

COOPERATIVE HOUSING BULLETIN

A member service of the National Association of Housing Cooperatives

Summer 2011

Using the Past to
Look Forward into
the Future

3

One Boat, One Vote:
Co-ops on the Water

5

COOPSERVATIONS
If you don't feed it,
it won't grow

7

News from all over

9

NAHC's 51st Annual
Conference

11

6 Key Research Findings

16

Legal Corner

17

Member
Association News

18

Developer's Corner

20

Co-op Loans Shine In the Storm

The National Co-op Bank reports that of its 4,386 co-op building loans, none were in foreclosure as of June 30, 2011, and the delinquency rate is less than one hundredth of one percent. The bulk of those loans are in New York City, where, according to NCB, about 85% of all co-op buildings are located.

NCB also services 7,388 share loans to co-op members. The bulk of those are in New York City, where NCB has experienced no foreclosures. To the right is a comparison of the status of NCB's co-op portfolio and Fannie Mae's and Freddie Mac's conventional single family loans and multifamily rental loans as of June 30.

	Single family	Multifamily rental
	90 days+ delinquent	60 days+ delinquent
Fannie Mae	4.08%	0.46%
Freddie Mac	3.50%	0.31%

	Share loans	Co-op blanket mortgages
	90+ days delinquent	60+ days delinquent
NCB co-op loans	1.88%	0.008%

Limited Equity Co-ops are Best Tool for Preserving Affordability

A study by the Urban Institute of seven programs providing affordable homeownership found that limited equity co-ops do a better job of preserving affordability than the community land trusts and programs using deed restrictions that were studied. The two co-ops in the study, Dos Pinos in Davis, CA, and Wildwood Park Towne Homes in Atlanta, GA, used different equity controls, but achieved similar results. The Dos Pinos equity control was allowing share prices to increase by the prime rate. Wildwood used the typical Foundation for Cooperative Housing formula for co-ops built in the 1960s and 1970s. The results over time were that membership affordability as a percent of Area Median Income for Dos Pinos and Wildwood improved, as families with slightly lower incomes became eligible. For Wildwood, researchers attributed the increased affordability to the fact that the co-op's monthly carrying charge had increased less than inflation.

A second criterion in the study was whether the affordable housing programs provided an opportunity for participants to build personal wealth. The researchers looked at whether the family would

have been better off staying in their former housing and investing the down payment or share price.

The study compared equity growth with the growth of the down payment or share price if it had been invested in Treasury bonds or a mutual fund tied to the S&P 500 Index of stocks. Sellers in Wildwood reaped an average 14% return. Sellers in Dos Pinos, because its equity control was the strictest, had a calculated rate of return of 6.5%. (See sidebar on page 15 by David Thompson on what was left out of that calculation.) The CLT and deed restriction programs typically allowed sellers to keep 25-50% of their gains, so sellers in these programs saw returns ranging from 11-60%, which were far better than if they had invested their down payments. It must be further noted that the wealthbuilding and preserving affordability are competing goals. The more return a seller gets, the less affordable the unit is to the next family. Finding the right balance between these goals is a constant challenge for policymakers.

A third measurement was security of tenure—were residents protected from predatory lending and poor financial decisions, and was the program

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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 2010-2011

Chairman	Ralph Marcus	Elected 2013
President	Vernon Oakes	Elected 2013
Vice President	Gregory J. Carlson	Appointed by FNYHC 2011
Treasurer	Linda Brockway	Elected 2012
Secretary	Mark Shernicoff	Elected 2011
NAHC President Emeritus	Roger Willcox	Elected 2011

Directors

Tony Beck	Appointed by MAHC	Randall Penttiuk	Appointed by MAHC
Richard Berendson	Appointed by MAHC	Alfred Reynolds	Elected 2012
Jackie Brown	Elected 2012	Norma Robinson	Appointed by CAHC
William Eaton	Appointed by NJFHC	Mary Ann Rothman	Appointed by CNYC
Wendy Harshaw	Elected 2013	Mona Shyman	Elected 2011
Annie Hill	Appointed by PAHC	Paul Solomon	Elected 2013
Patricia Jacobs	Appointed by CSI	Stephen Somuah	Elected 2011
Eugene Jones	Elected 2011	Hope Turner	Elected 2013
Charlotte Lann	Appointed by CSI	Ruthie Wilder	Appointed by PAHC
Barbara Loatman	Elected 2012	Roger Willcox	Elected 2011
Bill Magee	Elected 2012	Kimalee Williams	Appointed by CHANE
Beverly Ouellette	Appointed by CSI		

Member Associations

CAHC	California Association of Housing Cooperatives
CHANE	Cooperative Housing Association of New England
CNYC	Council of New York Cooperatives & Condominiums
CSI	CSI Support and Development Services
DVAHC	Delaware Valley Association of Housing Cooperatives
FNYHC	Federation of New York Housing Cooperatives
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 – Ralph Marcus
Development & Preservation Committee – Vernon Oakes
Finance Committee – Linda Brockway
Governance and Strategic Planning Committee – Ralph Marcus and Mark Shernicoff, Co-Chairs
Government Relations Committee – Mary Ann Rothman
Member Services Committee – Linda Brockway
Mutual Marketing and Advocacy Committee – Paul Solomon
Publications Committee – Roger Willcox
Public Relations – Eugene Jones
RCM Board of Governors – Gregory J. Carlson
Website Committee – Gregory J. Carlson

See the NAHC website – www.NAHC.coop – for addresses of Associations and Committees.

About Bostrom

Bostrom Corp. is the professional services firm managing the National Association of Housing Cooperatives affairs. Mitch Dvorak serves as NAHC Executive Director.

Using the Past to Look Forward into the Future

By Linda Brockway, Treasurer

At the recent NAHC Board meeting, Dr. Phil Lesser of Bostrom Management, Inc. presented a strategic planning workshop entitled “Positioning for the Future through Strategic Planning.” The workshop presented an organized view to the beginning of the strategic planning process. We discussed the role of NAHC leadership in strategic planning, and we reviewed our current mission statement. The Board considered the specific steps to strategic planning and discussed revising the mission statement to clearly define our vision for the future. After our mission and vision are defined, the Board will work toward defining our goals and measurable objectives, in order to provide our members the best service.

In reviewing the objectives toward developing a vision statement, a mission statement and a strategic plan, the NAHC Board first needed to look at the past, to determine how to assist our members toward a better future for our association.

Finance past and present

Being the accountant that I am, I reviewed the past financial statements to determine where we were and where we are going. NAHC has already made an important step in planning for the future by changing its fiscal year to coincide with the calendar year. This change has been completed, and beginning January 1, 2011 we are operating under a calendar fiscal year. The previous fiscal year did not coincide with the fiscal years of our largest members and also did not include all the financial activity for our annual conference. By changing the fiscal year, we will be able to present our true financial position, which includes the complete conference results.

In reviewing our financial position over the past several years, we find that our financial position has improved. The total net assets and liabilities that were reported on December 30, 2007 statements of financial position were \$23,699. The total net assets and liabilities that were reported as of December 31, 2010 were \$53,077, for a total increase of approximately \$30,000.

As of August 1, 2011, we had a financial position of approximately \$83,647 in total assets and liabilities. This increase is due to the current conference receipts. As NAHC Treasurer, I have been monitoring the collections compared to the conference budget to ensure that we can continue to increase our financial position.

A management transition

Another significant change made by the NAHC Board was to reduce operating expenses by hiring Bostrom, a professional association management

firm. During Bostrom’s tenure to date, we have met many of our planning goals, including strengthening our conference. In New Orleans, we had 332 members attend. To date, we already have 272 members registered for the Puerto Rico Conference. The NAHC Conference Budget is based on 400 participants, and we anticipate exceeding our budget targets.

As the Board reviewed the past, we found that the prior boards relied upon the NAHC staff to complete a wide variety of the management and planning functions. The current Board has decided to become very active in both functions.

Mr. Vernon Oakes, NAHC President, meets with the NAHC Executive Director at Bostrom on a weekly basis to see that day to day operations are carried out efficiently and effectively. As Treasurer, I meet with the Bostrom representatives on a monthly basis to ensure that financial planning is on target with our set goals.

The future

The Governance and Strategic Planning Committee is working with Dr. Lesser to complete the strategic planning process, which includes revising the mission statement with a goal of presenting a completed document at the first Board meeting in 2012.

