

URBAN HOUSING COOPERATIVES:
Experiments in Participation

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I

The problem of housing in urban industrial societies has become a matter of great concern for planners and urban dwellers. The land values, cost of construction, mortgage rates, home ownership and rental costs have been, in recent years, skyrocketing - making it extremely difficult for low and middle income families to own or rent a decent dwelling. The dreams of buying a house are being shattered by the recent housing crisis.¹ One of the attractive alternatives to home ownership is that of housing cooperatives. Cooperative housing, or "the third sector", an innovation in housing based on the Scandinavian model seems to have gained some momentum in Europe, North America and elsewhere.

Is the housing cooperative a viable alternative or a solution to the current problem of housing in urban industrial societies? Has it been successful as an economic venture? What are the intended and unintended consequences of housing coops? What is the extent of member participation in decision-making? What is their role in community development? Can they be instruments of community change? Some of these basic questions could be explored by observing and evaluating a few experiments in housing cooperatives in Winnipeg, a Canadian metropolis. As a prelude to this analysis it is necessary to have an understanding of the values, principles, organizational structure and membership of housing cooperatives.

II

The housing cooperative is not just another physical structure for human habitation but it is generally directed toward developing a particular

life-style among its members who are expected to cherish values such as sharing, self help, mutual support, social and economic cooperation, and interdependence. Working toward building a housing cooperative or living in a housing cooperative is an educational process in itself. Active involvement in initial policy-planning, construction and later managing the cooperative's economic and social affairs provide a good learning experience and help reinforce values pertaining to cooperative living. However, this "ideal type" housing cooperative is not always a reality. The members of a cooperative may express feelings of unhappiness because of lack of privacy, lack of commitment, lack of involvement and cooperation by some members; also because of formation of social cliques or factions.

A housing cooperative often operates in close relationship with the rest of the urban development area. It shares several educational, commercial, recreational, and other facilities in the neighborhood. Obviously, the behavior of the members of the cooperative and of their families has to take into account the attitudes and values of other residents in the area. It is also likely that nearby residents may complain about the general lack of proper maintenance of the housing cooperative structure and its adverse effects on neighborhood property values.

A housing cooperative is concerned not only with cooperating in the building and maintaining of a community spirit through sharing. A housing cooperative may serve as a basis for organizing a cooperative day care centre, a food coop, a credit union and so on. The major goal of the cooperative is to build and maintain housing units that cater to the needs and resources of the members of the cooperative. However, subsidiary goals of cooperatives tend

to attract many more members.

In an ideal situation all members participate directly in democratic decision-making processes about all aspects of the creation and maintenance of a housing cooperative. In this sense a housing cooperative differs from the operations of the private developer whose primary concern is to make a profit; and it also differs from a public housing provided by government in that there is normally no citizen involvement.² The difference is not simply one of degrees of participation in decision-making or profit motive but it is the community cohesion, cooperation and sharing spirit that is characteristic of a housing cooperative that is crucial for community development process.

It is important to recognize that other institutions and systems do impinge on the cooperative organization thereby affecting its capacity to achieve its goals. Local, provincial, and national governments have laws and regulations governing the operation of housing cooperatives. Housing legislation and financing may be more conducive to the private housing developers than to those interested in low cost housing cooperatives. However, many governments, in recent years, have through legislation and creation of separate departments have given impetus for the growth of cooperative housing projects in several urban communities in Canada,³ and in other parts of the world.

Undoubtedly, there are different degrees of commitment to the idea of housing cooperatives - the extent of participation in planning and management of the cooperative system; and to such things as common laundry, recreational or other facilities. It is necessary that the members of a housing cooperative have to adjust or resist pressures to adjust, or possible compromise ideals

with reality. Housing cooperatives are not suitable to everyone. In fact, in most industrial countries those who would like to live in a housing cooperative are a minority despite the fact that it is less expensive to build and maintain. Values of home ownership and real estate investment as a hedge against inflation are still influential forces. Coop housing is not meant to turn a profit. It certainly is not for someone who considers his home an investment. The lack of profit motive is a key part of the government's intent in establishing the coop housing subsidy - to make low-cost housing available at the lowest possible cost.

Compared to living in a rental unit, there are advantages to being a tenant and a landlord at the same time in a housing coop, and at a lower monthly rate than the general market. The community spirit and control over housing complex issues such as pets, noise or common facilities such as play ground equipment or a community hall are advantages other renters do not have.

