

## HOUSING

# Tear the house down

## A CALL FOR CO-OPERATIVE HOUSING REFORM

by Josh Hawley

**AFTER SPENDING** the first 23 years of my life living in co-operative housing, I worry “co-operative” has become nothing more than a platitude used to paint a picture of true democracy. Even at the most local of levels, a functioning democracy needs supervision.

Over a quarter of a million Canadians are housed in over 2,000 co-operative housing projects across the country. Whether apartments, townhouses, or a combination of both, co-operatives are established as non-profit corporations, complete with committees and a board of directors, and are—theoretically, at least—run by residents. Residents become members by purchasing a small share in the co-operative and continue to pay monthly “housing charges,” a term used to differentiate the arrangement from “rent” in a typical landlord-tenant relationship.

Many co-ops were created as mixed-income communities in an attempt to avoid the ghettoization of the poor, and rely on individuals assuming a degree of personal responsibility. Members commit to putting in a small number of volunteer hours a month for the upkeep of their co-op, anything from mowing common grounds to conducting unit inspections. Every now and again, members get together and have meetings to elect a board, vote on an eviction, change the bylaws, or sort out any issues that arise, in a one-member-one-vote system.

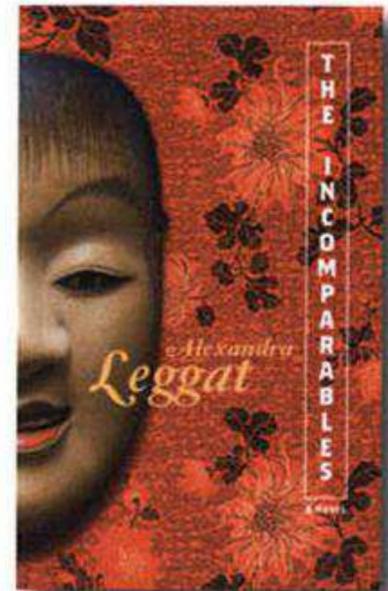
But these defining features are by no means universal. Some co-ops hire a property manager or co-op co-ordinator and, in rare cases, co-ops are run by board members who do not actually live there. In others, rather than buying shares, members make loans, and some don’t require members to put in volunteer hours.

Crucially, there is no single regulatory body that oversees all housing co-ops. The sector is a muddle of acts, bylaws, and government and non-profit agencies.

The only national, umbrella co-op housing organization is the Co-operative Housing Federation of Canada. CHF Canada, itself a co-operative corporation, is primarily a lobbying group, focused on policy changes and acquiring funds from government on behalf of housing co-ops. There are regional associations for housing co-ops, and an agency that took over responsibilities from the Canadian Mortgage and Housing Corporation for federal co-ops in P.E.I., Ontario, Alberta and B.C. The other provinces and territories have their own schemes.

This confusion has created a sector which is barely understood by many in it, let alone those on the outside. As a result, the sector is largely left to its own devices,

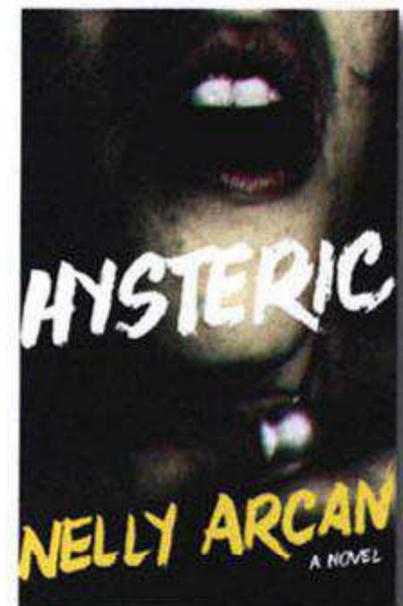
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to regulate and manage itself.

The confusion has extended all the way to the provincial courts of appeal. Jeff Schlemmer, executive director at Neighbourhood Legal Services in London, Ont. and an adjunct law professor at Western University, describes how the first time the Court of Appeal of Ontario ruled on co-operative housing, they mistakenly compared them to private “social clubs.”

“The courts made these decisions that dramatically changed the law to say that there’s great deference owed to the co-op,” says Schlemmer. “If they want to evict somebody, we shouldn’t look at whether they have good reason for doing it or not, we’ll just go ahead and evict them.”

