

CO-OPerate!

LIMITED EQUITY HOUSING COOPERATIVES, A MODEL PROVIDING PERMANENT AFFORDABILITY

SECTION I: HOUSING COOPERATIVES

TYPES OF CO-OPS

HISTORY

BENEFITS

ORGANIZATION

UHAB

FORMATION OF THE
LEGAL ENTITY

CO-OP CONVERSIONS
PROGRAMS

CO-OPS IN BUSHWICK
CHALLENGES

SECTION II: SHAREHOLDER INTERVIEWS

CREATING CO-OPS AND
GETTING STARTED

SHARING OWNERSHIP,
AND RESPONSIBILITY

CHANGING LIVES,
FOSTERING
OPPORTUNITY

CREATING COMMUNITY

ACKNOWLEDGING
CHALLENGES

DESIGN AND URBAN ECOLOGIES

THE NEW SCHOOL

PARSONS

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CREATIVE COMMONS

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TABLE OF CONTENTS

4 INTRODUCTION

6 METHODOLOGY

8 SECTION I: HOUSING COOPERATIVES

9	TYPES OF CO-OPS
10	HISTORY OF CO-OPS
14	BENEFITS OF CO-OPS
16	ORGANIZATION OF CO-OPS
18	UHAB
19	FORMATION OF THE LEGAL ENTITY - HDFCS
20	CO-OP CONVERSIONS
22	FIRST PROGRAMS
24	CURRENT PROGRAMS
26	RECENT PROGRAMS
28	CO-OPS IN BUSHWICK
31	CHALLENGES

32 SECTION II: SHAREHOLDER INTERVIEWS

34	CREATING CO-OPS AND GETTING INVOLVED
36	SHARING OWNERSHIP, SHARING RESPONSIBILITY
38	CHANGING LIVES, FOSTERING OPPORTUNITY
40	CREATING COMMUNITY
44	ACKNOWLEDGING CHALLENGES

INTRODUCTION

Limited-equity housing cooperatives have been critical to housing low-income groups, building communities, stabilizing neighborhoods and preventing gentrification across New York City. However, New Yorkers have limited knowledge about this housing model which, besides providing permanent affordability, promotes self-management and democratic participation.

Considering these facts, and in light of the risks housing co-ops face, this research aims to provide a preliminary understanding of limited-equity housing cooperatives as well as to unearth the experiences shareholders have carried on by living and managing these buildings with shared ownership.

This investigation was undertaken by the students of the Design and Urban Ecologies (MS) Program's Studio 1 in collaboration with the Urban Homesteading Assistance Board (UHAB) and the Solidarity Economy Project (SEP) during the Fall of 2015. Graduate students and UHAB's members interviewed a number of shareholders to reveal their experiences and learn about the benefits, challenges and socioeconomic impact of limited-equity housing co-ops. The findings of the interviews, which were designed by the SEP, will contribute to the National Coop Research project led in this city by UHAB.

The issue Co-operate!: Limited Equity Housing Cooperatives, A Model Providing Permanent Affordability is part of a wider research and design-based project on housing in Bushwick which was published under the name Towards the Right to Housing: Preserving and Expanding Affordable Housing in 2016. This endeavor is part of the third iteration of a long-term research and design project on housing which was initiated by the Design and Urban Ecologies Studio 1 in 2013 in Bushwick. This district, located in North Brooklyn, is one of the most contested urban areas in the city. Recent rezoning processes and for-profit developments have made residents and local groups questioning the goals and outcomes of current urban policies and practices taking place in the city. Displacement in the name of development has become a policy. For more information about this long-term project and its publications please visit: <http://sds.parsons.edu/urban/projects/>

METHODOLOGY

Quantitative and qualitative methodologies were used for this research. Census data and other secondary sources, such as news and scholarly articles, were analyzed and visualized in a series of diagrams and maps. A spatial analysis was carried out as well to illustrate the spatial distribution of a number of conditions in the district. Additionally, a public opinion survey on housing was carried out, as well as qualitative research, which included visual research, participant observation, informal meetings with residents and key informant interviews.

SHAREHOLDER INTERVIEWS

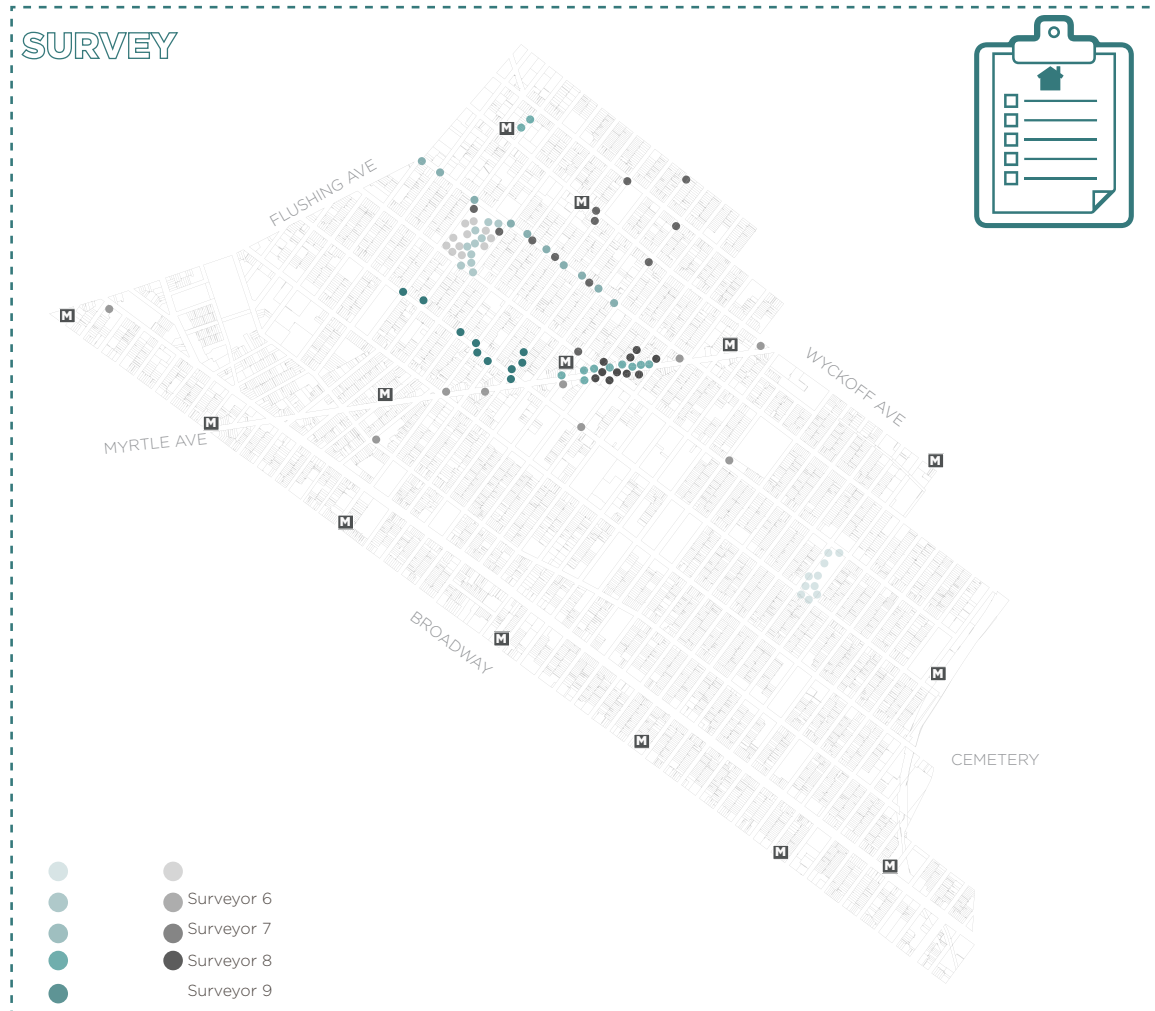


As part of the qualitative portion of the research, interviews with shareholders in limited equity co-ops were conducted. These interviews were organized and coordinated by UHAB and the Solidarity Economy Project (SEP) with shareholders and/or board members. Each interview was conducted by one UHAB representative and two students of DUE Parsons Studio I and videotaped with consent. One interview was in Bushwick and the other six spread among Manhattan, Bronx and Brooklyn.

The interview questions were designed by Maliha Safri from The Solidarity Economy Project, with input from Parsons The New School For Design and UHAB. These questions were used as a guide to navigate the conversations. These interviews provided both positive and negative insights into the functioning of co-op buildings and boards, as well as experiences of living in a co-op.

PUBLIC OPINION SURVEY

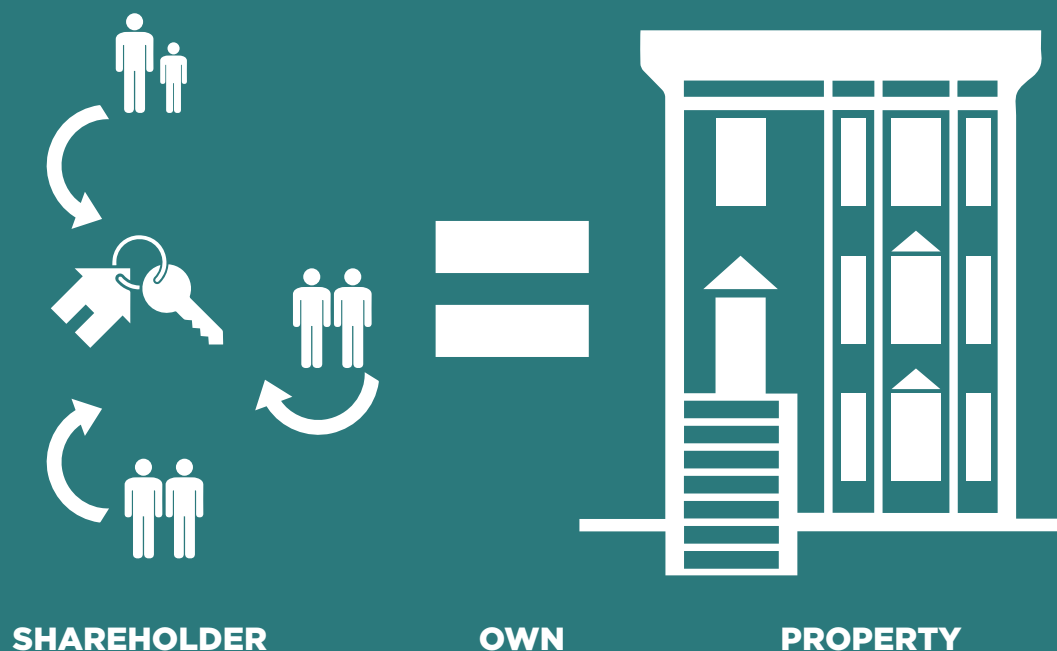
In total, 90 residents were surveyed in public spaces throughout the neighborhood in October 2015, including Maria Hernandez and Irvin Square Parks, as well as blocks close to subway stations on the heavily frequented Knickerbocker, Wilson, Myrtle, and Wyckoff Avenues. The map below shows the exact locations where surveys were conducted.



The sampling followed a random selection of people that a) lived in Bushwick and b) were older than 18 years. The sample represents a balanced distribution across genders as well as different age groups. Due to the required minimum age, the average age of survey respondents (35.3) is slightly higher than Bushwick's (29.9). The survey questions asked participants about current housing situations and satisfaction therewith, desired housing types, recent changes in the neighborhood, as well as awareness of limited-equity co-ops as a possible answer to the current affordable housing crisis.

The results of the survey will be presented throughout the booklet with the icon you see above and a frame that demarks it. The information analyzed will support the theoretical research.

SECTION I: HOUSING COOPERATIVES



Housing co-ops are an alternative ownership model where households become shareholders of a cooperative (enterprise) that owns the building they live in. Shareholders do not own a unit, instead they own shares of the co-op and they receive a long term lease for the unit they live in. Additionally, each household is responsible for a monthly maintenance fee to cover the shared expenses of the building.

In this model, households' economic, social and cultural housing needs and aspirations are unified, promoting a strong sense of community commitment. Housing cooperatives are run by a board of residents/shareholders, which uses a democratic system to make decisions for the control and management of the property.

Limited equity cooperatives are an alternative housing model that advocates for permanent affordability by restricting eligibility to low income people and by requiring limitations on the amount of profit shareholders receive when they resell their units.

TYPES OF CO-OPS



MARKET RATE CO-OP

Are defined as cooperatives without resale restrictions. The units can be sold at market rate prices and without eligibility limitations. These types of cooperatives do not promote permanent affordable housing since the return of the investment can be quite high.



