

COOPERATIVE HOUSING BULLETIN

A member service of the National Association of Housing Cooperatives

December 2009

50

NAHC

50TH ANNUAL CONFERENCE
SEPTEMBER 22-25, 2010
NEW ORLEANS, LA, USA

Board Meeting
Highlights

3

Member News

4

Making Board
Decisions Efficiently

5

7th Circuit Issues
Warning On
Discrimination

7

Publications Committee
Charter Amended

7

Succession Planning
for Board Leadership

8

Creating Complete
Cooperative Communities

10

Statement from Eli Broad

11

Silveron: Proposed
New Co-op Concept

11

Cooperative Healthy
Savings

12

Educational, Networking Opportunities Abound at NAHC Annual Conference

NAHC'S 49TH Annual Conference brought 380-plus attendees, representing more than 100 cooperatives from 21 states, Canada and the Virgin Islands, to the cooperative-friendly city of San Francisco in early October for educational and networking sessions.

Attendees, including housing cooperative residents, board members and professionals in the field, were offered more than 30 workshops by experts during such sessions as Financing Major Rehab and Capital Improvement Projects; The Stimulus Package: What About Housing Co-ops?; Financial Planning To Keep Your Cooperative 'Alive' in Today's Ever-Changing Market; and Choosing Management: From the RFP to Contract.

Keynote speaker Carol Galante, deputy assistant secretary for multifamily programs at the U.S. Department of Housing and Urban Development, addressed issues of interest to NAHC's membership.

The conference also featured a co-op tour, during



Carol Galante, Deputy Assistant Secretary for Multifamily Programs at HUD, addresses the NAHC attendees at the Opening Session of the 49th NAHC Annual Conference at the Hyatt Regency San Francisco. NAHC President Mark Sernicoff is seated to Ms. Galante's left.

which attendees visited 10 housing cooperatives in the city, which provided an opportunity to see, experience and learn from the many co-ops in the Bay area.

The Development and Preservation Committee presented a stimulating panel and discussion of development advantages in today's economy.

Also at the conference, the NAHC Registered Cooperative Manager (RCM) program pinned *seven* new managers.

Thank you to Norma Robinson and Al Reynolds, San Francisco area NAHC board

members, who were instrumental in ensuring an educational and informative event for attendees.



Ralph Marcus, Greg Carlson, and Vernon Oakes, L-R, RCM's Board of Governors, as they prepare to pin the new RCMs.)

Mark Your Calendar

Mark your calendars now for the **50th Anniversary Conference, September 22-25, 2010, at the Sheraton New Orleans**. The Sheraton New Orleans is located on historic Canal Street just steps from the French Quarter and a short walk from Bourbon Street and the assortment of renowned restaurants and live music clubs of the Vieux Carré.

This conference will continue the premier educational and networking opportunity for housing cooperators across the country. **CHB**

CONFERENCE SURVEY WINNER!

Congratulations to Rosie Pride, winner of the random drawing from those participating in the San Francisco online conference evaluation. Pride will receive **two free lodging nights** at the Sheraton New Orleans during the 2010 NAHC Conference in New Orleans.

Thank you to all attendees for your conference feedback via the online evaluation. Our Member Services Committee is using your feedback as it plans for the 2010 conference and beyond.

Conference presentations are available to NAHC members in the "Members Only" section of the NAHC website. Visit www.NAHC.coop, then select "Members Only > Conference Presentations."

NAHC

EDITOR Roger Willcox

CONTRIBUTING EDITOR Herb Fisher

Letters to the Editor are welcome!

Send to Willcoxr@juno.com.

The Cooperative Housing Bulletin is published by the National Association of Housing Cooperatives. The Publications Committee provides the Editors. Other Committee members are Joel Welty, Ralph Marcus, Doug Kleine, Pegg Mullinix and Suzanne Egan *ex officio*.

The opinions expressed in this publication are those of the authors and not necessarily those of the Association. This publication is distributed with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

Acceptance of advertising by the *Cooperative Housing Bulletin* does not imply endorsement of the product or services advertised.

Address inquiries, manuscripts, news items, reprint permission, and responses to: Editor, NAHC, 1444 I Street, NW, Suite 700, Washington, DC 20005-6542, phone 202/737-0797, fax 202/216-9646, website: www.coophousing.org, email: info@coophousing.org.

© 2010 by the National Association of Housing Cooperatives
ISSN 0097-9759



THE NATIONAL ASSOCIATION OF HOUSING COOPERATIVES

About NAHC

The National Association of Housing Cooperatives is a nonprofit national federation of housing cooperatives, other resident-owned or -controlled housing, professionals, organizations, and individuals interested in promoting cooperative housing communities. Incorporated in 1960, NAHC supports the nation's more than a million families living in cooperative housing by representing co-ops in Washington, DC, and providing education, service, and information to co-ops.