The NAHC Committees are working to meet the goals of their Committees. The Committees have periodic conference calls, and plan activities accordingly. The Government Relations Committee continues to work with our legislative advocate, meeting with members of the Senate and the House, and their staffs, representing the needs and interests of the cooperatives and their members. The Member Services Committee continues to work toward providing services to new and existing members by expanding the programs that are offered through NAHC. The Publications Committee continues to promote the CHB and determine how its publication can become more accessible. The RCM Board of Governors continues to develop and offer classes

NAHC has already made an important step in planning for the future, by changing its fiscal year to coincide with the calendar year.

that are meaningful, while expanding the RCM membership. The Website Committee is in the process of developing and adding a professional section to the website. The Mutual Marketing and Advocacy Committee continues to enhance the relationship between the regional associations and NAHC. The Development and Preservation Committee's main focus is to create a successful Developers Forum in San Juan November 11 from 2-5pm. The Board has just voted to add a new committee, the "Public Relations Committee," which will be developing and implementing a public relations plan for the organization.

As announced in the CHB, all committees are looking for new members. If you, as a member of the NAHC, would like to serve on a

Committee, please contact Mr. Ralph J. Marcus Board Chair, by email at marcusmgt@aol.com. Mr. Marcus will coordinate your request with the appropriate Committee Chair.

By reviewing the past and making the necessary changes, NAHC looks forward to working into the future, along with our members, so that the NAHC can provide members the best options to create, maintain, and preserve quality affordable housing.

The NAHC Board looks forward to seeing all of its members at the opening reception of the Annual NAHC Conference to be held at the Caribe Hilton in Old San Juan, Puerto Rico on November 9, 2011 at 6:00 pm, when we will celebrate the future of the National Association of Housing Cooperatives. **CHB**

Financial Reviews Document NAHC Improvement

By Linda Brockway, Treasurer

Financial reviews were completed by Givens and Barnes, the CPA firm, for the National Association of Housing Cooperatives. The June 30, 2010 review was completed for the period of July 1, 2009 through June 30, 2010. The NAHC Board of Directors had voted to change the "fiscal year" from its current dates of July 1 through June 30 to a calendar fiscal year of January 1 to December 31. Therefore, Givens and Barnes also completed a financial review for the period of July 1, 2010 through December 31, 2010. Our new fiscal year began on January 1, 2011. In the future, our financials statements will be completed in April of each year for the previous calendar year.

The June 30, 2010 Statement of Financial Position was completed during collections for the New Orleans conference. Our net assets were reported at \$134,584, but our net expenses for the conference were not reported.

After the conference and the payment of all of the invoices, our total assets, were reported as of December 31, 2010 as \$53,077. As of December 31, 2010, it was also reported that we had accounts payable and accrued expenses of \$11,513. Our notes payable to Bostrom, was recorded at \$68,691, and deferred membership dues were \$8,875.

Overall, the National Association of Housing Cooperatives is in good financial position, and we look forward to continuing to be so.

NAHC BOARD MEETING SUMMARY

The National Association of Housing Cooperatives Board of Directors held a meeting on July 23, 2011 and July 24, 2011 in Alexandria, VA. On the first day of the meeting, Dr. Phil Lesser, a representative of Bostrom Management, led the Board of Directors in an overview of the strategic planning process. The Board discussed the current NAHC mission statement, which is "to represent, inform, perpetuate, serve, and inspire the nation's housing cooperatives."

After much discussion, the Board narrowed a new mission statement down to two potential alternatives:

1. NAHC supports cooperative housing as the best option to create, maintain, and preserve multi-family housing.
2. NAHC is determined to create/sustain cooperative housing as the best option to develop, maintain and preserve quality affordable housing.

The Governance and Strategic Planning Committee will be working towards finalizing the mission statement and developing goals and objectives to bring to the Board for decision at the next Board meeting, November 9, 2011.

The Board reviewed and approved reports from the Government Relations Committee, the Finance Committee, the Member Services Committee, the Governance and Strategic Planning Committee, the Development and Preservation Committee, the Mutual Marketing and Advocacy Committee, the Publications Committee, the Web Site Committee, and the RCM Board of Governors.

Mr. Vernon Oakes presented a draft public relations model. There was a recommendation and a motion to form a Public Relations Committee in order to review the model and develop a public relations plan for NAHC. Mr. Eugene Jones is the chairman of the committee, and he will be scheduling a conference call to discuss the committee in September.

The Board also voted to approve a recommendation to publish the Cooperative Housing Bulletin (CHB) in the public section of NAHC's web site. The CHB is currently available through email, but can be mailed to individual cooperative members if they so choose. If you would like the CHB mailed to you in the future, please contact Colleen McClanahan at cmccclanahan@bostrom.com. We will then mail you the latest edition of the CHB. The web site can be accessed at www.nahc.coop.

This summary does not substitute for official Board minutes which have not yet been approved.

One Boat, One Vote: Co-ops on the Water

By David J. Thompson

Houseboat cooperatives are certainly one of a kind wherever you find them. They all have incredible histories of immense struggle. After all, houseboat co-ops often occupy waterfront views that others would pay millions for. In California, on the San Francisco Bay, there are two houseboat cooperatives that overcame the odds to beat the get rich quick developers.



Cooperation leaves plenty of room for individual expression.

The origins of these two houseboat co-ops began in the ship building frenzy around San Francisco Bay during the Second World War. Shipyards in the Bay Area turned out almost 1,000 naval and merchant ships. The Bay Area was famous for building a Liberty Ship every 42 days. Over 70,000 workers came to Sausalito alone to work at Marinships. Shanty towns of barges, floating platforms and old ships sprung up where thousands could bunk up for cheap. The live-aboard life became part of the heritage of Sausalito.

It was on one of these houseboats that Otis Redding wrote, “Dock of the Bay.”

A property boom began in Sausalito during the 1970’s. Standing in the way of the upscale development of the waterfront was the “bohemian” boat population. To fight for their disappearing rights, two of the floating communities created cooperative associations.

Galilee Harbor Community Association

Galilee Harbor was founded on August 4, 1980. Through fighting strenuously for decades for their rights to stay on the water, they arrived at a legal compromise. Today, they own the land and the water parcel at 300 Napa Street in Sausalito.

Galilee Harbor has 38 slips where members can moor boats which must be seaworthy and navigable. The members of the co-op must earn their livelihood from maritime work or be working artists. Incomes are checked annually to make sure the community meets the agreement they made with the city of Sausalito and other housing agencies to maintain the co-op as an affordable housing community.

The members elect board members for a one year term. The board meets twice a month. However, the members also meet once a month to vote or comment on issues the board feels the entire membership should make. The board is served by about 8 different committees and there are frequent workdays to keep their land and the docks shipshape.

Because the lifestyle and the location provide such a good life, turnover in the co-op is sparse. At the most there are no more than 1 or 2 members who leave each year. Competition to buy the slip of an exiting member is serious stuff. Vacancies are filled by first getting approved by the Membership Committee, who then recommends the applicant



David J. Thompson was born near Rochdale, England. He is President of Twin Pines Cooperative Foundation and Co-partner with Neighborhood Partners, LLC, a firm that specializes in developing cooperatives, mutual housing and similar affordable housing. He is the author of *Weavers of Dreams: Founders of the Modern Cooperative Movement*, published to commemorate the 150th anniversary of the Rochdale Pioneers and the origins of the cooperative movement.



to the Board of Directors. The new members who get selected are those who have attended activities, participated in “workdays,” gone to meetings and gotten to know as many members as they can.

Gates Cooperative

This co-op emerged from the group of houseboats moored close to the old Gate 6 of the Marinships

shipyards in Sausalito. At one time there were about 115 houseboats of one form or the other in that area. In the 1970’s the tension between the authorities and the boat owners became known as the “houseboat wars,” and a film is being made about that era.

Plans were afoot to build Waldo Point, an upscale marina that would finally clear the Sausalito waterfront of its colorful, but now unwanted, community of beatniks and hippies. A combination of regulations and permits was used to manicure the offending houseboats, and one by one the owners were picked off.

The dwindling band of water squatters realized they needed to form an association to have legal standing in their ongoing struggle. These houseboat activists formed the Gates Co-op in 1979, just in time to be beset by a raft of law suits designed to eradicate their existence. Fortunately, the laws around property rights for houseboat owners moored on water are not very clear. Lacking precedent, it was difficult for the authorities to close down the Gates Co-op and its remaining 38 members. But neither was it possible for the Gates Co-op members to gain property rights. Law suits dragged on for almost three decades.

