

# THE COOPERATOR

*News and updates for leaders of resident-owned communities*



*Cooperative member-owners, Board members and Staff from Northcountry Cooperative Foundation at the Common Ground Conference 2022, following a tour of the new homes at Woodlawn Terrace Cooperative in Richfield, MN.*

## **\$5,000 grant opportunity!** *The Common Ground Conference 2023*

**By Kathleen Richert**

For the first time this year, Northcountry Cooperative Foundation (NCF) is offering a \$5,000 Cooperative Opportunity Grant as part of the Common Ground Conference 2023.

The Common Ground Conference begins on Tuesday, September 12 with the first of three virtual sessions. Tuesday's topic will be "Marketing 101". If your co-op is trying to sell homes,

fill lots or bring in new members, then this session is for you!

On Wednesday night Sam Estes will host a panel discussion called, "Contractors, Vendors & You". He will be joined by Katie Koscielak (WSB Engineering) and Christa Wolner (Connect Mankato) to talk about how their respective businesses work with cooperatives. If you will be negotiating new contracts or reviewing existing relationships, this is your opportunity to ask

questions about how to work most effectively with contractors and other vendors.

NCF's Joel Hanson will be hosting a conversation about Making Connections and Advocating for Resources on Thursday night.

Our gracious hosts for this year's Friday night social and dinner is Zumbro Ridge Estates (ZRE), near Rochester, MN. Board members from ZRE will

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# What's your problem?

## *Handling tricky membership applications*

By Dan Gordon

Board members in resident-owned cooperatives have raised questions about how to deal with applications from people that Board members are concerned may create problems in the co-op. Here's what usually happens when someone applies for membership: applicants need to meet certain requirements set by the co-op, such as having enough income, a good credit history, and no criminal record. What if someone meets all these requirements but the Board believes they might create problems in the community? The opinion could be based on the familiarity with the applicant, or the applicant's past actions or relationships with others. Can the Board say no to this person and avoid getting into legal trouble?

The Fair Housing Act makes it illegal for landlords to turn down applicants because of their race, color, religion, nation of origin, family status, sex, or disability. Remember that the co-op is the landlord, and the Board represents the landlord. Depending upon where you live, other laws might also protect applicants based on their marital status, sexual orientation, or if they use public assistance.

But what if the Board want to decline an applicant because of information about their past behavior, not because they are part of a protected class. This can be tricky.

First, check the laws in your city and county to see if the landlord must explain why they're saying no to an applicant. In most parts of Minnesota and Wisconsin landlords don't have to give an explanation. Dane County (WI) is an exception: in Dane county landlords must provide a written explanation.

Even if it's not required by law, the Board can choose to explain why they declined an application. This can help avoid misunderstandings or claims of discrimination later. If an applicant understands why their application was rejected, they may decide to change their behavior in the future. But if they still think it's unfair, having a clearly written reason for the rejection can show that it was not based on any discrimination.

However, there might be reasons that the Board doesn't want to explain too much about why they said no. In small communities, information spreads easily, and Board members might not want to reveal how they got certain information about an applicant. Ultimately, it is up to the Board to decide how to handle this sensitive situation.

### **Rejecting someone because of their credit score**

Sometimes an applicant gets denied membership because of their credit score something in the credit report. The applicant might argue that the information is wrong, which is usually a matter that is between the applicant and the reporting agency. The reporting agency may have incorrect or out-of-date information. If the rejection is based on something in their credit report, the law says that the Board must send an "*adverse action notice*" explaining that the application was denied due to information on their credit report. The notice must include the following:

1. The contact information for the credit bureau used to check the applicant's credit.
2. A statement that the credit agency did not influence the Board's decision.
3. A statement telling the applicant they can dispute the report with the agency and receive a free copy of the report within 60 days if they request it.

For its own protection, the Board must use the same credit score standard for everyone.

