

The False Creek South Housing Co-operatives Story

Co-ops are a form of housing that is set apart from the profit model of private ownership. By virtue of their not-for-profit method of self-governance and operations, Co-ops contribute to the supply of affordable housing in Vancouver.

For more than three decades, in Vancouver alone, Co-ops have shown themselves to be able to provide sustainable, diverse communities, as well as housing within the financial reach of many middle-income people. The Co-ops in False Creek South are just a few of more than 100 housing co-operatives in Vancouver.

As the City of Vancouver searches for affordable options in today's explosive housing market, Co-ops offer a dynamic and proven alternative.

Key Messages

- √ False Creek South (FCS) comprises six (6) Co-ops on land leased from the City of Vancouver, representing 614 housing units.
- √ Each Co-op is an incorporated private business, governed by provincial legislation, delivering affordable housing to its current and future members.
- √ Co-op residents are both members and shareholders of the business. Co-ops are democratic business organizations – each member has just one vote in matters of Co-op policy, budget approval, and other decision-making.
- √ Co-op housing charges are “affordable” because they only recover cost the usual expenses of doing business – taxes, maintenance, repairs, insurance, and other services – but no one makes a profit from the housing, either through rent or property sale.
- √ Instead of individual investment, not-for-profit Co-ops provide members with secure housing tenure. As a member's life circumstances change, Co-ops do their best to adjust the housing itself and the housing charge to meet the new situation – bigger or smaller family, more income or less.
- √ FCS housing Co-ops were built in the 1970s and '80s and most are on land leased from the City for 40- to 60-year terms. These leases will come due soon, and need to be renewed now so that Co-ops can decide on low-cost financing for ongoing renovations, as well as plan for redevelopment and growth.

False Creek South Housing Co-ops - looking to 2100

Land lease renewal will mean that:

- This mixed income, multi-age community will continue to offer affordable housing in the heart of Vancouver.
- The not-for-profit, co-operative housing model will be available to a new generation of home owners.
- Subsidy will be continued to low income Co-op members (through surcharges on higher income member households as a routine business expense of the Co-op, and/or a Co-op's partnership with government programs).
- Housing capacity in FCS may be renewed and expanded through Co-op redevelopment, infill and expansion.

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1. What is a housing Co-op?

First, there are many kinds of Co-ops (*short for co-operatives*). In essence, FCS Co-ops are not-for-profit businesses, now often known as social enterprises. Co-ops across Canada engage in many different kinds of activities; think of Vancity Credit Union (who deliver financial services to members), Mountain Equipment Co-op (sports clothing and gear), and food co-operatives. They all are co-operative ventures.

Housing Co-ops are in the business of providing housing for their members. And not-for-profit means that what members pay to live in the Co-op reflects only the real cost of delivering quality housing to them.

By virtue of their not-for-profit operations, Co-ops contribute to the supply of affordable housing in Vancouver.

2. How do housing Co-ops operate?

FCS housing Co-ops were built in the 1970s & 1980s, like most not-for-profit housing Co-ops in Canada. As is true for any other homeowners who bought new condominiums or townhouses in those years, their initial mortgages for construction and land acquisition are paid off, or nearly so.

Over time, of course, housing Co-ops have invested a portion of their housing charges in ongoing maintenance, long-term building replacement, services and taxes. In addition, just like other housing owners, some Co-ops have had to deal with the major costs involved in remediating leaky buildings.

In the FCS neighbourhood, there are six (6) co-ops, most of which are located on land leased from the City of Vancouver with agreed land lease charges. The length of Co-op leases varies; some will end in the next few years, and others have up to 20 more years before expiry.

Co-ops plan and manage for the long-term care of their buildings and facilities through regular maintenance and improvements to ensure safe and healthy homes. They invest in upgrading buildings for sustainability.

Co-ops will be able to plan for more substantial renewal of their buildings through a long-term lease renewal with the City. Without a renewed long-term land lease, financial loans or mortgages are not obtainable for major building work, redevelopment or new infill development. Strata condo owners on leased land are also facing these important financing concerns.

Lease renewal, and the amount to be charged by the CoV, is key to the False Creek South Co-ops' ability to continue to deliver affordable housing.

3. Who lives in FCS housing Co-ops?

FCS housing Co-ops' shareholders and resident members are one and the same. They comprise a mix of ages, incomes, skills and abilities. Together members govern themselves (i.e. run the Co-op corporation) and ensure effective management of their affordable housing business.

Members often stay a long time. Nevertheless, every year, some members move on and new members join the Co-ops. Each housing Co-op manages its waiting list in an open, fair and transparent manner. All new members apply through standardized application processes, with the applicant information and screening process handled in a confidential manner, compliant with Human Rights and PIPA legislation. All successful applicants must have an income in the target range that fits with current Co-op needs for sustainability and population mix.

(Note: Waitlists are developed and managed to ensure a good fit between applicant interests and needs [e.g. size of family; willingness and ability to contribute to the co-op community and governance], and co-op needs [ability to pay housing charge; skills and interest in contributing to the co-op community and governance]. Currently, applicants wait an average of two to five [2 – 5] years to be offered a unit in a co-op in the False Creek South neighbourhood.)

The ability to review and select new members is crucial to the False Creek South Co-ops' ability to continue successful operation and thus supply affordable housing in Vancouver.

4. Why are some people earning higher incomes allowed to live in Co-ops?

The aim of the FCS housing Co-ops is to sustain a mixed income community in quality, modest housing. Built in the 1970s and 80s, FCS Co-ops are not luxury accommodation. The richness of Co-ops is in the diversity of people across social, economic and educational backgrounds co-operating to provide good housing and a friendly neighbourhood for each other. White, blue and pink collar workers each bring an array of skills and expertise to the running of this middle-class housing sector. Working together on their Co-op's Board of Directors and committees, people come to appreciate points of view different from their own.

