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Articles of Lasting Value for Leaders of Cooperative Housing



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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 cooperatives in Washington, D.C. and by providing education, service and information to cooperatives.

Mission Statement

NAHC's mission is to support and educate existing and new cooperative housing communities as the best and most economical form of homeownership.



**National Association of
Housing Cooperatives**

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Working Together: The Slow but Steady Growth of Group Equity Cooperatives

By James Jones

Sixty-eight colleges and universities wanted us to stay, so they helped establish co-operative housing units for us. Twenty-one colleges and universities wanted us to go, so we established our own.

—Laia Hanau in 1942, printed in *Two Dollar House*, on pg. iii and published by the Inter-Cooperative Council at the University of Michigan, Ann Arbor, Michigan, 1987.

The Great Depression was a time of great upheaval. Families fought to stay afloat, and students fared no better. Many dropped out of college, and those who stayed often grappled day-to-day. Eldon Hamm, a member of a student housing cooperative in the 1930s, remembered those early days, saying, “Everything was a struggle. Students, maybe they weren’t getting ripped off, but they were in school on a shoestring. You survived on the margins...”

At some schools, however, there was already an affordable alternative. Starting in the 1870s, many colleges and alumni groups had established “cooperatives,” first for women, who initially began attending college after the Civil War, and later for men as well. The “co-ops” were generally in large houses near campus and owned and operated by the schools. “Cooperative,” in these houses, meant “shared work,” and in some, a limited degree of self-government. Still, shared work meant lower cost, and they were a boon for students who lived in them.

For students elsewhere, or for those who could not get into the college-owned “co-ops,” they provided a model. Starting in 1932, across the country and apparently without knowledge of each other, groups of students organized themselves into true, independent cooperatives and began to negotiate master leases for rooming houses near campus. Within a few years, some found ways to purchase their homes, and over the years, that ownership has grown and expanded to include not only students, but also many others from many walks of life.

Today, not only students, but recent graduates, retiring baby boomers, single mothers and many others are living

in these “group equity” cooperatives. Like most consumer cooperatives, members have undivided shares in the organization, and the shares do not grow in value. “Group equity” is used instead of “non-equity” because it conveys an accurate sense of community ownership.

Their historic roots are quite separate and distinct from the more common family housing cooperatives found around the country. They include a strong devotion to self-management, an ethic of participation in both governance and operations, and a sense that “equity” is a shared resource, rather than an asset for individual investment.

Unlike limited equity family housing cooperatives, these groups have rarely been established with the help of government programs. Instead, they have scratched and clawed their way into existence, relying on high density and shared work for their affordable rates. Their improbable rise has been slow, with many failures, but also tenacious. Today, over 10,000 members live in this kind of housing cooperative, and the number is growing.

Shared housing is much less common today than it was before World War II. Before the war, the most common type of housing around college campuses was the rooming house. Like rooming houses everywhere, they were most suitable for single people, and they were clearly more affordable than apartments. Many were owned and operated by widows or older couples, who were also trying to find a way to survive. Since the war, however, zoning codes have made living as unrelated members of an extended household much more difficult. Laws limiting the number of unrelated residents in a housing unit are ubiquitous despite clear evidence that for some it is the only way to find affordable housing. Rooming houses and SRO (single-room occupancy) buildings with high density are out of favor in most communities, often for good reasons.

Around college campuses, this was generally the dominant form of housing before World War II. After the war, there was

a sea-change in housing, as thousands of GIs returned to school, low-cost government loans became available for the construction of residence halls, and wealthy developers made fortunes by purchasing large rooming houses for conversion to apartments. These developers were much more likely to live in other places, and management of a few apartments with joint- and-several leases, rather than collecting from a large number of roomers, was much more cost effective. Large scale management companies began to grow and thrive in the new, bustling but less personal rental environment.

Of course, this bias against shared, high-density housing extended well beyond areas of student housing. As urban renewal programs swept the country, SROs and rooming houses were perceived of as risky fire-traps, undesirable properties inhabited by the poor and alcoholic. Housing codes were strengthened to make them safer, but they also became less profitable, and as they disappeared so did much of America's affordable housing. Government stepped into this void by helping to

Today, not only students, but recent graduates, retiring baby boomers, single mothers and many others are living in these "group equity" cooperatives.

Today, over 10,000 members live in this kind of housing cooperative, and the number is growing.

build more apartments, whether owed by the government, non-profits or cooperatives. The subsidized loans that made this construction possible helped many, but some groups, such as students, fell through cracks.

One common rationale is that students are "voluntarily poor" and that college is an investment. Scholarships and student loans became the way to help students with high costs, but for those who wanted to avoid crushing debt, the high cost of housing became a major problem.



