

Labor Unions - Business enterprises



Amalgamated Clothing Workers of America (AFL-CIO)

30 Years of

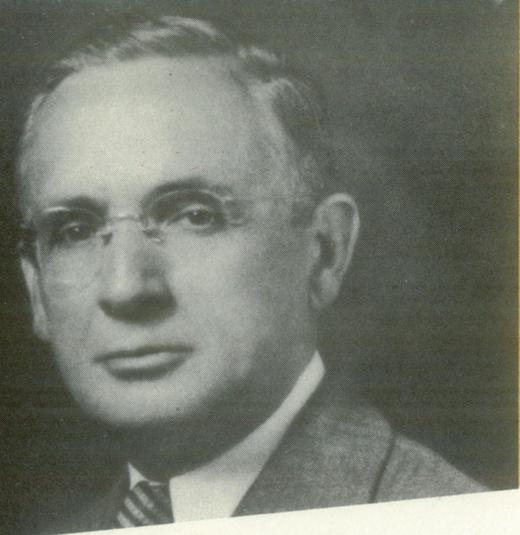


AMALGAMATED COOPERATIVE HOUSING

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1927-1957. *prepared by Abraham E. Kazan*

New York, 1958



AMALGAMATED HOUSING CORPORATION



98 VAN CORTLANDT PARK SO., BRONX 63, N. Y.

LOrraine 2-9300

May 1, 1958

Mr. Jacob S. Potofsky
General President
Amalgamated Clothing Workers of America
15 Union Square
New York 3, New York

Dear Mr. Potofsky:

It is with a feeling of great satisfaction and pride that I present the story of the accomplishments of the housing cooperatives sponsored by the Amalgamated Clothing Workers of America. Thirty years ago, when the idea of cooperative housing originated, the initiators were called dreamers. Today, I consider myself fortunate to have been one of the privileged few who helped to translate this dream into reality.

In 1844, in Rochdale, England, a group of weavers, forced by poverty and hunger, sought to help themselves in their desperate situation. Through their experiment in mutual aid, the consumers cooperative movement, now known the world over, was born. Cooperative housing, as we know it, is an extension of that idea.

In 1925, a handful of members of the Amalgamated Clothing Workers' Union had been discussing ways to find decent and more comfortable housing for their families, within their financial means. They decided to attempt to solve this problem by pooling their financial resources and organizing a housing cooperative. It was a bold undertaking for a group of working people to venture into a field heretofore restricted to profit-seeking real-estate operators.

Unlike the Rochdale weavers, this group was fortunate in one respect; they were members of the Amalgamated Clothing Workers' Union, an organization that had won the recognition and respect of the community and the country at large.

The Union's officials were not only satisfied with fighting to protect the interests of the members in the shops where they were employed. They were also concerned with the general welfare and living conditions of their members. The Union was interested in seeing that they received the maximum value for the money they earned. The cooperative housing idea was a natural outgrowth of this philosophy.

On November 1, 1957, the Amalgamated Housing Corporation, the first of three Amalgamated Housing enterprises, completed its thirtieth year of operations. With three decades of experience behind us, it is timely to take stock and evaluate the material as well as the social advantages the cooperators have derived from these self-help enterprises. That is the purpose of this story.

On this occasion, I would like to express my appreciation for the confidence and trust that have been placed in me by the Amalgamated Clothing Workers' Union, as well as by the member-cooperators. The example we have set in the Amalgamated housing developments has already led other labor unions and non-profit organizations to sponsor similar cooperative projects during the last few years. Let us hope that in the future many more families will solve their problems in the way of the Amalgamated pioneers.

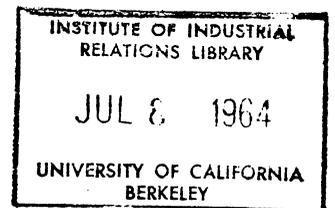
Sincerely yours.

Abraham E. Kazan
President

INTRODUCTION

JACOB S. POTOFSKY
GENERAL PRESIDENT

Amalgamated Clothing Workers of America
(AFL-CIO)



In the following pages Mr. Abraham E. Kazan sets forth the pioneering efforts of the Amalgamated in the field of Cooperative Housing. It is an exciting story. It is a story of what labor can do to help achieve better living. It is highly meaningful today because of the housing shortage for the low and middle class income groups. Now we know how to relieve this shortage. Thirty-five years ago the situation was different.

The housing shortage which engulfed the country as World War I came to an end was a subject matter for consideration at Amalgamated conventions in the early '20s. Thereafter a small group of Amalgamated members in New York City, active in the Amalgamated Credit Union under the leadership of Kazan, addressed themselves to this problem. They explored various locations and finally settled on a plot of land adjoining Van Cortlandt Park.

