

CO-OP CONTACT



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UNITED HOUSING FOUNDATION
COMMUNITY SERVICES, INC.

A CHALLENGE

One of the ten original Title I redevelopment projects undertaken in New York City five years ago, in fact, the most ambitious of the projects in terms of size, is Manhattantown. This project called for the clearing of 26 acres of slums between 97 and 100 Streets, and between Central Park West and Amsterdam Avenue. Today, five years after the project was initiated and after the expenditure of over three million dollars was paid for the acquisition of the site, the city has had to repossess the site and is looking for a new sponsor.

The difficulties this project was to encounter were predicated by some at its inception. There is no point, however, dwelling upon the past and reiterating what should have been done originally at Manhattantown. Much more important is the question, what is going to be done with it now? This excellent site, virtually in the heart of Manhattan, presents an unparalleled opportunity to provide middle-income housing for 2500 families.

Manhattantown presents an opportunity to the many groups like churches, unions, professional associations, and others who are constantly talking about the middle-income situation, to transform a slum into a beautiful intergrated community.

The location is ideal for those who, like teachers, musicians, newspaper people, and all the others who say they "must" live in Manhattan. It is recognized that the land values and taxes of this location are high, however, with the cooperation of the city and financial institutions, the area might be developed so that non-profit cooperatives could produce housing which would rent for approximately \$30 a room, a month. The purpose and goal of the United Housing Foundation is to provide housing for the wage earner who is generally in lower middle-income group; our goal is to provide housing at \$20 a room, a month, and lower if possible. However, it is recognized that other groups who also need housing, including those in the upper middle-income bracket, a \$30 a room housing in Manhattantown area would be far better for these people than the \$50 a room and higher rentals, which a speculative builder would charge if he acquired the site.

Now is not the time to look back over the mistakes of the past, rather it is a propitious moment for bold imaginative planning for the future. The situation which exists today in Manhattan offers an opportunity to create a cooperative community which would benefit those who search for reasonable-priced housing in the heart of the city.

It would be a tragic mistake to lose this opportunity for middle-income housing by following the expedient alternative of turning the site over to a private developer whose only interest would be in constructing high-priced housing. It is to be hoped that the City Administration will take its time before selecting a new sponsor for this development. It is also to be hoped that non-profit organizations will accept the challenge that Manhattantown offers to create an outstanding example of a middle-income community in New York City.

KAZAN TESTIFIES FOR CONJUNCTIONAL BILLING

Mr. Abraham E. Kazan, president of the Amalgamated Housing Corporation and the East River Housing Corporation, and general manager of Amalgamated Dwellings and Hillman Houses, testified before the Public Service Commission on May 3, 1957. Speaking for the four named cooperatives which house 4150 families, Mr. Kazan appealed for retention of the present method of conjunctional billing by Consolidated Edison Corporation. The utility company has applied to the Public Service Commission for permission to change its method of billing, doing away with conjunctional billing as it is presently constituted. Under that system, a customer having two or more buildings in the same area, as would housing developments, universities, hospitals, and some businesses, receives one bill for the utilities consumed. Combining the buildings under conjunctional billing enables the customer to take advantage of the increased consumption, thereby reducing the cost. The utility company now wishes to change this method so it may bill each building as a separate unit.

The four housing cooperatives Mr. Kazan represented, comprise a total of 26 buildings. Without conjunctional billing, the four corporations will receive

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CO-OP HOUSING COURSE SET FOR INSTITUTE AT BARD COLLEGE

For the second successive year the United Housing Foundation will conduct a comprehensive course on housing cooperatives as a part of the program of the Cooperative Institute at Bard College.

Harold Ostroff, Ralph Lippman, Roger Schafer and Herman Liebman will lead the five day course, from July 14-20.

Fifty dollars covers the cost of room, meals and tuition at the Institute. Bard College is located at Annandale-on-Hudson, about seventy miles from New York City. Additional information may be obtained by calling Mid-Eastern Cooperatives at GR 5-5230.

