

PARADISE FOR SALE

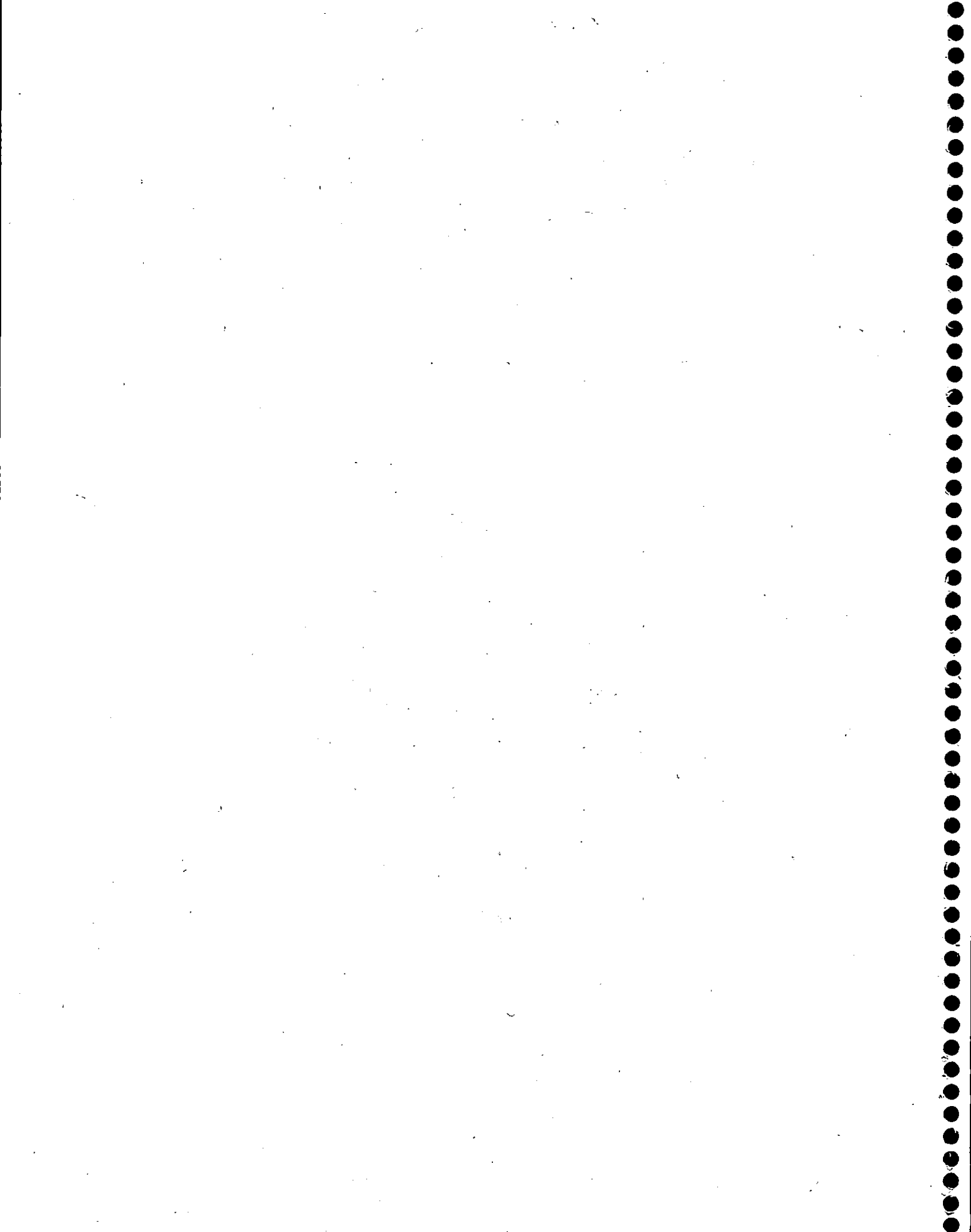
ATTEMPTING LOW-INCOME COOPERATIVE CONVERSION
AT PARADISE MANOR APARTMENTS, WASHINGTON, D.C.

A. R. Lategola

University of California, Santa Barbara

A report for the Center for Cooperatives
University of California

Research for this study was made possible by the National Science Foundation Graduate Fellowship Program and a grant from the Center for Cooperatives. Any recommendations or opinions are those of the author and not the NSF or the Center for Cooperatives.



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TABLE OF CONTENTS

PREFACE	1
ABSTRACT	5
FINDINGS	7
I. Introduction and Methods	7
II. Paradise at the Crossroads	9
A. A History and Site Description of Paradise Manor	9
B. Obstacles within the Tenants' Organization	15
C. Obstacles Outside the Tenants' Organization	19
III. Regaining Paradise: Study Recommendations	24
A. Regaining Paradise Manor	24
B. Regaining the Future for Affordable Housing Through Cooperative Ownership	28
REFERENCE LIST	31
APPENDICES	
I. Chronology	33
II. Maps	35
III. Household Demographics	39
IV. Crime Figures	45

11



PREFACE

In July, 1992, I first arrived at Paradise Manor in Washington, D.C., after a cross-continental plane trip with my computer equipment and my yowling, air-sick cat. I was there to research the proposition that cooperative conversion in a low-income housing complex would significantly improve the quality of life of the residents living there. I was prepared to measure improvement in living conditions by monitoring several indicators; maintenance request turn-around time, the number of landlord-tenant disputes, vandalism incidents, evictions, and the rate of bad debt accrual. I was also going to look at the kind of grass-roots managerial structures which developed within the cooperative over time and examine how effective they were. My initial time-line was to stay on site for three months, conduct my observations, and then return to the University of California for the rest of the year to complete my exam requirements and write up my findings.

This plan swiftly fell by the wayside. To begin with, it quickly became apparent that if I were going to earn the trust of the residents up to the point where they would even feel comfortable talking to me (let alone consenting to interviews or lengthy participant observation), it was going to take far longer than a mere three months on site to do so. After discussing the matter with a colleague who had done research in the same neighborhood and making several phone calls to my alarmed committee chair, I decided that I would be moving into the complex on a year-round basis until the bulk of my intensive field-work was completed.

Another technical difficulty which soon confronted me was that, much to my chagrin, there was no cooperative to observe. While I was in California working on my master's degree, I had read accounts dating back to 1988 of the redevelopment of Paradise Manor in the *Washington Post*, and of the vigorous activities of the residents' council to rid the property of drugs

and move toward home-ownership. Thus, I had moved across the country expecting there to be a cooperative corporation up and running, and well on its way toward purchasing the property (at least the property owner had never given me any clue that the situation would be otherwise). However, at the time of my arrival, the Paradise Manor Residents' Council had not even been properly incorporated as a cooperative or had its papers filed with the District of Columbia. In fact, the Council president was not even living on the property (in direct violation of the organization's bylaws). In October, 1992, the Paradise Manor Cooperative, Inc. was finally legally incorporated; however, the cooperative was nowhere near its ultimate goal of mobilizing enough residents to purchase co-op shares in order for the corporation to purchase the property.

Thus, I was left with a major dilemma. After more cross-continental phone-calls to my research committee, I finally decided that my study would consist of an in-depth ethnographic study of the process of cooperative conversion at Paradise Manor. If the conversion attempt succeeded, I would be able to compare conditions on the property before and after cooperative ownership. If the conversion stalled or failed, I would be reporting on the reasons why it did so and what lessons other cooperative conversion efforts could gain from the attempt at Paradise Manor.

In intensive, ethnographic studies, the thorny issue of the researcher's objectivity inevitably rears its ugly head; how many of the study's findings are objective facts and how many are interpretations based on the researcher's bias? To this query, I would have to give Heisenberg's response: Namely, that pure objectivity is impossible, particularly within a social-scientific setting. Even the simple fact of my presence on a daily basis at Paradise Manor would have been enough to "contaminate" the research setting without my conscious realization of it. Therefore, the best that I can do is attempt to give a thorough account of my own subjectivity as a researcher, as well as the ways in which I structured my interaction with the residents and how my position within the research setting may have influenced my findings.

One of the difficulties of conducting research within a low-income community that has had to deal with the scourge of drug infestation is that the residents are quite justifiably suspicious of any outsiders, regardless of race, coming into the neighborhood with the intention of either studying it or "helping." In order to be allowed to participate in and observe the Paradise Manor Cooperative's activities, I had to not only commit to living on site, year-round for two years, but I also had to demonstrate my commitment to the cooperative by volunteering for several projects. My largest project was serving as the volunteer editor of the *Paradise Sun* newsletter, but I also did several other tasks as requested, including word processing and

editing documents, as well as patrolling with the Neighborhood Watch group. These activities effectively “involved” me in most aspects of cooperative life, and in turn, the co-op’s leaders came to trust me enough to consent to several interviews and long-term participant observation of their activities.

I also did substantial volunteer work for other groups involved with the cooperative conversion effort, including the management and maintenance offices and an on-site, community-based construction company. This additional volunteer work not only widened my circle of potential interview contacts, but it also gave me a more balanced view of life at Paradise Manor than I would have had if my sole contacts were with the cooperative leaders.

After living on site for two years, however, my biases have probably tended toward sympathy for the tenants in their efforts to organize in the face of nearly insurmountable obstacles. Since very little of my time was spent with the developer/property owner of the complex, I did not have the opportunity to observe her activities on a daily basis, as I did with Paradise Manor residents directly. However, I would argue that since the property owner’s version of life at Paradise Manor is typically the “official” version which is most often heard and publicized through the press, public officials or more informal channels, that it is better to err on the side of having a more thorough account of life from the position of the residents, as they are typically viewed unsympathetically by the media and the general public (when they are taken into consideration at all).

In this report, I tried very consciously to correct for any biases that I may have had in this regard. I have included in-depth analysis of problems occurring both within the tenants’ organization and outside of it as contributing to the stalling of cooperative ownership at Paradise Manor. However, in the end, I feel that the most significant factor lies with the lack of cooperation that the residents have met with from the outside. Even at the times when the resident’s organization did manage to put its conflicts aside and begin to move forward, it was blocked at every point simply because it had no concrete power or resources to accomplish the most simple tasks in its tenant-mobilization effort. Without the resources of the management office or their cooperation, it did not matter how organized the tenants were—their organization was merely a rubber-stamp entity which could do little more than hold community meetings and board meetings on a monthly basis and perhaps occasionally distribute a newsletter.

