PART II: MEETING HUMAN NEEDS COOPERATIVELY

CHAPTER 5.

COOPERATIVE HOUSING BRINGS THE DREAM HOME

For many Americans of modest financial means, the dream of home ownership has come to seem out of reach in recent years. Even so, one way that dream is being kept alive for many people is through cooperative ownership of their homes.

Nearly 150 years ago, housing co-ops began to appear in New York City as an answer to the working person's search for affordable housing. New York City is now this nation's hotbed of co-op housing activity, for rich and poor New Yorkers alike.

Today, cooperative housing is a nationwide phenomenon. This chapter will look at the struggles and successes of various New York projects over the decades, as well as at two housing co-ops in other parts of the United States.

ONE IN A MILLION

For Rossana Perez, the prospects of home ownership seemed gloomy indeed. As a single mother raising two children, she lives in Los Angeles, where $200,000 is the median price for a house, and where only 40 percent of the population own their own homes, compared to a 60 percent national average.

Still, Perez beat the odds stacked against her. Today she and her two children live in a two-bedroom house in the 66-unit Marathon Housing Co-op in Los Angeles. Marathon is a housing co-op that stretches eleven blocks and is composed of single family homes, duplexes and triplexes. She was able to buy her co-op share for $500, for a house in a neighborhood where homes start at around $250,000. With the help of a subsidy from the Department of Housing and Urban Development (HUD), her monthly rent is only $350, half of what she'd pay for a house half the size of the one she owns.

Perez is glad her days of apartment-renter transience and landlord hassles are over. More importantly, she has a community of support all around her. Fellow co-op owners assist her in her efforts to raise two children alone. That's especially crucial to Perez because she's active in community work in Los Angeles, as well as in her home country of El Salvador, and needs to be away from home fairly often. She needs good neighbors – and she has them.

In return, those neighbors recognize Perez's gifts: her understanding, empathy, excellent bilingual communication skills (she's also a published poet) and leadership abilities. In May 1995, two years after she moved into the co-op, her neighbors elected her as the co-op's president. "It's a big task," Perez says of her position, "and a lot of work. However, the co-op is in good shape, there are three working committees, and we have high participation from our members."

Before buying into Marathon, Perez knew about the people-helping-people benefits of co-ops from her work in El Salvador. These days, when she tells others she lives in a co-op, she often encounters misperceptions. Many think of a housing co-op as being a sort of commune, where residents each have their own rooms and share meals together. Perez takes time to explain the housing co-op idea – that she is an owner, has her own apartment, that residents are in control of their own housing, and that they elect a board of directors from their own ranks to take care of the co-op's business affairs.

In turn, Perez says she's learned a lot from her co-op involvement. "Organizing takes a lot of time," she observes, "and you need to be open to other people's ideas. People need to know that you're listening to them. You must start from respecting the other person's opinion. Empowering people is a long process that requires patience."

As Perez sees it, not only is the co-op providing affordable housing to her family and her neighbors. It's a step toward better understanding among people of varying cultural and language backgrounds. "It's critical," she says, "that we understand how to live in harmony."

Perez and her two children comprise one of the roughly 1 million American families now living in housing co-ops, according to the National Association of Housing Cooperatives in Alexandria, Va. Of the current number of housing units, one-third are specifically targeted for low- or moderate-income families, while the remainder are privately financed at market rates.

COOPERATIVE LIVING THROUGH THE AGES

Some observers trace the roots of co-op housing in this country back to a thousand years ago, when the Anasazi Indians built their apartment-like pueblos into the cliffs throughout the southwest U.S. canyon country. Certainly, with their communal ownership, the Anasazi created an early form of co-op housing, of sorts. But did they operate on the principle of one vote per housing unit? Did they elect a board of directors? History hasn't answered such questions.

The modern co-op housing movement had its start, however, in the concrete canyons of New York City in the mid-19th century (we'll look at this in detail in the next section of this chapter).

Another spurt in co-op housing development in this country occurred in the 1930s, with the emergence of student housing cooperatives at several universities. Today more than 165 such co-ops are still in existence, serving as affordable "homes away from home" for some 10,000 college students nationwide. What's more, these co-ops give students hands-on learning opportunities in housing management, finance and democratic decision-making.

Student co-ops in both the United States and Canada belong to the North American Students of Cooperation, based in Ann Arbor, MI NASCO provides guidance and development services to the student cooperative community, with NASCO's annual conference serving as an energetic gathering site for student co-op leaders.

The 1950s ushered in another era of massive cooperative housing development throughout the United States, thanks to passage of Section 213 of the National Housing Act. To this day, co-ops organized under Section 213 claim the lowest default rate of any HUD multifamily program.

The fervor of the 1950s faded considerably by the 1970s, as government sources of co-op financing dried up. New sources have emerged, however, in the form of affordable housing programs at the state level and through regional financial institutions and foundations.

The 1980s saw the advent of banks making loans directly to housing cooperatives, largely spurred by the growing role of cooperatives in apartment conversions. Apartment conversion activity – that is, converting apartment buildings to condominiums and cooperatives – sprang up in the 1970s. By the next decade, cities had begun to grapple with the issue of long-term renter displacement resulting from condominium conversions. In many cities, owner-occupied cooperatives came to be viewed as an effective way to protect renters. Consequently, more than half of all apartment conversions since 1982 have been to cooperatives.

A newer surge of interest in co-ops has been fed by the growing interest during the past two decades in a concept known as "New Urbanism," with its focus on bringing back neighborhood relationships and rebuilding community. Cooperative housing has been a natural fit in the New Urbanism philosophy. One form of this is CoHousing, a Danish concept that is now being put into action by more than 150 groups in the United States. The CoHousing model is based on residents living in their own units, but also committing to participating in community activities, such as eating together in a "common house." Residents own their own homes, but also have a shared interest in the common house and other common areas.

NEW YORK CITY: CO-OP HOUSING'S BIRTHPLACE IN THE UNITED STATES

To millions of people around the world, New York City evokes images of towering skyscrapers, a city that never sleeps, where the pampered elite live just moments away from unconscionable poverty. Television and motion pictures have captured the excitement of New York City life, even for those of us who'll never experience it. Yet, when the camera pans across the fabled Manhattan skyline, it also captures in its eye one of the most important co-op movements in the United States: the housing co-ops of New York City. Today nearly 2 million New Yorkers live in 600,000 housing co-op units, which account for more than half of the total number of co-op units in this country.

Cooperative housing in New York meets many needs for all levels of income groups. Low-income service workers and millionaire stockbrokers in the canyons of Wall Street both go home to their housing co-ops. There are luxury cooperatives that sell for millions at market price, as well as low- and moderate-income cooperatives affordable to the rest of us. The common theme of housing co-ops is ownership, responsibility and a democratic organization.

How did a community-oriented idea formulated in Rochdale, England, in the revolutionary times of 1844 become the most popular form of home ownership in the heart of American capitalism? Attribute much of it to geography. A city that began on the narrow granite island of Manhattan had to build upwards to house its people. To find the capital to finance the growth, developers adopted cooperative ownership as the main way to give residents a stake.

Some housing cooperative historians give credit for developing the first true housing co-op in the United States to a group of Finnish workers in Brooklyn. In 1916, they formed the Finnish Home Building Association, based on "one member, one vote," and built an apartment-style co-op named Alku 1. Alku is the Finnish word for beginning, and the co-op truly was just that. By 1926, there were 25 other Finnish housing co-ops in the Sunset Park area of Brooklyn, a Finnish enclave for those arriving by boat from the mother country.

The first recorded form of cooperative housing in New York City, however, was an artist's cooperative built in 1857 to provide studios, galleries and living space for its members. Twenty years later, Felix Adler, founder of the Ethical Culture Society, helped fund a model tenement run as a cooperative. In frequent touch with British co-op leaders, Adler was a major sponsor of a speaking tour of the United States by the well-known British co-op champion, George Jacob

Holyoake. Holyoake used the pulpits in New York to recount the myriad successes of the growing British cooperative movement. Adler and others applied this new-found fervor to their efforts to provide better housing communities in New York City. The co-op idea imported from Europe merged with the new multistory housing models being developed in New York.

There, the earliest defined cooperative housing project was the Randolph, a hotel apartment built in 1876. With the development of new building techniques and, in particular, the elevator, there followed a number of similar high-rise housing co-ops in Manhattan. They provided quality housing with shared services and facilities for higher income families. From that era on, the co-op form of ownership has continued to be the most popular form of housing in Manhattan.

The ideas emerging in the early 1900s from the Garden City Movement started by Ebenezer Howard in England impacted a number of innovative New York housing developers. Many of these projects blended the good planning and open space of a Garden City suburb with the cooperative ownership model. As a result, the New York City region now has some of the most admired and attractive apartment communities in the world.

During the same period, the Rockefeller family played a unique role in developing co-op housing in New York. They funded the 170-unit Thomas Gardens, one of the first moderate-income co-ops. Because this was in an era of segregated housing, Thomas Garden's residents were all white. Recognizing their responsibility to build an equal model for nonwhites, the Rockefellers then funded the first all-black housing cooperative, the 511-unit Laurence Dunbar Apartments in Harlem.

For a time during the 1930s there was an exciting utopian era in New York. Progressive and ethnic Jewish groups built a number of experimental cooperative housing communities there. These were extensive efforts to build models of a new society in what appeared to be the crumbling demise of capitalism. Rich in traditions and imbued with a vision of creating heaven on earth, these activists set out to change the world. A number of large housing co-ops became centers of radical thought, culture and action.

The size of their planned communities and the inspiring architecture were a tribute to common people in pursuit of their dreams. Gathered in strength and solidarity, they intended to build a new world or a new Jerusalem. However, the Depression that spurred them on would also to be their downfall. Their principles were challenged by the poverty and drastic unemployment of the era. Finding it difficult to evict nonpaying members, the co-ops fell behind on their mortgages. While many residents waited for the revolution to come, the banks waited for the rent. Thus, the radicals were put in the position of being landlords.

Hating their role, they could neither collect the rents nor evict their friends, and the co-ops fell even further behind on their mortgages. Soon thereafter, the banks, whom the co-ops blamed for the worldwide economic slump, also repossessed the co-ops' dreams.

Fortunately, a co-op model created in the late 1920s by the Amalgamated Clothing Workers Union of America did succeed. Through tough leadership, the "Amalgamated," as it was called, chose the hard path of reality over the rocky road of idealism. No matter how difficult, they made sure they paid the mortgage every month. When the Depression ended, the co-op model was alive, and the members of the 1,400-unit co-op in the Bronx were ready to tell their story of unity in community. Ordinary working people had triumphed and secured their own model of cooperative housing. A new era was about to unfold through the efforts of Amalgamated Union's leaders, Sidney Hillman, Jacob S. Potofsky and Abraham E. Kazan.

The other unions listened to Amalgamated, and in 1951 they formed the United Housing Foundation (UHF) to sponsor low- and moderate-income co-op housing throughout New York City. For the next 50 years, the New York City-based trade unions became the cooperative housing leaders in this country. In 1965, UHF reached a new pinnacle when they built the 5,860-unit Rochdale Village. Named after the town in England where the first co-op store began in 1844, it's now the second largest housing co-op in the United States.

Union-sponsored co-op housing reached its greatest height when Co-op City opened in the Bronx in 1972. With its 15,382 units and almost 50,000 residents, it's a new city that owes the single largest housing mortgage in the world. Co-op City has its own schools, shopping centers, power plant, post offices, places of worship, office buildings and police force. When it opened, New York Governor Nelson Rockefeller heralded Co-op City as the most powerful tool New York had ever assembled to provide affordable housing.

With Co-op City completed, UHF had built scores of projects and nearly 50,000 co-op units in a scant 20 years. In almost all cases, the housing co-ops were cities within a city. Many had their own co-op stores, credit unions and co-op child care. For the visionary co-op and union leaders, it was a challenging yet pensive moment. Although they had seen their radical ideals fade, they had witnessed their reforms succeed. These ordinary men and women had altered forever the New York City skyline.

Since the early 1970s, government financing for all forms of housing has slowed to a trickle. UHF went from a thriving powerhouse in New York City to an organization in search of a new role. Fortunately, the passing of time provided new opportunities, such as developing NORC (naturally occurring retirement communities) projects. The NORC model began with Penn South. This cooperative of 2,820 units is at the forefront of a major issue facing many housing co-ops in New York City. Most of Penn South's residents are aging in place; 5,000 of the 6,500 residents are seniors, and many live alone. The leadership at Penn South is implementing an activist, on-site, multiservice program that supports continued independence of the residents. At the Penn South Program for Seniors, more than 300 seniors receive ongoing health and social service assistance each month. The NORC program intends to find the best way for New York's housing co-ops to manage this demographic change. (See chapter on senior housing co-ops.)

