GET YOUR OWN HOME

THE CO-OPERATIVE WAY

By Elsie Danenberg

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If you are in the middle-to-low income brackets, you have undoubtedly discovered that you cannot afford to build your own home. The few families that have built are saddled with unbearable mortgages and carrying charges. No—you and millions of other Americans can't swing it. Not by yourself, you can't.

But it may surprise you to learn that more than 30,000 families all over the U. S. have built their own homes—families with very limited capital. They've done it merely by banding together into groups, or co-operatives, in order to purchase their land jointly, obtain materials in large quantities, and contract as a unit for architectural and building services, and for equipment and furnishings.

This book is simply the actual story of how some of these groups built homes of their own at savings of hundreds to thousands of dollars. No detail of planning and financing is omitted. Mistakes are treated as fully as successful achievements. The groups range in size from six families to several hundred. In composition, they range from literally penniless miners and farm laborers to university professors, architects, scientists, engineers and businessmen.

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Contents

Chapter *Page*

Illustrations

JACKET PHOTOGRAPHS

Front—Top—One of the two-story stone houses with streamlined kitchens built by miners in the self-help co-operative community of Penn-Craft, East Millsboro, Pennsylvania. Cash outlay for each house was $2000. Every home represents 35,000 hours of man labor.

Front—Center—One of the cement block homes built co-operatively by the American Homesteading Foundation at Melbourne, Florida. Units cost $7000.

Front—Bottom—One of a group of brick homes, costing from $5500 to $8000, in a co-operative community in Front Royal, Virginia. The development was sponsored by the Textile Workers Union.

Back of Jacket—Aerial view of Legion Village, a community of 250 homes in Baton Rouge, Louisiana, sponsored by the American Legion. Houses cost from $6300 to $7700.

Introduction

There are many advantages in the co-operative method of building homes. Most of the disadvantages arise from the members' incomplete acceptance of the work-together principle. It is not to be expected that all those who join a housing association will be imbued with mutualism. Co-operators are made, not born. The give-and-take necessary for the smooth functioning and for the success of the co-operative must be learned just as surely as the intricacies of financing the project must be learned. The extent to which this work-together principle is practiced will determine, in large measure, the success of the co-operative.

Listed as a "disadvantage" of the true co-operative (in which title to all land and all houses is held by the corporation), is the possibility that if the co-operative should fail, the individual would lose everything. Such an eventuality may be circumvented in two ways: (1) by the establishment of reserve "cushions" to provide against "lean times," when the members might fall behind in their monthly payments in sufficient numbers to financially embarrass the corporation. The reserves would have to be large to support the corporation in case unemployment were widespread. (2) By the insertion in the mortgage agreement of a clause to the effect that a member who is paid-up currently will be able to obtain personal title to his house by paying the unpaid balance of his share of the mortgage applicable to his property. Under such a plan as the latter, Bannockburn Co-operators, Inc., Maryland, proposed to operate, during the early years of its organization, when co-operative ownership of all land and houses was planned. Difficulties in obtaining financing caused a change in thinking and the group reverted to individual ownership of the homes.

Why form a co-operative? What does it "get you" anyway? These are questions which will be injected eventually into a housing discussion—if not at the first meeting, then at the second or the third. They are warranted if the group does not understand the benefits which accrue from working together as a unit, and if the group has no realization of the advantages which attended other co-operative associations organized before its own.

Appreciable savings have been effected by the co-operative housing groups discussed in this book, in the following ways:

1. Through the bulk purchase of land. It is always less costly to buy a large tract and divide it into individual lots than it is for each individual to make a separate purchase of a single lot.

2. Through the elimination of the speculative profit of the real-estate promoter.

3. By purchasing tax delinquent land or land marked for redevelopment.

4. In co-operating to under-write the cost of developing the property, including the construction of roads, and the installation of the utilities of water, sewerage, gas, and electricity.

5. Through the collaborative use of architectural and engineering services with resultant reduction of fees. The architect's fee varies. Maximum fees are prescribed by the American Institute of Architects. The tables followed by the Connecticut Chapter of the AI of A are used throughout New England. Some of the fees—believed to be too high—are in process of revision. A summarization of the fees follows:

a. For a single, individual dwelling, the architect's fee should be 7 per cent of the estimated construction cost (if the house is not eventually constructed), or 7 per cent of the total construction cost (if the house is constructed). In some parts of the country the percentage may run as high as 10 per cent.

b. For developments of row houses, garden apartments, apartment houses, or individual homes (with a limit on the number of basic plans), the architect's percentage fee decreases as the total cost of construction increases. Thus:

c. For developments costing under $50,000, the architect's fee should be 6 per cent of the estimated construction cost or 6 per cent of the total construction cost.

d. For developments costing $50,000 to $100,000—5.4 per cent; $100,000 to $200,000—5.36 per cent; $200,000 to $400,000—5.32 per cent; $400,000 to $600,000—5.24 per cent; $600,000 to $800,000—5.16 per cent; $800,000 to $1,000,000—5.08 per cent; $1,000,000 to $2,000,000—5 per cent; $2,000,000 to $3,000,000—4.1 per cent; $3,000,000 to $4,000,000—3.47 per cent; $4,000,000 to $5,000,000—3.02 per cent; over $5,000,000—2.67 per cent; and so on.

6. Through the use of one contractor and the simultaneous construction of a group of houses, with a preferable minimum of ten. In some instances discussed in this book, savings were effected by sharing construction cost economies; in other cases, by a reduction of the con-

tractor's profit percentage. While 10 to 12 per cent is the usual charge, it may run as high as 15 per cent.

Mass construction and the streamlining of operations, possible when a number of houses are erected at the same time by the same builder, meant lower total costs in many instances.

7. By the purchase of building materials and supplies and household equipment from wholesale establishments or through regional supply co-operatives.

8. By the Association's acting as its own contractor.

9. Through the use of a master title, one title search, one set of mortgage papers, one warranty, one survey fee, and one recording fee, instead of fifty or a hundred.

10. Through permanent operation and maintenance of some or all of the property. Maintenance costs were frequently lower in the co-operative community (whether homes were individually owned or co-operatively held) than in rental communities of comparable size and value. In addition, members had the advantage of parks and playgrounds co-operatively developed and maintained with costs equally shared.

11. Through tax savings possible by group operation under urban re-development acts or under limited-dividend statutes, in some states.

12. By interest savings through collective bargaining.

13. Through community services: stores, gas stations, and garages; a nursery co-op, a housemaid's co-op, a gardener's co-op; a laundry service; a buying club for furniture, electrical equipment, or daily food provisions; a shrub or tree nursery; or a co-op service for the repair of radios, television sets, washing machines, refrigerators, and oil burners.

14. Through the incorporation of self-help in the construction of the homes. Some poured their own basements; others dug ditches for underground electric and telephone conduits; several took part in raising the superstructures or in shingling and clapboarding the exteriors; many labored on the interior decorating—painting, papering, or finishing floors; and not a few managed their own landscaping.

The accomplishments of a co-operative are not limited to dollars and cents. These are the tangible assets. The manifestation of the intangible assets is the plan for a better way of life in which the individual has a part, working with his neighbors toward a common end with mutual advantages for all.

CHAPTER 1

The Story of Co-ops

In co-operatives, members work together toward a common aim for their mutual benefit. Co-operatives usually have no political affiliations, are not confined to any race, religion, creed or color. They number among their members men and women from all walks of life—the miner and the manufacturer, the baker and the banker, the farmer and the factory worker, the office clerk and the oil driller, the artist and the architect, the doctor and the potato digger, the homemaker and the horticulturist, the lawyer and the fisherman.

In a dingy warehouse on Toad Lane in Rochdale, England, twenty-eight mill workers opened a shop on December 21, 1844, with a barrowful of butter, flour, oatmeal, sugar, and candles, bought with pennies pooled from weekly savings, and the modern co-operative movement was born.

From that beginning, the idea developed and spread around the world, embracing practically every field of endeavor from marketing, manufacturing, and mining to farming, oil refining, and housing.

Not alone on tuppence worth of porridge did the Rochdale Society of Equitable Pioneers build its future. Its members founded an association on principles so sound that they became the basis for the versatile and expanding co-operative movement embracing tens of millions of families around the world.

The Rochdale shop wasn't the first co-operative venture in England, but it was the first truly successful one. Its predecessors were a co-operative community fostered by Robert Owen, wealthy manufacturer, and a string of stores started by Dr. William King of London. Both projects failed, mainly because their sponsors provided all the material and all the money and the members advanced nothing. History proves that the most successful co-operative enterprises are founded on the united efforts and the combined investments of all members.

While most of the Rochdale pioneers were flannel weavers, there were other craftsmen among them—a tailor, a printer, an engineer, a hatter and a cabinet worker. All of them, including the lone woman member, Ann Tweedale, were very poor. Low wages and high company store prices combined to tax their family budgets to the breaking point. Reducing the cost of living would help make ends meet. Alone, no man could manage that. Together, they were prepared to try.

Charles Howarth, a warper in a cotton mill, was probably responsible for the first draft of the policies and aims of the society which provided for: (1) the establishment of a store for the sale of provisions and clothing; (2) the building of a number of homes for members; (3) the manufacture of articles for the employment of members without employment or suffering because of low wages; (4) the purchase of land to be cultivated by the members when out of employment; (5) the establishment of a self-supporting home colony of united interests; and (6) the opening of a temperance hotel for the promotion of sobriety.

Tackling the store project first, the members built up a capital by each contributing two pence—less than a nickel—every week for a year. At the end of that time the shop was opened with $70 worth of merchandise. The ridicule of the town soon changed to commendation when the little establishment began to prosper. By the end of the year, it had done $3,500 worth of business, selling to members and to non-members.

It is to this Rochdale group that co-operatives are indebted for the principles on which they operate today. An object of derision at the time, these principles seem to us now nothing more or less than common sense. The original draft provided:

1. All goods to be sold at prevailing market prices.
2. All merchandise to be sold for cash.
3. Membership to be open to men and women regardless of party or creed.
4. One vote to be allowed each member regardless of shares owned.
5. Full information, based on proper accounts and audits, to be presented to members.
6. Interest payments for the use of capital to be restricted to a fair return.
7. Fair and honest dealings to be maintained in all business.
8. Savings to be returned to patrons in proportion to the patronage of each.
9. A portion of all savings to be used for education and expansion.

On these principles the Rochdale pioneers prospered. By the end of a century the Society listed 36,809 members and capital of nearly two million dollars distributed among a hundred enterprises. By 1947, Rochdale had grown to a city of ninety-two thousand of whom 32,116 were members of the co-operative movement, and the first little enterprise had expanded to include: fifty-three grocery stores, seventeen butcher shops, six shoe stores, three drapery shops, three chemists' shops, one tobacco store, one tobacco factory, two coal wharves, one sweets shop, one laundry, two gentlemen's outfitters, and one slaughter house.

The co-operative idea spread rapidly through Great Britain. A hundred years after the organization of the first society in Rochdale, there were nine million co-operative members in the country, supplying 25 per cent of the country's food and a sizeable portion of other commodities and services—from automobiles and clothing to banking and insurance—returning 120 million dollars yearly to members in savings on purchases.

Meanwhile, from Great Britain the co-operative way of doing business spread to other countries, and before the close of the century there was scarcely a country in Europe without a co-operative similar in all or some respects to the Rochdale Society. Moves toward co-operation between co-operators of various lands began in 1884 when French co-operators sent greetings to the British Co-operative Congress. In 1892, an organization known as the International Co-operative Alliance was formed. It grew with such rapidity that by 1941, it represented seventy-five million families in different countries around the world.

Outside of England the strongest developments are found in the Scandinavian countries: Sweden, Denmark, Norway, and Finland. In Sweden, co-operatives "dared to set their own prices" and thereby presented a pattern for the rest of the world. In Denmark, co-operatives were started in 1886 and when the Nazis overran the country in 1940, some farmers belonged to as many as ten different co-operative societies. Finland, in the early years of its co-operative development, joined forces with Sweden to form the Scandinavian Co-operative Wholesale, known as SCW, in order to buy goods at better prices by pooling their orders.

In other countries, co-operatives met with varying degrees of success. Iceland, for example, has been called the "most completely co-operative country in the world." There, 75 per cent of the population belongs to co-operatives. In Germany, one in every four persons belonged to a co-operative before Hitler's time, but he destroyed many, and others became government-controlled. In Russia, all the co-operatives were taken over by government when the Soviets came into power in 1918. Their independence was restored three years later, but only the rural co-operatives, with an estimated sixty million members, retained it after 1935.

While co-operatives grew slowly in Asia, India had 100,000 societies by 1939, and China had 170,000 "Indusco" branches in 1943. The number of China's co-ops has dropped since the end of the last World War. Japan also had a thriving co-operative movement. Palestine built a national economy on a co-operative basis with such success that the Arabs began to follow the example. In South America, governments took the lead in promoting co-operatives and in supplying funds. In Africa, the co-operative movement became strongest in the south. In Canada, 25 per cent of the farm crops are marketed through co-operatives, and the fishermen of the Maritime Provinces also have their co-operatives through which they sell their catches.

In the United States, the oldest form of organized co-operative effort is mutual insurance. Benjamin Franklin sponsored the first enterprise in Philadelphia in 1752. A co-operative dairy commenced operations in Goshen, Connecticut, in 1810 and in the same year a cheese dairy was established at South Trenton, New York. Ten years later, a group of Ohio livestock producers started to make joint shipments to a terminal market.

In 1845, the first consumers' co-operative store was opened in Boston, Massachusetts. Jesse Williams built his famous cheese factory in Oneida, New York, in 1851 and within five years the first butter factory was erected in Campbell hall, Orange County, New York.

The farmers were not far behind the dairymen in organizing co-operatively. In 1857 the Dane County Farmers' Protective Union was formed and built a grain elevator at Madison, Wisconsin. In 1860 the farmers in Bureau County, Illinois, formed a co-operative hog auction, and three years later the first farmers' fertilizer association was organized at Riverhead, Long Island, New York. The year 1867 saw the formation of the first known co-operative association for the marketing of fruit, in Hammonton, New Jersey.

The first law recognizing the co-operative method for buying and selling appeared on the Michigan statute books in 1865 under the title "An Act to authorize the formation of mechanics' and laboring men's co-operative associations."

The second period in the history of American co-operation commenced in the late sixties with the rise of the Grangers, also known as the Patrons of Husbandry, who took the lead in sponsoring co-operative organizations among the farmers. At the same time the Sovereigns of Industry came into existence and encouraged consumer co-operatives in the New England and Middle Atlantic states.

In the 1880's the Knights of Labor came to the fore and tried to foster producers' or workers' co-ops in which the workers shared ownership of the industry. The push given co-ops by the Grangers lasted well into the twentieth century and large co-operatives were formed in various parts of the country. They were engaged in growing oranges, drying fruit, dairying, raising livestock, operating grain elevators, growing tobacco, wool, walnuts, raisins, vegetables, cranberries, grapes, potatoes or fruit, and in raising poultry and marketing eggs.

The average householder has little idea of the magnitude of the rural co-operative movement in this country where four out of every ten farmers belong to one or more co-operatives. Unlike Great Britain and Europe, where the co-operatives are composed mainly of industrial workers in the cities and towns, the United States has developed a network of farm co-operative associations which have a bigger membership and a larger business volume than associations of like nature anywhere in the world. And in the newest field of development, that of oil drilling, refining, and distribution, American co-operatives stand foremost among co-operatives in all nations.

The third period in the history of American co-operation, which lasted from 1890 to 1920, found the co-operatives in the rural areas widening their spheres to include telephone companies, insurance companies, irrigation associations, co-operative creameries, grain elevators, fruit marketing combinations, and purchasing co-operatives.

The Farmers' Co-operative and Educational Union and the American Farm Bureau Federation gave co-operatives a new lease on life. They were greatly helped by immigrant farmers from European countries where Rochdale practice was common.

In 1917, seventeen organizations in Minnesota and Wisconsin organized the Central Co-operative Exchange, later known as the Central Co-operative Wholesale with headquarters in Superior, Wisconsin. By 1940, the association was doing an annual business of $3,865,984 and included forty thousand families in its membership. The Central Co-operative Wholesale is not to be confused with the Central States Co-operative, Inc., an association formed in 1936 and serving Illinois, Indiana, Ohio, and southern Michigan.

During this period the Dairymen's League Co-operative Federation of New York was formed. The Co-operative Grange League Federation Exchange, Inc., and the Eastern States Farmers' Exchange, founded at the same time, are the largest co-ops of their kind in the country today.

As the co-operative movement spread across the country, little groups combined with larger groups to form strong associations in every state. They included the orange growers in California, the tobacco growers in Kentucky, the beef distributors in the Midwest, the wool growers in Montana, the poultry shippers in New York, the lima bean growers in one section of California and the almond growers in another; the pecan growers in Georgia, the tobacco raisers in Maryland, and the cattle raisers in Nebraska.

During the second decade of the twentieth century, local associations for receiving and forwarding to market farmers' products were increasing at guinea pig rate. Nearly seven thousand associations for marketing farm products were formed and about thirteen hundred organizations for purchasing supplies. Next, all the raisin growers in California organized to form what is now the Sun-Maid Raisin Growers' Association; the National Milk Producers Federation was organized in Chicago in 1916; the Poultry Producers of Central California came into being and now has six thousand members, and the Washington Co-operative Egg and Poultry Association which has 25,000 members today, was organized; and in the West, the Farmers' Union Live Stock Commission, which handles 800,000 animals a year, was organized among the farmers in five states.

The fourth period of American co-operation commenced in 1920 when the bottom dropped out of farm prices and farmers' marketing co-operatives took a new turn. Attempts were made to create large-scale associations to handle the entire output of specified crops in the important producing areas.

Contemporaneously with the commodity marketing experiment, associations were being formed according to patterns that were proving satisfactory. Among the new entrants to the co-operative field was the Minnesota Co-operative Creameries Association, now the Land O'Lakes Creameries, Inc., marketing 100 million pounds of butter a year; the Utah Poultry Producers Co-operative Association, which provides six thousand poultrymen with marketing service; and thirteen wheat pools with 98,000 members.

When motorized equipment replaced the horse on the farm, the need for gas and oil resulted in the formation of the first oil-purchasing co-operative in 1921. Eight years later, six hundred such co-operatives had organized. By 1945, two thousand co-operatives handled 200 million dollars' worth of petroleum products. Today, four hundred oil wells in Kansas, Indiana, Illinois, Texas, and Kentucky, provide crude oil which passes through co-operatively owned pipelines to the ten co-operative refineries.

In order to understand the complexity of the co-operative movement in the United States, it is necessary to have clearly in mind the four types of co-operatives:

1. Producing Co-operatives. These are co-operatives in which the members as workers raise, extract, or make goods. The self-help co-operatives which developed during the depression of the 1930's were primarily producing co-operatives. Producer co-operatives have not been signally successful in this country.

2. Marketing co-operatives. These are co-operatives which undertake to market crops or other products for members. Often these associations, as a necessary part of their job, act as producing co-operatives for the user. For instance, they churn butter, manufacture cheese, can fruits, or process vegetables.

Marketing co-operatives were successful from the start. While most of the producer co-operatives had disappeared by 1940, the marketing co-operatives were developing rapidly, with sales amounting to 4½ billion dollars in a single year—about one-sixth of all farm products sold.

3. Purchasing co-operatives. These co-operatives procure goods and services needed by members whether for consumption or production. Those that serve farmers are called "farm supply" associations. They may provide farmers with goods or services that they need in farm production, or as consumers. Associations providing consumers with groceries, clothing, or other goods or services for general consumption are properly called "consumers' co-operatives." As a matter of fact, all types of purchasing co-operatives are often called "consumers' co-operatives," since these associations are organized by those who consume goods either as producers or consumers. Purchasing co-operatives often do much manufacturing or processing incidental to their purchasing job. By 1944, the consumer co-operatives in the United States were doing more than 750 million dollars' worth of business annually, somewhat more than half of this being developed by farmers' groups.

4. Servicing Co-operatives. These co-operatives provide technical or professional services to their members. They may provide members with insurance, financial assistance, electric power, hospitalization, telephone service, burial service, housing or other needs.

Of all the service co-operatives, perhaps the most important to the whole movement is the association formed to loan money to members.

Some are called "credit unions." The first state law allowing credit unions to operate was passed in the early 1900's. Today, credit unions operate both under state and Federal laws. Loans may mean just a few dollars to tide a member over until his next pay day or several hundred dollars to pay for an emergency operation or in some cases real estate loans. Usually, members know each other personally or have some common bond, such as belonging to the same church or labor union, or working within the same office.

The oldest type of service co-operative is that which insures members against damage or loss of property. The youngest co-operatives are those organized to provide their members with refrigerated food lockers. Another type of service organization is the campus co-op, which provides college students with housing, meals, books and school supplies, laundry service, and the like.

The rural electric service co-op was depression born. In 1935, only one farm in ten was serviced by public utilities. Then the Government encouraged responsible groups to extend electrical service by offering them loans through the Rural Electrification Administration, and the light and power co-operatives came into being. By 1945, almost half of America's farms had electric power, and most of the nine hundred Government borrower groups for this service were co-operatives.

In the field of health a pioneer consumers' enterprise was the Farmers' Union Co-operative Hospital at Elk City, Oklahoma, initiated in 1929 by Dr. Michael Shadid. Today, this co-operative provides medical, dental, and surgical care with clinical and hospital service for some ten thousand co-operators at costs much less than they would have to pay at private rates.

In Los Angeles a group of physicians launched the Ross-Loos Clinic in 1929. The clinic serves thirty thousand employed persons with complete medical, surgical, and dental care, plus hospitalization, at similarly low costs. In the same year a group of Texas teachers first set up an experiment in group hospital insurance. In the nation's capital the Group Health Association of Washington, D. C. (confined to Government employees) was formed in 1937. It has ten thousand members. Three other large associations are the Group Health Mutual, Inc., and the Group Health Association of St. Paul, Minnesota, with 25,000 members, and the Group Health Co-operative in New York City with ten thousand members.

While the co-operative movement as a whole broadened its activities in an ever widening circle, several of its member associations were making spectacular progress. Outstanding example is the Pacific Supply

Co-operative in the Northwest which has a membership of seventy thousand families in six states and did a $12,500,000 business in 1946. On the West Coast, the Associated Co-operatives of California became statewide in 1944 and a year later listed twenty thousand members and a $250,000 volume of business.

The co-operative movement spread to the trade unions. The American Federation of Labor has regularly endorsed consumers' co-operation for more than twenty-five years. First of the CIO unions to come out for co-operatives was the United Rubber Workers, next the Steel Workers, and then the United Transport Employees of America.

Before 1934, consumers' co-operation had been largely a city movement. About this time the Co-operative League of the U. S. A., established in 1916 to promote consumers' co-operation, broadened its membership to include the strong farmers' purchasing associations. The League has done much to popularize the idea of consumer control over goods and services. In 1933, National Co-operatives, Inc., was formed, charged with commodity procurement on a nationwide scale for the regional co-ops. Working together, the two form the pillars of the co-operative structure of America—the League "for education," and the National "for business."

The Co-operative League was created to assist old societies in properly carrying on their business and educational affairs, to help new ones organize, to spread the knowledge of the co-operative movement throughout America, and to give a sense of unity and common purpose to the co-operatives of the nation. The League is engaged in the constant production of materials in pamphlet and book form. It sponsors and directs national educational conferences. It operates and maintains the Rochdale Institute in Chicago, which is specializing in the techniques of carrying on co-operative business enterprises and the philosophy and program for the consumers' co-operative movement.

National Co-operatives, co-partner of the League, has centered its program on the three purposes for which it was set up: (1) to purchase, manufacture, produce, and distribute co-operatively for and to consumer co-operative wholesale associations; (2) to provide better, more economical methods for purchasing, manufacturing, producing, and distribution; and (3) to assist in the organization, financing, and operation of consumer co-operative wholesale associations.

The increasing strength of city consumers' co-operatives is illustrated in the growth of the Eastern Co-operative Wholesale Society, now Eastern Co-operatives, Inc. Since its founding in 1936, this Co-operative has built its business into a volume of more than six million dollars annually. It is the largest co-operative purchasing federation devoting its efforts mainly to serving city consumers' co-operatives. About two hundred units in eleven states are affiliated with this Co-operative.

During the past twenty-five years, co-operative business has established itself in a number of new fields. The extent of its diversification and the spread of its membership is illustrated by a survey, made in 1946, which listed: 2,810 stores with 690,000 members; 125 service stations with 810,000 members; 1,353 farm supply co-operatives with 710,000 members; fifty other commodity co-operatives with 24,000 members; sixty-eight medical co-operatives with 140,000 members; forty-one funeral associations with 36,400 members; fifty-nine housing associations with 2,100 members; 325 campus co-ops with 28,000 members; 235 miscellaneous co-operatives with 122,000 members; 850 rural electric co-ops with 1,149,700 members; 9,099 credit unions with 3,037,700 members; five thousand telephone co-ops with 330,000 members; and eight insurance associations with 800,000 members.

It is often charged that co-operatives do not pay their full share of taxes. Co-operative associations do pay the same property taxes that similar business organizations are required to pay on property, dividends on shares, and corporate reserves not credited to patrons as refunds. But farmers' marketing and purchasing co-operatives that meet conditions prescribed by Congress are exempt from Federal income taxes. Moreover, the Bureau of Internal Revenue has permitted co-operatives or other businesses which are not entitled to exemption as agricultural co-operatives to subtract from their total income the amounts they pay out in patronage refunds, and to compute their income taxes on the remainder. Many states exempt farmers' co-operatives from state income taxes also.

In the case of consumers' co-operatives, the Bureau of Internal Revenue looks upon patronage refunds as rebates upon the business transacted with members rather than as a true income of the association. Commercial businesses which return their profits to their customers can also deduct such refunds from their taxable income.

There has been little mention in the preceding pages of co-operative housing projects. In the early history of American co-operation, there were few and their growth was slow. Unlike America, Europe developed housing co-operatives simultaneously with its industrial and agricultural co-operatives.

European housing co-operatives may be divided into two classes: (1) co-operatives that are essentially savings and credit societies, providing their members with advances to enable them to build or buy homes;

and (2) co-ops that build houses for sale or rent to members. Co-operatives of the second type are far more numerous, accounting for nine-tenths of the total number of housing societies, although they represent only one-third of the total membership.

In England the building societies, which resemble our building and loan associations, have grown faster than the housing co-operatives. By the end of 1937, there were one thousand building societies in England with a membership of 3½ millions. At the close of the same period, there were 336 co-operative housing groups with 37,000 members. Co-operative housing societies fall into two main groups: tenancy societies which own the houses and lease them, and house-purchase societies which provide houses for eventual ownership.

In Scotland the first housing co-operative project followed the collapse of a row of railroad workers' tenements in Edinburgh in 1861, which made a great many families homeless. The Edinburgh Co-operative Building Society organized a building co-operative which erected two thousand units. In Wales, a co-operative housing association was formed as early as 1908 to build houses for quarry workers in Aberdaron on a seventy-three acre tract of land.

France had 238 building societies by the end of the first decade of this century, 63 per cent of which operated on a co-operative principle, while the remainder were joint stock companies. Together they erected 4,569 cottages and 3,653 flats. In Germany the National Federation of German Co-operative Building Societies constructed 1,353 houses and 614 apartment units during World War I. A garden city for four thousand families was built at Nuremberg on a co-operative plan. By 1935, the Federation included 2,700 groups. Belgium developed its co-operative housing slowly, partly because there were so many professional organizations in existence and partly because the savings banks granted credits to members for the construction of homes.

The Union of Soviet Socialist Republics issued a decree in 1924 designed "to assist Workers' Co-operative Housing Societies of USSR" by providing financial aid in housing projects. Three classes of housing co-ops were established: those which administered and rented in existing municipalized houses, those which consisted of societies of workers, and those which consisted of citizens as such, workers and non-workers. The last two were described as building co-operatives.

In Czechoslovakia, under the Czech Government in power before World War II, housing co-ops were under the supervision of the Ministry of Social Welfare and were required to confine their activities to the construction of houses and to the sale or lease of family dwellings. Loans were made to housing societies at low rates by the Government and by consumer co-operatives.

Italy promoted housing co-operatives through the National Credit Institute for Co-operatives. A large share of its assets was contributed by the Government. By 1924, Rome had 120 co-operative housing societies. Government aid also helped housing in Switzerland to get a start. In Zurich, co-operative building societies are aided by the city in financing the erection of dwellings, one of the stipulations being that each applicant must provide 6 per cent of the purchasing price. Best known co-operative community is Freidorf, near Basle, developed in 1919 and housing 150 families, most of whom are employees of the Swiss Co-operative Union. By 1936, there were 230 housing co-operatives in Switzerland.

In Poland, the outstanding contribution to co-operative housing was made by the Co-operative Housing Society of Warsaw. Twenty buildings were erected, totaling 1,700 apartments which were leased to members, title remaining with the Co-operative. By 1936, the Society had a membership of 1,780, nearly 40 per cent of whom were employed in manual occupations. Co-operative housing groups are taking a major part in the rebuilding of Warsaw, bombed during the last World War.

Holland, strong advocate of co-operative housing, has promoted two types of societies: those whose construction activities were confined to providing homes for members, and those of semi-philanthropic nature, which rented homes to low income groups. In either case, the Government advanced 90 to 95 per cent of the capital required. Although the societies planned, promoted, and operated the developments, they did not own them. At the end of a fifty-year amortization period, the city housing department assumed absolute ownership.

Government aid was also responsible for the construction activities of many of the housing co-ops in Austria. In Vienna, 2,600 houses were built on city-owned land in the early twenties, the city supplying the co-operatives with funds up to 85 per cent of the building outlay.

The Scandinavian countries have been foremost supporters of the co-operative housing movement, with Sweden in the lead. In Sweden, more than in any other country in the world, co-operative housing has been closely related to the general co-operative movement. Early housing societies were called "housing clubs" or "workmen's housing associations." Since there was no co-operative legislation in 1880, they were organized as stock companies. The practice was to buy the houses already built and to rent, not sell, to members.

In June, 1916, the Stockholm Co-operative Society, known as SKB, was formed as a semi-public association, with the aid of the Stockholm City Council. It was primarily a rental society. Each tenant invested 10 per cent of the cost of his apartment, the city loaning the other 90 per cent. SKB is today one of the principal real estate owners in the city. By 1937 it had accommodated two thousand families in new homes.

In 1923, the Tenants' Savings and Building Society, known as HSB, was organized in Stockholm, followed in three years by the formation of the national society. The national society operates as a financial center, obtains loan funds from the Government, sells "building loan certificates," and accepts from members deposits in its savings fund. In every city there is a parent society operating under the national. Every co-op building project in the city is a separate local or daughter society. The parent society in each city prepares plans for the small local projects, makes contracts for construction, supervises construction, finances construction in large measure, and finally grants a first mortgage on completion. Any second mortgage needed is obtained through state or city agencies. When ready for occupancy, the home is sold by the HSB parent society to the local co-operators who assume responsibility thereafter.

HSB has a unified purchasing agency through which pass all orders for materials that go into HSB houses. It also has an architectural office and numerous factories producing building materials. It has initiated a special HSB Home Protection Insurance for members and has extended activities to a summer colony called *Arsta Havsbad*. Co-operative nurseries and playgrounds are integral parts of every HSB house. New are the "Co-operative Child Hotels," where children are received for care when parents can't keep them at home or must be away for a few days. In a little more than twenty years, HSB has produced more than forty thousand dwellings. In 1945, it had a membership of 37,000.

In Norway it is estimated that one quarter of all the houses are co-operatively owned. After World War I, the Government established a system under which housing societies were granted funds outright, or as loans without interest or amortization. To prevent speculation, the Government stipulated that all grants must be matched by municipalities.

Denmark's oldest co-operative housing society was founded in 1805 by a group of workers who built sixteen thousand dwellings under a lottery system. The Workmen's Co-operative Building Society, founded in 1912, is an example of the genuine housing co-operative in Denmark. Each apartment house operates as a separate branch of the main society, but is under independent management. About one-third of all new houses in Copenhagen are now built under co-operative leadership. Finland's co-operative housing activities have been hampered by the popularity of "joint stock lodging societies"—a profit motivated form of housing peculiar to this little country.

In India the Saraswat Co-operative Housing Society, organized in 1895, built a number of homes for workers, charging rents which were 30 per cent below those charged for comparable accommodations in those communities where the houses were erected.

In Australia, the Government Co-operative Enterprises has provided model homes for 6,060 families in the slums of Adelaide. Co-operative housing has been very successful in the New South Wales province, which has a Co-operation Act under which a "Community Advancement" society may borrow 100 per cent of the cost of its building development from the Government. The Co-op society then sells the houses to its members on a quasi-rent basis. By the end of five years, the tenant has acquired considerable equity in his dwelling. In New Zealand there are one hundred building societies operating under the consolidating building society measure of 1908. The Government offers loans at low rates for home buying and building, yet there is surprisingly little Government control.

The first building society in South Africa was formed in Natal seventy-five years ago. In 1935, a hundred scattered groups were organized under the South Africa National Association of Building Societies.

In South America, many of the countries have had co-operative housing societies since the turn of the century. One of the oldest Argentine consumer co-operatives is *El Hogar Obrero,* "The Worker's Home," which is the parent society of the country's consumer, credit, and housing co-operatives. It was intended from the beginning to provide housing credit, and has built and continues to build small family dwellings as well as large apartment houses. In Medellin, Colombia, the Co-operative *de la Vivienda,* "Dwelling House Co-operative," has made plans to build seven hundred homes in a planned community on the outskirts of the city.

Alaska has several housing co-operative projects, although no organized housing co-operative movement. The largest project was initiated by a group of veterans from Pennsylvania.

Halifax, Novia Scotia, boasted the first co-operative housing group in the Dominion of Canada, called the Permanent Benefit Building Society of Novia Scotia.

The famous Tompkinsville experiment in Novia Scotia produced ten houses co-operatively built by miners under the direction of Rev. J. J. Tompkins of St. Francis Xavier University at Antigonish and Mary Arnold, formerly active in co-operative housing work in New York City. The Government of Novia Scotia advanced money up to 75 per cent of the cost. The manner in which the miners operated under a self-help program and planned their community to provide acreage for growing food and for the development of farming interests in times of unemployment has become well known in the United States.

Under an act passed in 1874, building societies in Canada may not only accept deposits but may also issue debentures which provide a substantial part of their funds. The past ten years have seen the formation of a number of co-operative housing groups in Canada, the more recent being in Saskatoon and Regina, Saskatchewan, and in Edmonton and Calgary, Alberta.

It should be noted that most of the co-operative housing projects in Europe were government aided, either by outright grants or by loans repayable at low rates of interest. The path of co-operative housing in the United States has been more difficult than that in Europe, because the Government does not yet extend financial aid or assistance to co-operatives for the erection of homes. They must get along on financing plans actually set up for other types of private enterprise—which aids are not ideally suited to co-operatives.

The first known co-operative communities in the United States were developed within a few years of each other. In 1825, Robert Owen, wealthy English manufacturer, established a co-operative village at New Harmony, Indiana. He planned his community on a thousand acres of land, with the houses arranged in a rectangle in the center and the community members living together and using a common kitchen and dining room. He established co-operative farming and co-operative hat, shoe, and candle factories. Script was used instead of money, and labor hours were exchanged on a basis of time rather than skill. The venture lasted five years.

John Humphrey Noyes, an American religious leader who founded a community of Perfectionists at Putney, Vermont, developed his co-operative community in Oneida, New York. Homes were built by the members and saddles and silverware were manufactured in the community. In 1881, the development was reorganized. The new stock company, known as the Oneida Community Ltd. confined all industrial activity to the manufacture of silverplated ware. This community prospered where Owen's project failed, because the workers and not the sponsor organized and operated the co-operative.

Organized co-operative housing made its initial appearance in apartment house projects in the big cities. In the early 1920's, four groups of buildings were constructed in the better section of San Francisco at costs ranging from $9,500 to $25,000 for each apartment. Constructed under a non-profit plan, they were examples of a limited type of consumer co-operation, although sponsored by outside interests. In the typical plan of procedure, the promoter found and assembled interested participants and received a commission for his services which was added to the construction cost. Evidence of ownership in a community home was called a lease which was, in effect, a deed to one's apartment for the nominated fifty-year life of the corporation. All subscribers had a voice in the operation of the homes through the election of officers or through committees which protected their collective interests.

In Washington, D. C., the first co-operative apartment building was erected in 1920. Despite strong opposition from local bankers, realtors, and attorneys, all apartments were sold within a week. A co-operative corporation was formed and took title, while the tenant owners received a perpetual lease. Payments were either cash in full, or one-third cash and the balance in payments over eleven years. Much of the financing was done through the large insurance companies at better terms than the bankers would allow.

Chicago started early in the century operating small apartment houses on a co-operative plan, and one authority states that by 1924 there were a hundred such buildings in the city.

In New York City there were a few small co-operative apartment buildings as early as 1870. The Finnish immigrants in Brooklyn were among the first to operate an apartment house on a co-operative basis without public or private subsidy. The first large co-operative housing project for Negroes, known as the Paul Lawrence Dunbar apartments on Eighth Avenue, was sponsored by John D. Rockefeller, Jr. All five hundred suites were sold under a co-operative plan before the middle of 1928. This development eventually reverted to rental housing. The biggest co-operative apartment house project was commenced in the Bronx in 1926, under the sponsorship of the Amalgamated Clothing Workers of America. The development expanded until by 1948 it encompassed fifteen buildings with 1,753 apartments built or near completion. Amalgamated is the nearest thing the United States has to HSB of Sweden.

In this book, one hundred projects embracing about thirty thousand families are discussed, some of them large, some of them small, but all of them co-operative to a greater or lesser degree. There are hundreds of others in this country, but their number and their nature cannot be known until a survey is made, state by state, town by town.

Co-operative housing came into existence when individuals discovered that they might accomplish together what they could not do alone—acquire homes for their families.

On the wall of the office of the manager of the Amalgamated Co-operative Apartments in the Bronx is a letter from Franklin D. Roosevelt containing a quote from the late Charles Steinmetz, which should be remembered by all home-seekers:

"Co-operation is not a sentiment. It is an economic necessity."

CHAPTER 2

Types of Housing Co-ops

The housing co-operatives described in this book differ in many ways: in the extent of co-operation, in the type of sponsorship, in the amount of self-help involved, in the manner of financing, in the kind of community—urban or rural—and in the make-up of the membership (some consist predominantly of factory workers, some of farmers, some of clerical workers or members of the professions, and some are composites of many occupations). A mixture of employments provides the most satisfactory type of membership.

The extent of co-operation is dictated partly by the desires of the members and partly by circumstance. It varies all the way from a minimum, confined to purchase of the land, to full co-operation, involving ownership of the property and the homes by the corporation, and operation of the community by the co-operative. A number of the associations started out in high hopes of developing true Rochdale co-operatives with title to the homes vested in the corporation, and membership open to all regardless of race, creed, or color. Difficulties in obtaining financing forced them to change their plans, and they reverted to individual ownership of the homes and to a membership composed "of the Caucasian race only." Those that survived and realized their plans did so, in most instances, by obtaining private loans or straight bank mortgages, instead of loans insured by the Federal Housing Administration or guaranteed by the Veterans' Administration.

Few of the associations have limited their co-operative activities to purchasing the land. Most of the groups carried on together through the site planning, the installation of utilities, the legal and architectural services, and the construction, at the end of which phase, each individual took title to his dwelling with unrestricted control from that point forward.

It is difficult to pigeonhole co-operatives by drawing definite lines to indicate where co-operation began or ended. However, most of the co-operatives may be included in one of the following classifications:

1. Co-operation extending only through the purchase of land.
2. Co-operation extending through the land purchase, site planning, installation of utilities including roads, water and sewerage, and the legal and architectural services.
3. Co-operation extending through all the phases in the second category, plus construction of the homes.
4. Full co-operation, including co-operative ownership of both land and homes, and co-operative operation of the community and the community-held property.
5. Co-operation only after the completion of the project, as in the case of Government-built projects such as Greenmont in Dayton, Ohio; Walnut Grove in South Bend, Indiana; and Naylor Gardens in Washington, D. C.

Many of the groups which fall into the second and third categories provided for co-operative operation of the development after completion and for control of the community lands and buildings by their Association.

Co-operation may be very informal, after the manner in which four professors in Winchester, Massachusetts, built their homes, or it may follow a set pattern through the medium of a regularly incorporated association, with each provision set forth in the by-laws or in the membership contracts. Good examples of the latter type are the Mutual Housing Association, Inc., in Los Angeles; the Peninsula Housing Association, Inc., in Palo Alto, California; and Bryn Gweled Homesteads, Inc., in Feasterville near Philadelphia, Pennsylvania, to name a few.

Mention must be made here of that large number of so-called co-operatives which are not really co-operatives at all. They vary all the way from borderline co-operatives to "commercial co-operatives" developed by builders or realtors trading on the accepted meaning of co-operatives.

Sponsorship of the true co-operative may be active, with the sponsor taking part in the formation, financial aid, and operation of the community; or it may be passive, with the sponsor merely providing the initiative for the organization of the group. There are many types of sponsorships—all of which are described in this book. They include:

1. Sponsorship by a Co-operative Housing Association. Crestwood, in Madison, Wisconsin, is an example.
2. Sponsorship by an individual. Monsignor Luigi Ligutti of the

Catholic Rural Life Conference sponsored the development of the Granger Homesteads near Des Moines, Iowa.

3. Sponsorship by public-spirited citizens and a city or state government, as was the case in the formation of the Garden Homes Company in Milwaukee, Wisconsin.

4. Sponsorship by a charitable, religious, or community service organization. The American Friends Service Committee, a Quaker group, sponsored Penn-Craft in East Millsboro near Pittsburgh, Pennsylvania; the Celo Community in Celo, North Carolina; and Little River Farm in Abbeville, South Carolina.

5. Sponsorship by a labor organization. The United Auto Workers, CIO, fathered the development of the Racine Co-operative Homes Association in Racine, Wisconsin; a second project in Kenosha, Wisconsin; and a third in South Bend, Indiana. The Amalgamated Clothing Workers sponsored the erection of the Amalgamated Housing projects in New York City. The American Federation of Hosiery Workers was responsible for the building of the Carl Mackley Apartments in Philadelphia, Pennsylvania. The Textile Workers' Union of America sponsored the development of Stonewall Heights at Front Royal, Virginia. There are several others.