There is still no cooperative ownership at Paradise Manor. However, I am hoping that with the lessons learned here, there may still be the possibility that the effort can move forward with a fresh perspective and ultimately accomplish what the residents originally set out to do—own their own homes and take back their neighborhood.

ABSTRACT

The following case study of the process of limited-equity cooperative conversion at Paradise Manor is intended to shed light on the dilemmas of cooperative organization in low-income, minority communities with particular attention to the institutional actors which have structured this process, and how they have impacted resident mobilization. In particular, this study proposes to:

- 1) Document the evolution and formation of the Paradise Manor Cooperative, Inc., as well as the historical and institutional circumstances under which it was developed;
- 2) Provide an analysis of why the Paradise Manor Cooperative has not achieved resident ownership of the property, in spite of more than eight years of tenant activism (as of the completion of this study in 1994);
- 3) Recommend alternative courses of action for development officials involved with the Paradise Manor conversion project; and
- 4) Recommend policy options for future large-scale, limited-equity cooperative conversion projects in low-income, minority neighborhoods.

The study of the obstacles to cooperative ownership at Paradise Manor will not only illustrate difficulties which other large-scale, low-income conversion projects are likely to encounter, but it will also give valuable insight into the day-to-day realities which tenant activists face in the effort to purchase their property and take control of their own neighborhoods.

PARADISE FOR SALE

FINDINGS

I. Introduction and Methods

Many housing authorities, public policy analysts and tenant advocates are predicting a drastic increase in the need for affordable rental housing during the coming years. A 1989 report by the Harvard Joint Center for Housing Studies indicated that rents had reached a two-decade peak with 85% of low-income renters paying 30% or more of their incomes for housing (Whitman, 1989; Dreier and Appelbaum, 1989). The Reagan-era cutbacks in federal housing appropriations (from more than \$30 billion to less than \$8 billion) resulted in the virtual elimination of new funding for municipal public housing and a drastic cut in the construction of subsidized low-income apartments (from more than 200,000 units per year in the 1970s to less than 18,000 in 1988) (Dreier, 1989). In a housing market where more than two-thirds of impoverished families were already living in unsubsidized private-sector housing, the number of low-rent units on the market dropped by 1.5 million during the first half of the 1980s—a loss which far exceeded the number of new subsidized units that had been added. Finally, the 1990s could potentially witness the loss of up to 500,000 privately owned, federally subsidized units built during the 1960s, as they become eligible to prepay their mortgages and sever their relationship with the government (Whitman, 1989).

To address the need for affordable housing, the Bush administration, under the Department of Housing and Urban Development, began the HOPE Initiative (Home Ownership for People Everywhere), which included promotion of cooperative tenant ownership of formerly government-owned or subsidized projects—not only as a way of revitalizing them and their surrounding communities by combating crime, drugs and poverty, but also of giving tenants the management and ownership skills to deal effectively with the recent withdrawal of big business and federal programs from the arena of low-income housing. One of the largest complexes in the country to benefit from this program was the Paradise Manor housing complex,

a 653-unit development in the predominantly African-American Kenilworth-Parkside community in far northeast Washington, D.C. (see Appendix II, Page 38).

Half of the tenants at Paradise Manor are below the poverty level and a third receive Section 8 rental assistance. During the 1980s, the complex and its surrounding neighborhood became infamous as D.C.'s largest and most violent open-air drug market, earning the nicknames "Little Beirut" and "Hell's Horse-Shoe" among police and drug agents assigned there (Sides, 1988). However, from 1989 to 1991 the complex was rehabilitated through a landmark public-private effort spearheaded by a for-profit community developer who, along with a local mutual housing association, complemented the physical renovation with a number of on-site social programs. The renovation of the residential units was finished by 1991, and by November of 1992, the complex featured a refurbished community center at the center court of the property, along with a new basketball half-court and a fountain with park benches surrounding it.

Although the improvements at Paradise Manor were implemented with the idea that they were one step on the road toward cooperative ownership, the Paradise Manor Cooperative (incorporated in October 1992) is still struggling to mobilize enough tenants to invest in household shares to collectively purchase the property. Co-op community meetings have also typically met with a low average attendance of 25 to 30 people in a community of roughly 580 households. Despite the nearly six years of tenant activism which paved the way for the renovation of Paradise Manor, only eight people were listed as having signed purchase agreements with the Co-op by November of 1992.

This study was conducted using qualitative ethnographic methods, including:

- 1) On-site, intensive participant observation at Paradise Manor from July 1992 through June 1994;
- 2) Interviews with residents, management employees, development officials involved with the Paradise Manor rehabilitation and cooperative conversion project, and officials from other housing organizations in the D.C.-Metro area;
- 3) Collection and analysis of pertinent documents concerning cooperative activities and the management of the property;
- 4) Analysis of demographic data collected by the management company on the profile of Paradise Manor tenants from 1991 to 1994; and
- 5) Analysis of crime data in the Paradise Manor neighborhood collected by the 6th District police department for the years 1991 to 1994.

II. Paradise at the Crossroads

A. A History and Site Description of Paradise Manor

In order to understand the process of cooperative conversion at Paradise Manor, it is necessary to examine the history of the complex, focusing on the physical and social environment from which the need for neighborhood rehabilitation grew. According to long-time resident Sandra Brown, who has lived at Paradise Manor ever since its construction, "When I first moved here, it *was* Paradise" (Interview, 12/4/92). Built in 1967 by the Mayfair Foundation (an arm of the Gospel Spreading Church, headed by radio evangelist Elder Lightfoot Solomon Micheaux), Paradise Manor originally contained 670 units and 15 buildings, which were arranged in a horse-shoe pattern at the far end of the old, abandoned Benning Race Track in far Northeast Washington, D.C. (see Appendices I & II). The complex was the down-scale cousin of its next-door neighbor, Mayfair Mansions (also owned by the Mayfair Foundation), which was built in the 1940s as elite housing for the city's young, upwardly-mobile, black professionals who could not find housing inside the city due to racial discrimination.

During the 1960s, desegregation led Mayfair's upwardly-mobile clientele to seek housing in areas that were previously inaccessible, with the vast majority of black middle-class families in the area migrating across the District line to neighboring Prince George's County, Maryland (Gale, 1987; 126). This out-migration left Mayfair as the housing choice of a new market of younger, poorer tenants looking for low-cost housing, with more children on average than the previous clientele (the leases prior to the 1960s had required any couple with more than one child to vacate the complex). It was with this new market in mind that Paradise Manor was built; however, the complex was constructed with far less care than Mayfair ("The place was like a *stalag*," commented the current owner), and signs of wear soon began to show (Gifford, 1993).

By the 1980s, the invasion of crack cocaine, combined with a young, increasingly transient population, had torn apart the already tenuous social fabric of the neighborhood. Families that had composed the stable core of the complex moved out in droves as Jamaican drug "posses" from New York and Miami began moving in on their newly-exploitable turf. At the nadir of its history, one Washington journalist commented: "During a single day in August [1987] police arrested 72 people here. Mayfair-Paradise averages about a murder every other month and there are countless shootings" (Sides, 1988). In addition to the intimidation caused by the presence of several armed gangs, the residents of the complex also suffered at the hands

of a string of management companies that, from the mid-1970s on, allowed the complex to slide into severe disrepair. By the time the current owners had the property appraised in 1985, the appraisers stated that the Paradise Manor site would be worth more with its buildings completely torn down than if the property were renovated.

In 1986, the current owners agreed to purchase Paradise Manor from the Mayfair Foundation for \$10.4 million and to undertake its renovation in a landmark public-private effort funded by a patch-work of equity which included a \$4.5 million flexible-subsidy HUD loan, a \$3 million Community Development Block Grant from D.C. Housing and Community Development, \$2 million in private capital from the property owner, and a \$1.7 million loan from Fannie Mae.

The Paradise Manor renovation project sprang not only from philanthropic concern, but also from the financial incentive provided by substantial tax credits given to corporations investing in low-income housing. However, as one local journalist observed, "There was only one problem. Nobody bothered to inform the tenants" (Gifford, 1993). The tenant leadership went to their Ward 7 council-member and demanded that the new owners agree to offer the property to the tenants under the 1980 D.C. "First Right of Purchase" law, in which the owners of any tenant-occupied property must offer the property to the tenants for purchase before any other potential buyers, or the tenants can legally nullify the sale. Since the tenants were not prepared to purchase the property within the time-period specified by the law and the developer wished to keep the tax credit she would acquire by purchasing the property, the parties sat down and hammered out a compromise.

In 1987, the Paradise Manor Cooperative Agreement was signed between the new owner's managing partner, the Mayfair Foundation, and the Paradise Manor Tenants' Council, which gave the residents the option of collectively purchasing the property at its 1986 appraised value if they met certain conditions. Under the agreement's terms, 51% of the residents needed to become members of the cooperative and sign a subscription agreement to purchase one \$500 share per household in the cooperative corporation before the co-op could participate in managerial decision-making.

In order to actually purchase the property, 75% of the households (in a complex containing roughly 580 households at present) needed to be share-holding members within 60 days of the decision to exercise the cooperative's option to purchase the property. The developer was able to keep and fully maximize the tax credit by securing ownership of the property, and the residents were given an extended eight-year time period in which to meet the buy-out require-

ments. The self-help philosophy promoting tenant ownership of government-subsidized properties was also being vigorously promoted through HUD's 1988 HOPE (Home Ownership for People Everywhere) Initiative under then-Secretary Jack Kemp, and the residents' organization eventually received a \$500,000 HOPE 2 Planning Grant in order to set the groundwork for cooperative ownership.

The history of Paradise Manor, then, sets the stage for the challenges which the predominantly middle-aged women of the original tenants' organization, as well as their younger successors, would later face in attempting to meet the requirements of the 1987 Agreement. To begin with, the Paradise Manor community had only just begun to socially and psychologically recover from the ravages of the drug wars fought on its grounds. After dealing with more than a decade of managerial neglect, residents were also extremely suspicious of any outsiders coming in and making promises about ownership, placing relations with the developer (a White woman whose office was based in Georgetown) on precarious ground from the outset.