Finally, a truce was declared. Most of the boats would be towed to the junkyard to make way for a new state park where the Gates Co-op had once existed. The 38 members would be given low cost loans to have houseboats that met code. They would be provided moorings at the new Waldo Point where they would qualify as low income housing. About 30 of the boats would be moored together at one dock where they could rebuild their unique community. The others would be interspersed at nearby docks. Less than one family a year leaves the co-op, so its character will definitely be retained.

Both houseboat groups have lived to tell their passionate story of squatting, struggling and surviving. Were it not for their cooperatives, the two groups would have disappeared long ago and their colorful waterfront history with them. Thankfully, out there, among the million dollar yachts, there will be two co-ops still practicing “one boat one vote.” CHB

COOPSERVATIONS

If you don't feed it, it won't grow

By Micki Williams

Recently I attended the Potomac Association of Housing Cooperatives (PAHC) 35th Annual Conference in Alexandria, VA. The last time I attended a PAHC conference, the sparkplug of PAHC, William McKoy, had just lost his dear Granny. In reminiscing about Granny he shared with me that one of her favorite sayings had been "if you don't feed it, it won't grow." I was so impressed with the wisdom of that simple phrase.

For those of us in the housing cooperative community the thought of having someone else dictate our future is devastating. Our self-determination rights are sacred.

This saying has two meanings--if you don't feed the negative, it will go no further and will die, and if you don't feed the positive, it won't be able to grow and blossom-- which make it perfectly suited to our cooperative movement.

For instance, apathy among our members has become a major impediment to the growth of this form of ownership. Instead of being proud of our ownership rights, too many of our members have adopted a renter's mentality.

If our new members haven't embraced the spirit of cooperativeness and become contributing partners in this movement, perhaps we haven't fed that spirit properly so it could grow.

Instead of taking pride in the perception that housing cooperatives are the best kept secret, we should be shouting from the rooftops, publicizing our benefits and striving to keep the spirit alive. We should be feeding it so it will grow.

Member apathy is only one of our problems. In fact like many of you, I sometimes get discouraged at the number of battles we face. It seems that no matter how well we do at slaying the fire breathing dragons that threaten this cooperative movement, there is always another one breathing fire down our necks, prepared to attack, whether taking on the entire cooperative community or picking on one or more of our member cooperatives. I think that what we really need is a method to keep the dragons from multiplying and popping up to attack our communities.

Unemployment is near 10%. Gas is at \$4.00 a gallon. Fannie Mae and Freddie Mac are in danger of being defunded. It's hard to address the problems of declining memberships, aged physical plants, and education for our members when we are all facing the realities of survival in a worsening economy.

I'm from Detroit, and when I was younger it used to be said that when General Motors got a cold, America

caught pneumonia. Well, GM recently got pneumonia, and America had to go into the intensive care unit.

Who would ever have imagined that GM would be forced to eliminate the Pontiac and Saturn brands, not because the unions or design experts or even the stockholders had thought of a better way, but because the government and Wall Street, who never built or sold a car, made the decision for them. And a bankruptcy judge backed them up. I think of the hard work and pride that has fueled the auto industry, and wonder what having an outsider decide their future has done for the spirit of the auto workers.

For those of us in the housing cooperative community the thought of having someone else dictate our future is devastating. **Our self-determination rights are sacred.** We decide who our neighbors will be. We adopt the rules and regulations best suiting our individual communities. We determine the direction of our future.

But just what does our future look like, given the tough economic times of today? For those of us who have done the right things all along, i.e., made sound financial decisions so that our reserves are fully funded, kept up with the cycle of our replacement programs so our buildings and interiors are well maintained and up to date, supported ongoing educational opportunities for our members so that they are all involved and inspired and proud of their membership rights, our future is bright and sunny.

If however, we have failed to do any of those things; it is likely that we are in constant battle for survival. All warriors tire if there is no victory in sight.

This movement is full of leaders of cooperative communities and with leadership comes responsibility. If your members don't seem to understand the value of their membership, we need look no further than ourselves. Could it be that we failed "to feed it, so it couldn't grow"?



A. Harlana "Micki" Williams is a former President and later Chairperson of NAHC, and served on the board of directors of the NCBA. In 1989, along with partner Dino DeMare, she founded Professional Property Services in Detroit, Michigan, to specialize in management services for housing cooperatives. After her retirement, she has continued to consult with cooperatives on a limited basis.

Could it be that some of our members act like renters because we have allowed some of our management teams to treat them like renters? Have we provided enough opportunity for every member to participate in the affairs of the cooperative? Were we willing to broaden our vision, make room for new and different ideas, and change with the times? Or are there still those among us who haven't realized that true leadership is not measured by the number of people you get to follow you, but rather by the number of people you inspire to become leaders.

If one of you has heard, or found yourself saying "that's not how we've always done it," I suggest that is a good indicator that you have not fed the cooperative spirit. It's hard to instill the pride of ownership in someone unless we have provided them the opportunity to participate in the direction or mission of that which they rightfully own.

That doesn't mean that we ought to turn over the leadership of our communities to the newcomers while we pack it in, hide in our units, and play the old "I used to do it better" game. No, our experience, knowledge, and yes, wisdom is irreplaceable. We will always be necessary. For continued success, it takes a blend of the old and new. I submit that it takes a village to raise both children and cooperatives.

Sometimes it may have to begin with one of us. But no one person should bear the full weight alone, for long. That's not cooperativeness. That becomes individualism.

When there is no real opportunity for new members to fully participate, or to strive for leadership positions, an organization becomes less progressive. In a volunteer organization when we find some going to extraordinary lengths to hold on to an officer position as if it came with a 6 figure salary, we must consider that's not cooperativeness, it becomes a dictatorship.

Nearly 20 years ago, the NAHC adopted a well prepared plan for orderly succession, with officer changes about every 3 years, and former presidents and chairpersons continued to serve on the board as directors, continuing to make contributions and providing sage advice to the newer members.

I'm not suggesting that any of you consider resigning your board positions, but I am suggesting that you make sure there are leadership positions in your cooperative that newer members can be groomed to assume, and then let them take the reins. Be there as a resource to help them succeed. Nurture them, inspire them, and "feed them so they will grow."

That's how successful cooperatives are built and sustained; by all our members feeling necessary and valued. Then when we face challenges we have more of our membership ready to participate in the solutions, or make sacrifices that may be necessary to a successful

solution, they understand and embrace the value of the cooperative and the importance of its future success. It becomes less about "me and my unit," and more about us and our cooperative.

Now, more than ever, we must rely on the spirit of cooperation to bring our communities through these critical economic times. If you know the history of cooperatives, think back to the Rochdale Society of Equitable Pioneers, back to when they started that cooperative on Toad Lane in England more than 150 years ago. Their original business plan was to provide staples, like sugar, flour, butter, etc., on a not for profit basis to their members. But on opening night they also sold candles. Because the lights had gone out, and they recognized that their members would have a need for them. They anticipated the needs of their members and found a way to meet those needs. That's cooperativeness.

How many of us have credit counseling or financial planning training available as a benefit for our members at low or no cost? In today's economy there is a real need for these services.

Who is attending the council meetings of your local municipality to stay advised of the upcoming plans for your surrounding community? Do you know what your projected taxes, or water rates are going to be beforehand, or just wait until you get the bill?

Where is the cooperative daycare center that allows some of your members to get or retain a job? It wouldn't hurt for 2 or 3 coops to get together and share in forming a daycare center.

It seems that our early cooperators had a much broader vision of what the cooperative community would be like. They dared to dream, and their dreams materialized into the communities we call home today.

It is not my intent to demean the service many of you, myself included, have devoted to this cooperative movement. Our volunteer services have been the backbone of our survival, and any progress we have managed to make has taken the willingness of each of you and thousands like you who put in more hours than we ever thought possible to handle a frequently thankless job. But I do think we sometimes need to be reminded that there is a place for both the seasoned and the new. If we seek, nourish, and relinquish a little control to some of our newer members, we might find our jobs a little easier, and we might learn fresh ways of tackling old problems. Occasionally we just need to take a good look at where we have been, how we got where we are, and where we're going.

