

D R A F T

The Advantages and Disadvantages of Cooperative Housing as an Affordable Alternative

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EXECUTIVE SUMMARY

Cooperative housing is a viable homeownership alternative that provides affordable, quality living space, as well as a number of social benefits. This paper examines what research has said about the benefits that can come from cooperative housing, the challenges that come with a cooperative housing structure and where more research is needed. Research is examined that describes the affordability, housing quality and the social benefits of cooperative living relative to other housing alternatives.

Housing costs are rising rapidly across the country, making the dream of homeownership more difficult each day. The limited supply of affordable housing is a critical problem facing low-income households and while innovative mortgage products have put more homes in the affordable range, there are still income and wealth barriers for many households. Cooperative housing offers an affordable alternative that can lower, or at least stabilize, the housing burden that so many households are facing and act as an entry-way to homeownership.

Cooperatives take advantage of economies of scale in initial construction, operations and ongoing maintenance and rehabilitation.

- Research conducted on cooperatives in Canada and New York City have demonstrated that they were the most affordable housing alternative when quality of housing was also considered.
- One Canadian study compared physically similar cooperative and rental properties and found cooperative operating costs to be, on average, 21 percent lower than that of the rental properties.
- The Canadian Mortgage and Housing Corporation compared the various costs of its housing programs, controlling for age and geographic location, and found that operating costs for public housing were at least 50 percent higher than those for cooperative housing.
- In New York City, coop housing was compared to city owned and managed properties, for-profit and nonprofit rental and the public housing across a number of categories. While coop housing did not have the lowest rents, the tenants scored it highest for reasonableness of cost, with nearly 7 out of 10 finding their monthly costs to be “very reasonable”.

Studies of coop housing in New York City and Canada have also demonstrated that coops do not sacrifice quality for affordability. Good housing quality holds true for limited equity cooperatives (LECs) as well, in which resale price and/or income limitations assure long-term affordability of acquisition in addition to affordability of occupancy.

- In the New York City study, tenants rated coops the best on housing quality compared to the other types of *in rem* properties using a number of building characteristics, including heat, hot water, plumbing, security, windows, cleanliness and electricity.
- Cooperatives also scored the highest on ratings of repair quality and management characteristics, including quickness, durability, quality, information, availability and employees.
- A study of coop housing in Canada found that residents were “extremely satisfied with their housing and living environments” compared to those living in other government-supported housing programs.
- A study of limited equity cooperatives in the United States and Canada found, among other things, that LECs provide high quality, safe, affordable housing for low-income families.

Cooperative housing has been found to provide certain social benefits along with affordable, high-quality housing.

- Findings from studies in the rural Midwest, New York City, and Canada demonstrate that coops can have a positive influence on crime, the elimination of drug activities, resident capacity-building, career opportunities and other quality-of-life factors.
- LECs have equaled affordable market-rate cooperatives in producing social benefits.

Research on cooperatives has been limited and a number of issues need to be examined more thoroughly.

- Additional research on cost comparisons between cooperative housing models and other alternatives could help to highlight the potential cost-savings from coops.

- In particular, there is no real information on the maintenance, repair, and improvement costs of homeownership over time, particularly in a single-family context.
- Further research could provide examples of successful coop management, education and training to help lay out a roadmap for how to prepare people for cooperative living and to ensure that it is successful in the long run.

There has been significant research on the social benefits of homeownership, generally, but little attention has been paid to whether those benefits are at all affected by whether the home is a detached single-family dwelling or part of a multifamily development. Still less research has looked for benefit differentials between cooperative and condominium ownership.

INTRODUCTION

Cooperative housing is a viable homeownership alternative that provides affordability, quality living space and a number of social benefits. Particularly in high-cost markets, cooperative housing is an effective means for households with little savings and limited income to achieve homeownership. While there are many challenges to creating successful cooperatives, lessons learned from past experiences combined with a concerted effort to promote coops as a homeownership alternative can bring the values that come with homeownership to many of those who have been left out of the recent housing boom.

This paper describes what research has found about the benefits that can come from using cooperative housing, the challenges that come with a cooperative housing structure and where more research is needed. Research is examined that describes the affordability, housing quality and the social benefits of cooperative living relative to other housing alternatives. The available research on coops is not extensive, but does provide some insights to advantages and disadvantages of cooperative housing.

