Co-operative Housing in Montréal: Criteria for Success

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Abstract:

Co-operative Housing in Montréal: Conditions for Success

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This MDP asks the question: ‘Why has co-operative housing proven a successful and viable affordable housing option in Montréal?’ Through analysis this MDP recognizes that the primary conditions contributing to co-operative success in Montréal are:

1. The growing need for co-operative housing in Montréal; this is reflected physically, demographically and economically. Physically, this need is reflected within the housing stock which displays a dramatically low vacancy rate, low ownership rates and large proportion of the population living in unaffordable housing. Demographically, this need is displayed by the city’s large renter population and dependence on certain demographic groups for growth which are typically in high demand for affordable housing. These large demographics have acquired significant political power which is reflected in the resulting public policies and programs. Economically, the city’s sensitive economy reflects a need for affordable housing.

2. The programs, policies and types of support for co-operative housing in Montréal are abundant and unique within the country. Noticeably unique is the interventionist and consistent roles that the province and the Ville de Montréal have taken in terms of financing and administering programs despite political and economic changes. Privately, the development of co-operatives is significantly aided by Groupe de Ressources Techniques (GRTs) who facilitate the development process for both the co-operative and the government, resulting in more units in less time.

Co-operatives work in Montréal due to a number of reasons and conditions; some which are unique to Montréal and others which are replicable elsewhere. The success of co-operatives is measured through a number of means; for Montréal, success can be displayed by the process of co-operative development within the city; the abundance and popularity of co-operative housing is just a result of this success.

Keywords: Montréal, Affordable Housing, Social Housing, (Co-operative, Co-op, Cooperative) Housing, Housing Policy, Groupe de Ressources Techniques
Acknowledgements

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Glossary

- 8 CMA: Toronto, Montréal, Vancouver, Ottawa, Calgary, Edmonton, Winnipeg, Halifax
- CLC: Canada Lands Company Ltd.
- CMHC: Canadian Mortgage and Housing Corporation
- CMA: Census Metropolitan Area
- CP: Canadian Pacific Railways
- GRT: Groupe de Ressources Techniques
- HLM: Habitations à Loyer Modique
- MDP: Masters Degree Project
- RMM: Région Métropolitaine de Montréal
- SHDM: Société d'Habitation et de Développement de Montréal
- SHQ: Société d’Habitation du Québec
Chapter 1
Introduction

Context
A diverse housing supply allows adaptability to whatever economic, environmental and social changes might occur. The need for affordable housing is increasing due to numerous demographic, geographic and economic factors. Nowhere is this need more apparent than in Canada’s large urban centres which confront the daunting task of finding and producing a balanced urban form in the face of increasing financial, demographic, and environmental disparities. Increasing population pressures and attempts for fiscal prudence are magnifying these gaps, leading many centres towards a crisis of affordability within the housing market. In response, numerous forms of affordable or social housing seek to improve housing affordability within a city.

Within Canada, Montréal is often overlooked as a case study for a number of possible explanations: the difference in culture, the difference in language, or possibly the lack of available translated research. This Masters Degree Project (MDP) examines the role of co-operative housing in Montréal; a form of affordable housing which is widely used and recognized by the city and its residents.

In Canada, the co-op housing movement began in Quebec with a strong concentration in Montréal (Industry Canada, 2003). Co-operatives have been notably abundant in Quebec and Ontario in comparison to the rest of Canada (Table 1.1, Figure 1.1); Quebec constitutes approximately 50% of Canadian co-ops (organizations and developments) and 25% of national co-op units (CHFC, 2004). There are currently 2,100 housing co-operatives in Canada with 111,000 members; 1,100-1,200 of these housing co-operatives are in Quebec (CMHC, 2005b, Pg. 1/CMHC, 2003d, Pg. 1). Quebec co-operatives represent “more than 23,000 housing units and a roof over the heads of about 50,000 people — for real estate assets of close to $1 billion” (Industry Canada, 2003). In Montréal, co-operative housing comprises 12,151 units, or ~1% of all Montréal
households and ~21% of all social housing units in the city (FECHIMM, 2006/StatsCan, 2001a/Ville de Montréal, 2005, Pg. 3).

This MDP asks the question: ‘Why has co-operative housing proven a successful and viable affordable housing option in Montréal?’ Profiling housing supplies, demographic and economic need and analyzing public housing policies allows the MDP to outline a number of conditions that lead and contribute to the abundance of co-operative housing in Montréal.

Table 1.1: National Housing Co-operative Numbers

<table>
<thead>
<tr>
<th>Region</th>
<th>Housing Co-operatives (#)</th>
<th>% of Total</th>
<th>Housing Units (#)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>266</td>
<td>12</td>
<td>14,766</td>
<td>16</td>
</tr>
<tr>
<td>Prairies</td>
<td>125</td>
<td>6</td>
<td>6,931</td>
<td>8</td>
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<tr>
<td>Ontario</td>
<td>554</td>
<td>25</td>
<td>44,109</td>
<td>48</td>
</tr>
<tr>
<td>Yukon, NWT, Nunavut</td>
<td>5</td>
<td>0</td>
<td>162</td>
<td>0</td>
</tr>
<tr>
<td>Atlantic</td>
<td>146</td>
<td>7</td>
<td>3,369</td>
<td>4</td>
</tr>
<tr>
<td>Quebec</td>
<td>1,093</td>
<td>50</td>
<td>22,019</td>
<td>24</td>
</tr>
<tr>
<td>Montréal</td>
<td>595</td>
<td>27</td>
<td>12,158</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>2,186</td>
<td>91,266</td>
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Figure 1.1: National Housing Co-operative Numbers

(HCHFC, 2004/FECHIMM, 2006)
MDP Objectives

The MDP has the following objectives:

1. To outline factors that contribute to and result in the need for affordable housing within Montréal, focusing on co-operative housing.
2. To outline relevant housing policies, programs and types of support that affect the production of co-operative housing in Montréal.
3. To gain a working knowledge of the development process of co-operative housing.
   To analyse and determine criteria and conditions that contribute to and result in the production of housing co-operatives in Montréal.
4. To synthesize major findings and determine what lessons can be taken from this case and be applied elsewhere.

Methodology

The methodology of the MDP draws on a range of quantitative and qualitative research methods in order to make a balanced analysis. Three primary types of methodological approaches have been employed:

1. Literature Review

   The literature review provides background, context and information regarding a number of related topics and issues pertinent to the focus of the MDP. The literature review is based upon primarily government documents (federal, provincial and municipal), policy studies, surveys, census data, and program evaluation documents related to co-operative housing.

   Housing, demographic and economic statistics allow the analysis of factors that determine housing needs, specifically in relation to co-operative housing. More specifically, the literature examines the urban form, housing types, size, conditions, availability and costs in Montréal to determine the supply of existing housing within the city. Factors, such as population growth, ethnicity, age, family types, employment and income in Montréal are examined to determine the demographic needs in regards to housing. The supply and demand of housing within the city are analysed to place affordable and co-operative housing in its context.
Federal, provincial and municipal housing policies and programs that result directly and indirectly in the provision and management of co-operative housing in Montréal are evaluated.

Pertinent literature on affordable housing and housing co-operatives in Montréal are reviewed to accurately determine the standard conditions regarding the development and management of co-operative housing as well as potential benefits or obstacles.

2. Case Studies

The MDP outlines and analyzes the development of two co-operative housing projects in Montréal identified through literature, interviews and personal analysis as successful in terms of their resident base, the development process, and the resulting development. The first study is the Angus Shops; an established and well-recognized housing development with a large proportion of co-operative housing. The second is Benny Farm; a site still under development also with a large proportion of housing co-operatives.

These case-studies help to define and outline the development process and the different factors which affect the development of co-operative housing. The case studies differ in terms of development timeframe and history in order to gain a perspective regarding how changing government policies, programs and priorities affect the production of affordable housing.

3. Key Informant Interviews

Semi-structured interviews were held with a number of individuals in order to gain a first-hand perspective into the production, maintenance and management of co-operative housing. Several clusters of professionals were included:

- Those involved within the case-studies (managers, founders, developers, residents or board members of the development or housing co-operatives).
- Government officials (federal, provincial and municipal) involved or knowledgeable in the development of affordable and co-operative housing.
• Private developers of affordable and co-operative housing.
• Specialists and professors who analyze the production of affordable housing.

These interviews provide a qualitative aspect to the analysis and allow the perspectives of those specifically involved in the production of affordable and co-operative housing to be voiced. More specifically, interviews allow the opportunity to describe what has aided or hindered the development of co-operative housing as well as outlining the challenges and motivations in the implementation of policies supporting its provision. The identification of recurrent themes as well as any new or emerging issues that may have been missed elsewhere in analysis can be expressed through the interviews.

This information helps to support the lessons, recommendations and conclusions in regards to what factors and conditions have led to, or aided in the success of co-operative housing in Montréal. A detailed explanation of the interview process, a list of those interviewed, and the questions asked are provided in Appendices A, B and C.

**Analytical Approach**

Analysis is conducted to outline and identify conditions that contribute to the success of co-operative housing in Montréal. This process is based upon the information gathered through methodology and guided by an analytical framework (*Figure 1.2*) containing macro and micro levels.

The macro level of analysis quantitatively outlines and synthesizes the existing background and context in regards to the local housing stock, demographics and economics along with housing policy and support at a federal, provincial, municipal and private level. Outlining the existing conditions as based upon literature provides a basic analysis as to how these conditions contribute towards the provision and success of co-operative housing.
The micro level of analysis provides a more qualitative analysis regarding the production of co-operative housing. Case-studies and common answers provided by the informant interviews aid the analysis by highlighting any apparent trends. This level provides personal insight into the topic, allowing subjects which are not explored in literature to be highlighted.

Based upon this analysis, this MDP outlines the conditions in Montréal that contribute to the success and development of co-operative housing within the city and determine the applicable lessons. The analysis and recommendations are ultimately seeking to make the option of co-operative housing more accessible by assisting future efforts in Montréal and elsewhere.

The audience for this study are those involved (publicly and privately) in the production of affordable housing: government officials, planners, developers, housing co-operative organizations and social housing advocates. Should another municipality or urban centre want to increase their base of co-operative housing, this analysis aids in determining if co-operative housing is a viable option and how to effectively produce it.
Key Definitions

Montréal

The Région Métropolitaine de Montréal (RMM) or the Census Metropolitan Area (CMA) can be defined as the agglomeration of adjacent municipalities (including the Ville de Montréal) as a single form (Figure 1.3). Despite the political borders and divisions between the adjacent municipalities, the resulting form is unitary and contains residents who live and move freely between political jurisdictions and neighbourhoods. What affects one area can affect the entire city, thus this housing profile refers to the CMA. This analysis is based upon statistics produced for the CMA and not the Ville de Montréal.
Affordable and Social Housing

A standard definition is as follows:

   Housing affordability is commonly defined...as a relationship between housing costs and income. If housing costs are perceived to be too high relative to household income, then a housing affordability problem is perceived to exist. The corollary is that a housing affordability problem is also perceived to exist if household incomes are low relative to the cost of housing. This is the income dimension of the housing affordability issue; housing may be relatively inexpensive but people may not have the income to afford it....Housing expenses represent the most significant household expenditure item for most households (CMHC, 2003e, Pg. 3).

Montréal and the Canadian Mortgage and Housing Corporation (CMHC) define affordable housing as “housing whose rent or mortgage (including property taxes and heating) does not exceed 30% of the target groups’ gross monthly income” (Habiter Montréal, 2005d, Pg. 2).

For Montréal in absolute terms, affordable rental housing currently is set at the maximum rents of $464 (one bedroom), $515 (two bedrooms), $603 (three bedrooms) and $813 (four bedrooms). This amount does not include heating or electricity (GRTBSQ, 2005,
A property is considered affordable when its sale price does not exceed $170,000, including taxes. Monthly figures are determined with mortgage payments (principal and interest), property taxes, fees, along with utility and municipal service fees.

Social housing is considered as non-market housing; social housing is produced intentionally to enter into the affordable housing base and is often subsidized by the government. In contrast, affordable housing is often considered independent of subsidization, although often there are programs in place to encourage its development and continuation. Often this encouragement is in the form of initial capital in that funds are at first put into the project but then stopped as soon as the project requirements are met. Social housing is intended to assist low and very low-income households and complies with the criteria of government programs. Social housing is thus a subset of affordable housing (Habiter Montréal, 2005d, Pg. 2).

**Low-Income**

Low-income is currently defined by the Province of Quebec and the Ville de Montréal as (GRTBSQ, 2005, Pg. 2):

- $22,000/year or less for 1 person or a couple
- $25,000/year or less for 2-3 people (other than a couple)
- $29,500/year or less for 4-5 people
- $39,000/year or less for 6 people

**Capital Investment**

Refers to the type of government investment towards affordable and social housing in which a large capital investment is made to cover the initial start-up costs (construction, land, administration, etc…). Capital investments are increasingly being used for affordable and social housing development in contrast to previous government investments which usually provided initial and ongoing subsidies for the operation and management of the development.
Housing Co-operatives

A standard definition is as follows:

Cooperatives are a form of joint ownership. In a housing cooperative, people join to form a non-profit cooperative corporation that owns the buildings in which they live. Purchasing a share in the cooperative entitles each member to lease and occupy a dwelling unit from the cooperative and to participate in its operation...Housing cooperatives are usually multi-family or apartment-type dwellings but can also be single-family homes (Kennedy et al, 1995, Pg. 2).

There are many types of co-operative tenure; in terms of affordable housing, non-equity tenure is used, thus residents “do not own or hold title to their individual dwelling units. Instead, residents own shares of the whole cooperative corporation. The corporation holds title to the property, and residents, or ‘owners’ do not have the right to sell their unit for profit. Housing cooperatives differ from rental housing in that residents’ ownership of shares entitles them to a voice in running the association” (Kennedy et al. 1995, Pg. 2). Co-operatives are democratically governed by the residents, often by an elected or rotating Board-of-Directors (Figure 1.4).

Economically, co-operative housing proves beneficial due to four primary reasons. First, co-operatives are operated at an ‘at-cost’ basis instead of a ‘for-profit’ basis. This allows the co-operative to charge the minimal amount to residents instead of attempting to gain financially off the residents. Second, economies of scale can also be realized, passing on savings to the residents through bulk purchases, increased communal space and resource use. This situation spreads costs among residents, making costs smaller and more manageable. Third, labour costs in connection with management, repair and maintenance) of the building(s) and property are reduced as residents are often required to contribute time, reducing the costs which would otherwise be used towards employment. Finally, co-operative housing allows the residents the possibility to own their units. Once the mortgage is paid off, the residents are able to profit from the many benefits of being homeowners (depending on the co-operative), notably the end of monthly payments towards the mortgage and the ability to invest that money elsewhere.
Assumptions and Limitations of the Study

The MDP is established upon a number of premises, limited in some areas and based upon assumptions in others. In order to fully appreciate the analysis one needs to take into account these factors. The following premises help to reinforce the arguments of this paper:

(1) The study recognizes that housing affordability is vital to the social, cultural and economic vibrancy of the city as it allows a wide range of socio-economic, demographic, cultural and ethnic groups the opportunity to reside together. In order to maintain vibrant and diverse cities, housing must be available to people from all income groups, in this case through the provision of affordable housing. These statements are based upon research suggesting the same.

The increase in poverty concentration in Canada’s cities is clearly documented. The availability of affordable housing is a major constraint to equalizing the life opportunities of individuals. A mix of housing targeted to a variety of household incomes is regarded as a critical factor in building integrated and inclusive communities...Without a mix of housing options including homeownership, rental housing, rooming houses etc. in all neighbourhoods, cities risk increased spatial segregation and the variety of disadvantages that result...Significant new investments in affordable housing will be needed to take on these challenges (CMHC, 2003e, Pg. 50).
Housing is viewed as important to building healthy and inclusive cities and neighbourhoods; cities that are socially inclusive and cohesive result in economic prosperity. “The health, competitiveness and continuing vitality of our cities depends on strategic investment in the social aspects of community including investments in affordable and appropriate housing for all citizens” (CMHC, 2003e, Pg. 13). “By ensuring affordable housing opportunities across communities, with a mix of tenures and housing costs, we can enable greater access to the attributes of good neighbourhoods” (Pomeroy, 2004, Pg. 7).

The desire of affordable housing has been expressed by the City of Montréal who suggests that the production and existence of affordable housing “helps curb the migration of young households off the island...[and improves] Montréal’s competitive advantage compared to other metropolitan areas in terms of attracting and retaining companies, jobs and workers” (Habiter Montréal, 2005e, Pg. 2).

(2) The study further recognizes that co-operative housing is a beneficial form of housing and affordable housing. It makes this justification based upon research evidencing the fiscal, environmentally and socially sustainable nature of co-operative housing.