I believe with all my heart that housing cooperatives are still the most viable alternative to single-family home ownership in this or any nation, and as a community we are strong, we are alive. And if we all pitch in to feed it, it will continue to grow. **CHB**

Compiled by Guest Editor Douglas M. Kleine

Treasury awards \$1.5 million to finance manufactured home co-ops

ROC USA® Capital, the lending subsidiary of ROC USA, LLC, has been awarded \$1.5 million in new equity by the U.S. Treasury Department's Community Development Financial Institutions (CDFI) Fund to expand its national lending to resident-owned manufactured home communities. With 2.7 million American families living in the nation's 50,000 manufactured home communities (aka "mobile home parks"), ROC USA is the only national enterprise empowering these families to achieve long-term housing security and build assets through resident ownership. Resident ownership of these communities is steadily growing. In less than three years, ROC USA has enabled over 1,600 low- and moderate-income homeowners in twenty-five manufactured home communities across eleven states to buy, preserve and improve the communities in which they live.

This is ROC USA Capital's second consecutive CDFI Fund award. ROC USA Capital has provided long-term loans totaling \$21.5 million to support many of these community acquisitions, including those in Connecticut, Delaware, Massachusetts, Minnesota, Montana, New York and Texas. With this \$1.5 million in new equity, ROC USA Capital is poised to provide up to \$40 million in new long-term community acquisition loans on a national basis.

Iowa co-ops win 50% property tax break

The Iowa Supreme Court upheld lower court rulings allowing two housing cooperatives to be classified as residential property. As residential property, the co-ops would have their property taxes reduced by more than half because of the state-set rollback on residential property taxes, which for the current fiscal year, means that only 48.5 percent of a residential property's value is taxed, compared with 100 percent for commercial property, such as shopping centers and rental apartments. The case, *Krupp Place 1 Co-op and Krupp Place 2 Co-op vs. the Board of Review of Jasper County*, was a defeat for local tax-collectors. Jasper County and local government associations argued that the buildings were not co-ops because Larry and Connie Krupp were the only members of the co-op, and they subleased all the units in the two buildings. They did not live in either building. In its 6-0 ruling, with one justice abstaining, the Iowa Supreme Court said Iowa Code requires properly organized residential co-ops to be classified as residential property and taxed at residential rates. There was no dispute that the Krupp co-ops were properly organized. The court also said state law requires co-ops to operate on a nonprofit basis but does not prohibit a member from leasing out units with "desirable economic terms."

UHAB leader named "up and comer"

Crain's New York Business Review named Dina Levy, to the 2011 class of "Forty Under Forty," up and coming leaders in New York City. Levy is Director of Policy and Organizing with the Urban Homesteading Assistance Board (UHAB). In the last seven years, she has saved 15 federally subsidized housing complexes in New York City from going into foreclosure and potentially losing their affordable status. UHAB works with tenants to rehab affordable buildings and turn them into limited equity co-ops.

California co-op hit with \$273,000 penalty for paying property taxes two days late

Shareholders at the 6400 unit Leisure World Seal Beach found their co-ops facing \$273,000 in penalties for being two days late in postmarking property taxes payments to Orange County, CA. The County Treasurer has limited authority to waive the penalty if the late payment is due to reasonable cause and beyond the taxpayer's control. But explanations forthcoming from co-op management, citing vacations, new employees and workload, did not meet the County Treasurer's criteria. The checks were actually written on time but were delayed in signing and mailing. Leisure World Seal Beach is an age restricted co-op originally financed with FHA Section 213 mortgages.

Loan for energy improvements yields tax credit for co-op members

A \$1 million loan from NCB helped Tanglewood Garden Co-op in Atlanta take advantage of energy tax credits and make other improvements. After paying off an existing balloon from a previous loan, the 55 unit co-op put in energy efficient windows and doors and added insulation, with a resulting federal income tax credit to each member of \$890. New porches and landscaping are also part of the improvements. Lower interest rates for the new loan helped keep co-op monthly fees steady.

Loan fund receives top rating for social impact

The New Hampshire Community Loan Fund (NHCLF) has received an AAA rating for social impact performance from CARS, the CDFI Assessment and Ratings System. CARS was developed by the Opportunity Finance Network to provide an independent third party rating service for donors and investors in Community Development Financial Institutions. This is the third straight year that NHCLF has received the top rating.

New book documents co-op's role in racially integrated housing

Rochdale Village: Robert Moses, 6,000 Families, and New York City's Great Experiment in Integrated Housing
by Peter Eisenstadt, Cornell University Press

From 1963 to 1965 roughly 6,000 families moved into Rochdale Village, at the time the world's largest housing cooperative, in southeastern Queens, New York. The moderate-income cooperative attracted families from a diverse background, white and black, to what was a predominantly black neighborhood. In its early years, Rochdale was widely hailed as one of the few successful large-scale efforts to create an integrated community in New York City or, for that matter, anywhere in the United States. Rochdale was built by the United Housing Foundation. Its president, Abraham Kazan, had been the major builder of low-cost cooperative housing in New York City for decades. His partner in many of these ventures was Robert Moses. Their work together was a marriage of opposites: Kazan's utopian-anarchist strain of social idealism with its roots in the early twentieth century Jewish labor movement combined with Moses's hardheaded, no-nonsense pragmatism.

In a new book, Peter Eisenstadt recounts the history of Rochdale Village's first years, from the controversies over its planning, to the civil rights demonstrations at its construction site in 1963, through the late 1970s, tracing the rise and fall of integration in the cooperative. Today, although Rochdale is no longer integrated, it remains a successful and vibrant cooperative that is a testament to the ideals of its founders and the hard work of its residents. Rochdale's problems were a microcosm of those of the city as a whole--troubled schools, rising levels of crime, fallout from the disastrous teachers' strike of 1968, and generally heightened racial tensions. By the end of the 1970s few white families remained. Drawing on exhaustive archival research, extensive interviews with the planners and residents, and his own childhood experiences growing up in Rochdale Village, Eisenstadt offers an insightful and engaging look at what it was like to live in Rochdale.

"The author rebuts, from the inside, Jane Jacobs's dismissal of high-rise living as soulless and sterile. And he gives an account of the odd coupling of utopian co-op developer Abraham Kazan and the anti-utopian, racially challenged Robert Moses that is alone worth the price of admission. Toss in the elegant, engaging, and often witty prose and provocative conclusions about the contemporary relevance of integrationist and cooperative ideals, and you've got a very compelling piece of work," said Mike Wallace, Distinguished Professor of History at John Jay College of Criminal Justice. [CHB](#)



puerto rico
nov 9-12 2011

NAHC's 51st Annual Conference

The National Association of Housing Cooperative's 51st Annual Conference will be held November 9-12, 2011 in San Juan, Puerto Rico at The Caribe Hilton.

Courses offered:

- Finance
- Board of Directors and Management
- Communications and Marketing to Enhance Your Co-Op
- Improving Your Operations
- Knowing your Regulatory and Legal Issues
- Registered Cooperative Managers

Don't Miss NAHC's 51st Annual Conference

THE NATIONAL Association of Housing Cooperatives will hold its 51st annual conference in Old San Juan, Puerto Rico at the Caribe Hilton Hotel from November 9, 2011 to November 12, 2011.

If you have made a reservation at the Caribe Hilton Hotel and have not registered for the Conference, please forward your conference registration to the NAHC office at your earliest convenience.

The Caribe Hilton Hotel is now sold out. The NAHC has blocked rooms at the San Juan Marriott Resort & Stellaris Casino at the discounted rate of \$160.00 a night (plus additional taxes and service charges). The rate will be available until October 17, 2011.

Please call 1-787-722-7000 or 1-888-817-2033 to make a reservation before October 17, 2011. Please state that you are with the National Association of Housing Cooperatives (NAHC), when making the reservations. The hotel offers several on site dining options, an oceanfront pool and a full casino. The Marriott hotel is approximately 1.6 miles from the Hilton Caribe Hilton.

The Registered Cooperative Manager training program will be held beginning at 9:00 am. November 7 through November 9. The course is offered in three segments, to include the history of cooperatives, the business of cooperatives, and the ethics of cooperatives. A test will be given after each section, and 70% is a passing score. This is the fast track to professional recognition and respect, so we look forward to seeing you in the training class.

Curious – but not committed to RCM yet? NAHC will also hold a special overview of the RCM course and the RCM program on Thursday morning, November 10. If you are interested in determining whether or not you want to be an RCM, you may want to attend this overview class.

Conference registration will be open from

8:30 am to 5:30 pm on Wednesday, November 9. There is a first time attendee orientation at 5:00 pm on Wednesday. If you are a first time attendee, you will want to attend to learn all about the programs that will be offered.

The opening reception will be a “get acquainted beach party” from 6:00 pm to 7:00 pm on Wednesday, November 9, immediately outside the hotel on the adjacent beach.