There are two fundamental misunderstandings of the co-op sector by politicians and the legal system. First, co-ops aren’t necessarily communities of like-minded people living by the gospel of the co-operative spirit; according to Schlemmer, it’s more accurate to think of them as “subcontracted providers of government social services.” Many residents have not made a wilful choice to live the co-operative lifestyle. They fell into it by hitting the top of the affordable housing waiting list just as a spot happened to open up in a co-op.

The second major misunderstanding of housing co-ops pertains to the power afforded to the board of directors, which are treated like governmental statutory authorities. Tribunals and boards established by the government fall under administrative law and they proceed through much the same process as the courts. Hearings are held and both parties are given the chance to defend their case. A corporation’s board of directors would never be equated to these statutory bodies.

But somehow, lawyers representing housing co-ops have been able

to play the statutory board card, claiming their board of directors have held fair hearings in coming to their decision to evict somebody, for example. In reality, these decisions occur at meetings where members are often easily silenced, and partiality and nepotism can supplant fairness.

As far back as 1976, it was known that co-op residents were at risk of eviction “on trivial grounds” simply by achieving a majority of votes. Unpopular members, obnoxious or rabble-rousing in the eyes of the few in power, are at the mercy of the co-op’s in-group.

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“Co-op boards are different than co-op members,” says Schlemmer. “Co-op boards by definition represent the majorities. I love that quote from James Madison: ‘A pure democracy can admit no cure for the mischiefs of faction.’ There’s no one to protect the minority.”

Although eviction may be the terminal fear for some members, it is far from the only consequence of the procedural unfairness that plagues co-ops. Many liken their experience to being continually bullied and victimized. Maintenance requests are ignored, while renovations for directors and friends of the board are fast-tracked. Security cameras are installed to monitor and intimidate certain members. Rents are grossly unequal, threats of terminating subsidies are dealt,

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requests for financial records are denied.

Members who raise concerns with the lack of oversight and issues of governance in co-op housing are often given the runaround or subsequently targeted as dissidents. Ken Hummel, a co-op resident from Whitby, Ont., who for the last 15 years has tried to hold his housing co-op accountable by requesting information on audits, raising issues of favouritism, and filing complaints with police and government, is constantly told to find solutions internally.

"I had shared my concerns and complaints about [my co-op's] governance and management problems with CHF Canada and CHF Canada referred me back to the co-op board of directors to find some resolution with issues," writes Hummel in an email.

A member in Toronto was recently told by her co-op's lawyer "to remove my digital footprint anywhere on the internet where I may have talked about co-ops suggesting I was disparaging them or receive a 'notice to appear' for consideration for eviction." These kinds of actions create an environment of fear and submission in co-ops, something most outside the sector rarely understand.

Nicole Chaland, the Community Economic Development program director at Simon Fraser University, established a housing co-op in Victoria, B.C. a decade ago with strong ideals and high expectations. She envisioned a community-supported lifestyle, separate from the "paternalistic" system of a mainstream, managed housing provider. Though she didn't live in the co-op she co-founded (a stipulation of a financial backer), Chaland saw the factionalism develop.

"The potential for built-in resentment is all there," she says. "I think housing co-ops are particularly difficult because you actually have to cooperate with your neighbours and there is that opportunity for resentment to breed."

Chaland also described the fiction she was sold early on that co-ops are cheaper to run due to lower operating costs.

"Every single co-op is doing two things at the same time," she adds, "you're running a business and you're nurturing an association of people. And that means the costs are higher."

There are, naturally, some advantages to the co-op model. Through her research on housing co-ops, Catherine Leviten-Reid, assistant professor at the Shannon School of Business at Cape Breton University, discovered that members who actively participated benefited from "skills development, the development of self-confidence, social ties and the ability to influence the housing in which one lives." There is no doubt that many housing co-ops do work well. But there are too many that don't.

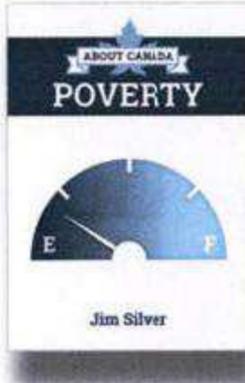
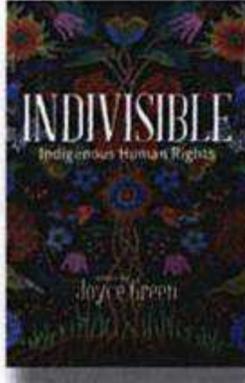
Victims of abuse, harassment, and fraud are left naked before their management, with nowhere to turn for help. By design, many co-op members are economically vulnerable, unable to afford representation or represent themselves.

