

117TH CONGRESS  
2D SESSION

# H. R. 7697

To support the development of limited equity cooperatives in the United States, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2022

Mr. BOWMAN (for himself, Ms. OCASIO-CORTEZ, Ms. CLARKE of New York, Mr. JONES, Ms. TLAIB, Mrs. WATSON COLEMAN, and Ms. OMAR) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Transportation and Infrastructure, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To support the development of limited equity cooperatives in the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Affordable CO-OP  
5 (Collective Opportunities for Owning Property) Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1           (1) Limited equity cooperative housing stems  
2 from the premise that housing should provide shel-  
3 ter, not a speculative opportunity. Residents pur-  
4 chase a below market-rate “equity” share of the co-  
5 operative corporation that owns the property of the  
6 cooperative and residents are charged affordable  
7 monthly carrying charges. The amount the share  
8 price increases over time is limited by the coopera-  
9 tive by-laws, creating an affordable entry point into  
10 housing that stays affordable over time. Members  
11 can sell their equity share at a specific rate to main-  
12 tain affordability over a longer time period. In this  
13 way, limited equity cooperatives provide an impor-  
14 tant form of affordable homeownership and foster  
15 community among shareholders.

16           (2) Over 1.5 million families and seniors benefit  
17 from cooperative housing models in the United  
18 States. There are over 200,000 units of limited eq-  
19 uity housing units across the Nation. Limited equity  
20 cooperatives range in size, from single family de-  
21 tached cooperative structures to dense, mixed-use,  
22 multi-family models.

23           (3) The largest limited equity housing coopera-  
24 tive in North America is Co-op City, located in the  
25 Bronx, New York. Co-op City provides over 44,000

1 residents with affordable, democratically controlled  
2 housing in an increasingly expensive region. This  
3 community can serve as a model for the nation on  
4 how to build and sustain decommodified housing and  
5 homeownership opportunities for those who are dis-  
6 proportionately exploited by the traditional housing  
7 market, banking, and credit system, including Black  
8 and brown households, low-income households, sen-  
9 iors, and people with disabilities.

10 (4) Limited equity cooperatives do not enjoy  
11 strong Federal support relative to other forms of  
12 homeownership.

13 **SEC. 3. INCREASED PRODUCTION OF NEW LIMITED EQUITY**  
14 **COOPERATIVES.**

15 (a) IN GENERAL.—The Secretary of Housing and  
16 Urban Development shall, not later than 1 year after the  
17 date of the enactment of this Act, establish a program to  
18 provide zero interest loans to nonprofit and public sector  
19 entities for the pre-development, acquisition, development,  
20 rehabilitation, or conversion of buildings into limited eq-  
21 uity cooperatives.

22 (b) USE OF LOANED AMOUNTS.—Each entity pro-  
23 vided a loan under this section may use such amounts to  
24 make loans to intermediaries, including community devel-  
25 opment financial institutions, credit unions, minority de-

1 pository institutions and cooperative financial institutions  
2 to support the ability of residents ability to afford  
3 downpayments and monthly carrying charges.

4 (c) LOAN AMOUNT.—Loans provided under this sec-  
5 tion shall be in an amount equal to not more than 95 per-  
6 cent of the total cost of a project undertaken by an entity.

7 (d) RESERVE.—The Secretary of Housing and Urban  
8 Development shall use not less than 20 percent of any  
9 amounts appropriated under this section to provide finan-  
10 cial support to limited equity cooperatives for which not  
11 less than 50 percent of the households have an annual in-  
12 come that is less than 60 percent of the area median in-  
13 come.

14 (e) CONDITIONS.—The Secretary of Housing and  
15 Urban Development shall require entities participating in  
16 the program established pursuant to subsection (a) to—

17 (1) minimize evictions of—

18 (A) tenants residing in properties under-  
19 going conversions to limited equity cooperatives  
20 using amounts provided under this section; and

21 (B) residents that will reside in limited eq-  
22 uity cooperatives developed using amounts pro-  
23 vided under this section;

1           (2) ensure that unit and building design sup-  
2           ports the needs of older residents and residents with  
3           disabilities;

4           (3) ensure that unit and building design, to the  
5           greatest extent practicable, rely on renewable energy  
6           and sustainable building models that support a just  
7           transition from fossil fuels;

8           (4) comply with all requirements of the Fair  
9           Housing Act of 1968;

10          (5) to the greatest extent possible, not limit ac-  
11          cess to limited equity housing cooperatives based on  
12          the eviction history or credit report of a prospective  
13          resident;

14          (6) ensure that units built with amounts pro-  
15          vided under this section are, to the greatest extent  
16          possible—

17                 (A) permanently affordable;

18                 (B) available to households with an annual  
19                 income that is less than 120 percent of the area  
20                 median income; and

21                 (C) available to households with an income  
22                 that is above the Federal poverty line but below  
23                 the estimated cost of living in a geographic  
24                 area;

1           (7) use community land trust models to ensure  
2 permanent affordability of the land underlying the  
3 property;

4           (8) in the case of an entity developing or reha-  
5 bilitating mixed-use limited equity housing coopera-  
6 tives, the entity shall to the degree possible, colocate  
7 cooperative businesses, especially those owned and  
8 democratically controlled by employees, on the site of  
9 the limited equity cooperative; and

10          (9) to the greatest extent applicable, ensure  
11 that all laborers and mechanics employed by the en-  
12 tity in the performance of construction, alteration,  
13 repair, or maintenance work financed in whole or in  
14 part with assistance under this section be paid  
15 wages at rates not less than those prevailing on  
16 similar construction in the locality, as determined by  
17 the Secretary of Labor, in accordance with sub-  
18 chapter IV of chapter 31 of title 40, United States  
19 Code (commonly known as the “Davis Bacon Act”).