The program volunteers have selected fifteen new exciting courses to offer at this year's conference, including Financial Aspects of Strategic Planning, Evaluating Management: What Does Good Management Look Like?, How to Solve Board and Member Conflicts, Real World Team Building, Guerilla Marketing, Who Are We and Where Are We Going: Exploring the concept of “mission” in your housing cooperative, Bed Bugs-How to Find Them and Get Rid of Them, Technology and Your Cooperative-Going “Paperless,” Cooperative Connections, Section 8 Requirements, and Hot Legal Topics in Cooperative Housing.

Four sessions have been designated for Registered Cooperative Managers only. These sessions qualify for continuing education credit for RCMs and also allow participants to share thoughts and problems in confidence.

The Strut Your Stuff: Co-op Pride Luncheon is scheduled from 12:15 pm to 1:45 pm on Thursday, November 10. Bring your co-op t-shirts, caps and jackets to show off your co-op pride.

The Awards Luncheon is Friday will be held on November 11, between 12:15 pm and 1:45 pm. If you pass the RCM course, you will receive your pin and certificate at the awards luncheon.

NAHC members elect the Board of Directors at the annual membership meeting on Saturday November 12. To aid in your decision, there will be a meet the candidates forum to introduce your

Visit NAHC's
Conference website
page for updated
Course Schedules.

Board candidates at 5:15 pm on Friday, November 11. The member association caucuses will follow between 6:00 pm and 6:30 pm. This will allow you an opportunity to decide who will be your next Board representatives.

There are five educational and entertaining tours being offered. These are exciting tours that are being offered at a minimum cost in order to help you see the island.

Puerto Rico Cooperative Tour Wednesday, November 9, from 1:00 pm to 5:00 pm.

Barceloneta Premium Outlets Tour Wednesday, November 9, from 11:00 am to 4:00 pm.

Bacardi Rum Distillery and Old San Juan Tour is being offered twice – Wednesday, November 9, from 1:00 pm to 5:00 pm and Saturday, November 12, from 1:00 pm to 5:00 pm.

Casino Metro Tour – Friday, November 11, from 7:00 pm to 11:00 pm.

El Yunque Rainforest Tour – Saturday, November 12, from 1:00 pm to 5:30 p.m.

There are many exciting things to do while you are in San Juan:

- There are over 250 beaches in Puerto Rico.
- The Puerto Rican cuisine is diverse and flavorful.
- You can tour the Cirintobal Castle-there is a variety of art history museums.
- Visit Plaza Del Mercado to buy fresh local produce by day; at night, revelers enjoy the block party atmosphere.
- There are bands Thursday through Sunday, playing on the street.
- St. Croix, St. Thomas, and St. John, are a short plane ride away.

Our conference is going to be exciting, and NAHC looks forward to seeing you there. For registration forms, go to www.nahc.coop.

puerto rico
nov 9-12 2011

**NAHC's
51st Annual
Conference**



Schedule of Events

Monday, November 7

9:00 a.m. – 5:00 p.m. *Registered Cooperative Manager Course, Part I

Tuesday, November 8

9:00 a.m. – 5:00 p.m. *Registered Cooperative Manager Course, Part II

Wednesday, November 9

8:30 a.m. – 5:00 p.m. Conference Registration

9:00 a.m. – 12:00 p.m. *Registered Cooperative Manager Program, Part III and Exam

9:00 a.m. – 1:00 p.m. NAHC Committee Meetings

11:00 a.m. – 4:00 p.m. *Barceloneta Premium Outlets Tour

1:00 p.m. – 5:00 p.m. *Bacardi Rum Distillery and Old San Juan Tour

1:00 p.m. – 5:00 p.m. *Puerto Rico Cooperative Tour

1:00 p.m. – 5:00 p.m. NAHC Board of Directors Meeting

5:00 p.m. – 6:00 p.m. First Time Attendee Orientation

6:00 p.m. – 7:30 p.m. Opening Reception

Thursday, November 10

8:00 a.m. – 5:00 p.m. Conference Registration

8:00 a.m. – 5:00 p.m. Exhibit Hall Open

9:00 a.m. – 10:30 a.m. Opening General Session & Keynote Speaker

10:45 a.m. – 12:15 p.m. Concurrent Breakout Sessions

12:15 p.m. – 1:45 p.m. Strut Your Stuff: Co-op Pride Luncheon

2:00 p.m. – 5:15 p.m. Concurrent Breakout Sessions

Friday, November 11

8:30 a.m. – 5:00 p.m. Conference Registration

8:30 a.m. – 2:00 p.m. Exhibit Hall Open

9:00 a.m. – 12:15 p.m. Concurrent Breakout Sessions

12:15 p.m. – 1:45 p.m. Awards Luncheon: Speaker, Terry Simonette, President, NCB Capital Impact

2:00 p.m. – 5:15 p.m. Concurrent Breakout Sessions

5:15 p.m. – 5:45 p.m. Candidates Forum: Meet Your Board Candidates

5:45 p.m. – 6:30 p.m. Member Association Caucuses

7:00 p.m. – 11:00 p.m. *Casino Metro Tour

Saturday, November 12

9:30 a.m. – 10:30 a.m. General Session

10:30 a.m. – 12:00 p.m. Annual Meeting of Members

12:00 p.m. – 1:00 p.m. NAHC Board of Directors Meeting

1:00 p.m. – 5:00 p.m. *Bacardi Rum Distillery and Old San Juan Tour

1:00 p.m. – 5:30 p.m. *El Yunque Rainforest Tour

**Separate Registration Fee Required*

Please contact the NAHC office with any questions (202) 737-0797 or info@nahc.coop

Register Today!



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Complete both pages
of the registration
form and fax to
(202) 216-9646

MAIL



NAHC
1444 I Street NW,
Suite 700
Washington, DC 20005

Step 1: FOR INDIVIDUALS COMPLETING REGISTRATION

Please make copies of this form for multiple registrations. Please print or type

Co-Op/Organization: _____

Name: _____

Phone Number: _____ Email Address: _____

Step 2: ATTENDEE PROFILE REGISTRATION INFORMATION

First Name: _____ Last Name: _____

Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Phone Number: _____ Email Address: _____

(Please include for confirmation and updated communications)

Do you have special dietary requirements? (please describe): _____

Do you have special access needs? (please describe): _____

Please select all that apply

☐ I am on a Co-Op Board

☐ I am a Professional in the Co-Op Field

☐ I am a first-time attendee

Step 3: CONFERENCE REGISTRATION FEES

Registration fees include admission to all sessions (including the New Board Member Training), the exhibit hall, the Opening Reception, the Strut Your Stuff: Co-op Pride Luncheon on Thursday and the Awards Luncheon on Friday.

	Early By May 27	Regular By August 26	Late After August 26
<input type="checkbox"/> First NAHC Member	\$700	\$800	\$850
<input type="checkbox"/> Additional NAHC Member	\$625	\$725	\$775
<input type="checkbox"/> Non Member	\$825	\$925	\$975

TOTAL CONFERENCE FEES \$ _____

Step 4: RCM CERTIFICATION COURSE FEES

The RCM Certification Course is an additional fee separate from the conference. If you plan to be RCM Certified, you must register below.

	Regular By August 26	Late After August 26
<input type="checkbox"/> Member	\$680	\$730
<input type="checkbox"/> Non Member	\$750	\$830

TOTAL RCM COURSE FEES \$ _____

Attendee Name: _____

51st Annual NAHC Conference

Page 2 of 2

www.nahc.coop

Step 5: OPTIONAL TOURS

All tours listed below are optional. *Tickets are limited, so please book your tours early to guarantee availability.*

- | | |
|---|-------|
| <input type="checkbox"/> Barceloneta Premium Outlets Tour | \$ 40 |
| <input type="checkbox"/> Bacardi Rum Distillery and Old San Juan Tour (WEDNESDAY) | \$ 55 |
| <input type="checkbox"/> Puerto Rico Cooperative Tour | \$ 35 |
| <input type="checkbox"/> Casino Metro Tour | \$ 30 |
| <input type="checkbox"/> Bacardi Rum Distillery and Old San Juan Tour (SATURDAY) | \$ 55 |
| <input type="checkbox"/> El Yunque Rainforest Tour | \$ 55 |

TOTAL OPTIONAL TOURS FEES \$ _____

Step 6: LUNCH TICKETS

Some attendees prefer to not eat at the meal functions that are included in the above registration fees. The meals are factored into the registration fee, so you are entitled to eat with the group, *however, you must indicate below which meal functions you plan to attend in order to receive a ticket in your registration packet.*

I plan to attend the following:

- ☐ Strut Your Stuff: Co-op Pride Luncheon on Thursday ☐ Awards Luncheon on Friday

Step 7: CONFERENCE TOTALS

Cancellation Policy

All cancellations must be received in writing to NAHC via mail, email or fax. A refund less an administrative fee of \$95 per registration will be issued if received by Friday, October 7, 2011. Due to financial obligations incurred by NAHC, no refunds will be issued on cancellations received after October 7, 2011. Substitutions from the same company will be permitted at any time prior to the meeting start date without penalty. ALL refunds will be processed after the conference.

