

# Walnut House Cooperative Information Sheet

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Walnut House cooperative is a 22 unit apartment house built in 1927. Of the 22 units, 11 are studios, 9 are one-bedrooms, and 2 are two-bedrooms. Although apartments vary in size, they have good natural light, decent closet space, and small dinettes adjoining most kitchens. Stoves and refrigerators are furnished, and there is central steam heat. We have made substantial improvements to the building since we bought it in 1982, including sheer-walling the lower portion of the building and bolting it to the foundation for earthquake protection.

There is a laundry room, an office, a small meeting room. Garage space is limited and mostly used for common and personal storage. The Berkeley "neighborhood parking zone" program makes street parking possible, and we have several "emergency" parking spaces behind the building for use when street parking is unavailable.

Located several blocks northwest of the U.C. Berkeley campus, Walnut House Co-op is in walking distance of theaters, concert venues, movie houses, restaurants, post offices, supermarkets, public libraries, several parks, and a variety of other amenities and establishments. Several bus routes are only a block away, and the downtown Berkeley BART station is about a 10 minute walk. Traffic is light on our street, and the U.C. Berkeley agriculture field provides a block of open space across the street.

## **Cooperative Ownership**

Walnut House is a "mutual-benefit" corporation formed in 1981 to purchase the property and to operate it as a limited-equity housing cooperative: we acquired the property on December 31, 1982. Each member household owns one of the 22 membership interests in the corporation, and this entitles the member to lease the unit corresponding to that specific membership interest. Other than minimal interest that accrues annually on the value of these memberships, all other equity gains accrue to the corporation. In limiting individuals' equity gains, this type of cooperative assures that people of moderate means are able to become members despite the skyrocketing costs of real estate in the Bay Area.

Membership prices vary with the size, location, and layout of the individual apartments, as well as on whether prior occupants' improvements, if any, added value to the units. As of mid-2009, the range in membership values was from \$5,944 to \$19,993. New members generally use their own resources to acquire their memberships.

## **Low Costs, Tax Breaks & Financial Stability**

Monthly charges vary with the size and quality of the units, and they cover all costs except electricity, telephone, cable and Internet access. In 2009, studios range from \$310-531, one-bedrooms from \$511-657, and two-bedrooms from \$795-922. Among the expenses covered by these assessments are property taxes and mortgage interest. As membership holders in the corporation, many members are able to deduct their share of these expenses from their *taxable* incomes: for some, however, the amount is not high enough to merit their itemizing deductions on their returns. Please note that although our monthly carrying charges are below comparable rental prices in this neighborhood and therefore provide *inexpensive* housing, in determining whether the co-op makes sense for them, applicants may also want to value the cost of the time required of them as members (see "Shared Responsibilities," below).

Monthly assessments are reviewed annually as part of our budgeting process and are raised as needed to cover current expenses, to fund capital improvements, and to increase cash reserves set aside for future repairs and contingencies. Although we believe that our reserves are adequate to repair and replace facilities and equipment as the need arises, there is always a risk that a major disaster could require that we seek additional financing, which would likely increase the monthly cost to members.

## **Shared Responsibilities**

The Co-op is technically governed by a Board of Directors composed of five members elected to staggered two-year terms. They are responsible for coordinating the work of the committees that handle the day-to-day activities of managing and maintaining the building with the help of a part-time Resident Manager. That said, the membership as a whole is the ultimate authority, however, and members are expected to play an active role in governance by staying informed about Board and committee activities and by participating in general membership meetings. We seek to make decisions by consensus at each level of our organization, but if consensus cannot be reached on a particular issue we take a vote: at meetings of the membership, each unit has one vote and a two-thirds majority is required to make decisions when there's no consensus.

In addition to sharing responsibility for governance, all Co-op residents are required to share in the management, maintenance and improvement of our building and grounds. Different people have different skills, aptitudes, and preferences, so members are not directed to do particular tasks. Instead, it is their responsibility to volunteer when assistance is requested for appropriate work, and they are also encouraged to take initiative and identify how they can otherwise contribute to the community. Much of the work is physical work such as gardening, minor repairs, and cleaning of common areas. Other tasks include office work and planning, evaluating, coordinating, and performing the various organizational functions of the co-op. Everyone is expected to prepare for and participate in general membership meetings. Committee members are expected to do additional

work outside of their meetings, such as preparing minutes, gathering and reporting the information needed for decision-making, and performing follow-up tasks related to implementing decisions.

The “work participation requirement” (WPR) currently expected of all able residents is 8 hours/month, although it may be changed from time to time.

### **Community With Privacy**

One of the goals in establishing the co-op was to create an “urban” community in which people know and help one another. While members enjoy privacy in their own apartments,<sup>1</sup> we have many opportunities to get to know each other during meetings, on workdays, or when performing tasks and projects at other times. We have seasonal parties and occasional potlucks, and people gather informally in the halls, in one another’s apartments, and in the meeting room. We are a community made up of people from different backgrounds, ages, occupations, and lifestyles, and we are for the most part a friendly and sociable group. Although we welcome children, the size of most units (especially those generally available to new members) has led to our being a community of adults, many of whom are single. We welcome well-behaved pets, but they’re not allowed to roam the halls unsupervised.

### **Membership Turnover**

Members who wish to leave must notify the co-op as soon as possible, but no less than two months in advance. The co-op buys the departing member’s membership, the price determined by her/his original investment, whatever interest has accrued on it, and the pre-approved value of any capital improvements the member made to the apartment. After determining whether a current member will be “switching” to that unit, a Selections Committee is formed to recruit, interview, and evaluate applicants for whatever unit will be available for an outsider: these units tend to be studios, as the units with separate bedrooms are generally desired by current members. On *average*, we’ve had about one unit opening up each year, although there can be stretches of several years with no openings or single years with several openings.

The selections process relies heavily on interviews to identify who will provisionally be offered membership: credit and reference checks are run before the Committee forwards its recommendation to the Board for review. Once “selected,” new members are given a minimum of 30-days before they are responsible for paying monthly assessments on their units: substantial down payments on memberships are due immediately, however, so that the co-op can recover any vacancy expenses that might occur if accepted applicants change their minds before actually taking possession of their units.

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<sup>1</sup> In some units, there’s not as much “privacy” as we’d like due to some particularly “transmissive” walls/floors/ceilings, which make these units unsuitable for people requiring either the quietude or the noise-making freedom that often comes with living in a single-family residence.