

March 31, 2017

Honorable Members of the Code Advisory Group:

I am delighted to find that the CodeNEXT draft contains an explicit definition for cooperative housing. Cooperative housing is an excellent mechanism to provide permanent, dignified, affordable housing without ongoing subsidy.

However, I have several concerns with the current draft code's definition. In the recent CodeNEXT draft Chapter 23-2 2M-2, page 5 in the "Definitions" section, cooperative housing is set forth as:

"A residential project of more than three units in which an undivided interest in land is coupled with the exclusive right of occupancy of any unit located on said land, whether such right is contained in the form of a written or oral agreement, when such right does not appear on the face of the deed."

This definition seems to refer to a subtype of cooperatives known as limited equity cooperatives, which are common in New York and operate similar to condominiums. Unfortunately the term "unit" is not defined in the current CodeNEXT draft, but assuming that it refers in the conventional use to a living area with its own kitchen, bathroom, and separate entrance; this would exclude many existing Austin cooperatives which operate with private bedrooms that share a central kitchen, leisure areas, and other facilities.

Furthermore, many cooperatives in Austin operate as zero-equity, in which members do not purchase any ownership rights but still gain cooperative benefits. These are some of the most affordable and accessible coops for those with limited resources.

A better definition of cooperative housing in CodeNEXT would focus on joint management of resources and the equitable distribution of profits or other benefits, rather than referencing unit numbers or ownership arrangements.

I suggest that Austin use a definition hybridized from the cooperative definition in the State of Texas' Business Organizations Code and Boulder, Colorado's definition of a housing cooperative. Sample language for this would define a housing cooperative as:

“a housing arrangement in which residents share expenses and ownership; and in which all profits or surpluses are allocated to purposes which benefit current or future residents.”

I have attached the original text of the Texas Business Organization Code and Boulder, Colorado’s housing cooperative definition for your reference, as well as an additional definition of housing cooperative use from Madison, Wisconsin.

Please let me know if I can be of further assistance, and thank you for your service.

Best Regards,

A handwritten signature in black ink that reads "Hannah Frankel". The signature is written in a cursive, flowing style.

Hannah Frankel

APPENDIX
COOPERATIVE DEFINITIONS

*From Texas Business Organizations Code, Title 6: Associations, Chapter 251:
Cooperative Associations, Subchapter A: General Provisions*

(1) "Cooperative basis" means that net savings, after payment of any investment dividends or after provision for separate funds has been made as required or authorized by law, the certificate of formation, or bylaws, are:

- (A) allocated or distributed to a member patron or to each patron in proportion to patronage; or
- (B) retained by the entity for:
 - (i) actual or potential expansion of the entity's services;
 - (ii) the reduction of charges to patrons; or
 - (iii) any other purpose consistent with the entity's nonprofit character.

From City of Boulder, Colorado

Municipal Code of Boulder, Colorado, Title 10-Structures, Chapter 1-Definitions, 10-1-1

As amended in January 2017 through City of Boulder Ordinance 8119

"Cooperative means a housing arrangement in which residents share expenses, ownership or labor."

From City of Madison, Wisconsin

Madison Code of Ordinances, Chapter 27 Minimum Housing and Property Maintenance Code

"Cooperative living arrangement shall mean a collective number of individuals connected by membership in a cooperative, who equally share ownership, occupancy and control of a dwelling and who live, cook and share expenses as a bona fide single housekeeping unit."