

A Model for Healthy Democracy in Canadian Housing Cooperatives

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Abstract: In light of Canada's housing affordability crisis, housing cooperatives play a crucial role in delivering stable, community-based, affordable housing. However, governance and operational challenges, particularly in smaller cooperatives with limited resources, can weaken democracy and the cooperative housing sector's effectiveness. To address these challenges, this research develops a Model for Healthy Democracy in Canadian Housing Cooperatives by identifying key indicators of democratic health through primary and secondary research. The study identifies factors that most influence democratic health, such as Board and membership composition, cooperative rules, norms, culture, and the regulatory environment, and recognizes that such health can vary as factors vary, hence move along a continuum. The model can be used to evaluate democratic health, foster member participation, and inform supportive government policy. The study fills a critical gap by addressing underexplored links between regulatory environments and democratic health in Canada's housing cooperative sector.

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Keywords: governance, cooperative housing, democracy, government, member participation

A. Introduction

This research paper aims to establish a *Model for Healthy Democracy in Canadian Housing Cooperatives* based on indicators identified through primary and secondary research. Healthy democracy is defined as good decisions based on member input with consideration of cooperative identity resulting in long-term cooperative viability and member satisfaction. This research is important and can have positive implications particularly since Canada is facing a housing affordability crisis. It is critical that housing cooperatives be a key part of the solution, as they offer stable, secure, at cost affordable, community-based housing. However, some challenges can plague housing cooperatives, impeding their potential.

Difficulties in housing cooperatives can often be linked to weak governance or management, which are affected by various factors. It is important to examine these areas given how poor decisions and unhealthy democracy in a cooperative tend to lead to heightened member conflict, negatively impact the sector's credibility and jeopardize the long-term future of housing cooperatives and their members.

Additionally, smaller cooperatives can be challenged because they have fewer resources. This can lead to Board of Director burn out, inability to access capital financing for repairs, inability to attract or maintain quality management and operations staff, and an inability to meet member needs through their life stages including changes in family size and aging in place. An international study by Crabtree et al. (2019) noted that Board governance can often "fall to a subset of residents with resultant overload and burnout" (p. 22).

A Model for Healthy Democracy in Canadian Housing Cooperatives

Healthy democracy can be further influenced by a housing cooperative's rules, norms, and culture and by having a sufficiency of competencies, training and information among its membership, as well as by the regulatory environment. The impact of regulatory oversight on housing cooperatives is an area not well understood or sufficiently studied given the history, devolution and programs affecting housing cooperatives in Canada. It needs to be examined as a key factor in a housing cooperative's ability to practice healthy democracy.

The purpose of the research is to outline factors that most influence and lead to healthy democracy in Canadian housing cooperatives and explain the factors and extent to which healthy democracy exists in Canadian housing cooperatives. The research objectives are to:

- Examine factors and associated indicators to develop a Model for Healthy Democracy for housing cooperatives,
- Recommend policy and practices associated with the model that can further enable healthy democracy, and
- Identify whether housing cooperative size, location and structure impact healthy democracy.

B. Background and Context

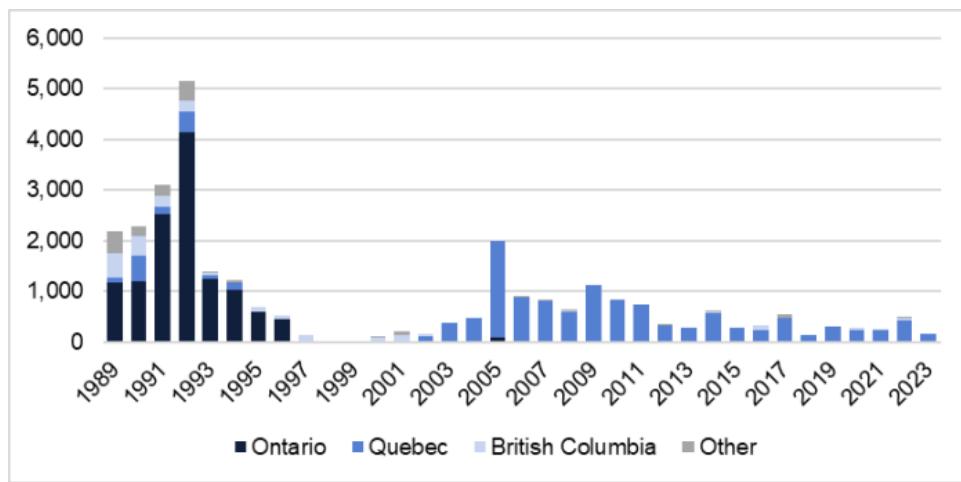
Housing cooperatives offer great value yet represent less than 1% of the total housing stock in Canada (Canada Mortgage and Housing Corporation [CMHC], December 2018, p. 2). CMHC's "1992 *Evaluation of the Federal Cooperative Housing Program*, found that 'the dollar value of self-help resident participation [was] substantial,' and its 2003 *Co-operative Housing Programs Evaluation* estimated that co-ops' capital and operating costs were 11% lower than other non-profit rentals" (Coulson, 2024, para 10). In spite of this, there remains skepticism and misunderstanding over the cooperative model derived in part from the lack of understanding of the impact government program requirements have on housing cooperatives. There is also a perception that conflicts of interest may skew and limit the housing cooperative's ability to make sound decisions. Hence, the importance of this paper is in exploring the democratic health of housing cooperatives to alter perception and practices, if needed, in order to support a stronger and viable future.

Emergence of Housing Cooperatives

The Canadian housing cooperative sector saw its key growth in the 1970's with the advent of federal programs funding their development until the 1990s (Coulson, 2024, para 2). The government funding programs required the housing built to be affordable for the duration of the funding agreements. Affordable housing is commonly defined as housing costs that do not exceed 30% of the total household income (Verbeek et al., 2024). The percentage of affordable homes within a cooperative varied. The percentage of low income, or rent geared to income households, varied between 15% and 80% of total households in a housing cooperative. Past government programs included a rental subsidy component, in essence to fund the gap between what low-income households paid and the cost of housing. This rental subsidy was part of agreements with housing providers, hence paid directly to the housing providers. Rent Supplements also existed and were paid to the individual, regardless of housing type whether private or non-profit. Housing cooperatives have, in the majority of cases, been built under government programs and served low-income households.

Government involvement and responsibility in and for housing in Canada, has a complex and sporadic history, in part due to a 1949 amendment to the National Housing Act. The amendment declared the provision of low-income housing to be through joint federal-provincial programs (Begin, 1999, para 5).

With the halt to federal program funding in the 1990's, as illustrated in Figure 1, the federal government retreated from providing community and affordable housing.

Figure 1: History of Federal Government Program Funding

Source: Coulson, J., July 22, 2024. Cooperative Housing in Canada. Hill Notes. Library of Parliament.

The Province of Ontario has downloaded responsibility of housing to local government with an inadequate tax base and capacity to manage. Most provinces have played limited roles in housing with government spending at federal and provincial levels nominal and inadequate (Begin, 1999, para 10) to this day.

A lack of government accountability through the decades is debated as “legal experts generally agree that, constitutionally, neither the federal government nor the provinces are legally required to provide affordable housing, nor are they prevented from doing so” (Office of the Auditor General of Ontario, 2017, p. 698).

Evolving Role and Impact of Governments

The parameters around government funding programs and associated agreements have substantially affected housing cooperatives, including their ability to exercise strong democracy and member decision-making control. Funding Programs, or legislation in the case of Ontario, have limited housing cooperatives’ ability to make decisions related to capital reserve contributions and refinancing. They have also limited housing cooperatives’ abilities to exercise options to strengthen their viability through such strategies as mergers, amalgamations or acquisitions.

This research will provide insight into the impact government oversight and regulation have on housing cooperatives, including their ability to operate in accordance with their cooperative identity through democratic member control, ownership and decision-making. The notion and reality of the impact of government have been recognized by cooperatives globally and demonstrated through the Cooperative Law and Regulation Initiative (CLARITY), which stated that “... outmoded legal systems were barriers to cooperative development in many parts of the world” (International Cooperative Alliance, 2024, para 1).

