

Acknowledgments

First published by NASCO in 1991 in response to an overwhelming demand for information about creating new housing cooperatives, the *Organizer's Handbook* has been revised into a more accessible and comprehensive format. It is the product of years of work by many people. Writers for the First Edition include Renee Ordeneaux, Danny Krouk, and Mitch Hough; and for the Second Edition include Brian Nagorsky, Eric Guetschoff, and Phil Ashton. Also, special thanks to James Canup and Ben Phillips for their editorial and advisory role.

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Preface

Are cooperatives relevant to contemporary students?

Is a co-op on every campus realistic?

How can we achieve our vision?

Before diving into a lengthy explanation about how to organize a housing cooperative, it would be beneficial to discuss the broader issues that inspire students to take action. This discussion is especially important for people not yet involved with cooperatives, but whom we seek to work with: co-op organizers and participants in other movements.

The more historically-inclined people in the cooperative movement have found that the periods when co-ops have experienced the strongest waves of development are the times when they have enjoyed widespread popular support. The vision of our movement is to facilitate the creation of a cooperative system on every campus in North America. However, co-ops exist on only a small percentage of college campuses and probably serve an even smaller percentage of the total student body.

The central issue is building the popular support necessary to realize this vision. Thus, the Preface will consider questions relating to the relevance of co-ops to contemporary students, the barriers that students face in the housing market, and a strategy for widespread development.

Are cooperatives relevant to contemporary students?

Didn't co-ops die in the 60s with the hippie communes? Are the (supposedly) apathetic youth of today really interested in social and economic justice? How do cooperatives relate to the interests of contemporary students?

Two historical examples of periods when cooperatives have experienced considerable waves of development are the 1930s and the 1960s. In the 30s, cooperatives addressed economic and racial issues related to student housing. The 60s wave of development was motivated by a vision of equitable social and economic relations in which cooperatives were viewed as grassroots strategy for economic democracy.

Contemporary student organizers that focus on cooperative housing derive their inspiration from a variety of concerns. One concern is the lack of control students face as tenants in the housing market: co-ops bring democracy into the economy to advance livable housing conditions and the fair treatment of tenants. Likewise, by bringing students together to manage the organization, cooperatives create a community that works toward common goals. Building a sense of community on campus is integral to reviving civic life and student involvement.

Because cooperatives are democratic organizations that are entirely defined by their members, they will continue to address issues that relate to contemporary students. For instance, because they include a space for discussion about issues such as difference and equality, co-ops contribute to the contemporary dialogue on identity. Furthermore, new cooperatives can contribute to interest in sustainable living by experimenting with alternative methods of construction and rehabilitation.

Probably the aspect of cooperatives that makes them most relevant to the concerns of today's students is that they make education more economically-accessible. In recent years, one of the most important issues in student communities has been the accessibility of higher education to people who have been historically-underrepresented. By lowering the cost of housing, cooperatives are a vital part of a strategy to make college more affordable.

Is a co-op on every campus realistic?

Sure, student co-ops are a fine idea, but do they really work? How can students, who are so stressed-out and inexperienced possibly own and operate a housing organization? Is the vision of a cooperative on every campus really feasible? Such are the questions that come to many minds when they first encounter student cooperatives?

Such questions stem from a lack of information about cooperatives and the perception that the student community is transient and inexperienced. However, once the rational observer is presented with the history and success of student cooperatives, such illusions are easily dispelled.

Concerns about whether it is truly feasible to organize a system of cooperative housing on every campus in North America do have some avidity. Historically, new campus co-ops have experienced serious difficulty obtaining loans from mainstream financial institutions. Even when the facts are presented, bankers shy away from lending to what are considered "high risk" projects. This has resulted in a financial crisis that has severely limited the development of new cooperatives throughout history.

The movement has responded to this crisis by using innovative methods. As such, new cooperatives have obtained financing from a variety of sources: established co-ops, owners, universities, governments, credit unions, and other community-based lenders. Yet, these sources shouldn't be relied upon for consistent support, as they are not obligated to provide loans to student cooperatives. What is needed is a funding source that exists for the sole purpose of creating co-ops on new campuses.

The project of creating such an entity has been undertaken by cooperative movement organizations. The Kagawa Fund for Student Co-op Development is a movement-controlled loan fund for establishing new co-ops. Kagawa is currently being raised to a capacity that could facilitate a substantial wave of cooperative growth on college campuses.

How can we achieve our vision?

The student cooperative movement is slowly coming to the conclusion that it cannot realize its vision alone. Our resources are too few to effectively facilitate a wave of development that will produce a system of affordable student housing on every campus on the continent. Now more than ever, we should be ready to reach beyond the student co-op movement to other cooperative sectors and reach beyond the cooperative movement to other progressive people and organizations seeking to revitalize community, democracy, and education.

Indeed, the student cooperative movement has begun to create partnerships and coalitions with allies working towards common objectives. Partnerships with universities, governments, and community organizations can provide the resources necessary to purchase and construct new student housing. Likewise, coalitions with other student associations and progressive movement organizations can create a network of support to tackle the nitty-gritty work of cooperative development. Seeing cooperatives as part of a broad-based strategy for educational accessibility is the key to a strong future.

The Cooperative Movement

Cooperatives

Student Cooperatives

Movement Organizations

Cooperation, economic and otherwise, is a concept which has been around for most of history. People learned ages ago that by working together they can accomplish more than the sum of each individual's efforts. Early cultures recognized the advantage of collective strength and the potential of cooperation by hunting, living, worshipping, cooking and providing shelter together in groups. The history of human economic cooperation is perhaps older than the history of competition. Even before agriculture had become the basis of human economy, cooperation was a necessity.

The modern cooperative movement dates to a group of twenty-eight textile workers who organized the *Rochdale Society of Equitable Pioneers*. In 1844, these weavers pooled 140 British pounds to open a small dry goods store stocked with oatmeal, sugar, butter and flour. Their effort was rooted in poverty and desperation. The previous year they had been fired and blacklisted by employers after an unsuccessful weavers' strike.

The Rochdale Pioneers incorporated several important features of democratic organization previously tried by earlier cooperatives. Most importantly, they codified their features and rules into what is commonly known as the Rochdale Principles. These principles helped strengthen the organization and formed the basis of a growth-oriented movement. The International Cooperative Alliance revised the principles in 1995 after the 150 birthday of Rochdale. The new document, called the Statement on Cooperative Identity is recognized as the basis of any cooperative.

These principles make several distinctions about cooperation. First, cooperatives are member-owned and -controlled businesses, in which all members have an equal say in the governance of the business: one member, one vote. Co-ops stand in contrast to proprietary ownership, in which one person holds all of the authority, and "traditional" corporate ownership, in which bases control on the size of one's investment. Second, cooperatives serve their members, and not the interests of speculative capital. By establishing limits on the return of investment and on share holdings, cooperatives discourage profit-seeking investments. Instead co-ops encourage local control and investments by the people who use the business. Third, cooperatives help the members actively govern their organization through education and help other cooperatives to better serve their members. This is done through buying goods from other cooperatives and providing development assistance to organizing groups. Finally, cooperatives exist not just for the benefit of the members but to serve, strengthen, and sustain local communities. They are community organizations.

It is of interest to note that the cooperative principles state nothing about member labor or low cost, two common perceptions of cooperatives. While member labor is a method frequently used by smaller cooperatives to keep the costs of operations low (thereby maximizing savings to members), member labor is not a principle or even an overwhelming characteristic of the cooperative movement. Involving membership in the daily operations of the cooperative, however, is another means of fostering cooperative education, participatory democracy, and a sense of community amongst the members.

Similarly, although cooperatives operate at cost and keep their prices as low as possible, many people equate cooperatives with the potential to under-price mainstream competitors. In many cases, it is possible to price below competing businesses, particularly through the use of member labor. However, cooperatives are generally subject to the same market conditions as other businesses, and there is no magic, nor mandate, that cooperatives' prices be lower than that of the competition. In fact, in contemporary markets, national and transnational corporations sell merchandise at incredibly low prices by paying their employees poorly, and/or relying on the lower costs of labor and materials in other countries. Some cooperatives have made a conscious decision to keep prices high enough to pay their employees fairly, provide higher quality goods, offer some additional service, or achieve other social goals.

In housing, most new co-ops are constrained from offering low rates due to the expensive nature of purchasing property. While members may realize some savings due to the co-op's nonprofit nature, or through the use of member labor and group purchasing, most new housing co-ops will operate near market rates. Fortunately, mortgage payments remain relatively constant over the term of the mortgage, and, due to inflation, the co-op becomes lower in cost over time. In the meantime, the co-op members are building equity for themselves and future members.