NEW HOUSING CO-OP COMPLETED

The first of the 972 cooperators who will live in the Morningside Gardens Housing Cooperative will move into their apartments later this month. This new development consists of six 21 story residential buildings, a garage and a shopping center. It is located in Manhattan between Broadway and Amsterdam Avenue and between 123rd and LaSalle Streets.

Morningside Gardens was built under the provisions of Title I of the National Housing Act of 1949. It is the third housing cooperative to be completed under that Law; the others being the 1,672 unit East River Housing Cooperative at Corlears Hook, and Kingsview in Brooklyn which contains 276 apartments.

Barnard College, Columbia University, Corpus Christi Church, International House, Jewish Theological Seminary, Juilliard School of Music, The Riverside Church and Union Theological Seminary sponsored the new cooperative. The development was built at a cost of approximately \$15,860,000.

Apartments in the development include studio units which do not contain a bedroom, and 1, 2 and 3 bedroom apartments. Many of the apartments contain balconies and terraces. The average monthly carrying charge is \$21.00 a room.

A 6,000 square foot cooperative supermarket is being planned as part of the shopping center. The market is being sponsored by Mid-Eastern Cooperatives, Inc.

MEMORIAL LIBRARY PLANNED

The Cooperative League of U.S.A. will participate in sponsoring a memorial library to its founder and first president, Dr. James P. Warbasse. The idea for such a library was initiated by Abraham E. Kazan, the nation's foremost cooperative housing leader.

Mr. Kazan, the former director of the Cooperative League, told Mr. Jerry Voorhis, its executive director, that a fitting memorial to the man who had founded and headed the League for a quarter of a century, would be a library. Mr. Voorhis concurred with this idea and Mr. Kazan said that the library will be planned as part of a new housing cooperative to be located in New York City.

Dr. Warbasse died at his home in Woods Hole, Massachusetts on February 22, 1957, at the age of 91. The Warbasse family has approved the idea of the memorial library and will donate the Doctor's extensive library on cooperative literature to it.

WHAT MAKES A COOPERATIVE SUCCESSFUL?

William H. Rabb*



Is there a formula for successful cooperative housing? As the manager of a housing cooperative, I have been asked that question many times. It is not a simple question which can be given a "yes" or "no" answer. Perhaps the best answer is that it depends upon people. There are, I believe, a number of important aspects which are absolutely necessary for the success of a cooperative housing organization. If these aspects are present in a cooperative housing organization, the chances for success improve; if they are lacking, failure is almost certain.

William H. Rabb

When I indicated that the answer to the question depends upon people I refer to the members of the cooperative. They are the most important element in the formula. It is obvious that without members there would be no cooperative. Having members, however, is certainly not enough to assure success. We need members who understand and practice cooperation in their relations with their neighbors and with their cooperative. The practical application of cooperation is far from a simple task.

The second most important ingredient in making up a formula for a successful housing cooperative is an effective Board of Directors. The selection of the Board of Directors is one of the most important things the members of the organization must do, for it is the directors who are responsible for the affairs and administration of the cooperative. I cannot stress strongly enough that a competent Board is indispensable for the success of a cooperative. Housing cooperatives are not small enterprises. To the contrary, they are valued in the millions of dollars. Thousands of families have invested their life savings to join this kind of a cooperative undertaking. It is the directors who are the guardians of the assets of the corporation and who must safeguard the members' investments.

The stockholders must find people to serve on the Board who have experience, mature judgment, who are conscientious and who have stature in the community. Directors should be chosen for what they will give of themselves to the organization. They must be people who can reach decisions which will be for the benefit of the corporation as a whole.

While the primary function of the Board of Directors is to establish policy,

*Mr. Rabb is General Manager of Beech Hills a 816 Unit 213 Cooperative.

in doing so, the Board is in a position to develop and encourage a cooperative spirit throughout the community. Maintaining communication between the members and the Board is an important factor in developing the proper rapport between these groups.