Cooperative Housing Can be More Affordable than Alternatives

The Rising Costs of Housing

Housing costs are rising rapidly across the country, making the dream of homeownership more difficult each day. Nationally, new home prices have increased 12.5 percent since 1996 and 3.3 percent in the last year alone (JCHS 2004). In many areas, these increases are even greater: the District of Columbia saw median home prices more than double between 1999 and 2003 (NNIP 2004). Rents are also on the rise. Since 1996, median asking rent has increased by more than one-third from \$672 to \$905 (HUD 2003a).

These increasing housing costs come at a time when incomes for most households are not rising as quickly and job loss is prevalent. For example, in Boston housing prices rose 7.8 percent in the past year even as payroll employment fell by 1.5 percent (JCHS 2004). Thus, the housing burden – the cost of housing as a portion of income – has worsened for most households and has gotten particularly worse for low-income households. In 1991, a typical low-income family devoted 38 percent of their income to housing; that share jumped to 45 percent by 2001 (JCHS 2004). Nearly half of all renters in 2001 were paying 30 percent or more of their income for rent and 23 percent paid more than 50 percent (AHS 2001).

Little work has been done to analyze the effect of a localized supply of affordable homeownership opportunities on homeownership rates among low income and minority households. What work there is indicates that supply can be a critical problem. Using 1998 Metropolitan American Housing Surveys, Stegman, Quercia and McCarthy (2000) looked at vacant units and found a severe shortage of units priced affordably for working families in 17 MSAs. Using data broken down on a county level, Lipman (2004) found that only six of the thirty counties analyzed (selected counties represented all levels of population density and density mixes from solely rural, through suburban and mixed, to highly urbanized) had a median home price (including both single family and

multifamily ownership units) affordable by that county's typical police officer, firefighter, and elementary school teacher. Only nine of the thirty counties had a median home price affordable by even **one** of the three critical occupation types. Surveys of the entire sample of 98 counties found that officials from 69% of counties considered affordable housing for working families a fairly big or very big concern.

In perhaps the most sophisticated study of the nation's supply of affordable homeownership units, Collins, Crowe and Carliner (2001) broke American Housing Survey data down into 33 metropolitan areas further subdivided into 378 zones. Using multiple regression analysis, they found that families in their peak earning years with incomes between 50% and 80% of area medians had homeownership rates that varied consistently with the supply of affordable homeownership units available in their neighborhood and, in specific, that "housing stock variables explain much of the variation on homeownership rates for 40- to 65-year-old low-income households." They recommend encouraging the conversion of vacant and rental units into affordable homeownership.

The rise in housing costs is also increasing the costs of providing publicly assisted housing. A recent examination of public housing costs found that rents for Section 8 funded properties were rising above local market rates, increasing subsidy costs (Smith 1999). The study found that 90 percent of the newer portfolio of assisted housing had above-market rents, while the older assisted portfolio had only 15 percent of its properties with above-market rents. As a result, per-unit subsidies for the newer portfolio were nearly double those of the older portfolio. While the newer portfolio generally provides a better quality home, it is by no means clear that the difference in quality is commensurate with the difference in cost. What is clear is that program costs will continue to rise if assistance shifts from older to newer properties and as local rents continue upward.

How Cooperatives Provide a More Affordable Alternative

Cooperative housing offers an affordable alternative that can lower, or at least stabilize, the housing burden that so many households are facing. Though many households would prefer to own a single-family house – no common walls and a yard appeal to many potential homebuyers – single-family homes are simply out of reach in many markets, particularly for first-time homebuyers. Multifamily homeownership, whether it is organized as a condominium or a cooperative, is often an entry-way to homeownership, providing ownership at a substantially lower cost than single-family homes.

“Cooperatives offer an affordable alternative to potential buyers who seek to own a home by taking advantage of economies of scale...”

Cooperatives offer an affordable alternative to potential buyers who seek to own a home by taking advantage of economies of scale in initial construction, in operations, and in ongoing maintenance and rehabilitation. Shared walls, roofs, and foundations as well as lower per-unit costs for land acquisition and improvement mean lower per-square-foot development costs. Bulk purchasing of window, door, and furnace replacements and large-scale roofing, paving, and other rehab projects provide substantial savings on a per-unit basis. In a low-income setting, the spreading of costs among coop members cushions the economic shock of emergency repairs that so often leads to mortgage delinquency and foreclosure for single-family homeowners.