Cooperatives

On a world-wide basis, modern cooperatives have developed for over 200 years. In many countries, such as Sweden and Japan, cooperative businesses figure prominently in their national economies. More importantly, cooperatives exist all over the world providing goods and services which would otherwise be unattainable. In many Third World countries, cooperatives such as credit unions and agricultural organizations have been very successful in helping people provide for themselves where private and other corporate capital do not see high profitability.

In Canada and the US, the roots of the cooperative movement sprang up for similar reasons. Rural electric co-ops, credit unions, and agricultural co-ops were founded to meet the needs of populations, particularly rural, which did not attract investment or where goods and services were provided at unfair prices.

In the early 20th century, cooperatives in these two countries began to see a need for national organizations. In the US, cooperatives organized the Cooperative League of the USA, which later became the National Cooperative Business Association (NCBA). NCBA provides networking, technical assistance, and development assistance. One of NCBA's major contributions has been lobbying at the national level for cooperatives. For instance, it lobbied for legislation which made cooperative incorporation possible and helped pass legislation which formed the National Cooperative Bank in 1978. Today, NCBA remains the premier cross-sectoral link among co-ops in the United States.

Canada enjoys an even stronger network of cooperative support organizations. The Canadian Co-operative Association (CCA), formed from a merger of the Co-operative Union of Canada and the Co-operative College of Canada in 1987, provides educational services to its member cooperatives and sponsors cooperative development in lesser-developed nations. The Co-operative Housing Federation of Canada (CHF) provides technical assistance to developing and established co-ops throughout English-speaking Canada. Canadian cooperatives have also benefited from the support of the Canadian Mortgage and Housing Corporation (CMHC). However, the CMHC has not provided financing for a student cooperative since the early 1970s, and funding for the program has dropped off sharply in recent years. Other sources of financing are available, primarily from within the cooperative movement itself.

The contemporary cooperative movement is strong and diverse. Cooperatives exist all over Canada and the United States. Some of the larger cooperatives have an annual income of several billion dollars. In addition to rural electric co-ops, credit unions, and agricultural co-ops, there are cooperatives to serve almost every need: food co-ops, automotive co-ops, insurance co-ops, housing co-ops, book co-ops... the list goes on.

Student Cooperatives

The beginnings of student cooperatives are unknown, but it is believed that the first student co-ops were bookstores and group houses that began in the late 1800s. The Harvard "Coop" is the best known example of the early bookstores. Recent research by Deborah Altus has documented the existence of women's housing co-ops during this period. These houses, owned and controlled by the university, were established to provide affordable housing for women. They were "cooperative" only in that the members shared responsibilities and ate meals together. Most of the pre-Depression Era student housing cooperatives were university owned and operated.

The Great Depression of the 1930's brought many student cooperatives into existence in both Canada and the United States. This period of economic hardship encouraged people to think in new directions and a wave of new co-ops was started. If one event can be seen as the birthplace of student cooperative movement it was a lecture by an internationally-renown Japanese labor, cooperative, and peace activist, Toyohiko Kagawa. Kagawa spoke at a Student Christian Movement conference in Indianapolis, Indiana. Students from Ann Arbor and Toronto went to this conference and returned home to start student housing cooperatives that thrive even today. Other student activists saw him speak elsewhere and were similarly inspired.

The 1930s also saw the start of other long standing cooperative systems including Berkeley, Austin, Los Angeles, and Eugene. By 1941, about 150 cooperative housing associations had some 10,000 student members. An association was formed called, the North American Students Cooperative League (NASCL), which survived into the 1950s. The Second World War deflated much of the momentum of this period, drafting members for the war. As most of these co-ops were in rented buildings, most of them died during the war. The organizations that survived were usually the ones that had begun to purchase their own buildings.

In the 1950s, new systems in Kingston, Ontario; Oberlin, Ohio; and Lincoln, Nebraska were established. However, McCarthyism did not encourage progressive answers to social problems. No one can tell, with cooperatives or other progressive movements, to what extent the fear and guilt of the McCarthy era damaged the chances for revival and expansion. At any rate, there was little new development of cooperatives during these years.

In the 1960s, the political fervor over the civil rights, free speech, and anti-war movements brought new enthusiasm to student communities around the world. This enthusiasm translated into a keen interest in non-traditional forms of democracy, such as cooperatives. New cooperatives were started in places such as Austin, Texas; St. Paul and Minneapolis, Minnesota; and Providence, Rhode Island, among others.

Throughout the 1970s, former student activists put their ideas into action by creating food and other cooperatives based on the idea of participatory democracy and a healthy life. This activity translated into what is known as the "New Wave" cooperative movement, as opposed to the "old wave" co-ops of the 1930s. Some of these organizations existed on college campuses but most were integrated into communities and served community needs. The New Wave cooperatives, with their emphasis on healthy and organic foods, were the beginning of the contemporary health food movement.

In 1968 at a conference sponsored by the Inter-Cooperative Council at the University of Michigan a proposal was passed to form an organization to meet the growing needs of the student cooperatives in Canada and the United States. Three weeks later, a group gathered in Chicago to organize the North American Students of Cooperation (NASCO), based on the NASCL model of the 30s and 40s. During the 1970s, NASCO was composed not just of student cooperatives but of the new wave co-ops that were popular in youth circles. The contemporary NASCO is composed mainly of student cooperatives and serves as the voice of a strong and future-oriented movement.

In the realm of development, an important change that took place during the late-60s and early-70s was in the area of federal funding provided by the US and Canadian governments. Most of the existing student housing cooperatives took this opportunity to expand rapidly. However, the late-70s and early-80s were the end of this period of fantastic growth. Established cooperatives expanded during this period, but only a few new systems were started. For this reason, in 1987, the Campus Cooperative Development Corporation (CCDC) was founded as the development partner of NASCO. With the vision of a co-op system on every campus, CCDC has advocated for and assisted student groups.

Student cooperatives are considered to be unique in relation to the rest of the cooperative movement in many respects. First, campus cooperatives have higher rates of member turnover than most because of the limited time students attend college. Second, most student cooperatives have a higher degree of member participation—both in governance and operations—because of the labor responsibilities of membership. Third, student co-ops often serve the social needs of their members more intensely, since they are frequently based upon group houses and/or shared dining groups.

Management Structures

For the day-to-day operations of their organizations, student members have developed a variety of management structures. However, most structures contain the two following types of participation:

- **Member Participation:** Almost all campus housing co-ops require labor or work hours from their members. By providing much of the routine custodial, kitchen and maintenance labor, members significantly reduce costs. On a broader level, the members control the co-op through their involvement in committees and the Board of Directors.
- **Management Continuity:** Experience, expertise, and continuity are gained through either hired management or through direct affiliation with the university. These people provide the long-term guidance needed to keep the organization alive and healthy, especially in the areas of long-term maintenance and finance.

A balance between these two aspects should be maintained. If the balance is unstable, the cooperative might close its doors or lose its cooperative identity. Without the member volunteer labor, the housing becomes too expensive, the commitment of the members declines, the member education becomes negligible, and the understanding of member control is insignificant. With member labor, a “sweat equity” investment is developed by all members, learning and control are maintained, and a strong sense of community develops.

Similarly, with long-term management, the cooperative can maintain its properties in good condition and remain financially healthy. Many student cooperatives that lack this continuity and expertise have withered away into nonexistence. Recognizing the need for skills and continuity, some campus cooperatives have also worked to put community and university resource people on the Boards of Directors, to complement the students decision-making abilities and create a link between the organization and the outside world.

Teaming these two aspects enables campus cooperatives to provide on-going housing services at an affordable price. This teaming has proven in the past to be the most successful way to operate a co-op within the given constraints—high student turnover, inexperience, limited financial capacity—because it is the least expensive management structure and enables students to learn about and invest in the organization in a way they can afford given the limitations of the student lifestyle.

Building Structures

Over the years, the campus housing cooperatives around the continent have built or purchased several different types of facilities designed to meet the particular needs of an individual campus. Four basic types of building styles have been used.

Small Group House. Fifteen to fifty students share a house, which is often an older, converted building. This “group house” usually has shared meals several times per week, often every day. Members contribute about four to six hours of labor per week to the operation of the household. This labor includes preparing meals, cleaning the kitchen and “common areas,” collecting rent and paying bills, and possibly office work within the central management structure. Co-ops of this size generally have about five to eight officers responsible for administrative tasks and networking with the central organization or university housing office.

Large Group House , or Small Dorm. In this model, approximately 100 students share one large structure. There are usually shared meals. Some have constructed their own buildings for this model, usually resulting in a structure of about eight to ten “suites” which offer cozy areas in a large building. Most of these large houses are operated quite similarly to the small houses, but it has been observed that houses of this size require more people in administrative positions and may require staff specific to the building; i.e., a building manager, cook, or maintenance personnel.