Good management is another essential factor in building a sound cooperative. The Board of Directors is responsible for the selection of the manager; he reports to the Board, and they are responsible for his work. The delineation of authority between the Board which sets policy and the manager who carries it out must be clearly established, for a co-op where the Board interferes with the functions of management, or the manager with the functions of the Board, is almost certain to have serious difficulties. The lines of responsibility must be clearly defined and respected.

The tremendous growth of cooperative housing within the last few years has brought with it a critical shortage of competent men to manage cooperative communities. Private-housing real estate firms and apartment-house managers have been able to obtain and compile a vast amount of experience to guide them in the management of rental buildings and developments. Unfortunately, the peculiarities and problems of cooperatives are such that much of this experience is not suited to cooperative management. You may well ask why. In the first place, there is a fundamental difference between a privately owned apartment house and a cooperative community. The basic motives of the two are different; one is designed for profit; the other, for service, is non-profit. One is owned by a landlord, the other by its tenant-owners. These basic differences require entirely different policies and philosophies of management.

Secondly, people who invest their savings in a cooperative do so with the intention of remaining in the community for a long time. Thus a cooperative can and should make long range plans for development and improvement of the community. On the other hand, privately-owned apartments are generally (and admittedly there are some exceptions) enterprises which will change hands rather frequently — each owner having the same purpose to achieve from the property — a profit. It should be abundantly clear to all that the directives to management for the operation of a privately owned apartment would be very different from those given to a cooperative manager. The prime requisite for a cooperative manager is a complete understanding of the cooperative idea.

Disregarding, here, a discussion of the technical requirements of management, such as proper maintenance, service, purchasing, etc., I believe the most important part of the manager's job is to increase personal understanding between the stockholders and the Board of Directors regarding all phases of the welfare of the cooperative. Such understanding will pay large dividends to the cooperative when it is achieved.

Too often, in cooperatives, there is a lack of understanding by the members as to what the manager's job is. He is looked upon by the stockholders as the landlord. Every effort must be made to develop the attitude that the manager is an essential part of the cooperative; in fact, if he is a good manager, he is one of the most important assets of the organization. A capable manager can earn the respect and confidence of his Board and of the members. He can accomplish this by operating the community by a list of basic cooperative principles. Applying the same principles to everyone is a sure way for the stockholders to receive the fair and equitable treatment to which they are entitled. When the stockholders, the manager and the Board of Directors function with but one purpose in mind, namely, the betterment of the cooperative and the community, then the cooperative will be a success and cooperative living will take on meaning for all.

Until now, I have only touched upon the importance of the stockholders in a cooperative. A cooperative may have the perfect Board of Directors and the finest managers in the country, but without a cooperative membership the whole concept of cooperative living will fail. That is how important I believe the stockholders are in a cooperative organization.

The cooperative housing movement has need to spend much more time and money to educate us all to the higher concept of what the cooperative movement can mean to us as individuals, as consumers and as groups of cooperators. The payment of money to join a cooperative group to obtain housing and to participate in its financial advantages is only the beginning, and is of least importance. The fact of prime importance is that cooperators learn to work together as a group to help themselves and their neighbors achieve common goals. If we can get people to do this, the results will be almost beyond imagination. People have a tremendous capacity for development, and if they learn to work together for worthwhile common objectives, their lives can be enriched many-fold.

It is tragic that when we have the potential, as we do in housing cooperatives, so few people are interested in working for the common good. Were the spirit of cooperation to permeate all aspects of our living, we could build a society based on abundance and peace for all.

I believe we know the ingredients for a formula which could give us both successful cooperative housing communities and a richer life in the process. I have attempted to enumerate them; it is up to us all as cooperators, to improve upon them and to put them into practice.

IN THE CONSUMERS' INTEREST

In January, 1955, the Governor of the State of New York created a new cabinet post—The Consumers' Counsel to the Governor. When he did this, he said it was his conviction that the consumers' point of view be heard directly in the Councils of Government and that this new office would give representation and protection to the consumers' interests. Dr. Persia Campbell was appointed to the post.

