

# COOPERATIVE HOUSING BULLETIN

A member service of the National Association of Housing Cooperatives

Summer 2014



## Thurgood Marshall – From Cooperative Delivery Route to Civil Rights Advocacy

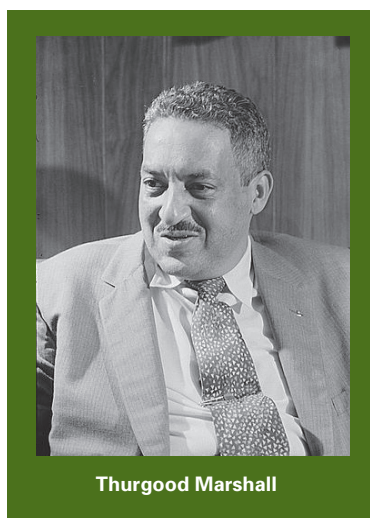
By David J. Thompson

*Author's Note: David J. Thompson is writing a book about the role of cooperatives in the Civil Rights Movement. This article is excerpted from a chapter about Thurgood Marshall and cooperatives.*

**MORE THAN ALMOST** anyone else in America, Thurgood Marshall fought racial discrimination on a daily basis. Yet while he fought successfully to open doors for everyone else, he himself faced the closed doors of housing for decades. His work at the National Association for the Advancement of Colored People (NAACP) opened the nation's school doors to students of any color and jobs to any race, yet Marshall was almost 60 years old before the laws in the United States were changed to allow him and his family to own a home. Fortunately, Morningside Gardens, a cooperative in New York City, opened its doors to Marshall much earlier when all others were still shut.

What changed Marshall's world was the vibrant Harlem he moved into in 1936. Spurred by the Harlem Renaissance, the Manhattan neighborhood had become the 'Black Capital' of the United States. Although much of the excitement in Harlem was in culture, there was also interest in "black economics." The most talked about efforts in this regard were those of Marcus Garvey and black "nationalism." At the other end of the spectrum were the writings of W. E. B. DuBois. In his 1903 book, "The Souls of Black People," DuBois espoused cooperatives as the way forward for blacks to have a place in the economy. Indeed, from the 1920s through the 1950s, Harlem was the center of black cooperative activity in the nation.

At the epi-center of the cooperative movement in Harlem was a housing cooperative called the



Thurgood Marshall

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Dunbar Apartments. Filling an entire city block, this 511-unit housing cooperative was funded by John D. Rockefeller, Jr. as the first black housing cooperative in the country. When it opened in 1928, on the eve of the Great Depression, the Dunbar was the first home ownership opportunity for blacks in New York City. If the members paid the carrying charges for 22 years, they would own the apartment outright.

Those who lived at the Dunbar were a virtual Who's Who of Black America: Countee Cullen, W.E.B. DuBois, Mathew Henson,

Langston Hughes, A. Philip Randolph, Paul Robeson, Bill "Bojangles" Robinson, and others.

Regretfully, the economic collapse over the next several years, the Great Depression, brought a drastic end to the dream. Most of the members could not keep up with their payments, and the cooperative could not pay its monthly mortgage. In 1936, Rockefeller foreclosed on the cooperative, and the cooperative's share holders returned to being renters. Later that year, when Marshall arrived in New York City, there were no home ownership opportunities; moreover, only certain rentals in specific areas were available to blacks.

At the height of his life, some might have said that Marshall had almost everything. His work as lead counsel for the NAACP had broken the back of segregation in America. As lead counsel from 1940-1961, he won 29 out of 32 civil rights cases. His legal victory at the U.S. Supreme Court in the landmark case of *Brown v Board of Education* radically changed racial practices in America. His appointment as an associate justice of the U.S. Supreme Court was the first for a black American.

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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 cooperatives in Washington, DC, 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.

## NAHC Board of Directors 2013-2014

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## 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 & 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
SAHC	Southeast Association of Housing Cooperatives

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See the NAHC website – [www.NAHC.coop](http://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.

## Cooperative Partnerships Strengthen NAHC and Provide Mutual Support



Gregory Carlson is NAHC president and is the executive director of the Federation of New York Housing Cooperatives and Condominiums and president of Carlson Realty.



Ralph Marcus is NAHC chairman and the CEO and owner of Marcus Management Inc. in Farmington Hills, Michigan.

### THE NATIONAL ASSOCIATION OF HOUSING COOPERATIVES (NAHC)

is a relatively small association, which is why partnering with other associations with like issues is very important. NAHC now has working relationships with the National Cooperative Bank (NCB), the National Cooperative Business Association (NCBA), the Community Association Institute (CAI), the National Housing Conference (NHC), the North American Student of Cooperation (NASCO), and the Consumer Federation of America (CFA). As of this writing, the CFA is helping NAHC to get a meeting with AARP (American Association of Retired People) in regards to HECM (Reverse Mortgages). At NAHC's July Board meeting, a representative from NASCO will address the Board to explore mutually beneficial undertakings. In the first week in May, representatives of NAHC attended the Cooperative Hall of Fame and NCB's annual meeting and reception. Our work with our partners is growing and all agree that the various cooperative associations will continue to support one another.

Since our last publication, the Registered Cooperative Manager (RCM) Program videoed the "Ethics" part of the course for those RCMs who need to recertify. A big thank you goes out to NCB for providing us with one of its training rooms, and we hope to provide video recertification services in the near future.

At HUD, Benjamin Metcalf, DAS of Multifamily Housing, answered some follow up questions from our meeting with HUD in March. Look for the side bar article on **page 4**.

In May we launched a new NAHC member service. NAHC and Wells Fargo have formed a working relationship. Wells Fargo has made a difference in other affordable housing associations. I encourage all the members to review the presentation piece in this edition of the CHB and give Wells Fargo a call to see how you might save on your insurance expenses.

NAHC's new web site is now up and running and is found at [www.nahc.coop](http://www.nahc.coop). By now you should have received your member personal user name and password. Use this to get into your cooperative profile. It is imperative that your cooperatives profile is filled out and complete. In the future with this specific information, NAHC can target information that is important to you.

Once you log into your account (states "MY ACCOUNT"), there are various places to fill out your profile. One important piece is the listing of all your Board members names and emails to ensure all board members receive all of NAHC's information. To do that, under MY ACCOUNT, go to "Manage Cooperative Board Members/ Company Employees" (click on that tab). Another screen appears. Click on "Add Employees" to add your board members. Please, make every effort to fill out your profile. Help us help you.

