

COOPERATIVE DEVELOPMENT INSTITUTE



# An Assessment of Boston's Housing Cooperatives

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# TABLE OF CONTENTS

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<b>Report Summary</b>	3
<b>Project Summary</b>	5
<b>Data Collection &amp; Methods</b>	8
<b>A Note on Terminology</b>	17
<b>Results</b>	20
Cooperatives as Community Stewards	21
Requested and Suggested Assistance	27
Recommendations and Discussion	74
<b>Conclusion</b>	86
<b>Appendix 1: Summary of Recommendations</b>	87
<b>Appendix 2: Summaries of Our Conversations with Individual Cooperatives</b>	98

# REPORT SUMMARY



Cooperative approaches to housing access and stability have been implemented worldwide. In the US, discussions of housing corporatization are becoming more widespread as the nation's wealth and land ownership reach unprecedented levels of concentration, and the resulting displacement and homelessness accelerate. Public agencies and nonprofit organizations have an opportunity to revisit previous discussions of housing cooperative projects to review the state of the field, locally and nationally. By assessing the condition of past efforts of housing cooperation, both rural and urban, communities and public officials can engage in supporting existing housing cooperatives, while preparing for new models, investment, and public support for additional housing stabilization.

In an earlier phase of this research, CDI determined that a number of cooperatives and/or tenant-controlled developments did not form as income-restricted developments and/or did not continue with tenant-control. In 2022, the boards we spoke to indicated a number of variations in the way they functioned, succeeded, and handled unexpected difficulties. Their participation in this study gave us the opportunity to observe their interactions, as well as their knowledge and experience. Although the survival rate was concerning, many of the accounts of the co-ops' contributions, resilience, and willingness to share ideas for solutions were inspiring.

This 2022 assessment of the Boston housing cooperative marketplace returned the following major findings:



- **The housing cooperatives of Boston have made positive community contributions beyond housing.** This adheres to the stated values of cooperatives internationally.
- **The co-ops are challenged and are currently under extreme internal and external pressure to survive and succeed.** The major concerns and needs fall into several themes:
  - Funding and financing for capital improvements
  - Property management services
  - Resident selection and orientation
  - External forces and relations
- **The study participants and CDI consultants have many recommendations for solutions which address each of these themes.** They include training, technical assistance, financial support, networking and more ideas to meet and provide support for the challenges of managing Boston's housing cooperatives.





# PROJECT SUMMARY

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The **Cooperative Development Institute (CDI)** was engaged by the **Community Economic Development Assistance Corporation (CEDAC)** to assess the portfolio of housing cooperatives in the City of Boston. For CDI, the goal was to learn more about the status, strengths, limitations, public support, and durability of previous urban multifamily housing cooperatives as it seeks to expand support for cooperatives in addition to its highly effective rural/suburban **Resident Owned Communities (ROC) model**.<sup>1</sup> CEDAC was interested in the subject as a part of its mission, as an investor –via funding and technical advising– in a number of the housing cooperatives, and as a partner of the City of Boston’s, Mayor’s Office of Housing. All three parties were responding to increased requests for information and support for cooperative housing solutions.

In the City of Boston, there are many models of housing cooperatives and/or tenant controlled housing, with and without public investment, income restrictions, and private or nonprofit partners. Many of the income-restricted housing cooperatives and tenant controlled developments were started in the 1980s and 1990s with public investment by federal, state, and city agencies. The wide array of possible housing cooperative or tenant-controlled arrangements has made it difficult for any one agency to keep track of all of these various cooperatives and developments. Adding to this difficulty, a majority of the income-restricted and/or affordable housing cooperatives that were created several decades ago have transformed over the years. Some have ceased operations as co-ops, transitioning to rental housing, or being sold in the for-profit marketplace.

In late 2021, the assistance of CDI was requested by the Community Economic Development Assistance Corporation (CEDAC), which was working with the Mayor's Office on Housing to determine what remained of the income-restricted, tenant-controlled developments and cooperatives that have been created with the assistance of the City over the decades. The purpose of this research was to learn as much as we could about the status, operations, and ongoing needs of income-restricted cooperatives and developments that had some form of tenant-control. We also asked board members for these developments about the types of support that they wished they would have had in their early years, or even in the recent past. This report provides a summary of our findings.

In addition to the board members who spoke with us from income-restricted, tenant-controlled developments around the City, as well as their property managers and consultants, CDI also consulted with a number of housing professionals who were and are involved<sup>2</sup> in structuring, financing, developing, leading, and/or residing in cooperatives in Boston. Their input has been invaluable in finding particular entities seemingly lost to public view, understanding the history of particular communities,<sup>2</sup> and gaining insight on the cooperative model and its challenges and potential.

1: See CDI's Report: Cooperative Solutions to the Massachusetts Housing Crisis, June 2021.  
<https://cdi.coop/wp-content/uploads/2021/07/MA-Housing-Co-op-Solutions.pdf>

2: For reference, see: James Jennings, Juan Evereteze, Richard o'Bryant, Russell Williams, Sue Kim, and Melvyn Colon. The Demonstration Disposition Program in Boston, Massachusetts, 1994 to 2001: A Program Evaluation. Submitted to Mass Housing: Boston, MA, March 2002:  
<https://sites.tufts.edu/jamesjennings/files/2018/06/reportsDemonstrationDisposition2002.pdf>



# ACKNOWLEDGEMENTS

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**CDI would like to thank the following for their assistance:** Bill Brauner - CEDAC, Theresa Gallagher - City of Boston, Mathew Thall - Massachusetts Association of Housing Cooperatives, Vince O'Donnell - Affordable Housing Consultant, Micha Josephy & Maggie Cohn - Cooperative Fund of the Northeast, Henry Mukasa - Mass Housing, and Julian Rowand of the CDI Board of Directors.

Above all, we would like to thank the boards of directors, individual board members, property managers, consultants, attorneys, and cooperative members who shared their perspectives and expertise with us, providing an abundance of information on their own tenant-controlled developments or cooperatives, on the environment in which they continue to exist, and on the overall state of income restricted, tenant-controlled housing in the City of Boston. To all of these board members, in particular, we have only the deepest gratitude.<sup>3</sup>

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<sup>3</sup>: More detail on the boards and information shared in Appendix 2.



# DATA COLLECTION & METHODS



From November, 2021 to mid-March 2022, CDI worked to combine, research, and update lists provided by CEDAC and the Mayor's Office on Housing (MOH), as well as to add these lists of developments that were believed to have some form of both tenant-control and income-restriction. Much of this work involved talking to experts in the field, searching the Massachusetts Secretary of State listings, searching the Boston Tax Parcel database, and consulting older lists from the MOH showing the last-known status of income restrictions and the last known property management company for each cooperative. Through these means, we both added to and subtracted from an original list of developments that fell into this target category.

By mid-March, we had reduced an original list of some 48 developments down to 21 developments that clearly fit into our category.<sup>4</sup> Around that same time, we also added around two dozen newly-named developments that professionals in the field had suggested might also fit into the target category, but which had not yet been researched.

In mid-March, we began outreach to the 21 developments<sup>5</sup> while simultaneously beginning research on the two-dozen newly named developments.<sup>6</sup>



4: Eight of these were put on hold by our partners in the Mayor's Office and were not contacted.

5: See previous note.

6: We were also asked to look further into six developments that our research had already discounted as not fitting into the target category but that our partners wanted reassessed. This additional research involved identifying last-known board members (if any), seeking contact information for them, and attempting to reach them and/or the last known property management companies. We learned a great deal through this time-consuming process though, ultimately, none of these cooperatives were found to fit into our target category, whether because they did not have income restrictions or because they no longer existed as cooperatives.



Research on newly-named developments involved searches in the Massachusetts Secretary of State database in order to find lists of board members for that development. Often, there were multiple entities (or there were no entities) that seemed related to the development in question. Therefore, property addresses were also searched in the Boston Tax Parcel database, which generally revealed the name of the property-owning entity. Property-owning entities were then cross-referenced with lists of possibly relevant Secretary of State entities. Once the presumably correct entity was identified, we searched for the names and addresses of the last known board members of the entity. Contact information for board members was sought through a paid subscription to Whitepages.com. In a handful of cases, property managers for the developments facilitated our communications with board members and, in some cases, assisted with meeting arrangements.

**Methods: Participant-Centered** CDI followed typical participant-centered research conventions in our data collection, including using in-depth interviews that allowed

participants to lead the discussion. The strengths of this approach include gaining more nuanced and comprehensive information on highest need areas, providing more space for creative solutions, respecting the expertise of participants, building trust, and inviting future engagement.

Another strength of this approach was that it enabled us to overcome (at least partially) the hesitancy that many boards and board members initially expressed around discussing the problems that they were experiencing and/or the details of those problems. As one board member put it, “when someone asks you what problems you have in your family, you don’t tell them about the problems, you say ‘none.’” By allowing board members and/or their selected representatives to lead our conversations, as well as to decline to discuss any particular areas of their operations that we might ask about, we were able to overcome a good deal of this hesitancy. Several boards and board members did point out to us that, in our hour or two hour conversations with them, they were “only scratching the surface” in what they told us about difficulties they had experienced.

Regardless, this “scratching the surface” allowed us to gather a tremendous amount of valuable data, including information on topics that we might not have otherwise uncovered, while also allowing board members to protect themselves against what some feared might be repercussions for speaking out on certain topics – particularly those relating to difficulties with external agencies. Because of our participant-led methods, the majority of boards that we spoke with were tremendously generous with us in what they did share.

It should be noted that a trade-off in collecting the higher value qualitative data through participant-led research is that some data are not easily quantified. Participants discuss different topics of importance to them. Some boards raised issues that we would not have thought to ask about, and not every board answered the same questions. This means that it is not always possible to provide a finite number for how many boards of developments are experiencing a particular issue. This is particularly and primarily the case when it comes to some of the most interesting information

discussed in this report –i.e., the things we found but didn’t know we would find. When necessary, we have carefully combed through our notes to provide quantified estimates that represent the number of boards/board members for whom a particular issue was raised and who voiced a similar experience. We ask readers to keep in mind that these numbers only represent those who spoke on a given topic, not necessarily the numbers of boards and developments who were impacted by that particular issue. There may be some instances in which we report on topics that one or two boards heavily emphasized in their conversation with us but that no other boards of developments have experienced. More often, we expect that the numbers we report will represent only the lowest possible range of developments that are impacted by a given issue.

### **Methods: A Variety of Means for Sharing Information**

Once we succeeded in making contact with board members (and/or their property manager),<sup>7</sup> we provided a written overview of our project, which included a range of options for boards to share information with us.

Options included: an in depth interview with the entire board, conducted over Zoom,<sup>8</sup> in depth interviews with a group of board members and/or their selected representatives also conducted over Zoom, one-on-one phone calls with various board members and/or their selected representatives, the completion of a survey,<sup>9</sup> some combination of the above, or any other manner that felt comfortable for/ was selected by board members.<sup>10</sup> In-person meetings were offered though most boards were conducting their meetings remotely.<sup>11</sup>

When we met with boards over Zoom and/or talked with boards or their designated representatives over the phone, we generally began our conversation by providing a quick refresher overview of our project, and asked board members to share stories of

cooperative successes and challenges, as well as information on the types of support that board members either wished they had received in the past or would find useful to have now.

7: Property managers were the main point of contact provided by the Mayor's Office. Though we attempted to always also identify, gain contact information for, and reach out to board members, some board members asked us to communicate with them through their property managers. More on this in the section on the Requested and Suggested Support and subsection on property managers.

8: Due to the ongoing pandemic, boards were comfortable with video meeting platforms, so CDI held all of the meetings with boards over Zoom.

9: CDI originally created multiple surveys for this project. The preliminary one, intended for internal use to help guide our conversations with boards, was later shared with 5-6 boards who requested to see our questions in advance. Only two of these boards (primarily those who had already met with us prior to their receiving the survey) completed and returned the survey. Other boards used the survey as a reference point for their conversation with us. In two cases, the range of survey questions appeared to alarm board members, leading to a shortened conversation, in one case.

10: We added this latter option (any other manner that felt comfortable to board members) early on in our research when we found that a number of board

10 (cont:.) members from different cooperatives expressed hesitancy to talk openly on a range of topics that they did not select for themselves. This hesitation appears to have been most concentrated among board members who had been active with their cooperative/development for decades and who had weathered a number of unfortunate incidents involving either misinformation, contradictory information, or lack of information. Most often, these incidents also involved external agencies taking actions, creating requirements, or acting in other ways that both created animosity with boards and that were experienced as interfering in board authority and tenant control of their developments/cooperatives.

In an effort to build trust and safety, CDI used participant-centered methodologies. By offering boards whatever opportunities they wanted to share with us, we obtained a wealth of information through a variety of ways. Most successful were the group-led meetings with board members who had a good deal to tell us.

11: One board did, later, ask us to sit down with them in person in order to help them with an ongoing matter. This was after we had met with the board twice over Zoom, learning in the second meeting about this matter. We will be following up with that board in the coming months.



Generally, the brief overview of our project was enough of an open-ended prompt for board members to launch into lively conversation.

If/when there were pauses in the discussion, CDI asked additional clarifying questions or new open-ended questions intended to cover the main aspects of cooperative operations and long-term cooperative stability, including: governance, fiscal health, long-term stability (including capital improvement planning), membership health, rules enforcement, collections, member-resident selection, maintenance and repair, and relations with property management.

In general, board members had so much information to share with us that we were able to successfully gather information from each of these categories without having to refer to the survey questions.

About half of the boards we spoke with had so much to say that we could have held multiple meetings with them while still only gathering a small portion of their vast knowledge and experience on the topic of the needs of income-restricted housing cooperatives and tenant-controlled developments.<sup>12</sup>

Many boards had been struggling – and succeeding – on their own for so long that it was not always easy for board members to identify all of the types of support that could make their roles easier. Our results section (Requested and Suggested Assistance), therefore, contains a combination of (1) specific requests for support that originated from board members, (2) suggested types of support that originated from us and were affirmed by board members, and (3) types of support that we later identified by us as means to address particular issues mentioned by board members.

12: Indeed, we did meet with a few boards more than once and still did not exhaust their knowledge nor the full range of their desired support.

## Descriptions of Participants

In total, CDI was able to talk in some detail about cooperative/development needs with members of 16 of the boards of directors on our list, and held remote Zoom meetings with 10 of these boards, sometimes meeting more than once.<sup>13</sup> During this process, we learned that two of these developments are no longer income-restricted.<sup>14</sup> Summaries of our conversations with these two groups are included in this report because of the value of the information shared with us.

Of the six cooperatives/developments for which we were not able to meet with a group of board members at one time, but instead had only one-on-one conversations with individual board members, the communications were as follows:

- One board sent us an emailed statement (via their consultant) summarizing the information that they felt was important about their cooperative and referring us to their consultant, with whom we had a follow-up phone call.<sup>15</sup>
- In another case, we spoke with three members of the board individually, two of which talked in detail with us. One of those two cited internal divisions as a reason why the entire board would not be meeting with us.<sup>16</sup>
- In a third, we spoke with one board member in a detailed one-on-one conversation, while other members of that board whom we contacted suggested that we go through their property manager to set up a meeting with them. Repeated efforts to speak with the property manager were unrequited.

<sup>13</sup>: We are including in this count one cooperative whose board of directors sent us an emailed statement summarizing their cooperative's needs and successes, and who then referred us to their consultant, with whom we had a follow-up phone call.

Also included in this total 16 is the board of a cooperative-in-information, whose board members do not presently reside in the property that will become a cooperative. In this case, some of the board members work for a local CDC that is working to help get the property successfully organized as a cooperative. While this cooperative-in-information cannot inform our assessment of the needs of existing cooperatives, it can and has informed our assessment of the needs of new cooperatives, which are discussed at the end of the next section.

<sup>14</sup>: Several of the developments included here consist of a mixture of income-restricted units and non-restricted (sometimes market rate) units. In addition, we have received contradictory information on the existence of income-restrictions at another two, both of which provided very minimal information on their cooperatives (see the following two footnotes). Each of these appears to be income-restricted under the Boston Tax Parcel listings.

- In a fourth, we spoke at length with one board president and reached out to other board members, several of whom initially indicated interest in bringing our project to the full board. We did not hear back by our deadline and don't know whether the full board discussed our request to meet with them.
- Finally, we had detailed conversations with the board presidents of the two additional cooperatives in this category. In one case, we had a follow-up Zoom meeting with the board president. In the other case, we were referred to additional board members/ staff for further conversation, though this was not possible by the project deadline. Nevertheless, a wealth of information was obtained through our prior conversations with the board presidents.

## Roles of Property Managers and Consultants

In addition to our meetings with boards of directors, we had several detailed conversations with property managers for a number of cooperatives/developments, as well as relevant Community Development Corporation (CDC) staff and/or consultants hired by boards of directors. Property managers for four of the properties, both attended a zoom call with board members and had one-on-one conversations with us about the cooperatives/developments they served.<sup>17</sup> In a fifth case, property management staff attended and participated in the Zoom call with board members, though they deferred to board members to answer most questions. Consultants hired by two boards either attended our meeting with board members or had conversations with us outside of these meetings.

15: This is one of the two, above-mentioned (see previous note) cooperatives for which we received some very good, but also minimal, information. The information that we received did not address affordability, though the board and their consultant were responding to our materials regarding income-restricted, tenant-controlled developments. The Boston Tax Parcel database shows the development's properties as subsidized Section 8 housing.

16: This is one of the two-mentioned cooperatives for which we received minimal information, as well as some contradictory information on the existence of income restrictions (one board member said that they had paid off their HUD loan and were no longer under HUD or Section 8 Agencies, while the other board member identified the cooperative as being under HUD and requested more advocacy efforts for HUD tenants and the Boston Planning and Development Agency. The Boston Tax Parcel database lists this cooperative's property as subsidized Section 8 housing.

17: One of these four cases involved the board members/ CDC staff for the cooperative-in-formation, mentioned in the previous note.

One board of directors had their attorney present to help them answer questions during our meeting with them.

### Participants Not Included

In addition to those 16 boards that we met with and/or learned from:

- There was one cooperative for which we were unable to reach any of the board members, but did have contact with their property manager. This conversation primarily focused on property management perspectives on cooperative boards of directors, in general, and not on the specifics of the cooperative in question. For this reason, this cooperative is not included in our count.
- In three developments/cooperatives, board members and/or leaders agreed to meet with us, but we were not able to hold these meetings by the assessment deadline. One of these meetings has been scheduled for August, after an upcoming board election is expected.<sup>18</sup>

- Outreach to an additional three of the newly named cooperatives/developments was underway at the time of this writing. We will remain open to meeting with board members at these cooperatives.

### Declined Participation

There were two cooperatives / developments that we reached out to over a course of several months, both of which eventually indicated that they did not want to talk with us. In both cases, the board members that we reached asked us to communicate with them through their property managers. We spent months pursuing the property managers by phone and email.<sup>19</sup> In each case, the property managers' eventual conveyance of our request to the full board resulted in the board declining to meet with us. In both cases, we received some feedback about board members not wanting to invite City involvement in their cooperative / development. One of these boards also cited not wanting to share internal information with an outside agency.

18: One of these meetings has been scheduled for August, after the upcoming board election which may create a new board dynamic.

19: One of the property managers delayed our request for more than two months, telling us that she needed permission from her district manager.

A member of the other board emphasized the board's additional unwillingness to get involved in City politics or to give up any control over their development / cooperative to the public agencies.

### Newer Additions

As mentioned previously, in addition to all of the prospective cooperatives/developments that were eventually removed from our list because they no longer appeared to meet the criteria (having some form of tenant control and some form of income restrictions), there were a number of cooperatives/developments added

to our list around mid-March that had not yet been researched. Of these, our preliminary research suggested that 16 were likely to fit our criteria. We managed to reach out to about five of these, meeting with representatives from three of them and talking with board members and/or property managers for two more. Those developments are included in our counts, above. In two more cases, representatives had agreed to meet with us, but the meetings were not scheduled by our deadline. We were not able to establish contact with the remaining nine before the assessment deadline, despite our best efforts.





# Notes on Terminology & Reporting



## Development, Cooperative

Our research targeted income-restricted cooperatives and/or developments with some form of tenant control. It is not practical to use this lengthy descriptor repeatedly, though we will occasionally do so for emphasis. Therefore, we will primarily use the term development to indicate exactly this,<sup>20</sup> though we will also, on occasion, use the term cooperative as an interchangeable replacement. Throughout the remainder of the text, readers should understand that when we use these terms, development or cooperative, we are indicating income-restricted cooperatives and/or developments that have some form of tenant control. When there is some deviation from this meaning, such as when a cooperative is not income-restricted, we will note that in the text.

## Rents, Carrying Charges

Several of the development boards of directors with whom we've spoken have emphasized that they do not use the term rent when referring to the monthly fees charged to resident-members. Instead –particularly when the development is owned by the collective resident-members– they use the term carrying charges. Some other boards did not express a preference and/or used the term rent on occasion when we spoke. Though our use of either term will be rare in this report, we will primarily use the term carrying charges, but may sometimes use the term rent as an interchangeable replacement, intended to refer to the same monthly fee.

20: The reasoning for this choice is that all cooperatives can be classified as developments, but not all developments can be classified as cooperatives.

## **Income-Restricted, Affordable**

Though the above terms, development and cooperative will always indicate the presence of income restrictions unless otherwise indicated, we use the term income-restricted to refer to developments that have specific legal restrictions (including deed restrictions, US Department of Housing and Urban Development (HUD) and/or their main housing subsidy program, called "Section 8" restrictions, and/or restrictions under the City of Boston's affordability requirements) governing the amount of monthly carrying charges, often on the basis of resident-member income. However, we may also, on occasion, want to discuss the topic of affordability. In those cases, we will use the terms affordable and affordability to indicate costs that are in reach of low-income and/or very-low income individuals and families. If and when we use these terms to indicate something else, we will try to make that clear in the text.

## **Member, Resident, Tenant, Shareholder**

Many of the developments that fall into our target category were the product of tenant organizing and association struggles in the 1980-90s, or previous decades. We want to recognize the value of these struggles by utilizing the word tenant primarily when we are referring to this type of tenant-association control of a development. We found the majority of boards used the term resident when referring to those who live their developments, and were sometimes caught off guard when we used the term member (a term CDI uses in most of its housing cooperative work). A handful of boards used the term shareholder, and one board made a particular point of emphasizing their use of the term member because the folks living in their development are all members, not just residents. In this report, CDI will most often use the term resident-member as a way of indicating the collective, self-determining power of those living in these developments. We may use the terms resident, shareholder, and member interchangeably. When we do so, it is not because we are suggesting that residents are anything less than members, but because our research is participant-led and we feel that it is important to represent the terminology used by participants.

## Reporting

As a participant-led research project, our goal is to report the information as it was shared with us. When necessary and possible, we've asked clarifying questions. In some cases, we've looked, with our partners, more deeply into reported concerns.<sup>21</sup> On the whole, we are recognizing the tremendous knowledge, experience, and expertise of the board members with whom we spoke by not filtering their comments through a lens that assumes we know better than they do. The board members in these developments –particularly those who have been involved in running their developments for decades– are the experts when it comes to the needs of their developments and members, the struggles and successes of their developments, and types of support that they wish they had access to over the past few decades. Our report is acknowledging this expertise by reporting it as it was reported to us.

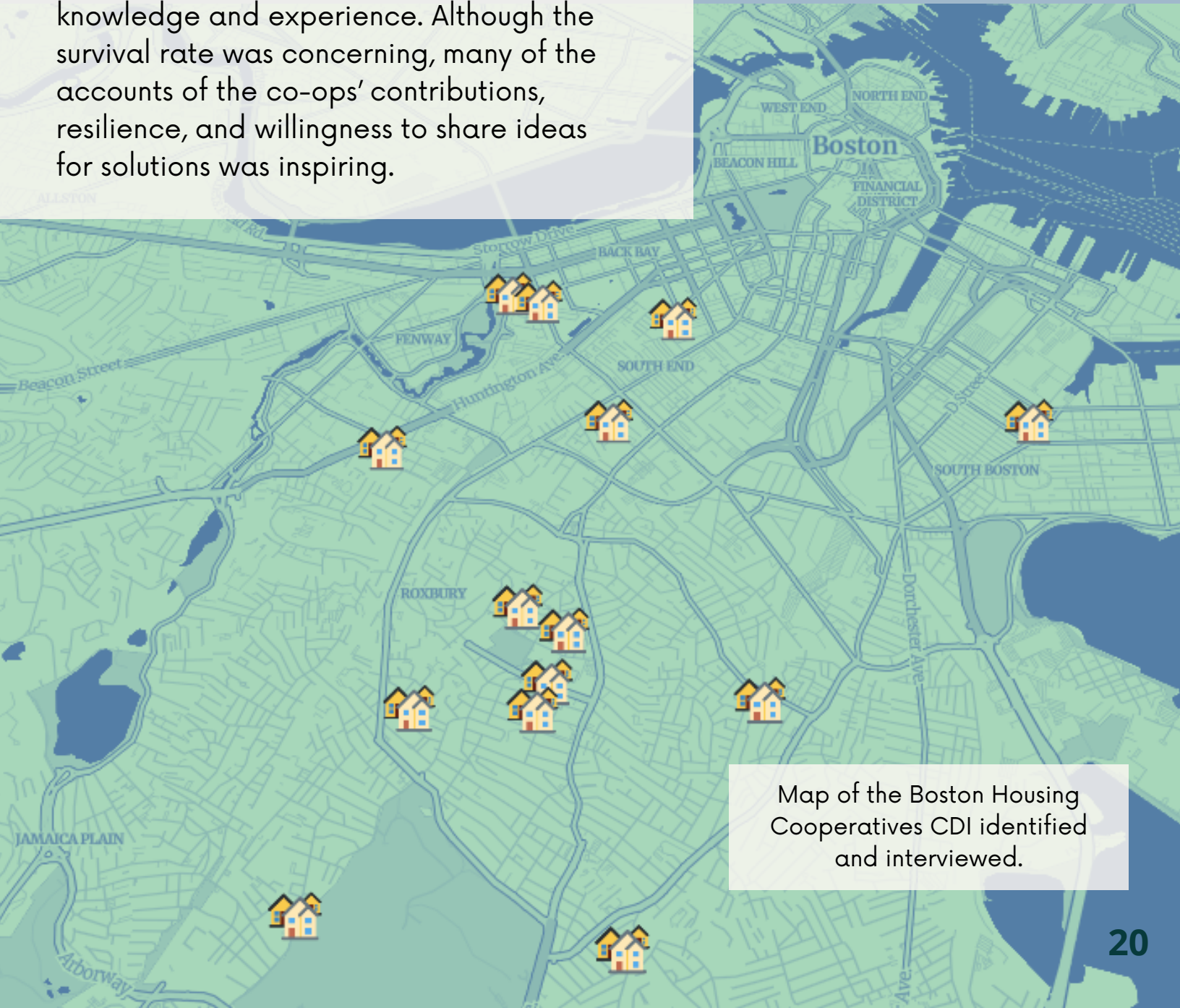
At the same time, CDI brings expertise in identifying needs through board or resident-member discussions, and in helping cooperative boards and/or members better address these needs. Some of our recommendations are included in the section entitled Requested and Suggested Support.

21: In two of these cases, we were checking into concerns that seemed somewhat urgent and could be addressed in the immediate short term.



# RESULTS

The boards we spoke with indicated a number of variations in the way they functioned, succeeded, and handled unexpected difficulties. Their participation in this study gave us the opportunity to observe their interactions, as well as their knowledge and experience. Although the survival rate was concerning, many of the accounts of the co-ops' contributions, resilience, and willingness to share ideas for solutions was inspiring.



Map of the Boston Housing Cooperatives CDI identified and interviewed.

# Cooperatives as Community Stewards



Any assessment of housing cooperatives as a model or as a sector should include some aspect of their local impact. The seventh principle of the International Cooperative Alliance is “concern for community” or what the economists may call a “positive social multiplier effect”. The reports of Boston housing cooperatives’ hosting, funding, and managing community services indicated their deep and long term commitments and successes.

Any and all tenant-controlled housing developments – indeed all complex organizations – inevitably face a number of difficulties, many of which can be ongoing and recurring. Though most of this report focuses on those difficulties that were reported to us, we are noting below the range of achievements that many developments reported.

Below is an overview of some of these achievements, demonstrating the level of resilience of Boston income-restricted cooperatives and tenant-controlled developments, as well as the major contributions that they are making to the well-being of their resident-members, their surrounding communities, and the city of Boston overall. This is not an exhaustive list of successes, achievements, and/or contributions. It is an indication of what is possible – particularly when cooperatives have the right support.<sup>22</sup>

## Shared Spaces to Serve Member-Residents

Some of the boards that we spoke with noted that their developments had available one or more spaces, beyond the housing units that were occupied by member-residents.

22: We want to note that the achievements reported in this section were done entirely by cooperative boards, the member-residents they recruited, and the community connections they built on their own, without the types of support we are most discussing in this report.

Those that reported having these spaces almost always also reported utilizing these spaces in ways that served their member-resident populations, and that sometimes also served the community beyond that. Two of the development boards we spoke with reported having technology centers, where resident-members could come and learn skills related to using a computer, setting up an email account, filling out forms online, and other technology-related skills that are increasingly needed and required in today's world.

A board member from one of these developments told us that they managed to fill their technology center with donated computers from local nonprofits. That same board member reported that her development sought to utilize the technology center to help kids get connected in positive ways, as well as to help senior citizens who might not otherwise have any way to gain an understanding of some of the most recent, rapidly-developing technology that is increasingly a part of daily life for mainstream society.

A few other boards reported having space that was set aside to serve as a community center for resident-members. One development

reported that resident-members could rent out the community center for their own parties and events (certain rules apply), but that their center also regularly hosted social, community-building events, such as movie nights for families or teens, and game nights where teenagers can connect over a pool table, a ping pong table, and a bag of popcorn. That development also reported hosting periodic "History Nights" where residents from different cultural backgrounds would come and talk about their culture and their history to others who came to listen and ask questions. That same development also allows member-residents to participate in the collective purchase of tickets for selected plays or other events, thereby building community through fun, collective social outings for those who wish to participate.

### **Shared Spaces Serve Community**

One of the non-income-restricted cooperatives reported having a ground floor commercial space which they rented out to local businesses or franchises. Revenues from this commercial space not only subsidized rents for the cooperative, but also allowed the cooperative to maintain a unit owned collectively by the cooperative, that was used to

house one or more folks in need of housing. Right now that 6-room unit is hosting three veterans.

Another board of directors reported having an ongoing agreement with the City to house homeless folks in a certain percentage of their units.<sup>23</sup>

### **Programs & Trainings for Serving Member-Residents**

Four of the boards we spoke with reported that they had taken on the work of doing their own property management, while two more reported wanting to move in that direction. Of those doing their own property management, two reported having bookkeepers or a property management company continue to do the books, while the board and/or one or more residents manage the maintenance and repair work, the minor renovations, and the rules enforcement. Collections, payment plans, and evictions were sometimes managed in-house, but also often delegated to a contracted entity.

