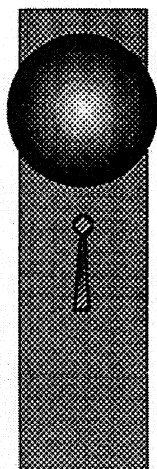


Cooperative

Housing

f o r R u r a l

A m e r i c a



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Rural Business / Cooperative Service

Lack of attractive, affordable housing has limited the economic growth potential and even contributed to the decline of many rural communities across America. Communities unable to provide decent housing for low- or moderate-income families find it difficult to attract new business. Others are unable to provide affordable housing that meets the needs of senior citizens. Still others can offer only substandard housing that may lack basic amenities such as adequate plumbing, heating, and cooling.

Cooperatives are a way to bring decent, affordable housing to rural communities.

What Is a Housing Cooperative?

A housing cooperative is a form of home ownership in which people join to form a cooperative corporation which owns the buildings in which they live.

Purchasing a share in the cooperative entitles owner-residents to lease and occupy a dwelling unit and to have a voice in its operation.

Members pay their share of monthly expenses via a carrying or occupancy charge. The cooperative is controlled by members through a democratically elected board of directors.

How Do Housing Cooperatives Differ From Other Types of Housing?

Cooperative housing is different from other types of housing because of the way it is organized and operated.

Cooperatives differ from condominiums in that residents do not own or hold title to their individual dwelling units. Instead, residents own shares in the whole cooperative corporation. Title to the property is held by the corporation.

Cooperatives differ from rental housing in that residents' shares represent ownership and allow

them to have a voice in how the housing is operated.

How Does a Housing Cooperative Operate?

1. Housing cooperatives exist to provide housing to owner-residents rather than returns to investors, so they operate on an at-cost, or not-for-profit basis. As a result, costs are generally lower than in other types of housing.
2. Housing cooperatives are usually financed by a blanket mortgage on the entire property. The cooperative corporation holds title to the property and is responsible for paying off the mortgage. Members' share of the mortgage is included in their monthly occupancy or carrying charge.
3. Owner-residents control their cooperative through a board of directors, and through participation in membership meetings and committee work. The board sets the overall operating policies for the cooperative, oversees its operation, and enforces rules and regulations. The board of directors may hire and oversee professional management for the cooperative or may be self-managing.
4. Member responsibilities—as owners and residents—are outlined in an occupancy agreement, which is similar to a lease. Responsibilities include payment of monthly fees, participation in governance, and adherence to rules and regulations.

What Are the Benefits of Cooperative Housing?

1. **Affordability.** The purchase price of a housing unit in a cooperative is usually lower because of the way the cooperative is financed and structured. Because the cooperative corporation holds a blanket mortgage, individual

members are not required to qualify for mortgage loans. In addition, monthly operating costs are usually lower since the cooperative does not operate to make a profit.

Affordability for future residents can be assured through a limited equity formula that sets limits on resale prices and on the amount of equity that members can build. This is a central feature of housing geared toward low-income residents.

2. **Empowerment/Control.** Home ownership through cooperatives empowers people by putting them in control of their own living situations. Cooperative members are their own landlords and are responsible for addressing their own needs. They exercise control through a democratically elected board of directors, joint decision-making at membership meetings, and by volunteering to serve on various committees.
3. **Stability.** Home ownership provides stability to families and neighborhoods by giving residents a vested interest in the care of their surroundings and in issues involving their communities.
4. **Community Interaction.** Development of strong community bonds and social structures comes as a result of working together to meet the diverse needs and circumstances of cooperative residents.

More Information

Additional information about housing cooperatives and how they are organized is available in *Cooperatives: A Housing Alternative for Rural America* (Service Report 45) and *Keys to Successful Cooperative Housing* (Service Report 44), from U.S. Department of Agriculture, Rural Business-Cooperative Service, Ag Box 3250, Washington, D.C. 20250-3250; Tel. (202) 720-7558.

Additional Resources:

National Association of Housing Cooperatives
1614 King Street
Alexandria, VA 22314-2719
703-549-5201

National Cooperative Business Association
1401 New York Avenue NW, Suite 1100
Washington, DC 20005
202-638-6222

Housing Assistance Council
1025 Vermont Avenue NW, Suite 600
Washington, DC 20005
202-842-8600

National Cooperative Bank
1401 Eye Street NW, Suite 700
Washington, DC 20005
202-336-7700

United States Department of Agricultural
Rural Business - Cooperative Service
Ag Box 3250
Washington, DC 20250-3250
202-720-7558

Who We Are

The goal of the Cooperative Services program of USDA's Rural Business/Cooperative Development Service (RBS) is to help rural residents form new cooperative businesses and improve the operations of existing cooperatives. To accomplish this, Cooperative Services provides technical assistance to cooperatives and to those thinking of forming cooperatives. It also conducts cooperative-related research and produces information products to promote public-understanding of cooperatives.

RBS is part of USDA's Rural Economic and Community Development mission area, which was created in 1994 when USDA consolidated rural economic programs that had previously been scattered among various agencies. RBS encompasses the former Agricultural Cooperative Service and some of the business and economic development programs of the former Rural Development Administration and Rural Electrification Administration.

For most of the past century, USDA's cooperative assistance has been concentrated on agricultural cooperatives. While agricultural marketing and supply cooperatives remain a primary focus of USDA's efforts, RBS plans to gradually expand the cooperative program to include assistance to all types of rural cooperatives.

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