Mission Statement

To represent, inform, perpetuate, serve, and inspire the nation's housing co-ops.

NAHC Board of Directors 2009-2010

President	Mark Shernicoff	Elected 2011
Secretary	Ralph J. Marcus	Elected 2010
Treasurer	Linda Brockway	Elected 2012
Vice President	Vernon Oakes	Elected 2010
President Emeritus	Roger Willcox	Elected 2011

Directors

Richard Berendson	Appointed by MAHC	Beverly Oulette	Appointed by CSI
Jackie Brown	Elected 2012	Randall Pentiuik	Appointed by MAHC
Greg Carlson	Appointed by FNYHC	Alfred Reynolds	Elected 2012
William Eaton	Appointed by NJFHC	Norma Robinson	Appointed by CAHC
Annie Hill	Appointed by PAHC	Mary Ann Rothman	Appointed by CNYC
Patricia Jacobs	Appointed by CSI	Mona Shyman	Elected 2011
Eugene Jones	Elected 2011	Paul Solomon	Elected 2010
Robert Kirkpatrick	Appointed by MAHC	Stephen Somuah	Elected 2011
Charlotte Lann	Appointed by CSI	Hope Turner	Elected 2010
Barbara Loatman	Elected 2012	Ruthie Wilder	Appointed by PAHC
Bill Magee	Elected 2012	Kimalee Williams	Appointed by CHANE
Barbara Meskunas	Elected 2010		

Member Association Abbreviations

CAHC	California Association of Housing Cooperatives
CNYC	Council of New York Cooperatives & Condominiums
CSI	CSI Support & Development Services
CHANE	Cooperative Housing Association of New England
FNYHC	Federation of New York Housing Cooperatives & Condominiums
MAHC	Midwest Association of Housing Cooperatives
NJFHC	New Jersey Federation of Housing Cooperatives
PAHC	Potomac Association of Housing Cooperatives
SEAHC	Southeast Association of Housing Cooperatives

NAHC Principal Committees and Chairs

- Executive Committee – Mark Shernicoff
- Development and Preservation Committee – Vernon Oakes
- Finance Committee – Linda Brockway
- Governance and Strategic Planning Committee – Ralph J. Marcus
- Government Relations Committee – Mary Ann Rothman
- Member Services Committee – Linda Brockway
- Mutual Marketing and Advocacy Committee – Paul Solomon
- Publications Committee – Roger Willcox
- RCM Board of Governors – Gregory J. Carlson
- Website Committee – Gregory J. Carlson

About Bostrom

Bostrom Corp. is the professional services firm managing the National Association of Housing Cooperatives affairs. Professional staff includes Executive Director Suzanne Egan.

The NAHC Board of Directors held its regular Fall Meeting at the Hyatt Regency Hotel in San Francisco on October 9. With a solid quorum of board members present, the board reviewed reports from officers, management and 11 board committees. All but one motion that the board approved was by a unanimous vote.

Dee Ann Walker from Bostrom management noted that registration at the Annual Conference is about 382 people, including 120 registrants who moved their Houston registration to San Francisco due to Hurricane Ike's forcing a cancellation of the 2008 conference. Twenty cooperatives from the San Francisco area will be in attendance. She urged the committees to meet telephonically to enhance production of committee work. The pharmacy program, which is expected to achieve about a 30 percent savings on co-pays, was discussed at length (see a separate article).

Linda Brockway, NAHC Treasurer, submitted a draft review of NAHC finances, which showed expenses were kept within available income. She suggested that changing the NAHC fiscal year to a calendar year would resolve some financial planning difficulties. *On motion made, amended and passed, the financial and dues year will now be the calendar year.*

Mary Ann Rothman, chair of the Government Relations Committee, provided a written report on legislative action to make permanent legislation helping veterans become co-op members and making sure cooperatives are fairly treated in the allocation of stimulus funds and grant allocations. She noted that Environmental Protection Agency requirements now call for only people certified to handle lead-based painting handle painting and repairs of buildings constructed prior to 1978.

Linda Brockway gave the Excellence in Government Committee Report on the "3R" program. A task force, consisting of Greg Carlson, Ralph Marcus and Roger Willcox, was appointed to review the course material.

Greg Carlson gave the Website Taskforce Report, and announced the new website is up and running. He recommended that the task force be made a

permanent committee charged with continuing responsibility for the website design and content. *Motions duly made and seconded approved this request and authorized the task force to explore a subscription rate for nonmembers and also explore cost-effective deliveries of information to members.*

Greg Carlson also gave the RCM Board of Governors Report. Ten candidates for the RCM designation are to be pinned at the Awards Luncheon. The RCM BOG was confirmed to be no fewer than three or more than seven in number.