One board member reported that her development had a whole process through which lease violators get the benefit of the

doubt, are referred to resident services, and are offered payment plans and other assistance and opportunities to get back on track before action is taken against them. In some cases the development's resident services can provide assistance and/or connect residents with assistance that will help them get back on their feet. Similarly, another cooperative board reported members having such strong bonds with each other that they provide multiple, sometimes ongoing chances for resident-members to get caught up on rent. In some cases, when a resident-member falls behind on rent due to illness or other major life changes, everyone in the cooperative pitches in to help them get through the difficult period.

Some developments report that they provide training opportunities for board members and resident members. In addition to the annual National Association of Housing Cooperatives trainings, to which many boards send their directors, one or more boards also send directors to the Midwest Association of Housing Cooperatives trainings.

23: Board members reported that this program has run into some external obstacles in the past year or so, though they also reported that they are willing and ready for the program to proceed as it had been in years past.

One board reported holding training for resident-members who may want to consider joining the board of directors. These trainings are intended to get resident-members up to speed on everything that is happening with the board and everything that the different officers are responsible for doing. That same development also provides trainings to better inform board members how to compassionately and effectively interact with folks experiencing mental illness. The explicitly-stated philosophy of that board and all of the programming work that they are doing is to always be “helping others, caring for everyone.”

### **Programs & Trainings for Serving the Community**

Some of the types of programs run by that particular board of directors include opportunities not only for cooperative resident-members but also for members of the larger community and/or for linking cooperative resident-members with the larger community. For example, this development runs what they've described as a 6-week summer drop-in center or “camp” for youth – both youth in the cooperative (at \$35/week) and youth in the wider community (at \$50/week).

The program includes an orientation for parents as well as minimum-wage-paid work opportunities for youth who want to gain skills working as camp counselors or doing landscaping, painting, or other work that benefits the cooperative and the community. Some youth are also given the opportunity to intern with the local fire department.

These summer drop-in center / day camp opportunities were described as providing kids with a safe, supervised opportunity to socialize with others throughout the summer, allowing kids to work on self-esteem without a fear of being bullied. An aspect of the youth programming in this development also includes helping young people to identify their feelings and their triggers and helping provide them with coping skills for dealing with triggers. The program also includes an element of career counseling, where young people are treated to talks by mentors in different professions, and are encouraged to begin thinking about college or trade school applications. The program is impactful enough for youth that it attracts volunteers from several former resident-members who grew up in the development and went on



to graduate from Harvard, but who now want to be sure to give back to the development that nurtured them as they grew up.

Developments have also made efforts to partner with local businesses or agencies, including a partnership with the local police station and/or a security company that is contracted by the development. In the latter case, boards have been able to get security companies or other contractors to make donations back to the cooperative. In the former case, one board has managed to develop healthy partnerships with local police departments whereby the police provide a van for particular development youth outings or drive an ice cream truck to the development to serve and build rapport with kids there.

This is not an exhaustive list of ways in which income-restricted housing cooperatives and/or tenant-controlled developments are using the opportunities that they have to excel in every possible way. Rather, the above description is just a taste of the types of inspiring accomplishments that are occurring throughout the City of Boston right

now –in no small part because of the efforts made by the City, advocates, and cooperative members, themselves, to create self-determined, democratically-controlled, stabilized housing for low- and very low-income folks, particularly BIPOC folks, who were previously threatened with housing insecurity and a destabilization of their communities.

**These examples serve as a testament to how income-restricted cooperative and /or tenant controlled housing works in countless ways to benefit the City of Boston and the resident population of that city overall.**



# SHARED SPACE SHARED RESOURCES



## How Boston's housing co-ops build community

Here are some innovative ways Boston co-ops are using their space together to provide resources for members and their broader community.



# Requested & Suggested Assistance

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Our conversations with board members (and, in some cases, property managers) produced a sizable list of areas in which training, support, guidance, and assistance has been (1) specifically requested by participants, (2) suggested by us and acknowledged as possibly helpful by participants, or (3) identified by us as necessary or useful to address particular concerns or difficulties raised by participants. Most of these fall into the category of technical assistance, or issues that can be addressed with the help of a technical assistance provider. In some cases, representatives from nearly every development that we contacted voiced relatively similar concerns (we will indicate these topics by including the term Major Concerns in the heading).

In addition to these matters that can be addressed through professional technical assistance, we also heard a number of concerns that went beyond what a technical assistance provider can accomplish. These larger matters will be addressed in our Recommendations section, while this section will focus on those matters that can be resolved through technical assistance.

Readers can learn more about the specific needs of the developments that we contacted (and that do not wish to remain anonymous), in Appendix 2 of this report.

# Lack of Necessary Funding; Need for Capital Improvements - Major Concern



## Lack of Necessary Funding

About a third of the cooperatives/developments that we spoke with had a number of outstanding capital improvement needs that were, as of report deadline, unfunded. Finding funding for capital improvements can be daunting, and the perceived lack of available grants and/or affordable loans has posed an additional burden on board members who were already spending considerable volunteer time running their multi-million-dollar developments and planning out those capital improvements that they were able to fund. Those boards that were already doing all of that, but were still not able to fund all of their needed capital improvements (some of which can be prohibitively expensive in older buildings), were often experiencing considerable amounts of stress, some of which will be discussed in greater detail in later subsections. <sup>24</sup>

This is particularly true when some of the unfunded capital improvements are required under updated HUD codes and regulations.

## Difficulties with HUD Loan Processes and Procedures

In 2-3 cases, development boards that we spoke with had spent years working with HUD to obtain loans for their required improvements. <sup>25</sup> Aside from the frustrations and inconvenience of waiting this long, these boards found that the budgets they had submitted with their original loan application were no longer adequate. Global supply chain disruptions and escalating inflation meant that their requested loan amount was no longer going to provide enough funding to cover all of the required renovations. In two cases, these boards reported that developments had applied for and are expecting to receive the maximum loan amounts for which they were eligible.

<sup>24</sup>: See, for example, our discussion in the subsections on Property Management and Gentrification.

<sup>25</sup>: One board, in particular, has been waiting for several years, reportedly because of a HUD recording error on one of their original loans.

This means that these cooperatives will likely have to delay some of the capital improvements that they need (and that may be required by HUD).

The stresses of not being able to fund all required capital improvement were compounded by the fact that HUD may violate developments that do not perform required improvements. In our conversation with boards in general, stories abound of past instances in which HUD took over tenant-controlled developments and/or disbanded them altogether when their buildings were not brought up to new codes in a timely-enough manner. No members of any board reported solutions for this issue, and we are not aware of any program, agency, or other form of assistance that can help developments who are in this situation. This matter will be discussed again in the subsection on Gentrification.

### **Interference from Investor Partners, Public Agencies**

Of the boards that were actively seeking funding for some type of infrastructure project or community-building programming, most of them expressed to us that they wanted to be able to find funding sources that did not require partnerships with investors, such as those offered

through Low Income Housing Tax Credits or other avenues. These boards argued that investor partners undermined tenant-controlled, democratic decision-making. In a couple of cases, the tenants owned their own development, at least on paper. Yet, despite paying regularly on their mortgage, they were not reaping any of the benefits of owners. Everything they did or wanted to do, these board members asserted, was subject to the control or veto of investor partners (and/or HUD, in at least one case). Only two boards that we spoke with reported having favorable relationships with their investor partners; neither of these boards had any outstanding capital improvement needs.

### **Capital Improvement Planning**

Regardless of whether they needed funding for outstanding capital improvements, a majority of boards that we spoke with were working from older capital assessments and/or no capital improvement plan.<sup>26</sup> This has led to a range of issues when it comes to planning, prioritizing, seeking funding for and/or budgeting for future capital improvement projects. Most of the

<sup>26</sup>: The clear exceptions were those two boards awaiting HUD funds, as well as boards for developments that had recently completed a round of needed capital improvements.

boards in this boat said that they would welcome some form of support in this area, whether in updating existing plans, creating new plans, or facilitating discussions that help board members come to agreement in terms of what to prioritize first in their plans. Additionally, some board members mentioned that not all board members have the same level of understanding of their development's capital assessment/ capital improvement plan, nor do many board members feel comfortable explaining the plan to cooperative resident-members. For these boards, some form of training or support (such as a workshop going through the plan with board members) would be welcomed.

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## Funding/Capital Improvement Requested & Suggested Assistance



- Assistance with the creation of and annually updating existing Capital Improvement Plans (CIPs).
- Support and train board members to better understand existing CIPs.
- Assistance facilitating discussions about capital improvement prioritization among board members and/or among board members and residents.
- Assistance with strategies for funding, and timelines for implementing, CIPs
- Support and training for long-term financial planning for new board members and residents as prospective board members.
- Support identifying and helping board members to assess and select appropriate funding sources, with a review of possible grants and loans;
- Support applying for/obtaining funding from selected sources
- Assistance writing grants and/or assistance identifying and selecting competent professional grant writers.
- Assistance identifying (creating RFQs/RFPs) & selecting qualified grant writers, engineers, architects, project managers, & other contractors.
- Support and assistance for boards that wish to explore refinancing.
- This assistance would include doing a comparison of loan terms from various financial institutions.
- Possible support helping cooperatives to refinance and/or helping cooperatives that need to borrow (and can afford to) find the best loan terms if grants are not available.
- Could include working with boards at every step in borrowing process.
- Possible assistance administering grants obtained or finding competent grant administrators to do this work for boards of directors.
- Assistance accessing potential CDBG (Community Development Block Grants), through the City, to fund the urgent needs of multiple cooperatives.

# Property Management - Major Concern

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Almost every development had at least one board member who raised concerns about the development's current property manager and/or the lack of available cooperative-friendly property management in the City as a whole. The common theme in these complaints was that property management companies in Boston are neither knowledgeable about nor supportive of cooperative and/or tenant-controlled models of housing in which a democratically-elected board of directors seeks to run their developments according to the needs and desires of the tenants who elected them. Though these complaints were raised by one or more board members in virtually every development, the expressed overall levels of satisfaction or dissatisfaction varied among the boards with whom we spoke, as did the level of reliance on the property managers.

Before we go into the content of these complaints, we wanted to set aside a small amount of space to also mention the various ways in which property management companies in Boston are (at least

sometimes) getting things right when it comes to Boston's income-restricted cooperatives and/or tenant-controlled developments. Because the Mayor's Office had provided us with a list of developments that possibly fit our criteria, and because this list included the last-known property manager for each development, we spent some time contacting property managers –as well as board members– for most of the developments. In five cases, those property managers were incredibly helpful in sharing our information and requests with board members and in helping us to set up our meetings with boards. Two or three of these property managers were veterans in their field, meaning that they had been around and had been working with democratically-elected boards of income-restricted housing developments for more than a decade. At least one of these property managers was, herself, a former resident-member and board president of such a development, as well as a long-time advocate for the self-determination of these developments.

We are indebted and full of gratitude for all of the knowledge, experience, and assistance that these property managers shared with and/or provided to us. In particular, we have a great deal of admiration for these property managers who have at the top of their mind the success and self-determination of the developments they serve.<sup>27</sup>

Some of the additional ways in which property managers are demonstrating their worth to those developments that they serve include those examples in which property managers are assisting board members with the review of contracts, the review of and understanding of bylaws, and the review of all board decisions to ensure that the decisions are in compliance with both of the former (contracts and bylaws). At least one board mentioned that they were receiving this level of service from their property management company, and we believe that we observed this (without it having been explicitly stated) in two other cases, as well. A couple of property

managers were reported to have assisted boards of directors with creating, revising, and/or planning how to implement capital assessments / capital improvement plans.

Certainly the boards of directors who received this assistance were appreciative of it. In at least two cases, we've come to understand that property managers are also serving as project managers on important infrastructure or renovation projects. Though this is a service that is often performed by property managers, it is also something that is not always part of a standard contract. Therefore, it is beneficial to all – particularly if there was a cost savings involved<sup>28</sup> – that these particular property management companies were willing to perform this work.

At least one veteran property manager was primarily responsible for an important agreement between the City and the development which she (the PM) serves. That agreement codified the forgiveness of interest on a loan that

<sup>27</sup>: A few additional property managers let us know that the boards we were trying to contact were no longer active in running their developments. This was also helpful in allowing us to remove those developments from our target list. (We generally did our best to double-check this information by attempting to contact board members, if accurate contact information was obtainable. Our findings were generally in line with what the property managers told us).

<sup>28</sup>: We do not know that there was.



the City made to the cooperative in question, which reportedly led to tremendous savings over the years. This was certainly going above and beyond the role of a property manager.

Finally, despite the variety of complaints that have been made about different property management companies and/or services throughout our discussion with boards of directors, we also understand that every single board of directors that is still contracting with a property management company enjoys having the contracted services done well, on time, and with board consultation. It is possible (maybe likely) that the instances in which this does happen are more frequent than the instances in which this does not happen, even if the latter instances are what stand out to boards of directors when they are asked about their property management companies and services.

With all of that said, let us now take a look at what boards of Boston's income-restricted, tenant-controlled cooperatives and developments are saying when asked about their development's property management company and services.

## Summary of Board Relationships with Property Managers

A small number of boards appeared to rely heavily on their property management company. In some cases, board members appeared to defer to their property manager in a number of areas of board operations. For example, when CDI reached out to board members to ask about setting up a meeting with the board of directors, the members of a few boards requested that CDI go through their property management company. In one or two cases, the reason for this request appeared to be (and/or was stated as being) that the board members we contacted did not have accounts, did not know the email addresses of other board members, and/or were unable to print documents without going through the property manager. In these cases, the property manager was seen as the entity that communicated with board members and disseminated communications from external sources. Only some of these property managers were willing to disseminate our information to board members or to help us set up a meeting with the full board. In a few other cases, board members seemed to want their property manager to review our

information and then advise them on whether they should meet with us.<sup>29</sup> In both types of cases described in this paragraph, at least some members of the boards in question exhibited a robust reliance on their property manager; and in some cases, the property manager's role might have been veering slightly into the realm of board operations.

In contrast, other boards of directors were very clear that they were the ones we should be talking to because they were the decision-making body for their development. In one case, a resident who answered the phone for one of the developments delivered a helpful lecture on how CDI should not be reaching out to property management companies, because boards are the ones who are in charge.<sup>30</sup>

Members of the same boards were sometimes deeply divided around the quality or desirability of their development's property management services. In at least four cases, we found that one or

more members of the board reported having a positive, symbiotic relationship with the cooperative's property manager, while one or more other members of the same board voiced complaints about their property manager, talked about wanting to find a different property management company, and complained about the lack of existing, cooperative-friendly property management services in Boston. These different ways that members of the same board viewed their property manager were often indicative of deeper divisions on the board as a whole.

In the majority of cases, however, the board members that we spoke with were fairly united in the frustrations they voiced about their property manager (or about past property managers, if the development had decided to do the property management work themselves). The overwhelming perception among these boards is that property management companies in Boston are neither

29: We don't know for sure what the board-property manager dynamics were, in these cases. What we can say is that, when the matter seemed to be left to the property manager to determine whether to share our information with the board of directors, more often than not we were unable to get a meeting with board members without finding board contact information on Whitepages.com and cold calling through the numbers until we found a board member willing to talk with us. We are tremendously thankful to those property management companies who did share our information with board members and/or who helped us to schedule meetings with boards.

30: This was a good sign of a strong board and a strong membership.

familiar with nor willing to learn about and work with democratically-elected boards of affordable/income-restricted housing cooperatives. One board member summarized this issue by noting that finding a property manager with a good understanding of – or any understanding of — housing cooperatives is “just not an option” in Boston.

Most of the boards who voiced complaints and dissatisfaction with property management options in Boston were doing their best to work with what they had and seemed resigned, for the present, to try to make that work. Three of the boards that we spoke with said that they had given up altogether on working with a property management company, and had taken on the work of managing their property themselves. In some cases this meant considerably more work for board members, but in other cases boards had either found tenants who performed work for the development or had contracted with handymen, bookkeepers, and consultants who reported directly to the board rather than to a large, hierarchical property management corporation. Several other boards were actively seeking to minimize their reliance on property management companies

by taking on parts of the work typically reserved for property managers. At least two of the boards that we spoke with were actively looking for a different property management company, in hopes that a different company would more closely respond to their needs.

### **Property Managers: Too Few And Too Big**

We heard repeated complaints that Boston’s property management companies are too large and too few. Competing with each other for business, the top executives at these large corporations seem to expect to set the terms of what they do and how they do it. Such terms include corporate cost savings and uniformity in the corporate property portfolio as a way to attract elite clients. From this perspective, no matter how friendly, competent, and well-intentioned an individual property management staffer may be they will always have to prioritize corporate instructions over the wishes of cooperative clients. In these ways, the objectives of large property management companies may often be in misalignment with the interests of democratically-elected boards of tenant-controlled developments.

## **Property Managers: Undermining Boards of Directors' Self-Determination**

When property managers prioritize direction from their corporate offices, rather than from the clients that pay them, they behave in ways that can undermine boards of directors and the residents that they serve. It is essential that boards of directors are able to make decisions about collections and payment plans, rules enforcement deadlines and remedies, responses to maintenance and repair requests, and all other matters of cooperative operations that their resident-membership has sought to self-determine. Self-determination is one of the foundational aspects of cooperative living.

## **Property Managers: Undermining Board Authority**

Several board members' complaints about property managers included some version of the latter treating board members and cooperative residents, alike, as mere "disempowered tenants" – rather than as clients who are paying the company to follow their self-determined cooperative governing documents and board direction. Such disempowerment is particularly problematic when it comes to boards and resident members of

income-restricted cooperatives and tenant-controlled developments. Perhaps moving even beyond disempowerment, in some cases board members said that they had felt "strong-armed" by their property management company to make decisions that the property manager wanted or to agree with decisions that the property manager had made. Some of the board members who expressed these complaints reported not having had accurate, full, or reliable information when they experienced this pressure from their property management company. Others described instances in which their property manager was perceived to have overstepped their boundaries and pushed things on boards and member-residents that were not wanted. As one board member put it, the cooperative's property manager used to be "wanting to control things in a scary way."

## **Property Managers: Undermining Budgeting and Fiduciary Duties**

In three or four cases, board members reported problems and/or interference from their property manager when it came to budgeting and/or board members' legal fiduciary duties. Problems with the latter primarily consisted of property management companies

being late and/or irregular when delivering development financials to the board and/or delivering financials that contained so many errors that, as one board member noted, it almost took the board more time to go through and correct the financials than it would have taken to have done the financials themselves.

In another case, board members told us that their property management company had charged the development for cleaning supplies and other items that were not in the cooperative budget and that neither the board nor the members wanted or needed. Further, the property manager charged the cooperative high retail prices for these unwanted supplies when the large cooperative could have easily ordered such supplies for themselves at wholesale prices (had they wanted the supplies at all). Faced with board member objections, the property manager reportedly defended the actions on the grounds that all clients had to pay a share of the supplies used by the property management company.

## Property Managers: Undermining Board Authority on Capital Improvements

Property management companies have also been reported to make (and then implement) decisions about renovations without fully informing boards of directors or giving boards a chance to weigh in. Some of the examples that were discussed with us include:

1) The property manager for a cooperative in dire need of additional revenues told the board multiple times over several years that the cooperative's monthly carrying charges were at the maximum allowed and could not be raised. At some point, the cooperative board members learned elsewhere that, in fact, the monthly carrying charges were well below the maximum allowed and below what Section 8 would cover. Reportedly, the property manager had never looked at the criteria that governed rent increases for the cooperative. Despite having this information verified by a third-party consultant, the board of directors reported to us that they still had to fight the property manager to increase their monthly carrying charges.



2) Two boards of directors reported that the property management companies for their developments made decisions about their capital improvement plans that were not in line with decisions made by the board of directors or the needs of the residents. In one of these cases, we were told that the top executives of the property management company were insisting that the cooperative purchase new doors costing \$7,500 each. The board member who spoke with us about this matter saw no clear advantage to paying more than a couple hundred dollars for doors and believed that the board was going to have to fight with their property manager to prevent the purchase.

3) A board member told us of an incident in which new windows that were installed in the development by the property manager could not be opened more than a few inches without a key. This meant that every time someone wanted to clean their windows, they would need to find someone with a key. One member said the board of directors had not been fully informed about the windows and that she never would have approved placing a less-than-functional product in the buildings had she known.

4) Another board of directors told us about their development's original plan to create a state-of-the-art technology center so that member-residents would have access to computers, the internet, and training opportunities. Though the board said that they were very clear in what they communicated to the property manager, the property management company ignored those communications, made its own decisions about what was needed, and installed wiring that is not able to handle the traffic or speed of today's internet use. All residents in the development continue to be adversely impacted by the previous property manager's decisions through both routine shut-downs of internet availability and ongoing security camera failures.

There are numerous additional examples. Some of these are anecdotal and may not necessarily reflect clear wrongdoing on the part of the relevant property management company. What these combined examples do reflect, however, is a clear gap in communication between property management companies and the boards of directors who pay these companies to serve their developments. These gaps in communication –intended or

unintended— can cause unplanned issues, expenses, and hardship for boards and member-residents alike.

## Property Managers: Undermining Cooperative Continuity via Member Selection

Some of the complaints that fall into this category, voiced by a number of cooperatives and tenant-controlled developments, relate to the criteria and/or processes for the selection of new residents.

1) **At least two boards complained that their property management companies had ignored or discarded the wait lists that they had put together, replacing these lists with the property management company's own waitlist. For one board, this meant that all of the families and individuals who had gone through the board to get on that waitlist were no longer on record, and their information and place in line was lost forever.**

2. **In related cases, property management companies have reportedly (a) undermined or interfered with board processes for**

**interviewing or speaking with prospective new residents,<sup>31</sup> (b) failed or refused to properly vet prospective new residents to ensure that they both understood what a cooperative was and wanted to live in one, and/or (c) failed or refused to properly introduce new residents to the cooperative and/or tenant-controlled processes for decision-making.**

These practices result in new resident-members entering the developments without an understanding that they are living in a cooperative controlled by tenants through a democratically elected board of directors. Without this understanding, new resident-members reportedly hold onto traditional landlord-tenant understandings in which the property manager is the landlord and the board of directors is likened to an ad hoc, self-appointed group that is trying to control what others do. This can lead to a number of problems.

<sup>31</sup>: Certainly, there are Fair Housing Laws that have to be complied with in all cases, but there are also ways to meet with, learn about, and share information with prospective new residents that are in compliance with these laws. It should be noted that Section 8 agencies reportedly treat income-restricted housing cooperatives as regular low-income housing developments, placing whatever tenants are at the top of the Section 8 list. Developments with Section 8 are not able to refuse tenants with Section 8 certificates, regardless of who the tenants are. At the same time, at least two of the development boards that we spoke with reported having no problems meeting with prospective new shareholders before those shareholders move in.

Some of the related problems that were reported to us include new resident-members:<sup>32</sup>

**1) Ignoring cooperative rules and requirements, such as the requirement that all residents perform certain maintenance in their apartments or follow certain rules in common areas.**

**2) Causing the cooperative to incur code violations, with costly fines, as a result of member-resident refusals to perform maintenance in their unit.**

**3) Causing other residents to withdraw and become distrustful towards each other as a result of certain activities being performed in common areas, contrary to rules or requirements.**

The importance of member selection was a recurring theme voiced by the boards of directors with whom we spoke. Regardless of who is in charge of filling vacancies, vetting, and orientation of new prospective residents is key to the long-term success of any cooperative or

tenant-controlled venture.<sup>33</sup> Long-term stability is vulnerable when a tenant-controlled development hosts a disproportionate number of residents to residents who neither understand cooperatives nor accept the roles and responsibilities of cooperative membership.

### **Property Managers: Being in Charge**

Regardless of how residents are brought into a cooperative and/or tenant-controlled development, nor how well they are vetted and/or oriented into cooperative living, if the property management company behaves or presents itself as the decision-making body, this undermines board authority and undermines the long-term continuity of a cooperative and/or tenant-controlled development. Some of the ways that property managers were said to do this include making decisions on matters of collections, payment plans, and rules enforcement without first consulting with (or sometimes even informing) boards of directors. It is clear that some boards of directors feel comfortable handing these tasks off

<sup>32</sup>: We discuss these examples more in our section on Member Selection.

<sup>33</sup>: In some cases, boards reported that they were told that they were no longer able to interview or even meet with prospective new residents prior to the move in of those residents. The board members who told us this suggested that this was a HUD restriction, though other developments also under HUD report that they are still very actively doing interviews of prospective new residents in order to ensure that residents know – and agree to – what they are getting into. (Sometimes prospective residents insist that they do know and agree, without following through on this later, however).



to property managers and receiving only periodic reviews of what is happening. But it is also clear that other boards of directors expect to review these matters and make decisions on them.

Though boards we spoke with cited many instances in which property management companies seemed to overstep their boundaries, there were also two complaints of property management companies failing to respond in appropriate or timely manners to tenant requests for maintenance and repair. One board speculated that their property management company was probably prioritizing larger properties in their portfolio. The board noted the tension that the property manager's delayed response was creating in the cooperative: members were frustrated, increasingly so with the board of directors, and the board felt pressure to get a quicker response time, but simply had no power to do so with the current property manager.

### Getting On The Same Page

Though we spoke with a number of property managers during our

research, in most cases these discussions focused on the needs of the cooperative and the board of directors. In three cases, however, we caught a glimpse of how some property managers view the tenant-controlled boards of directors with whom they work. One former property manager, in particular, had a good amount to say about how boards attract directors who “want to be the boss” and/or who may enter office and stay there for decades.<sup>34</sup> Another property manager reportedly told a board member (who told us) that she has served on a variety of boards of directors in her life and she has never been on a board that wants to be involved to the extent that the housing cooperative board expected. The board member who reported this interaction to us had the impression that the property manager thought that the board of directors was veering too far into the property manager's work.

These anecdotes, along with the combined information in this section, suggest that property managers in Boston are not always operating on the same page as boards of directors for tenant-controlled developments and cooperatives.

<sup>34</sup>: This person was very much in favor of providing an abundance of ongoing access to professional trainings of every stripe for board members in Boston cooperatives and tenant-controlled developments. The person saw how hard boards were working, but emphasized that they needed a great deal more support.

While there are a number of avenues for addressing each of the specific examples listed above, there are a few clear, tried and true avenues for working to build better, more sustainable and longer lasting relationships between property management companies and income-restricted cooperatives and tenant-controlled developments in Boston.

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## Property Management: Requested & Suggested Assistance

- Ongoing technical assistance that developments can draw upon to help them navigate through difficult relationships with property management companies. This technical assistance would include:
  - Workshops to help board members and property managers get on the same page around which body is responsible for what work, as well as what communication and collaboration is required for each of the categories of work.
  - Assistance creating policies and procedures that can guide the relationship between the property manager and the board of directors.
  - Workshops to help boards of directors and property managers carefully review and make adjustments to property management contracts.
  - Trainings to help board members better manage and communicate their needs to property managers.
  - Trainings for property management companies on the unique demands of working with housing cooperatives and the unique needs of housing cooperative board members.
  - Ongoing guidance and support for boards of directors to access when issues arise with their property management company, including potential mediation between boards and property management companies.
- In addition to the above, some board members requested assistance with the following:
  - Providing them with a list of cooperative-friendly property management options in Boston.
  - Guiding and supporting boards of directors who wish to take on more of their property management work and/or who wish to find more alternatives to working with the larger corporate property managers in Boston.

# Resident-Member Selection & Orientation -Major Concern



A cooperative's ability to create a long-term stability can require the development of a shared, self-determined community culture in which neighbors know and can depend on one another; families raise their children together and pass their units on to their children; and multiple-generations of people are brought up participating in the unique community culture and governance system of a particular cooperative. Two of the factors that can help or hinder the development of a common, shared, and participatory community culture are resident-member selection and resident-member orientation.

Virtually every cooperative or tenant-controlled development board had something to say about the importance of being able to vet and orient new residents. As one board member noted, "cooperatives have to be based on cooperativity. If you can get that right, then you have a chance. But if you don't cooperate, there is no chance of success." Indeed, resident can determine

cooperative continuity and long-term success. Yet, virtually every board that we spoke with also discussed some of the challenges that they were having with resident selection, discussed below.

## Obstacles to Vetting

Though this issue was raised across all of the developments that we spoke with, the obstacles to resident selection varied. Some development boards reported that HUD and/or Section 8 program administering agencies not only prevented boards from engaging in the selection of new member-residents, but also interfered with and/or disallowed the vetting of prospective residents. One cooperative reported that HUD directives no longer allowed for interviews of prospective residents; instead, some boards say that they are now only allowed to meet new residents after these residents have signed a lease and moved in.<sup>35</sup>

Cooperatives and developments that work with Section 8 agencies report that, when there is a

<sup>35</sup>: Other developments operating under HUD guidelines report that they are still doing member interviews, though they report a different type of problem in their member selection when working with Section 8 Agencies. More on this further below in this section.

Section 8 vacancy in their development, the agencies simply place whomever is at the top of the Section 8 list, without vetting residents for cooperative living. Developments complained that this has led to the placement of tenants with actively violent temperaments, histories of destroying their places of living, and current engagement in criminal activity (such as selling drugs out of their unit). These placements led to intimidation and withdrawal of other member-residents from common areas due to fear of the encounters with other member-residents, fines levied on the cooperative for code violations caused by destructive resident-members, heated and violent exchanges when one member-resident asked the other to stop selling drugs in the building, and an overall chilling effect on cooperative life as a whole, as fearful residents withdraw from social areas and activities, including resident and board meetings.

In at least one case, a cooperative board reported having no recourse against a group of resident-members who refused to maintain their units, even when this lapse in maintenance led to fines against the cooperative. One resident-member reportedly destroyed his unit, then filed a complaint against the

cooperative for “code violations” when the cooperative did not act to fix the unit. Though the cooperative had clearly codified rules and a schedule of fees for those who did not comply with these rules, the cooperative had to rely on the Section 8 Agency to compel the tenant to comply, which the Agency declined to do. As other resident-members observed the lack of rules enforcement, they, too, reportedly became more lax about following cooperative<sup>34</sup> rules and requirements. In this example, the board and the collective as a whole lost some of their authority along with a fair amount of their collective “cooperativity.”

### **Non-Income-Restricted Cooperative Struggles with Member Selection and Orientation**

Income-restricted cooperatives and developments are not the only ones to experience obstacles to vetting new residents. The boards of the two non-income-restricted cooperatives and one mixed-rate (market and income-restricted) cooperative that we spoke with also affirmed the essential nature of good member selection practices for cooperative longevity while noting some of the obstacles that they were experiencing in this area.

In these cases, the difficulties were of a slightly different nature, and related less to interference by Agencies or property managers, and more to a dramatically reduced ability to follow a democratic selection process once units are no longer affordable.

In one case, a member of the board of a non-income-restricted cooperative noted that, despite their monthly charges being so affordable,<sup>36</sup> their limited equity share /unit prices had increased over the decades from a low \$1700 back in 1980 to \$22,000 today. Though these units would still seem like a steal to many, the lack of available loans for individuals purchasing cooperative shares meant that – without some other arrangements — units would only be going to folks who had \$22,000 in cash. This dramatically limits the pool of eligible, cooperative-minded occupants. Board members indicated that, amidst the smaller pool of folks with \$22,000 in cash, it can be more difficult to find folks who want to live cooperatively with others and share in the work of running their development.

