

CO-OP CONTACT



NOVEMBER 1955
VOL. 1 NO. 1

UNITED HOUSING FOUNDATION
COMMUNITY SERVICES, INC.

OUR PURPOSE

Volume 1, Number 1, means that a new magazine has been born. We are the first to admit that too much paper is wasted by "magazines" which clutter the news stands and the mails. However we believe there is a need for this magazine, which we have named CO-OP CONTACT. The name reflects our purpose — which is to contact the members, the board of directors, the managers and others interested in housing cooperatives.

Why do we want this contact? Because there are some thirty thousand families, or about 105,000 people, in the New York area who are living in housing cooperatives. If they were located in a central place they would comprise a city about the size of Wilmington, Delaware or Grand Rapids, Michigan. Because they are scattered throughout the

largest city in the country there is no reason why they should not have CONTACT with each other.

Through these pages we hope to establish a common meeting ground for discussing mutual problems; exchange of ideas; dissemination of news and information; development of cooperative activities between groups; and to generally promote the idea of cooperation among people. We hope this magazine will serve to improve our existing cooperatives and to promote others.

We welcome your comments, suggestions, advice and ideas how we might best serve you and your cooperative. Letters should be addressed to the Editor, CO-OP CONTACT, United Housing Foundation, 11 West 42nd Street, New York 36, New York, or Community Services, 530 Grand Street, New York 2, New York.

UNITED HOUSING FOUNDATION

This magazine is published jointly by the United Housing Foundation and Community Services Inc.

Founded in 1950, the United Housing Foundation is a non-profit organization whose primary purpose is to promote genuine cooperative housing developments for moderate income families. Twenty-nine organizations comprise the membership of the Foundation, of which fifteen are housing cooperatives, the others are labor unions, consumer, civic and fraternal organizations. Robert Szold is the Foundation's President and Roger Schafer its active Secretary. The office is located at 11 West 42nd Street, New York 36, New York.

Like most non-profit organizations the United Housing Foundation operates on a small budget and accomplishes much with a small staff. The Foundation assists groups in starting housing cooperatives by furnishing them with the technical requirements necessary for the establishment of a cooperative. Such information includes organizational structure, financial requirements, legal aspects etc. Occasionally the Foundation has been able to assist groups with some of the initial financing necessary to start a project. Once the group has been organized and is ready to build, Community Services Inc. may be of further assistance in other ways.

There are over ten thousand families living in cooperatives which are members of the Foundation. The United Housing Foundation serves as a clearing house for the exchange of information among existing cooperative housing organizations.

It also promotes the advantages of cooperative housing through the press, the radio and television, and by speaking at meetings for the general public.

COMMUNITY SERVICES INC. Is the business subsidiary of the United Housing Foundation. While the nature of the Foundation's work is educational and promotional, Community Services seeks to serve the business requirements of new groups and of existing housing cooperatives.

The primary function of Community Services Inc. is to plan and build housing cooperatives for groups which have organized for that purpose, at a reasonable fee. At the present time the Mutual Housing Association buildings in the Bronx and the Kingsview development in Brooklyn are being constructed under the supervision of Community Services. The organization will also act as planning and building consultants for groups ready to proceed with developing housing cooperatives.

There are many housing cooperatives in the New York area, with similar needs and similar problems. Community Services acts as a central organization to facilitate joint purchasing of supplies and services used by these associations. In addition to buying cooperatively, Community Service maintains an auditing department, and an insurance department.

Community Services seeks to develop among housing associations, through its education department, other forms of cooperative enterprises such as cooperative grocery stores, nursery schools, credit unions, and health plans.

The President is A. E. Kazan, a leader in the cooperative movement, and founder, builder and manager of many housing cooperatives. The office is at 530 Grand Street, New York 2, New York.

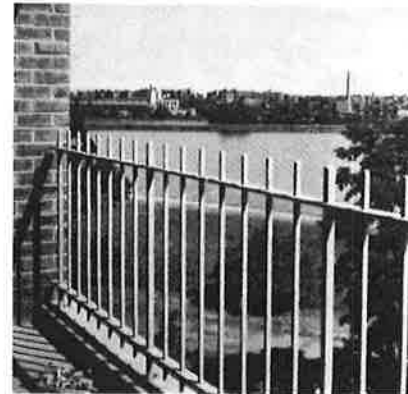


The lights are on, the last of the boxes and barrels have been unpacked, and families are settling down in this most recently completed cooperative. Housing 123 families, the above is a picture of the first of four buildings to comprise the Mutual Housing Cooperative located on Sedgwick Avenue in the Bronx, near Van Cortlandt Park. The three additional buildings are expected to be finished next year. Applications for membership are taken at 98 Van Cortlandt Park South from 2 PM to 5 PM, Mondays through Fridays.