Small Apartment Building. These buildings are often purchased or built by co-ops that have group houses to give older members more privacy. Some organizations with these types of buildings do require a work contribution, often for grounds maintenance. There are no shared meals and there is generally a “small” feeling to the co-op but with a high degree of privacy. A similar structure is the townhouse complex, organized very successfully as a cooperative in many family-housing situations.

Large Apartment Complex. Students share apartments of two to five bedrooms. This model allows the largest number of students housed per square foot of land, but may lack a sense of cooperation. There are no shared meals. Students are not usually required to contribute labor to the cooperative in this model, although they may organize their apartments as “mini co-ops.”

There are many student cooperatives that consist of only one group house, but the majority of students involved with campus cooperatives live in a building that is part of a cooperative system. These co-ops are organized into a central organization governed by a member-elected Board of Directors, which is accountable to the membership. In a system of several group houses, or one with houses and small apartment complexes, Directors are usually sent to the Board as representatives of a building. In high-rise apartment complexes, Directors may be elected at large, or represent a floor of the building.

Movement Organizations

The existence of organizations whose mission is to educate and expand the student cooperative movement has furthered the general interests of student cooperatives. NASCO, CCDC, and NASCO Properties are three movement organizations that have been created the student co-ops in Canada and the US. They have provided a forum to discuss issues affecting member co-ops and an impetus for assisting organizers in building new student co-ops.

North American Students of Cooperation

NASCO's creation in 1968 meant that student cooperatives began working together towards their common interests. NASCO began its work almost immediately on creating tools to develop more cooperatives. Through a strong lobbying effort, student co-ops were able to get the Department of Housing and Urban Development to make loans directly to student co-ops.

As part of its goal to serve active members, NASCO developed educational programs to assist its student co-ops in educating their members. First focusing on regional conferences, NASCO developed a bi-national conference, called the Cooperative Education and Training Institute (CETI) to train co-op members and organizers in the principles and practice of cooperation. Other programs were developed to educate and link NASCO members from around the US and Canada. Today, NASCO keeps the student cooperative movement strong and develops leaders for the future. The services currently include the following:

- CETI: an annual educational conference attended by 200 to 400 co-op members

- *Co-op Voices*: a newsletter with Articles to inspire involvement
- *Member Visits*: educational workshops done on-site at each co-op
- *Managers' Association*: an informal network of student co-op managers
- *Information Services*: provides information about cooperatives to members and the general public
- *Internship Network*: provides students with jobs in cooperatives around the continent

Campus Cooperative Development Corporation

The late eighties and early nineties brought the development and implementation of a new business plan for NASCO, which called for increased efforts in maintaining the ground which student cooperatives had achieved through enhancing member services. The plan also called for increases in development activity and resulted in the creation of the Campus Cooperative Development Corporation (CCDC).

CCDC was founded in 1987 by NASCO and its member cooperatives. A nonprofit organization dedicated to cooperation among cooperatives, CCDC was created because NASCO found that, due to limited resources, it could not effectively assist co-op organizers. The organization encourages and initiates co-op development on a substantial and continuous basis by providing comprehensive technical assistance to student groups looking to establish co-op housing. CCDC works with student groups on cooperative organizational aspects, legal incorporation, analyzing the feasibility of potential properties, finding appropriate properties, arranging financing, and assisting in the design of the organization.

CCDC is a separate organization with its own membership, which allows for special participation in a development effort that is not perceived as a drain on NASCO's educational efforts. While NASCO and CCDC are different organizations, there are substantial connections between the two. First, the memberships in the two organizations overlap extensively. Second, the organizations consider themselves to be development partners, meaning that they coordinate their efforts. Finally, NASCO, CCDC, and NP all share staff and office space.

As a part of their strategy, in 1988, CCDC and NASCO incorporated another organization, NASCO Properties (NP), which provides ownership and management services for several new cooperatives. NP seeks to combat the problem of student organizers' lack of access to mainstream financial resources. By posing as a reputable national property owner, NP is able purchase a property for local student cooperatives. A more detailed description of NASCO Properties can be found in the "Purchasing Property" chapter.

Getting Organized

Organizing is the process of bringing people together into a group. People have always worked together in social units to further common interests and objectives. In the contemporary world, organizations are a fundamental part of a democratic society because they represent the interests of a certain constituency. Likewise, organizing is regarded as a key aspect of creating progressive social change.

For students, the organizing process can be an integral part of the educational experience. Larger social, political, and economic issues being studied in school may function within the dynamics of the project, painting a clearer picture of how the world works. Furthermore, students may be able to integrate projects with school work to receive college credit for organizing, saving time and sanity. Whatever the case, campus organizing is an enriching experience that teaches people how to lead an active life.

The first section of the *Handbook* addresses a host of fascinating issues that will get the project on its feet and moving forward. The tasks of recruiting new members, educating the public, and building a strong core group are the keys to a healthy project. Likewise, mobilizing community support, creating a system of governance, and incorporating as a nonprofit organization prepare the group to tackle the forthcoming challenges presented by the housing market.

Organizing a Core Group

Creating a Vision

Campus Organizing

Building a Core Group

Educating the Group

An organizing group could be formed by a couple folks who come up a great idea, create a vision, and then recruit people into the organizing group. Others could be a group friends who decide to embark on a project together, form a core group, then create a vision. The possibilities for different scenarios are endless. Whatever the sequence of events, forming a core group of people who are dedicated to making the project a success is essential.

Developing interest among participants and potential supporters is something an organizing group can do productively. In addition to establishing an effective and committed core-group, some of the initial projects that can be tackled are establishing contacts for advice and support. CCDC can help in this process by making presentations to local groups to develop interest, clarify intentions, or reassure the wary.

Creating a Vision

An important starting point for organizing groups is the issues and aspirations that lead them to identify the need for a cooperative. Many cooperatives are conceived as responses to pressing social and economic issues. Others are started to fulfill more spiritual needs, or to provide lifestyle alternatives. An important part of the development process is researching these issues and how a cooperative can respond to them. This prepares the organizing group to persuade others—funders, future members, university officials, local governments—that a student co-op is worthy of support.

Part of the process of creating a vision is defining the organization's goals and purposes. This dialogue is usually one of the first discussions that a group has, as there are often pressing issues bringing a group together. However, it does not end after the first discussion, as the fundamental nature of the subject is cause for extensive and continued deliberation. In fact, student cooperatives that have been in existence since the Great Depression, still review their organizational mission periodically. Below is a list of provocative discussion topics that may prove useful in guiding a visioning discussion.

What is going on in the community that makes a cooperative seem desirable?

Often, social, economic, and political trends form a basis of interest in student housing cooperatives. In the 30s, economic woes and racial discrimination led students to create these housing alternatives. Likewise, the student cooperatives of the 1960s were energized by the idealism and activism of the period. The student cooperatives of the 1990s and beyond will likely emerge from a combination of factors and interests, including diversity, accessibility, spirituality, community, and economic democracy.

What are some of the issues that are alive on your campus and community? Is there a housing crisis? Are students dissatisfied with university and/or private housing options such that they are open to consider alternatives? Consider the relevant issues on the campus and imagine how a cooperative could address them.

What is the target group? How will this group benefit from a cooperative?

Campus communities are invariably composed of a series of social groupings and circles. Will your cooperative target a specific population in its focus, advertisements, and outreach? It is important to be aware of how the environment that that is constructed affects who is interested in living at the co-op.

In what area will the cooperative be located?

In the neighboring communities of most universities is a student ghetto, a neighborhood composed primarily of students. Student ghettos are known for their dilapidated housing, absentee landlords, and are generally seen as a menace by non-students. Also, sometimes property speculators will buy up property in poor neighborhoods and rent it out to students at higher rates, creating new student ghettos.

Will the cooperative occupy housing in the student ghetto? In what ways will the cooperative address the problems of other low-income people in the community? Organizing groups should attempt to instill in themselves a heightened sense of awareness about how they affect the people outside of the student community.

How do the members envision the cooperative's operations?

This chapter presents some introductory information designed to give organizers a fair idea about how different student housing cooperatives operate. While co-op operations evolve out of a process of trial and error, it is important for organizers to take the time to envision the initial operations.

Will the food be organized on a common or individualized basis? Or both? To what degree will the members be involved in the governance and operations? How will the governance and management of the organization work? Who will clean the toilets? It is strongly advised that organizing groups visit other student cooperatives and discuss their operations. Summer internships at student cooperatives provide an excellent opportunity to experience first hand co-op operations.