Co-op housing represents so many appealing concepts, which is why it's hard to find anybody who doesn't support it on principle. A recent bill to amend the co-op legislation in Ontario received all-party support. Co-ops symbolize participatory democracy, social justice, redistribution of wealth, DIY—so many progressive movements rolled into one. They've maintained the impression they are bastions of true democracy, a place for the people by the people, while the number of people practicing these ideals has become smaller and smaller.

"That's a small radical subset of the housing co-op movement in Canada," says Chaland. "This isn't really part of our culture. We teach competition. We teach persuasiveness, we teach winners and losers. And these things are at odds with co-op principles."

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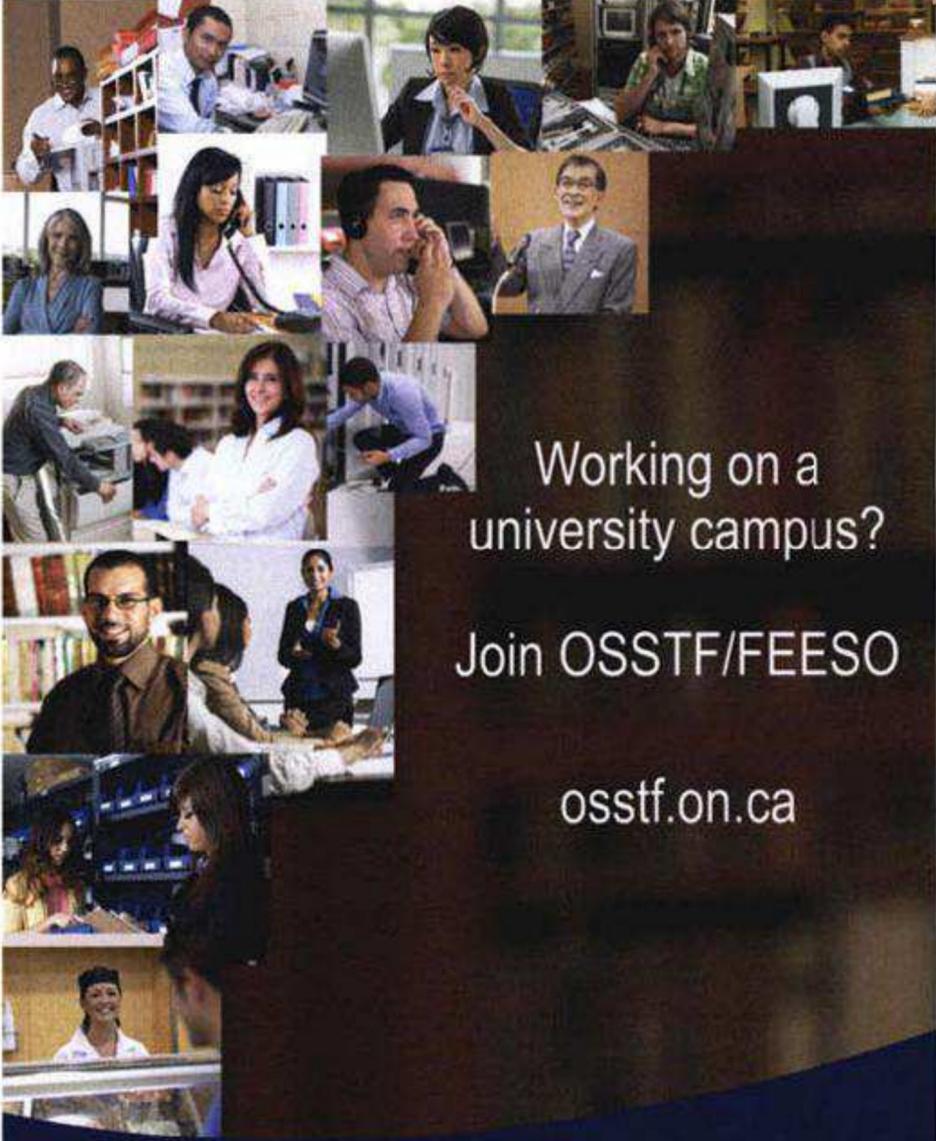


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