The co-op housing birthplace continues to be a thriving scene today. Whether it be for workers or retirees, young or old, low-income or high-income, New York City's co-ops are still creating home-ownership opportunities.

WHERE A FREEWAY MIGHT HAVE BEEN

Back on the other side of the country, far from Manhattan's skyscrapers, Rossana Perez and her neighbors are reaping the benefits of co-op living in the sprawling environment of Los Angeles. Here a housing co-op opportunity emerged out of an urban planning problem. Between 1960 and 1975, the California Division of Highways (later known as Caltrans) bought up parcels of land along a strip a block wide and more than two miles long in the Echo Park/Silverlake neighborhood, targeting the area for a future freeway to be known as Route 2. But when the freeway boom faded, Route 2 was canceled, and Caltrans had land on its hands to sell.

For Caltrans it was just a sign of the times and a simple decision. But for the approximately 1,500 people who lived in the 544 housing units now owned by Caltrans, life was about to change dramatically. Because of the mixture of single-family homes, duplexes, triplexes and apartment buildings, proposals abounded for how Caltrans should sell off the properties. In particular, renters of the single-family homes wanted a first right of refusal to buy. The complexities of the situation unfortunately slowed down the process. Negotiating took place at a time when real estate prices for the area saw some home values increase by 50 percent from 1975 to 1977.

The concerns of Route 2 residents reached new heights daily with every new report of the increased value of housing in the area. They held community meetings and formed the Route 2 Tenants Association (R2TA). Though a majority of the parcels were occupied by single-family dwellings (120 out of 200), the early agreement was "one for all and all for one." Whatever the plan, it would have to accommodate every single inhabitant of all the existing housing units. The residents' unity and their effective publicity won immediate support from their local state senator, a powerful figure in Sacramento. The resident's show of force also gained them support from the attorney general's office, which ruled that the units could be disposed of by Caltrans at below market value. This ruling was soon augmented by state legislation.

But the struggle was far from over. The question now arose as to what to do next. Several proposals surfaced. One of these was to convert to a cooperative ownership plan, which would qualify the residents for rent subsidies. Many residents who owned single-family homes, however, opposed this idea. As a result, the legislation ultimately was divided into two parts – one for single-family units and the other for multifamily units.

More obstacles cropped up in the ensuing years, among them legal hurdles, political maneuverings, a roller coaster real estate market, lack of financing for the multifamily units, language barriers among the residents and conflicting self-interests. Residents began to burn out, wondering if the process would ever bring any real answers for their housing needs. In the midst of the turmoil, Caltrans, which was still the landlord at this point, raised rents by 10 percent. In response, resident leaders called for a rent strike, a move that 80 percent of the residents supported. Eventually media coverage forced Caltrans to back down. The bureaucrats came across as neglectful landlords, up against a multiethnic coalition of low-income people fighting for their homes.

By 1980, the tide began to shift from protests to possibilities. The residents' development organization received its first funding from the city of Los Angeles. Community development block grants were channeled into forming a development corporation, and additional funding came in from the state. The board of the residents' organization also transformed itself from a self-appointed body to a federation of co-op representatives, as it had been decided that each major apartment building would become a separate cooperative.

Finding a lender to be a partner in the development process was the next hurdle. Banks generally wanted nothing to do with the project. But eventually the Savings Association Mortgage Company (SAMCO) agreed to finance two buildings. SAMCO, which was set up by the savings and loan associations in California to finance low-income housing, is one of the most innovative lenders in the state. With SAMCO on board, the rest of the lending community began to get involved.

With acceptance of the limited equity co-op model in place and financing assured, the first stage was complete. The next stage was the hardest, as in-fighting developed. The Latino residents found their voice, and government agencies took a harder look at the projects. The honeymoon was over, and the residents had to acknowledge that their initial attempt at self-management had failed. The projects needed managing, and protesters have not always made good managers. In the sobering aftermath of struggle, the resident owners slowly took control away from the interest-group leadership.

Finally, the residents placed their focus on making the co-ops work. Thus, the legacy of a canceled freeway project is now a string of five affiliated scattered-site housing co-ops providing 272 homes for people in the Echo Park/Silverlake neighborhood. People can buy into one of the co-ops for a down payment as low as $300. Two-thirds of the units' owners receive HUD low-income subsidies, which bring the average monthly rent down to $262. Vacancies are few, and turnover is limited.

At the Route 2 site, rental housing and disgruntled tenants have been replaced by cooperatives whose residents now control their lives. Alienation is being changed through association. Working class families, mainly Latino, are breaking down barriers and rebuilding community.

Allan Heskin, a UCLA professor of urban planning who has documented the project's long struggle in his book, **The Struggle for Community,** is enthusiastic about the progress made at Route 2. "It re-creates the neighborhoods of the past where everyone knows everyone," Heskin notes. "There is a sense of power through participation that people never had before. You get to know you control the co-op through acting like a member. It's the closest thing to grass roots democracy I have ever seen."

"If you want community-building," Heskin adds, "this is it. We organize to give people control over their lives. People who normally have no say in their lives have a say in the co-ops. Democracy for most working people is harsh and often an enemy, whereas democracy within the co-ops is a tool and the only way to build our future."

STUDIO TAKEOVER IN BOSTON

Yet another example of people taking control of their housing – and their lives – is found in Boston, MA, at the Fenway Studios. Built in 1905, the 46-unit Fenway Studios project was a model of the noblesse oblige of the era. It was designed to be made up of artists' live-work studios, with the front studio workspace having a high ceiling and large north-facing windows. In consultation with the leading painters of the era living in Boston, the interior design was copied from the Paris ateliers where many of them had studied. The architects, Parker and Thomas, designed the exterior after aspects of the Arts and Crafts Movement from Britain.

The location was chosen due to its proximity to newly built institutions, such as Symphony Hall (1900), the New England Conservatory of Music (1902) and the Museum of Fine Arts, then under construction. Local art patrons bought shares in the Fenway Studios Trust, which was created to construct and manage the building. The original sponsors were a "who's who" of Boston society. Since inception, Fenway Studios has been the "Mecca" for key figures in Boston's art society. In recognition of its architectural and historical significance, Fenway Studios was listed in the National Register of Historic Buildings in 1978.

The year before that the descendants of the original owners had been under intense pressure to sell the property. To prevent the building being converted into high-priced condominiums, the residents organized "Artists for the Preservation of the Fenway Studios." They hired a consultant, lined up investors and purchased an option on the property. But efforts to obtain permanent financing seemed impossible. Financial institutions didn't understand cooperatives or trust artists. But in the nick of time, a light appeared on the horizon. Congress created the National Cooperative Bank (NCB) in 1980 to provide funding for just such unique borrowers. With its understanding of cooperative structures and a healthy infusion of federal funds, NCB was able to fund the Fenway Studios purchase. By December 1981, the resident artists were celebrating their cooperative ownership. Since then they have made extensive renovations and repairs to the building. It's home, and they intend to take care of it.

Fenway Studios is now a stable cooperative and one of the focal points of the Boston arts community. It's one of the few places in Boston where artists can find affordable home ownership, a purpose-built live-work studio and a built-in community of fellow artists. Only visual artists and their families approved by the board may own and occupy the units. More than 30 artists desiring to live at Fenway are now on the waiting list. Because it's now an affordable cooperative, turnover is very low. When the sale of a co-op membership does occur, there's a limit on the appreciation the seller receives. Using this method guarantees permanent affordability to future artist residents.

The residents of Fenway Studios are proud of their past, yet even more passionate about their future. They want to build a better cooperative not only for themselves, but also for artists in the future. They see themselves as stewards of a legacy created for Boston's fine arts community. They're part of an American tradition that has looked for ways to house artists within a community. The earliest of such efforts was the 10th Street Studio in New York City, built in 1857 by arts patron James Boorman Johnson. Today all across the country, artists are coming together to build similar cooperatives, with the Twin Cities of Minneapolis/St. Paul leading the way in supporting artists' communities.

For too many artists, however, the community models are too few. Housing is transient, good studios hard to find, and home and work usually isolated from each other. Living on the margin of society might create a few good, yet troubled artists. But most, like Teri Malo, do their best work when they don't have to worry about the rent.

Malo moved to Fenway Studios with her family when the co-op was formed. In her airy studio, she paints tropical watercolors based on images from a recent visit to Costa Rica. The light and artists' ambiance at Fenway Studios bring out the best in her. The tall walls are covered with her work. In her colorful kitchen, with the south light streaming in and a good cup of coffee in her hand, she talks about the co-op's value to her. "I have a home, a place to paint and an artists' community with which to interact," she says. "As an artist living in the city, it's hard to find stability. I have all of those elements here at Fenway."

CONCLUSION

Whether it's student housing co-ops on this nation's college campuses, cooperatively owned apartments amidst Los Angeles' urban sprawl, or live-work artists' studios in historic Boston buildings, housing cooperatives offer people from all walks of life, of all income groups, a means of gaining control over their housing. Housing co-ops translate into home ownership opportunities for many Americans who might not otherwise be able to afford their own homes.

As we have seen in this chapter, the routes to housing co-op formation can be diverse. Legal, financial and philosophical struggles sometimes crop up along the way. But as housing costs in this country continue to spiral out of sight, housing cooperatives may deserve greater attention. For many people, housing co-ops may be one key strategy for keeping the dream of home ownership within reach.

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CHAPTER 6.

SENIOR CO-OP HOUSING: FOCUSING ON COMMUNITY, HEALTH CARE & SERVICES

The senior years are a life-phase filled with transitions – physiological, psychological and financial. While upper-class senior citizens have multiple choices available to them as to where and how to live in their retirement years, the options are fewer for seniors of modest means. No longer being wage-earners and now faced with getting by on fixed economic resources, many seniors worry about being able to continue to afford to pay their living expenses. A sizable portion of these are related to housing costs. Rising rents, home maintenance expenses and property tax increases hit everyone's wallet. But no one feels them quite as hard as do middle- and low-income senior citizens.

New housing solutions are emerging that offer affordable, comfortable, community-oriented living arrangements for seniors. Housing co-ops specifically tailored to meet seniors' needs are a popular option. This chapter explores four projects involving different types of housing in vastly different environments. All, however, share one goal: to give their senior members a place to call home, where they continue to feel they are in charge of their lives.

FREEDOM FIGHTERS: SENIORS TAKE CONTROL OF THEIR HOUSING

The mood was tense in the City Council chambers in the small rural town of Woodland, CA. The room was packed to overflowing with irate senior citizens from the nearby Leisureville Mobile Home Park. The source of their anger and frustration was a one-sentence notice they'd each recently received from their landlord, informing them that in 60 days their rents would be raised by 11 percent, or about $31 dollars per month per mobile home.

For the nearly 200 Leisureville seniors, the news was terrifying. Most were on fixed incomes, and more than half were low or very low-income. Up to this point, life had been smooth, with rent increases moving up with the consumer price index. But 11 percent was a big jump. And now questions abounded: Where would that extra $31 dollars come from? What would they have to cut in an already marginal budget? Were they trapped by the reality of owning their mobile home, but renting the ground under it from a landlord? How many of them at their age could move their homes? Would they just have to grin and bear it, or could they put up a fight?

A group from Leisureville organized the residents to attend the City Council meeting. Many were known figures in the small farming community who knew how to get things done. Using those skills, the Leisureville organizers were determined to put on a good show. They'd leafleted the park, put together car pools and stirred things up. As a first step, they'd asked the City Council to adopt a rent stabilization ordinance for mobile home parks. They'd called all the Council members and talked to the local press. They were ready, they were organized and were they mad.

Woodland Mayor Elaine Rominger called the meeting to order, looked out over the sea of seniors and wondered how the evening would go. She decided to bring up the Leisureville issue immediately. The speakers representing the park residents were cheered and applauded; the remarks of the landlord's representative were met with stone silence. There was no give or take; solutions took a back seat to the confrontation. Council members were not prepared to take immediate action, even though they sympathized with the seniors. Mayor Rominger appointed Vice-Mayor Gary Sandy to try to mediate an acceptable rent increase between the parties. Relieved by the Council's support and convinced that Sandy was in their corner, the seniors applauded the offer. Still, residents went home not knowing what would happen next. Many still feared they'd have to leave the park.

Little did they know that two years later they would own the park. What happened in between is a saga of seniors on a mission.

At the conclusion of the difficult and contentious negotiations, Leisureville's owner told the residents' committee that if they truly wanted to put an end to the conflict, they should buy the park from him. Without knowing what they were getting into, the residents said yes, they'd buy. From that moment on, they began a two-year journey from renter to resident ownership.