TOTAL CONFERENCE FEES

Step 3, Page 1

\$ _____

TOTAL RCM COURSE FEES

Step 4, Page 1

\$ _____

TOTAL OPTIONAL TOURS FEES

Step 5, Page 2

\$ _____

PROCESSING FEE

You must pay the processing fee if you are mailing or faxing in your registration.
Save money by registering online!

\$ **10.00**

GRAND TOTAL

\$ _____

Step 8: PAYMENT METHOD NAHC requires pre-payment in order to process your registration.

Check # _____

☐ Mastercard ☐ Mastercard Debit Card ☐ Visa ☐ Visa Debit Card ☐ American Express ☐ Discover

Card No. _____ Security Code _____ Exp. Date _____

Name on Card _____

Billing Address _____

Exactly as it appears on the credit card statement (including city, state and zip)

Signature _____

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provider, such as the land trust or co-op, protected from default? The two co-ops reported no current delinquencies and no shares in the process of foreclosure or eviction. In fact, Wildwood and Dos Pinos reported that they never had a foreclosure. The other programs reported foreclosure rates of 1 to 3%, significantly less than conventional lending (See page one story). In addition, whereas other

research reports that 50% of low income first time homebuyers are no longer homeowners after 5 years, this study found that 91% of buyers in the seven programs were still homeowners after 5 years.

The last measurement was of mobility. Since affordable housing is not everywhere you look, would residents feel trapped and not able to move to other housing. The study found that residents in the seven

page 16 ➤

Taking Exception: A better way to calculate wealth creation at the Dos Pinos limited equity housing cooperative

by David J. Thompson

\$474,722 was the total potential maximum economic gain for the 60 families living at Dos Pinos during 2009 relative to the average of the same size rental units in the area. The \$474,722 adds together savings over market cost, the interest on the member share account and the cash tax benefits from the deductions given for home ownership (property tax and mortgage interest and California tax credits).

The Urban Institute (UI) Study of "Shared Equity" is one of the first broad surveys of the field and the results are favorable to each of the models studied. However, it is evident from the report that the researchers do not fully understand how Dos Pinos works as a limited equity housing cooperative (LEHC). The UI had four research topics but there is only room in this issue to critique one of them:

3. Personal Wealth: Is the program effective in building wealth for individual households, providing opportunities for financial gains that are unavailable to renters? (My underline)

Regrettably, the UI study's strict focus on gain on sale of the unit and that gain compared to the stock market or Treasury bonds unfairly overlooked other aspects of wealth-building for Dos Pinos residents. An LEHC needs to be looked at as a wealth building model rather than an equity gain model. When you do, you arrive at a vastly different outcome of the LEHC's value.

The monthly cost of the three bedroom unit at Dos Pinos in 1985 required a family of four to earn 111% of Yolo County median income. By 2009, that same family of four needed to earn only 59% of Yolo County Median Income to live in that same unit. None of the other models in the UI study comes anywhere near increasing in affordability from requiring 111% to 59% of county median income.

..unavailable to renters? With an average 3% vacancy rate, Davis is an expensive place to rent. Renters of a 3 bedroom unit in Davis need to pay 42% of income for their rent. The average single family home in Davis in 2008 sold for \$581,000.

However, in 2009, if that family of four living in the average 3 bedroom monthly rental unit in Davis (\$1,818) moved into the same unit in Dos Pinos (\$1,076) they would have annual cash savings of \$8,904. If you add in tax deductions, state tax credits and interest earned on their share the average annual savings was \$10,742. This is the annual value "unavailable to renters" that is not given measurable weight in the UI report.

On January 1, 2008 the Davis renter who invested \$26,312 for the share for a 3 bedroom unit bought themselves \$10,742 in annual savings which is a return on investment of 40%. That's "the co-op" return "unavailable to renters." As someone in this income group (59%-100% of median) cannot afford any other ownership option in Davis or nearby, this is the only possible ownership return.

The affordability criteria of the researchers make no reference to the following economic attributes:

- Dos Pinos has no real estate costs, realtor fees, transfer fees or transaction costs associated with either buying or selling of the co-op share. (Just a \$50 fee.)
- The value of the tax deductions and the state program which has a built-in \$1,000 annual credit for each Dos Pinos resident.

Measured as a wealth creation model the LEHC can effectively reach low income renters with the lowest per unit cost. And unlike any other of the other shared equity models in Davis or in the UI study it is the only one that trends upward in affordability and needs no recurring governmental subsidy.

DISCLOSURE David J. Thompson of Neighborhood Partners received payment for work on the UI project to facilitate getting the informational background on Dos Pinos. He communicated these and other concerns with the UI research staff, but to little avail. David continues to educate people about the unique virtues of the LEHC. (See Cooperative Housing Journal, 2004 for a case study of Dos Pinos). CHB

programs moved less often than residents in first time homebuyer programs and a little more frequently than traditional homeowners. Turnover was calculated at about 3-6% per year.

This is not the first study in which limited equity co-ops come out well when compared with other, perhaps more trendy, programs. One recent frequently-cited report is John Emmaus Davis,

Shared Equity Homeownership, National Housing Institute, 2006.

The full study and case studies of the seven programs can be downloaded from the Urban Institute web site. The authors were Kenneth Temkin, Brett Theodos and David Price. The study was funded by NCB Capital Impact and released in October 2010. [CHB](#)

Research Findings

Co-ops are better, and we can prove it

Editor's note: At a time when policymakers and housing advocates explore new approaches to affordable homeownership, it is useful to look back on the superior track record that co-ops have amassed over several decades, and to recognize the role of NAHC publications in bringing this research to light. Here are six key findings.

1. Cooperative housing produces significantly higher quality of life for the resident as compared to affordable rental housing.

Mushrush, Larson, and Krause, *Social Benefits of Affordable Housing Cooperatives*, Center for Cooperatives, University of California at Davis, 1997

Saegert, Susan, "Survey of Residents of Currently and Previously City-Owned Buildings in the Bronx" in *Housing in the Balance: Seeking a Comprehensive Policy for City-Owned Housing*, Task Force on City-Owned Property, 1994

Saegert, Susan, "What We Have to Work With: The Lessons of the Task Force Surveys" in *No More Housing of Last Resort: The Importance of Affordability and Resident Participation in In Rem Housing*, Task Force on City-Owned Property, 1996

Altus and Mathews, "A Look at Satisfaction of Rural Seniors with Cooperative Housing," *Cooperative Housing Journal*, 1997

2. The higher level of participation in broadly-based, regularly functioning resident associations in low-income cooperatives, as compared to affordable rental housing, was effective in preventing in-building crime as demonstrated by crime statistics over a six-month period.

Saegert and Winkel, "Cooperative Housing, Social Capital and Crime Prevention," *Cooperative Housing Journal*, 2001

3. Limited equity cooperatives create social capital that powers social activism that preserves affordable housing and maintains diversity in a hot gentrifying urban market.

Saegert and Extein, "Limited Equity Cooperatives Reinforce Anti-gentrification Measures," *Cooperative Housing Journal*, 2003

4. Cooperatives lowered monthly housing costs by more than 20% compared to physically similar affordable rental housing managed by the same management companies.

Parliament, Vonnegut, and Parliament, "Keeping Housing Affordable: Cooperative vs. Absentee Ownership," *Cooperative Housing Journal*, 1998

5. Manufactured home owners experience appreciation in the value of their homes in a cooperatively owned park, and pay 7% lower monthly maintenance fees.

Ward, French, and Giraud, "Effect of Cooperative Ownership on Appreciation of Manufactures Housing," *Cooperative Housing Journal*, 2005

6. Cooperatives are a lower risk to lenders. In an analysis of defaults of FHA-insured multi-family loans in the 221(d)(3) and 236 mortgage subsidy programs between 1958 and 1993, cooperatives had a lower default rate than rental properties owned by both for-profit and non-profit entities.