When government funding agreements ended, which were associated with the end of the housing cooperatives’ mortgage payments, the government did not continue with the rental subsidy. However, members’ household incomes did not change and with aging buildings, capital investment needs increased. This resulted in these housing cooperatives facing a revenue shortfall. Being member owned and controlled, housing cooperatives offer security of tenure, and thus were obliged to support housing security for their low-income members. The expectation of government that housing cooperatives would cover the income gap of low-income households was problematic and led to significant capital deficits as housing cooperatives sacrificed the capital requirements needed to maintain the housing cooperative in good condition in order to keep their most vulnerable and low-income resident members housed. This is a difficult dilemma and choice for any cooperative living its cooperative values and identity. Advocacy by the cooperative housing sector led to a new rental subsidy program called the Federal Community Housing Initiative, which was for housing cooperatives built under federal funding agreements.

A Model for Healthy Democracy in Canadian Housing Cooperatives

In Ontario, with a higher percentage of low-income households in housing cooperatives, the situation continues to be highly problematic. Consequently, current trends show that the financial viability of housing cooperatives in Ontario approaching the end of their mortgage and subject to the Housing Services Act are at great risk. These housing cooperatives have also been under heavy municipal (i.e., Service Manager) oversight and constraints from this regulatory regime. They do not have full decision-making control to set appropriate budgets, nor contribute sufficiently to capital reserves due to problematic regulatory expense benchmarks used by Service Managers (municipal government). These housing cooperatives have further limitations as government approval is required for refinancing and merging with other housing cooperatives.

The Last Decade

As agreements ended, amid financial viability concerns and the need for greater income mix and overall resources, new housing solutions have emerged over the last decade. With the federal government re-entering the affordable housing sector with the establishment of Canada's first ever National Housing Strategy in 2017, new government housing funding programs have also emerged (Lee, 2022, para 1). New programs, however, do not include rental subsidies but still require housing charges (rents) to be below average or median market rent.

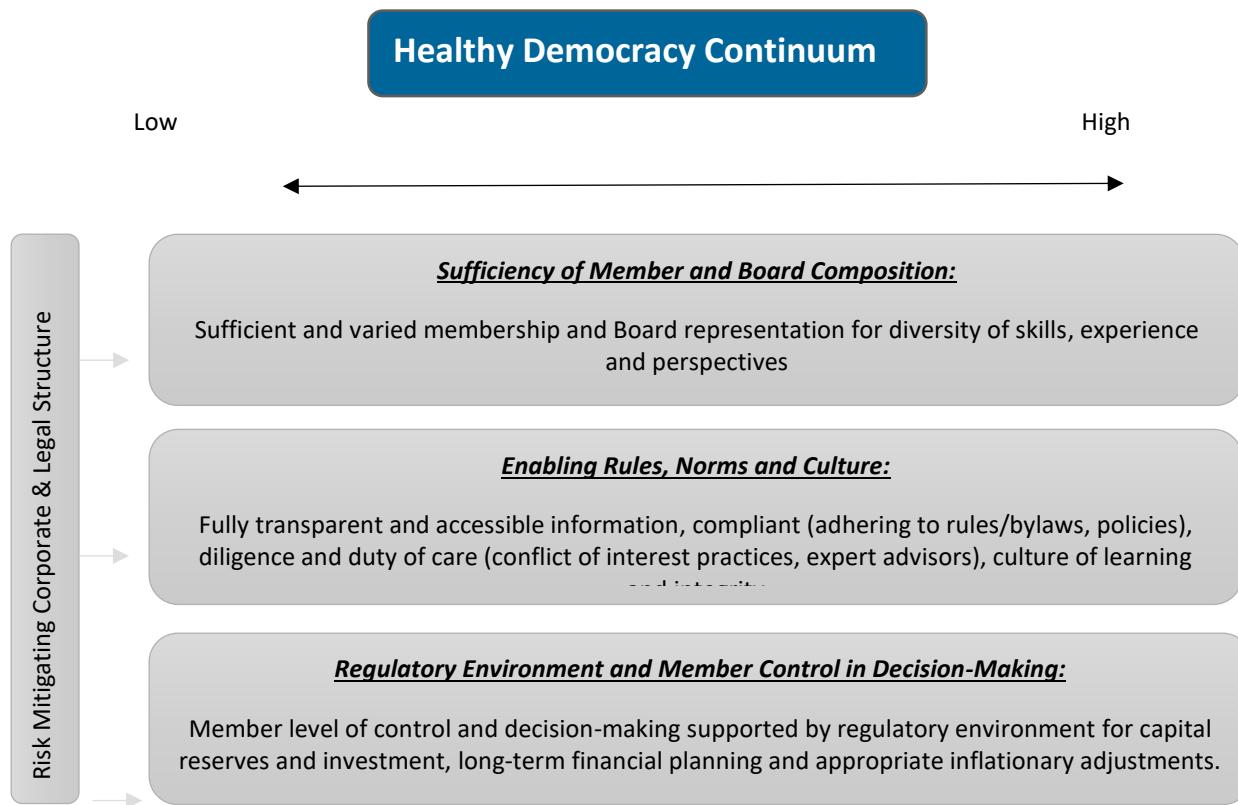
These new housing solutions include land trusts, land cooperatives and larger multi-site housing cooperatives such as Compass Nova Scotia, Community Land Trust (BC) and Co-op Housing Land Trust (ON). Land trust and land cooperatives have also been used to fuel growth in the cooperative sector by bringing together land, buildings and people in a way that offers more opportunities. Combining resources under such umbrella organizations has allowed for greater access to funding, skills and people, and housing types to meet ongoing member needs. There are varying governance and democratic models used across these solutions. This paper will not examine the member democratic control variations among these models; however, it will begin to explore any trends or correlation between these multi-stakeholders or multi layered governance models and the degree of healthy democracy found within them. Ultimately, more research is needed on whether and how new governance structures impact member democracy and long-term decision-making.

Cooperatives are unique housing solutions, offering at cost, stable and community-oriented housing which are strongly needed in today's housing crisis. There is high potential for growth of cooperative housing solutions in today's Canadian economic, environmental and social reality. A strong future, based on the unique aspects of cooperatives is dependent on healthy democracy. Developing a Model for Healthy Democracy in Canadian housing cooperatives with the associated factors, indicators and enablers is an important tool for improving good governance, member understanding, empowerment and participation in the decisions affecting their housing.

Concept of Healthy Democracy

The Model for Healthy Democracy is illustrated in Figure 2 below. It is based on a healthy democracy continuum recognizing that housing cooperatives can move along the continuum throughout their life. The model embeds three broad indicators and related factors that form and can influence the health of a housing cooperative's democracy: 1) Sufficiency of member and Board of Director composition; 2) Enabling rules, norms, culture; and 3) Regulatory environment and member control in decision-making. The model further recognizes the potential impact of the cooperative's structure and that the factors affecting democratic health can change over time.

Figure 2: Model for Healthy Democracy in Cooperative Housing



The three healthy democracy indicator (HDI) categories were identified and informed by a literature review and professional insight, as well as data from the survey and focus group on cooperative housing democracy. The model and methodology informing the development of the model are further described in the Methodology section below.

C. Methodology

This research used a literature review, and primary and secondary data to develop the Model for Health Democracy. The literature review was undertaken to identify key issues and factors influencing healthy democracy, including the impact of government and regulatory environments on cooperatives, and the prevalence and influence of member participation and engagement in the success and democratic functioning of cooperatives. Appendix A: Data Collection and Methods provides further detail.

Qualitative primary data was gathered through a focus group to identify key influences on healthy democracy among Canadian housing cooperatives in Canada and explore the degree of government versus member control and the impacts on decision-making and democracy. The input informed the healthy democracy indicators surveyed in the questionnaire.