Above: James Russell House is situated in Grand Rapids, Mich.
Left: Franklin Student Housing Cooperative is located in Minneapolis, Minn.

As was true during the Great Depression, students turned to self-help, and the campus-based cooperatives were an obvious way to deal with the high cost of housing. Waiting lists grew beyond imagining, and for a few years (1968-74), a U.S. Department of Housing and Urban Development (HUD) program was broadened to assist with the development of new student cooperatives. As my son told me when

he was a freshman at the University of Michigan, “Dad, I know you think I should live in a dorm for my first year, but if I live in a co-op you can save a thousand dollars.”

If rooming houses are such a problem, how can cooperatives use a shared-housing model and prosper? The answer is important, both to understand the benefits of the cooperative principles, and for the development of better public policy. This is because group equity cooperatives are primarily affordable due to density.

Rooming houses and dormitory-style buildings are easily converted for cooperative living, but with a decreasing number of these available, many groups around the country are working to convert apartment houses to group living. Understanding how this process can work sheds light on the long-term viability of the cooperative model. For instance, a typical apartment will have a kitchen, a living room and at least one bedroom. In older apartments, the number of rooms may be larger with separate rooms for kitchens and sometimes for dining rooms.

Depending on the floor plan, some apartment houses or buildings can be converted to group use, using these rooms differently. For example, one three-flat building in Chicago that was originally constructed with nine bedrooms (three of which were servant’s quarters) was purchased and converted to a 16-bedroom group housing cooperative in 2001. Because the building could generate more revenue, even while residents paid less, the purchase and conversion was feasible with just a small amount for a down-payment.

Still, what makes this kind of high-density housing work for a cooperative when it doesn’t seem to be an option for private developers? The answer lies in the strong communities that are basic to the success of these cooperatives. Several tools are used to develop this sense of community:

1. SHARED MEALS. For thousands of years, breaking bread together has been seen as a way of building ties, whether in a family or a tribe or with guests. The 24-7 modern American life has made this tradition less obvious, with many families no longer eating together, but shared meals are a critical building block for most group cooperatives.

2. SHARED WORK. “Sweat equity” not only lowers costs, but it also gives people a stake in the success of their homes. From sweeping floors and changing lightbulbs to buying food for dinner or calling contractors to fix the leaking roof, everyone does their part in keeping



Helios Co-op (foreground) and the “Super Co-op” (behind) are located in Austin.

their home running smoothly. Group effort builds group identity.

3. SHARED DECISION MAKING. Frequent meetings to discuss and solve problems democratically helps to empower people in their daily lives. What kind of food do we want to eat? Should we allow a mural to be painted in the hall? What should we do about someone who isn’t paying on time? Decisions large and small become group exercises in democracy and strengthen the group.

The sense of community in these groups extends not only to the other members but also to the relationship of the members to their home. When community is strong, members see themselves as part of an ongoing history, enjoying the benefits from earlier generations, and with a mission to protect their home for generations yet to come. One of my favorite memories is of a group in 1971 that voted to spend \$7,000 in savings (the equivalent of almost \$43,000 today) to build a peaked roof over their old, leaky flat roof. With that same money, they could have had a great party, an option never mentioned. Most of those student members would never live under the new roof, but they knew without

question that they never would have lived in the house at all if not for similar decisions by those who came before them.

Community makes affordable, high-density living a viable option, but community also has its own inherent value. Before 2008, the primary reason that people gave me for joining a group housing cooperative was this sense of community. As our lives evolve toward more isolation, people young and old still yearn for opportunities outside of work or bars where they can build human relationships. Cooperatives have always offered that opportunity. Now, with more financial insecurity, members often say that their primary reason for joining the cooperative is affordability, but community is now and always has been a strong bonus.

Group housing is clearly not suitable for everyone. Families need more space than a single room, and many older people would have trouble compressing their belongings into a single room. But for an increasing number of graduates, and for many older people as well, there are significant advantages to living in an organized community, with shared meals, joint buying, friends in easy reach and an opportunity to find help with the struggles of daily life. These cooperatives aren't just for students anymore, and they offer an alternative that could be encouraged at very little public cost. For an illustration, members of a four-house cooperative in Grand Rapids, Mich., range in age from three to 78. Only a few are students.

There are some other advantages to group equity housing that are less obvious. The most important of these is an ability to expand over time, and an interest in doing so. Because the equity is held by the *group*, it can be tapped for down payment on another property. This practice has occurred frequently over the years. In Ann Arbor, where the first house was purchased in 1944, there are now 550 members of the cooperative living in 18 locations. The Berkeley Student Cooperative in Berkeley, Calif., now the largest student housing cooperative in the world, grew from 14 members in 1933 to over 1,300 members today, in 17 houses and three apartment buildings. There are many other examples.