Environmentally, co-operative housing often encourages housing density through smaller private units and shared public space. It has also been argued that co-operative housing is a regenerative tool for neighbourhoods in that residents “are more concerned with the condition of their housing and contribute to its maintenance and improvement, which has a positive impact on the useful life of the stock” (Government of Canada, 1999, Pg. 24/Habiter Montréal, 1989). This financial and social investment makes residents more likely to make efforts in improving their residence and community. A survey on co-operatives displayed that co-operative residents reported an average of ~8 hours/month in unpaid activities for their residence, in comparison to ~2.5 hours a month for condominium owners (CMHC, 2003c, Pgs. C-11,12).
Socially, the same survey displayed (CMHC, 2003c):

- “A high degree of participation, democratic control and satisfaction with influence over decisions in co-operative housing which is not as evident in condominium housing and private rental housing” (Pg. 25).
- “More security of tenure than households in private rental housing because of various financial safeguards, protection from project conversion or demolition, and member protection from eviction” (Pg. 26).
- Increased network of friends and improved social support (Pgs. iii, C-29).
- “More [satisfaction] with the sense of community where they live than residents in other types of housing” (Pg. 30).
- More “improvements in relationships with friends and neighbours since moving into their current housing…than private renters and condominium owners” (Pg. 30).
- “More likely to perceive improvements in feelings of independence and security than private renters” (Pg. 30).
- “Greater resident involvement in the operation of co-operative housing than in other types of housing has contributed to benefits such as more influence over decisions about housing and higher security of tenure and quality of life” (Pg. 38).

Co-operative housing is a fiscally sustainable investment by the government because it does not need ongoing operation subsidization. This is increasingly relevant as all levels of government have moved away from the subsidization of housing and opted instead for a larger initial capital investment. Support has moved in this direction due to the fact that new governments often have different priorities than those of the preceding government, to be financially tied to the policies and programs of the previous government has been labelled as restrictive. It is well recognized that in terms of operation costs, co-operative housing costs approximately 14-19% less than municipal or private non-profit housing and 71% less than public housing (CCA, 2006/CHFC, 2004). The per-unit capital cost is also approximately 16% lower (CMHC, 2003c, Pgs. 33-34). These lower costs can be attributed to the use of less expensive materials as well as the reduction of private space and emphasis on density in co-operatives. Affordability problems are most common among people who live alone; co-operative ownership reduces this likelihood due to the fact that residents are not living alone in the sense that maintenance, utility and mortgage payments are shared with the other residents.
Housing co-operatives also have good long-term viability (96% survive after five years and 92% after 10 years. Residents also benefit from the economies of scale in operating costs in terms of repairs (University of Wisconsin, No Year, Pg. 5).

(3) The primary limitation of the study is the exclusion of cultural analysis. The distinctly different culture in Quebec in comparison to the rest of Canada likely plays a role in the abundance and success of housing co-operatives within the province in comparison to elsewhere in the country. The concept of culture is multi-faceted in that it encompasses areas of language, history, and political ideology. Despite the likely role that culture plays in the success and abundance of housing co-operatives in Quebec, the concept is beyond the scope of this project due to the complexity and the un-quantifiable nature of the concept.

(4) Another limitation in the study is the lack of a historical outline of housing policies and programs. The study focuses on existing/current housing policies and programs as the plethora of previous housing policies and programs at the federal, provincial, regional and municipal levels is beyond the scope of the study. While historical references are made, they are not the focus of the paper.

(5) This study makes an assumption that the abundance, the economic savings incurred, the survival rate and the social benefits of co-operative housing within Montréal equates with success.

Organization of the Study
Chapter 1 offers an introduction to the MDP by providing the context of the subject matter. The objectives, methodology, terminology, and limitations are also outlined here. A housing profile of Montréal, including affordable and co-operative housing helps to define the supply and need for co-operative housing and is provided in Chapter 2. The need for co-operative housing is further identified with the demographic and economic profile presented in Chapter 3. Chapter 4 outlines all relative housing policies, programs
and support which influence the creation and support of co-operative housing, governmental and otherwise. Case studies are outlined in Chapter 5, as two successful co-operative developments are profiled. This chapter helps to recognize recurrent themes and to identify any new or emerging issues that may have been missed elsewhere. Chapter 6 outlines the criteria contributing to the success of housing co-operatives in Montréal through a synthesis of major findings and develops applicable lessons through analysis.
Chapter 2
Housing Profile of Montréal

Introduction
This chapter profiles the current housing stock in Montréal in terms of urban form, housing types, size, conditions, availability and costs to determine the supply of housing within the city. This profile displays the gaps in the current housing situation in Montréal and allows insight into the future trends in Montréal housing development; defining the rationale and need for co-operative housing provision.

This chapter examines a number of specific indicators regarding Montréal’s housing stock:

- Density and Housing Types
- Vacancy Rates
- Household Tenure
- House Prices and Affordability

Density and Housing Types
Density reflects the shape of the urban form and implies certain living conditions. Housing types are often strongly correlated with density in that certain densities often result in certain types of housing units. Typically, a low density reflects larger housing units, whereas high density reflects smaller compact housing units. Density and housing types are also strongly related to a city’s history; as Montréal is an older city (by North American standards) and has strong European influences, the resulting density and housing types are unique within the North American context.

Despite the fact that Montréal’s population density (885 people/km²) is the highest in major Canadian Census Metropolitan Areas (CMAs) (Figure 2.1); this density is rapidly decreasing (Table 2.1) due to a number of factors: suburbanization, stagnating population growth and changing housing forms (CMM, 2005, Pgs. 22-23, 25-26). This high
population density is a reflection of the high household and building density on the Île-de-Montréal. Density is highest in the inner city and decreases outwards towards the edges of the Île-de-Montréal and beyond (Appendix D; Figures D.1 and D.2).

These densities are reflected in the housing makeup of Montréal which is comprised of a few distinct types (Figure 2.2):

- High-rise apartments; primarily in the downtown core and city centre.
- Low-rise apartments (duplex and triplex); throughout the inner-city and the Île-de-Montréal.
- Single-detached houses; dominant form outside the urban core and throughout the urban and rural fringe, also scattered in areas within the inner city (Figure 2.3).

Low-rise apartments are the most dominant form of housing in the city, but their dominance is receding as the city continues to sprawl outwards and housing in the urban core ages and has to be replaced. The housing makeup of Montréal is unique in comparison to other major Canadian urban centres as it has noticeably fewer single-family homes and more low-rise apartments (Figure 2.4).

Cities often encourage density and the maximization of space because it reduces development costs in terms of infrastructure. Affordable housing often results in a dense structure as it allows the development to maximize units while reducing infrastructure and land costs. This density is especially evident in co-operative housing as private space is commonly minimized in order to produce more public/common space, often resulting in the form of apartments.

The relatively high density in Montréal suggests that the infrastructure exists and the urban form is consistent with the type of housing normally produced as affordable, especially within the urban core. This density also suggests the compact conditions often produced within affordable housing are acceptable and not stigmatized by the general Montréal population which also live in relatively compact conditions.
Table 2.1: Montréal Population Density (People/km²)

<table>
<thead>
<tr>
<th>Year</th>
<th>Population Density (People/km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>1,005</td>
</tr>
<tr>
<td>1991</td>
<td>891.1</td>
</tr>
<tr>
<td>1996</td>
<td>826.8</td>
</tr>
<tr>
<td>2001</td>
<td>846.6</td>
</tr>
</tbody>
</table>

(Ville de Montréal, 2003c, Pg. 40)

Figure 2.1: Comparative Canadian CMA Populations Densities

Figure 2.2: Montréal Structural Type of Dwelling

Figure 2.4: Comparative Housing Stocks by Dwelling Type, 2001

Low-rise structures are those with 4 storeys or less. High-rise structures are those with 5 storeys or more.
Vacancy Rates

Vacancy rates indicate the availability of housing; this is important for incoming residents, residents with changing housing needs, and residents with housing that is unsatisfactory (physically, spatially, socially, etc...). It is generally recognized that a healthy vacancy rate is between 2.5-5% (City of Toronto, 2006). A healthy vacancy rate allows people to move in and out of the rental market easily, whereas a low vacancy rate provides residents with few housing options. Low vacancy rates can usually be attributed to either minimal private development or a booming population resulting in high land and construction costs. Low vacancy rates reflect a lack of housing supply which ultimately amplifies housing need, resulting in increased housing costs and reduced affordability.

Montréal has extremely low vacancy rates as demand and supply are tightly correlated; this lack of vacant residences is reflected in the current scarcity of the rental residences, particularly with accessible rents (Habiter Montréal, 2005a, Pg. 8). Until recently, vacancy rates in the city were consistently hovering between 0-1% until the housing boom experienced in the late 1990s, and continuing today, freed up some space (Figure 2.4: Comparative Housing Stocks by Dwelling Type).
2.5). In comparison to other major Canadian\(^2\) and North American cities, Montréal has the lowest vacancy rate (Table 2.2/Figure 2.5). The low vacancy rates suggest a high demand for housing which ultimately results in a strong need for affordable housing, co-operative housing meets this need.

Table 2.2: North American Rental Housing Vacancy Rates

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>2002 (%)</th>
<th>2001 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montréal</td>
<td>0.7</td>
<td>0.6</td>
</tr>
<tr>
<td>Vancouver</td>
<td>1.4</td>
<td>1</td>
</tr>
<tr>
<td>Toronto</td>
<td>2.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>3.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Boston</td>
<td>4.3</td>
<td>2.9</td>
</tr>
<tr>
<td>New York</td>
<td>4.6</td>
<td>3.6</td>
</tr>
<tr>
<td>San Francisco</td>
<td>5.2</td>
<td>3.4</td>
</tr>
<tr>
<td>St. Louis</td>
<td>6</td>
<td>17.8</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>6.2</td>
<td>5.1</td>
</tr>
<tr>
<td>San Diego</td>
<td>7.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Miami</td>
<td>8.3</td>
<td>8.3</td>
</tr>
<tr>
<td>Baltimore</td>
<td>8.4</td>
<td>9.9</td>
</tr>
<tr>
<td>Washington</td>
<td>8.4</td>
<td>6.9</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>8.6</td>
<td>9.5</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>9</td>
<td>5.8</td>
</tr>
<tr>
<td>Denver</td>
<td>9.1</td>
<td>6</td>
</tr>
<tr>
<td>Seattle</td>
<td>9.1</td>
<td>8.6</td>
</tr>
<tr>
<td>Portland</td>
<td>9.6</td>
<td>7.1</td>
</tr>
<tr>
<td>Tampa</td>
<td>11.4</td>
<td>12</td>
</tr>
<tr>
<td>Chicago</td>
<td>11.5</td>
<td>9.1</td>
</tr>
<tr>
<td>Dallas</td>
<td>11.5</td>
<td>6.5</td>
</tr>
<tr>
<td>Detroit</td>
<td>12</td>
<td>9.9</td>
</tr>
<tr>
<td>Houston</td>
<td>12.7</td>
<td>11.1</td>
</tr>
<tr>
<td>Phoenix</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Atlanta</td>
<td>15</td>
<td>11.9</td>
</tr>
<tr>
<td>Cleveland</td>
<td>15.4</td>
<td>12.2</td>
</tr>
</tbody>
</table>

Figure 2.5: Montréal and Canadian CMA Vacancy Rates

(Ville de Montréal, 2003a, Pg. 1)

\(^2\) 8 CMA is composed of the 8 largest Canadian municipalities: Toronto, Montréal, Vancouver, Ottawa, Calgary, Edmonton, Winnipeg and Halifax.


**Household Tenure**

Household tenure reflects the proportion of rental units to owned units; generally it is beneficial to have a majority of owned houses as it reflects an affordable housing market with residents who are making investments in their residence, community and city.

Montréal currently has the lowest ownership rates of major Canadian municipalities (Figures 2.6, 2.7), having an almost equal proportion of owners (52%) and renters (48%). Although the proportion of owners has been increasing recently (Figure 2.8), it is believed that this number will drop overall. “Since non-family households tend to rent, the high proportion of non-family households will play a role in dampening ownership rates” (CMHC, 1997, Pg. 32)

Most renters are concentrated in the urban core with some areas consisting of nearly 100% renters (Figure 2.9). Renters generally occupy apartments, while owners are predominantly (75.9%) found in single-detached houses (Figure 2.10). Income and tenure are closely related as renter households are more concentrated in the lower income groups (CMHC, 2003a, Pg. 9).

These figures suggest that Montréal housing is unaffordable, especially in the dense urban core; co-operative housing helps to minimize this situation by increasing the proportion of owners.

*Figure 2.6: Comparative Housing Tenure, 2001*

![Figure 2.6: Comparative Housing Tenure, 2001](image-url)
Figure 2.7: Comparative Canadian CMA Ownership Rates

(CMHC, 2004b, Pg. 11)

Figure 2.8: Montréal Housing Growth by Tenure

(CMHC, 2003a, Pg. 4)
Figure 2.9: Proportion of Home Owners (Red) to Renters (Green), 1996
Montreal Census Metropolitan Area, 1996

(MILUTE, 2002)

Figure 2.10: Comparative Rental Housing by Dwelling Type, 2001

(CMHC, 2004b, Pg. 12)
House Prices and Affordability

House prices have a large effect on housing affordability; in 2001 the average Montréal house price was $142,206, a relatively low price in comparison to other major Canadian urban centres (Figure 2.11) (StatsCan, 2001a). Since the last census, house prices have risen dramatically to $184,000 in 2004 (Real Estate Journal, 2004). This increase can be attributed to low interest rates, the healthy local economy and job creation. The average monthly rent for a two-bedroom apartment in 2004 was $594, also considerably lower than other major Canadian urban centres (where average monthly rents hover between the $700-900 mark) (Figure 2.12) (CMHC, 2004d, Pg. 2).

Historically, Montréal has had lower house prices than in other major Canadian urban centres, but due to demand and economic growth house prices in Montréal are rapidly catching up to the 8 CMA averages (Figure 2.13). This suggests that housing is becoming less affordable.

According to the definition of ‘affordable’, approximately 23% of housing in Montréal is unaffordable to their residents, with the majority being rental (Figure 2.14). There are currently 255,595 tenant households (~32%) spending 30% or more of household income on gross rent (Statistics Canada, 2001a). According to the census of 2001, a little more than 300,000 Montréal households tenants have a weak or very weak income. In addition, some 100,000 household tenants have a modest income (Habiter Montréal, 2005a, Pg. 8).

It is recognized that “certain types of households were more likely to spend 30% or more of their income on housing. In terms of absolute numbers, the highest numbers of households experiencing affordability problems are people who lived alone, family households consisting of couples with children, lone-parent family households and renters. “In 1996, 42% of one-person households spent 30% or more of their income on shelter, up from 37% in 1991. Three-quarters of these households were renters” (StatsCan, 1998).
Seniors are highly susceptible to this problem, as exemplified by the fact that more seniors live below the poverty line in Montréal (36%) than in the rest of Quebec (28%) and Canada (19%) (Richard et al, 2001, Pg. 13). This poverty can be attributed to a lack of income and inflation of costs. This situation of poverty often forces seniors to live in unaffordable housing, a situation which is amplified by the fact that a large proportion of seniors live alone. More seniors live alone in Montréal (39.3%) than in the rest of Quebec (30%) and Canada (29%) (Richard et al, 2001, Pg. 13).

Another group vulnerable to these conditions are immigrants; “It is relatively common for recent [Montréal] immigrants to spend a large share of income on shelter. Close to one-half of recent immigrant households (46%) spend more than 30 per cent of their income on shelter, compared to 30 per cent of Canadian-born households” (CIC, 2000). In general, households with lower incomes are more likely to live in unaffordable housing.

It is evidenced that home owners on average spend less of their income on housing than renters. Renters, regardless of location, often pay 30% or more of their income in rent suggesting one of two things, either renting is expensive in any location, or those who rent have very little income to start. In 1996, approximately 46% of all rentals were living in unaffordable housing (Germain; Rose, 2000, Pg. 177). Since most of the accommodation in the urban core is rental, the proportion of those paying more than 30% of their income in rent is noticeably higher in the urban core (Figure 2.15) (MILUTE, 2002).

A number of organizations collaborate to produce affordable and social housing in Montréal; to date, 51,364 affordable housing units (~3.5% of total Montréal households) have been produced in a variety of categories (Appendix E) (Ville de Montréal, 2005, Pg. 3/StatsCan, 2001a). Despite this production, “clearly, the number of social housing units is insufficient since it has not increased in line with the corresponding increase in demand” (Habiter Montréal, 1989).
For the City of Montréal the target groups for affordable housing are:

- Low-and very low-income households, whose annual income does not exceed 80% of the regional median income, about $36,000/year. These households have difficulty finding rental housing that they can afford. As for home ownership, the situation is even more problematic.
- Moderate-income households, whose annual income is between $36,000 and $54,000. These households have difficulty finding a property in Montréal that they can afford.

Increasing house prices and the high proportion of households experiencing affordability problems suggest a strong need for affordable housing. Co-operative housing seeks to address this need and is often directed towards groups in high demand for affordable housing (that is: low-income individuals, single-parent families, seniors, and immigrants).