Member Services Committee Report. The 2010 Annual Conference in New Orleans will be NAHC's 50th, *On motion duly made and seconded, the board approved Puerto Rico as the 2011 conference location.* It was recommended that Ken Odenheim assist in coordinating the Puerto Rico Conference.

Roger Willcox gave the Publications Committee Report. A charter for this new committee was approved (see separate article) and a motion "*that it be policy of NAHC that each Regional Association provide a lead person to contribute to the content of the CHB*" was also approved. The committee also is charged with generating press releases and the NAHC library.

Paul Solomon presented the Mutual Marketing, an Advocacy Committee Report. Of note is an authorization for the committee to reach out to ROC USA and others in mutually beneficial endeavors.

Herbert Fisher reported that the Cooperative Development and Preservation Committee Developer's Forum scheduled for the Annual Conference was not processed in a timely or effective fashion. The statement Eli Broad furnished (see the "Developers Corner" article) was not publicized. Fisher reported on activities of several committee members, who as individuals and not as committee members, are working on several prospective rental conversions to cooperatives. The Committee plans to repeat the Developers' Forum at the 2010 NAHC Annual Conference in New Orleans, and to prepare a "How To Do It" booklet. **CHB**

Homebuyer Tax Credit Extended, Expanded

The National Association of Housing Cooperatives reports that Congress has passed an extension and an expansion of the homebuyer's tax credit, something NAHC has strongly advocated. President Obama was expected to sign the bill on Friday, November 6. Key provisions of the bill are as follows:

- Tax credit of up to \$8,000 is extended for first-time homebuyers who are in contract to purchase a home by May 1, 2010, and close by July 1.
- A tax credit of up to \$6,500 also is available to homebuyers who have owned their current homes for at least five years.
- The credit is available for the purchase of principal residences costing up to \$800,000 (the prior tax credit did not set a limit on housing price).
- Income limits for claiming the credit are raised to \$125,000 for individuals and \$225,000 for couples.

A more detailed statement of this Tax Credit is available and will be provided by email to any member upon request. Email the Editor for a copy!

Co-op Board Members Receive Good Neighbor Award

Two Heritage Park Co-op board members — Said Hakimi and Paulette Spencer — were honored by Rockville, Md., mayor Susan Hoffman and the city council. They earned the city's Good Neighbor Award and were invited to Annapolis (Maryland's capital) to tour the city and the State House.

The annual Good Neighbor Award recognizes citizens whose volunteer efforts protect the environment and beautify the community. Hakimi put in volunteer time on landscape projects and planting flowers. Spencer helped neighbors by taking children to the swimming pool, caring for sick neighbors and generally filling in when people needed help.

Jackie Brown reports that the board of the Rockville, Md., Heritage Park Cooperative expressed its pride in Hakimi and Spencer, because, as they said, "This is just a part of what cooperative housing and living are about."

How May We Serve You?

The CHB, our *Cooperative Housing Bulletin*, has for the past two years been distributed online. When a new edition of the CHB is ready for distribution, current policy is to notify all NAHC members on the master e-mail address list by e-mail and notify all others by postcard.

This policy makes the CHB immediately available to all members who have computers. But we know that some members would still prefer receiving it by mail, or even by fax. The editors would love to know what you would prefer!

- E-mail with a link to www.NAHC.coop?
- E-mail with a pdf attachment that you can print or save?
- Fax?
- Regular mail?

Please e-mail your preference to info@nahc.coop or fax it to 202-216-9646.

Making Board Decisions Efficiently

By Joel Welty

Often, board discussions result in many ideas but no clear path. The role of the president or chair is to guide the discussion, ensure that discussion focuses on an objective or problem to be solved, that analysis occurs before coming to conclusions and to probe for agreement and disagreement.

Please join me in the middle of a meeting of five board members of Fenn Place Cooperative: Chair Sam, Don, Jane, Trudy and Betty are about to make a decision, using the eight-phase decision-making procedure.

Chair Sam: We thank the Finance Committee for its report. We now come to new business. Yes, Don?

Don: Membership meeting in six weeks. Members are too damn apathetic.

Chair Sam: Language, Don; remember our Code of Conduct. Okay. Problem here?

Jane: You remember last year; we didn't get a quorum, had to postpone the meeting.

Chair Sam: Okay, let's tackle this one, in the usual eight phases. First phase, we define the problem here.

Betty: I'd say we're the problem, we board members.

Trudy: We need more enthusiasm among the members.

Don: Yeah, they want us board members to do all the work.

Chair Sam: Define the problem. What do we want to correct?

Jane: Member apathy, Don's right.

Betty: We've got to get more members out to the membership meeting.

Chair Sam: Now, that sounds like a definition of the problem. Agreed?

Don: Yeah, well, part of the problem. Let's go with it.