Not all of these groups expand, but many do feel an imperative to grow. It's difficult to explain why this is so, other than to point to idealism. There is often a common ethic that "someone made this possible for me, and I should help others to benefit when I can." While many votes on expansion are closely contested, that ethic often turns the tide.

As cooperatives age, they become increasingly less expensive compared to market. This is primarily true because they "buy and hold," meaning that some buildings were purchased long ago for a very low price. Some large cooperatives may own property worth millions, but the buildings were purchased at a fraction of today's value.

Sadly, affordability can also become a barrier to expansion. A large, older cooperative may have millions in equity and thousands of dollars in the bank, but in order to offer similar carrying charges in a new building, it needs a huge down payment. Over time, growth tends to slow to a crawl for the older cooperatives, not for lack of interest, but because it's increasingly difficult to provide very low rates in a new building.

To expand, some groups have been exploring radically new approaches. One example, in Minneapolis, may be uniquely possible under Minnesota law, but it's clearly a great example of thinking outside the box.

WE MEET STUDENT HOUSING NEEDS

We provide non-profit, resident-controlled
housing for selected students
in 7 co-op houses



**People helping people
People working and having fun
People sharing feelings and emotions
People working together to save**

**INTER-COOPERATIVE COUNCIL
510 West 23rd; 476-1957**

Riverton Community Housing began its existence in 1939 as a dining cooperative called The Chateau. In the early 1970s, the cooperative received a loan through HUD, during the brief window when federal money was available for student housing cooperatives, constructing a 127-unit apartment building.

Bear in mind that group equity housing cooperatives are not always group housing. In the case of Minneapolis, zoning codes made group housing impossible to build, so apartments were constructed instead. In other places, such as Berkeley or Austin, Texas, there are sometimes apartment buildings as a part of a larger set of group housing cooperatives. Finally, some cooperatives (e.g., Grand Rapids) have found ways to keep buildings technically apartments for zoning code reasons while using them for group housing by designating one apartment as common for the whole building.

In 1991, after discovering that housing cooperatives renting from a nonprofit would qualify for a homestead tax rate, the group incorporated a new entity called Riverton Community Housing and transferred title to this new nonprofit corporation, using the proceeds from the lower tax rate to initially lower rates and then to purchase new property. Today there are over a thousand members living in six cooperatives leasing buildings that are owned by Riverton Community Housing, and expansion is ongoing.

However, the most interesting—and potentially, the most game-changing—approach to growth is an affiliate of the umbrella association for group equity cooperatives, the North American Students of Cooperation (NASCO). In 1988, this group incorporated NASCO Properties (NP), a 501(c)(2) title holding company that is a tax-exempt property title holding business controlled by a 501(c)(3) parent organization, in this case NASCO.

NP quickly evolved into a continent-spanning “land trust,” now holding title to 17 buildings. These buildings are leased to local cooperatives in eight different cities: Austin; Buffalo, N.Y.; Kalamazoo, Mich.; Chicago, Ill.; Providence, R.I., Urbana, Ill.; Athens, Ohio and Lawrence, Kan. The board has a majority of members from each of the leasing cooperatives, making it something like a cooperative of cooperatives.

This unusual arrangement has created a dynamic engine for growth. NP has sent out requests for proposals for the purchase of new houses and has received many viable applications for funding. Because NP holds title to buildings

in multiple housing markets, it can tap equity in a “hot” market for down payment money elsewhere. Lender required “debt service coverage,” rather than becoming profit for a private owner, adds up quickly and can also be plowed back into new acquisitions. Stability and capital generation grow with every new purchase, making possible still more.

NP has also been able to save several cooperatives experiencing life-threatening problems. In 2010, three houses in a small system in Lawrence, “merged” into NP ownership, and a two-house system in Providence became part of NASCO Properties in 2016. These local cooperatives continued to operate these houses, but NASCO Properties has provided funds for renovation and advice on management and occupancy. The relationships are win-win for all involved.

Every year, new cooperatives are started, usually through leasing. However, in many places, zoning codes can pose serious barriers. The good news, though, is that some communities are finding ways to change the codes that improve the opportunities for development of group housing. In the last year, both Minneapolis and Boulder, Colo., have both passed ordinances recognizing the viability and importance of “intentional” group housing cooperatives, easing the path to their establishment. In Austin, the cooperatives have been able to tap into a fund for affordable housing in the campus area, while in Buffalo, the planning commission ruled that cooperatives can lease individual rooms without being classified as rooming houses—because they’re organized groups. Around the country there is a hunger to find more options for affordable housing, and also a new recognition that density, when possible, can offer a solution, particularly in the central city.