LIMITED - EQUITY CO-OP

Are defined as co-ops that advocate for permanent affordable housing through resale caps on the property. Usually the initial equity is below market rate, as well as the resale price. Thus the return on investment is low.

This model encourages setting limits on the income of the new shareholders to preserve affordability.

HISTORY OF CO-OPS

1910'S

1920'S

1930'S

MAJOR HISTORICAL EVENTS
THAT AFFECTED HOUSING

ORGANIZATIONS RELATED WITH
HOUSING CO-OPS

GREAT DEPRESSION

1929



PRIVATE
DEVELOPER
SPONSORS



1916
FIRST HOUSING
CO-OP

TENANT SPONSORED
COOPERATIVES

1936
FORECLOSURE
DUNBAR APARTMENTS



FINNISH HOME BUILDING

Located on 816 43rd Street, Brooklyn NY, this was the first cooperative apartment building in the US (1916). Self-managed by Finnish families, it eventually included commercial space as well. At the time, the concept of housing cooperative was not known, so it was classified by the State under the Department of Agriculture, which regulated cooperative farms. After 100 years, it still is a housing co-op.

Source: Places That Matter



DUNBAR APARTMENTS

This co-op was a housing reform experiment targeted at providing housing for African Americans. It was designated a NYC Landmark in 1970. It was foreclosed on in 1936. A year later the buildings were converted to rental units. In 2013 the buildings were sold to a developer who plans to turn the former co-ops into an upscale complex.

Source: Wikipedia

1940'S

END WWII

1945



1950'S

1955



MITCHELL-LAMA PROGRAM

1960'S



COOPERATIVE VILLAGE

The Amalgamated Clothing Workers of America and The International Ladies' Garment Workers Union sponsored, organized and built 4,500 apartments in 12 buildings in the Lower East Side, Manhattan (1951) which were self managed by the workers. Title I of the National Housing Act, which assisted municipalities with clearing slums was used to develop this co-op. Shareholders decided in separate votes in 1997 and 2000 to abandon the limited equity model and convert the buildings to a market-rate co-op.

Source: Coop Village



CO-OP CITY

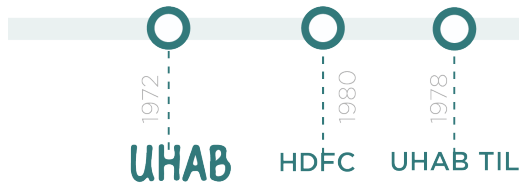
Co-op City, opened in 1973, is the largest housing co-op in the world, with 15,372 units located at the intersection of Interstate 95 and the Hutchinson River Parkway. It was sponsored and built by United Housing Foundation (organized by Amalgamated Clothing Workers of America and A. Kazan) and financed with a mortgage loan from New York State's Housing Finance Agency (HFA). In 1975, because of mismanagement, the community was not able to pay the loan, so the State took over control. Renovated in 2000, it is today managed by the River Bay Corporation.

Source: River Bay Corporation

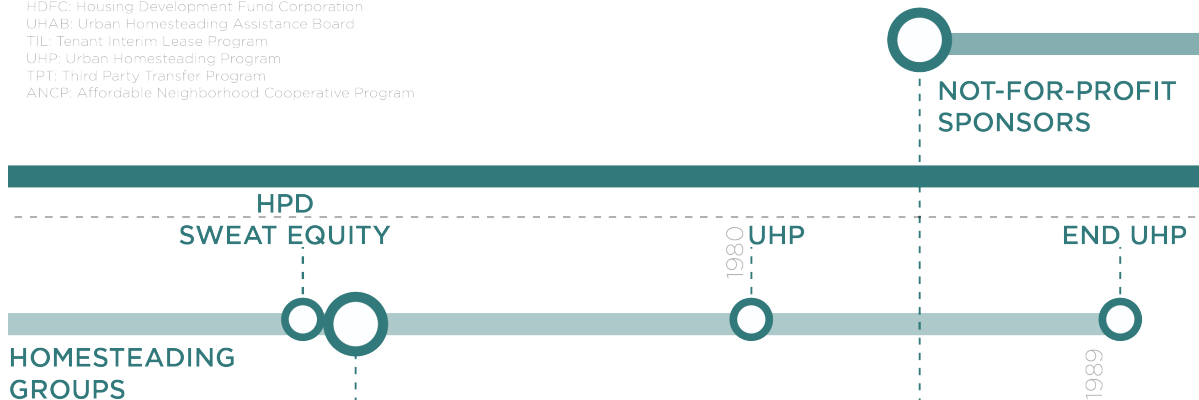
1970'S

NEW YORK FISCAL CRISIS

1980'S



LESAC: Lower East Side Catholic Area Conference
 HDFC: Housing Development Fund Corporation
 UHAB: Urban Homesteading Assistance Board
 TIL: Tenant Interim Lease Program
 UHP: Urban Homesteading Program
 TPT: Third Party Transfer Program
 ANCP: Affordable Neighborhood Cooperative Program



EAST 102

In 1977 a group of homesteaders on East 102nd Street, East Harlem used the Urban Homesteading Program by UHAB to create a cooperative and buy a 40-unit building from the City. Today it still exists as a limited-equity co-op.

Source: UHAB



RIDGEWOOD BUSHWICK

During the 1980s, nonprofit organization called Ridgewood Bushwick Senior Citizen's Council (RBSCC) began managing a series of co-ops in Bushwick. These small scale co-ops were created through the Community Management Building Program and have a contract with HDP. Today, RBSCC is the largest provider and owner of affordable housing in Bushwick.

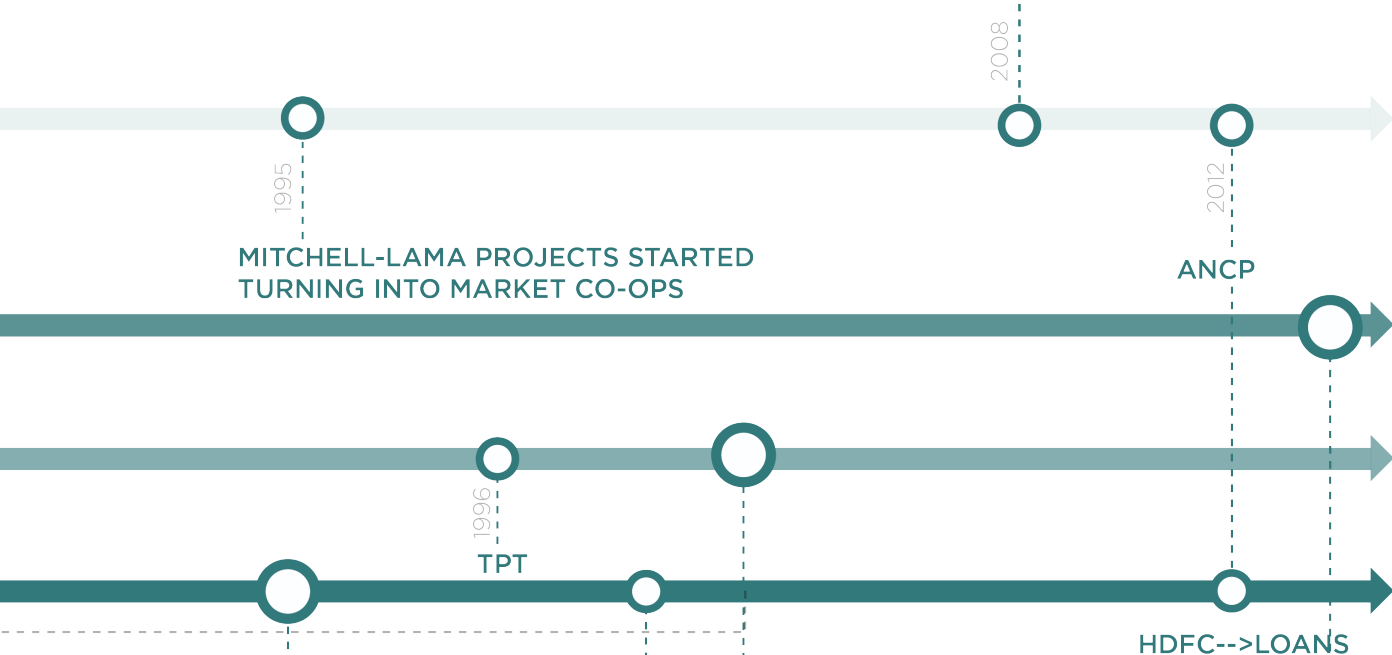
Source: RBSCC

1990'S

2000'S

2010'S

SUBPRIME MORTGAGE CRISIS



ABANDONED THE LIMITED
EQUITY RULES
COOPERATIVE VILLAGE



ST. JOHN

In 1984, a 77-unit building called St. John's was abandoned by its landlord and foreclosed on. In response, its tenants used the TIL Program and the help of UHAB to take over ownership and create a co-op. Today, it still operated as a limited-equity co-op.

Source: UHAB



ST. NICHOLAS AVENUE

In 2001, the city foreclosed on the former HDFC building due to unpaid property taxes. It was initially formed through the Third Party Program--in which the city transferred buildings/properties from delinquent and negligent landlords to responsible entities--, and with help by UHAB. Today, the building is run by a for-profit management company. Some of the old tenants continue living there in now rent-stabilized apartments.

Source: Columbia Daily Spectator

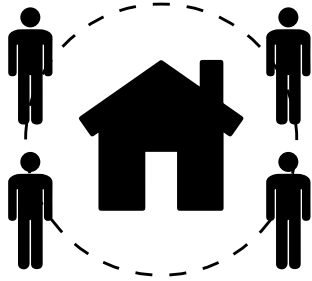


JUPITER 21

Currently under construction at 21 East 1st St in the East Village, Manhattan, this project features 65 luxurious market rate units and 4 units that constitute an affordable housing cooperative. The co-op targets low income shareholders with an annual income between \$40,115 - \$44,720. This building is being constructed through the Inclusionary Housing Program (IHP), NYS Affordable Housing Corporation (AHC), and The Housing Partnership.

Source: JUPITER 21 and UHAB

BENEFITS OF COOPS



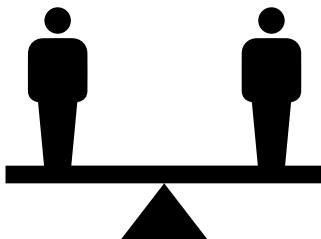
COMMUNITY SENSE

Co-ops encourage a sense of community by integrating shareholders in the decision-making process and in the physical management of the building. Usually, through teamwork experiences, a strong bond between shareholders is generated, where residents are not only neighbors, there are a close-knit community.



RESIDENTS AUTONOMY

Since shareholders own and manage their building, they have a strong influence on the built environment. Through action, this model empowers communities to take problems into their own hands instead of delegating them. Additionally it is autonomous from free market pressure.



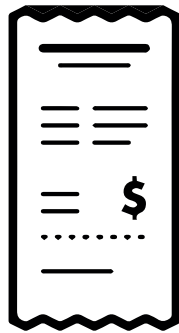
DEMOCRATIC MODEL

Co-ops work on a democratic model where every shareholder has a voice. Even though the board manages the cooperative, shareholders have voting power.



ANTI DISPLACEMENT STRATEGY

Thanks to housing co-ops, communities are able to set roots in a neighborhood. Since shareholders are owners, they are not vulnerable to strong pressure from the market or to predatory practices.



LEGAL AND TAX BENEFITS

Administrative and service costs are shared. Shareholders have income tax deductions under Section 216 of the Internal Revenue Code.



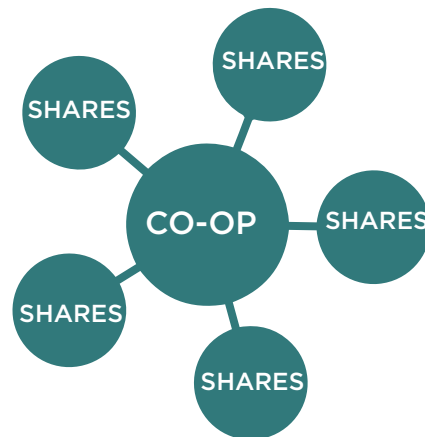
PERMANENT AFFORDABILITY

In limited equity housing cooperatives permanent affordability is achieved through resale caps and maximum income eligibility requirements.

