

HOW WE BECAME A CO-OP

How Colandco Works Colandco (originally called Inner City) was created in 1986 by the Co-operative Housing Federation of Toronto (CHFT) as a vehicle to capitalize on a \$2,000,000 donation by the Campeau Corporation. The goal at the time for CHFT was to use the money to develop additional housing co-operatives rather than use it to pay down the mortgages on existing co-ops. By combining a Land Trust with a sector-based development company, CHFT was able to get Ministry of Housing and Canada Mortgage and Housing Commission (CMHC) approval and use the \$2,000,000 as a revolving loan fund for land development. As the development arm of CHFT, Colandco sought to capture the profits generated from developing land to a higher and better use and retain that value within the co-operative housing sector. Colandco would purchase land, develop housing, and then sell the finished product to newly formed housing co-ops, **while retaining ownership of the land**. By the early 1990s, Colandco owned the land on which 14 housing co-operatives had been built, supporting 2,350 housing units throughout Toronto and its suburbs. The land holdings of eight of the co-ops were given to Colandco. The remaining six co-ops were developed directly by Colandco. In 1988, Colandco purchased a 9.37-acre site to develop Northview Meadow in Oshawa (a 261-unit co-op and a 103-unit condominium) and a 1.33-acre site to develop Orchard Grove in Scarborough (an 83-unit townhouse). In 1989, Colandco purchased three more sites – a one-acre site to develop a 133-unit co-op (Chord in York), a 1.25-acre site to develop a 56-unit apartment and eight single family homes (Ujamaa in Scarborough), and **an existing 772-unit apartment development (City Park in Toronto)**. As mentioned above, Colandco was restructured in 1994. **Colandco continues to hold Title to the lands under the existing co-ops and meets once a year to perform its corporate administrative responsibilities.**

Key Challenges Colandco was not completely “successful” as a development corporation due primarily to timing and circumstance. While it stood to make money on some of the projects, it incurred significant losses on other projects due to falling land values and a declining real estate market at the time. Colandco was also unable to overcome tensions within the co-operative housing sector that saw a Land Trust as potential competition and an overly expensive means of ensuring the non-profit status of co-ops. Some members of the sector believed that there were other, less expensive ways to take advantage of the \$2,000,0000 Campeau donation and help co-ops develop there projects. There were also challenges trying to encourage existing co-ops that already held Title to their land to transfer those assets into the Land Trust. There was also contention about the primary vision of Colandco. Some viewed the primary goal as capitalizing the sector with a **focus on new development**; others saw the primary goal as stewardship – **preserving the non-profit status and long-term affordability of the sector**. In the end, the development goal proved unsustainable. As a result, Colandco abandoned its development and expansion focus in 1994. The high cost of operating the Land Trust combined with financial losses on a number of key projects led the CHFT membership to vote in favor of giving the land back to the individual housing co-ops. Colandco could not legally give the land back to the individual co-ops, and so the corporation was downsized. In exchange, **the co-ops had to sign a land trust agreement (similar to a conservation easement) that would be registered as a caveat on Title limiting the land for use only as non-profit housing**. This was seen as a more cost effective means of securing the long-term affordability and non-profit status of the co-ops.

For the complete text go to:

http://publications.gc.ca/collections/collection_2011/schl-cmhc/nh18-1-2/NH18-1-2-123-2005-eng.pdf