First, the residents formed an unincorporated association and elected a board, which, under the leadership of retired Methodist minister Don Wells, met almost weekly until the sale was complete. The board provided the continuity and competency that saw the park through many difficult periods. "We had everything on our side," Wells says, "motivated residents, a supportive city, competent consultants and a clear path. If we believed, it had to happen." He admits that along the way he often turned to God for inspiration and guidance. "All of us as board members needed to instill confidence in our fellow residents that we would succeed," he notes. "Any display of doubt would have destroyed our efforts."

The board chose a trio of consultants to help arrange the sale, obtain financing and shepherd the residents through the development process. Next the board held a number of community meetings to outline the choices for conversion. A series of newsletters went out to educate the residents of the 150-unit park about resident ownership. The meetings were always well-attended, and interest remained high throughout the process. However, making choices required plenty of information and discussion. These "seasoned citizens" were going to make only good decisions.

Finally, they chose a limited equity cooperative as the structure for the purchase. Each membership would require an investment of $5,000. The residents would continue to own their mobile homes, but they would each hold one share in ownership of the park as a cooperative. Thus, they would own the park together.

One by one their efforts fell into place. The Kaplan Fund of the Cooperative Development Foundation provided predevelopment funds. The three consultants agreed to take their fees only at the close of escrow. The regional Sacramento Presbyterian Foundation gave a grant of $5,000, and the residents put up $3,000 of their own money. The city of Woodland awarded $275,000 in Community Block Grant funds to help the low-income residents purchase their shares in the co-op. The city then sponsored the co-op's winning application in a statewide competition for a HOME award, a program sponsored by the federal government and administered by the individual states. The award to Leisureville was $1 million, the maximum possible. Finally, the owner arranged for the existing low-interest, variable-rate first mortgage to be assumed by the co-op. Then, with $500,000 from Mercy Housing and $300,000 from the Northern California Community Loan Fund in below-market-rate loans and more than $100,000 in loans from residents, the finance package was in place.

Although there had been tense moments during the two years of pulling everything together, the resolve of the residents, the commitment of the city and city staff, and the creativity of the consultants overcame every obstacle. Fortunately, the landlord also forgave a number of deadlines to ensure the co-op's ability to effect the purchase.

In April 1995, the Leisureville community turned out to celebrate their ownership of the park. Sandy, now mayor, complimented the government agencies and financial institutions for playing a role in making this dream come true. Reverend Wells spoke in awe of the difficult journey everyone had taken and the importance of the residents' commitment and sticking together. That morning the room glowed with the feeling that people can shape their own destiny. Against the odds, the seniors of Leisureville had seized control of their lives. Although many were in their 70s and 80s, they'd launched a new era. Through their cooperative, the Leisureville Community Association, they were now proud owners of a park that gave new definition to the meaning of mobile home. That day, just like the Fourth of July, the residents of Leisureville flew the Stars and Stripes from their own homes. They had won their independence.

The first year of ownership was challenging. The board held elections, hired a management company, and then decided not to renew that contract after the first year, but to hire a different management company instead. Also, due to the flat economy in the region, the market for mobile homes was weak. The number of homes for sale in the park rose from 11 to 15. However, the board took all this change in stride, recognizing that this was all part of the co-op's maturing process.

The most important decision the board made in its first year of running the park was to send a letter to all members from the board president on January 24, 1996. At the end of each January, the park residents must be notified of the upcoming year's rent increases. The news was destined to make park residents sit up and take notice. Wells' letter stated, "The board of directors of LCA voted that the LCA members' regular monthly space rent will not be increased this May 1st." Wells added, "I believe you will agree that the 'NO ASSESSMENT INCREASE IS GREAT NEWS!' "

This was the first time since the park was founded in 1976 that the rent hadn't been increased by the owners. The news gained front-page headlines in both local newspapers. After all the work, the door-to-door organizing, the meetings and the park-wide votes, the effort had come down to this. The deal had been structured to benefit the residents, and the results were in. A dream had come true.

The story of Leisureville had a happy ending. Yet for millions of people who live in mobile home parks, the situation is often fraught with fear. Residents own each mobile home, but rent the land it sits on, often on a month-to-month basis or, at best, with a yearly lease. Mobile homes are costly to move and mobile home parks usually don't have empty spaces. Therefore irritating the manager or the owner can bring tremendous repercussions. Owners can raise rents, leaving residents feeling they have no choice but to pay them. Also, owners can sell parks to make way for shopping centers, leaving the mobile home owner out in the cold. Relations between tenants and owners can become bitter. In many states, park owners sponsor legislation to protect their interests. On the other side of the fence are the mobile home residents who, as in California, organize groups such as the Golden State Mobilehome Owners League (GSMOL). To manage the local conflicts, a number of communities have adopted mobile home rent-control ordinances.

In many parts of the United States, especially the northeast (mainly New Hampshire and New York), the South (Florida and Texas) and the West (Arizona, California and Washington), mobile home parks are an important supply of housing. They cost 35 percent less than conventionally constructed housing. Currently, mobile homes (also known as manufactured housing) account for one-third of all single-family homes built in the United States. Because most are built as mobile home parks, they have a significant impact upon the market.

However, they continue to create an underlying tension between the park owner and the mobile home owner who is no more than a tenant. The confrontations that frequently occur have spurred many conversions to resident ownership. Quite often, as was the case at Leisureville, cooperatives arise out of these conversions. Over the past decade, mobile home residents in California bought 100 mobile home parks, with more than 6,000 housing units. Half of these parks adopted the cooperative model. Similar actions are taking place in Florida, where there are more than 200 resident-owned mobile home parks. Because the idea has so much support and makes so much sense, some mobile home communities are now being built from the beginning as cooperatives.

FROM DAIRY TO SENIOR HOUSING CO-OP

Walking into the lobby of a Cooperative Services, Inc. community anywhere in the United States, you will sense the vitality of this senior cooperative housing organization. The strength of CSI is its active resident participation, a pattern that exudes from the grass roots to the top of the organization. From its first co-op apartment building in 1965, CSI committed itself to involving its resident members in the organization's activities and governance. As a result, many cities seek CSI as a development partner. It has a proud record of being one of the most unique and effective senior citizen housing models, and has won many awards in its field.

Today, CSI operates 35 housing co-ops in four states (Michigan, California, Maryland and Massachusetts) and houses almost 5,000 people in more than 4,500 apartment units. Its asset base will soon be $150 million. The co-op's main focus is on providing senior housing at below-market-rate rents.

This successful cooperative began during the Depression. People formed study groups around the country to organize cooperatives and thus conquer their desperate conditions. The 1930s were tough years in Detroit. By the early 1940s, a number of Detroit residents came together, and with $5,500 they incorporated Cooperative Dairy Service, Inc. A decade later, the dairy merged with a retail store, forming a consumer co-op with the name Cooperative Services, Inc. (CSI). CSI then developed a major optical service, which expanded throughout the Detroit area. In 1964, CSI spotted an opportunity to develop cooperative housing for seniors. Finally, in the 1980s, CSI spun off its many different activities as separate cooperatives to concentrate on senior housing. No co-op in America has shed as many skins as CSI before becoming the form of co-op it is today.

However, the origin of CSI arising from the Depression was that of an organization committed to the ideals and practices of cooperation. CSI's founders, and in particular Virginia and Fred Thornthwaite, the long-time management team, invested heavily in learning about models of cooperation. They traveled extensively in the United States and in Europe to study the best co-ops of the era.

What is unique about CSI is that as it's grown it has invested even heavier in the co-op ethos. CSI greatly differs from some co-ops, which tend to become less interested in promoting their cooperative aspects as they get larger. The credo of CSI is:

1. Open voluntary membership to all CSI building residents.

2. Democratic control, following the "one member, one vote" philosophy.

3. Non-profit operation, with surplus funds either used to provide additional member services or put into reserves. No individual owns the co-op or profits financially from it.

4. Continuing education, with CSI providing all the training residents need to manage and operate their buildings.

Democracy is the foundation for all decision-making and the basis for the operating philosophy at CSI. To become a member, you invest a one-time, refundable fee of $100. From that moment on, you have one vote in CSI's business affairs. Residents from each floor of a CSI co-op building elect a representative to a building council, which meets monthly and has authority over the budget process and local management. There also are a number of resident committees, such as membership, finance, recreation, decor and fund-raising.

The floor representatives report back to floor meetings to brief the members on the key actions. All building residents meet once a month in a general membership assembly to vote on specified council decisions and make recommendations to the council. Except for certain executive sessions discussing personnel, legal matters or real estate purchases, meetings on every element of the co-op's governance are open to all members.

The residents of each building also elect representatives to the National Cooperative Congress. At the congress, the building representatives nominate resident candidates for CSI's corporate board of directors. All CSI members then vote annually to elect the board from among the nominated members.

The national CSI board meets monthly to set policy and review management performance. It also approves annual building budgets and major building contracts. The congress reviews corporate issues with the board three times a year and maintains the linkage between the board and the co-op's general membership. Through these mechanisms, the congress ensures that CSI continues to be responsive to its members. Member residents are well-informed through regular newsletters produced by the residents themselves. Their newest tool will be an e-mail system that will allow every member in every building to communicate with CSI staff and fellow members – a project members are eagerly awaiting.

When opening CSI's 80-unit Roslingdale building, Boston Mayor Thomas Menino spoke about the importance of allowing tenants a voice in matters affecting them. CSI's commitment to participation was the major reason for his support of the project. "This is the type of housing we need all over the city," said Menino. At another opening of a CSI project, CSI's president and general manager Fred Wood said, "The purpose of the cooperative is for each member to have a say in how the apartments are run. The residents of the cooperative do this through the various elected committees. The people on the committees are the backbone of the cooperative. They do this on a strictly volunteer basis."

CSI's operating philosophy of encouraging a thriving democracy among the residents is in direct contrast to much of what happens in retirement communities in the United States. Compare CSI to the senior housing project called Hillhaven, featured in the PBS television program, "Waiting for God," imported from England. In this comedy a wily, cost-cutting housing manager focused on profits is always trying to get rid of an activist senior who spends her time standing up for residents' rights. While viewed as an infernal nuisance at Hillhaven, the heroine would be seen as a tremendous asset at CSI.

For most residents of a CSI building, life is centered around independent living. Most units are one-bedroom with a bathroom and kitchenette. The one-bedrooms prove to be the most popular. The units are equipped with a security call system to alert the office of any emergencies. CSI uses a number of government programs, which helps keep rent below the market rate and within reach of the low-income residents. All of the buildings also offer a number of units designed to be handicapped-accessible. Each building usually has a library, a community meeting room, an activities room, a laundry, a dining room and a kitchen facility. Although people love their own units, a favorite spot to meet is the dining room. Volunteers cook weekday meals for a small donation. Each building has a van to provide local transportation service.

CSI finances its development in numerous ways. For much of its history, CSI was a major customer of HUD's 202 program. With government cutbacks, CSI has branched out to use other financing sources, such as the tax credit program at the state level and housing bonds at the local level.

CSI's Fred Wood sees the organization focusing on its four-state area in the near term, with particular emphasis on opportunities in southern California. The reduction in federal government funding for all forms of housing makes for a more competitive marketplace with more groups chasing fewer resources. Wood also sees changes in the responses of communities to senior housing. "Because of funds, site availability and neighborhood response," Wood says, "communities are more favorable to projects from 40 to fewer than 100 units. It's interesting to note that the residents of the smaller buildings are proud of the fact that they know each other, while the residents in the larger building see the advantages of so many more volunteers for activities. For a number of cost and design reasons, three-story buildings are now more prevalent than high rises. The 100-plus unit projects so popular in the 1970s are much more difficult to get approved."

"Our co-op approach is great for seniors," adds Wood. "Because of our no-equity policy, our seniors are not looking for a return on investment but a return on their lifestyle. Their membership gains them social equity, and the units stay affordable forever. There is a great belief among CSI members that they are leaving something wonderful for the people who will follow them. They know the feeling well because they are all benefiting from the gift left by others."

Farms, Families and Friends

There's probably no better place to plant seeds of cooperation than in the fertile soil of rural Minnesota. There in farm country, deep in the heart and rich heritage of populist America, good ideas and co-ops have a history of being made for each other. Today, a new wave of co-ops is sweeping across Minnesota and beyond to Wisconsin, Iowa and North and South Dakota. The new phenomenon, named Homestead Housing Center, has an enthusiastic base: the seniors of rural America. These small senior-housing co-ops (ranging from 16- to 30-unit complexes) are keeping families together in the small rural communities of the Upper Midwest.

Before Homestead Housing Co-op came to town, usually the only choice for middle-income rural people looking for senior housing was to move to a major city. Retirement meant moving hundreds of miles away from their farms, families and friends. In addition, each retiree who left home also left his or her rural community. "When they leave," points out Vaughan Sinclair, organizer of the first Homestead Co-op in St. James, MN, "they take their bank accounts, their shopping lists, their church donations and their leadership with them."

