

CO-OP CONTACT



APRIL 1957
VOL. II NO. 4

UNITED HOUSING FOUNDATION
COMMUNITY SERVICES, INC.

MAKING THE INVESTMENT

A. E. Kazan

President, Community Services, Inc.

It is the purpose of the United Housing Foundation to promote the development of cooperative housing. The basic concept of cooperative housing is that people can voluntarily join together to help themselves obtain good housing at a reasonable price.

Cooperative housing is designed and planned for working people with modest incomes. Those who can afford luxury housing are not encouraged to apply for apartments in genuine cooperatives; those who do apply are generally not accepted. The monthly carrying charges in cooperatives are geared as low as possible to permit families with moderate incomes to have the advantages of good housing. One of the major factors contributing to the low monthly carrying charges is the equity investment the member makes in the cooperative. This investment is about twenty percent of the cost of constructing the development. Currently, this amounts to between six and seven hundred dollars a room. The investment for a four and a half room unit at \$650 a room would be \$2,925. For people with modest incomes, this is a substantial amount of money. In many instances, the member's investment represents his life's savings.

For a long time, cooperatives have grappled with the problem of how to assist those who want to join a cooperative, but have not the necessary investment equity. It is recognized that there are a large number of people who cannot afford to join a cooperative; these are the people with very low incomes. How-

ever, there are large numbers of families who with a little assistance can meet the financial requirements. These are the very people who would benefit the most from living in a housing cooperative.

MAKING A LOAN

In the past, some banks have been willing to make loans to applicants who had a part of the equity. The member's stock in the cooperative has been used as collateral for such loans. Other members have obtained loans from credit unions. Some have received financial assistance in the form of low interest loans from their labor unions. These various methods have made it possible for many people to join cooperatives who otherwise would not have been able to do so. Undoubtedly, over a period of time, the cooperative has saved these members sufficient money in "rent" for the repayment of the loans. Nevertheless, the repayment of the loans, plus interest, has added appreciably to the cost the members had to pay for shelter.

Often cooperators have asked if the equity payments could not be spread over a long period of time, payable after they move into the project. They forget that the equity in a new project is used to pay for the land and for construction. Before the development is finished, the equity money is spent. In older cooperatives, the new members' equity is used to refund the investment to the cooperator who is giving up the apartment.

ANOTHER METHOD

Perhaps we can solve this problem by adopting a system which is used in England. There is no cooperative housing in Great Britain, but a large proportion of the population own their own individual homes. In 1884, the Cooperative Permanent Building Society was founded to help cooperative members obtain their own homes. (One wonders why they did not develop housing cooperatives as so much of everything else in England is cooperative). The Cooperative Permanent Building Society is something like a savings and loan association in the United States. In their booklet, they say: "Our business is concerned with people — we collect the savings of our members, and of the general public, and use them to help members of the community to buy their own homes." Over a quarter of a million persons are members of this cooperative. The Society has assets of approximately \$300,000,000.

Within the foreseeable future, the United Housing Foundation will be en-

gaged in the development of a number of cooperative projects, simultaneously. Thousands of people will be applying for apartments in these projects through the Central Applications Office of Community Services, Inc. Cooperative developments cannot be built overnight. Often several years elapse between the time a person applies for an apartment and the time he is required to make his investment. Might not this time be profitably used by some applicants to accumulate at least part of their equity?

REGULAR SAVINGS

If we adopted some modified form of the program of the Cooperative Permanent Building Society, we might be establishing a service to potential members which would help solve the equity-investment problem. The plan would be to establish a service whereby applicants could make periodic deposits, weekly or monthly, which would be credited toward their equity investment. Suppose an applicant had to wait three years before he was asked for his equity payment. If during that time he saved ten dollars a week in the cooperative savings association, he would have accumulated \$1,560, plus interest toward his investment.

There are many technical and legal questions to be resolved before such a cooperative service could be put into operation. Those are technicalities which keep lawyers occupied. As envisioned, in time, this cooperative savings association would, where necessary, be able to make low-interest loans to its members to enable them to complete their investment payments.