***"The Fair Housing Act makes it illegal for landlords to say no to applicants because of their race, color, religion, nation of origin, family status, sex, or disability."***

Many Boards are moving away from using credit scores to decide on applications. While a credit score may indicate if someone is likely to pay their lot rent on time, it doesn't take tough situations into account, such as persons getting away from abusive relationships. You can check with your Board and see if the credit score policy might be keeping out good prospects.

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# Strategies for budget season

## *guidelines + ROC budget comparisons*

By Emily Stewart

This is the time of year when Resident-Owned Cooperatives (ROCs) are reviewing their current budgets, planning for the future, making financial decisions, and developing next year's budget. Here are several things to consider when developing the budget for 2024.

### 1. Property management costs:

Most ROCs in MN and WI hire professional property management firms because it is difficult to find licensed individuals to hire as onsite managers. Full-service property management firms often increase the efficiency of Boards by assisting with tasks such as sourcing vendors and contractors and acting promptly when lot rents become past due. If the co-op currently has-- or plans to hire-- a property management firm, a good guide is to set aside 15% of your co-op's income to pay for property management or staff.

For example, if the co-op's gross income is \$200,000, then budgeting \$30,000 for a property management firm is a good decision.

NCF has noticed that, on average, ROCs pay around \$21,000 annually (which turns out to be about \$341 per occupied lot, on average, each year) for full-service property management; that is roughly 14% of their annual budget.

### 2. Operating Expense Ratio (OER):

Co-op Boards pay a lot of attention to the *DCR* (the Debt Coverage Ratio), but there is also an *OER* (Operating Expense Ratio). The ROC's OER shows how much of the co-op's income is being used for operating expenses. To calculate it, divide the co-op's total expenses (not including loan payments and reserve contributions) by the *effective income* (the total lot rent possible, plus any other charges, minus any vacancy loss).

For example, if the co-op's total expenses are \$123,000, and the effective income is \$289,000, the OER would be 43% ( $123,000/289,000 = 0.43$ ). The industry standard for OER is 35-45%, and most ROCs in this area fall between 40-60%. A higher OER might still be acceptable if it means that the

co-op is receiving better services, and it aligns with the community's goals.

### 3. Bad debt and collections management:

Uncollected rent is called *bad debt* and it should be included in your budget calculations. Eliminating all bad debt may be unrealistic but try to keep bad debt below 2% of the co-op's total income.

For example, if the total possible income from lot rent is \$200,000, the bad debt amount should stay under \$4,000 per year. That's between \$300 and \$350 per month. In most ROCs, that's equal to only one household being behind each month. When delinquent accounts exceed 2%, it's a signal to address collections management.

### 4. Water Recovery:

Keep a close eye on water recovery because it can significantly impact your budget. Unless the Co-op has its own well, most ROCs pay for water used, and either pass the charge on to residents individually or include it in the operating cost section of the budget. Water charges usually range from 16-36% of annual budgets. The average across co-ops is \$48,000 per year.

## *Tips for creating the budget for 2024:*

### 1. Look at the most recent Property Condition Report:

Board members, the TA, and the Operations Manager or Maintenance Committee should walk through the community each year, making notes about the condition of the roads, community owned buildings, streetlights, signage, utility pedestals and anything else the co-op is responsible for keeping in good repair. Updating the Property Condition Report every year provides a guide for making budget decisions about things such as tree removal, maintenance, or other improvements when developing the budget for the upcoming year.

### 2. Think long term:

For example, would it save money to buy equipment such as a snowplow and do snow removal in-house rather than hiring someone else to do it? How long would it take to save enough money

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# The faces of manufactured housing cooperatives

## *Meet a Board member, Donna Mischler*

By Kathleen Richert

Donna Mischler, Director-at-Large  
Clear Lake Estates Cooperative, Siren, WI



### ***The Cooperator: How long have you lived in Clear Lake Estates Co-op and why did you move in?***

I have lived here for twenty-three years. People ask me why I stay, but I like it here. My home is really comfortable.

