

# Developing a Consumer-Run Housing Co-op in Hamilton: A Feasibility Study

## EXECUTIVE SUMMARY

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Prepared for:

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*Hamilton Addiction and  
Mental Health Network*

***“Empowerment through independent, affordable  
consumer/survivor-controlled housing”***



*Centre for Research  
and Education  
in Human Services*

**THE ONTARIO  
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DE L'ONTARIO**

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## Executive Summary

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The purpose of this research project was to assess the feasibility of developing a housing co-op for people with mental health issues in Hamilton. The research project was implemented in two phases. Phase I explored the vision for this innovative approach to housing for consumer/survivors<sup>1</sup>, and Phase II sought to clarify the concept and develop implementation plans for it. This report is a summary of findings from the two-phase feasibility study.

### Project Structure

This feasibility study for a consumer-run housing co-operative in Hamilton was funded by the Ontario Trillium Foundation and was carried out by a research team from the Centre for Research and Education in Human Services (CREHS) under the direction of a sub-committee of the Hamilton Addiction and Mental Health Network (HAMHN).

### Methods and Participants

Four different data gathering methods were used to gather information to answer two main research questions: (1) *“Is there a strong vision to develop a consumer-run housing co-op in Hamilton?”* and (2) *“If there is indeed a strong vision for a consumer-run housing co-op in Hamilton, how should the vision be practically implemented?”* The methods used were document review, key informant interviews, focus groups, and a consumer survey. Participants were drawn from the four main stakeholder groups identified with the help of the steering committee, namely people with mental health issues, family members, service providers and municipal government housing officials.

A total of 197 participants took part in this feasibility study. They included 154 people with mental health issues, 9 family members, 28 service providers, 4 municipal government housing officials, and 2 co-operative housing consultants. The distribution of participants by data gathering methods is presented on table 1 below:

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<sup>1</sup> The term consumer/survivor is a self-identified term that has been used by people with mental health issues to describe themselves as consumers of mental health services and survivors of mental health challenges. In this report, this term is used interchangeably with such terms as “people with mental illness”, “people with mental health problems”, or “people with mental health issues”.

**Table 1: Distribution of participants by data gathering methods**

Method (#)	Phase I	Phase II	Total
Key informant interviews (17)	14	4	18
Focus groups (6)	29	19	48*
Consumer/survivors' survey	131	-	131
<b>Total</b>	<b>174</b>	<b>23</b>	<b>197*</b>

\* A small number of participants had multiple participations across phases and methods.

## Phase I: Exploring the Co-op Idea

The first phase of the feasibility study tested the idea of developing a housing co-op for people with mental health problems in Hamilton. Issues explored include the need for social housing in Hamilton, the housing needs of people with mental health issues, how stakeholders view the idea of developing a housing co-op for people with mental health issues, and whether there is a significant number of consumer/survivors in Hamilton who would like to live in a housing co-operative. Findings from Phase I are summarized below.

### ***1. Persistent need for more social housing in Hamilton despite the range of options***

Key informant interview and focus group participants acknowledged that there is a great need for social housing in Hamilton to serve the needs of the poor and people with disabilities including people with mental health issues. According to the participants, an insufficient supply of good quality affordable housing in the city continues to exert pressure on social housing and this affects low income families and people with disabilities, including people with mental health issues.

### ***2. Significant gaps exist in continuum of housing for consumer/survivors***

Key informants and focus group participants noted that there is a range of housing for people with mental health issues in Hamilton. This range of housing includes (1) custodial housing, (2) supportive housing, and (3) supported housing. The range of housing used by people with mental health issues in Hamilton was also reflected in the results of the consumer/survivors' survey. The survey sample of 131 respondents included 55 people (42%) living in rented apartments, 36 people (27.5%) living in residential care facilities, 9 people (6.9%) living with their family members, 8 people (6.1%) living in condominiums, 7 people (5.3%) living in supported housing, and 16 people (12.2%) living in "other types of housing" (e.g. homes for special care).

While this continuum of housing is necessary to meet the varying individual needs of people with mental health issues, there are gaps within this range that need to be addressed.

According to research participants, one gap is an over supply of residential care facilities that provide a high level of personal care but limited autonomy for residents, and a very limited supply of supportive and supported housing that are rehabilitation and recovery focused.