Campus Organizing

An important task in building a core group is increasing the level of student interest in cooperative housing. Beyond the people who are doing the leg work, are there other students interested, or potentially interested, in cooperatives? There are many different kinds of activities which can help reach-out to students and other supporters and develop interest in the organizing effort.

Promotion

Leafleting and posterling are proven means for student organizers to get the word out about issues and events. Plaster campus kiosks with flyers, host a dinner or a forum on the topic, and test the level of interest. Creating such materials can be a catalyst for clarifying vision and purpose. See the discussion of recruitment in the "Opening the Cooperative" chapter for more ideas about promotion and recruitment.

Public Meetings

Consider hosting two separate meetings, one for social interaction, and one for business. This will help publicize the organization to all interested students, while allowing you to identify those who are truly interested in the idea of a student housing cooperative. Some of these people could be those who will join your group and spend a considerable amount of time on the project, or they could just want to move into your cooperative. Others might become sympathetic advocates, spreading the word, although not remaining active participants. Consider anyone to be a potential ally.

Circulate a sign-up sheet to get the names, addresses, phone numbers, and email addresses of people who might be interested in joining the cooperative. It might also be useful to find out how many more years each person expects to be on campus, and if they have any skills relating to cooperatives, business, or housing. Getting other students involved is usually some of the easiest, and most fun, outreach work to do—an opportunity to dream and to motivate.

It is important to distinguish the people who may be interested and who will participate from those who will be the leaders and form the core group. At this stage, organizers should look for leaders: in particular, people who will come to meetings, who will work outside of group meetings, and who are committed to bringing a cooperative to life. This is not to say that anyone should be discouraged, but it is important for movers and shakers to step forward.

Educational Events

Often the most productive way to get students and others motivated to create a student housing cooperative is to organize an educational event. A conference, workshop, or other day-long event can focus attention on local needs and models of response. In the past, organizing groups have invited speakers, organized public booths and displays to coincide with major dates in the cooperative movement (for instance, October is Co-op Month), and convened debates during election time to talk about local housing issues. These events have proved to be excellent forums to introduce the concept of cooperative housing and publicize group activities.

Fundraising

In the initial stages, organizing a student cooperative doesn't take much money. However, the cost of phone calls and printing can add-up, and it is often not realistic to expect individual members to foot the bills. Fundraising can help reduce the cost of co-op education conferences. For instance, events such as film nights, bake sales, and bottle drives can help raise funds for the group (videos about cooperatives are available).

Other fundraising strategies include: educational community events (perhaps about student housing problems), pledge campaigns, and getting the local food co-op to give five cents for each bag customers re-use. Funding sources to research include: foundations, alumni associations, universities, and city governments.

Successful fundraisers combine traditional techniques with creativity and innovation to produce a campaign that suits the group's needs and abilities. For instance, combining efforts to recruit organizers and build support for cooperative housing, a group might initiate a campaign to educate the campus about student housing problems: exploitation, affordability, or overcrowding. If successful, the campaign could segue into a campus ballot initiative to raise student fees one dollar per semester to be allocated to an affordable housing development fund. In just one year, such a method could yield 30,000 dollars on a campus of 15,000

students. The fund could support the organizers during the initial stages and yield a down payment for a co-op after a few years.

Student Government

In broadening the scope of outreach, the student government is an excellent resource. Student governments can offer organizational advice, assistance, and encouragement. Often they have literature which is designed to help student groups organize, and will be able to provide information about the benefits of becoming a registered student organization.

This designation often provide groups with a number of benefits, including funding, copies, meeting space, office space, organizational development assistance, advertising advice, etceteras. Registering also shows that a group is committed and wants to be a part of the campus community.

Furthermore, the student government may become another supporter of the effort. Even if the support is in name only, having such backing could generate further support from others who might have be reluctant. Some student governments are active in the area of housing and tenants' rights and might have housing committee or program that will prove useful.

Student Organizations

There are several different types of groups which may be interested in lending support the effort. Are there groups on your campus interested in educational accessibility? While affordable student housing is always not considered part of a strategy to improve the college accessibility, there are signs that the tides are turning. Social justice and students' rights group may prove to be dynamic allies.

One supporter of cooperatives is the is the Youth Section of the Democratic Socialists of America. DSA currently has a "Campaign for a Democratic Economy," which relates to cooperatives as democratic economic organizations. Environmental groups often support of cooperatives. Does the university have a local student Public Interest Research Group (PIRG)? Is there an environmental center? Many campus activist groups may be willing to sponsor organizing or provide funding for housing cooperatives.

Organizers who reach out to other groups often encounter a lack of knowledge about cooperatives and sometimes disbelief that students can run their own housing organizations. NASCO may prove useful in overcoming this challenge by providing the group with pamphlets or reports about student cooperatives that can be used for outreach. This literature adds validity to the concept and helps build support. Persistence certainly has its place in organizing.

Building a Core Group

At some point, perhaps after the initial outreach effort, a "core group" should be firmly established to actively develop the cooperative. The difference between a core group and an organizing group is that the latter may include many supporters that do not have the time to participate, and the core group actually does the organizing work. The core is more dedicated and tightly networked.

Issues of importance in establishing a core group are as such: Are potential members team players? Has she or he shown a commitment to the project? Does the core group need to expand, or is it already an optimal size? Does the group need more participants to achieve its development goals?

If it is decided that more members are needed, consider the following issues when recruiting. What sort of background experience do potential members have? Experience in the areas of cooperatives, housing, business, governance, activism, community service, and maintenance are all helpful. What does a potential member bring to the project? How can this increase the chances of success?

Be careful, however, not to expand the size of the group just for the sake of expansion or general enthusiasm. While large groups provide extra labor power, groups that are too large are difficult to manage. The core should be "optimal" in size, which is a subjective trait to be judged by the intuitions of the current participants. It is important that the members of this core group are all willing to commit significant time and energy to creating the cooperative.

Down the line the co-op may need more people to move into a house. It may prove useful to keep a database or a list of names, phone numbers, email, and addresses, of all those who have expressed support. This will make staying in contact and new member recruitment easier.

Educating the Group

Even an organizing group composed of experienced cooperators should provide for member education. A commitment to education breathes meaningful life into the cooperative structure and empowers the members to take control of the organization. There are three areas of member education in creating a student housing cooperative: cooperatives in general, housing in general and student co-ops.

Cooperatives

Opportunities for education about cooperatives are a lot more plentiful than one might think. In many cities in North America there are cooperatives and experienced co-op activists. As much as the student sector might believe that “our” cooperatives are the only “real” ones, there is much to be learned from other sectors of the movement. Maybe a local food cooperative has an education program. Possibly the manager of an agricultural cooperative will come and lead a discussion about the cooperative principles. Think creatively, and, once again, look for allies.

Housing

Housing is another challenge altogether. Development, rehabilitation, maintenance, financing, and the real estate market probably seem to most like they are from another world. Indeed, most student activists know very little about property. However, glimmers of hope do exist. Member’s parents may own a house and can share some of their experience. Or perhaps there is someone in the group that is knowledgeable about housing development.

Proactive steps should be taken to empower student groups in this often unexplored area. There may be real estate courses offered at the local community college. Or, if a group member does know something about housing, efforts should be taken to share the knowledge through workshops or discussion. If no one in the group is knowledgeable, is there someone else that will facilitate a workshop?

It is hard to find accessible “how to” information on housing, which is one of the reasons for writing the *Organizer’s Handbook*. Discussion is usually the best means for empowering student groups. An effective educational format is to make copies of one chapter of the *Handbook*, distribute them to everyone in the group, read it, and discuss. This process does not lead to mastery, but gets groups thinking and acting.

Student Cooperatives

The final subject in group self-education is the student cooperative movement. Student cooperatives have their own breed of special rules and quirks that make them interesting for both the participant and the observer. Keep in mind that all co-ops are different—and take everything you see, hear, read, and experience with a grain of salt. Knowing which aspects of other student cooperatives make sense to the group is useful during the process of creating a collective vision and system of operations.

Members can learn about student cooperatives via fellow organizers, road trips, and educational conferences. There may be a student co-op alumni in the group, who can provide valuable information but should not be relied upon as the only source of knowledge. Group road trips to student cooperatives are fun and provide an opportunity for members to get to know each other better. Most co-ops, in the spirit of the movement, are quite willing to house guests overnight, but plans should be made in advance. Road trips provide a organizers with flavor for what others have done. NASCO Institute and regional conferences organized by local cooperatives are unique opportunities to meet cooperators, discuss strategies, learn about new ideas, and energize the group.