In FCS not-for-profit housing Co-ops, lower income households may receive a subsidy to reduce their housing charges. Depending on the Co-op, subsidy may come from a surcharge on higher income households and / or a Co-op's partnership with the federal government to deliver financial assistance directly to low income Co-op households.

In fact, there are moderate-income earners living in Co-ops alongside low-income earners because that is precisely how the federal housing programs of the day were designed, and in following these guidelines, Co-ops are *faithfully discharging their contractual obligations to the CMHC and the federal government.*

(Note: This federal financial assistance to low income households is scheduled to end in the near future [2015 – 2021]. Those Co-ops affected are investigating ways to financially support low income member households to remain in their homes. Low income households in Co-ops are not eligible currently for provincial low income rental supplement assistance because they are deemed home owners by virtue of their share purchase in the Co-op corporation.)

A mix of households representing various income levels is critically important to housing Co-ops' financial success, as well as enriching the skills and capacities required to run the housing enterprise.

The mutual support offered by a diverse community reinforces the ability of False Creek South Co-ops to deliver affordable housing.

5. How are not-for-profit housing Co-ops different from public or non-profit social housing?

Unlike public or non-profit social housing residents, housing Co-op members are homeowners, not renters. People who live in housing Co-ops manage their own housing – just like any other homeowners. However, unlike individual homeowners, housing Co-op members have forgone the personal equity and asset appreciation that (i.e. a house) can provide. Instead, they share in a common asset – the Co-op.

Affordable rental housing provided by public agencies or non-profit societies, although also a very important housing asset in the community, is the direct opposite of this model: Tenants, many from special needs groups, receive housing that is managed by an external agency and financed by some level of government.

While some members in not-for-profit Co-ops have their housing charges subsidized, it is not a defining criterion for housing Co-ops. Keeping housing costs affordable by eliminating profit-taking is the aim of Co-ops.

In FCS Co-ops, some members' housing charges are subsidized, either through federal programs partnering with Co-ops to assist lower income households to live there, and/or internal subsidies provided by higher-earning members as part of membership agreements.

Collectively, not-for-profit housing Co-op shareholder members have invested over the years in their common housing asset, making it more affordable for the whole group now and into the future. This contribution includes investment in each other. When people from diverse social and economic backgrounds come together in running their Co-op, each member's capacity to make a contribution expands. Through Association-led education workshops and specific Board and committee governance experiences, members develop the knowledge and skills that enable strong stewardship. Not-for-profit housing Co-ops encourage a participatory community.

The Co-op housing model and the volunteer work of Co-op members during the past several decades have resulted in affordable co-operative home ownership available today to a new generation. This is a direct reflection of approaching housing primarily as a utility like air, water and electricity, rather than a commodity for financial speculation.

No doubt, the greatest driver of affordability over the long haul has been the non-market characteristics Co-ops. By making it impossible for individuals to benefit from the increase of equity in land and buildings by selling and reselling them, Co-ops have avoided the dramatic escalation in housing costs that always seem to be in the news. In fact, Section 173 of the Co-op Act prevents members of properly incorporated housing Co-ops from participating in the profits from sale or distribution of their common assets.

False Creek South housing Co-ops' strong democratic governance and not-for-profit business model underpins the continued contribution to affordable co-operative home ownership in Vancouver.

6. Is it true that some large housing Co-op units are occupied by just one or two people?

The FCS housing Co-ops' business mission is housing for all of its shareholder members for as long as they wish to stay. Exactly how this is managed over changing life stages varies from Co-op to Co-op.

Family conditions often change: Income may rise or fall due to employment or educational status, change in marital status, illness, retirement and other circumstances. Sometimes a growing family needs more bedrooms; other times, an empty-nester needs fewer.

Co-ops ensure no member has to leave the Co-op because of these life events. As incomes change, housing Co-ops use the tools of internal subsidies or governmental support to link housing charges to household incomes. As family size changes and when units become available, internal moves aimed at 'right sizing' are the first priority. Co-ops in FCS have been a long term home for many members, some all the way back to 35 and 40 years ago. Early members are approaching retirement or already are retired. Like people in every neighbourhood, many Co-op members want to age in their own communities, rather than relocate.

Co-ops facilitate this through a key member agreement called “security of tenure”. This feature of not-for-profit co-op membership is a benefit that balances the lack of personal equity and asset growth that private homeowners receive from the marketplace. Long-term Co-op members are significantly disadvantaged in the for-profit housing market – many cannot now go out into the Vancouver housing market and buy or rent. For not-for-profit Co-ops and for many of our members, this is a conscious and deliberate trade off made to hold secure, affordable housing for the next generation.

Since each Co-op is an independent organization, specific policies and practices reflect their own history of Co- op governance and building design. Some FCS housing Co-ops built in the 1970’s are dense family style stacked townhouses, with many, many stairs. Others built in the 1980’s are apartment buildings with elevators. As a result, there is variation in expectations in different co-ops. Some FCS Co-ops have adopted very explicit policies requiring members to move into the ‘right size’ unit for their updated circumstances. Others have incentives for ‘right sizing’ and disincentives for ‘over housing’.

FCS Co-ops are also keen to find ways to create new units, perhaps with a priority on design for seniors, through in-fill development in False Creek South. New units without stairs, with wider doorways and hallways, elevator access, etc. would facilitate older folks currently in larger units to ‘right size’ their housing.

With a renewed long term land lease, FCS housing Co-ops could pursue ambitious new building projects that would extend the mission of affordable, secure and appropriate housing for current members and increase the ability to respond to the needs of today’s young families.

“Security of tenure” is a key concept in the delivery of affordable housing by False Creek South housing Co-ops.