![Figure 2.11: Comparative Average House Prices](image1)

![Figure 2.12: Comparative Average Rents ($/2br)](image2)

![Figure 2.13: Montréal and Canadian CMA House Prices](image3)
Figure 2.14: Montréal Households Spending 30%+ of Their Income on Housing

Figure 2.15: Montréal Households Contributing 30%+ of Their Income on Rent, 1996

(CMHC, 2003a, Pg. 4)

(MILUTE, 2002)
Conclusion

Examining key housing indicators of Montréal displays a strong need for the type of housing which is typically associated with co-operative housing; affordable, dense apartment-style residences which provide rental stability to traditionally low-income and non-family households.

Montréal’s urban form is as relatively dense, with a dominance of low-rise apartment residences in the urban core and single-detached houses around the outer edges. The city is experiencing a decreasing household size as there are fewer families and more people live alone; the increasingly large proportion of non-family households only fuels this decreasing household size. Montréal has the lowest vacancy rate of major Canadian and North American cities, signifying a strong need for housing in general. In terms of tenure, Montréal has the lowest ownership rates of major Canadian cities, having an almost equal number of owners and renters. This is significant as income and tenure are highly correlated with renter households more concentrated in the lower income groups.

High demand for housing has resulted in rising housing costs within the city; currently 23% of Montréal residents are living in unaffordable housing, that is housing which consumes 30% or more of their income. These are low-income individuals, non-family households, families with children, single-parent households, seniors and immigrants. The majority of these residents are renters; 46% of renters pay 30% or more of their income in rent.

The city has attempted to address this need for affordable housing by producing 51,364 affordable housing units, of which ~21% are co-operative. Unfortunately this supply of affordable housing is inadequate as it is only ~3.5% of total housing in the city, in comparison to the 23% of Montréal residents living in unaffordable housing. These figures suggest that there is a strong need for affordable housing, and that co-operative housing is a good model for use in Montréal due to its affordability, compact form focusing on shared public space, strong social structure, and stability.
Chapter 3
Demographic and Economic Factors Affecting Co-operative Housing

Introduction

This chapter highlights major trends in the demographic and economic profile of Montréal in terms of population growth, ethnicity, age, family types, employment and income in order to help determine the need for co-operative housing. The following areas are examined and analyzed to determine trends:

- Population Growth and Immigration
- Age Distribution and Household Composition
- Employment and Income

A city’s demographics and economics warrant different housing needs and resources, ultimately resulting in different and unique urban forms. Through outlining Montréal’s demographics and economics, one can better analyse the role and place of affordable and co-operative housing. This contextual analysis helps to determine the need for affordable housing and co-operatives.

Population Growth and Sources

Population growth is a major factor in determining housing need; a growing population requires more housing in order to keep housing vacancy at a healthy level, housing sizes at an acceptable level and to keep costs from dramatically increasing.

Montréal's population is approximately 3.5 million (Table 3.1) and growing (1.8% growth in 2001), but the rate of growth is slowing and the population is nearing stability (Figure 3.1) (Ville de Montréal, 2003c, Pg. 40). This trend of population stability is not unique to Montréal as it appears to be occurring throughout developed nations due to a number of possible factors: the aging population, decreasing number of families, decreasing size of families, increasing rates of female employment, increasingly effective
use of birth control, the decline of the rural population, and among others, changing values regarding marriage and family. This trend of minimal growth and population stagnation is expected to intensify in the future (Beaujot, 1998).

This trend of population stabilization, or decline, is evident in most large Canadian municipalities, but this development is more apparent in Montréal than elsewhere (Appendix F; Figure F.1). This is due to the consistently low birth rate within Quebec and the difficulty that Montréal has attracting migrants and immigrants.

Despite efforts put in place by the Government of Quebec to dramatically increase the provincial birth rate, Quebec consistently has one of Canada’s lowest birth rates. This situation makes Montréal highly dependent on migration to the city in order to maintain the existing population base and to justify future growth (Figure 3.2). This migration is fuelled by immigration as inter-provincial migration is habitually negative (Table 3.2) (ACS, 2004, Pgs. 1-2). This inter-provincial migratory deficit is unique to Montréal in comparison with other large Canadian urban centres (Figure 3.3) due to a number of potential factors: the language barrier, political instability, employment markets, income, taxes, and the like. Research suggests that “as it has in the past, Quebec will consistently lose population to other provinces” at roughly the current rate (CMHC, 1997, Pg. 32).

In contrast, “population gained through international migration will more than compensate for losses through inter-provincial migration” (CMHC, 1997, Pg. 32). Quebec facilitates, coordinates and implements their own immigration policies within the federal framework, allowing them the authority to admit a substantially larger number of immigrants than elsewhere in Canada. This situation suggests that the city can maintain and incrementally increase the existing population base.

Montréal sees “the immigrant population is increasing in both absolute and relative terms” (CMHC, 2003b, Pg. 1). The role and importance of immigration to the city is likely to increase as future growth is dependent on it. Despite the importance of immigration to the city, there are a number of apparent and prevailing problems.
Montréal attracts significantly fewer immigrants than the other major Canadian urban centres (Toronto and Vancouver) (Figure 3.4) for a number of reasons; primarily language, employment, and salary issues. It is evidenced that immigrants in Montréal earn less, have higher rates of unemployment, and have more difficulty entering the housing market than immigrants in Canada’s other major centres (CIC, 2000). Socially, some also suggest that the very culture of Montréal is less welcoming to new arrivals with its strong enforcement of Quebecois and French cultures and the perceivable anti-Canadian or Anglophone attitudes. Others suggest “immigrants in other big Canadian cities seem to find more success in joining the informal social networks that are so important when seeking a job. This could help to explain why even those immigrants who choose Montréal often leave within a few years” (Bryan, 2005).

Although the Montréal population is not dramatically increasing, it is important to recognize that the city is currently and will increasingly be dependent on the immigrant population. Currently there are approximately 621,890 immigrants in the city (18% of the population); the majority of these immigrants, recent and settled, live in the urban core of the Île de Montréal where the housing type is dominated by dense apartments (Appendix F; Figures F.2,F.3) (StatsCan, 2001a).

Immigrants are in high need of affordable housing as “Close to one-half of recent immigrant households (46%) spend more than 30 per cent of their income on shelter, compared to 30 per cent of Canadian-born households” (CIC, 2000). Co-operative housing is well suited to meet growing population’s housing needs, especially for the increasing immigrant demographic, as it provides affordable and dense housing that is primarily in the urban core and directed towards low-income individuals.

Table 3.1: Montréal Population Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>2,828,000</td>
</tr>
<tr>
<td>1991</td>
<td>3,127,000</td>
</tr>
<tr>
<td>1996</td>
<td>3,327,000</td>
</tr>
<tr>
<td>2001</td>
<td>3,426,350</td>
</tr>
</tbody>
</table>

(Ville de Montréal, 2003c, Pg. 40)
Chapter 3 - Demographic and Economic Factors Affecting Co-operative Housing

**Figure 3.1: Montréal Population Growth**

![Montréal Population Growth](image)

*(StatsCan, 2001a)*

**Table 3.2: Sources of Montréal Population Growth, 2001**

<table>
<thead>
<tr>
<th>Source</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Growth</td>
<td>4,532</td>
</tr>
<tr>
<td>Inter-Provincial Migration</td>
<td>-7,370</td>
</tr>
<tr>
<td>Immigration</td>
<td>32,366</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,528</strong></td>
</tr>
</tbody>
</table>

*(Ville de Montréal, 2003c, Pg. 38/StatsCan, 2001a/ACS, 2004, Pgs. 1-2)*

**Figure 3.2: Montréal Proportion of Natural Growth to Migration, 2001**

![Montréal Proportion of Natural Growth to Migration, 2001](image)


**Figure 3.3: Comparative Contribution of Migration to Growth, 2001**

![Comparative Contribution of Migration to Growth, 2001](image)

*(CMHC, 2004b, Pg. 19)*

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6 Based upon the provincial statistic of -8,375 inter-provincial migrants (ACS, 2004). Assumes that 88% of the incoming and outgoing population is located in Montréal, as with the immigrant population (CCIRC, 2005).
Household Composition and Size

Household composition and size are strong indicators of housing need as different households require different housing types and densities. This is significant as key demographics are identified as having affordability problems in terms of housing, notably: seniors, single-parent families and people living alone.

It is recognized that seniors are highly susceptible to poverty, and Montréal, like the rest of the developed world, is facing a rapidly aging population with wide discrepancies between age groups (Figure 3.5). The elderly population in Montréal (approximately 445,426), like elsewhere, is growing significantly as the population ages. Seniors (those aged over 65) constitute one of Canada’s fastest growing population groups. This trend is more evident in Montréal where the proportion of the senior population is higher (13%) than in Quebec (12%) and Canada (12%) (Richard et al, 2001, Pg. 13). In Montréal the proportion of seniors is expected to rise to 17% by 2016, and 23% by 2041.

The household composition of Montréal (Figure 3.6) is unique in that it is increasingly displaying the strong growth of non-family households7; a trend that “will persist to the

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7 Non-family households are comprised of one or more unrelated individuals
point where Quebec will have the highest proportion of non-family households in the country” (CMHC, 1997, Pg. 32). This is supported the family demographic in Montréal, which is significantly different than elsewhere in the country in that the proportion of the population that is married (40%) is dramatically lower than other major Canadian urban centres (Figure 3.7). Family composition in Montréal displays proportionately fewer married couples, and more common-law couples and single-parent families than other major centres (Figure 3.8) (StatsCan, 2001a). The majority of non-family households are located in the urban core, while most families reside on the outer edges and suburbs of the city (MILUTE, 2002).

The changing household composition of the city is resulting in a decline in the average household size (Figure 3.9); currently the typical Montréal household contains 2.33 people, and this number is expected to decline. Presently Quebec has the lowest household size in Canada, and this trend is expected to continue (CMHC, 1997, Pg. 32). This decreasing household size is reflected by the household composition of Montréal: the increasing population of seniors, non-families and single-parent households (StatsCan, 1998). More specifically, reasons for the decline in household size include:

- The aging population leads to more deaths within a household and fewer births.
- More seniors live alone in Montréal (39.3%) than in the rest of Quebec (30%) and Canada (29%) (StatsCan, 2001b, Pg. 14).
- Changing values regarding marriage and family are leading to more single-parent households, more singles, fewer families and less children.

As the baby-boomer generation rapidly reaches retirement age and the proportion of non-families increases, the city and housing market will soon be faced with a large population which has changing housing needs. More specifically, the existence of more seniors, more singles and fewer families supports the city’s decreasing household size. Decreasing household size and changing household composition in Montréal are well suited towards affordable and co-operative housing which often produces denser, smaller housing units with minimized private space. The shared public spaces and building management encouraged by co-operative housing encourage social relationships between residents, something that will be increasingly valued by non-family households.
Chapter 3 - Demographic and Economic Factors Affecting Co-operative Housing

Figure 3.5: Montréal Male and Female Age Distribution

- (StatsCan, 2001a)

Figure 3.6: Montréal Household Composition by Demographic, 2001

- (CMM, 2005, Pg. 26)
Employment and Income

Employment is a strong economic indicator and it plays a large role in housing as it affects the amount of income that can be spent on housing; the less available income, the more likely that one will live in unaffordable housing. Despite the fact that Montréal
holds 60% of jobs in Quebec, employment levels in Montréal have traditionally been significantly lower than in other large Canadian urban centres (Germain; Rose, 2000, Pgs. 2, 146, 211). Historically, “the city has had the highest unemployment rate among large North American cities since 1989, and still does” (Table 3.3) (Ville de Montréal, 2003a, Pg. 1).

There are a large number of reasons for this high level of unemployment:

(1) Historically, the city grew as an industrial and manufacturing centre, making the transition to a post-industrial city (focusing on technology, information and services) a difficult and tedious process. “Deindustrialization has taken a heavy toll on Montréal’s traditional working-class neighbourhoods and poverty has become more widespread” (Germain; Rose, 2000, Pg. 4). The city’s employment base has historically been, and remains reliant today on employment in public services. More specifically in health and social services, education, and government administration; all areas which have received significant budget cuts since the 1990s.

(2) Politically, instability has dissuaded large corporations (national and international) from basing their headquarters and employment base in Montréal. Some suggest threats and efforts towards sovereignty and strict language controls have led to the loss of the Canadian hinterland; making other provinces hesitant to work with Quebec.

(3) Linguistically, the language divide locally has prevented many qualified individuals from finding employment due to insufficient knowledge of French. In contrast, the economy is increasingly being tied internationally with the United States, economic opportunities, and jobs have been lost due to a lack of English in the workforce.

(4) Demographically, the adjustment of immigrants to the economy takes time, and immigrants in Montréal have had more difficulty than elsewhere in comparison to other major Canadian urban centres. Recent immigrants “have a lower rate of participation in the labour force, a higher unemployment rate, and jobs requiring a lower level of skill than the Canadian-born and earlier immigrants” (CIC, 2000).

Recent statistics and continually increasing employment numbers suggest that these trends are reversing (Figure 3.10, Table 3.4); many believe that Montréal’s ‘position’ as a
city that could not adapt to the changing economic and industrial structure of North America has actually began to benefit the city by carving it an economic niche within a network of homogenous post-industrial North American cities.

The city is trying to diversify its economy in order to create a less sensitive and more sustainable employment base. This increasing diversity, along with the success of a number of key industries (namely the retail, tourism, aerospace, pharmaceuticals and textiles and clothing) has resulted in the city boasting the strongest employment growth in 2002 of all major North American cities (3.6%) (Ville de Montréal, 2003a, Pg. 1).

The high level of unemployment is reflected in the relatively low incomes within the city. The 2001 average annual individual income in Montréal was $29,199 and $53,725 for the average household; both significantly lower than other major Canadian urban centres (Figures 3.11 and 3.12) (Statistics Canada, 2001a/Germain; Rose, 2000, Pg. 209). It is suggested that this is due to the higher tax rate in Quebec, the low cost of living, the high unemployment rate and the low wages associated with retail, service and textile industries (Gaudreau, 2006). This low income is especially evident in the immigrant population; “On average...for the year 1995, the income of the most recent immigrants is one-half the income of the Canadian-born, while for those who immigrated during the 1980s it is two-thirds of that level” (CIC, 2000).

More than any other metropolitan region in Canada, Montréal suffers from the ‘doughnut effect’ meaning that it’s core municipality (The City of Montréal) has one of the highest unemployment rates and the highest percentage of poor families, while middle-class and wealthy families with children have increasingly opted for home-ownership in suburban municipalities on the North or South shore (Germain; Rose, 2000, Pg. 4).

Reasons for the high unemployment levels and low incomes can be provided through the large amount of adversity the city has faced in a number of areas: political unity, linguistic divides, discrimination, national identities, industrial shifts, economic trends, and employment. The economy needs to be taken into account when assessing the need for affordable housing as it plays a large and complex role in housing in terms of investment,
disposable income, interest rates, mortgage rates, development costs, etc… The Montréal economy is sensitive to a number of factors. Firstly, the Canadian dollar has appreciated more than 30% against the U.S. dollar over the last two years, dramatically affecting Montréal’s export-oriented manufacturing sector and deterring American investment (Bryan, 2005). Secondly, the demographic lag caused by low population growth, comparatively minimal immigration, high out-migration, and the aging population “will subtract about a percentage point from annual economic growth” every year (Bryan, 2005). Finally, political instability caused by renewed threats of sovereignty has historically hurt the local and provincial economy dramatically.

The city’s economic history and stability is clearly less healthy than other Canadian urban centres, yet current trends display economic momentum and a continued attempt to reach a diversified and sustainable economy. “Most sectors of the economy are trending upward and a forecast by the Conference Board of Canada sees economic growth reaching 3.2 per cent, the fastest pace in three years… Montréal's real gross domestic product (GDP) growth will accelerate from 1.2% in 2004 to 2.9% in 2005” (Bryan, 2005). Montréal currently provides 50% of Quebec’s GDP (CMM, 2005, Pg. 10). The rising housing costs throughout the city can be attributed to these recent improvements in the local economy.