The consumer/survivors' survey results further indicated that there are many consumer/survivors in Hamilton who regard themselves as able to live independently. When asked whether they are able to live independently, 72 out of 121 participants who responded to the item (59%) said they considered themselves able to live independently. Interviewees also noted that clients of most existing mental health housing models have little or no influence over their housing. The participants opined that it is very important to achieve a balance within mental health housing to better meet the needs of people with mental health problems, support their independence, and facilitate their recovery.

### ***3. Support for the idea of consumer-driven co-operative housing***

Phase I of the feasibility study found tremendous support and excitement about the idea of a consumer-driven housing co-operative among consumer/survivors, family members, community mental health workers and non-profit housing professional in Hamilton. Almost all key informants and focus group participants supported the idea of developing a housing co-op for people with mental health issues. In addition, 54 out of 129 survey participants (41.9%) said they would like to live in a housing co-op compared to 38 people (29.4%) who said they would not, and 37 people (28.7%) who said they were unsure.

A good majority of the stakeholders that participated in this research said that a consumer-run housing co-op would be an important addition to the continuum of housing that is available to people with mental health issues, and a significant step toward addressing the gaps identified. They said that co-op housing is consistent with an empowerment approach; it fosters a sense of belonging and a sense of community among its residents, and promotes peer support. These advantages offered by co-op housing promote the concept of self-determination and are very consistent with the recovery model in mental health.

### ***4. Caution and support required in developing a consumer-run housing co-operative***

Although a majority of the participants in this research supported the idea of a consumer-run housing co-op, some said that such a housing co-op will be successful only if all stakeholder groups work together and provide adequate support and training for residents, especially at the initial stages. Some of the supports and training they identified as necessary were mental health support, income support and co-op living training.

Naturally, a few participants were cautious in their appraisal of the idea of consumer-run housing co-op. Although they thought it will be a good idea, these participants suggested that the concept needs more clarity before implementation. This concern for clarity was addressed in Phase II of the research.

### ***5. Challenges to realizing the vision of co-operative housing for consumer/survivors***

Several potential challenges to realizing the vision of a consumer-run housing co-op were identified. These include community opposition, the stigma attached to mental illness, financing, maintaining effective managerial processes, and healthy interpersonal and group dynamics. According to research participants, the biggest problem would be the strong “not in my backyard” attitude towards social housing that is present in Hamilton (NIMBY).

Participants, nonetheless, suggested that these challenges could be overcome by drawing on resources in the co-op sector for training and on-going support, and by facing NIMBY head-on through advocacy and public education to help people to better understand mental illness. Research data also pointed out the value of developing the co-op in a location where zoning restrictions are minimal as a means of minimizing formal opportunities for negative neighbourhood reaction.

## **Phase II: Clarifying the Co-op Idea**

This section represents the findings from Phase II of the feasibility study. Parameters for setting up a housing co-op that would meet the specific needs of people with mental health issues were explored and recommendations were made for each parameter. Based on the recommended parameters, an implementation plan, including a strategy for maximizing community acceptance for the project, was developed with recommendations for each implementation step.

### ***6. Preferred model of co-operative housing***

There are two broad types of housing co-ops, namely equity or market rate housing co-ops and non equity or not-for-profit housing co-ops (Kinis, 2000). After a review of literature and discussion of the advantages and disadvantages of each model with a range of stakeholders, a consensus was reached that a not-for-profit model is the preferred model for consumer-run cooperative housing in Hamilton. The not-for-profit model offers the distinct advantage of affordability to individuals who do not have access to capital, and has more potential than an equity model for attracting funding under various public and private programs for low income earners and people on social assistance.

#### Recommendation #1

*A non-equity (not-for-profit) co-op housing model is recommended for this project. This model would create housing that is financially accessible to many consumer/survivors.*

### ***7. Target population***

Both the integrated and non-integrated models of co-op housing were considered in this study. In an integrated co-op, the core membership would be formed by consumer/survivors, but membership would otherwise be open to anyone interested in living in the co-op. In a non-integrated model, on the other hand, membership would be restricted to the target population only (consumer/survivors in this case). While some strong arguments were put forward in favour of an integrated model, findings of this research indicate a strong leaning towards a non-integrated model as the best way to ensure consumer/survivor control of the co-op over the long term. Immediate family members such as spouses and children would be allowed to live in units with co-op members, but only consumer/survivors would be eligible for membership.

