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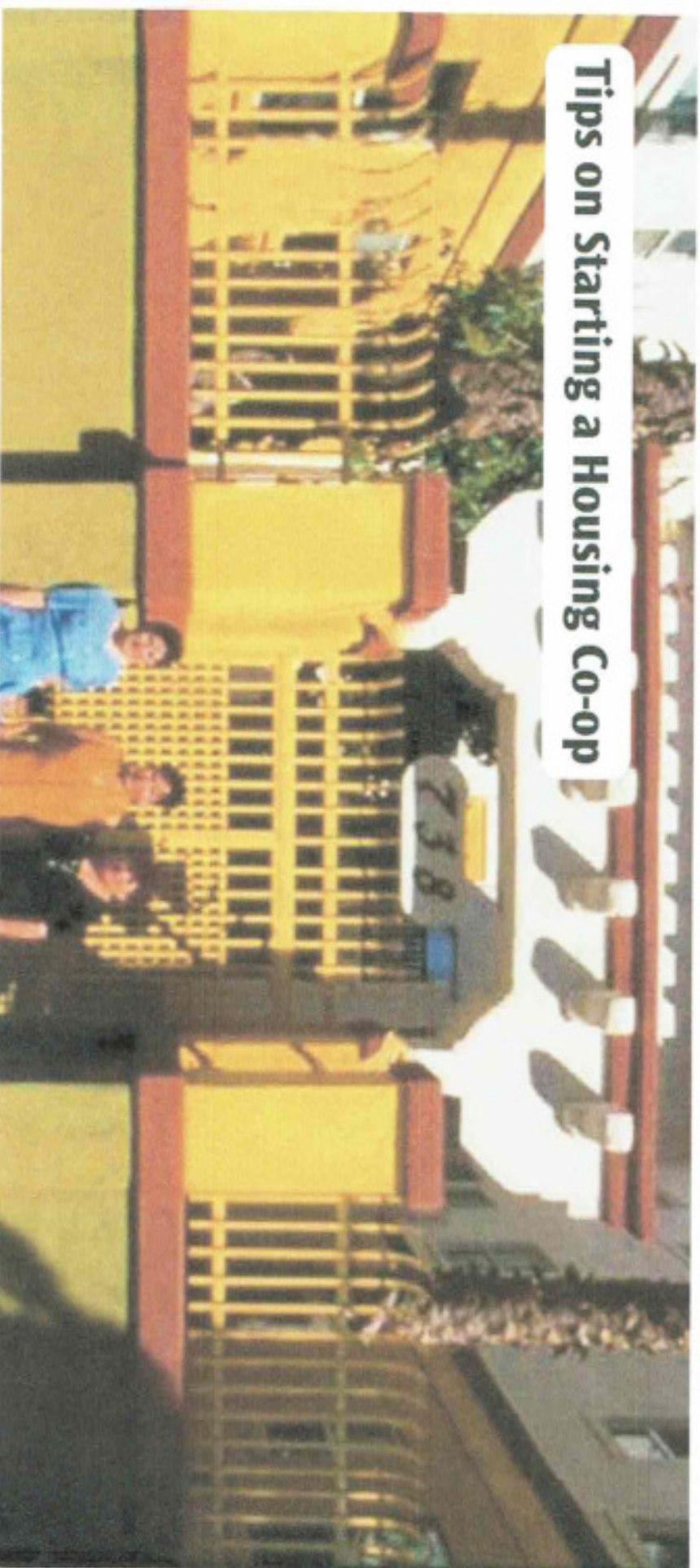
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"Tips on Starting a Housing Co-op," Mira Luna, March 18, 2021

Catalyzing worker co-ops & the solidarity economy

Tips on Starting a Housing Co-op



Repost

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March 18, 2021

[Mira Luna](#)

During college, I lived at a 32-member student housing cooperative where I had more fun there than I did in all my other years of college combined and met lifelong friends. I saved money by living there so I didn't need to work through school, as the co-op was owned by a nonprofit (consequently rent would get cheaper relative to inflation). The activists, artists and thinkers who lived there brewed new ideas which planted seeds in me that sprouted years later. We seized the opportunity to use common spaces for political and arts events that as regular tenants we would have never been able to host. The house created a vessel for whatever passion we wanted to manifest.