ORGANIZATION OF CO-OPS

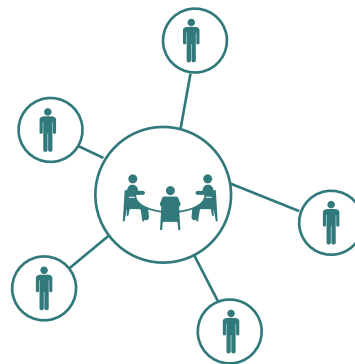
SHAREHOLDERS

Each resident of a cooperative is a co-owner of the property, through shares of the corporation that owns the building they live in. Shareholders/residents do not own a unit, instead they receive a long-term lease for the unit they live in. As a community, they self manage the property.



BOARD OF DIRECTORS

Using a democratic system, housing cooperatives are run by a group of shareholders that make the decisions and the policies of the corporation. The board is elected annually, by a democratic election or by volunteering. All the residents' thoughts are taken in account, but the board is in charge of the actions.



COOPERATIVE BY-LAWS

As a corporation, housing co-ops have a set of parameters and rules to run the property to unify all the residents' needs and aspirations. The most common by-laws advocate for permanent affordability by setting income eligibility restrictions for new shareholders and re-sales caps. Additionally, the by-laws establish the maintenance fee, the sublet policies, the uses of the common spaces, etc.

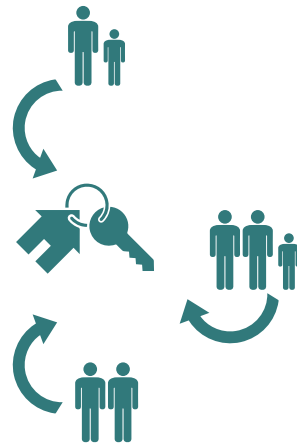
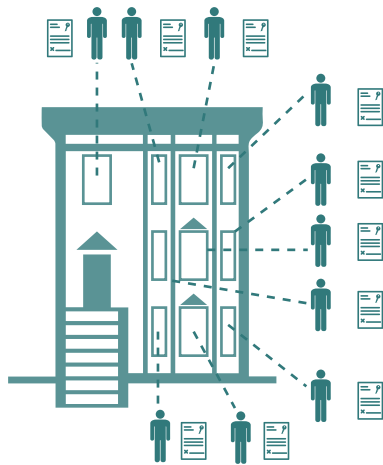


PROPRIETARY LEASE

The long-term lease is usually for 99 years and gives each shareholder the right to live in a housing unit. The corporation is the lessor, and the shareholder is the lessee of a particular unit. Additionally, the lease states the obligation of tenants to pay a monthly maintenance fee.



Source: UHAB: Urban Homesteading Assistance Board



☐ INCOME CAP NEWCOMERS

☐ SUBLET POLICIES

☐ PROFIT RE-SALE PRICE

☐ USE OF COMMON AREAS

☐ MONTHLY FEE

☐ ETC



99 YEARS

JAN FEB MAR APR MAY JUN JUL AUG SEPT OCT NOV DEC

For more information see the Limited Equity Cooperatives a Legal Handbook by UHAB
<http://www.uhab.org/programs#sthash.bf3zm2mt.dpuf>

Source: UHAB: Urban Homesteading Assistance Board

UHAB

UHAB | URBAN HOMESTEADING ASSISTANCE BOARD

UHAB is a non-profit organization that advocates for permanent affordability by empowering and assisting communities to reclaim ownership over their homes by the creation of housing cooperatives. The organization was born during the 1970's economic crisis in New York when the group began helping residents of abandoned buildings to become owners. UHAB continues to provide services to tenants that want to turn their buildings into co-ops.

PROGRAMS

Organizing and Policy
Co-op Development
Co-op Preservation
Technical Assistance and Training
Member Services
Sharing our Expertise

To know more about the workshops and services please visit their website.

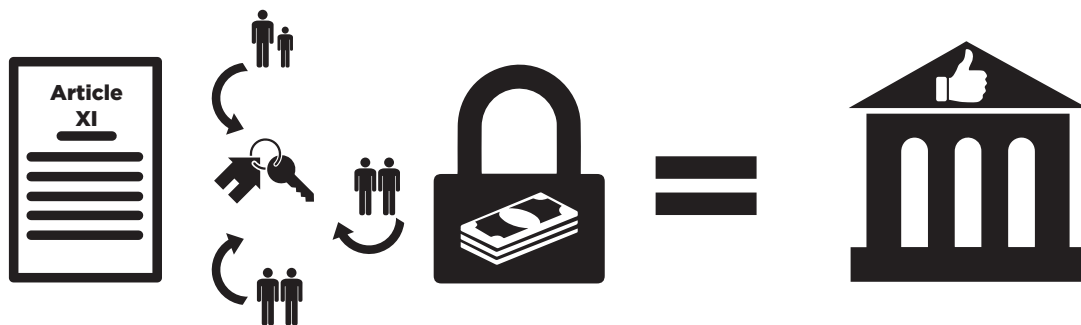
<http://www.uhab.org/programs#sthash.bf3zm2mt.dpuf>



Source: UHAB. Urban Homesteading Assistance Board

FORMATION OF THE LEGAL ENTITY

H D F C
HOUSING DEVELOPMENT FUND COOPERATION



WHAT IS A HDFC?

HDFCs are limited equity co-ops. According to the Financial law (Article XI of the Private Housing Finance Law), Housing Development Fund Corporations are used to create limited equity co-ops, wherein the corporation exclusively builds affordable housing for low income households.

HDFCs are supervised by city agencies (in some cases this may be the State Division of Housing and Community Renewal), and the local housing agency, New York City's Department of Housing Preservation and Development (HPD).

BENEFITS HDFC



Direct Sales.



As an entity that works under the City's policies umbrella, HDFCs redeem tax benefits, including lower real estate property tax and the corporation management.

CO-OP CONVERSIONS

HOMESTEADING GROUPS



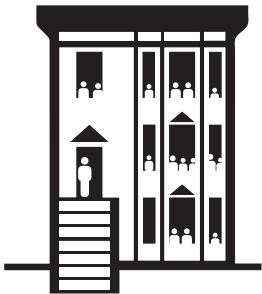
TENANTS BECOME HOMESTEADERS



GOVERNMENT PAYS FOR LABOR:
SWEAT EQUITY



TENANT SPONSORED COOPERATIVES



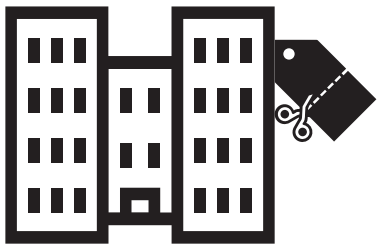
TENANT SPONSORED COOPERATIVES



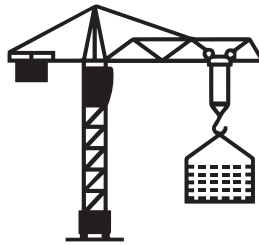
COMMUNITIES ORGANIZE TO BUY
PROPERTIES



PRIVATE DEVELOPERS SPONSORS



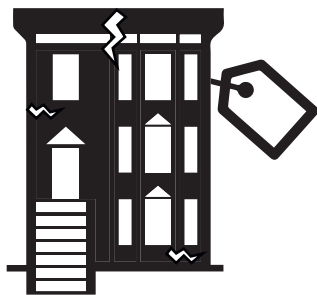
PRIVATE DEVELOPER SPONSORS



AND CONSTRUCTION BENEFITS



NON PROFIT SPONSORS



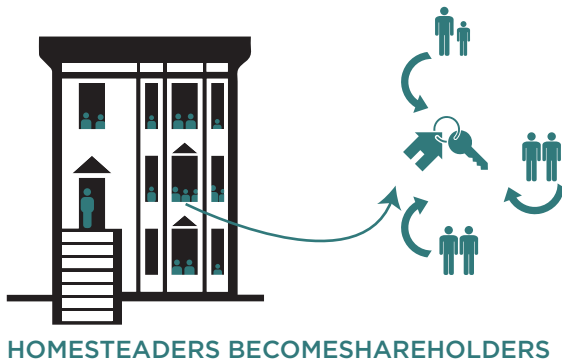
NOT-FOR-PROFIT SPONSORS



THE CITY SELL ABANDONED BUILDING
TO REHABILITATE AND FUNDS THEM

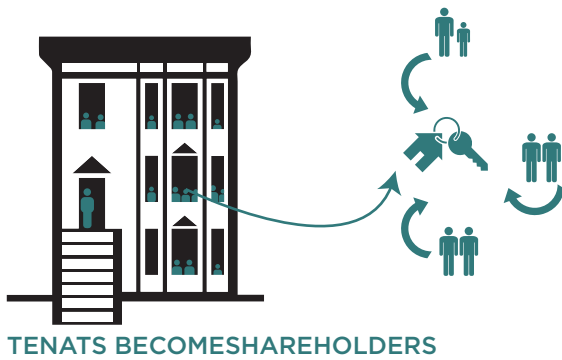


Source: UHAB. Urban Homesteading Assistance Board



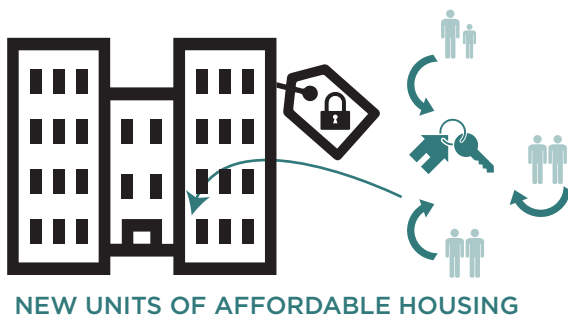
Tenants become homesteaders by staying in and rehabilitating vacant or abandoned properties. In exchange for their work, homesteaders become owners of the property by creating a cooperative. This is known as sweat equity.

Programs: Homesteading Program



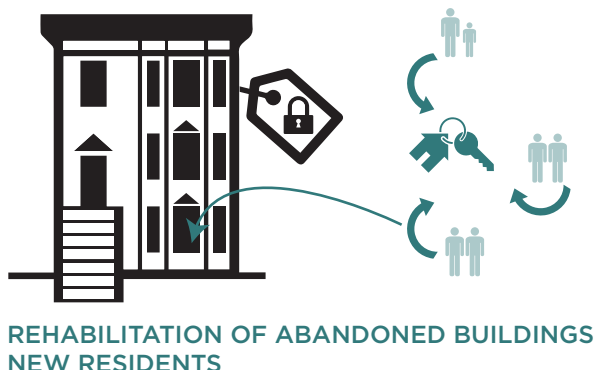
Groups of neighbors organize themselves and negotiate with the property's owner (private or public) to buy and convert it into a housing co-op.

Programs: Tenant Interim Lease Program; the Ownership Transfer Project of the Community Service Society



The City and State encourages non-profit organizations to acquire abandoned property by selling them for very low costs. Usually these projects are financed through grants and loans from State initiatives and the projects are sold to a low income housing co-op.