Acquisition Costs

The determination of what purchase price is affordable to a given family is affected significantly by the terms of the mortgage(s) available to that family. A recent study that examined the potential of innovative mortgage products for creating homeownership (Listoken et al 2001) found that 28 percent of renters who could not afford a modestly priced home are constrained only by down payment/closing costs, while 4 percent were constrained

by income alone and 68 percent were constrained by both wealth and income. Cooperatives offer advantages in reducing both constraints. By purchasing a less expensive cooperative unit, the buyer reduces both the amount financed (income constraint) and the amount of down payment funds required (wealth constraint). Cooperative purchasers also avoid many of the closing costs associated with mortgages for condominiums or single-family homes, such as tax and insurance escrows, title fees, and (sometimes) recording taxes, thus further reducing the wealth constraint.

Occupancy Costs

Multifamily ownership options, by reducing per-unit development costs, create affordability of acquisition. By reducing operating and maintenance costs, they also reduce affordability of occupancy.

Over time (and setting aside the cost of acquiring a cooperative membership), cooperatives offer a less expensive alternative than renting, as well, because cooperatives do a better job of holding monthly housing costs stable. From their inception, cooperatives operate at cost. They neither provide a cash-flow return to a third-party owner nor service blanket debt incurred to provide a profit to a third-party seller. The difference between monthly housing costs in a cooperative versus a physically and locationally comparable rental property will increase over time, since coop carrying charges are based on the coop's needs rather than on "what the market will bear", an important consideration given how rents have recently increased. Further, cooperatives seem to do a better job at controlling monthly operating costs (a figure unaffected by either return to owner or debt service). A study comparing physically similar cooperative and rental properties subject to the same regulatory requirements and managed by the same professional management company found cooperative operating costs to be, on average, 21 percent lower than that of the rental properties (Parliament, Vonnegut and Parliament 1998).

"...operating costs in public housing were, on average, double those in coops and that operating costs in nonprofit housing were 15 to 60 percent higher than in coops."

Canada has a much deeper experience with cooperative housing than does the United States and a number of evaluations of cost effectiveness their demonstrates its relative efficiency. When the Canadian Mortgage and Housing Corporation compared the various costs of its housing programs, controlling for age and geographic location, it found that operating costs for public housing were at least 50 percent higher than those for cooperative housing (CMHC 1991). The same evaluation found that nonprofit projects had operating costs 25 percent higher than coop projects created under the same program, Section 95. A 1983 evaluation found that operating costs in public housing were, on average, double those in coops and that operating costs in nonprofit housing were 15 to 60 percent higher than in coops (CMHC 1983).

An assessment of housing alternatives for New York City's *in rem* housing stock (properties that became city-owned through property tax foreclosures and were later transferred to a variety of ownership types) found that, although rents were not lowest in cooperative apartments, they were considered the most "reasonable". Coop housing was compared to city owned and managed properties, for-profit and nonprofit rental and the public housing across a number of categories. While coop housing did not have the lowest rents, the tenants scored it highest for reasonableness of cost, with nearly 7 out of 10 finding their monthly costs to be "very reasonable" (Cotton 1996). The quality of coop housing must be included in the affordability equation and is examined in greater depth in the next section.

The affordability of coop housing is furthered by public and private resources that are targeted for this housing alternative. Cooperatives, in turn, are highly efficient users of these resources.

Use of Public Resource

The Department of Housing and Urban Development's Section 213 mortgage insurance program has the best loan performance and lowest default rate of any HUD multifamily program. Unlike other FHA multi-family insurance programs, which require annual congressional appropriations of credit subsidy, the 213 program (which is organized as a mutual insurance pool) does not. In fact, it annually returns the bulk of the mortgage insurance premiums paid by members of the 213 pool back to the cooperatives that paid them. The Section 213 program helps reduce the wealth barrier to homeownership by allowing up-front costs, including both down payment and closing costs, to be as low as 2 percent. In addition, the up-front costs can be borrowed, further reducing the wealth barrier. Because Section 213 loans can be spread out over 40 years rather than the standard 30, monthly housing costs are reduced as well.