The coops are planned and set up by groups of people who want lower cost housing and who want to retain some control over their immediate environment through participation in policy-making. The original coop members participate in the site selection and design and arrange for financing. The community spirit that can develop in a coop housing complex is another attraction.

The idea of housing cooperatives is based on the belief that no person has a right to unearned increment in land and shelter. Moreover, housing cooperatives represent the ultimate in consumer control: the opportunity for citizens to participate in deciding the kind of housing, the type of neighborhood and the quality of life to which they aspire. It is this

participation ethic that has traditionally linked housing cooperatives with the concept of community development.

III

There are a number of principles that lie at the heart of any housing cooperative's organization. The primary one is that of democratic control - membership is voluntary and open to all who can use the services of the coop. Every member has equal rights, having only one vote. Authority to direct and administer the affairs of the housing coop resides in the general membership and may be delegated to elected members or committees who are accountable to the membership. Another very important principle is that of education for the members, the officers and directors, the employees and the general public. A housing cooperative organization is an ongoing educational process - a complex mechanism; and it is essential that those associated with it are educated in housing, business management; and in the broad sense, education must relate to broad social and economic problems that affect the members and their community.

Much of the day to day functioning of the coop has to do with reconciling the social demands of members and the business requirements of the organization. Some coops are a great success as business enterprise but fail as instruments of social change, while others go far to satisfy members' needs but do not measure up as sound business organizations. The good coop has a dual nature in its implementation of the principles of coop housing: sound business organization and social purpose.

The cooperative is considered to be a means to an end; it is an instrument of service for its members. The members and their welfare are the ends, the purpose and objective of the organization. In practical and legal terms, the cooperative as a corporate body will own the housing project, and from that viewpoint the members will be the landlord. Individually the members will not be owners but rather like tenants. Collectively they will make occupancy rules, individually they will follow them. Each resident, therefore, has a dual relationship to the coop as a member of the corporate body owning the housing, and as an occupant of the housing owned by the cooperative. This relationship between the individual member and the coop as a legal body is usually set out in the legislation concerning cooperatives and housing agreements of various types.

The members of housing cooperatives are expected to assume some responsibilities such as: taking part in educational programs; observing the by-laws and housing agreement; paying housing charges on time to help the coop meet financial commitments; being active in the affairs of the organization to ensure broad interest representation; sharing failures and mistakes, as well as success and benefits; defending the coop if necessary, and taking the trouble to explain its workings to others, especially if they are not familiar with coops and could benefit from them.

Housing cooperatives form an effective organization capable of tackling the problems which may face the coop from time to time. Some smaller coops may decide to manage and maintain the housing themselves, with everyone having a say at general meetings. Since this is not as practical in large coops,

members usually elect a board of directors from the membership to oversee the operations. The Board has broad powers in setting policy and is also responsible for overseeing the proper implementation of its policies. Most Boards adopt a committee structure and/or hire a manager to deal with such areas as personnel, property management, public relations and other issues; and also to implement the policies established by the Board. A coop often gets into trouble when directors interfere in daily management or when members fail to attend meetings where policies are made.

Participation by people and education of people are essential features of cooperatives and community development. Although all groups and classes of people may benefit from cooperative techniques, coops by their very nature usually aim to serve the disadvantaged members of society. Winnipeg has a number of housing coops in various stages of experimentation that provide useful case studies in examining the nature and extent of member participation and education in the cooperative system.

IV

Winnipeg has long been a pioneer in the cooperative housing movement in Canada. There are now eight housing coops in Winnipeg with a total of 1169 units. The coops are generally townhouse complexes, but some include apartment blocks. Three bedroom units are the most numerous and most popular because they are the best size for families. Most coop housing residents are couples with children, but they include older couples, individuals and single parent families. Coop units come equipped with a refrigerator, stove and clothes dryer.

Tenants can decorate to their own tastes. Residents can build recreation rooms in units with a full basement, but they do so with the full understanding they will receive no compensation for it from the coop should they leave.

Initial financing of a coop housing project is done mainly through the Canada Mortgage and Housing Corporation (CMHC), but in some cases credit unions have provided the funding. CMHC provides the initial capital and retains the mortgage for a 50-year term at a reduced interest rate. Most existing coops are paying an eight percent interest rate on their mortgage and CMHC also has a 10 per cent capital forgiveness program.