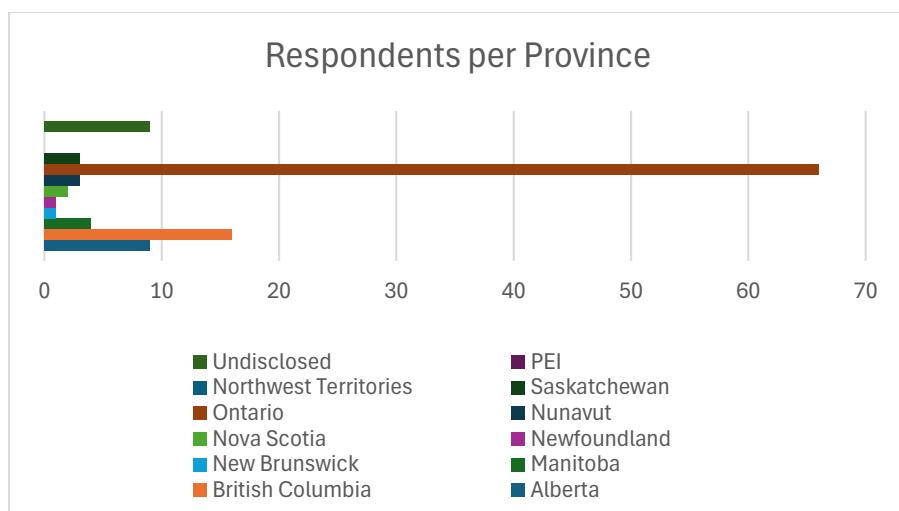
Quantitative primary data was then gathered using a survey questionnaire. It was used to assess the democratic health of Canadian housing cooperatives according to the Model for Healthy Democracy. The survey questions, healthy democracy indicators and associated weighting were identified and used for the analysis in this paper based on key components identified in the literature review (e.g., quality of decision-making based on transparency of information, community involvement and engagement, Board of Director skills and qualifications) in addition to the qualitative data from the focus group. Higher ratings were attributed to healthy democracy indicators of candidate elections, Board of Director planned turnover and training, and impact of regulatory environment.

A Model for Healthy Democracy in Canadian Housing Cooperatives

The survey responses were individually rated according to the Model for Health Democracy factors, then assessed collectively to determine an overall status of democratic health of Canadian housing cooperatives. Drawing on the base profile questions included in the survey, the data was further analyzed to identify potential correlations or trends in healthy democracy ratings against cooperative housing size, structure (land trust, land cooperatives) and location.

The survey was circulated to members of CHF Canada and shared via partner federations, staff and manager interest groups. According to the Co-operative Housing Federation (CHF) Canada, there are approximately 1082 housing cooperatives across all provinces with the exception of Quebec (CHF Canada, 2025). There were 113 respondents to the survey, with majority representation from Ontario, representing a response rate of approximately 10%. Figure 3 below shows respondents per province:

Figure 3: Survey Respondents per Province



Secondary data from the Agency for Co-operative Housing, which administers federal housing programs on behalf of CMHC, was used to further explore financial decision-making and cooperative identity, specifically adherence to the principles of education, information and training and concern for community (in this case, maintaining homes in good repair for future generations). The raw data was retrieved from the Agency for Co-operative Housing's internal database, upon request by the author, and analyzed solely for the purpose of this paper.

The Model for Healthy Democracy was developed based on knowledge of the cooperative housing sector gained through CHF Canada education programming, resources, advisory and financial services, a focus group of cooperative housing staff and managers, and on a literature review of healthy democracy and models. In particular, Souliotis et al.'s (2018) healthy democracy index, as well as, O'Connor and Gates' (2000) notion of healthy communities were helpful. O'Connor and Gates (2000) declared astutely that, "As decision-making is spread more widely and thinly across the many interests of the community, creating a safe civic space to promote meaningful deliberation that leads to decisions based on common values will be crucial to the success of our communities" (p. 160). In addition, the Democracy Fund foundation's healthy democracy framework informed the choice of indicators related to culture, demographic diversity, elections, engagement and regulatory environment (governing institution) (Democracy Fund, 2025).

The model was further informed by CHF Canada's member survey (2022) responses that indicated lack of member engagement, community and financial viability concerns due to actual or potential loss of subsidy as key issues among Canadian housing cooperatives. CHF Canada's 2025 Board of Director report for co-operative advisory and support services further indicated the top requests relate to conflict, governance and financial viability. Gaps in democratic health were clear in the literature review and anecdotal information from sector leaders, managers and organizations indicated gaps and opportunities to strengthen democracy in Canadian housing co-operative.

The contributing factors to healthy democracy (HD) within each of the three Health Democracy Indicator (HDI) will now be described.

HDI: Sufficiency of Member and Board Composition

The first HDI within the model is sufficiency of members and Board of Director composition. Specifically, this includes factors such as the number of members available and subsequently the degree of diversity in skills, qualifications, and interest in the governance of the cooperative. Other factors include whether minimum eligibility requirements for the Board of Director and associated committees exist, the extent to which turnover in the Board of Directors is planned, and the extent to which Board of Director vacancies are filled as a result of elections, which is a prime and pre-requisite factor for healthy democracy. Planned turnover allows for time and member awareness of opportunities to join the Board of Directors and enhances the probability of sufficient numbers and eligibility of candidates and consequently elections, a fundamental aspect of democracy. As cited by Fuad Afgan (2016), "The source of power, in a democratic regime, is election, and consequently it is the basis of legitimacy" (p. 1). Planned turnover of the Board of Directors can be achieved with terms, term limits, and sufficient candidate interest to result in elections.

Since elections are fundamental to democracy, the extent to which Board of Director vacancies have sufficient candidate interest and occur due to a planned vacancy, thereby increasing the likelihood of an election, was considered as a factor in democratic health. The Confederation of Cooperative Housing's *Governance and Management: Guidance for Co-operative and Community Led Housing*, recommends that a co-operative "prepares to renew and replace governing body members before they stop being active. It has a training programme that supports future sustainability" (2025, p.13).

HDI: Enabling Rules, Norms and Culture

The second HDI is the extent that the housing cooperatives' rules, norms and culture enable good governance processes. This includes rules and norms that ensure the cooperatives, overseen by the Board of Directors, are fully transparent and proactively and actively make information both available and accessible to members. This was emphasized by Curado Malta et al. (2020) who state, "When there is an information asymmetry in the COOP in aspects considered critical, its members' lack of confidence increases, this shows the importance of improving knowledge about COOP and increasing information dissemination" (p. 4). Information transparency practices promote trust among and across the members and Board of Directors of a cooperative, and promote informed decision-making, important factors in democratic health.

Additional factors include accessibility of information, as it relates both to language (plain language and language of choice) and having information available and distributed in varied formats, such as paper, electronic, and audio. As democracy is founded on participation in decision-making, and decision-making requires information, democracy is founded on enhanced participation and widely accessible information.

Compliance is considered a factor for healthy democracy under the HDI of rules, norms and culture as it relates to setting and adhering to rules to avoid conflict of interest, ensure transparency and meet regulatory requirements. Norms are habits and culture is behaviour. Norms can inform culture. Norms around seeking expert advice and services to perform due diligence and duty of care is a contributing factor to healthy democracy. Rules and norms related to a cooperative as a good employer able to attract and retain good employees are considered a factor for healthy democracy, as are rules that enforce healthy and safe work environments, including being free from workplace violence and harassment, and providing a fair or living wage. According to Barford et al. (2022), providing a living wage to employee(s) can lead to "Greater economic security, higher motivation, and better health [which] contribute to employee satisfaction, improving the overall working environment" (p. 10).

Lastly under the HDI of rules, norms and culture is a culture of learning, based in and reflective of cooperative identity. This includes factors such as regular training of a Board of Directors, irrespective of age and tenure, creating and offering opportunities for member training and education, and, importantly, new member welcome and orientation information. These factors affect members' ability to be informed, understand, feel confident and equipped to make decisions, hence impact the cooperative's democratic health.

