

THE URBAN COOPERATIVE BLOCK

The urban cooperative block (see Figure 13.2) can be created by joining existing adjacent single-family houses and lots through voluntary partnership (agreeing on shared use of adjacent backyards, for example), co-ownership, or use of a for-profit or nonprofit cooperative housing sponsor. This urban infill or retrofit opportunity can provide greater affordability and more mixed income opportunities, an enhanced living environment with more amenities, and a resident-managed community atmosphere. Small units and additional bedrooms for larger group houses can be added, with central community facilities in the joined and redesigned backyards.

Garages can be converted to community workshop spaces, childcare, studios, offices, and storage. Energy and water efficiency can be enhanced by cooperative planning and retrofits. The N Street Cohousing Block in Davis is an excellent example of an on-going neighborhood retrofit to this form. Common play space for children, community gardens and orchards, slow streets, and more efficient use of open and shared spaces can reverse the alienating atmosphere of many traditional single-family neighborhoods.

A NEW LIFESTYLE

Although not all shared housing is cooperatively owned, it is a start towards group living. If you are not living alone, you are living in a group, even if it is composed of just two people. Dormitories are not cooperatives because, although they are shared, there is no group intent to live together. Thus a group of people sharing one roof does not a cooperative house make. It is

when residents intend to share resources and make a social and concomitant financial and legal commitment to group decision-making that a shared house becomes a fully collaborative or cooperative-style home. The new lifestyles created by "going co-op" may run the gamut from utopias and religious communes to shared houses within which the residents share purposes such as child rearing, avocation or vocational interests, feminist consciousness, ecological lifestyle support, and special-needs and interests or self-help. Clustered housing also provides an ecological salvation from the sprawl of single-family housing.

There are a number of books and periodicals on the topic of shared housing and many service providers that assist potential residents in networking. The books include *Shared Houses*, *Shared Lives* (Eric Raimy, 1979); *Living with Tenants* (Doreen Bierbrier, 1986); and *The Group House Handbook* (Nancy Brandwein et al., 1982) (see Bibliography). Watch the new SLRC by Ken Norwood and Kathleen Smith. A few shared-housing networking groups include Innovative Housing, SLRC, and The CoHousing Company in the Bay Area, along with CRSP and Housing Alternatives for the Elderly in Los Angeles. From time to time the California Department of Housing and Community Development makes grants and low interest loans to nonprofit organizations operating senior shared housing programs. The National Shared Housing Resource Center in Burlington, Vermont, provides a publications list and directory of shared housing projects throughout the country.

This chapter is an edited version of materials provided by Ken Norwood, AICP, of the Shared Living Resource Center (SLRC) in Berkeley, CA., (510) 548-6608.

Chapter 14

Collaborative Housing

DEFINITION

In the book *Collaborative Communities* (1991), Dorit Fromm uses this term to describe a hybrid form of housing that meets specific criteria discussed below. This phrase is sometimes used interchangeably with "cohousing," a term coined by Kathryn McCamant and Charles Durrett in their earlier book of the same name, which focused primarily on the Danish *bofoellesskabar* ("living communities").

Seven Characteristics of Collaborative Housing

According to Fromm, the seven characteristics which distinguish collaborative housing from other living units include the following:

1. **Private Dwellings**

Each residence is private and self-contained, with its own kitchen, bath, living, and sleeping areas. Units in some projects also include private outdoor areas, such as patios.

2. **Common Facilities**

Shared facilities, typically located in a "common house," vary from project to project. At a minimum, they include a common kitchen and dining room. Options are wide-ranging and include children's play rooms, teen recreation rooms, woodworking areas, an arts and crafts studio, a soundproof music room, office facilities, gymnasiums, tennis courts, and swimming pools.

3. **Resident-Structured Routines**

The sense of community is developed through sharing responsibilities and regular activities. Although common dining is optional, most residents are required to cook periodically for the group. Dining arrangements vary, with common meals offered every night or a few nights a week. Other responsibilities may involve participating in administration, managing child care, gardening, or other services.

4. **Resident Management**

The residents manage the project and arrange regular meetings. The organization and decision-making process varies. Some may operate with a formal board of directors, while others require all residents to reach consensus (see Chapter 1, Table 1.4).

5. **Social Contact**

The layout of the community encourages interaction. The site is typically designed with parking at the periphery and common areas at the center; in this way, residents are likely to pass each other while walking from their cars to their homes or the common house. Often, kitchens face the common areas, so that residents can monitor community activities and parents can observe children. Privacy is preserved through quiet areas at the rear of each unit and, frequently, through the inclusion of more secluded outdoor areas.

6. Participation in the Development Process

Future residents are involved from the early stages of the development process in determining the goals, organizational and financial structure, location, physical layout, and construction of the project.

7. Pragmatic Social Objectives

Most existing collaborative projects grew out of the desire for more social integration, a stronger sense of community, and the need for social services such as child care. The projects are open to everyone, however, and require no specific ideology.

Collaborative communities can provide an alternative to many of the problems inherent in the sprawl of single-family development. Although existing developments were designed primarily to meet social needs, a truly sustainable model will address environmental and economic issues as well. Many collaborative housing residents are attempting to reshape society by adapting the existing environment—rural, suburban or urban—to meet their needs.

SUSTAINABLE COLLABORATIVE COMMUNITIES

The benefits outlined on the following pages are based on a hypothetical collaborative housing community in which attention to social needs has been combined with an ecologically-sound design. The collaborative housing units are densely clustered within a mixed-use pedestrian village. Residents are within walking or biking distance of shops and services, and the village is connected by mass transit to larger employment centers. While the village is not completely self-sufficient, food is

produced in organic community gardens, and small businesses serve the needs of local residents. The community and the housing units operate cyclically, with composting, recycling, and water reclamation systems in place. The village has been designed to be energy and resource efficient, emphasizing renewable energy systems and non-toxic, regionally produced (to the extent possible) building materials.

The housing units vary in size and are priced to accommodate both ends of the income spectrum. The community requires no ideology other than a respect for nature and humanity, and a willingness to cooperate; the goal is to have a multi-generational, multi-ethnic, mixed-income community that fosters learning and understanding. The potential benefits of this community model are discussed and summarized below in environmental, social, and economic terms.



Environmental

The environmental benefits begin with the higher densities achieved through attached housing. The clustered units require less land and decrease the need for infrastructure; part of the land saved can be preserved for community open space. Energy demands are reduced by the common building walls.

The community design decreases automobile dependency and, accordingly, gasoline consumption and air pollution. Fewer car trips are needed, because shops and services are within walking or biking distance. The higher housing densities improve the feasibility of providing mass transit. Further, on-site office facilities encourage telecommuting. In the Trudslund cohousing community in Denmark, for example, the government actually provided each household with a personal computer, connected to outside lines, to explore the possibilities of working at home (McCamant and Durrett, 1989). Duane Fickeisen, writing in the publication *In Context*, refers to a study conducted by the Norwegian Institute for Urban and Regional Research, which looked at the benefits of higher density communities over sprawl:

In one of the three study areas, a 60% increase in the number of housing units could be accomplished by 2020 while decreasing the average distance from home to work by 5%. In contrast, continued urban spread following present trends would increase commuting distances by an average of nearly 80% over current figures (no. 29, Summer 1991, page 43).