6. Sponsorship by a business organization. Fifty-one houses in Millinocket, northern Maine, were built under the sponsorship of the Great Northern Paper Company.

7. Sponsorship by a Veterans' organization. Under the direction of the American Legion, 250 homes were built in Legion Village, Baton Rouge, Louisiana. The AMVETS, a World War II group, formed the Veterans Co-operative Housing Association to operate Naylor Gardens in Washington, D. C., an apartment house project of 748 units. In Philadelphia, the American Veterans' Committee, another World War II organization, organized the American Veterans' Housing Co-operative for the erection of 183 homes. Many other veteran-sponsored projects are discussed in this book.

8. Sponsorship by another co-operative. The North Shore Co-operative Society, Inc., for example, initiated the formation of Co-operative Community, Inc., which built Redwood Village in Glenview, Illinois.

Self-help has been incorporated, to a greater or lesser degree, in the programs of many of the co-operative housing projects. Examples are Pioneer Homes in Watsonville, California; Penn-Craft in East Millsboro, Pennsylvania; Bryn Gweled in Feasterville, Pennsylvania; Tanguy Homesteads in Cheney, Pennsylvania; York Center Community Co-operative, Villa Park; Illinois; Iona Homes, Iona, Idaho;

Oakwood Community, Chapel Hill, North Carolina; Aquino Park, veterans' community in Campbell, San Jose, California; Light of Tyrrell Community in Columbia, North Carolina; Macedonia Community in Macedonia, Georgia; Hyland Home Owners' Association in Dayton, Ohio; Redwood Village in Glenwood, Illinois; Melbourne Homes in Melbourne, Florida; Millinocket Homes in Millinocket, Maine.

The financing of housing co-operatives takes various forms. Most of the groups whose projects are described in this book followed a similar pattern, obtaining funds through members' down-payments, the sale of stock or debentures, and the contracting of mortgage loans from insurance companies, banks, and other financial institutions. A few were aided by union funds. Some received support from Federal, state, county, or city governments.

Types of communities fall into three main categories: the urban developments which are usually apartment houses; the rural developments which may take the form of homestead projects or co-operative communities; and the suburban developments which are usually individual residences, row houses, or garden apartments.

A homestead, to be worthy of the name, must include, besides the house, sufficient acreage to permit the homesteaders to raise their own fruit and vegetables and to keep chickens and cows. A community farm, for the production of stock feed and the raising of produce for the commercial market, is an advisable inclusion. The Granger Homesteads near Des Moines, Iowa, averaged five acres to a member; Bryn Gweled in Feasterville, Pennsylvania, and Tanguy Homesteads in Cheney, Pennsylvania, each allot two acres to a member. The Krepps Farm project, the second development undertaken by the American Friends Service Committee in East Millsboro, Pennsylvania, provides each individual with ten acres. Pioneer Homes in Watsonville, California, divided its holdings into plots of two acres each. Individual holdings in the Duluth Homesteads in Duluth, Minnesota, ranged from $3\frac{1}{2}$ to ten acres.

A co-operative community is one in which co-operation extends beyond the co-operative ownership of homes and land and into the daily work life of the members. Best example is Macedonia, Georgia, where all property, houses, farm stock, farm equipment, farm buildings, dairy, sawmill, and woodworking shop are co-operatively owned and operated. Members gain their subsistence from the farm or shop, and all wages are pooled, being apportioned according to the size of the family.

Housing co-operatives have adopted varying types of planning. Some follow the commercial development pattern with the houses in rows or blocks making little or no provision for open spaces or community lands. Others have sought planned communities, providing for parks and playgrounds, a community hall, curvilinear streets without through thoroughfares, and possibly a co-operative store and gas station. Larger developments may add swimming pools, tennis courts, shopping centers, and theaters.

A few, like Bannockburn Co-operators, Incorporated, near Washington, D. C., are seeking to build a balanced community, incorporating all the best features of the planned community and providing for a variation in types of dwellings to include single-family units, row houses or duplexes, and apartments.

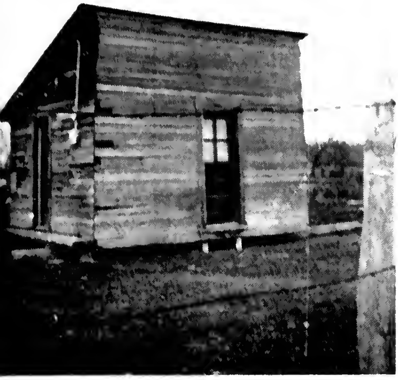
The make-up of the membership in a housing co-operative may be confined to one trade or profession or it may be so varied as to represent a good cross-section of any average community. Many co-operatives start within a group of members allied in the same type of work, but soon expand to include members engaged in other occupations.

Thus the initial members of a Chicago group were newspaper employees. In another group they were architects, and in a third—"okie" farm laborers. People in all sorts of occupations have initiated our other housing co-operatives: miners, university professors, teachers, social workers, churchmen, shipyard workers, engineers, electrical and radio workers, auto-tire cord workers, university service employees, screen cartoonists, hosiery workers, musicians, and needle workers.

The business of organizing a housing co-operative entails a careful plan of procedure, competent legal guidance, expert technical assistance, good management, and perseverance.

Ralph Evans, president of Associated Co-operatives, Inc., of Oakland, California, and vice president of the Peninsula Housing Association which is building four hundred homes for members in Palo Alto, California, offers an outline for the promotion and development of a housing co-operative which is designed for a large project, but which may be modified to include even the smallest of housing developments. The suggested steps include:

1. Call together a small harmonious group—not over eight or ten—who will meet frequently and talk over a general plan. Estimate the probable membership goal. Decide about the amount of land that would be needed, bearing in mind what may be available. In considering the site, think not only of home sites, but also of space for commons or park land, availability of schools, utilities, transportation, and



On the potato flats of Iona, Idaho, a family of eight lived in the one-room shack pictured at upper right. Another family of six occupied the shed shown at left. Organizing a self-help co-operative, the farmers built a new community. The lower photo shows a typical cottage in the development.

The mud-chinked shanty at the top of the page was "home" to the John Dunbars before they joined a group-housing project in Columbia, North Carolina, and built this new whitewashed bungalow with the aid of credit union funds.

the business district. If the project is to support a market and service station, it will require a minimum of two hundred families.

2. Incorporate under the co-operative law or other suitable statutes. The services of an attorney are usually necessary in helping to draw up the Articles of Incorporation and the by-laws. He will also make arrangements for the permit to issue memberships and securities. Proceeds of sale of shares should first be impounded and then released upon the order of the corporation commissioner. The attorney should be retained in an advisory capacity after incorporation. Expenses at this stage should be kept at a minimum, so the incorporating group will not lose heavily if the project does not go ahead. All these preliminary expenses should not exceed $200 to $300.

3. Elect a board of directors to meet frequently and carry on the business of the corporation. It is highly desirable to have several persons of co-operative, business and housing experience in the group.

4. Set a membership fee which will be rather a substantial amount —say about $200—so that members will be making a definite commitment in joining. Provision for added investment necessary to purchase and develop land at a later date should be included with the application for membership. Membership and investment (in California) must be limited to persons holding legal residence in the state, or a permit must be secured from the Securities and Exchange Commission. (Note: Some states have no such limitations. Others require that a certain number or a certain percentage of the membership be legal residents of the state.)

5. Hold some small meetings with friends of the original group to present the general plan and get a reaction to it. Encourage questions. This will build up a method of presentation for larger meetings.

6. Prepare some mimeographed or printed material to mail to those who may be interested. A general statement of objectives should be made. A request for further information, perhaps in the form of a questionnaire, will reveal the interest of the prospective member. When the questionnaire is returned, a mailing, setting out the project in detail to date, should be made. From these returns, a mailing list should be built up. A small mimeographed news letter should be sent at regular intervals to all those on the mailing lists.

7. Hold public meetings with a well-qualified architect or engineer as the main speaker. Some of the members should explain the project and discuss the merits of co-operative housing. Build up the mailing list by asking those present to leave names and addresses if they are interested in further information.

8. When the membership grows enough to indicate success of the project, get a reliable real estate agent to locate suitable tracts of land. Try to get an option on a desirable site and use it to make a more positive appeal for membership. The owner should be told frankly that a rather long period is required to build up membership to complete purchase. The owner should be kept advised of progress.

9. The directors should appoint members to work on various phases of development and planning. These phases may include: membership and publicity, site development and utilities, architecture, land ownership and restrictions, and finances.

10. Draw up an estimate of finances required to purchase the land and develop it, with roads, and utilities (water, sewerage, electricity), ready for building. Make the required investment an obligation of membership.

11. When the membership reaches twenty or thirty, it will be necessary to have about half-time office help to carry on the mailing-mimeograph-bookkeeping work. Some paid help will have to be used before this time. Volunteer work should be used to a large extent at all times. Not only will it keep expenses down; it also educates members and keeps up interest.

12. An architect and affiliated engineers should be engaged, at least in an advisory capacity, to aid in site selection and help in different phases of planning and committee work.

13. Purchase the land as soon as it is financially feasible. A mortgage can be secured to aid member-financing in the purchase.

14. Prepare a printed and illustrated pamphlet for use in promoting membership.

15. Architect and engineers should prepare a site plan outlining the complete development contemplated. This should include roads, commons, business district, recreation areas, as well as residence lots.

16. Allocate building sites to members. Prices should be established by the paid staff of the architect.

17. Employ a permanent community manager. A thoroughly qualified and trained man should be selected and paid an adequate salary.

18. The architect should prepare plans and specifications for the houses and the community and business buildings.

19. Install roads, utilities, and sewer facilities—all work preliminary to home construction.

20. Join your regional wholesale so you can secure wholesale prices on the building materials and household appliances available through National Co-operatives, Inc.

21. Let contracts for home construction in as large lots as feasible, preferably one hundred or more.

Small housing co-operatives which do not contemplate more than thirty or forty houses may modify any of the above steps to suit the extent of their project and the size of their pocketbooks. Thus a corps of architects and engineers would not be feasible on a small project, but some architectural supervision is an absolute necessity. The York Center Co-operative Community, Villa Park, Illinois, perfected a plan whereby members submitted their individual plans to an architectural firm for advice and revision at the rate of $6 an hour.

Likewise, smaller co-operatives which cannot afford a community manager may utilize the services of one of their members, preferably one with building experience, during the construction period, paying him so much an hour with a limit to the amount he may charge in any one month. The veterans in Aquino Homes, San Jose, California, operated very satisfactorily under such an arrangement. At the conclusion of construction, instead of the "permanent community manager" suggested for the big projects, the small co-op may turn over the operation of the community to its member directors.

The last step outlined by the Peninsula Housing Association Incorporated, calling for the construction of homes "in lots of one hundred or more," for the purpose of economizing through mass production, would not, of course, apply to the small co-op.

Savings should be made on the simultaneous construction of any number of houses, however small. It has been the experience of several housing co-operatives that builders are willing to make concessions and reduce their profit percentage if awarded contracts for a minimum of ten houses. Materials may frequently be bought more economically for several residences than for one.

As a whole, Peninsula's outline may serve as a guide for any housing co-operative, regardless of the size of its membership or the extent of its project.

CHAPTER 3

Financing Housing Co-ops

The chief difficulty which every co-operative housing association must master is the problem of financing. With that enigma satisfactorily resolved, there is little excuse for the failure of any project. To aid the new organization in determining what to do first and how to do it, the following outline, incorporating the various steps in financing, is offered:

1. Collect membership fees to provide organizational funds.
2. Determine the amount of land desired and the price the association wants to pay. Plan the number of houses to be erected and find out from members the price range they hope will cover the units they require.
3. Decide on the legal form to be used in the formation of the association.
4. Select the site and make arrangements for the purchase of an option.
5. Draw up a list of approximate costs for development of the property, including roads, water and sewerage installations, and electricity.
6. If plans include FHA-insured mortgages, consult informally with the nearest Federal Housing Administration office regarding plans for the project.
7. Arrange for members to make definite commitments for the lease or purchase of a specific unit.
8. Determine the approximate equity required from members and collect a substantial down-payment or share money from each member.
9. Purchase the land as soon as feasible. Some co-ops acquired their sites before the mortgage commitment was made. Others waited until afterwards.
10. Begin preliminary negotiations for a construction loan, if one will be necessary, and for permanent financing.

11. Make decision on the type of permanent financing.
12. Plan the method of mortgage reduction and make provision for reserves.
13. Apply for loans.
14. Solicit bids from contractors and decide on the type of contract.
15. Prepare the final by-laws.
16. Decide on the exact rent or monthly payments.
17. Draw up leases or individual contracts.
18. Collect the balance of equity from members.
19. Close the construction contract.
20. Execute the construction loans.
21. Execute the permanent loans after construction is complete.

The following is a description of the financing steps just outlined. The figure at the beginning of each step corresponds to the figure in the outline.

1. *Organizational expenses.* These vary, but should be kept to a minimum. Initial expenses include the incorporation filing fees, a small retainer fee for the architect, the cost of a land option, the office expenses, the initial legal fees, the cost of conducting a membership drive, and the incidental expenses, with some amount set aside for necessary travel. Except in large projects, it is not recommended that a salaried manager be hired until construction is complete.

In most states, the cost of filing the incorporation papers will not exceed $50—exclusive of the attorney's fee for preparing the legal forms. The cost of the option depends on the landowner. Some of the housing co-operatives paid from $100 to $200. Some paid nothing at all. The funds for office expenses—consisting mainly of postage, telephone, stationery, and descriptive pamphlets—should not be large. Small projects would do well to curb their desires for nice offices and fancy brochures. Some of the most successful co-operatives described in this book started their business life in a member's parlor or kitchen. Pamphlets can be typewritten or mimeographed until the association develops a bank account that warrants glossy print photographs and engraved stationery. Preliminary expenses on projects of fifty to one hundred units should not exceed $15 per projected unit and should be covered by the initial membership fee.

Many of the housing associations require a down-payment of $200 to $500 immediately after the applicant is admitted to membership. This is a good plan. It signifies the serious intent of the member to carry through and provides the organization with working capital for the down-payment on the land and the development of the property.

2. *Size of the land.* Members must decide on the size of the property they want, the approximate price they feel they can manage, the number of houses to be erected, their size, and their approximate cost. While the latter can be only a guess in the beginning, it will serve to indicate to the association whether the members want $10,000 or $20,000 homes. An architect may be brought in to assist the site selection committee in the choice of the property and in the planning of the houses. He should be in on any conferences with the FHA.

In the formative stage of the development, the architect will usually agree to serve for the payment of a small retainer fee which covers only his cost of rough sketches, tentative estimates, and advice. The association generally agrees to pay the full fee when final drawings and specifications are submitted.

3. *Legal form of the association.* Incorporation should precede the purchase of the property, as it usually prevents individual liability for the debts or obligations of the association. As a general rule, in an incorporated association, each member is liable only to the extent of the total amount of his share subscriptions, paid or unpaid. But where there is no incorporation, he is liable for the full amount of the association's indebtedness.

The articles of incorporation establish the legal status of the association. The law under which incorporation takes place will specify the essential information which is required in these articles. Although most of the co-operative statutes specify what the articles must contain, their final drafting is a job for an attorney familiar with laws governing corporations. Because it is easier to amend by-laws than it is to amend a charter (the articles of incorporation), co-operatives sometimes specify in the charter certain provisions considered essential to sound co-operative functioning, even though the law does not require it.

There are several different types of corporate forms which may be used. The type depends on the laws of the state and the particular needs of the project. A list of the applicable laws is included in Bulletin No. 858 of the U. S. Bureau of Labor Statistics, available from the Superintendent of Documents, Washington, for twenty cents.

The ways of incorporating include: (1) incorporation under the co-operative association, co-operative housing, or limited-dividend housing laws; (2) incorporation under non-profit, benevolent, or fraternal corporation laws of the state, if these are broad enough to cover the project; or (3) incorporation under the business corporation laws. In some states the association might incorporate under an urban redevelopment law. In such case, there may be specific benefits in the form of partial tax exemption or assistance in site acquisition.

In those states where there is no co-operative law or an inadequate one, recourse may be had to incorporation under the District of Columbia Co-operative law. Investigation should be made first, however, to see what disadvantages might attend such a procedure. The York Center Community Co-operative, Villa Park, Illinois, incorporated first under the D. C. law. But the State of Illinois denied the Co-operative's application for registration on the grounds that the Illinois Corporation Act does not permit not-for-profit corporations to issue stock or pay dividends, as is allowed under the D. C. law. So it was necessary to incorporate all over again under the Illinois laws. The advice of an attorney, in such instances, is a time saver and a money saver. The attorney will also be helpful in ascertaining the corporation's tax liability under the various incorporation laws, and in defining the rights of members to share in the assets of the corporation in the event of dissolution. His services are also necessary to prepare and file the necessary documents.

If the corporation is to be capitalized, the best type of capitalization is a single class of common stock. Some states do not permit not-for-profit corporations to issue stock. This discussion pertains to those that do. The single class of common stock is readily understood and accepted by individuals who have no special training in financing. Although provision may be made for future payments of dividends, it is more advantageous to rebate savings as patronage refunds in accordance with co-operative principles.

The more complex forms of capitalization involve the use of debentures, preferred stocks, and various classes of common stocks. A debenture is a bond or note, forming one of an issue. As a debt which the corporation is pledged to pay, it takes its place along with the other claims on the corporation and has preference over common stock. The interest payments on a debenture do not constitute a taxable distribution of the corporation, for such costs are regarded as a business expense, just as if the money were borrowed from a bank and interest paid on the debt.

Preferred stock represents an ownership interest entitled to its interest return, and repayment prior to any settlement to common stock holders. Interest paid on both preferred and common stock is taxable. Sale of preferred stock has been used to finance co-operative corporations, the stock generally being issued to a limited number of members, friends, or associations willing to invest a portion of their capital in the development. However, co-operative organizations whose members expect to deduct from their taxable income the pro-rata interest and real estate tax payments made by the association on their behalf, should not utilize preferred stock.

Bonds are a part interest in the assets of the corporation. They may be utilized to raise a portion of the funds for financing a project, but this type of financing should not be necessary under the high-percentage single-mortgage loan. Bonds might be sold to raise the funds for development of that portion of the property not used initially for home sites. However, bonds bear interest, which adds to the cost of improvements financed in this way. Compelling contractors or building material firms to take bonds for a portion of their contract is likely to result in a higher cost than would have been the case if payment had been in cash.

In the business operation of the co-operatives, legal instruments of all sorts must be prepared and executed so that they are satisfactory to the parties concerned. The variety and the number depend on the type of operation and the methods of financing.

These legal instruments may include: the deed transferring title to the house to the organization; the title to the land, if the land is purchased; or a ground lease, if the land is rented. Except in those instances where the organization does not engage a general contractor or any subcontractors, a construction contract must be prepared and executed in a form satisfactory to the mortgagee or lender, and to the FHA, if the loan is to be eligible for insurance. The construction contract should provide that the builder furnish a satisfactory completion bond. Construction advances to be FHA-insured, require the builder to provide assurance of completion by a surety company bond in an amount equal to at least 10 per cent of the construction cost, or by an escrow deposit, in an approved financial institution, of cash or securities in an amount equal to 10 per cent of the construction cost.

The mortgage deed and the mortgage note or bond are additional instruments which generally must be prepared and executed. If the loan is insured by FHA, standard forms prepared by FHA for each state must be used. Some amendments of these forms are permissible.

The entrance of the legal instruments into the life of the housing co-operator brings with it a host of confusing terms and phrases. The words *mortgagee* and *mortgagor* are commonly twisted. The mortgagee is the one to whom the property is mortgaged, i.e.: the bank or financial institution or private party. The mortgagor or mortgager is the one who mortgages, that is, who grants property as security for a debt or obligation.

Then there are all sorts of property deeds, of which the warranty is the most common. The quit claim is the poorest kind of deed and is used usually to obtain a release of such claims as the party giving it may hold. In effect, the seller says: "I sell to you as I possess. I don't say the title is good or it isn't. I sell you what I think I have." In this case, the buyer takes a chance. There may be no choice. It is quite probable that the seller acquired the property through a quit claim deed.

A warranty deed is a warrant or guaranty of good title. The seller may enumerate certain items of which he is not sure. He might, for instance, indicate he was uncertain of one boundary line of the property. In such case the buyer is not responsible. Any claims made later against him, may be referred to, and settled by, the seller. Regardless of the deed, some lenders require a survey anyway, to make sure the house is being built on the land designated in the deed, and that the metes and bounds of the property are as delineated in the deed.

The term *fee simple* is an indication of the greatest possible ownership. It is an English term originating in feudal law, and it is used to describe an estate or property which may be deeded, transferred, mortgaged, or bequeathed.

4. *Site of the development.* The next step is to select the site and make arrangements for the option to purchase. The cost of the option and its duration depend entirely on the owner. The usual length of time is sixty or ninety days, although it may be as little as thirty days or as much as six months. Get a long option—five or six months—if possible.

5. *Costs of development.* At this point, it is well to draw up a list of approximate costs which will be entailed in developing the property. These costs include: constructing the roads, installing sewerage lines or septic tanks, installing water lines or drilling wells, and contracting for electrical and telephone service. Most of the discussions of housing projects in this book give figures on the costs of such developments.

Once the costs of development are known, it is possible to figure the price of the improved lot. This price should include at least the cost of roads, water and sewerage lines. There is quite a variation in the differential between the cost of the raw or unimproved lot and the cost of the developed or improved lot. In Usonia Homes, Mount Pleasant, New York, the cost of the raw lot was $260 and the cost of the developed lot, $1260; in the Home Owners Co-operative Inc., Syracuse, New York, the unimproved lot cost $200 and the improved lot, $600; in Melbourne, Florida, the raw lot cost $75 and the developed lot, $250; in the York Center Community Co-operative, Villa Park, Chicago, the unimproved lot cost $430 and the developed lot, $550.

6. *FHA-insured mortgages.* If application for FHA mortgage insurance is contemplated, it is important to discuss the project in the very early stages of formation with the staff of the nearest FHA field office. This is essential, so that the procedures, the eligibility requirements as to structural standards, the financing, the corporate organization, and the administrative and management procedures can be discussed and utilized in the planning, organization, and development of the project, before any unalterable decisions are made, or any substantial sums of money disbursed.

There are many ways of financing a housing co-operative. The choice should be dictated by the institution or plan that offers the most satisfactory terms. If the loan is to be insured by the Federal Housing Administration, or guaranteed by the Veterans' Administration, the maximum interest rate and the amount which can be borrowed are prescribed by these agencies.

Conventional financing refers to operations conducted by private lending institutions without Federal assistance, that is, without benefit of FHA insurance or VA (Veterans' Administration) loan guarantees. A conventional bank loan mortgage is frequently called a straight bank mortgage. The principal disadvantage of the latter is the large down-payment required. Thus, an individual may be able to secure an FHA-insured mortgage for 80 or 90 per cent of the FHA valuation of his property, but only a 60 or 65 per cent straight bank mortgage loan.

The FHA lends no money. It insures mortgage loans on residential properties (made by private lending institutions), and it insures financial institutions against loss on loans for remodeling, repairing, and improving various types of property. Titles I and II, formulated by the Federal Housing Administration shortly after it was established under the National Housing Act in 1934, and Title VI (a war emergency measure) pertain to housing. Very few of the projects discussed in this book were insured under Title I. Pioneer Homes in Watsonville, California, is an exception. Title II may be summarized as follows:

TITLE II, SECTION 203. Mortgages on one- to four-family houses, new or existing, are insured under this section. Valuations are based on long-term economic soundness. They may be defined as "stable valuations" based on the term of the mortgage.

In the case of new construction approved by the FHA prior to the start of construction, the maximum mortgage loan under Section 203 is 80 per cent of the FHA-valuation, but cannot exceed $16,000. The maximum term of the mortgage is twenty-five years, and the maximum interest rate is 4½ per cent plus ½ of 1 per cent mortgage loan insurance.

There are exceptions in the case of new, single-family homes for owner-occupancy, approved by the FHA prior to the start of construction:

a. A loan of $6300 or less, may be up to 90 per cent of the FHA-valuation.

b. A loan up to $9500 may be 90 per cent of the FHA-valuation on the first $7000 and 80 per cent of the balance, up to $11,000, (the appraised mortgage value).

c. A loan of $6000 or less may be up to 95 per cent of the FHA-valuation, and for a term of thirty years.

The table given on the pages following this discussion explains the manner in which Title II, Section 203 operates with respect to new, single-family homes for owner-occupancy, with appraised mortgage values of $7000 to $15,000.

In the case of existing construction mortgaged under this title and section, the maximum loan is 80 per cent of the FHA-valuation, the maximum term of the mortgage is twenty years, and the maximum interest rate is 4½ per cent plus ½ of 1 per cent mortgage loan insurance.

TITLE II, SECTION 207, Multi-family rental housing. Amounts: the FHA-insured mortgage loan for private housing—including co-operatives—cannot exceed $5,000,000 or more than 90 per cent of the estimated value of the property when the proposed improvements are completed. The term of the mortgage loan for non-profit and co-operative ownership corporations is forty years. The maximum interest rate is 4 per cent plus ½ of 1 per cent mortgage loan insurance. The maximum mortgage for non-profit corporations has recently been increased to $8100 per family unit or $1800 per room.

TITLE VI, SECTION 603. Mortgages on new, one- to four-family houses for both rental and sale were insured under this section. It expired April 30, 1948.

TITLE VI, SECTION 608. Mortgages on multi-family rental projects of eight or more units were insured under this section. It expired March 31, 1949, but it may be renewed.

Under the GI Bill of Rights—the Servicemen's Readjustment Act—the Veterans' Administration may guarantee or insure a portion of the mortgage loan made by a financial institution to a veteran. The loan may be as much as 100 per cent of the property value established by VA-appraisal.

The provisions of Section 501 (of the GI Bill of Rights), as they apply to one-, two-, three- and four-family structures owned by individual veterans, permit the guarantee of a maximum of 50 per cent of the loan, but not to exceed $4000 per dwelling unit per veteran. In December, 1945, the act was amended to allow the mortgage lender to adopt an insurance plan instead of a guarantee of part of the loan. The maximum interest rate permissible on such loans is 4 per cent, and the maximum term of the loan is twenty-five years. The purchase price or cost of the property cannot exceed the VA-appraisal value.

In April, 1947, two plans were announced to provide basic formulas for the financing of large, multi-unit housing projects for veterans, under the GI Bill.

Under one of these plans, each participating veteran acquires title to his proportionate share of the property. The veteran receives exclusive right to occupancy of the designated apartment and the right in common to the use of project facilities, and he enters into an agreement for the management and the maintenance of the property.

The second plan provides for veterans to form a corporation which holds title to the property and assumes responsibility for the mortgage. The corporation, in turn, sells stock-membership certificates to the participating veterans, entitling each veteran to a perpetual or long-term lease on a designated apartment and to use of the community facilities. The corporation provides management and maintenance and assesses the tenants proportionately.

The lender financing the project receives a Government guarantee from the Veterans' Administration covering 50 per cent of the mortgage liability of each participating veteran, up to the legal maximum of a $4000 guaranty for each veteran occupant, as provided by the GI Bill.

Combined FHA- and VA-financing involves combining a first loan insured by the FHA under Section 203 of Title II of the National Housing Act, with a second loan guaranteed by the VA under Section 505 of the Servicemen's Readjustment Act. Under this combined plan, it is possible for veterans to borrow as much as 100 per cent of the VA-appraisal value of the house.

If the first loan is insured by FHA under Section 203, the maximum mortgage may not exceed 90 per cent of the first $7000 (appraised valuation), and 80 per cent of the amount in excess of $7000, on homes up to $11,000 (appraised valuation); and straight 80 per cent on homes in excess of $11,000, but not exceeding $20,000—which would mean a maximum mortgage of $16,000. The second loan (VA-guaranteed) may not exceed 20 per cent of the VA-appraisal or cost, nor in any case may it be more than $4000. The two loans combined may not exceed the purchase price of the property or the VA-appraisal.

It is well to remember that when 90 per cent mortgage loans are obtained under Section 203, all plans and specifications must be submitted to the FHA prior to beginning construction.

Veterans in several of the housing co-operatives discussed in this book were able to obtain 100 per cent financing—not always by the same means. Examples are: the American Legion project in Charlotte, North Carolina; the Larchmont Veterans' Building Corporation in Larchmont, New York; and the Homeless Veterans, Inc., in Salt Lake City, Utah.

While it seems like a wonderful idea to be able to acquire a home without making much of a down-payment, the fact remains that the smaller the down-payment or equity, the higher the monthly charge. The larger the down-payment on the house, the better, not only because it reduces the monthly charge, but because it solidifies the member's interest in his house and in the development, and provides the corporation with working capital when it needs it most. However, it is always desirable that a member mortgagor have a dependable income, and that he have additional liquid reserves.

Some cash working capital is required no matter under which plan the development operates. Generally, this amounts to about 3 per cent of the estimated cost and is used to pay taxes, insurance premiums, certain organizational expenses during the construction period, and to cover pre-occupancy expenses. If the project is to be built under an FHA-insured mortgage, funds will be required to cover taxes, hazard or liability insurance, mortgage insurance premiums, and loan closing costs.

Provided the land does not absorb all the first down-payments, the remainder of the down-payments or equity may be used as working capital. If land costs absorb all the equity, additional cash will have to be collected from members to provide the working capital. Many housing co-ops start out with too little cash on hand and then find they are unable to meet current bills because money has a habit of going out faster than it comes in. The co-op will get off to a good start with a good-sized equity down-payment.

7. *Commitments for the houses.* Members of the organization should commit themselves to lease or purchase a unit of a particular size or type at an early stage in the planning of the project. The commitment must be tentative, for the cost of producing the units and the monthly charges will not be known at the time the commitment is made. The organization should take precautions to ascertain that the member will be able to meet his monthly charges out of his current and anticipated income without difficulty and, of course, should not encourage a member to assume more than he can carry.

Most of the housing associations set up membership selection committees or "screening committees" during the early weeks of a membership drive. The sole purpose of such groups is to find out, by means of a questionnaire, if the applicant will be able to carry the financial obligations he seeks to assume.

8. *Equity requirements.* It should be possible to determine the approximate equity required from members and to collect a substantial down-payment or share money from each individual. In the case of the corporation, "equity" refers to the difference between the amount of the mortgage and the total cost of the completed project. This difference is made up of the capital stock outstanding, cash, land-value, and any paid-in surplus. In the case of the individual member, the equity is represented by his down-payment. In either instance, the equity represents the amount contributed by the members. In most co-operatives, it is understood that the individual's equity increases each time he makes a monthly payment and that his mortgage indebtedness is thereby reduced.

On a twenty-year loan, under the level-payment plan, the individual's equity is increased by half of the original loan by the end of thirteen years, minus the amount which must be charged for depreciation.

The cash for the equity financing is raised through the purchase of shares by members of the association. A subscription agreement is signed by each member, binding him to the purchase of a stated amount of the shares or debentures of the corporation. A sample share subscription agreement may be found in the appendix of Bulletin No. 858, published by the U. S. Department of Labor and obtainable from the Superintendent of Documents in Washington, D. C., or from any of the regional co-operative wholesales, for twenty cents. Some of the corporations term the shares "members' interest." In any case, the shares, the equity, or the member-interest constitute the same thing—the down-payment.

How big should the down-payment be? In the case of a large rental type project such as an apartment house, the member's equity must equal the equity required by the corporation for the apartment the individual is to lease. The amount of that equity will be determined by the size of the mortgage. The larger the mortgage, the smaller the necessary equity.

In the case of dwellings individually owned, the down-payment is usually 10 per cent of the total cost of the house and the improved lot, that is, if a 90 per cent mortgage is planned. If, on the other hand, an 80 per cent mortgage is secured, then the down-payment must be at least 20 per cent of the total cost. If a 60 or 65 per cent straight bank mortgage is obtained, then the down-payment must be 35 or 40 per cent of the total cost.

In any case, the down-payment should be sufficient to cover the cost of the lot and its improvements, including the installation of roads, sewerage, and water.

As a general rule, the required equity or down-payment should be paid in full before construction starts. Members unable to pay the full amount of the equity at first, sometimes are allowed to pay on installments. If the co-operative is formed long enough ahead of time, the equity can be built up month by month so that members will have sufficient equity to make the necessary cash contribution when construction starts. In such manner did each member of Usonia Homes, Inc., White Plains, New York, build up a $2000 equity over a period of four years.

9. *Buying the land.* Purchase the property as soon as feasible. Before financing can be arranged and construction begun, the association must demonstrate outright ownership of the land, or must produce a contract for the use of the land (a "ground lease"). If the land is leased, the terms of the lease must extend beyond the terms of the mortgage, to protect the lender, and should exceed the estimated physical life of the improvements (buildings) on the land, to protect the association. Taking title to the land is the most common method of acquiring control. Remember that the title must be searched to see if there are any mortgages, liens, or assessments against the property.

10. *Construction loans.* The construction loan, sometimes called a building loan, is of temporary duration. It is for the purpose of financing the physical construction of the properties and generally terminates after the completion of the structures. Not all mortgage lenders engage

in this type of financing. Some are prohibited by law and others are not equipped to assume the responsibility which construction lending entails.

On the other hand, some financial institutions making permanent FHA-insured mortgage loans also make construction loans, and often the same mortgage instrument may serve as both construction and permanent loan, with a minimum of legal and other expenses. Such a financing plan could apply to the type of joint project in which construction and financing proceed on an individual structure basis with the association assuming only general planning and management functions.

The Reconstruction Finance Corporation will participate with banks in loans for financing builders. The amount of working capital which the builder must provide and the terms of the loan will be established by the RFC upon the merits of each individual case. Non-profit corporations are not eligible, however, for RFC loans, although a private builder undertaking a project for a non-profit corporation may be eligible for such loans. RFC loans are of a short-term character, suitable for construction loans but not for permanent financing. In some instances, the RFC Mortgage Company, a subsidiary of the RFC, may make a permanent loan at commercial terms, provided: private financing is not available, the property is sound, and the Association has sufficient equity to assure a solvent operation.

When mortgage-lending institutions will not or cannot make construction loans, it is necessary to arrange separate financing for the construction of the buildings. Almost any financial institution that makes FHA-insured loans (and most of the savings-and-loan associations) will also make building loans. The members of the Larchmont Veterans' Building Corporation in Larchmont, New York, constructed their homes on individual building loans which were assigned to the corporation.

In the event that construction loans may not be available, the members might raise a revolving fund by the purchase of additional stock or by depositing funds with their association to build the various dwellings. Then, as each building was placed under the first-mortgage financing, the association's revolving fund would be repaid.

11. *Permanent financing*. When the time arrives to decide the permanent type of financing best suited for the project, it is advisable to have the full membership, or at least the board of directors (rather than just the finance committee), make the final decision. Members may wish to review the various financing plans available; to discuss

the advantages and disadvantages of a blanket mortgage covering the whole number of dwellings, with title held by the co-operative; to consider the advisability of inclusion of a release clause which would provide for the releasing of individual dwelling units from the blanket mortgage as they are paid for; and to consider the arguments in favor of homes individually financed and mortgaged.

The finance committee should submit to members: recommendations on the types of financing, the types of mortgages, and the particular institutions offering the best financial terms. It might be pointed out, also, that if an individual wishes to accelerate payment of his mortgage faster than the rate decided on for the project, he is better off withdrawing and re-mortgaging his own property.

12. *Mortgage reduction.* The method of mortgage reduction (amortization) and the provision for reserves are two important financing steps which every housing co-operative must consider. There are two main plans under which mortgage loans may be repaid. The first, called "the declining-total-payment method" (known also as "the fixed-payment-to-principal-plus-interest method"), enables rapid liquidation of indebtedness during the earlier years of the mortgage. Under this plan, the monthly payment on the principal remains constant throughout the life of the mortgage, while the interest charge declines, since it is computed on the outstanding balance of the debt. Thus, the total monthly payment of principal-plus-interest declines as time goes on, permitting a progressive reduction in the member's monthly payments. As a precaution, however, the monthly payments may be maintained at the original levels, using excess to prepay the mortgage or build up reserves.

The second plan is known as the "level-payment" or "level-annuity" plan, under which the total monthly payment remains constant throughout the life of the mortgage. This method reduces the mortgage principal little in the early years, as a large part of the payments in those years goes for interest.

The declining-total-payment method has one advantage in that the total interest payment made in repaying the loan is somewhat reduced. The level-payment plan, on the other hand, has two main advantages: (1) the individual knows exactly what his monthly payment will be over the period of the loan, with the exception of fluctuations in taxes; (2) the plan provides the smallest monthly payment for the greatest amount of mortgage. Under section 203 of Title II, the FHA requires the use of the level-payment plan. The VA leaves the method of payment to the lender.

One more point to consider is the term of the mortgage. In housing co-operatives where there are a good number of middle-aged members, it is wise to keep the period of amortization as short as possible, so that the mortgage principal is paid before the principal earner in the family is retired.

When the question of building up reserves is discussed, the members might consider a plan whereby the stock subscription required of each member is increased from 5 to 10 per cent above that actually needed for the financing. The additional paid-in shares can be used to prepay the mortgage and to provide an emergency financial cushion.

Several housing associations have built up separate small emergency or contingency funds which provide "future security" for their members. Under the plan, each member pays in $2 a month to a trust fund against which he may draw in times of sickness or unemployment, to meet his monthly payments.

13. *Applying for loans.* Before applying for an FHA-insured loan, the Corporation should be certain it can meet the primary requirements which are: (1) evidence that the applicant will be able to secure clear title to the land prior to the closing of the permanent mortgage; (2) demonstration of its ability to raise the required working capital; and (3) commitments from a sufficient number of members to enable the project to operate without default on its financial obligations.

14. *Contracting bids.* Solicitation of bids from contractors and a decision on the type of contract to be used, is the next step. There are three major types of contracts: (1) "cost-plus-a-percentage-fee," (2) "lump sum," and (3) "cost-plus-a-fixed-fee" with a stipulated maximum price.

The first type is not desirable for either co-operative organizations or for individuals with limited resources. In this type of contract, there is no "ceiling" on the total cost. Moreover, the contractor has no incentive to keep costs down, since his fee (usually 10 per cent of cost) increases as costs increase.

The second type, known as the "lump-sum" contract, would be more desirable, since the co-operative would know in advance exactly how much the whole project or the individual house would cost. It has one drawback. Any economies in construction go to the contractor and not to the co-operative. Careful periodic inspections would thus be necessary to make sure that the costs were not reduced at the expense of the quality. During the past few years of uncertain materials costs and rising labor costs, builders have been reluctant to negotiate fixed-price contracts.

The third type, the "cost-plus-fixed-fee," with a guarantee upset or maximum price, offers the co-operative several advantages. In this type of agreement, the contractor agrees to build for the actual cost of the materials and labor plus a stipulated fee. He further agrees to charge the association no more than the amount designated in the contract regardless of the cost actually incurred.

Under such an arrangement, the association knows the maximum construction cost in advance. Any savings in construction may be returned to the co-operative or may be divided between the contractor and the co-operative, depending on what arrangement the latter is able to make.

The "cost-plus-fixed-fee" type of contract meets with FHA approval, since the FHA requires that the construction be performed under a contract with a maximum price, if construction advances are to be insured. In large rental projects, in some instances, construction advances can be insured, step by step.

In selecting the contractor, it is important that one be chosen whose financial standing is sufficiently good to enable him to obtain adequate credit from suppliers of building materials, and to gain acceptance by a surety company for the writing of performance or completion bonds, when such are required.

In a performance bond, the surety company agrees to indemnify the owner against loss occasioned by the failure of the builder to perform and complete the building contract according to the terms and specifications, and free and clear of any mechanic's lien. A mechanic's lien is a recorded claim made by a workman or a supplier against a property or building. In the case of a house under construction or a house constructed, it is a bill the builder hasn't paid. States differ in their interpretation of the laws governing mechanic's liens.

In a completion bond, usually required on all large projects, the surety company agrees to indemnify the lender or lessor (one who leases) against loss occasioned by the failure of the builder to complete the construction contract (and free and clear of any mechanic's liens) within a specified time for completion, and/or the owner's failure or inability to deliver title to the property free and clear of any and all encumbrances, except for the lender's lien (the mortgage).

In case a completion or performance bond is not executed, the contractor should have sufficient liquid assets to set up a trust account, satisfactory to the mortgagee who makes the loan, to insure completion. In the case of the Veterans' Building Co-operative of New Brunswick, New Jersey, which went into receivership in the spring of 1948, neither a performance bond nor a completion bond was executed. When prices ran too high and completions were too slow, no one was protected.

15. *Preparing the final by-laws.* The by-laws supplement the articles of incorporation, otherwise known as the charter. They should specify in detail the regulations and procedures under which the organization is to operate. They should state how the board of directors is to be elected—usually by the members—and should stipulate the directors' duties; state how the officers are to be selected, and their duties; detail the types of committees; and the voting rights of the members. In addition, the by-laws should contain terms for redeeming the equity of a withdrawing member, and the conditions governing the business functions of the corporation.

A model set of by-laws for a co-operative housing association is contained in the appendix of Bulletin No. 858 of the U. S. Bureau of Labor Statistics. There is nothing, of course, to prevent an association from drawing up a preliminary set of by-laws before this stage, if it wishes.

16. *Monthly payments.* It should at this time be possible for the Corporation to decide the exact amounts of monthly rentals or monthly charges, now that costs have been computed and the amount and terms of the mortgage determined. Development costs, construction costs, and mortgage costs, must all be known before trying to figure, with any degree of accuracy, the real estate taxes, corporate and other taxes, allowances for vacancy and rental losses in a rental project, and the reserves for replacements and repairs. If the project consists of single-family dwellings, individually owned, the debt service, taxes, and insurance charges are billed directly to the owner. The only charges to be pro-rated would be those paid by the organization.

Monthly charges in a project where houses or apartments are co-operatively held will include fixed charges and operating expenses. The fixed charges cover: interest on share capital, if any is to be paid; interest on any bonds, preferred stock, or debentures issued by the association; interest on mortgage indebtedness, amortization payment at least as large as the depreciation on the property (otherwise the shares lose their value); taxes; mortgage insurance, if FHA-insured; and fire and liability insurance.

Operating expenses vary according to the type of dwelling. They may include: wages of janitors, helpers, office and administration expense; cost of fuel; cost of electricity and power; cost of water; repairs; renovating, painting and so forth; elevator expense; cost of garden; insect-extermination expense; legal and accounting fees; miscellaneous operating expenses; and cost of equipment and supplies.