Moving Forward

Working Together

Technical Assistance

Advisory Committee

Getting Legal

Governance

An obvious place to look for support for a student cooperative is the student community. However, venturing into the larger community makes a project more dynamic by giving it a broader base of resources. Once the organization establishes a more concrete form and makes strides in the real estate market, such support will prove valuable.

Another significant aspect of organizing a cooperative is establishing a legal status and system of governance for the future organization. Creating the legal documents is necessary for incorporation but also provides a good opportunity to envision the purpose and how the cooperative will work. Contemporary organizers are in a unique position of being able to integrate historical lessons into their plans for how their organization will work in the future.

As the organizing group begins to work closely together towards achieving common goals, members should pay special attention to creating healthy group dynamics. In order to work together as effectively as possible, groups should establish a process of communication, evaluation, and decision-making, as well as making an honest attempt to maintain a sense of equality.

Working Together

A misconception about cooperatives is that everyone involved gets along, there are no arguments or divisions, and everyone is always smiling: the members are “cooperative.” In reality, human interaction involves interpersonal and group politics. Participation in a housing cooperative involves living, playing, making decisions, doing chores, and managing an organization.

Yet the ability to work together is a skill that is acquired over time through practice and honest effort. As an organizing group moves forward, members should simultaneously consider the issues of working together and dividing responsibilities in an equitable fashion. Rather than discussing the tasks of organizing, the next two sections will discuss the process of organizing.

Task and process are two concepts that are interwoven because how one does a task affects its outcome. For instance, if a group is working on a project and there is poor communication or some members feel they cannot speak about what's on their mind, the decisions and the work completed by that group will lack in quality because not everyone has voiced an opinion.

Group Dynamics

The status of how a group of people interact with each other is known as the group dynamics. The effectiveness of an organizing group or cooperative is dependent upon how well people are working together to achieve common goals. Smart groups build a dialogue about their dynamics and honestly work to improve their interactions. For instance, one common “unhealthy” dynamic is when one or more members are taking-on far more responsibility than the others in the group or there are some people who have lost interest or are simply not living up to their responsibilities. If the problem is not addressed, it can lead to resentment among those who have taken-on more responsibility, which can manifest in unpleasant ways. Other unhealthy group dynamics include lack of communication, excessive power hierarchies, or a competitive atmosphere.

People interested in organizing cooperatives often have a healthy respect for the idea of equality. Probably just about everyone believes in equality in the sense that all people should be treated equal, but equality in an organizing group should have a more meaningful definition. Organizers should strive for an equality of input, meaning the amount of work and thought that people are putting into the core group is equal. Equality of input helps to bring about healthy group dynamics as well as insuring equal participation. A lack of equality often leads to the burnout of the most committed members, which can result in those members quitting.

One way of achieving equality of input is to evenly divide the responsibilities among core group members. The first step in this process is for each group member to state his or her commitment to the group. The next step is to meet to discuss the what the responsibilities are and delegate them according to who can best achieve each task: the art of delegation is something that organizers should make a concerted effort to master. The last step is to check-in at a later meeting and discuss how each person's responsibilities are coming along. Meeting on a regular basis furthers the whole process and creates the space for good communication. The secret to this process is being organized and following through on commitments.

Of course, if a member is willing to take on more responsibility than other people, that is her or his prerogative. But one should be wary of not doing this too much or letting it interfere with other parts of one's life. Burnout is a serious problem amongst activists, and it's no fun.

Being organized, both personally and as a group, is another thing that makes for healthy group dynamics. It is difficult for students to participate in extracurricular activities with the stress of a full load of studies, an often low-wage job, and a social life. To meet all of one's responsibilities and be an activist takes a courageous individual. Being organized helps one manage time so that nothing is forgotten and maximum effectiveness is achieved. Groups also need to be organized. Keeping notes, creating an organizational structure, and meeting regularly help to get stuff done. In addition, groups that appear to “have their act together,” are more apt to impress potential supporters.

Communication is a third means of achieving healthy group dynamics. Talking about strategies for the near future, the purpose and vision of the co-op, and so forth are some examples. Most importantly, when problems arise, the group should talk about them, and try to conceive solutions that meet everyone's concerns. Once again, regular meetings create a basis for good communication.

Finally, it helps to get to know other members on a personal basis: get-togethers, hanging out after meetings, going out on the town, etceteras. As mentioned in the previous chapter, educational trips are excellent ways to learn about the cooperative movement and build and a strong sense of community.

Technical Assistance

Unknown to many students is the plethora of resources available at the local and statewide levels, which can assist organizing groups in tackling the technical aspects of cooperative development. Starting a cooperative does not require magic—activists usually learn most of what they need to know during the organizing process—but time and frustration can be saved by knowing allies and seeking assistance.

Local, statewide, and provincial forms of technical assistance are powerful tools which organizing groups can take advantage. Technical assistance (help with the more specialized aspects of housing development and legal structures) can come from local nonprofit housing organizations, cooperatives, government agencies, university administrations, and supportive citizens.

One technical assistance provider that readers are probably familiar with is the Campus Cooperative Development Corporation (CCDC). While CCDC works with students from across the continent, it is a small organization that does not have the resources to give all the help that is needed. NASCO, CCDC and NASCO Properties share only three and a half staff persons, an intern, and a small office. Therefore, in addition to working with cooperative movement organizations, organizing groups should seeks assistance from others that can aid in its struggle.

Resourcefulness and persistence are key factors in seeking out such assistance. Most organizations will not be familiar with the operations, governance, or finance of student housing cooperatives. Furthermore, not everyone will be receptive to the concept of a student cooperative, and twenty-something organizers may encounter prejudice based on their age, idealism, or lack of formal experience. On the other hand, technical assistance providers are the best hope for access to such amenities as: legal and development aid, business advice, meeting space, office space and machinery, other resource connections, etceteras. Indeed, most socially-conscious people, once the concept is well-articulated, agree that student cooperatives contribute significantly to college education and accessibility.

Organizers should delegate the responsibility of researching technical assistance to someone in the group. Yet, it is important to remember that outreach consists of more than mere research. Effective outreach consists of building a presence in the community and then approaching constituencies for support. Such work might involve taking advantage of local networks, tabling at community events, organizing demonstrations, and communicating with local media. Once a key constituency has been identified, a strategy might include: phone calls, letters, visits to the office, and an invitation to a dinner potluck. Another approach could be to intern with a prospective organization for course credit to learn first-hand about the issues they address and build a strong relationship.

While the services of a technical assistance provider may be available to benefit the general public, that does not mean anyone who walks through the door and asks for it. Success can be achieved through convincing staff that those involved are a group of motivated and organized human beings and that the project will succeed.

There is no comprehensive master list of technical assistance organizations across the nation that can be referenced to find the desired groups. But the following is a list of some categories that will give an idea of what form these organizations take and where to begin looking. Some of the categories may be familiar, like a tenants' union or university housing office, and others may be foreign, like a mutual housing association or affordable housing corporation.

A place to begin looking is the phone book or the world wide web. Further, NASCO has a limited database of cooperatives and technical assistance organizations, which could be helpful. Each time contact is made with an organization, ask if they can provide leads to other sympathetic resources. Persistence is key. After compiling a list of potential allies, send out invitations for a dinner party and discussion of aspirations and

goals. Often, people will not be interested until they know the organizers and are able relate with them as human beings.

Cooperatives

A comfortable place to start the outreach process might be with other cooperatives in the area: a food co-op, book co-op, community housing co-op, agricultural co-op, etceteras. These organizations may not be familiar with the needs of student cooperatives, particularly in aspects of development, but could prove to be enthusiastic providers of information and advice. Local cooperatives may also be able to offer access to their office facilities, space for forum, informal business advice, and cooperative education resources.

A local housing cooperative may be willing to play the role of a "big sister co-op." It may be willing to donate staff time to help inspect potential properties, offer advice on the local housing market, donate old tools and equipment, and so on. In many cases, these organizations can do better than CCDC because they are local. They are easier to contact and have relevant information.

Existing student cooperatives have been important sources of support for organizing groups in the past. These organizations, both young and established, can be invaluable sources of information and encouragement. Many have a history of providing financing for organizing groups. Even if individual cooperatives are not in a position to provide financial support, they can use staff and other resources to help groups grapple with the challenges of getting project off the ground.

Universities

Even though it may at times feel like a force working against students, the university can be a valuable source of assistance for an organizing group. In the past, universities have played various roles with student cooperatives, both positive and negative. On one hand, history has many stories of universities that have tried to exert control over the policies and lives of co-op members. Recently, student co-ops have had major conflicts with the campus administrations of UC San Diego and Brown University. On the other hand, the student housing cooperative in Berkeley leases several properties from the university at the cost of only one dollar per year. This functions as a subsidy for the organization that makes the housing more affordable. University relations remain a mixed bag for student cooperatives, dependent on the people involved and how relations are conducted.