Given the reduced reliance on the automobile, collaborative housing residents may choose to share cars rather than each household investing in personal ownership. Residents may decide to share other investments, as well, from "big-ticket" items such as computers, lawn mowers, and sail boats to smaller indulgences such as toys and books. The demand for these items, and therefore the side-effects of their production, would also be reduced.

Establishing environmental programs is easier with an organized collaborative community. Bulk purchases of food and other goods can reduce packaging waste. A comprehensive recycling program can be established, including the collection of organic wastes for composting in village gardens. Sharing skills and information can inspire other programs as well. For example, the

community organization IMAGO in Cincinnati, Ohio, is developing a program for its 90-person household membership that will reduce energy consumption by 30%. According to Jim and Eileen Schenk, the group's directors, this program will involve education, weatherization, and insulation. The group, working with the Southwest Ohio Alternative Energy Association, will arrange wholesale purchase of materials as well as installation classes and cooperative work parties.

Resident involvement in community design can result in higher levels of resource efficiency than a developer is likely to include in a typical speculative housing tract. For example, residents may require that renewable energy sources be used; that water reclamation, composting toilets, and recycling bins be installed; and that building materials be renewable and, to the extent possible, locally produced.

Finally, organic community gardens increase self-reliance, decrease dependence on food distribution systems, and reduce consumption of produce that has been grown with excessive amounts of fertilizers and pesticides. Further, small-scale food production allows experimentation with more sustainable agricultural methods not always feasible on large production farms. Community gardens and composting also provide children with a valuable first-hand education in natural systems.

Social

The social benefits of collaborative housing communities are most clearly evident in the responses of their residents. The following comments of Danish residents were selected from *CoHousing: A Contemporary Approach to Housing Ourselves*.

If I had to choose one word to describe what co-housing means to me, it would be 'security'—in the emotional sense that I know there are people that I can depend on, people I can call for help.

It's so exceptional here . . . It's wonderful to live with people of so many different ages and backgrounds. We all do different things. Some people are good at carpentry; I prune the trees, and others do other things.

I think that it's a much more balanced way to live. Living alone, or in a contemporary nuclear family, people have lots of privacy, but often not as much community life. . . I feel there are favorable conditions for children here—socially, physically, and emotionally. They are exposed to many more interests and stimulations than usual—participating in meetings and learning to work cooperatively, for example. . . They also have a strong sense of identity. They are not anonymous here; and like the children of any village, they know that there is a place they are recognized and have a sense of belonging. This enhances their self-confidence.

Another resident, describing why she chose to live in a cohousing community, expressed a sentiment heard frequently in the United States today:

It got to the point that we had to make appointments to see our friends: 'Let's get together some time next month.' Even that became increasingly infrequent; we were drifting away from the very people that we appreciated and enjoyed the most. Friendship, a more spontaneous environment, and the notion of shared child rearing motivated us most.

These comments underline one of the most important elements of collaborative housing, namely, the sense of community gained through shared resources and responsibilities. The mixture of lifestyles, ages, education levels, and skills promotes learning and an open exchange of talents and interest. In addition to these less tangible benefits, there is the more concrete advantage of access to on-site services. For example, childcare facilities alleviate the pressures on parents to find adequate services and reduce the time spent travelling to day care centers.

The organizational structure of collaborative housing communities, and the communication skills it develops, can empower individuals and increase the political clout of communities. Although this characteristic can take the negative form of homeowner NIMBYism, it can also be used to effect positive change; residents can work together on local issues and collaborate with other grassroots organizations to influence national policies. The potential influence is apparent in this response of a Danish resident quoted in *CoHousing*:

. . . We are careful not to wield our disproportionate influence in a provoking manner (which would be easy to do because we are inherently organized). If we share an opinion about a certain issue facing the school board, we don't show up at the meeting en masse. We are usually better informed on topics than most people, however, because before a town meeting we will probably discuss the topic here.

One of the most important social benefits is the time savings offered through common dining and on-site services. In one Danish community, for example, residents can eat at the common house every night, but are required to cook only one meal a month (McCamant and Durrett). The



time devoted to shopping for and preparing nightly meals can instead be spent relaxing, pursuing interests, or passing time with family and friends; the increased personal time helps restore balance in over-committed lives.

attached and tend to be smaller, however, they can potentially be less expensive to build. Legal structures, such as limited-equity ownership, can be used to maintain affordability in the future.