Chair Sam: Okay. Is anyone opposed to the problem defined as: we need to get more members out to the meeting?

Hearing none, second phase: examine the facts.

Chair Sam: Yes, Jane.

Jane: Six people, that's all who showed up for last year's meeting.

Betty: It was snowing, remember?

Don: There was a high school basketball game on.

Trudy: Snow didn't keep people from the basketball game.

Chair Sam: I remember there wasn't a contest for the two seats on the board. No excitement there.

Betty: You know, 6:00 is too early. Most people are still eating supper then.

Jane: Our meetings last too long. No wonder members don't come.

Trudy: People are shy about talking up.

Don: Too damn apathetic, that's what. Nobody cares about anything. If the world were coming to an end, they'd still stay home by the television.

Chair Sam: Okay, I think we've got the facts straight now. Next phase: create a list of alternative solutions.

Betty, would you be recorder for us, please? [Betty nods, gets up and goes to the flip chart on the easel.]

Chair Sam: Okay. List some solutions. Brainstorm, please.

Don: Tell them we'll evict them if they don't come to the meeting. [Betty writes "evict absent members" on the newsprint.]

Jane: Have one of the kids deliver notices to each townhouse. [Betty writes "notices at doors."]

Jane: We could give them supper. [Betty writes "supper at the meeting."]

Betty: Dessert, at least. [She writes "dessert."]

Trudy: Be sure the sidewalks have been shoveled. [Betty writes "clear sidewalks."]

Don: No one fights for freedom any more, can't even make their way through the snow. [Betty is puzzled, looks to Don, who gestures to dismiss his own alternative.]

Chair Sam: Jane, about supper, could we do it potluck style? [Betty writes "potluck supper."]

Jane: Sure. Why not?

Trudy: It's hard to hear in our meeting hall; we need a public address system. [Betty writes "public address system."]

Don: Oh, well, now, next we'll be hiring a symphony orchestra. [Betty writes "hire musicians."]

Chair Sam: Or, hire a comedian. [Betty writes "hire comic."]

Jane: You know what would be nice? Have some of the Fenn Place Co-op children sing for us. [Betty writes "kids' choir."]

Betty: Maybe all of us could sing something. [She writes "everybody sings."]

Chair Sam: Is that the list? Anything else?

Joel Welty has been writing about housing cooperatives since 1960. He served the Foundation for Cooperative Housing as Director of Property Management and as National Information Officer.

Trudy: Maybe we should have the meeting videotaped, so people could watch any time. [Betty writes “videotape meeting.”]

Chair Sam: Okay, that seems to be it. Next phase now: we interpret these several alternatives. Yes, Don?

Don: Cross off my eviction of members. I’m just irritated.

Chair Sam: Any disagreement? No? Okay, Betty, cross off “evict absent members.” What else? Jane?

Jane: Providing supper would be too much money, but I like the potluck idea. It wouldn’t cost anything.

Trudy: How about people just getting out of work? No time to fix something for the potluck.

Jane: Oh, we all deal with that all the time, for church. Fix something the evening before, keep it in the refrigerator and heat it up for the meeting.

Trudy: Oh, well, I don’t go to church myself.

Jane: It works.

Jane: Ought to have someone to sing with him.

Betty: My daughter, Beth. I’ll get her to do it. She’s kind of sweet on Steve anyway.

Chair Sam: What do you all think? Okay? Betty, Jane, if you two would take care of recruiting our musicians, get them to play something good. No heavy metal stuff, okay? Broadway tunes.

Jane: Something we can all sing to, right?

Chair Sam: Yeah. Okay, now we’ve selected a potluck and two musicians. I think our co-op could provide coffee, tea and soft drinks. Objections?

Don: Well, are we going to get a public address system? Some of our older members are pretty hard of hearing.

Jane: What would it cost? Could we use it in other meetings, events?

Chair Sam: Jane, I’ll appoint you as public address system committee of one. Please find out what’s available, what it would cost.

Jane: Right.

Chair Sam: If you think we should move ahead and buy it, e-mail all of us so we can think about it. If we all approve, then buy it. We’ll formalize board approval at our next meeting.

Don: Still at 6:00?

Betty: Sure. We’re eating together so we can all make it then. Will we have more than a single candidate for each of the two board seats coming vacant?

Chair Sam: Good point. I’ll talk to some members. Maybe I can twist some arms and they’ll run for the board. Looks like we’ve got a decision.

Next phase: will someone put it into a motion for the secretary? It has to serve as our instructions to those who will act.

Jane: Got it. I should find a public address system, subject to board members’ approval. Betty and I will recruit our children to provide guitar music and singing. Sam will recruit candidates to run for the expiring board positions. Trudy is to engineer the potluck; we hope with Aletha’s help. Sam, of course, will chair the meeting according to our standard agenda. We didn’t talk about notices at doors; anybody?