By July of 1992 (the starting point of this study), the average family at Paradise Manor had an income which was only 32% of the D.C. Area median—only \$5,000-\$6,000 above the official 1990 poverty level—and 38% of the 504 households at the complex were headed by women raising one or more children. The residents' age ranges in the same year, analyzed by gender, reveal a bottom-heavy male population (55% of which were age 19 and under) cared for by a substantially older and more numerous female population (73% of which were age 20 and older) (see Appendix III, Page 41-42). In a population dealing with the scars of prolonged violence, and still struggling with entrenched poverty, lack of education and job opportunities, educating and mobilizing 580 households would be an uphill task, even under the best of conditions.

Paradise Manor stood apart from most limited equity conversions in a number of ways. The complex's vast size (653 units) distinguished it from virtually any other conversion effort in Washington, D.C., where the average unit size for conversions registered with the District from 1977 to 1992 is 64 units. With roughly 580 households currently living on-site, the resident leaders were left with a considerable amount of terrain to cover, in addition to the burden of implementing a comprehensive tracking system for residents who expressed an interest in the cooperative, and following up on matters such as training future co-op members, collecting deposit money, and publicizing co-op community meetings and board decisions.

The condition of several of the buildings and the safety of the neighborhood as a whole have (until improvements were made in 1994) prompted skepticism from many residents about the

prospect of buying into a cooperative. Regarding the physical condition of the property, one woman commented to a reporter: "They put this thing on the news as some great thing that's been done for Black people ... I've got a toilet that shoots up like a fountain! You sit there, and it's like *whoosh!* You don't know *what's* going on" (Gifford, 1993; 31). Another long-time resident, who had lived in the neighborhood before Paradise Manor was built, agreed: " ... as far as the co-op is concerned, I wouldn't buy this place. It's too flimsy. They took two years on buildings 14 and 15 (see Appendix II, Map of Paradise Manor), because they were dealing with so many sub-contractors. And buildings one through four were just thrown together at the end" (Interview, 12/11/92).

A maintenance survey conducted by this study for the on-site management company in November 1992, found that 70% of the households on Hayes Street who had requested maintenance services (who were still living on the site) and 73% of those on Jay Street had at least one negative comment regarding the quality of repair-work done for them or the condition of their apartments (Hayes Street: N=76; Jay Street, N=34). In addition, the number of complaints were markedly higher in buildings 1, 3, 4, 14 and 15, than they were in any of the other buildings on the complex, with the Hayes Street buildings (which were the last to be renovated) having twice as many repair requests as the Jay Street buildings. Some of the more serious complaints from tenants in these buildings follow:

(Building 1):

"Has a water leak from the bathroom upstairs coming in through the kitchen. The complaint was ignored for so long, the tenant called up the Health Department. Also has mice."

(Building 3):

"The ceiling has collapsed. There are no storm windows. The heat is still not fixed (has waited about three weeks)."

(Building 14):

"The door hasn't been fixed (doesn't shut all the way). Lights and phone are still out from flooding upstairs. Has called three times to get the heat fixed."

(Building 15):

"The toilet is still backing up (all of the first-floor apartments at this address are experiencing flooding)."

Nonetheless, households surveyed in buildings 4-12 generally reported satisfaction with both their maintenance services and the quality of their apartments. In addition, resident leaders commented that the new head of the maintenance staff has made significant improvements in the delivery of repair requests; however, the structural problems within buildings 1-4 and 14-15 will most likely persist in spite of these improvements in services.

The security around Paradise Manor was also a serious issue during the entire course of on-site observation at the complex. Although the Nation of Islam, the police, and the developer succeeded in driving the main drug dealers out of the complex in 1988, they never completely eradicated the presence of drugs and violence in the neighborhood. In one interview, an older resident commented that the security at Paradise was "what us old folks would call a real knee-slapper" (Interview, 12/11/92). In late 1992, security became a particularly pointed issue following a series of shootings on and around the site, and many residents felt that the Nation of Islam security guards hired by the developer were no longer providing adequate protection for the property. One young woman voiced the opinion that "We need constant security and more police patrols. People have just dropped their guards. We have security now, but it's not as plentiful as it should be. Right now, it's just sort of off-and-on. We need it 24 hours, more foot patrols. People have just dropped their guards ... and now things are going back to where they used to be" (Interview, 9/22/92).

Given the pervasive feeling of fear in the neighborhood, some residents felt that it would not be worth investing in cooperative membership. One long-time resident felt that homeownership would only be worthwhile in the context of buying a single-family home:

" ... when you're buying your own place to live in, you want to be kind of pushed back from everybody else—you want a place of your own, and nobody behind that wall making noise and you listening to them ... It's like, living here, I would want a new car, but living in a complex like this, I would dread buying it. Because it's going to be vandalized—people going to scratch on it. But if you got a home, you put your car in the garage and you don't have to worry about it" (Interview, 9/21/92).

In addition to fears about crime, residents also voiced considerable discontent with police services at community meetings concerned with security on the site, frequently bringing up complaints regarding police rudeness, verbal abuse, or lack of responsiveness. In a notable incident on October 8, 1993, a group of Nation of Islam security guards who entered into a

physical struggle while apprehending some belligerent gang members was allegedly confronted by the police officers who came on site in response to calls from residents. According to one resident, a mass struggle between all three parties ensued in which one Nation of Islam guard was seriously injured and hospitalized. At a December 1 community meeting following the incident, the police inspector for the 6th District police department stated that the October 8 incident was "under investigation" in response to one resident's query (the inspector declined to comment on the incident when contacted for this study).

In 1994, however, the management at Paradise Manor has made several efforts to address security concerns, including installing 24-hour, noise-sensitive video monitors to constantly survey the grounds and breezeways of the complex. The management has also worked with the 6th District police department to implement the "Koban" community policing program, in which a number of officers are assigned to work with residents to prevent potential crime problems within the community through workshops and personal problem-solving, rather than focusing exclusively on arrests and prosecution after the fact. Although it is too early to judge whether the program is a success, the community police program is highly visible throughout the property and residents currently seem to be satisfied. These improvements, however helpful, came too late to serve as an incentive for the residents as they considered cooperative buy-in.

In addition to the dilemmas of size, physical condition and security which set Paradise Manor apart, the process of cooperative conversion at Paradise Manor has been somewhat unusual. According to several D.C.-area cooperative and mutual housing authorities, the typical process for cooperative conversion is for a core group of tenants to incorporate, mobilize their neighbors to purchase the property, and then undertake the rehabilitation of the physical structure. In the case of Paradise, however, the renovation of the site was completed before the cooperative was even formally incorporated.

Ironically, the provision of a freshly-renovated property and grounds appeared to serve as a disincentive for tenants to buy in to the property. Leaders from area tenants' rights groups and co-op associations acknowledge that it is easiest to mobilize tenants to purchase their property when conditions at the site are at their worst, with the promise of physical rehabilitation as an outcome of ownership. While the long-term benefits of homeownership for low-income tenants are many, it seems to be far more difficult to "sell" the idea of cooperatives on their own merit without dire external conditions compelling people to participate and eventually purchase shares. In addition, the fact that the 1987 Cooperative Agreement was the result of an ultimatum from the tenants' lawyer underscored the feeling among many residents that

the renovation of the property was something that was being done to them, rather than with them.

Another obstacle within the conversion process itself is the set of requirements that the Paradise Manor Cooperative must fulfill according to the 1987 Cooperative Agreement (see above). For a largely untrained and inexperienced Board of Directors, who have work and family obligations in addition to volunteer Board duties, the prospect of convincing 75% of the complex with 580 households to buy into the cooperative was daunting. In order to accomplish this task, the Board desperately needed access to the equipment and database information of the management office and input to key managerial decisions which affected the tenants' lives if they were to successfully make and keep contact with the majority of households and maintain legitimacy as the tenants' representative organization. However, according to the Agreement, 51% of the residents needed to sign purchase agreements before the cooperative Board would be granted any voice in the management's decisions. This situation effectively left the Board with an intractable "Catch-22" situation.

According to Herb Cooper-Levy, executive director of the National Association of Housing Cooperatives (NAHC), this kind of "all-or-nothing" empowerment process is infeasible for tenants who are new to cooperative organization. Cooper-Levy suggests that a better solution would be a "gradual empowerment" approach such as installing a "ghost board" which is initially filled mainly with outside development officials, but acquires a greater percentage of cooperative members as the organization's membership grows (Interview, 12/16/93).

**B. Obstacles within the Tenants' Organization:
"They Just Need to Get Their Act Together"**

In addition to the obstacles inherent within the particular history of the Paradise Manor cooperative conversion, another set of challenges to the conversion process has been posed by difficulties within the cooperative organization. According to several tenants interviewed for this study, as well as employees in the developer's and management's offices, the Paradise Manor Cooperative has allegedly suffered due to its highly volatile and inexperienced leadership core. Employees in the developer's and management's offices were blunt in their critiques of the leadership's lack of organization and tendency toward conflict. One management employee commented that:

"We've attempted to become a part of what's going on, but the tenant group has issues that they need to deal with before they're

ready to work with management ... organizational issues. They're always getting ready to change their leadership. The organization is never stable. People taking the lead role always step down and out after one year, and there's no training for the people who follow" (Interview, 12/9/93).

Indeed, since 1992, the cooperative Board of Directors has completely dissolved and reformed at least three times, and there has been a succession of six different Board presidents. Although there was a developer-sponsored training retreat for the first resident Board of Directors in 1986 and a resident-management training workshop conducted through the HOPE 2 Planning Grant in 1994, there has been no regular or sustained training for the cooperative Board of Directors on organizational, managerial, or membership issues during the intervening years.

In the absence of comprehensive training, many of the past Boards have fallen back on patterns of organization which seemed most intuitive to them, but in the process became mired in entrenched community conflict. During the period of this study, the primary conflict emerged between the group of older women who were involved with the tenants' movement since 1986 and a group of younger leaders who became involved with the cooperative during 1991 or later. The first group was characteristic of what author Elijah Anderson (1990) terms the "old heads" of the neighborhood: Men and women who have lived in inner-city, minority neighborhoods for many years, and who have an enormous amount of informal influence in neighborhood affairs through their affective ties. The second group more closely fit the profile of young, emerging middle-class African-American professionals, who had fewer familial or informal ties to the neighborhood but much more organizational training and expertise. The older group tended to be highly suspicious of any outsiders coming into the neighborhood to assist with the cooperative conversion effort, and were highly skeptical of the developer's motives from the beginning. One development company employee commented that:

"No one is trying to sabotage this project from the outside. But I can understand where [the tenants] are coming from. There have been people living out here for literally generations. And we've come into their neighborhood to do all this. But they've been unnecessarily possessive and secretive. And it really doesn't have to be that way" (Interview, 9/28/93).