Despite these positive economic developments, the high levels of unemployment along with the low income displays that the city’s residents are highly susceptible to poverty; this is especially true for immigrants and those living in the urban core. Co-operatives provide affordable housing for these groups, helping to mediate the effects of poverty.
Chapter 3 - Demographic and Economic Factors Affecting Co-operative Housing

Table 3.3: Comparative North American Unemployment Rates (%), 2002

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>Unemployment Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington</td>
<td>4</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>4.3</td>
</tr>
<tr>
<td>San Diego</td>
<td>4.3</td>
</tr>
<tr>
<td>Tampa</td>
<td>4.6</td>
</tr>
<tr>
<td>Atlanta</td>
<td>5.3</td>
</tr>
<tr>
<td>Boston</td>
<td>5.4</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>5.4</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>5.6</td>
</tr>
<tr>
<td>Phoenix</td>
<td>5.7</td>
</tr>
<tr>
<td>St. Louis</td>
<td>5.7</td>
</tr>
<tr>
<td>Denver</td>
<td>5.9</td>
</tr>
<tr>
<td>Detroit</td>
<td>6</td>
</tr>
<tr>
<td>Houston</td>
<td>6</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>6</td>
</tr>
<tr>
<td>New York</td>
<td>6</td>
</tr>
<tr>
<td>Cleveland</td>
<td>6.2</td>
</tr>
<tr>
<td>San Francisco</td>
<td>6.5</td>
</tr>
<tr>
<td>Chicago</td>
<td>6.7</td>
</tr>
<tr>
<td>Dallas</td>
<td>6.8</td>
</tr>
<tr>
<td>Seattle</td>
<td>6.8</td>
</tr>
<tr>
<td>Miami</td>
<td>7</td>
</tr>
<tr>
<td>Toronto</td>
<td>7.4</td>
</tr>
<tr>
<td>Portland</td>
<td>7.7</td>
</tr>
<tr>
<td>Vancouver</td>
<td>7.8</td>
</tr>
<tr>
<td><strong>Montreal</strong></td>
<td><strong>8.4</strong></td>
</tr>
</tbody>
</table>

(Ville de Montréal, 2003a, Pg. 1)

Figure 3.10: Montréal Total Employment

![Graph showing Montréal Total Employment from 1987 to 2004](image)

(UBC, CanSIM, 2005)

Table 3.4: Comparative Job Creation, 2002

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>Job Creation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montréal</td>
<td>3.6</td>
</tr>
<tr>
<td>Vancouver</td>
<td>2.4</td>
</tr>
<tr>
<td>Toronto</td>
<td>1.9</td>
</tr>
</tbody>
</table>

(Ville de Montréal, 2003a, Pg. 1)

Figure 3.11: Comparative Average Individual Income

![Graph showing Comparative Average Individual Income](image)

(StatsCan, 2001a)

Figure 3.12: Comparative Average Household Income

![Graph showing Comparative Average Household Income](image)

(StatsCan, 2001a)
Conclusion

Key demographic developments for the city include (1) the stagnating population growth which is increasingly dependent on immigration, (2) the growing senior population which is proportionally higher in Montréal than in Quebec and Canada and (3) the dramatically different family demographics in terms of family and marriage. These demographics are significant due to the fact that all three groups are typically in high need for affordable housing and are well represented within co-operatives. This statement is reflected in the demographics of Montréal co-operative housing in which (CMHC, 2003c, Pg. 8-9):

- 24% are single-female households
- 8% are single-male households
- 24% are female single-parents
- 11% are visible minorities
- 20% are immigrants

Immigrants often have a difficult time adjusting to life in Montréal due to political, economic, linguistic and social issues; resulting in higher levels of unemployment and lower incomes than the rest of the population. Seniors often have limited or fixed incomes along with unique housing needs, often forcing them into housing that is unaffordable. There are more common-law couples and single-parent families in Montréal than other major centres; this is important because singles who live alone and single-parent families are groups likely to be in need of affordable housing.

Economically, the city’s economy and employment market has historically been less healthy than other major Canadian urban centres; the city has the highest unemployment rate amongst major North American cities and the average income in Montréal is significantly lower than in other major Canadian urban centres. Despite the historically poor economy, current trends show a rapidly improving and diversifying economy and employment market, unfortunately these improvements have yet to be reflected in the average income in the city.

Housing co-operatives provide affordable housing to thousands of residents, helping to deter the negative effects inferred from an instable economy, high unemployment rates
and low incomes. Examining the demographic and economic state of Montréal displays a strong need for the type of housing which co-operatives advocate: affordable housing directed towards groups which typically have lower incomes, notably immigrants, seniors, singles (who live alone) and single-parent families.
Chapter 4
Affordable Housing Policies, Programs and Support

Introduction
The production of co-operatives is highly dependent on the will and aid provided by outside sources. The housing policies and programs affecting current and future residential development within Montréal result from the collaborative efforts made by multiple stakeholders, both public and private. This chapter seeks to outline the involvement that these organizations have in the production of affordable and co-operative housing by highlighting the development process, specific policies, programs and types of support contributed. This paper analyzes these policies in regards to their effect on the production of affordable housing, focusing on the strengths and weaknesses of the affordable housing policies in Montréal. The chapter incorporates research from literature and interviews with government officials (federal, provincial and municipal), non-profit organizations, non governmental organizations (NGOs), developers and consultants to provide insights into important priorities for future affordable housing provision.

This chapter examines the following areas:

- Development Process of Co-operative Housing in Montréal
- Role of Government in Affordable Housing Provision

Development Process of Co-operative Housing in Montréal
The four primary organizations involved in the production of affordable and social housing in Montréal are identified in Figure 4.1:

- The Government of Canada and the Canadian Mortgage Housing Corporation (CMHC) (federal government)
- The Government of Quebec and La Société d'Habitation du Québec (SHQ) (provincial government)
- The Ville de Montréal and Habitation Montréal (municipal government)
- Groupe de Ressources Techniques (GRT) (private non-profit)
Along with these organizations, there are a large number of other regional (Appendix G), para-municipal (Appendix H) and private organizations involved in this production. These organizations almost always work in collaboration through the collection of information, the transfer of knowledge and the funding of projects. Within these organizations there are extensive organizational structures regarding the different aspects of affordable housing production. Although all parties greatly contribute to the production of affordable housing, it is the municipal government that shapes the direction and emphasis placed on affordable housing within Montréal. As of 2004, 51,364 affordable and social housing units have been created in the city under a variety of categories (Appendix E), with 10,791 (21%) of these being co-operatives (Ville de Montréal, 2005, Pg. 3). Despite this production, “clearly, the number of social housing units is insufficient since it has not increased in line with the corresponding increase in demand” (Habiter Montréal, 1989).

The typical development process for housing co-operatives begins at the community or local level. The collection of a group of individuals in the form of a non-profit organization, community organization or advocacy group, usually with something in common, seeks housing. At this point the first step this organization must take is to get in contact with their local Groupe de Ressources Techniques (GRT).

GRTs are organizations unique to Quebec; private non-profit developers who focus on the development of affordable and social housing. Similar groups previously existed across Canada as public organizations, but funding stopped in the 1990’s and all but those in Quebec folded; those in Quebec became private organizations and agglomerated. GRTs essentially serve as a bridge between private groups and the government, guiding organizations through the development process administratively, financially and socially. GRTs are divided into two areas, development and management.
The GRT follows a five-stage development process (*Figure 4.2*):

1. Initial meetings with the group determine their needs and resources in terms of members, location, budget, timeline, finances, and community support; determining the viability of project.

2. The GRT will actively seek both public and private lots which are suitable physically and economically. A preliminary contract of sale will be signed with the landowner which will only be finalized upon government approval of funding. Preliminary architectural sketches are underway within the GRT.

3. Once the preliminary plans are finalized by the GRT and group in question, the package is submitted to the City to revise/approve it in terms of zoning restrictions. The GRT will work with the City to determine potential funding sources.

4. The final architectural drawings are prepared and private construction bidding occurs.

5. Final budget is adjusted and approved by the group, GRT, city and province. Construction begins.

During the development process, the management division helps to prepare, organize and train the group in terms of leadership, responsibilities and finances. The management division of the GRT ensures that once the development is finished that the residents have the resources and knowledge base to successfully manage the development independently. The GRT helps the group with the management of the co-operative for the first year after development.

GRTs usually have to work with limited resources in terms of finances and staff within the context of the cumbersome machinery of government, but are still able to identify the special needs of a community and act quickly. They have success due to three primary reasons: (1) the experience, contact and expertise of working in the field for a long period of time. (2) The level of strong communication and information sharing with the government, especially at the municipal level. And finally (3) the fact that GRTs do not get paid unless they produce projects; thus, GRTs actively pursue and produce affordable housing as their jobs and livelihood depends on it (Bradley, 2006). Approximately 3-4%
of the total development cost is paid to the GRT as part of the mortgage assumed by the tenant organization.

The resulting housing units are often financially aided by all three levels of government and technically aided privately by GRTs. The provision of technical support is often credited as the reason for success in terms of co-operative development. It is suggested that “cooperatives usually need more technical assistance during the development stage than during ongoing operations. In this early stage then plans are developed and financing arranged, the experience of the sponsor is of greatest benefit” (Kennedy et al, 1995, Pg. 2). For many experts, developers and government officials the primary reason that the production of affordable and co-operative housing within the province has been so successful is GRTs involvement.

Figure 4.1: Organizational Hierarchy of Affordable Housing Production in Montréal

<table>
<thead>
<tr>
<th>Federal</th>
<th>Provincial</th>
<th>Municipal</th>
<th>Private Non-Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of Canada</td>
<td>Government of Quebec</td>
<td>Ville de Montréal</td>
<td></td>
</tr>
<tr>
<td>Canadian Mortgage Housing Corporation</td>
<td>Société d’Habitation du Québec</td>
<td>Habitation Montréal</td>
<td>Groupe de Ressources Techniques</td>
</tr>
<tr>
<td>SHDM</td>
<td>OMHM</td>
<td>FRAPRU</td>
<td>Comité Logement</td>
</tr>
</tbody>
</table>

Table 4.1: Affordable Housing in the Ville de Montréal, 2004

<table>
<thead>
<tr>
<th>Total Affordable Housing</th>
<th>HLM Housing Under 55</th>
<th>HLM Housing Over 55</th>
<th>HLM Housing for Special Needs</th>
<th>OBLN Housing</th>
<th>Housing Co-Operatives</th>
<th>SHDM Housing</th>
<th>Rooms (HLM, SHDM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>51,364</td>
<td>9,808</td>
<td>10,114</td>
<td>776</td>
<td>13,947</td>
<td>10,791</td>
<td>5,928</td>
<td>533</td>
</tr>
</tbody>
</table>

(Ville de Montréal, 2005, Pg. 3)

5 Primary organizations involved
6 Categories explained in Appendix D
Role of Government in Affordable Housing

The role of the government in the production of housing is often dependent more on politics more than actual need. “In a market-based system such as Canada’s, there is a critical need for public policy to complement and mediate market forces to ensure appropriate outcomes” (Pomeroy, 2004, Pg. 2). The production of affordable housing by
the government is necessary because the private housing market does not provide for the growing need. Of the transactions carried out in 2003, only 2.6% of new single-detached properties and 16.9% of joint ownerships could be regarded as financially accessible. These properties are mainly of small size and concentrated in certain sectors. As for accessible rental residences, it practically does not occur except within the framework of the affordable housing programs (Habiter Montréal, 2005a, Pg. 9).

The different levels of government all play a role in the development of affordable housing. “Generally, federal and provincial governments are responsible for redistributing wealth in housing, whereas the mandate of the municipality is to manage its territory and housing stock and to provide necessary services” (Habiter Montréal, 1989). “Housing is a grey area in the Canadian constitution but is generally deemed to be mainly a provincial responsibility” (Wexler, 2003). This is especially the case in Quebec where the federal government has minimal involvement within the province aside from financial contributions. Quebec is the only province that “asserts sovereignty over housing matters and seeks both full responsibility and financial compensation from the federal government” (Pomeroy, 2004, Pg. 16). The federal government has two primary demands in this situation; that their conditions are being met and their involvement is recognized and publicized. This situation is acceptable to both parties due to the fact that the infrastructure for affordable housing development within the province is well-developed and has a history of success (Gidero, 2006). In Quebec, generally speaking, municipalities decide for themselves on their level and type of involvement (Germain; Rose, 2000, Pg. 162). In the case of Montréal, the city has taken a very active role in the development of affordable housing and gives approval at every stage of development.

There are a number of possible resources or types of support that can be provided to individuals, groups or organizations in the provision of affordable housing: land, financing (capital and subsidies), insurance, buildings, expertise, etc… In general all federal and provincial funding is funneled to the city, where, in collaboration with GRTs and other private developers, the development is assisted though financial and other means.
The Government of Canada

Federal policies and programs are rarely directed towards a specific city, but the implications of their policies and programs are inevitably linked with major urban centres (notably Toronto, Montréal and Vancouver). Federal policies are often vague in terms of definition and implication, while programs are usually in the form of capital distributed to provincial and municipal governments for redistribution.

Policies are highly dependent on the federal budget; “The Government of Canada, through Canada Mortgage and Housing Corporation, spends approximately $2 billion annually primarily to support some 636,000 housing units across Canada. This amount is used to support low-income households in the existing social housing stock, through long term agreements” and aid in the construction of new units (CMHC, 2005a). Through these policies and incentives, the CMHC seeks to increase the affordable housing base, encourage new and innovative housing projects, improve, build and diversify the existing housing stock, and promote ‘green-design’ or energy efficient homes.

The primary federal program pertaining to affordable housing in Quebec is Logement Abordable (Canada-Quebec Affordable Housing Agreement) which is an agreement signed between the federal government and the province. Quebec was the first province to sign this agreement that provides ~$250 million annually to help cover the costs of land acquisition and construction in regards to affordable housing, or the primary capital costs. It is noteworthy that Quebec is the only province to take full advantage of this program and use all available federal funding. The program attempts to keep rents low by significantly reducing capital costs. The program specifies that 60% of the capital costs are shared by the federal and provincial governments, 15% from the Ville de Montréal and 25% by the tenants through their mortgage. At least 75% of the units must be occupied by low-income households. The benefit of this program lies in the fact that it puts all tenants on the same financial playing field, avoiding the tensions that can be associated within households with varying rents; fault lies in the lack of funding which forces the development to have substandard construction and higher rents. The lack of
funding, countered with the fact that 75% of the tenants must be low-income households, significantly limits the number of units that could be produced (O’Neill, 2006).

The program is broken into two components: *Private* and *Social/Community* (GRTBSQ, 2005/CMHC, 2005b/SHQ, 2005). The *Social/Community* component provides capital funding for public projects or non-profit organizations and community groups. The *Private* component encourages private development of affordable housing. The provision of information, reduced land costs, zoning relaxation and finances encourage private development of housing as long as a contract is signed with the developer to guarantee that the rents will remain affordable for 25 years.

The federal government has also signed the *Strategic Initiatives Agreement* which provides ~$82.5 million/annually to aid the existing affordable housing stock. This is done through two primary components: (1) *Home Adaptations for Seniors Independence* (HASI) which helps to adapt homes for low-income seniors in terms of their changing needs. (2) *Residential Rehabilitation Assistance Program* (RRAP) offers aid in a number of ways, *Homeowner* RRAP offers financial assistance to low-income households who own and occupy substandard housing to enable them to repair their dwellings to a minimum level of health and safety. *Rental* RRAP offers the same assistance but for landlords of affordable housing. *Secondary/Garden Suite* RRAP offers financial assistance to convert or develop existing residential properties that can reasonably accommodate a secondary self-contained unit for low-income seniors and adults with a disability. Finally, *Conversion* RRAP offers financial assistance to convert non-residential structures to affordable rental units.

Aside from direct funding the federal government’s *Public-Private Partnership* encourages private and non-profit development of affordable housing through the provision of information, planning help, networking and advice. This program attempts to play a similar role to GRTs in that it guides the process of affordable development through stages. *Seed Funding* provides initial funding to aid groups in defining their aims and determining if they are realistic. Successful applicants receive a $10,000 grant
and a $10,000 interest-free loan to develop a need and demand analysis, business plan, and any other studies they see fit. *Proposal Development Funding* provides interest-free loans of up to $100,000 to meet up-front expenses (architectural drawings for example) before one can apply for mortgage financing. Finally, *Mortgage Financing/Insurance* enables homebuyers to access mortgage financing with as little as 5% down, in contrast to the usual bank demands of 25% or more. This allows groups with little initial financing to still develop affordable housing because the federal government guarantees the mortgage to the bank.

**The Government of Quebec**

The provincial government (like the federal government) tries to avoid policies pertaining to specific urban centres, but with approximately half of the provincial population residing in the Montréal area, Quebec’s provincial policies are strongly linked to the city. The provincial government redistributes federal and provincial money to the municipalities how it sees fit. Often this redistribution of capital is tied to specific policy aims as defined by the provincial government.

In Quebec, “the provincial government plays an increasingly major role in housing matters...primarily through the Société d'habitation du Québec” (Habiter Montréal, 1989). This role is primarily in the financing of programs, the development and maintenance of Quebec housing law and through regulation of the construction industry and rental housing market. “The financial assistance programs offered by the Société d'habitation du Québec (SHQ) are designed to meet the needs of rental households, low-income homeowners and housing sector stakeholders. Their purpose is to foster access to proper housing conditions, to improve housing and living environments, to produce affordable housing and to foster innovation and recognition of Québec’s housing sector expertise” (SHQ, 2005).