The federal government sets a maximum number of coop housing units it will finance yeach year. The numbers of units eligible for the program are allocated on a regional basis determined by the demand for coop housing. In 1981, 55000 units have been allocated across the country. Five of Manitoba's coops had provincial government assistance with a long-term lease on the land needed for the complex and a decreasing annual grant for up to seven years to assist with operating expenses.

All the coops have boards of directors elected from and by the residents themselves. These boards manage the affairs of the coop and, in conjunction with the residents, set policy on living conditions.

The coops generally have a manager to handle daily, general administration and maintenance staff for repairs and general duties such as taking care of the common grounds. Residents are required to maintain their own yards and the interior of their units, such as painting, while the exterior of the buildings is the coop's responsibility.

Winnipeg's coops are all members of the larger province-wide umbrella organization, the Cooperative Housing Association of Manitoba (CHAM). CHAM was the first organization of its kind in Canada, set up in 1960, in order to serve as the developer of cooperative projects in Manitoba. It is a community resources organization, and has the necessary resources, mainly personnel, to carry out at the community level the plans of a cooperative core group. Initially, CHAM acted as an initiator for projects, having a greater pool of information and financial resources through the cooperative credit union system to carry it off. CHAM sought out community groups who might have been interested in forming local housing coops, and helped them through all stages of development. In recent years, CHAM is evolving into more of a service organization to promote and manage the existing coops rather than develop new ones.⁴

It is this varying connection with CHAM that characterizes the coops in Winnipeg. Four of the coops (Pembina Woods, Willow Park East, Carpathia, and Seven Oaks Gardens) have management agreements with CHAM whereby the central organization's resources are directly useful to the coop, for instance, in accounting or finance. Other coops like Village Canadien and Westboine Park opted instead to have their own independent management staff. It would seem that this difference in the management end of operations affects the attitudes of members and the type of organization that the coops have developed.

Winnipeg's Willow Park Housing Cooperative was Canada's first continuing coop. In 1965, after four years of struggle with skeptical housing officials at the local and federal levels, 200 units were ready for occupancy. Located on land leased from the City, and financed with a loan from Central Mortgage and

Housing Corporation, the pioneer housing coop overcame its shaky beginning. Today it is a stable community of 426 housing units, and has its own small shopping centre and daycare service. It has been a show place nationally and internationally.

Residents must buy shares to join a housing coop, the average being 800 dollars. Those shares are returned at par when a person leaves. No interest is paid because the money is tied up in buildings and does not earn any interest of its own. Willow Park is the exception, however, for the past four years the coop has been paying "patronage dividends" and its shares have almost doubled in value in that time. The coop is able to pay dividends because it has been operating long enough so that it is now paying on the principal of its mortgage and not just interest.

The coop rents are not income geared, but Willow Park, because of its age, have 20 to 25 per cent of their units for low income renters. Otherwise there is a vast socio-economic mixture of people, a full range of occupations and income brackets.

Willow Park East is the product of a later phase of development in the Willow Park community after Willow Park West was initially developed in the mid 1960's. The Willow Park Coop community is a product of innovation and also of necessity. The somewhat isolated site necessitated the development of a number of ancillary services along with the housing units. The interest of some of the charter members facilitated the establishment of Willow Centre - a multi-purpose building housing a variety of community services and facilities, including a convenience store, a recreation hall, meeting rooms, a coffee shop, a day-care centre, a community health centre, and a senior citizen's apartment block.

With all these activities going on, it might be expected that there would be a high degree of participation at the individual coop level. Interestingly enough, this has not been the case. At one point there were not enough elected directors to make a quorum under the provisions of the by-laws. When people believe that government or a manager owns and runs the place, rather than themselves, they will not participate. It is mainly a matter of educating the members over the years as to the role they should be taking in a cooperative organization. It is only recently that there seems to be an improvement in participation by the members because of education and consciousness of their rights and responsibilities as members of a cooperative system.

A case in sharp contrast to that of Willow Park is that of Village Canadien, in the suburban community of St. Vital. Originally started by a French parish in Windsor Park in 1968 the coop was completed in 1976. Village Canadien is not managed by CHAM, but has an independent manager. This autonomy has a psychological advantage for the residents, in that they are in complete control of all coop affairs and have access to all information. It has taken some time, but now there is an effective Board of Directors who have been able to implement a committee system. All members of the Board's Executive Committee visit the Management office almost every day to monitor the day's affairs. It is felt that management is closer to the members with this type of arrangement. The manager, however, stimulates the creativity of the members by presenting discussion papers on problems that the Board and Management have deemed significant.