Another employee of the management office commented that:

“With the old tenants that have been on the council, they have this psychological mindset that nothing or no one can convince them that things are going to get better ... They’re going to need a lot of education ... how to work together, how to communicate” (Interview, 12/3/92).

The insularity of the “old heads” leadership was a source of great frustration for the younger leaders, who saw the cooperative as stalling under a lack of organization and unwillingness to work with people outside the group. One younger leader cited his reason for joining the co-op board as being that “... it was so messed up. It was never going to work the way it was going ... They were closed-minded, with no real leadership ability” (Interview, 11/24/92).

Nonetheless, the “old heads” justified their suspicions of the younger leadership by pointing out ties between the newcomers and the developer. In one particularly revealing meeting, the leader quoted above was severely upbraided by one of the “old heads” for his demands for reorganization of the cooperative by pointing out that “You came out here with [the developer] in 1991 with your white suit on” (referring to his representation of White authority as a former employee of the developer).

In addition, the younger leaders would sometimes exacerbate conflict with the “old heads” by attempting to circumvent them through legal or organizational maneuvers. In one incident, several of the younger leaders formed an alternative cooperative organization alongside the original tenants’ group by filing incorporation papers and an annual report with the D.C. Consumer Regulatory Affairs office. Whereas the original tenants’ organization was the “Paradise Manor Cooperative, Inc.,” the new organization called itself the “Paradise Manor Cooperative Association, Inc.” Fortunately, the conflict between the two organizations was resolved in October of 1992, when the latter organization was dissolved and the Paradise Manor Cooperative was officially incorporated with a Board of Directors which included both the “old heads” and the younger leaders.

The end result of the extended conflict between these two groups has been a resident population which has been largely uninformed of co-op activities, or even educated as to what a cooperative is and what responsibilities and rights it would offer to its members. Many residents indicated that they were in favor of homeownership in principle, but that they were reluctant to buy into the cooperative because they didn’t know anything about it. One resident commented that:

“O.K., it’s like I said ... I don’t mind buying something, but I got to know more about it, you know what I mean? There’s no one coming around and telling us anything about it! ... A lot of these people would buy if they know exactly what it is they had to do. Especially these new people. They don’t hardly know anything” (Interview, 10/5/93).

When this resident was asked how she would go about informing people about the co-op, she emphasized, “Door-to-door. Not this crap with the brochures and the fliers ...” Another resident commented extensively on the perceived insularity of the Board of Directors:

“There needs to be more sharing information with the community. There can’t be any more of these private [Board] meetings, where just a few people attend who all know each other. They need to make it known—pass out fliers, go door-to-door—and get people to get involved. Otherwise you have the same old people showing up again and again ... When you’ve only got a group of 10 or so attending meetings, and only a few people know what’s going on, you get all this ‘he say-she say.’ We’ve got to cut the ‘he say-she say’ and get the information out” (Interview, 9/22/92).

Thus, from the perspective of average residents, there was the need for not only far more communication between the board and the tenants but also for more personal communication. From the observations of this study, traditional mass-mobilization techniques such as mass mail-outs have not been very effective at Paradise Manor because the majority of the tenants have very little time or patience to deal with impersonal reading material after a long day of work and family demands. In addition, many residents justifiably mistrust any kind of communications where they are not given a chance to ask questions and receive direct answers about the issues that concern them.

However, from the tenant leadership’s perspective, the demands of going door-to-door and talking to each household within a 653-unit complex were nearly insurmountable. Since the management office refuses to share access to tenant information, such as phone numbers and addresses, it is impossible for the Board to engage in work-saving strategies such as setting up phone trees for the initial contact of residents. In addition, the majority of the Board of Direc-

tors has typically been comprised of working mothers who share all the same onerous work and family burdens as the rest of the tenants in a complex with a very young male population and a much older female population.

**C. Obstacles Outside the Tenants' Organization:
"In Search of an Open-Door Policy"**

The final set of challenges disrupting the co-op conversion process at Paradise Manor arises from the highly strained relations that the tenants' organization has had with the other development and managerial organizations involved in the conversion and day-to-day management of the property. While development office and management employees may feel that the tenants' lack of organization is the cause of the cooperative's difficulties, the tenant leaders uniformly cite alleged paternalism, exclusionary policies and even outright obstruction on the part of the developer, management and other outsiders as the primary source of their problems.

As outlined in the history of the 1987 Cooperative Agreement, from the very beginning the co-op Board of Directors saw the developer as an antagonist who might be guardedly trusted at best. Many of the older tenants interviewed cited the first board president (one of the "old heads") as the main force behind the cooperative conversion effort through her continued battles to keep the developer under close surveillance. One older tenant quipped:

"We know them like a book. She [the developer] may not think that we know, but we know her very well ... And you know [the developer] is trying to get one over on us, you know that too? She does not want us to buy. She wants this place. Herself. So that way, she can control the rent as much as she wants, when she wants it, and how much she wants it. Prayin' and dyin' that we do not buy it" (Interview, 10/5/93).

Although the developer expended an enormous amount of energy to raise the needed equity to finance the rehabilitation of the property, in addition to providing the project with much-needed publicity, her efforts to consistently communicate with the tenants and include them in critical development decisions were sporadic and largely after-the-fact. One former president of the cooperative commented at length on the relations between the management, the developer and the co-op:

The [management] and the developer have not been as open and responsive to the residents and the co-op as they could be. There needs to be an open door policy, a working relationship between all parties involved in development decisions. Not just a phone-call here and a fax there. There should be an open door policy where the Co-op Board members are allowed to regularly attend meetings where planning and management decisions are made. There may be some inclusion with management at present, but not nearly enough as there needs to be. The residents and the existing Board need to be aware that the success of this program [of cooperative homeownership] is a mutual goal between the management, the developers, and the co-op—that the management and developer do actively support this effort. Otherwise, we seem to just get bogged down in this feeling that everything is impossible and that everyone is against everyone else" (Interview, 9/8/92).

Without a consistent and proactively inclusive "open door policy", the residents were repeatedly left with the feeling that the decisions which affected their lives most directly were made largely without them, leaving them perpetually on the defensive.

For example, in the 1987 Cooperative Agreement the developer agreed that a laundromat would be built on-site at Paradise Manor, and that the property owners would summarily advance the co-op \$7,500 to staff the laundromat and provide the co-op with \$5,000 per year, from 1987 to 1989, as generated by the laundry concession. However, the construction of the laundromat did not even start until August of 1993 and the cooperative was never given the \$7,500 advance. This delay was a major source of discontent for the residents, particularly female residents with children. At nearly every co-op community meeting, residents would demand an explanation for why the laundromat had not been constructed, since the nearest laundromat was located on Minnesota Avenue—which was at least 20 minutes away by bus.

In addition to lack of inclusion in key development decisions, tenants' aggravation toward the developer's office would occasionally be inflamed by the insensitivity of its employees toward the residents and the cooperative. A staff liaison, employed by the developer, enraged the co-op leaders to the point where they wrote a letter to the developer demanding her resignation. Among actions cited by the tenants was her recommendation that an after-school latch-key children's program, which was resident-staffed and funded by the developer, be cut

without consulting the cooperative or the staff-person of the program. The program was summarily cut and its sole staff member was left unemployed. The liaison also repeatedly scheduled and publicized her own community meetings on the same day of the week and time as the co-op's community meetings, leading the co-op leaders to feel that their organization was being systematically undermined and discredited through duplication of its activities by the liaison.

The residents also had strained relations with the on-site management office, which was employed by the developer and property owner. In one revealing co-op newsletter article, titled "Don't Dis Me Man", the co-op leaders alleged that:

"A number of complaints have been waged by residents charging that management office staff disrespects them by talking rudely to them while conducting business. While there is no man made law that says a person has to like you or even be nice to you, there is a higher law that says 'do unto others as you would have them do unto you,' and yet another that says 'don't bite the hand that feeds you'" (The *Paradise Sun* newsletter, February, 1992).

On June 21, 1993 a confrontation erupted between tenant leaders and management employees as a result of the co-op Board having been locked out of the Paradise Manor Community Center after the leaders had signed up for the space to have a board meeting. A management employee told one of the enraged Board members: "Just because you handed me a schedule doesn't necessarily mean that you get a space"—after that member had gone to the effort of informing the office of the planned Board meeting more than a week in advance. According to the Board members, this was not the only time that either the co-op Board or co-op committees had been locked out of the Center.

Even when the management office was not at the center of controversy with the tenant leaders, many of the leaders felt that the office should be doing far more to proactively assist the co-op with its efforts to publicize its activities and educate the residents. One Board member commented:

"The management should take a much larger role than they are. I think they're totally under-utilized in this whole process. They should play a really important part, because people recognize

them as an official source of information. They could mount a massive PR campaign, and people would really listen to them ...” (Interview, 11/24/92).

However, the management would not allow the co-op leaders access to management office information and resources which would have made mobilizing residents to purchase shares a much easier task. Co-op leaders could not gain access to the management office’s copy machine, computers, or any of its compiled information on tenant addresses and phone numbers. During the time in which this study was conducted, residents were also forbidden to post fliers on the walls of the buildings, either outside or inside, because the management did not want the property to look “cluttered” (although the management currently posts fliers of its own events on the walls on a regular basis).

Since the co-op Board did not have access to management information, resources or decision-making, it was critical that they secure those resources from another source in order to make the cooperative a fully-functioning body capable of organizing the majority of the residents. Financial and organizational resources were temporarily made available through the HOPE 2 Planning Grant, which was awarded to the co-op through the sponsorship of a local mutual housing association (MHA). Unfortunately, the co-op Board’s relationship with the MHA was also fraught with conflict, and was abruptly terminated in October 1994 when the MHA terminated its role as grant executor, citing lack of cooperation on the part of the co-op.

At the outset, the HOPE 2 Grant was not given to Paradise Manor Cooperative, per se, but to the MHA within a competitive award process; Thus, the MHA had ultimate say over how the grant was implemented and administered. If the MHA pulled out of the grant, the cooperative would theoretically be left with no grant at all. In addition, the grant covered expenses incurred on a reimbursement basis, rather than providing money for administrative costs or staff salary available up front. The cash flow problems this situation caused for the MHA left its executive director extremely impatient in the face of any substantive disagreement by the cooperative Board on how the grant should be implemented and at what pace.