There are two primary programs that are associated with the provincial government, the first being the aforementioned *Logement Abordable* program in association with the
federal government in which the province shares 60% of development and capital costs. The second program is Accès Logis which is a capital and subsidy program that covers land and construction costs while also providing some subsidies for rent. 50% of the costs are covered by the province, 15% from the Ville de Montréal and 35% by the tenants through their mortgage. 50% of the tenants have their rents geared-to-income, meaning they will pay a percentage of their earnings (usually 25%) instead of a set rent (GRTBSQ, 2005). The benefits of this program lie in the fact that the subsidized units help very disadvantaged households, but tension often exists as two rent-scale groups are created within the same development (O’Neill, 2006).

There are a large number of other programs by the provincial government: the Rent Supplement program subsidizes the individual rent deficit of individuals with low incomes, people with disabilities and people living in difficult social circumstances. Often this program is directed towards tenants of affordable or co-operative housing, ensuring rent consumes no more than 25% of individual income. The Shelter Allowance Program provides financial assistance for low-income households that are in private unaffordable housing. Successful applicants receive an allowance of up to $80 per month to put towards rent. Low-Rental Housing subsidizes the operating deficit for low-income households, either public or private units, ensuring that rent consumes no more than 25% of individual income. Community and Social Initiatives in Low Rental Housing provides financial assistance for community or social action projects aimed at people living in low-rental housing. Projects must create family, community and social environments adapted to the needs of the people who live there, and generally improve the community. Rénovation Québec/RénoVillage renovates or rebuilds vacant or underused residences and converts them to social housing for renters and owners. Financing is also available for the adaptation of buildings to meet the needs of the handicapped and senior population. Finally, the Property Tax Refund is granted to persons whose property tax (including school and municipal taxes) is too high in relation to their income.

Through these policies and incentives, the SHQ seeks to improve financial situation of tenants, encourage the operation of low-income housing, subsidize the rent of low-
income individuals, construct new affordable and social housing units, and encourage community development of low-income areas.

**The Ville de Montréal**

Montréal’s major role in housing is to manage its territory and housing stock. The City fulfills this mandate by supplying services and by instituting by-laws [i.e. Zoning, the Housing Code, etc]. Municipal involvement also includes administering programs offered by other levels of government. Occasionally complement[ing] these programs with its own to maximize the benefits (Habiter Montréal, 1989).

Montréal has earned the “justifiable reputation of the most interventionist municipality in Canada as regards to the housing sphere” (Germain; Rose, 2000, Pg. 163). The city has taken the role of the ‘comprehensive developer’ “which involves: making maximum use of programmes offered by higher levels of government and negotiating to have them adapted to particular local needs; complementing these programmes and trying to replace them when they are cut back; and establishing original development strategies for market or non-profit housing” (Germain; Rose, 2000, Pg. 162). Habiter Montréal acts as the primary municipal organization dealing specifically with policy development regarding city planning, housing and residential development.

Current plans by the Ville de Montréal consider issues affecting the CMA; despite the fact it has no political jurisdiction over certain areas. Agreement of the plan has been reached through consultation between the boroughs and all parties have agreed to bring all individual plans within conformity of the over-arching Master Plan. The Master Plan seeks to manage growth in the long term; combining positive housing starts with the conservation of the existing housing base in order to consolidate the urbanized area of the city and take full advantage of existing infrastructure. Urban consolidation and densification will ensure viable communities by ensuring the dense, inclusive and diverse populations necessary to support a wide range of services. ‘The strategy proposed by the city of Montréal focuses on the tools, resources and expertise at its disposal. They
include housing subsidies, municipal land, regulatory and planning tools, research, development and communication’ (Ville de Montréal, 2004c).

More specifically, the city has three primary roles and aims regarding housing; these can be summarized as:

(1) Provide affordable housing through affordable housing strategies, subsidies and programs designed to ease financial access to property ownership as well as incentives and regulatory measures to ensure social diversity within major residential projects.

(2) Improve housing conditions and living environments through renovation since the condition of the housing stock has a direct effect on the municipal tax base and the overall quality of life. Repairs will be ‘enacted towards specific areas or types of buildings, including the older segments of the social housing stock. Social changes have also created the need to adapt residential spaces to meet a variety of situations: home support for the elderly, the growth in home offices, student housing, rooming houses, etc.’ (Ville de Montréal, 2004c).

(3) Promote residential development in the existing CMA and on the Île-de-Montréal, discouraging outward development or sprawl. This is done through the encouragement of the construction of 60,000 to 75,000 housing units on the Île-de-Montréal between 2004 and 2014 (Figure 4.3) out of a projected 150,000 for the CMA. Vacant lots on the Île-de-Montréal “cover approximately 13 km² for a potential of 55,000 new dwellings. The city will facilitate and support new residential development while actively pursuing potential investors or buyers. The city also assists some large urban sites in rezoning, converting buildings, and environmental reclamation.

The Ville de Montréal has a hand in a large number of housing programs through not only financial aid, but through the management and application of federal and provincial policies and financing. “Social housing relies on significant subsidies administered by the municipal government in the case of Montréal” (Wexler, 2003). The municipal government plays a large role financially and administratively in the Logement Abordable, AccèsLogis and renovation programs; “the city provides 15% of the funding and 30% of the building lots and, to ensure the sustainability of the projects, provides
additional funding for land decontamination work and municipal infrastructures” (Habiter Montréal, 2004). By administering and managing the majority of finances and policies directed towards affordable housing, the city truly directs in which way affordable housing is developed.

In terms of policy, Habiter Montréal has recently proposed to ensure that all new (large) housing developments include 30% affordable housing; “target groups include people living alone, families, seniors and people with special needs” (Habiter Montréal, 2004). Currently, Quebec law does not allow the obligatory inclusion of affordable housing. Habiter Montréal will attempt to meet this goal through other means: the restricted sale of municipal land, zoning, subsidies and incentives. City officials predict there will be 150,000 housing starts between 2004 and 2014 (Figure 4.3), should 30% of these units be allocated towards social housing the city could expect to see the affordable housing base increase by approximately 45,000 units in the next 10 years. The city sets specific goals in terms of affordable housing development; Solidarité 5000 sought the construction of 5,000 affordable units between 2002 and 2005. Now that this goal is close to being met, the city has set another goal of 14,000 new affordable housing units by 2010, 5,000 of these being co-op units (McGregor, 2005). By setting benchmarks in terms of affordable housing numbers the city found it has been increasingly successful at production.

All levels of government, but especially the municipal, value co-operative housing as a distinct form of affordable housing. The city recognizes that co-operative housing allows residents to save money and improve their long-term housing situation. “Similar to private-ownership, co-operative housing is another means of giving households better control of their housing situation. It indirectly helps in building up personal savings since occupancy costs are less than private market rents in the long term” (Habiter Montréal, 1989).
Conclusion

Theoretically, the policies and programs initiated within a city should address and reflect housing needs within the city. Profiling the policies and programs put in place by the governing powers of Montréal (Figure 4.4), it is evident that housing affordability is a key issue for the city. This reflects recognition of the fact that the need for affordable housing in Montréal is high, and increasing. This statement is accurately reflected in the policies, programs and types of support applicable to the city.

Policies surrounding residential development and future development ideals can often be vague, lacking specific definition and implementation plans; programs assist in giving policies ‘teeth’ and reflecting the actual direction in which a city wishes to develop. In the case of Montréal, federal policies are quite vague in terms of definition and numbers, where as the province, and especially the city, are quite specific in terms of their aims. There is a clear commitment financially and politically by all three levels of government towards the production of affordable housing in any shape or form.

Overall, one can determine continuity between the aims of the different policies and programs at different levels; sustainability, economic stability, density, community
development, residential repair, home ownership and affordable housing. The existence of these priorities partially justifies the development of co-operative housing in that co-op housing often epitomizes these conditions.

There has been recognized success within Quebec in terms of affordable housing policy; especially since the mid 1990’s where “little social housing has been produced in Canada outside of British Columbia and Québec” (CMHC, 2003e, Pg. 31). Production of social housing generally stopped across Canada due to a lack of federal funding. This was not the case in Quebec, where the provincial government maintained the structure of provincial policies and programs.

In Quebec “there has been amazing consistency over the years in the policy areas where Montréal has been active…While the actual programmes and the level of funding have changed from year-to-year, the same programmatic areas have remained stable despite changes in municipal, provincial or federal governments and fluctuations in the economic cycle” (Wexler, 2003). This maintenance of affordable housing policy and infrastructure has given Quebec two large advantages which are reflected in the growing affordable housing base:

1. Continued preservation and development of the knowledge base has allowed for expertise to form and be shared in terms of social housing.
2. The opportunity to enable new policies and infuse new funding quickly and efficiently, with the production of often immediate results.

The production of co-operatives is aided in a number of ways by both public and private sources. Financially, co-operatives are a good match for current government funding which prefers a large initial capital investment than constant subsidization due to the fact that co-operatives are often financially independent after the initial costs. All three levels of government provide financial aid which is sometimes accompanied by private sources. The production of co-operatives is aided through other means: reduced land costs, zoning relaxations and technical support. The provision of technical support by GRTs is often
credited as the reason for success in terms of co-operative development in Montréal (Benard, 2006/Dansereau, 2006/Gidero, 2006/Bradley, 2006/O’Neill, 2006).

Table 4.2: Montréal Affordable Housing Public Programs

<table>
<thead>
<tr>
<th>Programs</th>
<th>Type of Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logement Abordable Privé</td>
<td>Supply-Based</td>
</tr>
<tr>
<td>Logement Abordable Social/Community</td>
<td>Supply-Based</td>
</tr>
<tr>
<td>Strategic Initiatives Agreement (HASI)</td>
<td>Demand-Based</td>
</tr>
<tr>
<td>Strategic Initiatives Agreement (RRAP) Homeowner/Rental</td>
<td>Supply-Based</td>
</tr>
<tr>
<td>Strategic Initiatives Agreement (RRAP) Secondary Garden Suite</td>
<td>Demand-Based</td>
</tr>
<tr>
<td>Seed Funding</td>
<td>Demand-Based</td>
</tr>
<tr>
<td>Proposal Development Funding</td>
<td>Demand-Based</td>
</tr>
<tr>
<td>Mortgage Financing/Insurance</td>
<td>Demand-Based</td>
</tr>
<tr>
<td>Logement Abordable Privé</td>
<td>Supply-Based</td>
</tr>
<tr>
<td>Logement Abordable Social/Community</td>
<td>Supply-Based</td>
</tr>
<tr>
<td>AccèsLogis Québec</td>
<td>Supply and Demand-Based</td>
</tr>
<tr>
<td>Rent Supplement</td>
<td>Demand-Based</td>
</tr>
<tr>
<td>Shelter Allowance Program</td>
<td>Demand-Based</td>
</tr>
<tr>
<td>Low-Rental Housing</td>
<td>Demand-Based</td>
</tr>
<tr>
<td>Community and Social Initiatives in Low-Rental Housing</td>
<td>Supply-Based</td>
</tr>
<tr>
<td>Rénovation Québec/RénoVillage</td>
<td>Supply-Based</td>
</tr>
<tr>
<td>Property Tax Refund</td>
<td>Demand-Based</td>
</tr>
<tr>
<td>Logement Abordable Privé</td>
<td>Supply-Based</td>
</tr>
<tr>
<td>Logement Abordable Social/Community</td>
<td>Supply-Based</td>
</tr>
<tr>
<td>AccèsLogis Québec</td>
<td>Supply and Demand-Based</td>
</tr>
</tbody>
</table>
Chapter 5
Case Studies:
Learning from Successful Co-operatives

Introduction

This chapter profiles and analyzes two co-operative housing projects in Montréal identified as best practices to learn from their perspectives what criteria has resulted in and aided their development and success. These case-studies have been identified through the literature review, interviews and personal analysis. More specifically, much of the literature and personal interviews (from a number of sources: CMHC, Habiter Montréal, Canada Lands Corporation and private development and research) cite these developments as being successful projects. Personal analysis confirms that these two sites personify the successful Montréal co-op in terms of their resident base, the development process, and the resulting development. The information collected for this chapter is based upon literature and interviews. These case studies have proven valuable as they have allowed the paper to outline factors and identify recurrent themes along with any new or emerging issues that may have been missed elsewhere regarding the production and success of co-operative housing.

The chapter examines (1) the Angus Shops, a well established and widely recognized development with housing co-operatives, as well as (2) Benny Farm, a more recent development with housing co-operatives. These case studies differ in terms of development dates, which provides a perspective regarding how changing government policies, programs and priorities affect the production of affordable housing. Both were developed during extremely different periods within a local and national context in terms of politics, economy, neighbourhood and demographics yet there are similarities between the developments. For each case study the chapter outlines:

- Site Background and Development Process
- Resulting Development
- Types and Sources of Support
Angus Shops

Angus Shops: Background and Development Process

The Angus Shops were opened in 1902 by Canadian Pacific Railways (CP) as the national maintenance and repair site for trains. The site itself was 875,000m² and located in the east end of Montréal (Figure 5.1). The site served as an employment centre (~12,000 employees during WWII) and growth pole for the neighbourhood and the city. Gradual industrial decline and changing needs within the company led to the gradual closure of the site by CP. This process began in the 1970s and the site was finally closed in 1992, leaving a large urban brown-field site available for development. (Habiter Montréal, 2005d, Pg. 26/CMHC, 2006).

Development of this site occurred in two phases, this paper focuses on the first phase (Figure 5.1) which occurred from 1983-1994 on a 100-acre site in the eastern portion of the site. There was considerably strong development pressure on the site due to two primary factors. First, the recent extension of the subway to the area, along with the area’s location in relation to the 1976 Olympic Games (just west of the Stade Olympique) showed a desire by the city to revitalize the area and build large-scale projects. Having a large, vacant site in close proximity to these recent projects did not serve the city’s planning objectives, nor did it utilize the new infrastructure to its potential. Second, the neighbourhood and the Angus Shops were strongly linked as a large majority of employees were also local residents. The loss of jobs, along with the declining local economy, led to a significant increase of poverty in the neighbourhood; “thirty-seven percent of the population earned less than $15,000 [annually] and 54% less than $20,000” (CMHC, 2006). There was pressure on behalf of the area and local residents to somehow compensate for, or at least reduce the effects of this poverty.

Initially CP wished to develop the site into a primarily commercial centre, but strong resistance from local merchants, the community and the local housing committee pressured the city into zoning the site as residential. This rezoning led CP to lose interest in developing the site. Comité Logement Rosemont, the local housing association, at this
time began to gather support within the community and pressure the city to develop the site as social housing.

To push forward the development, “in 1983 the City of Montréal and the Government of Quebec signed an agreement to purchase the land and create a non-profit [para-municipal] agency, the Société des Terrains Angus (STA), to acquire and sell the land to for-profit and not-for-profit developers. STA’s first mandate was to prepare a development plan, consult and ensure feedback from the population, and obtain municipal and provincial approvals” (CMHC, 2006). The city’s initial plans were to develop a suburb of single-family houses to attract Montréal ex-pats, but public opposition was strong and forced the city to go another route (Lavallee, 2006). The public consultations held in 1983 and 1984 “focused on the social mix, non-profit and for-profit housing tenure and the urban plan” (CMHC, 2006).

To intensify public pressure on the city, the Comité Logement Rosemont along with the local GRT began to organize and push local groups towards advocating co-operative housing development for the area. This enabled the Comité Logement to present the need for social housing to the city by displaying the large number of groups ready and waiting for co-operatives (Lavallee, 2006).

Consultation and debate resulted in an agreement in 1984 between all parties guaranteeing the construction of at least 30% affordable housing on the site. Phase one was mostly developed over a 10-year period beginning in 1984. The development was based on three primary objectives:

(1) “To integrate the development into the traditional Montréal urban fabric in terms of density, design, scale and diversity” (CMHC, 2006).

(2) Attract would-be suburbanites by providing a similar environment in terms of scale, open space, parking space and materials (Dansereau et al, 1997, Pg. 16).

(3) ‘To benefit from the sale of the ground to meet the various needs for housing of the district’ (Habiter Montréal, 2005d, Pg. 26).
**Angus Shops: Results**

The development of the site resulted in over 2,500 housing units (60% market and 40% affordable) (*Figure 5.2*). This ensured a wide variety of housing tenures and types on site with co-operatives, condominiums, single-detached houses, private rental houses and social housing (*Table 5.1*). In regards to the objectives, the development was generally successful in providing local integration in terms of density, design, scale, and diversity (CMHC, 2006):

- The majority of units are two and three bedrooms units for families.
- The majority of buildings are 3.5 storeys.
- Different housing types range from semi-detached through duplex, triplex, multiplex and apartment buildings.
- The continuity of scale within segments of the street and the surrounding established neighbourhood. More specifically, the developments had similar physical proportions and materials and within the surrounding neighbourhood.

In the treatment of the buildings there are relatively few differences between the private for-profit housing and the social/affordable housing, preventing the stigmatization of affordable housing residents. “The planned environment respects the traditional Montréal city block, and the scale and architectural design lend a homogeneous quality applicable to both market and social housing” (CMHC, 2006). “The differences are expressed mainly in the way the private and semi-private space surrounding the properties is planned…Co- operatives by their nature encourage collective interaction between members. The landscaping in the back yards of the co-operative buildings and the central park are the focus of considerable social activity” (CMHC, 2006). It has been
recognized that “co-operatives have been a decisive force in the structuring of relations between neighbours and in the integration of social housing within the neighbourhood” (Dansereau et al, 1997, Pg. 13).