Cooperative performance in other FHA mortgage insurance programs demonstrate similar efficiencies in the use of public resources. A 1994 analysis of insured multi-family loan performance in the 221(d)(3) BMIR and 236 mortgage subsidy programs by the Urban Institute found that cooperatives represented relatively low-risk investments compared to rental properties owned by both for-profit and non-profit entities (Calhoun and Walker 1994). Cooperatives demonstrate substantial efficiency in using operating subsidies, as well. Cost savings to cooperative members reduce the cost of tenant-based assistance to HUD or other government providers. The 21% cost savings documented by Parliament, et al, is passed right through to the government when the cooperative member receives section 8 assistance.

Use of Private Resources

The greater efficiencies hold true for private resources, as well. *What true statement can we make as to NCB's superior experience w/ cooperative blanket loans???* In analyzing the non-payment and default rate of the cooperative share loans (loans to individual cooperators secured by their individual cooperative interests) in its single-family pools, Fannie Mae, noting a default rate lower than other forms of single-family loans, has called their performance "stellar".

Minimizing Displacement

“The cooperative ownership structure is especially effective in limiting displacement as conversions occur.”

Conversion of rental properties to cooperative ownership can minimize displacement in gentrifying communities. Conversion of existing rental properties to affordable multifamily ownership provides the panoply of homeownership benefits to those residents who are able to purchase (stability, wealth creation, etc.) and additional benefits to the neighborhoods in which they live (increased property values, diversity, community involvement, etc.). The cooperative ownership structure is especially effective in limiting displacement as conversions occur. Careful use of blanket financing combined with careful targeting of subsidies can limit the constraint imposed by the need to qualify for individual mortgages and, as discussed above, limit the need for savings to cover down payment and closing costs. These elements combine to allow more existing residents to remain in place as homeowners.

The Cooperative Alternative Still holds Many Challenges

Although coop housing is an affordable alternative, there are still a number of challenges to creating a significant volume of homeownership opportunity using the coop model. Where extremely aggressive mortgage products (e.g. loans with ultra-high loan to value ratios and loosened mortgage to income ratios) and a variety of down payment subsidies (including through programs using HOME dollars) are available, the primary barrier to owning a home (lack of savings for down payment/closing costs) is minimized. Due to a variety of factors, including lack of knowledge, cooperatives are often disadvantaged in accessing these products and programs. While certain programs available to cooperatives, such as HUD's Section 213, minimize this barrier, the program has been difficult to implement and, therefore, has not been fully utilized.

In the most basic of circumstances, cooperative ownership is hobbled compared to single family homeownership. Even the use of identical mortgage qualification ratios coupled with significantly different calculations of the housing costs included in those ratios, as between multifamily and single family home mortgages (PITI vs. PITI plus the operations, maintenance and reserve costs included in coop and condo monthly fees), has a punitive effect on purchasers of condominium and cooperative housing and bears no relation to actual risk of mortgage default.

HOUSING COOPERATIVES CAN PROVIDE BETTER QUALITY HOUSING THAN ALTERNATIVES

Coop housing would not have much of an appeal if its quality was not good, no matter how affordable it might be. Studies of coop housing in New York City and Canada have demonstrated that coops do not sacrifice quality for affordability. Good housing quality holds true for limited equity cooperatives (LECs) as well, in which resale price and/or income limitations assure long-term affordability of acquisition in addition to affordability of occupancy.

A HUD research study (HUD 2003b) compared the physical and neighborhood characteristics of condos and cooperatives to both single-family homes and renter-occupied units. Condos and coops were generally newer than other housing units, larger than rental units but considerably smaller than single-family owner-occupied units, had more bedrooms than rental units but fewer than single-family owner-occupied units, and had the same number of bathrooms as single-family owner-occupied units (considerably more bathrooms than rental units).

“In fact, fewer than 10 percent of tenants give tenant cooperatives poor marks in any building category.”

The New York City study surveyed nearly 3000 residents of Brooklyn who lived in *in rem* housing with various management types: city owned and managed properties, for-profit and nonprofit rental, public housing and cooperative housing (Cotton 1996). Tenants rated coops the best on housing quality compared to the other types of *in rem* properties using a number of building characteristics, including heat, hot water, plumbing, security, windows, cleanliness and electricity. In fact, fewer than 10 percent of tenants give tenant cooperatives poor marks in any building category. Cooperatives also scored the highest on ratings of repair quality and management characteristics, including quickness, durability, quality, information, availability and employees. An earlier study of *in rem* housing in New York City (Henderson et al 1993) reached similar conclusions regarding building quality, with cooperatives outscoring the other ownership and management alternatives by at least 15 percentage points.