Chair Sam: Yeah, let’s do it. I’ll take care of it.

Jane: Sam to attend to notices at members’ doors, within time limits specified in our bylaws.

Jane: Are we going to videotape?

Don: Oh, lord, why?

Jane: I say forget it.

Betty: I think it would be a good idea. Video is best record possible and it can be shown later in the year.

Chair Sam: Okay, we have a disagreement. No consensus, so is there a motion to do videotaping?

Betty: I move to do videotaping.

The Eight Phases of Making and Implementing a Decision

- 1 > Define the problem or the goal.
- 2 > Examine the facts regarding the problem.
- 3 > Create a list of alternative solutions for comparison.
- 4 > Interpret the alternatives: cost, practicality, etc.
- 5 > Select the alternative(s) for action.
- 6 > Instruct the person or people who will act.
- 7 > Verify that the actions are being carried out.
- 8 > Evaluate your decision-making procedures to improve your board’s skills in making decisions.

Betty: We’ll need someone to organize the potluck, so we don’t get all lettuce salads.

Trudy: I’ll do it. But I need some help. I can get Aletha, next door to me. She’ll help.

Chair Sam: Okay, I see we are easing into the next phase, when we select the alternative we want to act on. We’ve been talking about music. What do you think?

Jane: My boy, Steve. He’s good with his guitar. He’d love to play.

Don: Being volunteered by one’s mother is a typical teenage nightmare.

Jane: Pooh. He’d grab the chance, believe me.

Chair Sam: I’ve heard Steve play. Good, all right. I’m for it.

Chair Sam: Is there a second?

Trudy: I think it's a good idea. I second the motion.

Chair Sam: Any discussion on the motion. Don't hear any. Guess we have had enough. All in favor? ["Aye" responses from Betty and Trudy.] Opposed? ["Nay" responses from Don and Jane.] Well, we have a tie, so I vote with the nays. No videotaping.

Chair Sam: Now, we've got to attend to the verification phase of our instructions. Betty, would

you do that? Check out what each is doing, with the responsibilities assigned. And let each of us know by e-mail what you find, okay? As things happen?

Betty: Right. Will do.

Chair Sam: Now, we have a regular board meeting scheduled about a week after the membership meeting. I want to put evaluation of our procedures on the agenda of that meeting. Any objections? Seeing none, it's on the agenda. Thank you all. Good job. **CHB**

7th Circuit Issues Warning On Discrimination

A full panel of the Federal 7th Circuit Court of Appeals has reversed its three judge panel which had denied a claim that a condominium association violated a unit owner's rights by removing a mezuzah (a prayer scroll in a container) from the unit's entry door post. It was placed there as a standard Judaic religious blessing of the household and those who enter. The condominium's defense was that it could adopt and enforce rules with respect to not cluttering and placing items in the hallways and on the common area face of doors.

The condominium had argued that removal of the mezuzah did not violate the owner's rights once he had purchased and moved into the unit. The full panel ruled that the owner stated a valid claim and had a right to a trial on the issues.

The lesson for cooperators and cooperative boards is that it is necessary to fully think through the adoption of rules that in any way can reflect or relate to a member's/ shareholder's race, religion, color, national origin,

sex, family status, and in some jurisdictions, sexual preference. The expensive consequences, even if the Condominium or Cooperative wins, can be devastating. See the article in the CHB for Aug/Sep 2008 regarding the Twin Rivers case.

The full panel decision was entered in the case of *Block, et al v. Frishholz, et al*, 7th Cir. No. 06-3376. The case minimizes the impact of an earlier case *Halprin v. Prairie Single Family Homes of Dearborn Park Association*, 388 F.3d 327 (7th Cir. 2004) which had held that the Fair Housing Act did not protect condo owners from any discrimination occurring after they acquired their condos. *The Halperin case had been relied upon by the condominium.*

EDITOR'S NOTE: Recommended reading for cooperators and cooperative boards is *Privatopia* by Prof. Evan McKenzie. Although it deals with abuses in condominium governance, it presents a lesson for cooperative governance.

Publications Committee Charter Amended

The amended charter of the NAHC Publications Committee (below) was approved by the association's board on October 8. The goals of the Publication Committee shall be to:

- keep our co-op members up to date on events affecting their co-ops;
- facilitate exchange of information among professionals serving co-ops;
- build pride and understanding about co-op housing among members;
- encourage cooperation among members;

Thus facilitating participation in the affairs of local co-ops, associations of co-ops and within the National Association of Housing Cooperatives through periodicals, the NAHC website, e-mails and other forms of communication deemed appropriate, and improving the governance skills of co-op leaders;

In addition, the Publications Committee shall seek to develop products for NAHC to sell to member cooperatives, individual members, government officials, housing professionals and other interested parties.