Recommendation #2

*It is recommended that the housing co-op for consumer/survivors should be non-integrated (consumer/survivors-only), similar to those formed for and by other specific populations such as artists, victims of abuse, and seniors. The co-op should therefore allow only people with mental health issues to become members.*

**8. Supports and training**

Participants generally agreed that the members of a consumer-run housing co-op will require certain supports in order to be able to operate and live successfully in the co-op. Needed supports would include mental health supports, co-op living skills training and adequate income support. With a strong mental health support system already existing in Hamilton, research participants suggested linking the co-op and its members to those existing mental health supports rather than creating new ones for the co-op. Co-op living and co-op management training can be arranged through the Co-operative Housing Federation of Canada. Rent supplement may be obtained from the City of Hamilton to support low income earners and people on social assistance to enable them to pay their housing charges.

Recommendation #3

- a. *It is recommended that the co-op establish links with such essential services as crisis support and hospitals through service agreements to facilitate quick and easy access to their services for co-op members when needed. The co-op development committee should also make arrangements with the local co-op housing association and with local co-ops for co-op management and co-op living training and support.*
- b. *Furthermore, the co-op development committee should make efforts to obtain rent supplement from the city for co-op members who qualify for it.*

**9. Building**

The feasibility study considered advantages and disadvantages of both newly constructed buildings and renovated pre-existing buildings. Although newly constructed buildings allow greater flexibility in design, aesthetics and energy efficiency, research findings suggest a preference for a renovated pre-existing building because they can be cheaper, easier to acquire, and quicker to complete and put into operation. Moreover, renovating may make more potential funding sources available to the project, and also make the project less open to community opposition.

Recommendation #4

*A renovated pre-existing building is recommended as the first option for developing a housing co-op for people with mental health issues. This recommendation notwithstanding, the development committee may choose the second option of a newly built complex depending upon the findings of property search and the amount of funding available.*

### ***10. Location***

In terms of consumer/survivor and service provider preferences, the best location for the co-op would be accessible to but outside the Hamilton downtown core, on a major bus route, and close to a range of services. Determining the specific location will very much depend on what property is available once the co-op is ready to purchase property, how much properties cost at that time, how those properties are zoned, and how much capital is available to the co-op. A decision on the specific location would be better made once financing has been arranged and the co-op is ready to purchase property. The implication of this is that any suitable property located close to, but outside the Hamilton downtown core, could be acquired for the purpose of building the co-op.

#### Recommendation #5

*A suitable property should be sought in the area near (but not within) the Hamilton downtown core. The specific location for the housing co-op should, however, be determined by the co-op development committee, in consultation with a housing consultant after a thorough property search and specific financing scenarios have been considered.*

### ***11. Size***

All participants agreed that the housing co-op should be relatively small but financially efficient. Based on all arguments, it appears that the size would have to be within the range of 30 to 80 units. The final decision about size would, however, be based on the amount of funding available, the types and sizes of suitable property available near downtown Hamilton, affordability for members, and long-term financial viability.

#### Recommendation #6

*A small housing co-op of size anywhere between 30 and 80 units is recommended. This range gives latitude in the search for property which should focus on buildings that can be converted into a mix of single and family housing units within the specified range.*

### ***12. Financing and development***

To facilitate the development of the housing co-op, a co-op development committee should be established to co-ordinate the process. A founding co-op board of directors would also have to be established for the incorporation of the co-op and for organizing the co-op association and community. The co-op development committee would also have to engage a housing development consultant to complete a viability study to assess and plan for the project's financial viability and help arrange financing for the project.

The financial viability of the project would depend on a calculation of capital and operating costs compared with projected revenues from housing charges, fundraising, and other secure sources. Although the actual cost for the housing co-op would depend on factors including, the size and sophistication of the building, the capital costs would invariably include property costs, consultation costs, planning costs, design costs, construction costs, and development charges. Operating costs, on the other hand, may include management costs in addition to utility costs, maintenance costs, mechanical costs (where necessary), and incidental costs.

Potential sources that were identified for financing capital costs were borrowing (mortgage), government grants for affordable housing, and fundraising from philanthropic organizations. Revenue sources for financing operating costs include monthly housing charges to co-op members and rent supplement from the City of Hamilton.