HDI: Regulatory Environment and Member Control in Decision-Making

The third HDI category relates to the impact of the regulatory environment of a cooperative on member decision-making control. Aligned with the notion that “Cooperatives can be best promoted by providing the conditions under which they can flourish and compete in the marketplace” (Dobrohoczki, R., 2006, p. 148), the health of democracy among housing cooperatives can be and is greatly affected by government regulation and legislation. As Dobrohoczki (2006) further states, “The consequences of co-operative legislation and government support depend on its character, but usually the consequence is a perversion of the co-operatives” (p. 146). The concept of healthy democracy in cooperatives relies on member control in decision-making, ideally enabled by a supportive regulatory environment. In particular, members should be allowed and empowered to take part in decisions regarding capital reserves and investment, long-term financial planning and inflationary adjustments. This aligns with the cooperative values of self help and leads to healthier democracy.

HDI Rating Scale

Data related to the Healthy Democracy Indicators and factors were gathered through the survey questionnaire and rated to inform individual and then collective results of the health of democracy among Canadian housing cooperatives. Table 1 below shows the factors and ratings associated with each indicator. Higher ratings of 1 or 1.5 were attributed to indicators deemed to have greater impact on democratic health based on the literature review and the author’s sector insights. Positive responses, where the healthy democracy indicator was present, received between 0.5 and 1.5 points. Negative responses were assigned zero.

Table 1: Healthy Democracy Indicators and Rating

HDI Categories	HD Factors	Rating	
		Positive Response	Negative Response
Member and Board of Director composition	Diversity in skills, qualifications, interests of members and Board	1	0
	Board of Director minimum qualifications	1	0
	Planned turnover	1.5	0
	Resignations	0.5	0
	Candidate elections for vacancies	1.5	0
Rules, norms and culture	Communication and information to members	1	0
	Transparency – decisions and financials documentation	0.5	0
	Transparency - open meetings	0.5	0
	Board of Director training	1.25	0
	New member orientation	1	0
	Board of Director duty of care and diligence - COI policy including declarations	1	0
	Board of Director duty of care and diligence - seeking specialized expertise, compliance	1	0

HDI Categories	HD Factors	Rating	
		Positive Response	Negative Response
Level of member control and regulatory environment	Programs, policy and regulatory environment	Helpful = 1.25	Harmful = 0
	Member control (sole authority on capital contributions, housing charges, financing, merge/amalgamate)	1	0
	Long-term planning	1	0

Limitations

Limitations arose from the scope of the study and time constraints affecting the collection of primary data. As a result, research is needed to further explore the extent to which each factor in the model for healthy democracy contributes to overall democratic health. It should also be noted that the focus group and survey did not achieve full national representation. In particular, the overall survey response rate was low at 10% and there was little or no survey representation from the Northwest Territories, Quebec or the Maritime provinces. The findings and conclusions cannot therefore be reliably attributed to housing cooperatives in those regions. However, the survey response was otherwise representative of the distribution of housing co-operatives in Canada and the triangulation of data from the survey, focus group and literature review enhanced the validity and reliability of the findings.

D. Findings

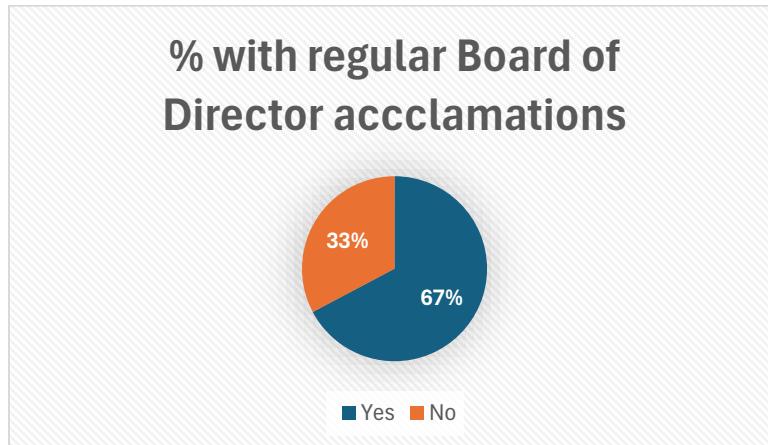
The findings are presented according to each of the model's three Healthy Democracy Indicator (HDI) categories, followed by healthy democracy ratings across Canadian housing co-operatives. Finally, potential correlations related to size and structure of housing cooperatives to their degree of healthy democracy are presented.

i. Sufficiency of Member and Board of Director Composition

a. Member Engagement and Democratic Participation

Lack of member engagement and participation were cited as issues for healthy democracy. The survey showed frequent Board of Director acclamations (67%), where there were no elections, hence no member voting for Board Directors (Figure 4). Of the respondents who identified frequent acclamations of their Board of Directors, it is notable that 60% also had low ratings for information sharing and new member orientation.

Figure 4: Housing Cooperatives with Regular Board of Director Acclamations



A Model for Healthy Democracy in Canadian Housing Cooperatives

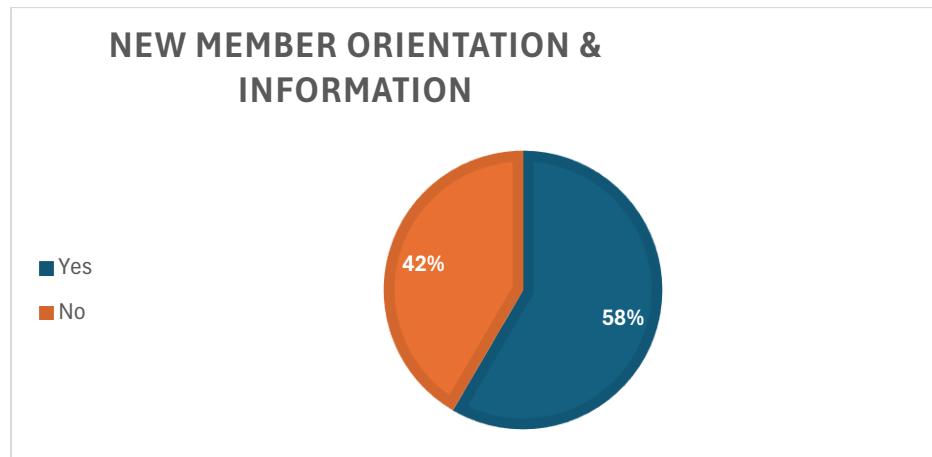
Reasons cited in the focus group and survey data for lack of engagement included the focus on affordability over co-operative identity, lack of time due to financial pressures, apathy and lack of interest, feeling that input won't be considered and burnout of active members.

ii. Housing Cooperative Rules, Norms and Culture

a. Transparency and Communication

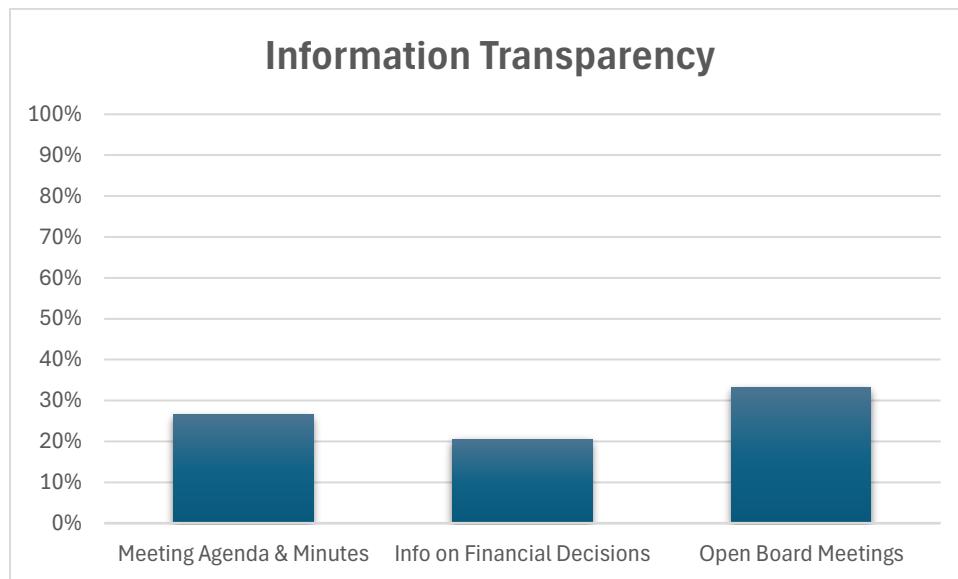
Only 42% of survey respondents indicated having new member welcome information and orientation (Figure 5). Respondents cited, "New members [are] not co-op oriented", and that "members seem more interested in the Co-op due to affordability rather than a desire to be part of a Co-op". There was also feedback from respondents that there is a need to "recommit to the cooperative identity".