In addition, the 2013 Audit of NAHC has been underway. Hopefully, the audit report will be coming forth at our July Board meeting. NAHC recently established an Audit Committee which is separate from the treasurer, the Finance Committee, and management. The committee work is independent of the auditors. The audit committee is also the auditors' contact after the audit is done.

The NAHC Annual report is now online at our website. Please download and read about the exciting year of 2013.

NAHC encourages its entire membership to attend the upcoming annual meeting in St. Thomas, Virgin Islands (Oct 15 to 18). NAHC has e-blasted the "Save the Date," and the registration has been opened. Look for exciting tours, fun times, and the best quality education.

Thank you for your time and see you in St. Thomas. **CHB**



**October 15-18, 2014**

**SAVE THE DATE!**

## HUD Answers NAHC's Questions

**ON BEHALF OF BENJAMIN T. METCALF**, deputy assistant secretary for Multifamily Housing Programs, Eric Ramsey, director of Policy and Participation Standards Division, Office of Asset Management, answered questions posed by NAHC's board members.

**QUESTION 1: REORGANIZATION.** Where will multifamily management responsibility lie at hub or field office level?

a) How will cooperatives be addressed under the new organizational structure?

**Answer:** MFH Asset Management is digitizing all of our files as part of the Transformation—this is 30,000 assets. We have also developed a clear plan for workload sharing to assist offices as they move through the Transformation. The workload sharing will be based on risk, capacity, and expertise of staff. If an asset will be serviced by another servicing site during the Transformation, the owner, lender, and all other relevant parties will be notified upon transfer. Upon completion of the Transformation, the five hubs and seven satellite offices will function as our field offices and will process all multifamily asset management and development requests.

**QUESTION 2: MIP.** Discuss data on MIP losses for the past 5–10 years.

a) What is the justification for increases in MIP?

**Answer:** As part of the President's FY2013 Budget, FHA announced a proposed Mortgage Insurance Premium increase for its insured products, including Multifamily and Healthcare. These changes are intended to ensure that FHA products are priced appropriately to compensate for FHA's risk and are consistent with current market conditions. The increases included:

- ▶ 20 bps for all New Construction/Substantial Rehabilitation Loans including but not limited to Section 220, 221(d), Section 231, Section 242, and Section 232
- ▶ 15 bps for Permanent Loans - Section 223(f)
- ▶ 5 bps for Section 223(a)(7)

FHA Multifamily and Healthcare loans are still priced substantially below other capital sources by estimates per product type of 75 – 200 bps. As the housing finance market continues to recover, these changes reflect FHA's commitment to encourage the return of private capital to the market.

The Multifamily book of business is five times greater than it was just a few years ago, and the risk profile has changed dramatically. FHA's portfolio is now more than 50% market rate which adds a new component of risk. FHA needs to take steps to ensure the future viability of the portfolio. With interest rates at a record low, the existing portfolio loans could remain in FHA's portfolio longer than the average time frames and will need to be managed prudently.

**QUESTION 3: HAP DELAYS.** Have there been any delays in Housing Assistance Payments, as predicted? What is HUD's position on the financial health of cooperatives in the face of such delays?

**Answer:** There are no Housing Assistance Payments funding delays, and we do not anticipate any funding delays of any kind.

**QUESTION 4: PUBLIC HOUSING CONVERSION.** Are there any PHA to cooperative conversion success stories? What is the feeling at HUD on these conversion projects?

**Answer:** We are not aware of any PHA to cooperative conversions in connection with the RAD (Rental Assistance Demonstration) Program. Should a PHA wish to convert to a cooperative the application will be processed pursuant to the RAD Program requirements.

**QUESTION 5: VETERANS.** May veterans' participate in cooperative housing, using their benefits.

**Answer:** Veterans are always welcome to participate in our rental housing or homeownership programs. They need only contact the HUD office within their jurisdiction for program requirements.

**QUESTION 6: LIHTC (LOW-INCOME HOUSING TAX CREDIT).** Is a Treasury program, not HUD. However, HUD has influence over the state housing finance agencies and how they allocate LIHTC funding. We would like agencies to give bonus points for projects that will use leasing cooperatives from the start and as an exit strategy for investors.

**Answer:** The U.S. Department of the Treasury has delegated the LIHTC Program to the states. HUD has no direct or indirect input in the policy involving the selection criteria.

**QUESTION 7: SPECIAL ASSISTANT TO THE COMMISSIONER FOR COOPERATIVE HOUSING.** What is the status of the Special Assistant to the Commissioner for Cooperative Housing?

**Answer:** The Cooperative Housing Program is under the purview of the deputy assistant secretary for Multifamily Housing Programs.

**QUESTION 8: 213S.** Will HUD process them? These are essential to the development of new cooperatives.

**Answer:** The Minneapolis HUD office has processed several Section 213 loans, and we will likely continue to rely on that office for its expertise in processing these loans.

**QUESTION 9: REVERSE MORTGAGES.** Reverse mortgages are stalled at FHA although Congress passed authorizing legislation for HUD to finalize regulations to accomplish the authorization. What is the status?

**Answer:** The Reverse Mortgage Program is administered by the Office of Single Family Housing. Please contact Joy Hadley for assistance at the following address:

Ms. Joy Hadley  
Director, Office of Lender Activities and Programs Compliance  
550 12th Street, S.W. – P3214  
Washington, D.C. 20410  
Phone: (202) 708-1515, ext. 8214

He had achieved a comfortable income, and his standing as a great American jurist was secure in history.

Yet that was not how life started for the young Marshall of Baltimore, Md. He had gone to Howard University in Washington, D.C. to get his law degree and had taken an interest in civil rights cases. Charles Houston, the vice dean of Howard's School of Law, had taken Marshall under his wing. In 1933, Marshall graduated, becoming a private practice lawyer who often took cases on behalf of the local NAACP.

In October 1936, Marshall was asked to come to New York City to be the assistant to Houston, the new chief legal counsel for the NAACP. The salary of \$2,400 a year was more stable than Marshall's private practice in Baltimore, and the civil rights cases he had mostly been litigating for free would now be paid.