People are looking for ideas, and we have one to offer.



James Jones is a founder and former executive director of NASCO. In 2011 he received the Jerry Voorhis Award, the National Association of Housing Cooperatives' highest honor. Additionally, in 2009, the Cooperative Development Foundation inducted him into the Cooperative Hall of Fame.

New Housing Cooperatives in the East Bay Area

By Rick Lewis

Community Land Trusts (CLT) have developed several new housing cooperatives in the San Francisco Bay Area. The most recent is the 23rd Avenue Cooperative, which closed escrow on November 28, 2017. Oakland CLT (OakCLT) acquired the mixed-use property with eight apartments and four small businesses; it will be a non-equity cooperative. The city of Oakland also provided a \$300,000 loan. This is OakCLT's first cooperative, and it has two other cooperatives in the pipeline.

The Bay Area CLT (BACLt) is working with residents on a non-equity cooperative in Oakland, Newton House, a large duplex that provides housing for nine adults. The owner has agreed to sell at 20 percent below appraised value. BACLt will apply for funding from the city.

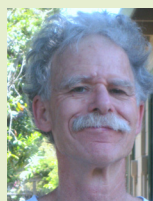
The San Francisco CLT (SFCLT) has competed two similar non-equity cooperatives, a 14-bedroom and a 10-bedroom house. Each was acquired with a commercial mortgage and private bridge financing with the expectation that city funds from the Small Sites Program would pay off the private financing. San Francisco has provided these funds for the projects; however, the terms of the funding significantly reduces the role the residents play in self-management and transfers many responsibilities to SFCLT.

BACLt helped introduce a small sites program in Berkeley, which targets 5- to 25-unit buildings and gives priority to housing cooperatives developed by CLTs. The city council approved the program, and it will be launched soon. BACLt also has two current projects that may receive "small sites" funding.



Newton House is a large duplex that provides housing for nine adults.

All these projects have been developed as non-equity cooperatives, which are owned by the CLT but self-managed by the residents. This is because non-equity cooperatives are exempt from property taxes while limited-equity cooperatives pay full property taxes. The state CLT network is working to revise tax law to address this problem. Three of the cooperatives are shared living, which allow greater density and lower rents. All had to be purchased in a highly inflated market and rely on city loans. Cities have shown varying degrees of support for the cooperative model. Nine CLTs in California have created cooperatives or are planning to, and the BACLt anticipates many new cooperatives statewide.



Rick Lewis is the executive director of the Bay Area Community Land Trust located in Berkeley, Calif.

The Sources for Cooperative Financing are Many

By Hugh Jeffers

Although there are several different types of loans available to cooperatives, the primary loans cooperatives need include blanket mortgages and share loans. Blanket mortgages provide financing for the cooperative corporation as a whole and are secured by a mortgage on the entire property. Funds from a blanket mortgage are used for construction of a new project, rehabilitation of an existing project and/or the refinance of existing blanket mortgages or other corporate debt.

The following sources generally provide blanket mortgages:

- **THE FEDERAL HOUSING ADMINISTRATION (FHA)** has several programs that provide blanket mortgages to cooperatives, although two programs are used most often. The 213 Program offers funds for the construction of a new cooperative or substantial rehabilitation of an existing cooperative. The 223 (f) Program gives funds for the refinance of existing debt and repairs to cooperative projects. Both provide long-term amortizations at low-fixed rates. Although the up-front costs are typically higher than other programs and the execution time is longer, FHA affords the best interest rates and longest loan terms in the market.

- **FANNIE MAE** offers long-term loans to cooperatives to refinance existing debt and make repairs to the property. Loan terms can be from 10-to-30 years. Up front underwriting costs are typically lower than FHA. However, interest rates are higher, and loan terms are shorter. In addition, Fannie Mae has some terms to its loans that can be difficult for some cooperatives to comply with, including lower loan to value ratios, debt service reserves and expensive prepayment penalties. Execution times are typically shorter than FHA.

- **FREDDIE MAC** is not as active in cooperative lending as Fannie Mae but is available in primary markets that have strong cooperative acceptance. Loan terms are typically similar to Fannie Mae's.

Fannie Mae offers long-term loans to cooperatives to refinance existing debt and make repairs to the property.