In another, mixed-rate, cooperative, where about 2/3 of the units had been converted to market rate and 1/3 remained income-restricted, board members noted that only about 30% of the cooperative membership was participating regularly in any aspect of the cooperative. This particular cooperative had been founded on a sweat equity model, dating back to the 1980s, in which every member household committed to contributing a number of hours of work to the cooperative each month. Over time, with market-priced units turning over and going to new residents, the cooperative had to adapt to allow members to pay a prevailing wage to someone else, rather than doing the work themselves.

The Board President of this cooperative noted that condo associations share this problem of “disengaged loner-members” who are unwilling to participate or contribute, but the problem of non-cooperativity is much more acute for cooperatives that rely on member participation and in-kind contributions.

<sup>36</sup>: This cooperative has \$460 monthly carrying charges for 6-room apartments with hardwood floors and fireplaces.

## More Vetting Challenges

Even with the ability to interview prospective residents, vetting can be challenging. As one board member shared, her development's committee that interviews prospective residents asks every single interviewee if they know the difference between low-income housing and a cooperative, and if they are really interested in living in a cooperative. This board member found that prospective residents will always say "yes, yes, yes!" They insist that they want to live in a cooperative and that they know what this is/what this means. Yet, shortly after the resident moves in they begin behaving as if they are living in a traditional landlord-tenant set up. From the perspective of this board member, there seems to be a sizable lag between what new members think a cooperative is and what a cooperative actually is. It is all too easy for new residents to treat the cooperative as if it is a traditional landlord-tenant building where someone else is responsible for running everything.

## New Resident Orientations

Though it might be incredibly difficult to convince HUD or Section 8 Agencies to change their policies to allow for better resident vetting and selection processes, cooperatives can compensate for some of what is lost in the resident placement process by providing new resident-members with one or more orientations into cooperative living. Given all of the other work that they have to get done, many developments<sup>34</sup> could use technical assistance to take this on. Successfully orienting new residents could involve creating information packets and presentation materials (which a few have done), and organizing a series of ongoing events to talk with resident members, new and old, about their rights as cooperative members, as well as their responsibilities. New resident-members could also use guidance on who they should contact for various issues that arise for them: maintenance and repair requests, rules violation complaints, seeking payment plans, and so on.



# Member Selection & Orientation

## Requested & Suggested Assistance



- Support and training for board members / prospective board members on their responsibilities regarding Fair Housing Law, tenant selection rules, and related topics.
- Assistance in creating procedures to guide member selection committees on processes that comply with Fair Housing requirements.
- Assistance entering into conversations with HUD and Section 8 Agencies pertaining to preferred cooperative / tenant-controlled processes for the purpose of seeking agreement and clear understanding of resident vetting activities.
- Assistance creating new resident orientation materials and guiding agendas for resident interviews and/or selection processes.
- Potential train-the-trainer workshops for board or committee members to be involved in giving new member orientations, support with creating orientation materials and, possibly, support in the form of co-piloting the first one or two of the orientation trainings.



# Resident-Member Engagement



Most of the boards with whom we spoke indicated an interest in having assistance with resident-member engagement.

When cooperatives and/or tenant-controlled developments are in the process of forming or are newly formed, there tends to be a surge of resident-member participation and engagement. In part, this can be due to the ongoing need to keep resident-members active in making decisions about their cooperative, and due to the ongoing efforts of newly energized cooperative leaders. It is fairly normal for this high level of resident-member engagement to drop significantly (and sometimes dramatically) within the months or years following the successful formation of the cooperative. As board members and resident-members alike fall into new normal, daily rhythms of operations, there is less of an immediate demand for resident-member participation.

Regardless of why the decline in participation happens, boards of directors may have mixed or confused feelings in response. Some

board members may see the decline as a sign that resident-members trust the board to run things more on their own. Other board members may feel it's an indication that resident-members are no longer interested in helping with the work of running the cooperative, leaving board members to spend their individual free time working to benefit the collective without assistance. Still other board members might not have a second of free time to think about the declining resident-member engagement, having so much work to do with just the daily operations (and/or capital improvements) of their development.

Finally, those board members who think a great deal about this topic don't always know why participation has fallen or what can be done to increase participation. Boards that we spoke with generally all reported meeting the standard requirements of posting notices for upcoming meetings (board and member), posting minutes from previous meetings, and alerting resident-members to upcoming and/or recently passed decisions that impact them.



Though the decline in participation tends to be normal and expected (unless a board puts in a good deal of work to prevent a decline from happening),<sup>37</sup> boards generally begin to have some difficulties if they are not able to keep a core group of members engaged and active in some fashion – even if just to show up regularly to meetings and development events.<sup>38</sup> Without this level of participation (and even sometimes with it), boards tend to experience difficulties, which can range from the inconvenient to the more serious.<sup>39</sup>

Some examples of the types of difficulties experienced by the boards we spoke with include resident-members not properly storing their trash, thereby contributing to rodent or roach problems, or resident-members

declining to read board announcements and thereby remaining uninformed of or non-compliant with important matters impacting them. Failure to achieve quorum on important member votes can also be a problem, as can lack of willing resident-members to fill new board or committee openings and share in the work of running the cooperative / development.

Whatever the cause or manifestation, board members and resident-members alike all stand to benefit from high resident-member engagement, and there are a number of ways that technical assistance providers can work to help boards to achieve improvements in the level of resident-member engagement.

37: In which case, a decline may be less dramatic, but will likely still happen to some extent.

38: There is some debate in the field around what portion of the membership would constitute a “core group.” The ROC USA Network, of which CDI is an affiliate, sets quorum for member meetings and/or important member votes at 30% of the membership who must be physically present at a meeting, while ballot votes (without a physical meeting) require a higher threshold of a majority of the entire membership voting affirmatively before a measure can pass. The 30% quorum threshold (for annual meetings that generally happen once a year) may be the “core group” standard for that network. On the other hand, maintaining a constant level of member engagement at 30% is no small feat, and may be impractical for a number of cooperatives and for a number of reasons. The actual “core group” needed by a given development may vary based on size, the amount of work being undertaken, the presence (or absence) of heated controversy, and so on.

39: Some additional factors that can lead to low-resident-member engagement were discussed in the section on property management.

# Resident-Member Engagement Requested & Suggested Assistance



- Guidance, training, workshops, and resources to help board members formulate member-resident engagement strategies, ongoing outreach techniques, and dissemination of important information to residents.
- Assistance with resident-member meetings to review proposed changes to cooperative bylaws, rules, leases, or other corporate documents, operations, or procedures.
- Assistance/guidance in organizing social events and informational meetings for residents.
- Ongoing support with building community and shared agreements among residents and board members in each cooperative.
- Assistance creating a communication strategy to update residents on essential information.
- Assistance creating procedures, practices, and/or methods for providing resident access to bylaws, rules, and other essential information.
- Assistance creating a manual for residents with essential cooperative information.



# Training for Residents



Integral to board training and communications as well as resident-member orientation, is the need for trainings for resident members. Some of the requested and suggested types of resident-member training assistance that we encountered in our study as follows:

- Trainings in understanding bylaws, rules, leases, and other important documents.
- Assistance with refresher trainings for existing residents, addressing:
  - what a co-op is;
  - what the purpose of a co-op is;
  - roles, rights, and responsibilities for each: residents, board members, property managers, and other related to the cooperative;
  - how decisions are made;
  - how residents can participate;
  - other topics as they emerge.
- Assistance with accessing agency resources and information.
- Conflict resolution training.
- Trainings on cultural diversity, to help cooperative members with different backgrounds more easily interact with one another.
- Introduction to mutual aid, and assistance with setting up cooperative mutual aid / support and networking projects.



# Affordability & Equity



A majority of the boards of directors with whom we spoke raised issues pertaining to affordability and equity. This topic was raised regardless of whether the cooperative was income-restricted, mixed-rate,<sup>40</sup> or non-income-restricted. Though there can be a significant difference between units that are income-restricted and units that are affordable – as one board member pointed out, the latter term tends to be so vague as to include all kinds of housing that is not actually accessible to most low-income folks – it will be most informative to provide a summary of the full range of issues raised on this topic.

## **Affordability: While Maximizing Revenues**

One or two boards talked about the difficulties that they were having raising revenues for needed capital improvements while also maintaining affordability and income-restriction requirements. Not all cooperatives reported having a clear system for calculating monthly carrying charges

As described in our property management section, one of these cooperatives mentioned that a previous property management company had for years insisted that the cooperative could not raise carrying charges at all. Eventually, the cooperative learned that their carrying charges were actually well below the maximum allowed, and that even their subsidized units were undercharging the Section 8 program. Expressing shock and frustration from having been misled for so many years, at the expense of the cooperative as a whole, these board members were looking for assurances and/or strategies to raise needed revenues in order to cover expenses – particularly expenses for costly capital improvements.

## **Perspectives on Affordability**

A number of boards that we spoke with raised concerns over the no-equity or limited-equity models of their cooperatives. While board members universally appreciated the affordable nature of their

40: This term is used to indicate a cooperative that has both income-restricted and market rate units.

cooperative carrying charges, and the stability that this allows in their cooperatives and their neighborhoods, many also expressed the desire to allow residents/shareholders to build some form of equity in the shares that they owned. This ongoing conversation calls attention to two different but overlapping perspectives on affordable/income-restricted housing cooperatives.

One of these perspectives sees cooperatives as a source of ongoing housing stability in communities. Housing cooperatives provide stability and protect against resident displacement by gentrifying or other forces that sweep through urban neighborhoods. Neighbors in cooperatives know each other, families raise their children together, parents pass their units down to their children, and several generations of resident families participate in building a shared, self-determined community culture, over time, by collectively participating in the unique culture and governance system of their particular cooperative.

The other of these perspectives focuses on cooperatives as stepping stones; low-income folks who have

fallen on hard times are provided with a stable, healthy place to stay. Over the years, through hard work, these folks eventually enjoy incomes that increase beyond the income-restriction limits. Holding incomes equal to or above the area median income, these folks then move on to purchase their own homes.

Both perspectives are equally valid and can overlap. Folks tend to move back and forth between perspectives, sometimes within the same conversation.

### **Affordability Perspectives: Cooperatives as Stepping Stones**

When study participants discussed income-restricted cooperatives as a stepping stone to other things, they tended to place more emphasis on the need for equity-building, which can allow member-residents the opportunity to generate wealth needed to eventually purchase homes or larger apartments elsewhere. There was a repeatedly-voiced concern that low-income folks are being deprived of this opportunity due to the limited (or no) equity structure of their cooperatives. As one board member noted, “homeownership is the primary way that folks are able to build equity in their lives, and there

are virtually no opportunities for low-income folks to build equity”.

Incoming members pay a small price for their share (in some cases only a dollar) and then receive that same amount, though sometimes with nominal increases, when they leave the cooperative. At the same time, gentrifying forces are causing rapidly-escalating rental and housing prices throughout the city. This means that holders of limited- or no-equity shares, whose incomes increase, are still not able to afford to move on from the income-restricted cooperatives in which they live. In this view, the cooperative is not serving as a stepping stone because of the lack of equity-building.

### **Affordability Perspectives: Cooperatives as Stabilizing Community**

When viewing income-restricted cooperatives from the perspective that prioritizes stability, community-building, and affordability for low-income folks, it is less desirable that resident-members have an incentive to move on, but it still might be desirable to allow them to build equity in some fashion. However, as the mixed-rate and non-income restricted cooperative members

have pointed out, transitioning a cooperative from income-restricted, no- or low-equity models to models that build greater share-based equity can cause share prices to move rapidly out of reach for new low- and moderate-income members. It also removes a valuable source of safe, stable, and affordable housing in the city.

### **Differing Models for Equity-Building**

One of the cooperatives we contacted provides a good example for the possible impacts of transitioning away from income-restricted models towards cooperative models that allow for greater equity building. In this cooperative, a few decades ago, 2/3 of the units were transitioned to near-market rates to allow for greater equity-building for those shareholders, while the remaining 1/3 were maintained as income-restricted units. A few decades later, share/unit prices for the near-market rate units are now in the hundreds of thousands of dollars, making them out of reach for most low- and moderate-income folks.

These high share costs have dramatically altered the composition of the cooperative,

which was originally founded on a sweat equity model that prioritized resident-member participation, and founded on values of “respect, responsibility, cooperation, diversity, and broad community involvement” that prioritized member diversity in race, ethnicity, gender, sexual orientation, ability, age, etc. Under the income-restricted cooperative model, the board of directors were able to utilize their explicitly-stated member selection criteria that prioritized the cooperative’s values. Under near-market rate share costs, there is now an expectation that outgoing members will be able to sell their shares for the best offer, since there is so much money at stake. The board now has very little say in who moves in; at most, they can suggest that the units are advertised in certain venues that might attract a diverse, participatory membership.

These changes have strongly impacted resident participation in the cooperative, which has declined significantly (leading to changes that allow new shareholders to pay a prevailing wage for work that they would have otherwise been asked to do). Board members report that these changes have decreased the level of cooperativity among

shareholders, placed a greater burden of work on the board, and impacted cooperative diversity (though they report that their cooperative is still fairly diverse). Overall, the board president suggested the transition of 2/3 of the units from income-restricted to near-market rate units was simultaneously “one of great things and one of the concerning things” that their cooperative has done.

Another model of limited equity-building was demonstrated in two other cooperatives: one non-income-restricted and one non-income-restricted. The income-restricted cooperative that has allowed share prices to increase into the double-digits has units ranging in price from \$12,045 for a one bedroom to \$26,000 for a five bedroom unit. This cooperative reports having a loan option for income members who cannot afford to pay the share all at once. The non-income-restricted cooperative with a limited equity building model makes modest, annual cost of living adjustments to the share cost that resident-member paid. This has allowed shares to increase from \$1,700 in the 1980s to \$22,000 today. The board of this cooperative is interested in exploring a way to

allow new resident-members to borrow and pay this share price off over time, otherwise the units are out of reach for most low- and moderate-income folks. At the same time, they do not compare to the equity gained by traditional home buyers in the escalating market. Board members in this cooperative emphasized their hope that their considerably low monthly carrying charges could provide shareholders with opportunities to save and build equity through other means.

Equity building can be complicated and fraught with unintended consequences down the road. It appears that a sizable number of cooperatives in our study are interested in knowing more about the range of possible equity-building options. Though most of the cooperatives are focused on building equity through housing, it would be worthwhile to help cooperatives also explore and think through a number of collective opportunities for non-housing-related equity-building so that members can leave with more than what they had when they entered, while income-restricted cooperatives can remain accessible

for their originally intended population: low- and very low-income folks who are otherwise being displaced across the city and left housing insecure and/or homeless.

### **Affordability: Loans for Cooperatives and Shareholders**

The three cooperatives that were either mixed-rate or non-income-restricted each voiced concerns related to the lack of affordable financing. These cooperative boards report that lenders are unwilling to lend to cooperative shareholders,<sup>41</sup> since cooperative shares are not the type of collateral that can be repossessed and resold to help a bank recoup the cost of a failed loan. This means that both incoming or prospective member-shareholders are left without many options for paying their share costs and existing members struggle to finance renovations in their homes.

The cooperatives also report struggling, themselves, when it comes to finding reasonably-termed loans for cooperative-wide renovations. Local banks do not want to lend to cooperatives, these boards report. In their struggles to find funding, at least one of these

41: Yet, this is not a problem in New York City, where bank loans to co-op members are available.



cooperatives wound up acting on poor advice that left them locked in unfavorable mortgages which carry hefty penalties for prepayment via a refinance. These cooperatives are all interested in having centralized resources that help prospective and current shareholders, as well as the cooperatives, themselves, to be fully informed on their options and to be able to access affordable financing as it is needed.

### **Affordability: Amidst High Property Tax Rates**

Two of the cooperatives we spoke with – the mixed-rate cooperative and one of the non-income-restricted cooperatives with very affordable carrying charges<sup>42</sup> -- reported having approached the City to request some assistance maintaining their affordability through tax breaks or a better tax rate. The City reportedly informed the mixed-rate cooperative that it would only receive more favorable tax rates if they came under the City's affordability covenant restrictions. This was not an answer that the cooperative felt to be helpful. The non-income-restricted cooperative with affordable, \$460/month carrying charges for its 6-room apartments, also reported

being unable to secure a more favorable tax rate, in part, because of the cooperative's ground floor commercial space, which generates revenues to help the cooperative remain affordable but also generates a real estate tax bill that was around \$122,000 in 2021.

### **Affordability: Moving Forward**

Overall, the boards that we spoke with emphasized that, if affordable / income-restricted housing cooperatives are going to be a 'new norm' in the City of Boston, then available, favorably-termed loans are needed – both for cooperatives that need to borrow, as well as for homebuyers and/or owners of cooperative units.

At least one of the income-restricted cooperatives that we spoke with has established a revolving loan fund for new shareholders who need assistance paying off their share prices, while another non-income-restricted cooperative with extremely low monthly carrying charges talked about wanting to establish this type of fund so that their cooperative can remain accessible to very low-, low-, and moderate-income folks from all walks of life.

<sup>42</sup>: For example, one of these cooperatives rents 6-room apartments with hardwood floors and fireplaces for a mere \$460 a month; but the \$22,000 share price and the lack of income restrictions has prevented this cooperative from being officially considered affordable

Board members of the cooperative with a ground floor commercial space highly recommended the benefits of future income-restricted cooperatives being developed with ground floor commercial spaces to subsidize costs of building upkeep and shareholder carrying charges.



## Affordability & Equity Requested & Suggested Assistance

- Assistance exploring and setting up revolving loan funds for shareholders who need assistance purchasing or financing renovations.
- Assistance exploring alternative forms of collective equity-building for residents, including collective equity-building that is not housing based and that does not require increasing cooperative share prices.
- Possible assistance helping cooperatives / tenant-controlled developments access lower real estate tax rates, if these become available.
- Possible assistance helping cooperatives to explore options for generating non-housing-based income to supplement their operations, maintenance, and/or renovations.



<sup>43</sup>: See the footnote under a similar item in the section on External Relations, below, for one board member's ideas on how to provide cooperatives and tenant-controlled developments with some form of additional tax break.

# External Relations - Major Concern



Another area of major concern for many of the cooperatives and tenant-controlled developments falls into the broad category of external relations. As one board of directors told us, “often the people that we have to fight to maintain what we have are the very people who should be helping us.” From the perspective of some boards, this has been the case so often that they feel reluctant to talk freely about the issues impacting their developments. Some of these board members have expressed their impression that everyone in Boston is connected – from City officials and agencies to state and federal officials and agencies – and that, if they talk to people at one agency, everyone in the other agencies will have access to the details of that discussion. This leaves cooperative boards and members unsure of where they can go to seek help, particularly when the help requested involves a grievance or complaint about another agency or person in an agency.

For example, we were told repeatedly by boards that no one

wants to criticize HUD (even though most have numerous criticisms) because then HUD might not give them the funding that they need, or might respond in other ways that are harmful to the cooperative whose board members complained.

As one board of directors told us, when cooperatives see contradictory stories and/or wrongdoing from the agencies tasked with helping them, they lose trust. Right now, a number of developments in Boston are operating on a trust deficit. One board member asked, “how do you get the trust back to a level that will sustain you?” Cooperatives and developments expressed a high level of interest in finding a solution to this dilemma, though they don’t know who they can talk to about it. This leads to a more general sense of disempowerment. As one board member put it, it often “feels like an unseen force is working to keep them down, keep them in a condition that they can’t rise out of, to keep them from succeeding.” Cooperatives don’t know how to fight that, we were told.

Board members feel overwhelmed and unsure of how to overcome these tremendous barriers that leave their cooperatives in what feels like a perpetual state of struggling to survive rather than thriving.

Things were not always like this. Some Board members recounted previous networks of support: among each other, as well as within activist, advocacy, and even political circles of influence. A few of the solutions relating to networks of support are provided further below in the section on Networking Support and Training.

## External Relations: Requested & Suggested Assistance

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- Support and training for board members / prospective board members around city, state, federal and other housing requirements.
- Assistance navigating City, State, HUD, and other bureaucracies. <sup>44</sup>
- Assistance around board access to agency resources & information.
- Assistance clarifying confusing information and/or misinformation on City, State, HUD, or other agency rules, regulations, requirements, updates, and communications.
- Assistance seeking help from the City, including for things like stop lights, cracked walkways, parking.
- Assistance reviewing the fine points of contracts with board members.
- Interfacing with project managers, contractors to ensure quality work during capital improvement projects.
- Assistance with the creation of compliance calendars or other systems for alerting board members of approaching deadlines for inspections, etc.
- Assistance for board members in their interactions with their property management companies, including their contractual obligations.
- Assistance seeking to work with HUD/other agencies to establish more inclusive and more cooperative-friendly member selection processes.
- Assistance understanding and navigating ADA laws and accessibility requirements.

<sup>44</sup>: Example: If subject to annual HUD physical inspection, assist with pre-inspection walk-thru and consultation/funding for minor repair to bring up to compliance.

## Requested & Suggested Assistance (cont.)

- Assistance identifying lenders that offer financing at reasonable terms to cooperative residents/prospective residents needing assistance with unit upgrades and/or share costs.
- Assistance identifying attorneys, insurance companies, etc. that are cooperative-friendly.
  - Alternatively, identifying and communicating cooperative board requirements to attorneys and insurance companies willing to learn and to customize their services for cooperative board needs.
- Assistance accessing a lower tax rate, if one becomes available.
- Assistance exploring a CDBG (Community Development Block Grant),<sup>45</sup> through the City, to fund the more urgent needs of multiple cooperatives.<sup>46</sup>



45: One board member of a non-income-restricted (but arguably affordable) cooperative suggested that the City consider options like the following as a way to maintain affordable housing in the city:

- Underwrite the cost of land as zero for housing cooperatives and affordable housing developments.
- Give land to affordable housing developments and/or to housing cooperatives for zero dollars, restricting the land use to certain ethical commercial spaces and housing arrangements.
- Set aside the land of affordable housing developments and/or of housing cooperatives, and put this land into a land trust.

46: This requested support was also included in the above section on Capital Improvements.

# External Factor: Gentrification - Major Concern



In all of the cooperatives or developments we communicated with, board members voiced deep concerns about the rapid and unchecked pace of gentrification throughout the City of Boston, and the significant changes occurring as these forces rapidly mold Boston into something that is less and less recognizable. As one board member described it, what is happening now in Boston, as well as across the country, is a type of uniform, gentrifying transformation that is making Boston almost indistinguishable from Miami or Manhattan. By this, the board member was suggesting that small, locally-owned, and/or independent stores and buildings are being replaced with big-box stores and buildings that are newly-renovated or built and owned by multinationals or others living far from Boston. Many of Boston's original streetscapes are no more.

In some fashion, virtually all boards expressed the sentiment that (paraphrased from one board member) they are in fear of losing their city. Some boards felt more

immediately afraid of losing their homes. The sentiment that we heard repeated by board members throughout the city was something to this effect: At one time, their neighborhood had been multi-racial, diverse, with people from all over the world living there. In those days, their neighborhood was a place where low-income folks could come and stay. But this has changed in a way that does not reflect the collective desires nor needs of the people in Boston as a whole. The voices of the majority of people in the city have been eclipsed by the voices of the relatively few monied developers whose goal is to make more money at the costs of the homes and communities of countless families and individuals, as well as the cost of the well-being of the city's resident population overall.

One board of directors that we spoke with reminded us that the Demo-Dispo Program had described itself as bringing the opportunity of ownership to a diverse range of residents, and as providing accessible, affordable housing to all walks of life in the Greater Boston

area. There are ways that this has happened, and ways that this is not happening, these board members reflected. Some of the latter ways are finding expression through sales of HUD properties to private developers, and through the continual displacement of Black and Latino populations from the neighborhoods where income-restricted, tenant-controlled developments were originally founded in the 1980s and 1990s as a means of stabilizing these very populations.

Some board members reported that they knew these gentrification-created waves of displacement would eventually happen. They say that they saw many of the parties who were involved in the Demo-Dispo program had long-standing relationships with HUD and various government agencies, as well as a vested interest in continuing to buy up properties in low-income – particularly Black and Latino -- neighborhoods. A number of these same parties are now involved in buying up HUD properties and selling or auctioning them off to private investors, these board members reported. We were also

told by a number of boards that some of this gentrification has been enabled and/or subsidized by the City in various ways. We have not corroborated these assertions, though the examples that we were provided abound.

While Boston's rapid gentrification is of universal concern to virtually every board we encountered, those developments that are struggling to raise funds for required renovations and improvements are likely the hardest hit. Several developments fall into this category. Board members of these developments often report seeing new buildings going up everywhere around them: right across the street, down the street and up the street, anywhere within eyesight of their buildings, and even well beyond eyesight. One board member noted that every time she drives down the road, she sees a new construction site that wasn't there before.<sup>47</sup> Buildings that seemed to have existed forever are now gone and being replaced with new developments. Yet some of the income-restricted developments that we spoke with are struggling to find funds to make required renovations that will bring them up

<sup>47</sup>: One board of directors voiced frustrations that they were not able to find any information on who the investors were who were buying the properties all around them, despite their repeated attempts to request this information. In some cases, they learned (through other avenues) that the new owners of a previously subsidized property do not even live in the country.

to new HUD codes. A couple of board members remarked that, in this context, their buildings look terrible when you drive down the street. This makes them feel like a target for speculative property investors.

Indeed, some board members told us that they know that their developments sit on prime property that everyone seems to want. As rents, housing prices, and property values are skyrocketing around them, and as lenders are selective about who gets (financing) to move into a given neighborhood, residents of developments report that they will have nowhere to go if they lose their homes. Board members in these developments are facing considerable stress from this, particularly when updated HUD codes are requiring renovations that the development cannot afford. Some board members mentioned an ongoing, background fear of a HUD takeover, which could signify the end of a tenant-controlled development, causing the city to lose yet one more source of affordable housing, and causing current residents to forever lose their homes. A board member summed up the exasperation and stress of many others as follows:



Why can't [... we] get the assistance that we need? We are owners. Why can't we negotiate and get what we need and have the okay for that [from government agencies like HUD]. We are just going back and forth with HUD. We are just the Lone Ranger, left on our own. We have been fighting this stuff for years and we are still standing. We should be able to feel secure in our land, our property, and our ownership of our business that we have. We need to sit down with somebody and make them understand that we are here and we are people and we need to live and survive and not be displaced. We need the City to come in and help us stay placed. We have multiple generations living here, four generations of people that are here. Where are they going? Why do they have to leave from where they were born and raised? We need to continue to feel stable. We need our families to feel stable. We shouldn't feel like we are going to lose our homes.

While this same board member expressed her desire for City support, she and other board members in various cooperatives also noted that they were highly wary of this support, given what they have seen in the past.



Board members at virtually every development reported that they have seen many instances in which the City has come in to help renovate buildings housing low-income tenants, moving tenants out while renovations are underway and then breaking a promise to allow tenants to return once renovations are complete. We heard of numerous cases of low-income and very-low-income tenants being forever displaced in this fashion. In some examples, we were told that the buildings, once fixed up and empty of tenants, were sold to private developers or filled with folks who were not low-income. It was clear to us from our conversations that gentrification is impacting every tenant-controlled development in the city, causing considerable stress.

Some of the types of “requested and suggested support” that could help boards deal with gentrification are outlined in other sections of this report. These include assistance with finding funding for capital improvements, creating a revived network of support, accessing a lower real estate tax rate to maintain affordability, improving external relations, and basic ongoing technical assistance to help

cooperatives manage the variety of challenges that they will face over the years. Although these are strategies to help minimize some of the symptoms developments are experiencing, they are not a fix for this complex problem.

One clear strategy for public agencies, when it comes to countering the rapid pace of gentrification, would be to commit to developing – and supporting, in an ongoing fashion – greater numbers of income-restricted cooperatives and tenant-controlled developments. Members of the existing developments in the city would like to see Boston remain authentic and diverse, economically and in all other ways. They would also, more than anything, like to keep their homes safe and stable, and keep their developments operating as successful multi-generational tenant-controlled dwellings that have some sort of insurance against dispossession well into the future. Most of the boards of directors we spoke with see cooperative /tenant-controlled housing as a key to doing this, and as key to protecting against the ongoing damage done by gentrifying developers.

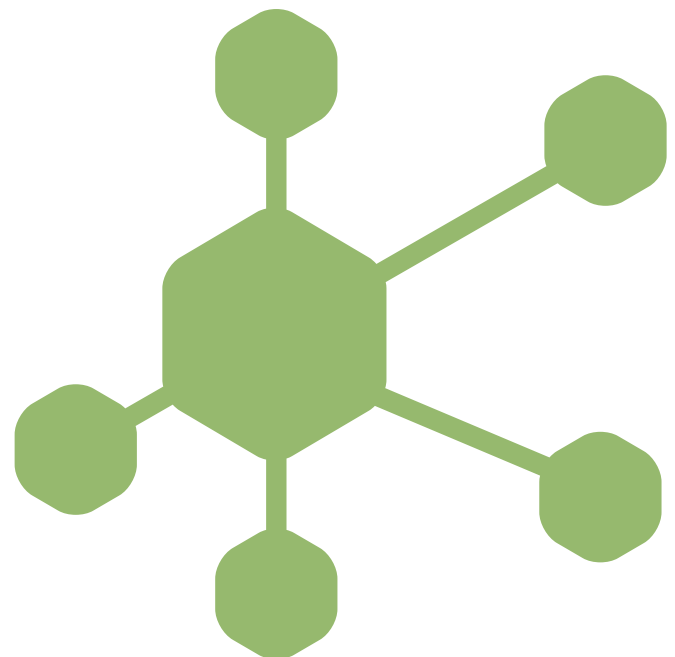
# Network Support & Training



A number of development board members talked with us about the early days in their development's history, when everyone was struggling to figure things out, and when each board had far more established relationships with members from different developments, and with various advocacy organizations and City agencies. In addition, there were important connections between boards and technical assistance providers, including from: CEDAC, consultants, and attorneys hired by individual developments.

Over time, the relationships that had once provided so much support and so many resources were no longer vibrant or existent. Many of the leaders of the cooperative and tenant-control movement passed on, retired, and/or left boards and the advocacy organizations that they headed. Today, many board members look back at those times with nostalgia, longing for the network of support and that sharing of resources that they used to have, before the relationships were severed in various ways and boards were left to fend for themselves in isolation.

The benefits that came out of the networks of the cooperative/tenant-controlled leadership movement, and the resources from board members sharing stories, struggles, and solutions, are described as priceless and in need of revival or recreation. Though the National Association of Housing Cooperatives (NAHC) does offer annual conferences with training workshops, many cooperative / tenant-controlled boards report needing opportunities for training and support much more than once a year. These boards emphasized the value of local networking.