NAHC Publications Committee

Roger Willcox, Chair
Herbert H. Fisher, Esq.
Doug Kleine
Ralph Marcus
Pegg Mullinix
Joel Welty

Succession Planning for Board Leadership

By Ralph J. Marcus

Who will be the next member of your cooperative to be the “leader” of the Board of Directors? How will he or she be chosen? How will he or she be evaluated and elected or appointed? What vision of the future will the next leader have? How will you know whether or not the next leader’s vision will lead you on a path of continuing success?

...what happens when board members are not re-elected or are no longer able or want to continue in the capacity of representing the interests of the member shareholders?

Many of the trusted leaders of cooperative housing communities, such as board members, committee members and the like, are those who are either long-term member shareholders or “seasoned” members of the community. But what happens when the wise, long-trusted, seasoned board member has had enough, wishes to vacation for significant portions of the year or just wants to relinquish the responsibility? Like so many cooperative housing communities across the country, perhaps your own cooperative might have to cope with the problem of leader succession in the not so distant future.

Excellence in governance, which is the Board of Directors achieving an optimal level of operational efficiency, doesn’t happen by mistake. All too often a cooperative board and its membership rely on the wisdom, experience and talent of a very few, sometimes even just the one, to keep the organizational structure of the cooperative’s operations on a path of success. But what happens when board members are not re-elected or are no longer able or want to continue in the capacity of representing the interests of the member shareholders? To truly obtain excellence in governance, a carefully thought-out plan needs to be developed.

Begin With a Strategic Plan

Begin with the development of a strategic plan — a plan that sets forth the future goals of the corporation. A well-defined strategic plan includes a variety of goals, be they financial goals, physical improvement goals or membership educational goals. All of the categories of future planning typically include 1) the annual procedure and outcome of the budget development and approval processes, 2) the periodic designation of committee functions and 3) the vision of the board.

Although all cooperatives develop budgets and select committees, cooperative boards often overlook the planning for, or vision of, the future

composition of the board and the leadership positions of those who provide critical service and guidance to the cooperative corporation. Examine the third category cited above — the vision of the current board members as it relates to the future planning for cooperative leadership.

The board of every cooperative is charged with the fiduciary duty to maintain, protect, defend, improve and care for the interests of the corporation’s member shareholders as a group. In doing so, the board needs to set aside time — preferably during a board retreat — to engage in strategic planning for the succession of the board members and the succession of the employees who provide leadership and management services.

Succession planning is determined mostly by the personalities and the attitudes (okay, nicely trying to say “egos”) of the current board members. To complete the succession planning for the board and the cooperative’s leadership, check all egos at the door while you do an honest assessment of the strengths and weaknesses of board leadership and create a successful plan.

So you’re saying to yourself right about now, “We can hardly get enough members to run for the board and take care of the business at hand, let alone plan for those who will one day take over the positions on the board.” Or you may be saying, “Oftentimes I wouldn’t trust some of the members that run for the board to represent my interests.” Very understandable if you are in that position. But please do understand the fact that you are in that position and hold that view because your predecessors, or even, quite frankly, you, didn’t plan for the future of the board’s composition some time ago.

The goal of succession planning is to attract, educate and create trust in those who will serve on the board when you, and/or your fellow board members, no longer serve the members. Creating a successful succession plan requires special attention, significant thought and careful planning.



Marcus is an NAHC Board and Publications Committee member, currently serves as the NAHC Board Secretary and Chair of the NAHC Governance and Strategic Planning Committee and is a professional co-op property manager.

Finding New Board Members

So where does one find future board members (other than those who seek election when their only, or most significant, goal is just to unseat a current board member)?

Many successor board members are elevated from committee chair or committee/task force assignment positions, particularly from a Finance Committee or a House and Grounds Committee, or even sometimes from a Social Activities Committee. It's hoped that the experience gained from serving as a committee chair will have adequately prepared a person to be a ready-to-function board member if elected to serve the membership.

Consider the value of an Advisory Committee charged by the board to provide general advice on any issue under board scrutiny on an ongoing basis. Boards usually find advisory committees take the view of speaking for the members' interests from a different perspective. Boards can get fresh insights from a vocal Advisory Committee. Equally important, Advisory Committee members are learning the functions, duties and processes of the board, which prepares them for possible future service as board members. If a member of the cooperative has an opportunity to sit on a Membership Advisory Committee for a year and observe and provide counsel to the board on many topics, he or she will be well-suited to serve as a future board member. The board, on the other hand, should take seriously the Advisory Committee's views and adopt them when board members judge those views to be practical. The last thing you want is to have the Advisory Committee at odds with the board.