Picture at the bottom left is a view of the Jerome reservoir from a tenth floor balcony.

Picture at the bottom right shows A. E. Kazan, standing, Vice President of Mutual watching Murray D. Lincoln, President of Nationwide Insurance Companies, sign the mortgage check for the first building.

This cooperative was the first to be sponsored by the United Housing Foundation and built by Community Services Inc.





UNITED HOUSING FOUNDATION'S ANNUAL MEETING

Delegates to the Annual Members' Meeting of the United Housing Foundation on September 21st heard reports on the activities from 14 housing cooperatives which comprise a part of the Membership of the Foundation.



The principal speakers at the meeting were Joseph P. McMurray, the State Housing Commissioner and Philip J. Cruise, Chairman of the New York City Housing Authority. Both highly praised the work of the Foundation and its members in providing housing for families of moderate incomes.

Commissioner McMurray said he would submit to the next session of the New York State Legislature several proposals to improve the existing middle income housing legislation. They include:

1. That the State's supervision and regulation of cooperatives end when a housing cooperative has paid off its mortgage and is paying full taxes.
2. That the present income limitations in state aided cooperatives be modified to encourage more development.

In addition the Commissioner stated it was time to re-examine the constitutional and statutory basis of the present housing and redevelop-



ment programs — the present emphasis on low rents and slum clearance is not adequate to meet the problem of overall neighborhood redevelopment.

Chairman Cruise asserted that the City must continue to grant limited tax exemption if housing is to be kept within the reach of families of modest means. He praised the part of cooperatives in providing capital for slum clearance and middle income housing. He said, "I am all for the idea of cooperative housing. I think it can make for a more stabilized community, better and more active citizenship, and strengthened family ties. I think it can provide desperately needed housing for middle income families. I think it can and should play a major part in our overall attack on the housing problem".

In his report as President of Community Services Inc., A. E. Kazan told the delegates that cooperatives would not be on their way to solving the housing shortage until they were developing 20,000 units a year. Among the problems which must be solved, he said, was a method of assisting those of very moderate incomes to raise the equity money to join a cooperative. He also stressed the need to find a way to grant temporary loans to new groups interested in forming cooperatives.

Robert Szold, who presided at the meeting, as President of the United Housing Foundation, and the Secretary Roger Schafer reported on the activities of the Foundation during the past year. A copy of the Secretary's Annual Report is available on request from the United Housing Foundation.



SPEAKING FRANKLY

A BASIC PRINCIPLE

by A. E. KAZAN

Since 1927 when the Amalgamated Housing Corp., the first large scale successful housing cooperative opened, there has been a relatively small turnover in apartments in that cooperative and also in other cooperatives which were subsequently built. One of the primary reasons for this is that the people who invest their money in a cooperative do so because they want a decent home. The investment of \$600 or more dollars a room in an apartment is not made without careful consideration. Once the decision is arrived at and the investment is made the cooperator is apt to remain in the organization a long time. Many of the families in the Amalgamated Cooperative in the Bronx now contain not only the second generation of cooperators — but also the third.

Housing cooperatives are built to meet the basic needs of people for housing. Cooperatives offer a method whereby people who join together may have decent housing which they could not have by individual effort. The age of a cooperative, if it has been properly maintained, does not decrease its value. Good accounting procedures require allocations for depreciation. The members pay carrying charges which cover the actual expenses of running the development. The market value of real estate and the fluctuations in housing conditions have no effect on the value of a member's investment — cooperatives provide homes to live in, not speculative housing. In view of that, a share of stock in a cooperative has the same value today as it had five years ago — and will have the same value five years from today. The non-profit, non-speculative principles of cooperatives assures present and future cooperators of fair equitable treatment.

When joining a cooperative the member agrees that when he wishes to withdraw he must give the corporation the first option to repurchase his stock. If the organization did not have the funds to purchase the member's stock, he legitimately could sell his stock with the approval of the organization to anyone for the highest price possible. When the time comes for a cooperator to leave he wants to receive the same amount for his stock as he paid for it — and he expects the corporation to redeem his investment promptly. Cooperatives which are providing housing for families of modest incomes have a moral obligation, which is more important than a legal one, to redeem the members stock when it is necessary for them to leave the development. Often the members have invested their life's savings to obtain a home. Changes in place of employment, or the health of a member of the family are unforeseen events which might require members to move. The organization must make it as easy to withdraw from the cooperative as it was to join. This can be done simply by having a fund for that purpose.