On the downside, I found it incredibly difficult to study there. The work of being a contributing co-op member was a drain on my work time and there was too much drama to focus on school. The co-op had structure and rules but with little follow through, meaning chores and maintenance didn't get done and conflict was common. We had an application process, but let everyone in regardless of their ability to cooperate, as well as people with drug and other mental health problems that needed more support than we could offer. New members weren't trained in consensus decision-making, creating heated and way-too-long meetings over trivial issues. I learned a lot about what not to do.

Years later, volunteering for a nonprofit that develops cooperative (co-op) housing, I discovered that when done properly, resident-owned co-ops can offer an affordable and more convivial alternative to single family housing. Co-ops save money by cutting out landlords' profits, sharing common spaces, lowering operating costs, and receiving public subsidies for affordable housing. Studies show that co-ops provide other benefits, like greater social cohesion and support, reduced crime, increased civic engagement & sustainability, better quality and maintenance of housing, and resident stability.

Housing cooperatives are defined primarily by their legal structure: co-op members own the housing collectively through shares in an organization, rather than individually, as with a condo. Residents also govern the housing democratically, either directly or through elected representatives. Not just for students, co-ops can be home to support groups of low income families, artists, elderly, disabled, and people with a common purpose. Over 1.5 million homes in the US are part of a co-operative housing organization.

There are several different kinds of co-ops:

- Rental or leasehold co-ops are democratically run organizations of tenants that equitably share costs of renting or leasing a building owned by someone else. Rental co-ops may share part of the management responsibility and often have more power collectively than single renters leasing from a conventional landlord. Nonprofits can also buy a building and rent it out to lower income folks who might not be able to afford shares. Sharing a house can offer big savings and can help people avoid foreclosure.

- Market rate co-ops are houses, apartment buildings or other groups of housing units that are organized under a democratically managed corporation in which residents purchase shares at a market rate. Shares cover the costs of a blanket mortgage, rainy day reserves, maintenance and other operating costs, insurance, tax, etc. Units are resold at market rate.
- Limited- or zero-equity affordable housing co-ops receive grants and government subsidies to make co-op shares more affordable to low-income people. They keep the housing permanently affordable through legal restrictions on the amount of gain on a future sale of the co-op share. Often these are organized groups of low-income tenants that agree to collectively buy the building they already rent through a nonprofit, usually a land trust that holds title to the land and takes it off the speculative market. It's a great way to make permanent gains in the fight against gentrification.



The Columbus United Cooperative (photo by SF Community Land Trust)

A successful limited-equity model is Columbus United Cooperative, a 21-unit apartment building in San Francisco. The [San Francisco Community Land Trust \(SFCLT\)](#) worked closely with the low-income, Chinese-American family tenants who were fighting eviction and demolition. With public subsidy, tenants purchased their units as part of a co-op for little more than their controlled rent in an area where home ownership is half the national average due to cost.

In Los Angeles, Comunidad Cambria went from a gang war zone and drug supermarket slum to a model of peaceful, affordable cooperative housing with the help of co-op housing activist Allan Heskin and several Latina women in the complex. The community rallied to protect its new co-op against threats from gangs and drug dealers to burn the building down, remediated a toxic dump in its basement, and created a vibrant community center. Sunwise Co-op is a rental cooperative, owned by Solar Community Housing Association, with a mission to provide eco-friendly, low-income housing in Davis, CA. The house uses solar water heating, photovoltaic panels, passive solar design, and composting to reduce their ecological footprint. They also grow their own veggies for shared vegetarian/vegan dinners and raise chickens and bees. Monthly shares or rental costs at affordable housing co-ops are often half or less of the market cost.