I'm from Cumberland, WI originally, but lived in the Twin Cities for a while. When I got married, we lived in the Highland Park area of St. Paul. My husband worked at the Ford plant, and I worked at the airport. We moved up to Centerville, MN, but it was a really long commute. When we both retired, we moved to Florida. My husband still lives there, but I didn't like Florida.

I'm a member of the St. Croix Band of Chippewa, and the Band invited me up north to work for the tribe. I bought my place in Siren in 2000, when I retired from that job.

### ***TC: Why did you join the co-op's Board of Directors?***

Joining the co-op was a no brainer. If you wanted

to have a say in how things were going to get done, you had to join. I joined the Board because I was not happy with how things were going. I got on the Board so I could be part of the decision making.

### ***TC: What do you like about your community?***

It is close to town and close to shopping, but also far enough away. I like that the homes are grouped together; the neighbors are close which means more safety. If I decide to go away, I know that my neighbor will keep an eye on my place.

It sits across the road from beautiful Clear Lake. There's a beach, picnic tables, and a dock right there. That lake is spring fed; it's cold, and it is up to 150' deep in spots. In the summer there is no algae on that lake.

Living here is affordable. Because we're across the road, we don't have to pay high lakeshore property taxes! People with homes in front have a lake view.

### ***TC: What challenges does your community face?***

We have a lot of vacant spaces, and we're not collecting lot rent on those open lots. We also have empty homes, some of which were just abandoned, so the co-op has the deal with cleaning them up and selling them or getting them out of here.

### ***TC: What do you think would change things for the better?***

If all the lots were full, we wouldn't have to worry about finances so much.

Maybe becoming a 55+ community would attract more responsible, quieter people, and we would have less drama. We could have a mix of year-round people and weekend people as long as they pay their lot rent all year. The weekend people are on vacation- and vacation people are always happy.

### ***TC: Can we share your recipe for cooking wild rice?***

First of all, use Native harvested, wood parched rice- if you have it. That's the *real* stuff, and the best!

You have to soak the rice first, for a while or overnight before cooking it. Soaking it shortens the cooking time. After you have soaked it, you need to drain that water. It might be dusty or sandy so soaking it also washes it.

I like to cook it in ham broth, but if you don't have that you can use chicken broth. You can use



# New Staff: Ed Hilbrich

## *brings his commitment to positive change to NCF*

Ed Hilbrich joined Northcountry Cooperative Foundation's staff as a Housing Program Associate in June. He brings 20 years of experience helping workers form unions and people find affordable homes. Some of you may already have met Ed when he worked for a different non-profit called Libraries Without Borders. In his role with that organization, he engaged with several of NCF's resident-owned cooperatives.

Ed began his work with non-profits because he wanted to help people get into affordable homes and get good-paying jobs. He's proud that his work in these areas has made communities better places to live and work. His dedication to strong communities has improved many lives.

Ed studied creative writing in school, so he understands how important communication is for a healthy community. He believes that the stories people tell can have impact, helping people to better understand each other. He learned early on that meeting people where they live and where they work, working with neighbors and union workers, and talking with politicians and business owners could bring about positive change.

Born and raised in New York, Ed lived in different parts of the country as young adult. For the past 18 years, he has been living in the Twin Cities. When



he's not working, Ed is interested in the arts and books. He likes spending time with family and friends going camping, hiking, and fishing beside Minnesota's beautiful lakes. A father to two adult children- a daughter and a stepson. His daughter has special-needs, and together, they work on helping her develop the skills she needs to do well in school and in life.

### *Donna Mischler interview cont'd*

instant bouillon if you don't happen to have ham broth— boil some water and add the powdered ham base.

Dice an onion and add it to the broth, then add the rice and cook it on simmer. I cook it in a small saucepan or pot, maybe three quarters of the way full with broth and a cup of rice.

You don't want to overcook it! It is hard to overcook it, but if you do it gets mushy. It should puff a little, the grains break open and just begin to curl, then it's done.

