

# Course Overview & Introductions

A Solution for  
Permanently Affordable **Co-op** Housing

**uhab** Incubator  
URBAN HOMESTEADING ASSISTANCE BOARD

©5-24



# uhab

COMMUNITY THROUGH COOPERATION



UHAB | URBAN HOMESTEADING ASSISTANCE BOARD

# Agenda:

## 1) Introductions:

A) Instructors

B) Participants

## 2) Course Overview

## 3) Permanently Affordable Co-op Housing

## 4) Introduction to UHAB

## 5) Homework

## 6) Survey

## 7) Next Session

# Introduction & Overview



# Introductions



## Andy Reicher:

- Former Executive Director of UHAB:
- Architect by training
- 45 years – Only job!
- Oversaw the development of over 1,300 co-ops in NYC

## Peter Dean – Director UHAB National Programs

- 40 years Co-op and Affordable Housing Experience
- Early scattered Site Co-op in Milwaukee
- Worked with former Co-op Housing Foundation (CHF Developed 60,000 HUD Co-op units)
- Co-op Services Inc. (CSI.Coop) Maryland Regional Manager
- Best Small Landlord in US 2015



# Participant Introductions

- In **1** minute, please introduce yourself and your organization using the following prompts:
- **What organization are you representing and what is your role there?**
- **What are your goals and your organization's goals for participating in this course?**

# Where You Are!

# Description of the three phases of the course

## **Zoom Phase:**

- Online intensive introduction to permanently affordable co-op housing
- Six weekly sessions on Zoom for two hours each
- Homework each week and online interaction on Canvas

## **Summer Phase:**

- X week Independent project exploring the landscape and ecosystem for permanently affordable co-op housing in your area

## **In Person Phase:**

- We will gather on Month XX through XX in Chicago and meet with UHAB's subject matter experts in person and on Zoom to learn about the work they do to build and support permanently affordable co-op housing.

## ***Continuing cohort activity:***

- We hope to have quarterly Zoom calls for cohort participants to share about their co-op work and continue to learn from each other.



# Framing & philosophy of the course

- **Permanently Affordable Co-op Housing Models:**
  - Limited-Equity and others
- **Ecosystems model:**
  - The environment and support system for co-ops to aid their formation and their thriving over the coming decades
- **Development timeline:**
  - The stages in developing new co-ops: Various financing, construction and the co-op/people/member sides

# Goals and outcomes

## (will & won't cover)

- **Will:**

- **Permanently Affordable Co-op Housing: What and Why**
- **Understand the Ecosystem to develop thriving co-ops**
- **Be ready to find your role in your local ecosystem**
- **Have a chance to ask experts questions that help you answer specific questions**
- **Get templates, sample documents and similar materials**

- **Won't:**

- **How to specifically finance your project**
- **Help you actually develop a project**
- **Localize the sample materials**

# Introduction to the Independent project

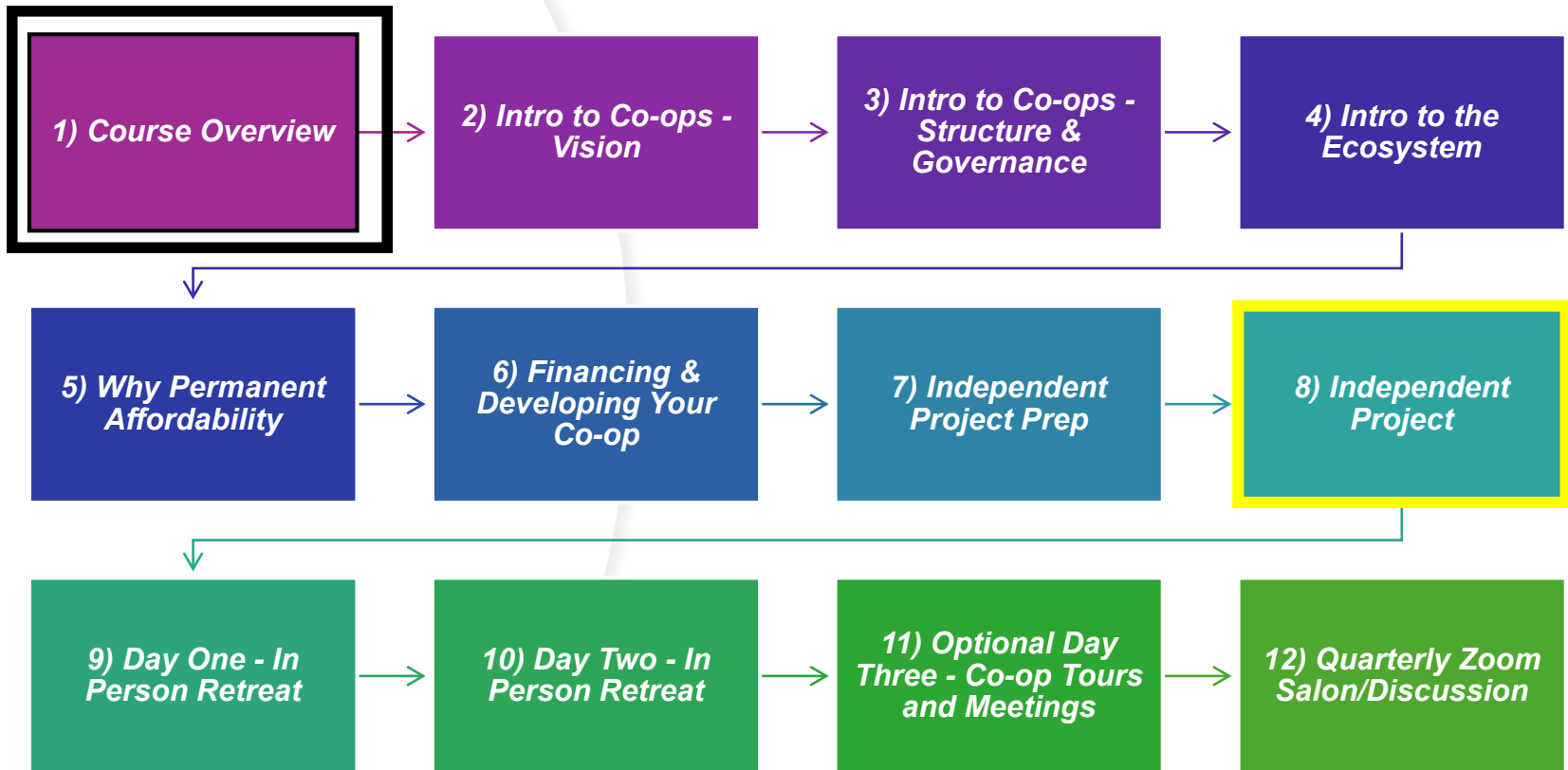
- **How Introductory Zoom sessions build toward Summer project:**
  - These initial session are working to get all of us to have a shared understanding of the basics of permanently affordable co-op housing and the infrastructure needed to create and help them to thrive over the long haul.
- **Session on Independent project:**
  - We will have a session, at the beginning of the Independent work. That work will be independent or with others in your group, and explore the facets of your local infrastructure that could be mobilized, repurpose or created to support permanently affordable co-op housing.
  - Office Hours during Independent work.