Co-op housing rentals are a relatively easy first step to implement. Co-op ownership can sometimes be a long, difficult process, but with much more substantial and long-term benefits. If you are thinking about starting your own housing cooperative, here is a basic plan for co-op ownership, much of which applies to rentals as well:

- Find a potentially willing community of people who want to live together long-term. Some community cohesion and individual social skills are very helpful. If there isn't already a community, holding dinners or other regular bonding events can lay a good foundation.
- Find a mentor through another successful co-op, a nonprofit that helps develop housing co-ops (like a local land trust or the [California Center for Co-op Development](#)), and/or a co-op-friendly lawyer. Read the Co-op Housing Toolkit.
- Educate community members about the entire process. Do an assessment to see if your community has the motivation, finances and skills needed to follow through. (If they don't, you may want to recruit or train people that can help, especially with

accounting, legal, organizing and maintenance tasks.) Make a decision whether or not to move forward.

- Work with a nonprofit or form an independent housing corporation. Form a Board of Directors from the residents' community with membership, finance, maintenance and operations/management committees. Create bylaws for organizational procedure, including new member selection, orientations, decision-making, Board and committee elections, regular communication/meetings and conflict resolution processes. You can use another co-op's bylaws as a model.
- Develop a realistic budget with reserves, then research financing options. If your community is low income, it may be eligible for foundation grants, public subsidies from HUD or municipal affordable housing programs, and loans from **Community Development Financial Institutions**. Try working with banks that have already funded co-ops, it will be a much easier pitch and process.
- Select the dwelling that you want to buy, convert or construct and make sure the seller is willing to sell to a co-op.
- Secure a loan and buy the building with the community through a blanket mortgage. This is much easier to secure when working with a nonprofit that has a track record of successful co-op development.
- Complete any rehabilitation or upgrades that are needed in advance of moving in. This can be a fun way to build group cohesion in advance of all living under the same roof.
- Find ways to build community feeling through shared common space, childcare, dinners, group projects or other regular events. Develop relationships with the surrounding community through volunteering programs.

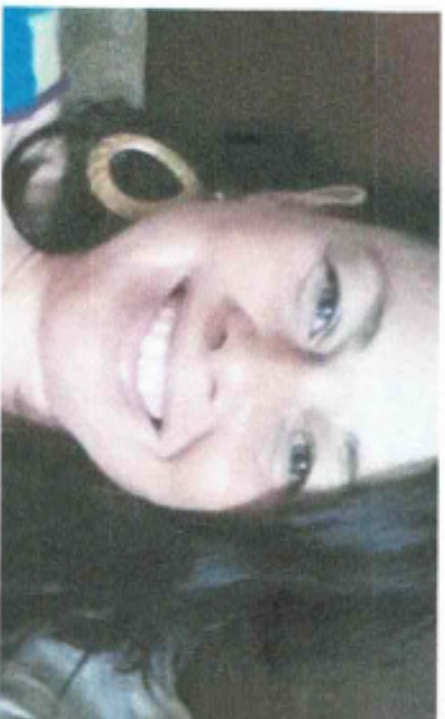
Although problems can come up as in any housing situation, the issue most likely to destroy the co-op is internal conflict. Finding the right people and teaching others willing to learn how to get along is key.



The Sunwise Co-op family (photo courtesy by Sunwise)

For more info on how to share housing and other stuff as part of a cooperative, see [The Sharing Solution](#), a book by Janelle Orsi and Emily Doskow, visit the [National Association of Housing Cooperatives](#) website and any of the linked websites above.

Mira Luna



Mira Luna is a long time social and environmental justice activist, community organizer and journalist, working to develop an alternative economy. She co-founded Bay Area Community Exchange, a regional open source timebank, the San Francisco Really Really Free Market and JASecon, and has served on the board of the San Francisco Community Land Trust and currently serves on the boards of the US Solidarity Economy Network and Data Commons Cooperative. She coordinated the Bay Area Participatory Budgeting Tour, the first Homestead Skillshare Festival in San Francisco, the Festival of Grassroots Economics in Oakland and two workshops for the Network of Bay Area Worker Cooperatives.

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