During one meeting of the Paradise Manor HOPE 2 Project Management Team (which consisted of two cooperative Board members, two members of the MHA and one outside member), the executive director of the MHA was confronted with the fact that the cooperative Board was not able to attend an out-of-town retreat on the dates for which he had reserved rooms at a hotel. The co-op Board members in attendance explained that the retreat decision had effectively been made without consulting them, and that an out-of-town retreat was both

unnecessarily expensive and inconvenient for Board members with children. After attempting to explain to the rest of the Management Team that he was counting on the reimbursement for the retreat to finance future grant activities, the director burst out to the outside Team member, "I'm not trying to force them to go. All I'm saying is that I can't assume this isn't gonna happen when I start looking at my cash flow. Because I made that assumption for this month. And I still don't have no copy of the minutes; I still don't have anything in writing from the Board that this is gonna happen."

One month after the above meeting, the MHA sent a letter to HUD, the Paradise Manor Cooperative Board of Directors, and the co-op's lawyer stating that they would be relinquishing the grant. In early October, the executive director of the MHA came into the co-op office and removed all computers and office equipment that had been purchased under the HOPE 2 Grant, on the grounds that the MHA had to account for the equipment under its inventory. Since that time, the cooperative has had no office equipment other than the desks, chairs and files that were already in the office before the HOPE 2 Grant was received.

When asked to comment about the relationship between the MHA and the Paradise Manor Cooperative, a desk officer at the HUD Office of Resident Initiatives stated that the relationship between the "assistance provider" and its cooperative partner is "the lynchpin of success" in the cooperative conversion process. In a relationship of such importance, he emphasized that it is incumbent upon the party with the higher degree of knowledge and skill to take the initiative in making the relationship an equal partnership, rather than one of dependence. Unfortunately, in the case of Paradise Manor, an equal partnership was never given the chance to develop.

III. Regaining Paradise: Study Recommendations

A. Regaining Paradise Manor

In a recent study of the performance of housing cooperatives in California, the UC Center for Cooperatives concluded that limited equity housing cooperatives (LEHCs) are "a viable means of promoting social and ethnically diverse low and moderate income home ownership": "LEHC share prices are typically below \$5,000, and carrying charges are also very low. LEHCs reported high Latino, African-American, and Asian resident populations. Almost half the units in LEHCs are occupied by families with children, and approximately forty percent are occupied by house-holds with less than \$20,000 in annual incomes."

(Bandy, 1993; i)

Another study of LEHCs in New York City by Robert Lawson (1983) concluded that:

- Cooperatives gave more control to residents over their living situations than renters had;
- Cooperatives were cheaper than most rental housing; and
- Cooperatives offered better services to residents than rentals (cited in Dines, 1989; 14).

Given that, under optimal circumstances, limited-equity housing cooperatives give residents a chance to live in higher-quality and more affordable housing, why has the transition to cooperative ownership been so difficult at Paradise Manor? In his 1989 study for the Department of Regional Planning at the University of North Carolina, Richard Dines points out series of factors which lead to either the success or decline of housing cooperatives:

- **Communication**
(Exchange of information and needs among members and the Board of Directors, the Board of Directors and outside agencies, and different housing cooperatives)
- **Outside Support**
(There is access to public, non-profit, and other private sources of technical assistance, professional assistance and financing)
- **Participation**
(There is a willingness to cooperate with others and contribute to the operation of the cooperative on the part of the members and, especially, leaders)

- Education
(Instruction on the principles of cooperation and training on the technical aspects of managing a building and the responsibilities of home-ownership is provided)
- Planning
(Members prioritize needs, consider the demographics of the membership when making decisions; the Board responds to members' requests, repairs of the physical structure are made for longevity, and budgeting is made within financial constraints)
- Leadership
(Leaders demonstrate organization and efficiency, clarify a direction in management, and diffuse or delegate responsibility to other members)
- Experience
(Skills, social networks, and relationships with outside agencies contribute to the operation of the cooperative)

Dines also concludes from a review of housing cooperative literature that when housing cooperatives fail, the primary reasons are typically poor physical building structures, a "tenant mentality" among the residents, and lack of outside assistance and expertise:

"Because the buildings were usually older ones, there was often major repair work needed. Since the conversion process is highly dependent on resident morale and participation, a great deal of education was needed to demonstrate the difference between living in a rental unit and living in a cooperative. When there was little knowledge among tenants about these differences, dis-sension between tenants would arise, leader-ship would erode, and some people would refuse to participate. Some of these buildings also lacked appropriate management assistance, legal counsel, and financial help which prevented them from becoming operational." (Dines, 1989; 13)

In the case of Paradise Manor, all of the above factors have had a critical impact on the ability of the resident leadership to mobilize the tenants to buy into the cooperative. Lack of consistent support and resources from outside organizations, such as the developer and the on-site

management, lead to an atmosphere in which resident leaders faced major obstacles in even conducting the most basic tasks of cooperative development—such as informing residents about community meetings and having access to space in which to hold those meetings. In addition, without an ongoing and consistent education program for the residents, many of the renters at Paradise Manor were simply unaware of what a cooperative was, who their Board of Directors was, and what cooperative ownership could offer them—and were thus highly skeptical or apathetic about purchasing shares.

Finally, protracted conflict and turnover within the cooperative leadership resulted in an atmosphere in which the cooperative as a whole could not maintain its organizational stability in the face of inevitable challenges. All these factors, combined with the sheer size of the property and the poor condition of many of the units, have led to the stalling of cooperative conversion at Paradise Manor.

With these factors in mind, this study offers the following recommendations to resolve the problems at Paradise Manor and put the cooperative conversion effort back on track:

1. Regarding the institutional and physical obstacles inherent in the Paradise Manor conversion project:
 - a. To address the problems of the complex's size and alleviate the "Catch-22" created by mandating 51% cooperative membership before any resident managerial input is allowed, this study recommends that the developer (in conjunction with the management office) implement a plan to allow the tenant leadership consistent and ongoing access to management office resources and training in the immediate future. This access to information and decision-making input is needed, first, because it is nearly impossible to conduct a large-scale tenant mobilization campaign without it and second, because if the co-op is going to have any kind of legitimacy with the residents, the tenants at Paradise Manor must be able to see that the cooperative's input to managerial and development decisions will improve their living conditions and meet their on-site needs.
 - b. In order to deal with the problem of resident apathy and lack of information regarding cooperative home ownership, this study recommends that the cooperative first conduct an extensive survey of the residents in order to determine precisely what it would take to motivate tenants to purchase shares. Second, this study recommends that a computerized data-base and tracking system be established to keep in contact with residents who have expressed interest in home ownership and follow up with education regarding cooperative

ownership and records of which residents have signed purchase agreements. In addition, flexible payment arrangements should be made available to residents who cannot afford to pay for the full \$500 share payment at one time. Such a survey, tracing an educational effort, could be undertaken with assistance from a local university.

2. Regarding organizational obstacles within the cooperative organization:

a. To address resident leaders' inexperience in matters of business ownership and operation, as well as organizational and interpersonal skills, this study recommends the institution of regular, comprehensive training for new and old Board members, with older Board members taking increasing responsibility for training their successors. Training would take place once a year, on-site, with child-care provided for Board members with children. In addition, Paradise Manor Cooperative should become a member of a national cooperative organization, such as the National Association of Housing Cooperatives or the National Cooperative Business Association, which can provide them with ongoing support and expertise during the transition to cooperative ownership as well as linking Paradise Manor with other cooperatives around the city.

b. To mitigate the issue of protracted conflict within the co-op leadership, this study recommends the establishment of an on-going series of workshops for both co-op leaders and members at large on topics geared toward both organizational skill-enhancement and interpersonal conflict resolution.

c. To address the needs of the predominantly female leadership base and provide support for women within the co-op and the community, this study recommends the establishment of a set of workshops and services geared specifically toward the needs of African-American women, such as support groups for single parents, workshops on physical and mental health issues, and free child-care during Co-op sponsored events. Note, however, that this provision does not necessarily exclude the possibility of similar programs for men as well.

3. Regarding organizational obstacles outside the tenants' organization:

a. Given that both the Paradise Manor Cooperative, Inc. and the developer have failed to meet key provisions of the 1987 Cooperative Agreement, and that the deadline of the Agreement has expired, this study recommends that the current property owner and the co-op board of directors renegotiate the Agreement with more realistic ownership

requirements for the cooperative, and extend the deadline of the option to purchase the property for at least two more years.

b. To insure the prompt implementation of the Paradise Manor HOPE 2 Planning Grant, this study recommends increased and regular direct contact between HUD officials and co-op Board members during the conversion process. In addition, HUD should provide for the implementation of the grant with an executive agent of the cooperative's choice, to take on the role which was previously held by the MHA.

c. In order to place the cooperative in a better position to negotiate with the outside parties involved in the conversion, the Board of Directors should use HOPE 2 funds to immediately:

- 1) Hire an accountant.
- 2) Hire a full office staff, including administrative assistant and program manager.
- 3) Contract with a firm to appraise the property, go over the original building specifications, and determine what structural repairs need to be made to the property site.

B. Regaining the Future for Affordable Housing Through Cooperative Ownership:

Within the climate of government downsizing and federal spending cuts, affordable housing has not fared well under the 104th Congress and the current Administration. In the most recent version of House Appropriations bill H.R. 1158, Section 8 rental assistance was cut by \$115 million. The Clinton administration has recently proposed a "mark to market" program, which would allow the Department of Housing and Urban Development (HUD) to drop federal insurance on properties receiving Section 8 rental assistance subsidies, thus allowing their owners to set their rents at market levels. Another large segment of affordable housing will be in danger of loss as buildings with 30-year mortgages, built in the 1960s, become eligible to pre-pay their mortgages and release their owners from the obligation to keep rents affordable. These changes could soon result in the loss of a total of 35,500 affordable rental units in the Washington D.C.-Metro area (Mariano, 1995; F-1, F-12). The federal government's commitment to cooperative housing conversion has also declined, with expenditures for HOPE 3 Implementation Grants being completely transferred to the HOME program—a block grant

program paying for the construction and rehabilitation of low-cost housing (Mariano, 1993; E-1).