- The reluctance of lenders to work with cooperatives was a driver for the creation of the **NATIONAL COOPERATIVE BANK (NCB)**. The bank provides blanket mortgages to cooperatives to refinance existing debt, fund capital improvements and replenish reserves. Terms are similar to Fannie Mae. Key requirements include that first and second mortgages must have a combined loan to value equal to or less than 65 percent as a rental/55 percent as a cooperative, no more than 10 percent of the units can be delinquent, and the balance in reserves has to be greater than 10 percent of the budgeted annual carrying charges.

- **LOCAL BANKS** in certain markets also offer cooperative blanket mortgages. Those markets include places where cooperatives are an accepted form of housing and plentiful in the market place, like New York City, for instance. Bank loans are typically shorter in terms, 5-to-10 years and have higher interest rates than the agency programs outlined above.

Share loans are provided to individual cooperative members to purchase a share in a cooperative corporation or to refinance an existing share loan. Share loans are secured by an assignment and pledge of the cooperative shares and proprietary lease or occupancy agreement acknowledged by a recognition agreement signed by cooperative and the lender. Share loans can be difficult to get in certain markets as the banking community at large does not have the specific experience necessary or the willingness to process this type of lending. FHA has had statutory authority to insure share loans since around 1978 but has never implemented that authority despite constant pressure from the National Association of Housing Cooperatives.

Fannie Mae does provide a secondary market for share loans made by institutions as long as they follow certain criteria. Therefore, in certain areas where there is a high concentration of cooperative housing, a variety of lenders are willing to process share lending because they can sell the

loans to Fannie Mae. Actually, in New York City, prospective or current members can now apply for share loans through Quicken loans online. Some of the banks in New York are also present in other cities that have strong cooperative markets, and maybe through education, those institutions would be willing to do share lending elsewhere, but that hasn't happened yet. In markets where there are not as many housing cooperatives, though, few lenders take the steps to become an approved Fannie Mae lender because it is just not a profitable business line. However, there are a number of organizations/lenders that provide share loan financing that cooperatives may be able to access. These include:

- **NCB** is a nationwide lender that provides share loans in many markets. It currently has more than 8,200 share loans totaling \$1.2 billion on its balance sheet. Fannie Mae provides share loans or bank portfolio loans. Fannie Mae share loans require a minimum FICO score of 620 with a maximum loan to value (LTV) of 95 percent (mortgage insurance is required for any LTV higher than 80 percent). In addition, debt to income may not exceed 45 percent. Loan terms are up to 30 years. For portfolio loans, a minimum FICO of 680 is required with a maximum LTV of 80 percent. Debt to income may not exceed 45 percent. Only adjustable rate mortgages are available up to 7 years. As with most share lenders, NCB requires that the cooperative be approved to provide share loans to its members. Project approval requires a review of insurance, corporate financials and corporate legal documents. In addition, a recognition agreement is required that discusses the specific rights of the lender, the borrower and the cooperative. Specific requirements for project approval include the following:

- Owner occupancy of at least 50 percent for NCB Portfolio loans; 80 percent for Fannie Mae;
- Sponsor/Investor units not to exceed 10 percent for Fannie Mae financing;
- Commercial Space not to exceed 20 percent;
- Shareholder delinquency not higher than 15 percent;
- Reserves must exceed 5-10 percent of the gross annual income; and
- Insurance must have general liability of \$1,000,000 as well as 100 percent replacement cost.

...FHA affords the best interest rates and longest loan terms in the market.

- **SHARED CAPITAL COOPERATIVE**, formerly Northcountry Cooperative Development Fund, is a national Community Development Funding Institution (CDFI) dedicated to providing funding to cooperatives and building economic democracy. Its capital comes from its members and allies, and it provides loans for all types of cooperative ventures, including start-ups. In addition, it has recently started giving share loans to member cooperatives. Share Capital Cooperative is active in 35 states including the District of Columbia. It can work in any state.

- **CREDIT UNIONS** in many areas are active share loan lenders. Credit unions operate on cooperative principles themselves and have a greater understanding of housing cooperatives than most lending institutions and may be willing to make the smaller loans required to purchase shares in limited equity cooperatives. Cooperative members looking for share loans should contact their local credit unions to see if there is an interest in providing the product.

Overall, finding share loans for members can be a difficult task. Few national lenders provide share loans. It is important for housing cooperatives to be proactive in searching out relationships with lenders for share loans. Cooperative boards should work with their management agents, financial institutions and other professionals to locate lenders, whether it is NCB or a local institution, that would be willing to lend and pre-approve cooperative share loans. Cooperatives should work with those lenders to get the paperwork and approvals completed so the financing is available when needed. Cooperatives may try to have more than one or a number of lenders that could provide share loans to members. Taking these steps creates a more marketable property and enhances the appeal of the cooperative to potential members.