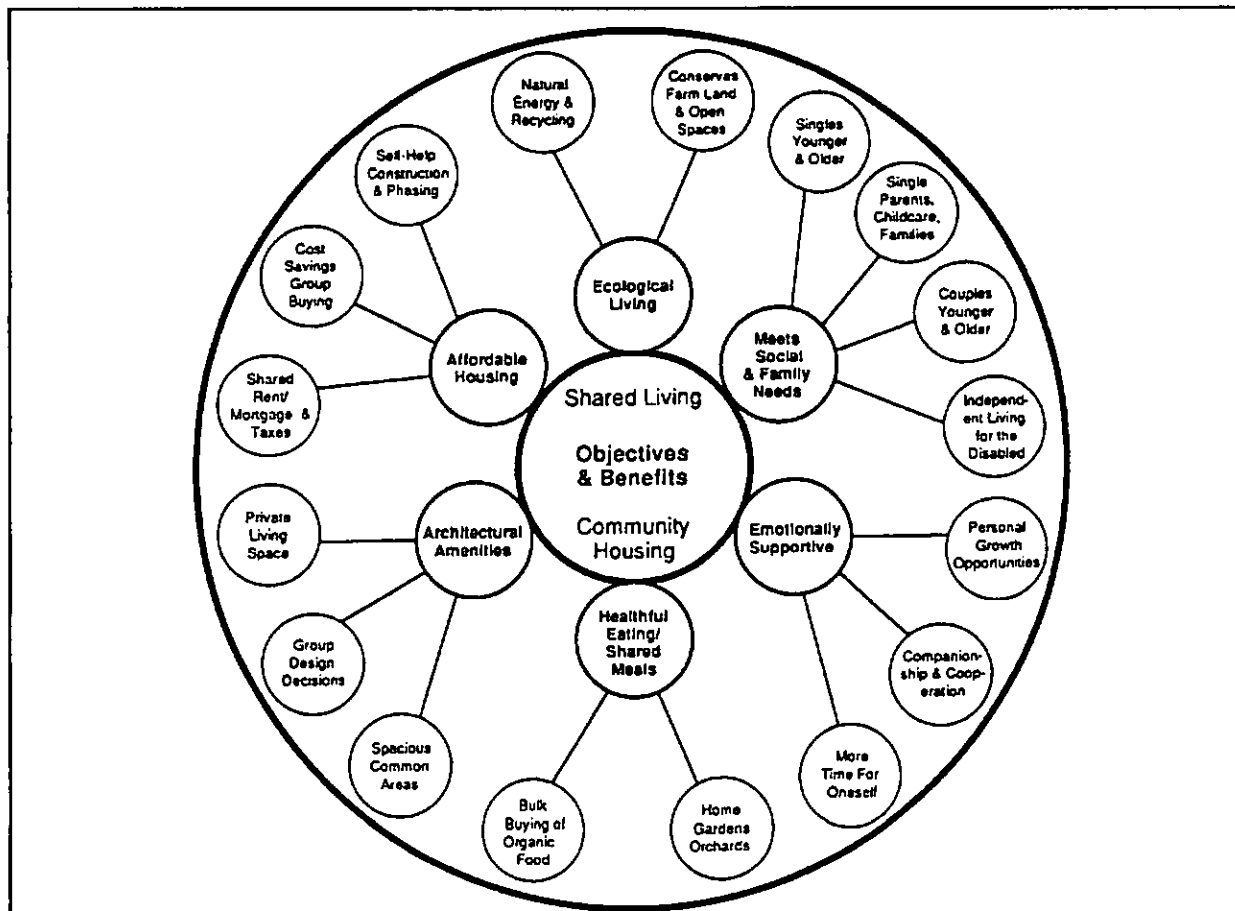


Figure 14.1 Objectives and Benefits of Shared Living

Economic

The shared resources and economies of scale offered by collaborative communities can provide many financial benefits to residents. Projects are often designed within a constrained budget, so affordability is a community goal from the outset. Of course, the actual cost of the units will depend on many factors, including land prices, legal and professional fees, construction materials used, and infrastructure required. Because living units are

Efficiently designed buildings can provide owners with operating cost savings. For example, monthly utility bills can be lowered with appropriately designed attached housing units (which save energy) and water reclamation systems (which recycle water).

Organizing community purchases can save residents money through bulk buying programs and group discounts, whether theater tickets or clean-

ing supplies. The cost of shared meals can also be reduced through bulk purchasing and food production in community gardens.

Residents of many collaborative communities save money by sharing investments in major items that are not used on a daily or even regular basis, such as computers, camping equipment, laundry machines, tools, sporting goods, and hobby equipment. Sharing smaller items that are often used once and then put away or discarded, such as magazines, books, and toys, can benefit more people at less cost.

The exchange of skills and talents can result in a barter system among residents. A teacher may offer tutoring in exchange for cooking lessons, a mechanic may repair a car in exchange for plumbing work and so on. People can trade directly or indirectly through a local exchange trading system (LETS). Less quantifiable, but nonetheless valuable, benefits are the more informal exchanges of information and advice.

Finally, living in a collaborative community can save time (and therefore money). Sharing meals reduces cooking and cleaning responsibilities, while the availability of resources, shops, and services within and surrounding the community reduce the time spent running errands on frequently congested roads.

QUICK SUMMARY OF ENVIRONMENTAL, SOCIAL, AND ECONOMIC BENEFITS OF COLLABORATIVE HOUSING

The following is a quick reference list of the benefits of collaborative housing communities:

Environmental Benefits

1. Higher density design reduces demand for land and requires less infrastructure; frees land for open space.

2. Common walls and reduced surface area reduce building energy requirements.
3. Residents can influence design: solar buildings, water reclamation, non-toxic materials, etc.
4. Higher density communities increase the feasibility of providing mass transit.
5. Availability of mass transit reduces demand for oil and automobiles.
6. Compact communities with services within walking/biking distance reduce automobile trips; this, combined with mass transit, reduces air pollution.
7. On-site office facilities allow telecommuting, further reducing automobile trips.
8. Community gardens produce organically grown food; can practice and experiment with sustainable agriculture.
9. Bulk purchasing for common meals reduces waste from product packaging.
10. Facilitates development of community recycling programs (including composting), energy-efficient lighting/weatherstripping installation.
11. Shared facilities reduce demand for "big-ticket" items (laundry facilities, cars, computers), reducing the side effects of their production.

Social Benefits

1. Fosters sense of community and safety rather than isolation and distrust.
2. Services for children and the elderly can be provided on site.

3. Communal meals and on-site services provide time savings (reduced travel and cooking time); residents have more time to relax and parents have more time for their children.
4. Facilitates education and skills trading; group can arrange for speakers, classes, or more informal exchanges.
5. Mixed community provides exposure to other ages, cultures, ways of doing things; promotes tolerance and understanding.
6. Community provides children with playmates and mentors; open space, gardens, recycling programs expose them to natural systems and processes.
7. Community organization brings empowerment and potential political clout.
8. Works in rural areas as well as inner cities; can be a means for redeveloping urban neighborhoods.
2. Resource-conserving building design can reduce operating and energy costs.
3. Communal meals can be less expensive; food costs are reduced through bulk purchases.
4. Community can arrange for group discounts (e.g., travel) and save on other bulk purchases.
5. Communal purchasing of "big-ticket" items and luxuries (exercise machines, computers, camping equipment, musical instruments) reduces financial burden on individual households.
6. Communal book, periodical, and music library reduces expenditures on smaller purchases.
7. Facilitates development of a barter or local exchange trading system (LETS) for exchange of skills (auto and home repairs, computer skills, sewing, crafts, etc.).
8. On-site services and communal meals save time (and therefore money).

Economic Benefits

1. Smaller living units can be more affordable; limited-equity ownership can maintain affordability.

This chapter is an adaptation of a research paper written by Linda Ashman, UCLA Graduate School of Architecture and Urban Planning.

PART III

Cooperative Development and Preservation

Chapter 15

Community-Based Approaches to Permanently Affordable Housing

While it is impossible to deny the existence of a housing crisis in this country, the dimensions of the problem are not always so readily apparent. The growing number of homeless on the streets provides vivid evidence of the problem. Less visible are the many people living on the edge of homelessness, perhaps only a paycheck away from losing their apartments, and the many who must spend more than half their monthly income on housing. Add in the families living in crowded conditions in substandard housing, and the magnitude of the crisis begins to take shape.

The 1980's economic boom drove housing prices skyward in many markets but failed to raise incomes at a comparable rate. This imbalance coincided with severe cutbacks in federal housing appropriations to the Department of Housing and Urban Development (HUD)—a primary source of low-income housing assistance—which widened the affordability gap. During the past decade, federal housing programs have shifted their emphasis from producing affordable units to providing tenant-based subsidies. This shift, combined with tax law changes which made private development of affordable housing less attractive to investors, has stalled the necessary construction and rehabilitation of low-income units. The disparity between supply and demand of housing for lower to moderate income households will

become even worse as restrictions on privately owned, publicly subsidized ("at-risk") housing projects expire, allowing owners to charge market rates in exchange for prepaying their mortgages.

These factors have prompted a growing number of community organizations to become involved in affordable housing issues. Some are nonprofit developers who produce housing for lower to moderate income persons. Others are tenant organizations in "at-risk" housing developments who organize to buy out the owner. While this trend is important, many nonprofit developers have small staffs and limited resources and must of necessity work incrementally, focusing on one project at a time, while the housing affordability problem continues to outstrip such efforts. Traditionally, too, tenant-organized conversions are limited in scope because most residents are concerned with their own housing security, not with producing housing to serve the general community.