The housing office or student affairs office are good places to begin communication. It is likely that most of the administrators will not know about student housing cooperatives. Come prepared to explain the concept of cooperative housing and the resources the university may be able to provide to the group. If appropriate, NASCO can provide pamphlets about student co-ops which explain the concept and add legitimacy.

Universities often own buildings or land in the community or on campus that could potentially benefit a cooperative. It is unlikely that the university will be willing to make a commitment at this stage, but early contact plants the seed for a future partnership once the organization is established. For instance, a sympathetic administration might be willing to provide financing when the cooperative purchases a future house. There are many possibilities. At the very least, the university can add the cooperative to its list of recommended housing to aid in member recruitment.

Another useful place to visit is the community housing office. Usually there is information on local average rents, tenant-landlord laws, reputable and un reputable property managers, and lists of available housing. Because the staff in this division deal with community housing and are familiar with the problems associated with it, they may be sympathetic to the group's cause.

Local Housing Organizations

Most cities and regions of North America have at least one organization whose mission is to develop nonprofit housing. Nonprofit development organizations, community development corporations, and community land trusts all have skilled staff who can answer questions and offer advice in housing development. They may refer you to sympathetic sources of financing or lawyers who are willing to offer their services free of cost.

Also, many areas have a tenants' union which works on behalf of tenant rights. Tenant organizations will be useful in any of the following areas: pointing out bad landlords, information on landlord-tenant law, and

literature or statistics about local housing trends to reference when making the case for the need for a student housing cooperative in your area.

Government Agencies

Many city governments have housing or community development programs which can be useful to organizing groups. Meeting with the administrators of these programs can give an indication of what kind of public resources are available for cooperatives, and what strings might be attached. City governments may be able to provide funding in the form of grants or loans for affordable housing—even affordable student housing. And city administrators can provide advice on legal issues, such as zoning and housing codes, and how feasible the group's plans are for certain neighborhoods. The Community Development Department is a good place to start, and may have information about other local affordable housing providers.

Most municipalities go through periodic planning processes where they analyze local issues, and try to match municipal resources to perceived problems. Making a presentation to the Planning Commission or other planning body about student housing can help build political support.

It is also worthwhile to seek the support of the local city council. Some organizing groups have been able to use the support of council members to reform local housing and zoning codes. At the very least, a supportive politician can be useful in dealing with the city administration.

State and Provincial Housing Agencies

Most states have housing finance agencies which work to make housing financing more accessible. They sell bonds or use a portion of state income taxes to provide mortgage financing to individuals and organizations. Similarly, some cities in the US and Canada have para-municipal housing agencies or trust funds which finance or support housing development. The availability of these programs varies.

Sometimes such agencies have special programs which subsidize the costs of loans for housing which meet special needs or is developed by nonprofit organizations. The program administrators can look over an organizing group's plans and comment on whether they match the criteria for established lending or subsidy programs. They are also good referral points for other sources of financing.

Project Status

CCDC "Project Status" for a cooperative or organizing group takes the relationship beyond the stage of investigation and into the stage of development. In order to be considered for Project Status, the group needs to state its intentions and development plans. The questions are fairly straight-forward. Most committed student groups have excellent potential to become CCDC projects.

Project Status takes the form of a service agreement between the two organizations. It is approved by the cooperative's Board of Directors or membership and the CCDC Board. The typical terms of the contract include the responsibilities of each party. Generally, CCDC agrees to provide administration, pursue financing, negotiate and arrange for purchase and/or lease agreements, start up assistance, and follow-up. The cooperative usually agrees to coordinate local efforts, recruit members, maintain student status, and become and remain members of NASCO and CCDC. The agreement will also describe the type of compensation CCDC will receive for its services, which is typically a success fee after purchase. The fee is part of the mortgage, so the co-op does not have to raise the funds.

There are two additional aspects of the agreement. The first is that the cooperative agrees to commit to "continuous expansion." As an organization which was designed by, and entirely funded by, the student co-op movement, CCDC seeks to strengthen that movement. Continuous expansion policies rest on the assertion that cooperatives are valuable contributions to student communities and that their expansion is therefore desirable. The basic idea is: the more co-ops, the better.

Second, the service agreement stipulates that the cooperative participate in the cooperative movement and remain members of NASCO and CCDC after its initial years. As a movement-funded organization, CCDC asks the cooperatives that it helps create to continue to support technical assistance for other organizing groups. Likewise, membership in NASCO assures that the new co-op has access to education, training, and consulting, beyond the initial years. Dues reductions are sometimes available for groups that have low funds.

Advisory Committee

Creating an organizing group is an effective way to formalize a network of student support. As organizers begin to build support from professionals and others in the community, a means of formalizing this support is an Advisory Committee.

While many groups are interested in cooperative housing because it provides member-control and empowerment, this does not mean that they should not seek outside help. As long as the Advisory Committee maintains an advisory capacity—as opposed to a decision-making capacity—it will not affect the “cooperative” nature of the organization.

An Advisory Committee is made up of people from the community that understand the need for cooperatives and have time and skills they would like to donate. Advisors should support the group’s mission, purpose, mode of action, and be willing to provide advice and technical skills for the cooperative. An effective Advisory Committee might include any of the following resource people:

- Fund-raiser: to gather financial support from the community.
- Community leader: to help build a base of support.
- Lawyer: to serve as a legal advisor.
- Architect: to do some drawings for potential buildings to purchase.
- Loan officer: to provide assistance in getting loans.
- University staff: to serve as a link and offer services.
- Someone who is knowledgeable about cooperatives: to serve as a point of reference for committee members and provide advice and encouragement to the organizers.
- Organizer: someone from the group to link the organizers with advisors.

Getting Legal

Sometime after the group has been established, action should be taken to incorporate as a nonprofit corporation. A corporation is a legal status for organizations, both for-profit and not-for-profit, that relieves the individual shareholders or members of legal responsibility. In turn, the members or shareholders elect a Board of Directors that take legal responsibility for the actions of the organization and make the decisions that guide those actions.

Essentially, corporations are treated as separate “persons”, distinct from those who own, manage, operate them. They pay taxes, enter into contracts, incur debt, and can sue in a court of law. Corporate debts, transactions, and activities may normally be advanced only against the corporate entity, not against any of the individuals associated with it or their own personal assets.

The organization acquires legal existence after complying with state incorporation procedures and formalities. Generally, this involves writing and filing a set of “Articles of Incorporation,” which state the purposes, and a set of “Bylaws,” which outline the governance structure of the organization. These legal documents need to be produced by the organizing group in order to obtain corporate status.

There are three types of corporations: for-profit, nonprofit, and cooperative. Interestingly, most student housing cooperatives are incorporated as nonprofit corporations, not as cooperatives. The pros and cons for this practice are explained below, in the “Nonprofit Status and Tax Exemption” section.

Articles of Incorporation

Both the Articles of Incorporation and Bylaws are written in legal jargon that is initially difficult to understand. But it is analogous to reading Shakespearean Old English: with some concentration and persistence, it can be mastered, even by non-literary (or non-lawyer) types.

Articles of Incorporation declare the nature of a corporation to the state or province. By and large, states and provinces have the same basic requirements for incorporation:

- Declare a name, which has not already been taken.
- State the purposes of the organization.

- State a primary location of business.
- Obtain the signatures and names of the incorporators.
- Name the initial Board of Directors.
- Pay a filing fee.

Often, additional information is required, but is usually of a broad nature that is easily completed. The Secretary of State or the Secretary of Commerce are usually the departments that handle incorporation and can be found in the phone book.

Articles of Incorporation are an important factor in a corporation's ability to receive tax exempt status from the US Internal Revenue Service. When a cooperative applies for tax exempt status, the IRS will look at the articles, which should contain several standard sections that pertain to private inurement, dissolution of the corporation, and corporate purposes. These sections are in the Articles of Incorporation of almost all of the student cooperatives and many nonprofits in the United States.

It is very important, in filing for incorporation, to be aware of all the options and have an informed assessment of what is needed to keep options open for the organization. While filing for incorporation is not particularly difficult, amending the Articles or the changing incorporated status can be a time-consuming and annoying process. However, because the document affects the application for tax-exempt status, it is important not to make mistakes. Otherwise, the IRS might second-guess the intentions of the organization, which could cause future difficulties.

Therefore, before submitting the Articles of Incorporation to the state or province, organizing groups should send a copy to CCDC to look over. Staff members can find errors and omissions. Furthermore, an attorney specializing in nonprofit law should also review the Articles.