Figure 5: Housing Cooperatives with New Member Orientation



As seen in Figure 6, survey responses indicated very low levels of information provision and transparency in the areas of the provision of Board of Director meeting agendas and minutes (27%), open Board of Director meetings where members could attend and observe (33%) and information and communication related to financial decisions of the housing cooperative to members (21%).

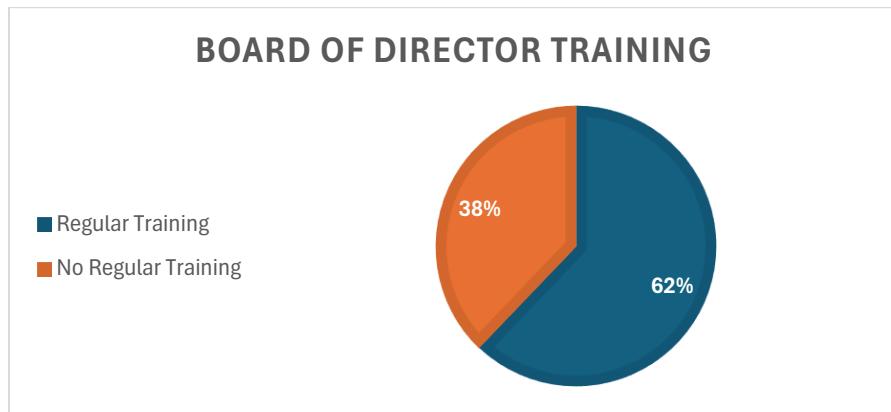
Figure 6: Information Transparency Among Housing Cooperatives



b. Training

The need for enhanced skills and knowledge for improved democratic health was identified in the qualitative primary data, as well as in the secondary data. The survey, which asked about training in general, showed that while only 34% of respondents require specific skills or competencies for their Board of Directors or Board committees, 62% provide regular training (Figure 7). Data from the Agency for Cooperative Housing further showed an average annual spend by housing co-operatives of only \$692 on Board training over a 10-year timeframe.

Figure 7: Regular Board of Director Training in Canadian Housing Cooperatives



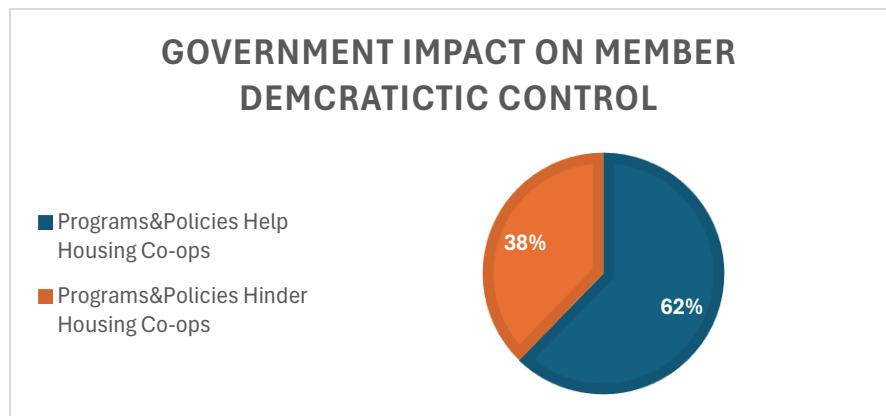
Findings may indicate that training related to fiduciary duties and obligations of a Board of Directors including interpretation and compliance with bylaw(s) and legislation is lacking or insufficient. As previously cited, qualitative data identified potential concerns with adherence to rules and compliance with housing cooperatives' own bylaws. According to the survey, 58% of respondents confirmed that legal or expert advice is sought by the Board of Directors to fully understand how to exercise their fiduciary duty and roles.

One respondent shared that, "Most members have had little to no experience serving on a board or have through their own employment, never supervised staff or been in a position of oversight at any level. The Board relies heavily on the manager in order to maintain good governance".

iii. Regulatory Environment and Member Control in Decision-Making

The survey revealed that 62% of respondents found that government policies and programs have helped the cooperative thrive in a manner that respects and maintains their autonomy and member democratic control. However, 38% of respondents felt that government legislation, programs and/or policies impeded their autonomy and/or diminished their member democratic control as per Figure 8.

Figure 8: Government Impact on Member Democratic Control

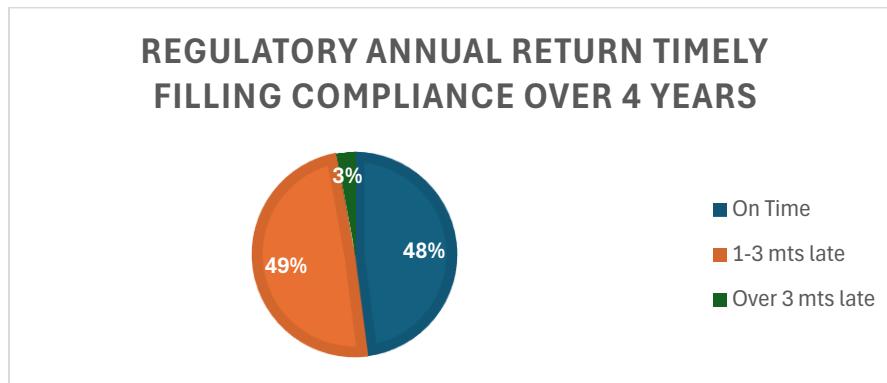


A Model for Healthy Democracy in Canadian Housing Cooperatives

A further 32% of survey respondents stated their cooperative experienced constraints through lack of member control for decisions relating to one or more of the following: capital contributions, housing charge (rent), financing, merger, amalgamation, acquiring land for growth.

The Agency for Co-operative Housing data provided further insight into healthy democracy factors of regulatory compliance, long-term financial decisions and cooperative identity. Its data on federally funded housing cooperatives showed that the timely filling of annual returns happened in less than 50% of coops; however, the majority were submitted within 3 months of the due date.