Although every effort helps, the scale of the crisis demands a more comprehensive, on-going strategy. The chapters in Part III focus upon the ways communities can safeguard their affordable housing stock by approaching the problems from a cooperative point of view.

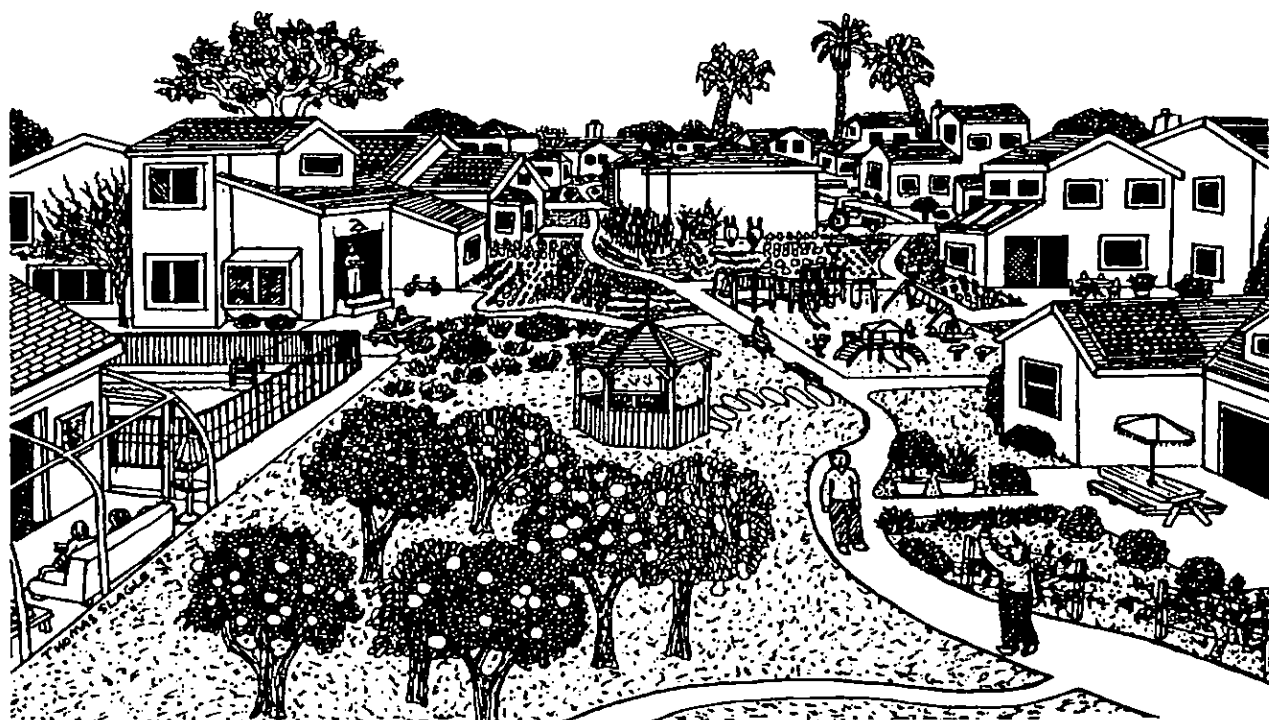
Mutual housing associations, described in Chapter 16, are umbrella organizations that provide technical and financial assistance towards the development of cooperatives. Tenants can use this model to buy out their HUD-owned or "at risk" complexes as well as other buildings. Once formed as fledgling cooperatives, the member-owners can use their MHA for continuing education, management assistance, and other resources.

A second safeguard for permanent affordability is the Community Land Trust, described in Chapter 17, which creates a legal/social form for regulating the use of the real estate for specific purposes. A land trust can be created to hold title to housing cooperatives or other cooperative-style housing in order to prevent resale of the land.

The trust never ceases, so that those parcels are preserved for permanent affordability. In some cases, the MHAs and Community Land Trusts are being combined to form a powerful influence for community control of land, housing, and even local business.

Chapter 18, "Safeguards For Housing Cooperatives," emphasizes that the internal social, economic, and governance dynamics of cooperatives must be continuously refined and embellished in order to secure the housing for its intended purposes and make the cooperative community a pleasant place to live.

This is an edited version of an article written by Linda Ashman.



Chapter 16

Mutual Housing Associations

DEFINITION

A mutual housing association (MHA) is a non-profit, membership-controlled corporation created to develop, own, and manage affordable housing. The structure of the MHA has been defined quite loosely to meet particular community needs and circumstances; no two examples are exactly alike. Despite their adaptability, MHAs share the following common features:

1. A dedication to the ongoing provision of permanently affordable, resident-controlled housing.
2. An open membership, typically comprised of residents, future residents, and representatives of the community.
3. A broad-based board of directors comprised of residents, future residents, community representatives, and skilled professionals.
4. Resident participation in property management and the policies and operation of the MHA.
5. A guarantee of secure tenure to all residents so long as they abide by MHA policies.
6. A professional staff skilled in the development and management of affordable housing.
7. A commitment to the training and education of residents.
8. An underlying philosophy that MHA residents are part of a community, not simply occupants of the same building.

ORIGINS OF MUTUAL HOUSING ASSOCIATIONS

MHAs have a long history of producing affordable housing in a number of European countries. The earliest example was the Mutual Benefit Building Society of Berlin, formed by philanthropists and labor leaders in 1847 to provide housing for workers and the poor. German MHAs played a critical role in the rebuilding of the country after World War II, producing nearly one-third of the post-war housing stock (Letts; Schwartz).

Successful MHA models have also been developed in Sweden, Norway, Holland, and England. Two cooperative housing associations in Sweden—the National Association of Tenants' Saving and Building Societies (HSB) and Ryksbyggen—produce and manage a majority of the multi-family housing in the country's urban areas (Kunze).

The HSB, which has been used as a model for many other MHAs, has a three-tier organizational structure. At its base are the individual housing cooperatives, which are responsible for the operation and maintenance of their own units. At the second level are the local societies, which

assist the individual cooperatives, promote membership and investment in the HSB Savings Fund, and participate in new developments. At the top tier is the national association, which serves as a federation of the local societies and provides development and financing assistance (Jacobs 1983; Kunze 1990). HSB also functions as a savings institution. When prospective residents join a local society, they can begin investing in the HSB Savings Fund. In addition, each co-op contributes a share of its building costs to a revolving loan fund, which is used to establish other cooperative projects.

In the United States, interest in the MHA concept grew in the 1970's in response to a federal reassessment of housing programs. The attention increased in 1979, when Congressman Bingham introduced legislation (H.R. 5111) to establish a National Mutual Housing Corporation. Although the bill did not pass, the 1980 Housing and Community Development Act supported the mutual housing concept, and the Neighborhood Reinvestment Corporation (NRC) was encouraged to develop a demonstration project (Letts). After researching alternative areas, a site was selected and the Mutual Housing Association of Baltimore was incorporated in 1982. The NRC has since helped to establish similar programs in a number of cities across the country, including Sacramento, California; Hartford and Stamford, Connecticut; Austin, Texas; Madison, Wisconsin; and Ithaca, New York.