Bylaws

The Bylaws are the governance structure for the corporation. Creating a governance structure can be an empowering process for a democratic organization. While all major economic organizations in the world economy have governance structures, they are not all accountable to the people they serve in the same way as cooperatives. As organizations that are created and governed by everyday people, co-ops have the potential to reorient our thinking about economic participation.

With this in mind, organizers should design governance structures that empower members and encourage participation in the organization. As the cooperatives grow, acquiring more properties and more members, there is the potential for the system to become centralized and alienating. While this is probably a process that happens over a long period of time, organizers have the responsibility to get things started on the right track.

While the Articles are a fairly standardized and brief document that can be put together with little work, the Bylaws are more time-consuming. The first thing to state in the Bylaws is that the corporation is a cooperative and has members. The qualifications for membership are broadly described and the Board of Directors is given power to further define or modify. Typically, the Bylaws separate the powers of the corporation into several different groupings, bodies, or divisions that have powers.

The membership is the broadest grouping. The Bylaws will specify that the membership at a general meeting can exercise *all powers of the corporation*. This is not to say that the membership will make all the decisions but that the corporation is controlled by the members, as opposed to the Board of Directors or the staff. There may be specific powers that can only be exercised by the membership such as amending the Bylaws, election of the Board of Directors, purchase or sale of property, etceteras.

Second, the Bylaws should specify the powers of the houses, which are commonly used to decentralize the governance and operations. Typically, each house is given the power to operate meal plans, perform minor maintenance, expel members, run house meetings, choose officers, and elect a Board representative.

Third, the Bylaws will specify the powers of the Board of Directors. This usually includes borrowing money, accepting gifts, purchasing property, controlling corporate funds, establishing committees, arbitrating between houses, interpreting Bylaws and Articles, and hiring employees. Often, there is also an "elastic

clause" that states any powers not listed reside with the Board of Directors, unless otherwise decided by the membership.

The Bylaws of the corporation, more than the Articles, will remain a reference document for the Board of Directors, as Board members are responsible for ensuring that the corporation is operating legally. In this respect, Bylaws are much like a constitution and should be treated as such in terms of their thoughtful preparation. The guidelines presented in this section intend to give organizers, who often have little experience in this area, an introduction to the subject. The process of writing down the purposes and structure of the future cooperative should be approached by organizers with vigor and an open mind. Contemporary student co-op organizers are in a position to build on the experience of the past and capturing the fresh ideas and energy of a new generation.

Nonprofit Status and Tax-Exemption

Organizing groups, as mentioned before, have several options in the incorporation process: incorporation as a for-profit, nonprofit, or cooperative. While it may make intuitive sense to incorporate as a cooperative, most student housing cooperatives are incorporated as a nonprofit corporations. Cooperative laws vary from state-and-province to state-and-province, and are generally used by agricultural cooperatives. Incorporation as a nonprofit has both pros and cons. By far, though, the pros tip the scale.

To begin with the reasons against, regulation of nonprofit corporations is more strict than that of for-profits. Student cooperatives incorporated as nonprofits must be able to establish that the net income is not treated as profit. In most cases, this means that the assets of the organization may not be given or paid, other than for services rendered, to any other person or organization. Depending on the type of incorporation, the activities (such as lobbying) that the organization may engage in will be limited.

On the other hand, as organizations operating at cost and for the benefit of everyday people, nonprofit status fits the mission and goals of a cooperative. Second, nonprofit is the only corporate category that qualify for tax exemption, which add to affordability. Third, because the Directors of nonprofit corporations are volunteers and cannot be paid for services rendered as Board members, most states and provinces limit the extent to which Directors are liable for the corporation. These protective laws are called limited liability laws. Fourth, nonprofit status gives an organization the public stature accorded to nonprofit, tax-exempt institutions. This allows the cooperative to receive charitable donations, low-interest government loans, access to special postal rates, etceteras.

In the United States, the most common type of nonprofit tax-exemption for student cooperatives is under Internal Revenue Code section 501(c)(3). A 501(c)(3) corporation is exempt from paying any federal income tax on any income derived from its tax-exempt purposes. A donation to a 501(c)(3) can be taken as a deduction on the donor's tax return. A 501(c)(3) can be received for charitable, literary, scientific, educational or religious purposes. Typically, a student cooperative applies as a charitable or educational institution.

A tax exempt application, can be obtained by writing to the Department of the Treasury (IRS) or by calling 1-800-TAX-FORM. To apply for 501(c)(3) status, form 1023 is needed, and form 1024 for other sections. These applications will ask for some basic information about the corporation, but much of what is most important to the Internal Revenue Service is information such as projected operating budgets and a balance sheet: information which may be difficult to generate in the early stages.

Once again, as tax exempt status is extremely important, it is strongly recommended that organizing groups have the CCDC review the application. CCDC has copies of successful applications to follow and compare. It is also suggested that groups have an attorney review the application as well. While an attorney can cost a good deal of money, the benefits down the road will be significant.

It is situations such as this that underscore the benefits of activities such as fundraising and community outreach. If a group has a strong presence in the community, it is more likely to be able to find an attorney to do pro bono work, and if that is not possible, fundraising can help offset the amount that organizers will need to chip in out of their own pockets.

Governance

Once the organization has been successfully incorporated, the Board of Directors should have its first meeting. There are two aspects of governance that the Board should address at this meeting. The first is corporate governance, the other is house level governance.

Corporate Governance

The Bylaws usually define the Board of Directors, its officers, powers, and decision-making process. Still, there are a number of other governance considerations to be taken into account at the Board's first meetings. The Board should ensure that it has all of the resource documents necessary to function.

- **Legal Documents:** Each Board member should be provided with a copy of the Articles and Bylaws for reference. Board members should also have copies of budgets, Board policies, any contracts or agreements the organization has entered into. If any of these items are not present, it should be a priority for Board discussion.
- **Minutes:** As corporate minutes are a requirement to maintain tax-exempt status for 501(c)(3) organizations, it should be ensured that the secretary is recording the proceedings and decisions. Nonprofit organizations should keep minutes of their proceedings to provide record of their decisions for future reference. Recording the decisions as well as the discussion helps to establish the intent of the Board, if it is not clear from the resolution. Boards also take minutes in order to protect themselves in the case of legal proceedings being initiated against them. Minutes should be stored in a readily accessible location for access by all members of the cooperative. Finally, Board members should receive copies of the preceding meeting's minutes before each meeting, and should vote to amend and approve minutes for the official record.
- **Policy Notebook:** A policy notebook will prove to be helpful to the organization in the long term. Although it might seem of questionable value at a stage when everyone can mentally recall all of the policies and resolutions of Board, a policy notebook will be of great use to the organization as time goes on and there are new members and pages of policy.

House Governance

The Board should decide whether or not each house will have a governing body of its own. In most cooperative systems, where several properties are owned, individual buildings have "house councils" and house officers which are responsible for facilitating the decision-making work of the members in that building. House councils usually consist of all members of the house. Sometimes these councils will have their own constitutions which detail their decision-making process, officers, and other building-specific policies. If a system is not composed of houses but rather, say, a high-rise apartment building, councils can be organized by floor or other relevant unit.

The cooperative should clearly establish the difference between decisions of the corporation as a whole, and those of each council. A policy limiting the amount of debt any member may incur to the organization is likely to be a corporate policy, whereas a non-smoking policy, is usually building-specific, and is thus a house policy.

Initially, it may seem redundant to have a corporate governance system in addition to a house system, particularly if the cooperative begins with only one house. However, it is illegal for the nonprofit organization to exist without a Board of Directors. Also, it is important that the cooperative maintain a body that deals with the long term needs of the organization. Likely, the cooperative will have only one house for just a short period of time.

Before the first members move into a new co-op, the basics of a constitution should be drafted to begin a dialogue about house governance. If possible, the dialogue should begin beforehand. Many constitutions begin with a preamble which contains a version of the cooperative principles and a general statement of beliefs. To avoid future confusion, it could include descriptions of officer positions, how they will be elected, and guidelines for meeting process. Whether the members choose to use consensus or majority vote in meetings, it is imperative that the constitution be clear about the process.

It is a point of good communication to include the responsibilities of each member in the constitution, concerning both finances and house labor. Furthermore, the house should establish a schedule for paying the house charges, the procedure for assessment and rebate of net income, and a means of member expulsion. While it does not seem very "cooperative" to expel a member from the house, it is helpful to have a process for

dealing with problem members who are not living up to their responsibilities or are causing other problems. It makes the affair less painful.

Each decision-making entity should establish regular meeting times and post an agenda so that everyone has ample time to prepare for the issues to be considered. This is a basis for the establishing a healthy system of communication and positive house dynamics.