Monthly charges in a project where the houses are individually owned will be figured in the same manner as if the individual lived on a side lot by himself and not in a co-operative community. The main difference is this: since the houses built co-operatively usually cost less, the monthly charges should be correspondingly less. The cost of operating the community and the cost of improving and developing the common lands may be raised: by a separate monthly charge; by a monthly payment included in the regular monthly charge; by special assessments levied when the need arises; or by the use of surplus or savings accruing from the operation of community commercial facilities.

How large a financial "load" should one assume? How much should one pay a month? These are questions which the incoming member must decide and which the Corporation must help to answer. It generally has been conceded that a family should not buy a home costing more than two and a half times its annual assured income. On this basis, the family with a $5000 income should not pay more than $12,500. More recently, housing economists have stated that the figure should be kept to twice the family's income, which would mean that the house should cost not more than $10,000.

These same economists state that the monthly rental, or the monthly charge for home ownership, should total not more than one-fifth of the monthly "take-home" pay. This would mean that a family with an income of $70 a week ("take-home") should pay not more than $60 a month for its shelter.

To give prospective home owners an idea of the monthly carrying charges on FHA-insured homes in the $7000 to $15,000 price range, the tables on the following pages are presented.

More favorable mortgage arrangements for co-operatives would have been possible under the original provisions of the Wagner-Ellender-Taft Bill. One section of the bill, proposed as an amendment to the National Housing Act, provided for specific Federal assistance to nonprofit mutual ownership housing corporations, raising the insurable percentage of the appraised valuation of the housing unit, and lengthening the term of the mortgage.

A tax exemption of $1000 on the assessed value of the property is allowed veterans in many states. Thus, if a veteran owns a house assessed at $9,000, he pays taxes on only $8000. If his wife also is a veteran, the couple may be entitled to $2000 exemption. Disabled veterans, in many states, are allowed still greater exemptions—up to

$3000 in Connecticut, depending on the extent or degree of disability. Since some states allow nothing, it would be well for the veteran to check the law in his own state before figuring out his tax exemption.

The town property taxes and the fire insurance premiums listed in the accompanying tables are "estimated," since the tax rate will differ from one town to another and from one state to another. Likewise, the fire insurance premiums will differ, depending on the locality and on the type of house insured.

Note: New provisions of Title II, Section 203 stipulate that:

1. A loan of $6300, or less, on single-family for owner-occupancy, may be up to 90 per cent of FHA-valuation.
2. A loan up to $9500, on single-family for owner-occupancy, may be 90 per cent of FHA-valuation on the first $7000, and 80 per cent of the balance up to $11,000.
3. A loan of $6000, or less, on single-family for owner-occupancy, may be up to 95 per cent of FHA-valuation and for a term of 30 years.

The above table and the three provisions listed herein pertain to new construction approved by the FHA prior to the start of construction.

17. *Leases and purchase contracts.* The lease or purchase contract outlines the principal conditions of membership, of occupancy, and of withdrawal. Bulletin No. 858, published by the U. S. Bureau of Labor Statistics, contains a model lease for a co-operative housing project. A purchase lease might include: (1) the time for fulfillment of the contract and the terms of payment; (2) the conditions under which the occupant may terminate his membership or transfer his property interest; (3) the provisions whereby the organization may repurchase the property interest of a member; (4) the services provided by the organization and the price of certain repairs and services.

18. *Equity.* The required equity should be paid in full before construction. The co-operative should avoid being placed in the position of having insufficient funds to meet its necessary expenses. If a member is not able to fulfill his equity obligation in time, the association may wish to arrange an extension of credit through a bank or credit union, on the member's personal note, without obligating the association in any way.

19. *Construction contracts.* The construction contract may now be closed. This contract must be satisfactory to the mortgagee or lender, and to the FHA, if the loan is to be eligible for insurance. Plans and

FHA-INSURED MORTGAGES. TITLE II, SECTION 203.

One-family houses for owner-occupancy
Term—25 years
Interest rate: 4½ per cent plus ½ of 1 per cent mortgage loan insurance

Appraised Mortgage Value	Down Payment or Equity	90 Per Cent of First $7000	80 Per Cent of Balance	Maximum Mortgage	Monthly Payment to Principal and Interest and Mortgage Insurance	Estimated Monthly Town Property Taxes	Estimated Monthly Fire Insurance Premium	Estimated Total Monthly Payment
$ 7,000	700	6,300	.....	6,300	36.83	9.33	1.05	47.21
7,500	800	6,300	400	6,700	39.17	10.00	1.12	50.29
8,000	900	6,300	800	7,100	41.51	10.70	1.19	53.40
8,500	1,000	6,300	1,200	7,500	43.85	11.33	1.25	56.43
9,000	1,100	6,300	1,600	7,900	46.19	12.00	1.32	59.51
9,500	1,200	6,300	2,000	8,300	48.53	12.70	1.39	62.62
10,000	1,300	6,300	2,400	8,700	50.86	13.33	1.45	65.64
10,500	1,400	6,300	2,800	9,100	53.20	14.00	1.52	68.72
11,000	1,500	6,300	3,200	9,500	55.54	14.70	1.59	71.83
80 Per Cent Only—for Homes Valued Over $11,000								
11,500	2,300	.....	9,200	9,200	53.79	15.33	1.54	70.66
12,000	2,400	.....	9,600	9,600	56.13	16.00	1.60	73.73
12,500	2,500	.....	10,000	10,000	58.46	16.70	1.67	76.83
13,000	2,600	.....	10,400	10,400	60.80	17.33	1.74	79.87
13,500	2,700	.....	10,800	10,800	63.14	18.00	1.80	82.94
14,000	2,800	.....	11,200	11,200	65.48	18.70	1.87	86.05
14,500	2,900	.....	11,600	11,600	67.82	19.33	1.94	89.09
15,000	3,000	.....	12,000	12,000	70.16	20.00	2.00	92.16
			Maximum loan ..	16,000		Based on an 80 per cent Assessment and a 20 mill rate	Based on insurance coverage for amount of mortgage at 60 cent rate	

specifications for the improvements are a necessary part of the contract. Most mortgage lenders require that provision be made in the contract for inspection of the construction by their own representatives, especially if a large loan is involved.

20. *Construction loans.* If provision has been made for a construction loan, the advice of a competent attorney, experienced in the construction and real estate fields, should be obtained prior to the execution of any legal instruments.

21. The permanent loans should be executed after construction is complete.

The foregoing outline is offered to help you over the rough spots, and not as a guidebook to successful financing. Individual associations may wish to change the order of the steps as they are given here, to elaborate on some, and to include others. It has been the object of this chapter to present housing co-operatives with as much helpful information as possible and to present it simply. The data has been assembled from various sources, including the National Housing Agency, the Federal Housing Administration, the Veterans' Administration, and the Bureau of Labor Statistics of the U. S. Department of Labor.

The following are some of the pamphlets which housing co-operatives will find helpful when confronted with the problem of financing a development: "Mutual Housing," published by the National Housing Agency, Washington, D. C.; "Organization and Management of Co-operative and Mutual Housing Associations," Bulletin No. 858, U. S. Department of Labor; and "Non-Profit Housing Projects in the United States," Bulletin No. 896, published by the U. S. Department of Labor. The first costs fifteen cents; the second, twenty cents; and the third, twenty-five cents. All three are obtainable from the Superintendent of Documents in Washington, D. C.

CHAPTER 4

Bryn Gweled, Pennsylvania

A few miles from the somber city of Philadelphia with its cramped streets, raucous markets, and milling people is a charming bit of Welsh countryside with smooth meadowlands and grassy slopes, and etched against the Lincoln green of wooded hills are the mono-pitch roofed homes of Bryn Gweled, a co-operative community of white collar workers.

With but little difficulty, I could see again the slopes of Plynlimon Mount in North Wales, the stark cattle, black faced, outlined on the steeps, the Welsh mountain sheep—white puff balls against the grass-gray pool.

But I was in Pennsylvania, not Britain, in Bucks County, not Montgomery, and the thick fields and oak woods before me were Bryn Gweled and not Llanidloes, and the woman beside me was a minister's wife bent on digging out the dockweed and the dandelions that were chocking her petunias.

"We're plain people," said Mrs. Dewees Singley, suspending her weeding operations for the moment to explain. "Don't ask too much of life. Sort of feel that a lot of trouble in this world is caused by greed. We just want decent homes, decent communities in which to bring up our children. Not all the frills, not all the latest fashions, but good things—and we're willing to put forth a little effort of our own to get them."

Plain people they may well be, with no hankering for frills, but they have succeeded nevertheless, in unifying in their homes the most modern of architectural ingenuities, the most progressive ideas in design. There are sun decks, solar playrooms, glass block kitchens, radiant heating under the floor, panel heating in the baseboards, studio living rooms, picture windows, steel sash, copper hearths, rain-tray cooled roofs, sun control overhangs, sliding closet doors, cement slab floors, concrete joists, dual purpose rooms, two level plans, clerestory ventilation (tiny windows above eye level), not to mention root cellars, television, radios, and underground electric and telephone conduits.

Not all the modernizations are incorporated in one house, to be sure, but each has something to offer, and all were built at costs well below current market prices, because the members contributed thousands of hours of their own labor in the construction of their homes.

A good many of the homesteaders are Quakers, but membership is open, and there are no bars to race, creed, or color. Houses are individually owned, but the land on which they stand is held by the Co-operative, Bryn Gweled Homesteads. Individuals receive a lease at the time of membership.

Settlers include a doctor, two ministers, three artists, an architect, a buyer, two student counselors, two teachers, an accountant, a manufacturer of sweeping compounds, three social workers, three educators, two draftsmen, a tool designer, a physicist, three engineers, and a labor mediator.

Sitting on the Singley porch overlooking 240 acres of beautiful hill and dale, and listening to the stories of these pioneers who lived in cellars while they built their castles, the name Bryn Gweled, which is Welsh for "Hill of Vision," took on double meaning.

"This was a real co-operative from the start," said Mrs. Sarah Ramberg, wife of the physicist. "Most of us commenced with little. We built the cellars first then roofed in, living underground you might say, until the upstairs was finished. We kept one cellar ready for any new family. That way we saved paying double rent."

We walked down the graveled path to the home of a "cellar dweller" absent at the moment. The excavation, one end of which was at ground level with full windows, was the present home of a father, mother, and three children. Curtains walled off the bedrooms. Plumbing, a partial bathroom, heater, kitchen stove, and sink made the place livable.

"Not exactly royal," said Mrs. Ramberg, "but it could be lots worse. This is the way many of us started. Being right on the site made it easier to utilize all spare hours in working on the house."

The Ramberg house is a cinder block structure on two levels to conform to the site slope. Flat topped, gray as slate, it seems to grow out of the hillside. Integration is further accentuated by the terrace doors on the side which occur at points where floor level and grade meet.

The block walls, unfinished except for waterproofing, are capped by a built-up roof with wide overhangs. Blocks were also used to construct the chimney and fireplace. Some of the interior walls are block while others are paneled. In the cement slab which forms the floor are the radiant heating coils.

The model kitchen is designed with rows of glass blocks above the counters, thus lighting the working spaces and eliminating the confusion of grabbing a beer opener when an egg beater is desired.

One side of the living room adjacent to the row of picture windows across the front of the house is plastered. A large porch is placed for view. A snug home any way you look at it.

The whole community is built on a hillside with every house except one boasting a flat, shed, or inverted roof, often on two levels. Land has been cleared, plots graded, a swimming pool built for the children. It looks far different from the tangled bramble and poison ivy den which greeted the newcomers in 1939.

In the fall of that year, three Philadelphia families, the Newtons, the Wilsons, and the Pottses, drawn together through the common desire to move out of the city, talked over the possibility of forming a community of their own in the country. Seeking ideas, they went to see Ralph Borsodi, economist and exponent of a decentralized community organization movement and originator of the School of Living, Suffern, N. Y.

After visiting Borsodi's "productive homesteads," the Philadelphians were sure such a community was just what they wanted. They were not sure, however, that they wanted to go "all out Borsodi," for they veered away from the idea that the community should be self-sufficient and discourage outside work.

Each individual preferred to retain his present employment, relegating farming in the new community to second place rather than first. In such manner did the plan develop.

Meanwhile the three original families joined forces with a group led by Herbert Bergstrom, head of a south Philadelphia settlement house, and set out on a hunt for land.

There was much for sale but prices were high, so the families settled for 240 acres in Southampton township, a piece of property notable chiefly for its sour meadows, brambled slopes, rotting outbuildings, and tangled woods. Only the most imaginative could visualize the beautiful country which had intrigued the Welsh of Bucks County, a century before.

But it had possibilities and a breath taking view from any vantage point. It was just twenty miles from Philadelphia, and not much more than a mile from three shopping towns: Feasterville, Churchville, and Southampton. Moreover it cost only $18,000, which, at $75 an acre, was cheap enough.

No one had the $18,000 necessary, so at the first meeting, December 11, 1939, each family was asked how much it could advance toward the total. Within fifteen minutes the whole amount was pledged.

And how was this money to be repaid members? It was decided to issue certificates of indebtedness to cover the cost of the land, the building of the roads, and the installation of the utilities. These certificates, to be held by community members and interested outsiders, would bear four percent interest and would be redeemable upon six months' notice.

During the next several months, weekly meetings of the group were held to work out details and purposes of organization and membership. On May 20, 1940 Bryn Gweled was incorporated as a non-profit association under the laws of the State of Pennsylvania, without issue of stock.

The first annual meeting was held June 9, at which time the initial twenty-six families entered the second phase of their financial program and prepared a plan which would carry them through the development period until such time as the community reached its operating maximum of seventy families.

At this meeting and at each annual meeting thereafter, the total budget for the next twelve months was computed and divided by this operating maximum of seventy, in order to arrive at a figure which would be the amount of a monthly assessment against each family. These assessments, which range from $9 to $11, depending on land holding, include interest on community indebtedness, amortization of the capital, and the county taxes. They vary each year with the budget.

Now it was quite obvious to the Corporation that until the level of seventy members was reached, the total assessments would not cover disbursements. To bridge the gap, an additional "special assessment" was made on every member. For his special assessment, each member received a non-interest-bearing certificate of indebtedness. It was planned that these certificates would be refunded when the initial development stage was over. In this way, the Corporation could meet its operating expenses with an incomplete membership and avoid borrowing.

In July, 1940, purchase of the land was completed and the title was transferred to Bryn Gweled Homesteads, Inc.

In the weeks that followed, evenings were devoted to laying out lot lines, planning the community land, estimating road costs and improvements, and figuring on water and sewerage installations.

In the winter the members tackled the problem of bringing electricity and telephones into the property. They didn't want poles strung across their green hills, but the cost of underground conduits was so high it seemed out of reach. Then Gordon Fredendall, one of the members who was an electronic engineer, suggested that if the members did part of the manual labor, they could possibly bring the figure down to a reasonable level.

A plan was worked out with the Philadelphia Electric Company and the Bell Telephone Co. whereby members would dig and back-fill the ditches. In the final reckoning, Bryn Gweled spent only $125 on the installation of underground electric and telephone cables. At least $2,000 additional expense was saved because the homesteaders hired a mechanical ditch digger to excavate the trenches. They also installed the conduits and back-filled the ditches. No mean gesture from a group of gentle-handed individuals many of whom had never seen a pickax except in a store window!

Other development costs were kept at a minimum through the efforts of members who turned night into day and week ends into shifts, clearing the brush, battling the poison ivy, banking the slopes to check erosion, digging manholes, planting trees, and rough-grading the roads.

In May, 1941, lots were chosen, first excavations made, wells drilled, septic tanks installed, basements poured and picnics engineered by the women "to make work taste better." In October, 1941, the first family moved into a cellar.

The organization of Bryn Gweled Homesteads includes a board of directors, officers, and various standing committees, including those concerned with publicity, community activities, site planning, and membership.

The membership committee invites applicants to visit Bryn Gweled, talk with the members, and attend meetings. The community picks its members with care. There aren't many "ifs and buts," yet Bryn Gweled wants to make sure that families will be congenial and work together. While members need not have a common background, it is deemed essential that they have some similarity of interests, if only in the joy of growing big onions.

Racial, political, and religious tolerance are firmly integrated in Bryn Gweled's community character. Applicants are asked to sign a questionnaire, one portion of which reads:

"There may be German, English, Italian, Chinese, Russian, Negro, Jewish, Japanese and other members living on the Homesteads. Does this meet with your approval for such things as eating with them, swimming with them and working with them co-operatively?" If the prospective member feels he is unable to sign such a statement, he is given his hat and speeded on his way.

Applicants are admitted only after an affirmative four-fifths vote of the entire community. Incoming residents pay a membership fee of $50 which is not returnable.

The first pleasant task is the selection of the two-acre plot on which the new home will be erected. Title to the land remains with the corporation, the individual being given a ninety-year lease instead of a deed. Houses are individually built and financed, and each family has title to its home subject to certain restrictions in regard to subletting, sale, and inheritance.

No house may be sublet for more than a year without community permission, nor may the house be sold to, or inherited by, nonmembers. Individuals wishing to sell must offer the Corporation first rights to purchase at a fair price or to accept a new owner. Children cannot inherit a house but may be voted into membership.

The 240 acres of land offer a variety of home sites. The property is T-shaped, tied together by a macadam road based by the homesteaders with the help of a rented bulldozer. Surfacing was done by a contractor at a cost of $5000. Difficulties in construction may be gauged by the fact that the acreage includes three hills, two streams, wooded patches, steep slopes, meadows and marshes.

The gentle slopes were plotted into eighty lots of two acres each for individual building sites. The site planning committee assisted members in placing and planning their homes. While no particular type of architecture was dictated, most of the members leaned toward a version of the typical Pennsylvania Dutch farmhouse.

But the three architects who joined the community as members—Paul Beidler, Robert Bishop, and Walter Robinson—had other ideas, and by lecturing and showing pictures of famous modern homes, they finally convinced members that they should be as progressive in their houses as they were in their social ideals. With these sentiments, a fourth architect, Cornelius Bogert, concurred.

All but one member was convinced. He built a two-story Colonial house high on the hill. It looks a little out of place, especially as most of the others are low, flat-roofed structures with a unity based on their fitness to the land. Most of the houses utilize large amounts of glass, brown stained wood, and cinder blocks; yet they diverge as widely in character as do the personalities of their owners.

Inevitably there were troubles when the homesteaders sought to foist their new ideas on the local builders. Some of the homesteaders, acting as their own contractors, solved the problem by subletting to several contractors. Thus Gordon Fredendall, an engineer, hired a separate contractor so that he would not have to change from panel to hot-air heating, which was the only system his builder "understood."

The large amount of labor incorporated in the houses by the owners—including masonry work, carpentry, plumbing, electrical work, roofing, painting, and landscaping—brought down the costs materially. Actual comparisons therefore are difficult. Houses ranged from a figure of $7,000 to $13,750.

The Lampe's house cost $12,000. Chester Lampe is a high-school science teacher, and his wife, Mary, is a dental technician. They saved an additional $2,000 above the $12,000 through their own work, which included general contracting, some minor excavating, building retaining walls, stone steps, pointing bricks and stone work, painting, laying concrete floors in the basement and garage, constructing book shelves and storm doors, laying a 120-foot under-drain for the basement, constructing a leaching pool, and landscaping the property.

The Lampe house is built on a hill with a gradual slope to the north, selected with a view to incorporating existing old stone walls into the plan. Included are two bedrooms, living-dining room, study, kitchen, bath and garage.

Solar south walls are open to sun and view. The large living room is partially divided by a partition which projects around the study area. Windows in the living room, kitchen, and one bedroom open onto a walled sunken garden in the rear.

The house is built of stone, the portions above the windows being framed and finished in horizontal boarding. The roof has an inverted pitch (in reverse position) with wide overhangs. On the interior, all masonry portions have been left exposed while framed portions are plastered. In the basement, Lampe has a workshop complete to electric kiln and pottery wheel.

Al Schroeder, an electronic engineer, incorporated a water-cooled roof in his home. A shallow pool covers the one story house so that there is a four inch sheet of water to repel summer heat. In winter the water is drained and the black composition surface absorbs heat from the sun's rays. This house is built of stone; windows are steel sash;

and the interior includes a large work room which houses a television set.

Joe Diano, a stained glass artist, laid his own floors, put on redwood siding, installed rock wool insulation, and added paneled walls and ceilings. In this instance the contractor took the house only as far as the sheathing stage.

The Singley house, which cost $7,000, is the smallest of all, yet includes a living room, kitchen, laundry, heater room, four bedrooms, and bath. It is on two levels with living and master bedroom facing south and opening onto a deck which runs the full length of the house. The construction is cinder block with the upper section finished in horizontal wood siding.

The Morris home, on a more grandiose scale, cost $13,750 and includes a large living-dining room, L-shaped, an enclosed terrace porch, a streamlined kitchen, sliding closet doors, sliding storm and screen sash, clerestories for cross-ventilation and added light, wood-paneled rooms, four bedrooms, study, storage, and a garage "large enough for square dances."

A beamed studio room, copper hearth and heatilator, and recessed lighting which Elliston Morris himself installed, fascinate the prospective home-owner.

Homesteader Morris came down off his sundeck to show us around and point out the concrete retaining wall he'd built, the irrigating system he'd installed, and the new overhang to the south. He surveyed his handiwork.

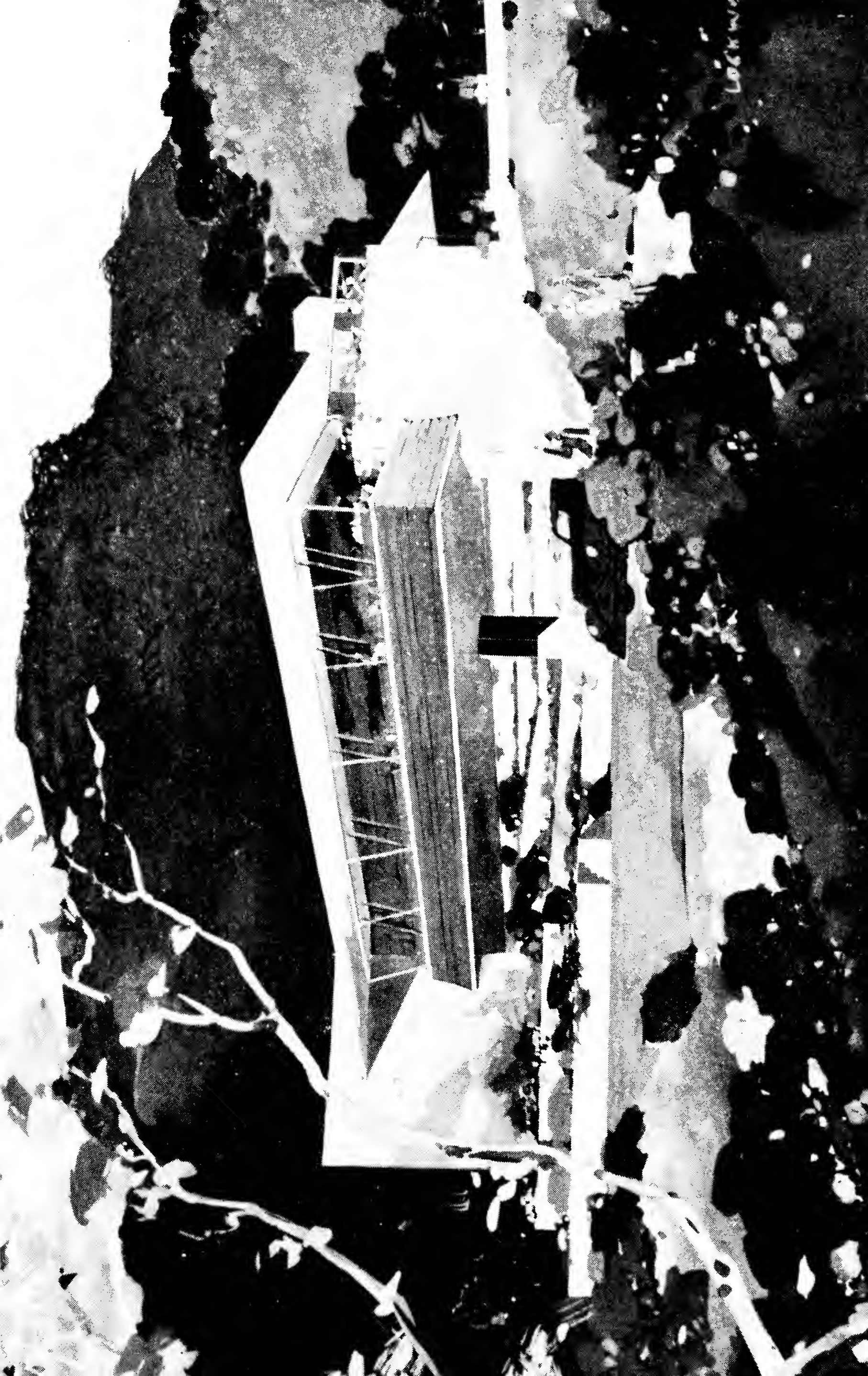
"It's solid, I can tell you that," he thought out loud. "It won't fall down or crack up. No frills, of course. We're plain people."

Ray Newton, social worker with the American Friends Service Committee, collaborated with his wife in putting the finishing touches on their house. He is very proud of his second-story sundeck with fireplace, and Babette thinks just as much of her modern kitchen with separate lights over each working area.

Each homesteader put in a certain amount of labor on his own house, some more than others. Thomas Michener, draftsman, was his own contractor and saved half the cost of the house by taking time off between jobs and building the unit with the aid of one carpenter.

Neighbors helped each other in the construction of the homes, and they worked together in the development of the common property. Groups shared ownership of the orchard sprayer, the power cultivator, the pressure cookers. There was co-operative buying in the purchase of vegetable seeds, berry bushes, and fruit trees. In the early years of

Moving from dilapidated huts fronting on sewers (above) to five-room houses and fruit farms (below) changed the lives of fifty mining families in Granger, Iowa. Their new homes cost them $17.50 a month.



the Co-operative, the homesteaders organized a community pigpen. It had netted each member half a pig by the time rationing ceased and negated the need for such a service.

Once, one of the men brought back three hundred pounds of fish from the Philadelphia wharves. It was divided and placed in the community's frozen food lockers in a near-by town.

The women in the community co-operate in shopping expeditions, in caring for each other's children, in community sewing groups, and sometimes in window-washing bees.

Nor is the social program disregarded. There is group singing at the Fredendalls' (they have a pipe organ); picnicking in the woods; folk dancing at the Morrises', and television entertainment at the Schroeders'. The Corporation is now developing a community center building which will be used for meetings and social activities and will probably incorporate a nursery, guest rooms, and a dance hall.

The Homesteaders are well satisfied with their life and their community. But will their children be of the same mind when they reach adolescence? Only time can tell.

The development, admirably suited for adults who enjoy the semi-isolation which their country community offers, may not appeal to teenagers for that very reason. Twenty miles from the city, it is also an automobile ride to the nearest markets, post office, school, and churches, and five miles from the nearest movie in Hatboro.

As for the disappointments, the homesteaders feel that they have not saved as much money as they might, had they been able to buy all their materials co-operatively. Since each built at a different time and on an entirely different plan, such savings were not to be expected.

As a co-operative experiment, Bryn Gweled is a success. Certainly the members achieved much together which they could not have achieved alone, and they were able to build far better houses at much less cost under the co-operative self-help plan than any one of them might have managed by himself.

The project is growing, slowly but with certainty. Thirty families form a solid base for Bryn Gweled's future security. Stone by stone, brick by brick, these families are building their homes and their community together.

CHAPTER 5

Mutual Housing Association, California

Perched on the cactus-ridden ridges of Kenter Canyon in Los Angeles, is the only luxury housing co-operative in the United States, the only Shangri-La, the only mountain-top community built like a modern version of a medieval fairy tale.

Five hundred families, drawn together through common desire to live in a community of their own planning, formed the Mutual Housing Association Inc., with a membership comprised of doctors, lawyers, stock brokers, college professors, manufacturers, office managers, engineers and accountants.

Houses of modern California architecture, flat-roofed, glass-sided, with walled gardens, ranging in cost from $8500 to $25,000, are being built along the summits of the steep slopes. The development is called Crestwood Hills, a name which hardly does justice to the wild beauty of the country. Of the 800 acres of hill and dale, only 250 acres have been subdivided. The remaining 550 are reserved for park and picnic grounds, bridle and bicycle paths, and a swimming pool in the depth of the valley.

The houses are to be individually owned, but the community interests—including the nursery school, parks, playgrounds, tennis courts, bowling green, movie theater, pool, gas station, and shopping center—are to be run on a co-operative basis. While the community could not set itself up as inter-racial because of the restrictive covenants which bind all property in the exclusive Brentwood area, the membership is screened to exclude any who might have racial prejudices.

The community is a dream of co-operative planning. With no financial worries—the property was paid for in cash—the members have been able to give full play to their ingenuity and imagination in the planning of homes and community lands. If a member wants a house with four terraces and three levels on the edge of a craggy knoll, he can have it. There are hundreds of variations from which to choose.

To reach the site, I traveled north of Hollywood, along Sepulveda Boulevard into Tigertail Drive, residence of many celebrities. Passing the green bungalow of screen star Lana Turner on the left, I turned into a broad sandy road with the canyon country before me and the Santa Monica mountains beyond.

The view from the ridgetops straight down to the sea was breathtaking even though drifts of mist obscured the outline of the shore. It did not obscure the beauty of the immediate landscape: the thin sanded crags splotched with prickly cacti, the uneven roll from summit to base of the chaparral, that medley of shrubs so closely woven as to resemble a needlepoint pattern, with its gray coastal brush, rusty mock heather and lavender sage, dappled by the bright green of the tree tobacco, the white fleece of the coyote bush, the deep red of the sumac's flat-packed fruit, and the dead yellow of the storax sheaths, fair stripped by browsing goats. The mistletoe hangs high in this part of the country, clinging to the empty branches of the cottonwoods, and the poinsettias, common as clover, rear their woody branches beneath the sad sweep of the eucalyptus trees.

Four musicians hankering for an acre and a pool where they might live in peace and privacy, initiated the project. They found their haven in the canyon country between Bel Air and Brentwood, and told all their friends. That was in May, 1946. By August, everybody and his aunt had visited the spot and announced intentions of settling there. The group of prospective homesteaders increased so rapidly it was decided to form a non-profit corporation along co-operative principles and to buy sufficient acreage to build a planned community for 500 families.

Property values in this section of the country are high, but by purchasing a large tract of land, the corporation was able to acquire 800 acres for $300,000, which brought the cost down to $375 an acre. Improvements, including the grading, roads, landscaping, water, sewerage and electricity, were estimated at $700,000, making a total of $1,000,000 for the developed land.

Each member, on acceptance, was required to make a $2000 deposit. This initial payment by 500 members gave the Corporation a bank balance of $1,000,000. Cash was paid for the land. Later, the original owner accepted a mortgage for $100,000 on the 550 acres which are to be held as common land. It is planned to pay off this mortgage from income derived from the community center. While development costs will run 25 per cent greater than anticipated, there will be no additional assessment on membership. The increased expense is to be absorbed by pricing the lots at $2200 to $2600.

When a member joins, he must pay $25 for a membership certificate and is thereby entitled to one vote in the Corporation. Applicants must fill out an exhaustive form, eight pages in length, listing their assets, liabilities, personal references, credit references, insurance holdings, annual earnings, annual expenses, type of business or position, and estimated "net worth."

To help members decide on the size of their house and its approximate cost, the Corporation suggests that they figure $8.50 for every square foot of living space. In a minimum house of 1000 square feet, the cost would be $8500, exclusive of lot. To this amount must be added $500 for landscaping.

Careful planning with minute attention to detail has marked the project from its inception. It has paid dividends. Each step has been analyzed, dissected and scrutinized, before any final decisions have been made. Consequently, there have been few setbacks.

The first big project was the road. Ten tractors carved out 7 miles of it through the hills. The contractor was paid by the day for his tractors and operators. No engineer was used.

Installation of city sewerage and water lines was next. Crestwood property presents difficulties since lines must be carried to a height of 1600 feet, almost twice the present height of city utility elevations.

Design of the entire project is in the hands of four men well known in the field of modern architecture: Whitney R. Smith and A. Quincy Jones, architects; Edgardo Contini, engineer; and Garrett Eckbo, landscape architect, who is assisting in the site planning. Aiding Eckbo are Robert Royston and Edward Williams.

The landscape architects are under agreement to design the construction of the parks and playgrounds, game courts, swimming pools, bowling greens, bridle paths, bicycle paths, picnic grounds, walks, ramps, terraces and trails. They must plan for fences, arbors, outdoor grills, and seats; and they must design the plant nursery and supervise the planting in the wild life area, the planting and raising of fruit and shade trees, and the breeding of small animals and fish. In addition they must prepare a master plan covering the location and types of trees to be planted on the residential plots. For these plots they are required to design 20 different and original basic landscaping plans to fit the basic house designs of the architects. The landscape architects, who work in partnership, will be paid $100 for each plan.

The landscape architects must also prepare 500 individual variations of the basic landscaping plans, including 100 special variations of those home sites of unusual shape, size or grade. For each of the 400 individual variations, the firm receives $15; for each of the special variations, $50. Furthermore, the architects will be paid $200 for each acre of landscaping designed for the community-owned land, the $200 per acre to be paid on a maximum of 20 acres. And lastly the landscape architects will receive a percentage of the market value of all landscaping work done. When the agreement was signed, the landscaping firm was paid $2000. The balance is being paid the first of each month.

Lots average a 90-foot frontage and are about 100 feet in depth. As all plots are along the ridge tops, none lacks a view.

Houses vary in size and design, the smallest offering 1000 square feet of living space and the largest, twice that. California's modern style of architecture is admirably suited to the difficult contours of Crestwood Hills. While some of the 20 basic plans feature a compact layout all on one floor, many of the homes are on two or even three levels.

Exteriors will be of plywood, fir, or gum, waterproof resin-bonded, with stucco where desired. There will be no plaster; all interior partitions are to be of plywood. Living quarters will face away from the road. Large glass areas are designed to take advantage of the view and harmonize outdoor with indoor living. There will be no cellars; the houses are to be erected with concrete slabs on grade. Large fireplaces, storage walls, big rooms opening one into the other, and roof overhangs to take advantage of sun in the winter and shade in the summer are "musts" in every plan. Patios, porticos, carports or garages, and fences, walls or hedges for privacy, will reflect individual members' needs and desires.

So that members may examine the various types of houses before they make their choice, the architects are building 4 model homes at the north end of the city on contours similar to those of Kenter Canyon country.

Houses will be financed individually. Veterans who are able to obtain full financing are entitled to a return of the first payment of $2000 made to the Corporation.

A member who finds it necessary to withdraw from the Association will receive either the book value of his proportionate interest in the net worth of the Association as determined by the semi-annual audit, or the total sums paid by him to the Association—whichever is less. If he wants to sell, he must give the Association 60 days' notice and the option to buy or designate a buyer. Value of the house and lot will be determined by a board of three licensed appraisers.

In one corner of the property is a 15-acre nursery boasting $50,000 worth of orchids. The Mutual Housing Association hopes the city of Los Angeles will purchase it at some later date and there erect a school large enough to take care of the children of Crestwood Hills. For the time being, they will be transported into town by bus.

Commercial interests have been quick to see the possibilities of the community. The Board of Directors has already been approached by the owners of a riding school who would like to start a co-operative project on the property, and by the operators of a motel who think the new residents will have plenty of guests and should have a place to board them.

Business of the Mutual Housing Association is conducted by a general manager, full time, and several salaried clerks. There is an 11-member Board of Directors, each of whom receives $250 a year. Besides its administrative functions, its supervision of the advisory committees on budget and finance, architectural landscaping, and public relations, the Board fosters the activities of the Commercial Services Committee and the Member-Relations Committee.

The Commercial Services Committee governs the installation of restaurant and catering services, wearing apparel shops, the drug store, auto service, house furnishings, appliance and hardware shops, laundry, dry cleaning, and beauty shops and the credit union.

The Member-Relations Committee has charge of organized recreation, community work projects, the hobby and work shops (which are to include photography, ceramics, and woodwork), the amusement areas (including motion pictures, drama, music and arts), the social activities (parties and dances), the library and historical records, and the educational activities (which will include a pre-school for children and an adult education class in co-operatives).

Funds for running the community activities, for transportation, and for the maintenance and improvement of the property, will be raised either by a series of assessments on the membership, or by means of a revolving fund such as is utilized by the California Co-operative Fruit Growers' Association, wherein each member pays in $10 a month for 10 years and then withdraws like amounts for the next 10 years.

The Corporation believes it has saved members 50 per cent in the cost of the development of the lots by purchasing the raw land and installing utilities for the whole community in one operation. And there are other savings. Professional fees were reduced by planning all the homes at once and dividing the cost among members. Mass building and the repetition of certain designs should also result in considerable savings. Furniture and appliances will be purchased by the Association in wholesale lots or at reduced costs through the Associated Co-operatives, Inc. in Oakland, California.

Unique in the annals of co-operative housing is a savings plan originated in the Mutual Housing Association. It involves a 10 per cent "kick-back" of salaries into the co-op coffers. The manager, the contractor and the engineer have all agreed to the plan.

CHAPTER 6

Amalgamated Housing, New York

Pioneering in large-scale housing developments, the Amalgamated Clothing Workers of America has sponsored the erection of 1,753 apartments in Manhattan and the Bronx, New York City. The first, built in 1926, remains, after twenty-three years, America's model in low-cost co-operative housing. The last, constructed in 1948, follows all the Rochdale principles which contributed to the success of its sister projects.

The desire of a small group of workers in the ACW's credit union to provide decent homes and freedom from fear of eviction for members of the needle trade who were living in lower East Side tenements, plus a housing shortage with its accompanying high rents, were factors responsible for the development of the first undertaking. Seven projects were launched: three by the Amalgamated Housing Corporation in the Bronx, two by the A. H. Consumers Society, Inc. in the Bronx, one by the Amalgamated Dwellings, Inc. in Manhattan, and one by the East River Co-operative Apartments, Inc., now known as the Hillman Housing Corporation, in Manhattan.

In no case were union monies used for construction. However, to help the first projects in their initial financing, temporary loans were made by the Amalgamated Clothing Workers' Credit Union, the Amalgamated Bank of New York, the Amalgamated Bank of Chicago, and the Amalgamated Center. All of the projects were developed by the same group and under the same leadership—Abraham E. Kazan. Mr. Kazan, who is president of the Amalgamated Housing Corporation, vice-president of the Hillman Housing Corporation, and president of Amalgamated Dwellings, Inc., organized all the projects and is still managing them.

The eight buildings erected by the Amalgamated Housing Corporation in the Bronx and the two built by the A. H. Consumers Society, Inc. in the Bronx, stand together on a triangular tract of land overlooking Van Cortlandt Park.

The first six buildings erected by the Amalgamated Housing Corporation in the Bronx in 1926 and 1927 are Holland brick in mixed colors, walk-up type, five stories high. Deed restrictions prohibited the erection of an apartment house on the site. In the compromise effected to make the building of the apartment possible, the AHC agreed to eliminate the elevators.

The two buildings erected by the Amalgamated Housing Corporation in the Bronx in 1929 and 1931 were also of Holland brick, six and seven stories high with elevator service. They are known as Buildings No. 7 and 9 because Building No. 8 was not erected until 1948. The two built by the Consumers Society (now transferred to the Amalgamated Housing Corporation) on the same site, known as Buildings No. 10 and 11, were of domestic red brick, two and three stories high. The total of ten buildings forms a rectangle covering half the ground, with gardens occupying the other half.

The Amalgamated Housing Corporation was the first limited-dividend company to operate under the jurisdiction of the New York State Housing Law. The advantages of complying with the terms of this law were several. First, there was a twenty-year exemption from local taxes on "improvements," which, of course, include any buildings. Since the cost of the "improvements" usually figures out to about six times the cost of the land, it is easy to see the savings that should result. In this instance, the Amalgamated Housing saved nearly $30,000 a year or $2.11 per room per month. In return for the exemption, the Corporation agreed to limit rents to $11 a room. Other advantages of operating under the State Housing Law included exemption from franchise, income, mortgage, recording, and other state taxes.

The first six buildings constructed by the Amalgamated Housing Corporation cost a total of $1,970,000, of which $315,000 was expended for land and $1,654,359 for the erection of the buildings.

Construction cost averaged $1,437 per room or thirty-nine cents per cubic foot, including the basement space. There are 319 apartments totaling 1,256 rooms. A twenty-year mortgage for $1,200,000 was obtained from the Metropolitan Life Insurance Company with interest at 5 per cent, instead of the then usual 5½ per cent, which saved the Corporation $97,865. Payments by the tenant members at the rate of $500 per room and the sale of 6 per cent preferred stock to tenants, union members, and friendly organizations, provided funds to meet the remainder of the construction cost.

The seventh house, built by Amalgamated Housing in the Bronx in 1929, cost $1,003,021. Building No. 9, erected by Amalgamated Housing in the Bronx in 1931, cost $570,000, as detailed in the table on the pages following.

The first apartment building erected by the A. H. Consumers Society, Inc. in the Bronx in 1941, and known as Building No. 10 in the series erected on the same site, cost $180,447. The second building, called No. 11, built in 1947, cost $271,651, as detailed in the table on the pages following. This building was limited to veterans of World War II. Nearly 70 per cent of the original tenant co-operators in all the Amalgamated buildings still live in the project.

In 1948, all the Bronx projects were re-financed, including the first six buildings, and Buildings, 7, 9, 10 and 11, with a mortgage loan for $6,500,000 obtained from the Bowery Savings Bank at 3½ per cent interest. The loan covered Building No. 8, under construction, and other buildings to be erected. Note that Buildings 10 and 11, built by the Consumers' Society, are included. These buildings have now been transferred to the Amalgamated Housing Corporation.

Membership in the Amalgamated housing developments was not limited to any one trade, nor to unionists. However, preference has been given to wage earners, members of labor unions, and to those who could be included in the "moderate" income group. In the Bronx buildings, applicants were required to raise half of the investment, while the rest could be met with a ten-year loan from the Amalgamated Bank in New York City. The *Jewish Daily Forward,* a labor newspaper in New York City, deposited $150,000 in the bank to cover the loans.