Another source of volunteers is new members. Let succession start at the beginning and use the interview and orientation processes to identify members who may be future leaders. Ask questions about their past service on the boards of PTAs, Boys & Girls Clubs and other community service organizations. New members are eager to get involved and meet new people, but also want to take the time to understand the co-op. So use this source to fill up committees and then keep tabs, including asking committee chairs to evaluate their members once a year.

Remember, the goal of succession planning is not necessarily to get like-minded members elected to the board. The goal of succession planning is to create a specific process that will teach, train and educate members of the cooperative on the duties, responsibilities and functions of the board, so that if he or she is elected to the board, he or she will have some capacity to step into this new role of responsibility and bring to the table a reasonable background of information and experiences to better serve the constituency of members.

This training and education program works when implemented against the backdrop of keeping all co-op member-owners well-informed and in communication with the board. You need members who understand the co-op's problems and capabilities. While you don't want naysayers and negative nannies who don't understand what's going on, neither do you want a board that doesn't test ideas by debating them. Fresh problems will require fresh thinking to keep alive the principles and goals of your co-op. **CHB**

The goal of succession planning is to create a specific process that will teach, train and educate members of the cooperative...



RCMs: Do We Have Your Email?

NAHC develops new and improved communication pieces for all its constituents. This quarter focuses on the Registered Cooperative Managers (RCMs). Do we have your email address? We want to make sure that you are receiving the RCM newsletters and other pertinent mailings. Call the NAHC office at (202) 737-0797, or email to info@nahc.coop with your email address or any updates to your contact information.

THE COOPERATIVE DEVELOPERS' CORNER

NAHC'S MEMBERS include formerly and currently active individuals interested in establishing more housing cooperatives. They agree that properly organized and supported housing cooperatives provide "better housing for less money" than comparable rental or individually owned housing. This "Corner" is open to their contributions.

Creating Complete Cooperative Communities

By Roger Willcox,

On behalf of NAHC's Development and Preservation Committee

Kaufman and Broad, we called it "K&B," has a special place in the history of large scale development of housing cooperatives in the United States.

To understand why, we have to go back to 1950 when the National Housing Act was amended by adding Section 213. This section authorized the Federal Housing Authority to insure market interest-rate mortgages, amortized over 40 years, for housing cooperatives.

Section 213 made it possible, for the first time ever, to get financing for housing cooperatives all across the United States. The Cooperative League of the USA, the Housing Committee of the AF of L and CIO, and the Foundation for Cooperative Housing were among the sponsors of the new law. David L. Krooth, legal counsel for the War Housing Administration, helped write Section 213 and get it adopted.

Two years later, in 1952, the trustees of the Foundation for Cooperative Housing decided it was time to set up a not-for-profit subsidiary, FCH Co., later called FCH Services Inc. or simply "FCH," to develop demonstration cooperative housing projects. I was hired as its general manager. I was an MIT graduate city planner who had helped organize a housing co-op, was living in it and was already a trustee of the foundation.

Eight years later, FCH had managed to organize more than 20 co-ops, most of them conversions of existing or proposed rental housing. Some were sponsored by a membership group, but most were sponsored by trustees of the Foundation for Cooperative Housing. We were especially active in Michigan, where we had completed one conversion and were working on a dozen more. A few involved new construction.

All that changed when K&B got involved. Its energetic and innovative founder, Eli Broad, was looking for a way to build thousands of houses. That could lead to major cost savings per dwelling unit and a much bigger market for housing. Mr. Broad had his staff contact me to see if we were interested in organizing cooperatives to buy whole cooperative communities! His lawyers worked with me and our legal counsel, Dave Krooth, on how it could be done.

In 1961 Mr. Broad was ready. He invited me to

spend an afternoon in his limousine, looking at several sites he had optioned, each big enough for a whole co-op community. After looking at a dozen sites in the Detroit suburbs, we agreed on four. Mr. Broad then had his architects and engineers work with us in designing each site, its co-op community facilities and unit plans. We made sure that what we had learned about housing co-op communities over the past 10 years was incorporated in the plans.

Within two years, we organized four new co-ops to buy townhouse communities averaging 200 dwelling units each. K&B then bought the sites, paid all development and FHA financing costs, and built a cluster of four or five model townhouses close to each co-op site. After all contracts were in place, FCH staff handled all sales and co-op organizing work, with foundation trustees sponsoring and serving as the initial corporate directors and officers. When enough qualified members were signed up, the co-op corporations took title and FHA-insured mortgage loans were issued to pay all expenses. K&B then built London Townhouses, Boston Townhouses, Williamsburg Townhouses and New England Townhouses.

Over the next six years, we organized co-ops that bought many more whole communities, developed in this fashion and built by K&B, thus providing housing for a total of more than 5,000 co-op homeowner families. Even more important, K&B competitors quickly got into the act and during those six years we organized co-ops to buy from other developer-builders "cooperative communities" in Michigan, other states and Puerto Rico, providing homes for an additional 15,000 co-op homeowner families.