The Clinton Administration is proposing that residents in subsidized units who are displaced by an increase to market-rate rents will be eligible to receive housing vouchers to make up for the cost of housing elsewhere. However, when HUD Secretary Henry Cisneros attempted a pilot rent-voucher program in 1994 called "Moving to Opportunity," the residents of the middle-to upper-income neighborhoods targeted for the relocation of lower-income residents (including those in Baltimore, Maryland) slammed the door to opportunity—citing fears of crime—and had their congressional representatives shut the program down (Mariano, 1994; E-1, E-6).

Given the above climate, it is necessary for affordable-housing advocates, tenant groups, and national cooperative organizations to pressure Congress to implement alternatives to the programs being cut under the present budget in order to prevent countless families from being displaced or rendered homeless due to rent increases. The development of limited-equity housing cooperatives is one such solution; however, there are many factors to take into consideration in implementing a comprehensive cooperative-housing strategy across the country. In order for large-scale, limited-equity co-op conversions such as Paradise Manor to be successful, this study makes the following recommendations:

1. Limited-equity cooperative conversion projects should be initiated by the tenants, with outside developers and other organizations serving as facilitators for the residents' goals, rather than development being initiated "from the top down." Not only does "bottom-up" development better serve to meet the residents' needs, but it also gives them a far greater stake in participating with outside organizations to insure the success of the project.

2. The ethical issue of whether development officials should be allowed to make economic or public policy decisions for neighborhoods in which they do not live should seriously be debated within the development community. Although the proposal that development officials live on-site during the initial phases of cooperative development may sound outrageous, this arrangement (while inconvenient) benefits the officials by lending them much-needed legitimacy within the community and by giving them critical first-hand knowledge of the day-to-day difficulties encountered by residents. The insights gained through such direct contact would likely lead to shared problem-solving goals which would be addressed during a much more inclusive development planning process.

3. Future large-scale, public-private renovation efforts should be followed by vig-

orous mediation and regular investigation by the federal, state, or local public officials involved in the funding and development process. The failure of public agencies to follow up on taxpayer-funded projects by demanding consistent reports, communication and accountability by all parties involved tends to lead to an environment which promotes waste and mismanagement of time and resources.

4. Implement a gradual and sustained empowerment process toward tenant ownership, rather than an "all-or-nothing" empowerment process; a gradual and sustained process toward tenant-ownership should be implemented by providing future co-op organizations with a temporary "ghost board" which is composed of both outside development officials and residents. Residents would take up a greater proportion of the Board as the membership of the resident cooperative increases.

5. Fledgling cooperatives should be provided with the resources and encouragement to hire all necessary technical expertise, legal counsel and office staff to accomplish their goals as an autonomous business. At a recent conference of cooperative development practitioners, one speaker commented:

"Far too often it is the case that the notion of risk-taking that I embrace in going out and spreading the cooperative word, in attempting to create cooperatives, in encouraging other people to form cooperatives, is supposed to somehow spring from the cooperatives themselves.

I can remember bringing my kid home from the hospital and being so glad I had spent whatever money it had cost to purchase that little book that told me to go out and purchase a pacifier because my kid had cholic.

Well, believe me, it is worth whatever you pay as a member of any sort of newly-formed cooperative, for the expertise that forms that organization well, that sets it up well, that gives it the initial information it needs to function as an ongoing business—because people doing it for the first time have got to reach out for information and insight and experience that has gone before, and they won't have it by themselves."

(Proceedings, 1996 Cooperative Development Forum,
CLUSA Institute for Cooperative Development)

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APPENDIX I

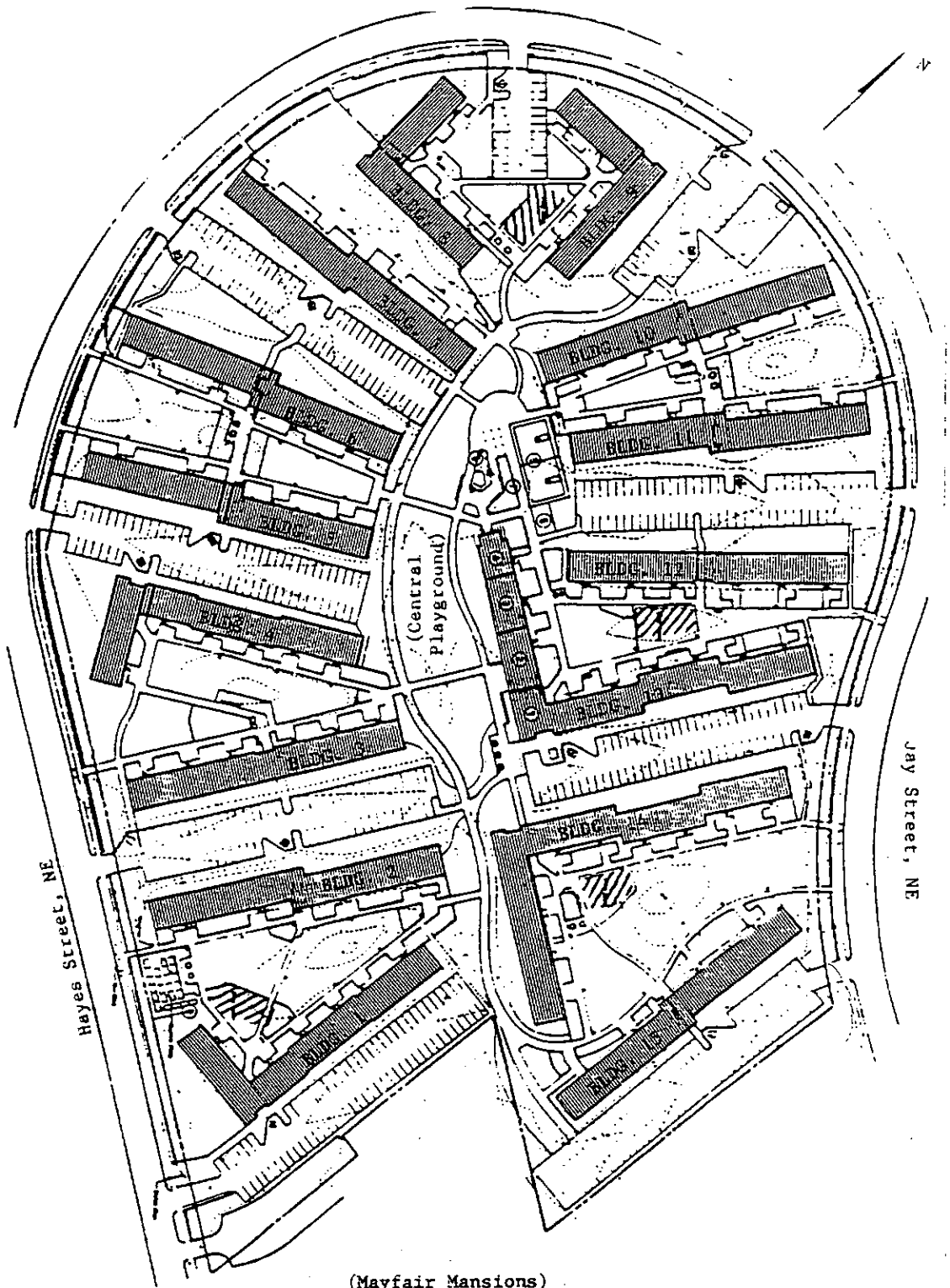
A CHRONOLOGY OF DEVELOPMENT AT PARADISE MANOR

- 1940 Mayfair Mansions built by Black architect Albert Cassell under the Mayfair Foundation
- 1967 Paradise Manor built by Mayfair Foundation
- 1980 Crack cocaine invasion in the Paradise/Mayfair neighborhood
- 1986 Paradise Manor sold to its current owners by the Mayfair Foundation for \$10.4 million; Paradise residents contest the sale under D.C.'s "First Right of Purchase Law"
- 1987 The Paradise Manor Cooperative Agreement is signed by the new owner's managing partner, the former owner (the Mayfair Foundation) and the Paradise Manor Tenants' Council president
- 1988 Nation of Islam "Dope Busters" patrol enters the Paradise neighborhood; the property owner evicts 60 families known to be dealing drugs and the neighborhood is stabilized
- 1989 Renovation of the Paradise Manor property begins
- 1991 Renovation of the residential units completed
- 1992 Construction of a new Community Center, fountain and basketball half-court completed; The Paradise Manor Cooperative, Inc. is formally incorporated; Manor Cooperative is notified of their award of the 500,000 HOPE 2 Planning Grant
- 1994 MHA acting as executor of the HOPE 2 Planning Grant pulls of the grant and confiscates all office equipment purchased with the grant; No new executor is found
- 1996 Residents report no new progress or development in the cooperative conversion effort