Programs: State Urban Initiatives Program, the federal Urban Development Action Grant

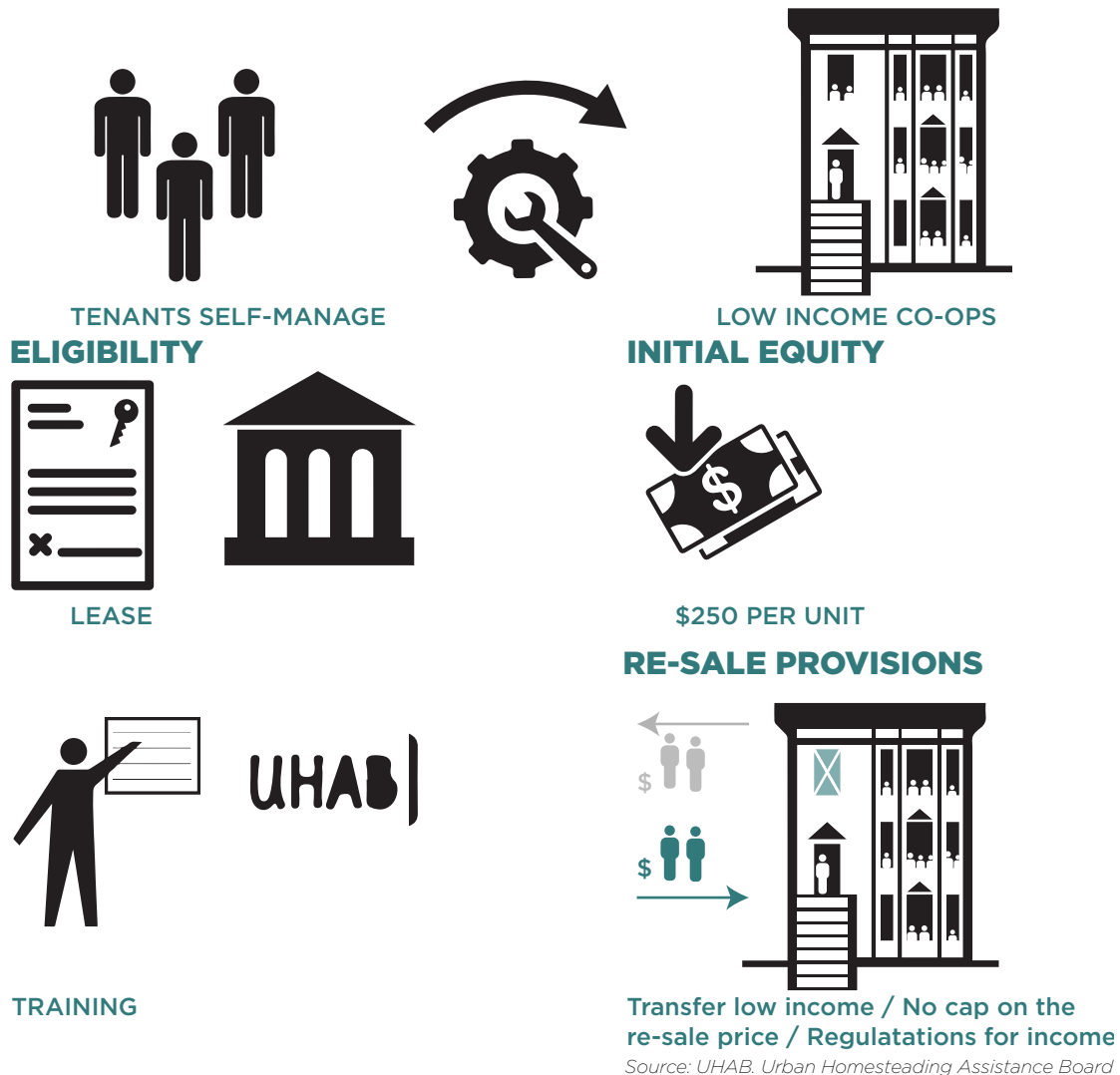


The State assist developers in building limited equity cooperatives by providing financial aid and transferring public properties. The units have resale restrictions.

Programs: Community Management Program

FIRST PROGRAMS

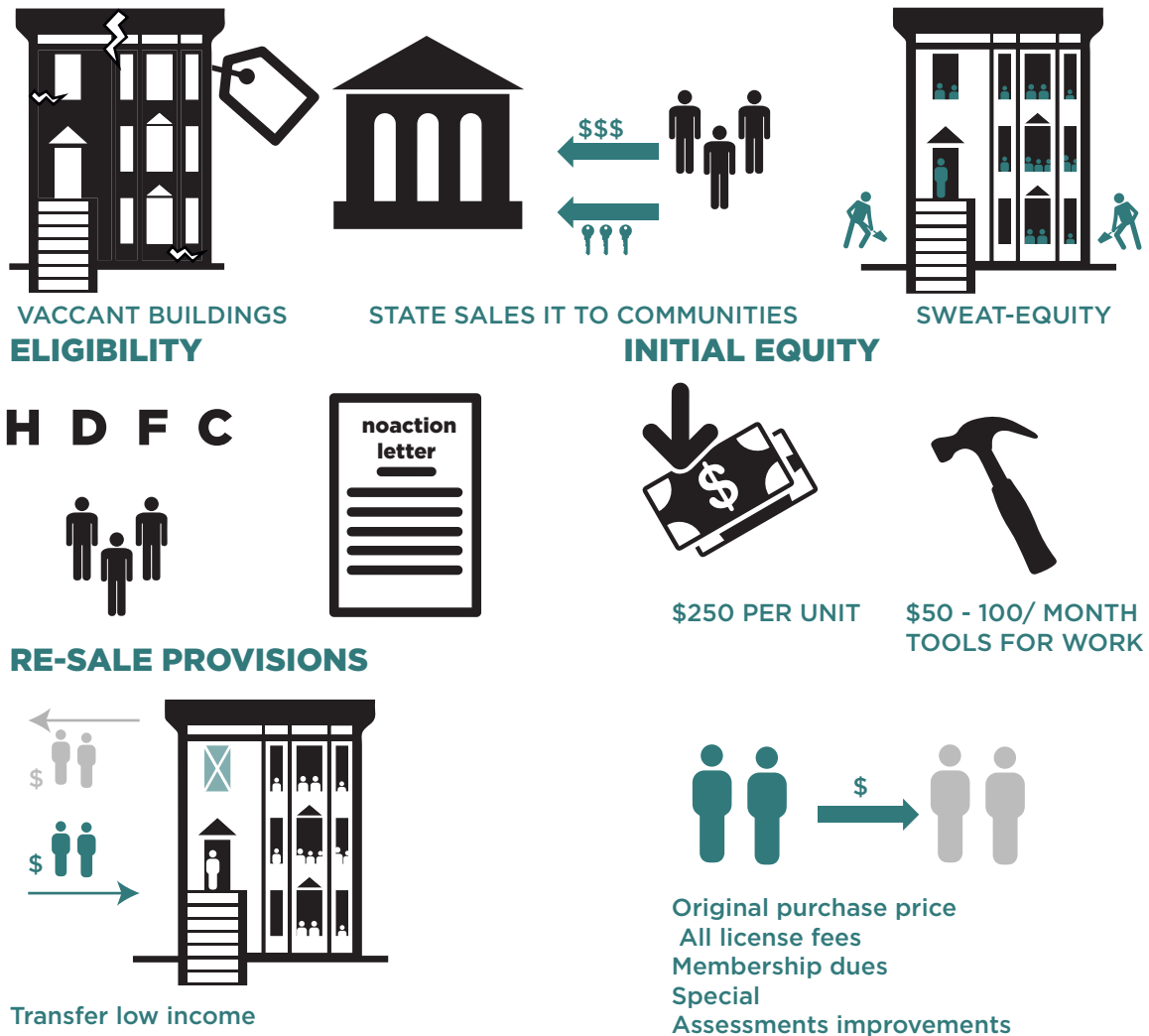
TENANT INTERIM LEASE (TIL) PROGRAM



This City program gives organized tenant groups opportunities to lease, self manage and buy city property buildings. In this program, the shareholders of the limited equity co-op have a lease with HPD and received technical training and advising by UHAB before closing the purchase. Only HDFCs are eligible for this program, and it requires 60% of tenants to sign purchase agreements before the building can be sold to the corporation. Tenants that do not agree to be part of the co-op (except for eligible senior citizens and disabled persons) are subject to eviction. The initial equity in these plans is set for \$250 per unit. The only resale provision concerning affordable housing is that the units must be sold to low income newcomers. Their incomes should not exceed six times the annual maintenance, plus utilities, for the apartment. These plans do place limits on how much of the profits are for the shareholder and how much for the co-op.

For more information read the Limited Equity Cooperatives a Legal Handbook by UHAB <http://www.uhab.org/programs#sthash.bf3zm2mt.dpuf>

HOMESTEADING PROGRAM



Source: UHAB. Urban Homesteading Assistance Board

Vacant city-owned buildings are sold to low income homesteading groups, which agree to rehabilitate the building with voluntary work. This model is also known as a sweat-equity co-op, where the funds for the physical enhancement come from the City, State, and private sources, including foundations. To be eligible for this program, co-ops must be an HDLC.

On several occasions, groups of squatters have reclaimed ownership of the City's properties, becoming homesteaders. This program evolved from the squatter movement.

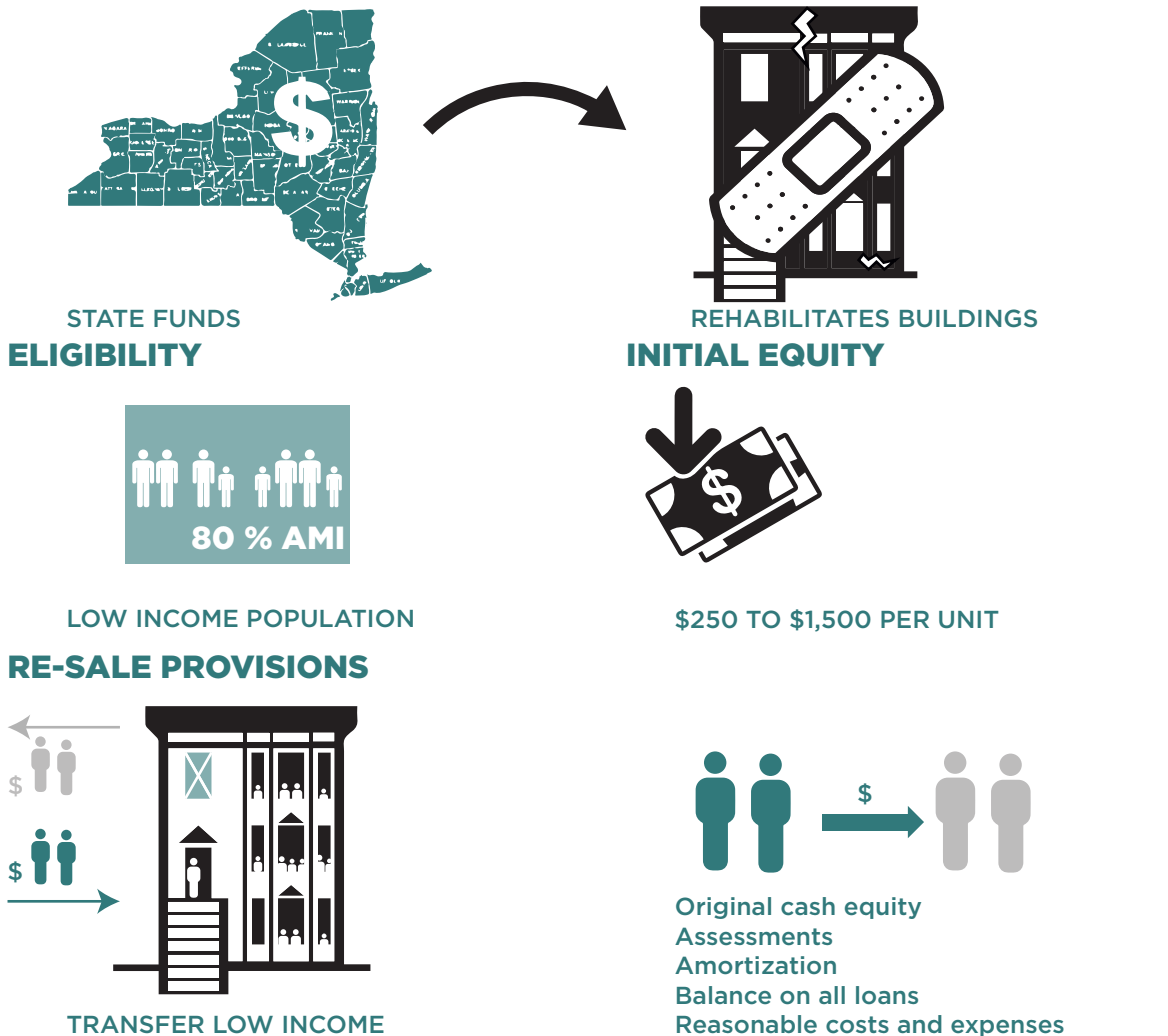
The buildings are sold by HPD at \$250 per unit. The extra money needed for the repayments are collected within the co-ops.

For more information read the Limited Equity Cooperatives a Legal Handbook by UHAB <http://www.uhab.org/programs#sthash.bf3zm2mt.dpuf>

CURRENT PROGRAMS

LOW INCOME HOUSING TRUST FUND COOPERATIVE

DESCRIPTION



Source: UHAB. Urban Homesteading Assistance Board

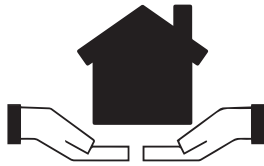
Since 1985, the Private Housing Finance Law (Article XVIII), gives State funds for rehabilitation and construction of low income cooperatives and condominiums. The eligibility of this program is individuals or households whose incomes do not exceed 80% of AMI in NYC.

The price for the initial equity varies but must remain affordable for the purchaser. Usually prices oscillate between \$250 to \$1,500 per unit. This program states re-sale provisions in which the shares must be transferred to low income individuals or households. This aims to maintain affordability. These co-ops can be rented (depending on the by-laws), but the price should not exceed the shareholder's actual monthly maintenance and should not exceed 30% of the income of the subtenant.