TYPES OF MUTUAL HOUSING ASSOCIATIONS IN THE U.S.

The MHA model is flexible, producing distinctly different examples depending on community needs and interests. Despite these variations, there are generally three structures: integrated, federated, and dualistic. Each format is described below, together with brief examples to illustrate the differences.

Integrated

In this model, the MHA serves as the central organization in charge of acquiring, developing, and managing all properties. It is governed by a board of directors, elected by MHA members. This is the most common form, and is based on the German and Swedish models.

The Mutual Housing Association of Baltimore (MHAB) is an example of the integrated model. The first phase is a 49-unit townhouse project located in a largely working class neighborhood in Baltimore. MHAB's stated mission is

to fight community deterioration and preserve stability through the provision of affordable, permanent, quality homes with resident security from displacement. To this end, the Association develops, owns and manages quality housing in the public and community interests and serves as an ongoing producer of affordable housing.

Consistent with the integrated model, membership in the MHAB includes residents, future (or pre-) residents, and individuals representing broader community interests (for example, housing advocates, public officials, real estate professionals, and attorneys). The board of trustees, elected by members, governs the MHA. The 17 board members include 9 residents and 8 community representatives.

There is significant variation even within particular MHA categories. For example, Cooperative Services, Inc. (CSI), another integrated MHA, is quite different from MHAB. CSI is the oldest and largest MHA in the United States, operating some 4,000 units in 28 housing cooperatives in four states, including nearly 1000 units in California. CSI's primary target population is senior citizens.

CSI management operates on two levels: the MHA level and the individual cooperative level. The 18-person board of directors, elected by members, determines overall policy for the MHA. Each housing cooperative operates inde-

pendently within these guidelines. Each complex has a building council, comprised of elected representatives, which manages day-to-day operations. The council appoints chairpersons of resident committees responsible for such functions as membership selection, housekeeping, recreation, finance, and landscaping. In order to join, residents pay a small (refundable) fee and are then entitled to vote.

Federated

This form of MHA is structured as an organization of independent cooperative and nonprofit housing projects. The MHA functions as an information clearinghouse, technical assistance provider, and coordinating body for member organizations.

One example of this model is the Common Space MHA, which serves the Minneapolis-St. Paul area. Formed in 1977 to develop limited-equity housing cooperatives, it expanded its role to provide ongoing training, management, and technical assistance to these developments. As more and more nonprofit developers began building housing in the area, Common Space found itself competing with other organizations for financing. In 1986, after completing 125 units of cooperative housing, Common Space ended its role as developer and manager. The MHA continues to assist member organizations, and has developed savings programs such as a share loan, an emergency loan, and a pooled insurance program to serve members and facilitate cooperative development.

Dualistic

A dualistic MHA operates as two interdependent organizations. One is structured as a nonprofit corporation, which owns and develops housing; the other is a mutual benefit corporation or cooperative, which manages the units. This model attempts to reconcile the sometimes conflicting agendas of serving current residents concerned with existing housing issues and serving a community interested in ongoing development.



The Madison Mutual Housing Association (MMHA) and the Madison Mutual Housing Cooperative (MMHC) provide an example of the dualistic model. The former, incorporated as a nonprofit organization in 1983, owns and develops limited-equity cooperative housing. The latter, incorporated as a cooperative at the same time, serves as the resident-controlled property manager for these projects. A management agreement spells out the responsibilities of each

entity. Although separate, the organizations have overlapping memberships and operate very closely in both managing existing properties and developing new ones. For example, while MMHA is responsible for site acquisition, building construction, and rehabilitation, MMHC participates in annual planning and development meetings; moreover, half of the members of the site selection committee must be MMHC members.

ORGANIZATION OF MUTUAL HOUSING ASSOCIATIONS

Despite the different formats of MHAs, all are based on the fundamental Rochdale cooperative principles:

- Open membership
- Democratic control (one member, one vote)
- Limited return on investments
- Sharing of work and equitable distribution of rewards
- Continuing education in cooperative principles
- Mutual cooperation among cooperative organizations

These principles are reflected in the structural elements of most mutual housing associations, as outlined below.

Membership

In an integrated MHA, members typically include residents, future residents, and representatives of the broader community. In a federated MHA, membership is open to housing cooperatives, tenant associations, nonprofit developers, and others involved in providing low to moderate income housing. Membership fees are priced to be affordable to low and moderate income persons and vary substantially from one MHA to another. For example, CSI members pay a refundable fee of \$100 to join. By comparison, resident members of the Mutual Housing Association of Baltimore pay fees estimated at 5% of the cost of a unit (approximately \$2,300 to \$3,200). The fee, which may be paid in installments, is refundable (with interest) and serves essentially as a low-interest capital loan to the MHA.

Governance

The general policies of the MHA are determined by a board of directors, democratically elected by members. Typically, board membership is

designed to be broad-based, including residents of MHA housing complexes as well as community representatives and professionals skilled in various aspects of affordable housing development. This mix is designed to preserve the MHA's mission of maintaining quality housing for existing residents while continuing to develop affordable housing to meet the needs of the community.

Resident Selection

MHA policies establish certain criteria for selecting residents. These typically include income levels (usually some proportion of units are affordable to low and very low income households), ability to afford monthly charges, and a willingness to abide by MHA rules and participate in activities. In some cases, financing requirements determine income criteria. Each MHA uses different guidelines, depending on their objectives and community needs. For example, the Mutual Housing Cooperative of Capitol Hill (MHC-CH) in Seattle states a preference for single mothers, families at or below 50% of the area's median income, and individuals who possess certain skills useful to the MHA.

MHAs have different policies concerning increases in residents' incomes. According to MHC-CH policies, for example, for every \$1,000 a resident's annual income exceeds 80% of the area median for Seattle, the resident's monthly charges must be increased 10% up to the fair market rental rate for the area.

Management

A professional staff, led by an executive director hired by the board, carries out the MHA's mission of ongoing housing development and property management. In addition, residents are involved in the day-to-day management of their housing complexes, performing light maintenance tasks and/or participating on various committees. For example, the Housing Complex Councils of the MHA of Baltimore contribute to maintenance and improvement plans, common-area landscap-

ing designs, and development of annual operating budgets, among other activities. Some MHAs require residents to contribute a minimum number of hours to various committees. The Capitol Hill Housing Improvement Program in Seattle, for example, requires a commitment of six to eight hours a month. The active contribution of residents is intended to keep monthly fees low.



Education

Ongoing education and training is a critical component of the MHA model, as it is for cooperative models in general. The success of each MHA depends on the skills of its members, both in terms of communication and cooperation among residents and in more tangible contributions to property management and maintenance. MHAs typically require residents to participate in an orientation program. Some, like CSI, offer regular workshops on general subjects such as cooperative principles, as well as classes in more specific topics relating to property management and maintenance.

FINANCING

Like all nonprofit housing developers, MHAs must use creative financing methods, pulling together a combination of public and private grants and loans from a variety of sources. Neighborhood Reinvestment Corporation recommends that MHAs use up-front capital grants as much as possible to reduce debt service and therefore keep monthly charges affordable. Although this goal is appealing in principle, it is

difficult to accomplish in practice, given the limited availability of—and intense competition for—funding. Some money is provided by the MHA's one-time membership fees, which serve as low interest capital loans. In addition, a small percentage of monthly charges are allocated to a capital fund for future development. As the number of MHA units grows, the potential for development therefore increases. As yet, however, most MHAs are not large enough for this source of funds to make a significant contribution to new development.