With the national office of the NAACP in New York City, Marshall gave up his practice and left his parents and brother in Baltimore. With his wife Vivian (nicknamed 'Buster'), he moved to a small apartment in Harlem. In 1938, Houston left the NAACP, and Marshall took his place. Marshall's salary went up a mere \$200 dollars a month.

In the 1940s, Marshall and Buster moved into 409 Edgecombe Ave., just south of 155th St. in Harlem. The Edgecombe, built in 1917, was where some of Harlem's black elite rented. How Harlem had changed—the 1925 census showed all the renters were white. One of the first blacks to move into the Edgecombe in 1929 was Walter Francis White. White led the NAACP until he died at the Edgecombe in 1955. Later renters at the Edgecombe were W. E. B. DuBois, a co-founder of the NAACP, and Roy Wilkins, appointed as executive secretary of the NAACP in 1955.

Marvel Cooke, Du Bois' assistant, lived there from 1932. Cooke said, "...no building in the white areas of Manhattan would rent to a black New Yorker." Marshall was living at the Edgecombe in 1954 when he won *Brown vs. Board of Education*. Ironically, he could not own a home in Manhattan. When Morningside Gardens opened in 1958, Marshall and his second wife, Cecilia (Buster had died), moved from the Edgecombe. To complete the cooperative story, the Edgecombe Apartments converted from a rental to an income-restricted cooperative in the 1990s.

It was in 1938 that the first cooperative came into Marshall's life. He and Buster were not able to make ends meet on their income. So, both of them worked at night and on weekends, delivering groceries to members of the consumer food cooperative they had joined. While it is not known which cooperative, there are two possibilities, and it is likely it was the Young Negroes Cooperative League (YNCL).

George Schuyler had founded the YNCL in 1930. Schuyler had helped develop a series of food cooperative stores and buying clubs throughout the nation with the headquarters in Harlem. Schuyler had even studied cooperatives for six months in England in 1931 and visited Rochdale, England, to learn about the first consumer cooperative store, founded in 1844, and located on the now historic Toad Lane.

Ella Baker, the executive director of the YNCL, was one of the most prodigious promoters of cooperatives among blacks. Baker travelled around the United States, particularly in black communi-

ties, promulgating and organizing mainly consumer cooperatives.

The other possibility was that the Marshalls were members of Harlem's Own Cooperative on 136th Street. This cooperative had grown out of a buying club started by members of the Dunbar Apartments. Baker was also publicity director for Harlem's Own Cooperative.

In 1940, Baker joined Marshall as a staff member of the NAACP. Baker became one of the great organizers of blacks in the USA and much of her foundation for organizing was learned working with consumer cooperatives in Harlem. Baker went on from the NAACP to be a major figure in the Southern Christian Leadership Conference (SCLC) and later SNCC (Southern Nonviolent Coordinating Committee), which organizations played a central role in voicing the needs of blacks in America. Throughout her career, Baker was a champion of grass roots movements, cooperatives, and economic democracy.

With Baker joining Marshall, the organization published information about consumer cooperatives. During that era, the NAACP promoted more actively than it does today the importance of cooperatives, economic democracy, and the role of consumer power in the marketplace. Baker and Marshall worked alongside each other at the national office from 1940-1946 and through the 1950s while Baker was chair of the NYC branch of the NAACP. They continued working together in wider venues for many decades.

Sadly, 'Buster' Marshall was diagnosed with terminal lung cancer in 1955 and died soon afterwards at the age of 44. The Marshalls had been married 25 years. Although they had wanted children, they had not been successful. Now alone, Marshall threw himself into his work, specifically, the reprise of the *Brown v Education* case in the Little Rock 9 (often called Brown 2). **CHB**

*Part 2 of this article will appear in the fall issue of the Cooperative Housing Bulletin.*

David J. Thompson is president of Twin Pines Cooperative Foundation, dthompcoop@aol.com; 530/757-2233.

### Call for Authors and Topics

The *Cooperative Housing Bulletin* is looking for authors to write about the following topics:

- Unauthorized dogs
- Role of the board, manager, attorney
- Evaluating management
- Effective communications
- Verbal judo (absorbing the punch and deflecting the energy)
- Board dynamics
- Board decorum and code of conduct
- Board orientation and training programs

Articles should be 750–1,000 words. The deadline for the fall issue is Monday, September 1, and the winter issue is Monday, December 1. Please send articles to editor, Altoria Bell Ross at [Altoriaaross@gmail.com](mailto:Altoriaaross@gmail.com).

# A Mortgage Broker Reveals: Six Essential Steps to Cooperative Refinancing

By Patrick B. Niland

Refinancing an underlying mortgage loan is the most important decision a cooperative board can make during its tenure. A refinancing affects not only the monthly carrying charges but also the market value of everyone's shares. It is a decision that should be based on thorough and careful analysis, not impulse. There are six essential steps.

No board should begin shopping for a new underlying mortgage loan until speaking with its professional advisors, including attorney, accountant, and managing agent.

## 1. KNOW YOUR FACTS.

Loan officers quickly lose interest in cooperatives whose representatives don't have important information at their fingertips. Before calling any bank, assemble and review your cooperative's records. Then put together several sets of the following:

- ▶ A basic fact sheet, containing the cooperative's address, block and lot numbers and dimensions, number of units, floors, and elevators and type of elevators and heating system and fuel, and construction or conversion date.
- ▶ If an offering plan is required, a copy of the plan and all amendments.
- ▶ An up-to-date list showing each unit, name, current monthly maintenance charge, and payment status.
- ▶ A list of sponsor, investor, and sublet apartments showing the rents collected from each tenant. A comparison of rents collected to carrying charges is particularly important.
- ▶ Financial statements from the most recent three years.
- ▶ A list of all resales (with prices and sale dates) for the most recent three years.
- ▶ Information regarding existing debt (current balance, lender, monthly payment, interest rate, due date, and prepayment terms).
- ▶ Copies of recent bank statements, including your reserve fund.

## 2. KNOW WHAT YOU WANT.

No board should begin shopping for a new underlying mortgage loan until speaking with its professional advisors, including attorney, accountant, and managing agent. Your attorney will advise whether or not the existing loan allows you to refinance at this time and ensure that your cooperative's interests are protected throughout

the process. Your accountant can help to develop a financial plan and a post-refinancing budget. Your managing agent knows the property's physical condition and can advise on the potential cost of repairs.

