



COOPERATIVE HOUSING

What is a Housing Cooperative?

Cooperatives (co-ops) combine aspects of renting and owning. Financially they are like renting, but they offer a level of control that is like owning. The unique part is that they require ongoing teamwork with the other members and provide a strong sense of community.

A co-op is a member-owned business that manages the housing. Each member is both a resident of the co-op and a shareholder (owner) in the business.

The co-op corporation acts as the landlord. The members, with contracted staff, manage their budget, set the policies, oversee repairs, and solve problems. The corporation owns or leases the buildings.

Co-op members share the responsibilities that a homeowner or landlord handles alone. They have more control and responsibility than renters do. They don't have to make as big a financial investment as in individual ownership, but do have to work together.

“ I was frustrated with renting. My landlord wouldn't fix the heat and I wanted more control over my situation. Now I've got it.”

QUEENSBURY CO-OP

Benefits of Joining a Cooperative

- **Community:** Members get to know each other by working together.
- **Transparency:** Members can learn the reasons for decisions that affect them.
- **Sense of security:** Living in a building where residents know each other feels more secure.
- **Democracy:** Everyone can have input.
- **Equality:** There's a commitment to fair and equal treatment.
- **Problem solving:** Members can find ways to control costs.

Challenges of Joining a Cooperative

- **Mutual accountability:** All members are expected to contribute while they live there.
- **Social intensity:** Problems can feel extra-intense in the co-op context.
- **Responsibility:** Members decide major legal and financial issues, so they have to put time into learning and thoughtful discussion.
- **Group processes:** Working with a group of people can take time.

Living in a co-op calls for commitment, mutual respect and a collaborative approach. It is good for people who want a sense of community and shared control, and who are able to contribute productively.

A Comparison of Forms of Housing

	COOPERATIVE	RENTAL	SINGLE FAMILY	CONDOMINIUM
Who Owns It	The members own a corporation that runs the property. Your share in the corporation entitles you to lease your unit.	A landlord owns the property; tenants have no ownership rights. Private landlords can tell tenants to leave when a lease expires.	Owners acquire individual title to their house and land. They have full ownership and the risks and benefits that go with it.	Residents buy their unit plus a share of the common elements. They usually need a mortgage to buy the unit.
Monthly Cost	Members pay a monthly carrying charge for their share of the co-op's expenses.	Tenants pay rent . A landlord can raise the rent with no explanation and there is no legal limit on rent increases.	Owners pay a mortgage, taxes, and insurance . They also pay for any repairs or maintenance needed.	Condo owners pay the mortgage and taxes to the lender, plus a monthly fee to the condo association.
Move-in Cost	New members buy a share in the cooperative corporation and pay a security deposit that is equivalent to their first month's carrying charge .	In Burlington, landlords can charge one month's rent as a security deposit, plus the first month's rent . The rules vary by town in Vermont.	Most people buy property by means of a mortgage with a down payment of at least 5% and closing costs of 3% or more.	Mortgage down payment and closing costs plus the first month's condo fee ; often a "contribution to capital" of 1 to 2 months' fee also.
Policy & Community Control	Co-op members elect their Board of Directors , which sets policies and budgets. The Board also creates committees to help run the housing.	Landlords set the rules on pets, modifying an apartment, who can move in, etc., and budgets. Renters usually have no say in these decisions.	Individual owners make the rules for their household; they have no say over neighbors' behavior.	Condo associations, like co-ops, elect a Board of Directors to set policies and oversee finances.
State Tax Benefits	Members can qualify for either the rental rebate or the homeowner tax reduction , depending on their income.	Renters may qualify for Vermont's rental rebate depending on their income.	Homeowner prebate , depending on income.	Homeowner prebate , depending on income.
Federal Tax Benefits	Members of owned co-ops can deduct their percent of mortgage interest and property taxes if they itemize on income tax returns.	No benefit.	Mortgage interest and property taxes are deductible on itemized income tax returns.	Mortgage interest and property taxes are deductible on itemized income tax returns.

Members' Core Responsibilities

Joining a housing co-op means making a commitment to take on certain responsibilities.

A co-op requires mutual accountability from all of its members to ensure its longevity and success.