Once established, MHAs offer financial advantages from an operational standpoint. Residents' fees are designed to cover all building operating costs, including taxes, insurance, maintenance, debt service, and professional fees. A portion of the charges is allocated to a repair and replacement reserve as well. In some cases, the amount necessary to cover all costs is determined in aggregate for all buildings within the MHA, and individuals' charges are then adjusted, depending on their incomes. Increases in monthly fees are indexed to operating costs, which are restrained by residents' participation in management.

AN EXAMPLE: THE CALIFORNIA MUTUAL HOUSING ASSOCIATION

The California Mutual Housing Association (CMHA) was recently incorporated as a non-profit tax-exempt organization and is open for new memberships. In Fall, 1992, it received a \$350,000 technical assistance contract from HUD to provide a number of services to California groups seeking to create resident controlled and owned affordable housing.

Although it is too early to evaluate CMHA from an operational standpoint, it is offered as an example of an innovative state-wide effort to address the affordable housing crisis. The CMHA seeks to maintain and expand the supply of resident-controlled housing that is permanently affordable to very low, low, and moderate income persons, a phenomenon that has been rapidly growing in recent years but that lacks a strong technical support base to flourish.

Membership

The CMHA follows the federated model, providing assistance to member organizations. Existing co-ops or tenant associations organizing for ownership, along with nonprofit community organizations, are invited to join, with membership fees ranging from \$25 to \$100. Conditions for full membership also include a commitment to resident control and cooperative principles.

Organization

CMHA has a two-tier management structure. The state-wide board of directors establishes overall policy guidelines and annual budgets and develops long-term plans. Regional councils make local operational decisions on the basis of these general guidelines. Recognizing the size and diversity of the state, this decentralized structure is designed to keep the MHA responsive to particular regional needs. As yet there are two regional councils, one each for northern and southern California. Membership on the 14-

person state board is divided evenly between the two regions. Five of the seven members from each region must live in resident-controlled housing or be members of tenant associations organizing for ownership. The remaining two will be "other" representatives, including professionals skilled in various aspects of affordable housing, such as development, finance, law, property management, and administration.

Services

The CMHA will provide direct support, consultation, educational services, and opportunities for networking. More specifically, the objectives and activities of CMHA include the following:

Property Acquisition Support: feasibility studies; assistance in obtaining pre-development, bridge, construction, or permanent financing; financial packaging; and resident orientation and organizing.

Property Management Services and Support: full or partial management, management training of residents, and management consultation to member organizations.

Organizational Development Services: assist in organizing effective democratic governance and operating procedures for resident participation, committees, and boards of directors.

Educational Services: design and implement programs for residents and service-providers on continuing skills-training and education regarding cooperative principles and practices relevant to housing.

According to Allan Heskin, CMHA Board member and a professor at UCLA's Graduate School of Architecture and Urban Planning, CMHA will provide conferences and workshops on an ongoing basis to introduce the idea to organizations and resident associations in California. CMHA literature acknowledges that there are many talented organizations and skilled professionals able to provide assistance to groups interested in forming resident-controlled housing. However, there is limited experience, and the "response is of necessity haphazard. . . What is missing is an institutional support structure for this response

capacity that can organize, mobilize, and expand upon the resources available."

Given the urgency of the state's affordable housing problem, the increasing threat of losing "at-risk" units, and the growing number of nonprofits and community organizations entering the housing field, the time is right for creating this institutional framework through the California MHA.

For CMHA membership information in northern California, call (510) 548-4087; in southern California, call (213) 661-1399.

OTHER MHAs

Other examples of MHAs in California include the planned Los Angeles MHA (LAMHA), which will be focusing on the L.A. Eco-Village (see Chapter 10); Cooperative Services, which is part of a national MHA specializing in low-income senior subsidized co-op housing; and the Sacramento MHA, as described below.

The Sacramento Mutual Housing Association (SMHA)

Created in 1988, SMHA is patterned after the national demonstration model in Baltimore. It develops, owns, and manages multi-family housing in the city and county of Sacramento. SMHA both rehabilitates blighted properties and develops new construction. By mid-1993 SMHA will have completed nearly 140 units of housing in three separate complexes.

Residents pay a \$1,000 lifetime membership fee that can be passed on to future generations within the family. Monthly housing costs are generally kept under \$400. Members have low to moderate income and represent a variety of family structures and generations, from seniors and singles to single parents and couples with children.

Each complex elects a resident counsel to guide resident participation in the management of the

complex, thus keeping monthly costs low. All residents aged 15 and over are required to participate and contribute to the goals and operations of SMHA through at least one activity that maintains the property, strengthens the Association, and/or contributes to community life. The time requirement is about four hours per month.

SMHA has both a selected board of trustees, whose primary purpose is fundraising, and an elected board of directors representing residents, potential residents, local government, business, and other public-spirited citizens. Residents and potential residents represent a majority of this 15-member governing board.

Affiliated with the national network of MHAs, NeighborWorks (which provided initial startup funding), SMHA's current funding comes from a variety of sources, including grants and loans from Home Federal Bank, Sacramento Housing and Redevelopment Agency, and The Federal Home Loan Bank Affordable Housing Program.

Contact SMHA at 2125 19th Street, Suite 101, Sacramento, CA 95818, (916) 447-8907.

ADVANTAGES AND DISADVANTAGES OF THE MHA MODEL

The MHA model has had relatively little application in this country and thus has a limited track record. To judge from its underlying theoretical principles as well as actual examples, MHAs offer the following advantages and disadvantages as a technique for providing affordable housing.

Advantages:

1. Provides for ongoing production of affordable housing rather than piecemeal or "one-shot" projects. Community representation on the board helps to preserve this mission.

2. With sufficient size, an MHA can serve more low to moderate income households more flexibly than can individual housing complexes. MHA buildings can meet operating expenses in an aggregate rather than on an individual basis through what NRC calls an "internal cross-subsidy mechanism."
3. Again, with sufficient size, MHAs benefit from financial and management economies of scale. In addition, the skills and knowledge gained from developing one project can continue to be used in future projects.
4. Economies of scale and an inherent organizational capacity present opportunities for other cooperative enterprises which benefit residents, such as buying clubs, insurance pools, revolving loan funds, and childcare.
5. Residents have security of tenure so long as they abide by the policies established by the MHA. Moreover, many MHAs give residents first priority when units become available in other MHA projects.
6. Residents have an increased sense of "ownership." A study by Rachel Bratt, a professor at Tufts University, included a survey of residents' attitudes about their membership in the MHA of Baltimore. According to this study, residents felt a higher level of satisfaction with their housing and an increased sense of personal empowerment. Nearly two-thirds thought of themselves as owners rather than renters.
7. MHA involvement fosters a sense of community. Because of the secure tenure, there is less turnover and a more stable environment. Residents feel they have a stake in their community, a factor that may encourage advocacy efforts and

contribute to neighborhood revitalization.