20          (f) AUTHORIZATION OF APPROPRIATIONS.—There  
21 are authorized to be appropriated, in fiscal years 2023 to  
22 2033 to the Secretary of Housing and Urban Development  
23 such sums necessary to carry out this section.

1 **SEC. 4. INSURANCE OF LIMITED EQUITY COOPERATIVE**  
2 **MORTGAGES.**

3 (a) INSURANCE OF MORTGAGES.—Section 213 of the  
4 National Housing Act (12 U.S.C. 1715e) is amended—

5 (1) in subsection (a)—

6 (A) in paragraph (2), by striking “or” at  
7 the end;

8 (B) in paragraph (3), by striking the pe-  
9 riod at the end and inserting “or;” and

10 (C) by inserting after paragraph (3) the  
11 following:

12 “(4) a limited equity cooperative.”; and

13 (2) by adding at the end the following:

14 “(q) Notwithstanding any other provision of this sec-  
15 tion the Secretary may waive or specify alternative re-  
16 quirements for limited equity cooperatives if the Secretary  
17 determines that such waiver or alternative requirement  
18 would advances the needs of the development, rehabilita-  
19 tion, or preservation of limited equity cooperatives.

20 “(r) LIMITED EQUITY COOPERATIVE DEFINED.—

21 The term ‘limited equity cooperative’ has the meaning  
22 given the term in the ‘Affordable CO-OP (Collective Op-  
23 portunities for Owning Property) Act’.”.

1 **SEC. 5. AFFORDABLE HOUSING COOPERATIVE COMMUNITY**  
2 **FUND GRANT PROGRAM.**

3 (a) IN GENERAL.—The Secretary of Housing and  
4 Urban Development shall, not later than 1 year after the  
5 date of the enactment of this Act, establish a Affordable  
6 Cooperative Community Fund Grant Program to provide  
7 discretionary grants to States with limited or zero equity  
8 cooperative housing to be used to finance community de-  
9 velopment activities for limited equity cooperative resi-  
10 dents, including—

11 (1) improving the physical condition of limited  
12 equity cooperative property, including upgrades to  
13 affordable cooperative housing structures that sup-  
14 port accessibility, visitability of common areas, retro-  
15 fits to improve climate resiliency or reduce household  
16 energy burdens, efforts to include or improve  
17 broadband, and to support community and wellness  
18 programming;

19 (2) activities to further promote democratic,  
20 transparent governance;

21 (3) coordinating programming for individuals  
22 living in permanently affordable limited or zero-eq-  
23 uity cooperative housing, including support for older  
24 adults to age in community; and



1           (4) activities to support the co-location of coop-  
2           erative businesses, including child care centers and  
3           elder care centers.

4           (b) SUBGRANTS.—Any State that receives an amount  
5           under this section may make subgrants of such amount  
6           to—

7           (1) limited equity cooperatives;

8           (2) community organizations that support the  
9           health, financial stability, and well-being of the resi-  
10          dents of limited equity cooperatives or improve the  
11          physical condition, including accessibility features, of  
12          limited equity cooperatives;

13          (3) Housing Development Finance Corpora-  
14          tions; and

15          (4) nonprofit housing developers that provide  
16          development services designed to create and preserve  
17          limited equity housing cooperatives.

18          (c) REQUIREMENT.—Any amounts provided to a  
19          State under this section that are used for improving the  
20          physical condition of limited cooperative housing prop-  
21          erties should be used, to the greatest extent practicable,  
22          in a manner that supports a just transition away from  
23          fossil fuel energy consumption and protects households re-  
24          siding in limited equity cooperatives from the threats of  
25          climate change.

1 (d) AUTHORIZATION OF APPROPRIATION.—There are  
2 authorized to be appropriated to the Secretary of Housing  
3 and Urban Development \$1,000,000,000 to carry out this  
4 section in each of fiscal years 2023 through 2033.

5 **SEC. 6. WEATHERIZATION.**

6 (a) IN GENERAL.—The Secretary of Housing and  
7 Urban Development and the Secretary of Energy shall  
8 jointly identify limited equity cooperatives that are eligible  
9 for the weatherization assistance program and issue guid-  
10 ance to States with respect to how to support weatheriza-  
11 tion efforts within these limited equity cooperatives.