Figure 9: Regulatory Annual Return Filling Compliance

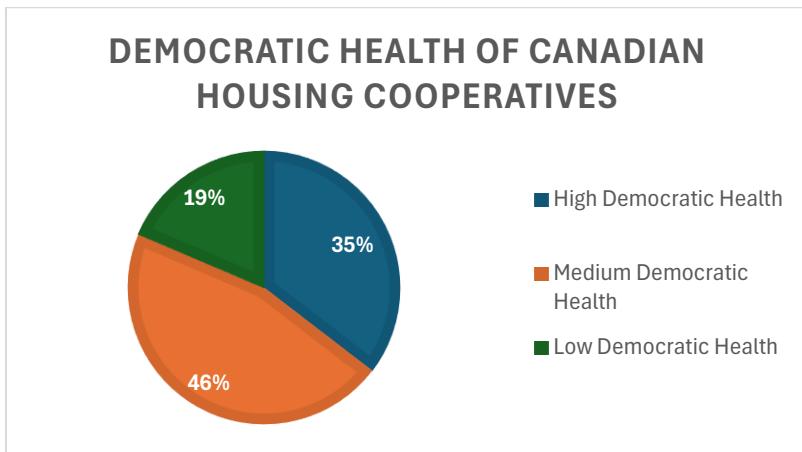


Capital reserve contributions were analyzed using data from the Agency for Cooperative Housing. The data covered a ten-year timespan and were analyzed as an indicator of healthy democracy via sound financial decision-making. This data revealed that 92% of housing cooperatives had capital reserves and 8% had no capital reserves as of December 31, 2024. Similarly, 94% of survey respondents confirmed they maintained a capital reserve. This finding can signify that: 1) the regulatory measures and oversight of the Agency for Cooperative Housing has helped with sound, future financial planning of the housing co-operatives; and 2) housing co-operatives understand the importance of and are making sound decisions related to their financial future. It is worth noting, however, that the sufficiency of the capital reserve contributions was not assessed as part of this study.

iv. *Healthy Democracy Ratings Across Canadian Housing Co-operatives*

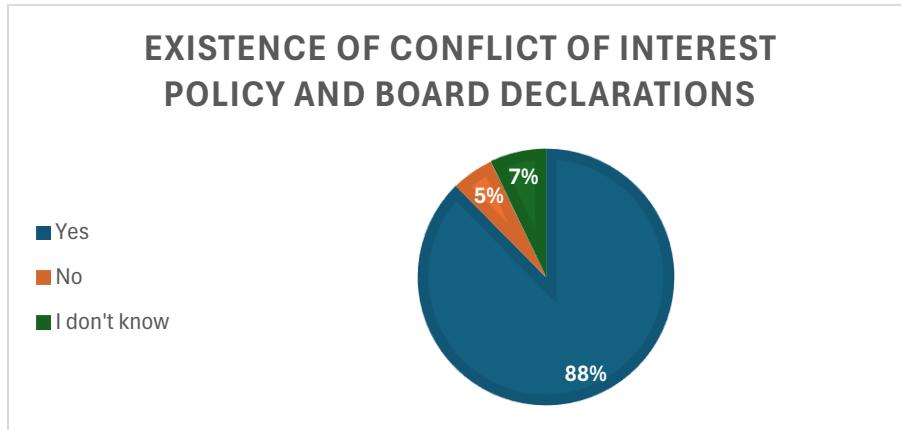
The survey results were used to determine a healthy democracy rating scale by allocating points to practices which contributed to healthier democracy, referred to as healthy democracy indicators (HDI). Further details on the rating scale can be found in the Methodology section (Table 1).

The healthy democracy rating was out of 15. The median rating was 8.88, with ratings ranging from 3 to 14. Figure 10 shows that 46% of housing cooperatives fell in the medium category of democratic health, with 35% in high and 19% in low.

Figure 10: Healthy Democracy Rating of Canadian Housing Co-operatives

Low ratings were most prevalent among the Healthy Democracy Indicator (HDI) factors of elections, Board and Committee qualifications and experience, member control, and transparency and information. These factors are linked to degree of member inclusion, communication and democratic participation, the effectiveness of Board governance practices and government regulation.

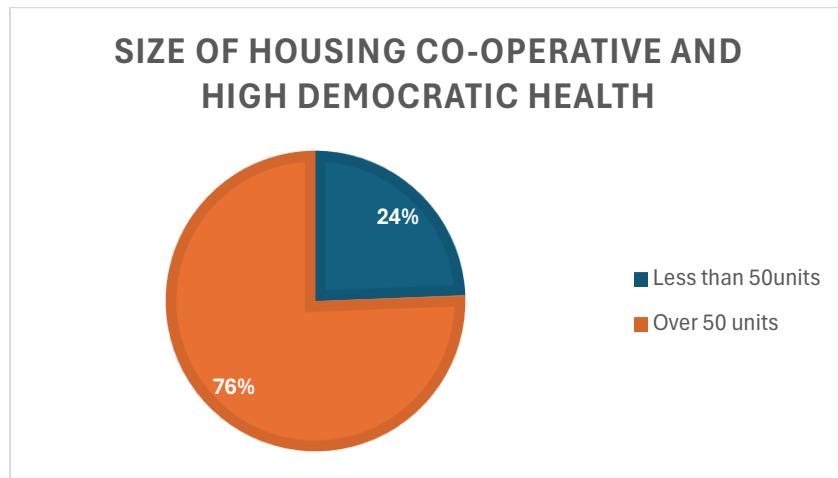
Two indicators of Healthy Democracy had consistently high ratings in the survey data. These related to conflict of interest practices (88%) and decisions to maintain capital reserves (94%). Figure 11 shows the majority of respondents indicated the existence of conflict of interest policies and practice of conflict of interest declarations by the Board of Directors.

Figure 11: Existence of Conflict of Interest Policy and Board Declarations

v. Healthy Democracy and Size of Cooperative

While there was insufficient data to statistically verify correlations between size, location and co-operative structure, the data did reveal, as illustrated in Figure 12, that of the 35% of the housing co-operatives classified as having high democratic health, 76% were medium to large housing co-operatives with over 50 units. In contrast only 24% of small housing cooperatives with less than 50 units were in the high democratic health category. This indicates some correlation and is an area for further research.

Figure 12: Size of Housing Cooperatives and High Democratic Health



The majority of respondents (65 %) were not part of a land trust, nor had a multi stakeholder or non-resident Board of Directors, referred to as alternative governance. As such, there is insufficient data to determine any correlations between governance structure and democratic health. 38% of co-operatives with high democratic health (35%) were part of an alternate governance structure. More research would be required to more fully understand the impact, if any, of governance structure on democratic health.

Additionally, of the housing co-operatives with low democratic health, all but one responded they did not seek legal or expert advice to understand Board obligations and roles; and 97% received zero ratings related to the communication and transparency factors (Board meeting minutes, financial decisions and open meetings). Further research would be needed to substantiate any correlation between understanding Board of Director's obligations including adherence to rules and healthy democracy.

E. Discussion: Gaps and Opportunities for Canadian Housing Co-operative Democracy

Democracy in housing co-operatives is a complex endeavour influenced by a multitude of interconnected factors as the Model for Healthy Democracy shows. Challenges and opportunities were identified during the research with respect to the erosion of co-operative identity, member inclusion, education and engagement, governance effectiveness in transparency and communication, and government control. Loss or lack of cooperative identity is increasingly being examined in the cooperative sector. As Kaswan (2021) astutely observed, "A major topic in the theory literature regarding cooperatives is the degeneration thesis, which holds that, over time, cooperatives gradually lose their democratic character as the pressures of having to succeed economically in a traditional capitalist environment lead to a weakening of cooperative values" (p.191), a phenomenon which resonates in findings from this study. A lack of understanding of co-operative principles appears prevalent and impedes member engagement.

i. *Fostering Cooperative Identity – Education and New Member Orientation*

The lack and loss of cooperative identity among the membership of housing cooperatives is identified as a critical issue. This was supported by the focus group feedback indicating participation in governance is lacking, and the limited education and training demonstrated by the Agency for Cooperative Housing data and survey data. With only 42% of survey respondents providing new member welcome and orientation information, there is significant opportunity to enhance the understanding of membership and doing so in varied and accessible ways. Many housing cooperatives, particularly in Ontario, have a large portion of low-income households including residents from social housing registries' priority populations. This can contribute to issues of engagement related to language barriers and lack of knowledge of the obligations of being a member. Technology can be leveraged for instant translations, as can the existing and prolific resources available across the cooperative housing sector.

There is also an opportunity to include the review and interpretation of bylaws and applicable cooperative acts in housing cooperative custom training. Cooperatives should consider seeking external expertise for this training, and ongoing support related to adherence to rules and law. The third-party insights and expertise could further enhance trust and transparency and reduce unhealthy conflict in housing cooperatives.

ii. Fostering Cooperative Identity – Social Interaction and Inclusion

A study by Crabtree-Hayes et al. (2024) showed that "...members who feel that participation is equitable and who experience feelings of agency within their co-operative [are] more likely to continue to take part in membership practices" (p.97). Further, Gidengil and Wass (2024), concluded that social interaction is an enabler to participation (p. 427). Therefore, housing cooperatives could benefit from increasing and ensuring there are regular opportunities for social and informal interaction of members of the housing cooperative.