Members wishing to move from the property experience no difficulty in redeeming their shares. Reserves for the redemption of those shares have been built up through the years by contributions by the residents of half their patronage refunds from the Amalgamated Housing Corporation. In the spring of 1948, these reserves totaled $236,616.87. Patronage refunds apportioned among the members as a result of the economical operation of the project during the year 1945–1946 totaled $26,326.52.

Community projects in the Bronx apartment development include: a day camp employing seventy counselors, a pre-school nursery, folk dancing, book reviews, classes in current events, children's dancing and nutrition, and Sunday morning forums on topics of general interest.

Co-operative business activities other than housing include: distribution of milk and electricity, running a laundry service, operating a food store in the development, making loans to new applicants unable to raise the required investments, and purchasing the stock of outgoing members in cases where there are no new applicants to take the places of those who want to leave.

As far as the co-operative operation of the development is concerned, all the Amalgamated projects are run in the same manner. Every co-operator has one vote. The co-operators elect a board of directors, the house committee, and special executive committees such as the Camp Committee which operates the summer day camp for children.

In Manhattan, the Amalgamated Dwellings, Inc. erected an apartment house in 1930 covering a square block bounded by Grand, Sheriff, Broome, and Columbia streets. The structure, six stories in height, contains 236 apartments with a total of 930 rooms. There are eight automatic elevators. The high cost of the land cut down the size of the landscaped court which occupies only 40 per cent of the grounds, the buildings occupying 60 per cent. Rental charges for the apartments run about $12.50 per room.

Financial assistance for the Amalgamated Dwellings in Manhattan was undertaken by Aaron Rabinowitz, member of the State Board of Housing at the time, and Herbert Lehman, then lieutenant governor. The two sponsors advanced $800,000 during the construction of the project, although the actual work was carried on by the union group. Cost of the downtown building was $1,064,713, which averaged $1,272 per room and about thirty-eight cents a cubic foot. The price of the land—$445,287—was high, bringing the total cost of the development to $1,520,000. It was financed by a mortgage loan of $960,000 from the Bowery Savings Bank for ten years at 3½ per cent interest, plus $60,100 from the sale of debenture bonds. The remainder consisted of members' down payments. The bank mortgage was renewed at the end of ten years. Amortization is at the rate of 2½ per cent.

Through the generosity of the sponsors, who deposited $350,000 in the Amalgamated Bank of New York, applicants were able to obtain loans up to 70 per cent of their required equity investments.

The Amalgamated Dwellings Co-operative Services, Inc., whose stockholders are identical with the stockholders in the Amalgamated Dwellings, Inc., carries on the business activities of the project, including the distribution of milk and electricity.

The East River project, now known as the Sidney Hillman project, was undertaken under an urban redevelopment law, the purpose of which is to facilitate slum clearance and reclaim blighted areas. The

Hillman Housing Corporation sponsored the erection of three twelve-story buildings containing eight hundred apartments and a total of 3,047 rooms. The project, commenced in 1947, covers eight blocks abutting the Amalgamated Dwellings' project on Grand Street in Manhattan. On the northwest corner is a playground and on the northeast corner, Public School No. 110. Buildings occupy 25 per cent of the land area, the rest being devoted to gardens and courts.

A mortgage was obtained from the Mutual Life Insurance Company for twenty-five years at 3½ per cent interest. The insurance company limited itself to a loan not to exceed $5,600,000, or 80 per cent of the estimated cost of $7,000,000. A year after the first estimate was made, it was believed the cost would run close to $9,000,000. Sponsors raised 20 per cent of the initial estimated costs through the sale of stock or debenture bonds to applicants for apartments. The prospective member subscribed for stock or debentures in the corporation at the rate of $600 per room. Of this amount, $100 was paid at the time of application and the rest by the time construction was complete. The average room rent was set at $15 a room. No rent refunds or rebates were expected during the first five years. All savings were to be applied toward the reduction of the mortgage indebtedness.

The cost per room was estimated at $3,000, more than twice the cost per room in the first six buildings erected by the Amalgamated Housing Corporation in 1926. The land cost $1,800,000 and the buildings were expected to cost $7,200,000, bringing the total to the $9,000,000 figure previously given. It was estimated that the cost of the Hillman project would run as high as eighty-eight cents a cubic foot. The first project erected by Amalgamated cost thirty-nine cents a cubic foot.

The City agreed to accept the previous assessed value of the land as the tax base. The value of the improvements—that is, the buildings and any improvements to the land—was to be exempt from taxes for twenty-five years, after which the Co-operative will pay taxes on the full assessed value. The return on the investment is limited to 6 per cent of the actual cost of the project.

In this development, the level annuity plan of amortization is enforced, under which the total monthly payments remain the same, but with an increasing amount of each payment being applied to the principal to reduce the mortgage liability. As the mortgage is reduced, the equity of "paid-in" monies of each member is correspondingly increased.

The phenomenal success of the co-operative building projects undertaken by the Amalgamated Clothing Workers of America gives credence to the hope of the sponsors that it will be possible to extend the Sidney Hillman project as far as the Franklin D. Roosevelt Drive on the East River.

Abraham Kazan, who has been the prime mover in all of the housing projects, is a firm believer in building the co-operative way, pointing out that it builds homes for members at cost, engages the interest of members by imposing responsibility, establishes a close bond among the occupants, tends to make a tenant a self-respecting citizen, develops ideas of self-government, and, finally, requires no cash subsidy from state or nation.

There are other co-operative apartment house projects in New York City worthy of mention. One of them is Farband House at 2925 Mathews Avenue in the Bronx. The building, which contains 130 apartments, was erected in 1928 at a cost of $682,000. Minimum down payment per room was $400.

In Chicago, the Frederick Douglas Co-operative Homes Association owns a thirty-six apartment house building erected at a cost of $300,000. The four-room apartments cost $7,260 to $8,000 with an average monthly charge of $55, and the five-room apartments cost $8,500 to $9,500 with an average monthly charge of $65. The thirty-six members own the Association; the Association owns the Building; and the Co-operative is operated by a board of directors elected by the members. Each applicant, upon joining the Association, received a membership certificate and a "perpetual ownership" contract for his apartment.

The hundreds of other co-operative apartment house projects found in the large cities of the United States range from the true Rochdale type to commercial "co-ops" which in extreme cases represent a method of selling high-priced housing for the greatest possible profit.

There are undoubtedly many apartments organized under limited profit circumstances that make co-operative ownership a better buy than the commercial "co-op." In some of these, members have little part in the management of the housing. In others, they may have purchased title to an apartment, rather than a share in the co-operative.

The following are some of the co-operative ownership projects in New York City—some of them completed, some under construction, a few still in the planning stage. They include both true co-ops and commercial co-ops.

They are: Great Oaks in Riverdale, Bronx, with six hundred apartments ranging in cost from $13,500 to $24,000; Riverdale Towers, also in Riverdale in the Bronx, with 106 apartments ranging in

Housing	Apts.	Rooms	Rent per Room	Organized	Location
Amalgamated Housing Corp. Bronx				Limited Dividend Co. organized under New York State Housing Law	Bronx Van Cortlandt Park Mosholu Parkway and Jerome Park Reservoir
1926–1927 Six Bldgs.	319	1,256	$11		
1929 Bldg. No. 7	205	822			
1931–1932 Bldg. No. 9	115	426			
1948 Bldg. No. 8 under construction					
Formerly Consumers' Society Inc. now transferred to Amalgamated Housing Corp. Bronx				Organized under regular corporation law Now under State Housing Law	Bronx Van Cortlandt Park Mosholu Parkway and Jerome Park Reservoir
1941 Bldg. No. 10	48	128	$13		
1946–1947 Bldg. No. 11	30	108	$15		
Amalgamated Dwellings Inc. Manhattan 1930	236	930	$12.50	Limited dividend company organized under New York State Housing Law	Manhattan Grand, Sheriff, Broome and Columbia Streets
Hillman Housing Corp. Formerly East River Co-operative Apts., Inc. Manhattan 1948	800	3,047	$15	Organized under Redevelopment Companies Act	Manhattan Grand, Sheriff, Broome and Columbia Streets.

Description	Member's Share	Cost of Project	Financing
1926–1927 six bldgs. All five stories high. Walk up. Made of Holland brick Buildings cover one half of property	Applicants subscribed for $500 in stock for each room, meeting half the investment in cash and the rest by loans through the Amalgamated Bank of New York	$1,970,000 total cost 1,654,359 for six bldgs. 315,000 for land 1,437 per room 39¢ cu. ft.	The first six buildings financed by $1,200,000 mortgage for twenty years from Metropolitan Life Insurance Co. at 5 per cent interest. Remainder of cost was financed from tenant payments and sale of 6 per cent preferred stock
1929 Bldg. No. 7 and 1931 Bldg. No. 9 are seven and six stories high of Holland brick. Buildings cover one half of property		$1,003,021 Bldg. No. 7 1,322 per room $41\frac{7}{10}$¢ cu. ft. $ 570,000 Bldg. No. 9	Building No. 9 was financed by a mortgage loan for $380,000 from the Metropolitan Life Insurance Co. at 5 per cent interest. Rest from members.
Two and three stories. Domestic red brick Buildings cover one half of property	Investment of $500 in each room required for Bldg. No. 10 and $600 for Bldg. No. 11. Corporation accepted part in notes payable over period of years and part in cash	$ 165,513 Bldg. No. 10 14,934 for land 257,651 Bldg. No. 11 14,000 for land 3,000 per room	In 1948, all the Bronx projects were refinanced, including Bldgs. No. 1 to 6, Bldgs. No. 7, 9, 10 and 11 (the latter two formerly belonged to Consumers' Society), Bldg. No. 8 now under construction and other buildings planned. The new mortgage for $6,500,000 was obtained from the Bowery Savings Bank at $3\frac{1}{2}$ per cent interest
One building, six and seven stories high Building covers 60 per cent of property	Investment of $500 in each room required. Member able to borrow up to 70 per cent of equity	$1,520,000 total cost 1,064,713 for bldg. 445,287 for land 1,272 per room 38¢ cu. ft.	$960,000 mortgage obtained from Bowery Savings Bank for ten years at $3\frac{1}{2}$ per cent interest. $60,100 obtained from sale of debenture bonds and rest of cost came from members' down payments. Mortgage was renewed for ten years. Amortization now $2\frac{1}{2}$ per cent.
Three buildings of domestic common red brick. Twelve stories high. One with penthouse. Buildings cover 25 per cent of property.	Applicants required to put up $600 in cash for each room desired.	$9,000,000 total cost 7,200,000 for bldgs. 1,800,000 for land 3,000 per room 88¢ cu. ft.	$5,600,000 mortgage obtained from Mutual Life Insurance Co. for twenty five years at $3\frac{1}{2}$ per cent interest. Amortization at rate of $2\frac{1}{2}$ per cent. Twenty per cent of estimated cost raised by sale of stock or debenture bonds to applicants for housing.

monthly charges from $84 to $129 per apartment; Bell Park Gardens in Bayside, Long Island, which plans eight hundred family garden apartments to cost $8,280 to $11,031 per unit; (this is a limited-dividend project under the sponsorship of the New York State Division of Housing); Group Homes which plans the conversion of a ten-story building on Riverside Drive into small apartments for tenant owners; a small apartment house on East 84th Street occupied by eleven veteran families; a nineteen-story penthouse apartment on Fifth Avenue which includes 162 suites and ten doctors' offices; an eighteen-story penthouse apartment on East 66th Street; a twelve-story penthouse apartment building on East 71st Street; and several apartment houses in Jackson Heights, Queens. There are two in East Paterson, New Jersey: the Elmwood Co-operative Apartments, Inc., and the Park View Co-operative Apartments, Incorporated, which were originally sold at about $3,300 per room under speculative auspices.

Before purchasing in any of the above co-operatives, a prospective tenant should carefully investigate and analyze the set-up. Some embody plans or defects which may jeopardize or wipe out the purchaser's investment.

CHAPTER 7

Penn-Craft, Pennsylvania

"You're crazy to work like that. You'll never own those houses. Wait and see. You'll be back in your shacks." So jeered the neighbors as a struggling little group of miners in south-western Pennsylvania ditchdug and hauled, sweated and sawed, mixed and mortared, doggedly determined to complete the job they had started—building their own homes.

Today, fifty miners in the co-operative community of Penn-Craft at East Millsboro own two-story stone houses, complete to streamlined kitchens, built-in showers, oak floors, and central heating. And their costs are just $13 a month.

Back aches and brawn built the houses—not money. The houses were valued at $6,000 when finished. They could not be duplicated now for twice that amount, if built conventionally, yet the cash cost to the miners was only $2,000. That was for land and materials. The labor was their own. Each house represents about 3,500 hours of man labor, worked out in off days, spare time, and Sundays. On a basis of eight hours a day, six days a week, it would take one man a year and five months to build his house. Actually, many of the houses were three years in the building, because the miners were unable to work steadily on them. They had jobs at the bottom of a coal shaft that occupied some of their waking hours.

Would you do it? Would it be worth that much to you? It was—to these miners. For years they'd lived in a collection of shacks in Fayette County—shacks without water, without electricity, with dirt or stone floors, with yards fronting on coal-dusted alleys. It was no novelty for them to work with their hands. All they needed was inspiration, direction, supervision, and the cash. The American Friends Service Committee provided all four.

The miners formed study groups, learned how to drive nails, mix mortar, lay sewer pipes. One stone mason and one carpenter instructed and supervised. The houses were built with the labor of two skilled and fifty unskilled workers.

The community now includes not only the original fifty houses, each with two acres of land planned for vegetables, fruit, and poultry; but also a co-operative food store with five hundred frozen food lockers, a community center for educational entertainment activities, and a sweater knitting mill which the miners also built.

Across the road is the Krepps Farm, Penn-Craft's Project No. 2. A tract of 165 acres, it has been divided into fifteen sections of ten acres each. Five of the new members now building are sons of the homesteaders in Project No. 1.

Half a mile from the Krepps Farm is the Taylor Farm of 250 acres, which will be Project No. 3 as soon as the second homesteading experiment is complete.

To reach Penn-Craft, I had to take a complicated seventy mile trip from Pittsburgh to Brownsville, to East Millsboro, and then down into the valleys of the Blue Ridge Mountains. Leaving behind the Smoky City's five hundred churches, busy pickle factories, noisy steel mills and meat packing plants, the bus rolled steadily south through town after town, each a duplicate of the last, each with the same grimy little houses and false-fronted stores plastered with chewing tobacco signs and health food ads. Then suddenly we rounded a curve and came upon the great Monongahela.

Broad and sluggish as it meandered nonchalantly through the hills, the river was picturesque even in the winter drizzle which glistened on its stony sides and half-obscured the tiers of tenements, gray slate and brick, on the far shores. Surface skiffs skimmed the waters around the white paddle tug boats and long lines of barges black with coal; then raced the freight trains along the banks, to disappear in a blanket of mist. Hemmed by green hills, edged by gray flats and yellow-lighted factories, crossed by myriad bridges, it is an intriguing river.

Forewarned by colorful stories of what the miners had done to the bit of ragged countryside they'd developed, I was yet unprepared for the beauty spot into which we drove through the rain. On either side of the road the land rolls high. Atop these summits were the homes, sturdy structures of gray fieldstone with white gabled ends and sweeping roofs of slate. Planted evergreens stood by the doorways and marked out the neat gardens. The poultry houses and barns had each been integrated with the home of its owner and with the buildings of the whole community. It did not seem possible that miners, traditionally tied to tin roofs and tumbledown shacks, could have achieved such a model village!

In 1937, when Clarence Pickett, Homer Morris, and Stanley Hamilton, members of the American Friends Service Committee, conceived the idea of a self-help housing project, the miners were living in hopeless squalor. Only half the mines in Fayette County were operating; most of the men were on but two days a week; and a quarter of them were drawing "relief money." Their children were suffering from malnutrition; their wives were sick and discouraged; and their own morale was as low as the dirt sills across which they dragged weary feet each night.

The miners were paying $10 a month for their shacks. The Friends believed that, by paying $10 a month plus $3 for taxes and insurance, a miner could amortize a $2,000 loan at 2 per cent in twenty years. Under a co-operative arrangement, with the miners supplying labor to build their own homes, such a plan would be practical.

Would the miners be interested? The idea spread like wildfire. More than two hundred families evinced a desire to take part. Thus encouraged, the American Friends purchased an abandoned farm of two hundred acres in Fayette County, advancing the money from a $230,000 fund of grants and gifts, which included an $80,000 grant from the U. S. Steel Corporation.

Work groups were formed and financing plans made. It was explained to the miners that within the $2,000 figure, the cost of the land, the roads, the public utilities, and the outbuildings must be financed. The amount of the cash expendable for the house thus shrank from $2,000 to $1,700.

Classes started. Under the supervision of the two skilled workers, the men learned cellar construction, roof framing, and plumbing installation. Quickly they acquired new skills and initiative.

The job was no cinch. The place was overrun with underbrush and brambles. Before the first cellar was dug, the land had to be cleared, roads built, water and sewer lines laid. Of the two hundred families that had first applied, many dropped out. The work was too hard or the project too long drawn out. As A. Hurford Crossman, of the Philadelphia Friends' Office, phrased it, "No man on trial had to be rejected. The weak ones rejected themselves." But fifty stuck it out. They were a representative cross section of the coal mining population: Welsh, Poles, Rumanians, Russians, Syrians, Italians, Germans, Negroes, Croatians, Slovaks, English, Americans and even one American Indian.

The miners arranged their hours on a workmanlike basis. Each man kept a time card recording the number of hours he put in on his own house, as well as the number he put in on the houses of his neighbors.

The man with the largest number of hours to his credit was given first consideration when it came time to decide whose cellar should be dug next. Labor was swapped on an equal basis. That is, if a man dug ditches for five hours, he was given the same credit hours as the man who painted for five hours. No worker was criticized for lack of skill; but if he loafed, he was subjected to a torrent of upbraiding by the others, sufficient to force him into a semblance of streamlined efficiency—or out of the community.

Poultry houses were built first. In these, the miners and their families lived—some of them for two years—until their own homes were finished. Big families added a brooder house to the poultry house to provide sufficient bedroom area. So solidly were the chicken houses constructed that many are still being used for homes—this time to house returning GI sons and their brides. One way to solve the housing problem!

The men learned to work together, how to get along together, regardless of race, creed or color. And the boys took a hand. When they achieved some proficiency in swinging hammers and sawing planks, they were incorporated in the work crews and credited with 75 per cent of a man-hour.

Several houses were built at the same time. It was easier to handle the project that way because it meant that at no time need any crew be idle. The carpenters worked on Job No. 3, the plasterers on Job No. 2, the plumbers on still another house. And so it went.

The American Friends Service Committee found ways and means of cutting costs. In the matter of sand alone, $180 was saved on each house. David Day, Penn-Craft's first manager, bought a crusher and a tractor and showed the miners how to make their own sand at a cost of fifty cents a ton instead of the usual $3. The workers even made their own window frames, reducing the cost from $15 to $2.50 and thus saving $100 on each house. By using narrow widths of flooring—"mill throwouts"—they saved another $60 on each structure, and because they were willing to buy bathtubs with legs instead of the built-in variety, they were able to chalk up another $33 economy for each homesteader. Someone conceived the idea of unscrewing all the legs and blocking in the tubs to resemble the women's "heart's desire"; so everyone was happy.

The miners made their biggest saving in the choice of construction materials. By trucking sandstone from nearby quarries, and collecting field stone from the old walls on the farm and from abandoned coke ovens, they were able to build stone houses much cheaper than they could have built frame structures.

The stone walls were built with a minimum of labor. Under David Day's direction, a system of movable forms was devised which enabled the workers to "pour" a wall in short time and then transport the forms to the next house where they would be used over again. Since little hand work was utilized and less supervision, it was possible to save $200 on each structure.

In the spring of 1938, the first family moved in; and by the middle of 1943, all fifty were installed. By the summer of 1948, ten of the homesteaders had paid off their obligations to the American Friends and owned their houses free and clear.

Most of the houses contain six or seven rooms with approximately eleven hundred or twelve hundred square feet of floor space. An architect was hired to draw five plans, and variations of these basic arrangements were designed to suit individual needs.

Remember the old Welsh pictures of the weary miner, after an exhausting day, stretched out in his stockinged feet, on the old bedstead in his one-room shack? Nothing like that at Penn-Craft. The head of the family enters the basement, takes a shower, and changes to clean clothes before entering the living part of the house. There is no place for coal-dusted workclothes in the cretonned living room, or in the modern white kitchen where his wife is beating up the pancake batter in the new electric mixer.

One of the first owners refused to accept his deed because it referred to him and his wife as "tenants by entirety." It was useless to explain that in Pennsylvania that was the legal term for "owner." He'd have none of it. He'd been a tenant all his life and now, God willing and the money in hand to make it so, he meant to be an owner and nothing but!

Disregarding advice, the homesteader sent the deed back to the American Friends Service Committee in Philadelphia, and asked for a change in terminology. On receipt of the "corrected" deed, which now read "owners with survivorship," he took it to the county court house. The officials refused to accept the document. Chagrined, the miner returned the deed to Philadelphia, accepting his role of "tenant by entirety."

A few of the houses have been sold yet there seems to be little desire in the community for profiteering. As A. Hurford Crossman points out, "A self-help project does not have the tendency for speculation that a normal community faces. When a family has put over three thousand hours of hard labor into the building of a home, that home no longer represents a speculative investment. The family's life is built into it, and the owner, therefore, has no temptation to sell for profit."

The miner's hope of being able to save $3 a month—the difference between his old $10 rent and his new $13-a-month carrying charge—has been realized through the produce from his garden. It was estimated that the fifty families had spent $25,000 a year for perishable foods, or about $10 a week apiece. A goodly portion of such food is now grown right in the backyards. Acreage at Penn-Craft is utilized in two ways. Each homesteader owns two acres on which he raises berries, vegetables, and poultry. The rest of the land—about 110 acres—is operated as a commercial farm. One of the tenants, Bill Baum, rents the property from the American Friends on a three year lease at $250 a year. The dairy of thirty cows provides milk at several cents less than the local market price; and hogs, slaughtered on the farm, provide pork at seven to ten cents a pound below current prices.

Greatest help to the housewife is the Co-op store, which was started in a cow shed with a capital of $25 and now grosses more than $100,000 a year. The new stone building has five hundred frozen food lockers.

Early in 1939, the homesteaders started a new project. Beset by frequent strikes and layoffs, they thought it best to provide a supplementary source of income. Result: a knitting mill which has been turning out six thousand dozen sweaters a year. Gross sales are $400,000 yearly and total wages are $120,000 yearly. The building is stone, and it, too, was erected by the miners, each man donating one hundred hours of labor. There are seventy employees, thirty from Penn-Craft and forty from neighboring communities, who work under the direction of Superintendent Louis Gallet. Mr. and Mrs. Gallet left Austria just before the Nazi purge. Gallet, a knitter by trade, introduced imported hand-knitting machines and is now operating and buying the mill property. Two additions have been made to the structure since it started. Employees subscribe to a benefit fund over which they have complete control. In the planning is a credit union, which will include not only workers in the mill, but also any of the homesteaders who may want to participate.

Heart of activities at Penn-Craft is the old farmhouse which has been remodeled into a community center. Here are the library, the club rooms, a hall for dancing, and indoor games. Activities include the Mothers' Club, a baby clinic, a maternal health center, a nursery school, a girls' club group, a Scout group, a baseball team, a hobby club, the Young People's Council, lectures on parenthood, husband's nights, and health talks. Special rates for tonsil operations have been arranged by the co-op. Membership in the center costs $5.

A new community center will be built when the Penn-Craft Recreation Co-operative is incorporated and can hold property. At that time, the American Friends Service Committee will deed the community hall, the baseball grounds, and land for a shopping center to the Co-op. The Co-op will thereupon enlarge the scope of its activities by building a new hall for dances, roller skating, and bowling, and by providing store space to be leased on a concession basis for shoe-repairing, hairdressing, and barber shops.

The new Co-op will be independent of the Penn-Craft Co-operative Association which runs the store, the feed business, and the frozen food locker plant.

It was inevitable that the success of the first project should give rise to a second; and while Project No. 2 differs in a great many respects from the first, it offers wider scope for experimentation than the original development. It is being built on a tract of land 165 acres in size, a stone's throw from Penn-Craft. The property has been divided into lots averaging ten acres, and each individual will manage his own farm. There will be fifteen homes when the development is complete.

It has become increasingly apparent to the Friends Service Committee that the day is not far distant when most of the coal shafts in the vicinity will "run out," leaving the miners with no means of livelihood. The best replacement would seem to be agriculture, since the land is fertile and can well support mixed farms devoted to truck gardening, fruit growing, and cattle raising.

To convert miners into farmers is a job in itself, but the success of the first project, wherein the miners learned to raise at least enough produce for their own families, encouraged the American Friends to try a second project on a larger scale. That the idea appealed to the miners may be seen in the rapidity with which the second project is taking form and in the enthusiasm with which the individuals are building their houses and planning the development of their ten acre plots. One of the new homesteaders already has his entire acreage set out in young fruit trees.

Costs have advanced alarmingly since completion of the first project. Nevertheless, the new homes will be built at a price far below the current market figures, mainly because most of the labor will be supplied by the miners themselves.

Materials will cost about $4,500. Add to this, four thousand hours of labor at $1 an hour and you have a total cost of $8,500 for a structure which would easily bring $13,000 in the open market. Labor is exchanged under the same plan followed in Penn-Craft's first project. Those homesteaders who are engaged full time in outside employment hired skilled mechanics to help. Penn-Craft enjoys amicable relations with all unions.

Most of the houses will have six or seven rooms and full cellars, and most of them will be built of cinder blocks made on the property. Penn-Craft owns four hand-operated cinder block machines which were purchased at a cost of $60 apiece. At the time, supply companies were charging fifteen cents each for the blocks. The co-ops made their own for eight. The blocks are waterproofed after erection with Thoro-Seal and then stuccoed or painted white. One house has utilized block for the first story and finished the second in brick veneer. Two others are of frame construction, stone veneered.

Interior partitions are of rock lath and plaster, painted or papered. Kitchens include built-in cabinets, electric stoves, and washing machines. Homes are heated by a hot-air system, coal fired.

Much of the wood used in the houses was cut out from the Taylor Farm, Penn-Craft Project No. 3, a half-mile distant. Cherry, ash, beech, maple, and walnut are in abundance. John Kellam, manager at Penn-Craft, told me there were at least 30,000 board feet of flooring in standing timber on the Taylor Farm and another 30,000 feet which could be converted into two-by-fours, two-by-sixes, and two-by-eights.

Flooring is kiln-dried, tongue and grooved at Scottsdale Wood Products Co. in a neighboring community. Since Penn-Craftsmen cannot bear to waste anything, a good deal of the flooring is in narrow widths, one and a half inches, so that the last sliver of hard wood can be used. It makes surprisingly durable floors.

Savings have been effected through the use of Army surplus doors; and while some of the members made their own window frames, several of them purchased Truscon steel casements.

Nothing was spent on architects. House plans, acquired from the Farm Security Administration, were "cut to fit the cloth" by Kellam. "A good deal of the fitting was done right on the job," laughed Kellam. "Houses were going up so fast I couldn't keep ahead of them.

However, we have one consolation. If mistakes are made, they can be corrected at little cost beyond our own labor."

The houses in both Project No. 1 and Project No. 2 have septic tanks. Water is purchased from the General Water Co. on individual meters. The proximity of water supply lines was a prime reason for choice of the property. A second reason was the fact that county and town roads are so located as to touch every homestead, and the houses can be built along these roads.

A number of roads had to be constructed through the first project, and each homesteader was charged a proportionate share of the cost. Eventually the Town will take over the maintenance of these highways.

Under the financial plan set up for Project No. 2, homesteaders may borrow up to $4,000 from the American Friends Service Committee for the duration of the construction period at 4 per cent interest. This figure must cover cost of house, land, share of the water system, and a proportion of the project manager's salary. The contract states that within one year after occupancy the homesteader must refinance with a bank on a mortgage basis so that the money loaned him may be returned to the Friends' revolving fund, ready for use in the development of the next project—in this case the Taylor Farm. If he is unable to secure a mortgage, however, the Friends will carry him until he can arrange his own financing.

The monthly payment is not fixed, as it is in the usual plan based on the number of years of amortization, but varies according to the monthly earnings of the individual. Thus John Jones, earning $90 a month, will pay $10 a month on his loan; while John Brown, earning $217 a month, will pay $40. In each case the monthly payment includes payment on the principal, interest, taxes, and fire insurance. This idea of "variable payments" was adapted from a plan developed by the Farm Security Administration.

The Friends feel that when the educational process in community co-operation has sufficiently developed, it should be possible for the project manager to withdraw. In other words, there ought to be a time at which it can be said that the people have been rehabilitated.

"People are not re-made overnight," said A. Hurford Crossman, "and to inculcate the true spirit of community living, co-operative or otherwise, is not a short-time problem. In fact, I have many times expressed the real hope of Penn-Craft as being woven around the second and third generations. The fact that five of the second project families are sons of the first project homesteaders indicates some success in this direction.

"It is certainly a fact that these young people have a different outlook on life and probably a sounder basis for developing character than these same people would have had, had they been brought up in the mining patch.

"The difference between renting from the Company and owning one's own home is far greater than the physical difference between the stone house and the mining patch hovel.

"It isn't so much the comfort of the new way of life as it is the philosophy. Now, when a youngster breaks the window in his house, he fixes it because it is his house. He doesn't pass the buck on to the landlord who is his enemy to begin with, at least in his own mind. From his parents he learns a pride in ownership. From his life in the community he develops a sense of responsibility. He is the second step forward in the process of rehabilitation of the family."

CHAPTER 8

Seattle, Washington

Anders staggered into the student house, a load of dirty dishtowels in his arms, and called out to the girls studying at a round table by the open window:

"How's about a little soapsuds on these utilities?"

"Not a bad idea," commented Manager Muriel, inspecting the sad linens. "What's the swap?"

"I'll be over right after math to cut your lawn, I swear it!" said Anders, retreating backwards through the doorway with upraised hand.

Exchange of labor is one of the features of the planned program of the Students' Co-operative Assoc. Inc., of the University of Washington at Seattle, which has helped make this co-op one of the largest student housing groups in the country, owning seven of its ten houses, with assets of $88,000.

The Association has developed out of the mutual self help of 2300 past and present members, drawn from all parts of the United States and Canada, France, Norway, Denmark, India, Egypt, China, and Hawaii.

Starting with twenty-seven students who invested $10 each in an idea which they hoped would provide them with a place to live so they might finish school, the SCA has grown during fourteen years of co-operation to the point where its houses are filled, a waiting list lengthens, and plans are being completed for the erection on co-op property of a brick dormitory to house 180 men and women at a cost of $200,000.

From a central kitchen, the Association serves four hundred students three meals a day, caters for teas and dinners, and fills its frozen food lockers every year with thousands of quarts of fruits and berries picked by members.

Not content with housing its own countrymen, the SCA has gone farther afield, and for the second year is offering foreign students room-and-board scholarships on a co-operative basis.

From its inception, the SCA has been on its own. Students started it, developed it, nursed it through the depression years, paid for each house out of their co-op savings and membership fees, and formulated those policies which spelled success. There has been no outside financial help—not a gift, not a sponsored dollar. The accomplishments are tangible evidence that a group of young people, blessed with the right leadership and a willingness to work together, can organize and operate a going business concern.

Co-operation pays. Three hours a week at the dishpan or on the nether end of a broom, plus a membership in the SCA, enable a student at the University of Washington to obtain room and board for $1.57 a day. Those at the school who toil not, neither do they spin, nor belong to the co-op, pay $2.20 a day.

Walter Honderich, an engineering student with an idea, provided impetus for the start of the student co-op. In the depression years of 1933, there were many at the University so pressed for funds that they were forced to consider leaving. Honderich gathered together twenty-seven of these young men and each put up $10 to purchase food and to rent the first co-operative house, now known as Macgregor.

The organization was run on a cost-sharing basis with assessments made each month to cover estimated expenditures. It grew rapidly, the members assuming more and more of the responsibilities of the manager, Honderich, until today SCA is run entirely by the student directors. The board of nine determines policies, makes final decisions on all operations, and hires four non-student employees—the manager, the food supervisor, the assistant, and a part-time dietitian. Working with the student board is an advisory board with no voice, which includes a professor at the University, a business manager, a public school superintendent, a chemist, a master in arts and sciences.

Each co-op house is governed by its own board of directors, elected by the members. The members, in turn, elect the overall SCA board.

By the second year of operation, membership in the SCA had increased to such an extent that it was necessary to expand into seven houses in order to prevent a number of small co-operatives from springing up all over the campus.

The Students' Co-operative Association was incorporated August 30, 1935, under the laws of the State of Washington, with authorized capital stock of $40,000, to include three hundred shares of common stock at $1 each and 39,700 shares of preferred stock at $1 each. The

Association adopted a Rochdale plan of operation with no restrictions as to race, color, or religion.

The following year, the Neitro Sanitarium was purchased for $6,000 and converted into the "Brooklyn Unit." Modernizing and furnishing the house cost $4,000.

In the summer of 1936, an old garage was acquired and the Central Kitchen and Co-op office established in its present location, 1114 East 45th street. Rent is set at $100 a month. Students hope this figure will continue indefinitely since it would cost $6,000 to erect a suitable building.

In equipping the kitchen, the SCA saved money by purchasing a number of Navy cooking utensils. As modern a unit as could be found in any streamlined restaurant, the kitchen includes a steam table designed by a student engineer, two cooking vats, a large pressure cooker, electric stoves, power mixer, two walk-in coolers, a quick-freeze unit, first of its kind in Seattle, and an ice cream freezer. Between twelve hundred and thirteen hundred meals are served each day. Deliveries, timed to fifteen minutes to keep the food hot, are handled by students working part-time in the kitchen.

Nettie Jean Ross, a gray-eyed red head, pushed aside a degree in bacteriology three years ago to take charge of the Students' Co-operative Association as secretary-manager. She is the heart of the organization. When I asked her how she came to switch from microscopes to mastermixes, she answered quite simply:

"I'm more interested in people than bugs."

Nettie is on the receiving end of a good deal of teasing by students who tell her she better marry before it is too late. But she only laughs and says she wants to see the new SCA dormitory erected before she leaves. The secretary-manager is paid $250 a month plus meals, figured at $30, making a total of $280.

At the present time there are 270 students in the Co-operative with twelve hundred more, all past members, in the Alumni Association which was formed in June, 1945.

When joining, each member buys $5 worth of stock, non-interest bearing and not refundable, and is entitled to one vote in the corporation's business. In the early years, membership cost $15 but the figure has since been reduced to the present $5.

Those dormitories hiring house mothers pay $100 a month and board. Student house managers get $50 a month and board. While most of the men's units started with house mothers, the males shortly decided to do their own managing and save the money.

Both men and women students put in three hours a week at some household duty—washing dishes, cleaning house, waiting table, or in the garden. Frequently the houses swap labor, the boys serving at meals in return for shirts expertly ironed and suits pressed.

A good many of the students hold part-time jobs either on the campus or downtown, working as clerks, waitresses, dishwashers, garage mechanics, gardeners, librarians, or baby sitters. Clerical work at the University pays $.65 an hour, but baby sitting pays $.75.

The co-op houses are something more than dorms. They contain clubrooms, social halls, libraries, and shops selling soaps, toothpastes, school supplies, and cosmetics at cost. These shops not only break even, they save money, applying the funds to new draperies, new rugs, or perhaps a record changer or a radio for the house.

Most wonderful of all, there's a snack kitchen in every co-op house where students can dig in between meals and refuel on milk, peanut butter, and Dagwood sandwiches, and all for free.

In 1946 increased enrollment, caused by the influx of veterans, forced the SCA to purchase two more houses, each with a capacity of fifty men, bringing the total number of houses owned or leased by the Corporation to ten.

How did a little struggling student co-op manage to acquire so much property? Let's see how they did it.

The first house, Synadelphic A on 16th street, (Synadelphic in Greek means "co-operative sisters") was purchased in 1940 at a cost of $8,000. The students were fortunate in that the owner was Mrs. Bertha K. Landies, former mayor and widow of a geology professor, who was much interested in the co-op. She asked no down payment and no interest on the total, which was to be paid at the rate of $75 a month. All but $2,300 has already been paid.

The second house, Macgregor A on 22nd street, was bought in conjunction with Macgregor B, next door, in the year 1941 at a cost of $9,000. The units are named after the house mother, Mrs. Nell Macgregor, a writer. The two houses have a combined capacity of sixty-five students. The co-op made a cash down payment of $1,000, agreeing to pay off the balance at the rate of $125 a month. Both units are now owned outright.

The fourth house, whose name Rofcre has proven a tongue twister to visitors, was bought in 1943 for $11,000. When the students took option on this unit two years previously, the price asked was $8,700. After some argument, the co-op acquired it at just that price, buying it outright. There was already a mortgage on the place which had to be paid off as originally written, $50 a quarter. Today, not a cent is owing.

The word *Rofcre* is made up of the first letters of "Robert Owen, Founder of Co-operatives in Rochdale, England," and is pronounced *Rah-ff-cray.*

Rofcre B, next door to Rofcre A on 18th street, was purchased in 1945 at a cost of $13,000. The co-op was able to pay down $7,000 in cash and to acquire a bank mortgage for $6,000 at 4 per cent, to be paid off at the rate of $120 a month. Some $3,600 is still owing. Rofcre A houses twenty-five students and Rofcre B, thirty-five.

The two houses bought in 1946 were Macgregor C and Mavrick, the latter named after Lt. Tommy Mavrick, killed in the death march on Bataan. Macgregor C, which houses twenty-five students, cost $23,869. A down payment in cash of $11,369 was made and a bank mortgage for $12,500 acquired which had to be paid at the rate of $200 a month. The co-op is still $8,008 in debt on this proposition.

Mavrick House cost $14,825. A down payment of $6,325 plus a bank mortgage of $8,500 evened that score. Charge per month, $150, with $4,462 still owing. Mavrick can accommodate twenty-five students.

That accounts for the seven houses purchased by the co-op. All of the mortgages were written in such manner as to permit the students to pay them off as fast as they were able.

The three other houses run by the co-op are rented. Synadelphic B on 16th street, which can take care of twenty-five students, rents for $100.62 a month. Sherwood House on 17th street, which accommodates twenty-five, rents for $166.75 per month. "I" House, the old International House of the YMCA, known as the Little United Nations, houses thirty-two, and rents for $175 a month.

There are no plans to buy any more houses, nor to spend further funds on the present ones. The SCA is anxious to hang on to its savings until such time as the new dorm can be built.

Renovating old houses is an expensive proposition. Nettie Ross pointed out that in one instance the SCA had to pay $4,000 for rewiring three houses.

For how long can the co-op stall the improvements demanded by the city health and fire departments? The fire department wants all staircases enclosed and the health department insists there should be one bath for every eight students, whereas the present ratio is one bath for every eleven.

It was a marvel to me how any organization operating on such a slim margin could save enough cash to make a down payment on one house, let alone half a dozen. But according to the young manager, the payments were made from moneys accruing from membership fees, room rents, and savings in the kitchen possible because of low overhead, economical operation, and extras from outside catering.

There were other small revenues from various sources, including income interest, cash discounts, patronage refunds, service charges, garage rental, forfeited room deposits, and two large windfalls. The first was a $4,000 check received for the sale of the "Brooklyn Unit" acquired early in the co-op's history. The house was sold when a number of its members were called to service at the outbreak of World War II.

The second large receipt came from the U. S. Government and totaled $8,000. The SCA paid taxes on its holdings for the years 1941, 1942, 1943, and 1944. Then the Government declared the property exempt as a social institution and returned the moneys.

It is noteworthy that while the book value of the buildings, exclusive of furnishings, is set at $47,000 and the lots are valued at $17,500, an insurance adjustor last year put a replacement value on the building of $225,000.

To give other student groups a better idea of what it costs to run a college housing co-op, and what percentage of the whole each item represents, I have included the last operating statement of the Seattle group. It covers a period of fourteen months.

The Students' Co-operative Association draws no line at race, creed, or color. During the past year there were in the membership, three Negroes, six Nisei, and eight students from India.

Foreign students are welcomed. Each year the association offers one room-and-board scholarship. It costs the co-op $360. Bjorne Stiansen of Norway was the first to come under this plan. A student in aeronautical engineering, he was admitted to the school on a U. of W. scholarship. Stiansen made expenses while studying, by working in a lumber camp in his spare time. Dick Oesterman of Denmark was the second applicant. He registered in journalism and gained practical knowledge and pocket money by working part time on one of the Seattle papers.

Relatives and friends of the foreign students are not forgotten. One day a week the co-oppers drink no milk. The money saved, amounting to $40, is used to purchase four CARE packages, each containing twenty-five pounds of food, which are sent overseas.

The SCA does not confine its co-operative spirit to the campus.

Ezra Stoller: Pictorial Services

Contemporary modern architecture features the houses built by a co-operative group on the top of Snake Hill, Belmont, Massachusetts. This is the home of Harry B. Wissmann.

Hollywood Studio

Typical of the low-cost units built by Valley Homes, Inc., a veterans' housing co-operative in San Jose, California, is this compact cottage and garage. Houses cost from $5000 to $12,000. These figures include the veterans' self-help labor hours.

STUDENTS' CO-OPERATIVE ASSOCIATION
Operating Statement, July 1, 1946, to August 31, 1947

Revenue		
Room and board, own houses	$127,244.93	86.54%
Board, University residences	13,466.66	9.16%
Miscellaneous revenue	6,320.61	4.30%
Total Revenue Received	$147,032.20	100.00%
Operating Expenses		
Food expense—own houses	48,361.17	32.89%
Food expense—University residences	8,311.34	5.65%
Salaries and wages	33,103.61	22.52%
Payroll taxes	1,412.05	.96%
Delivery expense	973.20	.66%
Supplies—own houses	4,539.58	3.09%
Supplies—University residences	144.70	.10%
Laundry	1,118.48	.76%
Fuel	4,301.90	2.93%
Electricity	2,859.13	1.94%
Water	792.13	.54%
Gas	1,331.32	.91%
Repairs and maintenance	9,437.57	6.42%
Rent expense	8,583.81	5.84%
Depreciation expense	9,295.12	6.32%
Insurance	1,355.60	.92%
Property taxes	1,986.76	1.35%
Capital stock tax		
Legal and auditing	491.98	.33%
Interest	918.67	.62%
Telephone	1,717.36	1.17%
Advertising and publicity	1,505.67	1.02%
Dues, subscrips., donations	93.71	.06%
Newspapers	199.81	.14%
Key expense	—.22	
Bad debts and collection expense	—38.84	.03%
Alumni association		
Miscellaneous expense	283.65	.19%
Total Expense	$143,079.26	97.31%
Net Margin	3,952.94	2.69%

When the Group Health Association in Seattle was struggling to gain a firm financial footing, the co-op purchased a $500 bond.