Calhoun and Walker, *Performance of HUD Subsidized Loans: Does Cooperative Ownership Matter*, The Urban Institute, 1994 [CHB](#)

Copier Contracts: Are They Insignificant or Do They Pose The Risk Of Expensive Litigation?

By Herbert H. Fisher

If the cooperative enters into a copier rental agreement is it so routine, so insignificant it should not get the attention of an attorney before signing? Or is there a need to evaluate the risks of a rental as against the economic disadvantage but greater protection of a purchase with warranty? Or at least to seek to negotiate threatening provisions, of which there are many, out of the contract.

This inherent danger is the experience of a Maryland cooperative which innocently entered into a copier rental agreement and found themselves sued in Illinois, after the copier went bad and was returned, only to find a year or so later they are served with summons from an Illinois court for damages of just under \$20,000.

What? How could that happen?

Simple enough. At the inception of the deal, the copier folks had documents in the name of the copier company's own finance company. The documents essentially said the finance company was not responsible for the equipment, and bad equipment would not be a defense. Moreover, if a law suit is filed, any right to a jury trial is waived, and the suit is required to be filed only in Cook County (Chicago), Illinois.

To aggravate the situation for the cooperative, the copier company's own finance company then "sold" the contract to an independent finance company. The new company then claims whatever happened between the original vendor and its finance company has nothing to do with the new company. Therefore, the new company argues that any relationship between the original company and the co-op cannot be raised as defenses against the new company's claim, or even to attack the validity of the contract. Their position is "if you got a gripe, sue the original vendor," which is not of any help to a cooperative and its member/shareholders who must fund the expense of a law suit 800 miles away in a legal jurisdiction whose laws are extremely friendly to the argument of immunities helping this new "holder in due course."

Fortunately for the Maryland cooperative, by a twist of and use of Illinois law outside of Cook County, a court agreed that it was oppressive for the finance company to sue this consumer cooperative in Cook County, Illinois on a matter which, and with parties who, in no way touched or affected Illinois territory. The court in this instance held it would not enforce the Cook County forum selection provisions of this contract, but getting that far still cost the co-op a few thousand dollars in legal costs and fees. If the new finance company now wants to sue the co-op, it must do so in the co-op's home state of Maryland, where the cooperative's regular attorney can defend the co-op.

In addition, the cooperative also signed a maintenance contract and is getting ongoing bills for the monthly service fee for a copier they never used and do not have.

An underlying issue illustrated by this case is when does a cooperative consult an attorney? A board member or manager may claim experience with a type of transaction like a copier lease. A manager or architect might borrow a sample construction contract. This case demonstrates how much trouble a co-op can get into with self-help contract negotiation, misguided problem-solving and tough guy stonewalling or abandonment as a solution without consulting an attorney.

Note to attorneys: The problem for the cooperative is the financing agreement. It is a contract of adhesion. The lessee has no real alternative in the marketplace except to pay cash. **CHB**



Herbert H. Fisher is an attorney in Chicago, IL. He is a former NAHC President and Chairman of the Board. He is the convener of the Attorneys Roundtable at the NAHC Conference and coordinator of the Attorneys Exchange. Attorneys and other members are encouraged to contact him with topics for discussion at the Roundtable at hbfisher1@aol.com.

NAHC has nine regional or specialty associations that serve the needs of their member cooperatives and their professional members. The CHB reports on activities of member associations to keep all readers abreast. NAHC members of one association of cooperatives may attend events at another association of cooperatives at the member registration fee for that event.

Potomac Association of Housing Co-ops (PAHC)

PAHC will hold its 2012 annual conference April 26-28 at the Ramada at the Beach in Virginia Beach, VA. At its 2011 annual meeting, PAHC elected Anne Hill of 2nd Northwest Cooperative in Washington, DC, as President, succeeding Ruthie Wilder. PAHC's Fall training session will be held October 15 at Heritage Park Co-op in Rockville, MD, and will be a discussion of legal issues by attorney Derek Gerrod Challenger.

Cooperative Housing Association of New England (CHANE)

CHANE has four Section 236 assisted co-op members whose mortgage loans will soon be paid off and brought in former NAHC Executive Director Doug Kleine to lead a workshop on "Co-op Mortgage Maturity Concerns," held in Seabury's community room in New Haven on April 30th. Senior officers and Board Members of all four co-ops were present. A follow-up meeting open to all their members is now under consideration. Brief minutes of the workshop are available on request.

CHANE has also notified its Massachusetts members that another bill which would limit the right of housing cooperatives to refuse membership. To use any criterion other than financial, co-ops in Massachusetts would have to amend their articles of incorporation to specify what constitutes "community," and would have to provide in writing a specific reason for denial of membership. This bill is a third effort by John P. Welch, a self-made millionaire who was turned down for membership in a luxury cooperative on Beacon Hill. Two previous bills were passed by the Legislature but were vetoed by Governor Deval Patrick. CHANE's members in Massachusetts, led by many members of Nassau Gardens who joined with dozens of other housing cooperatives, NAHC and others, will again work to protect their right to choose their new members.

CSI Support & Development Services (CSI)

CSI held conferences in August for California and Michigan co-ops and in September for Maryland and Massachusetts co-ops. CSI is undertaking energy savings projects and other green initiatives, so the conference themes this year were "Green It!"

CSI recently implemented a strategic plan and Nancy Evans, General Manager, reported, "CSI Support & Development Services' strategy is to lay the foundation for growth and to create opportunities to enhance the cooperative experience for our members." Nancy stated, "First, in order to increase our portfolio we need to strengthen our ability to compete for the ever-shrinking pot of HUD funds for new construction. We also need to learn how to identify and acquire existing properties, and we need to determine what other sources of funding are available. Second, we need to continually strive to improve the cooperative experience for our members. Our strategic action plan contains four strategies with many short and long term goals designed to help us meet our key strategy." Below are key components to CSI Support's strategic plan.

STRATEGY 1: Promote CSI Support & Development Services. Promoting CSI in a positive light will make the co-op more recognizable (going beyond the "best secret in town") and will help CSI to build relationships.

STRATEGY 2: Promote CSI's philosophy and co-op system. Promoting the cooperative philosophy and system will build stronger staff and member teams, and will encourage more co-op participation.

STRATEGY 3: Routinely evaluate and meet the needs of CSI members. Evaluating member needs will give staff a better idea of how to provide members with the tools they need to stay in their homes longer and with a better quality of life.

STRATEGY 4: Sustainable growth. CSI Support plans to consistently add to the portfolio of co-ops. The growth needs to be at a pace which allows CSI to give the resident leaders of new buildings the training they need to become strong co-ops.

CSI Support & Development is currently working on a new logo and website (www.csi.coop). The new website is expected to be launched by early October. Also, there is a Facebook fanpage at www.facebook.com/csisupport.

Federation of New York Housing Cooperatives and Condominiums (FNYHC)

FNYHC has been active on the city level with numerous legislative and regulatory initiatives that have taken place. At issue are items like the phasing out of number six fuel oil (about 10,000 buildings currently burn the fuel) starting in July 2012 and the more than doubling of the property tax assessment valuations for cooperatives (especially in the borough of Queens). Another piece of local legislation would force cooperative boards to give reasons for not approving a new buyer or for denying a subletting application. Perhaps the most onerous proposal is the “living wage bill” that would force cooperatives to keep records for as long as thirty years of not only of their employees but also those of the contractors, resident baby sitters and care providers to assure they are paid the minimum wage.

On the educational front, the Federation has co-sponsored with the New York Association of Realty Managers (NYARM) seminars dealing with the new benchmarking law that requires buildings to annually submit to the City information about their energy use for the City to post on their web site. Another seminar covered the new law which requires back flow preventer devices that will prevent fresh water that has been chemically treated by the co-op from backing up into the city water system. A third seminar concerned labor relations and the law. This seminar also dealt with the need for record keeping especially in an employee dismissal case. The Federation is looking forward to working with NYARM in planning future seminars together.

The Federation also works with our sister organization, the Council of New York Cooperatives and Condominiums (CNYC). Having done several “Basic Co-op 101” courses together, FNYHC and CNYC are planning more for the rest of the year. In addition to the attorneys and accountants breakfast meeting, we conducted two summer seminars. The June seminar dealt with federal law concerning lead paint. In August, we conducted a session on what to do if you are using number six oil.