# Intro to In Person Gathering

- In order to operationalize what you have explored Independently, the **Retreat** will present a series of workshops on details and processes that help you build and support co-op housing.
- These will be **In-person Sessions** at in Chicago.
- UHAB's senior staff will participate in workshops for the cohort and allow significant questions and exploration.



# Incubator Sessions:



# Q&A

# Permanently Affordable Co-op Housing

# What's a co-op?

A cooperative is a type of legal entity. Co-ops have a unique **ownership** and **governance** structure.

Community Land  
Trusts (CLTs)

Credit  
unions

Farm Co-ops

Community Supported  
Agriculture (CSAs)

Housing  
Co-ops

Rural utility co-ops

Worker co-ops

Consumer co-ops

Food co-ops



# Key Elements of Cooperative Ownership

- Democratic Governance
- Operation at Cost
- Use Value Instead of Investment Value
- Various Corporate Structures



# What is a Housing Cooperative?



Legal entity that owns the real estate, in this case 165-167-169 Avenue C Housing Development Fund Corporation

# Corporate Structure: Who Owns What?

## Housing **Cooperative** Corporation

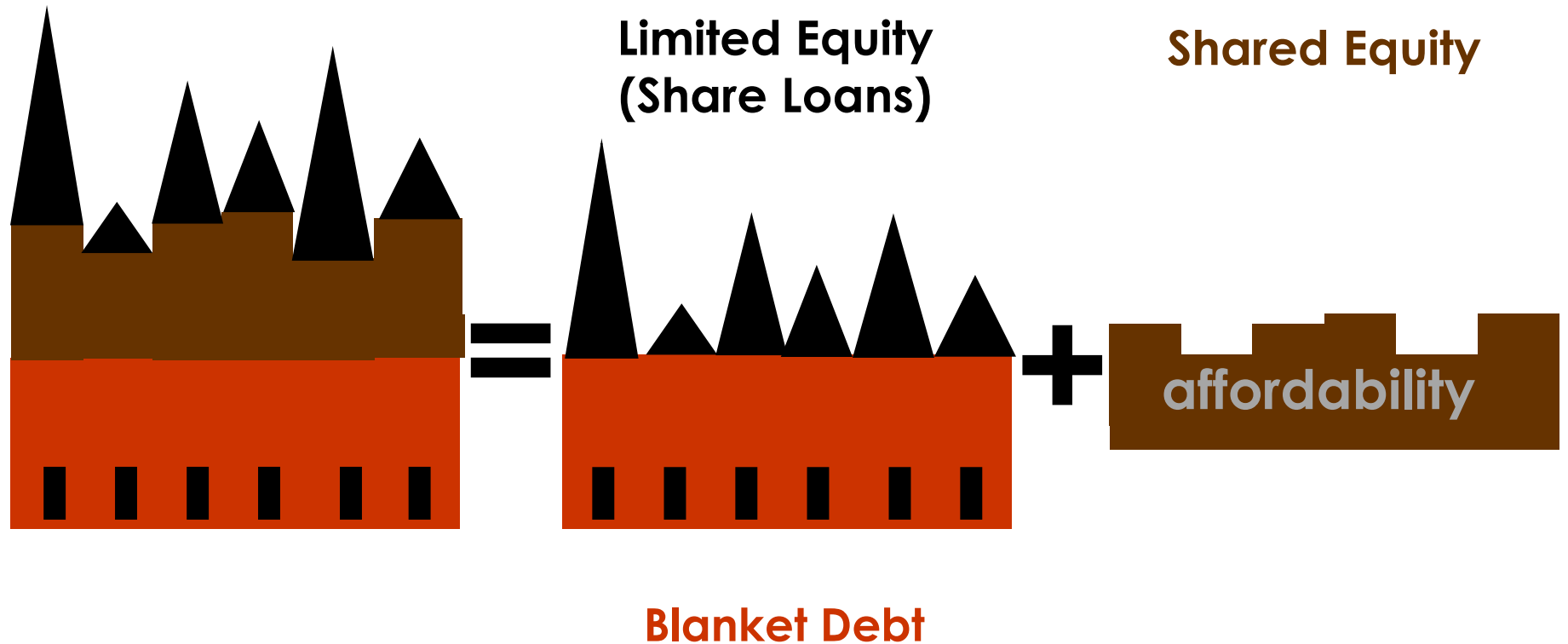
- Owns or Leases 100% of Real Estate

## Members Own:

- A share in the **co-op** corporation
- Perpetual right to occupy a unit in **co-op**



# Financial Structure: Limited-Equity Co-op



# Housing as Shelter vs. Commodity

## **SHELTER**

- ✓ Use value
- ✓ Control Costs
- ✓ Cooperative or Community Ownership
- ✓ Primary economic gain comes during residency (Pocket Equity)

## **COMMODITY**

- × Market value
- × Maximize profit
- × Private Ownership
- × Primary economic gain comes at sale

# Affordability in Limited-Equity Co-ops

The resale price of shares is limited, keeping the housing **affordable** for the next generation.

In addition to keeping the purchase price lower than market, limited-equity housing co-ops typically have **income guidelines** to ensure the co-op is serving its intended population.





# Co-op Benefits

1. Personal
2. Building
3. Neighborhood



# Personal Benefits

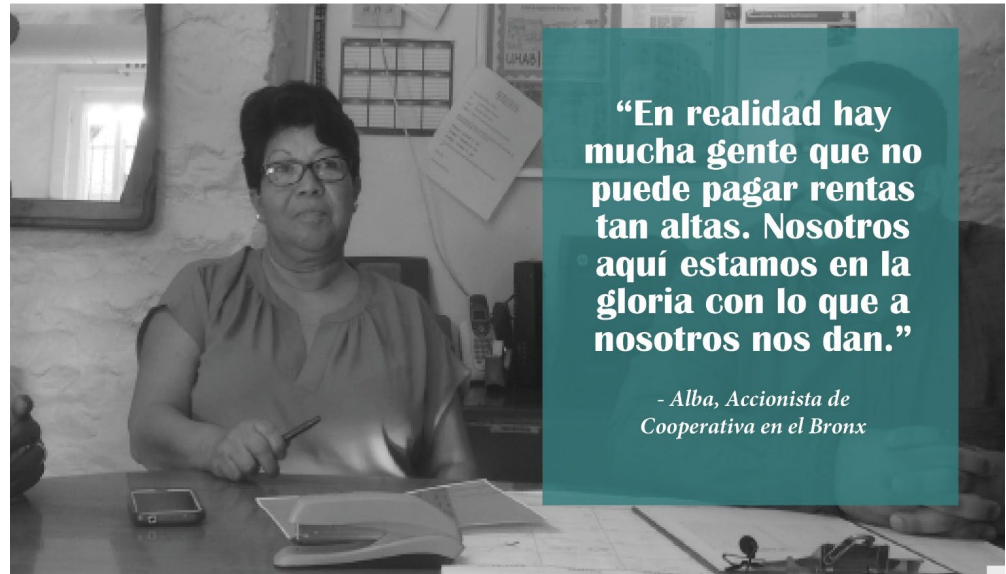
- High levels of satisfaction with housing
- Lower monthly costs allow more disposable income
- Shareholders may qualify for tax deductions for mortgage interest and property taxes
- Equity can be inherited