By 1970 FCH was organizing cooperatives owned by more than 8,000 co-op homeowner families per year.

Eli Broad went on to become a billionaire. He and his wife are now active in a new career — the Broad Foundation.

Look them up on the web!

His September 28, 2009, statement on Creating More Affordable Cooperative Housing is found on page 11 of this issue. [CHB](#)



Roger Willcox, National Association of Housing Cooperatives' President Emeritus; and editor of the Cooperative Housing Bulletin

Statement by Eli Broad as presented to the 2009 NAHC Convention in San Francisco

I first heard about housing cooperatives while establishing Kaufman and Broad as a large-scale developer of single-family homes in Michigan in the late 1950s.

As one with years of experience in building housing, I welcomed Roger Willcox's call and his reminder of work we did in building more than 5,000 dwelling units of cooperative housing during the 1960s. I'm glad to hear all those housing cooperatives have survived and most of them have paid off their FHA-insured 40-year mortgages and are members of the National Association of Housing Cooperatives.

I first heard about housing cooperatives while establishing Kaufman and Broad as a large-scale developer of single-family homes in Michigan in the late 1950s. We bought suitable tracts of land, built model homes without basements to keep the costs down and conducted sales programs leading to the sale of homes to individual homebuyers. It was a good business and we soon were selling hundreds of houses every year.

In 1961 we decided to look into housing co-ops because we saw in them a way to build whole communities of townhouses in presold sections of 50 to 100 houses. Excellent FHA financing for cooperatives was available. A few cooperatives had already been organized in Michigan by FCH



PHOTO COURTESY OF THE BROAD FOUNDATION

Services Inc., the operating arm of a nationally recognized nonprofit, the Foundation for Cooperative Housing. We contacted Roger Willcox's organization, FCH, learned more about housing cooperative requirements, bought suitable tracts of land, built models and offered complete packages of land, plans and financing for sale to cooperative corporations sponsored by trustees of the foundation and organized by FCH Services Inc.

After successfully completing four pilot projects in the Detroit area with a total of some 800 dwelling units and selling them to cooperative corporations organized by FCH, we built many more such projects in several states during the 1960s.

Since the need for affordable housing is even greater today, maybe the time has come when what we did in the 1960s can serve as a model for building a new generation of cooperatively owned housing communities!

Thanks for giving me an opportunity to remind members of the National Association of Housing Cooperatives at their 2009 Annual Convention in San Francisco about this success story, which was a win-win one for all concerned. **CHB**

Sylveron: Proposed New Co-op Concept



An earth sheltered single family home built by Davis Caves Construction Company, near Kalamazoo, Michigan.

The Michigan Alliance of Cooperatives' Executive Joel Welty presented a proposal to officials of the Clare County, Mich., Council for Decent, Affordable, Safe Housing (DASH) to establish Sylveron Cooperative in their area of concern. The proposed housing cooperative would be affordable, with resale prices limited when members wish to

move out and sell their memberships.

The housing would employ the latest energy conservation technology, which is referred to as "earth sheltered"; that is, earth-bermed and

with 3 feet of earth on the roof. Welty showed photographs of his earth-sheltered home and documented how little energy is used to heat the home, pump and heat water, cook food and run appliances and computers.

Sylveron Cooperative also would function as a business incubator, enabling members to establish micro-enterprises on site. Among the co-op's planned services is a fully licensed community kitchen, where members could preserve food for sale in the co-op's store.

Welty offered to work with DASH in preparing applications for grants for the project.

DASH's major concern at the moment is trying to assist homeowners who are being evicted for inability to make monthly mortgage payments. **CHB**

Cooperative Healthy Savings: FREE Card for Prescription Discounts

The National Association of Housing Cooperatives has made a free discount pharmacy card available to member cooperatives, professional member's office, nonprofit member organizations, individual members and associational member staff members. NAHC members have reported discounts on prescriptions from 10 percent to 60 percent and cash savings ranging from \$5 to \$40, depending on the prescription. Even for people with Medicare or other insurance, the card can save them on net cash expenses, after deductibles and some exclusions.

Housing cooperative members can use availability of the card as a member benefit in their advertising to demonstrate the value of the housing cooperative and membership in NAHC. Member cooperatives and other member business offices can use it as an employee supplemental benefit.

If they wish to have cards printed at their own expense, member cooperatives, member associations and member businesses may have the cards reflect that this is a benefit of their own in cooperation with NAHC.

Pharmacy discounts are Not Insurance and are Not Intended as a Substitute for Insurance.

The discount is available only at participating pharmacies. CHB



1444 I Street, N.W., Suite 700
Washington, D.C. 20005-6542
202.737.0797 | fax 202.216.9646
www.coophousing.org