Cooperative underlying mortgage loans come in a variety of forms. The most common is a 10-year loan with a fixed rate of interest and with amortization (principal repayment) on a 30-year schedule. This type of loan has a balance at the end of 10 years (sometimes called a "balloon") that must be paid or refinanced.

A popular variant is a 10-year loan with no amortization (sometimes referred to as "interest only").

In addition to these two formats, there are 5-year loans with renewal options and fixed-rate loans for 15, 20, 25, or 30 years. There also are second mortgage loans and credit lines that can provide additional funding for capital improvements and other needs in future years. Credit lines can be revolving (borrow and repay at will) or not, and secured (by a mortgage) or not.

## 3. LEARN THE MARKET.

The financial markets are complex and constantly changing. However, it is possible to develop a general sense of whether interest rates are rising, falling, or staying the same by reading the financial press, listening to business programs on the radio and television, and searching the internet.

Not every lender makes underlying mortgage loans nor every type or size of loan. Therefore, you might want to consider the services of a reputable mortgage broker to help you find the right lender for your new loan.

Patrick Niland, a mortgage broker, is the principal of First Funding of New York. This article is reprinted with permission from Habitat Magazine.

#### **4. UNDERSTAND WHAT A LOAN OFFICER DOES.**

Loan officers appreciate a courteous manner, straightforward questions, honest answers, and all the facts. They will be happy to give you a loan if (a) it makes financial sense and (b) it meets their bank's criteria. Your loan may be too big for one lender and too small for another. You may want a format that a particular lender does not offer. Or you could be rejected because your building has too few units, too many non-owner occupied units, or no elevator; is in poor physical condition; has environmental contamination; or possesses insufficient history as a cooperative. Lastly, loan officers generally do not approve loans, but they recommend them to their loan committee. This committee makes the final decision, sometimes changing the terms initially offered by the loan officer.

#### **5. SELECT A POINT PERSON.**

Given the importance of refinancing the underlying mortgage loan, you may want to involve several board members in the effort. However, channel all communications with the outside world through one person. This is the only way to guarantee accurate transmission of information about your cooperative and consistent interpretation of lender feedback.

#### **6. BE VERY RESPONSIVE.**

Whenever a loan officer requests additional information, a decision or some action, don't delay. Either assure that your point person has enough authority to make basic decisions or establish a method to obtain same-day responses. Requiring full-board input on every question is a sure way to sideline your loan application.

Don't forget that financial markets can change faster than the weather. If they move enough in the wrong direction, your favorable loan terms can evaporate overnight. This advice applies even after you've received your commitment letter. So, stay focused until your new loan closes. **CHB**



 **ncb**

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## Wabash Estates Co-op Opens

**THE DEVELOPMENT AND** management teams of CSI Support & Development built another 57-unit affordable senior housing project in the Arlington community of Northwest Baltimore City. Wabash Estates Co-op is LEED certified, represents quality in both design and construction, and will be leased up in one day.

The project was built using funding from the HUD 202 program which the agency has recently discontinued. Thus, the cooperative will be one of the last of its kind. Nevertheless, CSI Support & Development is actively looking for new and existing programs that promote its mission of providing the highest quality cooperatively-managed affordable housing for seniors.

## Two Massachusetts Communities Become Resident-Owned Cooperatives in a Single Day



**Pictured left to right from Twin Coach:** Paul Hayes (Treasurer); Deanna Hayes (President); Arlene Wood (Vice President); Karen LaChapelle (Secretary); Evelyn Bumpus (Adviser). **Not pictured,** Gerry Moran (Adviser)

**HOMEOWNERS** in two 55-and-older, back-to-back manufactured-home associations became cooperatives on May 29. Edgeway Homeowner's Association with 52 homes in the town of Middleborough was purchased for \$685,000. Twin Coach Estates Homeowners Association with 64 homes in Lakeville was acquired for \$1,095,000.

In Edgeway, residents sought cooperative ownership due to rapidly deteriorating infrastructure in their manufactured-home community, resulting in the influx of unsanitary, brown water into faucets and bathtubs. As cooperators, they are choosing to upgrade and repair the dilapidated water lines. Residents of Twin Coach, meanwhile, are abolishing rent practices that had some residents paying far more than others.

These cooperators are opting to have their rents equalized. The local town governments of both Middleborough and Lakeville were major proponents of the conversions and played significant roles in the process.

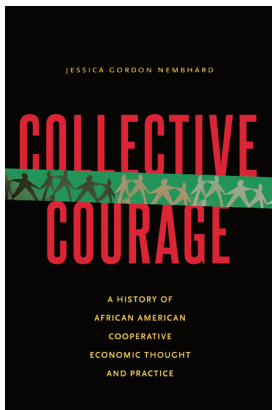
Edgeway and Twin Coach also received dedicated assistance from the Shelburne Falls, Mass.-based Cooperative Development Institute (CDI), a certified technical assistance provider with the ROC USA® Network. The ROC USA® Network is a national non-profit organization that works to help residents of for-sale manufactured-home communities form cooperatives and buy their communities. Twin Coach and Edgeway are the 15th and 16th housing communities that CDI has helped through the purchase process in the last 40 months and the 10th and 11th in Massachusetts.

## Grant Will Aid in Growing Affordable Manufactured Home Communities

**ROC USA®** has been awarded a \$4 million grant from the JPMorgan Chase Foundation on behalf of three non-profit lenders to expand resident ownership opportunities in affordable manufactured housing communities. The grant is part of the foundation's new CDFI Collaboratives program, a \$33 million commitment to help CDFIs build capacity and jump start job creation in low- and moderate-income communities.

The social venture established a regionally focused partnership among three U.S. Department of Treasury-certified community development financial institutions: ROC USA Capital of Concord, N.H., Leviticus 25:23 Alternatives Fund of Elmsford, N.Y., and Mercy Loan Fund of Denver. The collaboration will help transform manufactured housing communities through resident ownership by preserving the affordability of these existing homes and helping families build financial security. The partnership's work will focus on hard-to-serve low- to moderate-income neighborhoods in 10 statewide markets, including Washington, Oregon, Idaho, Utah, Wisconsin, New York, Connecticut, Pennsylvania, New Jersey, and Delaware. The collaborating organizations have already identified five potential manufactured housing communities for conversion to resident ownership and operation, and hope to increase that number to 12 within the three-year duration of this specific program.