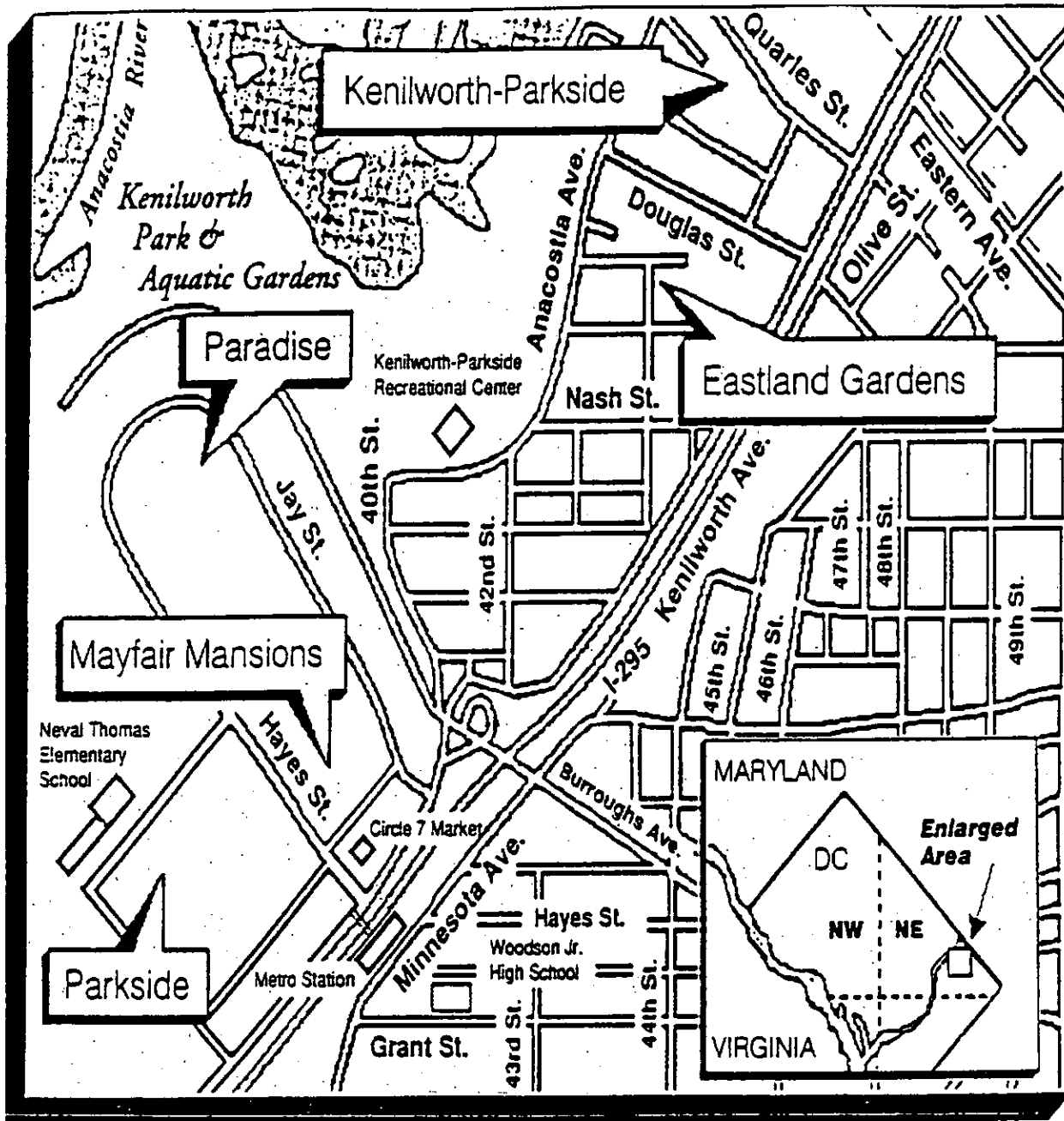
APPENDIX II
MAPS OF THE PARADISE-KENILWORTH NEIGHBORHOOD AND
PARADISE MANOR APARTMENTS



Map of Paradise Manor Apartments



(Mayfair Mansions)
(Map provided by the Telesis Corp.)



Paradise Neighborhood Map

(Map provided by the Telesis Corp.)

APPENDIX III
HOUSEHOLD DEMOGRAPHICS:
PARADISE MANOR APARTMENTS, 1992

Data, charts and graphs provided by the Telesis Corporation.

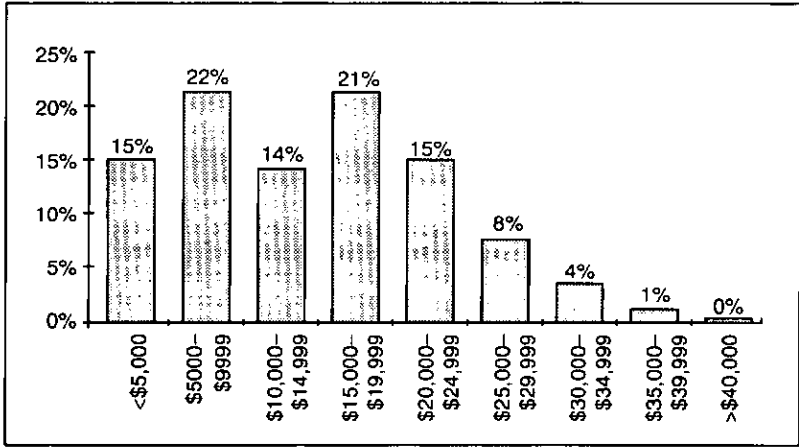
ATTEMPTING LOW-INCOME COOPERATIVE CONVERSION AT PARADISE MANOR APARTMENTS

PARADISE HOUSEHOLD DATA

as of 22 July 1992

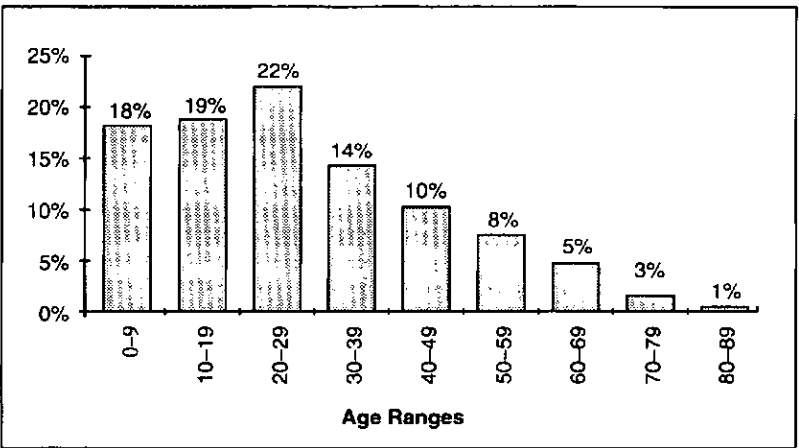
HOUSEHOLD INCOME (Average \$14,872)

> \$5,000	74	15%
\$5,000-\$9,999	110	22%
\$10,000-\$14,999	72	14%
\$15,000-\$19,999	108	21%
\$20,000-\$24,999	75	15%
\$25,000-\$29,999	39	8%
\$30,000-\$34,999	18	4%
\$35,000-\$39,999	6	1%
< \$40,000	2	0%
TOTAL	504	100%



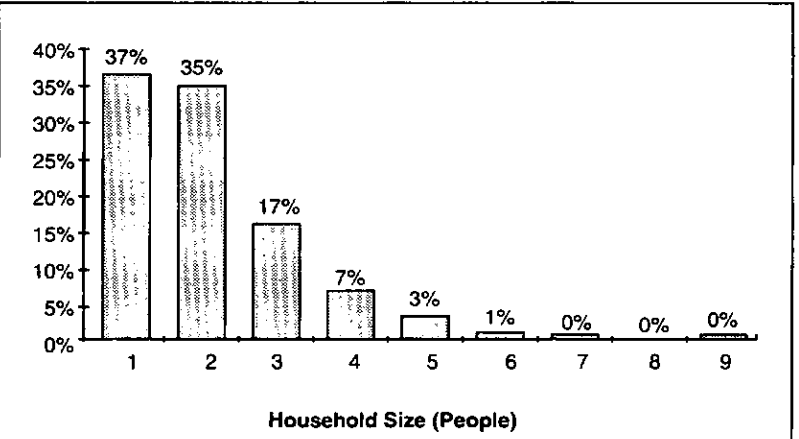
AGE RANGES

0-9	191	18%
10-19	200	19%
20-29	233	22%
30-39	150	14%
40-49	108	10%
50-59	80	8%
60-69	51	5%
70-79	28	3%
80-89	7	1%
TOTAL	1048	100%



HOUSEHOLD SIZE (Average 2.08 people)

1	186	37%
2	178	35%
3	85	17%
4	35	7%
5	14	3%
6	3	1%
7	2	0%
8	0	0%
9	1	0%
TOTAL	504	100%

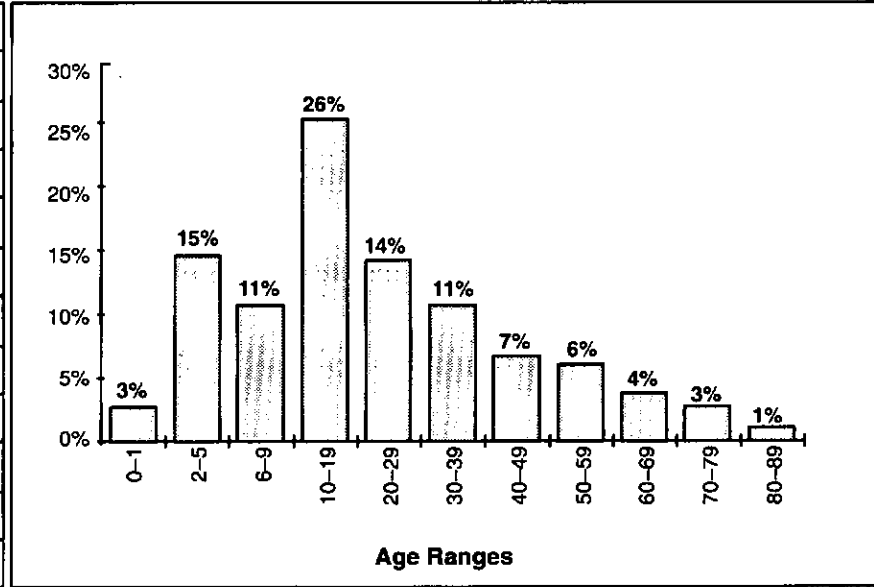


PARADISE HOUSEHOLD DATA

By Gender
as of 22 July 1992

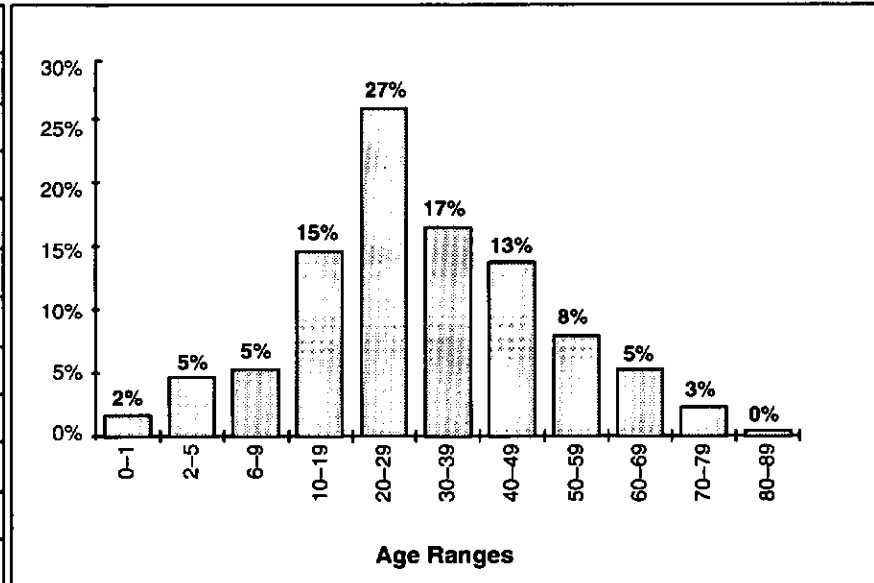
AGE RANGES, MALE

0-1	12	3%
2-5	60	15%
6-9	44	11%
10-19	105	26%
20-29	59	14%
30-39	43	11%
40-49	28	7%
50-59	26	6%
60-69	16	4%
70-79	12	3%
80-89	4	1%
TOTAL	409	100%