If they stay and form a cooperative, they pump much-needed activity into the local economy. For instance, the 26,000-square-foot building for the 16-unit Homestead Co-op in Hull, Iowa, required about 70 subcontractors overall. Local businesses did 70 percent of the subcontracting.

The Homestead co-ops also free up rural housing for families. The children can take over the family farm, or a young family can buy the house in town. When the Homestead co-op opened in Hull, for example, there were only seven homes for sale in the community of 1,900 people. The co-op created 16 new housing opportunities in the community. The 26-unit Homestead Co-op in Grand Marais, MN, had the same effect. "It's going to be a real plus for our community," says Grand Marais Mayor Andrea Peterson. "For a while it was really difficult to buy a house in town. When people move into cooperative housing, that frees up a lot of houses." Another advantage is that, unlike the non-profit, tax-exempt, subsidized units for low-income citizens, the co-op's units pay their fair share of a community's taxes.

The Homestead co-ops' occupants are too young and active to be in nursing homes. However, they appreciate not having to keep up their houses anymore. Often they state that they couldn't have withstood the loneliness of one more winter on the farm or the mowing of one more lawn.

Homestead Housing co-ops deal with one other major problem of senior housing in small-town America, most of which is for low-income seniors. Few facilities exist for moderate-income seniors, and of those that do, almost all are rental.

Thus, for many reasons, resources need to be available to rural America to halt the continuing outmigration of seniors to urban areas. The Homestead model is showing how this can be done.

To trace the beginnings of Homestead co-ops, we need to go back to the 1970s and '80s, when developers created a number of senior co-op housing units in rural and urban Minnesota. In particular, the Twin Cities of Minneapolis/St. Paul fostered many types of housing cooperatives; many of the most outstanding of these projects were for senior residents.

The differences between 7500 York Cooperative, a 338-unit senior housing co-op in Edina, MN, and a nearby large condominium for seniors had an effect upon Terry McKinley, a long-time mortgage lender for multifamily housing. The co-op always had a busy lobby, events were frequently taking place, and the residents were visibly more active. The condo lobby was generally empty, and there were few activities. From the day he first noticed the contrasts, the image of York Co-op's active seniors stayed with McKinley.

The sponsor of the 7500 York Cooperative was the Lutheran Church's Ebenezer Society in Minnesota. Testifying before the President's Commission on Housing in 1981, Gerry Glazer, a gerontologist working at the Ebenezer Society, remarked, "Resident control and self-determination are the major keys to the project's success. From a gerontological point of view, the essential benefit of the cooperative is that it provides an economic structure and social framework that fosters self-reliance, self-control and determination, interdependence and cooperation among the resident members, even among those with severe chronic conditions. As gerontologists, we know that these factors contribute directly to continued independent living, successful aging and the enhancement of longer life."

In the 1980s, McKinley began to work with a couple who were quietly putting together senior housing co-ops in small-town Minnesota. Their Realife Cooperative models were very popular, even though they were essentially developing them one project at a time. Once again McKinley noted the immediate enthusiasm seniors had for the co-op model. As he and other co-op housing leaders talked, they had to come to terms with the fact that the need in rural Minnesota far outstripped the capacity of the developer community. Solving the problem meant bridging the gap.

Fortunately, the Cooperative Development Foundation (CDF) noticed the extent of the senior housing opportunity in rural America. Based in Washington D.C., CDF was actively supporting the development of senior housing co-ops through its Kaplan Fund, which was endowed by Jacob M. Kaplan, a co-op entrepreneur who organized the farmers' co-op that markets Welch's grape juice. For much of his later life, Kaplan's philanthropic interests funded the development of housing co-ops for students and seniors. When he was in his 90s, he became the oldest living person inducted into the Cooperative Hall of Fame. Kaplan's vision was that cooperatives had a great deal to offer seniors, and seed money could support experiments and develop models. Although it has existed only a decade, the Kaplan Fund has had measurable impact across the United States.

In 1988, CDF combined predevelopment funds from the Kaplan Fund and the National Cooperative Bank Development Fund to support projects in southern Minnesota. CDF brought McKinley in to create the new organizational model. His insight into senior co-op housing in Minnesota and his commitment to creating a replicable model gave the new entity both its vision and its competence. Incorporated in 1991, Homestead Housing Center (HHC) emerged to carry the co-op flag into the rural communities. McKinley is now president of HHC, and he's probably seen more of the Midwest than most U.S. presidential candidates.

One by one the characteristics that shaped HHC began to form. The first was that there needed to be a local board of directors willing to raise local predevelopment money, market the co-op, work with the local authorities and give credence to the project. The smartest initial idea was inviting diverse co-op organizations to become sponsors of the local effort. As a result, each Homestead project gains immediate board capacity, local trust and respect.

Homestead's first co-op project broke ground in St. James, MN, in 1993. Vaughan Sinclair, the retired manager of a local co-op grain elevator, took the lead. With his irrepressible sense of humor and optimism, Sinclair is a great people-person and knows how to manage projects. At the time, he served on the board of directors of Nationwide Insurance Enterprises. Sinclair's stature in the community meant that when he talked, people listened. Now Homestead was ready to spring into action. One by one the sponsors came on: St. Paul Bank for Cooperatives, Agribank, Farm Credit of St. Paul, Cenex, Land O'Lakes, United Power Association (jointly owned by electric cooperatives) and Wausau Insurance Companies (a Wisconsin-based insurer owned by Nationwide Enterprises), as well as CDF. The local group headed by Sinclair raised $25,000. With matching funds from the Homestead consortium, development of the St. James project began.

The St. James Homestead Cooperative is a one-level building of 23 units of excellent housing in what was until recently a cornfield. The opening prices ranged from $49,700 for a one-bedroom apartment to $86,700 for a two-bedroom, two-bath apartment. Each unit has its own indoor garage. All areas are barrier-free and senior-friendly to encourage independent living. Additional on-site facilities include a social room, exercise room, a guest room for visitors, a workshop and a laundry room. The co-op's living units have emergency response systems, and there is a centralized security access for visitors and guests. Each Homestead also provides a garden area for residents to practice their fine-tuned skills. There's an on-site manager, and each co-op has a minivan to provide local transportation. Residents pay from $160 to $280 monthly for property taxes, insurance, maintenance and transportation service. This fee includes everything except for individual telephone and utility costs.

In St. James and most of the other Homestead co-ops, the residents generally purchase their units outright with money from the sale of their farms or former homes. Many of the co-ops have few outstanding loans and only limited interest costs. The Homestead co-ops have all of the same characteristics as home ownership. Therefore, interest and real estate taxes are deductible from each owner's federal and state taxes. When members leave, their units are sold to people on a waiting list. Members are guaranteed that upon sale they will receive their initial cost plus 1 percent per year.

Each of the Homestead co-ops is independent and owned outright by the local resident members or their families. Eligible occupants must be 55 and older. Each unit has one vote in the election of the board and the co-op's affairs. The board acts in all matters on behalf of the members, such as approving the various contracts for maintenance, upkeep and repairs of the co-op, plus other services approved by members.

Speaking at the groundbreaking ceremonies at St. James, John Gauci, executive director of CDF said, "Eventually we're looking for a nationwide system for seniors to run their lives as they see fit. This is something needed in this country: seniors living independently while staying active in the communities where they have their roots." Others began to see the potential. In 1993, the Joel L. Parkin Fund granted money to CDF to fund the further development of Midwest senior housing co-ops.

Who moves into the Homestead Housing co-ops? A survey of three of the co-ops revealed some interesting facts. Of the residents, 95 percent were retired, while 56 percent had no disability and 34 percent had some form of disability (with 10 percent not responding to that question). In terms of annual income, 23 percent earned less than $10,000, 33 percent earned $10,001 to $20,000, and another 23 percent earned from $20,001 to $40,000. The marital status was 2 percent single, 36 percent married and 62 percent widowed. Ages ranged from 62 to 91, with the median age at 80. On the basis of gender, 23 percent were male and 77 percent were female.

Before moving to the co-op, 95 percent had owned their own home, 38 percent had lived in a rural area, and 54 percent had lived in a town with a population of 10,000 or less. The mean distance from their previous home was nine miles, with two miles being the median distance. The residents had lived in their previous homes for an average of 31 years. Seventy-two percent of them had previously lived alone, for an average period of 13 years.

The three most important reasons that influenced their decision to move to the co-op were: (1) Wanting a home that I could take care of easily (89 percent); (2) Wanting a home where I have a say in how it's run (76 percent); and (3) Wanting to stay in my own home community (74 percent).

The three major benefits of the co-op cited by residents were: (1) It provides me with a community of friends (91 percent); (2) It gives me a voice in how my housing is run (85%); and (3) It provides opportunities to work with others on common goals (84 percent). When asked about the effect of co-op living, the top three answers were: ease of maintaining my home (97 percent), personal safety (95 percent) and life satisfaction (92 percent).

Today, the Homestead Housing Center assists leadership groups in communities to develop cooperative housing for middle-income seniors. HHC provides analysis of community needs; arranges for seed capital and project financing; organizes the local leadership and forms the cooperative corporation; coordinates marketing, architectural design and construction; and, finally, provides assistance to the local co-op's management through the first year.

By the end of 1995, HHC had established 16 Homestead Housing co-ops in the previous three years. One of the latest to emerge is the 26-unit project in Grand Marais, MN. For the previous 10 years, a group in Grand Marais had been trying to build middle- income senior housing in their community. With the help of HHC, their dream finally moved to the drawing board.

From a policy perspective, America needs to address the issue of the rural elderly. Of people age 65 and over, 75 percent to 85 percent are homeowners. They have substantial equity tied up in their homes and are seriously considering other housing options. Important to them is continued control over their housing, continued tax benefits and equity growth they can pass on to their heirs. They wish to remain in their communities, yet they want more security, especially as related to health concerns. They worry about having to travel 40 miles to the nearest hospital in a medical emergency, such as a heart attack.

HHC believes that cooperatives are a proven form of ownership. They cost less to construct and operate, and they have the lowest form of default rate of any housing option. Unlike some of the other ownership options that require large endowments, co-ops such as Homestead require only a $500 reservation deposit. The purchase of the unit is like that of the home. When you leave the co-op, you sell at the market price, and the sale proceeds are yours. There are no hidden gimmicks, no fine print, no additional contracts. You choose when to buy your unit and when to sell. The residents control their costs through their elected board and adoption of the annual budget. The minutes are posted and a board member probably lives one door down the hall, or it could easily be you.

In 1996, HHC expanded again into Kansas, Missouri and Nebraska. The added sponsors in the new region are CoBank ACB (Denver), Farmland Industries, Inc. (Kansas City, MO), the Kansas Cooperative Council (Topeka, KS) and NW Electric Power Cooperative (Cameron, MO).

Dennis Johnson, president of St. Paul Bank for Cooperatives and HHC chair, explains, "Our purpose is to help rural communities provide unsubsidized housing alternatives for middle-income seniors. These cooperatives provide facilities and basic services for independent seniors, in an environment they own and control. In the process, it frees up single-family homes for younger families."

He adds, "As more Homestead cooperatives have been completed, and word has spread, we have received many requests from other states. We are delighted that regional cooperatives there have gotten behind the expansion, as we have found this type of local leadership to be crucial to success of these new housing cooperatives."

The future for Homestead is one of great challenge. The need is evident, and the requests for help are more than can be handled. Clearly the cooperative model has great potential to provide a future for senior citizens in the communities where they have spent most of their lives and where their families live. The ability to remain independent and to live an active life is the gift given by the Homestead model.

NORC: A New Acronym for a New Situation

The 1980s were a decade of increasing problems for the once proud Penn South housing co-op in New York City. The problems had started slowly, but incidents kept on increasing. Each week, stories circulated of residents who were not paying their rent, not turning off faucets or gas, not cashing Social Security checks, not hearing from their neighbors for a week, and found wandering around the halls. Then the incident occurred that touched everyone the most: A naked elderly woman had climbed the stairs onto the roof, could not find her way back and had frozen to death. What was the cause of these events and what could be done?

The answer lay in the origins of the co-op located at 8th Avenue from 23rd to 29th Streets. Built in the early 1960s, Penn South's 2,820 units of co-op housing were sponsored by the International Ladies Garment Workers Union (ILGWU). The co-op created new homes in the heart of New York City – homes for the working men and women who were union members, and who had young families in a city of few opportunities. This was their one chance at home ownership.

These people were in the crowd when an American president spoke at the opening of the co-op. In an historic dedication on May 19, 1962, President John F. Kennedy said prophetically, "It is the task of every generation to build a road for the next generation. This housing development can provide a better life for the people who come after us, if we meet our responsibilities."