Paul Bradley, founding president of ROC USA, said that by aligning the social venture with these three CDFI partners, he expects to leverage the \$4 million grant nine times that amount in resident community purchases. **CHB**

**'Collective Courage'***By Jessica Gordon Nembhard**Reviewed by Herbert H. Fisher*

"Collective Courage" has a more engaging and attention getting subtitle: "A History of African American Cooperative Economic Thought and Practice." In its mere 237 pages, excluding an ample end comprising of book notes and a timeline of African American cooperative history from 1780 to 2012, author Jessica Gordon Nembhard fully explores African American historic engagement in cooperative endeavors through 21st century youth involvement in the cooperative enterprise.

The purpose of the book is well defined by an early on quote from W. E. B. Dubois, "We can by consumers and producers co-operation...establish a progressively self supporting economy that will weld the majority of our people impregnable economic phalanx."

In view of the economic frustrations and obstacles still facing African Americans in the United States in this post-2008 era where the push for cheap labor through immigration, legal and illegal, has stripped opportunities from the African American community, the historical description of functional self-help cooperative and mutual assistance benevolent societies aid societies provides a lesson in how survival is achieved through cooperation. The book further explores the experience with agricultural cooperatives through more modern worker cooperatives from the:

- ▶ Pre-civil war Nashoba Commune in Tennessee;
- ▶ Wilberforce Colony in Ontario, Canada;
- ▶ Combahee River Colony in the South Carolina Sea Islands;
- ▶ Reconstruction Period Knights of Labor, goal of a cooperative commonwealth;
- ▶ Coleman Manufacturing Company of Concord, North Carolina;
- ▶ North Carolina Mutual Insurance Company;
- ▶ Depression period Citizen Cooperative Stores in Memphis;
- ▶ Citizen Cooperative Groceries in Buffalo;
- ▶ Harlem Pure Food Cooperative; and

The more current OST/MacGregor Food Cooperative in Houston to identify a few of the many mentioned in the book.

It parallels the work of the founders of Kwanzaa, who placed cooperation amongst the Kwanzaa principles.

The book is must reading for anyone who has come to the conclusion that the prevailing economy falls short in its role of providing and that alternatives need to be explored. The lesson is pointed out in an end of the book section entitled "Back to the Future" in which Nembhard writes, "The potential is great and the future of African American cooperatives is wide open – not just to continue on the margins but to flourish more fully. The seeds have been planted."

And many current housing cooperators have been tending to those seeds. It is now a matter of recognizing the capital asset and resource that those cooperators possess as a basis for expanding into other enterprises and self-help endeavors.

**Collective Courage: A History of African American Cooperative Economic Thought and Practice**

By Jessica Gordon Nembhard

328 pp., Penn State University Press, \$39.95, soft cover; \$79.95, hardback ([www.psupress.org/books/titles/978-0-271-06216-7.html](http://www.psupress.org/books/titles/978-0-271-06216-7.html)).



Nembhard is an associate professor of community justice and social economic development at John Jay College, Department of Africana Studies at City University of New York in New York City. She was a visiting scholar at the Centre for the Study of Cooperatives at the University of Saskatchewan in Canada.

## Federal Emergency Management Agency is Ordered to Make Cooperatives Eligible for Disaster Aid

**THE CONSOLIDATED APPROPRIATIONS ACT** for Fiscal Year 2014 (October 1, 2013 to September 30, 2014) directs The Federal Emergency Management Agency (FEMA) to report to the House Appropriations Committee, House Committee on Transportation and Infrastructure, and the Senate Committee on Homeland Security and Governmental Affairs on how to make cooperatives eligible for federal disaster assistance. In April, Congressman Steve Israel (D-NY) sent a letter to FEMA Administrator William Fugate reminding him of the report required by the Appropriations Act.

## New York Study Outlines Strategies for Increasing Affordable Housing in the City

**MAYOR BILL DE BLASIO** recently released a report to expand affordable housing in New York City. Housing New York is a five-borough, 10-year strategy to address the city's affordable housing crisis. The plan, which was created through coordination with 13 agencies and with input from over 200 individual stakeholders, outlines more than 50 initiatives to support the goal of building or preserving 200,000 units of high-quality affordable housing to meet the needs of more than 500,000 people.

The plan sets out to increase and protect the supply of affordable housing to retain the city's diversity and vitality of its neighborhoods and its edge as the world's leading destination for opportunity. It also seeks to house the multidimensional talent pool that attracts employers and drives the city's economic growth. The report plans to achieve these goals by fostering diverse, livable neighborhoods, promoting homeless, senior, supportive and accessible housing, and refining city financing tools and expanding funding sources for affordable housing.

Andy Reicher, executive director of UHAB, said he was disappointed that not much was mentioned of cooperatives as a source of new housing or the recognition of the role cooperatives play in housing.

In the report, Reicher said more resources will be available at the Department of Housing Preservation, including more staffing. He said hopefully ample funds will exist for affordable loans for preservation work such as large expenditures, and staff would be available to more quickly process the applications.

"I would give it a positive review," Reicher said, but I just would like to see how it works."

## California Cooperators Participate in a NIA Longevity Study

**CBS' 60 MINUTES** news magazine recently carried a 40-minute segment on the National Institute on Aging University of California Irvine's 90+ Study. The study is based at the Clinic

for Aging Research & Education in Laguna Woods where several participants take part from the cooperative, Leisure World, also in Laguna Woods.

The UC Irvine study is among the few to look at dementia in people over age 90. The progressive brain dysfunction gradually curtails daily activities. The most well-known type of dementia is Alzheimer's disease. Symptoms include memory loss, cognitive disorientation, and behavioral changes. Research conducted by the 90+ team has revealed that some correlation exists between longevity and fending off the disease due to social activity as well as modest exercise. Most cooperatives, such as Leisure World, are in a position to support both.



The Cooper Square Mutual Housing Association offers East Village co-ops via lottery.

## New York Tenants Vie for Apartments in a Housing Lottery

**THE COOPER SQUARE HOUSING**, an affordable housing management group, has opened a lottery to select new tenants for 12 apartments in East Village cooperatives. Winners will get a studio or one-bedroom apartment for a few thousand dollars and pay a \$550 monthly maintenance fee.