Many of the co-ops hold membership in the Group Health which now lists twelve hundred members, has a staff of eighteen doctors, and owns a fifty bed hospital.

The SCA belongs to the Pacific Coast Student Co-op League, which includes co-operative groups in the University of British Columbia at Vancouver, Montana State University, Oregon State University, the University of Oregon, the University of California in Los Angeles, the University of California, Washington State College, and the University of Washington.

The Students Co-operative Association also belongs to the North American Student Co-op League with headquarters in Chicago. Membership in the Pacific group costs the SCA ten cents per member per year, while membership in the national group costs fifteen cents per member per year.

CHAPTER 9

Racine, Wisconsin

Racine, Wisconsin, is a city of 76,000. Located on Lake Michigan at the mouth of the Root River, it is a humming manufacturing center, adjacent to the cheese and butter country. Many of its population are employed at the Case Co., famous for its plows or on the assembly lines of the farm machinery factories. Johnson wax is made here. So are automobile and house radiators and power lawn mowers. The average annual wage is $4015—one of the highest averages among American cities.

If a visitor asks who lived in Racine before the Danes arrived, the answer is always the same: "No one. Racine was in Denmark." More than half the people in Racine are Danish. Many of them belonged to the local co-ops in Denmark and hence find it quite natural to form and join co-operatives in their new homeland. In their newest co-op they are building 372 houses on 112 acres of land.

In June, 1945, two months before VJ Day, members of District Council No. 8, United Auto Workers, CIO, in session one summer's night, became involved in a discussion of the local housing shortage. Someone asked: "What happens when the boys come home?" That meeting eventually led to a plan of action. A housing committee was organized within the Council, the UAW put up a "kitty" of $100 toward expenses; and the Housing Committee and the Education Council of the UAW were asked to work together to "see what you can do."

The $100 was used to publish a leaflet which exposed the profiteering in private housing in Racine and suggested, in its place, a co-operative housing development. The Racine Consumers Co-operative offered to help, and through its educational field man, Hans Schmidt, gave assistance in gathering names of interested consumers.

Racine already had a co-operative credit union, a co-op store, and a co-op filling station—all well supported by the population. Many of the members of these co-operatives were interested in getting a home and preferred to do it the co-op way, if it were possible.

That fall, the Racine Co-operative Homes Association was formed. A steering committee was set up and the Association decided to finance its own promotion. Its independence of other organizations was thus established. However, this did not prevent other union groups from extending a helping hand. Both Local 172, UAW-CIO, and Local 195 of the AFL Blacksmiths contributed funds.

Membership in the Association included a wide diversity of occupations, with factory workers and farmers outnumbering the other classifications. There were a good many white-collar workers, including clerks, superintendents, chemists, and metallurgists; eight school teachers; four firemen; and two policemen. The average age of adults was thirty-five years; the average number of children to a family was three. Membership was not inter-racial.

Hugh Reichard, director of the Education Council of the UAW, was elected president. He has been the "mother" of the organization from the beginning, nursing the project through its aches and pains, constantly figuring ways to cut costs.

In March of 1946, the Association received its corporate charter, adopted by-laws, and elected a board of directors. Capital stock of the corporation was listed at $40,000. At the time of incorporation, there were just 100 members. The membership fee was set at $10, not returnable. Each member had to buy a minimum of six shares of common stock at $25 a share. One vote was granted each family unit, regardless of the amount of stock held. No proxies were allowed.

Houses are individually owned, the title being transferred to the member on completion of the unit. Common land is held co-operatively and the community projects—such as shopping center, filling station, garage, ball fields, recreation grounds and community hall—are to be operated by the Racine Co-operative Homes Association.

To assist in the construction of the project, the Association hired Robert L. Pine and Associates of Dayton, Ohio. The Pine firm has guided several other large housing projects at fees running about 5 per cent of the total cost.

The next step was to purchase the land. After examining several pieces, the Association chose a property adjoining the city limits, with a bus line passing the property and a public school across the street. City water and sewerage were available and the land fronted on a paved road. Through the efforts of Attorney Jack Harvey, the property was annexed to the city and thus became entitled to all benefits. The Association named its development Green Crest.

The tract, 112 acres in all, cost $50,000. Half the amount was paid in cash from monies accruing from membership shares and partial down-payments. A mortgage for the other $25,000 was acquired from the West Racine Bank for a period of one year at 4 per cent interest. The mortgage was paid in full at the end of six months from funds supplied by new share money and partial down-payments.

A short time later the Association sold 5 acres of land to the Bishop of Milwaukee to be used for the erection of a Catholic church and parochial school on the property. Another area, similar in size, is being held for a Protestant church, possibly Lutheran.

In Racine, the average lot is 40 feet in width. But in Green Crest there are none narrower than 60 feet. William A. Dean, Chicago land planner, plotted 372 home lots, averaging 60 by 125 feet and leaving ample space for parks, playgrounds and commercial areas. The cost of the unimproved lot was estimated at $115 and that of the developed lot at $750. The difference, $635, was broken down into development costs as follows: $200 per lot for water, $200 for sewerage, $135 for sidewalks, and $100 for roads. Subsequently, the FHA placed a loan value of $1000 on each lot.

In the center of the property, 4 and $\frac{3}{4}$ acres of oak-forested land have been set aside for a park. This area has been deeded to the city of Racine which will maintain the property and co-operate in the installations of those features which the co-operative finds desirable. The Association and the city are also co-operating in the building of the roads. The city furnishes $5\frac{1}{2}$ inches of crushed rock and $\frac{1}{2}$ inch of stabilizing material, and the Association finishes off with a black tarred top. On satisfactory completion of the roads, all of which must have a 50 foot right of way, the city will take over and maintain them.

When plans were firmly in hand, the developers, Pine and Associates, moved in, assisting in the organization of the group, in the financing, engineering, contract negotiating, construction, landscaping, and finally the disposal of the dwelling units to the individual owners.

To keep construction costs at a minimum, a good deal of on-site fabrication was planned. To that end, a power saw was set up in the dairy on the property, and all winter long the carpenters milled doors, windows, frames, cornices, trim, gable ends, and even staircases.

Plumbing pipes, wash basins, sinks and bathtubs were stored in the corn crib. The chicken house provided adequate storage for paints, varnishes, plasters and cement; while the vegetable storehouse served as shelter for both air- and kiln-dried lumber.

In the old farmhouse, the contractors tacked blueprints over the rose-flowered walls in the living room and covered the violets in the dining room with sketches of the eight basic types of homes from which the would-be owners might choose.

Architectural styles vary from Cape Cod and Colonial to California contemporary, solar and contemporary modern, with a Normandy included for good measure. Many of the homes are one-story, but there are a number of story-and-a-half and several two-storied structures. Some have flat roofs; some have gables; some have gambrels.

Estimated costs of the first 25 houses ranged from $8200 to $9200. Most popular was a two-story house in the top price bracket which had three bedrooms upstairs. First excavations were made in December, 1947. By mid-winter 8 houses were finished and 21 basements made ready for superstructures in the spring. Six months later 25 houses were completed.

All lots in the development are numbered and the various types of houses so plotted that no two alike are in any line of vision. Skillful placement of the houses—flat roof and gable, Colonial and modern—gives the project the appearance of any other suburban community where each resident builds the kind of house he likes best.

The member, in picking out his lot, makes his selection with an eye to the type of house that has been allotted the particular square of property in which he is interested. If he doesn't like the house designed for his lot, he must find another lot which meets his requirements, both as to location and style of house designated.

Houses are of frame construction with cellars 7 feet 9 inches in depth. Cellars are waterproofed in keeping with FHA specifications. Either Insulite or Rock Wool is used for insulation. Water pipes are copper. A gravity-feed, hot-air heating system is serviced by either coal or oil. At one time consideration was given to the installation of a central heating plant for the community, but the idea was shelved when members voted for individual heating plants.

Kitchens are equipped with sinks and wooden cabinets. Electric stoves are being purchased co-operatively. Floors are of oak, maple or birch hardwoods, with linoleum or asphalt in kitchen and bath. There is a built-in tub in the bathroom. Closets are in every room and there is storage space in the cellar and in the scuttle butts, which can be reached through a trap door into the attic. Most of the houses will be clapboarded or cedar shingled, with asphalt shingles on the roof. While many of the homes are being painted white, the roof colors vary.

How do you get a house? What do you have to do? How much must you pay down? When do you own it? These and a dozen other questions were bandied over back fences and across kitchen tables for weeks before the Racine co-operators were ready to begin operations.

Well, let us take Jan Johnson for an example. He was interested in a flat-top overhang, one-story house with three bedrooms, living room, kitchen and bath, listed at $9000.

Jan joined the Racine Co-operative Homes Association, paying his membership fee of $10. This, he understood, was not returnable, but was to be used for the Association's overhead. Next, he bought his six shares of common stock in the corporation at $25 a share, or a total of $150. Now, he made a partial down-payment of $300 in cash on a house and lot and was ready to select his dream bungalow.

From that point forward, Jan had little to do except watch his dream take shape. The Association took over, built the house, painted it inside and out, tried the water faucets and the doorknobs and then called Jan in to "examine and familiarize himself with the conditions of said premises prior to occupying same," in the words of the option-to-purchase agreement.

Jan may not like the house, after all. Or perhaps conditions have changed and he finds that he must move to another job or another city and will not be able to live in the co-operative community. In that event, he will not be more than $25 out of pocket. Jan will lose the $10 membership fee, but he will get back the $150 he paid in for six shares of common stock in the corporation. He will also get back $285 of the $300 down-payment he made on his house and lot. The balance of $15 will be retained by the Association to cover the cost of "FHA paper work."

However, Jan may not get his money back the same day he decides not to move into the new house. The Association reserves the right to tell a departing member he must leave his money tied up in the house until someone else buys the unit.

On the other hand, if Jan likes the house, is prepared to go through with the deal, and waits only the day when he may move in, bag and baggage, then he completes the down-payment and assumes full financial responsibility, with the title and the mortgage in his own name.

Jan has been told that the total cost of his house and lot will be $9000, and that this figure covers the expense of all improvements as well as the fee of the development firm. There will be no other assessments. He is reminded that he must make a total down-payment in cash equal to 10 per cent of the cost of his house ($900), and that he can then obtain a 90 per cent FHA-insured mortgage for the balance. Since he has already made a down-payment of $300, there remains only $600 to be paid in cash. When he pays that, his individual mortgage is released from the blanket mortgage which covers the entire property.

This blanket mortgage was secured by the Corporation under Title VI of the National Housing Act. It is a ninety per cent FHA-insured mortgage on the Green Crest Development for twenty-five years at 4 per cent interest plus $\frac{1}{2}$ of 1 per cent mortgage loan insurance. The loan was made by two insurance companies.

When Jan signifies his intention of accepting the house built for him, the Association delivers to him a general warranty deed covering the house and lot, transfers the mortgage loan to his name, and notifies him that he may move into his new home.

At one time the Racine Co-operative Homes Association considered following the example of another co-operative community, wherein the houses are individually owned but the land on which they stand is held by the Corporation. But the members voted for the individual ownership of both lot and house.

Now what will Jan's house cost him per month? If he obtains an $8100 FHA-insured mortgage for 25 years, the amortization of the principal plus the interest plus the mortgage loan insurance, will amount to $45 a month. Add to this about $1.50 for fire insurance, $8 for taxes, $2 for the trust fund and $2 for the running expenses of the Co-operative and you have $58.50 per month. So much for Jan's expenses, provided the house does not cost him more than it was originally figured. Taxes in the district run about 29 mills. A low assessment would, of course, reduce the apportionment for taxes.

The $2 allotted to the trust fund is to provide security against the future. In times of unemployment or sickness, the member is permitted to draw against the fund to pay the monthly charges on his house, up to the amount of the equity (money paid in) he has in his house.

The $2 assessed to cover the cost of operating the Association will be used to foot the bill for the manager and secretary to be hired when the development is complete.

The $150 which Jan paid for his six shares of stock will be used to develop the co-operatively held property and to run the community activities.

Several lots fronting on the main road have been set aside for commercial buildings. These include a shopping center, a gasoline station, and a garage. The Co-op will erect and own the buildings and will lease them to consumer co-operatives. Over the store there will be a community hall to be used for canning co-ops, quilting groups, dances, movies and meetings. The community hall may be rented to outsiders when not in use by members. Funds so received will be used for community improvements.

There will be no special assessments against the members, unless the funds for community activities are not sufficient to cover co-operative enterprises such as the development of a ball field or tennis court.

The owner must keep his house and grounds in repair. If he fails, a warning by the board of directors will be followed by action through the mortgagee. In extreme cases, legal action may be taken to force eviction.

Co-operative life insurance, co-operative automobile insurance, a credit union, and a group health plan, also co-operative, will be available to all members of the Association.

If Jan finds it necessary after a period of time to sell his home and move out, he may transfer his holdings only to a member of the Association, approved by the Board of Directors, or to an outsider acceptable to the Board of Directors, who is willing to become a member of the Association and abide by the by-laws and agreements. There is no stipulation as to sales price. Jan is entitled to "get what he can" for the property.

Does co-operative housing effect savings? The Racine Co-operative Homes Association figures it lowered initial costs of the development in the following ways:

1. The land was purchased "wholesale" in one plot.
2. There was just one surveyor's fee.
3. Land planning and development was done all at once at a mass production cost.
4. The architect's fee was lowered to 1 per cent of the total cost.
5. The contractor cut his estimate per unit, figuring that he could save both on labor costs by organizing the work on 372 houses under a planned program, and also on multiple purchases of materials and supplies.
6. Savings were made in financing fees and interest rates on the basis of a mass project of 372 houses.

However, mounting prices, special sized windows, and custom designs contributed to increases ranging from \$500 to \$2000 per house above the original estimates.

The Racine Co-operative Homes Association is still seeking ways and means of building homes for the bulk of its membership in the \$8000 to \$9000 price class.

CHAPTER 10

San Jose, California

Sixty ex-servicemen own homes at Aquino Park, Campbell, near San Jose, California. When the project is finished, 80 cottages will stand on the 30-acre tract developed under the direction of Valley Homes, Inc., a veterans' co-operative housing development.

The snug little community is concrete evidence of the perseverance of those who live there. The road to realization wasn't lined with peach and prune blossoms. There were plenty of rocks and rubble. But the veterans were determined to build homes, even if they had to erect them on their own. They hurdled every obstacle with the same tactics: "If one thing doesn't pan out, try another."

There was the lumber that never came through; the loan that didn't materialize. There were the creditors who hounded them constantly; the plans that wouldn't jell; the windows that warped; the doors that wobbled; the plumbing that went in upside down; the roofs that developed queer angles.

They bought a piece of land on a shoestring; financed it through sheer audacity; designed their own homes when the architect failed to meet their needs; begged and borrowed money when the banks looked askance at their self-help plans; fought back stubbornly when the unions objected to their swapping labor with neighbors, and ended by completing the project themselves.

San Jose lies in the fruited Santa Clara Valley, which produces 80 per cent of the world's prunes. The city is 50 miles south of San Francisco, has a population of 60,000, and houses four colleges: University of the Pacific, M. E., State Teachers' College, College of Notre Dame, and St. Joseph's College. There are woolen and silk factories, lumber mills, tanneries, iron foundries, machine shops, and canning establishments within its boundaries.

Valley Homes veterans are a representative cross-section of the community—clerical workers, factory employees, salesmen, merchants, tradesmen, electricians, carpenters, and plumbers.

No one on the West Coast seemed much interested in the co-operative aspects of the project when I asked for information. I was told "It's just a commercial proposition." The reverse was true, as I discovered when I persisted in making the trip to see for myself.

This is what happened. In the beginning, the vets sold lots on their tract; then as construction on the houses progressed, they spent more and more time on carpentry work and less and less on looking for customers. A real estate firm agreed to sell the last few remaining lots on a $95 per lot commission. That was the "commercial" aspect.

In Valley Homes I found a tight-knit community with more co-operation between members than was evidenced in a good many of the more publicized co-operative housing projects. John helped Nathan hang his doors. Nathan helped John dig sewer lines. Both assisted Ben in shingling his roof. And so it went.

Why did this community prosper when so many other veterans' projects have fallen by the wayside? Because the men and women in the group started with the determination to see the thing through no matter what unforeseen difficulties bogged their footsteps; because they were willing to help themselves and waited on no one; because they counted every penny before it was spent; because they eliminated expensive offices, clerical help, and illustrated brochures.

The houses were built with varying degrees of self-help. In some cases the veteran contracted only for the interior finishing. In others, he took on the job when the builder had completed the shell of the house. In a few instances, the ex-serviceman constructed the unit from start to finish. One member saved $3000 by doing his own contracting and carpentry work.

Provision has been made for a co-op store, park, and playground. Schools, buses, and shopping centers are near at hand. The dark clouds of troubled finance have taken on a rosy hue. The property mortgage papers were burned just a year and a half after the loan was made. The story is a good one.

In October, 1945, a small group met to discuss the housing situation. Some of the couples were living with in-laws; others existed in doubled-up quarters; many had nothing better than two rooms and a gas ring. Far into the night they argued, until one of them clamored: "Look here. We've done enough talking. Why don't we do something? We've got to get homes. No one is going to give them to us. We've been on the receiving end of a lot of hurrahing but little else. If we could build our own shelters in Bataan and Burma, we can build them here. While everyone is telling us it can't be done, we'll just saw and saw and saw." Which is just what they did.

Securing an option, without any deposit, on the land they wanted, the group incorporated under the general corporate laws of California, non-profit, for $12,000, with 80 shares at $150 each. The owners asked $32,000 for the land. Banks would offer only a 60 per cent straight mortgage on the property—a total of $19,200. The vets needed the entire $32,000. They conceived the idea of raising the valuation of the property, on paper, to a point where 60 per cent of the total would net them the necessary $32,000.

To that end they listed all estimated improvements and expenses, and all estimated income items in this fashion:

Estimated Costs of Valley Homes, Inc.

Land purchase		$32,000.00
Improvements		
Streets and paving	$9,500.00	
Power lines		
Gas lines		
Water lines, refundable	5,200.00	
Surveying and engineering	1,000.00	
Legal fees	300.00	
Architectural services	4,000.00	
Financial expense	500.00	
Title and insurance	500.00	
Administrative and miscellaneous	1,000.00	22,000.00
		54,000.00

Estimated Income, Valley Homes, Inc.

Memberships, 80 at $150 each		12,000.00
Sale of crops, apricots and prunes	1,500.00	
Sale of house on property	1,500.00	3,000.00
Refund, water deposit		5,200.00
Sale of lots to members, 80 at $450 each		36,000.00
Total estimated income		$56,200.00

The veterans figured their development costs well—just how well may be judged by a perusal of their financial sheet as it appeared a year and a half later. I have included it at the end of this chapter.

Sixty per cent of $54,000 is $32,400, or more than the Valley Homes needed. The figures made a presentable picture. Calculations were simple enough. It was a little more difficult to convince a bank that the risk was a good one, especially as banks are loathe to loan money on property which can show only "paper" developments.

After several turndowns, the veterans found a resident in a nearby community who was willing to take a chance. He offered them a $32,000 mortgage for one year at 5 per cent, provided they would agree to raise an amount equal to half the mortgage money as a guarantee of good faith. This they did by putting up $12,000 comprised of 80 membership fees at $150 each, plus $4000 in small loans offered by members.

Less than a year later, the loan was refinanced and an additional $5400 acquired; but by that time the vets were on their feet—in fact some of them were already settled in their new homes. The mortgage loan on the land was paid in full a year and a half after it was made.

The property was laid out in 82 lots, 80 for homes and 2 for a future store. In addition, $2\frac{1}{2}$ acres were set aside for a park so planned that no road skirts its borders. It can be reached only by footpaths between the gardens. A community clubhouse, playground, and pool are also planned. A trained nurse who will take care of the children of those mothers who want to go shopping or have to work is also on the program for the future.

Membership fees are $150, $100 of which are set aside for improvements and development of the property. In addition, the corporation may assess its members up to $100 a year for maintenance and improvement of the common property. Profits from the store are expected to pay any other corporation expenses. Valley Homes Inc. will both own and run the co-op store and the co-op gas station.

The cost of an average developed lot 73 by 150 feet was $650 with closing fees running about $22. After purchase, the veteran was allowed 90 days in which to arrange financing. The ex-servicemen financed in various ways. Some obtained 80 per cent FHA-insured mortgages, others secured VA-guaranteed mortgages up to $4000, several received bank loans while a few obtained private loans or paid cash.

There is city water on the property but there are no sewerage lines. Each house has its own septic tank figured at $300 and included in the total cost of the house. City sewerage may be available in five years.

No vet may sell his house within a year unless he first offers it to the Corporation for a period of 30 days at the price he paid for it plus "a reasonable allowance for any construction or improvement." If at the end of 30 days the Corporation decides it does not wish to buy the house, it will accept any purchaser who qualifies for membership. This is not an inter-racial community. It is a true co-operative in so far as each member is allowed but one vote, regardless of stock held.

There were some immediate cash returns on the property. A harvest of prunes, apricots and grapes brought $2000. An old house, moved later to another location, was sold for $1500—$980 net.

With mortgage commitments settled, the road and water plans in the making, members turned their entire attention to the construction of the homes.

Early in the transactions, an architect was hired to design 80 redwood rustic houses on a basis of $50 for each set of plans. Payments were to be made as follows: one-third on signing the contract, one-third when construction began, and one-third when construction was complete. Most important, the architect agreed to find a contractor who would build the houses at a price the vets could afford.

The architect progressed rapidly with the plans, but not at all with the contractor. When wasted time dragged dangerously close to a year, the veterans abruptly dismissed the architect, agreeing to pay for the 72 plans drawn, and set about finding their own builder.

Most contractors in the vicinity asked $10 a square foot. One asked $11, even though the entire project of building 80 homes was offered him. Subsequently, the Valley Homes members found three builders who would tackle the job for $8.50 a square foot on an individual house basis, with a promise of lower costs if 10 or more houses were built at the same time.

Further savings were anticipated in the mass purchase of materials, either in the wholesale market or through the Associated Co-operatives, Inc., Oakland, California, in which Valley Homes has membership. Cost to the Corporation is $50.

Most of the houses are cottage-type, a story and a half high, with hip or gable roofs. Five are erected on 6-inch concrete slabs, while the rest have cement foundations 2 feet high. Exteriors are in redwood, stucco, or brick veneer, with roofs finished in asphalt or wood shingles.

Interior partitions are wood or plaster board, which is painted or stuccoed. Ceilings are Celotex. Stoves are electric. All outside doors are metal weatherstripped. Provision for storage space has been made in the garage. With the exception of the concrete slab units, which have radiant heat, most of the cottages utilize wall heaters supplied by natural gas. Many also have fireplaces with heatilators.

Houses range in cost from $5000 to $12,000. These figures include the vets' self-help labor hours. In some instances, the contractor built the house from start to finish. In others, under an arrangement with the veteran, he erected only the shell, the vet taking over the job at this point. On a number of the houses all of the labor with the exception of the concrete work, was done entirely by the members.

So long as each veteran confined his activities to his own house, there was no argument with organized labor. But as soon as he commenced to swap his labor with that of his neighbor, there was dissension. In several instances, the union issued an ultimatum "that the practice must stop or else!"

"Rats!" was the characteristic answer of the veteran. In which case the union men walked off the job.

A number of the plans drawn by the architect were used, but many of them proved too elaborate and were redesigned by the members. Some of the co-operators started with a small basic unit, planning to add to the house as finances permitted. There was Ted Balgooyen, for instance, who taught in the Navy U-12 program during the war and is now an instructor in speech and drama at State Teachers' College.

Balgooyen's lot cost him $950. He paid $550 in cash and the rest at the rate of $50 a month. His house and carport cost him $2243 which included a first mortgage for $1600 obtained from the Surety Building and Loan Co., a second mortgage for $400 from Valley Homes Inc., and the rest in cash. These figures do not include the cost of the lot or the self-help but do include the cost of the carport—$400. Balgooyen erected a redwood rustic bungalow with a slant roof, containing 485 square feet. This unit will become the wing of a U-shaped expandable house.

"I did all the labor on this house except the plumbing and the concrete and electrical work," said Balgooyen. "Didn't know much about building. Just watched the others and pitched in. Took me five months of week-end work to finish the job. I figure the house cost me $3.80 a square foot and the carport, $2 a square foot."

Ellis A. Rother, former mailman in the USNR, who is now a training officer in the Veterans' Administration, financed his home with a $4000 VA-guaranteed loan and a $4500 mortgage from the Surety Building and Loan Co. The $8500 cost of the house includes $500 paid for hired labor but not the cost of the self-help labor contributed by Rother. Rother, acting as his own contractor, built a contemporary modern house of 6 rooms, 1000 square feet in size. He subcontracted the concrete work, and the electrical wiring, and hired a carpenter part time. The remainder of the work he did himself, exchanging labor with two others on the property. He bought all his own materials. When asked where he learned how to build a house he merely said "Picked it up."

Steven B. Anderson, a radio instructor in the Coast Guard during the war, was also his own contractor. Anderson paid $675 in cash for his lot and $7825 for his house, making a total of $8500. He obtained a mortgage for $4000 from the Surety Building and Loan Co., $2500 from his mother-in-law, $1500 from his mother and $1500 in cash from his own funds. This makes a total of $9500, meaning that Anderson still has $1000 in reserve. The $8500 figure includes $550 expended for hired labor but does not include the cost of Anderson's own labor. The vet figures he saved $3000 by doing most of the work himself or with the help of neighbors. The "hired labor" included that necessary for the rough plumbing and the concrete work. His home is a redwood rustic house of 5 rooms, 1060 square feet in size. The frame is on a concrete slab containing radiant heating lines. Interior walls are of sheetrock with redwood trim. The roof is of thick butt shaker shingles. The house took him 14 months to build, working week-ends only.

Del Lucot, chairman of the board of directors of Valley Homes, Inc., was able to obtain a bank loan of $9400 with a VA-guarantee for $4000, to build his house. Lucot, with the 12th Army group in France during the war, is now a state auditor. A contractor asked $10,400 to handle the job, but Del completed a number of operations himself, putting up siding, installing electric wiring, painting, varnishing, installing closets and shelves—practically all the finishing work. All of which brought the actual cost down to $8600. Savings were sufficient to enable Lucot to present his wife with an all-electric kitchen, complete to dishwasher, stove, refrigerator, garbage disposal unit and washing machine. Cost—$900.

The house contains living room, dinette, three bedrooms, kitchen, bath, laundry, and garage with storage space. The end result of Lucot's creative work on the interior of the house is charming. Unlike the other houses in the development, all interior walls in the Lucot house are wood, generally knotty pine, finished in pastel stains, shellaced and waxed—buff in the halls, natural in the living room, and cloud blue in the master bedroom. The bathroom, finished in cream tile, features a double-sided linen closet open to both bath and hall, a washbowl encased in closets and a step-help for Baby Joanne. It took Lucot and his wife three months to finish the house, working nights and week-ends. Mrs. Luçot, seated by the triple windows which overlook the terrace, Joanne and the dog at her feet, disclaimed any leadership in the project. Finishing a round of tatting she said: "Del's just wonderful with his hands. He can do anything he sets his mind to."

"There's no secret to it," said Del. "In the Boy Scouts I learned to be handy with tools. On this job when I came up against something I didn't know how to do, I found there were plenty to ask and willing to show. I helped three others wire and shingle their houses in return for their assistance on my place."

"And how did the unions like that?" I asked.

Lucot just grinned: "I finished the job, didn't I?"

During the development of the Valley Homes project, Steven Anderson served as manager at $3 an hour with the understanding that his charges would never total more than $100 in any one month. When the development is complete, no manager will be needed.

Valley Homes, Inc. has no further financial worries. Estimates of expense made in the beginning so closely parallel the list of expenses tallied near the end of the development as to be almost incredible. Compare the figures given earlier in the chapter with those listed below, which cover a period of 18 months, and you will agree that the vets figured better than they knew.

Land purchase		$32,000.00
Engineering		1,991.33
Paving of streets		9,318.86
Accounting		380.00
Advertising		168.54
Architect's fees		3,600.00
Commissions to realtors		925.00
Crop expense, prunes		228.64
Interest		872.46
Insurance and bonds		251.11
Legal fees		1,141.85
Office expenses		183.70
Organization, general		1,623.25
Picnics		75.46
Taxes and licenses		588.90
Title expenses		436.40
Treasurer's expenses		285.00
Manager's salary, 18 months		1,695.00
Net costs to date		$55,765.50
Less		
Sale of prune crop	$ 2,000.00	
Sale of house and barn	980.00	
Interest received	112.33	3,092.33
		$52,673.17

Expected revenue from lot sales		
80 lots at $650—average price	52,000.00	
Less: selling costs on 19 lots at $120 which includes $95 commission and $25 for revenue stamps, etc.	2,300.00	
Balance	$49,700.00	
Memberships, 80 at $150	12,000.00	
Total revenue, net		$61,700.00
Less: costs to date		52,700.00
Balance for expenses and further development of tract		$ 9,000.00

This analysis does not take into consideration any costs of, or benefits from, the 2-acre park and the two commercial lots. These will be assets of the Corporation in addition to the $9,000 balance shown above.

CHAPTER 11

Snake Hill, Massachusetts

In the mountain fastness of Snake Hill, Belmont, Massachusetts, live nine families unperturbed by the fact that their co-operative community of contemporary modern houses is considered queer, outlandish, or downright "red" by the neighbors.

The co-op group, one of the smallest in the country, originally consisted of an architect, a lawyer, a chemist, a sociologist, a Harvard professor, an artist, an accountant, a sales engineer, and an entomologist. These individuals built flat-roofed houses in defiance of traditional New England architecture, disregarded FHA when stipulations bid fair to wreck the venture, carved a crackerjack road up their steep hillside when everyone said it couldn't be done, and completed their project without making a single serious error. They are eminently satisfied with what they have accomplished.

In the middle of winter, with Boston struggling under two feet of snow, the trip to Snake Hill seemed an impossible undertaking. Two taxi drivers refused to make the attempt, but the third, surprisingly optimistic, took on the job with alacrity.

"Nuthin' to it," said this individual. "Those fellers don't know the district or they'd realize that Snake Hill isn't what it used to be. A live-wire gang lives out there now. What do you suppose they did? Years ago, nuthin'—but nuthin'—went up that hill in bad weather. Not even a hearse. Then last winter the co-opers put steam pipes under the road and now you can ride clean, high, and dry—clear up to the top."

He was right, not only about the road which stood bare of snow while 4-foot drifts walled either side of the passage, but also about "the live-wire gang."

Nine years ago, Carl Koch, ambitious young architect with modern ideas, was designing furniture for a living and dividing his spare time between sketching chairs and tables and scouting the countryside for a piece of land on which to build a house. Restricted in choice because of the necessity of being close to Boston and because he had limited funds, Koch spent many a weary hour combing the congested environs of Cambridge.

Eight miles from Boston, on the outskirts of Lexington, he found "just the piece"—a 7-acre wooded tract on a ridged and rocky outjut above the housetops. Koch thought the site would appeal to a good many of his friends, too. In due course he took fifty couples out to see the hill. Some were entranced with the rugged beauty of the place and saw in its inaccessibility a "haven." Others were frankly frightened at the prospect of trying to man the heights in bad weather. Still others disliked the proximity of a sanitarium to the property, fearing the inmates might at times stray from their 800-acre pen into the co-op community. Several raved about the view, praised the location and its possibilities, and said warmly: "Do save us a lot, and when your other houses are up and we see how the road is going, we'll come in and build." But they neglected to back up the request with cash.

Seven families finally agreed to go ahead with the project. They held several informal meetings and decided to take an option on the land. The property was owned by a builder who had been forced to buy the rocky ledge in order to obtain another piece he needed for a housing project. His selling price was $4500.

A hat collection provided $100 for a 60-day option. Then the group took up ways and means of raising $4500 and tabulated figures on the probable cost of road building, bringing water into the property, and developing the lots.

A plot plan showing the acreage divided into ten lots, with seven for houses and three for playgrounds, parks, a tennis court, and a swimming pool, was submitted to the town. Each person was to own a half-acre. The plan was accepted. Meantime two families dropped out, but the remaining five divided the cost and paid for the property in cash.

They found a contractor who would construct a gravel road for $1000. This suited the pocketbooks of the members, but not the town maintenance regulation which stipulated that the road must have a forty foot right of way and a much more gradual grade than that planned by the Snake Hill community.

It was decided to go ahead with the gravel road, to pay for its maintenance within the community, and to rebuild it into a road acceptable to the town within ten years. A tarred surface was later added to the gravel road at a cost of $500 subscribed by the members in another "hat passing."

Getting water into the development proved a ticklish problem. There were mains along the southern foot of the property, but the water could not be brought up the hill because there wasn't sufficient pressure. It was necessary then to figure on bringing the water down from the north across the land of two neighbors, one of whom demanded cash for the privilege of crossing his half of the road. The controversy was settled when the town announced the right of way belonged to the town and not to the property owner.

Optimistically, the co-op planned to lay electric cables and gas pipes on shelves in the water main trenches. But the wives of the neighbors rebelled. One of them sent an ultimatum: "The water is enough. I don't want to be blown up in a gas explosion." So to keep the peace, the members decided to do without gas and to bring in electricity by poles.

Next came the problem of financing the homes. The group first went to the local office of the FHA. The agency agreed to send a representative. He arrived, took one brief look at the property, and said: "Nothing doing. The proposition is just plain ridiculous."

Anxious to obtain FHA-insured mortgages if possible, the members talked over the matter with Professor James Ford, Harvard sociologist. He wrote FHA headquarters in Washington and apparently lit a fire under that conservative office, for one of the officials hot-footed it up to Snake Hill, climbed the rocks to the top, peered down over the ridge to the main road far below, and then took the next train back to Washington. The verdict from federal headquarters was to the effect that FHA could not consider the project unless the Snake hill Co-operative was willing to construct a permanent road which would meet FHA specifications. This, the co-op discovered, would cost $40,000.

Without wasting further time, the members of the little group approached local banks and mortgage institutions in search of financing.

They secured loans through Street and Company, a Boston mortgage firm, and through the Newton Savings Bank. Several obtained mortgages for 65 per cent of the valuation, on 20-year terms at $4\frac{1}{2}$ per cent interest. These loans could not be paid off under three years or faster than 25 per cent a year. Two members were able to pay off in 4 years.

The Snake Hill Community was organized under a trust agreement with all residents as members, sharing responsibilities, protection, and benefits. Houses and house lots are owned individually, but the common property is controlled and managed by the Snake Hill Trust. The association is not incorporated. Assessments are levied against each owner for taxes, for improvements, for utility costs, for road upkeep, for liability insurance, for oil charges. The assessments are levied by majority decision. Sometimes there is a meeting. More often, the members gather in Koch's kitchen or Zerbe's living room and talk over what ought to be done.

Most of the business is transacted informally yet the community operates under very definite agreements. If all members decide to support a project such as a tennis court, the cost is apportioned evenly. If one member drops out, the others take on his share. But under the Trust Declaration, it is agreed that if the dissenting party sells his house, the incoming member must assume his share of the cost of the court. On the same basis, a swimming pool will be built. Interested members will share the cost.

Odd jobs and ground improvements are accomplished now with hired labor because members are engrossed in their own occupations. "We work together whenever there is a particular project on hand, but the work parties and picnics have been discontinued," said Koch.

"This is a small community. Houses are fairly close together. To attain the privacy some of us need, hedges or fences have been placed on property lines. We see each other frequently. We know what is going on in the community. But I dare say there is less visiting than there would be if our homes were farther apart.

The first five houses in the community were designed by Carl Koch. Low, comfortable-looking houses with flat roofs, they suit the hilly landscape. Exteriors are common fir boards, plastered inside. Window frames are steel; floors are of pine or oak; heating systems are warm air. Four inches of spun glass insulation was used on the roof and one inch of Kimsul on the walls. Tobias Brothers of Arlington were the contractors. By building the five houses at the same time, they figured there was a 10 per cent saving in construction costs.

A single contractor handled the next three houses. Joseph Richardson was not an experienced builder at the time. A grandson of H. H. Richardson, the architect, he built his own house and felt he knew enough about the job to build others. Subsequent developments proved he did. He and his clients worked out a special type of building contract whereby an estimated price was agreed upon with the understanding that any savings would be divided equally between contractor and owner. Likewise, any extra costs would be split, but split three ways—between contractor, owner and architects.

There were no losses. On the contrary when all bills were in, there were savings of $100 to $500 on each house. Building costs ranged between $7000 and $9000. (That was, of course, in 1941.)

Architects for these three houses were Koch, Huson Jackson, and Robert Kennedy. The structures, unusual in design, are based on a 4-foot module. Sections, composed of cement-coated fiberboard 1½ inches thick are placed between redwood framing posts, 4 by 4 or 4 by 6 feet in size. Floors are made of 2-inch tongue and groove planking. Interior partitions, which are non load-bearing and so can be placed anywhere the architect desires, are either of wood or the same cement-surfaced fiberboard as that used for the exterior walls.

Karl Zerbe, an artist, has the largest house. Built on a steep slope, the house is arranged on three levels, with the living terrace and heating room on the basement level, two bedrooms, bath and shop on the middle level, a living-room-dining area, porch, kitchen and studio on the third level.

The house of Richard Kriebel, sales engineer, is also on three levels, with a woodworking, carpentry and pottery shop on the basement floor. There are four bedrooms in the house although the overall structure is only 24 by 32 feet. Space is saved by eliminating walls between kitchen and dining corner and between dining and living space.

Frank Lord, accountant, built a rectangular house on a flat site. A sliding glazed panel opens half the wall of the dining space to a corner porch. A combination heating system includes radiant coils in the downstairs floor and hot water radiators upstairs.

The new road is a tribute to the ingenuity and determination of the members to build a pathway to their haven on the hill. A succession of severe winters convinced them that only a drastic modernization of the road would make their community easily accessible at all times of the year. So they tore up the tar and laid two rows of 1-inch wrought-iron pipe 3 inches below the surface down each side of the road directly under the car tracks. Half-way up the hill, they built a boiler house to provide covering for a domestic hot-water heater. One large circulator takes care of an 80-foot rise in the 750-foot length of piping. To widen the road, surface it with macadam, and install the heating cost $7200, of which $3200 went for the heating equipment. The first winter it cost each family $20 to pay for the fuel oil. The system does not have to operate all winter, but can be turned on or off at will. Prestone in the pipes keeps the water from freezing.

Future plans call for expansion of the present property and improvement of the common ground. When Gardner Cushman, lawyer member of the group, was asked how funds would be provided for the proposed park and pool, he laughed. "To tell you the truth, I don't know," he said. "In the same manner we acquired the other funds, I expect. Our planning and provisioning are strictly informal. We meet, decide on an improvement, figure out the assessment, then gather in the money. For example, I have just collected $10 from each member to pay for the fuel oil for the road, meanwhile warning everyone I'd be around for another $10 as soon as we received the bills."

CHAPTER 12

Palo Alto, California

Ladera (Spanish for hillside) is a middle-class community of four hundred families earning comfortable salaries of from $4000 to $8500. Many of the members are employed in San Francisco, which is within easy commuting distance. There is a score of professions and trades represented—everything from a lawyer to a longshoreman. Included are writers, teachers, businessmen, engineers, accountants, government employees, carpenters, bakers, industrial designers, chemists, geologists, retired army officers, college professors, airplane pilots, scientists, insurance agents, auditors, photographers, publishers, mechanics, nurses, composers, architects, and a dentist.

Roads and utilities are installed and construction is proceeding. When the development is finished, these people will not only be the possessors of modern houses acquired at two-thirds the usual cost, but will also have created an entire community, complete to stores and service centers, parks and playgrounds, recreation centers, a school, and a chapel.

Three features mark Ladera: its wide diversification of community interests; its plan for the inclusion of minority races; and its care for the interests of children—acres of wooded picnic grounds, a nursery school and safe side-walks underpassing all road crossings.

What the Laderans have done, any other group might do. Not overnight, of course. Creating a town takes time. Here are people who in the beginning had little in common on which to build a co-operative community except the desire to live in a place of their own choosing and planning.

The group made slow progress at first, partly because the acquisition of the land took so long. Across many acres the weary homesteaders tramped before the final site was selected. Once seen, no other would do. I couldn't blame them. The site is only 4 miles from Palo Alto, seat of Leland Stanford University, yet because most of the surrounding land is owned by the college, it will always be adjacent to open country.

Gentle grassy slopes, interspersed with wooded canyons and rock gullies, provide sufficient variation to suit the most dissimilar tastes. Some will build in the low meadows where cattle once pastured; others will place their houses on the edge of the cliffs, where garden paths will replace the trails hardened by the hoofs of many horses. Contour is such that even though the homes will be fairly close together, a rise of hill, twin live oaks, or a crest of yellow acacia trees will screen one home from the other.

Under the name Peninsula Housing Association, the Laderans incorporated under the non-profit laws of California. The land, purchased from the Joseph M. MacDonough estate, cost $155,000. The portion acquired for Ladera was known locally as the Burke ranch and covered 258 acres. The price paid was almost double that originally asked. Competitive bidding by real estate interests boosted the figure. At that, the property cost the Corporation only $600 an acre, unbelievably low for this part of the country. It has already increased 10 per cent in value.

As we stood knee deep in an alfalfa pasture on the summit of the property, with San Francisco Bay before us, the wooded Santa Cruze mountains to one side, and the Santa Clara fruit farms to the other, Manager Hubert Hunter indicated a field on an adjoining hillside.

"There," he said, "is a site of two acres for which the commercial developers are asking $8000. It has water, but no sewerage or other utilities."

Of the $155,000 purchase price, all but $50,000 was paid in cash by the members. The latter amount was acquired on loan from a bank for 5 years at 4 per cent interest. The Association paid off all but $10,000 of this loan in less than two years. Development of the property, including installation of water, sewerage lines, gas, and electricity, building of roads, landscaping and engineering services, is figured at $605,000. This amount added to the purchase price of $155,000 makes a total of $760,000, or about $2945 an acre.