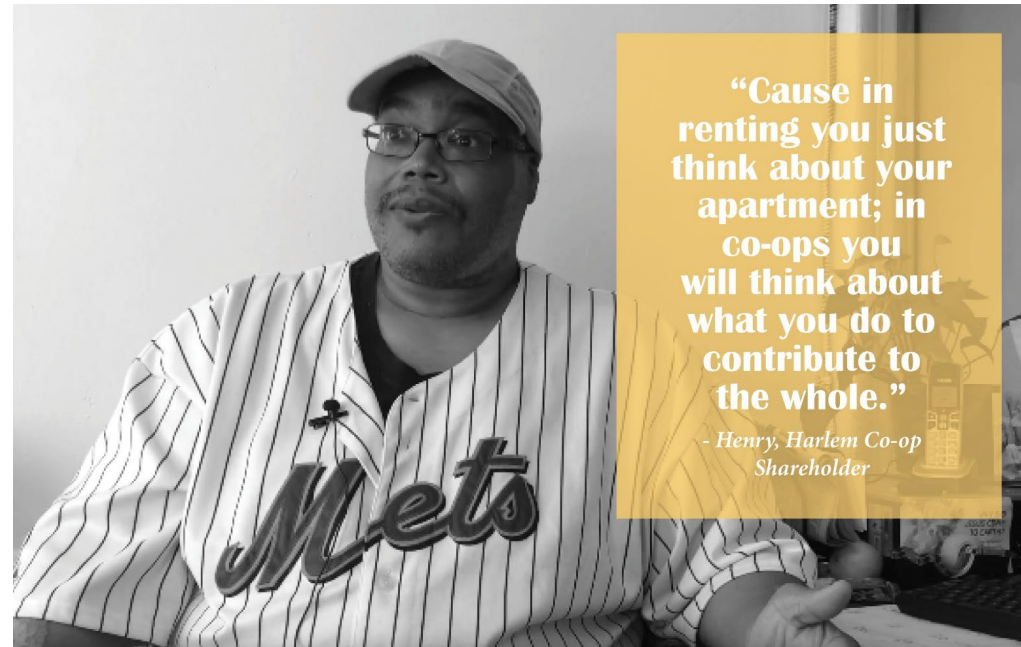
# Personal Benefits

- Increase sense of independence and achievement
- Opportunities for participation and leadership
- Gain skills that lead to jobs, job improvement, or education
- Better outcomes with social service and health services including infant mortality and maternal health.



# Building Benefits

- Re-sale restrictions preserve affordability for future generations.
- Foreclosure rates are much lower than for single-family homeowners in comparable income groups.
- Co-op buildings are higher quality than comparative rentals.
- Lower rates of vandalism and reported crime
- Co-op housing costs less to operate
- Pride in, and sense of belonging to, a community



**“Cause in renting you just think about your apartment; in co-ops you will think about what you do to contribute to the whole.”**

*- Henry, Harlem Co-op Shareholder*