Hugh Jeffers is a NAHC board member and director of New Age Housing located in Pittsburgh, Pa. and vice president of Centennial Mortgage headquartered in Seattle, Wash.

Albany – Piccadilly, London: Oldest Continuing Co-Ownership Housing in the World?

By David J. Thompson

People have been living cooperatively (one member - one vote) at London's Albany, the longest continuously co-owned apartment building in the world since 1804. That is longer than British monarchs have been residing at Buckingham Palace. Queen Victoria was the first to live there starting in June 1838.

Albany, just off Piccadilly, has been co-owned by its members, called proprietors, for 213 years. These attractive Georgian buildings located in the center of London have been the iconic residences of some of Britain's most famous people since its founding in 1804. Women were only permitted to officially visit in the 1880s and were not allowed until later to become owners or lessees. In the official founding Albany documents, the buildings were specifically and legally called "Albany," but in recent years some have begun calling it "The Albany."

Albany was originally built in 1774 as a palatial three-story, mansion for Peniston Lamb, the First Viscount Melbourne. The mansion was later sold to Prince Frederick, the Duke of York and Albany, son of King George III. Alexander Copeland purchased it from him in 1802. Copeland, then, hired architect Henry Holland to subdivide the mansion, add other buildings and convert the entire site into 69 different living "sets" (more on this word later) or apartments. At that point, Albany was to be co-owned only by wealthy bachelors.

For more than two centuries, Albany has been a gathering place for the Who's Who of British life. Among Albany's early famous members were poet Lord Byron, Prime Minister (PM) William Ewart Gladstone and historian Thomas Babington Macaulay. Among its 20th century members were: PM, Ted Heath; conductor, Sir Thomas Beecham; novelist, Graham Greene; cooperative historian, Sir A.M. Carr-Saunders; writer, Aldous Huxley and writer and co-founder of the Campaign for Nuclear Disarmament, J.B. Priestley. Its 21st Century members (now open also to women, but not to any child under 14) included: actor, Terence Stamp; U.S. writer and editor, Fleur Cowles; writer, Sir Simon Jenkins; society photographer and Lord Snowden, Anthony Armstrong-



Through the author David J. Thompson's research on the many forms of cooperatively owned housing, he learned of Albany's existence over a decade ago. Finally, in the summer of 2017, he was able to see Albany in person, but only dared to venture far enough into the Albany Court Yard to take a few photographs as time and the ominous porters would not allow more.

PICTURE OF COURTESY OF DAVID J. THOMPSON.

Jones; PM, Margaret Thatcher, for just a few days and U.S. Ambassador to the United Kingdom David Bruce and his wife Evangeline.

One element of the expected etiquette of Albany is that existing members should not disclose the names of others who live there. Clearly, there are too many famous people living at Albany for their presence not to be divulged. Another protocol, in this case followed quite seriously, is that pedestrians should not speak to anyone while on the rope walks which are the covered passageways connecting all the “sets” behind the mansion.

Owing to its unique prominence in English high society, Albany has also been the well-described literary abode of major fictional characters created by writers such as Charles Dickens, Arthur Conan Doyle, Georgette Heyer (a former resident), E. W. Hornung and Oscar Wilde.

In legal documents dating to its founding, the apartments at Albany have been described as a “set(s).” There are few clues in English real estate parlance as to how the Albany apartments got the name. The layout of Albany, which is a series of passageways, scores of doors, many separate entrances and in some cases shared bathrooms, suggest that “set” was derived from “setts,” which is the English name given to the underground labyrinth occupied by Britain’s beloved badgers. As with Albany, badger “setts” can house one or more different badger families.

One study, written by T. J. Roper that appeared in the *Journal of Zoology* in August 1992, examined British badger setts and discovered the largest sett to be almost 1,000 yards long, with 178 entrances, 50 underground chambers and 10 latrines.

Between 6-15 badgers can live in each sett, which are often interconnected. Most of the time badgers sleep alone in a separate chamber in the sett. Given that the original intent for Albany was a series of apartments for bachelors coming to London from their ancestral homes in the countryside in order to have their own individual sleeping chambers, the term “set” might easily have been borrowed from British badger life.

The owner of a set is called a proprietor. The proprietors elect a board of trustees that governs Albany. The board vets prospective proprietors prior to completing the purchase and taking up of residence. William Stone, who lived from 1857-1958, was a long-time Albany resident. He purchased 34 of the individual sets, one-by-one and bequeathed them upon his death at 101 years to Peterhouse College in Cambridge. The college long-term leases its sets, but those residents still have to be approved by the board.