Studio and one-bedroom cooperatives in the neighborhood rent for an average \$2,600 a month, according to StreetEasy data. Preference for about half of the units will be given to residents of areas covered by Community Board 3 — the Lower East Side, East Village, or Chinatown, the site reported. Applicants must meet certain income requirements.

## CDFI Fund Releases Interim Impact Assessment for Capital Magnet Fund

**IN 2010, THE U.S. DEPARTMENT OF THE TREASURY** made the first grants totaling \$80 million from the Capital Magnet Fund to 23 Community Development Financial Institutions out of 230 applicants. Recently, the department released a report analyzing the impact of the grants and found that the recipients leveraged \$1 billion from partners, resulting in a multiplying impact of 12 times the dollar value of the grants. Among the grant recipients were cooperative supporters Community Builders, Inc. of Boston and New Hampshire Community Loan Fund.

Continued on page 11 >

## Tentative Labor Agreement Averts Strike in New York

**THE REALTY ADVISORY BOARD (RAB)** has tentatively reached an agreement with SEIU Local 32BJ for a renewal of the residential building workers contract that was set to expire on April 20. The deal covers more than 30,000 residential building service employees, including doormen, porters, handymen, and building superintendents, who work in more than 3,000 residential rentals, cooperatives, and condos.

The tentative agreement, reached an unprecedented nine days before it was set to expire, is the result of months of planning and several weeks of meetings between RAB and the union. While the complete details of the agreement will be announced after ratification, the broad financial parameters of the tentative deal are:

- ▶ An average wage increase of 2.71% each year over the four-year contract or approximately 11.3% total—bringing wages for a typical doormen or porter from \$44,389 to \$49,402 in 2018.
- ▶ There is a 3.4% total average annual increase for wages plus benefits.

To help offset these costs, the negotiating committee was able to deliver a modified start rate for new employees and several other key measures to enhance employer flexibility. Council of New York Cooperatives & Condominiums Executive Director Mary Ann Rothman and Federation of New York Housing Cooperatives Executive Director Gregory Carlson serve on the negotiating committee.

## Beware of E-Cigarette Battery Danger, Second-Hand Smoke

**COOPERATORS SHOULD CHECK** their policies prohibiting smoking to make sure they extend the definition of smoking to including vaporizing (“vaping”) or the use of e-cigarette devices because such cigarettes are hazardous. Incidents have occurred recently demonstrating that the lithium-ion batteries that power e-cigarettes can explode and spark a fire due to users not following safety guidelines. Common misuse includes actions such as using the wrong charger or charging it for too long, which can cause the battery to fry or explode. Some smokers may think using their USB charger will avoid fire hazard. This is a myth. The battery can fry either way.

Some smokers have had the e-cigarettes blow up right in their faces. A few exploded the instant the e-cigarette was removed from its package. Users have reported the batteries leaking and exploding with bright, searing hot fire, and shooting across their house like a rocket. Many users have been treated for serious burns and toxic smoke inhalation from these explosive batteries.

Besides the apparent fire danger, there is evidence

to support the notion that e-cigarettes still give out harmful second-hand emissions. Some users assume that e-cigarettes do not create secondhand smoke, so a smoking ban does not apply to them. Already, many officials disagree and have added e-cigarettes to the banned list wherever smoking is prohibited. If your cooperative does not have a non-smoking policy, perhaps it should consider one. Cooperators should also ensure their smoke detectors function properly as malfunctioned ones could also pose a serious hazard.

## CHF Canada Partners with Nova Scotia Government on Equity Cooperative Project

**MOST HOUSING COOPERATIVES** in Canada are zero equity, but in a departure from that norm, Cooperative Housing Federation of Canada is partnering with the Nova Scotia government to develop an equity cooperative pilot project. Last spring, the province announced a housing strategy that supports innovative financing options. The 50-60 unit cooperative is planned for the Halifax area. Canada Mortgage and Housing Corporation has approved seed funding, and the province has been asked to assist with land acquisition. The location is yet to be determined. The Western Manitoba Seniors Non-Profit Housing Co-operative, however, is an example of an equity cooperative in expansion. The 34-unit cooperative in Brandon, Manitoba, is planning on adding 80 to 100 units. [CHB](#)



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Left to right: Al Plamann, CEO of Plamann & Associates (retired CEO of Unified Grocers); Stan Dreyer; and Ed Yaker, president of Amalgamated Housing Cooperative.

## National Cooperative Bank Honors Ed Yaker with Prestigious 2014 Spirit of Cooperation Award

**NATIONAL COOPERATIVE BANK (NCB)**, a leading financial services company serving cooperatives nationwide, named Ed Yaker, president of Amalgamated Housing Cooperative, and Al Plamann, retired CEO of Unified Grocers, dual recipients of the prestigious 2014 Stan Dreyer Spirit of Cooperation Award. The honor is bestowed annually to those who live and work with the spirit of the cooperative principles.

Yaker was born at Amalgamated Housing Cooperative, the oldest limited equity cooperative in the United States and has served on the board of directors for over 30 years, including many years as president. His commitment to the housing community, both for Amalgamated and the Coordinating Council of Cooperatives in New York has been instrumental for the success of housing cooperatives in New York. Yaker has helped foster a thriving community at Amalgamated that is more than a place where people live – it is a place where people have a life.

The Stan Dreyer Spirit of Cooperation Award is named for Dreyer to ensure it is given to an individual or organization who lives the spirit of the cooperative principles. Dreyer, who is now retired from NCB, was one of the people instrumental in the passage of the Congressional Bank Act in 1978 which created NCB. The award is bestowed annually on an NCB employee or member-customer whose devotion and contribution to the cooperative community emulate those embodied by Dreyer. Among his accomplishments, Dreyer served as executive director of the National Cooperative Business Association and in that role was the premier advocate to Congress in helping to pass the National Consumer Cooperative Bank Act, which created NCB.

## Leaders Organize a Skills Marketing Cooperative

**TWIN PINES MUTUAL HOUSING** resident and California Mutual Housing board member Livia Burton together with several mutual housing members in Davis, Calif., are currently launching a new project with support of a \$2,000 Community Leadership Institute grant from NeighborWorks® America.