Sidney Hillman, believing that this was a problem which could not be resolved by private means alone, urged the need for exploring the possibilities of governmental assistance. At a conference of some 200 public spirited citizens from the business world, assembled at the request of the then New York Governor, Al Smith, there was little, if any, enthusiasm for private capital to be invested on a limited-dividend basis. Obviously, government had to assume some of the burden of relieving the housing shortage. To this end, the New York State legislature in 1926 passed an act permitting tax exemption for 20 years.

At this point, Hillman advised the group to go forward and the first project under the new law was under way. The Amalgamated took its first step in cooperative housing. This led to projects established by other groups. Unfortunately, many of them were abandoned or failed, some in the early stages and others when the supreme test came in the depression after the 1929 debacle — in the years 1930-36. The Amalgamated projects, however, stood the test because its foundation — financial and organizational — was sound.

Not only have the Amalgamated projects stood the test of time, but they gradually expanded not only in the Bronx, but in the area of slum clearance on the East Side of New York. Because of this model of low cost housing, there are today many similar projects in various boroughs of New York, all federated with the United Housing Foundation, Inc.

The success of the Amalgamated projects did not come about automatically. It demanded close and constant supervision. When problems arose of whatever character — the Amalgamated stepped in and lent its efforts to their solution. Sometimes the problems involved dealing with insurance companies in connection with mortgages; or at other times with governmental authorities — city and state. The Amalgamated's interest in the projects continued active and vigilant throughout the years.

The way to get things done is to do them. There must be planning and daring and faith in what you believe in. Above all, there must be vision, idealism and selflessness plus a practical approach to intricate business problems. The Amalgamated demonstrated those qualities.

The Amalgamated was fortunate to have had Abraham E. Kazan at the helm, for he combined sound management with deep devotion to principle of cooperative living. In addition to Amalgamated officers, he was fortunate in having brilliant and conscientious associates and advisers who helped resolve the unique problems facing the new ventures in cooperative living.

Under Kazan's management, the houses once built, became communities with many different cultural facilities for community living, including a monthly bulletin, nursery school, forums, recreational facilities for old and young. The principle of cooperation was extended to purchase of milk, electricity and food — thereby saving substantial sums for the cooperators.

Thus, living in the Amalgamated Houses meant not only low cost housing, but a finer and fuller way of life.

We congratulate Mr. Kazan, his loyal staff, and the cooperators for making the project a great triumph.

We are grateful to the many friends who have helped make this possible — the Jewish Daily Forward, Governor Herbert H. Lehman and Aaron Rabinowitz, the Amalgamated Bank, the New York Trust Company, the Bowery Savings Bank, the Metropolitan Life Insurance Company, the Mutual Life Insurance Company, State and City officials of both Republican and Democratic administrations and the Boards of Directors of the several companies.

We are particularly grateful to Robert Szold, who was legal advisor in the various stages of the cooperative development. He actively participated in every phase of cooperative growth — not only as a lawyer, but one passionately devoted to the concept of cooperative living.

The Amalgamated is proud to have participated in this pioneering project — in the development of a new idea that meant better living standards.

Let the Amalgamated projects continue to serve as a shining example of what can be done when there is will to do it.

Mr. Potofsky is president of Amalgamated Dwellings, Inc., and is a director of Amalgamated Housing Corporation and Hillman Houses, Inc.

demand for housing grew; the shortage was soon evident and the cost of rent began to increase.

In the City of New York, the strong demand for housing resulted in a wave of real-estate speculation. City inhabitants living in multiple buildings found at the end of almost every month that ownership had changed hands. With new ownership came an increase in the rentals, based on the new price placed on the property. Tenant-protest groups were organized; a wave of rent strikes resulted. The courts were busy hearing claims of nonpayments of rent. The housing situation for a large segment of the population became desperate. No constructive proposals were being made to alleviate the problem.

The New York State Legislature and Governor Alfred E. Smith took notice of the drastic shortage of shelter. To stimulate the construction of additional housing the Legislature reduced the taxes on new housing to the extent of \$1000 per room for a period of ten years. In 1926, the governor was responsible for the introduction of a new housing act, providing a state-controlled bank to finance low-rental housing. This bill, greatly watered down, was finally passed. It set up a State Board of Housing consisting of five members appointed by the governor; it permitted municipalities of 1,000,000 population or more to grant partial tax abatement on the new housing improvements for twenty years, in return for which the sponsors would agree to limit the rental to \$12.50 in Manhattan, \$11 in the Bronx, Brooklyn, and Queens, and \$9 in Richmond. The sponsor also had to limit his return to 6% and agree to have the project under the control of the State Board of Housing.