For more information about the resale provisions visit: <http://www.uhab.org/programs#sthash.bf3zm2mt.dpuf>

COMMUNITY MANAGEMENT BUILDINGS

DESCRIPTION

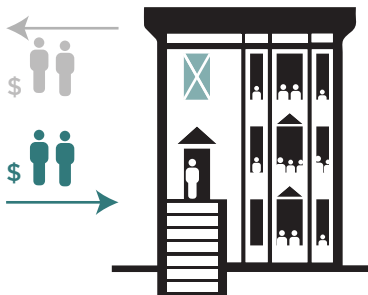


NON PROFIT MANAGEMENT
ELIGIBILITY



CONTRACT

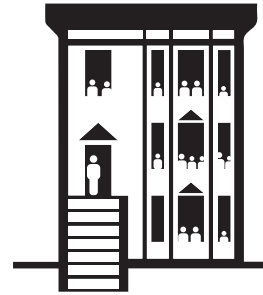
RE-SALE PROVISIONS



TRANSFER LOW INCOME



PRIOR CO-OP CONVERSION
INITIAL EQUITY



HPD STATE



No profit regulations
Improvements limited

Source: UHAB. Urban Homesteading Assistance Board

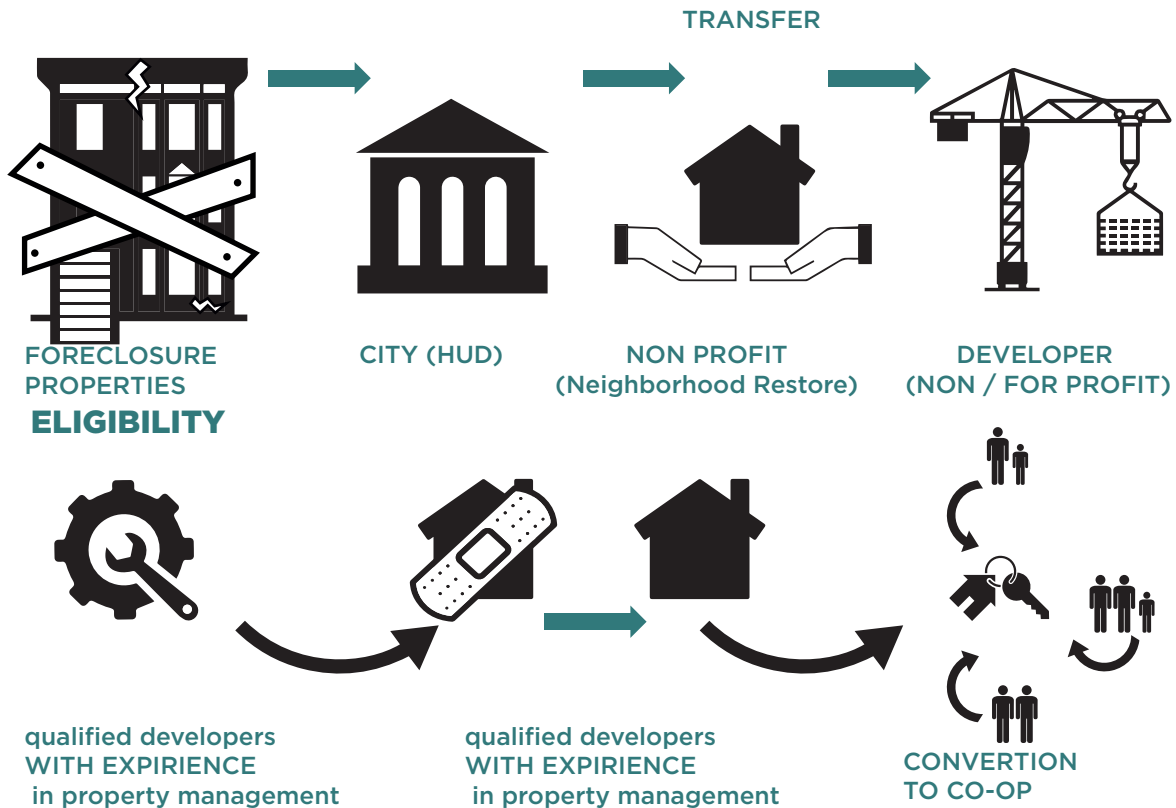
This model describes a building that is managed by a non-profit (versus being self managed by tenants).

The non-profit has a direct contract with HPD prior to the conversion to cooperative. This program receives a sizable portion of City funds for repairs. The re-sale provisions applies only for 15 years, in which shareholder do not receive any profit for the first three years. Additionally, there is a limited reimbursement for capital improvements to individual units (\$1,500). The profits made from the unit are divided between the co-op (70%) and the shareholder seller (30%).

For more information read the Limited Equity Cooperatives a Legal Handbook by UHAB <http://www.uhab.org/programs#sthash.bf3zm2mt.dpuf>

RECENT PROGRAMS

THIRD PARTY TRANSFER



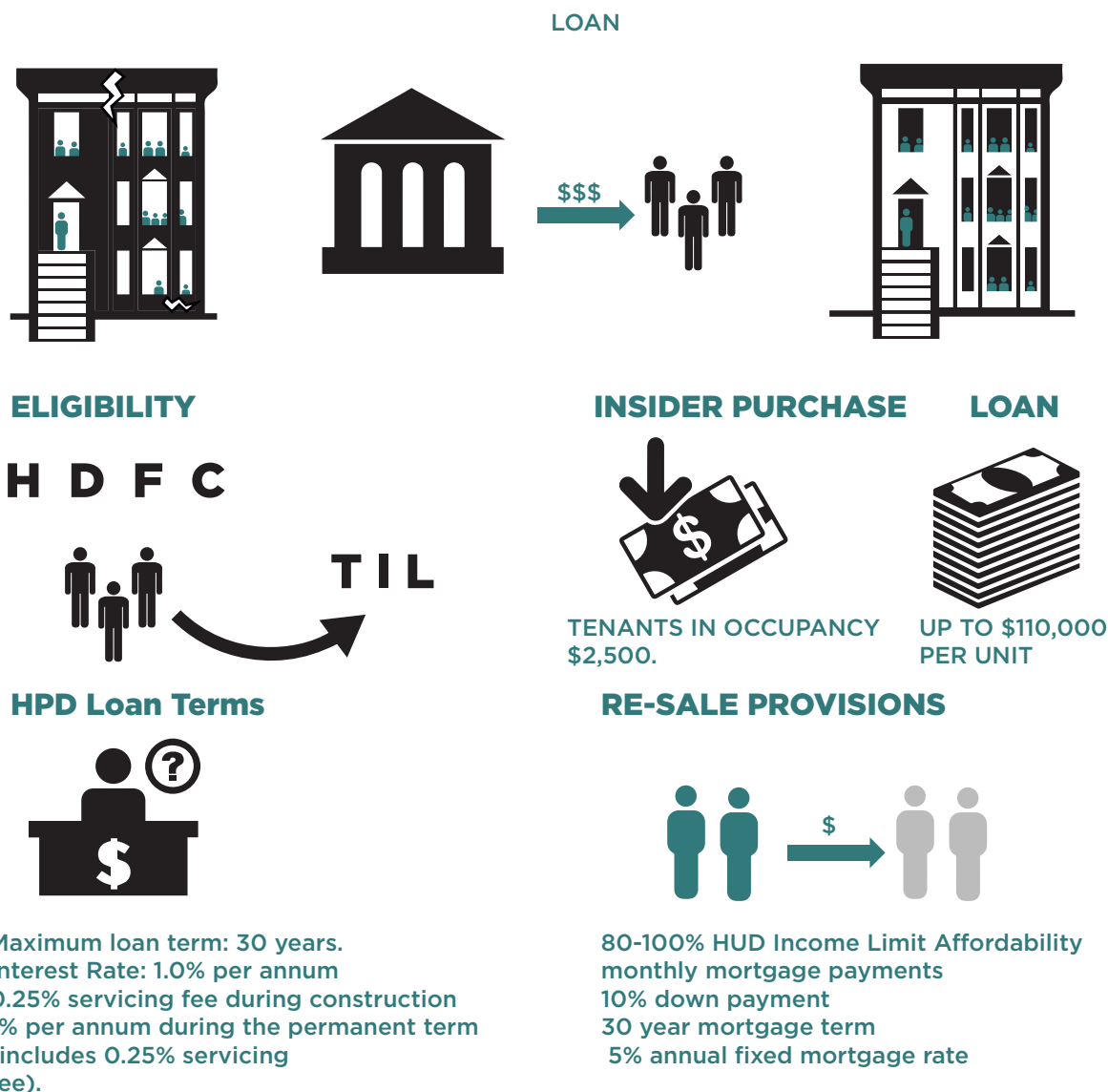
Third Party Transfer Program (TPT) was created in 1996 by HPD.

When New York City forecloses on properties (for unpaid real estate taxes), ownership is transferred directly to a non-profit organization, Neighborhood Restore, who works with responsible and qualified non-profit and for-profit developers to stabilize, manage, and plan for the rehabilitation and future ownership of these properties.

Neighborhood Restore then transfers ownership of the properties to the qualified developer who rehabilitates the building and manages it as affordable housing. This program has been used to transfer buildings to tenants as a cooperative, who self manage the property.

For more information visit <http://furmancenter.org/institute/directory/entry/third-party-transfer-program>

AFFORDABLE NEIGHBORHOOD COOPERATIVE PROGRAM



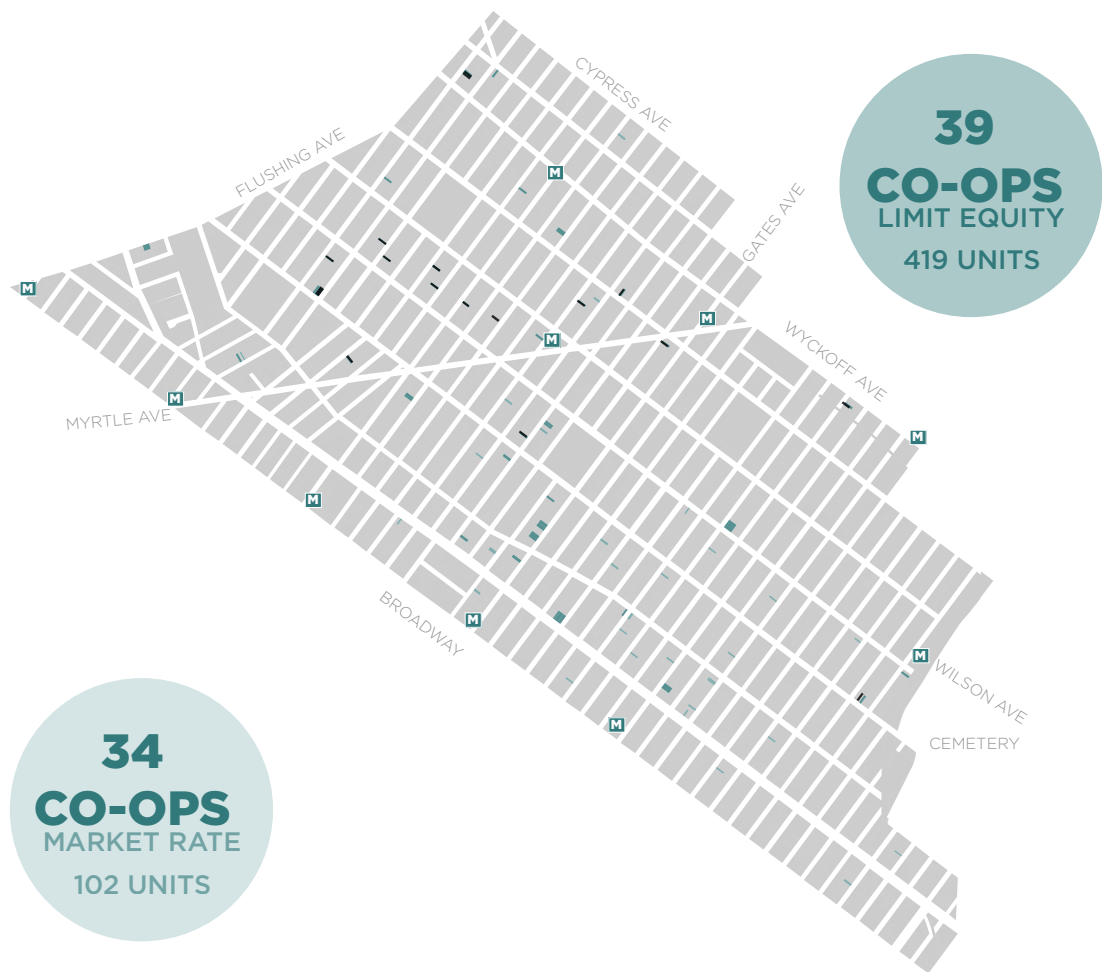
HPD's Affordable Neighborhood Cooperative Program (ANCP) provides low-interest loans for the rehabilitation of buildings under the TIL Program for the creation of affordable cooperatives for low and moderate-income households. HPD Loan Amount: up to \$110,000 per unit. The amount per-unit may be reduced for projects utilizing other sources.