In addition, there would come a time when this association would be able to solve another problem which has been an obstacle to the development of cooperative housing — namely; the lack of organizational capital to start new projects. A revolving fund might be provided which could be used to initiate new projects.

This whole idea is predicated on the sound cooperative principle that people should help themselves and that they should have control of their own funds. It is the purpose of the United Housing Foundation to do everything possible to achieve this end. A cooperative savings association would be another step in helping people to help themselves. It is suggested that we consider this idea and formulate plans to start such a cooperative savings association as soon as possible.

NEWS FROM WASHINGTON

FHA INSURES COOPERATIVE HOUSING DEVELOPMENTS IN TWENTY-FIVE STATES

Three hundred and sixty-six cooperative housing projects which comprise 36,518 units, valued at \$548,747,000, have their mortgages insured by FHA. These projects are located in twenty-five states and the District of Columbia.

The FHA has classified these cooperatives into two groups, "sales type" and "management type." Sixty percent of the insured projects are of the latter variety. These are projects which continue to be cooperative after their completion. The "sales type" cooperative is where the people obtain their homes through cooperative purchasing of land, joint planning and cooperative construction. On completion of the project, the homes become individually owned by the members. There are 237 of these "sales type" co-ops. Eighty are in California and 70 in Arizona. The rest are located in seventeen other states.

Of the 129 "management type" housing co-ops which are insured by the FHA, 96 are located in New York State. These 96 projects contain 20,020 of the 23,111 total units in the 129 projects; they are valued at \$187,622,200.

The FHA has made commitments for 204 additional projects which will contain 6,366 units. There are also an additional 232 applications under consideration. If all of these applications are approved, it will add nearly 14,000 additional cooperative dwelling units.

MIDDLE INCOME HOUSING BILL INTRODUCED

Congressman Abe Multer of Brooklyn, New York has introduced a middle-income housing bill in Congress. The bill is designed to assist cooperatives and other non-profit corporations in the production of housing for moderate income families.

Congressman Multer's bill would establish a Cooperative Housing Administration as an agency of the Housing and Home Finance Agency. The agency would be headed by a commissioner appointed by the president. The Cooperative Housing Administration would be authorized to furnish technical advice and assistance in the organization of cooperatives and other non-profit corporations in the planning, financing, development, and construction of cooperative housing projects.

An important feature of the bill would authorize the commissioner to advance funds to a cooperative to do the preliminary work on planning and the developing of a housing project. Such funds would be included as part of the total cost of the development. The agency would be authorized to use up to \$25,000,000 for such preliminary advances. In addition, the agency would be authorized to sell to the U.S. Treasury up to \$100,000,000 worth of debentures for the initial operating capital for a National Mortgage for Housing Cooperatives. Loans by the Mortgage Corporation would be made at the cost of money to the government plus the cost of administration. Financing of cooperative projects would be by direct loans from the Cooperative Housing Administration, to cooperatives and other non-profit organizations. This would be a substantial change from current practices in the Cooperative Housing section of the FHA where the cooperative seeks to secure mortgage funds from banks and insurance companies and FHA insures the mortgage for the financial organizations. Under the provisions of the Multer bill, cooperatives would invest the equivalent of ten percent of the original principal loan over a period of twenty years, thus giving the cooperative a very substantial interest in the Mortgage Corporation. The Mortgage Corporation would be authorized to make loans to be amortized over a period not to exceed fifty years.

The National Mortgage Corporation for Housing Cooperatives would be under the direction of a board of five directors. The initial Board would be appointed by the Commissioner. The directors would serve for five-year terms, as the first five appointees' terms expire, and they would have terms of one, two, three, four, and five years. The first and third vacancies would be filled by the appointment of directors from among the members of the cooperatives and other non-profit corporations, making use of the services of the corporation or from other persons representative of housing cooperatives.