The demographics are lacking a bit of diversity due to the fact it was constructed around 20 years ago when the area was primarily Quebecois. “Most people living in the co-operatives are francophone, originating in Quebec. However, a minority [10-20%] of households living in co-operatives are recent immigrants, and some co-operatives have primarily Latin-American and Black members”. Co-op tenants were required to either pay a minimum rent or had their rent geared to their income. As a result, “there was ethnic and income mix in the co-operatives and the neighbourhood” (CMHC, 2006).

The housing is recognized as affordable due to the fact that a large proportion of it is subsidized. Costs are usually kept to a minimum and profits are not a motive, therefore, ‘market’ rents are also extremely low (for example, a three-bedroom unit will cost approximately $500/month). Currently, the majority of co-operatives in the Angus Shops are nearing the end of their mortgage, leaving them as owners of their residence. This theoretically gives co-ops the option of cutting rents. Unfortunately there are a large number of large repairs and renovations which need to occur in most co-operatives, this will force the co-ops to take out another loan (though likely over a much shorter period) in order to finance this upkeep (Corriveau, 2006).

Tenants are selected by selection committees, who look to determine if the applicant will fit in socially with the existing group, can provide job skills that are in demand within the co-op (for example accounting), and finally if the applicant has a societal need for the housing (for example a victim of abuse or recent immigrant). The co-op also looks to ensure that the applicant and the vacant apartment are a good mix in terms of size, density and housing needs. The applicant undergoes an interview process and submits a letter of intent. The decision is made by the board of directors and is supposed to be a balanced decision and based upon a selection chart and point system, but each co-
operative is an independent body and can often make their decision with weighed criteria depending on the priorities of the co-op (Corriveau, 2006).

**Figure 5.2: Angus Site Development**

![Map of Angus Site Development](image)

(Eveillard, 1994)

**Table 5.1: Angus Shops Phase One Dwelling Tenures and Numbers (Units)**

<table>
<thead>
<tr>
<th>Type</th>
<th>Projected</th>
<th>Actual</th>
<th>% of Total</th>
</tr>
</thead>
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<tr>
<td><strong>Affordable Housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior</td>
<td>200</td>
<td>201</td>
<td>8</td>
</tr>
<tr>
<td>Family</td>
<td>100</td>
<td>98</td>
<td>4</td>
</tr>
<tr>
<td>Non-Profit</td>
<td>100</td>
<td>192</td>
<td>8</td>
</tr>
<tr>
<td>Co-operative</td>
<td>600</td>
<td>552</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total Affordable Housing</strong></td>
<td>1,000</td>
<td>1,043</td>
<td>40</td>
</tr>
<tr>
<td><strong>Market Housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condominium</td>
<td>650</td>
<td>1,006</td>
<td>38</td>
</tr>
<tr>
<td>Single-detached Houses</td>
<td>160</td>
<td>185</td>
<td>7.5</td>
</tr>
<tr>
<td>Rental</td>
<td>230</td>
<td>353</td>
<td>14.5</td>
</tr>
<tr>
<td><strong>Total Market Housing</strong></td>
<td>1,040</td>
<td>1,544</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total Housing</strong></td>
<td>2,040</td>
<td>2,587</td>
<td></td>
</tr>
</tbody>
</table>

(CMHC, 2006)
Angus Shops: Support

In a large site, government involvement is likely to be strong due to the visibility of the project and the attempt to balance the need for significant funding and public/community need for housing. This was the case for the Angus Shops whose development was significantly aided by numerous public and private partners. The initial development of the Angus Shops was pursued not by the government, but by a private developer (CP). The development of affordable housing was pushed by the local community and non-profit private developers (GRT), while being resisted by the municipal government. Eventually, the community won the battle for affordable housing and was able to get all three levels of government on board, most importantly the Ville de Montréal, making the development possible. Although the programs utilized at this time are no longer in use, it is important to see what the level of involvement was in the production of affordable housing from the different levels of government.

In the case of the Angus Shops, the development was driven by the Ville de Montréal despite their initial reservations; the municipal and provincial governments were the developers and thus had to provide all of the initial capital and construction costs. At this point in time, the federal government was still willing to subsidize rents and maintenance costs of affordable housing. In 1978 the National Housing Act was amended to include non-profit and co-operative housing models, giving these forms of housing access to previously inaccessible government programs at all levels. In the Angus Shops co-operatives primarily utilized the federal programs (which funded low- and moderate-income households) for subsidization, while the municipal and provincial governments aided in the initial capital costs (Éveillard, 1994). It is important to note that without the strong political pressure from the community and GRTs the Angus Shops would likely have no affordable housing (Lavallee, 2006).

In the Angus case, government programs supporting social housing and especially co-operatives have played a major role in creating a socially diversified, yet rather cohesive, community...Such programs no longer exist, nor do the means and the will to initiate major redevelopment projects with the public sector acting as the leading agent (Dansereau et al, 1997, Pg. 13).
The Angus co-operatives were built with the support of four primary programs, all of which have since disappeared or taken shape under another name. The conditions initially agreed to by the co-operatives and the government is still being upheld (Corriveau, 2006/FECHIMM, 2006).

1. The first program, *Le Programme fédéral des coopératives d’habitation* (PFCH) was a federal program, administered by the CMHC. This program gave co-operatives mortgages which were tied to the cost of inflation, adjusting the tenants mortgage payments annually dependant on the rate of inflation, strength of the consumer price index, and the income of the tenants. This program subsidized housing costs and was applied to approximately half of the co-operative units in Angus Yard.

2. The second program, *Programme de Logement Sans but Lucratif Privé* (PSBPL) was a cost-shared program (75/25 Canada/Quebec) which was administered by the province. This program was applied to approximately four co-operatives, subsidizing all rents so that rent was geared to 25% of tenant income.

3. The third program was also federal; titled *Section 56.1*, it referred to the applicable section of the *National Housing Act* which was the major federal funding program for cooperative and non-profit housing between 1979-1985. *Section 56.1* was the most utilized program of the three and was applied to ~20 co-operatives, subsidizing the rents of 25-50% of tenants with the rent being geared to 25% of their income. The rest of the tenants in this case are required to pay ‘market rates’ for their units.

4. The final applicable program to the Angus co-operative developments is *Programme d’aide à la Restauration Canada-Quebec* (PARCQ) was a provincial program whose funds were matched by the federal program *Louer Privé*. This program was applied to approximately seven co-ops and subsidizes the rent of 25% of units to ensure rents consume no more than 25% of income.
Benny Farm
Benny Farm: Background and Development Process

The site was originally developed in 1946-47 by the federal government for Veteran housing. The site itself is 72,843 m² and located in the south-west of the Île-de-Montréal in the Notre-Dame-de-Grâce (NDG) neighbourhood (Figure 5.3). The original development held 384 units in three-story apartment buildings on two large land parcels. The site was developed in a ‘Garden-City’ style and “owed its architectural form, site planning and generous expanses of green space to pre-war standards of human scale and to Canada's abundantly available land” (Phillips, 2001).

By the 1990’s the development was physically deteriorating while failing to meet the aging residents’ needs. Public pressure led the federal government to commit to the redevelopment of Veterans housing, which they planned to finance through the private development of the rest of the site. “From 1998 to 2000, Benny Farm tenants were relocated to four new buildings on the southeast portion of the site” (Figure 5.4); these 237 units are not considered as part of the redevelopment (CLC, 2006b/CLC, 2003). At this point a large number of stakeholders became involved in the redevelopment of the remaining Benny Farm site.

There were a number of involved parties in the development of the site: Veterans, community groups and residents, private developers and the government. The CMHC initially wished to have privately developed condominiums on the site in order to finance the construction and subsidization of Veterans housing. The initial redevelopment proposal by the CMHC was largely opposed by the community for a variety of reasons: the increased density, the reduction of green space, the privatization of development and the inclusion of social housing which was inadequate for some and excessive for others. At the same time, Montréal was in the midst of a housing boom and public pressure was considerable on the government to develop the large site quickly (Benard, 2006).

The community, which has traditionally been one of Montréal’s poorer neighbourhoods, wanted affordable housing to address the needs of the nearly 2,000 local seniors and low-
income residents who were on the waiting list for affordable housing (Hiltz, 1998). Private developers were pressuring to have large-scale private development to meet the growing needs of Montréal’s housing market. The local GRT was pushing both the municipal and federal governments to develop the site as affordable housing. Despite the strong desire by many to have the site developed, development was hampered by the inability of involved parties to gain consensus.

In 1999 the site was transferred to another federal institution, The Canada Lands Corporation (CLC). The CLC is a self-financing crown corporation whose mission is to “to ensure the commercially oriented, orderly disposition of surplus properties with optimal value to the Canadian taxpayer and the holding of certain properties”, or to develop land so that it provides the government with financial value and the community with social value (CLC, 2006a/ Benard, 2006). A long consultation process was initiated by the CLC in 2002 with the aim of developing site objectives, addressing the needs of all stakeholders and gaining consensus.

A task force was created representing 12 distinct and different voices from the community; from this group the principles and objectives were identified. ‘The participative process made it possible to generate a consensus between the actors of the community and to obtain the approval of the municipal authorities’ (Habiter Montréal, 2005d, Pg. 22). The primary outcome of this consultation in regards to site development principles could be summarized as ‘providing social and economic diversity with accessibility aimed at those groups which typically have difficulty finding affordable housing while remaining economically sound’. More specific objectives include (CLC, 2002, Pgs. 1-2):

- 75% of the site as residential, the other 25% to provide community services.
- Housing mix to reflect that of local community in terms of housing type and demographics with housing being aimed specifically at seniors, young families, single-parent families and those with limited mobility.
- Two-thirds rental units and one-third owned.
- 27% of rental units to be affordable and 40% of units subsidized.
- A resident base which reflected the wide ethnic and socio-economic diversity within the community, including a specific push for co-operative units which provide for ‘a greater social mix’.
After architectural designs were chosen by the community, the final redevelopment plan was approved by the task force and submitted to City Council. “In 2004, CLC sold several parcels to promoters selected and financially supported by the City of Montréal to provide subsidized rental housing at Benny Farm” (CLC, 2005, Pg. 2). Construction began in 2004 on the first of what was to be three phases.

*Figure 5.3: Benny Farm Location and Phases*

(CLC, 2005, Pg. 4)

*Figure 5.4: Benny Farm Development*

(CLC, 2005, Pg. 4)
**Benny Farm: Results**

The results are difficult to gauge as construction has yet to finish, but based upon interviews and website updates the development is producing more housing, and a higher proportion of affordable housing than originally expected (*Table 5.2*). This has been attributed to the strong push by community groups, affordable housing groups and GRTs (Benard, 2006/O’Neill, 2006).

Diversity in housing types and residents is already apparent as apartments, condominiums, townhouses, and triplexes have been, or are to be, constructed. Housing has specifically been directed towards Veterans, seniors, single-parent families, young mothers, students, and low/modest/medium-income households. All these groups typically have difficulty finding housing and which are evident in the city and community demographically.

Aspects of the original site have been maintained or incorporated into the new development. Numerous of the original buildings were kept and renovated while the original garden-city concept has been reproduced at a denser scale. The height and materials used reflect the history of the site and provide continuity with the surrounding neighbourhood. “The landscaping features considerable green spaces, a community garden and pathways connecting the entire site. In most cases, mature trees are preserved” (CLC, 2006a).

The first and second phases of Veteran, rental and affordable housing are primarily completed and the third phase of market housing and community facilities has begun (*Figure 5.4*). Initial expectations were to finish the entire development by mid-2006, but this increasingly appears unlikely as upwards of 300 units still need to be constructed. New projections add approximately 20 units in total, 16 of these affordable; it is likely that a large portion of the uncompleted market housing will also be able to fall under the affordable category. Housing listed under the ‘Ownership Program’ will be managed by a community organization and the para-municipal organization SHDM (*Appendix F*). Both organizations will direct the housing towards first-time home-owners who have modest to medium-incomes (CLC, 2005, Pg. 2).
There are two housing co-operatives in Benny Farm: Coopérative d’habitation Benny Farm (CHBF) and Zone of Opportunity (ZOO). Each of these groups targets a specific clientele and has its own process for selecting residents (CLC, 2005, Pg. 2). The co-ops are aimed at low-income families looking for strong social interaction.

Rent is affordable for those units subsidized, while other ‘low market rents’ are lower than market rents but debatably affordable. A two-bedroom unit is $540/month, three-bedroom $630/month and a four-bedroom $850/month. Despite the higher rents, these should become increasingly affordable in the future as housing costs rise elsewhere in the city and those within the co-op remain steady. ‘Market’ rents in co-ops tend not to follow the growth of the surrounding market due to the fact that the rents are not motivated by profit, renovation will occur instead of new construction, and (in this case) there has been energy efficient construction which will lower energy costs.

In terms of selection, tenants are chosen based on their letters of intent as well as an interview process using a point system. Criteria for selection is based on a number of factors, firstly a willingness to participate and availability. Other criteria vary, but low-incomes are typically required. Candidates are narrowed down to those that the co-ops feel will serve as an asset to the organization, either socially or based on the skills they can contribute to the management of the co-op. The board of directors makes the final decision regarding the acceptance of new members, these choices are vital to the future of the co-op as the quality of management is dependent on the members and their skills/involvement (O’Neill, 2006/CNW Group, 2005).
Table 5.2: Benny Farm Dwelling Tenures and Numbers

<table>
<thead>
<tr>
<th>Type</th>
<th>Projected</th>
<th>Actual</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
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<tr>
<td>Social</td>
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<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Co-operative</td>
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<td>19</td>
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<tr>
<td>Total Affordable Housing</td>
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<td>236</td>
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<td>26</td>
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<tr>
<td>Ownership Program</td>
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<td>33</td>
<td>33</td>
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<tr>
<td>Total Market Housing</td>
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<td>59</td>
</tr>
<tr>
<td>Total Housing</td>
<td>550</td>
<td>570</td>
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</tr>
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</table>

(Habiter Montréal, 2005d, Pg. 22/CLC, 2005, Pgs. 2-3)

Benny Farm: Support

Like the Angus Shops, the government was heavily involved in the development of the Benny Farm site. In this case, the federal government was the initial owner and manager of the site before and throughout the development process. All levels of government were involved with the development of the site; two branches of the federal government (Canadian Mortgage and Housing Corporation and Canada Lands Corporation), along with both the provincial and municipal governments. Accompanying this development was aid from community groups, private developers and private businesses.

The CLC initialized and managed the task force which determined the principles and objectives on which the site would be developed. Once the development was approved by the task force and the city, the local GRT was involved to recommend and identify groups which met requirements for affordable housing on the site. The GRT recommended local groups that were already organized as well as collaborating groups made up of individuals on the waiting list for affordable housing (CLC, 2003, Pg. 9). These groups have been supported by a number of sources at numerous levels through a variety of means (O’Neill, 2006/ZOO, 2006);

---

7 Does not include the 237 market rental units produced for the housing of Veterans.
8 This analysis only considers government involvement regarding the redevelopment of this site, thus Veteran housing which is subsidized by the federal government will not be considered.
• Federal; Logement Abordable. $12 million and land.
• Provincial; Logement Abordables, Accès Logis. $9 million.
• Municipal; SHDM Home Ownership. $6 million.
• Community: Habitations Communautaires NDG (HCNDG) Home Ownership
• Private; Groupe de Ressources Techniques, Logement Abordable Privé, Fonds d’Efficacite Energetique, Gaz Metropolitain and Commercial Building Incentive Programme (ZOO, 2006). $3 million and technical support.

The large number of groups involved in the support of co-operative housing development reflects both the importance that co-operative housing has in the city and the necessity of a wide variety of support sources. Local groups residing in affordable housing have cited GRT involvement as essential along with the two primary programs of Logement Abordables and AccèsLogis (Benard, 2006/McGregor, 2006/Dansereau, 2006/Gidero, 2006/Bradley, 2006/O’Neill, 2006).

Coopérative d'habitation Benny Farm is developed under AccèsLogis which subsidizes 50% of units so that their rent is geared to income, while the other 50% of units pay just under market rent (market rent determined by CMHC figures). ZOO is developed with the aid of Logement Abordable which keeps the rents low with significant aid with the initial capital costs (O’Neill, 2006).

Co-operatives make up ~20% of the development, and ~50% of the affordable housing units. This large proportion of co-operative housing is resultant of the community demographics, GRT involvement and the types of programs available, especially programs that have guaranteed initial investment as supposed to subsidization (Bradley, 2006). Benny Farm is a good example of a development that has relied more upon capital investment than ongoing subsidization in order to remain affordable.