By the 1980s, the co-op's demographics had changed dramatically. The young families had disappeared. The kids had grown up and left home. Apartment by apartment, Penn South's population had aged in place. By 1994, more than 5,000 of Penn South's 6,200 residents (80 percent) were over age 62, and the average age was 76. Penn South had become the city's largest naturally occurring retirement community, or NORC, as they're referred to today. And that was the reason for all the problems. The young people who had started the co-op had mostly never left, and now they were suffering all the symptoms that go with aging.

What was unique was not how Penn South discovered the problem, but how it went about solving it. In 1986, board president David Smith met with social service experts from the United Jewish Appeal - Federation (UJA-F) to discuss how to deal with the rising social and health concerns occurring at the co-op. The first step was the creation of the Penn South Program for Seniors (PSPS), a consortium of Self-help Community Services and the Jewish Home and Hospital for the Aged. Today, many observers view the PSPS program as the leading one of its kind in the United States.

When you enter the PSPS facility, you grasp immediately how the program is a rich quilt made up of opportunities taken. The 3,200-square-foot first floor was once Penn South's storage room. Fortunately, the facility is separated from the remainder of the 10-building housing complex, which allows it to be quieter, independent and to have its own image.

The building is now a busy maze of offices and cubicles that offer a one-stop social service center providing case management, counseling, medical assistance, an emergency response system and recreational activities. The center arranges for companion visits, medical care, home attendants, food delivery and other services to keep people functioning independently in their homes. The program offers classes, lectures and workshops. The center is almost always busy from 9 a.m. to 5 p.m. Membership in the center costs $15 annually, with scholarships available to those who cannot afford the fee. PSPS now has more than 700 members.

The center has a paid staff of about a dozen people. A frequent compliment to the program is that it integrates the social program with the social and health services. The center couldn't operate, however, were it not for the hundreds of volunteers who donate time to the program. They help deliver the program, raise money and teach classes. Each of the 10- week semesters offers about 20 classes, half of them taught by volunteers. Yiddish courses often attract nearly 50 residents. In particular, the cultural events bring a special joy to those members who can't get to the theater as they used to. The program now serves more than 1,000 people, including 300 frail and homebound residents whose average age is 85.

The PSPS program has an annual budget of about $400,000 and receives about $120,000 from UJA-F. Penn South's board contributes $100,000 from its operating budget to the center. The remainder comes from the State Office of Aging (under new NORC legislation which Penn South helped develop), the City's Department of Aging and a number of foundations. The co-op's members help out, too. Some voluntarily check off on their rent a sum of $10 or $15 a month to go to the center. Members also are encouraged to sign over the equity in their unit to the center as a bequest to the program.

One of the dynamos behind PSPS' success is David Smith, who at 77 years young qualified for the program many years ago. Now president emeritus of Penn South, Smith is a renowned fund raiser whose charm and persistence are legendary. It was only recently that Smith ran his last marathon. He serves on the board of the National Cooperative Business Association and raises the most money of any individual each year for the "Race for Cooperative Development." Since helping set up PSPS, he's now involved in developing a city-wide program of support for NORCs.

Beginning with Penn South, the NORC program has spread to other co-op complexes in New York City, including Warbasse Houses in Coney Island and Co-op Village on the Lower East Side. The UJA-F put together a consortium of agencies providing transportation, legal and other counseling, regular health checkups, case management and access to area hospitals.

Recognizing the work being done by the NORCs, the UJA and other co-ops worked to win passage of state legislation that appropriated $1 million in 1994 to match such efforts in ten NORCs. This is the first state funding made available to NORCs in the United States.

The need continues to grow. Most importantly, the NORC model comes along at a time when policy planners from the different disciplines of housing, health care and social services are looking for alternatives to nursing homes or hospitalization for senior citizens. It's not only the cost of those options to the state, but also the emotional and financial devastation to the patients that keeps everyone looking for other options. Keeping people in their own homes and communities is better medicine for body and soul.

It's estimated that 27 percent of all older Americans live in NORCs. In New York City alone, about 250,000 people live in government-assisted NORCs. In a city of 1.27 million elderly, with 15 percent of those below the poverty line, senior housing is hard to find. Places like Penn South give a great deal of comfort and security to its members.

For people like Penn South resident Sara Liebowitz, age 91, PSPS was like gaining a new friend. Her doctor told her she'd have to start taking insulin for her diabetes. How could she give herself the needle? In fear, she called PSPS for assistance. The center sent a registered nurse who taught Liebowitz how to use the needle and came every day until she was sure she was doing it right. The nurse still visits once a week to check Liebowitz's blood sugar and see how she's doing.

In another situation, a man with Parkinson's disease was getting by but needed home-care services. One Friday, the center got a call from Meals on Wheels saying they couldn't get into his apartment. The center sent over a nurse who, after conferring with the man's doctor, realized that a change in his medication was the cause of the problem. If the center hadn't been on site, an outside social worker would have been called, and the man would have been taken to the hospital for the weekend until his doctor could see him. In this instance, the nurse was able to show the man that he needed to have home-care visits. He now gets visits regularly and feels secure.

PSPS is a pioneer model that's finding solutions to new problems. Its leadership has initiated innovation in program delivery. As a result, the seniors living at Penn South have increasing confidence in a support system that's as near as the telephone and just around the corner. NORCs are on the increase all around the United States. Those looking for answers to similar problems need to visit the Penn South Program. You'll know you're in the right place when you walk into the former first floor storage room. The attitudes and activities of the people in the room tell you that in this corner of New York City, they have found success.

CONCLUSION

There is no one-size-fits-all approach to senior housing, as evidenced by the examples detailed in this chapter. Seniors are as diverse a collection of individuals as any other age group. Thus, their housing needs also span across the spectrum. Some, for instance, can live completely independently; others need various degrees of health care and other assistance in order to live comfortably.

While the co-op housing solutions described in this chapter are diverse, there are some elements in common:

1. Resident control and active involvement - These projects are not examples of someone "doing for" seniors, but rather "doing with" them. Co-ops allow seniors a voice in setting policies, pricing decisions and managing their housing. Governance is in their hands.

2. Building coalitions - Projects can get off to a faster, more successful start by building working alliances with local governments, other cooperatives, community organizations and businesses.

3. Aging in place - No one likes to be abruptly uprooted. Seniors are no different. Successful housing co-ops give seniors the opportunity to stay in the community where they have lived most of their lives. Thus, for rural and urban seniors alike, there's no need to move to some senior facility on the other side of the city or county.

4. Vibrant living communities - Housing co-ops such as the ones in this chapter are much more than just roofs over seniors' heads. They are active centers that enhance seniors' opportunities for continued fruitful living, learning and socializing.

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CHAPTER 7.

THE CONSUMER MOVEMENT AMONG PEOPLE WITH DISABILITIES

People with disabilities are the largest minority group in the United States. In the past several decades they have also become powerful and effective advocates for their own civil and consumer rights. In all parts of the United States from the late 1960s to the mid-1990s, people with disabilities and their allies formed hundreds of locally based, consumer-governed "independent living centers" to help people with physical and mental impairments have access to basic rights and services in their communities – accessible housing, transportation, jobs and other ordinary needs most nondisabled people take for granted.

Although not formal cooperatives, independent living centers are models of cooperation. Most of the board members – the people who make policy decisions – at each center are people with disabilities. Most staff members have disabilities. The overriding goal of each center is to help the disabled consumers it serves overcome the obstacles that the nondisabled world puts in their way and attain as much control over their lives as possible. Cooperative action is thus the cornerstone of the independent living movement. This chapter presents information on the origins and development of this movement and provides examples of centers in California, Maine, Montana and Wisconsin.

Ed Roberts, Independent Living Advocate, 1939-1995

Ed Roberts died in March 1995, while the first draft of this chapter was being written. He was unknown to most of us, but to people with disabilities around the world, he is known as the father of the independent living movement. His commitment, energy and creativity in support of the rights of people with disabilities will be greatly missed.

When Roberts was 14, he contracted polio. As a result, he became a quadriplegic who relied on a respirator during the day and an iron lung at night throughout his life. Shortly after his polio attack, he overheard the family doctor tell his mother that he would never be more than a vegetable. As an adult, he joked that if he was going to be a vegetable, he wanted to be an artichoke, "prickly on the outside with a tender heart."

Roberts did anything but vegetate. He graduated from high school despite the fact that the principal wanted to withhold his diploma because he didn't pass his driver's education class. He and his mother overcame this obstacle by convincing the school board to overrule the principal. Roberts did very well as a student at the local community college, and his application was accepted at the University of California at Berkeley. But his disabilities were not. As the dean of students put it, "We've tried cripples and it didn't work." He won this one, too, entering Berkeley in 1962 as the school's first student with severe disabilities. James Meredith broke the color barrier at the University of Mississippi that same semester. "We both had to sue to get into school," Roberts reflected years later. He completed his master's degree in political science while at Berkeley.

Roberts' extracurricular activities overshadowed his scholarly accomplishments. He and a small group of other quadriplegics who joined him at Berkeley began what later came to be called the independent living movement. The group, known as the Rolling Quads, received funding in 1970 for a Physically Disabled Students' Program. The philosophy of this program emphatically rejected the "doctor knows best" approach. "People with disabilities," said the Berkeley group, "were consumers, not patients. Like consumers, they needed to select rather than settle."

When the program office was inundated with requests for assistance from nonstudents, it quickly became apparent that similar services were needed by the disabled citizens of Berkeley as well as on campus. In 1972, the Center for Independent Living was established to address this need, with Ed Roberts as its first executive director.

In 1975, Roberts was appointed the director of California's Department of Rehabilitation, the same department that initially had refused to sponsor his college education on the grounds that he was "too disabled to work." In his new job, he immediately provided funding for nine additional Centers for Independent Living (CILs) based on the Berkeley model. Joan Leon, the executive vice president of the World Institute on Disability, reflected on Roberts' leadership at the Department of Rehabilitation: "I don't think you could have sold the concept of independent living on the basis of one CIL. But by [showing that the concept worked in 10 centers] he started something that was absolutely unstoppable."

Roberts went on to co-found with Judy Heumann the World Institute on Disability, where he continued his efforts to expand the independent living movement in the United States and internationally until his death in 1995. As Marca Bristo, president of Access Living in Chicago, said after Roberts' death: "He was one of a kind ... He believed in himself before others did, and found power inside of himself, and then shared that power with millions and millions of people. He made us believe in ourselves."

OUT OF SIGHT, OUT OF MIND

When most of us in the United States are asked about civil rights, the first thing that comes to mind is African-Americans in the 1960s – Martin Luther King, Jr., the Montgomery bus boycott, and related images of Black Americans seeking equal treatment in education, jobs, housing and other areas in which they had faced a long history of discrimination. Many of us also think about the civil rights movements among women, American Indians, Hispanic Americans, other racial and ethnic groups, and gay people.

Few of us, however, consider the efforts of people with disabilities over the past 25 years to assert their rights to equal access in our society. You might be surprised to learn that people with disabilities constitute the largest minority group in the United States with an estimated 49 million members, according to a 1994 U.S. census report. It's also the only minority group that any of us may join at any time either through injury or illness. The civil rights movement among disabled people has grown in size, visibility and power since the first independent living center was established in Berkeley in 1972. But it's still largely invisible.

Or, is it? How many curbs have you seen lately that are not ramped for wheelchairs? How many office buildings and stores can you think of that don't have handicapped parking or handicapped-accessible entrances? How many of you have workmates or people with whom you interact on a day-to-day basis who have disabilities? Just 10 years ago your answers to these questions would have been very different.

The purpose of this chapter is to take a look at the opening up of American society to people with disabilities. During the past quarter of a century, there has been a major shift in American politics and in American culture away from underestimating the abilities of disabled people and away from warehousing them in nursing homes and other institutions. In recent years there has been significant movement at the federal, state and local levels and in the private sector toward the removal of barriers that block the access of people with physical and mental impairments to education, jobs and independent housing. These changes didn't just happen. They were the result of a long, difficult struggle successfully waged by people with disabilities and their families and friends. This struggle was, and continues to be, both a civil rights movement (changing and enforcing laws) and a consumer movement (gaining access to essential goods and services and having a voice in how they are provided).

In order for this story to make sense, however, some definitions are in order. A person with a disability is anyone who has a physical or mental impairment that limits his or her ability to perform certain activities. Disabilities can be moderate, such as Senator Bob Dole's partially paralyzed arm or Neil Bush's learning disability, or they can be severe, as in the case of some people with quadriplegia who may have little or no use of their arms and legs. Some of the most common kinds of disabilities are mobility impairments caused by spinal cord injuries, amputations, neuromuscular disease and cerebral palsy; visual impairments; hearing impairments; mental retardation; mental illness; and traumatic brain injury.