Lots vary considerably in size. The average is 80 by 110 feet, but a few contain almost 2½ acres. Prices for the developed lots range from $1800 to $7000, depending on size and location. Appraisal value of the "average lot" has been set at $2900.

What did the water system cost? How much was paid for excavation? What of the sewers? The landscaping? The engineering? Did Ladera have to "pay through the nose" for its hilly roads? These are the questions would-be home owners always ask. The clearest answers are in the Peninsula Housing Association's cost estimate. Here it is:

	Amount	Average per Lot
Land Purchase	$ 155,395.11	$ 399.47
Land Development		
Direct labor by Pen. Hous. Assoc.	2,500.00	6.43
Materials & expenses by PHA	5,000.00	12.85
Engineering	60,000.00	154.26
Drainage	67,000.00	172.24
Walks	57,000.00	146.50
Curbs and gutters	81,000.00	208.23
Excavation and fill	85,000.00	218.51
Pavements	105,000.00	269.92
Pedestrian underpass	10,000.00	25.71
Sewers and outfall	151,729.00	390.00
Landscaping—public-fee	3,484.00	8.96
Landscaping—public-cost	71,110.00	182.90
Other Costs		
County taxes	6,000.00	15.42
Interest—bank loan	1,700.00	4.37
Interest—certificates, 20% total	2,400.00	6.17
Depreciation	2,500.00	6.43
Water System		
Distribution	106,975.00	321.00
Pressure system	18,000.00	(both)
Power and Telephone Distribution	120,000.00	308.20
Total	$1,111,793.00	$2,858.00

Electrical and telephone lines are being placed underground, even though this installation adds $400 to the cost of each lot. The added charge is offset by an increased valuation of the property. Poles strung across the property would be cheaper but would decrease the value of the lots by 7 to 10 per cent.

The cost per lot for water service is $321, but the savings in water charges over a period of years will in effect amortize the initial investment for the water system. Also, assurance has been received from the California Water Service Co. that it will buy the operating water company from Ladera at near cost if the Association wishes to sell the system after the tract is occupied and members are consuming water.

The Menlo Park sewerage system, ending a mile from the property, is being extended to meet the lines being laid by Ladera.

There are a number of "protective covenants" on the subdivision. The most important decrees that members of racial minority groups will be welcome at Ladera in the same ratio that they bear to California's total population. No mining is allowed on Ladera property; no drilling for gas or oil. Neither cows nor pigs may be kept in Ladera.

Ladera will retain its feeling of country spaciousness even after completion. While houses, roads, and community areas will occupy two-thirds of the total acreage, the remaining third will be left untouched. Site plan of the property includes curving or circular roads with only two through thoroughfares. Sidewalks are placed, not along the streets, but in a separate network with underpasses beneath the road crossings, so that children living anywhere in the property can reach the school without having to cross a single street.

An elementary school building in the center of the property is contemplated as a basic part of Ladera. It would be operated under the Las Lomitas School District and would take care of the 300 to 400 pre-high school children in the community. The Sacramento Planning Association looks with favor on the plan.

Until a new high school is built to serve the southern part of San Mateo county—probably in Menlo Park—Ladera boys and girls will attend Sequoia High in Redwood City, with free bus transportation provided by the county.

The Peninsula Housing Association hired two top-flight architects, John Funk and Joseph Allen Stein, to design the development. The contract between PHA and the architects provides that Funk and Stein must do a great many things other than draw doors and windows. First, they must negotiate the contracts with their collaborators: Nick Cirino, civil engineer; James Gayner, mechanical engineer; and Garrett Eckbo, Robert Royston, and Edward Williams, landscape architects—the same firm that planned the canyon country development of the Mutual Housing Association in Los Angeles.

In addition, the architects agreed to develop the site plan for Ladera in collaboration with Eckbo, paying for his services from their fee; to design 13 basic dwelling unit-type plans with 7 variations of each plan; to develop methods of prefabrication, sub-assembly, and mass production for assembly line technique and economy of construction; to supervise the project during the construction period; to provide cost surveys, furnish an office, employ draftsmen and other necessary professional and clerical personnel; to furnish their own transportation in and about the Bay area. For all of the above services, the architects receive a fee of $40,000, payable at the rate of $1500 a month. They also receive office overhead expenses of $500 a month plus reimbursable expenses which include draftsmen's and technicians' salaries (limited to $3000 a month) workmen's compensation insurance, social security, and old-age benefit payroll taxes, travel expenses outside the Bay area, and costs of blueprints or reproductions.

The civil engineering contract covers a design and working drawings with specifications of roads, paths, heavy grading, drainage, water distribution system, and sewage collection system. The fee will be 5 per cent of the cost of the above work, estimated at $400,000. It also includes a design and supervision of the sewage disposal plant, or outfall sewer, for a fee of 6 per cent of the cost of the work, estimated at $50,000. Lastly, it covers the preparation of a subdivision map for a fee of $500.

The mechanical engineering contract includes the design, working drawings, and specifications for a gas distribution system, electrical distribution system, street lighting, and fire alarm and telephone facilities. The fee will be 3½ per cent of the cost of the work, estimated at $200,000.

The landscape architects agreed to make the design for landscaping the public space and the community area for a total fee of $1250, and to prepare 6 preliminary landscape designs for the basic dwelling unit types for a total fee of $750.

Surely this imposing array of architectural talent should produce some of the most beautiful homes in California. But those who, for one reason or another, do not wish to remain as members can always withdraw at small loss. The member, on joining, pays a $200 fee, $150 of which is returnable on withdrawal. The membership fee is a reimbursable account set aside as a trust fund. Disposal of the fund is subject to future determination by the membership and the board of directors.

A month after joining, the new Laderan invests $1000. Further assessments are made at stated intervals determined by the board.

By the time the owner is ready to begin construction on his house, he must have made the total investment in his lot and his share of the community development. A veteran is entitled to a refund of his investment if he is able to obtain full financing for his house and lot.

If a member who has already built his house has to sell it, the Association provides as follows: "If you must move after Ladera is built, you may sell your home just as you would in any other community subject only to a first option to the Association to purchase." In this case, assessments are returned without interest.

Houses will be individually financed. The subdivision plan has been submitted to the Federal Housing Authority but members may not be able to obtain FHA-insured mortgages. The Peninsula Housing Association has been given to understand there are three reasons for FHA's likely disapproval: Ladera's racial policy, the co-operative set-up, and the flat roofs. Like the banks, FHA presumably considers inter-racial housing a bad risk. Their objection to co-op set-ups is reported to be their claim that community facilities and parks are never properly maintained. No one can offer any explanation for FHA's rumored aversion to flat-roofed houses in California.

The new houses will cost between $8000 and $15,000, with an average of $10,000 figured on a basis of $8 per square foot of living space. There are 91 plans and variations from which to choose. Members who find none to their liking and wish to use a plan other than the basic-unit type, or variations designed by the architects, may have a house almost "made to order" if they obtain FHA approval and are willing to pay an additional fee of from 4 to 7½ per cent.

Seven months of study preceded the final drawings on the first houses. Eight-page questionnaires were distributed to the members and the architects based their designs on the preferences indicated in the answers. The feature most in demand was a stall shower. Consequently showers were incorporated in all the homes. Next in the list of preferences was bigger bedrooms. So all bedrooms were designed to accommodate twin beds without cramping. More kitchen space was third on the list. . . . And so it went.

The California contemporary style houses designed for Ladera have mono-pitch or flat roofs, large glass areas on the living side, terraces to combine outdoor with indoor living, kitchens placed conveniently near the service yards, children's rooms extended into outdoor space for playing.

Most of the homes will be built of California redwood on concrete piers or a concrete slab. There will be no cellars. The houses will be so placed on the lots that the western sun won't have a chance to glare through the kitchen windows in the late afternoon and blind the housewife preparing dinner. In that way the architects hope to cut down on the usual number of scorched pot roasts.

Local building codes require 1000 square feet of living space. One of the smaller homes, estimated at $8000 to $9500 exclusive of lot, has 1170 square feet of floor area and includes living room, dining area, two bedrooms, kitchen, laundry, bath, and entry. It is placed cornerwise on the 80 by 110 foot lot, so that the living areas and terrace face away from the road. There is storage area in the single carport.

A larger house, 1590 square feet, will cost $11,000 to $13,000 exclusive of lot, and will include living room, dining room, kitchen, laundry, entry, three bedrooms, and two baths, with ample storage space in the two-car garage. The lot is about one-fifth of an acre. Two hundred houses are now under contract.

Roofs will be tar or gravel with insulation beneath. Window areas are large. Partitions will be of varied construction. Folding leather partitions will be utilized in some of the units, particularly between children's bedrooms which could be thus used as one large playroom during the daytime.

Natural gas will be used for heat and hot water, but cooking will be done by electricity. Stoves, dishwashers, refrigerators, laundry equipment, and bathroom fixtures will be purchased at considerable savings through Associated Co-operatives, Inc., in Oakland, California.

It is estimated that mass purchasing and construction will reduce the cost of the homes by 15 per cent. Substantial savings should also result from the use of the module unit of construction. By using a standard unit of 3 feet 4 inches throughout the community, the builders can cut all studs, reinforcements, joists, and the like in a mill on the site. Costly hand sawing will thus be eliminated. Another unit that will contain all window areas, French doors and ventilating units will be assembled at the mill.

A large co-operative housing community, such as Ladera, offers many opportunities for cutting costs. In addition to the short cuts previously listed, the PHA cites a 50 per cent saving in purchase of the land, a 10 to 15 per cent saving in its development, and an architects' fee less than half what it would have been if the houses were designed individually.

A shopping center will be located in the center of the community. It will include a market, frozen food lockers, gasoline service station and garage, restaurant, drug store, barber shop, beauty shop, variety store, medical and dental offices, movie theater, woodworking shop, nursery, chapel and an auditorium. The Association will own the buildings and lease them.

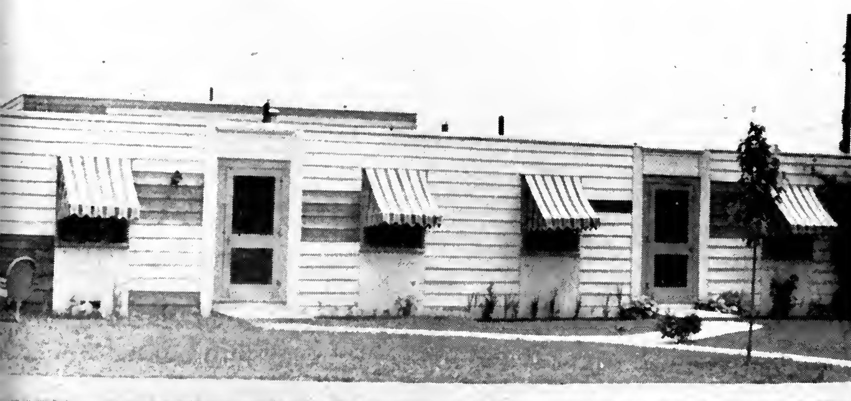
There will be many smaller optional co-ops within the larger co-op. Thus only those who are interested in horseback riding will be included in the stable co-op and assessed for its upkeep. The same will hold true for the swimming pool co-op and the nursery school co-op. A nursemaid and housemaid service is planned, members to draw on the pool and pay for services by the hour. Gardening services will be provided on the same basis. The members have also planned to organize a co-op maintenance shop with carpenter, painter, plumber and electrician on ready call.

Management of the community will be in the hands of a board of seven directors to be elected by the members and to serve without pay. The paid staff will include a general manager, two office clerks, and four outside maintenance men. Yearly salaries for these seven will total about $27,500. In addition, both fire and police protection are planned.

Costs of maintenance, operation of the community projects, and improvement of the common land will constitute the usual upkeep expenses that in an ordinary neighborhood are borne by taxes. These will be met at Ladera by charges in the nature of taxes or assessments approved by the members.

It is not difficult for members to appreciate the dollar-and-cents saving they make by belonging to a co-operative group, or the fact that they own homes in beautiful surroundings at two-thirds the usual cost, or that they have an equity in acres of parks and playgrounds as well as an interest in the many co-operative businesses in the development. But the initiators of the project list an even greater gain: "We try to stress the idea that the kind of community that results is even more important than the amount of money saved. We're not just selling houses. We're selling the idea of co-operative living."

This is the home of Chester Lampe, in the co-operative community of "white collar" workers in Bryn Gweled, Feasterville, Pennsylvania. Excavating, road work, and ditch digging by the members lowered the cash outlay necessary for the houses, which range in price from $7000 to $13,750.



Low rent is one of the pleasant features of the Greenmont Mutual Housing development in Dayton, Ohio. The one-story units pictured above cost $27.50 a month.

The Students' Co-operative Association, Inc., of the University of Washington in Seattle, has completed plans for the erection of this brick dormitory to house 180 men and women at a cost of $200,000. The Association now owns seven of its ten

CHAPTER 13

Bannockburn, Maryland

Some people use a golf course for making business and social contacts; others, for the pursuit of their favorite recreation; but down in Maryland, forty minutes from downtown Washington, enterprising homebuilders utilized a golf course to underwrite the administrative costs of their balanced community.

Mapping out their development across the 124 acres of the Bannockburn Golf Course, the Bannockburn Co-operators, Inc., planned the construction of the first houses around the rim of the property, postponing the development of the interior for a later date. By so doing, they left the course and the golfers undisturbed, collecting from the latter $8,000 yearly rental, sufficient to foot the bills for carrying charges, administrative and organizational costs.

The complete community will serve five hundred to six hundred families in single dwellings, garden duplexes, and park apartments. Plans encompass a neighborhood shopping center, school and playground, clubhouse and swimming pool, nursery, community building, tennis courts and parks. It is one of the few co-operative developments in the country to which the term "balanced community" may be rightly applied. The initial plan to retain title to all land and buildings in the Co-operative was changed to provide for individual ownership of the homes, partly because of the difficulty in obtaining financing under the co-operative arrangement, and partly to assist members in their income tax obligations (they could deduct real estate taxes from their taxable income under the individual ownership plan).

The dream simmered for four years. In 1944 there were many people in crowded Washington who yearned to get out of the city and move their families into rural surroundings. Take the Martins, for instance. Each night when John came home from his office in the Pentagon, he and his wife sat down at the bridge table in their three-room apartment and played their favorite game—not with cards, but with pencil, paper, and house plans.

The house would be small, one story in height, designed along simple lines but with plenty of room for living, separate bedrooms for the children, a real kitchen with a back door, wide windows in the living room, perhaps a terrace, and of course a garden.

Well, that might be possible even in Washington, but the Martins wanted something more than just the house. They aspired to surroundings that would satisfy their desires for country living, city proximity, safe play places, school and shopping facilities, a neighborhood and neighbors to their liking.

Where to find such a community? In the phraseology of their children, it was just something "out of this world." The Martins were not alone in their dreams. They had friends who thought as they did. On week ends the couples toured the outskirts of Washington, looking, always looking, but never finding just what they wanted. A real estate operator sized up the situation by saying:

"That kind of community just isn't. You'll have to make that to order." Slowly the idea took shape. Why not? Why couldn't you plan a community as you'd plan a house—placing the school and stores just where you wanted them, building big houses and small, allotting plenty of space for safe areas for the children, planning for tennis courts and ball fields where the adults could relax after the dishes were done, and a community house for social activities and the business of the community?

Yes, why not? There must be many others who wanted the same things. The first step would be to organize and formulate a plan. So it was that in May, 1944, a group of families got together and formed the Group Housing Co-operative under the sponsorship of the Potomac Co-operative Federation.

The new Co-op had wide vision. Its program included not only study of the theory and practice of co-operative housing, but also the establishment of co-operative housing communities in various parts of greater Washington.

Membership was open to anyone who subscribed to the principles and objectives of the Group Housing Co-operative. The new board of directors decided that membership in the GHC would be a prerequisite but not a guarantee of membership in any housing community that Group Housing might develop. Eventually the roster of GHC will consist of members of the various housing communities it has developed and other individuals interested in supporting the idea of co-operative housing.

About the time the new Co-op was formed, a group of architects and planners, under the sponsorship of the National Housing Agency, designed in great detail plans for the development of a hundred-acre site in Washington.

"This plan furnished a spark to our interest and gave content to the talk of housing which we had indulged in," said Mary Fox Herling, president of Group Housing Co-operative and of Bannockburn Co-operators, Inc. "It gave concrete expression to what many of us had been thinking, and demonstrated how a far better neighborhood than most home owners now live in could be created by planning in advance for a community large enough to provide housing for families of varied needs and diversity of incomes, through different dwelling types." Mrs. Herling then went on to explain that her group hoped to establish a co-operative housing development that would include apartment houses, garden apartments, row houses, and detached homes, together with large park areas, and areas for educational, recreational and commercial facilities.

There you have in a nutshell a description of a "balanced community."

For two years, members of the Group Housing Co-operative met regularly and discussed plans and prospects. They invited architects and community planners to speak at their gatherings. They studied other planned communities such as Forest Hills, L. I. and Mariemont, Ohio. They looked into the manner of operation of such co-operative developments as the Amalgamated Housing projects in New York City.

Quite early, the members of the little group realized that until they had a definite site they could not hope to attract sufficient members to enable them to buy property suitable for large-scale development.

Weeks of scouring the country produced five sites, and an architect—one of those who had worked on the NHA plan—was hired to study the locations. Meantime, a series of eight fortnightly seminars on housing was arranged and the meetings were opened to the public.

As a result, when the board was ready to report on sites, membership had grown to the point where it was practical to consider buying. Now all the Co-op needed was a proving ground for its ideas. Then opportunity knocked—with a club.

The Bannockburn golf course, which had been taken over by the Potomac River Naval Command and operated as a service recreation center during World War II, was put up at public auction. This piece of property, just beyond Glen Echo in Montgomery County, Maryland, had already been selected by the members as the ideal site for the development of their balanced community.

The acreage offered both smooth slopes for building and wooded tracts for recreation grounds. Water and sewer facilities were available. Bus service was handy. There was plenty of room for five hundred, even six hundred families.

Then appeared Difficulty No. 1. While the majority of the co-operators wanted to buy the site and to start raising money for the down payment, a few of the members who had been clamoring loudly for action, suddenly decided they were not ready to go ahead.

To make matters worse, those who wanted to purchase the property became worried about investing substantial sums of money in the project, if decisions on its development were to be made by members of the organization who had no participating interest in the property.

In order to protect the interests of those who wanted to invest in the site, an arrangement was made with Co-operators Properties, Inc. (a District of Columbia co-op, set up some years ago to own properties used by co-ops) to act as trustee and receive funds for the purchase of the specific site.

The agreement, entered into by the Trustee, the individual subscribers, and the Group Housing Co-operative, gave GHC a nine months' option on the property if it was secured, and set forth the rights of the subscribers. Within ten days, $55,000 was raised. In all, 190 members subscribed.

Cash in hand, representatives of the Group Housing Co-op attended the auction of the Bannockburn Golf Club on April 6, 1946, and successfully bid in the property at $193,000. The co-operators made a down payment of $50,000 and the former owners of the property, Messrs. Shinners and Dreslin, took back a purchase money mortgage of $143,000 at 2 per cent interest payable in three annual installments. The low interest rate was the result of an arrangement between the mortgagee and the mortgagor, whereby the co-operators agreed to figure the amount of interest which would have been paid at 5 per cent, and the difference between the 2 per cent rate and the 5 per cent rate was included in the purchase price. The mortgage has since been paid in full and the property is free and clear.

Within a week after the co-ops bought the property, they were offered $50,000 more for it than they had paid. But they had no intention of letting go. They were too happy that they had been able to acquire the property. In fact, many of the members felt that had it not been for the auction, which galvanized the group into action, they never would have raised the money to purchase anything.

On August 2, 1946, Bannockburn Co-operators was incorporated under the laws of the State of Maryland, as a non-profit corporation with an authorized capital stock of $100,000 divided into 100,000 shares at one dollar each.

The Group Housing Co-operative now assigned its option to the new corporation, by-laws were prepared, and a resident selection committee commenced the work of choosing residents from among those who had applied but were not original subscribers. The Group Housing Co-operative remained as the parent organization with the object of developing other co-operative housing projects, as it had fostered Bannockburn Co-operators, Inc.

The next step was the planning of the development. Bannockburn co-operators had firmly in mind the fact that they wanted a "balanced community," so the choice of architects was made with care. Rhees Burket, Joseph Neufeld, and Vernon DeMars were retained to study the site and recommend the best possible use of the property. Their fee was set at 4¼ per cent of the total cost of the development, estimated at between $6,000,000 and $7,000,000.

The planning presented one major problem: since the area was zoned for single-family dwellings, it would be necessary for the Co-operative to ask for a re-zoning of forty acres in the interior of the property, in order to include apartments in the plan.

In anticipation of a possible rejection by the Montgomery County Zoning Commission, the architects prepared two plans, the first designed for duplexes, apartments, and single dwellings; and the second restricted to one-family houses.

In the re-zoning plan, 350 single-family dwellings were placed in the strip of land, 150 to 250 feet wide, which rims the property. They were widely spaced, in character with the surrounding neighborhood. In the interior, seventy-five units in garden duplexes and semi-detached houses and 150 units in three elevator apartment buildings, were planned.

Because of the concentration of families in the apartments, sufficient land could be set apart to provide thirty acres of parks with recreational facilities, including the swimming pool, tennis courts, and ball fields. Five acres were reserved for a school. The shopping center, to cover almost three acres, was located near the front of the property, screened from adjacent residences by trees and hills.

Since zoning restrictions confined the number of families per acre to six, the Bannockburn co-operators offered to enter into an agreement with the county commissioners to hold the over-all density on the 124 acres to five families per gross acre.

The alternate plan, proposed by the architects if the zoning board rejected the first, called for a planned community of single-family houses in a variety of sizes to meet specific needs, with larger lots than the permitted minimum, but a smaller acreage than first planned for parks.

Four months' work on the site and a scale model resulted in a plan characterized as "inspired" by Hugh Pomeroy, Director of Planning for Westchester County, New York. The "inspired" plan was presented to the Montgomery County Zoning Commission and promptly denied. Opposition of neighboring property owners was the only reason given for the rejection.

The denial was hard to understand. The Chicago Planning Commission has accepted the principle of such a balanced community because it permits a neighborhood development adequate to support shopping facilities while avoiding overcrowding. In Europe, such planning has already been successfully applied. Reviewing the Bannockburn plan, the Maryland National Capital Park and Planning Commission reported:

"These petitions are not the ordinary, run-of-the-mill zoning amendment petitions generally presented to the District Council for its consideration. Rather, they embody together a challenging and thought-provoking proposal to create a complete community, having certain characteristics and features which its proponents believe to be eminently sound from a planning, social, and economic standpoint. . . .

"Regarding regional benefits, it can be pointed out that the planned community is a stabilizing influence. This dispersal of apartment dwellings for those who use them, in small groups through large scale developments and by controlling the overall density, keeping it at or near those established in one-family areas, will prevent in a large measure the ill-founded land values which result from speculative large-area apartment house zoning.

"The planned community also promotes the orderly development of the region and makes it possible to plan and program community facilities without having these plans upset by unexpected and unjustified increases in potential density because of too much of a concentration of apartment house zoning."

Not discouraged, the Bannockburn Co-operators made a second application for re-zoning. Meanwhile, they turned their attention to the development of a "pilot" area of twenty-four single dwellings on a small tract of eight acres on Wilson Lane. From this pilot project it is hoped to crystallize Bannockburn's views with respect to design and also to verify the accuracy of plans for the detailed building.

Membership in Bannockburn topped the 250 mark in 1948. Applicants must first obtain membership in the Group Housing Co-operative, agreeing to purchase two shares of capital stock for $5 each. Following acceptance in GHC, the applicant wishing to live in Bannockburn completed the first step by sending in a check for $205. This covered purchase of five shares of capital stock at $1 each in Bannockburn Co-operators, Inc., plus a $200 deposit to be held in a separate account until acceptance as a member. A payment of $300 in addition to the deposit was then required to apply toward financing the land cost and the initial development of the site.

A second payment of $500 was required of all members in 1948. This brought to $1,000 the amount paid in by each member toward the required down payment on his house and lot. It was anticipated that each member must invest about 20 per cent of the cost of his dwelling and property. Members include professional or administrative workers in Federal Government agencies, businessmen, and individuals employed in the national headquarters of educational, business, and labor organizations.

The community is operated through a board of eleven directors elected by the members. The board conducts the business of Bannockburn and supervises the community activities. Title to all common land, the parks and the playgrounds, the shopping center, the clubhouse and swimming pool remain in the Co-operative. The $60,000 clubhouse, built for the golfers, and part of the initial purchase, has become the Community Center for Bannockburn Co-operators, Inc. Separate, small co-operatives, operating under the board of directors will run the swimming pool, tennis courts, nursery school, and other projects planned for the community. These small co-operatives will enroll as members only those interested in the particular project. Thus only those who play tennis would enroll in the tennis court co-op and only they would be assessed for its upkeep. Assessments for the improvement and maintenance of the common lands will be made monthly on all members.

Houses in the pilot project range in cost from $15,000 to $25,000, with a few, more standardized models, in the $14,000 class. The structures in the first price group include: aluminum coated reflective insulation in walls and bat type vapor seal in ceilings, aluminum window frames and screens, bronze weather-stripping on the doors, oak floors, plastered interior walls, tiled bathrooms, copper water piping, high studio ceilings in living rooms, indirect lighting trough in all living rooms, large window wall with roof overhang, decks or terraces (for every house) accessible from the living room, dining alcoves, kitchens with sinks, closets, cabinets, electric refrigerator and exhaust fan, laundry provided with laundry trays; gas fired automatic heating system, recreation rooms in those houses with basements, waterproofed foundations, copper flashings and aluminum downspouts and gutters. The more standardized models in the lower price class eliminate a few of the more expensive items listed, such as high studio ceilings, sun decks or window walls. The prices given include the cost of house, lot, and all utilities.

Estimates of the approximate monthly costs on the houses run something like this:

Cost of House	Down Payment	Mortgage	Amortization, Interest Insurance and Taxes	Administration, Repairs Maintenance Replacement	Total Annual	Monthly
$14,000	$2,800	$11,200	$ 922.00	$254.00	$1,176.00	$ 98.00
14,500	2,900	11,600	954.00	260.00	1,214.00	101.00
15,000	3,000	12,000	988.00	267.00	1,245.00	104.00
15,500	3,100	12,400	1,021.00	274.00	1,295.00	108.00
16,000	3,200	12,800	1,054.00	280.00	1,334.00	111.00
16,500	3,300	13,200	1,067.00	286.00	1,353.00	113.00
17,000	3,400	13,600	1,121.00	293.00	1,414.00	118.00
17,500	3,500	14,000	1,154.00	301.00	1,455.00	121.00
18,000	3,600	14,400	1,187.00	310.00	1,497.00	125.00

Bannockburn is a large project. The total cost of homes and community facilities is estimated at between $6,000,000 and $7,000,000, which is big business any way you look at it. Co-operative housing groups planning similar projects will be interested in Bannockburn's tabulation of receipts and expenditures as of March 31, 1948. Figures given below cover the entire period during which the co-operators worked on the housing project, including a small portion of expenses involved in organization and promotion prior to the purchase of the property on April 6, 1946:

WE HAVE RECEIVED:		
Share capital	$ 1,255.00	
Equity capital	208,853.33	
Rent from golf course	13,417.71	
Notes payable balance, loans from members	40,158.00	
Exchange checks balance	2,355.00	
Owed to Group Housing Co-operative	2,283.53	
		268,322.57

WE HAVE PAID OUT:			
Administrative and organizational expenses:			
Salaries		5,043.77	
Payroll taxes		212.05	
Legal and auditing		1,511.85	
Corp. Trust Co.		152.50	
Office rental		936.83	
Travel expense and other		367.71	
Telephone		349.04	
Meeting hall costs		275.48	
Credit checking		289.63	
Printing, mimeo., off. supplies, postage, etc.		1,795.88	
Dues and subscriptions		7.00	
Franchise tax, for 1946 and 1947		80.00	
		11,021.74	
Promotion:			
Printing, mimeo., off. supplies, postage, etc.		3,566.72	
Shares in Eastern Co-operatives Inc.		25.00	
Development:			
Zoning		735.01	
Architects' fees		29,088.39	
Quantity estimator		255.00	
Site development		457.00	
Consultant's salary		3,502.00	
Travel expenses		182.00	
		34,219.40	
Property costs:			
Land, building, legal fees		193,605.12	
Cost of carrying property:			
Taxes		2,170.38	
Insurances		1,082.73	
Interest—mortgage and notes pay		4,844.80	
Improvements and repairs		269.51	
		$ 8,367.42	
			250,805.40
Cash in bank plus $20 petty cash	$17,873.67		
Less S. S. and W. T.	356.50		
	$17,517.17		17,517.17
			$268,322.57

It is interesting to note that all the administrative and organizational expenses and all the costs of carrying the property, previously listed, have been paid by income from the property, that is, the rental of the golf course.

CHAPTER 14

York, Illinois

On a wide stretch of farmland twenty miles west of Chicago, a group of city residents has developed a community where all houses and lands are held co-operatively, where children, chickens, and dogs are welcome, and where there are no barriers of race, creed, or color.

Six families, including several faculty members of the Bethany Biblical Seminary in Chicago, initiated the York Center Community Co-operative in 1944. Six ranch-type houses have been built; twenty more are in process of erection; and thirty-nine additional homes are planned on the sixty-five acres.

Chicago, like an octopus with one dormant side, stretches its tentacles to the north, to the south and east to Lake Michigan, but not to the west. Crowded housing, packed business blocks, and choked thoroughfares mark the three sides, but not the fourth. It is amazing to ride for half an hour to the west of the seething center and find yourself in rolling uplands containing farms some of which are two hundred acres in size.

When the faculty families commenced their search for land, they looked only to the west. There they found ninety acres near Villa Park, a bit of a country suburb, which is close to Lombard, Illinois. The York developers visioned a community of people of like hopes and desires who would build their own homes and live and work together in harmony. Rev. Jesse H. Ziegler, secretary of the Co-op, who is a professor of sociology and psychology at the Seminary, puts it neatly:

"Our York Center Community Co-op started out of the concern of a number of people of good will, mostly members of the Church of Brethren, who wanted to move out of the city and have more living space as well as the security of a small parcel of land to hedge against the economic cycle.

"The Association rapidly welcomed into its membership representatives of various faiths and races, but has attempted to maintain a high standard of membership in terms of moral and civic fiber. The people who are members include all types from truck drivers to college and seminary professors. There is a warm bond of fellowship between them."

In my travels across the country I found that most of the co-operative housing developments which originated in a church group were successful, not so much because the members belonged to one sect or the other or to any particular sect at all, but because they had learned to pull together in their church work and carried the co-operative spirit into their housing community. I found this particularly true in the Mormon settlement in Idaho, in the Catholic community in Iowa, in the Quaker developments in Philadelphia, in the Baptist groups in North Carolina, and again among the Dunkards—the Church of Brethren—in York.

The common ground need not necessarily be religious. It may be provided by the profession to which the members belong, a union in which they are working together toward the same end, or perhaps in the collective beliefs and ideals which brought the individuals together in the first place.

The York Center Community Co-operative was incorporated December 12, 1944, under the District of Columbia laws which provide specifically for co-operative housing. Then the York Co-op applied for registration under the Illinois laws as a "foreign firm." But the Illinois Corporation Act provides that no corporation not-for-profit may issue shares of stock or pay dividends, as is permitted under the D. C. law. For that reason, the application filed by the York Co-op as a D. C. corporation or "foreign firm" was denied by Illinois.

Application was then made for a charter under the Illinois law, based on memberships which were to have a value equal to the value of each actual establishment, with no provision for dividends. This was accomplished under the General Not-For-Profit Corporation Act.

The by-laws of the new Association set forth specifically that the general policy of the York Center Community Co-operative would be governed by the Rochdale principles of consumer co-operation, that is: 1 open membership; 2 one member, one vote; 3 cash trading wherever practicable in consideration of the association's main purpose of providing housing for members; 4 constant education; and 5 continual expansion. The fact that the community would be inter-racial does not appear in so many words. But it is an actuality, for members have been admitted regardless of race, creed, or color.

All land and buildings are held by the Co-operative. There is no individual title for the home owner. Instead of a deed to his property, the individual holds a certificate of value in the Corporation amounting to the value of his property. The member has a "perpetual use" right, subject to certain conditions set forth in his contract with the Corporation.

A member with sufficient cash available builds on his lot without ever getting legal title to his property. A member without sufficient capital obtains a mortgage in the following manner: The Co-operative gives him a deed to his lot. The member gives back to the Co-operative a quit-claim deed undated. The member then borrows from a bank, conveying the lot to the lender as security for his loan. After the mortgage is recorded, the member's quit claim deed is recorded, giving the Co-operative the member's interest and the right to have title reconveyed after the mortgage is paid.

Under this arrangement, the Co-operative is not a party to the mortgage and hence not in a position to be involved in a deficiency judgment. The Co-operative can lose only that one lot in case of default in payments on the part of the member. But the Co-operative is in a position where it can legally redeem for the member. By borrowing from its surplus, or by arranging a private loan for the defaulting member, it can save the member's investment or acquire the lot for resale.

Many co-operatives make financing possible for their members by obtaining one blanket mortgage for the whole project. The York Center plan does not operate in this fashion, yet the Co-operative has done much to make it possible for its members to get loans at a common source on favorable terms, and much to make the needed loans small, not only through its "trade labor" plan but through its plan for the co-operative purchase, at wholesale rates, of building materials.

Those members without sufficient cash to pay outright the cost of construction of their homes have been able to secure mortagages for 60 or 65 per cent of the valuation of the house and lot, at 4½ or 5 per cent interest. In obtaining the mortgage, each member has gone through the process just described.

Members make a total down payment of $560 which includes: $10 membership fee which is not returnable, $50 on signing the membership contract, and $500 payment on the building plot.

The ninety-acre farm in which the York Center Co-op was interested was purchased from the Golterman estate for $30,000. On the property were two houses, both saleable, which the members figured could be translated into cash in a matter of months. With that idea in mind, they raised $20,000 among themselves and borrowed the remaining $10,000 from the Villa Park Trust and Savings Bank, on a mortgage loan for five years at 4 per cent interest. This amount was paid in full at the end of two years.

With care the members mapped their plots. Of the ninety acres, ten were written off as unsuitable for homesites. Five acres were subtracted from the total when the large house on the property was sold, and five more when the smaller house was deeded to a new purchaser. This left the Co-op with seventy acres.

Lot No. 10, a rectangle 107 by 311 feet fronting on Roosevelt Road, was set aside as commercial property to be used for the co-operative store. Next, a protective green belt was plotted between a business section privately owned, also on Roosevelt Road, and the community proper. This piece, three acres in size, is being planted with trees to serve as a screen. In the center of the development, 3½ acres have been allotted for the community park.

For the purpose of dividing the costs equally, the York Co-op figured on the basis of seventy one-acre lots at $30,000. Roughly, that would be $430 an acre, raw land. But the property had to be developed before the final cost per lot could be figured. So the members tabulated approximate estimates of what they would have to pay for roads, surveying, utility installations, and legal fees as follows:

Cost of farm	$30,000
Architect	2,000
Surveyor	3,000
Roads	10,000
Miscellaneous	7,000
Attorney	1,000
	$53,000

From the $53,000 total, $15,000 was subtracted ($10,000 received from the sale of the large house, and $5,000 from that of the smaller one), reducing the "cost of developed land" to $38,000. Thus the cost of each developed plot, including roads but excluding water or sewerage, would come to $543. Ultimately the average cost per lot was set at $550.

After the site plan was complete, another five acres of the property was declared unsuitable for building, reducing the total acreage for homesites to sixty-five acres.

Not all the lots are an acre in size. They range from one-half to 2½ acres. The lowest price is $330 and the highest, $705. If a member buys a lot which costs less than $550, the balance is returned to him when the total costs of the roads and subdivision are met. If he buys a lot which costs more than $550, he is required to pay the balance when he selects a site.

The community had comparatively few financial problems. Development costs were low—a great deal lower than usual in a development this size. True, these costs did not include water, which is always an expensive item.

Under the direction of Ernest Olsen, professional engineer, members did much of the work in figuring the relative costs and convenience of three types of water systems: one well for each three families, one well for each ten families, and a municipal-type system. The latter was chosen and the membership voted that the cost must be limited to $24,000, a figure that was later increased to $30,000. At a meeting held to determine what the members would pay toward the water system, pledges of payments plus loans totaled half the cost.

The membership also voted to assess each individual $400 to pay for the system, the balance of the cost to be paid out of the Co-operative's reserve funds. This money will be recaptured and returned to the reserve when the co-operative community expands sufficiently to utilize the water system to the extent of its full five hundred-family capacity. Failing that, the Co-op could make its water facilities available to private owners in the area.

A well was drilled through the limestone strata which starts at ninety feet and ends at three hundred feet below the surface. Most of the pipes were laid in 1948; ten hydrants were installed, and a hand pump for fire protection was purchased. Drilling the well cost $2,500. The turbine cost $1,800.

The "water department" of the Co-operative received an unexpected "surplus" of $7,000 from the accounting department. When the Co-op figured its first expense sheet, $7,000 was listed for "miscellaneous" expense. Only $1,500 was spent, resulting in a saving of $5,500. To this was added $1,500, the difference between the expected cost of the roads, $10,000 and their actual cost, $8,500. The total saved was placed in the water account.

The Co-op was anxious to build the roads so that they would meet the requirements of the county which would then "take over" the maintenance. Six thousand feet of roads were finished, with a sixty-six foot right of way and a twenty-foot finished gravel top. Only one error was made, not by the Co-op, but by the contractor. Like the bus driver who went berserk and ended up in Florida instead of Brooklyn, the road contractor suddenly detoured while excavating one of the side roads, traveling across the corner of one of the residential plots. For this misdemeanor, the Co-op withheld $1,800 and the contractor promised to retreat from his position and realign the road as soon as weather permitted.

The problem of the third utility, sewerage, was solved through the installation of septic tanks by each member on his own property at a cost of $350.

Most of the houses erected are ranch type, with wide overhangs, flat roofs, and a generous expanse of glass on the south or living side. There is nothing in the by-laws which dictates that a man must incorporate any particular details in his design. However, he must not plan a house which will cost more than $20,000, including cost of lot. Some of those constructed with self-help labor cost $10,000 or less.

All plans must be submitted to Pace Associates, present architects for the York group, before the first block is laid. Pace charges $6 an hour. A member may hire an architect or draw the plans himself. If the plans submitted have been drawn by an architect, chances are that the bill from Pace will total not more than $12 or $18. On the other hand, if the member himself has designed the house, the plans may require a good deal of revision, in which case his bill from Pace Associates would be higher. The requirement that the member must submit his plans to the architectural board before building is incorporated solely for the purpose of preventing the erection of any "monstrosities."

"The attitude we take," said Louis Shirky, a director of the York Co-op, "is that a man only builds a house once in a lifetime. So why not let him have it the way he wants—within reason, of course."

Most of the homes are single story, flat-roofed, with wide projections over the picture windows or glass walls. Exteriors are finished in clapboards (asbestos or red cedar shingles), brick, or Wisconsin limestone. Some have aluminum casement windows. Plywood panels are used for interior partitions, with ceilings of Celotex or Nu-Wood. A few members are utilizing block walls, waterproofing the exterior, painting the interior, and filling the air spaces with spun glass or Celotex insulation.

Owners who decided on radiant heat are using the new prefabricated concrete floor slabs honeycombed for piping. Others have forced hot air, oil fired. There is gas available, but it is quite expensive and most of the members are buying electric stoves.

Few prefabs are planned, not because the Association has expressed any disapproval, but because the unions in the Chicago district are generally opposed to them. Moreover, those prefabricated plans which were considered by the Co-op would have been subject to so many changes to suit the owners' varied tastes, that the ultimate cost would have been exorbitant. One Sears-Roebuck prefab was built on a self-help basis during the summer of 1948.

Members are permitted to live in temporary sections, garages, or other outbuildings while their house is being erected. However, plans for such must first be submitted to the Board, the exterior must be suitably finished, all debris removed, and the grounds kept in order during the building period.

From the beginning it was planned to incorporate a certain amount of self-help in the construction of the houses. Under an agreement with the building-trade unions, it was understood that there would be no cash payments for the hours of labor exchanged between the members. There was no objection from the union to the swapping of hours on an even basis.

"Our meetings sound like a grain exchange," Shirky told me, "with the members calling across to each other: 'If you'll show me how to shingle the valley on my roof, I'll put in your drain pipes,' or 'How about swapping me a few hours on some cement mixing in return for some trench digging?' We have several members in our group who have had some experience in building. They sure are in great demand, and just as willing to give the other fellow the benefit of their knowledge as if they were working on high-profit contracts. One of the first members, Earl Landes, is a builder, and will construct six or eight of the ranch houses."

To help the owner-builders save money on their purchases, the York Center Consumers Co-operative has been formed to operate as a buying club for members only. Building materials are the first consideration. Other services will be added later. Ultimately there will be a manager who can supervise construction where necessary.

The Association has a number of co-operative features which will terminate with the completion of construction and others which will continue indefinitely. For construction purposes, a co-operative clearing house has been organized, where labor of members may be traded on a basis of time rather than skill.

Bills are handled co-operatively. Provision has been made for the checking by the Corporation of tax and mortgage bills, and in some cases they may be paid through the Corporation. Members who are unable to meet their monthly installments because of illness or unemployment will be helped. While no reserve fund has been set up specifically to provide such aid, the Corporation has what may be deemed a "surplus" of $7,000 in the water system which eventually will be recovered and could be used in emergencies.

Retention of property titles by the Association is a co-operative feature which will endure long after the homes are built. The purpose, of course, is to enable the Corporation to exercise control over who shall become members of the community and to protect the values for which the community is founded. Members who find it necessary to withdraw from the Co-operative and to sell their interests must give the Association six months' notice and a chance to buy-in the membership. Value of the property will be determined by three appraisers, and the Corporation will either approve a new buyer or purchase the property itself.

The complete development will include a co-op food store, co-op frozen food plant, co-op play park, nursery school, and community house. Expenses of development and upkeep will be raised by assessments. Members agree that the Association may determine the pro rata share which each member shall pay for the operation of the community and for community improvements or repairs. Failure to make payments when required is cause for expulsion.