CONGRESS EARMARKS FIFTY MILLION FOR CO-OP HOUSING

Congress has given permission for the Federal National Mortgage Association to lend housing cooperatives fifty million dollars in 1957-58.

The FNMA buys housing mortgages when banks and insurance companies won't take them. Last year for the first time since 1949, the construction of homes fell below a million units. The industry is geared to produce a million and a half units annually. With the hope to stimulate the construction of more housing, the Administration asked Congress for a billion dollars for FNMA. Congress cut this request in half, and specified that fifty million be used for co-op housing.

QUOTATION OF THE MONTH

We were privileged to read an address which Robert Moses gave at Smith College on March 13 and we would like to quote a few paragraphs:

... "I think that thirty years is a fair target for most of our urban, suburban, metropolitan regional plans. No doubt, there are accomplishments which will last much longer. A parkway or highway goes on indefinitely. So does a park, an undefiled beach, a great preserve, a city square or monument. Churches and other public buildings are durable. None of them, however, will outlast great literature. You will recall that Horace in his Odes said prophetically that in his writings he had fashioned a monument more enduring than bronze, loftier than the pyramids, and one that neither rain or wind, nor even the flight of time could destroy.

"The first problem of any growing American metropolis today is probably transportation of food, men, and materials in its various phases. Here we are doing fairly well. Railroads, which in the recent past have done little more than pile up debt, are at last waking up. Shipping and ports are alive in spite of labor troubles. Air travel improves. The gap between car and road is at last narrowing. The least progress has been made in the field of parking, but even here there are signs of official awakening.

"The next problem is adequate housing. The urban and suburban housing shortage will end when the FHA is administered by forthright, courageous officials less concerned with criticism than with results, when slum clearance by private capital is extended, expedited and linked to low rental housing to take care of displaced persons, and when the more decent speculative builder who welcomes high standards of zoning and construction is given an opportunity to make an honest dollar if he provides for middle-income families. This opportunity can only be afforded by some form of tax abatement or other public aid. My own experience leads me to look primarily to cooperatives, and especially labor cooperatives, for good middle-income apartments within cities and suburbs, but even this is impossible without much greater cooperation from banks, savings banks, and insurance companies with or without federal guarantees."

CO-OP HOUSING NEWS

Amalgamated Dwellings — Hillman Houses — ILGWU Cooperative Village — 2700 Units

The March of Dimes Committee arranged for persons in this community to get their polio vaccine shots from the Board of Health for one dollar each. Over seven-hundred co-operators signed up to participate in this program. This cooperative arrangement saved the people a considerable amount of money.

The new auditorium in Cooperative Village has been rented to the producers of the television program, Omnibus, for rehearsals.

Amalgamated Housing Corp. — 1450 Units

Plans are underway for celebrating the 30th Anniversary of this cooperative. A subcommittee of the Joint Board is planning a "Festival Year 1957-58" which will have supervision of the many events which are planned.

Bell Park Manor and Terrace — Limited Dividends — 847 Units

At the fifth annual meeting of the Bell Park Manor and Terrace Credit Union, held January 29, President Lou Pollack announced that borrowers would be granted a refund of 5 percent of the interest they had paid during the year, thus reducing further, the cost of borrowing money. Five-hundred and fifty co-operators, or almost 2/3 of the total population of Bell Park Manor and Terrace are members of the credit union. They have received a 3-1/2 percent dividend on savings for the year.

Deepdale — FHA — 1,396 Units

Deepdale has its own Community Theater Workshop, which rehearses in a nearby public school. In addition to presenting the production "Guest in the House," the workshop has

made an arrangement with ANTA (American National Theater Academy) to have a lecture-discussion course in the arts of the living theater. The course will extend over a 2 1/2-month period, from March 12 to May 21.

Electchester — Limited Dividend — 2,226 Units

On Wednesday afternoon, February 20, the new gymnasium was dedicated in the Fourth Housing section of Electchester. The Electchester Athletic Association has built a boxing ring, and in addition, there is regulation gymnasium equipment for exercise purposes.