The word "consumer" has a special significance as used in this chapter. Historically, people with disabilities have been viewed as patients or clients by the individuals and institutions that "took care of them." As consumers, disabled people make their own choices about how they live, the services they receive and from whom they receive these services. For people who have had extremely limited choices about their lives in the past, becoming a consumer is a liberating experience. This definition of consumer is consistent with the one used by the cooperative movement. A consumer cooperative is a business that is owned and controlled by the people who purchase goods and services from it. Thus, in a consumer cooperative, the consumer is ultimately in charge.

There are a number of consumer cooperatives in which people with disabilities are active members. Elderly and disabled housing co-ops, such as those developed by Cooperative Services, Inc. based in Michigan and Homestead Housing Center based in Minnesota (see chapter 6), feature barrier-free design. Mariposa Villa in Irvine, CA, is a co-op designed for people with disabilities. ADOBES, Inc. in Massachusetts and Co-op Initiatives in Connecticut are both non-profit associations that develop co-op housing for people with and without disabilities. There are also food co-ops, buying clubs, cooperative preschools, health co-ops, transportation co-ops, personal service co-ops, dining co-ops, credit unions, and purchasing and repair co-ops for wheelchairs and other equipment – all designed to meet the needs of people with disabilities. Deborah Altus' **Consumer Co-ops: A Resource Guide for Consumers with Disabilities** is an excellent source of information on these co-ops.

While the consumer movement among people with disabilities and the consumer cooperative movement have many things in common, it is important to note that centers for independent living and many other organizations controlled by people with disabilities are non-profit service organizations. Although not formal cooperatives, they espouse cooperative values because people with disabilities – the consumers – play an active role in governing and staffing the centers and because services are provided in a consumer-responsive manner.

THE INDEPENDENT LIVING MOVEMENT

"For those of us who have disabilities, being in a nursing home is like being imprisoned for a crime we didn't commit," said Bob Deist, assistant director of Personal Care at Access to Independence in Madison, WI, in an interview for this chapter.

It's impossible to understand the history of the consumer movement among disabled people without first understanding the medical philosophy regarding the disabled that pervaded the United States well into the 1980s and still persists in the minds of some health-care professionals and policy-makers today. During most of the 20th century, people with severe disabilities were to be kept at home or in institutions and out of the public eye. The general belief was that people with severe disabilities could not lead useful lives. Therefore, access to education and to jobs was not even a consideration. In his excellent book, **No Pity: People with Disabilities Forging a New Civil Rights Movement,** Joseph Shapiro chronicles the dramatic shift away from this medical model and toward independent living. The opening of the Center for Independent Living in Berkeley in 1972 is often cited as the symbol of this shift in philosophy.

By 1977, there were an estimated 52 centers around the United States. Within the next 10 years the number of centers mushroomed to about 300. Today about 400 centers are in operation. Approximately two-thirds of these centers subscribe to the four major provisions of the Independent Living Center Charter:

1. The majority of the board of directors are people with disabilities.
2. Services are provided to people with a range of different disabilities.
3. At least the following four core services are provided: peer counseling; independent living skills training; information and referral; and advocacy.
4. All services are consumer-driven.

The spread of these independent living centers represents an amazing grass-roots consumer movement. In a period of just 15 years, the United States went from having virtually no consumer-responsive services for disabled people to a national network of such services controlled by disabled people.

There is a political side to this story as well. During the Nixon administration, a civil rights provision was included in the Rehabilitation Act of 1973.

No otherwise qualified handicapped individual in the United States shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving federal financial assistance. (Section 504)

No clear historical record exists of just how this language ended up in the act, but it was to have profound repercussions on the entire society. Draft regulations for this handicapped civil rights provision were prepared, but not completed, during the Ford administration. Recognizing the far-reaching economic and political impact of this simple paragraph, Joseph Califano, the Secretary of Health, Education and Welfare under Jimmy Carter, tried to water it down with a set of revised regulations. But a series of sit-ins by people with disabilities and their allies in Washington, D.C., San Francisco and in other cities, as well as a strong public reaction, convinced the administration to leave it alone. Four years and two presidents after the Rehabilitation Act was signed into law by President Nixon, Califano signed the final regulations implementing the handicapped civil rights provision. Among many other things, Section 504 was the beginning of national requirements for access by the disabled to sidewalks, parking places, public transportation and public buildings – conditions we now take for granted.

A year later another federal policy breakthrough occurred when, after listening to testimony from Ed Roberts and other disability rights advocates, Congress gave Rehabilitation Services the discretion to provide funding for CILs. The availability of federal financial assistance was a key factor in the six-fold increase in the number of centers during the next decade.

The next major political steps toward increasing the rights of people with disabilities occurred during the Reagan and Bush administrations. The Americans with Disabilities Act was signed into law in 1990 by President Bush and took effect in 1992. It's an equal rights, not an "equal results" – or affirmative action – law. It provides basic civil rights for people with disabilities – the right to see a movie, go shopping, buy a house, apply for a job – without being denied access because of a disability. One of the reasons that this far-reaching law developed and eventually passed during two conservative administrations is the fact that disabilities extend across all class, political, color and gender lines. Both Republicans and Democrats were persuaded by the argument that having a disability should not be an excuse to deny someone an opportunity to participate in society – especially when the argument was being presented forcefully and effectively by the very people who were being denied these basic rights.

The rest of this chapter presents four examples of centers for independent living: an update on the very first CIL in Berkeley; a look at a center in Maine that created a for-profit subsidiary to sell and repair equipment for the disabled; a center in Montana that is grappling with the problems of providing consumer services in dispersed rural communities; and Access to Independence in Wisconsin, which is heavily involved in the provision of home-care services and in a pioneering project to establish a statewide health-care network controlled by the state's CILs.

DIVERSIFICATION IN BERKELEY

The Berkeley Center for Independent Living is the national and international prototype for a revolutionary organizational model governed and staffed by people with disabilities. Its own path through the last two decades, however, has not been an easy one. In some ways, Berkeley has mirrored the ups and downs experienced throughout the independent living movement during this time.

The center continued to expand its array of services and the number of people served after Ed Roberts left to become the director of the California Rehabilitation Agency in 1976. It was hit hard, however, by the cutbacks of the early Reagan years. At the beginning of 1980, the center operated 20 different programs at four sites. It had an operating budget of $3.2 million with more than 200 staff people. In 1981, the center lost more than $2 million in federal funds. By 1982, the budget was down to $735,000, and only 27 staff positions remained. Programs were slashed, and the number of people served had dropped by 50 percent.

Since that time, the Berkeley ILC has been able to build itself back up gradually. The major change the center made was to diversify its funding sources. During the first half of the 1990s, only half of the center's budget depended on government funds. All of its core services were privately funded. In 1995, the center's focus was on more efficient delivery of services through a combination of a staff reorganization; a continuation of diversified sources of funding, including fees generated from some services and publications; and a renewed level of advocacy opposing potential state and federal cutbacks.

ENTREPRENEURSHIP IN MAINE

Alpha One was established in 1979, the first year that funds were available under the National Rehabilitation Act to support centers for independent living. Right from the start, Alpha One's director Steve

Tremblay and his board had some unique ideas about the organization's mission. Tremblay, a wheelchair-user himself resulting from a spinal cord injury, came to Alpha One with a business background. He figured that the best way to provide for the long-term financial stability of the center was to run it like a business. Thus, Alpha One has a range of fee-based services, including consulting services to architects, lawyers and local governments on transportation, building access and other issues and to schools regarding their driver's education training programs.

But what really sets Alpha One apart from other CILs in the United States is its for-profit subsidiary, Wheelchairs Unlimited. This wholly owned company was established in 1986 to sell and service disability equipment and supplies. The company has stores in Portland and Augusta. Its eight employees operate a 24-hour equipment repair service, which is particularly valuable to people who use motorized wheelchairs. The company experienced small losses or just broke even during its first few years of operation, but has been profitable ever since. During the current fiscal year, the company will make a net profit of about $90,000 on around $900,000 in gross sales.

What's next for this entrepreneurial CIL? Alpha One is planning to form a health maintenance organization or a joint venture with an established HMO in order to make sure the future health-care needs of people with disabilities will be met in a consumer-responsive way. According to Tremblay, "Whether we like it or not, we are going to see more and more managed health-care systems. If Alpha One doesn't become actively involved, our consumers will suffer, because health-care providers generally don't understand the needs of people with disabilities." Alpha One's planned move into managed health care has another motive as well: further diversifying the financial base and, thus, the long-term economic stability of the organization.

BIG SKY AND BIG DISTANCES IN MONTANA

Summit Independent Living Center is headquartered in Missoula, MT, and has three satellite service centers in adjacent rural counties. Missoula itself has fewer than 40,000 inhabitants. As center director Mike Mayer puts it, "If you drive five miles in any direction from the center of Missoula, you're in the country." There are a total of 94,000 people in the counties served by the satellite centers. The biggest town outside Missoula has a population of 11,000. The sparse population makes for a lot of challenges in meeting the transportation, housing, personal attendant care and other needs of rural residents with disabilities. Since it began operation in 1981, Summit has developed effective, consumer-directed programs that have successfully overcome many of these challenges.

Summit started out as a federally funded project of the local rehabilitation center, which in turn was a part of Missoula's non-profit Community Medical Center. Summit maintained this status until 1988, when it became a freestanding independent living center governed by its own board of directors, a majority of whom have disabilities. Summit staff and its advisory committee had been advocating for autonomy for a number of years. But the medical center was reluctant to spin off the project. The impetus for the formal separation was a change in federal requirements, which made it a condition of federal funding that centers be governed by boards who had a majority of disabled members.

For its first four years, Summit served the Missoula area exclusively and restricted its services to wheelchair-users and others with mobility impairments. In 1985, it broadened its services to include the three adjacent counties and to provide assistance to people with other disabilities, such as visual and hearing impairments and multiple sclerosis. The center's level of activity in the three rural counties was limited – a total of two to three staff days per month in the three counties combined.

It wasn't until 1991 that Summit was able to make a major commitment to its rural constituents, thanks to the Robert Wood Johnson Foundation's one-year planning grant and three-year implementation grant, which provided the center with the resources necessary to establish comprehensive rural programs. In addition to the grant, the key to this rural initiative has been the primary role of local advisory councils in determining each county's priorities. These councils are comprised of a mix of disabled community residents, health-care professionals and local government officials. Each county now has its own staffed center providing peer counselor training, assistance in finding personal attendants and other services. In addition, Summit is helping these communities tackle difficult issues, such as transportation services for the mobility impaired and accessible housing, stores and offices.

The Robert Wood Johnson Foundation grant was completed in the fall of 1994. Summit is still readjusting to a smaller budget. The slack has been picked up in part by a United Way grant, in part through fee-for-service work (in particular, architectural consulting), but primarily through a reallocation of Summit's resources, some of which have been shifted from Missoula to the rural centers. To continue the staffing in the rural centers, there are three fewer program staff and two fewer administrative staff in the Missoula office. Mayer reports that "the current staffing level of nine employees and the budget of $330,000 is adequate for Summit's expanded service area. But it was a painful process to scale down operations after completion of the grant."

Summit faces several big issues now and for the coming years. One of these is compliance with the Americans with Disabilities Act. The center has found that just because a law is on the books doesn't mean it automatically gets enforced. Especially in rural communities, many local governments and businesses need a lot of nudging to install curb cuts, make buildings wheelchair-accessible, comply with housing code requirements and provide transportation services.

Through their statewide disability council, Summit and the other three centers for independent living in Montana have found some targeted nudging is required at the state level as well. For example, they achieved a big victory last year when they got the state Medicaid rules changed to remove the monopoly status that one personal-care vendor had for all Medicaid-funded attendants in the state. The rules were changed to allow consumers themselves to select and supervise their care providers.

Summit also shares a major concern with most other CILs. How will it maintain a stable budget in the face of potential federal and state cuts? Summit's answer for now is to run a lean organization and base its financing on a diversified strategy of public funding, local private support, limited fee-for-service income and selected private grants. As Mayer cautions, however: "We have learned not to go after just any grant. We want ones that are in keeping with our mission and priorities and that don't pull us in too many directions at the same time."

Fourteen years ago Summit started out as a small part of a much bigger organization that provided services to a fraction of the disabled community in one urban area. Now it's an independent, consumer-governed organization serving people with a wide range of disabilities in a four-county area. And it's having a statewide impact on improving the quality of life for people with disabilities. Summit also can serve as a national model of how to provide disability services to a combination of urban and rural areas in ways that are responsive to the needs of consumers in both types of communities.