# Network Support: Requested & Suggested Assistance

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- Have professional technical assistance providers organize regular (once or twice a year, if not quarterly) networking & training events for Boston housing cooperatives and tenant-controlled developments. These events would feature:
  - Expert professionals to advise boards on topics of common concern;
  - Trainings on topics of interest that are offered by professionals in the field.
  - Professionally-facilitated workshops that can help boards to share problems, concerns, and successes in their cooperative;
  - Focused skill shares, where Members / Board Members from different cooperatives meet in groups, discuss common issues, and exchange ideas for how their cooperative does (or would like to) resolve the issue being discussed.
- Social/networking sessions to help board members meet, interact with, and feel supported by board members around the city.
- These events could also update board members on any key changes to rules and regulations from the City, the State, HUD, and other relevant bodies.
- Create a network of cooperative board members who can communicate outside of networking meetings using technology, and who can provide mutual aid, assistance, and advocacy support for each other when the need arises.



# Board Financial Oversight



Some of the issues relating to board financial oversight are embedded in the property management and capital improvement planning and funding topics discussed previously.

Board members to whom we spoke indicated – implicitly and explicitly – that their boards would welcome “financial literacy” training to increase board members’ skills. Monthly financial packages can be confusing, particularly to those who have not spent time working with financials in their daily lives beyond their board positions. As new board members come in and veteran board members cycle out, these trainings can be particularly useful in supporting continuity in board financial oversight. Even when boards do not have any new members, it is frequently the case that long-term board members are juggling so many moving parts to keep their developments running smoothly that quick refreshers on key financial indicators can often save board members time and energy in the long run. Some of the types of new or refresher trainings and/or support that were mentioned or implied include the following:

## Requested & Suggested Assistance

- Trainings to help board members better understand their monthly financials and their long-term capital improvement plan (“Financial Literacy” trainings).
- Trainings on the legal fiduciary duties of board members and what that entails.
- Training on creating simple but informative treasurer’s reports.
- Assistance creating and/or reviewing annual cooperative budgets.  
Including:
  - feasibility, compliance, and other relevant criteria.
  - communications with membership around the budgeting process and the final proposed budget.
- Assistance finding new, qualified, and cooperative-friendly bookkeepers and/or training current bookkeepers to better serve co-ops.
- Assistance understanding and staying current on affordability restrictions, and ensuring boards can raise maximum revenues with their affordable rents.
- Assistance conducting or obtaining a marketing study.

# Governance & Board Functionality

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Some of the indicators that we considered when seeking to assess board functionality included whether a development was able to fill all board seats and have a full board of directors, and whether that board of directors: met and achieved meeting quorum on a regular basis; understood, regularly reviewed, and followed their own bylaws; posted board (and member) meeting announcements and agendas in accordance with these bylaws; and posted and/or gave members access to approved minutes from recent meetings.

We also sought to assess whether board members all had access to, and an understanding of, their bylaws and other corporate documents, as well as whether board members regularly reviewed, updated, and/or created new corporate documents. Other areas of board functionality also involved regular board oversight of cooperative financial statements, board financial literacy and awareness of board members' fiduciary duties to the cooperative, board member understanding of capital improvement plans, and

board oversight of a range of operations (rules enforcement, collections, maintenance and repair requests, and so on).

Because of the nature of our methodology, we allowed board members both to self-report on how they were functioning as a board, and to steer the conversation in the direction that made the most sense to them. This means that not every board specifically addressed every topic mentioned above, and several boards talked in-depth on other topics, not included above, that are also strong indicators of board functionality. Through board self-reporting, as well as our own observations, we have compiled the following summary of the state of boards of directors in our study. It should be noted that boards that are highly-functional often still have one or more areas in which they could use support (even if they are not willing to discuss these areas with strangers conducting a study). This is typical, normal, and expected. We make this point to suggest that even those boards who self-report having no issues, and who appeared highly functional may still benefit

from the availability of support in the future, if that support can be provided in a manner that is not perceived to threaten cooperative autonomy and self-determination, but that is, instead, presented in a manner that fosters these, as that is what is required to build trusting relationships with these developments.

Most of the boards that we met with<sup>48</sup> appeared to be functioning fairly well, and all self-reported the same. Four of these boards reported that they did not need any type of Governance-related assistance or training, though two of these four boards had mentioned non-Governance areas in which they would appreciate assistance. Of the two remaining boards in this category, one invited us to a Zoom meeting with the entire board of directors, as well as two property managers. This board reported that they are excelling in virtually every category we could think of to ask about, in part because the board president requires that everyone – property managers included – attend bi-annual trainings specifically targeted to inform and assist them in carrying out their roles and responsibilities.

The other of these two boards reported managing a number of inspiring programs and opportunities for youth, families, and shareholders in their community, a feat which seems to verify a high level of functionality among board members and their paid staff.<sup>49</sup>

The remaining six boards of directors also self-reported being highly functional, and equally exhibited high levels of competency during our meetings. This group of boards, however, noted a variety of areas in which they wanted and/or would accept (if offered) various types of support relating to cooperative governance. One of these boards did not elaborate on what types of governance-related support they would accept; another said that they would be open to any and all trainings, but did not make any specific requests in relation to governance. The other four voiced a range of specific requests, all of which are included in our below subsection, entitled Requested and Suggested types of Governance Support.

The six additional boards in our study (those that did not meet with us but for which we had one-on-one

48: We met with 10 boards of the 16 that provided information for this study.

49: We were only able to meet with the development's board president, with whom we also had a phone conversation. The other board members did not appear on the scheduled Zoom call.

phone conversations with one or more board members) all reported doing well, though each also reported having their hands full with one or more areas of board and/or cooperative operations. One of these boards reported not needing anything at all, with the board president noting that “There is nothing the Mayor’s Office can do for us that we haven’t already done for ourselves. We have everything under control.” Each of the other boards in this category indicated – either directly or indirectly – both some hesitancy and that they were having some difficulties in some governance-related areas.

We want to emphasize that difficulties are predictable, typical, and even expected for any housing cooperative and/or tenant-controlled board of directors. The work of a board of directors can be overwhelming, and certain problems are almost inevitable, no matter how well-equipped, well-functioning, or well-trained a board is. The fact that these boards mentioned difficulties does not mean that they are not successful, well-functioning boards. It means that they are experiencing what almost every board experiences to some degree or another.

Some of the most commonly-cited struggles of these boards of directors included divisions, disagreements, and conflicts among board members; disruptive behavior such as power plays or other disagreeable conduct among some board members which further<sup>49</sup> contributed to these; board turnover and a lack of member-resident preparedness or willingness to fill vacant board positions; a need to better engage resident-members and to get them more involved in the development; a need to help board members feel confident in their roles, despite internalized messages from the surrounding society that stereotype how people in positions of power look and act; communications challenges due to diverse boards composed of members from multiple cultures who all speak English as a second language.

Some of the boards that did not (yet) meet with us, despite appearing to meet our target criteria, also mentioned or alluded to some of the above difficulties. In particular, divisions on the board were cited by a number of developments.

# Governance

## Requested & Suggested Assistance



- Trainings on understanding bylaws, rules, and other corporate documents.
- Assistance with revising bylaws, rules, leases, and other corporate documents.
- Assistance in the creation of policies, procedures, and other corporate documents.
- Assistance with establishing best practices and/or policies and procedures for rules violations, repair and maintenance requests, collections, and other aspects of cooperative operations.
- A regularly-available professional technical assistance provider to give trainings, assistance, and guidance to cooperative board members to help address ongoing and periodic issues.

## Board Functionality

### Requested & Suggested Assistance

- Assistance with board member recruitment & succession plans.
- Help new or prospective new board members to learn from the vast knowledge and experience of existing board members.
- Help residents ease into board work by feeling familiar, trained, and competent enough to join the board.
- Trainings to help board members work better together, including:
  - Decision making, democracy, common purpose
  - Preparedness and Accountability
  - Interpersonal relations
- Provision of various types of competency trainings that provide baseline board member skills to all board members & volunteers:
  - The basics of parliamentary procedure/Robert's Rules of Order.
  - Best practices for creating and following meeting agendas, meeting minutes, and other key board topics.
  - Business management training.
- Review/overview of roles and responsibilities for each board office and for directors-at-large.



# Board Functionality

## Requested & Suggested Assistance (cont.)

- Conflict resolution trainings.
- Meeting facilitation trainings for board chairs or others who may be facilitating difficult meetings on controversial topics.
- Having a professional technical assistance provider available to give regular trainings, assistance, and guidance to cooperative board members to help them deal with whatever comes up for them in their cooperative.
- Trainings on understanding the ADA and Requests for Reasonable Accommodations.
- Committee trainings for:
  - Board members on best practices for creating committees.
  - Committee members on their roles and responsibilities.



# ADDITIONAL RECOMMENDATIONS & DISCUSSION

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# Additional Recommendations & Discussion



## Reinstating Resources and Supports

The board members with whom we spoke, from a number of developments, told us stories of a previous time, decades ago, when Boston was virtually awash in supportive resources for the income-restricted, cooperative and/or tenant-controlled developments. Funding was accessible, networking opportunities abound, advocacy activity was a given, and technical assistance was regularly available so that developments had someplace to turn when they ran into difficulties, as democratic housing developments regularly do. This was in the early years in the history of these cooperatives, and it does not seem to have lasted beyond a decade, at most, for the majority of development boards who talked about this. The City of Boston, during that time, had truly created a climate conducive to the thriving of income-restricted, tenant-controlled housing throughout the city, and every single board member who raised this topic with us was looking back at these times fondly, with nostalgia and longing.

Since those early years, after decades of changing administrations (many of which may have had little-to-no interest in the well-being of these developments, and some of which may have preferred not to see them exist at all), the cumulative lack of adequate attention from City administrations of the past have left many of the Boston developments (that have managed to succeed) in a perpetual state of fending for themselves. Several are, quite literally, struggling to survive. Many more have fallen away, no longer showing any remnant of either a cooperative structure, a degree of active tenant-control, or income restriction. Some have been bought up outright by developers.

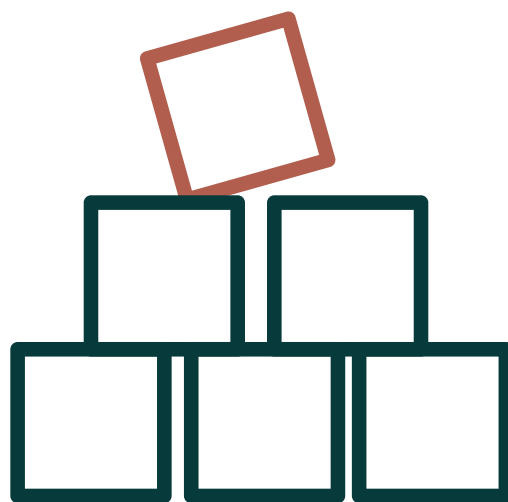
The City no longer has a current infrastructure for dealing with these developments in supportive or mutually-beneficial ways. Therefore, the primary task of public officials who are looking to support what remains of the developments from the 70s-90s should be to take considerably more time and energy to re-build trusting relationships with

board members and resident-members of income restricted housing cooperatives and/or tenant-controlled developments in the city.

They can best do this by restoring the variety of resources that were previously available to these developments: accessible funding to those with major infrastructure needs or community-based programs; networking opportunities that allow board members (and interested resident-members) to share their successes and challenges, to learn from each other, and to be recognized as the experts that they are; and the provision of ongoing, reliable, and quality<sup>50</sup> technical assistance so that these cooperatives are able to establish an ongoing, trusting relationship with a supportive professional who can help them with whatever arises.<sup>51</sup>

Understandably, creating – much less maintaining – the sort of infrastructure of resources and supports that are needed is no small task (which may well be the reason

why an infrastructure of resources and supports no longer exists for these developments in Boston). Further, a wide range of difficulties can arise (and have, in the past, arisen) if and when such supportive infrastructures are built and housed from within complex and ever-changing City administrations and/or city agencies. For these reasons, we recommend that the City either share the task of building this supportive infrastructure through contracts with professional organizations that do this work or, perhaps more reasonably, contract out the entirety of the work of building and maintaining this supportive infrastructure.<sup>52</sup>



50: We will describe more what we mean by “quality” technical assistance further below under B) Ongoing, Quality, Professional Technical Assistance.

51: The ROC USA model of providing ongoing support to resident owned manufactured housing communities (ROCs) offers a starting place to consider what is needed, as well as for envisioning models of mutually-beneficial relationships in Boston.

52: Consider borrowing from the model of the City’s list of service providers for small businesses.

# Component Parts of a Supportive Infrastructure



## A) Funding & Financing

### Increased Funding and Financing Opportunities

About a third of the development boards we spoke with were struggling to obtain funding and/or financing for required or needed capital improvements. Some of these boards said that they had already maxed-out the financing opportunities that were available to them without being able to cover all needed improvements.

We recommend agencies and elected officials find ways to increase funding and financing opportunities for developments that are most in need of them. One possible avenue for this could be through Community Development Block Grants or other sources of federal funding to address the needs of selected developments each year.<sup>53</sup>

### Loan Forgiveness

In at least one case, not detailed in this report, a development is struggling with a loan repayment

plan that is causing rents to increase beyond what many of the tenants report being able to pay. This has led to considerable stress and fear among resident-members and board members, all of whom are actively voicing worries of being priced out of their homes and their cooperative. The board members for this particular development cited other developments that have had their loans with the City forgiven. Clarification from the City on how and when loans can be forgiven, reconsidered, or restructured is recommended.

### Investors Without Partnerships

A sizable number of boards of directors who spoke with us and who are seeking additional revenues made it clear to us that they have had poor experiences with investor partners in the past, and that they were not willing to consider financing that required a partnership in the future. Investor partners have been perceived and experienced as interfering in,

<sup>53</sup>: Another possibility could be to explore whether the Massachusetts Office of Business Development's program for small businesses could be expanded to include cooperatives.

democratic, self-determined operations of tenant-controlled developments. If interference cannot be curtailed under current models, we recommend that new models are created that inhibit interference or that do not involve investor partners.

## Alternative Forms of Collective Equity-Building

Many of the development board members we spoke with expressed a desire to offer some form of equity-building to resident-members. Over the last century, the primary means for households and families in the United States to build equity and trans-generational wealth has been through homeownership. Member-residents of no-equity and low-equity cooperative housing developments miss out on this wealth-building opportunity. On the other hand, removal of no- and low-equity-building cooperative models causes share prices to increase, quickly rendering affordable<sup>54</sup> housing cooperatives inaccessible to the very populations they were created to stabilize.

To both preserve affordable, income-restricted cooperative housing in Boston while also allowing member-residents to build equity and trans-generational wealth, we recommend that public agencies help identify and promote other, non-housing means for member-residents to build collective equity. Examples could include allowing developments to raise and/or pool funds that could be invested in local businesses or initiatives that can simultaneously help developments to build collective equity for their shareholders and provide beneficial outcomes to developments overall.<sup>55</sup>

A variation on this idea involves providing developments with the guidance and support needed to (collectively and/or as individual developments) expand their operations into revenue-generating ventures – such as development-owned businesses – with profits going towards building equity for resident-members.<sup>56</sup>

54: Here we are referring to Boston's affordability restrictions.

55: At least two of the developments with which we spoke expressed the desire to transition to solar energy for their developments, so resident-members and the development as a whole could both reduce energy costs and utilize more sustainable forms of energy. These developments would likely be interested in investing in solar energy initiatives both to benefit the developments now and to help grow equity in the long-term.

56: This could include access to the MA Office of Business Development's program for making loans to small businesses.

Two additional variations on this idea could be for the City to explore supportive savings accounts through which developments and/or individual homeowners have their savings matched by the City<sup>57</sup> and/or for developments to explore and institute systems that allow a selling owner to realize a higher price than what unit will be sold for to the next owner.<sup>58</sup>

CDI recommends that the City of Boston and other partners explore additional opportunities to allow for and promote non-housing equity-building for developments and to consider public policies that institutionalize and expand upon a few of the most promising of these.<sup>59</sup>

### Mutual Exchanges

In addition to the member benefits described above, it is notable that, were the City interested in continuing to gather and maintain information on the status of the remaining income-restricted, tenant-controlled cooperatives and developments in Boston, providing

funding, financing and/or ongoing professional technical assistance is an effective way to begin building the type of mutually-beneficial relationship that allows for this form of information flow.<sup>60</sup>



57: Such savings could possibly be placed into equity-building accounts, including 401(k) plans, IRAs, CDs, or other investments.

58: We've been told that Park View Cooperative in Cambridge has –or is developing– such a system.

59: One model to review is the process undertaken in Washington, DC: <https://dchousing.coop/>

60: Consider the ROC USA model for exploring ways to design these types of networks in Boston.

## B) Ongoing, Quality, Professional Technical Assistance

Our research has yielded overwhelming affirmation that income-restricted, tenant-controlled cooperatives and developments in Boston need and would benefit from the ongoing availability of quality professional technical assistance. There were only three boards in our study who told us that, at present, they had no need for this sort of support because they were doing so well in every area.<sup>61</sup> The remaining boards of directors told us of at least one area in which they wish they could have and/or wish they recently had this type of support. Most of the boards in our studies indicated numerous areas in which they were open to receiving external advice and guidance, as well as participating in a variety of trainings. This is reflective of the normal and natural degree to which boards of successful housing cooperatives maintain their skills. Managing a housing cooperative is complex and complicated, and

income-restrictions adds layers to this complexity. Successful boards typically need and benefit from ongoing support.

As an example of the integration of this type of support to cooperative long-term success, CDI's work with housing cooperatives typically involves 10-year contracts through which CDI is available to assist cooperatives with whatever arises. The national network that guides the Resident Owned Communities cooperative model, ROC USA Network, requires this type of 10-year contract to be in place for every Resident Owned Community (ROC), because they recognize the ongoing availability of quality professional technical assistance as being so integral to cooperative durability.

### No One-Size-Fits-All Model

Quality professional technical assistance recognizes that tenant-controlled cooperatives and developments are going to vary in how they do things and what they do. While there is no one-size-fits-all

<sup>61</sup>:Two boards said this. Though, it should be noted that the member who spoke with us from one of those boards also mentioned that the development board was sometimes "frozen". By this, we inferred a suspension of elections, indicating that this board might still be willing to accept some technical assistance, if it were offered.



model that can be applied uniformly to every democratically controlled, self-determined development, there is a broad range of operational areas in which external, professional guidance, support, and assistance can sometimes be useful and/or necessary.<sup>62</sup> Quality professional technical assistance providers are able to provide this support when and how it is needed, and are able to stand by the sidelines when it is not needed.

They are able to offer a range of customizable solutions for the various issues that cooperatives encounter, and they are able to help cooperative boards and members identify, customize, and implement the solutions that work best for their cooperative at the time.

This is the type of support that we have heard development boards of directors repeatedly suggest that they need, could use, and/or would benefit from.

### **Training the Trainer**

It is important to note that there were 2-3 development boards who

aid that they either had no use for technical assistance<sup>63</sup> at this time or did not need anything in particular but would consider everything that was offered. Two of these boards specifically mentioned being willing to act as consultants, sharing their successes and skills with other development boards who are struggling with some of the things that these boards have managed to overcome.

We would like to suggest that public agencies aggregate and build on the tremendous amount of experience and expertise that has been developed among existing development boards of directors in a Train the Trainer program. The program could bring together interested board members from different developments. It would help these board members to draw from their expertise and develop trainings and workshops to provide to the members of other boards of directors. Board members would ideally be paid a stipend or consulting fee for their work.

<sup>62</sup>: These areas include: governance and board functionality; fiscal oversight, health, and long-term financial planning; member health and relations; board and property manager relations; collections; rules enforcement; maintenance and repair; external relations and compliance; etc.

<sup>63</sup>: Though, see note 55, above.

This program could support and cultivate the broad range of expertise that exists in Boston around owning and operating income-restricted, tenant-controlled cooperatives and developments in the city, as well as to ensure that the elected representatives of these developments have input into, and some degree of control over, their own resources. If done well, a portion of the future technical assistance could be provided by boards and/or board members who have participated in the program. Development boards that are unwilling to engage with city agencies may be more interested in learning from their peers.

### **Networking Opportunities**

As mentioned in the Requested and Suggested Assistance section, a number of development boards with whom we spoke looked back on the 70s-90s with fondness, nostalgia, and longing for all of the connections and support they felt that they had during a portion of that time.<sup>64</sup> As it was told to us networking opportunities abounded, board members from different

developments knew each other actively skill-shared and problem solved together, and in various other ways were mutually supportive when it came to the survival and success of their respective developments. While the City of Boston cannot replace or recreate relationships between boards and board members across developments, the City and public agencies can support networking and training opportunities for these developments.

The most successful approaches to building these networks will be planned and implemented in a manner that includes participation from any board member and/or board of directors who want to help design these events. Ideally, such events will be attended not only by development boards and the professionals invited to provide trainings, but also by elected representatives who are willing to meet and talk with board members.

<sup>64</sup>: The availability and the provision of ongoing technical assistance was also a frequently-mentioned feature of this longed-for past.

<sup>65</sup>: Consider coordination with the Massachusetts Association of Housing Cooperatives: <https://www.masshousing.coop/>

## C) Advocacy and Public Policy

### Advocacy: Improved Relationships with Local Officials

Throughout our research, we also heard from a number of developments that they used to have relationships with their elected officials. Some development board members reported having had elected officials know them on a first name basis and pick them out of a crowd to say ‘Hello’. During the days when advocacy efforts for these developments were at a peak, board members in these developments felt that they were treated as respected and valued members of the larger Boston community. The types of relationships that were formed between development board members and City officials have long since faded, according to what has been reported to us.

There is work to be done to provide many of these surviving developments with the support they need to continue well into the future.

One challenge is for elected officials and their staffers from around Boston to begin to rebuild some of the relationships that have been lost over the years between public entities and these developments by finding ways to meet, speak with, and listen to the board members and members of these developments.<sup>66</sup>

### Public Policy: Prioritizing Income-Restricted and Affordable Tenant-Controlled Housing

Public policy can often be an effective way to create desired results. Unchecked gentrification is reportedly ravaging through every neighborhood in which income-restricted, tenant-controlled developments are located, causing stress for residents whose neighborhoods are transforming beyond recognition and leading to fears of eventual future displacement. Almost every board that participated in this study brought up – and many talked at length about – the problem of unchecked gentrification in their neighborhood. We recommend that public officials and agencies more

<sup>66</sup>: Consider the model of a public/private task force formed in Washington DC: <https://dhcd.dc.gov/page/limited-equity-cooperative-task-force>

fully consider ways in which sizable portions of impacted neighborhoods are reserved for housing that is income-restricted and affordable under City affordability restrictions. This is particularly needed in neighborhoods with populations that are most vulnerable to permanent displacement, housing insecurity and/or homelessness.

### **Tax Privileges for Income-Restricted or Affordable Tenant-Controlled Developments**

Another step that could help preserve and/or increase tenant-controlled affordable housing in the city could be to create more real estate tax privileges for tenant-controlled developments that can demonstrate income restrictions and/or comparable affordability.

## **D) Assistance for Broader Cooperative Community Programs**

Following the examples listed in the previous Cooperatives as Community Stewards section, we would like to recommend that the public agencies provide more ongoing support to developments that want to engage in community building activities and/or start and maintain community-building programs. The types of programs listed are examples of ways that cooperatives can serve not only their resident-members, but also the surrounding community, to the betterment of everyone involved. Such services and activities contribute to the overall quality of life for residents of Boston. Outside consultants can assist with some of the technical assistance work involved in helping developments to create and run these types of programs. In addition, developments could use the support of the City and public agencies in the form of allowing for the flexible shifting of social services resources, making these accessible for developments that have clear plans in place to utilize those resources to serve the community in which they live.

## E) Supporting Newly Formed Developments

Many of the boards who spoke with us indicated that newly formed developments should have access to all of the supports mentioned above, as well as:

- Ongoing professional guidance, support / technical assistance that is:
  - Intensely needed during start up and for 1-3 years after start up
  - Lightly, but still ongoing after the first 1-3 years
- Having a professional technical assistance provider available to give regular trainings, assistance, and guidance to cooperative board members to help them deal with whatever comes up for them in their cooperative.
- Provide ongoing guidance with the formation and review of corporate documents (including bylaws).
- Provide training for property management companies, to help them better understand housing cooperatives.
- Provide recommendations for the most-cooperative-friendly property management companies.
- Look for buildings that can allow for commercial space on the ground floor and cooperative housing above this.
- Consider new property tax calculations and new ways of leasing the land under cooperative housing developments.
- Train-the-trainer trainings on various topics.

# CONCLUSION



This 2022 assessment and the 2021 research into the status, condition, leadership, and concerns of Boston housing cooperatives indicated that the sector is vulnerable and in need of attention and support. The challenges in the areas of funding and financing for capital improvements, property management services, resident selection and orientation, external forces and relations should be addressed as soon as possible with training, technical assistance, financial support, networking and more to maintain and renew this important portfolio as well as the cooperative housing model itself.



# Appendix 1: Summary of Recommendations

## Funding and Financing

- Increase levels of funding and financial support targeted to cooperative developments in need.
- Limit the degree to which investor partners are required and/or are able to interfere with democratic decisions in tenant-controlled developments.
- Secure Community Development Block Grant or other federal and state funds to help address the needs of selected developments each year.
- Provide assistance for developments around fundraising and grant writing.
- Consider forgiveness of outstanding loans from the City to successful developments.
- Assist developments and their members with finding non-housing forms of comparable equity-building for their shareholders, possibly including:
  - Investments in local small businesses, development-owned start-ups, or other revenue-generating activities.

## Advocacy and Public Policy

- Rebuild relationships between elected officials and developments around the city.
- Set and enforce quotas and/or requirements that the City and developers maintain a sizeable / increased percentage of income-restricted housing in those neighborhoods whose populations are most at risk of permanent displacement.
- Create new and/or promote current real estate tax privileges for income-restricted development and/or cooperatives that can demonstrate meeting affordability requirements in the city.

## Assistance for Broader Cooperative Community Programming

### Support Newly-Formed Developments

- Including by providing all of the technical assistance, funding, and other opportunities discussed in this report.

### Ongoing, Quality, Professional Technical Assistance for All Developments

- Make available for all income-restricted, tenant-controlled developments ongoing, quality, professional technical assistance. Ideally, this technical assistance will:
  - Recognize that there is no one-size-fits-all model for cooperative success.
  - Be available and accessible for whatever cooperative-related support a development needs.
- Provide Train-the-Trainer opportunities to invest in the skills and expertise that exists within these developments.
- Provide annual or bi-annual networking opportunities for boards of directors and development leaders.



## Requested & Suggested Technical Assistance

### FUNDING OR FINANCING CAPITAL IMPROVEMENTS – Major Concern

- Assistance with the creation of /with annually updating existing Capital Improvement Plans (CIPs).
- Support and training to help board members better understand existing CIPs.
- Assistance facilitating (possibly lively) discussions about capital improvement prioritization among board members and/or among board members and member-residents).
- Assistance with strategies for funding, and timelines for implementing, CIPs
- Support and training for long-term financial planning for new board members and residents as prospective board members.
- Support identifying, and helping board members to assess and select appropriate funding sources, with a review of possible grants and loans;
- Support applying for/obtaining funding from selected sources
  - Possibly including assistance writing grants and/or assistance identifying and selecting competent professional grant writers.
- Support and assistance identifying (creating RFQs / RFPs) and selecting qualified grant writers, engineers, architects, project managers, and other contractors.
- Support and assistance for boards that wish to explore refinancing options.
  - This assistance would include doing a comparison of loan terms from various financial institutions.
- Possible support and assistance helping cooperatives to refinance and/or helping cooperatives that need to borrow (and can afford to) find the best loan terms if grants are not available.
  - This assistance could include working with boards through every step in the borrowing process

- Possible assistance either administering grants obtained or finding competent grant administrators to do this work for boards of directors.
- Possible assistance exploring the possibility of a CDBG (Community Development Block Grant), through the City, to fund the more urgent needs of multiple cooperatives.

### **PROPERTY MANAGEMENT – Major Concern**

- Ongoing technical assistance that developments can draw upon to help them navigate through difficult relationships with property management companies. This technical assistance would include:
  - Workshops to help board members and property managers get on the same page around which body is responsible for what work, as well as what communication and collaboration is required for each of the categories of work.
  - Assistance creating policies and procedures that can guide the relationship between the property manager and the board of directors.
  - Workshops to help boards of directors and property managers carefully review and make adjustments to property management contracts.
  - Trainings to help board members better manage and communicate their needs to property managers.
  - Trainings for property management companies on the unique demands of working with housing cooperatives and the unique needs of housing cooperative board members.
  - Ongoing guidance and support for boards of directors to access when issues arise with their property management company, including potential mediation between boards and property management companies.

- In addition to the above, some board members requested assistance with the following:
  - Providing them with a list of cooperative-friendly property management options in Boston.
  - Guiding and supporting boards of directors who wish to take on more of their property management work and/or who wish to find more alternatives to working with the larger corporate property managers in Boston.
  -

### **RESIDENT-MEMBER SELECTION & ORIENTATION – Major Concern**

- Support and training for board members / prospective board members on their responsibilities regarding Fair Housing Law, tenant selection rules, and related topics.
- Assistance in creating procedures to guide member selection committees on processes that comply with Fair Housing requirements, including wait list management.
- Assistance entering into conversations with HUD and Section 8 Agencies pertaining to preferred cooperative / tenant-controlled processes for the purpose of seeking agreement and clear understanding of resident vetting activities.
- Assistance creating new resident orientation materials and guiding agendas for resident interviews and/or selection processes. In addition, trainings on minor maintenance and preventative maintenance skills.
- Potential train-the-trainer workshops for board or committee members to be involved in giving new member orientations, support with creating orientation materials and, possibly, support in the form of co-piloting the first one or two of the orientation trainings.

### **RESIDENT-MEMBER ENGAGEMENT**

- Guidance, training, workshops, and resources to help board members formulate member-resident engagement strategies, ongoing outreach techniques, and dissemination of important information to residents.

- Assistance with resident-member meetings to review proposed changes to cooperative bylaws, rules, leases, or other corporate documents, operations, or procedures.
- Assistance/guidance in organizing social events and informational meetings for residents.
- Ongoing support with building community and shared agreements among residents and board members in each cooperative.
- Assistance creating a communication strategy to update residents on essential information.
- Assistance creating procedures, practices, and/or methods for providing resident access to bylaws, rules, and other essential information.
- Assistance creating a manual for residents with essential cooperative information.

### **TRAININGS FOR RESIDENTS**

- Trainings in understanding bylaws, rules, leases, and other important documents.
- Assistance with refresher trainings for existing residents, addressing:
  - what a co-op is;
  - what the purpose of a co-op is;
  - roles, rights, and responsibilities for each: residents, board members, property managers, and other related to the cooperative;
  - how decisions are made;
  - how residents can participate;
  - other topics as they emerge.
- Assistance with accessing agency resources and information.
- Conflict resolution training.
- Trainings on cultural diversity, to help cooperative members with different backgrounds more easily interact with one another.
- Introduction to mutual aid, and assistance with setting up cooperative mutual aid / support and networking projects.

