

Co-ops offer option to condos, rentals; [Chicago Final Edition]

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Many of the new co-ops for seniors are being built for those with higher incomes. Today, there are about 65 seniors-only co-ops geared for homeowners with moderate incomes, according to Terry McKinley, president at the Senior Cooperative Foundation, a St. Paul group that acts as an information resource for developers and sponsors of co-ops for seniors.

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Five years ago, Janet Boland made the switch from living in a condominium to a cooperative meant just for seniors.

She had grown tired of the maintenance required by her aging condominium. She also couldn't see herself, as she approached retirement age, living in a condo building that had no planned activities for older people.

So Boland decided to buy a share in a co-op building for seniors. Her membership gave her a one-bedroom unit at the Realife Valley View Cooperative in the Minneapolis suburb of Eden Prairie, Minn.

"The co-op was a clear deal for me," said Boland. She explained that the co-op owns everything, so it takes care of all the repairs, even of things like the appliances in her unit. The co-op handles the outdoor chores. The building also has an in-house organization with lots of planned activities.

But the thing Boland likes most about the co-op is its sense of community that stems from the fact that, unlike a condo, the building residents own shares in the entire property. "This building is really like an extended family," said Boland, an active participant in the building's governance. "We can decide how we want to run the building."

Co-op buildings for seniors are growing in popularity. Though co-ops specifically for seniors were first built in the 1970s, they took off again in the late 1990s.

It should be noted that the senior co-ops being built today are a little different from traditional co-ops. In a traditional co-op, the buyer purchases an interest in an entire building with a proprietary interest in a particular unit. There is no limit on the accumulation of equity in their shares.

In contrast, co-ops for seniors have a limited-equity feature. That means the property's appreciation is limited by the cooperative to keep the units affordable. Also, a senior co-op may handle repairs in the unit, whereas a traditional co-op will not.

Some co-ops for seniors are meant for those with low incomes. Chicago has several co-ops just for low- and moderate-income seniors. One example is the Chatham Park South Cooperative, 660 E. 85th St. The 112-unit building has a membership fee of \$666. Monthly charges are 30 percent of the senior's income. The building currently has a two-year waiting list.

But many of the new co-ops for seniors are being built for those with higher incomes. Today, there are about 65 seniors-only co-ops geared for homeowners with moderate incomes, according to Terry McKinley, president at the Senior Cooperative Foundation, a St. Paul group that acts as an information resource for developers and sponsors of co-ops for seniors.

McKinley says about 50 of these moderately priced co-ops are in Minnesota, where the trend

gained a foothold in the 1990s. There are eight co-op projects in Iowa as well as single projects in Nebraska, Wisconsin, Michigan, Texas, Oregon and Alaska. Illinois has none.

The moderately priced co-ops for seniors being built in the Upper Midwest offer an alternative to expensive continuing-care communities. They also offer a housing option to seniors who do not want to rent.

The senior co-ops charge a membership fee along with a monthly fee. The average membership fee is about \$45,000, McKinley said. An average monthly charge is about \$1,000. It pays for the resident's share of the building's master mortgage, along with heat, property taxes, insurance, maintenance and building reserves.

As explained by McKinley, who previously worked as a mortgage banker financing co-ops, the co-op is designed for seniors who own a house. The idea is that a senior can sell a house and use part of the proceeds of the sale of the house to buy a share in the co-op building. The senior has some leftover cash from the transaction to stash away. Ideally, the monthly co-op payment fits easily within the senior's income.

Applewood Pointe opened Aug. 1 in the Minneapolis suburb of Roseville. The building has 94 units (all taken) that range in size from 835 to 1,650 square feet.

Developer United Properties LLC, Minneapolis, offers four payment plans. Residents can put down 15 percent, 30 percent, 60 percent or 95 percent of the share value. Shares cost \$130,000 to \$260,000, depending on the size of the unit. The more a resident puts down, the lower the monthly payment, according to Brian Carey, vice president of development at United Properties.

"One thing that appeals to co-op owners is that there's a waiting list to get into these buildings," Carey noted. He thinks that's because appreciation is capped (usually at 2 percent a year), so the shares remain affordable. When it comes time to sell, there's no broker involved; rather, the co-op board takes the next person on the waiting list. The co-op charges no transfer fee or commission. "People know they can easily sell their unit," he said.

Most of the co-ops provide no meal or housekeeping service, though some of the newer ones do, according to the Senior Cooperative Foundation's McKinley.

Also, it should be stressed that the buildings are meant for independent seniors. Buyers at new co-op buildings have an average age of 73, McKinley said. Those who eventually need assistance can hire outside help if they prefer to stay put. But just as the board of the co-op has say over who lives in the building, it can also decide if a resident must leave.

"Residents can stay as long as they are not a danger to themselves or to the community," McKinley said.

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