Accessing Independence and Joint Venturing in Wisconsin

At about the same time that the Center for Independent Living was established in Berkeley, a group of disabled people in Madison, WI, formed MOBIL (Madison Organization Behind Independent Living). Through most of the 1970s, this group advocated to make Madison a more accessible community. They succeeded in getting downtown curb cuts, transportation services, community housing and other improvements. When federal funding came along in 1978, they were ready with an application, and Access to Independence opened its doors the following year. The activists who comprised MOBIL continued to be the core of the Access board of directors in the 1980s.

Like many other centers, Access has experienced tremendous growth since its formation 16 years ago. Also, like these other centers, Access has tried to remain true to its initial goals and services. As Maureen Arcand, one of the founders of Access, wrote in 1994:

"The goal remains the same: To enable people to live in the community and make their own choices about where and how they want to live. The core services [also remain the same:] information and referral, peer support, housing counseling, and attendant care."

The founding mothers and fathers of Access would never have guessed what would become the major activity of the center in 1995 – the employment of some 200 personal-care workers. The historical role for CILs regarding personal-care attendants has been to help disabled consumers screen and select attendants. In keeping with the independent living philosophy, consumers have had the right to hire, supervise and fire their attendants. When Medicaid funds became available to pay for personal-care attendants in the early 1990s, there were bureaucratic strings attached. In particular, consumers whose attendants were paid for by Medicaid could not directly employ them. In order to continue to keep attendant-care services responsive to disabled consumers, Access decided to get directly into the attendant-care business. Thus, in May 1995, Access had a total of 230 employees, 200 of whom were full- and part-time attendant-care providers. Access continues to operate its attendant-care program in a consumer-responsive way. Consumers select their own attendants, supervise them and, if necessary, get attendants replaced. The difference is that under the Medicaid program, Access is the employer, not the disabled person receiving the service.

Even though the current system is working well for Access, the board and senior staff do not want to see the counseling and advocacy relationship with their consumers eroded by the administration of one large program. Accordingly, Access to Independence has been working closely with Eldercare, a non-profit organization serving the elderly, the Wisconsin Department of Health and Social Services and the Robert Wood Johnson Foundation on a plan to create a statewide network of non-profit disability and elderly organizations to provide comprehensive health-care services for their consumers. Access plans to separate its personal-care program into a non-profit subsidiary and to retain core counseling, training and advocacy services within the parent organization.

The effect of these changes will be similar to Alpha One's plans in Maine. A consortium of Wisconsin independent living centers and elderly-care providers will establish health maintenance organizations responsible for home-care services as well as broader medical services.

This program will allow disabled and elderly people to live in their own homes instead of nursing homes and to have a major decision-making role in their health-care services. Although not incorporated as a cooperative, the statewide non-profit network also represents a "cooperative" approach for CILs and elderly-care providers to stretch their financial resources and share technical expertise.

Thus, Access is attempting to respond to its growth over the past few years by returning the parent organization to a sharper focus on its basic mission, while at the same time forming an alliance with other organizations to ensure that disabled consumers have control over their home-care and health-care services. It's a huge step from being a small volunteer organization advocating for curb cuts and transportation services in the 1970s to becoming a statewide network of independent living centers planning to create a network of their own health maintenance organizations in the late 1990s. If they are successful, it will represent another major step in the increased consumer rights of people with disabilities.

Conclusion

The consumer movement among people with disabilities has come a long way during the past 25 years. The consumer-controlled centers for independent living have been the major organizational vehicle providing disability services and advocating for and protecting the rights of people with disabilities. But the rapid growth of this movement hasn't been easy or smooth. Because CILs are partially dependent on federal and state funding and because of the current wave of fiscal conservatism sweeping the country, many centers are likely to be in for some difficult times ahead.

What are some of the most important lessons we can derive from this consumer movement? One is that a small number of dedicated individuals can make a difference. The origins of the movement can be traced back to one university campus and a group of students with quadriplegia intent on gaining equal access to education, transportation, independent housing, and other basic needs for themselves and other people with disabilities. These young people and the many others who joined and expanded the independent living movement brought into being a new kind of consumer organization in the United States and in many other countries.

A second lesson is that the successes of the consumer movement and the civil rights movement among people with disabilities were mutually supportive parts of the same larger process. Without Section 504 of the 1973 Rehabilitation Act, without explicit inclusion of CILs as eligible recipients of funds in the Rehabilitation Act of 1978, and without the

Americans With Disabilities Act of 1990, there would be no independent living movement as we know it today. On the other hand, without the determined efforts of thousands of people with disabilities and their supporters, these civil rights breakthroughs would not have occurred.

A third lesson is one with which the independent living movement is still grappling. The core issue of the movement is equal access – creating a social and physical environment in which people with a variety of disabilities can make choices about their lives and exercise the same rights as nondisabled people. But there are financial costs to this equality – costs in redesigning the man-made environment, transportation costs, attendant-care costs, and the costs of providing the kinds of support services provided by CILs. There are also financial costs in **not** providing equal access. In particular, it's far more expensive on average to keep a disabled person in an institution than for that person to live in an apartment and receive attendant-care services. It also costs society far less to have people with disabilities earning an income than relying primarily on Supplemental Security Income (SSI) payments.

In the current political climate, however, there's a tendency to look more at short-term costs that can be cut rather than at longer term savings that will be lost. Given the current cost-cutting myopia of public officials at all levels, the "soft services" provided by independent living centers are particularly vulnerable. This urge to reduce costs has happened before. Witness the efforts during the Carter administration to water down the equal rights provisions of the Rehabilitation Act, or the major reductions of CIL budgets during the early years of the Reagan administration in 1980 – for example, the 70 percent cut in the Berkeley center's budget.

The lesson for the independent living movement is that the fickleness of public financial support needs to be countered by centers having a diversified financial base. Berkeley has substantially increased its private financial support. Alpha One has an entrepreneurial strategy to generate revenue from some of its services and from its for-profit subsidiary, Wheelchairs Unlimited. Access to Independence is generating revenue from its personal-care service program and intends to increase its financial stability through its HMO joint venture. Independent living advocates interviewed for this chapter consistently warned about the complacency that can set in when a center has relied heavily on state or federal funding for a long period of time. This dependency can lull a CIL director and board into assuming that the public money will always be there. If these sources of funding are threatened, as they are in the mid-1990s, the strategy is often to go to Washington or the state capitol and lobby to have them reinstated. There's nothing wrong with this strategy, these spokespeople maintain, as long as it's not the only strategy. In their eyes, diversified sources of support are the only means to provide long-term stability for the centers.

The independent living movement represents by far the fastest growing consumer movement in the second half of the 20th century. Who would have imagined the sweeping changes that have taken place in just 25 years in improved civil rights and access of people with disabilities to day-to-day life in American society? In particular, who would have imagined that these vast changes would have been brought about by the leadership of an as yet unheard of type of organization called centers for independent living, in which disabled people themselves constitute the majority of the board of directors and staff? The overwhelming message of this movement is that people can make a difference when they band together cooperatively to assert their rights and to meet their needs as consumers.

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CHAPTER 8.

COMMUNITY DEVELOPMENT CREDIT UNIONS: CITIZENS INVESTING IN THEIR COMMUNITIES

Credit unions are financial cooperatives that trace their roots back to mid-19th century Europe, where farmers and workers struggling through hard economic times banded together to provide themselves the credit they so badly needed to survive. Today's credit unions, now numbering about 12,000 in the United States, still offer their members a way to take control of their financial lives. But modern credit unions are about much more than extending credit. Many have evolved into full-service financial institutions offering everything from ATM service to money market accounts.

Along with the shift to more sophisticated financial services has come a renewed interest in the credit union movement during recent years in reaching out to people of marginal financial means. Community development credit unions are the form that this outreach takes. By definition, more than half (at least 51 percent) of the membership of these credit unions must be people who have low incomes. The Federation of Community Development Credit Unions, formed in 1974, has been a major impetus behind the growth of community development credit unions, having raised more than $5 million in deposits from the private sector since 1984.

Community development credit unions got an additional infusion of energy and support in 1993 when President Bill Clinton introduced the Community Development Banking and Financial Institutions Act. This law aims to help launch 100 new community development financial institutions within the next five years, many of which could be credit unions.

In this chapter, we'll look at three community development credit unions that are diverse in their origins and geographic locations, but that all aim to give their members more financial clout – as well as hope.

Looking for a New Model

On July 15, 1993, Tim Bazemore stood on the White House lawn telling a crowd of bankers and community development specialists that poor minorities could build enterprises, create jobs and instill confidence in their future. Bazemore wasn't just speaking theoretically. He'd witnessed such accomplishments firsthand as founder and general manager of Workers Owned Sewing Company, which was formed when a group of employees decided to buy out the company they worked for and thus save their jobs. At that time, Self-Help Credit Union had been there to give them financial backing. Today Workers Owned Sewing Company has annual sales of more than $2 million, and its workforce has grown from 10 to 70-plus, making it the second largest employer in rural Bertie County. What's more, Bazemore emphasized to his White House audience, the work done by Self-Help to spur that kind of economic growth in his state's low-income communities could serve as a model for the entire country.

As Bazemore spoke, a noted member of the audience nodded in agreement and then rose to take his turn at the speaker's podium. In his speech, President Bill Clinton announced his new legislation, called the Community Development Banking and Financial Institutions Act, which aimed to spark the emergence of community development financial institutions, such as Self-Help, all across the United States.

This was an issue that had been close to Clinton's heart since his days as governor of Arkansas. Back then, two economic development projects had captured his imagination. One was a system of flexible manufacturing networks and small cooperatives in northern Italy. The other was the Grameen Bank in Bangladesh, which had taken the idea of lending circles and created a way to revolutionize the lives of the poor.

Now, Clinton said, it was time to bring such models to life right here in the United States. The Community Development Banking and Financial Institutions Act was a key first step. Although Congress later scaled back the President's budget, thus funding only 100 development financial institutions rather than the 300 Clinton had envisioned, the program did get rolling.

Beginning with a Bake Sale

While the legislation was being hammered out, advocates pointed to Self-Help as an example of what could be done if such a law were passed. The credit union's story starts back in 1980, when husband-and-wife team Martin Eakes and Bonnie Wright decided they wanted to do something about the linked problems of race and poverty in North Carolina. Toward that end, they founded the Center for Community Self-Help as a non-profit organization. Initially the center provided technical assistance and training to workers displaced by plant shutdowns. The goal was to help workers form cooperatives and employee-owned companies.

Eakes and Wright based their project on the Mondragon cooperatives in the Basque region of Spain, where a network of cooperatives had revived a dying regional economy. Indeed, the cooperatives had transformed the region into an economic powerhouse in the flourishing post-Franco era in Spain. Today the Mondragon Cooperative Corporation employs more than 25,000 worker-members, is one of the top 10 corporations in Spain and tallies billions of dollars in international sales annually.

However, Eakes and Wright discovered that the engine that gave Mondragon its power was missing in North Carolina and was stalling development of worker co-ops. That element was access to capital. For the Mondragon cooperatives, the Caja Laboral (or "Workers Bank") furnished the necessary capital to launch successful ventures. Thus, Eakes and Wright decided, their next step was to create a Caja for North Carolina.

In 1984, the couple organized the Self-Help Credit Union and Self-Help Ventures Fund (a fund-raising arm) with $77 raised from a bake sale. It was a small start, viewed by many as merely idealistic. Yet Eakes and Wright had plenty of proof of the need for credit among North Carolina's poor. Through the help of many others who believed in the credit union's philosophy and purpose, the assets began to grow. Groups such as Co-op America, a Washington-based national organization, told its 45,000 members about the work that Self-Help was doing in North Carolina. Those members and others around the country invested deposits in Self-Help. Religious institutions and other supportive organizations also became depositors. By pooling their resources at the credit union, people felt they would create the type of financial institution the country so badly needed.

Thus, Self-Help was the first community development credit union to take its case to the country and to prove that, with the right model and a solid record, the deposits would flow in.

In 1985, the United Nations named Self-Help as one of the 20 most successful rural development programs in the United States. That same year President Reagan's Task Force on Capital Mobilization for Low-Income Communities also cited Self-Help as a national model.

From there, Self-Help's achievements began to spiral. In 1987, it became the first statewide development financial institution in the country. As a result of its efforts, Self-Help received its first grant of $2 million from the North Carolina General Assembly in 1988. In 1990, the Small Business Administration and Fannie Mae approved Self-Help as a participant in their programs. Meanwhile, the resources kept growing and the customers kept coming. By 1992, Self-Help had become recognized as a new model of economic development for this country. The credit union is proud of the part it played in designing Clinton's version of the Community Development Banking and Financial Institutions Act.

As of 1995, Self-Help ranked as the largest community development credit union in the United States, with assets of $77 million. Not bad for a small effort launched by $77 in bake sale proceeds a little more than a decade earlier. The credit union now operates statewide through five regional offices that serve its members, including minorities, women, rural residents and low-income citizens of North Carolina. These are people who often encounter barriers to obtaining credit from traditional lenders.