**Recommendation #7: Financing and development**

*It is recommended that the development of the housing co-op should follow the steps outlined in the co-op development plan in this report (see [Co-op Development Plan](#)). These steps are:*

1. *Establish a co-op development committee to co-ordinate all the steps required to implement the co-op development plan. This committee may be made up of stakeholders and include the members of the co-op's founding board of directors.*
2. *Recruit members and form a founding co-op board of directors. This board should be made up of consumer/survivors who are interested in taking leadership in the development of the co-op. Members of the founding co-op board should also be members of the co-op development committee. This board, with the support of the entire co-op development committee, will be responsible for completing the co-operative's start-up activities outlined in phase 3 of the co-op development plan.*
3. *Conduct a viability study to assess the financial viability of the housing co-operative. To accomplish this task, the co-op development committee should:*
  - a. *Engage a housing development consultant who specializes in the development of housing co-ops*
  - b. *Apply for viability study funding (e.g. SEED funding from the Canada Mortgage Housing Corporation); accessing this funding may require naming a lead agency*
  - c. *Co-ordinate a search for suitable properties within the target area of Hamilton with the support of the housing development consultant*
  - d. *Analyze, understand, and review budget projections and long-term financing models for the project developed by the housing consultant*
  - e. *Decide on the actual location, size and type of housing*
4. *Organize and start up the co-operative:*
  - a. *Incorporate the cooperative (requires at least 5 incorporating members)*
  - b. *Recruit and train co-op members, and establish needed committees of the co-operative*
  - c. *Develop draft by-laws for the co-op community*
  - d. *Prepare to hold the founding meeting of the co-op (within 18 days of receiving the certificate of incorporation)*
5. *Plan and organize start-up financing and proceed with arrangements for the physical development of the co-op:*
  - a. *Complete proposals for capital funding*
  - b. *Arrange financing from a credit union or mortgage bank*
  - c. *Organize capital fund raising from community and philanthropic organizations*



6. *Develop an evaluation plan for monitoring the project, adjusting the implementation to enhance its success, and capturing best practices for future projects. The evaluation plan should also assess and document the effectiveness of the co-op approach to housing in mental health.*

### **13. Maximizing community acceptance**

Data from the feasibility study suggested a strong need for early, intentional planning for a proactive neighbourhood acceptance strategy that can be implemented as soon as the site is identified for the co-op. The strategy should be proactive in building community buy-in before NIMBY arises, but should also face NIMBY head-on when it does arise. To be successful, the strategy should involve all stakeholders in a co-ordinated effort and should include actions to bring politicians on board.

The neighbourhood acceptance strategy should be designed to provide information to members of the co-op's proposed neighbourhood, not only to alleviate any fears they may have about mental illness but also to educate them about the potential positive outcomes of the project.

#### Recommendation #8

*It is recommended that the co-op development committee apply for funding for community education and begin to implement the strategy for maximizing community acceptance as soon as property is acquired for the purpose of developing the housing co-op (see [Strategy for Maximizing Community Acceptance](#)).*

### **Conclusion**

The first phase of this feasibility study found significant need for new affordable, independent housing options for consumer/survivors, and considerable support among stakeholder groups for the idea of a consumer-driven housing co-operative in Hamilton. All the participants said that a consumer-run housing co-operative will provide stable, affordable housing that is empowering and will develop a sense of belonging and a sense of community among people with mental health issues. They therefore believe it will be very important addition to the continuum of housing that is available to people with mental health issues in Hamilton.

Data from Phase II of this research suggested that a not-for-profit housing co-op in which membership would be open only to people with mental health issues would be most appropriate for this project. Such a model, participants argued, can be tailored to meet the specific needs of people with mental health issues. The co-op must be established in close proximity to services and community places, preferably on a major bus route near downtown Hamilton. Also developing such a housing co-op would require a comprehensive program of community education and mobilization to maximize community acceptance of the project. Moreover, the development of the co-op will require the support and involvement of all stakeholder groups to be successful.

An initial scan of affordable housing start-up programs indicated that funding may be available to subsidize construction or renovation costs for a housing co-op for people with mental health issues in Hamilton. Furthermore, an analysis of financing options for operating expenses suggested that sustaining a co-op on housing charges affordable to people on ODSP is feasible with rent supplement.

Based on these findings, the overarching recommendation of the feasibility study is to proceed with the next step towards the co-op's development, invest time and effort in the generation of specific budget figures, complete a concrete and specific viability study and business plan, and proceed with developing a co-op on that basis.