The fund is established by each member contributing a small amount perhaps twenty-five or fifty cents per room each month, until the fund is built up. Thus each family is insuring that perhaps two, perhaps ten, perhaps thirty years hence, when they want their investment returned, there will be funds available. The question is often asked, why not increase the carrying charges so there will be a surplus which could be used for repurchasing stock. A cooperative is a non-profit business, if there was such a surplus in reserve it would be subject to tax, and the members might also from time to time be tempted to use this reserve for other purposes. To illustrate, a development with 5,000 renting rooms,

having a reserve fund based on contributions of fifty cents per room, would be collecting \$2,500 a month or \$30,000 in a year. This would be a sizeable taxable surplus.

Sometimes it might be advisable for the members to establish a separate corporation to handle this fund and other services. When the fund has substantial reserves contributions can be suspended — and need only apply to new members. The details may differ slightly from one plan to another, the important fact is for each organization to have such a fund.

One of the basic Rochdale cooperative principles is that there shall be no speculation with the value of cooperative stock. Recently it has come to our attention that this principle is being violated by some cooperatives. This is a dangerous situation and if followed is apt to have serious consequences for all. It is grossly unjust and an unethical practice for cooperatives to speculate with the stock of the organization.

This is what is happening. When a member leaves the organization his investment is returned. The corporation then increases the value of the shares usually by a hundred dollars or more. The next member must pay the increased cost of the stock if he wishes to join. To illustrate, over a period of time some members for similar apartments may have investments varying by several thousand dollars. Stock speculation in a period of economic decline could mean serious economic losses for the members. This practice can give cooperatives a bad reputation, even those who have been scrupulous in their dealings with their members. A reserve fund makes it possible to maintain the value of the corporation's stock at par, thus enabling the same investment for all members.

The reserve fund might also be used for another purpose. There are thousands of moderate income families who would like to live in cooperatives. However, they need assistance to raise the required investment. The reserve fund could be used to make low interest loans to potential members.

Non-profit housing cooperatives exist for the purpose of meeting the housing needs for moderate income families. Maintaining the non-profit, non-speculative character of cooperatives is essential for their continued growth and success.

CO-OP HOUSING NEWS — Two New Co-ops Break Ground

New York — Within five days ground was broken for two new housing cooperatives in New York City.

On September 16th, the \$13,000,000 Morningside Gardens development was started. This cooperative which is a part of the rehabilitation program at Morningside Heights will provide housing for 984 middle income families. The project will consist of six twenty-one story buildings containing apartments ranging in size from 2½ to 6 rooms. The average rental is \$21 a room, the investment is \$750 per room.

On September 20th a more mod-

est development got underway. This is the 290 unit Kingsview cooperative in the Fort Green area of Brooklyn. Being built at a cost of \$3,900,000 as part of a 20 acre redevelopment project which will include Long Island University campus, a new building for Brooklyn Hospital and higher income apartments being built by a private developer. Kingsview is sponsored by the United Housing Foundation and the construction is under the supervision of Community Services. Five apartment buildings and a garage comprise the development. The apartments range in size from 2½ to 5½ rooms. The

investment here is \$612 a room, with monthly carrying charges averaging about \$19 a room.

UNITED HOUSING FOUNDATION MOVES TO NEW OFFICE

On October 1st the United Housing Foundation moved to new offices at 11 West 42nd Street, New York 36, New York. The telephone number is BRyant 9-9852.

News from the Cooperative League

Members of the Hyde Park Cooperative Society, Chicago, and other Hyde Parkers, are forming a housing cooperative to build homes or apartments for themselves in the residential section of a 47-acre tract now being cleared for "redevelopment" by the city. The society already sponsors a 23-unit apartment development, Pioneer Cooperative; a supermarket, nursery school, camp and other co-op activities.

* * *

A non-profit co-op of some residents of Greenbelt, Md., known as Woodway Homes, Inc., is developing a 49-home single home project in the attractive Woodland Hills section of Greenbelt, 20 miles from downtown Washington, D.C. Plans are for 6-room and 9-room brick

homes with all improvements and many items of equipment, on large wooded lots, at monthly carrying charges of \$72 and \$86, respectively, minus insurance, and taxes. FHA-insured mortgages are being sought. Greenbelt is the community owned entirely by its residents, as a cooperative.

* * *

Through cooperative methods and a credit union loan, high school students in Abbotsford, B.C., near Vancouver, built a modern home as part of their school courses. They designed, built, and decorated it themselves. The profit will go to a scholarship fund.

* * *

Three hundred family members of the American Homesteading Foundation, at Melbourne Village, Fla., are developing a new 300-acre tract of land cooperatively, to accommodate a flood of new home-seekers in their tropical co-op community.

* * *

Great interest in cooperative housing as a result of the somewhat improved 1955 FHA and FNMA provisions has been shown by trade unions, credit unions, church and other groups, the Cooperative League of the USA reports.

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