8. Ongoing education and training in cooperative principles as well as maintenance, administration, and budgeting helps members develop valuable skills.
9. Because housing is permanently affordable, private and public subsidies are preserved. Moreover, there is no incentive to speculate and, therefore, less inflationary pressure from gentrification.
10. Residents have a voice in how their homes are built; housing is therefore likely to be better suited to the needs of the community.
11. Resident involvement in management preserves housing quality in the long term. The professional management staff is accountable to residents. This involvement also gives residents more control over their housing costs.
12. The MHA's work in the community before construction can help to offset neighbors' negative reactions to affordable housing efforts.
13. MHAs give hope of home ownership to people in areas where housing prices are overly inflated, especially where future members are involved in a cooperative savings program.

Disadvantages:

1. Organizing and operating an MHA is very process-intensive. It requires commitment and dedication at all levels, particularly from residents.
2. MHAs need to reach a large enough size to be operationally self-sufficient. Only

CSI has so far succeeded in being self-sufficient in terms of management and development (Schwartz).

3. In order to keep monthly charges low, MHAs need to minimize debt service as much as possible. This requires up-front capital grants, which are not easy to come by. The lack of funds has slowed development of such projects as the MHA of Baltimore, which initially benefitted from its status as a national demonstration project.
4. According to the Neighborhood Reinvestment Corporation, which sponsored the MHA of Baltimore, operating costs for MHAs may initially be higher because: (a) larger repair and replacement reserves are necessary to keep properties in good condition and avoid later borrowing; (b) interest must be paid on membership fees; and (c) a percentage of monthly fees must be set aside for ongoing housing production.
5. Despite a careful selection process, some residents might turn out to be "non-cooperators" or "free-riders."
6. MHAs might become bureaucratic as they expand and lose some of their responsiveness to existing residents. Member participation may be sacrificed for the sake of operational efficiency.
7. There may be tension between serving existing members and providing new housing, a conflict the dualistic model attempts to resolve.
8. The management efficiency gained by building large projects in concentrated

geographic areas may conflict with the needs of a target population better served by smaller scatter-site projects.

The primary challenge faced in establishing and operating mutual housing is generating the necessary level of interest and cooperation among all stakeholders. If the commitment is present, however, the positive benefits offered by this solution can far outweigh the disadvantages. Given the severity of the affordable housing crisis and the growing interest in community-based development, MHAs offer an attractive option to groups committed to cooperative principles and the provision of permanently affordable, resident-controlled housing.

Linda Ashman wrote this chapter originally as a research paper at UCLA's Graduate School of Architecture and Urban Planning.

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Chapter 17

Community Land Trusts

INTRODUCTION

To most Americans, owning land is an entitlement, a basic right provided by private property law, accessible to all in principle if not necessarily in practice. The ideal of land ownership can be traced back to the early days of this country's brief history, imbedded in cultural myths about rugged individualism and the pioneer spirit. American history is replete with tales of brave explorers conquering new frontiers, claiming territories and taming the wilderness for the benefit of man. It mattered little that the land may have been inhabited, and that the "benefits" accrued only to white settlers. The idea was formed, and continues to be prevalent today, that undeveloped land has no inherent worth. It is the process of claiming and controlling land, cultivating it and building on it—in essence, turning land into property—that gives it its value.

Implicit in this belief is the idea that land is a commodity, a product like any other to be bought and sold for profit. Much of the American economic system rests on this premise, as the size of the real estate sector would indicate. The homebuilding industry alone provides jobs to realtors, developers, construction workers, building material suppliers, and home improvement retailers, to name just a few. The real estate sector touches virtually all other businesses as well. Manufacturing industries, service firms, and transportation companies, for example, all must operate out of facilities they have built or purchased on land they have bought from someone else. Of course, the value of land does not

derive solely from the ability to build on it and trade it. Land also supplies valuable resources. The concept of land as a commodity therefore also includes, for example, agricultural products, mineral ores, timber, water, and other marketable resources. By virtue of ownership, then, individuals and businesses are entitled to use their land and profit from these resources.

Beyond the ideas of land as frontier to be conquered and commodity to be sold is perhaps a more fundamental cultural concept: land as the foundation of the American Dream. A poor immigrant in an inner-city neighborhood, a farmer in a rural town, and a middle-class suburbanite may not have much in common, but they are all likely to share the belief that home ownership is an essential element of "the good life." Similarly, a better life means "moving up" to a bigger home in a "nicer" neighborhood. Property ownership and, more importantly, property value, has thus become a ruler for measuring quality of life.

The freedoms to buy and sell property, to use its resources for profit, and to pursue the dream of homeownership are so tightly woven into the American social, economic, and legal fabric that they are extremely complex and difficult to unravel. Because so many livelihoods and so many dreams have been built on this foundation, few are willing to question its validity, much less dismantle the framework that supports it. But coexistent with cultural ideas about land ownership are the very real consequences of social injustice and environmental degradation that flow

from it. After discussing these consequences in the following section, this paper will present the Community Land Trust (CLT) as an alternative land-ownership model designed to alleviate these problems.

PROBLEMS OF PRIVATE PROPERTY OWNERSHIP

Private control of land produces consequences that have negative social, economic, and environmental implications. Although these problems are discussed separately below, they are inextricably intertwined and fundamentally rooted in an economic system that restricts access to land, and thus power, to those with the financial resources to pay for it.

Social

Viewing land as a commodity creates an incentive to speculate. Areas where land prices are expected to increase—perhaps an agricultural zone on the edge of an expanding suburb or an inner-city neighborhood where signs of gentrification are evident—become targets for outside investors. The intent is typically to hold the land until the pressures on development build to where it becomes profitable to sell. The resulting increase in prices may encourage existing property owners to sell, as well, thus inflating values further. In rental neighborhoods, the increases in property values will put pressure on rental rates. The result is a decline in affordability, and, with it, displacement, turnover, and increased instability.

The problem is compounded when such speculation leads to absentee ownership of many properties in a community, a common situation in urban neighborhoods. When property ownership is concentrated in the hands of a few, residents have minimal control over not only their rental rates but their general living conditions. Tenants with little money and short-term (or no) leases have limited recourse against landlords who neglect maintenance or raise rents. Given the frequently

high turnover rates in such neighborhoods and the magnitude of other problems many residents face, it is difficult to organize effective campaigns against unresponsive landlords. In severely neglected areas, tenants may eventually vacate buildings. Rather than pay the costs of meeting building codes and releasing the units, some landlords simply abandon such projects. As a result, banks may redline areas where neglected and vacated buildings are concentrated, further accelerating the downward spiral.

This problem is not limited to urban areas. In resource-rich mining towns and some agricultural communities, most of the land may be held by a few corporations. In such cases, community residents find it hard if not impossible to compete for land and frequently must rent from corporate owners. The result is a decreased sense of security for residents and increased instability in the community.