Since many residents are without jobs, underemployed, or working at the legal minimum wage, the Jobs Co-op will focus on creating a marketplace throughout Davis. With these skills, residents would be able to earn a living wage, be their own boss, create their own schedules, and enjoy the work they do.

## Three Resident Owned Communities Win Technology Grants

**THREE RESIDENT-OWNED COMMUNITIES** in Massachusetts and Texas have been awarded technology grants from ROC USA® through a grant program designed to provide the necessary tools to adequately store computer files, access myROCUSA.org, and communicate with members. Cranberry Village Residents Association in Carver, Mass., Wamsutta Residents Association in North Attleboro, Mass., and Pasadena Trails ROC in Pasadena, Texas, submitted the successful applications and will each receive a new laptop computer and printer.

The original grant included two computer/printer setups provided by HP, but when ROC USA received three sound applications showing a great demand, another donor stepped in to provide the third setup.



Raymond Brown, right, is flanked by his neighbor Johnny Lam.

## Calif. Cooperative Member Recognized for Creativity

**FREEDOM WEST COOPERATIVE** recognized member Raymond Brown for taking matters into his own hands to compete with the dry conditions in San Francisco. Rather than continue to endure his unsightly brown lawn, Brown transformed his yard into a desert oasis. He purchased white rocks and succulent plants to design a pleasing landscaping design for which his cooperative is grateful.

Continued on page 14 >

## Nicholas Gazzard Elected President of Co-operative Housing International

**COOPERATIVE HOUSING FEDERATION OF CANADA** Executive Director Nicholas Gazzard was elected as president of ICA Housing, which is in the process of changing its name to Co-operative Housing International. The election—and the decision on the name change—took place during the International Co-operative Alliance General (ICA) Assembly in Cape Town, South Africa in November 2013. ICA Housing, or CHI, as it will become known, is the sectoral organization representing housing cooperatives around the world, and Gazzard said one of his objectives will be to align its strategic plan with the ICA's Blueprint for a Co-operative Decade.

One such initiative will be related to the Blueprint's sustainability theme: to follow up on a resolution adopted at the 2012 ICA General Assembly in Cancun which called on all co-operatives involved in construction and development to use sustainable materials. Gazzard, who previously served as vice-president of ICA Housing, said his participation in the international cooperative housing movement has been "worth its weight in gold" in terms of sharing best practices with cooperative housing sectors in other countries. **CHB**

## COOPERATIVE CALENDAR

### JULY

- 19** Midwest Association of Housing Cooperatives Certified Cooperative Maintenance Manager Class; Three Fountains West Inc., Indianapolis, Indiana

### AUGUST

- 6-8** CSI & Support Services Michigan Region Management Conference; Troy Marriott, Troy, Michigan

- 19-21** CSI & Support Services California Region Management Conference; Pacific Palms Hotel, City of Industry, California.

- 26-28** CSI & Support Services Maryland Region Management Conference; Lowes Annapolis Hotel

### SEPTEMBER

- 9-11** National Cooperative Business Association's Annual Cooperatives Conference/CLUSA International; Depot Renaissance Minneapolis Hotel, Minneapolis, Minnesota

- 25** CSI & Support Services Annual Meeting; Location not determined

### OCTOBER is Co-op Month

- 15-18** National Association of Housing Cooperatives 54th Annual Conference; Frenchman's Reef & Morning Star Marriott Beach Resort, St. Thomas, U.S. Virgin Islands

### NOVEMBER

- 16** Council of New York Cooperatives & Condominiums 33rd Annual Housing Conference & Expo; Baruch College's Newman Vertical Campus, Manhattan, New York



National Association of Housing Cooperatives



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## California Association of Housing Cooperatives

**COOPERATIVE MEMBERS INCLUDING** those from Oakland met for a town hall meeting in San Francisco on June 7 to discuss how to understand audits and financial reports, prepare budgets, and to handle legal issues arising from revised bylaws. The meeting also focused on the Davis Stirling Community Development Act involving the voting procedures with groups that have a board of directors. The San Francisco Land Trust Agency and the mayor's office on housing sponsored the meeting at the African American Arts and Complex. The session repeated on June 28 for cooperatives located on the south side of San Francisco at the Bayview Library.

## Cooperative Housing Association of New England

**CHANE IS INITIATING A CAMPAIGN** to recruit new members in Connecticut and Massachusetts. This campaign includes researching contact information for the thousands of cooperative units in the region, creating a database, and a mass mailing to bring awareness to CHANE and its service offerings. There will be grass root efforts that will comprise distributing brochures and networking with cooperative members at other cooperative housing association conferences. The first will be July 29-31 at CSI Support & Development's annual management conference held at the Double Tree Hilton in Leominster, Massachusetts.

In addition to offering members technical services and training, CHANE intends to be a resource to connect member cooperatives with one another to share ideas and be a source of marketing for their available shares. CHANE is also planning a mini-conference of new and potential members to be held within one of its regional states in the next six months.

## Council of New York Cooperatives & Condominiums

**ATTORNEY MARC J. LUXEMBURG**, CNYC president, will explain CNYC's propriety lease on August 20 at 7 p.m. He has led the development of a model proprietary lease and shareholders agreement, which CNYC considers well adapted to the 21st century needs of New York housing cooperatives. Version 2.03B included suggestions received from many experts since the development of this document began in 1998. Luxemburg will discuss the major innovations found in the new lease and will offer advice for ensuring its adoption. Advance registration is required for all attendees. There is no fee for representatives of CNYC member cooperatives and condominiums; others are welcome at a fee of \$60 if paid in advance or \$75, if paid at the door. Call the CNYC office at 212/496-7400 or register online at <https://cnyc.com/events-registration.php?action=add>.

## CSI Support & Development Services

**EACH YEAR, CSI SUPPORT & DEVELOPMENT** holds management conferences in California, Maryland, Massachusetts, and Michigan. The purpose of these conferences is to train CSI members on how to manage their cooperatives. A large variety of workshops are offered including subjects, such as how to run a meeting and lease apartments, perform committee work, learn about fair housing fundamentals and teambuilding techniques, and how to work with and retain volunteers. Members attend several workshops of their choice and are encouraged to ask questions and pass on what they learn to other members in their cooperatives. The conferences are educational, as well as inspirational.