AGE RANGES, FEMALE

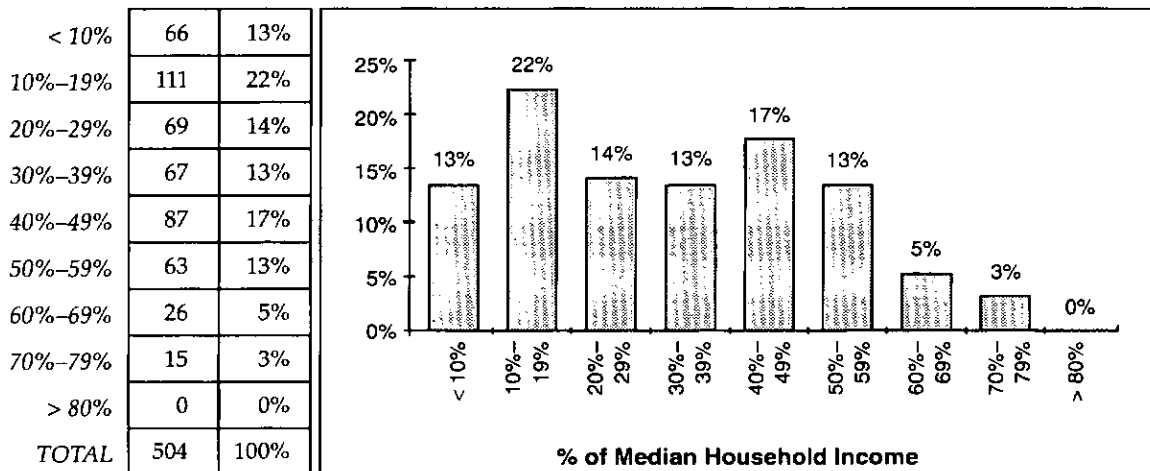
0-1	10	2%
2-5	30	5%
6-9	35	5%
10-19	95	15%
20-29	174	27%
30-39	107	17%
40-49	80	13%
50-59	54	8%
60-69	35	5%
70-79	16	3%
80-89	3	0%
TOTAL	639	100%



- 351 households are headed by women.
- 125 are single women living alone.
- 191 are raising one or more children.

ATTEMPTING LOW-INCOME COOPERATIVE CONVERSION AT PARADISE MANOR APARTMENTS

% of DC AREA MEDIAN INCOME (Average: 32%)



1992 DC AREA MEDIAN INCOME TABLE

INCOME LEVEL / FAMILY SIZE	1	2	3	4	5	6	7	8
100% of Median Income	\$41,400	\$47,400	\$53,300	\$59,200	\$63,900	\$68,700	\$73,400	\$78,100
80% of Median (Moderate Income)	\$33,120	\$37,920	\$42,640	\$47,360	\$51,120	\$54,960	\$58,720	\$62,480
70% of Median	\$28,980	\$33,180	\$37,310	\$41,440	\$44,730	\$48,090	\$51,380	\$54,670
66% of Median (Low Income)	\$27,324	\$31,284	\$35,178	\$39,072	\$42,174	\$45,342	\$48,444	\$51,546
60% of Median Income	\$24,840	\$28,440	\$31,980	\$35,520	\$38,340	\$41,220	\$44,040	\$46,860
50% of Median (Very Low Income)	\$20,700	\$23,700	\$26,650	\$29,600	\$31,950	\$34,350	\$36,700	\$39,050
40% of Median	\$16,560	\$18,960	\$21,320	\$23,680	\$25,560	\$27,480	\$29,360	\$31,420
30% of Median	\$12,420	\$14,220	\$15,990	\$17,760	\$19,170	\$20,610	\$22,020	\$23,430
20% of Median	\$8,280	\$9,480	\$10,660	\$11,840	\$12,780	\$13,740	\$14,680	\$15,620
10% of Median	\$4,140	\$4,740	\$5,330	\$5,920	\$6,390	\$6,870	\$7,340	\$7,310
Poverty Level (Census '90)	\$6,652	\$8,509	\$10,419	\$13,359	\$15,792	\$17,839	\$20,241	\$22,582

APPENDIX IV
CRIME FIGURES: PARADISE MANOR AND MAYFAIR MANSIONS
1992-1994

CODES

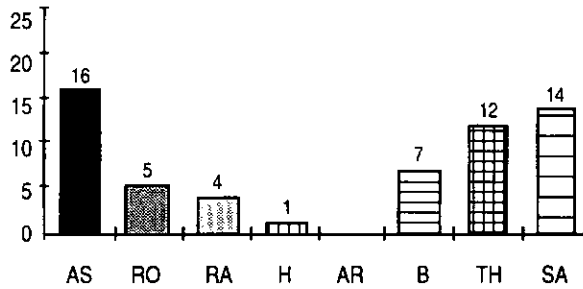
AS:	ASSAULT
RO:	ROBBERY
RA:	RAPE
H:	HOMICIDE
AR:	ARSON
B:	BURGLARY
TH:	THEFT
SA:	STOLEN AUTO



**Crime Figures: Paradise Manor and Mayfair Mansions
1992-1994**

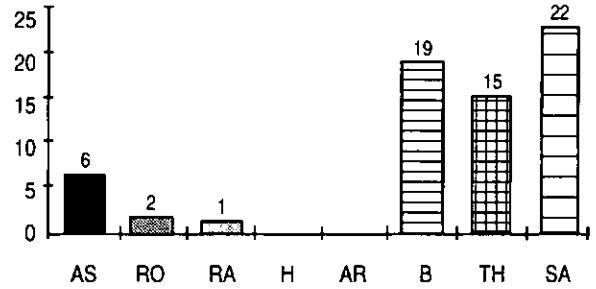
Crime at Paradise Manor — 1992

Total Reported: 59



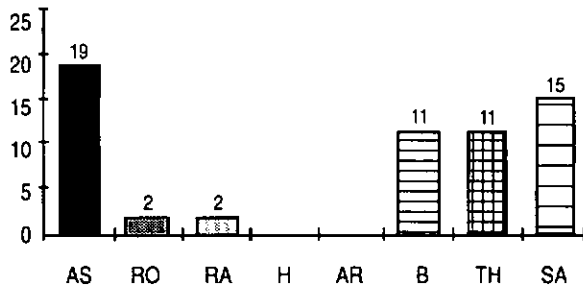
Crime at Mayfair — 1992

Total Reported: 65



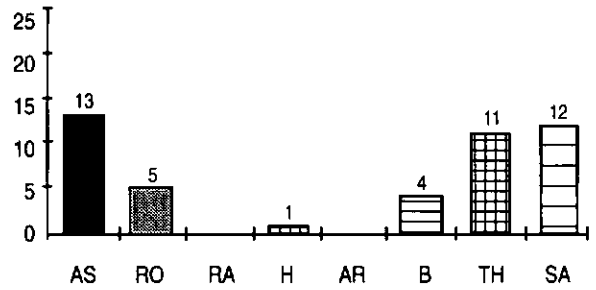
Crime at Paradise Manor — 1993

Total Reported: 60



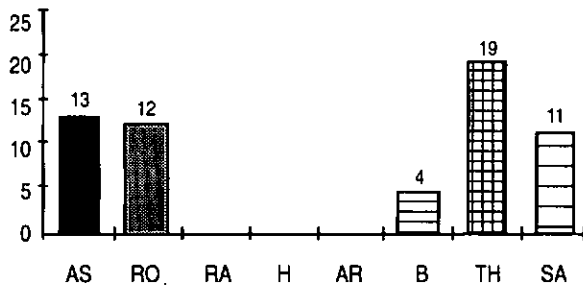
Crime at Mayfair — 1993

Total Reported: 46



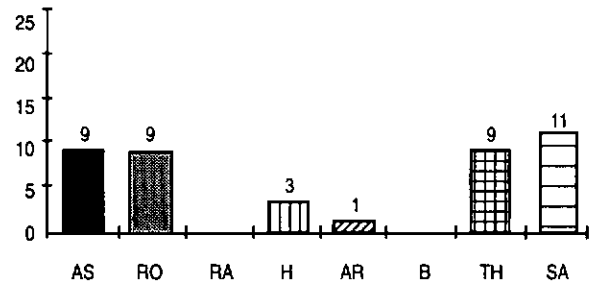
Crime at Paradise Manor — 1994

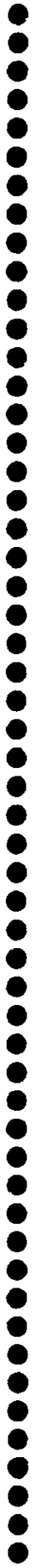
Total Reported: 59

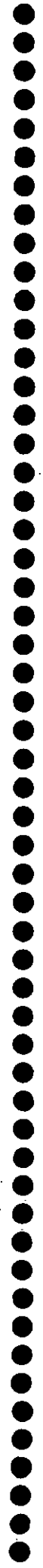


Crime at Mayfair — 1994

Total Reported: 42







[REDACTED]

In *Paradise for Sale*, A. R. Lategola documents the tenant-organizing process at Paradise Manor apartments, a 653-unit low-income housing complex located in a Washington, D.C. neighborhood, dubbed "Little Beirut" in the 1980s for its notorious crime and drug problems. This case study and analysis of the attempted cooperative conversion process in the apartment complex puts a human face on the struggle of inner city residents to take control of a deplorable housing situation. It also shows in sharp relief how federal housing policies and the work of housing development professionals can help or hinder the efforts of low-income people to improve their housing, their neighborhoods and their lives.

A. R. Lategola is a National Science Foundation Graduate Fellow and doctoral candidate affiliated with the Department of Sociology of the University of California at Santa Barbara. She is a resident of Washington, D.C., where she is employed as Program Manager of the CLUSA Institute for Cooperative Development—an initiative of the National Cooperative Business Association.

The Center for Cooperatives was established by the California State Legislature in 1987 in response to the growing need for information and technical assistance by California's cooperatives. The Center carries out and promotes research about cooperatives and provides education and development support to California's cooperatives.

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