Daily thousands of people hurry past the little-known address set back at the rear of Albany Court Yard, a small inconspicuous narrow entry leading from Piccadilly only to Albany. Foreboding liveried porters diligently guard the entrance. Yet when one walks out onto Piccadilly from Albany, one enters one of the most famous and busiest pedestrian streets in London. Across Piccadilly from Albany is Fortnum and Mason, Britain’s most prestigious department store for both England’s almost 1,000 year old aristocracy and London’s nouveau riche. Living at Albany is still one of the most treasured and sought after addresses in London. In 2017, it listed a two-bedroom set for 7 million pounds. None of the “sets” can be found on Airbnb.

The history of cooperative housing has many fascinating beginnings, and Albany is one of the earliest forms of co-ownership. In-depth studies on how Albany actually operates do not exist, but it would be instructive to map out how the organizational and legal form of this unique co-ownership has worked over more than 200 years.

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David J. Thompson is a cooperative historian and author of *Weaver of Dreams: Founders of the Modern Cooperative Movement*. Thompson is also co-partner with Luke Watkins of Neighborhood Partners, LLC, and president of the California based Twin Pines Cooperative Foundation.

Five Mistakes Your Board of Directors Can Avoid if a Hurricane Hits

By Donna DiMaggio Berger, Esq.

Most board members, managers and cooperative members know to date-stamp a video of cooperative property to memorialize pre-and post-storm conditions. Many boards also know to arrange to have money on hand (either in the form of fully funded reserves or a line of credit) to use for storm repairs. Some cooperatives also have pre-negotiated debris removal pricing from their landscapers, have adopted and tested emergency plans and have recently reviewed the cooperative insurance policy with both the insurance agent and the board's responsibilities. To those highly prepared communities, these residents are fortunate to have planners at the helm of their cooperative as experience has taught that prepared communities will fare better in the event of a direct strike from a Category 3 or higher storm than unprepared communities will in less fearsome storms.

The surest way to make mistakes after a storm is to have failed to make adequate preparations before the storm. However, when a storm is bearing down on a community that might not have taken all the recommended advance steps, all hope is not lost. Boards need to focus on making the right post-storm steps as follows:

1. Separate the urgent from the important. The board can and should undertake the urgent steps needed to secure the building(s) from further water intrusion, to clear debris and to dry out units. Important items such as selecting a contractor and other professionals to help repair long-term storm damage require the same amount of due diligence as a regular renovation or repair project would. There is no reason for the board to abandon sensible steps such as compiling bids, vetting contractors and having the attorney review contracts before signing and hiring the right professionals to oversee the construction project simply because the repairs are needed due to storm damage. The first mistake the board must avoid is signing full repair contracts and assigning insurance benefits to contractors under pressure and in the absence of taking the steps the cooperative would

ordinarily and prudently take when hiring contractors to perform work in the community.

2. Do not rely solely on the insurance company's adjuster to evaluate the cooperative's claim. The adjuster is not there to protect the cooperative's claim. The board needs to consult with the cooperative's counsel who will assist in retaining the cooperative's own adjuster and/or engineer or architect to fully evaluate and compile the claim. All of the foregoing professionals can help ensure that the insurance company maximizes rather than minimizes the anticipated recovery.

3. Don't allow the circumstances to control the cooperative. The most sought after, high quality contractors and consultants will be in short supply in the aftermath of a disaster. It is always preferable to hold out for the quality of the contractor the cooperative would hire for a non-emergency project than to settle for an unlicensed or out-of-state contractor.

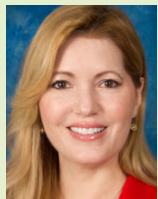
4. Don't forget that communication with members is vital. Hopefully, the cooperative has up-to-date emergency contact information for most of the members. Websites, emails, texts, phone calls and regular mail are all important channels to keep members and residents informed about the cooperative's condition. Those communications will help inform residents when they can safely return to their homes, when to expect repair work to commence, etc. It should not come as a surprise that the boards that are the poorest communicators in the aftermath of a disaster do not tend to fare well at the next annual election. Even more importantly, proof of consistent and informative communications can defuse a potential negligence claim levied against the board.

5. Lastly, one of the biggest mistakes some boards make is not learning from their mistakes. There will always be another hurricane. Whatever problems or deficiencies the cooperative discovered dealing with the last hurricane should result in an evolution of the hurricane plan for the

following year. Did the cooperative find itself in a bind due to a lack of funds on hand to deal with either the urgent or the important matters which needed attention? Next time, the cooperative will be certain to have reserves it can use or a line of credit in place prior to storm season. Did the cooperative find that it could not get the landscaper out to remove debris promptly, and when they did show up, the cost was astronomical? On the next occasion, the cooperative will pre-negotiate these services and the price before the start of hurricane season on June 1. Did members express confusion, frustration or anger for months after the storm? Next time, the cooperative will establish and use more communication channels and have better contact information to keep residents informed and involved in the reconstruction process.