Aside from the management organization, it would seem that the personality of the manager himself is a significant factor in stimulating interest. The

manager is obviously capable and well-versed on the subject of coop housing. He is also a resident and one time Board member of the Coop, and has a very personal view towards his work. His enthusiasm tends to generate interest among members.

Carpathia Coop, completed in 1975 in River Heights-Tuxedo area of the city, has had up till recently problems similar to that of Willow Park East. It was primarily the persistence of the CHAM Property Supervisor that has created an interest among the members. The supervisor seems to feel that it has taken a long time to orient the Board to become more involved in the problems that Management has had to deal with. The members of the Board used to think that a manager was hired to do everything, and the Board could sit back and watch the Coop run by itself. A prolonged education campaign undertaken by the Supervisor has gradually altered this attitude. As a result of this change in attitude, a committee structure has been implemented. General member participation has vastly improved, as has Board of Directors' effectiveness.

Pembina Woods, the CHAM managed Coop in Fort Garry, was completed in 1978. This project was a departure from the traditional town house form of housing that Winnipeg's Coops have generally adopted. All the units are apartments, albeit in different building configurations. This mixture of units combined with the University-Victoria Hospital location has promoted a different sort of membership than most coops. There are more young couples, single people of all ages, "empty-nesters", retired couples and single-parent families. The emphasis of the project is not strictly on family housing.

Up till the beginning of April 1979, the Board of Directors was a mixture of resident and non-resident directors with an occupancy rate of 40%. It was decided that an all-resident Board should be elected at the annual meeting. According to the Property Supervisor, an all-resident Board will be more responsive to the needs and problems of residents, and she is looking forward to greater participation from the general membership. Interest has already been expressed by members in working on various committees, and turn out to the resident wine and cheese and coffee parties was a promising sign. In the past, as with some of the other coops, it was necessary for Management to prompt the Board so it would take care of its affairs, but the new Board seems to be more willing to initiate activities that would facilitate greater involvement of members.

Westboine Park, an independently run coop in Charleswood, is in about the same stage of its development as Pembina Woods. However, the management at Westboine seems to have tighter control in the operation of the project. They still have a mixed resident/non-resident Board, and are experiencing low level of participation from the membership. One reason may be a lack of information dissemination by the Management office. A system of block representatives has been instituted in order to best represent all areas of the project. But this initiative has come from Management, and not the Board. This trend could easily change, however, depending on the education and the dedication of incoming members.*

The Seven Oaks housing coop with 136 units was completed in 1980. The latest to emerge was another housing coop in 1981. This was initiated by and for senior citizens. It would be interesting to observe the functioning and development of this housing coop because of its unique composition and small size of only ten units.

V

These case studies of housing coops in Winnipeg do provide some insights into the structure and functions of housing cooperative system. The cooperative principles are the same for all, yet there is a wide variation in the degree of their acceptance and implementation among different projects.

It is significant to note that cooperative housing in Winnipeg has not gained nearly the degree of acceptance that it has in those provinces such as Quebec, Ontario, and British Columbia. One reason for this indifference is that an overwhelming majority of people in Winnipeg are not apartment (multiple-housing) dwellers, as people are in more densely populated cities like Montreal, Toronto and Vancouver. When people find that they can no longer afford their own home, then coops will probably gain in popularity. Since the cooperative concept is not well known in Winnipeg housing market, only a few residents have chosen to live in the coop projects because they provide good accommodation for a reasonable price.

While Winnipeg was the birth place of the modern coop housing complex, cities such as Vancouver⁶, Edmonton, Calgary, Ottawa⁷, Halifax⁸, and Toronto are fast taking over as the coop boom-towns because of drastically rising house prices. For instance, since the program began in 1975 in Vancouver, British Columbia, there have been 26,000 coop units created. In 1982 in Vancouver, where the housing crisis is one of the worst in North America, about 1000 coop units will be built. But the demand for such units appears

almost insatiable as there is a waiting list of more than 3,000 people in Vancouver alone.

The life-style characteristic of housing coops is secondary for most. Their interest might be strengthened after years of sustained education and increasing participation. Yet most coops undergo high turnover rates, and residents often do not stay long enough to get to know the value of the coop. The high turnover appears to be often the result of people staying just long enough to save up for their own home. Most people don't consider community activities or running for election to the coop board when they first move in, but as they spend more time there and the coop gets older, the community spirit tends to increase. It is desirable to have a focal point for the coop, usually a community hall. The hall can be used for meetings, flea markets, dances, or whatever and coops without such a focal point have a harder time generating and maintaining community spirit. Unlike the fast-growing cities of Calgary, Edmonton, and Vancouver, the demand for housing units in Winnipeg has not been increasing at a rapid rate. Despite a slow growth of real estate market in Winnipeg, because of rising interest rates, real estate prices, and rents, housing coops in Winnipeg have now remained virtually full, the turn over rate has gone down, and in fact, most coops have waiting lists!