The literature review consistently revealed that investing in member education and fostering a sense of community are seen as vital for strengthening co-operative culture. Ultimately this indicates that cooperatives who are conscientious and intentional about creating a healthy, open, inclusive, learning culture are more likely to experience greater member engagement, cooperative identity, and healthy democracy.

iii. Fostering Cooperative Identity – Communication, Information, Transparency

Another indicator of healthy democracy that can influence member engagement and participation is communication and information, in particular the degree to which it is regular, sufficient, accessible and available. The need for, and importance of providing information in an accessible way, not solely making information available when asked, is seen and supported by Souliotis, K. et al. (2018) who explored patient participation in and for more informed decisions regarding their health, where they found a positive correlation. In essence, better decisions are made when well informed.

As noted in the findings, a housing co-operative Board of Directors can rely heavily on their manager in order to maintain good governance. The notion of heavy reliance on management, particularly where confidence and competence are not strong or maintained at the Board of Director level through information and education, has been identified by scholars. Reliance on management can threaten the cooperative identity and, in turn, the democratic health of a cooperative as articulated by Anu et al. (2022), who found, "...that democracy is mainly interpreted through its electoral conception whereas the quality of democracy remains as an open question since especially in consumer co-operative context the operational management seems to hold an excessive power and thus, the governance system neither actualises its potential nor meets the original ideas of co-op movement" (p. 2).

iv. Fostering Cooperative Identity – Government Versus Member Control

Crabtree-Hayes et al. (2024) reported on the impact of regulation on cooperative autonomy, stating, "we saw instances of participants who felt that regulation had helped their cooperative. Others, meanwhile, felt that it has undermined the autonomy of the sector" (p. 149). While a regulatory framework and some level of oversight is required, it is the degree of intervention and the manner in which it recognizes the cooperative model and identity that is the key differentiator and most important to ensure healthy, strong and sustainable housing cooperatives. It was noted, for instance, that democratic health would improve and cooperatives could be better supported through less frequent operational intervention, such as detailed feedback on housing cooperatives' policies, and greater focus on programs of support needed for special populations and on member control of member selection. The latter would ensure individuals joining the cooperative are willing to take on the responsibility of membership and understand cooperative living. Respondents shared practical changes government can make to help rather than hinder housing cooperatives, specifically, by "removing government restrictions to make better choices and decisions; ensure proper education and information given to applicants prior to making a selection on the Access to Housing list to choose a co-op housing provider; [providing] better supports to applicants after moving".

Cooperatives can flourish in the correct environment, one that recognizes and maximizes the principles and values of self-help. As Dobrohockim (2006) declared, "Outside control in the form of direct intervention of government cooperative officers in the decision-making of the board of directors or in the work of the manager would leave the board members and the employed staff of the societies with the responsibility for but without the power of decision-

making....This would be in contradiction to the principles of self-help, identity and democratic management and control and – as a permanent measure – would destroy the co-operative character of the organization in question” (p. 150). It is worth noting that the creation of a sector led body in the Agency for Co-operative Housing provided this correct environment and offers a balance of cooperative understanding and knowledge with higher level oversight through information and tools to support cooperatives in their decision-making.

F. Practical Application of the Healthy Democracy Model and Tool

In this section, suggestions on how to apply the Model for Healthy Democracy to improve housing cooperative democratic health are presented. The model can be used in three practical ways to improve healthy democracy which aims to engage, empower, educate and enable housing cooperatives and members. The model can be used:

1. to inform government action to ensure policy and programs are appropriate to and support healthy democracy within housing cooperatives,
2. as a tool to assess democratic health within housing cooperatives and,
3. as an approach to foster greater participation in housing cooperative democracy.

i. *Informing Government Action*

Provincial governments can: 1) add the cooperative business model to education curriculums at secondary and post-secondary institutions; 2) increase investment to offer free professional recertification and training to new immigrants to Canada, including financial and technology literacy and English language proficiency; and, 3) provide programs to housing cooperatives who have a higher proportion of newcomers, rather than broadly for individuals, as a more efficient delivery methods. These actions are aligned with the Office of the Auditor General of Ontario’s (2017) recommendations to “*develop and implement a process that provides dedicated supports, such as employment or educational supports, to those social housing tenants who are able to enter the workforce or upgrade their education*” (p. 726), as well as to “*provide training, resources and supports to housing providers to address the challenges they currently face*” (p. 740). The skills training would provide the skills members need to feel confident and capable of fulfilling their responsibilities and potentially join their Board of Directors, along with enhancing individual wellbeing and employability.

An additional action, more particular to Ontario, would be to institute mandatory education on housing cooperatives prior to allowing individuals to select subsidized housing cooperative dwellings through the social housing wait lists. This could be in the form of videos provided by housing cooperative experts, a low cost solution.

When implementing programs, governments should assess or consult with housing sector organizations to ensure they have not unintentionally excluded cooperatives. As Yu (2024) cites, the “fourth most pressing challenge [for cooperatives] was that policymakers all too often ignore or fail to take into account the co-operative sector when designing new policies. This can mean that co-operatives are ineligible for programs” (p. 4).

ii. *Tool for Assessing Democratic Health*

A Tool for Assessing Healthy Democracy in your Housing Cooperative (refer to Appendix B) contains questions to be used to assess Healthy Democracy Indicator factors and provides suggested response ratings. This offers an easy tool for housing cooperatives to identify where they fall on the scale of healthy democracy. Low ratings would indicate the areas for a housing cooperative to explore in order to modify their practices and move up along the continuum to healthier democracy. For example, where a housing cooperative ratings were low in the areas of transparency and communication, it could introduce open Board meetings, make minutes clear and use plain language prior to proactive distribution to all members, or summarize the minutes in plain language and make them available electronically, allowing for the use of free translation tools.

Where participation and engagement in democracy are identified as a challenge by low ratings in elections or diversity of membership, the cooperative could seek to grow or seek alternative governance structures. They could also increase community comfort and social interaction to enrich the experience of members. As Crabtree-Hayes et al. (2024) demonstrated, engaging members in social activities and empowering community events at the housing cooperative, such as having a common garden or holding cultural potlucks, in order to create positive interactions

can be valuable in offering a greater sense of comfort and positive relationships that can enhance participation and experiences for the formal democratic functioning of the housing cooperative. Further, a significant number of respondents to the survey cited discomfort, intimidation, and fear among members of the housing cooperative in voicing their opinions. Democracy—one member, one vote—is fundamental to housing cooperatives. A vote is a voice. Exercising this vote should always be promoted, encouraged and welcomed in a positive, safe and welcoming environment. This can be fostered through practical suggestions found in section iii below.

iii. Enriching the Governance Experience

Healthy democracy can be fostered by making participation in governance an enriching experience. An enriching experience means the Board of Directors and members come away with new skills, increased knowledge, self-confidence, and self-respect. When asked, housing co-operative members said that their experience could be enriched by greater community building and development, more diversity and equality among voices heard, and learning and relying on mediation principles. For instance, a respondent shared that, *"If there was a lot more time spent on community development to assist members to understand the principles of mediation that would allow for everyone's point of view to be heard."*

Other ways this can be achieved are by continuously informing and investing in education for members and providing information in an inclusive manner such as:

- providing information in multiple languages,
- creating safe spaces for meetings and information sharing which can include protocols for speaking such as 'speaker balls', speaker trackers and timers,
- mentoring, modeling and training in nonviolent communication,
- offering the ability to communicate in the member's language of choice and varied formats such as written or audio.

Housing cooperatives can pilot new and unconventional ways to build trust and openness among members with a goal to foster greater understanding of individual perspectives while working toward collective solutions. This can include pre-meetings or meeting practices to shift mindsets and reduce contention such as "awe walks", meditation, and socials. The Trauma Research Foundation (2020) cited the mental health benefits of "awe walks", a practice of being intentionally open during walks to gain fresh perspectives and experience (para 1). These can help shift mindsets and lead to greater diversity in member participation and voices.

