housing co-op is to meet the needs of people in an ethical, socially responsible way. Members own shares in the co-op. A housing co-op operates under the Cooperatives Act of Alberta which is the provincial law that applies to co-ops. HOUSING CO-OPS DO NOT OPERATE UNDER THE LANDLORD AND TENANT ACT. Each co-op has by-laws which are drawn from the Cooperatives Act and the Operating Agreement for each individual co-op.

Who lives in housing co-ops?

You as a member live at Hi-Wood Meadows Housing Co-op.

A housing co-op is also:

- a membership association
- a housing development
- a real estate asset
- a business enterprise, a business that is owned and run jointly by its members

As I am not renting, who is in charge around here?

Members own shares in the co-op (share purchase) and together we are the owners of the co-op.

As a housing co-op, we operate under the Cooperatives Act of Alberta - the provincial law that applies to co-ops.

Each co-op has bylaws which are drawn from the Cooperatives Act and members all have a copy of the bylaws so we know our legal obligations and protections.

As well, co-ops have policies. These are 'house rules' which must be approved by the members and cover issues such as pets, parking, unit inspections, etc.

The board is elected by the co-op's members. They govern the co-op's affairs.

Co-op members live in the co-op. They elect the board of directors. They approve the bylaws, policies and the annual budget as set and approved by the board and The Agency (CMHC).

The staff are hired by the board and are responsible for the day-to-day management of the co-op.

Paddling the Co-op Canoe

Finance basics:

Revenue or Income - Expenses = Profit

However, not-for-profit organization (ie. co-op):

Revenue or Income - Expenses = Surplus

Destination?

Safe, well-maintained, affordable

Length of stay?

Sustainable - finances

Transportation?

Housing co-op, a business enterprise with a social purpose.

*Most paddling partnerships are far from ideal...What starts off as a fun afternoon often turns into a constant struggle between two paddlers, resulting in a wobbly, unpleasant ride that leaves both parties irritated and unhappy...Fortunately, there are ways to...minimize common and easy-to-overcome problems. **Know your role: The paddler in the stern of the boat does the steering.***

Governance (steering) - The members and the board of directors elected by the members set the overall direction to ensure a viable enterprise and caring community.

Management - How the day-to-day business of the co-op is conducted under the direction of the board. They 'help' pull the board through the water.

Both paddlers need to work as one...communication is the difference between a successful day and a day of tiny power struggles and bickering.

Being on the same page - what are the rules?

Rules tell you what is or is not allowed in a particular game, community, job, etc. (ie. rules of the road, rules of the game, rules of the nations, or rules of the co-op).

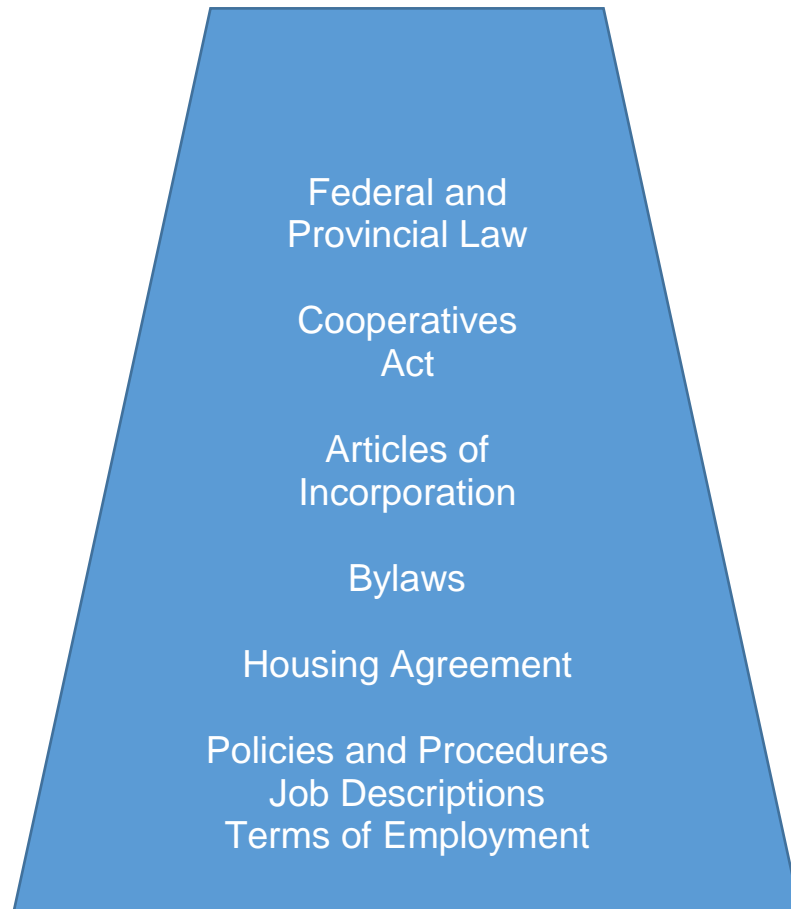
So what are the rules that co-op members need to learn or at least be aware of?