The Federation and CNYC are also planning a joint seminar in NYARM’s annual trade show in September and we are starting to plan for strategies in dealing with the abatement in real estate taxes for co-ops; legislation authorizing the abatement is scheduled to expire in June 2012.

Council of New York Cooperatives and Condominiums (CNYC)

CNYC will hold its 31st annual conference Sunday, November 13, 2012 at the Newman Vertical Campus of Baruch College at East 24th Street and Lexington Avenue. [CHB](#)

DID YOU KNOW?

In the US, 26% of all children are living with grandparents. Of such households, 16% are non-Hispanic Caucasian, 36% are Black, 28% are Hispanic and 20% are other. US Census Bureau, June 29, 2011.

In Sweden 18% of all homes are in co-ops. There are over 750,000 units in 7,400 co-ops. 50% of the co-ops are affiliated or managed by HSB, a cooperative started as the Tenants Savings and Building Society in the 1920s. Another 25% of co-ops are affiliated or managed by Riksborgen, a post World War II cooperative started by the trade unions active in the construction sector.

The Dakota apartment building in New York City, built between 1880 - 1884, was part of the movement toward luxury housing in major urban centers. It was subsequently converted to a housing cooperative in 1961. The building was the site for the filming of “Rosemary’s Baby” and the place where John Lennon lived and was shot. [CHB](#)

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.

Compiled by Guest Editor Douglas M. Kleine

Senior co-op market continues to develop in upper Midwest

A new housing co-op for seniors has been approved for Cedar Falls, IA, Villages Cooperative, developed by Real Estate Equities Development of St Paul, MN, will have 50 units, and shares will be offered at \$40,000 and \$80,000 for occupancy of one or two bedroom units respectively. Amenities include a heated garage, free wi-fi and a guest suite for visitors. Monthly fees will start at \$800 for the one bedroom and will cover a blanket mortgage, taxes and maintenance. Real Estate Equities has developed 12 other co-ops for seniors in Iowa, Minnesota and Wisconsin.

New limited-equity cooperatives in Washington, DC hampered by city budget cuts

According to the Center for Nonprofit Housing and Economic Development (CNHED), there are currently over 84 limited-equity cooperatives, and over 3,000 families who currently live in affordable limited-equity cooperative housing today. 53 of the co-ops have been in existence for over 11 years, illustrating that cooperatively owned housing is a successful strategy for the long-term preservation of affordable housing. Most of this housing exists and is available to low and moderate income families as a direct result of a city law that gives tenants the right to purchase their building before the owner sells the building to another party. Money to buy the building comes from the Housing Production Trust Fund. The Trust Fund is tied to property sales in DC, so when the housing market crashed, so did the fund, dramatically restricting the ability of low income tenants to purchase. Now, as the fund should be recovering due to increased property sales, the city government has passed a budget which takes \$18 million of the dedicated money away. And there are lots of buildings for sale now. There are 77 buildings with over 2,500 units where tenants have received Offers of Sale in the seven months between September 2010 and April 2011. They have the first right to purchase within the statutory timeline. But CNHED says that without city financing, tenant purchase will cease to be an option for low to moderate income tenants. Funding restoration depends on the city exceeding its September revenue collection target.



CSI sells out 51st new co-op

In June, CSI Support & Development Services opened Old Court Estates Co-op. The new CSI site is the third co-op in Randallstown, MD for a total of 213 units on the campus. All of Old Court Estates 51 units were signed up in under 24 hours after opening its doors! The new co-op is CSI's 55th building.

Manufactured home park saved after six year struggle

Residents of Parkhill Mobile Home Estates in Utah were rudely awakened six years ago to find that their park had been sold to developers. The developers were offering \$1500 each toward moving expenses that often ran as high as \$8,000 per home. In addition, the park was over 40 years old and had homes that were manufactured before 1978; federal law prohibited moving those older homes to another community, and owners stood to lose everything. What followed was an unprecedented combination of state government, local government and private and nonprofit assistance. First, the Salt Lake County Council threatened to pass a moratorium on any rezoning. That threat provided an incentive to the developers to accept an offer from the County Housing Authority to buy the property. The Authority's plan was to hold the property while a co-op could be organized to take title. Then began a long process of organizing the homeowners, creating the legal structure for a co-op, making infrastructure repairs and arranging financing. The local Community Action Program and ROC-USA provided technical assistance. Financing came from a state loan fund and a consortium of banks under the Utah Community Reinvestment Corp. In April 2011, the 30 unit park became a cooperative.

DEVELOPERS' CORNER

continued
from page 20

NCB Capital Impact receives social innovation grant

The Corporation for National and Community Service has selected NCB Capital Impact's Cornerstone Partnership initiative as one of five new intermediaries that will be receiving awards from the Social Innovation Fund (SIF). The purpose of the grant is to bring to scale long term affordable homeownership programs by building capacity of local organizations in 7 to 10 cities to more effectively manage public investment in affordable housing. The grant is expected to impact 300 low income families per year.

The \$2 million grant will be used over a two year period: \$1.6 million for subgrants, and the remainder for technical assistance, evaluation and administration. This funding will be matched at 120% with private funding. NCB Capital Impact's partners in implementing this program will be Habitat for Humanity, Housing Partnership Network, NeighborWorks® America, National Community Land Trust Network, and The Urban Institute. In the Fall, NCB will release a Request for Proposals (RFP) which will provide details about applying for subgrant awards. [CHB](#)

New NAHC Executive is Appointed

NAHC is pleased to announce that Mitchell L. Dvorak, MS, CAE has joined the Bostrom team to serve as NAHC Account Executive, replacing Suzanne Egan. In that role, Dvorak will be responsible for the day-to-day executive management of NAHC.

"Mitch will be an incredible addition to the NAHC team in light of his experience, his knowledge and passion for not-for-profit organizations and his exemplary ability to exceed client expectations," said NAHC Chair Ralph Marcus.

Dvorak most recently served as the executive director of Consumers Advancing Patient Safety. He has extensive experience working with non-profit organizations in the healthcare and patient safety fields, including Partnership for Patient Safety, Parents of Infants and Children with Kernicterus, and the National Patient Safety Foundation.

Dvorak studied Political Science/Public Administration as an undergraduate at the University of North Dakota and holds a graduate degree in Public Service Management from DePaul University. In 2005 he was awarded the Certified Association Executive (CAE) credential by the American Society of Association Executives (ASAE), the highest professional credential in the association industry. Mr. Dvorak was selected as a scholar for the ASAE Diversity Executive Leadership Program (DELP) class of 2010-2012. As a DELP scholar, Dvorak will participate in a leadership program of education and volunteer service in the association community.

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NAHC members can now join committees

NAHC members can now join committees. To apply for a committee contact NAHC office (see masthead for information), and your interest will be passed on to the Board Chair for consideration. State your interest and experience which can be contributed to a committee of your choice.

FINANCE COMMITTEE The Finance Committee provides overall guidance and assistance on NAHC budgets, insurance and financial management.

DEVELOPMENT AND PRESERVATION COMMITTEE The Cooperative Development and Preservation Committee shall encourage the development of Cooperative Housing and the use of the cooperative homeownership model. This can be done through such activities as outreach and education directed to nonprofit and profit oriented housing development organizations, builders, lenders and government officials and to a variety of real estate associations.

GOVERNANCE AND STRATEGIC PLANNING COMMITTEE The Governance and Strategic Planning Committee provides overall guidance to the Board of Directors on board development, the policy role of the board, board performance, governance and strategic planning.

MEMBER SERVICES COMMITTEE The Member Services Committee provides overall guidance and assistance on NAHC Member services, including business services for members, involvement and recognition of members, membership recruitment and retention, education and training, and develops workshops to meet priority training of the needs of co-op Boards.

GOVERNMENT RELATIONS COMMITTEE The Government Relations Committee provides overall guidance and assistance establishing NAHC public policy and legislative and regulatory matters.

MUTUAL MARKETING & ADVOCACY COMMITTEE The Mutual Marketing and advocacy Committee provides advise on coordinating promotion and advocacy activities of NAHC and member associations

NAHC PUBLICATIONS COMMITTEE The Publications Committee shall keep 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, and encourage cooperation among members. The Committee shall seek to develop products for NAHC to sell to member cooperatives, individual members, government officials, housing professionals and other interested parties. The Committee is responsible for publishing four issues a year of the Cooperative Housing Bulletin.

WEBSITE COMMITTEE The purpose of the Website Committee is to oversee form and content of the NAHC Website.



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