# Neighborhood Benefits

- Co-ops are affordable to households who might otherwise be priced out of the neighborhood.
- Co-ops promote longer tenure in multi-family buildings
- Co-ops are bulwark against gentrification and displacement
- Co-ops are an incubator of neighborhood leaders
- Co-op residents tend to be more active in community affairs and more likely to vote



# Q&A

# Introduction to

uhab



UHAB **empowers** low-  
to moderate-income  
residents to take  
control of their  
housing and  
enhance  
**communities** by  
creating strong  
**tenant** associations  
and lasting **affordable**  
**co-ops.**







● 1973:

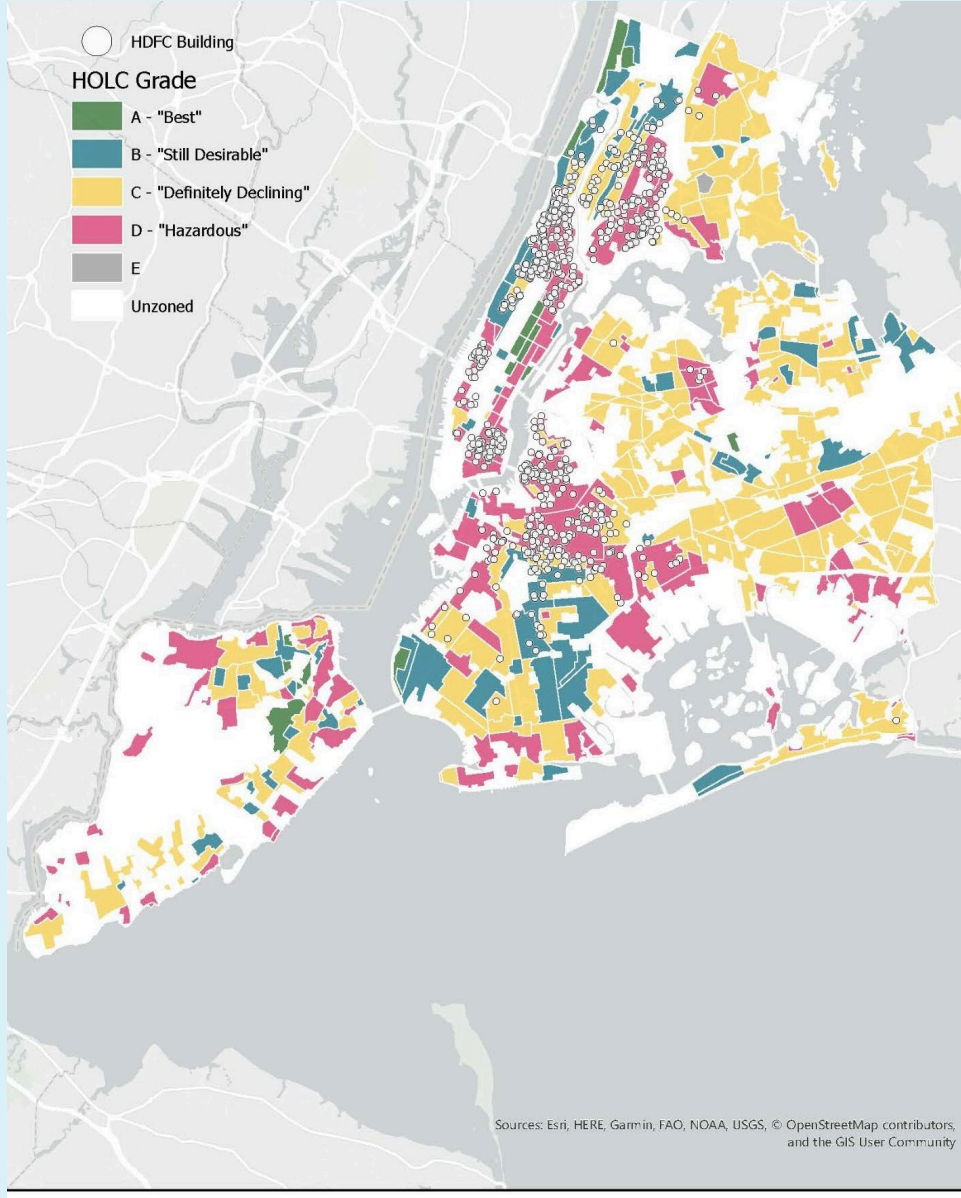
**UHAB** was formed when arson, abandonment, and disinvestment were rampant in New York City.