Self-Help's belief is that ownership allows people to improve their economic position, and that, conversely, lack of wealth can prevent individuals from improving, or even maintaining, their standard of living. With that philosophy in mind, the credit union has loaned nearly $40 million to small businesses and non-profit organizations, thus helping to create more than 4,000 jobs and more than 2,000 child-care spaces. In addition, it has loaned more than $30 million to help some 600 North Carolina families buy their own homes. It's worth noting that Self-Help's cumulative loan losses, as of year-end 1994, totaled less than 1 percent, a rate comparable to conventional lenders.

Another key to Self-Help's effectiveness is that it realizes no one organization can meet all the credit needs of poor North Carolinians. Therefore, Self-Help has joined forces with other non-profits, foundations and government agencies to generate millions of dollars for additional lending. With its history of growth and success, Self-Help has become a credible advocate for public policies and practices that help low-income people improve their lives.

When the Banks Shut You Out

In the 1970s, Santa Cruz, CA, was a hive of activity focused on environmental causes and economic and social change. Many community activists were searching for capital to fund their various efforts. But the local banking institutions had little sympathy for the motley crew that ranged from surfers to socialists. In turn, the activists decided that if the local banks wouldn't lend them the money they needed to grow their enterprises, they'd start their own financial institution. Such an institution, they reasoned, would understand what they were doing and serve as a tool for achieving the progress they envisioned.

Thus, the Santa Cruz Community Credit Union came into existence in 1977. More than the other community development credit unions founded during the same period, the credit union in Santa Cruz placed its major emphasis on loans to community businesses and non-profits. The original intent was to lend 60 percent of the credit union's resources for community development and 40 percent for personal loans. For years, Santa Cruz CCU was the bane of the credit union regulators. The latter would say, "You can't do this," and the credit union would respond, "But that's what our member borrowers want."

Eventually, the regulators put a cap on the commercial loan activity of the credit union. However, through its persistence, the credit union still makes more commercial loans proportionately than any other credit union in the United States. "Small business lending is absolutely in line with the credit union mission," says Jeff Wells, vice president of community development and lending at Santa Cruz CCU. "The Credit Union National Association's slogan is 'People Helping People.' And small businesses are an integral part of the communities credit unions are supposed to serve." The Santa Cruz CCU board is proud that it has continued to lend for social change without short-changing its borrowers or compromising its responsibilities as a well-run financial institution.

The credit union's mission statement clearly and succinctly outlines its philosophy:

The Santa Cruz Community Credit Union is a savings and lending cooperative, open to all county residents. We are working to promote social and economic change in Santa Cruz County. The Credit Union is democratically owned and controlled by its members. The Credit Union recirculates savings within the county by making loans to members. In our community development lending, we encourage democracy – the control of the local economy by the people who live here. The Credit Union's highest priority is to meet the needs of low-income people through the development of small business, cooperatives, worker-controlled businesses, non-profits and organizations improving the quality of life in the county. In our personal lending and in our other services, we help our members meet their real financial needs. Together we are people who make a difference.

Santa Cruz CCU's growth depends on staying in touch with its members. Over time, the organization has created financial and loan programs to meet the demand coming from its low- and moderate-income members. The credit union also knows its members' needs for personal loans, home loans and business loans. Unlike banks that try to develop financial services to "sell" to their customers, the credit union focuses on providing the services its members want to buy.

In line with that approach, Santa Cruz CCU was one of the first community development credit unions to realize that it needed to be a full-service financial institution in order to best meet members' needs.

Therefore, the credit union now offers savings accounts, checking accounts, IRAs, ATMs, credit cards, banking by phone, and consumer, real estate and community loans. Most members look upon Santa Cruz CCU as their primary financial institution. In 1995, the credit union performed more than 450,000 transactions and cleared 550,000 checks. As a result of its professional leadership, Santa Cruz CCU is the third largest community development credit union in the United States. As of early 1996, it had more than $20 million in deposits and 6,000 members.

During its first 19 years, the credit union loaned more than $35 million to small businesses, non-profits and cooperatives. Business loans are important to the community economy, as the vast majority of workers at these borrower enterprises are low-income. Here are just a few of Santa Cruz CCU's achievements to date:

• Lending to women- or minority-owned businesses. This has been one of the credit union's top priorities. In the last three years alone, it has issued 137 loans totaling $4.7 million to these businesses.

• Funding small business startups. In just the last three years, the credit union has made community development loans totaling $9.8 million, which resulted in 1,105 new or saved jobs. The delinquency rate hovers at an acceptable 1 percent to 2 percent.

• Supporting affordable housing. Santa Cruz CCU has provided bridge and long-term financing for a number of projects. Among them: three low-income, limited equity mobile home park cooperatives; two apartment co-ops; a residential home for HIV-positive people; two homeless shelters; a community residence for severely mentally retarded people; a battered women's shelter; and a housing project for low-income elderly persons.

• Financing environmentally sound projects. The credit union has loaned more than $3 million and given other financial support to some 50 farmers and farmer cooperatives who practice organic farming methods. Other loan recipients have included natural foods stores, environmental non-profit organizations and small businesses engaged in environmentally sound practices.

• Lending to community groups. These have included diverse organizations, such as art and theater groups, drug abuse programs, health clinics, child care centers and many more.

• Community development loan programs. The credit union has two subsidiaries that are also actively involved in community development projects. These have included housing for low-income elderly, loan programs for small businesses, loan programs for child care providers serving low-income children and many others.

Clearly, the record speaks for itself. Santa Cruz CCU continues to fulfill the mission it set for itself nearly two decades ago. Within its community, there were many who had been shut out of the local economy. This coastal resort community has plenty of wealth, high-priced homes and fancy restaurants. But for the low-income people who work to keep Santa Cruz working, it is a world of high rents and expensive living costs.

Of the many financial institutions in the community, the credit union is the only one that understands these people's needs and aspirations. By helping the entrepreneurs and the non-profits that work to build a better society, the credit union is funding opportunity. That puts the Santa Cruz Community Credit Union squarely in the heart of its community.

CREDIT GROWS IN BROOKLYN

Central Brooklyn used to be a bad scene getting worse. It was full of abandoned buildings, marginal businesses, high unemployment and rampant hopelessness among its residents. But a group of young leaders decided it was time to try a different approach to their community's economic development. In 1984, they formed the Central Brooklyn Partnership, comprised of people from economic development organizations and local churches. It was a first step toward revitalizing the community they all called home. They took another big step on April 17, 1993, when they opened the doors of the Central Brooklyn Federal Credit Union – the first credit union chartered under the Clinton administration's new Community Development Banking and Financial Institutions Act.

The main impetus for opening the credit union was the closing of many of the banks in the area. Local residents were particularly hard hit when the African-American-owned Freedom National Bank collapsed in 1990 and closed down its two Brooklyn offices. A study conducted in the late 1980s showed that at that time a sum of $629 million was on deposit from the Central Brooklyn area. However, the research also showed that for every dollar on deposit, only one cent was being reinvested in the area. Shorn of the mother's milk of capital, the community lacked a critical tool to succeed. Their capital was leaving their community and being used for development elsewhere. As each bank closed or merged, the 700,000 mostly African-American residents of Central Brooklyn saw their money going farther and farther afield and clearly not staying at home.

In the economic vacuum created by institutional abandonment, two young leaders saw the problem and spotted the opportunities. In 1989, Mark Winston Griffith was the assistant director of the Crown Heights Neighborhood Improvement Association. He took the initiative to call together the community groups who eventually created the Central Brooklyn Partnership. Griffith now serves as the executive director of the Partnership and in that role also became the co-founder and president of the credit union.

The second young visionary is Errol T. Louis, who was the associate director of the National Federation of Community Development Credit Unions, an organization based in Brooklyn. Louis had written convincingly about the importance of local financial institutions as the key to economic development. As co-founder of Central Brooklyn FCU, Louis developed and executed the credit union's organizing campaign and wrote the business plan approved by the National Credit Union Administration (NCUA), the credit union regulatory agency. Louis is now the manager and treasurer of the credit union.

Today the key challenge facing Central Brooklyn FCU lies in convincing the area's residents to look toward the future in a new way and to shift their money to the credit union. Currently the credit union has more than 4,000 members and nearly $5 million in assets. It's the fastest growing financial institution in New York City and is gaining 200 new members each month. As quickly as it can, the credit union is adding to the range of services it provides. Its services include savings and checking accounts, check cashing, utility bill payments, financial management workshops. and personal and business loans. When it began, the NCUA placed a number of loan limitations on the credit union to assure its stability. Slowly, those restrictions are being raised, which allows the credit union to provide more services to its members. In the three years it has been in business, Central Brooklyn FCU already has made more than $1.5 million in loans to members. The average loan size is about $4,000.

The credit union views itself as both a financial institution and an advocate. "In this community," Griffith points out, "we have always been concerned with political, cultural and economic development. And the credit union was a natural evolution of our thinking to create a power base, so people who live here and work here could actually participate in the empowerment of their community." Both Griffith and Louis see the credit union as a continuum from the civil rights and black power eras. They both feel that economic empowerment is the next stage.

Interestingly, both Griffith and Louis have strong family ties to the Caribbean, a similarity shared by a large population of West Indians who live in this part of Brooklyn. Central Brooklyn is the largest Caribbean community in the United States. The credit union movement is strong in the Caribbean, where the idea was grafted onto the credit circles brought to the islands from Africa. General Colin Powell has mentioned the strength of the credit circles as part of the solid West Indian family structure that he benefited from while growing up. The credit union movement in the Caribbean Islands gave blacks their first chance at economic independence from the white-owned, mainly British banks.

Another idea that has been borrowed from the African culture is the "Sister's Lending Circle." This is an adult financial literacy program run by the Central Brooklyn Partnership that targets women on public assistance. Twelve participants meet once a week and share in training sessions. Each of the participants sets goals that are supported through a peer lending process called a "su-su," modeled after a West African lending circle.

The Partnership also has invested in a range of youth development program all focused on economic development. More than 600 youths now have accounts at the credit union. Soon they will have their own youth credit union.

To strengthen their community, the Central Brooklyn Partnership linked the parent non-profit, the credit union and a loan fund (run by the Partnership and with assets of more than $200,000). This combination of resources directed at economic development provides a triad of support for people and businesses. Louis believes President Clinton is looking for this type of community-based model. "We are the kind of institution," he says, "that will make the President's plan for community development financial institutions a reality." Revitalizing the inner cities will only occur when people have faith in themselves and are in control over their financial institutions.

Griffith and Louis have used their Ivy League skills to get major banking institutions in New York City to become the credit union's partners. Griffith graduated from Brown and was a Revson Fellow at Columbia, while Louis has a B.A. from Harvard and an M. A. from Yale. The two young men combined their commitment to their community with their capacity for "working the city." They have encouraged a number of banks to place deposits in the credit union. As a result, the credit union has the highest number of deposits from financial institutions of any community development credit union. Chemical Bank even donated an old bank branch office to serve as the credit union's first location.

With determination and dedication, the Central Brooklyn FCU has arrived. In just three years, it has become the largest minority-controlled community development credit union in the country. Because of its early success, it is seen as a model for other minority communities. Previous generations of minority leaders placed their focus on combating racism and inequality. As a result, our nation was changed permanently by protest and programs. But today Central Brooklyn still has tremendous needs and still represents immense poverty, while only a few miles away sit some of the richest institutions in the United States. The growing gap between rich and poor needs to be bridged to assure this country's future stability.

The busy little credit union in Central Brooklyn is one step in that direction. Griffith and Louis represent a new generation who are bringing their skills home. They are searching for new models to rebuild their communities and for new ways to convince their neighbors that they can invest in themselves and their community by putting their money in their credit union.

CONCLUSION

Credit unions have had a long tradition of following the "people helping people" philosophy. Now community development credit unions are taking that effort to a new level, reaching more people who have felt a lack of financial power in the past.

Community development credit unions, however, are not institutions bent on "doing good." They are power bases for helping people make things happen – whether it be a group of workers who want to buy the company they work for, an individual who's trying to launch a small business, or a group of community residents who need funds to start a cooperative. Indeed, community development credit unions can be the vital link that allows other co-op projects, such as those described in other chapters of this book, to become realities.

While other financial institutions too often turn their backs, community development credit unions make investing in their communities their number one priority. Oftentimes, as we have seen in this chapter, they are investing in communities that others long ago gave up on. Of course, community development credit unions can't do it all alone. Partnerships are a key in revitalizing communities. By teaming up with other non-profits, government agencies, foundations and so on, community development credit unions are making progress in turning bad situations around – one community at a time.

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