Conclusion
The aim of these case studies was to reveal and outline the development process from an inside perspective; specifying what criteria has resulted in and aided the development and success of co-operative housing. These two case studies have been identified as
successful due to the fact that they display the primary driving forces behind the push for co-operative housing, they exemplify the importance of support from a variety of sources, and they produced a large amount of co-operative housing which is affordable, environmentally and socially integrated and diversified, and are in high demand.

Both the interviews and the literature review make it clear that government involvement was necessary in this production of affordable housing. Examining these two case-studies exemplifies that “the type of social and income mix in other similar large-scale sites will depend upon funding that is available from various government levels for affordable housing as well as local municipal regulations and initiatives” (CMHC, 2006). Both sites had extensive government involvement at all levels and both sites were initially going to be developed for profit privately but this motive shifted because of community pressure for affordable housing. Moreover, it was significant in their success that both sites had direct involvement from GRTs.

The technical assistance provided by GRTs along with a strong public voice has directly and indirectly resulted in increased amounts of affordable and co-operative housing. Local groups have specified that GRT involvement and a recent government preference for capital investment ahead of subsidized housing has pushed them more towards the direction of co-operatives than they had initially envisioned. Other reasons that were specified as contributing to the success and production of co-operatives is the large demographic proportion of immigrants and renters in the city, giving political power to two groups who are traditionally concerned with housing costs; this is ultimately reflected in government commitment to housing. It is also suggested by many that the tradition of unions and activism has resulted in a higher proportion of community and interest groups within the Montréal than elsewhere in Canada (Benard, 2006/Dansereau, 2006).
Chapter 6
Major Findings, Analysis and Lessons

Introduction
This MDP asked the question: ‘Why has co-operative housing proven a successful and viable affordable housing option in Montréal?’ In order to answer this question, this MDP addresses three areas:
(1) Profiling and analysing Montréal’s housing stock, local demographics and economy places the need for co-operative housing into a suitable context.
(2) Outlining the applicable policies, programs and types of support available to co-operative development reflect acknowledgement and the response to these housing needs.
(3) Applying relevant case-studies have reinforced this analysis. Case studies aid in the understanding of the development process as well as strengthening the existing analysis and develop new themes missed elsewhere.

This chapter outlines the criteria contributing to the success of housing co-operatives in Montréal through a synthesis of major findings and develops applicable lessons through analysis. Based upon the synthesis of this knowledge, analysis and supporting literature, this paper makes a number of recommendations which aim to improve the production of co-operative housing in Montréal and elsewhere. The chapter outlines:

- Major Findings
- Analysis
- Applicable Lessons and Recommendations

Major Findings
There are a number of major findings that can be derived from the analysis:

(1) The growing need for co-operative housing in Montréal:
   a. Montréal has the lowest vacancy rate of major North American cities, displaying a strong need for housing regardless of type.
b. The city has the lowest housing ownership rates of major Canadian centres, resulting in a large proportion of renters. Renters are typically less stable in terms of housing and have lower incomes, making them more likely to live in unaffordable housing.

c. Montréal has a large proportion of residents (23%) living in unaffordable housing

(2) Factors influencing the need for co-operative housing in Montréal:

d. Montréal has minimal population growth; it is currently, and will increasingly be, dependent on immigration due to the fact that natural growth is minimal and inter-provincial migration negative. The proportion of seniors in the city is large and growing dramatically. The city also has unique demographics in terms of family and marriage in that there are more common-law couples and single-parent families in Montréal than other major centres. These demographics are significant as they are typically groups in high need for affordable housing.

e. The city’s economy is sensitive to a number of factors, and although it is currently improving, it has traditionally been less healthy than other major Canadian centres. This is reflected in the high levels of unemployment and low individual and household incomes within the city. Despite low incomes, housing costs have been dramatically increasing in correlation with the improving economy, pricing many residents out of the housing market.

(3) Programs, policies and types of support for co-operative housing in Montréal:

f. Federal aid comes in the form of land and funding; federal funding often works in collaboration with other funding sources to provide the initial capital costs of development. Federal programs are usually demand-based in that they focus on addressing the demand for new affordable housing. Federal funds are often available upon the condition that they are matched in some proportion by the province and the city; Quebec and Montréal
have taken full advantage of all available federal funding and Quebec is the only province to do so.

g. Provincial aid is also often in the form of funding, but it is usually tied to more specific policies and programs than at the federal level. In the case of Quebec, the province is heavily involved in the production of affordable housing, but provincial programs are more willing than the federal government to subsidize residents financially and through tax relief and thus maintain the existing supply of affordable housing.

h. Municipal policy largely directs the development of affordable housing within the city in terms of scale, location, design, funding types and sources. The city takes maximum advantage of available federal and provincial programs and funding for affordable housing which is funnelled to the Ville de Montréal, which it distributes and compliments as it sees fit. The city contributes funding along with other types of aid (such as land, tax relief, zoning relaxations, site decontamination and shared information). With all these sources of aid at their disposal, the city helps to produce affordable housing under the context of city policy which encourages affordability, density, and improved housing and community conditions. For the city “certain fundamental issues underlie [the] consistency and continuity of initiatives. These include structural poverty, limited and unequal economic growth, immigration, a comparatively older housing stock having a vast majority of tenants and the departure of young, French-speaking families to the suburbs” (Wexler, 2003).

i. Groupe de Ressources Techniques (GRTs) are private non-profit organizations that act as a bridge between the public and private realms in terms of affordable housing development. GRTs guide individuals, groups and organizations interested in creating or living in affordable housing through the development process administratively, financially and socially. The GRT determines the group’s needs, the viability of their concept and costs associated with any potential project; they then work with the Ville de Montréal to determine potential sources of funding. GRTs also train
the group in question in how to manage their development socially, physically and financially. GRTs are credited for accelerating and facilitating the development process for all involved parties.

These findings directly or indirectly support the development of co-operative housing in Montréal. The housing stock displays consistency in the type and form of housing which co-operatives advocate: dense, apartment-style units with minimal private space within the urban core. Co-operatives provide new/renovated affordable units with guaranteed levels of stability in terms of tenure, meeting the needs of a large portion of renters in the city who want to enter the housing market.

Co-operatives provide affordable housing for those demographics that are typically in need of affordable housing; more specifically immigrants, seniors, singles/people living alone, and single-parent families. All of these demographics are increasingly evident within the city.

Based on the available policies, programs and types of support in Montréal, co-operatives are a beneficial form of affordable housing. Co-operatives are a good match for capital funding due to the fact that co-operative housing is more financially independent after the point of initial construction and after the initial capital costs have been covered than social housing which often requires constant subsidization. Government programs are increasingly moving in this funding direction; Benny Farm is a good example of a development that has relied more upon capital investment than subsidization in order to remain affordable.

Co-operatives can attribute a large portion of their success to the large and interventionist role that the Ville de Montréal takes in terms of their commitment to provide affordable housing. The Ville de Montréal has recognized the importance and benefits of co-operative housing in the past due to the fact that it meets a number of their goals in one form: financially viable, rental stability, encourages home ownership, residence and community re-investment, tenant responsibility, affordability and social diversity. Co-
operative housing is often pushed by GRTs as a model of affordable housing as it has a well-established success rate and it is applicable to many current funding programs.

**Analysis**

Many factors contribute to the success of co-operative housing in Montréal aside from just the resulting affordability; often, the process of development can be much more important in terms of determining success than the resulting affordability. This MDP has determined through literature, interviews, case studies and analysis that other important factors contributing to the success of co-operatives in Montréal are: low land costs, government support, community support, co-operative organization and leadership, consensus between all parties, public activism, program consistency, pro-active government approach and the involvement of independent parties in development.

A number of these factors have been identified independently as contributing to the success of co-operative housing; a survey prepared for the Canadian Housing and Renewal Association (CHRA) and the Canadian Mortgage and Housing Corporation (CMHC) provides for a strong impression of what affordable housing organizations view as important in the creation of affordable housing. This survey addressed some 1,500 affordable housing organizations (community based non-profit housing groups, non-profit organizations, resource groups, co-operatives (4%), and private sector developments) across Canada.

When asked to list what factors, tools or initiatives contributed most to the success of their projects, groups outlined four primary conditions: (1) the ability to obtain land at a reduced cost, (2) federal, provincial and municipal government support, (3) community determination and support, and (4) board staff commitment and leadership. When asked what the primary obstacles to success were, 64% responded difficulty in obtaining financing, 20% responded the land costs and site acquisition, and 19% responded difficulties with the development approvals process (Kraus; Eberle, 1998, Pgs. 15-17).
The survey displayed that “more than half of all respondents (54%) have access to resources to assist them in developing affordable housing...land [being] the most significant resource available to respondents”. Due to the inability to obtain financing - namely start-up and proposal development funding, mortgage guarantees, construction and mortgage financing at affordable rates, and sufficient equity, “half of the respondents do not try to develop affordable housing without government subsidies” (Kraus; Eberle, 1998, Pgs. 7-8). In order for housing co-operatives to develop successfully, it has been recognized that start-up grants, loan guarantees and operating subsidies to reduce their mortgage interest rates are important (Habiter Montréal, 1989/Germain; Rose, 2000, Pg. 179). “Having access to these resources is a significant factor in enabling groups to proceed with projects, and it appears that groups with resources are more likely to develop housing than those without” (Kraus; Eberle, 1998, Pg. 23). The source of these factors has traditionally, and continues to come from public sources.

This survey suggests Montréal is providing the right atmosphere for the development of affordable housing in that three of the primary obstacles to development are either removed or reduced: (1) government support for affordable housing is strong in Montréal with all levels providing significant funding and resources. (2) Land costs are almost always reduced for developers when the development is proposed on government-owned land. (3) GRTs help groups and organizations find an appropriate site and significantly facilitate and accelerate the development approvals process.

Another study suggests that in order to adequately address the serious shortage of affordable housing there is a need to involve a large and diverse group of players in the process of development. Notably, building consensus across governments is often the hurdle in making progress (CMHC, 2003e, Pg. 50). Montréal has done well in this regard; government consensus in the area of affordable housing exists and is exemplified through the large number of complimentary and collaborative programs at all levels. Provincial independence in terms of federal funding restrictions enables the province and the city to direct affordable housing funding and policy as they see fit.
Independent analysis based upon research, interviews and case studies display other significant factors which contribute significantly to the success of housing co-operatives in Montréal.

(1) There is a large demographic of renters within the city along with groups which are highly susceptible to unaffordable housing. This demographic in collaboration with the tradition of activism, unions and strong community/borough voices in Montréal has resulted in the public making large demands in terms of the social state. The large demographic ensures that politicians will listen and cater to their needs, and the tradition of activism ensures that the public will keep the government accountable in their promises. Often in the case of rental households and the demographics in question, housing stability and affordability are key issues (Benard, 2006/Dansereau, 2006/Gidero, 2006/Bradley, 2006).

(2) The consistency of government programs and policies throughout the years in the face of changing governments, ideologies and economies has played a large role in success of current programs. Quebec maintained the structure and infrastructure of their housing programs despite the lack of funding throughout the 1990s. This maintenance provided them with two advantages which are being felt today: (a) the knowledge incorporated by staff regarding the application and facilitation of these programs was maintained, allowing it to be built upon and passed on instead of lost. (b) Maintaining the structure and infrastructure of their housing programs allowed the province and city to easily and quickly revive the programs once funding re-appeared. Since the program structure and knowledge was already in place, Quebec was able to easily and efficiently apply new funding towards affordable housing immediately (Gidero, 2006/Bradley, 2006).

(3) The Government of Quebec as well as the Ville de Montréal have taken a pro-active approach when it comes to social housing, this is most notable in their accessing of federal funding. Much of the federal and provincial funding is only available on the condition that their funds are matched in some proportion by either the provincial or municipal governments; both Quebec and the Ville de Montréal have taken full advantage of this funding, the only province to continually do so. The rationale behind this is simple; it is better to take all available funding when it is available
despite the present financial ramifications because (1) you never know when the funding will dry up, and (2) in terms of property, land costs and construction it is usually less expensive presently then it will be in the future (Gaudrault, 2006/McGregor, 2006/Dansereau, 2006/Gidero, 2006).

(4) Finally, the existence of an organization acting independently of the government but as a non-profit has significantly contributed to the success of co-operative housing in Montréal. Both government officials as well as co-operative developers/tenants have cited GRT involvement as being an essential factor in co-operative development. Essentially, the key role that GRTs play in terms of development success is the facilitation and organization of the complex development process. GRTs remove the bureaucratic red tape for developers and tenants; they do all the difficult leg work in terms of site selection, group finances, training and applications. For governments, GRTs help by providing them with viable developments which are well prepared; all the government has to do is determine and apply the necessary funding policies. GRTs have made the development process straightforward for both parties, ensuring that both parties are more willing to enter the process and thus resulting in more development (Dansereau, 2006/Gidero, 2006/Bradley, 2006/O’Neill, 2006).

*Table 6.1* outlines the conditions that exist in Montréal which directly or indirectly contribute to the development and success of co-operative housing. The most notable criteria are the existence and aid of GRTs along with the ample government support.
Table 6.1: Conditions Contributing to the Success of Montréal Housing Co-operatives

<table>
<thead>
<tr>
<th>Category</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groupe de Ressources Techniques</td>
<td>- Facilitate process for both tenants and government officials</td>
</tr>
<tr>
<td></td>
<td>- Remove bureaucratic red tape</td>
</tr>
<tr>
<td></td>
<td>- Train future tenants to manage development effectively</td>
</tr>
<tr>
<td>Government Support</td>
<td>- Consistent program structure and infrastructure</td>
</tr>
<tr>
<td></td>
<td>- Pro-active in utilizing all available means of support</td>
</tr>
<tr>
<td></td>
<td>- Capital funding and operational subsidies</td>
</tr>
<tr>
<td></td>
<td>- Strong quality of collaboration between different levels</td>
</tr>
<tr>
<td></td>
<td>- Diversity in program types, goals and processes</td>
</tr>
<tr>
<td>Demographic Need</td>
<td>- Large and increasing populations of those demographics which are typically in need of affordable housing</td>
</tr>
<tr>
<td></td>
<td>- Large rental population; political power</td>
</tr>
<tr>
<td></td>
<td>- Strong level of social activism and community voice</td>
</tr>
<tr>
<td></td>
<td>- Increasing housing costs</td>
</tr>
<tr>
<td>Economic Need</td>
<td>- Relatively unstable economy</td>
</tr>
<tr>
<td></td>
<td>- High unemployment and low incomes</td>
</tr>
<tr>
<td>Housing Inventory</td>
<td>- Large proportion of rental units</td>
</tr>
<tr>
<td></td>
<td>- Low vacancy rates</td>
</tr>
<tr>
<td></td>
<td>- Display consistency with housing types advocated by co-ops (ie: dense, apartment-style, etc…)</td>
</tr>
</tbody>
</table>

Applicable Lessons and Recommendations

A number of lessons can be taken from this analysis; from these lessons recommendations can be derived. These lessons and recommendations have resulted from analysis based upon interviews, case studies and literature, and are not solely applicable to Montréal, but can be relevant to a number of urban areas wishing to improve or increase their production of co-operative and affordable housing. The lessons outlined are relevant for Montréal, and help to define challenges in the current development of co-operatives. Recommendations are directed towards primarily other governments and co-operatives, seeking to aid others in their production.

Lessons

Despite the fact that the production of affordable and co-operative housing is relatively successful in Montréal, there are still a large number of improvements to be made. Primarily, these lessons can be directed at the government and the co-operatives
themselves. These lessons seek to outline current problems or challenges in the
development of co-operatives in Montréal.

There are two key problems with the current government involvement in Quebec, that is:
accessibility and flexibility. Programs need to be accessible; although current programs
in Montréal are utilized fully, there is a chance that groups who are in large need for
affordable housing have no idea what programs exist or how to access them. This is
especially relevant for the provincial and municipal governments who need to
communicate more effectively in languages other than French.

The second lesson that is applicable to co-operative housing production in Quebec is
flexibility within the programs. When defining policies and programs, governments
should provide flexibility in terms of fluctuating economies. For example, *Logement
Abordable* attempts to provide affordable housing by decreasing the initial capital costs
of development to ensure that rents represent approximately 85% of median rents within
the city. The program wanted to ensure that target groups could access the program and
mandated that 75% of residents must be low-income. Unfortunately, recent land and
construction costs have increased the initial capital costs, resulting in rents representing
approximately 95% of median rents within the city. Meanwhile the program requires that
75% of the residents be low-income, forcing many low-income residents to enter into an
environment which is not much more affordable than what they could find privately.
Ideally in this case, flexibility would either allow for funding to be proportional to capital
costs or adjust the resident financial makeup to be determined by actual rents (ie: drop
low-income proportion to 50%). Programs need to be able to take into account changes
in the environment and make the necessary changes to ensure their effectiveness.