Always first and foremost - Seven Cooperative Principles

1. **Voluntary and Open Membership** - Membership in a housing co-op is open to all who can use the co-op's services and accept the responsibilities of being a member, without discrimination.
2. **Democratic Member Control** - Housing co-ops are controlled by their members. Each member has one vote. Housing co-ops give members the information they need to make good decisions and take part in the life of the co-op
3. **Members' Economic Participation** - Members contribute financially to the co-op and share in the benefits of membership. The co-op does not pay a return on the members' shares. Instead, it sets aside reserves for the future and charges the members only what it needs to operate soundly.
4. **Autonomy and Independence** - Housing co-ops are independent associations. They follow the laws that apply to them and their agreements with governments or other organizations. But members control the co-op.
5. **Education, Training and Information** - Housing co-ops offer education and training to the members, directors and staff so that everyone can play a full role in the life of the co-op. Housing co-ops find ways to tell the public what they are and what they do.
6. **Co-operation among Cooperatives** - By organizing together in federations, housing co-ops grow stronger and help to build a healthy co-op movement. Where they can, housing co-ops use the service of co-op businesses to meet their needs.

7. **Concern for Community** - Housing co-ops work to build strong communities inside and outside the co-op. They help to improve the quality of life for others and they take care to protect the environment.

The pyramid of power:



Unpacking the pyramid

Federal and Alberta Law

- Human Rights Act
- Personal Information Privacy Act
- Employment Standards

Cooperatives Act

- Covers ALL co-ops: food, energy, meat packing, housing, credit unions, etc.

Articles of Incorporation - building blocks to creation of a co-op

- name
- rights, responsibilities and privileges of owners
- definition of shareholder
- share structure
- number of directors
- additional rules, ie. bylaws
- date of incorporation

Bylaws

- A bylaw is a law or regulation of a local government (ie. a city or a province).
- The word 'bylaw' refers to the source of local government. A bylaw is not an agreement, it is a law that is binding on all - by the law.
- A bylaw describes the rights and duties of members with reference to co-op governance and management.
- Members all have a copy of the bylaws wherein is the legal obligations and protections.

Housing Agreement

- A legal contract between the housing co-op and the member.

Policies and Procedures

- Policies are the official rules, standards and guidelines of the organization.
- Policies are intended to guide decisions and actions of the Board and members.
- Policies state what should happen and why.
- Procedures are the instructions or steps for implementing policies.
- Procedures explain how the co-op wants something done.

Rights of Members

- To live in an assigned unit as described in the bylaws and policies.
- To enjoy quiet use and enjoyment as well as personal privacy.
- To live in a safe and well-maintained community
- To be treated with respect and to respect others.
- To have a voice in the decisions effecting the future of your home and community
- To serve on the board of directors according to the bylaws and policies

Responsibilities of Members

- Pay housing charges in full and on time.
- Take care of your home.
- Comply with co-op bylaws, policies and the housing agreement.
- Attend general meetings and be part of the decision making process.
- Make decisions in the best interests of the co-op community, not your own personal interests.
- Respond to board request for volunteer help (ie. clean-up day).
- Approve the budget.

The Advantages of Co-op Living

Security - Co-ops cannot be sold and you are a member.

Affordability - Monthly housing charges are approved by the members, but set by The Agency (CMHC) to cover the cost of running the co-op. there is no profit. Housing charges include property taxes, insurance on buildings (but not on contents as this is a member responsibility), money for capital replacement, etc.

Governance - Co-ops are democratically run - you have a voice in decisions affecting your future; you elect the board, and approve the budget.

Education - There are many opportunities for you to learn new skills and gain important experience.

Community - Co-ops provide the opportunity for you to build a good community for yourself and your family.

Ownership - You are a stakeholder with the freedom to create the home you can take pride in (within co-op policies).

What about Equity?

If a member decides to leave the co-op, they sell their shares back to the co-op for the same amount they paid - so there is no financial equity for the members.

For your monthly investment (the housing charge) in the co-op, you receive a return of a secure, well-maintained home in which to live.

There is no risk to your investment as the co-op is not at the mercy of the up-and-down market economy

What is a 'good' member?

Note: Housing co-ops are a business enterprise with a social purpose.

A good member is a shareholder who:

- Pays housing charges in full and on time.
- Takes pride in maintaining their home.
- Supports good governance and sound management.
- Attends member meetings and is involved in decisions.
- Seeks out opportunities for education and training.
- Shares in leadership duties.
- Understands that the needs of the co-op community come first.

Important to Co-ops

- CMHC - Canadian Mortgage and Housing Corporation (our Operating Agreement is with CMHC).
- The Agency for Cooperative Housing (is a branch of CMHC but works directly with housing co-ops).
- Operating Agreements - There are different operating agreements or mortgages; Section 61, Section 95, and ILM (Index Linked Mortgage). Our co-op is an ILM co-op. Each operating agreement has different rules that pertain to their co-op.
- PIPA - Personal Information Protection Act
- BCA - building Condition Assessment

Co-ops, just not Housing Co-ops

- ACCA - Alberta Community & Co-operative Association
- First Calgary Financial (credit union)
- Calgary Co-operative Memorial Society
- UFA - United farm Workers
- The Cooperators

CO-OP LIVING IS NOT FOR EVERYONE