AGM Networking Luncheon
Friday, June 17, 2005
Our Co-op's Future Without Government: The End of the Operating Agreement

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What happens when a co-op's operating agreement ends and the mortgage has been paid off?

- The co-op loses it subsidy revenue but, at the same time, the mortgage expense is eliminated
- The members might want to sell the property to gain profit for themselves
- The co-op could take out a new mortgage to build a new co-op building

Some co-ops will be in a healthy financial position; others won't. We must remember that our buildings are aging and may need major repairs. This could mean taking out another mortgage to make the repairs. Also, as our members age, they will be on a fixed income.

There was some discussion of internal subsidy pools. It was proposed that co-ops initiate these now, while their member are not feeling too financially pressured.

At the end of the Operating Agreement, housing charges might drop low enough so that some households would no longer need a subsidy. Co-ops could lower their housing charges, but, at the same time, keep them high enough to create an internal subsidy pool.

It was also suggested that co-ops in healthy financial positions could use their surplus to build more buildings in their co-ops, perhaps accessible buildings for their seniors.

To preserve their non-profit status, co-ops might want to form a land trust, possibly with CHF Canada as the title holder.