

Models of Ownership Training

In considering these options, remember that the most basic things will essentially stay the same. The cost of living will be about the same, the quality and amount of repairs will be the same and the Section 8 will work the same way if a new owner takes over:

NOTE: This meeting will not get in to very specific detail, and will not answer all of your questions about each model. The purpose is to get a better understanding of the choices, and then residents should invite groups who practice these models to discuss all of the specifics.

1) Continuing on as a Rental:

Your building is currently a rental, so if tenants are happy as renters, but just got stuck with a bad landlord, the residents should think about how to identify a new owner for the building who will do a better job.

Rental Cons

- The rent you pay monthly includes the cost of operating your building, but it also includes a profit for your landlord.
- Renters have no say about who moves in or out of the building.
- You have less power as a renter
- Your landlord can raise the rent a high percentage annually and may try to give you just the bare minimum of services.
- There is a possibility that the tenants arrive at the same situation they are in now later on down the road.

Rental Pros

- Renters are not responsible for repairs, the owner is.
- Renting is ideal if you are not looking for a long-term commitment and extra responsibility.
- As long as you pay your rent and the landlord provides you with services, there is not much extra to think about.

2) Joint Venture:

This is similar to living in a rental, but if done correctly allows residents to have an active role in the decision making processes that affect their building. Tenants select a for-profit or non-profit housing group that is clearly committed to working in partnership with residents.

Joint Venture Cons

- This model can be dangerous if the non-profit partner is not truly committed to giving residents power. Negotiations over board seats are critical so that one side does not end up with far more power than the other does.
- The residents who do sit on the Board do a lot of work for no financial compensation.

Joint Venture Pros

- Residents partner with an experienced for-profit or non-profit who is committed to giving the tenants a role in the day-to-day decision-making process of running the building.
- A good model for tenants who want to be more than renters, but not quite owners.

Urban Homesteading Assistance Board, 2009

3) Mutual Housing:

This model is where several rental buildings form an association. The association is then controlled by a Board of Directors, comprised of residents from each of the buildings in the mutual housing association, and the non-profit sponsor. Tenants will have some input, but there are lot of groups at the decision making table.

Mutual Housing Cons

- Because you share one budget, if one of the buildings has financial troubles it could affect the other buildings.

Mutual Housing Pros

- All the buildings share one budget.
- All associations enjoy services that they could not afford on their own.

4) Co-op Homeownership:

In this model, tenants form a corporation and each resident purchases shares in the corporation that owns the building.

Co-op Homeownership Cons

- There is a huge amount of work that is done by the shareholder and the shareholders alone.
- Shareholders must take their neighbors to court if they are not paying their maintenance fees.
- Shareholders are responsible for making repairs in their own apartments.
- A large percentage of the building has to be willing to invest the time to keep things operating smoothly.
- All decisions must be made by the residents and bickering or fighting can be disastrous.

Co-op Home Ownership Pros

- Tenants have more control over where they live
- Shares can be passed on to their children
- Residents can make a limited profit if they decide to sell their unit
- Tenant, or shareholders in this situation, establish the “house rules” together and have input into the development of building policies through the board of directors and committees
- Shareholders have a say in who moves in or out of the complex