As far as co-operative management is concerned in Quebec, a number of significant
problems were raised in the analysis. The primary recommendation revolves around the
revisiting of the legal charters that mandate them. Each province has a different legal
charter defining what a co-op is and the rules it must follow to remain a co-operative.
For many, co-operatives are viewed as a stepping stone to ownership rather than a resting
place for renters. Often co-operative residents in affordable housing choose to remain in their co-operative even if their financial situation improves dramatically. Although it is understandable a resident would be hesitant to leave after vesting a large portion of time and money in the development, upkeep and management of the co-op, this is detrimental for two primary reasons: (1) it reduces the number of affordable housing units available for those who actually need them, and (2) it removes a potential purchaser from the private housing market. Often, it is illegal for co-operatives to evict someone unless they do not pay their rent or fail to meet their responsibilities in terms of work. Provincial governments should re-examine the legal definition of co-operatives and require that co-operatives re-visit their tenant’s financial position every five years to determine if the resident still requires affordable housing. Residents at this point could either (1) leave, freeing up space for someone else and allowing the individual to utilize the skills learnt in the co-op in terms of housing management and finances elsewhere, or (2) raise their rent and allocate the difference into a fund for new development. There should be more ‘Transitional Co-ops’, allotting residence for a certain period of time; this would keep home ownership as the target, especially for recent immigrants.

Another change that is worth examining in co-operatives is the mandating of resident diversity along whatever lines are seen as relevant: race, language, ethnicity, nationality, income, age, sex, etc… Currently, diversity is often lacking from co-operative developments as evidenced in Angus Shops. New residents are often chosen upon the skills which they can bring to the management of the development along with their ability to mix well socially with the existing group, often this results in demographically similar resident bases. Although these management and social qualities are important, co-ops should strive to ensure that they have a diverse group of residents as they often advocate this policy.

**Recommendations**

Recommendations to other governments are numerous; the incentives and policies introduced in Montréal attempt to meet the requirement for affordable housing while continuing to make development a profitable enterprise for the private entrepreneur. Yet
despite this continued development of affordable housing, the supply is inadequate to the demand. Aside from the obvious solution of increased financial contribution, what can the various levels of government do in order to improve their development of affordable and co-operative housing? The existence of some of these recommendations/criteria should be in place should a location want to increase their base of co-operative housing (Table 6.2).

Bureaucratically, governments need to reduce the red tape that often hinders the development process. In Montréal, this is done by GRTs, but governments elsewhere should consider aiding the development approval process through similar organizations. The GRTs act as independent project managers of affordable housing and have the expertise to determine the viability of projects, find a suitable site, draw up a preliminary budget, utilize all applicable funding and efficiently manoeuvre through government bureaucracy. Other governments across Canada would benefit significantly from the existence of such agencies.

Housing policies and programs are often dependent on the annual allotment given to them through government budgets; this system is less than ideal due to the fact that governments are unstable and policy priorities can change. It is recognized that policies and programs are more effective over time due to the fact that there is stability in terms of goals, staff experience, knowledge and infrastructure. Funding towards affordable housing needs to be provided in a more stable manner; long-term agreements with all levels of government need to be signed guaranteeing the amount of funding regardless of the government changes in power.

Governments need to ensure that they access all available funding; many groups choose not to accept financial aid when there are conditions tied to it. This hurts the organization, both presently and in the future. Presently, because they are unable to build the housing that they need; in the future because the cost of development and land will likely have risen and there is no guarantee that the same funding will be available in the future.
Programs and policies in Montréal have been recognized as useful, but for many they don’t do enough and are consistently being minimized. Many suggest that programs and policies must have stronger incentives and disincentives to ensure that affordable housing does not get forgotten in the face of private development. Financially, this can be incorporated through tax concessions, investor tax credits and tax exemptions (property tax and GST) for developers of affordable housing as well as reducing their development costs through the allocation of land from land reserves/ brownfield sites and cutting processing fees (Kraus; Eberle, 1998, Pg. 19). Furthermore, all levels of government need to ensure that they are constantly expanding their land bases for the future; it is much more cost efficient to purchase land before development pressures and rising land costs make any affordable development unfeasible.

Legally, governments need to explore the possibility of legally requiring that new developments have a certain percentage of affordable housing. Currently, this is not realistic in Montréal due to the sensitivity of the economy and the fear of scaring away investment and new development. Should the economic situation improve dramatically while housing affordability continues to decrease, the concept is worth exploring.

Finally, another area of concern regarding government policies is performance measures. It is debatable whether the inclusion of performance measures benefits or handcuffs a project. Both the federal and provincial governments have few performance measures within their own policies, many suggest this is due to the lack of funding stability and reduced flexibility that is associated with the definition of certain goals. Despite their lack of performance measures, the federal government suggests that “implementation of the affordable housing strategy can be strengthened by incorporating provisions for the monitoring of progress made towards the objectives laid out in the action plans…A monitoring system shows: the links among the key issues and goals set out in the strategy; the tools used to address the issues; the measures that will be used to assess performance with respect to each of the tools; and the current value and the targeted value for each measure” (CMHC, 2001, Pg. 4). In contrast, the Ville de Montréal has set specific objectives and performance measures in terms of affordable housing and has recognized
this process as beneficial. By defining their goals it keeps the government accountable. Ideally, at some level of government there should be a clear definition of goals and performance measures.

**Table 6.2: Primary Recommendations to Increase the Production of Co-operatives Elsewhere**

| Facilitation | Governments need to ensure that there is an organization (public or private) that facilitates the development process of affordable housing. This facilitation can be through many means, but essentially managing the projects and reducing the bureaucratic barriers to development (ie: funding, site selection, preliminary budget, project viability, etc…) |
| Stability     | Governments need to provide stability in terms of program funding and framework; this helps to improve efficiency and keep expertise within the organization |
| Pro-Active    | Governments and organizations need to be pro-active; focus on the long-term benefits over the short-term detractors |
| Need          | Governments and organizations need to ensure that there is an actual need and demand for co-operative housing (Demographically, Economically and Physically) |

**Conclusion**

Under the broad umbrella of social housing, co-operative housing has managed to carve a niche in Montréal. There has historically been a legacy of co-operative housing within the city that is continuing today as evidenced by the abundance of existing units and their continued development. Co-operatives work in Montréal due to a number of reasons and conditions; some which are unique to Montréal and others which are replicable elsewhere. Through profiling the city’s housing inventory, demographics, economy, and types of support - this paper has been able to outline and justify the housing needs in Montréal in relation to the corresponding supply and context of co-operative housing. The interviews and case studies have resulted in a clearer understanding of the co-operative development process and the challenges that are faced. The analysis is based upon this profile, literature and interviews; resulting in a summary of the conditions that contribute to the success of co-operative housing in the city along with a number of lessons and recommendations which could be applied elsewhere, allowing the city and industry to be exemplified as a case study.
Why has co-operative housing proven a successful and viable affordable housing option in Montréal? There are differing definitions of success; in the case of Montréal, co-operatives could be classified as successful due to their abundance and popularity. For others, the success is judged solely by the resulting costs and rents, this MDP exemplifies that success is much more complicated. Success for Montréal co-operatives lies in the detailed consultation process, the development process, the types and means of support, the resulting social structure, the integration into the surrounding environment (community), along with the incurred economic savings. For Montréal, the process of co-operative development is successful; abundance and popularity are just the results of this success.
Appendix A: Interview Process

Potential interviewees were identified through previously established personal contacts within the federal and municipal governments and Montréal housing co-operatives. Contact with the participants was via telephone or email; after initial contact a copy of my proposal along with a list of sample questions was emailed to participants. Participants signed a letter of consent informing them of their right to withdraw from the study and to what extent their participation would be reflected. Participants wishing to withdraw were free to end contact with me at any point. All raw data contributed by the individual will be destroyed upon withdrawal.

Interviews were held in person; no compensation was provided. Answers are reported in aggregate, and are generally reflected throughout the analysis and occasionally quoted if valuable to the paper. Interviews that are referenced in the paper will not be attributed to a specific interview or individual, this information will be available in the raw data. My supervisor will retain raw data for 2 years after my defence, after which it will be destroyed by my supervisor. This interview process has received Ethics Approval from the University of Calgary.
## Appendix B: Interview Participants

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jacques Benard</td>
<td>Consultant, Canada Lands Corporation</td>
</tr>
<tr>
<td>John Bradley</td>
<td>Development Agent, Bâtir Son Quartier, Groupe de Ressources Techniques</td>
</tr>
<tr>
<td>Stéphan Corriveau</td>
<td>Coordonnateur, Comité Logement Rosemont</td>
</tr>
<tr>
<td>Francine Dansereau</td>
<td>Professor Urban Planning, Institut National de la Recherche Scientifique (INRS), Université du Québec</td>
</tr>
<tr>
<td>Louis Gaudreau</td>
<td>Agent, Community Housing Group, P.O.P.I.R.-Comité Logement</td>
</tr>
<tr>
<td>Allan Gaudreault</td>
<td>Consultant, Co-operative Housing, Development/Planning, Funding/Financing, Non-Profit Housing</td>
</tr>
<tr>
<td>Albano Gidero</td>
<td>Conseiller principal, Centre de développement des collectivités, Canadian Mortgage and Housing Corporation</td>
</tr>
<tr>
<td>Andre Lavallee</td>
<td>Mayor of Rosemont-La Petite-Patrie, Ville de Montréal City Counsellor: Executive Committee, Founder Comité Logement Rosemont, Ville de Montréal</td>
</tr>
<tr>
<td>James McGregor</td>
<td>Director of Social and Affordable Housing, Ville de Montréal: Habiter Montréal</td>
</tr>
<tr>
<td>Catherine O’Neill</td>
<td>Project Manager, Groupe CDH, Groupe de Ressources Techniques</td>
</tr>
</tbody>
</table>
Appendix C: Interview Questions

1. Please describe your organization, position title, and roles and responsibilities.
2. Please describe the role of you/your organization in the provision of affordable housing and co-operative housing. Do you have specific positions/programs, etc?
3. What type(s) of support do you provide? (e.g., financial; administrative; consulting).
4. How effective is the support you provide?
5. What role do you believe government support has in the creation of affordable/co-operative housing?
6. What could be done better to improve/increase the production of affordable/co-operative housing?
7. What role does affordable housing play within Montréal? Why?
8. What role does co-operative housing play within affordable housing? Why?
9. How do you track current and projected needs for affordable housing units?
10. What are some of the most recognized, well-established housing co-operatives in Montréal?
11. What are some of the recent successful housing co-operatives in Montréal?
12. Please describe your relationship/interaction (if any) with other levels of government and their residential programs.
13. In your view, what are the key elements that have led to the success of co-operative housing in Montréal? Are there particular policies or programs that you believe are correlated to its success?
14. Aside from policy, what other factors contribute to the success of co-operatives in your opinion?
15. Describe the creation process of co-operative housing.
16. Describe the maintenance and funding of co-operative housing.
17. What does the government/government policy do well in aiding the production and/or maintenance of co-operative housing?
18. Where does the government/government policy fail in aiding the production/maintenance of co-operative housing?
19. What could the government/government policy do better in aiding the production/maintenance of co-operative housing?
20. What could be done better to improve/increase the production of co-operative housing?
21. Do you have any questions or comments?
Appendix D: Montréal Population and Housing Density

Density is highest in the inner city and decreases outwards towards the edges of the Île-de-Montréal and beyond

*Figure D.1: Montréal Population Density, 1996 (People/km²)*

![Montréal Population Density Map](MILUTE, 2002)

*Figure D.2: Montréal Housing Density, 1996 (Dwellings/km²)*

![Montréal Housing Density Map](MILUTE, 2002)
Appendix E: Affordable Housing Categories

Table A.1: Affordable Housing in the Ville de Montréal, 2004

<table>
<thead>
<tr>
<th>Total Affordable Housing</th>
<th>HLM Housing Under 55</th>
<th>HLM Housing Over 55</th>
<th>HLM Housing for Special Needs</th>
<th>OBNL Housing</th>
<th>Housing Co-Operatives</th>
<th>SHDM Housing</th>
<th>Rooms (HLM, SHDM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>51,364</td>
<td>9,808</td>
<td>10,114</td>
<td>776</td>
<td>13,947</td>
<td>10,791</td>
<td>5,928</td>
<td>533</td>
</tr>
</tbody>
</table>

(Ville de Montréal, 2005, Pg. 3)

- Habitations à Loyer Modique (HLM) Social housing managed by The Office Municipal d’Habitation de Montréal (OMHM), an para-municipal organization financed by the SHQ and the Ville de Montréal. This organization oversees public-housing projects in the city and manages all low-rent dwellings. The rent paid by tenants covers about 40% of operating costs; the remaining funds are covered by the municipal, federal and provincial subsidies. Residents are determined by their income, autonomy, and place of residence over the past two years. Through subsidization, tenant rents represent no more than 25% of their household income (OMHM, 2005). The OMHM produces three types of social housing units
  1) **Under 55**: Housing for a family or a person alone of less than 55 years old.
  2) **Over 55**: Housing for people 55 years old and over.
  3) **Special Needs**: Adapted units for people using a wheel chair or with services for customers having particular needs, for example young people in the process of social rehabilitation.

- Organisme à But Non Lucratif en Habitation (OBNL) is an umbrella organization containing all involved private parties in the production of social housing. This organization produces numerous types of social housing to meet multiple needs for multiple groups in society. They are usually managed by community representatives or organizations, and assisted with information, knowledge, and technical assistance from the municipal and provincial governments.

- Co-Operative Housing: all rental dwellings or co-operatives governed by the Law on the Co-operatives (L.R.Q., C C-67.2). These organizations usually offer residences to those with weak or modest incomes.

- SHDM: A para-municipal organization that acts in dialogue and partnership with the various stages of government, the private sector and the medium of the Community organizations. Where the OMHM subsidizes rents for affordable housing, the Société d’Habitation et de Développement de Montréal owns properties which it sells at reduced rates or transfers to organizations who provide affordable/social housing. The SHDM promotes collective property ownership for low income groups by the purchase of buildings, renovating them and transferring ownership to housing co-ops and non-profit organisations. The SHDM contributes to Montréal's social housing base through the control of City real estate assets.

- Individual rooms/units are purchased in collaboration between OMHM and the SHDM and converted to social housing. These units are managed by private organizations. (Ville de Montréal, 2005)
Appendix F: Population Growth and Immigration

Figure F.1: Montréal and 8 CMA Annual Population Growth (%)

(UBC, 2005, CanSIM, 2005)

Figure F.2: Location of Recent Immigrants by Montréal Community (1991-1996)

(Immigration and Metropolis, 2003a, Pg. 8)

Figure F.3: Location of Total Immigrants by Montréal Community

(Immigration and Metropolis, 2003b, Pg. 6)
Appendix G: Communauté Métropolitaine de Montréal

The Communauté Métropolitaine de Montréal (CMM) is the regional body which represents the 63 municipalities within the CMA as a single entity. The CMM is still determining its role within the hierarchal government structure; but strong support from the Ville de Montréal is giving the body validity as a united voice for the region. The Ville de Montréal, failed in its recent attempts to politically agglomerate the adjacent municipalities into a single ‘Mega-City’, have opted instead to lead the push for a strong regional identity which precedes over the region. The CMM is strengthening its role and in the process of defining its policies regarding territorial management.

The CMM recently produced the ‘Schéma Métropolitain d’Aménagement et de Développement’ (the Metropolitan Land Use Planning and Development Guide) which is intended to serve as a reference for development within the area. “The boroughs [within the CMM], which are responsible for urban planning by-laws, will bring their existing by-laws into conformity with the Plan within twelve months of its adoption” (CMM, 2005). Unfortunately, due to the need to be flexible and adaptable to the large number of existing policies and the wide discrepancies between voices, the resulting document is extremely vague and general in its terms.

The policy advocates the use of sustainable development, demographic and economic diversity, multifunctional growth centres, public transit, Smart Growth, New Urbanism, Transit-Oriented Development, density, and accessible social housing. The only clear action that the CMM proposes is a limit on outward development by restricting all growth past existing development, essentially a ‘green belt’. It should be expected that as the CMM gains strength politically and financially, the resulting policies will also gain strength as CMM has more influence on implementation.
Appendix H: Para-Municipal Organizations

Management of the affordable housing stock is primarily channelled through para-municipal organizations; usually implementing and managing the policies and programs outlined by the city. In the case of Montréal there are two primary para-municipal organizations in place (OMHM and SHDM) to operate and manage Montréal’s social housing stock.

The Office Municipal d’Habitation de Montréal (OMHM) oversees public-housing projects in the city and manages all low-rent dwellings. The rent paid by tenants covers about 40% of operating costs; the remaining funds are covered by the municipal, federal and provincial subsidies. Through subsidization, tenant rents represent no more than 25% of their household income (OMHM, 2005).

Where the OMHM subsidizes rents for affordable housing, the Société d’Habitation et de Développement de Montréal (SHDM) owns properties which it sells at reduced rates or transfers to organizations who provide affordable/social housing. The SHDM promotes collective property ownership for low income groups by the purchase of buildings, renovating them and transferring ownership to housing co-ops and non-profit organisations. The SHDM contributes to Montréal's social housing base through the control of City real estate assets.
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