## **AFFORDABILITY & EQUITY**

- Assistance exploring and setting up revolving loan funds for shareholders who need assistance purchasing or financing renovations.
- Assistance exploring alternative forms of collective equity-building for residents, including collective equity-building that is not housing based and that does not require increasing cooperative share prices.
- Possible assistance helping cooperatives / tenant-controlled developments access lower real estate tax rates, if these become available.
- Possible assistance helping cooperatives to explore options for generating non-housing-based income to supplement their operations, maintenance, and/or renovations.

## **EXTERNAL RELATIONS – Major Concern**

- Support and training for board members / prospective board members around city, state, federal and other housing requirements.
- Assistance navigating City, State, HUD, and other bureaucracies.
- Assistance around board access to agency resources & information.
- Assistance clarifying confusing information and/or misinformation on City, State, HUD, or other agency rules, regulations, requirements, updates, and communications.
- Assistance seeking help from the City, including for local items such as stop lights, cracked walkways, and parking.
- Assistance reviewing the fine points of contracts with board members.
- Interfacing with project managers, contractors to ensure quality work during capital improvement projects.
- Assistance with the creation of compliance calendars or other systems for alerting board members of approaching deadlines for inspections, etc.

- Assistance for board members in their interactions with their property management companies, including their contractual obligations.
- Assistance seeking to work with HUD/other agencies to establish more inclusive and more cooperative-friendly member selection processes.
- Assistance understanding and navigating ADA laws and accessibility requirements.
- Assistance identifying lenders that offer financing at reasonable terms to cooperative residents/prospective residents needing assistance with unit upgrades and/or share costs.
- Assistance identifying attorneys, insurance companies, etc. that are cooperative-friendly.
  - Alternatively, identifying and communicating cooperative board requirements to attorneys and insurance companies willing to learn and to customize their services for cooperative board needs.
- Assistance accessing a lower tax rate, if one becomes available.
- Assistance exploring a CDBG (Community Development Block Grant), through the City, to fund the more urgent needs of multiple cooperatives.

## **NETWORKING SUPPORT AND TRAINING**

- Have professional technical assistance providers organize regular (once or twice a year, if not quarterly) networking & training events for Boston housing cooperatives and tenant-controlled developments. These events would feature:
  - Expert professionals to advise boards on topics of common concern;
  - Trainings on topics of interest that are offered by professionals in the field.
  - Professionally-facilitated workshops that can help boards to share problems, concerns, and successes in their cooperative;

- Focused skill shares, where Members / Board Members from different cooperatives meet in groups, discuss common issues, and exchange ideas and exchange preferred contractor information and referrals.
- Social/networking sessions to help board members meet, interact with, and feel supported by board members around the city.
- These events could also update board members on any key changes to rules and regulations from the City, the State, HUD, and other relevant bodies.
- Create a network of cooperative board members who can communicate outside of networking meetings using technology, and who can provide mutual aid, assistance, and advocacy support for each other when the need arises. <sup>67</sup>

## **BOARD FINANCIAL OVERSIGHT**

- Trainings to help board members better understand their monthly financials and their long-term capital improvement plan (“Financial Literacy” trainings).
- Trainings on the legal fiduciary duties of board members and what that entails.
- Training on creating simple but informative treasurer’s reports.
- Assistance creating and/or reviewing annual cooperative budgets. Including:
  - feasibility, compliance, and other relevant criteria.
  - communications with membership around the budgeting process and the final proposed budget.
- Assistance finding new, qualified, and cooperative-friendly bookkeeper.
- Assistance understanding and staying current on affordability restrictions, and ensuring boards can raise maximum revenues with their affordable rents.
- Assistance conducting or obtaining a marketing study.

<sup>67</sup>: Consider coordination with Massachusetts Association of Housing Cooperatives and the model of the DC Federation of Limited Equity Housing Cooperatives.

## GOVERNANCE & BOARD FUNCTIONALITY

- Trainings on understanding bylaws, rules, and other corporate documents
- Assistance with revising bylaws, rules, leases, and other corporate documents
- Assistance in the creation of policies, procedures, and other corporate documents
- Assistance with establishing best practices and/or policies and procedures for rules violations, repair and maintenance requests, collections, and other aspects of cooperative operations.
- A regularly-available professional technical assistance provider to give trainings, assistance, and guidance to cooperative board members to help address ongoing and periodic issues.
- Assistance with board member recruitment.
- Assistance with board succession plans
  - To help new or prospective new board members to learn from the vast knowledge and experience of existing board members.
  - The help residents ease into board work by feeling familiar, trained, and competent enough to join the board
- Trainings to help board members work better together
  - Decision making, democracy, common purpose
  - Preparedness and Accountability
  - Interpersonal relations
- Provision of various types of competency trainings that provide baseline board member skills to all board members and members interested in volunteering, such as:
  - The basics of parliamentary procedure / Robert's Rules of Order,
  - Best practices for creating and following meeting agendas, writing meeting minutes, and other key board topics.
  - Business management training.
- Review/overview of roles and responsibilities for each board office and for directors-at-large.



- Trainings on cultural diversity, to help cooperative and board members interact with each other.
- Conflict resolution trainings.
- Meeting facilitation trainings for board chairs or others who may be facilitating difficult meetings on controversial topics.
- Having a professional technical assistance provider available to give regular trainings, assistance, and guidance to cooperative board members to help them deal with whatever comes up for them in their cooperative.
- Trainings on understanding the ADA and Requests for Reasonable Accommodations.
- Committee trainings for:
  - Board members on best practices for creating committees,
  - Committee members on their roles and responsibilities.

### **FOR NEW COOPERATIVES FORMED BY THE CITY IN THE FUTURE**

Ongoing professional guidance, support / technical assistance.

- Intensely needed during start up and for 1-3 years after start up
- Lightly, but still ongoing after the first 1-3 years
- Having a professional technical assistance provider available to give regular trainings, assistance, and guidance to cooperative board members to help them deal with whatever comes up for them in their cooperative.
- Provide ongoing guidance with the formation and review of corporate documents (including bylaws).
- Provide training for property management companies, to help them better understand housing cooperatives.
- Provide recommendations for the most-cooperative-friendly property management companies.
- Look for buildings that can allow for commercial space on the ground floor and cooperative housing above this.
- Consider new property tax calculations and new ways of leasing the land under cooperative housing developments (more on this further below).
- Train-the-trainer trainings on various topics.

## **Appendix 2: Written Summaries of Our Discussions with Boards of Directors**

Most of the information for this report was gathered from our meetings with eleven boards of directors as well as one-on-one conversations with members of an additional six boards. We are grateful for the willingness of all of these boards and board members to share their experiences with us and to teach us so much about the struggles (and successes!) of income-restricted, tenant-controlled cooperatives and developments in Boston.

The eight written summaries provided here are those summaries that were collaboratively reviewed, edited, updated, approved and/or authorized by full boards of directors by the time of publication. As much as possible, the summaries that follow reflect the sentiments and voices of the participants. Those summaries that were not approved by full boards and/or that represented conversations with one or more board members (but not full boards) have been left out of this report.

- 1. Alexander Magnolia Cooperative Corporation - pg. 99**
- 2. Camfield Estates/Camfield Tenants' Association - pg. 113**
- 3. Father Walter J Martin Homes Cooperative Corporation - pg.127**
- 4. First Fenway Cooperative - pg. 134**
- 5. St. Joseph's Community - pg. 143**
- 6. Frankie O'Day Cooperative Corporation - pg. 151**
- 7. Fenway Studios Cooperative - pg. 162**
- 8. Warren Gardens Housing Cooperative Company - pg. 165**

# Alexander Magnolia Cooperative Corporation

Dorchester

## Introduction to Alexander Magnolia Cooperative Corporation

The Alexander Magnolia Cooperative consists of 38 extremely appealing housing units, each of which has its own basement, driveway, and yard. These units remain reserved for cooperative members only amidst a sea of gentrifying forces that are rapidly transforming the surrounding neighborhood. Alexander Magnolia has a diverse membership, something that both is a benefit to the cooperative (bringing diverse groups of people together to share their cultures) and and sometimes an obstacle (considering language barriers and, possibly, different ways of doing things in different cultures).

The Alexander Magnolia Board of Directors were generous enough to meet with the Cooperative Development Institute (CDI) on Friday, March 25, 2022 to share their vast knowledge on all things cooperative in the City of Boston. CDI learned a great deal from this meeting. Below is our best effort at summarizing what we learned. Some of the issues that were most relevant to board members include the below items, each of which is elaborated on in the remainder of this document:

1. Difficulties finding good property management and some possible solutions
2. Similar/related difficulties finding attorneys who understand cooperatives and insurance policies that are both cooperative-friendly and affordable.
3. Funding Capital Improvements
4. Affordability versus Member Equity
5. Member Engagement
6. Additional Technical Assistance

## Property Management Difficulties

The Alexander Magnolia Board of Directors is doing it all. In addition to spending countless volunteer hours performing all of the typical board functions (overseeing cooperative governance, financials, long-term stability and general operations), they are also performing the work that a property management company would normally be performing. Alexander Magnolia Board members say that they would prefer to have a property management company supporting them and taking some of the burden off of their shoulders, but they have not been able to find a property management company in the Boston area that is (a) familiar with (or willing to learn about) affordable/income-restricted housing cooperatives and (b) willing to adjust their normal course of business to take direction from a democratically-elected cooperative board of directors.

Alexander Magnolia is not alone in giving voice to this property-management conundrum faced by Boston affordable/income-restricted housing cooperatives. However, they so far appear to be alone in taking the leap towards cutting out property management companies entirely. In place of property management companies, the board of directors has hired a part-time administrative assistant who also works a regular job in property management, and has contracted with a property management consultant who has a good deal of property management experience. Between the board of directors and these two property management advisors, the Alexander Magnolia is operated in a manner that keeps on top of all of the regular –and unexpected—work of running a housing cooperative.

The Alexander Magnolia Board of Directors reports that they regularly perform all required board tasks with little problem. Some of these tasks were outlined in our survey and range from/to:

- Posting meeting agendas and meeting minutes for members;
- Regularly reviewing, updating and following corporate documents;

- Regularly reviewing treasurer's reports, monthly financials, past-due balances, and invoices to be paid;
- Regularly reviewing and adjusting capital improvement plans and spending; having corporate financials reviewed by a CPA on a regular basis;
- Reviewing and remaining in compliance with all lender requirements;
- Vetting and orienting prospective new members, including through background checks, review of prospect incomes, and meeting with prospects to review rules, bylaws, policies, and other aspects of cooperative living;
- Reaching out to members who miss their monthly carrying charges/rent payments, setting up and monitoring appropriate payment plans, and engaging with an attorney when required for other collections/evictions activities;
- Enforcing rules fairly and consistently;
- Responding to maintenance requests fairly and consistently;
- Ensuring that someone is in place to respond to maintenance emergencies on an ongoing basis;
- Adopting and utilizing relevant technology, as needed (including email, printing and scanning, and video conferencing apps); and
- Becoming trained and confident in their roles as board members.

For some of these activities, the Alexander Magnolia Board of Directors has the assistance of their bookkeeper, who reportedly assists with paying bills on time; setting up payment plans for members who need them; maintaining files on members in accordance with any records retention policies, laws, or best practices; posting meeting agendas and minutes for members when asked; and reviewing vendor/contractor bids, collecting vendor/contractor proof of insurance, and ensuring vendors/contractors are paid on time. The bookkeeper also reportedly responds promptly to emails and calls from board members and members alike and –at least 50% of the time-- provides accurate and up to date financials on a monthly basis and. All of this certainly makes board members' jobs easier. At the same time,

the Alexander Magnolia Bookkeeper is reportedly less responsive when it comes to meeting with the board of directors to explain parts of the monthly financials that might be unclear to board members; and though the board of directors reports that the bookkeeper is mostly fulfilling the obligations of their contract, board members also indicate that they are not entirely sure that they are familiar enough with/ understand enough about this contract.

Despite wanting the services of a full time property management company yet not being able to find this service, <sup>1</sup> the Alexander Magnolia Board of Directors reports that the self-management of Alexander Magnolia has been better for the cooperative in a number of ways. For example, board members report that the cooperative is doing better financially under self-management than it was under property management. The cooperative is in good shape in this present situation. The board also reports having accomplished more for the cooperative in the past two years of self-management than any property management company had ever managed for them in 5-6 years. So much has been accomplished under self-management that sometimes board members look back in awe of all that they've been able to do. Sometimes they also feel surprised and unable to explain how they got so much done. They just know that they keep working hard for their cooperative, and things keep getting done little by little.

Some of the possible solutions that Alexander Magnolia Board members have suggested in order for affordable/income-restricted. Housing cooperatives to be better served in Boston, include the following ideas:

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1. Board Members can talk in great detail about their various efforts to identify cooperative-competent property management companies and/or to vet existing PM companies. In one case, Board Members sat down in meetings with a prospective PM company multiple times to discuss the needs of Alexander Magnolia and the cooperative model. The property management company was reportedly very agreeable to everything that was said. Yet, as soon as a contract was signed, the property manager insisted on doing everything their own way, which was often contrary to the cooperative's way. This led to a prompt dismissal of the contract.

1. Providing training for Boston property management companies who work with housing cooperatives, so that these management companies are better versed on how housing cooperatives operate, who is in charge of making decisions, and what the appropriate role of property management companies should be.
2. Appointing an independent entity which can oversee and/or resolve disputes between affordable/income-restricted housing cooperatives and their property managers. This entity should have the power to hold property management companies accountable to their contracts, and should possibly assist affordable/income-restricted housing cooperatives secure favorable (in terms of scope of work) contracts with their property managers.
3. Provide better oversight in the member selection and orientation process in cooperatives so that cooperatives are better supported in asserting these rights vis-à-vis property managers and/or funders (like HUD) who do not understand cooperative processes or governance. If this oversight were provided, cooperatives could have better continuity in new member selection and orientation regardless of board member turnover in a given cooperative. Vetting prospective new members to ensure that they are willing to abide by cooperative rules and regulations would better ensure the continuity of cooperatives over time, as opposed to filling vacated housing units with folks who have no interest in or understanding of cooperative housing and the member.

## Attorneys and Insurance Companies

In addition to the struggle that Alexander Magnolia Board Members have had in finding (and then giving up on finding) cooperative-friendly property management, board members have also had difficulties finding both attorneys and insurance companies that understand cooperative housing businesses. The attorneys who are paid by property management companies mainly deal with collections and evictions, and mainly do so under the property management company's

corporate model of landlord-tenant law. While these services are important and needed, affordable/income-restricted housing cooperatives also need to be able to identify and work with attorneys who can advocate for members and who are savvy of all aspects of (affordable/income-restricted) housing cooperatives.

Likewise, insurance companies that are willing to represent affordable/income-restricted housing cooperatives tend to not understand the affordable housing cooperative model. They also tend to charge incredibly high premiums. Alexander Magnolia Board members report having their insurance premiums doubled when they became self-managed, since they could no longer use the property management company's insurance policy. Board members also note that insurance is by far the most expensive budget line item, coming in at tens of thousands of dollars (possibly as much as \$30,000) each year, with prices that keep going up.

## Funding Capital Improvements

Alexander Magnolia Board members expressed their concern that there are sometimes contradictory pressures between, on the one hand, maintaining income restrictions and the affordability status of a cooperative and, on the other hand, raising revenues for cooperative operations and capital improvements.

Alexander Magnolia has a capital improvement plan that was prepared a few years ago by a previous property manager. The Board of Directors, along with their property management advisors, have been adjusting this plan regularly to keep track of the ever-increasing capital needs of the cooperative. These capital improvement needs include –but are not limited to—new hot water tanks, new boilers, and new porches for homes. Additional capital needs are building up far more quickly than revenues. Board members report that every week there seem to be new needs for at least one of



the units, and this is creating concerns and anxieties for board and cooperative members, who are unsure how they will be able to pay for these capital improvements in the coming years.

Aside from the need to fund future (or immediate) capital improvements, cooperatives –like any business—also have to raise revenues to cover their ever-increasing costs of daily operations and to stay out of the red. Housing cooperatives, like all businesses, were often hit hard by COVID, which left many struggling with depleted and deferred rent revenues while inflation has sent expenses skyrocketing.

While Board members acknowledge that there are various venues to find financing for capital improvements, including a limited number of grants and a wider range of loans, they also note that many grants require a match and the best loan terms are generally reserved for businesses that are in the best financial shape and have the least need. This can create a challenge for affordable/income-restricted housing cooperatives who need to stay out of the red, need to demonstrate that they are viable businesses well into the future, and who may need to have some additional savings to match grant or loan terms.

This leaves affordable housing/income-restricted cooperatives like Alexander Magnolia in a difficult position. Alexander Magnolia has a long-term mortgage with the city that will be forgivable if the cooperative stays affordable. The Cooperative very much wants and needs to maintain their affordability status in order for these loans to eventually be forgiven, as this is seen as essential for the long-term survival and financial well-being of the cooperative. And yet, Alexander Magnolia simultaneously feels ongoing pressure to raise revenues to fund capital improvements or even normal day to day operations – something that is also essential for their long-term survival and financial well-being. If they raise carrying charges to raise revenues, they may risk losing their affordability status with the City and/or pricing out some of their lowest-income tenants, neither of which is workable. If

they do not raise carrying charges, they risk operating in the red and failing to save for capital improvements or unplanned capital emergencies, thereby threatening the long-term survival of the cooperative and possibly jeopardizing their ability to get matching grants or favorable termed loans.

One thing that helps affordable housing cooperatives like Alexander Magnolia to increase revenues is the increase in income of cooperative resident-members. When a resident's income rises above a certain level, that resident pays an increased rent, which may be equal to the value of the unit. Higher-income residents who stay at Alexander Magnolia make slightly larger contributions to the cooperative's overall financial needs. Ideally, when these residents stay in the cooperative, they are also contributing to the long-term stability in terms of the cooperative's community and knowledge base.

Some of the possible solutions to the above conflicting pressures which might be desirable for Alexander Magnolia include:

1. Gaining assistance for Alexander Magnolia to better understand the rents/carrying charges that are possible in the cooperative.
2. Providing assistance for Alexander Magnolia to explore ways to fund capital improvements, such as through researching available grants and favorably-termed loans, and possibly securing the assistance of a grant writer/administrator.
3. Providing technical assistance to help Alexander Magnolia with ongoing support for their annual budgeting and the annual updates to their capital improvement plan, possibly including the creation of strategies for fundraising and financing needed improvements.

## Affordability versus Member Equity

One of the purposes of affordable housing cooperatives is to protect residents against displacement and create pockets of stability and community within larger, ever-changing and gentrifying urban/suburban areas. Alexander Magnolia is serving the City well in this regard. Resident members are able to pass their units on to other family members and/or children, which allows for multiple-generations of residents to be brought up in the cooperative's unique community culture. In this way, Alexander Magnolia residents collectively gain, pass down, and preserve community ties and valuable institutional knowledge.

At the same time, many resident-members have also expressed the desire to be able to build equity through their cooperative shares. Homeownership is the primary way that folks in this country are able to build wealth in their lifetimes, having something to fall back on in retirement and/or something to pass on to future generations. Though residents are able to pass on (or sell) their units, their ownership of a unit does not build the equity that would be necessary were any current resident interested in moving on from the cooperative. This means that anyone who sells their unit will leave the cooperative with nothing more than what they originally paid into it.

However, equity building through increases in cooperative share or unit prices would possibly move Alexander Magnolia out of the City's "affordable" category. This would mean that Alexander Magnolia's loan would not be forgiven by the City. It would also likely mean that low- and even moderate-income folks –those intended to benefit from cooperatives like Alexander Magnolia-- would find it hard to afford a unit in the cooperative.

Some of the possible solutions to the above conflicting pressures which might be desirable for Alexander Magnolia include:

1. Assisting Alexander Magnolia to explore alternative options for limited equity-building that does not impact the cooperative's affordability status.

## Member Selection and Member Engagement

Like a possible majority of housing cooperatives that CDI has worked with in the past, Alexander Magnolia Board members report that they tend to encounter some difficulties getting their membership engaged in cooperative operations and events. Alexander Magnolia Board members have identified a number of reasons for why these dynamics exist in their cooperative, all of which are worth noting.

### **Fading Excitement after Peak Activities of Cooperative Formation**

Alexander Magnolia Board members quite astutely pointed out that member participation in affordable/income-restricted (or any) housing cooperative tends to be at a peak when cooperatives are being formed, and then tends to fade significantly once cooperative living becomes normalized. As cooperative members go back to their daily lives, they may tend to slip back into this society's predominant mentality of landlord-tenant living in which tenants expect that others will fix everything that they don't like (and, possibly, get angry when these dislikes aren't immediately addressed). This points to a possible need for ongoing resources for regularly re-orienting members into their roles and responsibilities as cooperative members.

### **Dynamics from Cooperative-Unaware Property Management Companies**

Property management companies who are not well-informed around, or interested in, cooperative dynamics can contribute tremendously to this dynamic. One way they can do so is through their lack of interest in orienting new members into cooperative living (including member roles and responsibilities) and/or through their tendency to behave as landlords (rather than contractors who take direction from the board of directors).

There are also a few more serious and far-reaching ways that property management companies can contribute to low-member engagement, such as through undermining cooperative member selection processes.

Alexander Magnolia Board Members have found that it is not at all uncommon for Boston property management companies to replace a cooperative's member-waiting list with a waiting list created and controlled by the property management company. Property management companies may also find other ways to prioritize placements for folks who were not already on a cooperative's waiting list and who have no interest in cooperative living.

Alexander Magnolia Board Members note that they have never found a property management company that was willing to vet and/or orient new members into cooperative living, including through a review of cooperative bylaws, rules, policies, and member roles and responsibilities. New tenants who are not properly vetted or oriented tend to assume a landlord-tenant attitude towards the cooperative Board Members and/or property management. Past property managers have been all-too-willing to support the mentality that they – rather than the democratically-elected Board of Directors—are in charge. This leaves new tenants confused about who the Board of Directors even is and why (what may be perceived as) a self-appointed group of longer-term tenants are seeking to impose their ideas on the newer tenants.

Altogether, these dynamics can set cooperatives up for years, if not generations, of internal conflict and strife, which can last well-after a particular property management company has been dismissed. The conflict and strife from these sorts of dynamics adversely impacts relations among members, relations between members and Directors, the authority of Boards of Directors and of cooperative governance mechanisms, and the long-term health and stability of affordable/income-restricted housing cooperatives.

### **Section 8 and Subsidy Requirements**

Cooperative member relations are also/further undermined by some of the programs and/or agencies that are set up to assist low-income folks. These agencies/programs often have: little-to-no understanding

of how cooperatives work, little-to-no willingness to learn more about this, and little-to-no motivation to adapt agencies rules and regulations to support affordable/income-restricted housing cooperatives. Alexander Magnolia Board Members point to Section 8 as one such program.

Like property management companies, the Section 8 Program tends to override and undermine cooperative member vetting by placing Section 8 certificate holders into eligible vacant units without vetting or orienting these tenants into cooperative living. When the cooperative seeks to enforce rules on these tenants, such as rules requiring that all members perform certain maintenance and upkeep in their units, those members with traditional landlord-tenant mentalities simply refuse to comply. If the unit eventually fails an inspection, Section 8 views the cooperative as being at fault. Violations and fines may result from the member's refusal to comply with cooperative rules, but the cooperative has no recourse. There is no way for the cooperative to force the member to comply and there is no way for the cooperative to pass the fine on to the non-complying member. This dynamic further undermines the authority of democratically elected Boards of Directors, not just for those unvetted members, but for all members who see little to no recourse for refusing to perform required maintenance in their units.

### **Additional Results of Low Member Engagement**

Aside from (but also as a result of) the above factors that can contribute to member-engagement issues, some of the ways that lower-than-desired member-engagement play out in Alexander Magnolia include:

- Rarely being able to staff a full board, because not enough members –even those who regularly come to member meetings— want to put in all of the work that they see their Board Members doing.
- Struggling to achieve quorum for member meetings;
- Having members who don't understand/know where to direct which complaints (maintenance, rules, other);

Despite the above, the Alexander Magnolia Board of Directors does somewhat regular updates for members through emailed, posted, mailed, or newsletter-formatted communications. The Board also has a method by which they can quickly and easily communicate with all members in the event that there is an emergency. In addition to their Annual Member Meeting (usually held in April), the Board additionally offers somewhat regular opportunities for Members to meet each other and get live up-to-date information on the Cooperative. This is done through somewhat regular member meetings. Pre-COVID, these meetings were being done about every 2 months or so. Meeting turnout is usually about 10-15 members, and often it is the same 10-15 members who show up again and again. Translation services are provided, since many of these 10-15 members speak Spanish. Yet, despite the clear interest of these members in being regularly updated and involved with the Cooperative, the Alexander Magnolia Board of Directors has not yet been able to recruit any of these members to Board positions (though they keep trying).

### **Some Possible Solutions**

Alexander Magnolia Board Members offered some ideas for improving member engagement and the related issues discussed above.

1. Alexander Magnolia Board Members expressed their interest in having funding for cultural diversity trainings so that they can be supported in their work to bring the cultural divides in their cooperative. As noted, cultural diversity can be a tremendous benefit to a cooperative when folks from different backgrounds learn how to interact with and relate to one another in a constant, ongoing manner. Yet, sometimes getting to that point can take some effort and a fair amount of education and training –both for members and for board members who must mediate misunderstandings among members.
2. Alexander Magnolia Board Members also voiced a desire to have some body that can oversee and/or assist Board Members when they have to interface with professionals (attorneys, insurance companies, other contractors) who lack knowledge about cooperatives. Board Members point out that Dorchester Bay is a tax

credit partner of their cooperative, with a 1% (or .01%) ownership. The Cooperative used to be able to appeal to Dorchester Bay when they had difficulties with property management companies who would not adhere to the cooperative model. But since the staff turnover at Dorchester Bay, Board Members are not able to reach a sympathetic staff person who is willing to assist (or who remembers that they are an ownership partner of Alexander Magnolia).

## Additional Technical Assistance

It sounded like the Alexander Magnolia Board of Directors would like to have an ongoing, stable relationship with someone who can provide technical assistance for various aspects of their cooperative operations, from bylaws and rules reviews to updating and finding funding for their capital improvement plan, to annual budgeting, to helping the board to inform and hold responsible contractors and professionals when it comes to requiring that they adhere to the cooperative model of operations for Alexander Magnolia.

Finally, Alexander Magnolia Board Members expressed their interest in using the knowledge and support they are given –whether through their own experiences, through technical assistance provided to them, or through train-the-trainer workshops—to support other cooperatives (if they can be paid for doing this).

In other words, it sounds like the Alexander Magnolia Board of Directors would like to be provided with all of the possible resources and trainings that can help their cooperative, and they would also be interested in doing trainings to help these Board Members learn how to provide technical assistance for a fee to other cooperatives.



# Camfield Estates/Camfield Tenants' Association

## South End

On April 4, 2022, the Cooperative Development Institute had the privilege of meeting with Camfield Tenants' Association President Paulette Ford and Camfield Estates Historian and Board member, Richard Ford. Below is a summary of our conversation.

### Introduction to Camfield Estates

Camfield Estates is a 102-unit resident-owned and tenant-association-controlled affordable housing development that was created in 1993 as part of the Demonstration Disposition Program (Demo-Dispo). Back at that time, Camfield Gardens' (as the development was called then) was in foreclosure. But the tenants had formed the Camfield Tenants' Association a year prior, and this put them in a key position to participate in the Demo-Dispo Program. As the current Cooperative Historian and Board member Richard Ford recalls, Camfield had always stood out, and has stood alone in some senses, when it came to navigating a way forward that would make the tenants complete owners of the Cooperative with complete control over their property and resident life.<sup>1</sup>

Camfield Estates didn't become fully owned and controlled by tenants by traveling an easy road. The Cooperative had to enter into litigation during the Demo-Dispo phase of their development because HUD and MHFA were not hearing them/ not allowing the tenants to be in control, despite all of the Demo-Dispo rhetoric which claimed to be bringing affordable housing ownership to all walks of life in the Greater Boston Area.

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1. More on this later

Camfield Estates Board members are not aware of many other Demo-Dispo developments where residents are full owners and have full control. Most other developments that they know of have co-ownership, but not full ownership. One way that Camfield Estates tenants exercised their control early on was to ensure that Camfield Estates created a state-of-the-art Technology Center to train tenants how to work with technology and how to navigate the increasing portion of our daily lives that require knowledge and use of the internet. <sup>2</sup>

Board members say that they feel that Camfield Estates has entered into / is entering into a new phase of its existence. They don't know all of the details yet, but they do know that changes are coming and that they will move with them into the next stage of their existence as a successful, tenant-owned and tenant-controlled Cooperative housing development in Boston.

## Demo-Dispo Barriers

Though Camfield Estates is fully tenant owned, Camfield Estates Historian and Board member, Richard Ford, notes that the tenants found out fairly soon into the Demo-Dispo Program that they were not really owners so much as "custodians." Owners, Ford says, have the power to reshape their property as they see fit. Custodians, on the other hand, have to go through an externally-defined process for each thing they want to do with their property, and they have to allow their proposed changes to be reviewed and then refined by outsiders before the change can take place. This means that, though Camfield Tenants Association is a focused collection of individuals representing all 102 units, their ability to take self-determined actions to control their property is limited based on contractual agreements with external

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2. More on this later

entities who do not always understand or support the processes of democratic tenant control over their property and resident life. Sometimes these relationships with external agencies work out fine. Sometimes these relationships can create obstacles to the owners exercising their ownership.

One example of the obstacles that can be created is the requirement by HUD and MHFA that the Cooperative maintain a separate “Resident Initiative Fund.” Though this fund can be applied to a range of services, the Tenant Association and its Board of Directors do not have control over what happens to that money or how it is distributed. HUD regulates the fund and MHFA manages it. This creates external interference into the affairs of the Camfield Tenants’ Association.

In addition, board president Paulette Ford notes that the purpose of the Hope IV grant and of the Demo Dispo program was to create a pathway for sovereignty for these tenant-controlled developments, and this is what the board and their members would like to see materialize.

**Potential Solution:**

- The Association and their Board of Directors would like to have this interference relaxed so that the Board has the flexibility to use the Resident Initiative Funds to better meet the needs of Camfield residents and resident life.<sup>3</sup>

## Property Management

After many decades of being firmly established as a successfully-operating cooperative, Camfield Estates has entered into the next phase of their existence. With HUD pulling back and pushing forward tenant ownership models, Camfield Estates is set up to move more completely into more fully exercising ownership and tenant control over their operations, such as by looking into the possibility of doing their own property management. Because this is a matter that is currently under consideration, the board members prefer not to discuss the topic of their present property management.

Board members do feel comfortable saying that previous property managers had overstepped their bounds and imposed things onto tenants that were not wanted. One example of this is represented by the current poor quality of internet infrastructure and service at Camfield Estates. Early on, Camfield Estates tenants and Board members knew that they were going to need to expand the internet capabilities of their property. Basic daily tasks are increasingly requiring an internet connection plus a competency using computers. Tenants and board members knew that their internet capabilities in the future would be key to tenant success in a variety of ways, and with this foresight, they created a Technology Center to train residents on how to work with technologies and how to navigate life demands on the internet. They also created a plan for how to upgrade the wiring and other internet infrastructure in their buildings.