12 (b) GUIDANCE.—When developing guidance pursuant  
13 to subsection (a), Secretary of Housing and Urban Devel-  
14 opment and the Secretary of Energy shall, to the greatest  
15 extent practicable, ensure that guidelines do not further  
16 restrict weatherization assistance program eligibility.

17 **SEC. 7. DISASTER RELIEF.**

18 (a) IN GENERAL.—Section 408(c)(2)(A) of the Rob-  
19 ert T. Stafford Disaster Relief and Emergency Assistance  
20 Act (42 U.S.C. 5174(c)(2)(A)) is amended—

21 (1) in clause (i), by striking “and” at the end;

22 (2) in clause (ii), by striking the period at the  
23 end and inserting “; and”; and

24 (3) by adding at the end the following:

1           “(iii) the repair and rehabilitation of  
2           shared elements of the home or apartment  
3           structure in limited equity cooperatives, as  
4           such term is defined in the ‘Affordable CO-  
5           OP (Collective Opportunities for Owning  
6           Property) Act’.”.

7           (b) PROHIBITION.—If a major disaster or emergency  
8 is declared under section 401 or 501 or a public health  
9 emergency is declared under section 319 of the Public  
10 Health Service Act residents living in cooperative housing  
11 may not be barred from receiving assistance exclusively  
12 due to their residence in a cooperative housing structure.

13 **SEC. 8. OFFICE OF SHARED EQUITY HOUSING.**

14           (a) ESTABLISHMENT.—

15           (1) IN GENERAL.—The Secretary of Housing  
16 and Urban Development shall, not later than 180  
17 days after the date of the enactment of this Act, es-  
18 tablish an Office of Shared Equity Housing to be  
19 headed by a Special Assistant for Cooperatives.

20           (2) RESPONSIBILITIES.—The Office of Shared  
21 Equity Housing shall—

22           (A) support Federal policies and programs  
23 related to the development and sustainment of  
24 permanently affordable shared equity housing  
25 models, including limited equity cooperatives,

1 zero-equity cooperatives, and community land  
2 trusts;

3 (B) provide technical assistance to States  
4 and units of local government with respect to  
5 shared equity housing models, including limited  
6 equity cooperatives and community land trusts  
7 and Mutual Housing Associations;

8 (C) participate in the Interagency Working  
9 Group on Cooperative Development, and work  
10 with other members of the Interagency Working  
11 Group on Cooperative Development to explore  
12 how, to the greatest extent possible, the Federal  
13 Government can support robust financial sup-  
14 port for schools located in school districts with  
15 limited equity cooperatives; and

16 (D) not later than 1 year after the date of  
17 the enactment of this section, and each year  
18 there after, publish on the website of the Office,  
19 the number of limited equity cooperatives in the  
20 United States.

21 (b) GUIDANCE.—The Secretary of Housing and  
22 Urban Development, acting through the Special Assistant  
23 for Cooperatives, shall, not later that 1 year after the date  
24 of the enactment of this Act, issue guidance to States and  
25 units of local government that encourages the elimination

1 of barriers to financing, developing, maintaining, and sus-  
2 taining limited equity cooperatives.

3 (c) REPORT.—The Secretary of Housing and Urban  
4 Development, acting through the Special Assistant for Co-  
5 operatives, shall, not later than 3 years after the date of  
6 the enactment of this Act, issue a report to Congress that  
7 includes—

8 (1) an analysis of the impact on the loan pro-  
9 gram established under section 3;

10 (2) an analysis of current and historical Fed-  
11 eral programs administered by the Secretary of  
12 Housing and Urban Development and the Secretary  
13 of the Treasury that support or have supported the  
14 production or preservation of limited equity coopera-  
15 tives, including a review of the role of project based  
16 rental assistance in funding limited equity coopera-  
17 tives;

18 (3) an identification of barriers to using exist-  
19 ing Federal funding to support for limited equity co-  
20 operatives; and

21 (4) recommendations for the Congress with re-  
22 spect to how to further support Federal funding for  
23 limited equity cooperatives.

1 (d) CONTRACTING.—The Assistance Secretary for  
2 Cooperatives may enter contracts with nonprofit organiza-  
3 tions to provide technical assistance services.

4 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
5 are authorized to be appropriated to the Secretary, such  
6 sums necessary to carry out the administrative activities  
7 of the Office of Cooperatives.

8 **SEC. 9. DEFINITIONS.**

9 In this Act:

10 (1) LIMITED EQUITY COOPERATIVE.—The term  
11 “limited equity cooperative” means a shared equity  
12 affordable homeownership model in which—

13 (A) residents purchase a share in a resi-  
14 dential development and commit to resell their  
15 share at a price that maintains affordability at  
16 purchase and over the long term;

17 (B) residents control the operation and  
18 management of a residential development on a  
19 one-member-resident, one-vote basis;

20 (C) membership is offered without dis-  
21 crimination to the general public; and

22 (D) a commitment is made to a shareshare  
23 or membership price that maintains afford-  
24 ability at purchase and over the long term.

1           (2) OLDER RESIDENT.—The term “older resi-  
2           dent” means a household composed of one or more  
3           persons at least one of whom is 62 years of age or  
4           more at the time of occupancy.

○