According to the former heavyweight champion and sage, Mike Tyson, "Everybody's got a plan until they get hit." If the worst happens this year and your community does get hit, be sure to minimize the pain by avoiding the foregoing mistakes.

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Donna DiMaggio Berger is a shareholder at the community association law firm of Becker & Poliakoff and has represented all types of shared ownership communities throughout Florida.



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Storytelling, Mentoring and Succession

By Herbert H. Fisher

Many of the nation's housing cooperatives which are members of the National Association of Housing Cooperatives are celebrating their 50 years of existence and operations. Some having been thriving for even longer. Each has a story to tell that would be of interest to the cooperative movement at large as well each community in which the cooperative is located and, most importantly, to the cooperative's own current membership.

Many of the cooperatives still have charter members or children of those original members living in the cooperatives or nearby. In most cooperatives, the stories of their origin, their first membership sales and occupancy, their construction or conversion from rentals, the important formative years in which the cooperatives' institutions and habits, good or bad, were formed by the interest or lack of interest of the then member-cooperative owners-residents and the early days of facing that first monthly charge increase and the reactions to it, have been or about to be lost.

Oral history making is one of the easiest ways to reverse that loss and preserve each cooperatives' unique history. It only takes each senior cooperator to test his or her own memory, given a little time, have a recording device and someone to listen to and create an edited transcript from the recording device. However, there is also something else missing in many of these aging, but yet youthful, cooperatives – that is, as current leaders leave their cooperative positions, the development of successors to assume those leadership positions, by the mentoring process is not happening.

The oral history making, the mentoring and working on succession can all be, initially, done together. Arrange gatherings for 10-20 members. Invite your charter seniors, their offspring or others with knowledge of the cooperative's history to be the story tellers and answerers of questions. Invite others of the membership and their teenage children to be the listeners of stories and questioners of those knowledgeable senior members. Set up the recording

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equipment so that it can catch whatever anyone in the group says.

To supplement all of this activity, bring your cooperative's original sales material, documents concerning the taking of title and starting operations or amendments to any of those documents. Now is the time to dig them out.

Be sure to orient each group of the purpose of the session and that each group is not the enemy of the other group. That the purpose of the session is not to air grievances about the current administration or defects in one's dwelling unit, but to learn and record the experiences of others with respect to the history and background of their cooperative and surrounding community.

And a warning to the current active leadership of the cooperative: Stay on the sidelines, listen and learn. Be questioners unless you are one of the seniors answering questions. Do not inject current cooperative issues or anything that is currently controversial; but do be alert to who in the session might be a potential leader and board material, based on ability and interest, not on their agreement on current issues. They are prospective committee member material and should get the benefit of ongoing mentoring on

the cooperative's documents, rules and regulations, administrative functioning and contract relationships from board members, former board members and the knowledgeable seniors.

Remember that in most societies from which we all come, the seniors are respected and honored for their knowledge, and the seniors have an obligation to counsel and advise those younger and share their knowledge for their benefit and the benefit of the cooperative and the community.

And with all of this information, the cooperative may end up creating its written history, which can also become part of the cooperative's marketing or expanding its existing one.



Herbert Fisher, a recipient of the Jerry Voorhis Award, was a NAHC board member for about 48 years, president for 4 years and board chair for 13 years, is a retired housing cooperative attorney and a current non-board member of a few NAHC committees.

Resources for Telling Cooperative Stories

Linda Shopes prepared the following Web Guides to Doing Oral History for The Oral History Association:

- www.nebraskahistory.org/lib-arch/research/audiovis/oral_history/index.htm
- <http://oral.history.ufl.edu/research/tutorials/>
- <http://oralhistory.library.ucla.edu/interviewGuidelines.html>
- www.baylor.edu/oralhistory/index.php?id=23560
- <http://library.ucsc.edu/reg-hist/ohprimer.html>
- www.indiana.edu/~cshmt/techniques.html
- www.lib.lsu.edu/services/oralhistory/
- <http://bancroft.berkeley.edu/ROHO/resources/1minute.html>

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2. Select the products you wish to purchase.

Once your account number is established, GE will send discount price and availability material directly to the account number address. Note that volume discounts may be available. Even if you're not interested in ordering now, you can always request a catalog of GE products from NAHC at 202-737-0797.

3. Place your order.

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