Image credit: Travis Price, Architect

With tools and support from UHAB, tenants across the city set about taking over their housing.

These “urban homesteaders” stepped up to fix their buildings when landlords and the government would not. This was also called “self help housing.”





Formerly **redlined** neighborhoods like:

South Bronx  
Washington Heights  
Harlem  
Lower East Side  
North Brooklyn  
Central Brooklyn

experienced the highest levels of abandonment & disinvestment.

Their residents created **cooperatives** as a community-led strategy for safe, affordable housing.



# Limited equity co-ops proved resilient as affordability started to become an issue

- Why UHAB chose LECs?
  - The way Self-help is operationalized in Real Estate is Cooperatives
  - Bulwark against abandonment and disinvestment
  - Allowed residents to stay when gentrification came
  - Allowed low-income people without credit to become homeowners
- Why NY law made sense for UHAB's co-ops?
  - History in NY (100 years before UHAB)
  - Law designed for affordable co-ops



1973 (Model #1)



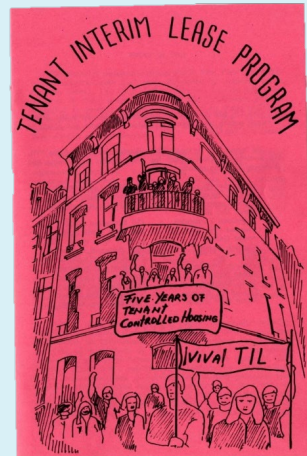
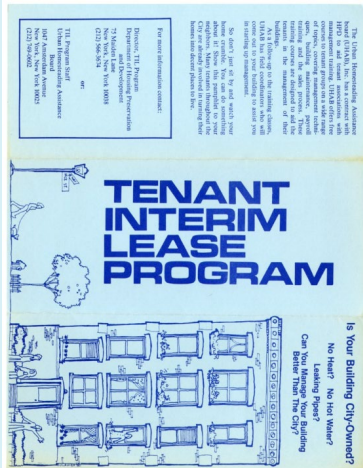
UHAB coined the term “**sweat equity**” and designed NYC’s **homesteading** program, allowing thousands of tenants to become **homeowners** by contributing labor instead of money.





## 1978 (Model #2)

UHAB worked with the City to create the **Tenant Interim Lease Program (TIL)**.



Through TIL, tenant associations gained the skills to run their own buildings and took legal ownership, forming affordable co-ops.



453 WEST 54 ST



152 FORSYTH ST



948 COLUMBUS AVE



225 SOUTH 3 ST



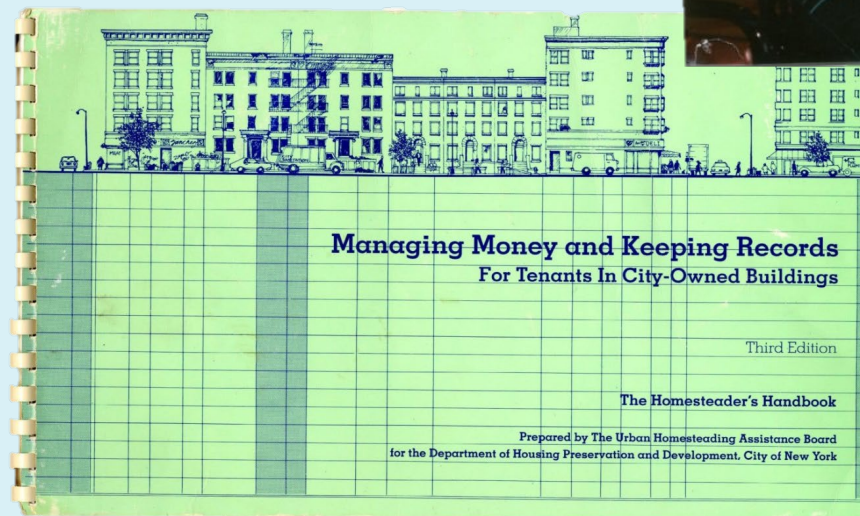
280 DEAN ST

Since 1973, UHAB has developed over 1,300 affordable housing co-ops and 30,000 apartments of housing across New York City.



## 1990s

By the 1990s the city was no longer facing a crisis of abandonment. As rents began to rise, these co-ops provided safe, affordable communities to live, raise families, and to age in place in the face of gentrification.



## 2001 (Model #3)

UHAB took on a new role as an **affordable housing developer**.

With a new administration, City regulations shifted to make it more difficult for tenants to take over their buildings directly. Now, tenants would need a third party nonprofit developer.