HPD Loan Terms: maximum loan term 30 years, with an interest rate of 1.0% per annum plus 0.25% servicing fee during construction and 1% per annum during the permanent term (includes 0.25% servicing fee).

The subsidy states sales prices as following: the insider purchase price for all eligible tenants in occupancy, regardless of unit size is \$2,500. Outsider purchase must be calculated using the following formula based in 80-100% HUD Income Limit Affordability \$83,900 (2014 HUD Income Limit price)

For more information visit http://www1.nyc.gov/assets/hpd/downloads/pdf/developers/term-sheets/PDF_ANCP_Term_Sheet.pdf

CO-OPS IN BUSHWICK

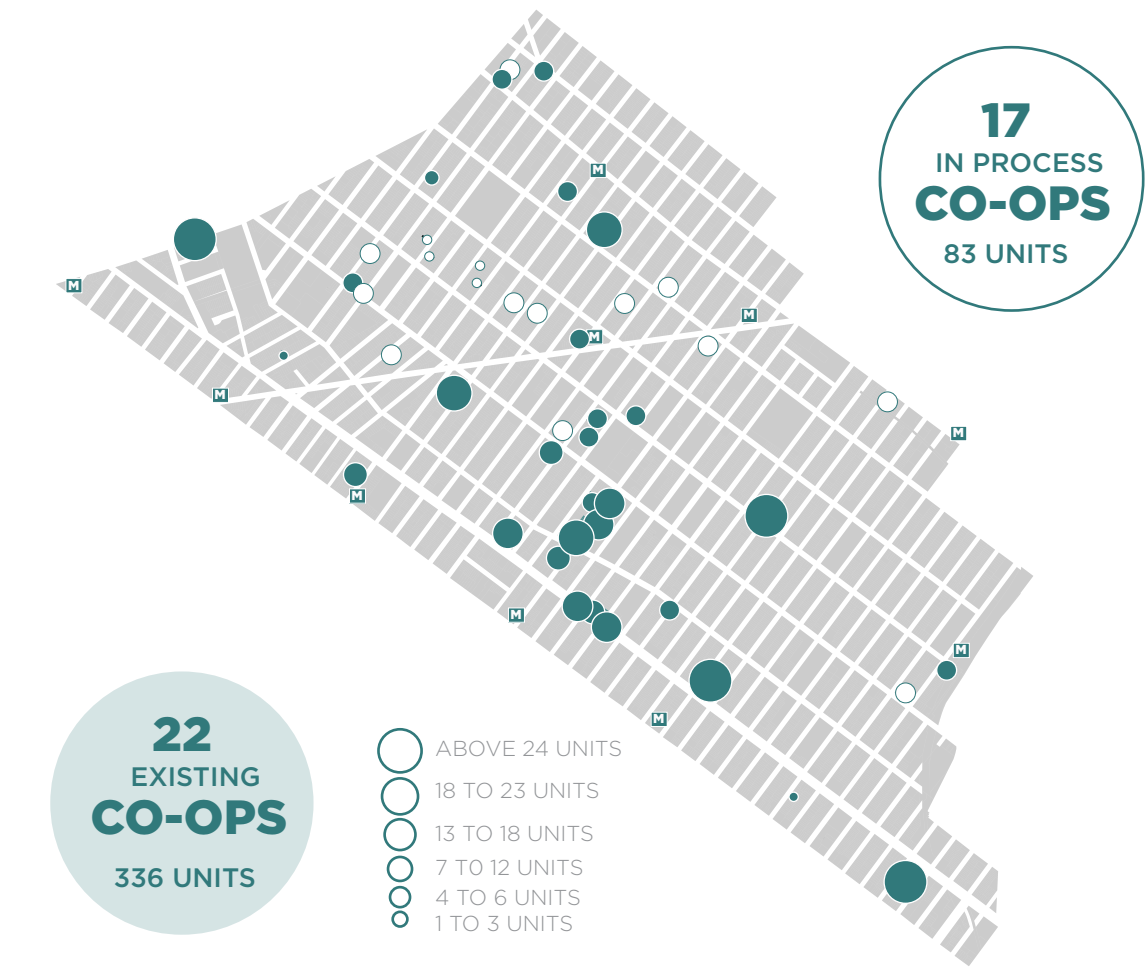


MARKET RATE AND LIMITED EQUITY

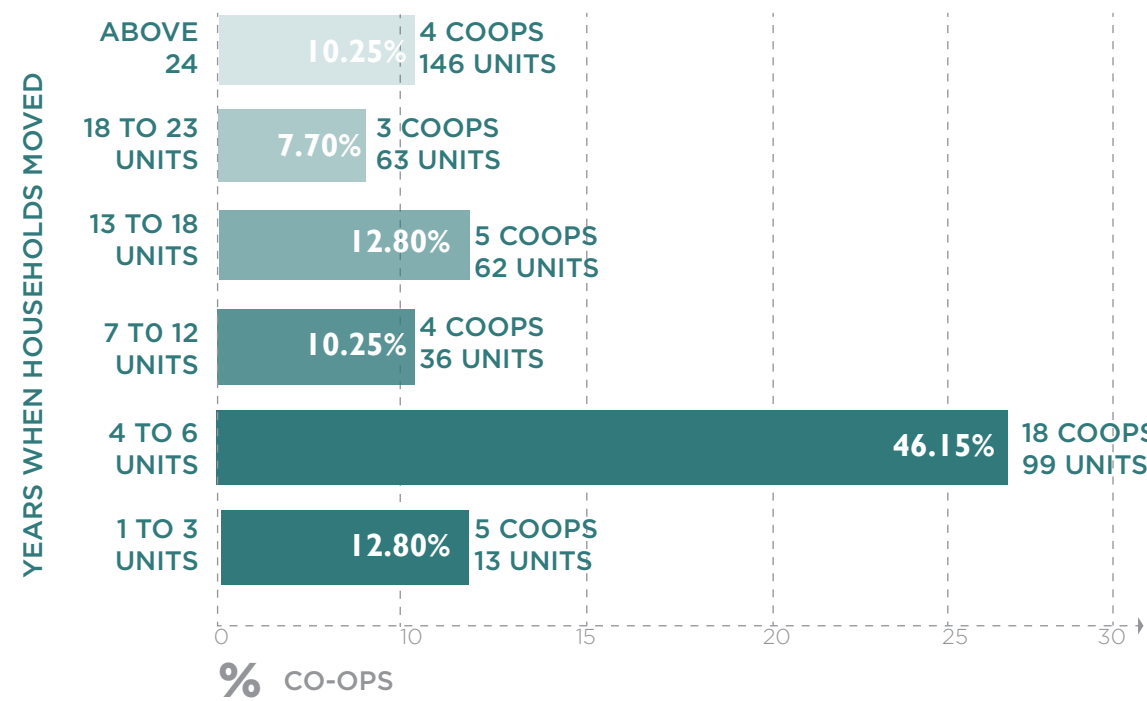


Source: UHAB, Urban Homesteading Assistance Board

SIZE OF CO-OPS



SIZE OF CO-OPS



Source: UHAB: Urban Homesteading Assistance Board

CO-OPS IN BUSHWICK

100% SHARED EQUITY



57% HDFC

NEIGHBOARHOOD RESTORE 1 UNITS	1158 DEKALB 8 UNITS
RIDGEWOOD BUSHWICK 3 UNITS	107 BLEECKER HDFC 8 UNITS
RIDGEWOOD BUSHWICK 3 UNITS	1087BUSHWICK AVE HDFC 8 UNITS
1000 DECATUR 3 UNITS	175 LINDEN ST HDFC 12 UNITS
WEST BUSHWICK 3 UNITS	1095 BUSHWICK AVE HDFC 14 UNITS
RIDGEWOOD BUSHWICK 4 UNITS	111 LINDEN ST HDFC 16 UNITS
RIDGEWOOD BUSHWICK 4 UNITS	115LINDEN ST HDFC 16 UNITS
WEST BUSHWICK 5 UNITS	12 BLEECKER HDFC 16 UNITS
RIDGEWOOD BUSHWICK 5 UNITS	1091BUSHWICK AVE HDFC 16 UNITS
RIDGEWOOD BUSHWICK 5 UNITS	924 STANHOPEHFC 20 UNITS
1185 PUTNAM AVE HDFC 5 UNITS	87 STOKOLM 20 UNITS
924 HART STREET 6UNITS	101 LINDEN ST HDFC 23 UNITS
RIDGEWOOD BUSHWICK 6 UNITS	890 FLUSHING AVE 27
RIDGEWOOD BUSHWICK 6 UNITS	1050THE NEW HANCOCK HDFC 27 UNITS
221 HARMAN ST HFDC 6 UNITS T	24 FURMAN AVE HDFC 53 UNITS
164 BLEECKER HDFC 6 UNITS	246 CORNELIA AVE HDFC 39 UNITS
RIDGEWOOD BUSHWICK 6 UNITS	
RIDGEWOOD BUSHWICK 6 UNITS	
160 BLEECKER HDFC 6 UNITS	
114 GROVE ST HDFC 6 UNITS	
24 MOFFAT ST HDFC 6 UNITS	
RIDGEWOOD BUSHWICK 6 UNITS	



CHALLENGES



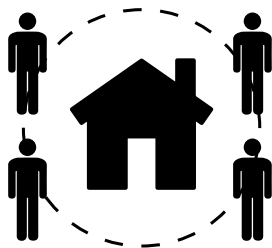
CONSENSUS

While consensus is also a benefit, the democratic model can be a challenge to co-ops since reaching consensus between co-op shareholders can be very difficult.



PROMOTING AFFORDABLE HOUSING

Co-ops are made up of individuals, each with their own financial pressures. It can often be challenging for shareholders to obtain from selling their units at market-rate prices and instead consider the community's needs over their own.



COMMUNITY SENSE

Creating a community sense and engaging the total population in the co-op is not easy. Co-ops struggle to find volunteers for the board.

SURVEY

Have you heard about a limited equity co-op?

25%
knows

65%
does not
know



The survey shows that most people in Bushwick do not know what a limited equity co-op is. Evidently, one of the biggest challenges facing co-ops is to spread the word.

SECTION II: SHAREHOLDER INTERVIEWS

As part of the qualitative portion of the research, interviews with shareholders in co-ops were conducted. The interviews were organized and coordinated by UHAB with HDFC shareholders and/or board members. Each interview was conducted by one UHAB representative and two students of DUE Parsons Studio I and videotaped with consent. In total, 7 interviews were conducted; 1 in Bushwick and the other 6 spread among Manhattan, the Bronx and Brooklyn.

The interview questions were designed by Maliha Safri, from the Solidarity Economy Project (SEP), with input from Design & Urban Ecologies Students at Parsons, The New School for Design, and UHAB. These questions were used as guides to navigate the conversations with the interviewees. These interviews provided both positive and negative insights into the functioning of co-op buildings and boards, as well as experiences of living in a co-op. In the following pages we provide some of the key findings.



DAVID CALVERT,
Board Member

*212 West 105th Street Co-op
Upper West Side, Manhattan*



PIN LO,
Shareholder

*204 Bushwick Avenue Co-op
Williamsburg, Brooklyn*



ALBA ORELLANA,
Shareholder
EDWIN ORELLANA,
Shareholder

*1898 Longfellow Street
West Farms, Bronx*



BARBRA TAYLOR,
Board Member
SHARON TAYLOR,
Board Member

*842 Park Place HDFC
Crown Heights, Brooklyn*



MARIA ORTEZ,
Former Board Member
RAY SAGE,
Board Member

*175 Rivington Street HDFC
Lower East Side, Manhattan*



HENRY REID,
Building Manager

*678 Street Nicholas Avenue Co-op
Harlem, Manhattan*



LINDA ROSARIA,
Former Board Member
JOVA PUGA,
Shareholder
JACK MOORE,
Board Member

*295 Stanhope Street HDFC
Bushwick, Brooklyn*



DAVID CALVERT

212 West 105th Street Co-op
Upper West Side
10 Units
Tenant Interim Lease Program
1979

“Living in a co-op everyone has an interest in the building working. And what we’ve been able to do is to define working as not just accelerating in value, but as actually working as a community.”



