

## **Shareholder Ownership, Governance and Management Training Plan**

The Urban Homesteading Assistance Board (UHAB) is a not-for-profit organization that transforms renters into homeowners who collectively own and democratically govern true housing cooperatives that will remain affordable, in perpetuity, to people of modest means. UHAB has provided training and technical assistance to more than 30,000 units of affordable cooperative homeownership across New York City for more than 35 years.

UHAB uses a participatory training method called the "Small Group Activity" method. This method is based on the principle that adults learn best by doing and stresses cooperative problem solving over individual competitiveness. Participants are placed in a series of carefully constructed problem-solving situations where they are asked to apply life experiences as a group to address a series of questions. The instructor facilitates this process within the workshop and adds his or her expertise as appropriate. Advantages to this approach over lecturing method include that it:

### **1. Maximizes participation without loss of structure**

When the class is broken into smaller discussion groups, virtually everyone has the opportunity to participate. This is a critical feature of any program that intends to help improve tenant participation and relationships within an organization. The full group report-back structure allows for well-defined discussions and structured intervention by the instructor.

### **2. Places a high value on the sharing of information and experience**

The small group format requires that the participants first utilize their own knowledge and experience when asked to solve a problem which builds self-confidence both in individuals and amongst members of the group. The instructor-participant relationship is reciprocal and one in which the exchange of information becomes the operating learning style.

### **3. Develops leadership skills**

While in their small groups, each group will be asked to appoint a scribe. The role of the scribe is constructed to help foster the reporting, public speaking, and small group leadership skills critical to successful co-op governance.

UHAB has created a curriculum for resident associations that are transitioning, over time, into limited equity HDFC cooperatives. This series of 14 classes starts by building the knowledge, skills and attitudes necessary for organizing strong democratic resident associations. It then moves on to cover the intricacies of cooperative conversion and aims to assist residents in understanding the difference between renting and owning. It prepares them to make informed decisions about whether they wish to purchase shares in the future cooperative. The curriculum ends with a series of classes that address important co-op governance and management issues such as budgeting, repair responsibilities and using the cooperative documents.

The curriculum outlined below is organized in a loose chronological order. The UHAB facilitator will work with the cooperative sponsor and resident leadership to determine what class to offer and when. The goal is to only offer classes when the issue is relevant as adults retain information better when it has some immediacy in their lives and they can implement it quickly.

## **CLASS DESCRIPTIONS**

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### **1. What is a Coop?**

This class is an introduction to the basic concepts of cooperative living as well as to UHAB's participatory training method. Some of the topics included are: the cooperative principles, the differences between renting and owning, and the risks and benefits of being a shareholder.

### **2. Using your Resident Association By-Laws**

The second class is an introduction to the by-laws of the new tenant association. If the sponsor does not have template bylaws for the resident association, UHAB can provide drafts that it uses in its own co-op development pipeline buildings. The main topics of the class include why by-laws are important, what kind of information is included in the document and the responsibilities of the resident association officers. If applicable, an election will be held in conjunction with the class.

### **3. Roles and Responsibilities of the Board**

Discussion focuses on the roles and responsibilities of the different actors involved in the governance and management of the cooperative. The topics covered include: roles and responsibilities of the board of directors, officers, committees, and the property manager.

### **4. Effective Meetings and Participation**

This class focuses on the different components that go into holding effective meetings and actively involving tenants in the association. The topics covered include: the purpose and planning of meetings, outreach, agendas, facilitation and meeting follow up. The class also engages tenants in discussion of practical ways to increase and maintain resident participation. The topics covered include: why people participate and stay active in volunteer organizations.

### **5. Working with Management**

One of the most important aspects of a successful co-op is an effective and productive relationship with the building's manager. Once a co-op, the board will be expected to "manage" the manager which is no easy task. This class focuses on ways that the tenant association can build a stronger working relationship with management while they are still a resident association and what the role of the board and shareholders will consist of when the building becomes a co-op. Topics include: communication strategies, prioritizing repairs, setting policies and managing behaviors.

### **6. Reading Management Reports**

This focuses on how a cooperative can effectively monitor their monthly income and expenses. The content of a sample management report is examined. The topics covered include: bank statements, the balance sheet, the rent roll, income statements, expense statements, and categorizing expenses. This class also serves as a general overview to a building's financial management.

### **7. Understanding the Development Process**

This class will cover loans, subsidies, how the project is financed, and more. Specifically, this training reviews the role of each group/ organization involved in the development process, the difference between hard and soft costs, and how the cooperative's debt (if any) will be paid back over time.

## **8. Legal Structure of a Co-op and 14 Steps to Coop Conversion**

This class focuses on the cooperative legal structure. The topics covered include: the laws governing the cooperative's formation and the legal relationship between the sponsor, the shareholders, the board, and the property manager. We will discuss the "No Action Letter" and Attorney General requirements for a successful co-op conversion.

## **9. Developing Policy I - House Rules**

This class explores some of the different problems that can arise between neighbors in a housing cooperative and how to develop effective policies to address them. The topics covered include: what are house rules, how are they written, approved and implemented and ways to make them enforceable both within the cooperative and in court, if need be.

## **10. Developing Policy II - Shareholder Selection**

A policy development course with tenant selection as its focus, this training covers the process of filling vacancies both before and after co-op conversion. The difference between having an internal and an external tenant selection policy is discussed as well as rearranging apartments based on the need and desire from tenants already living in the building. The class touches upon fair housing law and practices.

## **11. Budgeting Made Easy**

One of the most important tasks assigned to a co-ops board of directors is to create, approve and implement the annual budget and maintenance fee increase. This class will discuss common co-op expenses and how to manage them. It will also help tenants understand the elements that go into a budget and how maintenance fees are calculated.

## **12. Reviewing Your Cooperative Documents**

Discussion will primarily center upon the co-op's proprietary lease, but will also review the co-op's by-laws, certificate of incorporation and regulatory agreement and will specifically focus on how these documents will affect the day-to-day operations of the cooperative. The intention is to use the future co-op's actual documents as a training tool, though model documents may be used if the actual versions are unavailable.

## **13. Maintenance and Repair for Shareholders**

This class highlights the difference between renting and owning as it pertains to maintenance and repair in a cooperative. Discussion will center on the responsibilities of each individual shareholder in maintaining and repairing their unit as well as the responsibility of the co-op in maintaining the building systems. As this is often a sensitive issue for future shareholders, the class will serve as a basic introduction to building construction and maintenance with the understanding that participants are future owners.

## **14. Shareholder Education**

This review covers the rights and responsibilities of shareholders, components of successful cooperatives, and the differences between governance and management. We will also discuss the opportunities available through UHAB's Member Services and Preservation Departments if appropriate.