UHAB became an affordable housing developer after petition from several tenant associations.



2005

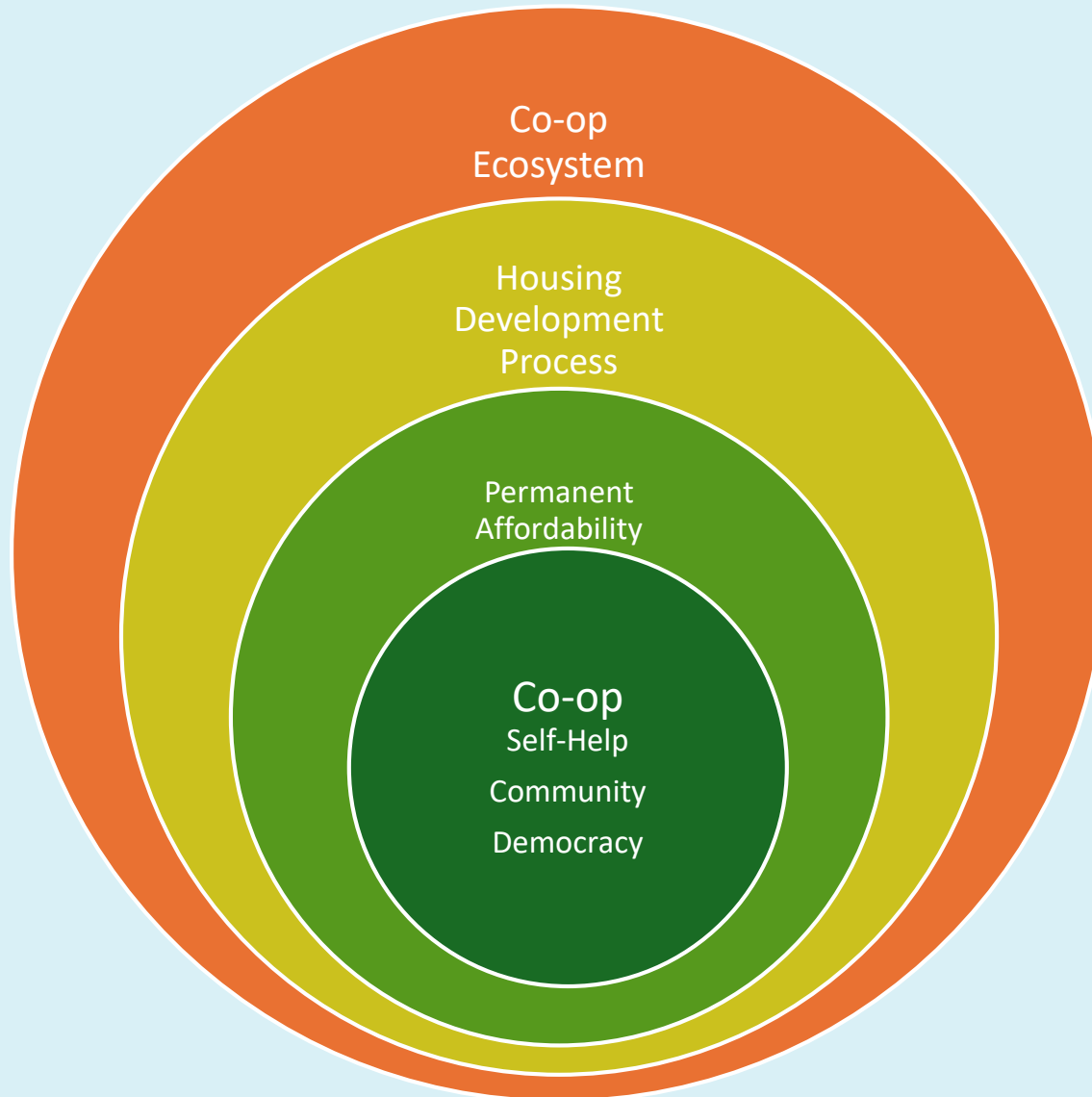
UHAB began organizing rent-stabilized tenants after noticing the housing stock of affordable rent-stabilized and government subsidized units dwindle in gentrifying neighborhoods.

**Tenant organizing** is part of our mission of supporting community-controlled housing.





# UHAB's Worldview



# What We Do

Our goal is to create & preserve **healthy, permanently affordable homes** for low income New Yorkers. We do this by building **community control**: we provide residents with tools and resources so they can steward their own housing.

There are 3 main ways we do this:

## Creating Affordable Housing



## Co-op Support & Stewardship



## Building Power



**Preserving Affordable Housing**

**Creating & Preserving Affordable Co-ops**



# UHAB's Co-op Ecosystem





Tenant Organizing



Co-op Development



Training

# UHAB's Role in the Ecosystem



Share Loan Lending



Legal



Co-op Preservation & Support





# Role in the Ecosystem continued



Member Services



Technical Assistance & Cost Saving Programs



Monitoring



Advocacy



Research

# Q&A

# Limited-Equity Co-ops in NYC

**There are 2 primary types of affordable limited-equity co-ops in NYC, as defined by NY state law:**

## **Mitchell-Lama (Article 2)**

- Tend to be high rises & large developments
- Income Surcharge for Over Income

## **HDFC (Article 11)**

- Tend to be tenements and small apartment buildings
- More common in last 50 years

**Around 85,000 families live in these 2 types of limited-equity co-ops across NYC.**



# Mitchell-Lama Co-ops

The Mitchell-Lama housing program was created in the 1950s to provide housing for the middle class. It continues to provide deeply affordable housing 70 years later.