My sister always eats the leftovers for breakfast! (Note: use 3 cups of liquid to one cup of wild rice, measured before soaking.)

### *Tricky applications, cont'd from page 2*

The Board has a duty to make sure the co-op brings in members who will be positive for the community. Some applicants might have done bad things in the past, even though they don't have a criminal record. In some cases, people have worked hard to change and to become better people. In the end, the Board decides whether to approve their application. If you have thoughts about this, you should ask to talk to the Board and let them know your opinions.

#### **In conclusion**

The best way to avoid discrimination claims is to act in a way that benefits the co-op, use the same rules for all applicants and stay within the law. When the standards are public, everyone in the community including potential members will know what to expect.

# Puff, puff, PASSED!

## *Marijuana legal in Minnesota beginning August 1<sup>st</sup>*

**By Joel Hanson**

On August 1st, Minnesota became one of 23 states in the U.S. to legalize recreational cannabis, allowing adults aged 21 and older to use, possess, and transport marijuana. However, it is crucial to be aware of the regulations surrounding cannabis use, particularly in cooperative communities.

If you are under 21 and caught with marijuana, it is still considered a crime and could lead to a petty misdemeanor charge. Additionally, it is important to remember that bringing marijuana from other states or countries is still federally illegal. To obtain marijuana legally, it must be either grown by the user or purchased from a licensed retail store within Minnesota.

The law imposes possession limits for individuals. If you plan to carry marijuana outside your home or during transportation, you can possess up to 2 ounces of cannabis flower, 8 grams of concentrate, and 800 milligrams of THC-containing edibles. Inside your home, you are allowed to have up to 2 pounds of marijuana flower. Furthermore, Minnesotans are permitted to grow up to 8 cannabis plants, but only 4 of them can be mature (flowering) at one time. The plants must be grown at the primary residence in an enclosed, locked space that is not visible to the public. Violating these rules may result in criminal and civil penalties.

***“...it is crucial to be aware of the regulations surrounding cannabis use, particularly in cooperative communities.”***

The impact of the new law on cooperative communities can be confusing, especially concerning regulations for marijuana use in public places and shared areas. The general rule is that marijuana use is prohibited wherever smoking is banned. Therefore, if there are existing rules against smoking in your cooperative, they automatically apply to marijuana. Additionally, smoking or using marijuana is not allowed in cars or places where minors may be exposed to the smoke or vapor. Cooperatives have the authority to adopt further rules restricting marijuana use, even in individual homes, to prevent nuisances that could lead to lawsuits. Many condo- and homeowners associations are taking the step to ban marijuana

smoking within their premises to safeguard against potential legal issues.

The new law also includes provisions for expunging records related to previous minor marijuana convictions. Beginning this month, over 60,000 Minnesotans with minor marijuana convictions will have their records automatically expunged. However, the process may take up to a year to complete. Additionally, a special Cannabis Expungement Board will review more serious felony convictions and decide on expungement on a case-by-case basis. This may have implications for criminal background checks conducted by cooperatives for potential new cooperative members.

Looking ahead, staying informed about local regulations and guidelines regarding marijuana use is important since each city has the authority to ban marijuana use in public spaces. Laws may vary across the state, and communities can enact their own regulations. If you have questions, seeking advice from your Technical Assistance Provider (TA) can help ensure that cooperative bylaws and regulations comply with state and local laws.

In conclusion, the legalization of recreational cannabis in Minnesota comes with rules and limitations, particularly in residential communities. Understanding these regulations will assist individuals and cooperatives in responsibly navigating the new law.

*Budget strategies, cont'd from page 3*  
to off-set the investment and start saving money?