Housing Challenges

At some point during the effort to bring a cooperative to life, organizers venture out into the big, bad world of real estate. It's inevitable. Some groups start researching and exploring early. Others choose to first strengthen their core group culture, process, and vision. Whatever the case, the property search is a fascinating process that involves curiosity, persistence, tenacity, and perhaps a bit of political savvy.

Real estate agents, public officials, university administrators, and other professionals may not always understand who these ambitious idealists are, what they are doing, and consequently may not take them seriously. However, this is not cause for intimidation. Organizers should be ready to stand their own ground: explain what a cooperative is, how it will be achieved, and that such entities have flourished on college campuses across the continent for many years.

The second part of the *Handbook* addresses a slew of issues that will prepare organizers to overcome the challenges presented by the housing market. Researching the dynamics of the local community is a necessary starting point to the searching for property. Subsequent chapters on leasing and purchasing address strategic and logistical questions relating to obtaining properties to operate as housing cooperatives.

Doing the Homework

Market Research

Community Research

Neighborhood Research

Creating a Prospectus

Before leaping into the real estate market and making a hasty decision, organizers should understand the dynamics of the local community, economic system, and the details their ideal building. Researching the housing market, the community context, and specific neighborhoods are important aspects of organizing a student housing cooperative.

Market research involves understanding the local real estate market in terms of supply and demand, market trends, and student needs. Community research fosters an understanding of context, existing resource networks, and local laws and regulations. And neighborhood research focuses the housing search to specific area that meet the group's goals.

Once organizers understand the factors affecting their venture, they are in a better position to make good decisions about where to look and whether or not a specific property will work. Further, the research process poses another opportunity to create allies and build a broad base of support.

With this knowledge in mind, organizers are well-positioned to create a document called a prospectus to make an argument to the public about the need for cooperative housing. A project prospectus is a document that outlines contextual factors surrounding the cooperative such as: the need for a co-op, a summary of the organization, the feasibility of a particular site, and the details of how it will be accomplished.

Market Research

Researching the real estate market provides an organizing group with an analysis of the local housing market and student needs within that market. The goal is to understand the dynamics of how supply and demand affect student life. Market researchers might ask themselves the following questions:

- How much do students spend on housing?
- What other factors affect the student budget?
- What cost pressures affect these housing expenditures?
- How do students cope with economic challenges?
- Is there a housing crisis?
- Are real estate prices rising or falling?

There are several sources of information. Organizers may already have some sense of what market conditions are like through personal experience and conversations with students and others living in the area. The university may have a community housing office that can provide average rental rates for local student housing. The newspaper is another source of information, particularly the “Real Estate” section, which provides a good idea of the property values in the area.

Surveys are an excellent means of assessing student needs at a particular campus. The information may already exist, (student governments will periodically perform such work), or the organizers may have to initiate the effort.¹ Such a survey might incorporate the above questions into a format that is easy to quantify and has the space for independent comments.

One useful tool for analyzing market conditions is vacancy rate, which is the percentage of an area’s total available housing that is vacant. If an area has a 2 percent vacancy rate, then renters that are looking for a place to live have only 2 percent of the area’s available housing to choose from. Conversely, the occupancy rate is the opposite of vacancy and refers to the total occupied units. So, a 98 percent occupancy rate is the same as a 2 percent vacancy rate.

Statistics about an area’s vacancy and occupancy rates are useful because they indicate the shape of the local housing market. If an area’s vacancy rate is low —say, 2 or 3 percent— then property values (and, thus, rent) are likely to be high because an increase in demand without an increase in supply pushes up the average price. Such statistics may be available through the technical assistance organizations discussed in the previous chapter.

Ownership patterns are also helpful to establish, particularly in smaller environments. To what extent is student housing owned by the university, local landlords, or absentee (out-of-town) landlords? Is the situation such that any one of these owners effectively monopolizes the market? Researching ownership patterns can be done in some detail at the tax assessor’s office. The records on-file are public information and can be looked up either by owner or address. These records will also have the assessed value of the properties, which will likely be lower than market value.

Community Research

Community research is a process whereby groups familiarize themselves with various aspects of their communities. The goal is to understand the local regulatory environment and the network of support from which student cooperatives can benefit. Generally, the more knowledge organizers have about the surrounding context, the more effective their efforts will be. Community research is strongly tied to the discussion about Technical Assistance in the previous chapter.

Local Resources

Programs exist at various levels of government to develop affordable housing. Public sector programs, depending on the priorities of local government, may be used to develop student housing cooperatives. Two

¹ An efficient use of time is to integrate such work into one’s studies through an independent study.

programs, funded by the Federal government and administered at the local level are: Community Development Block Grants (CDBG) and HOME Funds. The disbursement of these funds varies widely, but includes both grants and low-interest loans.

Another resource is a city master plan. Local governments frequently produce master plans to prioritize the city's direction for 3 to 5 year periods. Such plans may call for allocating city funds for the creation of affordable housing. It may even recommend allocating provisions to address student housing needs. Reading a master plan will help organizers understand the local political climate and, more specifically, whether they can expect to get funding.

More information about master plans and city programs can be obtained through the city departments listed in the Technical Assistance section of the previous chapter.

Building Codes

City and regional building codes can profoundly affect the process of looking for property. Zoning codes are essentially a means of dividing a community into numerous property zones; examples are: industrial, commercial, and residential. Each of these zones is divided by density and other permitted uses. Density codes include: high, medium, and low density. The average suburban neighborhood composed of single family homes is an example of low density zoning. Urban areas, or areas consisting of apartment buildings and similar structures are examples of higher density zoning.

In an effort to use space more efficiently, many communities adopt a mixed-use code, often in a downtown location. The code usually consists of a retail space on the bottom floor and living space on top levels. It has recently been creatively adopted by affordable housing providers to use the income provided by the retail space to subsidize the housing space. Co-op organizers could use such a code to create a mixed-use cooperative, with, say, a student-run business on the bottom floor, and cooperative housing on the top.

Organizers should look for high density areas because in order to make the housing affordable, the building's space needs to be populated as densely as possible. A map of local building codes can be obtained from the city administration (Housing Department, Community Development Department, Zoning Board, or Planning Commission). Likewise, cities often publish a zoning code handbook that lists specific properties and gives an overview of local zoning codes.

An important zoning restriction for co-op organizers is commonly called the "unrelated persons restriction." This restriction limits the number of unrelated adults that may live in a housing unit. Such restrictions are often aimed at limiting student housing in a certain locale. The existence of such a zoning code will have a great impact on where organizers look for property and the overall feasibility of the project.

Neighborhood Research

Neighborhood research involves applying market and community research to specific neighborhoods. The goal is to locate neighborhoods which match the group's goals. So, for instance, a neighborhood that is zoned for high density, multi-family, residential use has the kind of characteristics that an organizing group is looking for. Another factor to consider is the property values of the area. One can get an idea of a neighborhood's property values by surveying buildings currently for sale. Also, student organizers should consider how accessible a neighborhood is to campus; either through close proximity or convenient public transportation.

Typically, communities are composed of some neighborhoods that are more affordable than others. Most of the time, "affordable" neighborhoods are that way for a reason (i.e. the housing is "less desirable" to mainstream consumers). "Less desirable" could mean that the housing stock is deteriorated. Or it could mean that it is next to an airport that is extremely noisy. Sometimes less desirable means that the neighborhood is home to poor people or people of a certain ethnic group and that other people do not want to live there because of a certain prejudice. Students can also make a neighborhood "less desirable." Neighborhoods are usually considered "less desirable" due to a combination of factors.

Some issues to consider when researching potential neighborhoods are as follows:

- What characteristics surround the neighborhood? Public transit? Groovy shops and restaurants? Close to campus?
- Is it in an area in which students and other youth will want to live?
- Is the organizing group going to focus specifically on searching for a house or an apartment building? Or will it consider both?
- What will be the size of the first building? Estimates of the optimal size for small group democracy range from five to twenty-five. Successful new student co-ops aim for the high end of this spectrum to maximize bulk food buying power and minimize the effects of member turnover.

Creating a Prospectus

The goal of all of this research is to develop arguments which you can use to convince decision-makers of the importance and feasibility of cooperative housing for students. The normal format for these arguments is a prospectus - a written proposal package which lays out the context and details of your plans for a student housing cooperative.

The prospectus is more than just a report on your research. It is a statement about your vision, your understanding about the needs and justifications for student-controlled housing, and your plans for the near and distant future.

A basic prospectus can be modified as your group begins to find properties, becoming a project proposal which you can submit to bankers, University administrators, municipal officials and other potential sources of support.