The ultimate sign of quality may be residents desire to stay in their building as opposed to “voting with their feet”. Nearly three-quarters of the residents in the New York City survey wanted to stay in their coops, with none of the other housing alternatives scoring as high as 60 percent of residents wanting to stay. This is also reflected

in length of residency, with coops keeping their tenants for an average of 13.5 years, compared to 10.6 for nonprofit rental, 10.2 for for-profit rental, 9.0 for city-managed and 5.4 for housing authorities.

A study of coop housing in Canada found that residents were “extremely satisfied with their housing and living environments” in relation to those living in other government-supported housing programs (CMHC 1991). When compared with their previous accommodations, this study also found that coop residents generally believed that most aspects of their housing conditions had improved.

A study of LECs in the United States and Canada (Saegert and Benitez 2004) found that LECs:

- provide high quality, safe, affordable housing for low-income families;
- contribute to stable, economically and ethnically diverse neighborhoods;
- can fulfill some economic and social needs more successfully than rental housing, particularly for groups that have special needs or where housing is especially expensive or distressed;
- offer stable housing costs in hot real estate markets and resistance to default in down markets while requiring similar or lower subsidies than comparable rental housing; and
- can be an attractive housing alternative for a substantial portion of renters and some homeowners who spend more than 50 percent of their income on housing.

A recent study of LECs in the District of Columbia (CNHED 2004) drew similar conclusions. The study not only found that 80 percent of the LECs examined were in excellent or stable financial condition, but that they provide “extraordinarily affordable housing” and serve an important role in preventing displacement in rapidly gentrifying areas.

Challenges to Assuring that Housing Quality Meets Homebuyers’ Demands

One of the primary problems with cooperatives, particularly small LECs, has been finding effective property management companies that can operate efficiently. Cooperatives also require a certain amount of resident participation in the operation of the coop and many people are unwilling to take on such responsibilities. Potential coop members may also lack an understanding of the advantages and requirements of living in a cooperative as well as some of the skills necessary to run the cooperative properly. Development size sufficient to provide an adequate leadership pool (as well as to produce economies of scale and reduce the effect of individual non-payment) and training of cooperative boards and members are critical elements of success for affordable housing cooperatives.

A study of public housing residents whose developments were converted to LECs (Rohe 1995) pointed out a number of barriers to making this conversion successful. The study cited inadequate board training, the lack of communication between board members and other coop members, the lack of participation by many members in cooperative affairs, and the poor quality of the housing stock as factors inhibiting a successful conversion. It concludes that while conversion is feasible, it is likely to take significant time, effort and expense. This study, however, used very a small sample and the conversion methodology utilized in all cases was relatively cumbersome. Anecdotal evidence from earlier conversions using simpler conversion models does not comport with Rohe’s findings.

Finally, the “concept” of homeownership held by many renters is single-family homeownership, white picket fence and all. Overcoming this mental barrier and selling the idea of multifamily homeownership is a challenge that needs to be addressed.

COOPERATIVE HOMEOWNERSHIP PROVIDES SIGNIFICANT SOCIAL BENEFITS

Cooperative housing has been found to provide certain social benefits along with affordable, high-quality housing. Findings from studies in the rural Midwest, New York City, and Canada demonstrate that coops can have a positive influence on crime, the elimination of drug activities, resident capacity-building, career

opportunities and other quality-of-life factors. LECs which, by limiting resale prices, add long-term affordability of acquisition to other forms of cost-reduction, have equaled affordable market-rate cooperatives in producing social benefits.

Respondents in a study of senior rural housing cooperatives (Lanspery 2001) cited the following advantages of rural senior cooperative housing:

- Shareholders preserve their hard-earned equity and continue to experience homeowner tax advantages.
- Seniors retain control over their housing and their lives.
- Expenses related to maintenance chores are minimized while allowing shareholders to maintain control over them.
- The community created is supportive and safe, yet independent and affordable.
- Older people remain in their communities, continuing to contribute to the community's social, spiritual, and financial health.
- Independence through accessibility and support, and interdependency through community and shared responsibility is promoted.
- Shareholders benefit from economies of scale to save money on and increase flexibility of services such as maintenance, repair, landscaping, housekeeping, transportation, and shopping assistance.