Life in this co-operative community brings with it many privileges. There are no bans on children, dogs, cats, chickens, or livestock, nor on commercial pursuits. Members "may engage in proper remunerative endeavors or enterprises in their homes provided, however, that the Board of Directors may determine when any such enterprise or activity is detrimental to the community."

It's a fine place for children. There are no through thoroughfares. All the streets are curvilinear, with houses placed to the front of the lot, so that the back portion forms an uninterrupted belt of farming land. Children attend either the Lutheran parochial school or a consolidated school to which they are transported by bus.

It's a fine place for adults, too. The York Center Co-operators are fortunate in the location of their property from the standpoint of both transportation and taxes. The property is a mile and a half from Villa Park, which is a railroad stop forty minutes from the Chicago Loop. A good many of the members commute to Chicago. Others are employed close by. The community includes a wide range of trades and professions in its membership: seminary professors, educators in the American Friends Service Committee, photographers, clerks, carpenters, truck drivers, mechanical engineers, accountants, teachers, a consulting psychologist, a welder, a Post Office employee, an elevator operator, a minister, an architectural draftsman, an industrial engineer, a buyer of cameras, an assistant bank cashier, an attorney, a housing manager, a woodworker, a contractor, a wholesale grocery salesman, a machinist, a timekeeper, a telephone line engineer, an office manager, a hotel maintenance employee, a publishing house messenger, an elevated train dispatcher, a floor covering mechanic, a magazine editor, a water company assistant foreman, a mechanic in the pyschology department of the University of Chicago, an assistant in the vocational education and rehabilitation department of Hines Hospital, and a Seminary dean. The average income of the members is $3,500 to $4,500.

The York Center Community Co-operative has been subjected to much criticism from other co-operatives on the grounds that: it was too far out of Chicago for commuters; it was too close to Chicago for farmers; its lots were too large; its lots were too small; its lots were cut like slices of pie; its core of Church of the Brethren members would dominate the organization; it is afraid to undertake co-operation in joint financing and building; it is too radical in its co-operative hold on the property; it is too radical in its racial policies; its leaders are insincere on racial intolerance; it has no true co-operative program; its houses are an anarchy of architecture.

Fortunately, the York members are not distressed by such contradictory criticism. It has interfered neither with the co-operative spirit within the community, nor with the erection of houses. Not forgotten by them is the fact that the first section of the York Center Co-op was designed to meet the needs of specific people and was not meant to be all things to all people. Membership in a new section of ninety acres will include a wider range of types and classes.

While other groups dream of Utopias on rosy clouds, the York members build in block and stone on firm co-operative foundations.

CHAPTER 15

Columbia, North Carolina

Eliza Jones drew herself to full height and with all the strength her eighty years could muster quavered in the hushed schoolhouse. I got five cents as says there ought to be a savings club in this here community."

That lone nickel started a string of Negro credit unions across North Carolina, lit the Light of Tyrrell in the swampy country on the shore, and provided the first funds for the co-operative community built by the sharecroppers in Columbia, North Carolina. Farms were retrieved from loan sharks; healthy mules replaced worn pack animals; a co-operative truck garden was started; a sawmill purchased; and in the space of a few years, thirty-four new and remodeled white-washed bungalows supplanted the shacks which had housed the colored neighborhood.

Father of the credit unions in this part of the state and of the Columbia co-operative community is Sylvester Dean, a tall, soft-spoken Negro who gave up a college degree so that he might return to his people and put to practical use his faith in co-operatives. To gain an idea of the magnitude of Dean's task, one must know something of the conditions under which the Negroes lived.

Nowhere is there greater need for decent housing than in the poverty stricken areas of North Carolina between Tarbor on the Great Swamp and Dismal Creek, which cuts across the marshy lowlands reaching down to the sea. Three-quarters of Tyrrell County on the coast is under water. Mile after mile stretch the great cypress swamps, the trees standing a yard deep in stagnant water, their bare branches tangled in choke vines and Spanish moss. The homes of the Negroes and "poor whites" stand on stilts, the brown water rippling under the porches. The people are poor. In 1939 the average farm worker earned $513. Today he may reach $1,000, but not all of that in cash.

A mid-winter trip gave me some idea of the country. The road from

Raleigh to Rocky Mount in the east crossed the flatlands, squared off into alternate fields of stubbled corn and bare-branched cotton, forgotten tufts hanging sodden in the rain. In the wood clearings, thousands of scrub pine boards stood stacked in X's. From Rocky Mount to the coast the swamps predominated, relieved occasionally by a farm boasting both hogs and cows and perhaps a rectangular vine of Scuppernong grapes on four-squared fences, or a stretch of young tobacco plants under cheesecloth.

When the bus on which I was traveling stopped at a railroad crossing, two passengers alighted, ploughed through the mud and were "home." No need to open the front door. There wasn't any. A piece of burlap served instead. Cardboard faced the windows in the bulging walls. Down the rusting roof rain dribbled, to puddle in the mire. Pudding stones supported the sagging porch, one end of which had already succumbed to the laws of gravity and rested in the muck. A black razorback snouted through a pile of rubbish. And in the front yard a doorless "Chic Sales" gaped to the highway.

More miles of swamp. More mud-chinked shanties and here and there native landmarks—a mullet fish shop, a decrepit funeral home, a juke box dive.

In such surroundings, Sylvester Dean, the six-foot Negro crusader, and his little band of followers are building a co-operative community in Columbia in the midst of the cypress swamps between Dismal Creek and the Alligator River. With iron in their souls and sand in their mule carts, the Negroes are filling the marsh and building white bungalows where shanties stood before.

The Deans came to Columbia twenty years ago. They live in a cottage at the end of a winding dirt road. The cottage is built on ground so spongy that it was necessary to firm the marsh with sawdust before it would hold the piles.

"We haven't sunk through yet, so I guess it will hold," said Mrs. Dean, turning up the space heater to take the chill off the parlor. "All the land 'round here is boggy. Two feet down you hit water and underneath that is clay. So when it rains good and hard there's no place for the water to go. It just sits on top."

From the lone nickel loaned to the savings club by Mrs. Jones, grew the fund which started the credit ball rolling in eastern Carolina. The Light of Tyrrell Credit Union was started in Columbia in 1939. For some months previous there had been a study club which met nights to discuss the problems of the Negro community. Members gathered in the old schoolhouse—an institution which has grown to three times its original size and is now a large frame building with auditorium, housing a grade school and a high school accommodating three hundred students.

The group decided to form a credit union because it was the simplest form of a co-operative and because it was a natural stepping stone to other plans. Under the liberal North Carolina credit union laws, a charter was granted by the Office of the Superintendent of Credit Unions, North Carolina Department of Agriculture. Six months later the credit union was in full operation, making small loans from its cash on hand which totaled $360. By the end of a year resources had reached the $1,000 figure. Today, the Light of Tyrrell Credit Union has assets of $45,000.

Incoming members pay an entrance fee of twenty-five cents and subscribe for at least one share of stock at $5, paying for the stock at the time of subscription or in equal installments at the rate of twenty-five cents per month on each share. Regardless of the number of shares held, each member has but one vote.

No loan in excess of $50 may be made without adequate security such as an assignment of shares, the endorsement of a note, or such other security as the credit union may consider adequate. No person may borrow in total more than 10 per cent of the funds on hand. There are no time limits on repayment, but borrowers must pay 6 per cent interest. Each year the board of directors declares a dividend to its shareholders, usually 3 or 4 per cent.

Money may be loaned under the liberal North Carolina credit laws for anything that is "productive or provident." Farming and building may come under "productive." A good many of the loans made under the "provident" provision have been for sickness.

In ten years the Light of Tyrrell Credit Union has loaned its 411 members $120,110.19 without a single foreclosure. There are now 167 Negro credit unions in the United States. Eighty-four of them are in North Carolina. They list three quarters of a million dollars in assets.

Dean has been very active in credit union work. Two years ago he gave up his position as principal of the high school in Columbia so that he might devote more time to the Light of Tyrrell Credit Union and to his new job as promotional director of the All Negro North Carolina Council of Credit Unions and Co-operatives. The Edward A. Filene Good Will Fund has subsidized his salary so that he might extend his efforts throughout the state.

Four townships make up the territory served by the Tyrrell Credit Union—Alligator, Columbia, Gum Neck, and Scuppernong. In these communities the thirty-four houses have been built or reconstructed. All of them were financed by the credit union. This is unprecedented. Few states allow credit unions to loan money on real estate. North Carolina is one of the few.

There was much to be done before the houses could be erected. Dean found that his people, in the grip of loan sharks, were losing farm after farm. They would mortgage their land to buy a mule and then the mule, overworked and underfed, would sicken and die and they would lose both farm and mule. Recurring failure brought frustration and despair to the Negroes.

Through the eyes of Sylvester Dean, they glimpsed hope of new conditions—conditions which they would create and which would build for them a new life. They began to pool their pennies, day after day, week after week. In a short time twenty-five farms were saved from foreclosure and fifteen that had already been lost were regained.

Then nine members of the credit union bought a 588 acre farm which they run co-operatively. The cost—$22,000—was financed with the aid of a $4,000 loan from the Tyrrell Credit Union and an $18,000 mortgage loan furnished by the Western Salem Bank for ten years at 6 per cent. On 298 acres of the land, oats, peas, and garden truck are grown; corn is raised for stock; and soybeans for oil. Registered breeds are now replacing the wornout stock of yesterday. There are six cows on the farm, thirty-one hogs, and one hundred chickens. Milk, meat, and vegetables not used by the families running the farm are sold to members of the Tyrrell Co-op.

There is a good deal of timber on the farm. Much of the pine was cut, processed in the co-operative sawmill owned by twelve members of the credit union, and used in the new homes. Wood lots of choice white pine owned by the members offered another source of lumber.

Most of the cottages are a story and a half or two stories in height, whitewashed or painted, with wood shingles on the walls and asphalt shingles on the roofs. Each house contains from four to six rooms, and everyone has a porch across the front. Those who built new houses borrowed from $300 to $1,500 from the credit union for materials other than lumber. Labor was exchanged, but on a rather informal basis. Thus, if John worked on your house this week end, you worked on his house come Saturday next.

There is a small co-op store in the community. Future plans include the erection, on a two-acre section of land in the center of the community, of a combined store, cannery, and hammermill to crush grain. There will also be a refrigerator plant, a storehouse for farmers' crops, a boarding house for visitors, a playground for the children, and a soda fountain.

A new home for the Credit Union—nucleus of the future building project—was started during the summer of 1947 in a vacant lot next to Sylvester Dean's house. It didn't get very far. A mob of two hundred townspeople armed with sticks and stones, infuriated because there were white students in the group sent by the Fellowship of Southern Churchmen to assist in the project, forced a halt in the construction.

The building stands half-finished. The plans of the Co-operative are half-finished. But the Light of Tyrrell will spread. For the people have faith in Sylvester Dean and faith in themselves.

CHAPTER 16

Mutuals

In government and business circles, co-operatives are often called "mutuals." This is chiefly because industrial interests are averse to association with any enterprise labeled "co-op" on the grounds that such an enterprise encroaches upon the realm of private profit.

In 1940 Colonel Lawrence Westbrook, special assistant in the Federal Works Administration used the term to designate "a system of rental ownership under which the occupants of homes in a given community lease the premises which they occupy from a company owned by the occupants themselves." In such a project the co-op takes over, for operation and eventual purchase, a completed development.

In the Westbrook plan, sometimes known as "the Camden plan" because it developed in Audubon Park, Camden, N. J., no down-payment was required. Monthly charges were low. Each tenant-owner had a chance to build up an equity in his property. Homes were maintained in good condition. It was easy to move if a larger or smaller house was desired. It was easy to leave if another job loomed on the horizon. Everyone participated in the management of the community. And, best of all, there was a "future security" angle which allowed the member to "coast" on his equity in times of sickness or unemployment.

No individual ever received title to his dwelling. That remained with the co-operative or mutual. He did receive a life lease which might be passed on to his heirs and he did enjoy freedom from worry that the landlord would appear once a year with a rent raise in hand.

The projects discussed in this chapter became co-operatives after the development was complete. Some of them were sponsored by Government agencies and some by private sources. They differ chiefly in the extent to which co-operative action was carried.

Eight of the projects were built under the defense housing program of the Federal Works Agency and were earmarked at the time of construction as future mutual housing communities. The eight are in five states and total 4050 units. Several have completed negotiations and become full-fledged co-operatives. Others are still in the formative state.

Their story is important, not only because they are successful experiments, but also because they set a pattern which can be adopted in part at least by the hundreds of other war housing projects of permanent construction, built by the Federal Government and slated for disposition in the next few years. The Government wants to retire from the real estate business. It is selling out its war housing projects—some to private individuals, some to commercial groups buying for investment. But mutuals organized among the residents are always given first chance to purchase.

When the National Housing Agency—now called the Housing and Home Finance Agency—was created, the eight projects mentioned above were transferred to the Federal Public Housing Authority in that Agency. Funds were advanced by the Federal Government under the provisions of the Lanham Act, but all mutual projects were to be self-liquidating from the start and were to carry no rental subsidies.

The dwellings were placed on a rental basis under direct Federal Public Housing Authority management with ownership retained by the Government, but with commitments to sell the projects eventually to non-profit housing corporations to be formed by the tenants.

The steps through which the developments passed from the time they graduated from the Federal cradle until they became full-fledged co-ops or mutuals were clear cut:

1. The tenants first formed a non-profit mutual home-ownership corporation. In the usual procedure, a tenants' committee was named at an election wherein all lease-holders were eligible to vote. The committee organized the corporation.

2. The corporation named 9 trustees, 3 representing the public; 3, the residents; and 3, the Government. The trustees formulated the by-laws, passed on membership applications, and issued membership certificates.

3. As soon as two-thirds of the residents indicated they would support the idea, the Federal Public Housing was asked to lease the property to the corporation, giving the corporation the option to purchase it at the end of two years of operation. During that time, the corporation took over the management.

4. If the corporation decided to buy, no down-payment was required. The corporation received title to the property but gave the

FPHA a mortgage for the entire purchase price and a promissory note for which the mortgage was security.

5. The promissory note and the mortgage note obligated the corporation to make monthly payments of $\frac{1}{45}$ of the purchase price every year for a period of 45 years, plus 3 per cent on the unpaid balance.

Each individual, on joining, paid a membership fee of $5 to $50 entitling him to one vote in the corporation; and he signed a contract agreeing to purchase on the installment plan, over a 30-year period, stock in the corporation equal to the value of the house he expected to occupy.

In return, the member received a life-lease on the property on the condition that he make his payments regularly. These monthly payments included taxes, insurance, administrative expenses, reserves for maintenance and contingencies, the payment on his stock subscription, and 3 per cent interest. Each month the interest, figured on the unpaid balance, decreased. When the member paid off the entire principal or cost of his house, his monthly payments would include only taxes, insurance, maintenance, and repairs.

In those projects where the tenant contracted to pay off his obligation in 30 years whereas the Corporation had a 45-year period of amortization, he enabled the Corporation to make prepayments on the principal owed the Government, thus building up an advance equity for use in times of financial stress.

The agency or supporting factor need not necessarily be the Federal Government. But whether public or private, the agency which puts up the initial capital exercises full authority over assets until amortization retires the largest part of the debt. Then the community assumes complete control and runs the project through a board of directors, various committees, and perhaps other sub-co-ops within the larger co-op.

More recently, a variation of the mutual housing project above described has evolved. A commercial development company organizes the residents into a mutual home-ownership corporation for a fee—usually 3 per cent of the valuation of the property—sometimes more. That was the way Greenbelt, the Government's model suburban community in Maryland, became a mutual.

Walnut Grove, Indiana

Walnut Grove in South Bend, Indiana, built during the defense housing program of the Federal Works Agency, was completed in February, 1944. It covers 81 acres, only 21 of which are occupied by houses and lawns. The development is planned on a horseshoe-shaped road, the dwellings being placed diagonally on dead-end streets which lead off the main thoroughfare.

There are two playgrounds for children, an adult recreation ground, a baseball diamond, community gardens, a community hall, and a grocery store. The store is operated by a separate Consumers' Co-operative Corporation made up of the same membership as the housing corporation.

Sixty-four of the units are single houses containing two bedrooms. The rest are duplexes—one, two, or three-bedroom units. Some of the dwellings are one-story; many are on two levels, with the kitchen and living room on the ground level and the bedrooms and bath several steps higher. Raising the rooms in this manner permits cross ventilation through a row of small windows set in the wall at the point where these rooms rise above the lower level of the house. One-story structures have half-basements. Two story structures have full basements.

It is the monotony of the brown houses, like rows of battleships at anchor, that strikes the visitor immediately on entrance to the property. I almost overlooked the orderliness of the project—neat lawns in front, tidy yards in rear—in my effort to find one note of relief. Neither the position of the houses nor their color can now be changed. It might be possible however, to highlight the surroundings by the addition of more shrubbery on some lawns and low white garden fences on others.

According to report, the U. S. Government spent $1,200,000 in developing the property, which is in one of the most exclusive residential districts of South Bend. The residents expressed no enthusiasm over the proposed development that was to bloom in their midst, but the well-kept community soon killed criticism. Included in the Government's figure was $80,000 for the cost of the land; $787,610.06 for the construction of the dwellings, not including cost of improvements and alterations; and $50,000 for the community buildings and store. The Walnut Grove Mutual Housing Corporation acquired the property for $750,000, agreeing to pay for it on a monthly basis at 3 per cent interest. On April 1, 1947, the Mutual completed purchase plans and took over the operation of the development.

The cost of the units and the monthly payments by members were listed as follows: one-bedroom duplex apartment $2,397.64, at $40 a month; two-bedroom duplex $3,014.68, at $42 a month; two-bedroom single house $3,177.60 at $43 a month; and three-bedroom duplex $4,088.79, at $46 a month.

In a year or two payments should be reduced by about $8 a month.

The management first wants to establish a reserve with which to take care of possible vacancies and collection losses and several repair jobs. When the reserves are sufficient, it will be possible to lower the monthly payments.

No down payment is required. But members pay a membership fee of $50 which is not returnable except as a credit on the last payment on the contract. There are no extra charges for sewage or garbage disposal, both being taken care of by the city of South Bend. Members are metered individually for their own electricity, water and gas.

The "extended occupancy" or "future security" arrangement at Walnut Grove is similar to those in effect in most other mutual housing corporations. If a member cannot meet his monthly payments, the corporation will carry him to the value of his equity. If he decides to move, his equity is rebated. Equity, of course, consists only of that portion of his monthly payments credited against principal, less a depreciation charge.

There is no rebate from the reserve appropriated for the repair and maintenance of the property, because this reserve has been set up to keep the dwellings in livable condition for a period of 30 years. "This may be a flaw in the plan, but I see no way around it without saddling the incoming purchaser with a large down-payment," said the manager. "As for the vacancy and collection loss reserve, we have not completed our plan of disbursing this to out-going members. We recognize, however, that this will have to be done."

A comprehensive picture of the financial operation of Walnut Grove is contained in the accompanying table.

In July, 1948 the average per unit income and expense figures were as follows:

Operating and Other Income	
Dwelling rent schedule (less vacancy loss)	$18.38
Non-dwelling rentals	.22
Membership assessment (less vacancy loss)	15.26
Services performed for others	.93
Interest on membership contracts	4.10
Miscellaneous	.09
Total income	$38.98
Operating and Other Expense	
Management expense	$ 2.66
Operating service	.88
Dwelling and commercial utilities	.09
Repairs, maintenance and replacements	2.61
Insurance	.76

Real estate taxes	6.08
Other taxes	.55
Cost of service. to others	.93
Collection loss	.09
Interest on Contract of Purchase—PHA	7.30
Depreciation expense (equipment)	.17
Provision for repairs, maintenance & replacements	4.20
Provision for vacancy and collection loss	4.44
Total expense	$30.76
Net income	8.22
Principal paid to PHA on contract	5.55
Principal charged to members	6.42

CHAPTER 17

A Survey of Other Housing Co-ops

SPONSORED BY HOUSING ASSOCIATIONS

Madison, Wisconsin

In the lake country of Wisconsin, the people of Madison are building themselves a co-operative community. The Badger-Staters have made a good start. Seventy-one houses have been erected and there is room for 130 more on the seventy-five acre tract. Named Crestwood after the giant tufts of trees which top the surrounding hillsides, the community is a planned project as sturdy as the Danes and Scots who built it.

Lying snug in an alfalfa valley between two wooded hills, Crestwood is six miles from Madison and a mile from the municipal bathing beach at Lake Mendota. The residents include public utility employees, University professors, engineers, research assistants, merchants, bookkeepers, accountants, industrial employees, railroad mail clerks, chemists, lawyers, and a doctor. The average salary is $3500 a year.

Annual incomes were far lower in 1936 when several hard pressed members of the Wisconsin State Employees Association (an AFL union composed of 3500 state, county, and municipal workers) joined forces to work out a solution of their common housing problem.

Enlisting the services of John Bordner, in charge of the Division of Land Economic Inventory, Wisconsin Department of Agriculture, the little group selected the abandoned farm of seventy five acres which is now Crestwood. With the help of senior members of the University faculty, one hundred people were gathered together who were able to put up $150 each to meet the asking price of the property—$15,000.

On September 30, 1936, the Wisconsin Co-operative Housing Association was incorporated under the laws of Wisconsin. Capital stock was listed at $45,000, of which $30,000 was composed of six hundred shares of common stock at $50, and $15,000, of three hundred shares of preferred stock at $50 a share. The non-interest-bearing common stock, of which each member had to buy three shares, went as payment for the land.

With the idea in mind of obtaining Government-insured mortgages, the Wisconsin group approached the Federal Housing Administration. The FHA turned thumbs down, claiming Crestwood was "not a good risk." A year later, Mr. Bordner convinced the Federal Housing's office in Milwaukee that the project was sound. He returned to Madison with FHA's approval of the construction of twenty small houses. Today Crestwood has assets of $58,000.

At the time the Association purchased the property, neither water nor sewerage lines were available. Proceeds from the preferred stock helped finance the installation of the water and sewerage systems, and each member was required to buy at least six shares. In addition, bonds totalling $7000 were issued. To provide water, the Association drilled a 350-foot well, built a pumphouse and installed eighteen hydrants. The well delivers two hundred gallons a minute and can service five hundred homes.

Laying the sewerage and water lines cost little. The University provided WPA labor to do the work. In return, the Association allowed the school to take stone from an old quarry on the property. Now Crestwood has a hillside quarry which forms an ideal amphitheater.

To provide for the management of the sewerage lines, the Town approved the creation of a new sanitary district, selected three Crestwood members to operate the district, keep books, and arrange to issue bonds to finance the project. The Association turned over to the new sanitary district officers the sum of $11,000, proceeds of preferred stock collections, and received in return thirty-year-assessment bonds paying 5 per cent interest. This money was used to install sewers a mile in length to connect with the metropolitan trunk line, and to lay sewers in the streets of the development. The Association was to control the installation for thirty years, during which time the new subdivisions wishing to use the sewer would have to assume a portion of the original cost, so that the bonds held by the Association could be retired.

In 1946 a new street was opened and in 1947 still another. Sewerage and water installations were financed by the sale of 4 per cent callable bonds, that is, bonds which may be called at any time by the issuer on payment of principal plus interest up to the time of calling. This bond issue was offered to members of the housing co-op and was over-subscribed by 75 per cent. The sanitary district now includes the adjoining section of Glen Oak Hills where the Wisconsin Housing Co-op owns a number of lots. Cost of utilities to each new owner in Glen Oak is $400 to be paid over a ten year period.

The road problem was settled quite nicely when the town took over each street as soon as it supported two houses.

On joining, the member buys three shares of stock for $150, entitling him to one vote in the Association and the right to select a lot. Prices range from $350 to $500. The initial fee of $150 was assigned toward the total price of the lot.

Early houses cost between $3500 and $6000, while those now under construction are figured at $10,000 to $12,000. On a $5000 house, sewer assessment approximated $6 a year and water assessment about $12 for the same period. The ratio is about the same on a $10,000 house; assessments for sewers and water rise to $40 a year.

Title to the house and lot is held by the individual who finances his new home as best he can. Cape Cod cottages, solar moderns, ranch-style types, and Swiss chalets sit side by side in quiet content at Crestwood. Pine, birch, and oak, painted or stained, have been used in the construction of some of the homes. Other houses are brick. Many are of Waylite blocks. These blocks are made of slag left at the bottom of the steel ladles. The slag is broken and mixed with concrete. Blocks weigh forty pounds and are 8 by 8 by 16 inches. Costing twenty five cents each, the Waylite blocks have many advantages: they are moisture-resistant, fireproof, easy to paint, and they have insulating properties.

Co-operative plans and policies marked every step of the development of Crestwood: in the purchase and plotting of the tract, in financing, in installing water and sewerage systems, in architectural supervision, in supplying title insurance, and in the building of several homes for members. The purchase of building material and equipment through the Central States Co-operative in Chicago, the Midland Co-operative Wholesale in Minneapolis, the Central Co-operative Wholesale in Superior, Wisconsin, and the Consumers Service Co-op in Madison, resulted in considerable savings.

Other co-operative projects include: a baby-sitting group, a grocery-buying club, co-operative vegetable gardens, a co-op nursery of six thousand young shrubs and evergreens, and a community woodlot from which members may cut logs for their fireplaces. But for every tree chopped down, a new one must be planted.

Cost of upkeep of the common land, which includes the ten acres of wood on the hilltops, is paid by members in the form of a yearly assessment of 1 per cent of the value of each improved lot.

St. Paul and Minneapolis, Minnesota

Under the sponsorship of co-operative housing associations, two developments were completed in Minnesota—one in St. Paul and one in Minneapolis—both on land which had reverted to the state through non-payment of taxes.

Credit unions played a major part in the financing of the St. Paul project. Laws in most states do not permit credit unions to make loans on real estate. This is not true of Minnesota, and the Co-operative Housing Association of St. Paul—composed of members of credit unions of federal, state, and city Civil Service employees—took full advantage of the fact.

Members of the Association were able to borrow money from the Minnesota League Credit Union and the City and County Employees' Credit Union, which have combined assets of $2,000,000. The central credit union, organized under the State Act, qualified as an FHA lending agency and proceeded to make mortgage loans on a twenty-five year basis to finance the forty-two individual dwellings. The members then applied for FHA insurance and in most cases were able to obtain maximum FHA insurance of 90 per cent of the appraised value of the property.

The land, which cost the Association $120 for each sixty foot lot, was sold to members for $350 per lot, the difference being used for Association expenses. The houses cost $3750 to $5400, monthly payments averaging $35 and $40 a month. They were completed in 1941 and 1942.

Horace Hansen, one of the initiators of the project, is now proceeding with plans for a second development to be built under the sponsorship of the Co-operative Home Association, an organization which operates in much the same manner as the Co-operative Housing Association of St. Paul.

The Co-operative Housing Association of Minneapolis, organized in February, 1940, sponsored the construction of eighty-seven dwellings on city lots in five adjoining blocks. The land was acquired from the state and paid for at the rate of one-third of the delinquent taxes.

The average house cost $4700. Monthly payments—including amortization, interest, loan insurance, and fire insurance—amount to $24.50 on a $4600 house with a twenty-five year mortgage. Taxes of $8 a month make a total of $32.50 per month.

Sponsored by Labor Unions

Kenosha, Wisconsin

Ten miles from Racine, Wisconsin, in Kenosha, a city of fifty thousand, is a labor-sponsored housing project. Joining forces, the housing committees of the CIO and AFL unions purchased a large tract of farmland in 1947, planning single-family dwellings for 222 families, a community hall, and a shopping center.

Philadelphia, Pa.

To provide decent housing for its members, many of whom were living in slum districts, the American Federation of Hosiery Workers, CIO, sponsored the erection of the Carl Mackley Apartments in Philadelphia in 1934. There are 284 units in the building, ranging in size from 2½ to 5 rooms, with rents averaging $31 a month for the smallest apartment and $53 a month for the largest.

To supervise construction and manage the development after its completion, the Juniata Park Housing Corporation, a limited-dividend corporation, was formed. It operates through a board of five directors who, in turn, employ a paid manager and staff.

Community facilities include three acres of landscaped grounds, an auditorium, fifty-nine heated garages renting for $5 a month, a library, a craft room, and a laundry.

Co-operative activities include a large credit union started with $28, a nursery school accommodating fifty pupils at $1.25 a week, a swimming pool, and a grocery store which grosses on an average $2000 a week.

St. Louis, Missouri

Under the direction of the International Ladies' Garment Workers Union locals in St. Louis, a small group formed in the spring of 1948 to develop a co-operative housing association. Using the Swedish Housing Co-operative idea as a model, the members organized a "mother society" in St. Louis to sponsor separate projects in districts where housing is needed. The Dallas, Texas, local of the ILGWU is following a similar plan.

South Bend, Indiana

When the United Auto Workers, CIO, Local No. 5 in South Bend, Indiana, announced that it would sponsor the development of a co-operative housing project on the outskirts of the city, five hundred applicants paid in $300 each for a total of $150,000 within six weeks.

A tract of land, 156 acres in size, was purchased for $42,500. The property is large enough for the 571 houses planned. Difficulty in finding a contractor who could build within the price limit set by members, forced the co-op group, in the summer of 1948, to turn to a wooden house fabricated by American Homes. This structure, it is figured, can be erected for $7000, exclusive of land. There are one hundred units under construction in the development which is called Edison Park, Inc. Houses are individually owned.

Front Royal, Virginia

The Textile Workers Union of America, Local No. 371, sponsored the building of fifty houses on fifty-seven acres of land in the Blue Ridge Mountains overlooking Front Royal. The property cost $25,000.

The idea for the development started among a group of auto-tire cord workers employed in a viscose plant. Of 3500 in the factory, 3000 belonged to the textile union. The workers named their project Stonewall Heights.

The financing of the project was a fine example of co-operation. Several of the leaders contributed all their savings; local unions in Roanoke, Parkersburg, and Front Royal made loans out of union treasuries; and the national union assisted. Finally a loan was made through a local bank.

By August, 1946, all the houses were finished. The first group cost $5500 and $6000; the second, $7000; and the final lot, $8000. There was no profit at any stage of the operation. Purchasers made a downpayment of $650, and monthly payments are $33.68 for a period of twenty-five years. Each applicant received individual title to his house.

Mutual Housing Associations

Dayton, Ohio

Greenmont Village in Dayton, Ohio, an oval-shaped development of square pastel houses, covers 141 acres and provides for five hundred dwelling units.

Most of the residents are members of the United Electrical, Radio and Machine Workers. All are members of locals affiliated with the CIO. Each local is represented in the Montgomery County Industrial Union Council. This Council, apprized of the Government's plan to sell the Greenmont development to a mutual housing group if such a group were organized, set up a housing committee and mapped an intensive program of education in the industrial plants in Dayton.

The plan was a success. The Greenmont Mutual Housing Corporation was incorporated in October, 1942, and less than a year later signed a lease with the Government with option to purchase. Final papers were signed in April, 1947, the purchase price being $1,500,000 payable over a period of thirty years at 3 per cent interest. The original cost of the development was $2,385,000.

All but fifty of the houses are two stories in height. The fifty units housed in single-story structures are doubles, accommodating one hundred families. Each unit has one bedroom and costs $27.50 per month. The two-bedroom duplex costs $30 a month; the two-bedroom single house, $32; and the three-bedroom duplex, $32.50. These charges do not include electricity, water, or heat—all of which are metered to the individual houses. Nor do they include sewerage line charges and garbage collection, which cost the members another $2.50 per month.

Operating under the board of directors which manages the property is a paid staff, including the manager at a salary of $5000; accountant $3500; senior stenographer $2800; junior stenographer $2000; maintenance superintendent $4000; two maintenance mechanics, $3000 each; a maintenance aid, $2500; two laborers at $2300 each; and a janitor at $2000.

The workers have their own co-op barber shop, beauty shop, dry cleaning establishment, community hall, church services, school, and a volunteer fire department with a town truck on the property. The co-op grocery store grosses an average of over $21,000 a month, and the drugstore grosses an average of almost $4500 a month.

Audubon Park, New Jersey

Two miles from the center of Audubon, New Jersey, the Federal Government built a housing project on a mud flat, while everyone laughed. Today, Audubon Park is a garden spot marked by curved driveways, white cottages, tulips by the wide-paved paths, fir trees by the doorways. Its design of operation, now known as the Camden Plan, has served as an example for many other co-operative communities.

Ninety per cent of the residents are shipworkers. From the formative group evolved the Audubon Park Mutual Housing Association incorporated July 8, 1941. Six years later, the Association commenced negotiations to purchase from the Federal Government the development known as Audubon Park, which consisted of one hundred acres and five hundred houses. Cost to the Government was $2,321,000. Cost to the Mutual Housing Association will be about $1,500,000, payable over a period of thirty-five years at 3 per cent interest.

Henry J. Andreas, one of the initiators of the project, said that the cost of maintenance in a mutual home ownership project is 50 per cent lower than in a rental proposition because the tenants take an interest in their homes.

Dallas and Grand Prairie, Texas

In Texas there are two mutual housing projects within five miles of one another, each housing three hundred families and both operated by the same manager. The development of the Dallas Park Mutual Ownership Corporation covers 114 acres and is in Dallas proper, while the project of the Avion Village Mutual Ownership Corporation covers seventy-eight acres and is in Grand Prairie, a few miles to the west.

Each development contains both apartments and single dwellings. The rental for a one-bedroom apartment is $22.50 per month; and for the three-bedroom single dwelling, from $32 to $34 a month. In addition, the residents pay $6.75 to $8.50 a month for gas, light, and water.

Buildings at Dallas Park are of frame and brick and were completed January 1, 1942. The development, which cost $972,166, has been appraised at $760,000. Avion Village, which is all-frame construction, was completed October 1, 1941, at a cost of $920,094.

West Acres, Michigan

West Acres, in Pontiac, Michigan, is an example of a mutual housing development sponsored by an individual instead of by a government agency.

In 1936, when Colonel Lawrence Westbrook was associated with the Works Progress Administration, the late Senator James Couzens of Michigan told him he would like to sponsor a mutual housing development for automotive workers whom he credited with having built his fortune. Couzens put up $550,000 to purchase land and to construct two hundred homes in Pontiac. No down-payments were required. Monthly rentals on a one-bedroom house were listed at $32.70 and on a three-bedroom house at $43.80.

Oak Park, Dayton, Ohio

In Dayton, Ohio, a group of factory employees raised sufficient capital to take an option on eighty-six acres of land, immediately adjoining the property on which Greenmont Village is constructed (see page 153).

The new project was sponsored by the Dayton Mutual Homes Incorporated and was not financed by the Government. When the initial group had obtained option on the land, the members approached the Federal Housing Administration and were able to get from that agency a letter of intent that the FHA would agree to insure, under Title VI, 80 per cent of any loan that might be obtained. Two insurance companies loaned the money at 4 per cent interest.

The land was divided into 362 plots. Prefabricated houses of four, five, and six rooms were erected at prices ranging from $4350 to $4750. Houses are individually owned. Each member made a down-payment of $275; monthly payments are $36 to $39 a month. This amount includes payments on the principal, interest, taxes, fire insurance, water and sewerage lines. It also included a "future security" angle. Two dollars of the monthly payment was set aside as a trust fund to be used if the member, because of sickness or unemployment, was unable to meet his monthly charges.

Mineral Wells, Texas

The Elmhurst Park Co-operative Housing Corporation was formed by the Farris Anderson Post No. 75 of the American Legion in order to acquire Elmhurst Park in Mineral Wells, Texas, from the Federal Government. The organization, chartered as a non-profit corporation, contains many veterans.

Applicants must invest a minimum of $100 for one share in the Corporation, but may invest as much as $10,000. The development consists of 184 dwellings and was constructed in 1941 to house war workers stationed at near-by Camp Wolters.

Greenbelt, Maryland

The Greenbelt Mutual Home Ownership Corporation was formed by families living in the nine-hundred-unit model town of Greenbelt, Maryland, for the purpose of purchasing the property from the Federal Government. Greenbelt is one of three towns planned in 1936 under the auspices of the Federal Resettlement Administration as demonstrations of low-rental model communities. The town is girdled by a protective green belt used for truck farming.

The white asbestos-shingled houses range in size from two to five rooms in single and multiple dwellings. The seventeen stores and services of the Greenbelt Consumer Services Incorporated reached a record sales volume of $1,726,666.50 in 1947. The town has its own bus service.

The Greenbelt Mutual Home Ownership Corporation has signed a contract with the Trans-American Development Corporation of Washington to execute plans for the purchase of the property from the Federal Government. The Washington Company received $9 per member on signing the contract, and was to receive $20 per member when the deal was consummated. There are one thousand members in the mutual association.

Duluth, Minnesota

Duluth Homesteads, located on 1220 acres of land seven miles northwest of Duluth in the village of Hermantown, is operated by the Duluth Homesteads Association, a non-profit organization incorporated under the co-operative laws of Minnesota. Individual family units include a brick house with combination garage and barn on plots 3½ to 10 acres in size.

The project was initiated in 1934 by the Subsistence Homesteads Division of the Department of the Interior when the Federal Government appropriated $983,994 for the construction of eighty-four homes in Hermantown.

In August, 1939, the development was conveyed to the Duluth Homesteads Association by the Federal Government, and in 1947 the Government informed residents they might purchase their homes outright and receive deeds to the properties. The sales price of the project to the Association was $225,742, an amount which was secured by a note and mortgage to the Government. The average sales price of each unit was $2684, and the average monthly payment is $20.30.

The homesteaders grow most of their own food and some for commercial purposes. Eighty per cent raise poultry and several have cows and hogs. Community projects include a co-operative store with sales averaging $70,000 a year, a co-operative locker plant with assets of $48,000, and the Hermantown Federal Credit Union with assets of $17,000.

Linden, New Jersey

Organized as a non-profit corporation under the New Jersey laws, the Winfield Mutual Housing Corporation operates Winfield Park at Linden, New Jersey, with option to purchase the seven hundred-unit development from the Federal Government. Winfield Park, a Defense Housing Project, cost $4,392,000—almost three-quarters of a million more than the amount allotted the development by the Government.

Other Mutuals

Two other defense housing projects have been earmarked by the Federal Government for mutual home ownership: Bellmawr Park in

Gloucester, New Jersey, and Pennypack Woods in Philadelphia, Pennsylvania. Bellmawr Park contains five hundred dwellings on 133 acres and was erected at a cost of $2,119,000. Pennypack Woods includes one thousand units built on 120 acres at a cost of $4,367,000.

Sponsored by Veterans' Groups

Naylor Gardens

Naylor Gardens, in Washington, D. C. is a model community of 748 red-brick garden apartments owned by the Veterans Co-operative Housing Association. This Association, formed by the AMVETS, an organization of World War II veterans, bought the property from the Defense Homes Corporation, a U. S. Government agency, for $5,125,000. The development, which covers an area of forty-four acres, cost $7,000,000.

When the purchase agreement was signed on January 15, 1947, the Federal Government agreed to convey the property to the veterans for a down-payment of 10 per cent, or $512,500, and upon completion by the Association of mutual contracts with three hundred members. A year later, the Association fulfilled the stipulations.

Each member on joining the Association pays a fee of $50 and makes a down-payment of 20 per cent of the cost of his apartment. Prices start at $5680 for one-bedroom units, $6750 for two-bedroom units, and $7990 for three-bedroom units. Monthly charges range from $59.50 per month for the one-bedroom suite to $78.50 a month for a three-bedroom suite. The mutual member does not receive legal title to his residence. Title remains in the Veterans Co-operative Housing Association, each member receiving a certificate of membership and a mutual contract which entitles him to perpetual use of his apartment.

The goal is 741 members. To speed the membership drive, the Association engaged a real estate firm on the basis of a 3 per cent commission on all apartments leased through its offices.

The balance of the purchase price, over and above the down-payment, is in the form of a deed of trust note in favor of the Defense Homes Corporation in the amount of $4,612,500 with interest from January 1, 1948 to January 1, 1968, on the unpaid principal, at the rate of 3 per cent a year.

Charlotte, North Carolina

Sponsored by Independence Post No. 262 of the American Legion, a group of veterans in Charlotte, North Carolina, built fifty homes for less than $8000 each, with 100 per cent financing.

The cost of the land—$25,000—was financed partly by member down-payments and partly through private loans. The average price for a sixty-foot lot was $500.

Difficulties in finding a contractor to erect houses for very little profit were overcome when Edwin L. Jones, head of the J. A. Jones Construction Company, offered to build the houses for cost plus $1. By July, 1947, fifty white-clapboarded houses were finished.

Twenty-five of the houses cost $7500 and the other twenty-five cost $7825. These figures included the price of the lot, the cost of the sewerage lines ($250 per member), the stove, and the refrigerator. Each house was financed with a $6500 FHA-insured mortgage for twenty-five years at 4 per cent interest plus ½ of 1 per cent mortgage loan insurance. In addition, most of the houses had a VA-guaranteed loan for twenty years at 4 per cent interest, to a maximum of $1000 on the $7500 house and $1325 on the $7825 house. Monthly payments covering principal and interest, mortgage insurance, taxes, and fire insurance, totaled $50 on the first groups of houses and $52 on the second group. Similar five-room cottages in the vicinity were renting for $80 to $90 a month.

Wilmington, North Carolina

A co-operative housing association known as the Veterans Homes, Incorporated, has purchased 584 permanent housing units at Lake Forest, Wilmington, North Carolina, from the Federal Government for $1,797,000.

In February, 1948, the veterans met the Government's stipulations: a 5 per cent down payment of $89,850 and a membership in the Corporation equal to 67 per cent of the number of dwelling units in Lake Forest. Houses were priced at $2804, $3011, and $3392 for one-, two-, and three-bedroom suites, with monthly payments scheduled at $37.75, $40.25, and $44.40.

Toledo, Ohio

On the banks of the Maumee river, fifteen veterans, incorporated as the Inwood Place Association, built homes for themselves in 1947. They co-operated through the acquisition of the land, the financing, and the construction of the homes.

Baton Rouge, Louisiana

An acute housing shortage prompted the Mayor's Veterans' Emergency Housing Committee in Baton Rouge, Louisiana, to suggest to the Nicholson Post No. 38 of the American Legion that low-cost homes could be provided for ex-servicemen through use of a tract of land then belonging to the Federal Government. Acting on the suggestion, the veterans formed the American Legion Housing Corporation in September, 1946. Two years later, 250 vets moved into new homes.