In a cooperative where members are less able to participate, often due to factors beyond their control, the cooperative may seek to broaden its member base in order to have more members to draw from for governance responsibilities such as the Board of Directors. Cooperatives can complement each other in various ways, including member composition. One respondent cited that "Merged/amalgamated co-ops offer a possible solution to (achieve) a well-functioning Board of Directors".

G. Conclusion

The research reveals that while Canadian housing co-operatives demonstrate some strengths in maintaining healthy democratic practices, Board of Director diversity, decisions for long-term capital investment and setting conflict of interest practices, significant gaps persist that hinder the overall democratic health of the sector. The majority of co-operatives surveyed fell into the "medium" category of democratic health, with concerning deficits noted in member engagement, transparency, Board governance, and adherence to co-operative principles.

Key areas of concern include the prevalence of Board acclamations over democratic elections, limited member education and onboarding, and weak communication and transparency practices. These challenges are compounded by structural issues such as government regulation that can inhibit autonomy, and insufficient Board training or understanding of fiduciary duties. The erosion of co-operative identity was a recurring and unifying theme across survey and focus group data. In many instances, this was linked to residents joining a cooperative because it offered affordable housing, rather than joining to be a member in a cooperative.

A Model for Healthy Democracy in Canadian Housing Cooperatives

There is a clear opportunity to improve the health of democracy in Canadian housing cooperatives and reinstate a greater sense of collectivity and equality and reaffirm the cooperative identity. There are opportunities to enhance new member information and orientation, shift to a culture of openness, transparency with high degree of accessible and available information, and to introduce or increase social interactions among members in particular where a sense of others can be enhanced.

To sustain and grow a healthy co-operative sector, both internal reforms and external policy support are essential. Governments must design housing programs and legislation that recognize the distinct nature of co-operatives, while co-operatives themselves must invest in their people, practices, and principles. By intentionally fostering a culture of participation, equity, and mutual support, housing co-operatives can better uphold the core democratic values on which they were founded—and thrive as sustainable, member-led communities. In the words of Mills (2015), “It is important that the challenges of co-operative governance are confronted. New thinking is needed to ensure that our largest societies operate under arrangements which meet the needs of the business and ensure that they will prosper as co-operatives” (p. 113).

The Model for Healthy Democracy in Canadian housing cooperatives can be seen as a contribution towards finding new ways to support and improve governance in the sector to ensure future prosperity.

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Appendix A: Data and Collection Methods

HD Indicator Category	Data Needed	Collection Method
Sufficiency of Member and Board Composition	<p>Primary data:</p> <ul style="list-style-type: none"> • Diversity of backgrounds, age, education level, knowledge and skills of housing cooperatives members and Board of Director • Board of Directors' skills and qualification requirements • Frequency of Board of Director resignations, acclamations • Sufficiency and interest in governance role(s) <p>Secondary data related to impact of membership diversity, skills, qualifications and turnover.</p>	<p>Survey questionnaire was used to obtain primary data.</p> <p>Literature review was undertaken for secondary data.</p>
Enabling Rules, Norms and Culture	<p>Primary data:</p> <ul style="list-style-type: none"> • housing cooperatives who provide Board of Director meeting material (agendas, decisions, minutes) to members • housing cooperatives who have regular open Board of Director meetings • housing cooperatives with regular Board of Director training • housing cooperatives with conflict-of-interest policies and declarations • rely on expertise to understand fiduciary duties and Board of Director roles • Education and orientation offered to members • Prevalence of good employer practices <p>Secondary data:</p> <ul style="list-style-type: none"> • Board of Director transparency and trust • Member engagement and participation on cooperative decision-making 	<p>Primary data survey questions.</p> <p>Secondary data on housing cooperative websites or newsletters will be gleaned from operational reviews in the Atlantic region and Agency for Cooperative Housing if available.</p> <p>Board of Director and staff turnover data reports from the Agency for Cooperative Housing.</p> <p>Literature review regarding member communication and transparency, Board training, member trusts and effective decision-making (i.e. healthy democracy).</p>
Regulatory environment	<p>Primary data:</p> <ul style="list-style-type: none"> • cooperatives constrained by government agreements or regulations in key financial and viability decisions <p>Primary and secondary data:</p> <ul style="list-style-type: none"> • prevalence of cooperatives with capital reserves • prevalence of cooperatives living the co-operative principle of education, information and training <p>Secondary data:</p> <ul style="list-style-type: none"> • legal and government impacts on cooperatives, and member democratic participation and decision-making, including long term planning 	<p>Survey questionnaire was used to obtain primary data.</p> <p>Secondary data on capital reserve contributions and spend on education was collected via the Agency for Cooperative Housing</p> <p>A literature review was undertaken to collect the secondary data on legal and government constraints on cooperative decision-making.</p>

Appendix B: Tool for Assessing Democratic Health in your Housing Cooperative

The following questions will be used to determine the extent to which each health democracy indicator exists in housing co-operatives across Canada. Use the rating scale outline in Table 1 to determine whether you fall within:

High Democratic Health = Over 9.5 rating

Medium Democratic Health = Between 6 and 9 rating

Low Democratic Health = Less than 5.5 rating

A. Member and Board of Director Composition

1. Does your Board of Directors regularly have individuals with varied backgrounds, age, education level, knowledge and skills?
2. Are there minimum qualifications required for Board of Director or Board committee positions such as Treasurer, Corporate Secretary?
3. Has the majority of your Board of Directors been in place for over 6 years?
4. Do you frequently have Board of Director vacancies due to resignations?
5. Is there usually enough interested candidates to fill Board of Director vacancies?
6. Are Board of Directors often acclaimed?

B. Rules, Norms & Culture

7. Are Board of Director meeting agendas and/or minutes provided to all members?
8. Are Board of Director decisions and financials available and accessible to all members such as by paper mailout, emailed, website?
9. Does your cooperative have open Board of Director meetings?
10. Does your cooperative comply with applicable legislation (cooperative act) by submitting annual returns and holding regular member meetings?
11. Does your cooperative's Board of Director undertake training on a regular (e.g. annual) basis?
12. Are education and training opportunities offered to your members?
13. Does your cooperative have new member welcome and orientation material or information sessions?
14. Is legal or expert advice sought so Board of Directors fully understand how to exercise their fiduciary duty and roles?
15. Does your Board of Directors act as a "good employer", through competitive salary and benefits, healthy and safe working conditions, training and support, positive and open communication to staff?
16. Does your cooperative have a conflict of interest policy including obligation to declare declarations by the Board of Directors?

C. Level of government control and enabling policy and regulatory environment

17. Select the statement that is most representative:

Government legislation, programs or policies have helped our cooperative thrive in a manner that respects and maintains our autonomy and member democratic control

Government legislation, programs and/or policies have not helped our cooperative, impeded our autonomy and/or diminished our member democratic control.

18. a) Does your housing cooperative have sole and full decision-making authority (member control) to:
 - i. make contributions to a capital reserve
 - ii. set your housing charges
 - iii. finance/refinance
 - iv. merge or amalgamate with another cooperative
 - v. acquire land or residential property to expand or grow your co-operative
 - vi. None of the above

A Model for Healthy Democracy in Canadian Housing Cooperatives

Note, if your cooperative is constrained by government program, agreement, legislation, regulatory to undertake any of the above i to v, the answer would be no.

b) If you answered no to any of the above, is it due to regulatory constraint or control. If yes what aspects?

19. Does your cooperative maintain a capital reserve?

20. a) Does your cooperative undertake long-term planning, such as strategic plans, asset or capital plans?

b) If not, why?

- vii. Board of Directors don't think it's important or don't think we need it
- viii. All plans must be approved by regulator
- ix. Our funding program doesn't allow it
- x. We don't know how
- xi. Other _____ (please specify)