The Cub Scouts at Electchester built a scale model of the development with some assistance from their fathers. The model is detailed down to miniature cars, TV antennas on the roofs, and a scale reproduction of the shopping center.

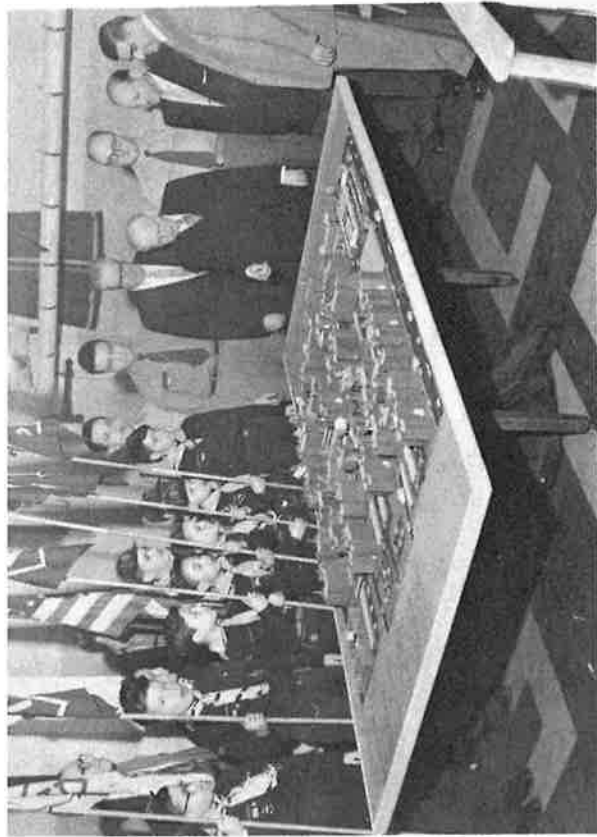
Hamilton — FHA — 160 Units

The Community Council in cooperation with the Tuberculosis and Health Association of Brooklyn, arranged for 150 people to have their chest X-rayed by a mobile unit which came directly to the cooperative. The Tuberculosis Association provided posters and illustrated material to help explain the program to the co-operators and their neighbors.

Kingsview — Redevelopment Company — 290 Units

Kingsview was completely occupied on February 1 of this year. It is the third Title I housing development to be completed in the nation. The first was in Philadelphia and the second was the ILGWU Cooperative Village.

Cooperators have arranged for Abraham and Straus to provide a series of courses, on the site, on how to decorate the apartments. A particularly interesting problem is the ques-



Model of Electchester Cooperative Development

tion of draping the seventeen-foot picture window in the living and dining room area.

Knolls Section I — FHA — 240 Units

The Board of Directors has announced that the Court of Appeals of the State of New York affirmed the right of the stockholders to bring suit against the builder of this cooperative and to recover certain items of damage. This is a landmark in the history of cooperatives financed under Section 213 of the National Housing Act in the city of New York. The suit is expected to go to trial shortly.

Queensview West — Redevelopment Company — 364 Units

Over 600 individuals from the 364 families who are to live in Queensview West attended the first pre-

occupancy meeting on January 31. They heard reports from and had an opportunity to question the architect, the builder, the management staff, and the general council. Meetings will be held on a regular monthly basis until occupancy, which is expected in early 1958. Committees have been formed to deal with the following problems: nursery school, public school, teenage recreation, color selection, monthly publication, and moving.

Vernon Manor Section II — FHA — 240 Units

By consolidating storage space and adjusting space allocated to management, the Board of Directors of Vernon Manor Section II has been able to increase the revenue of the cooperative by renting space to a valet service and a dentist. Vending machines are also used to increase the cooperative's revenue.

Issued 10 times a year. Free to members of the United Housing Foundation; \$2.00 a year to others.
Editorial Address: Community Services, Inc.,
570 Grand Street, New York 2, N. Y.