The property management company at the time, however, had different ideas. Ignoring tenant and board plans, the property management company took it upon themselves to make decisions that ran contrary to what they had been told was wanted and needed by installing substandard wiring. Today, the tenants are continuing to feel the impact of the property manager's errors: they have internet that goes down every few hours because the existing wiring is not able to handle the traffic or speed of today's internet use. In addition, their security cameras are not able to record things that are happening right in front of them. On multiple occasions, police investigations have been stalled because of this failure that threatens the safety and security issue of Camfield Estates tenants. The lesson learned from this ongoing struggle is that the property management companies that deal with subsidies tend to have a regular practice of doing what they want regardless of what the tenants, board members, and/or property owners have said they want and need.

Because of this dynamic, despite tenant and board foresight that could have prepared Camfield Estates to be the leader it was designed to be in the area of technology, the internet capabilities of the property are one of Camfield Estates' major "pain points."

### Potential Solutions:

- Assisting Camfield Estates with any plans they have to take on their own property management services, such as through training, support, and (if available) funding for the hiring of paid staff who will be more directly accountable to the board and the tenants.
- Assist Camfield Estates with capital improvement plans, including plans for funding new internet wiring and infrastructure throughout the buildings.

## Shifting Demographics and the Pressures of Gentrification

As Paulette Ford and Richard Ford reflected on the changing environment around their development, they reported the following: The Demo-Dispo Program described itself as bringing the opportunity of ownership to a diverse range of residents, and providing accessibility of affordable housing to all walks of life in the Greater Boston Area. There are ways that this has happened, and there are ways that this is not happening. There is still a clear push for placing ownership of affordable housing into the hands of those who inhabit subsidized housing. However, the demographics of who is receiving affordable housing may need to be re-examined. Camfield Estates and the Camfield Tenants' Association have language in their bylaws, and throughout their corporate documents, that require the property to remain diverse. Yet there are some ways that external forces are undermining this intention and legal requirement. Underserved Black and Latino populations are not getting the same access to live in Camfield Estates as other populations. This is a troubling, visible trend that has taken place in the last many years, including through the gentrification of the surrounding areas. In the Lower South End and the Dartmouth Street / Brooklyn Ave areas, HUD sold a number of properties and pushed the concentrated Hispanic/Latino populations out of the area and closer and closer to the Roxbury area. That movement then displaced the groups that had been living in the Roxbury area.

Board members note that folks knew that this sort of gentrifying displacement was going to happen during the Demo-Dispo era. They knew this because many of the parties who were/are involved in the Demo-Dispo Program have long-standing relationships with HUD and other government agencies. Some of those are the same parties that are buying up all of the properties and selling or auctioning them off to private investors. These parties have a vested interest in continuing to purchase and sell the properties in low-income areas, particularly Black and Latino areas. Those parties also have an interest in silencing those who disagree with what they are doing.

**Possible Solutions:**

- Support from elected officials could be key here, as well as support with advocacy and networking (see more on networking, pg. 123).

## Member Selection

The vetting and selection of new members is something that is built into any housing Cooperative / Association model. Boards of directors need to be able to interview new candidates to make sure that they are a good fit for Cooperative / Association living. This type of process was originally built into Camfield Estates' corporate documents during the Demo-Dispo phase. However, this process of board/tenant control over new member selection has been significantly undermined and is still being further eroded.

When Camfield Estates first re-opened in 1997-2000 (2000 was the official re-opening), they had a process through which board members would meet with potential residents. This allowed board members to at least vet new residents into the culture, rules, and requirements of living at Camfield Estates. Through this process, the board was able to get a sense of how well tenants would fit into the Association and what tenant needs might have to be met in order to motivate new tenants to follow Association rules and regulations. Despite these abilities to orient new tenants, HUD guidelines never allowed the board to select which tenants would live in the cooperative.

Over time, HUD directives also took away the board's ability to meet and vet new tenants prior to their signing a lease. Property management companies were required to screen applicants according to HUD requirements, only, with no regard for Association requirements. And HUD requirements almost never rejected applicants, regardless of whether they had poor credit, a criminal background (including serious past offenses), a history of violence and/or disputes with a prior landlord, or prior evictions for any of the above. Today, only the HUD requirements stand. The board can now only interview tenants after they have signed the lease. By this point, a tenant has no motivation to listen to board members or to consider ways of contributing to the democratic operations of the Tenant Association.

The inability of tenants to vet new prospects has undermined tenant control. In some senses, this undermines tenant well-being and the long-term health of the Association. As board members point out, when you bring into a tenant-owned and democratically-controlled housing development individuals who pose health and/or safety risks for other tenants, or individuals with high risks of damaging tenant-owned property, then you are welcoming in problems that reduce the quality of life for everyone involved; and that reduces the long-term health of the Cooperative / Association. Examples of this damage include a non-vetted tenant who was selling drugs and who got into an altercation with another resident when the resident tried to ask the resident to stop his behavior. In this case, the drug seller was eventually removed. Yet, that tenant's behavior had a number of adverse impacts on other tenants, as well as the Cooperative / Association as a whole, and some of those negative impacts can still be felt today.

Other non-vetted tenants have been found to be running illegal businesses from their units. Some tenants have sublet their unit to unknown individuals without notifying anyone. And still other tenants have engaged in confrontational behavior that creates friction, reduces a sense of safety in common areas, and makes people less and less willing to participate in Association activities and meetings.

If Camfield Estates had the ability to screen their tenants, they could at least (1) try to find folks who are willing to live in a participatory manner and (2) learn from their past mistakes. When HUD does the screening, there is no learning from past mistakes and there does not appear to be concern for the wellbeing of present tenants or the long-term health of the collective Association. The short of it is that folks living in subsidized housing have fewer rights and are given fewer opportunities and less respect than folks who are not governed by HUD.

## Governance and Operations

Despite their struggles, the Camfield Tenants Association has a highly-organized board of directors, which has a shared drive with access to all of their corporate documents. Board members are looking to review and revise their corporate bylaws, just as they regularly review and update their Association's policies and procedures, and routinely refer to their Robert's Rules of Order handbook. Board members report feeling confident and well-trained in their roles as board members. At the same time, they acknowledge that some of their confidence comes from their passion and knowledge that they will always find a way. Training and technical assistance for the board might help board members to get ahead of the learning curve in various areas, and to spend more time going right to the work they want to be doing.

### **Support Desired:**

- The board may want assistance with reviewing and revising their corporate bylaws. This help might also include facilitating informational workshops to allow tenants to learn about the proposed bylaws changes and the reasoning behind them, as well as the facilitation of discussions with tenants to learn more about their thoughts and ideas around the bylaws changes.
- The board may also be interested in various types of competency trainings that provide baseline skills to all board members (as well as, possibly, Members who are interested in volunteering).



## Member Engagement

As an owner-operated community, Camfield Estates residents have a direct say in what happens on the property. Voicing their opinions is going to get easier for tenants as soon as Camfield Estates fills their new Program Coordinator position. Part of the Program Coordinator's duties will be to ensure that all tenants have easy access to the Association's governing documents, as well as Association announcements and information. This access will be important, as many of the newer tenants are far less likely to understand the bylaws, rules, policies, and other documents that guide how the Association does what it does. The board is expecting to track the extent to which members view and utilize these documents as part of the board's plan to increase tenant engagement.

As board members point out, because they are dealing with people who have their own lives to live, it can be difficult to get tenants engaged to the level that they might want. Many in the Cooperative/Association are working full-time jobs, and this makes it difficult for them to prioritize getting involved in board work or other Association activities. Others who are between jobs have their own pressures and stresses. Out of the 102 units in Camfield Estates, board members estimate that they have an average of 30 people who show up for every single meeting that is held. Half of these folks are consistently engaged. So, it is not so much that it is complicated to find members who are willing to be consistently engaged and join the board; instead, the problem is that there is so much work. Most people who begin to get involved soon start to experience a level of disenchantment as they start to see the level of responsibility that they really have.

However, board members have also seen how those tenants who are passionate about the Association often inspire others to get involved. These passionate volunteers may be key to bringing others into the Association processes to share the burden of the work. To aid these

processes of member engagement, the board is doing its part to build support structures that will make it easier for tenants to step up and spend some time working to make their Association better. At the same time, this additional work can put an extra burden on board members. The level of responsibility that board members and tenants of Camfield Estates have is beyond what is usually held in normal tenant organizations. Camfield Estates tenants are owners and operators. Additionally, for members to be engaged, there is a need for board members to be present, to host additional meetings, to work out solutions with property managers, and so on.

Board members point out that lack of support, in a variety of forms, has been the undoing of many other tenant-controlled developments. Everyone who serves on the board or serves the Tenants' Association in other ways is doing so in a volunteer capacity. When the boards of large affordable housing developments do not have any form of administrative support, this can be their undoing.

### **Potential Solutions:**

- It appears that Camfield Estates has a fairly immediate need for a paid, full-time Administrative Assistant who can perform the time-consuming administrative work and relieve volunteer tenants and board members to focus on governance, decision-making, and operations. The person in this position would also serve as a liaison between the board of directors and the property manager, working to ensure that the property manager is fulfilling their contractual obligations of taking direction from the board of directors and of maintaining the property and being on top of collections and inspections. Members also need to have a direct say in how the property manager is conducting the property management business, and the person in this administrative assistant position can put time into making sure that this happens.

## Solutions [continued]

- Related, and perhaps most importantly, the Camfield Tenants' Association Board of Directors would like to be able to access to the resident fund that was mentioned previously (the one that HUD and MHFA control) so that they can use those funds to better involve members, to aid in member learning, to train Association Committees, and to support the work of the volunteers who are already putting in countless hours to keep the Association/Cooperative operating as it should.
- Camfield Estates may be interested in trainings for members (done by Technical Assistants who can relieve the board of this pressure) that can help get newer members up to speed on the corporate documents and processes, such as Robert's Rules of Order.

## Networking

During the Demo-Dispo era, particularly in the 1990s, all of the newly-founded cooperatives used to know each other. Board members and leaders in these cooperatives had relationships with each other that they could draw upon for support in a variety of ways. There were a number of very strong leaders from the tenant-controlled/Cooperative developments of the 1990s Demo-Dispo era, and those leaders held boards and whole Cooperatives together through their knowledge, experience, and passion. The passion and knowledge that emanated from these leaders, the networks in which they moved, and the relationships they had energized the entire sector. It also created a sense of camaraderie that supported the work that each and every board member and leader was doing in their home communities.

Those relationships have eroded and fallen away over the years. Many of the strongest leaders from the 1990s have passed away. Today, Camfield Estates only knows of maybe one other resident-owned, tenant-controlled development. Other non-resident-owned, partially-tenant-controlled developments tend to have such divergent needs and/or differing priorities from those of Camfield Estates. This can make it seem daunting to try to re-build a network of mutual support from scratch.

Camfield Estates does have a few positive relationships with other boards of directors, but this is nowhere near what it was before. It is also nowhere near the network of mutually beneficial-relationships that it could be or that it needs to be for board members, tenants, and their housing Cooperatives/Associations to feel supported.

Just as leaders of the affordable tenant-controlled housing developments passed away, so did leaders of many of the organizations that were key to their success back in the 1980s and 1990s. In their place, new leaders (in both the housing Associations/Cooperatives and in these organizations) came in with new ideas on how to do things. These ideas often lacked the experience and knowledge that had informed the successes of previous generations. Newer leaders tend to have more limited perspectives. They no longer see the need for collaborative efforts, even though it was the collaborative efforts that created the successes and the services on the scale that they had been previously available. The lack of collaboration has led to an erosion of services from all of the organizations that had previously been directly functioning to serve the most underserved populations in Boston --organizations such as JRI (Justice Resource Institute), HEALTH, MHI, DIMMIK, and others. As services eroded, relationships began to erode; and as relationships and networks eroded, services further eroded. All of this hit hard the underserved POC / BIPOC communities across the City.

These days, there is more of a "Survival of the Fittest" mentality and behavior. Every organization is committed to doing what it needs to do to survive and to move forward for themselves. They seem to feel a sense of competition with each other. This causes them to amplify their differences rather than finding the common ground they need to rebuild coalitions, or to rebuild a network that can benefit everyone. For example, these days LHI, JRI, HEALTH, DIMMIK are all running campaigns that target one specific audience or group of people, even though these organizations have a history of working together to provide services to a much broader range of groups. Camfield Estates

understands that resources are limited, but part of the reason why resources are so limited is because the essential collaborative networks that used to exist have disappeared. They have disappeared to such an extent that new leaders of today don't even remember how important and beneficial these networks were to everyone's success.

An example of this sort of success includes the misappropriation of money in the 1960s and 1970s Demo phase. When residents found out about misappropriation of money that was meant to go towards the development of their properties, they organized. By bonding together, residents were able to hold landlords responsible and make property owners accountable. Another example is when residents came together to form tenants' unions, and then tenants' unions joined together, creating tremendous changes that dramatically improved the lives of countless underserved BIPOC folks.

The work of rebuilding these networks can't fall to tenants and boards alone. City and State officials need to help support (and provide opportunities for fostering) these collaborative efforts without forcing anything on people.

An example of what happens when these networks don't exist can be found right in the backyard of Camfield Estates, where residents have been displaced from a neighboring property. These residents are now in litigation because they are not being allowed to move back into their homes, as was originally promised. There are also numerous properties that participated in Demo-Dispo where residents have less control in their hands than the property managers have. Some of those properties might have started as joint ventures, with 50% control to the tenants, but even that eroded over time, sometimes to no resident ownership or control at all. Camfield Estates Board members see these events happening around them, like the displaced tenants who are now in litigation, and they don't know how to get involved or lend support when they are already so tied down with all that needs to be done for the tenants in their own Association. And so, all of the problems that led

to the erosion of the supportive networks that once existed have now seemingly created various wedges to Cooperatives/Associations helping each other.

### **Some (Partial, Beginning) Solutions**

- Board members expressed a desire for more networking events that will bring together various boards and volunteers from affordable cooperative and tenant-controlled housing in Boston. These networking events could include trainings on topics of interest that are offered by professionals in the field. The networking events could also include skill shares, where members / board members from different cooperatives get to meet in groups, discuss common issues, and exchange ideas for how their cooperative does (or would like to) resolve the issue being discussed. Networking events could also involve facilitated conversations among everyone present, so that the leaders of today can work on finding more areas of common ground. Most importantly, board members want to restore those relationships that they once had with the different cooperative and tenant-controlled affordable housing boards in Boston. These relationships have always been a positive source of information and informal support, helping board members to feel less isolated and better able to collaborate and find unique and creative solutions to the various situations that they face.

# Father Walter J Martin Homes Cooperative Corporation

## South Boston

On March 28, 2022, and again on June 7, 2022, the Cooperative Development Institute had the privilege of meeting with Board Members from the Father Walter J Martin Homes Cooperative Corporation who were gracious enough to give us some of their time. Between these two meetings, annual elections changed the composition of the board of directors. In addition, prior to our first meeting with the board of directors, and in our efforts to reach board members, we also had a brief phone conversation with FWJMHCC property manager Corrie Sprague, who is on staff at First Realty Management. What follows is a compilation of what we've learned from our conversation with the property manager and our meetings with the board of directors both before and after their recent election.

## Background

Father Walter J Martin Homes Cooperative Corporation (FWJMHCC or Father Martin) was founded around 1993/1994. Like many of the cooperatives created in the 1980s and 1990s, FWJMHCC soon ran out of money in the process of preparing their units, and they needed to turn to investors. FWJMHCC was among the first initiatives funded through the Tax Credit system that gave private investors tax credits after they had invested for 10 or so years in similar affordable housing ventures.

As the current property manager of FWJMHCC tells it, back in those days the Tax Credit system was not as clearly thought out as it is today, and much of the language used in the agreements was less clear, more easily open to a variety of interpretations. The Tax Credit system then also did not include the types of requirements that it has today around making units go market rate if the owner has an income at 100% AMII or above. This means that FWJMHCC is not required to convert itself as a

cooperative, or any of its individual units, to market rates, even though there are a number of folks living there whose incomes are at or above 100% AMI (with some even at 140% AMI). However, the property manager reports that the carrying charges for all units can be increased considerably more than for Section 8 units, allowing FWJMHCC to charge the maximum allowable carrying charges allowed without going market rate.

After the first 10-15 years of its operations, the private investor-partners had gotten what they had wanted out of their investment and –after some struggling, fighting, and partnering with an attorney– the cooperative convinced these investors to forgive the loans (which reportedly totaled around \$10M at the time) and walk away. The current board president at FWJMHCC reports that nine of the ten investors/lenders at the time did this, but the City of Boston, as a public entity, was less well-situated to do so –despite what the current president says was agreement language that led cooperative members to believe that their loan with the City might also be forgiven.

Many years later, in 2018, through a repayment plan worked out by FWJMHCC's current property manager, the City did agree to forgive a portion of the interest on the loan (an amount that equaled almost eight times the principal on the loan). Since that time, the City has continued to collect on their loan to FWJMHCC, and the cooperative expects to be paying on this loan of about \$2M for the next few decades. Yet, that 2018 repayment plan has become an area of contention for board members, who say that the plan has mandated unsustainable rent increases –in some cases rents are reported to have been increasing in the amount of \$100/month each year for the last four years. With many low-income folks living in the cooperative, these increases are alarming to the board of directors.



## Affordability, Equity, and the Need for A New Repayment Plan with the City

As the current board president, Danny Lynch, tells it, cooperative members had a very different vision of what the cooperative would be when they were getting started back in 1995/1996. The vision was ownership. The original language in all of the cooperative's agreements was supposed to lead to ownership. Danny says this included a promise of an opportunity for families to build equity and then to move on so other families could move in. Instead, cooperative members feel like they are living in a rental property. After 10 years of ownership, a family can only sell their unit for a 5% profit. Yet carrying charges are increasing at a rate of 7% each year, even for those members who remain on fixed and/or low incomes. The cooperative owns 99% of the property, but the City's ownership of the other 1% is likened to an overshadowing of cooperative members' ownership rights. The repayment agreement has the City pricing rents at the Area Median Income, rather than the actual income of the person living in a given unit.

Danny acknowledges that the Tax Credits and loans provided a pathway towards ownership, and all parties benefited from those original agreements. But, Danny reasserts, the original understanding was that even the loans with the City would be forgiven over time. But with unclear wording in the documents and changes in mayoral administrations over the decades, those public officials who were originally involved in the founding of the cooperative have long since moved on, leaving cooperative members with documents that they say are so vaguely written as to be interpretable in five different ways by five different attorneys (and they have checked with a few attorneys, one of whom told them that their problem is a political one, not a legal one).

Today, the cooperative finds itself still struggling to repay large sums of money from loans that were not forgiven, and though they have no problems supporting future developments, they see the need to revise the payment plan, to work on the wording. Ownership, to Danny Lynch,

seems to mean both keeping carrying charges affordable and allowing families to find ways to build equity. In order to continue their pursuit of these goals, the current board of directors is interested in re-working the payment plan with the City.

## Property Management and Operations

As some board members tell it, the folks at Father Walter J Martin Homes Cooperative had no idea what they were getting into in the very beginning of their formation as a cooperative. This led to some difficulties with hired property management companies who sometimes accumulated too much power and control, undermining Board authority and cooperative long-term health. Father Martin faced some of these growing pains in the beginning. There was a period of time in which cooperative members were still coming to terms with what it meant to be owners of the cooperative, and in this period, board members and the property management company had to learn new ways of doing things that honored the cooperative as well as the strengths of property management. That was many years ago and, as one person put it, the cooperative has grown up considerably since then. They have learned a great deal over the years.

Members of the prior board of directors (in our March meeting, more on that below) remarked that the relationship between the property manager and the board of directors has greatly improved from the start-up days. Members of each respective body have more clearly defined their roles, responsibilities and areas of work, and the two bodies tend to complement each other well. As with any relationship, there are still some things that need to be worked out, and there are ways that management can be more open, transparent, and responsive to board needs. However, board members also reported that there is a fair amount of trust, mutual respect, and communication in the relationship. The communication part, especially, is important since, as one board member suggested, that's what gives the cooperative the best chance of staying alive and vibrant well into the future.

Together, the board and the property manager work to make sure that the cooperative has what it needs to plow the snow and work the gardens without having to pay contractors for that. They try to save money in a thousand different ways, including weatherization, and anything else they can identify as a potential savings to the cooperative.

While their relationship with the property management company is greatly improved, current board members cautiously note that the board of directors would like to be slightly less dependent upon the property manager, and they would like to further develop their relationship in a way that makes clear to property management that they are the directors and the decision-makers for the property.

## The Previous Board of Directors

On March 28, 2022 when we met with the FWJMHCC Board of Directors, we learned that the board was made up of some original cooperative members, some mid-termers, and some newer members to the Cooperative. Board members noted that there tended to be different perspectives held by those whose families were a part of the cooperative since its inception and those who have entered the cooperative more recently. In part, these differing perspectives may be a result of the different types of information, and the different struggles faced by different generations of new members.

For example, when the cooperative was first starting, the original members report that they received a good deal of misinformation around what they were getting into, what paperwork was involved, and so on. Mid-term members, who were around when the Cooperative did a refinance, also experienced the struggle with misinformation relating to the refinance. When they experienced things that were different from what they were told, and when they had to struggle against the misinformation, that shifted their perspectives on a number of things, board members told us. The newest members in the Cooperative have

not been through these past struggles, so they may have less reason to feel mistrust towards folks outside of the cooperative.

Regardless of their differences, board members see themselves and each other as knowledgeable and capable in their roles, and they say that they are all on the same page when it comes to what the cooperative needs. In other words, they all want the same thing, and so this is what makes the cooperative successful.

## Board Operations

Though board members did not specifically address the issue of board operations in our conversations with them, the property manager did tell us that the Cooperative has a healthy board and membership. There are regular elections and frequent changeovers in who is holding what Board Office. The Board has regular monthly meetings, and a regular feature of these meetings is for Board Members to review the Cooperative's monthly financials (produced by the property management company). The Cooperative also had a capital assessment done recently and they are relying on this to plan for future infrastructure work. Member meetings take place annually and the membership is able to review the previous year's budget, learn about where the cooperative went over or under the budgeted items, and also view the budget passed by the Board for the coming year. Our two meetings with board members proved that the property manager was correct on all accounts.

## Ongoing Needs

When it comes to the outstanding needs of the FWJMHCC, board members noted that financial assistance is always a top priority. Yet, one or more board members expressed concerns around seeking/receiving help/support from the City of Boston. Though the City has provided funding for the Cooperative for the last 26 years, the Cooperative has not otherwise felt supported by the City. Some board members pointed to their present contract with the City, which they see as the reason why their rents have had to go up so much over the years.

Other board members, reflecting on their history with the City, say that the idea of the City stepping up now makes them feel a bit wary.

## Membership, Member Selection, and Member Conflicts

As the current board of directors tells it, the FWJMHCC is successful because of the quality of people who make up the cooperative. They are a very diverse group of families who treat the cooperatives as their homes. They have seen some other cooperatives fill their membership with folks who are not family oriented, and who are overly individualistic. Those cooperatives have a tendency to drift towards market rate units. But Father Walter J Martin has a clear purpose, and they have had very little turnover, with only a few families moving on over the years. For those who moved on, the cooperative served its purpose, allowing them to save money and purchase homes. New members moving into the cooperative are carefully and successfully vetted to ensure that they are cooperative-minded folks. A lot of the newcomers have become board members or have become active in the cooperative in other ways.

Though they have been successful in vetting new members who want to participate in cooperative living, any housing cooperative will inevitably go through periods in which existing members feel overburdened in their own lives and apathetic towards cooperative governance and operations.

Early on, and possibly still on an occasional basis, the cooperative also struggled/struggles with members who get upset with the rules and regulations in the cooperative. Often those members leave, and in some cases, members leaving have not notified the board of directors that they were leaving. This led to confusion over who was living in the unit and whether the unit was vacant. The cooperative's board of directors and property manager have a better system of working together and working with members now, so that folks are more aware of what is expected and why. Sometimes this involves meetings with the property manager, the board of directors, and some of the members living in the Cooperative, all communicating in a good way and working together to arrive at common understandings.

# First Fenway Cooperative, Inc.

## Back Bay

Several board members from the First Fenway Cooperative, Inc., were generous enough to share their experience, knowledge, and expertise with CDI on Tuesday, May 10, 2022. Below are some summarized notes from our discussion.

### Introduction to First Fenway

In 1980, when First Fenway began as a cooperative, the surrounding neighborhood was under assault, as one board member put it, by urban renewal and redlining. When tenants found out that their landlord was seeking to liquidate his assets and sell the building, they banded together and sought help getting a loan to purchase the building. Their landlord was friendly and helpful, the tenants knew and were friends with each other, and entities such as Mass Org and Sapler and Bach were willing and able to step in and help.

More than 40 years later, First Fenway Cooperative, Inc., continues to function as a unique, 12-unit, member-owned and occupied, limited-equity cooperative that sits above ground-floor commercial space that is also owned by the cooperative. Rents generated through the commercial space have kept monthly member-owner carrying charges at just \$460 a month. The 6-room apartments (each of which boasts hardwood floors and a fireplace) are sizable and affordable enough that members are able to support their families, send their children to college, and pursue what they are passionate about in life. Board members note that, because of the security and flexibility offered by their affordable housing, people who have lived and/or grown up in their cooperative have gone on to do really phenomenal things.

Member-owners in this small cooperative all know each other, work together, and are mindful of each other's situations. When someone is

going through sickness, an operation, or some other crisis, members are willing and able to pitch in and help that person / family get through their hard times. They work together and take good care of each other. This makes members even more likely to stay. A few of the board members (every cooperative member is on the board) have lived in the building since before the cooperative started. Member turnover is so low at First Fenway<sup>1</sup> that the board doesn't even keep a waiting list, as this would stretch out for years.

First Fenway Cooperative Members have what they want for everyone. Board members emphasized that everyone should be able to have this type of affordable housing. This is what housing should be, they say. As one board member put it, it is a crime that moderate income people who want to pursue their dreams are not able to afford to live in the City anymore without working 2-3 jobs just to afford their rent and their / their family's basic minimum expenses.

## Offerings of Advice for New Cooperatives

In the event that the City develops more affordable housing cooperatives, First Fenway Cooperative Board Members were willing to offer some suggestions:

- Provide ongoing guidance with the formation and review of corporate documents (including bylaws).
- Provide training for property management companies, to help them better understand housing cooperatives.
- Provide recommendations for the most-cooperative-friendly property management companies.
- Look for buildings that can allow for commercial space on the ground floor and cooperative housing above this.
- Consider new property tax calculations and new ways of leasing the land under cooperative housing developments (more on this further below).

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1. There was possibly more tenant turnover in the first few year or so of their cooperative's operations, and there was slightly more over their first 35 years than what they have today, in terms of turnover.

# Affordability, Equity, and New Member Selection

## Affordability and Diversity

Despite the affordability of their monthly carrying charges, First Fenway Board Members are hesitant to call First Fenway affordable.

Cooperative share /unit prices in their limited equity cooperative are presently at \$22,000. This cost is dramatically below market rates for housing in the area, well below the value of any apartment in the building, and an exceptionally low cost to pay for ownership of a unit that can be passed down to one's children. Yet, \$22,000 is still much more than most low- and moderate-income folks have at their disposal to pay in a single lump sum, and banks are generally not willing to assist individuals who are buying into collectively-owned cooperatives. This makes First Fenway units out of reach for many.

Recognizing the difficulty that many folks seem likely to have in coming up with the share price, board members spoke of their desire to learn more about how/whether the cooperative could lend funds to / set up payment plans for prospective new members who need that sort of assistance purchasing their shares. This type of arrangement could allow First Fenway to keep their shares and membership open to a wider, more diverse range of individuals and families. Diversity has been a key value at First Fenway over the years, and Board members report that their 12-units are home to a broad range of people: from dancers to teachers to social workers; from very low-income folks to folks with fairly high incomes; and from those who are highly educated to those with very little formal education. The Cooperative is home to members with a range of sexual orientations and racial and ethnic backgrounds, as well. For First Fenway members, this sort of diversity is what gives their cooperative its vitality.

To further support their values of diversity and of providing everyone with affordable housing opportunities, First Fenway has retained collective ownership of one of their 12 units. This unit was previously owned by the Catholic Church and used to house someone who needed help. When the Catholic Church sold its share, the Cooperative



purchased it and continued the tradition of offering that low-rent unit to folks in need. Presently, the Cooperative has been working with a group for veterans, which has led them to house three veterans in that unit.

### **New Member Selection**

When selecting new members, First Fenway always looks at –but does not prioritize—the income of applicants. Board members want to make sure that new members can pay the monthly carrying charges, of course. However, aside from that basic criteria, board members tend to look at other factors when selecting from a pool of prospective members. More important than what someone makes is what someone might be willing and able to contribute to the cooperative. This is something the cooperative considered in its earliest years, and it is a particularly important criteria for cooperative members, given that every member has a seat on the board and has to work together with every other member to run the cooperative.

### **Equity**

First Fenway Cooperative’s limited equity model means that, while the cooperative’s members collectively own their building, each individual member only owns a share in the coop. That share is a very, very small percentage of the value of their apartment. When (if) a cooperative member decides to leave the cooperative and sell their share, the member receives only the modest price that they originally paid for their share, plus an annual increase based on the consumer price index’s cost of living calculations. Back in 1980, when the cooperative first started, a share price was \$1700. Today, in mid 2022, that share price is \$22,000. While this might be a good deal of money for a prospective new member to come up with, it isn’t a good deal of money for someone who is looking to purchase a new home or apartment. As one board member pointed out, by comparison, one year’s tuition (including room and board) at Boston University is about \$83,000. Yet, the hope is that those who want to build equity while living at First Fenway can accumulate some savings from their extremely affordable

rents/carrying charges and possibly invest some of that savings into equity-building activities that can help create at least some of the wealth they would otherwise create were they to purchase a home or business.

## Areas of Requested Support

First Fenway Cooperative members are collectively doing what they can to keep housing affordable for everyone in their corner of the City. If the support was offered to them, they would like to have:

- Advice and assistance around setting up a revolving loan fund and/or payment plans for prospective new members who need assistance paying for their cooperative shares.
- Guidance, resources, and trainings around cooperative rules and regulations, including Fair Housing and best practices for new member selection.

### **Membership advice for new co-ops**

If First Fenway Cooperative Members were asked for advice on what should be considered for new cooperatives being formed, they might suggest that the key needs for any cooperative includes the ability to screen prospective new members and select members based on the member's willingness to participate in the cooperative. Finding folks who are willing to participate and work together with other members has produced long-term stability, as well as caring relationships among neighbors, at First Fenway. For board members, this type of connection and cooperation is what should set affordable/income-restricted cooperative housing apart from affordable public housing that does not allow for tenant control. You can't put a price on caring and cooperation. These things are really critical, one board member emphasized.