### **3. Shop around, and get bids:**

Talk to the co-op's insurance agents to see if there are cost-saving options such as installing fire extinguishers and check your community's ISO rating for potential discounts. An ISO rating is a score provided to fire departments and insurance companies by the Insurance Services Office (ISO). The score reflects how prepared a community is for fire. Cancel any policies the co-op doesn't need. You might want to get bids from other insurance agencies to see if you are still getting the best price. Likewise, regularly check high-speed internet and phone service offerings to get the best deal.

*Common Ground Grant, cont'd from page 1*

take us on a tour of their community and talk about the huge projects they have undertaken in recent years- decommissioning and removing waste treatment plant, hooking on to city sewer and water, a playground, road work, and placing homes on vacant lots by building a relationship with a MH dealer.

They had many vacant lots when they converted to cooperative ownership and have recently placed a home on their last empty lot. They are now 100% full! Ask them how they did it; I'm sure they'd love to share what they've learned along the way.

What about that grant? On Saturday afternoon, Sept 16, we will hold a workshop called "**Grant Writing Step-by-Step**". We will walk folks through each part of a grant application, explaining the purpose for each section. Understanding what the grantor wants to know will help you make your best application. We will work together to refine ideas and help you make the strongest application you can.

**BUT-- you must attend the session to be eligible!!**

Register today at [www.northcountryfoundation.org/common-ground](http://www.northcountryfoundation.org/common-ground).

NCF is SUPER excited about Saturday morning's session, "**Conflict to Collaboration**". We'll be joined by two guest presenters, Jill Bernard and John Gebretatose, who will be teaching communication strategies and skills for handling disagreements and challenging people like a pro. You'll get better at listening carefully, thinking quickly, and adjusting how you talk based on the situation. You'll become more confident and adaptable when you talk, and these skills work in many situations not just co-op meetings.

## SCHEDULE COMMON GROUND CONFERENCE 2023

- Sept 12- Marketing 101** 6:00-7:30 pm via Zoom
- Sept 13- Contractors, Vendors & You** 6:00-7:30 pm via Zoom
- Sept 14- Making Connections, Advocating for Resources** 6:00-7:30 pm via Zoom
- Sept 15- Social & Networking** , at Zumbro Ridge Estates, 739 55th Street NE, Rochester, MN 55906  
4:30 pm Community tour  
5:30 pm dinner
- Sept 16- Conflict to Collaboration** 10:00-12:00, in-person in Rochester, MN  
**Lunch Break** 12:00-1:00 pm  
**Grant Writing Step-by-Step** 1:00-3:30 pm, in-person in Rochester

We hope you'll join us for Friday evening's social and networking time. One of the strengths of cooperatives in sharing knowledge and know-how. This is the time to renew friendships and learn what is happening in other communities. Help each other, gain encouragement and share frustrations with others who know what you're going through. Stay for Saturday's sessions and NCF will pay for a hotel room for you. BUT we need to know you're coming so we can reserve a room and include you in the dinner and lunch counts. And just like in previous years- NCF will reimburse you for mileage.

It's a win-win!

### NORTHCOUNTRY COOPERATIVE FOUNDATION'S OFFICES HAVE MOVED!

We outgrew our previous office space. We moved, but we haven't gone very far, just down the avenue in fact. This shouldn't affect you in any way. But if you mail things to NCF, please update your records with our new address:

**2601 University Ave West, Suite 150  
St. Paul, Minnesota 55114**

All of our phone numbers remain the same.



Northcountry Cooperative Foundation  
2610 University Ave W, Ste 150  
St. Paul, MN. 55114



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*Register TODAY!!!*

at: [www.northcountryfoundation.org/common-ground](http://www.northcountryfoundation.org/common-ground)

**Common Ground Conference**  
**Tierra Compartida Conferencia**  
**September 12-16, 2023**

*Join your colleagues from resident-owned housing  
cooperatives in MN & WI*

*sharing, networking, skill building, and FUN.*

- *Sept 12, 13 & 14 – evening virtual workshops*
- *Sept 15 – BBQ and networking social at Zumbro Ridge Estates*
  - *Sept 16 two hands-on, in-person workshops*