There are around 60,000 units of M-L housing across 86 cooperative developments in NYC.

NYS law (article 2) allows  
Surcharging for over Income



Co-op City in the Bronx, 15,372 units

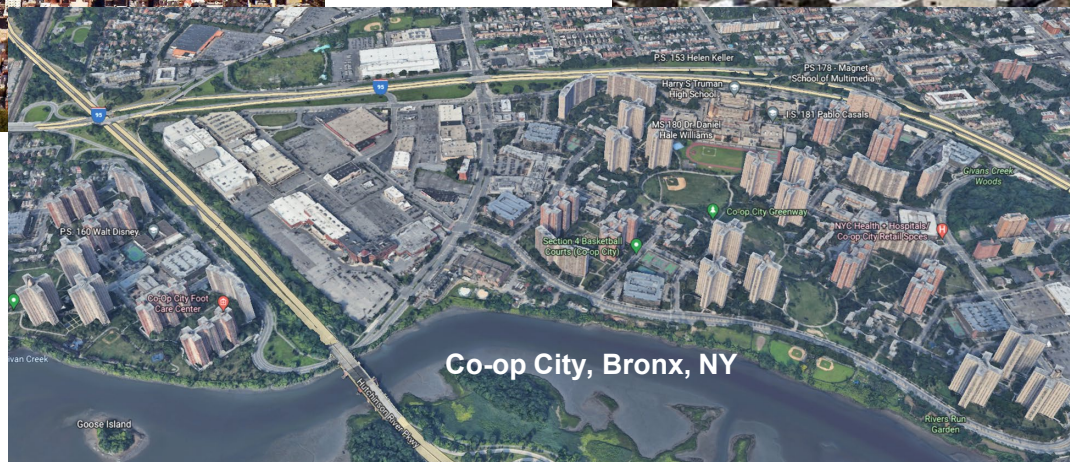
# Large New York Housing Co-ops



Cooperative Village, Lower East Side, NY



Penn South Co-op, NYC



Co-op City, Bronx, NY



# What does HDFC mean?

HDFC stands for **Housing Development Fund Corporation**. They're the limited-equity co-ops UHAB has developed in NYC, where they're regulated by the Housing and Preservation Department (HPD).



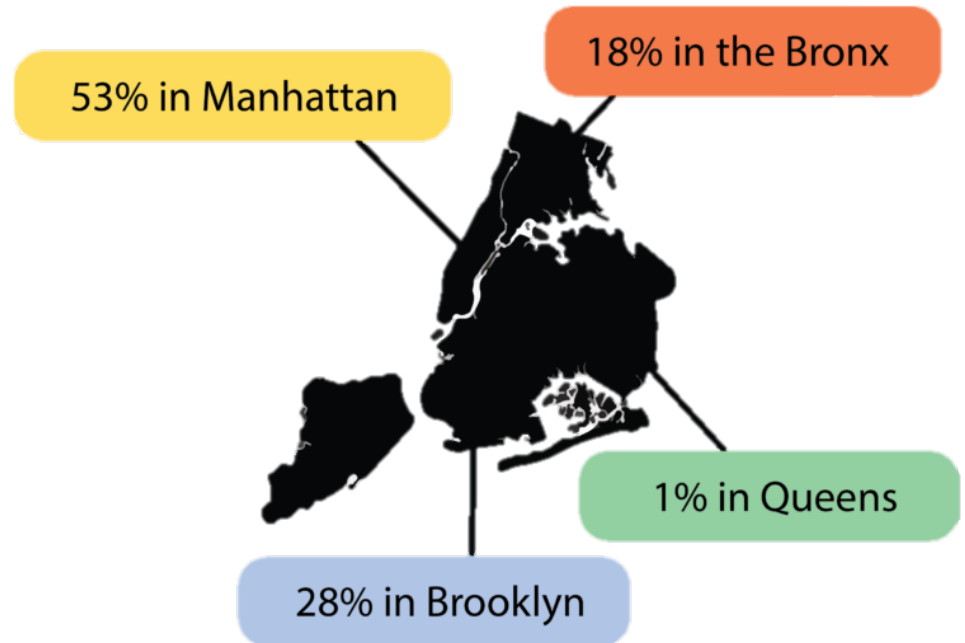
# UHAB's 1,300 Co-ops, 30,000 homes – Much Smaller



## Scale & Size

There are currently around 1,300 HDFCs with 30,000 units in New York City today.

The average HDFC houses 20 families.





# Who lives in these co-ops?

Mainly people of color under 50% up to 120% of area median income. Most are run by older women of color. About half of these co-ops have a majority of residents that speak Spanish at home.





