

Housing Cooperatives and Mutual Housing Associations

These two forms of housing are not common to all areas of the United States. To determine whether or not a housing development qualifies for section 104(d) downpayment assistance under 24 CFR 42.350(e)(2), a displacing agency would need to review the “Subscription Agreement” which is the document used to sell a membership in a cooperative, or the “Membership Application” for the Mutual Housing Association, and determine whether the interest which is purchased qualifies as an interest in a housing cooperative or mutual housing association under state or local law. The definitions¹ below are only intended to provide a general description of these forms of housing and are not intended to supersede definitions provided under State or local law.

A **“Cooperative”** is a form of ownership in which each owner of stock in a cooperative apartment building or housing corporation receives a proprietary lease on a specific apartment and is obligated to pay a monthly maintenance charge that represents the proportionate share of operating expenses and debt service on the underlying mortgage, which is paid by the corporation. This proportionate share is based on the proportion of the total stock owned. A share loan is a loan obtained to purchase a share in a housing co-op secured by the shares and occupancy rights (cooperative interest). A member can get an individual loan for that amount from a bank or other lending institution (just as when an individual is buying a house).

“Mutual Housing” property is owned by a Mutual Housing Association (MHA) and residents are members of the Association that owns the housing. The MHA is a nonprofit corporation that develops, owns and/or manages, or assists cooperatives and other forms of nonprofit resident-controlled housing. The MHA is governed by a Board of Directors composed of residents, and representatives from the private, public and community sectors. The MHA owns all of the housing developments. Residents cannot buy or sell their units directly, however, they have a significant voice in decision-making, and have a lifetime right to live in the housing.

¹ Definitions developed in consultation with HUD’s Office of Single Family Housing and the National Association of Housing Cooperatives (NAHC).