Economic

Corporate ownership and absentee landlords also drain the community of its capital resources. Rent is paid to individuals and company headquarters frequently located outside the community; thus the money is likely to be spent outside the community as well. As the area declines and the economic base diminishes, bank redlining makes it difficult for small businesses to get loans and the downward spiral continues. By comparison, when buildings are owned by local residents, the money received is likely to be recycled back into local businesses, generating income for the community.

Environmental

Viewing land as a commodity implies that its value must be determined by quantifying its economic benefits. Such standards naturally undervalue open space or, for that matter, any site that has not been developed to an appraiser's definition of "highest and best use." There is no economic premium for the benefits an open field contributes to clean air, to the balance of an

ecosystem, or the pleasure it provides to people. The private property system and its emphasis on profitability therefore offers little incentive to preserve land or conserve its resources.

Moreover, private property rights allow owners to use resources in ways that, while legal, may be environmentally damaging. Landowners have the right to refine oil or clear-cut trees on their land even though the environmental consequences extend far beyond their own private property lines. Pollution, species extinction, and unsustainable resource extraction may be explained away by economists as the "externalities" which regrettably but naturally result from an industrial economy. However, these negative impacts may also be attributed to a cultural value system, embedded in our economic, legal, and political institutions, which stresses individual rights above responsibilities. The independent, individualistic American is taught at an early age to "look out for himself" and at the same time to "mind his own business" when it comes to others' activities. Aside from paying property taxes, he feels little sense of obligation to his neighbors across the street or the larger community. Chanting this mantra of individualism, property owners across America are often oblivious to the impacts their actions have on their neighborhoods, much less the nation or the world.

LAND REFORM AND THE COMMUNITY LAND TRUST

The problems arising from private property ownership have long been recognized, if not so eagerly solved. Attempts to alleviate them have ranged from major reconstruction of economic systems to minor manipulations of particular laws. Writing in *Land Reform, American Style*, John Emmeus Davis discusses three types of reform efforts: (1) redistributing ownership, (2) restricting use, and (3) reallocating equity.

The first type is the outright redistribution of property from one social class to another, either through confiscation and transfer or, less dramatically, through purchase and sale. The intent is to diffuse land ownership among the many rather than concentrating it among the few. Such policies have been rare in the United States; given their political unpopularity, future application is likely to be limited.

The second type of reform Davis cites is land control through use restrictions, a very common type of policy in the United States. Through zoning codes, building standards, and environmental regulations, government agencies can restrict the individual's private property rights in exchange for a perceived benefit to society. As Davis writes, "Restricting use allows the community to avoid costs that it did *not* create." By comparison, the third type of reform—the community land trust—"enables the community to reclaim value that it *did* create" (Davis, 1984). The next section describes this method of reform in detail.

The Community Land Trust

The objective of the community land trust (CLT) is to decommodify land and thus remove the incentive to speculate. Eliminating the potential for profit, it is believed, will minimize the negative effects of resource exploitation, price inflation, and absentee and corporate land dominance while fostering a sense of common stewardship toward the land. The CLT is sometimes confused with a conservation land trust. Although both are designed to protect land from the forces of speculative investment, the ultimate use of the land differs in each case. Conservation land trusts, as the name implies, are intended to preserve land, and they therefore restrict or prohibit development. CLTs, on the other hand, encourage development, but limit projects to those that will benefit the community. In particular, most CLTs are designed to provide permanently affordable housing to low and moderate income households.

The CLT model was developed by the Institute for Community Economics (ICE), a Massachusetts-based organization that provides information and technical assistance to existing and developing CLTs across the country. The organization was founded in 1967 by Robert Swann and Ralph Borsodi to promote a system of land reform based on decentralized community control rather than individual ownership. The model evolved through the study of alternative systems used in India, Israel, and Europe. It was also influenced by the theories of Henry George, an American economist who believed private control of land was the primary source of severe income disparity and social injustice. In his book *Progress and Poverty*, published in 1880, George theorized that land should be available to all and

its value should be retained by the community; to do this, he advocated a "single tax" system on land only (not its improvements), which should be returned to the community in exchange for its use. This idea is similar to the CLT's lease fees (ICE, 1982).

The Institute defines a community land trust as

... a private nonprofit corporation created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents. In particular, CLTs attempt to meet the needs of residents least served by the prevailing market. CLTs prohibit speculation and absentee ownership of land and housing, promote ecologically sound land use practices, and preserve the long-term affordability of housing.



Figure 17.1 Conceptual rendering of an urban community land trust. This drawing is adapted from designs created by Ralph Knowles, Professor of Architecture at USC, and his students.

It should be noted that the CLT is not a "trust" in the strictly legal sense of the word. A traditional real estate trust is a private arrangement in which property is held by trustees for the good of particular beneficiaries. In contrast, the CLT is an open organization whose members elect a board to serve as trustees of the land for the benefit of the community. The School of Living describes the board's three obligations: "first to protect the use rights of users as defined by a lease agreement, second to distribute the economic rent collected on the land in an equitable manner in the community, and third to protect the natural resource itself, which belongs to all the people, from ecological abuse and human devastation."

Operation

The first step in organizing a CLT is to develop a constituency and purpose and then to incorporate as a nonprofit group. Once the CLT is established, it then buys (or is given) land, which it will hold in perpetuity. If the site is undeveloped, the CLT will build (or arrange for others to build) housing units to sell to low and moderate income households. The buyers will own their own homes, but will lease the land. Lease fees will be based on the land's "use" value rather than its market value. The leases are long-term (typically 99 years), renewable, and transferable to heirs; they also may be terminated at any time.

Homebuyers receive the equity and tax benefits of ownership, but pay significantly less for their housing. The initial cost of the land is typically less than its market value because of the CLT's non-profit status, or may be negligible if the land was donated. Because buyers do not have to pay for the full value of the land, the price of homes is typically reduced by about 25% (Oullette, 1991). Moreover, this affordability is preserved long term by provisions in the land lease that restrict the price of the housing unit upon resale. In most cases, the CLT has first option to buy the unit. The CLT's purchase price is based on a predetermined formula, which considers (a) the

owner's total investment in the property (purchase price plus any additional money and labor spent on improvements), (b) depreciation, and, in some cases, (c) appreciation (based on the CPI or other index). In this way, owners get back the investment they put into the property and may in addition be compensated for inflation.

CLT Requirements

The prototype developed by ICE stipulates that CLTs meet the following criteria (ICE, Fall 1990):

1. **Open Membership.** The CLT must be open to all interested members of the community; accordingly, dues must be set low enough to be affordable to all income levels.
2. **Democratically-Elected Board.** The board in charge of managing the CLT must be democratically elected by members. Typically about one-third of the board's members are residents of CLT-owned land, and two-thirds are representatives of the larger community (including residents, public officials, environmental groups, affordable housing organizations, etc.). This breakdown ensures that the potentially narrow interests of residents do not supersede the broader interests of the community.
3. **Commitment to the Community and the Environment.** The guiding principles of the CLT (as stated in the bylaws) generally include a commitment to providing homes to those most in need and to perpetual stewardship of the land.
4. **Limited-Equity Provision.** The CLT's land leases restrict the price at which properties on CLT-owned land may be resold. The stated formulas limit equity appreciation, thereby protecting the future affordability of the units.