# Affordable Housing Cooperatives Around the US

Limited Equity Housing Co-op Program	Previous Research	Current Research	Limited Equity Co-op Units Remaining Year 2016
HUD-Insured and assisted	148,000	148,000	35,000 (35,000 additional remain as NOAH*)
Lanham Act	35,000	7,000	7,000
Former public housing	20,000	7,200	1,200
Farmers home	5,000	75	75
Mitchell-Lama (NY)	60,000	67,433	61,432
State housing finance agencies	45,000	334	334
United Housing Foundation (NY)	40,000	25,746	15,279
Tenant self-converted/UHAB	50,000	33,000	33,000
CDBG/LIH tax-credit	7,000	40	40
Mutual Housing	15,000	7,000	7,000
ROCUSA	Did not exist	10,000	10,000
<b>TOTAL</b>	<b>425,000</b>	<b>305,828</b>	<b>166,608</b>
	©UHAB		*NOAH (Naturally Occurring Affordable)



# Affordable Housing **Co-ops** Around the Country



Newtown St. Co-op, DC



Echo Ridge Homes Co-op,  
Albuquerque, NM



Sheraden Park Co-op, Pittsburgh, PA



Rexmill Square, Jonesboro, GA



Harper Square  
Co-op,  
Chicago



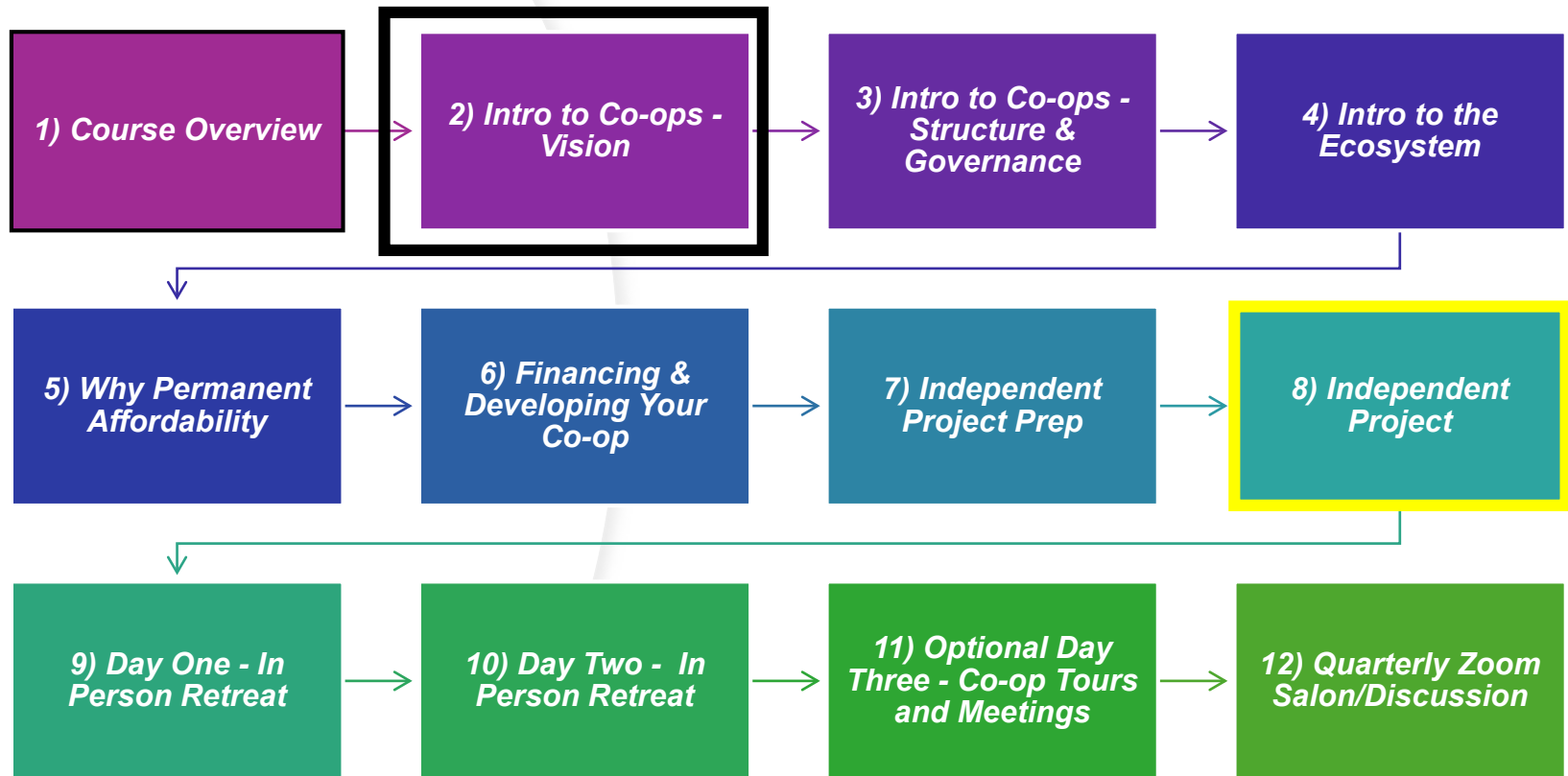
South Bend Mutual, South Bend, IN

# Q&A

# Closing Activity

What is **one takeaway** from today's session, or something you are **excited to learn** more about?

# Incubator Sessions:



# Homework on Canvas

- Log into Canvas to:
  - Find Homework
    - Read the **Co-op Models** Article for next session's Co-op Visioning Assignment
  - Fill out today's Survey
  - Complete your Profile (Including Picture and Introduction)



# Survey



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# The End