This year the conference theme is University of CSI, Co-op Pride Nationwide. In order to promote cooperation among cooperatives, CSI is inviting NAHC members of other cooperatives to the event. Please contact Karen Braunscheidel at [karen.braunscheidel@csi.coop](mailto:karen.braunscheidel@csi.coop) for details. Locations are:

**MASSACHUSETTS:** July 29-31 at the Double Tree Hilton, Leominster;

**MICHIGAN:** August 6-8 at the Marriott Hotel, Troy;

**CALIFORNIA:** August 19-21 at the Pacific Palms Hotel, City of Industry; and

**MARYLAND:** August 26-28 at the Lowes Annapolis Hotel, Annapolis.

## Midwest Association of Housing Cooperatives

**MORE THAN 300 ATTENDEES** and instructors participated at MAHC's annual conference in New Orleans May 18-21 and took five workshops. Cooperators also held a memorial for former MAHC and NAHC Board Member and President Bill Magee, who died in January.

Many members also received awards:

**RICHARD BERENDSON**, Cumberland Green Cooperative, St. Charles, Ill., the William Magee Spirit Award, in recognition of promoting and consistently displaying dedication and commitment to the preservation of the cooperative housing movement and the MAHC organization;

**DAVID LEED**, the Dr. Herman E. Curtis Co-oper of the Year Award, to a cooperator for outstanding service to his or her home cooperative and nominated by the board or members of the cooperative;

**PENTIUK, COUVREUR & KOBILJAK P.C.**, Wyandotte, Mich., the Executive Directors Award for outstanding service to MAHC by a person or organization other than a member of MAHC's Board of Directors;

**BRENDA MCELHANEY-PARKS**, Pine Tree Townhouses, Lawrence, Kansas, the C. March Miller II Award, for outstanding service by a MAHC board member awarded by the MAHC president;

**ANNETTE SAFFORD KING**, Hickory Hollow Cooperative, Wayne, Mich., the Morley President's Gavel, to an outstanding

Continued on page 16 >

cooperative board president nominated by the cooperative members or the cooperative board of directors;

**KELI MANAGEMENT INC.**, Kansas City, the Mo., the Alameda Ritter Award for devotion and contributions to the cooperative housing community;

**NOBLE SQUARE COOPERATIVE** in Chicago, Ill., the Solidarity Award for the fellowship and common responsibility that a board projects on behalf of its membership to seek and share knowledge; and the

**ROBERT KIRKPATRICK**, Kirkpatrick Management in Indianapolis, Ind., the Leap of Faith Award, displaying the confident belief and trust in the housing cooperative concept and assisting cooperatives in attaining their goals today and in the future.

## New Jersey Federation of Housing Cooperatives

**HIGH PARK GARDENS**, High Park Terrace, University Court, and Brooks Slope learned about understanding their audit at the Federation meeting on April 19. At the next meeting, Saturday, June 28, the cooperative representatives finished audits and commenced exploring cooperative structures. Federation President Blonnie Watson led the session at the Club House in Newark.

## Potomac Association of Housing Cooperatives

**OVER 75 PARTICIPANTS** representing 12 cooperatives learned and had fun at PAHC's 2014 Annual Conference in Nags Head, N.C. on April 24-26.

Five subject matter experts presented six workshops: Bernard A. Cooke, LLC, Fair Housing; Vernon Oakes, Oakes Management, Understanding Your Co-op Financial ABCs; Douglas Kleine, Professional Association Services, Conflict of Interests and Recruiting, Motivating & Rewarding Volunteers; Alvin Pierce, Maryland Air, OSHA: New Standards; and Tameesha Hill, Benning Road Cooperative, Customer Service-Phone Etiquette.

During the award presentations, the following received recognition:

**YORKVILLE COOPERATIVE**, Cooperative of the Year;

**ERICA BAKER**, Benning Road Cooperative, Cooperator of the Year;

**MELINDA RICKEY**, Distinguished Service;

**CLARENCE ROBINSON**, Pickwick Square, Lifetime Achievement Award; Robinson is one of the original PAHC founders;

**MYRINE BUFORD**, Golden Girls; as senior member on the

board, she mentors members and is the direct contact for PAHC history. Buford, who is also one of the original founders, received the first-ever presentation of the Lifetime Achievement award in 2012;

**WILLIAM BRAWNER**, Tag, You're It; Brawner had been working on an issue that he inherited when he took over as treasurer. He met the challenge with humor and never gave into the pressure of the situation. He finally resolved the situation this year;

**MAXINE LYONS**, Helping Hand; Although Lyons is retired, she still has a full time job taking care of her grand children. Anytime called upon, and it is usually in the final hour, whether she is needed to step in for training, copying or just whatever, she will take the ball and carried it to the finishing line.

**RUTHIE WILDER**, Program & Education Committee; Wilder, although not on this committee, she is always a great help to Melinda Rickey, with conference planning. Rickey nominated her to receive the award.

**MELISSA HOLLY AND JAYLEN TOOGOOD**, Volunteer of the Year; Holly has been a volunteer at PAHC for many years. Every year, she helps with the copying, stuffing bags, working on the registration desk, delivering conference materials and notes to rooms. Toogood is what PAHC calls a young cooperator. The board thought that she should receive an award for her volunteer work at the conferences, as well as getting her prepared as a future leader in the cooperative where she lives.

At the annual membership meeting, the membership nominated by acclamation, Melinda Rickey, Washington Hill Mutual Homes, Baltimore, Md.; Geraldine McDaniels, The Woodlands, Richmond, Va.; and William Brawner, St. James Mutual Homes, Washington, D.C. During the subsequent PAHC Board Meeting, a member made a motion that positions on the board remain as is: President Anne Hill, Vice President Myrine E. Buford, Secretary Melinda Rickey, Treasurer William Brawner, Assistant Secretary Maxine Lyons, Assistant Treasurer Ruthie Wilder; members at large, Willie Sims and Candice Serrette. The board of directors also welcomed its newest member at large, McDaniels.

In addition to the educational and business aspect of the conference, attendees showed off their cooperative outfits at the "Strut-Your-Stuff" luncheon and black-and-white attire for the closing dinner and dance.

PAHC's 2014 Fall Training will convene on November 8, 2014 at Benning Road Cooperative in Washington, D.C. **CHB**



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