CREATING CO-OPS & GETTING INVOLVED

Previous housing conditions and reasons for getting involved

Co-ops seem to promise a permanent affordable housing solution. They attract different people from different backgrounds. Therefore, keeping capacity in mind, co-ops have to establish and maintain a screening process of applications and policies. Maria and Linda share similar stories of landing in their respective HDFCs, “I was homeless, I was in a shelter” and thought “well you know what, this is better than being in the streets, let me stay here.” As more people moved into a co-op, the word spread amongst their friends and friends of friends. Jack moved in on Linda’s advice, “[I was] a renter but then I saw light at the end of the tunnel... When I had the opportunity to buy, it gave me the opportunity to... if I had to step away from my job I could. And at that time I had two young children. So I jumped at the opportunity to move into this building.” Other applicants included people who were dissatisfied with their housing conditions of physical space and/or troubles with their landlords. David described his previous home before moving to his co-op as “a rat infested, roach infested, cold water flat in East Harlem, and it had no rent. It was such a poor apartment that the city wouldn’t collect rent from us. It was a half of a building, the top half was completely burned out, water came in through the roof. I mean it was just really poor housing.”

The conversion process

Not everyone had a functioning co-op to plug themselves into. They have lived through different kinds of housing typologies before setting the buildings up to be a co-op by themselves. The time lines of these self-created co-ops varied and therefore their processes varied. 842 Park Place had to go through the “TIL program... because they wanted to see how we [Barbara and the others] managed the building, we had to elect a president, a treasure and a secretary, and everybody was paying the same rent.... anyway she [Anita Robinson] would collect any rent she could collect, and we would fix up what we could fix up.” 678 Nicholas Ave in Harlem had a similar trajectory. Henry moved into his building when he was a child, “I was 5, over 50 years ago. It wasn’t a co-op at that time. It’s was a two story rental situation. When in 1979, the owner went broke then city took over the buildings, so the ladies in the building got together and formed a co-op and took over the building.” Henry went on to explain that the co-op system came as a relief to the renters as it meant they could now “own for themselves.”

Sweat equity required and initial struggles

Setting up a co-op as new shareholders or as new board members means creating a new management structure and a new set of rules. Therefore, the first ones in the building and/or board had to put in a lot of effort in cleaning up the physical premises of these buildings and struggle to settle into their new positions. Even though David moved into the co-op because he was seeking a better living condition, his new space needed work as well. He says, “the first minute I walked into this apartment, I mean it looks nice now, but it was unbelievably unlivable. There was no bathroom at all. We had to completely change all the walls. The only existing thing that is still here is the old, the exposed brick walls. Aside from that everything had to be put in new. And over a 30 year period we’ve done that.” As a shareholder and not just a renter, David was encouraged to put in the required effort to fix his apartment building. “There have been multiple periods of renovation work but we were able to do that because it mattered so much to us.” Maria has now been in 155 Rivington Street HDFC for about 30 years, of which, she has served on the board for 20. Talking about her initial experiences she said “we started running the building, thank god, because I was already, I mean, at a point I had to take people, like... they were selling drugs... I had to take people out of the building because they were selling drugs.”

SHARING OWNERSHIP, SHARING RESPONSIBILITY

Personal interest vs community interest in decision making

David summarizes the notion of shared ownership and shared living as “and you know, living in a co-op, everyone has an interest in the building working. And what we’ve [board members] been able to do is to define working as not just accelerating in value, but as actually working as a community.” Living in a coop is exactly that. It is a community in a communal living. They share the space and hence also the work that comes with it. Some of the HDFC application processes, like the one of 175 Rivington Street, screen applicants on the basis of whether or not they would be an asset to the HDFC. For Carter, the HDFC provides an opportunity to choose to do what they want to do via community support. He explains this phenomenon with, “here each person has a certain standard of power that affects everybody else and the vote severity make a difference. People want personal powerful things and personal goals and that they can’t afford on their own, but it affects everybody else. It doesn’t matter, they choose to do what they want to do. But it really affects the people, the personal power.”

Taking responsibility to get things done inside and outside the board

HDFCs are self-managed by a board of elected or volunteered shareholders. These members are responsible for applications, finances, housekeeping, coordination with the city etc. Henry explains the role of a board as, “you have a president, vice-president, and you have the treasure, secretary, everybody have their own little responsibilities. And the whole key of the board is this: is a group consensus, which means you vote as a team. Not one person makes decision, you gonna vote as a team.”

While the experience of being on the board can be fulfilling for some, it can also be exhausting. Barbara quotes a particular example from her experience, “we had to fight for a new roof... we did what we were supposed to do. If they send me some papers and say fill this out, because you have to do this, it can be as thick as this book, I fill them out and give it back to them.” In David’s case, cost cutting meant additional workload. He says “we [212 HDFC, Upper West Side] still don’t hire a management fee, a management company, so we sort of keep our maintenance, is only \$550 per month. We keep it pretty reasonable by doing all of the work ourselves.”

Both, Maria and Jack, had stories of helping out the board even after stepping down. “I’m not on the board currently, officially. I do get a lot of calls pertaining to the building, ya know.” They both had the experience of being on the board, so, they felt “if they need help I can always help.”



MARIA ORTEZ

175 Rivington Street HDFC
Lower East Side
26 Units
Tenant Interim Lease Program
1983

"When we work as a team we get stronger. This is what happened here. Together working as team. So the building is standing! That's the way it should be. Just continue going and keep positive."





BARBARA TAYLOR

842 Park Place HDFC

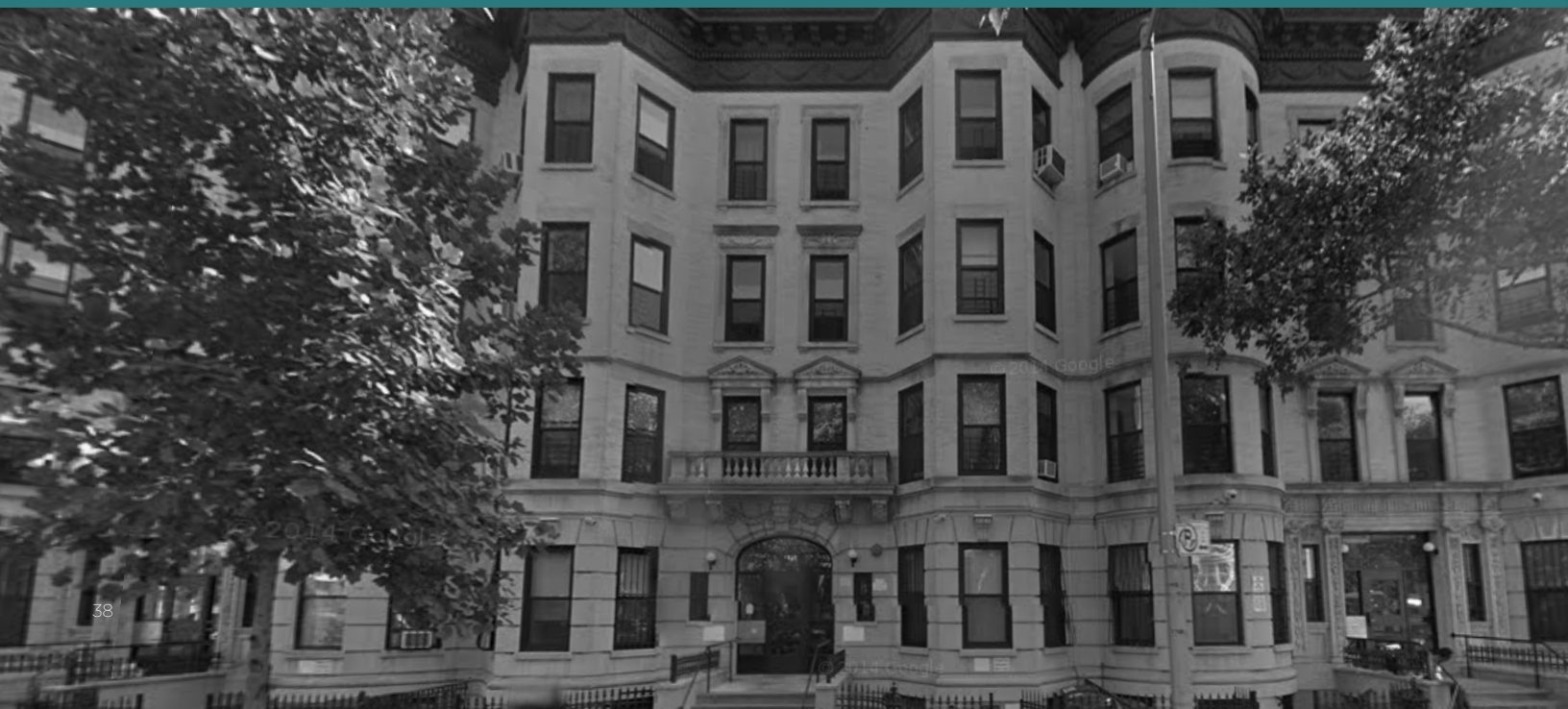
Brooklyn

8 Units

Tenant Interim Lease Program

1998

“But I just see this as a total blessing, you know, being able to come back to where I was raised, come back to a beautiful huge apartment...”



CHANGING LIVES, FOSTERING OPPORTUNITY

Cooperatives allow shareholders to control their own lives, and create a home that remains the center of the extended family

“Living here for 30 years, is a while... This is my home. I raised my kids here, I have grand kids, they come here” says Maria Ortez. Knowing that home will always be there, and be in the same place can be very comforting. Sharon Taylor sees this “as a total blessing, you know, being able to come back to where I was raised, come back to a beautiful huge apartment...” What Sharon Taylor describes remains elusive for most low and moderate income New Yorkers.

Living in a co-op allows for more flexibility when it comes to work, vacation, and the need to care for loved ones

Jack Moore of Bushwick found more control of his own life “when I had the opportunity to buy, it gave me the opportunity to, if I had to step away from my job, I could.” But it has also allowed him to be confident in his situation as he has moved on to retirement; “if I didn’t have the apartment, I couldn’t retire... Like I said, if it wasn’t for the co-op, my pension wouldn’t even pay my rent necessarily.” For David Calvert, his co-op has allowed his family to move around the world with his wife’s career. “When we took a job in Mexico, when we took a job in Mozambique, to know that we could sublet for 4 years and come back, was just great.” There were even opportunities to travel, where there might not have been a possibility before; “Yeah, I bought a couple of time shares so I could travel with my bike now that my children are older, so that we could enjoy time by ourselves” said Moore.

At the end of the month, sometimes it’s nice to have a little extra in your pocket, allowing for more disposable income, co-ops can create more opportunities to enjoy life

“At least with an HDFC, it gives them the opportunity to at least afford beyond necessity. You know, so they can go out there and maybe...enjoy a day out, maybe a movie every now and then,” said Moore. It allows for others, like Ray Sage’s wife to pursue their passion. “...I can take some of my income and share it with her.” “She does a lot of advocacy for climate change and that does not pay much...”

For people on a fixed income, being part of a co-op can be a lifeline to stay in your home, and allow for a more stable life

Linda Rosario knows what it gives her; “If you take ownership you have a little bit of control.” This is echoed by her fellow shareholder Jack, “it enables her [Linda] to live. Ya know, she said, she’s on monthly income. She’s on disability, having to pay everything out in bills at least she’s able to have a little something. Ya know, and that’s what helps is stability. So sometimes just having that peace of mind is enough.” Co-ops allow for opportunities to be created to give shareholders more flexibility, more stability, and more control. Because at the end of the day, where you live should enhance your life, not drive it.

BUILDING COMMUNITY

Building community

Many people who live in co-ops do have a sense of community, even a sense of family. The residents in co-ops are willing to help each other, and they are sharing resources and responsibilities, celebrating together. People may feel more comfortable here, because they have the sense of belonging to co-ops, no matter what race, gender, age you are—co-ops are communities that welcome diversity. The communities built and sustained through co-ops can also form a basis to fight against gentrification in their neighborhood.