Financial Stewardship for Permanent Affordability

- **Shared Responsibility:** Members share responsibility for keeping costs down and keeping the co-op financially healthy.
- **Carrying Charges (Co-op Rent):** Members' monthly carrying charges are the co-op's only income source.
- **Timely Member Payments:** Carrying charges pay all of the co-op's bills—taxes, maintenance, property management, etc. Timely payment by members is crucial and nonpayment hurts the other members.
- **Long-term Affordability:** By participating and managing the property responsibly, the members keep the charges as affordable as possible while also maintaining the property in good shape over time.

Participation Required by Members

- **Member Control:** As the owners of the co-op, the members control it. With that control comes responsibility.
- **Participation:** It is crucial that every member participate regularly, to reduce costs and maintain control.
- **Service:** Every resident-member serves on one of the co-op's committees and/or the Board of Directors.
- **Maintenance Work:** Members either do or oversee all the tasks that a landlord would perform. Sharing the work strengthens community and saves money.
- **Property Management:** Most co-ops contract with CHT for some of the day-to-day operations of property management and maintenance. But members still have to understand the work in order to monitor the contracts.



CHT Provides Support and Training for all Co-op Operations

Member work lets you build new skills and extend old ones!

Every member has something to offer the co-op.

Roles of Board of Directors & Committees

BOARD OF DIRECTORS

- Create and revise policies.
- Work with and monitor the property manager (CHT).
- Set a yearly budget and any carrying charge increases.
- Approve new members.
- Oversee committees and make sure they are running well.
- See that the co-op has the resources to solve problems and interpersonal conflicts.
- Ensure that all members are participating in accord with their commitment to the co-op.
- Ensure that the co-op is planning and saving for long-term repairs and maintenance.



Finance & Administration COMMITTEE

- Monitor the co-op's income and expenses.
- Monitor committee budgets.
- Monitor co-op reserves.
- Maintain co-op documents



Buildings & Grounds COMMITTEE

- Monitor work orders and member work.
- Manage upkeep of common areas and buildings.
- Manage turnover of units with CHT.
- Review Capital Needs Assessments and propose annual work priorities.



Social & Communications COMMITTEE

- Plan events and social aspects of the annual meeting.
- Provide communications in the co-op through a newsletter or other means.
- Orient new members.
- Help with communications needs.
- Promote member participation through community building.



Education & Member Selection COMMITTEE

- Interview applicants.
- Work with CHT on outreach to attract applicants.
- Provide member education.
- Attend training for member selection/ fair housing before interviews.
- Follow all fair housing regulations and help the co-op to do so as well.

“ We live here as friends and neighbors, not as strangers. This is very important to me.”

THELMA MAPLE CO-OP

Steps to Co-op Housing Membership

1 Submit a CHT Rental Application and Co-op Addendum

This allows us to add you to the waitlists of the co-ops that interest you.

We do not process the application until there is a vacancy you might qualify for. At that time we ask if you are still interested and allow you to update any information on your application.

2 CHT Processes your Application and Schedules a Co-op Orientation

Our office checks your: 1) *Credit History*; 2) *Housing References*; 3) *Criminal Background*; 4) *Income*; 5) *Character References*

During this time, we will contact you to schedule a co-op orientation.

We forward the relevant results to the co-op's interview team. (We do not send financial specifics or SSNs.) The team then decides if they want to invite the applicant in for an interview.

4 Recommendation and Board Decision

After interviews, the committee recommends approval or denial to the co-op's Board of Directors. The Board makes the final decision to approve or deny an application.

The unit is filled based on the initial application date of all approved applicants. Approved applicants who do not get the unit are kept on the waiting list until another unit opens up. Applicants will not need to go through the interview and orientation process again.

** Denied applicants receive a letter stating the reasons for the denial. You can appeal if you feel the decision was unfair or incorrect.*

3 Interview with the Co-op

If your application meets the basic membership criteria*, someone from the Member Selection committee will contact you to set up an interview with all the adults in your household.

5 Signing Papers & Share Purchase

If you are offered the unit and accept membership in that co-op, the property manager from Champlain Housing Trust will schedule your move-in and set a time for you to purchase your share and sign all relevant documents.

6 Move in. Yeah!

7 Join a committee and start your intentional-community living experience!

“ I've had a long-standing interest in the benefits of teamwork and I feel fortunate to be part of a community where cooperation is central to our mission.”

ROSE STREET
ARTISTS' CO-OP