Obviously then, housing cooperatives have no doubt made their initial impact on some urban communities in Canada but the coop lifestyle has not as yet well developed in Winnipeg. Where there are more long-time members, there is usually more dedication and better participation. But this need for establishment must be counter-balanced by an initially effective organization

that is able to set the stage for future participation. It is also necessary to have a proper balance between the Board of Directors and the Management in terms of separation of powers. Yet more responsibility seems to have been associated with Management because of a lack of interest by the Board of Directors. The commonly felt concern in this area is for more training and education. The foregoing analysis suggests that the key variables influencing the nature and extent of member participation, community spirit, and coop life-style are: length of residence, turn-over rate, organizational structure and communication, manager's personality and role, presence or absence of a community hall, educational and social activities.

Furthermore, it appears that housing cooperatives have played a limited role in promoting community development in Winnipeg at this time. They have some very distinct possibilities of creating change, though, as witnessed in other parts of the country. At the moment, Winnipeg's housing cooperatives have to resolve their internal problems of communication before they can begin to function as viable, self-sustaining instruments of urban community change.

The fact remains that there is always a certain degree of ambivalence about cooperatives, since they try to combine the best characteristics of two opposing ideals: individualism and collectivism. The members of a cooperative tend to protect and maintain their rights and privileges, while at the same time intending to benefit from the strength of the group. It is evident that in some respects these two ideals are frequently in conflict within the cooperative system.

For an efficient functioning of housing cooperatives these opposing ideals of individualism and collectivism have to be reconciled through discussion, compromise, and pragmatic approach.

Footnotes

1. Nearly 40% of the Canadian population are tenants, and most of them are destined to remain tenants. Their dreams of buying a house were shattered by the recent (1980-82) housing crisis. In 1965 every other Canadian could afford to buy a house and carry the mortgage for 30% of the family income, which then was usually a single income. By 1977 only 3 Canadians in 10 could manage to buy a home and then only if both spouses were working. By the fall of 1981, real estate prices and mortgage interest rates had soared. It was estimated that only one in 43 tenants who wanted to buy a house in Vancouver could manage to do so.

Mortgage borrowing costs in 1981, jumped 10 points above the inflation rate because of the federal government's monetarist policy, which ties Canadian interest rates to those in the United States. Some Canadians discovered they had to renew 10 $\frac{1}{2}$ % mortgages at 21% and were faced with an increase in monthly payments of 60%.

2. An exception may be found in a unique project in which public housing tenants participated, from 1974 to 1976, in the design of their own new housing in Winnipeg. The initiative came from Central Mortgage and Housing Corporation who wanted to learn more about the feasibility of involving tenants in the process of planning and designing a housing project involving a total of 39 houses in Winnipeg. The objectives were to determine what effect the process would have on the form and character of the project, and on the tenants themselves. Refer, Eric Barker, "Winnipeg Experiment: Public Housing Design with the Tenant in Mind", Habitat, 21:4, 1978, pp. 50-55.

3. Most coops are members of the Coop Housing Foundation of Canada.

4. The Coop Housing Association of Manitoba (HAM) was active until 1980, providing management and consulting services to coops and acting as lobbyist to the federal and provincial governments. It had to wind down affairs because it was financed by construction revenues, and there was no new construction to fund it. There is no staff now, but a board of directors still exists and it is hoped that it will be revived to provide common services to the housing coops.

5. For a coop housing project that allows the physically disabled to help themselves refer, "Designed for the Disabled: Homes without Handicaps" by Julia Weston, Habitat, 22:3, 1979, pp. 34-39.

* Acknowledgements are due to Harriet Permut for research assistance.

6. "Mountain View Housing Cooperative, the Success Story of a Tenants' Organization", by Tom Simpson, Living Places, 12:1, 1976, pp. 10-17.

7. "The Coop Solution" by Julia Weston, Habitat, 22:2, 1979, pp. 26-33.

8. "All our People were Warm Last Winter" by Jim Lotz, Habitat, 22:3, 1979, pp. 8-13.