Sense of community, sense of family

In co-ops, people could have a sense of community, since they know each other very well. Henry Reid, who is the manager of his co-op building, said: “They feel comfortable here. They know their neighbors. So they know if something is going on, people will come and say what’s going on... You know people get your back in this building.” Also this sense makes people feel safe: “I know the people around here, I feel safe around here”, as Barbara Taylor states. “I was also seeing a lot of people around, a lot older now, you could talk to them and you could stay out all night, nobody had a problem” said by Carter Wesley. “It can become more than just a passing neighbor; it can become family” as Jack Moore said. In some co-op buildings, people leave their doors open, and don’t have to worry about their property and children—the whole building is a family. This sense of family could be in the mind of the long-term residents, like Sharon Taylor, who has lived in a co-op for 33 years, as well as in the mind of people who just moved in, as in the case of Maria Ortez. To Jack Moore, this sense of community and family can “get the people to be positive and you can bring a community up, you can bring a block up.”

Sharing resources

Many residents in co-ops share resources with their neighbors, and are involved in community events. Ray Sage states that “people have been talking through the years about how we should develop a communal space. Share the roof and do a deck and there may be more opportunity to interact.” Sharon Taylor is more excited about people celebrating together: “And now we have all kinds of celebrations down here, in our big beautiful basement and our backyard”. It can also be like family; “we’ve had shared meals where multiple families would like alternate cooking for each other,” David Calvert said, “It helps us with raising kids to not have everyone all the time cooking.”

Sharing responsibilities

Besides sharing resources, being part of a co-op community also means sharing responsibilities. Maria Ortez spoke about coming together; “We used to work together [physical work of renovation]. But you know when something major happened, like when [hurricane] Sandy happened, its like, we managed to be together.” “You got a lot of people who want to do things for the building. So it is a good thing, because it is not just your apartment” said Reid.



PIN LO

204 Bushwick Avenue Co-op
Brooklyn
16 Units
Community Management Program
1987

"The common interest is I think important for someone to live together."





EDWIN ORELLANA

1898 Longfellow Street
Bronx
18 Units
Tenant Interim Lease Program
1979

"But with this open area that we have here, any resident from the building can come and have their own party, and they can invite or have a private event. But we have a space to enjoy."



BUILDING COMMUNITY

Building a diverse community

One co-op building can include people from different cultures, countries and races, which means people can learn a lot from their neighbors and “you don’t have to go outside, don’t have to go down a block, it’s all in the building here,” as Henry Reid said, “we have diverse groups of people here, and there is nothing could end about this. So diversity is one of the things that I like about this building... that is why this building has to stay.” This type of housing model “gives them [HDFC shareholders] an opportunity for working class, non-working class, elderly, everything, to come together as a community.” Claimed by Jack Moore.

Co-op as a mechanism for affordability against gentrification

Co-ops also have a major impact on their communities. “The neighborhood’s picking up, but the idea is to have these HDFCs for people to pull themselves up from being homeless or you know from a minimum wage job, being able to go into a house that’s theirs, that they can sit down and don’t have to worry about the rent going up again, that the landlord is trying to get rid of them,” said Jack Moore. “You have to have a whole area thrive and an HDFC to help that because by keeping people where they can afford to pay their rent and have a little extra helps an area because now they can afford to go out and eat or go out and buy and eat and or go purchase something so it helps the shopkeeper, it helps the diner, you know, be it McDonald’s or a little cafe or whatever.”

ACKNOWLEDGING CHALLENGES

Acknowledging challenges

The challenges of co-ops come from two parts: one includes the problems of the co-op system, lack of education, friction between the board and other shareholders; the other includes lack of government support, and the affordability of co-ops being threatened by the real estate market.

Problems of the co-op system

“One of the biggest challenges is trying to get some of the owners and even [rental] tenants to stay up with their rent. They’re not at market value yet they think that they don’t have to pay for it monthly” said Jack Moore. Some co-ops are lacking commitment, which constitutes a huge challenge in running or maintaining the building; “People have to realize that you’re hurting the building... You’re hurting everyone.”

Another challenge is the structure of the board: One board may only have 10 shareholders but 4 in management. “You can’t run an effective co-op that way,” says Henry Reid. How to run a board or make decisions more efficiently is a problem that needs to be fixed in the future.

Lack of education about co-ops

The proper functioning of co-ops requires ongoing education; “people still don’t fully understand what a co-op is” says Henry Reid. Linda Rosario mentioned the same problem; “If you don’t study, you have to get study what is it to get into a co-op. Because they don’t know the difference between a condo, a co-op, or a house. It’s three different things.” The problem is shareholders could learn what the co-op is, but they don’t get information for themselves” said Reid.

Friction between board members and other shareholders

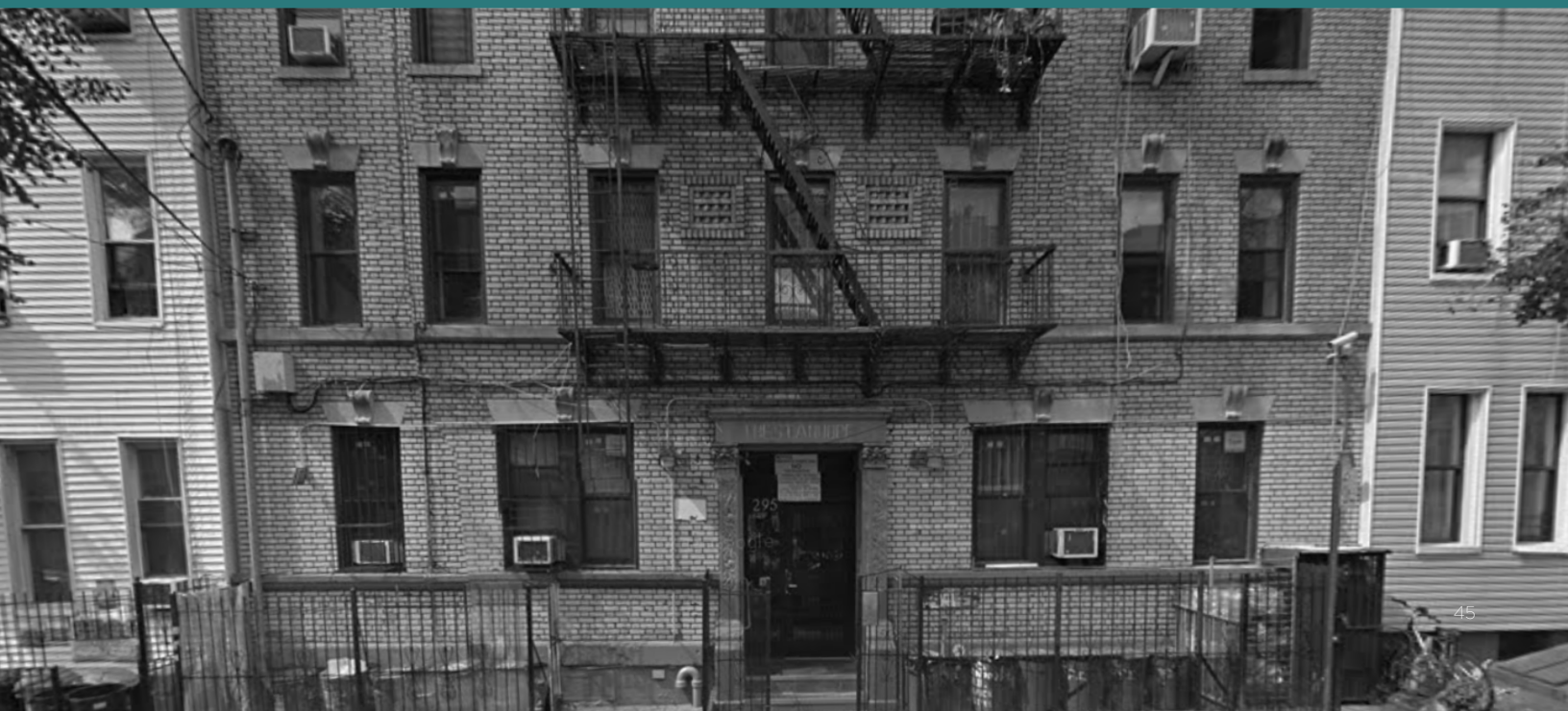
In some buildings, several people don’t realize their responsibilities, but still want to exert control, which causes friction between the board and other shareholders. “Now we got gas and heat and everybody is complaining there’s not enough heat, there’s not enough heat.... As long as I was running down here, cutting this heat on, it was alright. Nobody came down here to help me. But they were appreciative. Now they act like, you know, it’s gotta happen...” Said Barbra Taylor; “They appreciate but they just try to act like they don’t and some of them feel like they could do better, you understand? Like if they were in charge, maybe they have issues because they’re not running things.... That’s what that’s about. Control issues... They want to control and they can’t control and we’re not going to let them control,” said Sharon Taylor.



LINDA ROSARIO

295 Stanhope Street HDFC
Bushwick
20 Units
Community Management Program
1989

“The tenants and the management took over in Bushwick, and you know what, they converted it into an HDFC. And it’s been the most wonderful thing they have done for affordable housing in my community.”





HENRY REID

678 St. Nicholas Avenue Co-op
Harlem
70 Units
Tenant Interim Lease Program
1979

“Cause in renting you just think about your apartment, in coops you will think about what you do to contribute to the whole”



ACKNOWLEDGING CHALLENGES

Democratic systems entail commitment, reaching consensus and active involvement

HDFCs work on a democratic basis in which everyone works together and gets to be involved in the process of decision making. But, obviously, this does not come easy. By and large, the board has to face the challenges of disagreements and conflicts amongst shareholders.

Talking about these challenges, Maria was reminded of her time as a board member; “there was a lot of issues... They [residents] did not wanted to pay, because they didn’t agree on this... so the little bit of people that were paying their rent, we were trying to manage the whole building, and pay all the bills... I used to have people coming at my apartment and knocking on my door, trying to hit me, and people trying to come and trying to help me... like... it was really crazy back then.” Stanhope Street HDFC has a problem of shareholders not being involved in the process, sometimes out of lack of will, and sometimes out of lack of information. Jack spoke about how shared responsibility is like a family; “It can become more than just a passing neighbor; it can become family.”

Linda informs us about their “training... And when you get this training, you get this booklet that’s called the operating plan and the operating plan has the guide about how the co-op should be run and also it tells you, the shareholders, you need to pay your maintenance.”

David’s account of his board member experience was the opposite. In the HDFC that he lives in, they “don’t really use the term board in this building; We use the term shareholders, association, and officers... I’ve probably held every title over the years, but so has everyone else in the building. Its very democratic. Its very transparent. We have been very successful because we don’t let one person monopolize the whole building.”

ACKNOWLEDGING CHALLENGES

Affordability and threats coming from the real estate market

“I think the biggest challenge is to try to maintain affordable housing... In this town, trying to maintain affordable housing lived by the regulatory agreement is the toughest challenge” said Sage. Co-ops are on the front line of the affordable housing crisis. The lure of selling at the market rate is hard to overcome. Sharon Taylor could see her neighborhood change; “...my heart just goes out to the millions of people in New York that are forced out of New York City cause they can no longer afford to live here... All these brand new developments coming up over here in my neighborhood, I’m glad to see it, but none of my childhood friends can move in there. They can’t afford it. And that’s not right.” The threat is not only from new developments, but also from offers from others, according to Moore; “There are so many people in this area, especially elderly that are being offered buyouts by their landlords and they fairly realize that it is easier for their landlord to give you \$30,000 because he is gonna recoup that money within two years...” Even if co-ops manage to resist threats by the real estate market, gentrification drives up living costs of a neighborhood and changes its social fabric. “We want to stay in the socialist world. And, right now, it seems like the capitalist world is winning,” says Sage.

Lack of government support

“We need the support of the government, we need more HDFCs for the low income people, for people in the community” says Linda Rosario. The City has the responsibility to keep housing affordable for citizens: “I think it’s an important part in understanding what allows this building to go forward. Its city being benevolent. Right, they’ve decided that there could be this little island of affordability. This building doesn’t stand alone in the face of millionaires” said Sage. While co-ops were supported by the government in the early years, there are currently no programs and efforts by the government to expand or preserve this housing model. The neoliberal urban development of the city puts co-ops, like other forms of affordable housing, at risk. It is largely due to non-profit organizations like UHAB and committed shareholders that limited equity co-ops can survive in this context.



JACK MOORE

295 Stanhope Street HDFC
Bushwick
20 Units
Community Management Program
1989

“One of the biggest challenges is to try and get some of the owners, and even tenants to stay up with their rent.”



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Image by UHAB