Delegates and visitors to the annual meeting of Mid-Eastern Cooperatives recently heard Dr. Campbell outline the scope of the work of this relatively new but important office in the State Government.

One of the functions of the office of the Consumers' Counsel is to educate consumers as to the amount of protection they have under existing laws. To further this education, two attractive and very real booklets have been published. One is entitled, "How Much Legal Protection Does the State of New York Give the Consumer?" and the other is, "Consumer Laws in Action." Both of these informative publications are intended for the use of study groups interested in obtaining a variety of consumer information. They are available from the executive office in Albany.

Probably, the most significant accomplishment of the Consumers' Counsel office, thus far, has been the part they played in having enacted

in the State Legislature a law which gives protection to the consumer who buys things on the installment plan. This new law, known as the Retail Installment Sale Act, will go into effect on October 1, 1957. The purpose of the law is to protect consumers from exorbitant charges and other improper practices in which many unscrupulous dealers engage.

Dr. Campbell said that it was not an uncommon practice for some consumers to pay 40, 50, 60, 70, and even 80 per cent above the cost price of an item when buying on the installment plan.

Unfortunately, many consumers do not realize that installment buying is apt to increase the cost so much.

Under the new law, all charges on an installment sale must be itemized as part of the contract, and the consumer must be given a copy of the contract before the sale is consummated. The contract must show the "cash-sale price" and "time sales price." The difference between these figures is the cost of buying on the installment plan.

Another important part of the law brings under control, for the first time in this State, the credit service charges for goods other than automobiles. The amount of the service charges permitted is specified in the legislation.

This new law should be of con-

siderable benefit to many consumers in the State. A more complete description of the provision of the law may be obtained by writing to the Consumers' Counsel to the Governor, in Albany, and asking for the leaflet, "Buying On Time." A second leaflet which lists the provisions concerning buying an automobile on time may be obtained by requesting the leaflet, "Planning to Buy a Car On Time?"

A city-state or Federal-government agency cannot be expected to solve all of the problems for consumers. It should be recognized that consumers have the power themselves, if properly informed, to solve most of their own problems. Nevertheless, it is encouraging to know that the interest of the consumers are recognized enough in the State of New York so that "they can be heard in the Councils of Government."

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a total of 26 separate bills. The only way a corporation could still take advantage of conjunctional billings, would be to rewire all of the buildings to receive service from the utility corporation at one central point. Mr. Kazan pointed out that rewiring the buildings of the four cooperatives will cost over \$700,000.

Mr. Kazan told the Commission that if conjunctional billing is withdrawn, he would recommend that the cooperatives study the feasibility of operating their own electric power plants. He related how the Amalgamated Housing Corporation had operated its own power plant from 1934 to 1943. From this experience, he was confident that consumer-owned electric plants could be operated at a saving to the consumer. He also pointed out that if the cooperatives operated their own plants, they could submeter the electricity to their members. Submetering would enable each consumer to pay for the amount of electricity he actually uses. Mr. Kazan pointed out that that is a more equitable arrangement than charging a flat rate for electricity based on the number of rooms in a person's apartment.

If the study should indicate that operating a private power plant is not practical, Mr. Kazan said he would recommend that the cooperatives rewire to take service at a single point. He said that the cost of rewiring would be amortized out of increased rentals and that this cost would be no greater than the increased utility cost if conjunctional billing is eliminated. Without conjunctional billing, Mr. Kazan estimated the increased cost of electricity for the four cooperative organizations he represented would be \$48,690, annually.

In addition to the cooperatives, such diverse groups as private housing companies, the New York City Housing Authority, private hospitals, churches, and educational institutions, are also opposing Consolidated Edison's application for a change in the method of billing. At the conclusion of his testimony, Mr. Kazan was congratulated on the forceful presentation he made, by former governor, Charles Poletti, who was representing one of the other groups at the hearing.