A tract of 160 acres was purchased for $74,000, the amount being borrowed from the National Home Mortgage Company. By selling an artesian well (to the Baton Rouge Water Works Company), two commercial areas, and thirty-three lots it did not need, the Corporation was able to pay up the mortgage within eleven months.

With the land on a mortgage-free basis, the Corporation officials were able to obtain from the Federal Housing Administration a loan guarantee for 90 per cent of the construction cost of the project. The National Home Mortgage Company acted as nominal mortgagee to the FHA for the 250 mortgages totalling a commitment of $1,671,000.

A construction loan of $1,760,000 was acquired by the Corporation from the Crawford Corporation of Baton Rouge—the firm hired to build the development. The cottage erected was known as the Crawford House—a packaged unit. For the least expensive home containing two bedrooms, the veterans paid $6300. This price included the cost of the land. The most expensive house, containing three bedrooms, cost $7700.

Veterans moved in without making any down-payments under an arrangement whereby the Housing Corporation paid the initial 10 per cent and the veterans acquired FHA-insured mortgages for 90 per cent of the valuation, at 4 per cent interest plus $\frac{1}{2}$ of 1 per cent loan insurance. In return for the initial payment, the Housing Corporation accepted notes of purchase from the veterans covering a period of three years.

Installation of utilities cost little. The Baton Rouge Water Company contracted for the water franchise, and the Parish of East Baton Rouge organized a new sanitary district to take care of the sewerage problem in Legion Village.

A Legion Village Post has been formed among the members to operate the community until a Legion Village Association is organized to direct the co-operative activities of the development.

Legion Village is an example of what may be accomplished when public-spirited citizens; town, county, and state officials; local industries; financial institutions; and federal housing officials work together in the building of a community.

Dayton, Ohio

Organized in 1946 by a group of men stationed at Wright Field in Dayton, Ohio, a co-operative association named Air Village Incorporated, purchased 110 acres in Van Buren township, Montgomery County, plus twenty adjoining lots in Dayton. The development is large enough to accommodate four hundred homes.

Salt Lake City, Utah

Two World War II veterans were responsible for the formation of Homeless Veterans Incorporated, which has built forty-five homes in Salt Lake City and plans sixty-one more.

The organization, incorporated in May, 1946, purchased a tract of twenty-five acres for $38,000. The cost was met by membership fees of $600 each.

City sewerage connections were unobtainable, so the veterans installed septic tanks at a cost of $125 each. The problem of getting water into the property was solved by an arrangement under which the Corporation agreed to pay Salt Lake City ten cents for every hundred cubic feet of water used. The water was re-sold to members at a slight profit, the money realized being deposited in the Corporation's treasury to pay overhead costs and community maintenance expense.

Five-room brick houses were constructed under the direction of the Board of Directors and Hamer Culp, Jr., one of the veterans, who acted as general contractor at a salary of $500 a month. The homes, which are individually owned, averaged $10,000 in cost with garages available for $400 extra.

Columbus, Ohio

Under the sponsorship of the AMVETS, an organization of World War II veterans, a co-operative housing group called the AMVETS Homestead Association Incorporated was formed in 1947 in Columbus, Ohio, for the purpose of building eight hundred homes for veterans and non-veterans. The property, 202 acres in size, cost $82,000. Some of the houses will be brick, some will be frame; and the cost will be about $10,000. The co-operative has signed a contract with Ronald A. Ferguson Associates, Inc., of Cincinnati, counselor for the Brookeplan Method of project management, to develop the community.

Palos Verdes, California

Sponsorship for the development of Dapal Homes Incorporated at Rolling Hills, Palos Verdes, in Los Angeles county, was undertaken by the Douglas Aircraft Post No. 523 of the American Legion.

A clam-shaped tract of land of thirty-two acres was purchased for $49,000. It is large enough for five hundred homes. Road work was commenced in the spring of 1948.

New Brunswick, New Jersey

Poor management brought to a sudden end the construction of 168 houses by the Veterans Building Co-operative Incorporated of New Brunswick, New Jersey. By the spring of 1948, at which time the veterans asked for a receiver, thirty-two houses had been erected and forty-one more were in process of construction. The project was named Twin Pines Manor.

Mishawaka, Indiana

Sponsored by the American Legion, the Veterans of Foreign Wars, and the United Rubber Workers, the Veterans Homes of Mishawaka Incorporated is building 315 homes on the edge of the town. The eighty-acre site was purchased for $25,000.

Project co-ordinator is Robert Pine of Robert L. Pine Associates. His fee is 5 per cent of the total cost of the project, which is expected to amount to $3,000,000. A $2,499,000 FHA- and Veterans Administration-insured mortgage has been secured from the Phoenix Mutual Life Insurance Company of Hartford, Connecticut. The individual homes are costing the members from $8600 to $9950. Forty homes were finished by the fall of 1948, and it was planned to have 180 houses completed by the spring of 1949.

Chicago, Illinois

With the approval of the Illinois State Housing Board, the Cook County Housing Authority is building a fifty-unit project for the Des Plaines Veterans Homes, Inc., a not-for-profit corporation. Des Plaines is six miles from Chicago.

With funds provided by the Illinois State Housing Board, the Housing Authority purchased the land, installed improvements, and then deeded back the land to the veterans who used it as equity to secure FHA- and VA-insured loans to build homes. The Authority is responsible for the construction, letting all contracts, and bearing legal and administrative costs. When complete, the homes will be sold and the Housing Authority will be repaid the money it advanced.

The fifty units will be in twenty-five ranch-type duplex homes. The plan is to sell each building to a veteran who will become a landlord to another veteran in the second unit. Each duplex will cost $13,500, including the land, the landscaping, and all street, water, and sewer improvements. The first houses will be ready early in 1949.

Lorain, Ohio

The Lorain Veterans Housing Association has commenced construction on the first six homes of a fifty-unit project at Lorain, Ohio. The members are doing all the work themselves under supervision. Each is required to put in sixteen hours a week on the project.

Some of the houses are one-story high; some are 1½ stories. All the construction money used so far has been advanced by the members of the Association. A revolving fund has thus been created. As soon as a home is completed, it is mortgaged, and the money returns to the Corporation to be used to start another house. The members receive deeds to their homes but must sell back to the Corporation at cost. The cash outlay for the house is $6000. Lots cost $500. The members estimate that it will require 2080 man-hours to complete a home.

Charleston, West Virginia

A veterans' co-operative housing association called Hill Top Park Incorporated has commenced development of a community in the South Hills district of Charleston, West Virginia. The thirty-acre tract of land will accommodate 163 families. Houses range in cost from $8000 to $12,000.

Larchmont, New York

Through the generosity of Mr. and Mrs. Benno Elkan, a group of veterans in Larchmont, New York, was able to acquire five and a half acres of land at very low cost, on which to build fifty houses. Under the name of the Larchmont Veterans Building Corporation, the ex-servicemen erected brick houses with slate roofs at costs ranging from $11,450 to $12,100. The figures include the cost of the lot.

The houses were financed co-operatively under a unique arrangement. To explain it, let us take the case of a veteran who built a $12,000 house. On being admitted to the Larchmont Veterans Building Corporation, he made a down-payment of $600 for three shares of stock in the Corporation. He then made application to the County Trust Company of White Plains for a $10,000 building loan at 4 per cent interest, assigning the loan to the Corporation which acted as agent and made payments in his behalf.

The veteran then made application to the First Federal Savings and Loan Company in New York city for a VA-guaranteed mortgage for the full amount of the appraisal of his house—$12,000—less his $600 down-payment. In this case, the veteran was granted an $11,400 mortgage for twenty-five years at 4 per cent, the mortgage deal being consummated on completion of his home.

The purpose of this arrangement was to provide the Corporation with sufficient capital to contract for the construction of the homes. Under the New York State laws, a business corporation may not borrow more than two-thirds of the money needed for construction purposes. But there is no law to prevent the individual from borrowing the full amount necessary and assigning his loan to a corporation which acts as a receiving agent.

The banks co-operated by reducing the closing fee on each house from $208 to $58. In addition, the County Trust Company relinquished a 1 per cent mortgage fee. The $150 thus saved was not returned to the veteran in cash, but was credited toward the amortization of his mortgage.

Mamaroneck gave the veterans every assistance possible, providing roads and utilities and helping to landscape the areas adjacent to the development. The houses were completed in October, 1947.

Abington, Pennsylvania

The American Veterans Committee of Philadelphia sponsored the formation of the American Veterans Housing Co-operative at Abington, Pennsylvania. The veterans purchased forty-three acres of farmland at $1000 an acre in 1946.

The co-operative has plans to develop a 216-acre site in Abington township outside Philadelphia. Neighborhood opposition is delaying the program. In the fall of 1948, the American Veterans Housing Co-operative brought suit against thirty of its prospective neighbors, charging conspiracy in malicious mischief. The Co-op charged that neighbors complained the $9800 houses planned by the veterans would jeopardize land values, and that they jammed through zoning changes requiring larger lots and much larger houses.

The Co-op also alleged that their prospective neighbors threatened to withdraw large deposits from the Pennsylvania Company for Banking and Trusts in an attempt to coerce the bank into repudiating the contract under which the co-operative obtained the land. The Co-op also charged that the residents tried to obstruct the development by inducing building contractors to refrain from bidding on the construction contracts, threatened the employers of individual members of the co-operative, and brought pressure against lending institutions which might have financed the development.

In spite of strong opposition and its million-dollar damage suit, the co-operative intends to proceed with the construction of the first group of forty-five dwellings on the forty-three acres of land it has purchased. Later, it will go to work on the 173 acres of adjacent land which it now has under contract. The development contains single-family houses and the site plan has been approved by the Federal Housing Administration. The individual householder will be granted a ninety-nine year lease from the co-operative.

Silver Springs, Maryland

Five veterans in Silver Springs, Maryland, bought a piece of land together, hired a builder on a cost-plus-fixed-fee basis and built themselves homes at savings of $1000 on each house. The houses, built in 1947, are Colgate frame prefabricated structures. The average cost was $13,000.

Cold Springs, Kentucky

The Vetvillage Home Builders Association, Inc., was formed by a group of ex-servicemen. The veterans are planning a development of 125 homes in Cold Springs, Campbell County, Kentucky.

Student Housing Co-operatives

From Connecticut to California, Montana to Texas, fifty thousand college students live in houses which they rent or own, and operate co-operatively. For many of them, continuation in school was possible only because under the co-operative plan they were able to live for two-thirds the cost which their fellow students in non-co-operative houses paid.

Most of the student housing co-ops were depression born. Michigan House at the University of Michigan in Ann Arbor, Michigan, lays claim to being the oldest. It was started in 1932. In the intervening years it has housed seven hundred students. There are now five co-op houses in Ann Arbor. Another early student housing co-op was founded at the A and M College in College Station, Texas, in 1932. In Chicago, the United Co-operative Projects Inc.—the student co-operative in the University of Chicago area—manages five houses.

At the University of California in Berkeley, the Students Co-operative Association Incorporated has a membership of 850 students. It serves 2500 meals daily to its co-operative members. Assets of the Co-operative are $375,000, with an annual volume of business, covering room rentals and meals, of more than $260,000. The University of

California in Los Angeles has a Co-operative Housing Association with a membership of 225.

Large student housing co-operatives have been organized at: the University of Texas, the University of Kansas, Baker University, the University of Missouri, the University of Nebraska, North Dakota Agricultural School, and Michigan State College.

There are also student housing co-operatives at the University of Wisconsin, at Antioch College, at the University of Arkansas, and in more than one hundred other colleges and universities across the country.

To find out how much college students saved by living in co-operative houses, the Pacific Coast Student Co-op League made a survey in 1947 of the costs in eight colleges. University of Oregon co-operators enjoyed the lowest proportionate costs in the Pacific group. Room and board cost $30 a month as against $51.75 paid by students living in non-co-op houses. At Oregon State College it cost the co-operator $34.41, and the non-co-op, $55 a month. At the University of Washington, co-ops paid $45 while those not affiliated paid $54.25; at Washington State College, $36 as against $55 paid by those not living in co-op homes; at the University of Montana, $30 a month while others paid $47; and at the University of British Columbia, $29.50 while students living in non-co-operative houses paid $42.

Various Other Types of Housing Co-operatives

Granger, Iowa

There are fifty houses in the co-operative community at Granger, Iowa, which owes its existence and continued prosperity to its sponsor, Monsignor Luigi Ligutti, executive secretary of the National Catholic Rural Life Conference.

Granger is in the bituminous coal district of central Iowa. Since there is little production in the summer, the miners are idle a good part of the year. When Father Ligutti arrived in Granger, he found the miners living in dilapidated huts fronting on muddy roads with sewers between. They averaged between $500 and $900 in wages a year.

When the Federal Subsistence Homestead Corporation was created in the Department of the Interior, Father Ligutti made application for a Federal loan to build new homes for the miners. He eventually secured an allottment of $175,000 to build the community. A tract of 224 acres of land was purchased for $28,243 and in January, 1935, the contract for the construction of fifty five- and six-room frame houses was awarded. Each family unit includes a house, a barn, and two to eight acres of ground. The average house cost the homesteader $1925, payable at the rate of $17.50 a month over a period of forty years. The homesteads cost the Federal Government $3500 each. Each house was subsidized by the Government to the extent of about $1575.

In 1942, the residents formed a corporation known as the Granger Homestead Association, assumed the mortgage obligations formerly carried by the Federal Government, offered the homesteads as collateral, and received in return deeds to the homesteads. By 1948, thirty-nine of the fifty homesteaders held title to their own homes.

The miners raise all their own vegetables and fruit and grow stock feed for their cows, hogs, and chickens co-operatively. Co-operative projects include a credit union, a co-operative buying club, a co-operative market for surplus products, a co-operative Home Tractor Association for the purchase of farm machinery, a co-operative home craft club, a co-operative road improvement association, and a co-operative bus club which owns the bus used in transporting the Granger children to school.

Lexington, Massachusetts

Ten architects, six professors, two engineers, a college dean, a pediatrician, and a librarian make up the co-operative community taking shape on the summit of Six Moon Hill in Lexington, Massachusetts.

The original group consisted of six members of Architects Collaborative, a co-operative organization composed of young architects who work together on an equal footing and share profits and losses on an even basis. When the membership included twelve families, a tract of twenty acres was purchased for $16,750 in the spring of 1947. Each family was assessed $1500 to pay for the land. Twenty-nine building lots of a half-acre each were planned and two acres were set aside for a park and community house. Next, a road was constructed through the property at a cost of $19,000. The money was raised in twenty-four hours when members sold their own bonds or drew on their private savings accounts.

Most co-operatives allow one vote per member or unit family, regardless of the number of shares held in the corporation. Six Moon Hill wanted two votes per family—one for the husband and one for the wife. If a bachelor joined, he would be entitled to two votes. The matter was solved by the attorney for the corporation. Two classes of stock were instituted: Common Stock A, one share per family at $1300, non-voting; and Common Stock B, two shares per family at $100 each, carrying two votes. Common Stock A would be returned to the corporation by the member in exchange for title to his lot. Common Stock B would be retained by the individual and would represent his interest in the common land of the property.

The first three houses were built by the same contractor at savings of $200 on each house. If the houses had been constructed from the same basic plan, greater savings would have been possible. The first house, a contemporary modern built for the librarian in the Harvard University Business School, cost $17,000. This figure included the cost of the land and the utilities.

There is neither racial nor color discrimination in the Six Moon Hill housing co-operative.

Iona, Idaho

In the Iona Self-Help Co-operative Community in Iona, Idaho, Mr. and Mrs. Phares Young and their children have lived in a basement structure for twelve years. They will build the rest of the house when they are debt free. Meantime, the basement is a far better home than the granary in which they formerly lived.

Thirty houses were erected in Iona, but six got no farther than the basement. Another project is now being planned to house the second generation.

Iona lies in the flat spud country of Idaho. Most of the residents are farmers, descendants of the Mormons who established co-operative groups called United Orders in Idaho in 1870. In the depression year of 1934, when 80 per cent of the residents were out of work, fifteen families formed a co-operative group and applied to the Federal Emergency Relief Administration for a grant of self-help co-operative funds. Included in the application was a request for a revolving building fund. The group was granted $1750. The money was used to make loans to members for housing purposes.

As soon as a member could show clear title to a piece of ground (most of them owned the lots on which their shacks stood), he received a cash loan of $500 from the revolving fund, plus a loan of co-operative labor, that is, part-time assistance from his fellow members in the construction of his home.

With the loan, materials necessary for the construction of the basement were bought by the co-op's bookkeeper Eugene Olsen, a school teacher who fathered the struggling group. The loan had to be repaid over a period of two to five years. Payments ranged from $3 to $10 a month. When the loan was repaid and the member had worked out his labor claims, he received title to his property.

In most cases three loans of $500 were necessary to complete the house. The first loan built a concrete basement 28 by 32 feet which provided four rooms. Half the basements have bathrooms. All boast the luxury of running water with a tap in the kitchen, electricity, and a cesspool. In this basement the family lived while repaying the first loan. The second loan covered the cost of the shell of the superstructure, and the third, the finish and trim. The manner in which the houses were constructed enabled a family, in the space of six to ten years, to build and pay for a home worth $2000 to $2500, without owing more than $500 in cash at any time, or paying more than $12 interest in any one year.

Exchange of labor at the rate of thirty cents an hour brought the cost of the house down to a minimum. Work was carried out under the guidance of one member who was a carpenter, and a second who understood plumbing and masonry work. Further reductions in cost were accomplished by utilizing native stone, salvaging lumber from demolished buildings, and making building blocks on a secondhand machine for two cents apiece. The blocks were made of pumice—volcanic glass—taken from the lava bed hills near-by.

Co-operative projects included a credit union, a medical and dental plan, co-operative gardens, and a widows' insurance program. Under the latter plan, each member pays ten cents a month on each $100 of his cash loan still owing. If he dies, the co-operative takes a mortgage in the amount still owing and gives the widow a deed to her house, permitting her to live there the rest of her life without further payment.

Members co-operated in many other ways: in logging, stone cutting, ice storage, trucking, laundry work, sewing, butchering, coal loans, livestock loans, buying clubs, growing seed potatoes, raising chickens, pigs, and cows, erecting a freezer locker, and building a new Mormon church.

Niles, Illinois

Employees in the composing room of the Chicago *Daily News* formed the nucleus of the Home and Community Planning Association which built thirty-five homes in 1948 and plans 242 additional houses in Niles, near Chicago, Illinois. Subsequently, members from the typographical unions of both the Chicago *Sun-Times* and the Chicago *Daily Tribune* joined. Many of the members are veterans.

Seventy acres of farmland were purchased for $119,000, the cost of which was defrayed by the $500 down-payment required of each member. For the development and maintenance of the community property, each member was assessed $30 a year.

Rising costs forced an increase in the price of the houses, which are now costing between $12,000 and $15,000 each, including the lot. In the fall of 1948, two members brought suit against the Association, claiming that the houses were costing more than they could afford, that the Association had neglected to build any roads, and that the Board of Directors was careless, lacked experience, and knew little about building. The judge continued the case and the Association and the plaintiffs agreed on a new plan.

There are no membership bars to race, creed, or color in the Home and Community Planning Association.

Schenectady, New York

A group of engineers employed at the General Electric Company in Schenectady, New York, formed a co-operative housing association in 1946. The group incorporated as the West Hill Development, Incorporated, in 1947, with a capitalization of $60,000 and plans to build 215 houses.

On the outskirts of the town, 260 acres of land were purchased for $27,000. The money was raised by the members who subscribed for 286 shares in the Corporation at $100 a share.

The preliminary site plan was designed by the engineer-members. In the spring of 1948, the first twenty members commenced construction on their homes. Because they could not wait until water lines were laid throughout the property, these initial members rented a small piece of land from the Corporation, drilled a common well, and installed a distribution system to service their properties. Houses are individually owned.

Chapel Hill, North Carolina

Sponsored by the Service Employees Corporation of the University of North Carolina in Chapel Hill, fourteen brick and frame houses were built under a self-help plan which reduced the cost of the units to less than $5000 each.

A forty-acre tract of land was purchased by the Corporation for $2200 and called Oakwood Community. The project was financed from funds advanced by the Service Employees Corporation, by loans from an insurance company, and by FHA-insured mortgages. The Corporation retained title to the property until the member completed the number of self-help labor hours agreed upon, when he received title to his house and lot and the property was refinanced.

The houses cost from $2750 to $5000, and were completed in 1941.

Each member was required to put in a minimum of $500 worth of labor on his own house.

Indianapolis, Indiana

Flanner House Homes Incorporated was formed in August, 1945, under the sponsorship of Flanner House, a social settlement in the Negro section of Indianapolis.

Flanner House is co-operating with the city's Redevelopment Commission in working out a plan to provide for the rehabilitation of five hundred families in a 160-acre section of the city. The homes will be built on a non-profit basis by veterans who will be trained under the direction of the Veterans' Administration and the City School Board. The community, to be called Fall Creek, will be developed under a five-year program.

New Brighton, Minnesota

Twelve miles north of the twin cities, St. Paul and Minneapolis in the town of New Brighton, is the Circle Pines Community, covering 1203 acres with room for two thousand families. Forty houses and twenty-six apartments in thirteen buildings were constructed in 1948.

Circle Pines was evolved by three St. Paul business men who paid $100 an acre for the land. In July, 1945, the Circle Pines Development Association of New Brighton was incorporated under the non-profit laws of Minnesota. The Association's activities will end when the development is complete, at which time the members in the community will form their own co-operative association for the operation of Circle Pines.

Applicants pay a membership fee of $1 plus $100 for membership in the Circle Pines Co-operative which operates the shopping center. The Center, which was built before the homes, includes a grocery and meat market, five hundred frozen food lockers, a feed store, a hardware shop, a gasoline station, and a restaurant.

In addition to the $1 fee and the $100 subscription, the prospective homeowner is required to make a down-payment on his house and lot equal to 10 per cent of the total cost.

The first ten houses erected were Cemesto units. Cemesto is a prefabricated building panel composed of a Celotex cane fibre insulation board surfaced on both sides with one-eighth inch of cement asbestos. The original estimated cost of $7500 rose to $9600 before the ten homes were completed.

The next thirty houses were of conventional construction, two- and three-bedroom units erected on concrete block foundations. Costs ranged from $10,000 to $15,000.

Mount Pleasant, New York

Fifty houses are planned in the co-operative development of Usonia Homes Incorporated, located at the north end of Kensico Reservoir, in Mount Pleasant, Westchester County, New York. The ninety-five acres of hilly land were purchased for $25,000 and paid for in cash through loans made by the members. Usonia Homes was incorporated in January, 1945, with one thousand shares of stock at $5 a share. It is a member of Eastern Co-operatives Incorporated.

Under the supervision of Architect Frank Lloyd Wright, the home sites were designed in circles, each covering an acre of ground. Only fifty of the plots will be used for home sites, the rest being held as community land. There are also two open lots. One will be used for recreational purposes and for a demonstration farm for the children in the community, and the other will be reserved for a community house and several guest cottages.

The cost of the unimproved lot was figured at $260 and the cost of the improved lot—with roads, water lines, and sewerage installations—at $1260 to $1760. Driven wells and a gravity feed system supply the water and the houses have individual septic tanks. Preliminary work has been completed on two miles of roads through the project.

From the time of its organization, each family contributed on a loan basis approximately $50 a month to a joint savings fund. By the middle of 1948, the first thirty-five members had invested $2000 each. New members, in addition to paying the regular $100 membership fee, are required to match the total savings of the old members. Before construction begins, each member must have a minimum paid-up investment of 40 per cent of the proposed cost of his house and lot.

A panel of eight architects and engineers under the supervision of Mr. Wright is responsible for the design of the homes. A member may choose anyone on the panel to design his house. All homes are modern-organic in design and feature wide glass areas, roof overhangs, radiant heating, and large terraces. Seven units were under construction early in 1949.

Houses will cost from $10,000 to $30,000. Title to the homes and the home sites remains with the Corporation, and houses may be leased only to individuals approved by the Corporation. Most of the members are middle-income professional people. Membership is not limited by race, creed, or color.

Indianapolis, Indiana

Nucleus of the Home Owners Co-operative Incorporated was formed among members of the Indiana Farm Bureau Co-operative Association. Twenty acres of land were purchased on the edge of Indianapolis for $48,500.

Under an arrangement between the Home Owners Co-operative Incorporated and the Marion County Farm Bureau Co-operative of Indianapolis, the first ten families building in 1948 were able to buy their building materials at 5 per cent above cost.

This project is an example of the development of one co-operative from the membership of another co-operative, and of the co-operation between three co-ops to the mutual advantage of all.

Boulder, Colorado

Faculty Court in Boulder, Colorado, was built by eight members of the faculty of the University of Colorado. Pooling their resources, they purchased a city block on "tax title," that is, land available at low cost on payment of delinquent taxes. The lots cost the families $500 each.

Colorado ranch style houses were erected. As the project was started in 1939, construction costs were low and the members were able to build houses at prices ranging from $5500 to $9000. The average monthly cost to members is $55. In addition, there is an annual assessment against each member for the care of the common playground and for the taxes and for the upkeep of the community garage.

Watsonville, California

Three developments in Watsonville, San Jose, and Stockton, California, providing housing for 123 families in the low-income groups, were sponsored by John and Tom Porter of Watsonville. The first project—called Pioneer Homes—was built on an eight hundred-acre ranch in Watsonville owned by the brothers: John, who is head of a lumber supply house, and Tom, who operates a twelve hundred-acre truck farm. It was commenced in 1939.

The ranch was unsuitable for farming. It might be used for home sites. But who would buy such wild, hilly land? Tom pointed out that a good many of his tenant farm laborers, then living in shacks, tents, or dilapidated auto courts (at $15 a month), needed homes, and that decent homes with land for vegetables might be sufficient inducement to keep them in Watsonville all year around, so their labor would be available when needed.

Knowing that most of the laborers had no cash and that few earned as much as $1000 a year, the Porters decided to start the development on a small scale. A thirteen-acre tract by the railroad was divided into plots of two acres and one of three acres. A few months later a second tract was opened.

The first thirty-eight houses were four-room units built on a self-help program under Title I of the National Housing Act which required no down-payment. The cost to the prospective home owner was $400 for a two-acre plot. The materials for the house cost $325. The labor cost nothing, for all the work was done by the members under the supervision of the Porters.

The brothers figured that over a period of two years the $325 expended for materials could be repaid by payments of $14.48 a month on an FHA-insured loan. After the loan on the materials was paid, the workers would continue to pay $14.48 a month until the cost of the land was cleared. To obtain bank financing, the Porters underwrote each loan with a personal note. At the end of seven years, most of the workers in the initial group owned their homes outright and only one had been unable to meet his payments.

The second group of houses was built under Title II, requiring a 10 per cent down-payment but allowing the purchaser to make the payment in labor. When the development stretched to the hillsides of the ranch, the Porters found it necessary to install a water system at a cost of $26,000. This will be mutualized when the development is complete and will be operated by the community.

The community now includes shed workers, boxmakers, farmers, laborers, truck drivers, construction workers, and quarry workers. They have their own community association which operates the development and their own schoolhouse which was built on the property through their efforts.

Milwaukee, Wisconsin

The Milwaukee Co-operative Homes Association has purchased thirty-eight acres on the northwest side of Milwaukee for the construction of 133 homes.

The $29,000 purchase price of the property was raised by selling each member $300 worth of stock. Of this, $150 was considered part payment on the land and home and $150 was considered a share or equity in the Association. Construction has been delayed pending an arrangement with Milwaukee for the installation of water and sewerage lines.

Syracuse, New York

Six miles from Syracuse, in the town of Camillus, the Home Owners Co-operative, Inc., started construction of its first thirty houses less than a year after its organization in June, 1947. The development, called Westerlea, includes 108 acres and is planned for 156 homes.

A tract of rolling farmland was purchased for $30,000 and paid for by membership stock purchases and a purchase money mortgage obtained from the Syracuse Trust Company for $15,000 payable in installments at 5 per cent interest over a period of five years. The property was divided into 156 homesites with thirty acres retained for parks, playgrounds, and commercial use.

Roads cost the co-operative $5500 and the water system cost $60,000, of which $42,000 was paid by the town of Camillus. The town also assisted in the road building. After the road base was constructed, the town accepted dedication of the roads and appropriated sufficient funds to gravel them.

On the property were a barn and several buildings valued at $15,000. In an apartment in one of the buildings, the Lee Trimms, two of the initiators of the project, set up housekeeping, using their living room as an office for the development's business. In such manner overhead was kept to a minimum. There were no fancy brochures or advertising costs. All clerical help was provided by the members. This was necessary to keep down the costs. Most of the members are white collar workers averaging $4000 a year.

The houses are contemporary modern. There are seven floor plans ranging in size from 1000 to 1500 square feet and containing five rooms. To facilitate construction and save money, the Co-operative set up the Westerlea Construction Corporation which builds the houses under contract with the members. The first houses—two-bedroom units, 24 by 48 feet—cost $9000 exclusive of the lot. Others have been designed to cost from $7500 to $9000. The houses are individually owned.

Dayton, Ohio

In 1930, with big plans but little money, thirty families in Dayton, Ohio, formed the Hyland Home Owners Association, a non-profit corporation. For two years, members made weekly contributions to a trust fund until they had sufficient capital to buy 104 acres seven miles outside the city.

The tract was divided into three-acre plots and twenty houses were built under a self-help plan. Construction of a community house 60 by 30 feet was completed in 1948.

Glenview, Illinois

Proof that houses can be built co-operatively at less cost than they can be built individually, no matter how small the community, may be seen in the story of Redwood Village in Glenview, Illinois.

Ten families who belonged to the North Shore Co-operative Society in near-by Evanston decided to build homes together. They formed the Co-operative Community, Inc., in 1939 and purchased a wooded tract of five and one-half acres in Glenview for $4000.

Paul Schweikher, the architect, reduced his fee from 10 to 7 per cent when he was given the contract to design all the homes. Contractor Edward B. Hawkins likewise reduced his profit fee from 10 to 7 per cent and agreed to divide with the co-operators any savings he could manage above the price he had quoted for each house.

Seven houses were built, the last being completed in 1942. They are finished in redwood beveled siding and contain four or five rooms. Their costs ranged from $8000 to $11,500, including the lot. The members figured they made the following savings by building co-operatively: $1500 to $1700 in the group purchase of land; $210 to $330 in architect's fees; $320 to $510 in contractor's profits; $100 to $150 in the mass purchase of building materials, making a total savings for each family of $2130 to $2690. Three more families plan to build this year.

Winchester, Massachusetts

Four professors in Winchester, Massachusetts, worked out a plan for co-operative living which is still successful after eight years. Together they bought a small estate on Mystic Lake, not far from the Massachusetts Institute of Technology where the professors were staffed. They saved money on legal fees, in utilizing one architect for all the houses, and by purchasing the property in one piece. Because there was a group of homes, the town of Winchester extended the sewerage lines 350 feet to one end of the property, and installed the water main in the same trench.

Each family has two-thirds of an acre for house site, garden, and playground for the children, and each has private shore frontage. Not formally co-operative at all, the families share boats and wharves, garden equipment and carpentry tools, and purchase together supplies for the improvement of the property.

Chicago, Illinois

Evergreen Co-operative, Inc., of Chicago, started as a study group in 1946. It is planning a development of multiple or row houses for twelve hundred families on a square mile of land.

The Association was incorporated under the District of Columbia Co-operative Laws. It is a member of the Co-operative Federation of the Chicago Area, Inc. Under the present plans, houses and land will be held co-operatively, members accepting 99 year leases to their homes in lieu of titles.

Milwaukee, Wisconsin

Initiated by Socialist Mayor Hoan, a co-operative housing project which provided homes for 105 families was built in Milwaukee in 1920.

The Mayor prevailed on the Milwaukee Housing Commission to sponsor the passage of a state law which authorized the formation of housing corporations on a co-operative basis. These corporations were permitted two kinds of capital: common stock to be held only by the tenant owners in amounts equal to the value of the premises occupied by them, and preferred stock to be held by investors. The common councils of cities and the boards of supervisors in counties were authorized to subscribe. The plan could be duplicated in Wisconsin today, for the law is still on the state statute books.

Houses built by the Garden Homes Company cost $5000 including the lot. Tenant-members paid $45 a month for a five-room house.

Stamford, Connecticut

With a membership of twenty-one families, a housing co-operative composed of chemists, engineers, and instrument designers in the American Cyanamid Corporation of Stamford, organized in 1948 and purchased land in Darien, Connecticut.

The co-op, called Boulder Ridge, Inc., bought forty-two acres for $34,000 with funds supplied by the members. Each applicant paid a membership fee of $100 plus a down-payment of $2000 credited toward the cost of his lot. Single dwellings are planned.

Melbourne, Florida

On a ridge between the Indian and St. Johns Rivers, near Melbourne in southern Florida, the American Homesteading Foundation, a non-profit association incorporated under the laws of Ohio in 1946, purchased 160 acres of land at $75 an acre.

The property was divided into 150 home sites, each three-quarters of an acre in size, with acreage set aside for recreational areas, a community hall, a craft shop, a store, tourist courts, and trailer camps. Each individual paid a membership fee of $750.

The houses are concrete or cement block, three rooms and bath, erected at a cost of about $7000 including the cost of the land. By 1948, seven houses had been built, five more were under construction, and future houses were planned at the rate of one every month. Members saved money by doing some of the work themselves.

The site plan, designed by Louise Odorne, graduate of Ohio State University, includes the development of orange groves and truck gardens. Members also cultivate flowers for shipment by air to northern cities and grow tropical fruits which are shipped out of the state. Membership is composed largely of ex-social workers and educators. The community has organized an American folk school.

Millinocket, Maine

Through the co-operative efforts of a paper company, a bank, several business houses, and a group of people who worked nights and week ends to construct their own homes, fifty-one houses were built in Millinocket in the lake country of northern Maine.

The Great Northern Paper Company, principal industry for the 6300 inhabitants of the town, started the enterprise in 1947 by dividing a tract of land it owned into fifty-one lots and selling the lots at $240 each to employees and villagers who would build their own homes. Self-help work teams went into the woods and cut logs for lumber. Others cast cement blocks. The Great Northern offered special rates for the use of its horses and trucks. It also furnished without cost a bulldozer and an operator to excavate and backfill, a cement mixer and an operator, and other miscellaneous equipment. To guide the co-operators, the Company provided the services of several expert carpenters. There were times when as many as forty members worked on one house. The Bangor Hydro-Electric Company supplied current free at night so the men could work on their homes after dark.

The houses are one or two stories in height and contain five or six rooms. Many have garages. The dwellings were erected at costs ranging from $4000 to $6500, exclusive of the cost of the lot.

Through the efforts of the Great Northern Paper Company, the Millinocket Trust Company agreed to make loans which would be liquidated in ten or fifteen years at 5 per cent interest.

The members developed a community park a year after the project was commenced.

Yellow Springs, Ohio

Ten veterans formed the Yellow Springs Co-operative, which plans a garden apartment development in Yellow Springs, Ohio. The members hope to save money by joining forces with the co-operative Riverside Homes in Detroit, Michigan. The two groups will use the same architect, a similar site plan, and will buy supplies together.

Detroit, Michigan

An engineer and an architect, with plans to develop a co-operative community of five hundred homes, bought a tract of land of seventy-two acres in Detroit for $800 an acre and undertook the work necessary to plan the project, have the land re-zoned, and organize the prospective co-operative set-up. This procedure is the reverse of the plan followed in the development of most co-operative communities.

Donald Monson, engineer in the Detroit City Plan Commission, and Philip Brezner, Detroit architect, bought the property with their own funds and then designed a site plan to include park apartments, single dwellings, duplexes and row houses, a community hall, a shopping center, athletic and recreational grounds. Land will be turned over to the ultimate co-operative ownership corporation at purchase price plus development costs. The building company will be a profit corporation, but the owning corporation will be a Rochdale Co-op, with title to all land and buildings remaining with the Corporation.

Macedonia, Georgia

Six miles from Clarkesville, Georgia, is the co-operative community of Macedonia, Georgia. The members are businessmen, lecturers, teachers, and students. Many were Conscientious Objectors during the war.

Forty people, many of them living in houses they themselves built, receive their entire support from the community. It is estimated that fifty families can be accommodated on the eleven hundred acres.

No one has any money in Macedonia. No one receives any. Houses, shops, mills, barns, pastures, cows, chickens, store, farm equipment, and the woodcraft shop where children's building blocks are made are owned by the community. Wages are pooled, and families draw subsistence checks only to foot current costs of food and clothing.

Five new houses have been constructed and a number of others were rebuilt. Morris Mitchell, professor at the Alabama State Teachers' College, initiated the project. There are no bars to race, creed, or color at Macedonia.

Celo, North Carolina

A community similar to Macedonia, Georgia, is being developed by the Celo Community, Inc., on the banks of the South Toe River in Celo, North Carolina. The main difference is that in Macedonia, members depend wholly on community projects for their subsistence, whereas in Celo many of the members have outside interests which contribute to their financial support.

The American Friends Service Committee, Quaker organization, sponsored the project, purchasing the 1250 acres of land with funds supplied by the Marquette Charitable Organization of Chicago. Eleven families have settled in Celo, most of them building their own homes.

Wilkinsburg, Pennsylvania

Under the name of Parkway Co-operative Association, thirty electrical engineers, mechanical engineers, and physicists from Pittsburgh, joined forces to purchase thirty acres of land in Churchill Boro, two miles from Wilkinsburg. The property cost $30,000.

On the acreage at the time of purchase was a nine-room house which was converted into three apartments for members in 1947. The land has been divided into eighty building lots. Single-family dwellings are planned and will be individually owned. Each member holds stock in the community house and in other community facilities, which will be co-operatively owned and operated.

Ramapo, New York

A group of businessmen desiring homes within commuting distance of New York organized Sky View Acres, Inc., in Ramapo, New York in 1946. A tract of 150 acres was purchased for $30,000. A twenty-year mortgage for $16,000 at 4 per cent interest was obtained, the balance of the cost being paid with members' share subscriptions.

Eighteen acres were sold to the State of New York for a parkway. Of the remaining 132 acres, 108 were divided into homesites ranging in size from one and one-half to four acres, and the rest was retained for community land. The property will accommodate forty families.

Most of the houses planned are one-story expansible units to which two or three bedrooms may be added later. The homes have been designed to enable members to undertake a number of the subdivisions of the construction work. Savings were effected because the members used the same architect and because they utilized similar materials that were purchased in quantity. Construction began in the fall of 1948.

Members make a down-payment of $1000. Of this amount, $100 is retained by the Corporation for development purposes and $900 is applied toward the individual's lot. Houses are to be individually owned.

There are no paid officers in the Corporation and most of the clerical work has been done by the members. After the development is complete, the Corporation will operate the community.

Hollywood, California

A group of union screen cartoonists, intent on solving their respective housing problems, was responsible for the formation of Community Homes, Inc., which plans a co-operative community of 280 homes on property located in the San Fernando Valley, Hollywood.

In 1946 Community Homes purchased 106 acres of land for $230,-150, paying for the property in full with funds acquired through membership down-payments. Each veteran member made a down-payment of $750 on joining the Corporation, while non-veteran members paid $1500. Initial plans called for the construction of frame houses with exterior walls of redwood siding and stucco.

Chicago, Illinois

Under a land re-development program, the Co-operative Residences, Inc., plans a community of 125 dwelling units in apartments and row houses to be built on a six and one-half-acre tract in south Chicago.

Application was made in 1948 to the Land Clearance Commission to purchase the property under the Illinois Slum Clearance and Redevelopment law at a cost of thirty-five cents a square foot.

Media, Pennsylvania

Ten families, threatened with eviction, organized the Fellowship Co-operative Homesteads, Inc., which is developing Tanguy Homesteads on 167 acres of farmland in Cheney, near Media, Pennsylvania.

The project was started in January, 1945, when Robert Willson was evicted from his home. Willson called together the members of a small group who had been meeting for two years and planning a co-operative housing development.

Ten families pledged $1000 each toward the purchase of land and instructed Willson to buy a farm of 110 acres which only three of them had seen. The property cost $30,000. Of this amount, $15,000 was paid in cash as follows: $10,000 in member loans, $3000 from the sale of a fruit farm on the property, and $2000 borrowed by Mr. Willson. A bank mortgage was obtained for the remaining $15,000.

The farm was divided into forty-two-acre homesites, the rest of the land being devoted to community interests which include a co-operative farm. On the property was a sixteen-room farmhouse. This accommodated the Willsons and two other families who converted it into apartments. A fourth family moved into a shed; a fifth rebuilt an old garage; and a sixth occupied a trailer until the first house was built.

This unit, a flat-roofed, cinder-block structure containing three bedrooms, cost $8000.

The Tanguy homes are being built by five members who trained at the school for low cost housing at the Fellowship Center in Wallingford. The Tanguy plan is to retain these five members as a building crew on an all-year basis, guaranteeing them a minimum of $3000 in wages per year.

The houses constructed after the block home are expansible units to which two or more rooms may be added later. The first unit erected cost $5500.

In 1948 the Tanguy members purchased a second farm of 87 acres for $27,000. The purchase money was raised through the sale of three houses and twenty acres of land, plus $4000 in member loans, and a bank loan of $3000.

There are no color lines at Tanguy. Four of the first ten families were Negroes, and a section of the second farm has been set aside for faculty members of the Cheney State Teachers' College, a Negro institution. Many of the first Tanguy members were Conscientious Objectors during the last war.

West Haven, Connecticut

Financial difficulties have delayed construction in the development planned by the Co-operative Homes of West Haven, Inc.

A tract of seventy-two acres known as the Elm Terrace Golf Course was purchased in 1947 at a cost of $30,000. Original plans called for the erection of 122 homes.

No matter what your profession or job, you can find here people like yourself who formed a group within their community, their union, their church, their office, or even among their friends—and, by co-operative effort, built their own homes. Some of the groups formed true and complete co-ops; others adopted some co-op features; still others formed only the loosest sort of association. But all of them got houses of quality and beauty superior to anything they could have obtained under separate contracts.

The first and only detailed account of co-operative housing in the U. S., this volume is indispensable to all individuals and organizations interested in any phase of housing—public or private.

THE AUTHOR

Elsie Danenberg has more first-hand material on group housing than anyone in the country. She has followed its development closely for years, has written about it, and has counseled numerous groups on their problems. In gathering material for this book she spent several months visiting co-op housing developments from coast to coast. The information is, therefore, complete, authentic, and up to date.

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