# Property Taxes, Property Values, and Gentrification

## Gentrification and Property Values

One of the biggest problems that First Fenway faces, according to board members who spoke on the topic, is that they are being overwhelmed by gentrification. First Fenway Board Members feel that they are in danger of losing their city. At one time, their neighborhood had been multi-racial, diverse, with people from all over the world living there. In those days, their neighborhood was a place where low-income folks could come and stay. But this has changed in a way that does not reflect the collective desires or needs of the people in the City as a whole. The voices of the majority of people in the City have been eclipsed by the voices of the relatively few monied developers whose goal is to make more money at the costs of the homes and communities of countless families and individuals, as well as the cost of the well-being of the City population overall.

Cooperative members would like to see Boston remain authentic and diverse, economically and in all other ways. They see cooperative housing as a key to doing this, and to undoing some of the damage done by gentrifying developers. As one board member put it, the way that Boston is evolving now doesn't make sense for Boston. What is happening now is a type of uniform gentrification. It is making Boston indistinguishable from Miami or Manhattan.

Some of this gentrification has been enabled and/or subsidized by the City in various ways. For example, on Dalton Street there was a developer who just wanted to make a building as tall as possible. The developer was able to do this on land that had been tax free church land. The developer reaped some of the benefits of that former tax-free status, and the City made some money from the conversion of that land.

## Property Taxes

The First Fenway Cooperative's ground-floor commercial space was cited multiple times during our conversation as a key to First Fenway's

continued success and affordability. This space has generated incomes that has allowed First Fenway to keep their monthly carrying charges at incredibly low and affordable rates, particularly given the size and quality of the apartments in the building. Incomes from the commercial space have also reportedly ushered the cooperative through various financial challenges that might have forced other cooperatives to close. First Fenway Board Members would absolutely recommend ground floor commercial spaces for any newly forming cooperative, if this option is possible.

At the same time, every benefit seems to have its costs. For First Fenway, this cost comes in the form of the exorbitant property taxes that board members say their Cooperative is charged every year. Whether a result of the rental income generated by the commercial space, or (perhaps more likely) the skyrocketing values of both the luxury developments around them and the land on which their building sits, these taxes cost the cooperative \$122,000 last year. This is well over \$10,000 per unit, leading one board member to argue that First Fenway is probably one of the most highly-taxed buildings in the country. By comparison, folks in Boston with grandfathered homeownership tax rates are paying very little in taxes, that board member shared.

### **Additional support**

Some of the solutions that could be undertaken by the City to reverse – or at least mitigate the impact of—this gentrification and/or escalating property taxes that threaten affordable cooperative housing developments like First Fenway, include prioritizing these affordable and ethical housing and other developments through one or more of the following:

- Underwriting the cost of land as zero for housing cooperatives and affordable housing developments.
- Giving land to affordable housing developments and/or to housing cooperatives for zero dollars, restricting the land use to certain ethical commercial spaces and housing arrangements.
- Setting aside the land of affordable housing developments and/or of housing cooperatives, and putting this land into a land trust.

## Additional advice for new co-ops

Despite the costs, First Fenway Cooperative Board members find more positives in the commercial space, and would recommend it for any future cooperative start-ups. However, they also strongly urge the City to ensure that these cooperatives have lower property tax rates.

## Property Management

First Fenway Cooperative is working with a property manager, at present, but they have been continuously frustrated by Boston property management companies' lack of understanding of cooperatives. First Fenway has gone through a few property management companies over the years, and they have always worked hard to find one that does understand cooperatives. Yet, they have found that, because there are so few property management companies, cooperatives have too few options. A good understanding –or even any understanding—of cooperatives is generally just not an option.

The current property management company for First Fenway reportedly does a good job with the monthly financials and tends to be willing to meet with board members and/or the treasurer to discuss the financials, when this is requested. The management company also is tasked with taking direction from the board of directors on collections, rules enforcement, and maintenance requests (most of which gets run by the board first). This is as it should be, according to board members. However, the property manager can sometimes be less diligent with these tasks. For example, in the area of building maintenance, the property manager's work is sometimes lacking, either due to low quality or due to considerably slow response times.

At one time, First Fenway used to try to do the property management work themselves. They learned early on that when it came to collections, they were better off with a management company. The current management company still has to run all collections work by the board

of directors before action is taken, and board members admit that they still might be what one board member described as a bit 'wimpy' in collections, given that they all know each other so well and care about each other so much. They are glad to have the property manager take on the role of sending the collections notices, though at least one board member mentioned that she felt the property manager could and should be more effective with some of the collections work, as well as the rules enforcement work. Board members have experienced delayed responses from the property manager in these areas, as well, and these delays are seen by some as a form of interference in cooperative operations and/or board direction.

### **Areas of Requested Support and/or Offerings of Advice for New Cooperatives**

When asked what kind of support they would need for themselves, or advice for new cooperatives that are just getting started, First Fenway Board Members suggested the following:

- Training for property management companies so that they better understand, and are better able to work with, cooperatives.
- Recommendations, possibly in the form of a list of those property management companies that have taken the trainings and/or that have in other ways proven their ability to understand and work well with cooperative boards of directors.

### **Cooperative Governance and Finances**

When it comes to types of support that First Fenway Board Members would like now, the following was mentioned:

- Support with reviewing, understanding, following (and possibly revising) corporate bylaws and other documents. Perhaps this could be done on an agreed upon schedule that keeps board members on track without getting overwhelmed or bogged down.
- Assistance updating their 2014 Capital Assessment / Capital Improvement Plan, as well as a plan to implement the plan and a schedule for undertaking the projects in the plan.
- The above CIP work might also be better if it came with some assistance with working through differences of opinions on what to prioritize when in the CIP.

# St. Joseph's Community

## Roxbury

The Cooperative Development Institute had the privilege of meeting the St Joseph Community's Board of Directors and Property Management Staff on June 21, 2022. Below is a summary of our discussion.

## Introduction to St. Joseph's Community

St. Joseph's Community started in August 1969 as an income-restricted housing cooperative located in the heart of Boston's Roxbury neighborhood. The cooperative boasts 137 2 ½ story townhomes, surrounded by trees, bushes, and flowers.<sup>1</sup> When the Cooperative paid off its mortgage in November 2000, the membership voted on whether they wanted to remain affordable or change in some substantial way (with one possibility including turning into condos). At that time, members voted to maintain St. Joseph's as an affordable housing cooperative, and it has continued that way ever since.

St. Joseph's townhomes house units with anywhere from one to five bedrooms, the share costs for which are calculated based on the number of bedrooms. At present, about 90 of the 137 units are project based Section 8 units, and the other 47 units are also affordable, though under other guidelines and restrictions.

The Massachusetts Association of Housing Cooperative's partly describes St Joseph's as follows:

Among the amenities is hard-wood flooring. Units with more than two bedrooms have washer/dryer hookups. All have security systems and outlets for air conditioners and cable TV. The kitchens feature modern appliances. There is an outdoor fire pit that residents can reserve for special occasions.

There are young people, more mature people, older adults and families at St. Joseph's, which makes it a nice, vital community. Among the special events is a

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1. Some of this comes from the Midwest Association of Housing Cooperatives' write up on St Joseph's: <https://mahc.coop/st-joseph-ma/>

Youth Fun Day in summer, a SJC/Boston Police Game Night each fall, and the National Night Out in early August. Seniors at the site enjoy an annual Day Trip, which this year is to Kittery, Maine, for shopping at the outlet stores and a bite to eat at Warren's Lobster House. Last year they went to Martha's Vineyard. The seniors also enjoy an annual Holiday Dinner Outing. The Annual Shareholders Meeting is the first Monday of April. <sup>2</sup>

The St. Joseph's Community is not –and does not want to be called—a / the “project.” They are a minority-owned, owner-occupied and owner-operated, democratically-controlled housing cooperative, which is also a multimillion dollar business that is serving folks in Boston by providing affordable, stable, quality housing to folks who might otherwise be dispossessed, housing insecure, or homeless.

## Governance, Board Functionality, and Ongoing Trainings

Grounding itself in the Rochdale Cooperative Principles and Robert's Rules of Order, the St Joseph's Community Board of Directors is full of highly-trained individuals who are highly adept at the work that they do. Every board and committee member is required to have a solid understanding of cooperatives and affordable housing, and all board members get training on financial oversight and budgeting. In addition, all of St. Joseph's board members are required to attend both the National Association of Housing Cooperatives' annual conference, as well as the conference for the Midwest Association for Housing Cooperatives, as well as to sit in on and report back about the specific trainings that relate to each board member's roles and responsibilities. As an added incentive, board members are reportedly quizzed on the trainings they attended, once they return. As one board member noted, no one can go to these conferences and not attend their assigned training. When you are at those conferences, your time belongs to St. Joseph's from 8:30 am to 5:30 pm. This is because, as board members note, good training, and good attorneys, are key to St. Joseph's success.



Aside from the trainings that board members are required to attend (and report back on), the St. Joseph's Board reports doing quite well on all areas of governance, including keeping minutes of every meeting, organizing and maintaining various committees (each one headed by a board member), and doing regular reviews of their governing documents. These reviews, along with advice from their attorney, helps the board determine when changes are needed to any of their documents. Three-fourths of the membership must approve changes to the cooperative's bylaws.

St. Joseph's Board members also note a feature of board work that is likely also familiar to most of the Boston cooperatives and tenant-controlled developments: sometimes there are people who want to join the cooperative board of directors based on motives other than serving the best interest of the cooperative as a whole. In some cases, there may be motivations to feel powerful or to make deals with contractor or developer friends or acquaintances. Sometimes there are hopes of using board offices to benefit oneself. However, because of their training requirements, their work ethic, and their practice of thinking carefully about how each decision will impact the cooperative in the future, the St. Joseph's Board of Directors feels that they have set an excellent environment for preventing individuals to benefit, personally, from any board work or board office. The high level of member engagement of St. Joseph's also helps to ensure the integrity of the cooperative's board of directors.

## Cooperative Fiscal Health and Long-Term Stability

The St. Joseph's Board of Directors reports having a very high aptitude team that analyzes monthly financial reports and reviews the cooperative's annual audit. The board Treasurer is also Chair of the Audit Finance Committee, along with a Vice Chairperson. St. Joseph's also has a CFO and a Controller, all working to keep the cooperative in top shape, financially. The Audit Finance Committee, which (in collaboration with the property manager) is responsible for budgeting,

gives regular reports to the board, and solicits feedback on versions of the proposed budget.

St. Joseph's also has a Capital Improvement Committee, which reviews all planned and ongoing capital improvements with a consultant, making regular reports to the board of directors, as needed. Every five years, St. Joseph's produces a new capital needs assessment. They are in the process of creating a new one this summer.

The St. Joseph's property manager works regularly with the board of directors to help gain money for programs for those who have fallen behind on their monthly carrying charges.

## Property Management: Relations, Accreditation and Trainings

When it comes to board-property manager relations, St Joseph's believes that they have got this down. The St. Joseph's board has a range of policies and procedures to help guide their relationship with their property managers. They also have some good strategies for selecting, orienting, and working with their property managers.

Board and committee members are not the only ones who are required to attend trainings. Property management staff who work with St Joseph's are also required to be fully trained around housing cooperatives and affordability restrictions. The senior property manager who works with St Joseph's is in the process of obtaining her Resident Certified Management training, which board members jokingly likened to "18-hours of terror", on the grounds that the instructor for these trainings "makes a point of making everyone know your grade." A second property management staffer who works with St Joseph's is also in the process of getting trained in a variety of areas, since this is a requirement of working with the cooperative.

The St Joseph's Board of Directors say that before they began working with this new property management company in September of 2020,

they did one-on-one interviews with the heads of a number of property management companies in the City, as well as some roundtable meetings with property managers. Prospective property managers were fully informed of the St Joseph's Board's expectations and every St. Joseph's Board member had the chance to ask any questions. It was this type of transparent, clear communication that the board says helped them create their effective relationship with their new property management company and the staff members who serve St. Joseph's.

## Member Relations, Engagement, Selection, Training

Every year, on the first Monday in April, the St Joseph's Community has their annual member meeting, where at least 37% of members (quorum) show up to discuss important issues and vote to approve documents and budgets. Board members report that this annual meeting is very well attended by members, though they would also like to see more support from city agencies and officials, including through attendance at the meeting, financial support for meeting materials and activities, financial donations, and in-kind support. This type of support is sometimes provided from the City, and sometimes an elected city official shows up at the annual meeting or at a different cooperative social event, which is always much appreciated. On occasion, folks from the city have come out to take pictures and provide IDs for kids and seniors. Ideally, a community liaison would attend St. Joseph's annual meetings, and also communicate with the cooperative board of directors throughout the year so that the cooperative as a whole can be informed of city happenings.

Just as board members and property management staff must receive a range of trainings, so, too, is training emphasized for members. As board members noted, members have to have an understanding of their role as owners, and of the needs of ownership. Education is key in instilling this understanding among even the newest of St. Joseph's members. When members fully understand their roles and

responsibilities as co-owners of the cooperative, this instills a sense of pride in them. This pride leads members to feel good about where they live and to take care of it.

Part of the member engagement and training work includes producing and providing for each member a shareholder's book. This book contains the cooperative bylaws, policies and procedures, and other documents that have been approved by the board of directors (and reviewed and approved by the cooperative attorney). Members also receive copies of updated documents, if/when updates are made. Prospective new members/shareholders are also treated to an orientation of the cooperative, which provides complete information on what a cooperative is and what the roles and responsibilities are for each: board officers and directors, members/shareholders, property managers.

## Cooperative and City Relations

### **Housing the Homeless**

The St. Joseph's Community has long been working with the City to improve life for other Bostonians, including through the program that houses homeless individuals and families in the handful of units set aside for this purpose at St. Joseph's. In the past, the program has had the City pay 40% of the share price of a unit, while monthly carrying charges pay off the remaining 60% over time, thereby creating permanent homes for those most in need. Lately, though, the City has not been as forthcoming with the funding for this program, which has made it difficult for St. Joseph's to continue doing this important work. Outgoing members generally need to get back the full share cost that they paid for their units, and the cooperative does not have the money to house homeless families on their own without City help, particularly when all of the revenues that come in go right back out to pay for the basic expenses required to run the cooperative: heat, water, trash, staffing, and so on.

### **Parking for St. Joseph's Members – Still No Results**

When asked what they could use help with, the St Joseph's Board of Directors made it clear that they are doing an excellent job of running every aspect of their cooperative operations. Board members are highly-trained, highly-adept, and constantly renewing and upgrading their skill sets. Yet, there are a few areas in which they could still use some outside help, and these primarily fall into the category of Cooperative-City Relations. In addition to wanting to continue providing units for homeless families, the St. Joseph's Board of Directors has been working for about 15 years to try to lease the Washington Street parking lot for member parking. After years of asking questions and doing research, board members learned that the City of Boston owns the parking lot. But no matter how much they try, board members have not been able to catch the attention of (or get a response from) the various city officials that they have contacted on this issue. The City is just not hearing them, like the governor and previous mayoral administrations before. It doesn't seem to matter how many city meetings the St Joseph's Board members attend, they are just not getting a response.

### **Rental Inspections Don't Make Sense for Homeowners**

St. Joseph's has also been trying to reason with the City Council and the Inspectional Services Commissioner around the issue of rental inspections. Rental inspections cost \$25 per unit, but St. Joseph's is owner-occupied. There are no rental units there. These inspections and related charges are unnecessary. Board members think that they have finally been able to resolve this issue on their own by providing enough information and documentation to help the related agencies and officials understand the cooperative better.

### **More Low- and Moderate-Income Cooperatives!**

If they had one piece of advice to give to City officials (aside from leasing the Washington Street parking lot to them, and aside from showing up at their annual member meetings), the St. Joseph's Board members would advise the City to create more low- and moderate-

income housing cooperatives throughout the city, so that other folks have the benefit of stable, affordable housing, and so that more neighborhoods have some refuge for vulnerable populations that might otherwise be forced to move due to the pressures of ongoing gentrification. More low- and moderate-income housing cooperatives are key, and St. Joseph's is a shining example of the successes demonstrated by these cooperatives.

# Frankie O'Day Cooperative Corporation

## South End

### Introduction to Frankie O'Day Cooperative

The Frankie O'Day Cooperative Corporation was founded in the late 1970s as part of the South End community's response to Boston's Urban Renewal Plan.<sup>1</sup> Working with the City of Boston, the Tent City Selection Committee, and the Boston Rehabilitation Authority (BRA), Frankie O'Day's original owners agreed to an owner-occupancy model that required member investments of "sweat equity" to keep the units affordable. During the renovation period, this "sweat equity" model translated into each original member family learning a trade<sup>2</sup> and then performing this trade across all units. Post-renovation, "sweat equity" continued by requiring each member family to contribute a certain number of hours a month on work that served the collective, such as work on the Board of Directors, committee work, or work doing cleaning, maintenance, and other important tasks. Frankie O'Day's "sweat equity" model has continued to this day, though members are now also allowed to pay an hourly fee to cover the cost of someone else doing their required hours. The "sweat equity" model allowed Frankie O'Day to remain self-managed from the outset --with the exception of the past few years, when the cooperative has experimented with different property management arrangements.<sup>3</sup>

After the first phase of sweat equity (renovations) was completed in 1980, the 27 low- to moderate-income member families moved into their newly renovated property, promising to keep the cooperative affordable under the Boston Rehabilitation Authority's (BRA) requirements. Once those requirements expired in 2005, the cooperative decided to re-incorporate and to allow cooperative

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1. All of the information in these first two paragraphs was taken from the Frankie O'Day Owner's Guide: Frankie O'Day Cooperative Corporation (FOD) Introduction (hereinafter: Owner's Guide), on file with the author and with the Frankie O'Day Board of Directors
  2. Trade examples include laying hardwood floors, painting, sheet rock, tiling, demolition, insulation installation, etc.
  3. For more details, see the below section on Property Management.

members to decide whether their units would go market or remain affordable.<sup>4</sup> Two thirds of the members decided to have their units 'go market', while one third decided to keep their individual units affordable in accordance with BRA affordability guidelines which allow occupants with up to 100% AMI.

The Frankie O'Day Cooperative continues today as a mixed-income cooperative community that has explicitly adopted the values of "respect, responsibility, cooperation, diversity, and broad community involvement."<sup>5</sup> The Cooperative Development Institute (CDI) had the pleasure of talking with Frankie O'Day Cooperative Board members on the evening of April 21, 2022. We also managed a pre-meeting conversation with Frankie O'Day Board President, Karen Pressman. Below is a summary of what we learned about the important issues facing the cooperative today.

## Cooperativity and Longevity

As anyone living in a cooperative knows, and as one Frankie O'Day Board member pointed out, cooperatives have to be based on cooperativity. If you can get that right, then you have a chance. But if you don't cooperate, there is no chance of success. The ability of folks at Frankie O'Day Cooperative to maintain an environment of intentional cooperativity may be key to Frankie O'Day's longevity.<sup>6</sup>

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4. Frankie O'Day reportedly incentivized members to keep their units affordable by agreeing to pay for all repairs and upgrades in units that stayed affordable. In exchange, those members who later sold their affordable apartments were/are required to do so according to the City of Boston's Affordable Price Listing, and to sell their units to folks meeting the City of Boston's moderate-income guidelines of being at 100% AMI. Those who chose to have their apartments transition to market rate were required to do all of their own repairs and upgrades at the time of incorporation. Those with market-rate apartments who were owners at the time of this new incorporation can sell for whatever the market will bear, but they are required to contribute to the cooperative 10% of the selling price of their unit. After the first sale of the market rate units, subsequent buyers are no longer required to make the 10% contribution to the cooperative.

5. From the Owner's Guide.

6. As one board member wrote in the editing process: "There's an element of intentionality too. It works best if people really do opt-in. And founding momentum or something that brings people together (like post Urban Renewal) is huge asset too."



Perhaps demonstrating the long-term cooperativity at Frankie O'Day Cooperative, the Board of Directors is composed of four long-term members and four newer members (one of whom is an "alternate" member ). The cooperative membership as a whole consists of about 40%-50% long-term members and 50-60% newer members. The Board President spoke optimistically about several of the new members at Frankie O'Day, including those new members who have recently joined the Board, as well as those who seem interested and likely to contribute.

At the same time, maintaining an environment of participation and cooperativity can be difficult, even for veteran cooperatives like Frankie O'Day. Some of Frankie O'Day's long-time board members noted that some of the newer members have a tendency to stay for shorter periods of time and leave more readily than the long-term members. There is also a greater tendency for some newer members to come into the cooperative with a mentality that views the cooperatives as a condo association. New members who move in with this mentality tend to expect that someone else will do things for them. They often expect the co-op to do the work for them, rather than buying into the self-management model which requires everyone to contribute and work together. This mentality can make it challenging to maintain an environment of cooperativity, and it can pose some challenges to the cooperative in a number of areas.

As a result of these changes in the cooperativity-mindedness of some – but not all- of the newer members<sup>8</sup>, Frankie O'Day has been finding that the "sweat equity" model which made their cooperative so

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7. This report was written and edited prior to Frankie O'Day's August election, which likely changed the board composition in this regard.

8. One newer member added the following important and relevant context to this statement: "The original members came together after urban renewal + tent city. That is [an] incredible bond that spurs cooperativity. Plus, they learned skills together and there was a real movement around it. I want to be realistic that replicating that exactly is difficult/impossible, especially for new members that trickle into the established group."

This new member also noted that cooperatives sometimes have a lack of structure for involving members, and this This new member also noted that cooperatives sometimes have a lack of structure for involving members, and this can be a barrier to getting involved, because it relies on people needing to "opt in" and really work at being involved. But Frankie O'Day is working on both of these through drafting a new member guidebook and doing a more thorough new member orientation.

affordable from the start has been eroding ever since some of the units went market. The Board President estimates that 30% of the cooperative membership participates actively. Another group participates, but on a less regular basis. And then there is a group that is not interested in participating at all. The Board President noted that even condo associations can have this problem of disengaged members who are not willing to participate or contribute, but the problem of non-cooperativity is much more acute for cooperatives like Frankie O'Day that rely on member participation and contributions. Getting all members to engage is an ongoing struggle.

## Property Management, Bookkeeping and Attorneys

Frankie O'Day has remained largely self-managed for almost the entirety of their existence. This has changed in the last few years. As member activity declined, the cooperative entertained (tried out) the idea of contracting with a property management company to keep manageable the workload that was falling increasingly on the shoulders of fewer and fewer people. However, they didn't feel that they were able to hold the attention of the property manager they contracted with originally, since Boston property managers are large corporations that don't have much interest in smaller properties. Frankie O'Day quickly returned to doing property management in-house. They have one member who is willing to dedicate their time to this work, which is wonderful for the cooperative; though, there are worries about what Frankie O'Day will do if/when that member moves on. Such a development could put the cooperative back into the position they keep struggling to avoid: having to raise carrying charges (making things less affordable) in order to keep up the building and the units.

Their previous experiment in contracting with a property management company prompted Frankie O'Day to continue contracting with someone to do the cooperative's bookkeeping. Though bookkeepers may change over time, the cooperative plans to continue contracting that work out so that it does not fall onto 1-2 board members who

already had a full load of board work. As things stand, there have been some difficulties finding a competent bookkeeper who understands cooperatives. Their current bookkeeper does not seem to have this niche background or understanding. This means that, though the cooperative is paying someone to do this work, the board members still have to review the books regularly and request numerous corrections and adjustments to the financials. This task of correcting the financials each month is made slightly more difficult by the fact that the board is not getting the monthly financials on time. and is too small to attract a person or company to do the books for the cooperative. The cooperative would love recommendations for bookkeepers that understand cooperatives (and that are not too big to take on small clients affordably).

Though bookkeeping and property management needs have been hard to fill, the cooperative had a much easier time finding an attorney who had a full understanding of all things cooperative. They are very happy with this attorney.

## Affordability and Diversity

Frankie O'Day Board members see themselves as being in a unique situation among Boston cooperatives. They started out as an affordable housing cooperative, with a "sweat equity" model that offset costs and allowed members to buy into the cooperative at reasonable rates. Frankie O'Day was also able to offer their members the opportunity to build some equity by allowing members to sell their units at the original price plus inflation, and to recoup up to 11% of any improvements. They felt that this was an important offering in the original incorporation. As board members pointed out, building equity through housing is the only way that most people in the country are able to have anything. Without very special circumstances –which Frankie O'Day says they have created for their members-- it is very difficult for low-income folks to build equity.

Originally, the equity allowed in 2005 was limited.<sup>9</sup> Members who wanted to leave the cooperative could sell their apartment for what they paid, plus inflation, plus a percentage of the improvements they had made. Though this was limited equity, it was very helpful for those who wanted to move on – as well as for the cooperative. Under BRA regulations, the outgoing members left with more than what they had originally invested. The new buyers paid a little more than the original owners, but the units remained affordable.

At the time that Frankie O'Day re-incorporated as a mixed-income cooperative, BRA regulations led to requirements that existing owners who chose to have their units go market rate had to give 10% of the sale price back to the cooperative when they sold. This was a one-time requirement for each unit, so that subsequent owners of the same unit did not have to share any proceeds of their sale with the cooperative. The money collected from the first market-rate sale of a unit went to offset the “windfall” gains of the market-rate sales, allowing the cooperative to cover expenses related to renovating and maintaining the affordable units that one third of the membership still maintained. In these early days, new members were still able to buy into the BRA-regulated-cooperative at very low rates.

As the years went by under the incorporated mixed-income model, unit prices continued to increase, moving further and further out of reach of what low-income and even moderate-income families could pay up front. This was true for even the affordable units. Though traditional housing can be financed with mortgages, accessing the same financing is much more difficult for cooperative units, creating barriers to low- and moderate-income purchasers. This means that, even though one third of the units are still maintained at BRA affordability levels of 100% AMI, some Frankie O'Day Board members no longer view their cooperative as an affordable housing cooperative --at least not under the regulations of BRA. Rather, they see it more as a mixed-income cooperative that self-funds repairs

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9. Portions of these notes are taken from a pre-meeting discussion with Karen Pressman, Board President of Frankie O'Day Cooperative.

and renovations to the affordable units. This makes Frankie O'Day different from most cooperatives that board members know about in Boston. Board members felt that Methunion might be another cooperative with a unique affordability model that stands out from other cooperatives. According to the Board President, all of the above makes the re-incorporation of Frankie O'Day in 2005 both one of the great things and one of the concerning things.

In our discussion, board members remarked on the challenges that market rate units have brought to the cooperative's stated values, including the very important value of diversity in race, ethnicity, gender, sexual orientation, ability, age, and so on. While the cooperative has made these values explicit in their documents, they don't have the same control over who moves into the cooperative now. When everything was affordable, the cooperative decided who would move in based on their defined methods which considered a wide range of cooperative-living criteria, including the cooperative's explicitly stated values. Today, however, the cooperative doesn't really have a say on who purchases a market rate apartment and moves into the cooperative. They don't even really have a say in where the for-sale units are advertised, though they can make suggestions and recommendations. Other than flagging people who are entirely inappropriate for some reason (which the cooperative has never done<sup>10</sup>), the cooperative has almost no input in the composition of the market-rate buyers. Thanks to its founding values of affordability and diversity, Frankie O'Day Board members say that their cooperative is still somewhat diverse; but much less so than they used to be or than they would like to be.

One board member, a descendant of one of the original families to live in the cooperative, noted how amazing it was that her grandmother and aunt had been together and had come to Frankie O'Day in the early years. She would never have been able to live in the cooperative if she hadn't grown up there. Her adult children would not be able to buy into

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10. One board member noted that this runs contrary to what many of her friends think about co-ops. This board member noted that when they told their friends that they were in a co-op, "those who know anything about co-ops.... Warn me of how I'm going to be voted out some day."

the cooperative today. It is not affordable to them, or to other young people who are trying to start their own equity-building. Her grandmother and her aunt: they were able to develop not just the cooperative, but a family. That is what the cooperative has turned into for all of them. Moving forward, this board member emphasized that they need to think about how to create that atmosphere that will set their children up for the same success and cooperativity. This will help Frankie O'Day to live on long into the future.

All of the gradual changes in the affordability of the Frankie O'Day Cooperative have taken place against the backdrop of a much broader housing crisis in the City of Boston. This is a housing emergency, the Board President remarked. One of the biggest problems for low- and middle-income people in the South End is that they can no longer afford to stay where they have lived stably for years. Housing stability is threatened in dramatic new ways and everyone from poor folks to middle class people are feeling the pressure to leave the City. These are people who have been committed to their communities. They are being displaced and forced to leave. And this is happening throughout Boston.

## Loans, Funding and Affordability

Frankie O'Day Board members are interested in finding solutions to one of the cooperative's biggest obstacles: finding affordable loans –for the cooperative as a collective, for homebuyers who want to move into the cooperative, and for members who want home equity loans and credits to pay for renovations in their units. There are only a few banks in the city that board members know of that give home equity loans to cooperatives or cooperative members. Banks do not understand cooperatives and/or are biased against them, and so they either aren't willing to lend money or they lend at higher rates than for condos or single family homes, while also requiring borrowers to have outstanding credit and a 20-25% down payment. One bank that board members could identify as being a possibility to lend to prospective cooperative homeowners was also identified as a bank that would not loan to people who are low-income

or who are young with little-to-no credit. In fact, board members eventually agreed that this bank was unlikely to lend to anyone who had less than excellent credit.

This lack of affordable, cooperative-friendly lending is not just a problem for Frankie O'Day. If affordable housing cooperatives are going to be a 'new norm' in the City of Boston, board members pointed out, this issue will need to be addressed on a wider scale –both for cooperatives that need to borrow, as well as for homebuyers and/or owners of cooperative units. One board member suggested that solutions to this issue might be found in an exploration of how other cities support their housing cooperatives.

The cooperative, itself, sought out a 15-year loan when it needed to do a renovation. They thought their loan would take care of their capital needs (the big problems with the building), and that this would make the carrying costs more affordable for everyone. Things didn't really work out that way, though. Board members say that they wish they would have had some type of expert assistance with this process. There was a lot that they didn't know, and they just worked off of the bits of advice they had gotten from a hired consultant. They later learned that they had been given bad advice. The LIBOR loan that they were advised to sign for tied them into a permanently high interest rate. If interest rates had continued to grow, it could have been a good deal. But interest rates have fallen dramatically, and the loan does not allow the cooperative to refinance or in other ways lower their interest rate. If they were to pay off the entire loan tomorrow, they would still be required to pay the full high interest rate that was calculated for the life of the loan. They wish they had known about this at the time, before they signed. They wish they would have had assistance with this so they could have had a better understanding of what they were doing, and so they didn't act on the bad advice that they were given. They have nine more years to pay on that loan and then they expect to be doing better, financially.

Aside from worrying about who can afford to purchase units in the cooperative, there are also some concerns about cooperative promises to

pay for the repairs and renovations to the affordable units. These latter repairs have, so far, been paid by the 10% that the cooperative has received from the price of any unit sales. However, as there are fewer units available for sale that require a payback to the cooperative, there will be little incoming revenues to the cooperative's fund to upgrade and maintain affordable units. Attempting to find a solution to the escalating costs for maintaining affordable units, the cooperative had approached the City some years ago to ask for tax breaks or a better tax rate, at least for the affordable units. The City's response was that the cooperative could only receive more favorable tax rates if they came once again under Boston's Affordability regulations.