Residents in the cooperatives overwhelmingly reported that they had recommended cooperative living to their friends (97%) and that they liked their cooperative better (58%) or at least as well (34%) as their previous single-family home.

The New York City study (Cotton 1996) of alternative housing ownership structures found that cooperatives experienced fewer problems with drugs and crime than did the other ownership alternatives, with less than 1% of cooperative members citing drugs or crime as “very much” a problem. Tenants also showed higher levels of participations than in other types of *in rem* housing, as well as greater levels of building leadership. The study also found that coop residents showed the highest levels of help-giving among residents and had higher levels of participation in community activities.

The Canadian study (CMHC 1991) found similar themes, with a large majority of cooperative housing residents participating in some way in the operation and activities of the cooperatives. Most residents also perceived that they had gained some useful skills or experience as a result of their involvement in coop housing, such as organizational skills and ability to work with others. The study also concluded that a significant proportion of residents derived positive career-related benefits from their involvement in a coop. In addition, cooperative housing showed that a wide range of income mixing was successful without the polarization of income groups.

“...a significant proportion of residents derived positive career-related benefits from their involvement in a coop. “

LECs have also demonstrated their ability to provide social benefits. An examination of the role of LECs in the housing market (Miceli, Sazama and Sirmans 1994) argued that LECs reduce externalities, such as noise, socially disruptive neighbors, and residents' wear and tear on the housing, without imposing high management costs. LEC residents have also been shown to have higher residential satisfaction than comparable renters (Saegert and Winkel 1998, Van Ryzin 1994). LEC residents are also more likely to participate in neighborhood organizations and will live in their neighborhoods longer (Saegert and Winkel 2000). Finally, LECs were also found to have lower crime rates, as reported by the NYC Police Department, compared to residents in other similar rental buildings, after taking into account resident income, education, ethnicity and other characteristics (Saegert, Winkel and Swartz 2002).

To the extent that the social benefits of cooperatives derive from homeownership itself, the ability of cooperatives to limit occupancy to owners can be of significant value. Affordable condominium units are often leased to third parties by individual unit owners. Most condominium documents provide few, if any, means to limit occupancy by non-owners. Cooperatives, on the other hand, almost universally require board approval of subleasing and most cooperatives impose severe limits on non-owner occupancy. To the extent that the quality of life derived from multifamily homeownership can be diminished by a significant portion of renters, cooperatives offer a substantial advantage.

Challenges of Living in a Cooperative.

Many of the social benefits that come from living in a cooperative arise from the active participation of members in the affairs of the cooperative. Potential coop members may not see the benefits that can come from living in a more social setting without having experienced them directly. They also may not be interested in such a living arrangement, which requires less anonymity and more effort for the “common good”.

Where Research Could Help

Additional research on cost comparisons between cooperative housing models and other alternatives could help to highlight the potential cost-savings from coops. In particular, there is no real information on the maintenance, repair, and improvement costs of homeownership over time, particularly in a single-family context. More studies of cost comparisons between limited equity coops, where residents earn less equity on the property in exchange for increased affordability, and public or publicly-subsidized private housing could help to highlight the long-term cost savings of moving people from deeply subsidized public or quasi-public housing to cooperative living.

“Finally, understanding the mind-set of potential homebuyers would help to market the concept of cooperative “living as an alternative, or first step, to single-family homeownership.”

Further research could provide examples of successful coop management, education and training to help lay out a roadmap for how to prepare people for cooperative living and to ensure that it is successful in the long run. It is difficult, but it is feasible; and research on “best practices” could help point the way. Similarly, examples of successful conversions of public housing developments to LEC’s, expanding from the Rohe study, could help understand how this potentially cost-saving effort can be done with a minimum of time and cost. Finally, understanding the mind-set of potential homebuyers would help to market the concept of cooperative living as an alternative, or first step, to single-family homeownership.

There has been significant research on the social benefits of homeownership, generally, but little attention has been paid to whether those benefits are at all affected by whether the home is a detached single-family dwelling or part of a multifamily development. Still less research has looked for benefit differentials between cooperative and condominium ownership.

It may be the case that a heightened sense of community is created by cooperative homeownership or by multifamily homeownership in general, whether by virtue of involvement in community governance, the shared economic burden, lessened anonymity, or some other factor. Perhaps that hypothetical sense of community provides distinct social benefits to cooperative homeowners. Without research, we can only guess.

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