Frankie O'Day had already been under BRA regulations for 25 years, and they weren't interested in going back to that. The Board President notes that the cooperative does have language written into their founding documents which requires affordable units to remain at 100% AMI for every subsequent sale. She says that the cooperative probably could have used those documents to push the issue. However, at the time, the City did not seem interested, so the co-op did not pursue this avenue. The cooperative continues to do alright, even without the better tax rates; though, the board president notes that they will have to raise their carrying charges considerably to cover tax expenses. This will inevitably push the cooperative further out of reach for many of the families currently living there. Whether a unit is affordable or market rate, everyone pays the same carrying charges, which are used to cover heat, insurance, management, property taxes and any other operating cost. All of these costs are expected to increase, with particular increases in property management costs (as the cooperative works to catch up with deferred maintenance). Though the cooperative works to keep costs as low as possible, this has been an ongoing struggle. Despite their vigilance, they know that the cooperative has become a fairly expensive place to live.



## Capital Assessments/Capital Improvement Plans

Frankie O'Day has managed to fund and undertake major building improvements without ever having a capital assessment done. This might be something that they will have to consider in the future, particularly given the historic nature of the buildings (and all of the problems that come with such buildings) as well as the difficulties finding affordable contractors and project managers.

## Governance and Member Engagement

Currently, governance seems to flow easily for Frankie O'Day. They have a full board that meets on a monthly basis and achieves quorum regularly. Board members have access to corporate documents, though this access could possibly be made slightly easier in the future. The cooperative is working on a shared Google Drive that will provide members with access to all sorts of cooperative documents and information. They also have a member's manual –a work in progress-- that everyone gets when they move into the cooperative. The manual includes a history of the Cooperative, as well as cooperative policies and other governing documents. In addition to the manual, Frankie O'Day periodically hosts new member orientations. One of these is coming up soon, and new members who attend will be shown how to do a variety of things in their units that they might not otherwise know how to do.

# Fenway Studios Cooperative

## Fenway/Kenmore Sq.

Fenway Studios is a limited equity artist living and working cooperative established in 1980. Board members note that Fenway Studios is not technically an affordable housing cooperative, as there are no income limits or restrictions for members, and the cooperative's deed restriction only requires that the units be reserved for qualified artists. Members have still managed to maintain control over the costs of shares over the decades, successfully keeping the units affordable through rent and share rates that are much lower than market rate. The Cooperative is so popular among artists that it maintains a waitlist that stretches out for 6-7 years.

## Funding Needs

Housed in an 800+ year-old landmark building, the Cooperative has found that the flip side of their limited equity / relative affordability model is that they struggle to raise funds for costly but necessary building repairs and renovations. Masonry work on the building in the recent past, alone, cost upwards of \$1 million, and required that the Cooperative refinance their mortgage to pay for the work. Other work also needs to be funded, but Members are reluctant to fund this work through increased rents or shares, since they know they won't make<sup>3</sup> money once they sell, and they don't want to invest money into a building that they will eventually leave and never see again.

In an effort to counter this difficulty of finding the funding for costly repairs to their centuries old building, Fenway Studios has been seeking to work with a nonprofit organization, Friends of Fenway, to put together a capital / fundraising campaign. This effort has yet to get off of the ground, and in the meantime Fenway Studios Board members and tenants are waiting to see what will happen and hoping for the best. Ideally, funding would come in both for paying for permits, inspections, and any required engineering plans, as well as for doing the actual construction / renovations / repairs.

During our conversation, one board member asked what it might take to get an endowment for their building. No one seemed to have a response for that.

## Accessibility

One board member brought up the fact that many of the members are aging. She, herself, has a knee injury which makes access in the building difficult. With the building's landmark status, the cooperative finds that there are a lot of restrictions in what can and can't be done to the front of the building, which means no lift for accessibility purposes can be added there. So they've been looking into putting a lift in the back of the building. They could use some guidance in this area, as the board member noted that complying with the Americans with Disabilities Act (ADA) in this circumstance requires navigating a lot of bureaucracy which can be daunting and possibly overwhelming enough to create more delays.

## Parking

Like many Bostonians, the members of Fenway Studios are plagued by parking difficulties. Parking is particularly difficult in the entire Fenway area, in part due to the various events at Fenway Park. Parking has been exacerbated by the construction taking place all throughout the area, from Ipswich Street and the Boston Arts Academy to Fenway Park Theater, but also along Boylston Ave and Massachusetts Ave with all of the construction there. Fenway Studios is sandwiched in between numerous major constructions. This means that residents and their visitors are constantly struggling to find a place to park. The issues will become even more difficult as Fenway Studios launches their new Community Gallery, an effort to increase community engagement beyond what it already is.

## Technical Assistance Needs

In terms of technical assistance needs, Fenway Studios had recently found pro bono assistance to help them rewrite their bylaws. It sounds like Fenway Studios Board members might have taken advantage of this sort of

technical assistance from the City, if it had been made available, though they are perfectly happy with the services that they were able to find on their own. If other technical assistance services are offered in the future, the board might be interested in knowing about these, though nothing stood out to board members as an immediate technical assistance need for the Board of Directors –other than:

- Assistance navigating ADA and landmark status requirements in order to find appropriate (and affordable) accessibility upgrades for their building,
- Possible assistance creating and strategizing for funding a Capital Improvement Plan,
- Possible assistance identifying and applying for funding sources,
- Assistance with Member Engagement
- Guidance around rules violations, member screening, and new member orientation.

## Gentrification

Like all of the cooperatives that CDI has spoken with so far, gentrification is an unwanted, ongoing phenomenon. Historically, Fenway Studios Board members noted, artists move into studios and begin reviving buildings or neighborhoods with their presence. But then the building or neighborhood becomes gentrified and forces the artists to move out and find someplace else to live and work. This has happened regularly throughout the history of Boston, including in places like the Piano Factory, Thayer Street, South Boston, and so on. Often the buildings that artists once inhabited become condos or high rent districts. Thankfully, to everyone at Fenway Studios, they have managed to maintain their affordability for more than 40 years despite the gentrifying pressures all around them.

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# Warren Gardens Housing Cooperative Company

## Roxbury

This report includes two separate, summarized conversations about Warren Gardens, including:

- Summary of Conversation with Sheiry Smith
- Summary of Conversation of Warren Gardens Board

## Summary of CDI's Conversation with Sheiry Smith

Sheiry Smith is a former resident of Warren Gardens, as well as a former Warren Gardens President, Vice President, and Treasurer (everything but Secretary). She is now a Property Manager at Warren Gardens, and she has seen it all. Sheiry was generous enough to share some of her thoughts on affordable Housing Cooperatives in Boston, and on Warren Gardens in particular.

## Warren Gardens Background

The Warren Gardens Housing Cooperative Company, Inc., began as part of the Demo-Dispo project of the 1980s and 1990s. At the time, there were a number of tenants and tenant associations from various housing developments that were coming together and trying to form cooperatives. Many residents of these different developments used to meet every weekend to network and share ideas with each other about the various things they were doing. The resident associations that continuously attended those networking sessions seem to have been the most successful in forming cooperatives. Many of the others fell by the wayside, never creating cooperatives because they just didn't have the training or the support needed. Some of the cooperatives that were formed also fell by the wayside over the years, for some of the same reasons.

The history of Warren Gardens is very much one of struggle. This was true from the very beginning. The Demo-Dispo project dropped a lot of aspiring cooperative groups, and they had originally dropped Warren Gardens. Warren Gardens' residents had to fight hard to get back into the program. Later, they had to fight with HUD when HUD gave them a second mortgage that they didn't want and that they couldn't afford. They could barely afford the first one. Residents, along with advocates that worked with them at the time, went to Washington to fight that second mortgage, and they eventually got it removed.

Today, Warren Gardens is a successful (but struggling, and possibly threatened) Cooperative where residents can feel and be safe in community with one another. Residents at Warren Gardens are 100% Section 8 and a sizable portion of these tenants are elderly. About 40% of tenants have been there since the very start of the Cooperative. Warren Gardens keeps their rents low and affordable, as is required by their deed restrictions. They also have low tenant turnover and a wait list of over 200 people who want to live there despite the age and the issues with the buildings.

Because of the age of the buildings, almost everything needs to be redone or replaced: plumbing, furnaces, windows. Like many income-restricted Cooperatives in the City, Warren Gardens is struggling to find the money to fund this work. This struggle, to find a way to bring their buildings up to codes and new HUD requirements, is taking place amidst intense gentrification all around them. As rents and housing prices skyrocket around them, Warren Gardens Board Members are

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1. Sheiry Smith notes that, because of the nature of the Warren Gardens community, folks there know that whenever they are outside, someone else is inside of one of the buildings watching and protecting them. Rarely are there break-ins at Warren Gardens. If there are break-ins, these are from related households. Warren Gardens never has people walking in from off the street and breaking into a unit. Occasionally there is car theft or vandalism or a shooting. But Warren Gardens is safe.

Says Smith, paraphrased: 'However, you would think Warren Gardens was the worst place in the world if you heard the news coverage about it. Maybe once a year something happens in Roxbury. That one incident gets blown up so much in the media that everyone thinks Roxbury is horrible. But if you look at police reports, you see that it is safe.'

increasingly concerned about their future, and what will happen if they are unable to fund the renovations and repairs that are required. At what point will HUD step in and take over. Will they be forced out? Folks at Warren Gardens do not have anywhere else to go. This is their home. As Sheiry Smith puts it: "Everyone knows that there is no place for poor folks to go. Even the middle class is having a rough time now."

Sheiry Smith also remarks on the fact that the original homeowners who bought Warren Gardens had no idea what they were getting into. Even today, they do not have a full understanding of what is needed to move forward. These are folks who are volunteering their time, exhausting themselves, to try to do what is needed for Warren Gardens. But they can't make money out of nothing. And they feel overwhelmed, taking on all that needs to be done without any professional support or technical assistance to guide them through and help them. They can sustain what they have, but they don't have what they need to move forward or to grow. In order to move forward, they need funding for renovations and repairs, as well as for training and ongoing support/ technical assistance.

## Ongoing Struggle with Agencies & Systems

It was stated above that the history of Warren Gardens is one of struggle. Often, the people that Warren Gardens has had to fight have been the very people who should be helping them, not fighting with them. This has been the case so often that there is now a reluctance to talk freely. People see that everyone is connected in Boston. The City, HUD, the state, and the federal government programs, they all meet and they are all connected when it comes to cooperatives like Warren Gardens. So folks don't know who they can go to when they need to ask for help. When folks go to one agency, all of the others find out about the meeting and what was discussed. And there can be consequences. No one wants to criticize HUD because HUD might not give them the funding that they need if they do that.

Yet, these agencies that are supposed to be helping tend to be more committed to /accountable to their funding sources than to the folks they were created to help. This remains true even when folks who work in the agency see things happening (in the agency) that should not be happening.

When cooperatives see contradictory stories and/or wrongdoing from the agencies that are supposed to be helping them, they lose trust. Their trust is taken away. How do they get that trust back to a level that will sustain them? This leads to a more general sense of disempowerment, a sense that an unseen force is continuing to work (knowingly) to keep cooperatives like Warren Gardens down and in a condition that they can't rise out of. Cooperatives don't know how to fight that. Board members feel overwhelmed and unsure of what to do or how to do it to overcome these tremendous barriers that are put in the way of their cooperatives thriving instead of just struggling to survive.

Things were different several decades ago, Sheiry Smith noted. Everyone was speaking out then, without as much fear of repercussions. Warren Gardens also had the assistance of a number of grassroots advocates who were committed to fighting for Cooperative priorities. Folks like Bob Whittlesey with GPCD and Emily Auctenberg with Chapa were committed, phenomenal folks who fought for cooperatives without imposing their own personal agendas. Arch was another place that helped Warren Gardens purchase their property, and that used to come in every month to provide assistance and advice, to help with paperwork, to guide them on what needed to be done. There used to be a lot more of these types of grassroots activist types. Some of these folks are still around today. But, in general, everyone from that era has been so beat up and pushed in other directions that we don't have that type of focused, committed, effective activism for or by affordable housing cooperatives today. But we still have to fight, all of the time.



## Possible Assistance Desired

- It seems that Warren Gardens, like most other income-restricted cooperatives, could use ongoing guidance, advice, and support from a third-party professional who is paid to help them navigate the complex layers of funding and compliance with City, State, and Federal agency branches, and to advocate for the Cooperative at each of these levels, with each agency. Such assistance could also include building positive, trustworthy relationships with officials in these agencies, when this is possible.
- It sounds like Warren Gardens, like most other income-restricted cooperatives in Boston, could use ongoing technical assistance that provides education, training, and guidance to Board Members more generally. This type of assistance can help relieve some of the pressures on Board Members who are struggling to learn how to navigate complex systems while simultaneously performing their volunteer Board work.
- Warren Gardens might also benefit from renewed networking with other income-restricted/affordable Cooperatives in the City of Boston. This type of networking provided an important source (and one of the only sources) of support for the Cooperative when it was in the process of formation, and it could certainly provide similar support now. If these networking events are desired, but Cooperatives would rather be in charge of organizing them, a technical assistance provider could assist with organizing the first one or two of these networking events while working to empower any interested Cooperative leaders to take the organizing tasks on and make it their own.

## Funding Required for Renovations

Warren Gardens is required to serve low- and moderate- income residents as part of their deed restriction, as well as the needs of their Section 8 Tenants. Warren Gardens is in the process of attempting to

borrow money to upgrade, to do the renovations and repairs that are required under the new HUD rules. It will be difficult to do all of the required work with even a maximum loan amount from HUD. Making things worse, by the time they finally close on the loan, the interest rates will have gone up significantly, costing the Cooperative even more money. Inflation and the consequences of the aftermath of COVID-related issues have also driven prices up significantly over the last few years. So the money that they receive from loan proceeds will not be enough to do everything that was originally planned. Some of the projects will have to be put off for later.

The Warren Gardens buildings are quite old. They need new plumbing, new furnaces, new windows, new everything. The kind of money that is needed to fix everything could almost be better spent tearing down the buildings and rebuilding brand new structures. But Warren Garden's folks would have nowhere to go. They have seen the City do total renovations before, moving people out and putting them elsewhere temporarily. But they have also seen that not everyone gets to come back when that happens. So Warren Gardens folks are doing their best to work with what they have, in order to avoid displacement.

Because of their difficulties securing enough funding to do all of HUD's newly-required renovations and repairs, Warren Gardens is going to fail their next inspections. If they keep failing, HUD can write them up, or take possession of the property and put them into receivership. If that happens, the residents and the Board Members at Warren Gardens – those who are volunteering their time, exhausting themselves and being overwhelmed with doing everything they can to keep Warren Gardens going – will likely be blamed for not 'knowing what they were doing'. How are they supposed to know what they are doing when they never got training or technical assistance from professionals?

## **Funding without Partnerships**

Folks at Warren Gardens have seen the City offer different types of funding to Cooperatives in the past, but it has always involved some sort of partnership. It is not clear to Warren Gardens folks why a partnership is needed, but it does seem clear that these partnerships interfere with tenant ownership and control over operations. It is concerning and confusing to Warren Gardens and other cooperatives that they are expected to give up ownership and control over their cooperative in order to get funding. There is a sense that this should not be expected if there is a deed restriction requiring that the property remain low-income and low-equity forever.

## **Possible Future Assistance Desired**

Given the above, it seems likely that Warren Gardens could use some:

- Ongoing assistance with planning the phase out of any required repairs and renovations that will not be covered under the HUD loan, as well as
- Assistance in researching and identifying any possible additional, affordable funding opportunities (including grants), and
- Assistance writing and submitting applications for any of these opportunities that are approved by the Board of Directors.

Some of this work might be best done in conjunction with other cooperatives and the City of Boston as a whole (such as through a CDBG [Community Development Block Grant] that the City could obtain to provide at least some of the needed funding to various cooperatives with high needs).

## Pressure from Gentrifying Forces; the Need for Funding, Assistance and Support

Amidst Warren Gardens' struggle to find funding for renovations and improvements, gentrifying encroachment is happening all around them. Affordable housing is rapidly losing ground because many people have decided that there is more money to be made in selling and privatizing those developments. Everything is being built up around Warren Gardens. Rents are skyrocketing, housing prices are skyrocketing, banks are selective about who gets into the neighborhood, so much so that no one at Warren Gardens would be able to afford the houses or rents around them. Amidst this, Warren Gardens is struggling to find a way to make their required renovations, knowing that they will not be able to afford to make them all, and knowing that HUD will find them in violation for this failure.

As mentioned above, if the Cooperative fails or gets taken over by HUD, the residents and the Board Members will be blamed for 'not knowing what they were doing'. Yet, they are not –and have not been--receiving any form of assistance, education, training, or guidance that would ensure that residents and Board Members know the best ways to tackle their infrastructure issues. If there is a way to plan around the lack of funding that is the most significant factor in this equation, then Board Members need the training and support that will help them identify and accomplish this type of expert planning.

At present, Warren Gardens residents and Board Members feel that funding may be the only thing that can save them from increasing problems –both with their building and with their lender, who can make decisions on their future survival. Warren Gardens residents and Board Members are, otherwise, very distinctly feeling that their Cooperative is at risk of being lost. And none of them have anywhere else to go. They are Section 8. They include elderly folks. They include folks who have lived at Warren Gardens since it started 40 years ago. There are fewer and fewer places for poor folks in the City, and there are growing numbers of folks who need affordable housing (as noted above, Warren Gardens has a waiting list of over 200 people).

## **Possible Future Assistance Desired**

Please see the “Possible Future Assistance Desired” lists in the above sections. As Sheiry Smith noted, the one thing that could fix everything is a combination of (1) money to pay for what is needed and (2) professionals to guide them at every phase.

## **City Services**

Aside from the needed (1) training, advice, and support for Board Members, in general, and particularly with infrastructure improvements, and (2) funding, there are a few additional things that the City could do for Warren Gardens.

The City of Boston owns the sidewalks and streets outside of Warren Gardens. Despite this, the City only recently (in the last 2-3 years) started plowing the streets and picking up garbage for Warren Gardens. That wasn't happening a few years ago. It probably started because of the influx of new people coming into the neighborhood, and the rapid change in the neighborhood. Sheiry Smith suggested that, if the City could take on this responsibility more fully, and start fixing the sidewalks and the pathways/walkways around Warren Gardens where tree roots or other factors have caused cracks and breaks, that would be tremendous. Though Warren Gardens does own the pathways to the entrance of their buildings, they don't have the money to fix those, given all of the other required renovations that need to be done.

Additionally, Rockland Street is very dangerous and a stop light is desperately needed at the intersection. Warren Gardens has been trying to get this stoplight for years, but they have not been able to get the City to make this happen. There have been a number of accidents at this intersection because it is almost a blind intersection.

## Summary of CDI's Conversations with Board of Warren Gardens Housing Cooperative Company Inc.

On April 19, 2022, the Cooperative Development Institute had the pleasure and privilege of meeting with Warren Gardens Board Members, one of whom is also the president of the Warren Gardens Resident Association. Below are some notes from our conversation.

### Introduction to Warren Gardens

Warren Gardens is a successful Black-owned business that has been an important source of affordable housing since the 1960s. Incorporated in the 1980s, and spanning 227 housing units, Warren Gardens Members have worked together and raised families together. The multiple generations of these families, many of which are female-headed families, continue to contribute to the Cooperative. This is what has given Warren Gardens the level of staying power that they have had to survive throughout the decades.

Warren Gardens is making important contributions to the provision of affordable housing in the City and to the stability of housing in their neighborhood. Because of this, Warren Gardens Board Members feel that their Cooperative should be in a better position politically, financially, and in terms of obtaining needed building renovations. Instead, Warren Gardens has been overlooked for too long.

Board Members recognize that cooperatives are struggling right now. The Board knows of at least four other cooperatives in the City like theirs that are all struggling. Board members emphasized that this should not be happening: Cooperatives should not be struggling in the City when everyone else is thriving around them. All of the affordable housing cooperatives in their area should have been supported and left in a better position than they are in. They feel that it shouldn't be that

difficult, for a group that has been around as long as Warren Gardens has, to get the ear of the City. But they have been overlooked for decades. God willing (one Board Member emphasized), they need to get the City to hear them and help them this time around.

Below are some of the concerns of Warren Gardens' Board Members.

## Funding for Required Renovations and Repairs

Warren Gardens is struggling to get a facelift. Built in 1968, Warren Gardens is only four years older than a number of developments from 1964, all of which have been thoroughly renovated. Those buildings were gutted out and completely redone. According to Board Members, at least one of these buildings didn't even need to be done, because it wasn't in bad condition. Folks at HUD have told Warren Gardens Board Members that their<sup>2</sup> buildings need a complete makeover, and that this should have been done 20 years ago. Board Members don't understand why all of these other developments have been renovated but theirs have not had that opportunity.

Most of the repairs that have to be done at Warren Gardens are HUD-stipulated, obligatory repairs that the Cooperative is required to do. Warren Gardens is doing its best to keep up with the various HUD guidelines, and to keep the Cooperative looking well, up to code, and functioning as it should. The Cooperative also wants to do these renovations and repairs to give their member-residents an improved quality of life. Some of their buildings are falling apart, and Board Members remarked that these buildings look terrible. The Board has been waiting for years for their pending loan from HUD. They initiated the application for this loan years ago, and have been providing HUD with whatever was requested for the last several years. Yet, HUD –and the whole system-- keeps dragging this out, taking their time. There are still constant delays and constant new requests. Several months ago, the Board was told that they were finally down to just a 30-day waiting period. Yet they have still seen no movement.

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2. This is in reference to the Roxse Homes.

Since the loan application was initiated several years ago, building conditions have worsened, construction service and material prices have increased (nearly doubling in some cases). Their HUD loan is capped at a maximum amount of around \$4million dollars to renovate all 227 units, which will be increasingly more difficult to do as time drags on and prices continue to increase. In fact, Board Members are already resigning themselves to the idea that they simply might not be able to afford all of the renovations that they need to do, even with the maximum loan that they can take from HUD. Board Members express a sense of being stagnated and left behind by HUD and the City. They do not feel that they are being given clear information from HUD. This should not be happening, Warren Gardens Board Members remarked.

## Further Difficulties with HUD

One Board Member speculated that some of the difficulties with their HUD loan might be related to the original flexible subsidy loan that Warren Gardens had with HUD. According to Board Members, HUD attorneys did not file the paperwork for this loan correctly, so it never got recorded. HUD still does not have records for the loan today, though HUD knows it exists. Warren Gardens had thought that their flexible subsidy loan was being paid off all along, but they recently learned of this 30-year-old error. One Board Member suggested that, if this is what is getting in the way of the new loan, HUD should let the Cooperative pay this old loan off and re-write a new debt as a flexible subsidy. Then Warren Gardens could use that to move forward.

There also seems to be a disconnect between the regional HUD office and the national HUD office. The regional office is saying that they are not able to make the decisions on the loan; they have to wait for the national office. This may be another part of the cause for all of the ongoing delays. It is hard to tell, for sure, though, because the Board does not feel that they are being given clear information. This ongoing problem has been making some at Warren Gardens feel like they are being held hostage in a dispute that doesn't really have to do with them. And in the meantime, their buildings are deteriorating more and more each day.



## Better Relationship with the City: Funding, Recognition, City Agencies

In an effort to speed things up and start some of their required repairs, Warren Gardens Board Members went to the City and to local organizations, which they felt should have been able to help them get additional (City) money for their projects. When they asked these organizations for needed funds (grants), they were told, in a way that they felt was not nice, that there were loans for that sort of thing. Then, when they asked for help identifying the best loan terms, they were told by a City worker (in a sarcastic tone of voice) that “a loan is a loan is a loan.” This was frustrating to Board Members, since they were only asking for help from organizations that are supposed to be set up to help. Instead of getting help, they were treated poorly, spoken to sarcastically, and not provided with any information or assistance to help them understand different loan opportunities or loan terms that were available. Board Members also remarked that the same City person who treated them poorly later sent lenders to Warren Gardens to try to convince them to take out another loan that they could not afford. This process was alienating, frustrating, and unproductive, rather than being supportive of important resources in the community like Warren Gardens. To remedy this type of disconnect between the available resources and the needs of the community, Warren Gardens Board members feel that the City should provide better access to (better quality) assistance for Cooperatives that want to consider loans and other sources of funding.

Warren Gardens Board Members did want to point out that, prior to that experience, the Cooperative had been successful in obtaining a small amount of support from the City. This happened years ago, when the then-Mayor gave them money to secure a property from further damage. They would like more support from the City for this sort of thing, as well as for their other needs. One possible pathway to having the City better support the valuable resources like Warren Gardens, could be for the newcomers in the Mayor’s Office to get to know those in charge of those resources. One Warren Gardens’ Board Member

noted that, in previous years, folks in the Mayor's Office (and other elected officials) have known Warren Gardens Board Members on a first name basis. The new people in the Mayor's Office do not know them at all. Warren Gardens would like an improved relationship with the City. They would like the City to come meet with them, to walk around their property with them, to learn about them, and to sit down with them and discuss a plan for how the City can help them. One Board Member offered that maybe the City could be accompanied by Eight Strong or other agencies/organizations that can help Warren Gardens to prepare a strategic plan for getting the funding that they need, including how to get the funding, where to get the funding, what has to go into the applications, etc. Board Members, themselves, don't know much at all about this type of stuff. They just know that they get a lot of negative attitudes from City agency workers when they try to ask about it.

As one Warren Gardens Board Member put it (paraphrased): "The system is broken and the Mayor's Office needs to upgrade it. The Mayor's Office needs to upgrade everything and come sit down with Warren Gardens and strategize with them, both to help Warren Gardens with its needs and to make the City more effective." In addition, City Agencies like the BPDA need to be updated. They do a lot of building on land/property, but they are old and outdated. Board Members have heard that the BPDA is trying to become more up-to-date in how they do things. The BPDA has not been revisited in a long time, so this could be a good thing, if the revisiting can make the system work better for Boston cooperatives.

Warren Gardens would also like the City to provide more monetary support in the form of grants. This is what Cooperatives really need: grants. Warren Gardens has a HUD-approved construction plan in place, a solid scope of work that shows what needs to be done and how much it will cost, a contractor on stand-by and ready to start. Everything is ready to go, but they still can't start because of the HUD delays.

Meanwhile, escalating prices mean that the Cooperative is taking out the maximum loan that HUD will allow, yet it still will not be able to accomplish all of the renovations that need to happen. As an important source of affordable housing, the Cooperative should be recognized and valued by the City through access to grants that allow the Cooperative to do what they need to do without going deeper into debt.

In particular, the Cooperative needs unrestricted grants without required partnerships. In the past, everything that has been offered to the Cooperative seems to have come with required partnerships. These partners –private investors or City agencies-- always tend to want to impose their own agendas on Cooperatives, and this can conflict with the Cooperative model that has a democratically-elected leadership make decisions that are in the best interest of the Cooperative as a whole. As a minority-owned business, Warren Gardens is not looking for a partner to interfere. They are looking for assistance that respects Warren Gardens' right to thriving self-determination.

## Unchecked Gentrification

Warren Gardens Board Members also noted their concerns about the seemingly unchecked gentrification that is rapidly changing the neighborhood around them. New buildings are going up everywhere right now. Housing is being built right across the street, as well as down the street and up the street from them. All of this is within eyesight of their buildings. But it also stretches out well beyond eyesight. One Board Member noted that every time she drives down the road, she sees a new construction site. Buildings that seem to have existed forever are now gone and being replaced with new developments. At the same time, Warren Gardens' houses are falling apart. Board Members remarked that some of their buildings look terrible when you drive down the street, and this makes them feel like a target for speculative property investors.

The Board feels concerned that properties all around Warren Gardens are being bought up, but Warren Gardens has not been able to get information on the new owners. They have also not been able to get information on land prior to it being sold. In one case, Warren Gardens Board Members say that they asked about a plot of land and were told that it was not for sale, but then they found that it had been sold around that same time to someone who doesn't live in the country. Warren Gardens Board Members think that information on properties for sale, property owners/seller, and property buyers should be more accessible. They feel that the City of Boston should be more forthcoming with answering questions relating to land and property in the area surrounding Warren Gardens. They think the City owes it to their constituents to be better at this.

Warren Gardens Board Members know that their Cooperative sits on prime property that everyone seems to want. They don't want to feel threatened in their homes and their security because of rapidly shifting land ownership and other changes around them. They want to be secure and have their families be secure in where they live. They have seen so many instances of displacement, of buildings being renovated, tenants being told they could move back after renovations, and then tenants being forced out permanently, never allowed to return to their homes. Those homes get fixed up nice, the name of the building(s) changes, and new people move in to take ownership. Arbor Point to Columbia Point is just one example.

Summarizing her feelings on all of the above, another Board Member remarked (paraphrased as best as possible):

Why can't Warren Gardens get the assistance that we need? We are owners. Why can't we negotiate and get what we need and have the okay for that [from government agencies like HUD]. We are just going back and forth with HUD. We are just the Lone Ranger, left on our own. We have been fighting this stuff for years and we are still standing. We should be able to feel secure in our land, our property, and our ownership of our business that we have. We need to sit down with somebody and make them understand

that we are here and we are people and we need to live and survive and not be displaced. We need the city to come in and help us stay placed. We have multiple generations living here, four generations of people that are here. Where are they going? Why do they have to leave from where they were born and raised? We need to continue to feel stable. We need our families to feel stable. We shouldn't feel like we are going to lose our homes.

## Additional Needs

Some of the additional, specific things that Warren Gardens would like from the City include:

- Help with obtaining and installing solar panels and/or solar towers so that Warren Gardens residents can save on their electric bills.
- Traffic lights at the end of the street have been requested for years. Lots of accidents happen at that intersection, yet there is still no traffic light.
- Newly laid concrete walkways would also be ideal. The old concrete walkways are a tripping hazard with their cracked and raised concrete. If the City could help the cooperative with this, that would be very appreciated.
- The parking lots at Warren Gardens, which are maintained by the City, are old, cracked, and in need of upgrades.
- The streets around Warren Gardens are cracked. The City came in and repaved just up the street from Warren Gardens, and repainted the lines for crosswalks. But there is still no crosswalk on Rockland and Walnut. This past summer a Board Member saw a car flip up and flip over at this intersection. The crosswalk is sorely needed.
- Warren Gardens could also use assistance with security, in the form of new/more energy efficient lighting and security cameras that work.
- Warren Gardens would like assistance redeveloping their garden, which used to be the location of a stone company.
- Landscaping on surrounding City-owned property is needed.
- There is a hill that is private property, trust property, where the city had come in and fixed up to make it more scenic in years past. This needs to come back and do some updating.

- Funding for accessibility renovations. Warren Gardens hosts a lot of senior citizens who have a difficult time getting around. The Cooperative needs funding to make units more accessible.
- Ongoing technical support so that Warren Gardens Board Members do not have to feel like they are left on their own to fight with HUD and the City for their survival.
- Warren Gardens Board Members do not want CEDAC or CDI to cut up their interview responses into sound bites that don't represent what they originally said.