At about this time, a group of members of the Amalgamated Clothing Workers' Union were meeting to find a solution to their immediate housing problems. The gathering point was the Amalgamated Credit Union office. Here, most of them met once a week to approve the applications that were made for loans by members of the Credit Union. Gradually, they learned that they could be their own bankers. What they did not know at that time was how to be their own landlords. They knew that it takes a large sum of money to own a big house and to be the landlord of thirty, forty, or fifty tenants; none of them had much money. From their discussions, they concluded that perhaps thirty, forty, or more people,

jointly, could put together that much money, and become their own landlord. They could also see that those who were willing to join, but could not raise their share of the money, could borrow the funds from the Credit Union.

The cooperative idea took root. The A.C.W. Corporation was organized for the purpose of finding a way to build housing for all those who wanted to join without the risk of having the rent increased beyond the ability of the tenants to pay and without the risk of being evicted.

A committee was selected to study the matter. Various ideas were considered. Some wanted to see two family houses built; others saw only the possibility of buying an old house and converting it for the use of the members. Still others wanted to see a new development built to meet the requirements of the member-cooperators. Some wanted the new development in one borough; some in another. However, there was agreement that the new location had to be so situated that it would be near the open spaces, parks, and trees where their families could enjoy plenty of light and fresh air, and generally convenient to places of employment.

A site adjoining Van Cortlandt Park, the largest public park in New York City, was finally chosen as the spot where the housing community would be built. Van Cortlandt Park to the north, Mosholu Parkway to the east, and the Jerome Park Reservoir to the south made this an ideal location.

Initial Planning and Financing

The group managed to put together \$5000 to pledge as a deposit on the land. The initial plans called for the building of 303 units. Undertaking the construction of a development of this size, involving a cost of approximately \$2,000,000, was not a simple matter. At no time did anyone in the group expect to be able to pay for the entire cost of his apartment. A mortgage was to be secured to provide the greater part of the construction cost. The questions were: who was going to lend a group such as this a million dollars or more on a venture that had not been tried; what would happen if construction was started and there were not enough funds to finish the project; what

if the costs were eventually much higher than anticipated; and what if the carrying charges turned out to be too high for the members to pay. The pioneers of this group spent sleepless nights going over these problems. A way had to be found to give this new organization financial standing in the community.

The acute shortage of housing in New York City was little by little attracting the attention of some of the leaders of progressive labor unions. Conferences were held at the suggestion of a well-known architect; they were attended by the representatives of the Amalgamated Clothing Workers' Union, as well as several other labor organizations including the International Ladies' Garment Workers' Union. At the request of Sidney Hillman, the president of the Amalgamated Union, the writer attended these conferences as an observer. He also attended the hearings in Albany on the proposed housing act. Not being fully satisfied with the constructiveness of these conferences, he reported his findings with the recommendation that the Amalgamated Clothing Workers' Union, as an organization, become the sponsor of the planned housing project at Van Cortlandt Park. He also suggested that the proposed cooperative take advantage of provisions in the newly-created State Housing Act. Before very long, it was decided that the A.C.W. Corporation remain as the construction company and the Amalgamated Housing Corporation, a new corporation, would take over the project when completed. This marked the entry of the Amalgamated Clothing Workers' Union into the field of housing. The writer, then an employee of the Union and president of the A.C.W. Corporation, was placed in charge, as president, of the newly-organized Amalgamated Housing Corporation.

Financial Structure

The State Housing Act of 1926 provided that a limited-dividend company organized under that act must limit its financial structure to one mortgage paying not more than 5% and not exceeding two-thirds of the cost of the project, or the appraised value, whichever was lower. Amalgamated Housing became the first limited-dividend company and had to comply with these regulations. Instead of the original investment of \$200 per room as we had intended, each cooperator was asked to invest \$500 (the estimated cost was \$1500 per room)

This created a serious problem for many of the prospective cooperators who were unable to supply the required equity. The Amalgamated Union and the Amalgamated Bank came to the assistance of these members. An arrangement was made to have the Jewish Daily Forward, a progressive labor newspaper in the city, pledge \$150,000 with the Bank as a credit fund. This enabled the Amalgamated Bank to extend loans to prospective cooperators up to 50% of the total required at a low-interest rate, and permitted them to repay this loan over a period of ten years. Some members were able to repay the loan in a short period by availing themselves of the opportunity to make loans through the Credit Union.

With one-third of the estimated cost of the project supplied by the member-cooperators, it remained only to secure the mortgage loan. This, however, did not come about too easily. None of the insurance companies or savings banks were ready and willing to take a chance and lend \$1,200,000 to a group of 303 tenant-owners. Metropolitan Life Insurance Company finally granted the loan, but only after a great effort was made by President Hillman. To satisfy the mortgagee, the Union had to guarantee to the insurance company the completion of the project. This however did not end the financial problem of this housing cooperative! The estimated cost of land and buildings, as envisioned, was to amount to \$1,800,000. The actual cost, however, amounted to \$1,925,000. The Jewish Daily Forward again came to the assistance of the housing cooperative. A temporary loan was arranged and it took several years before it was completely repaid.

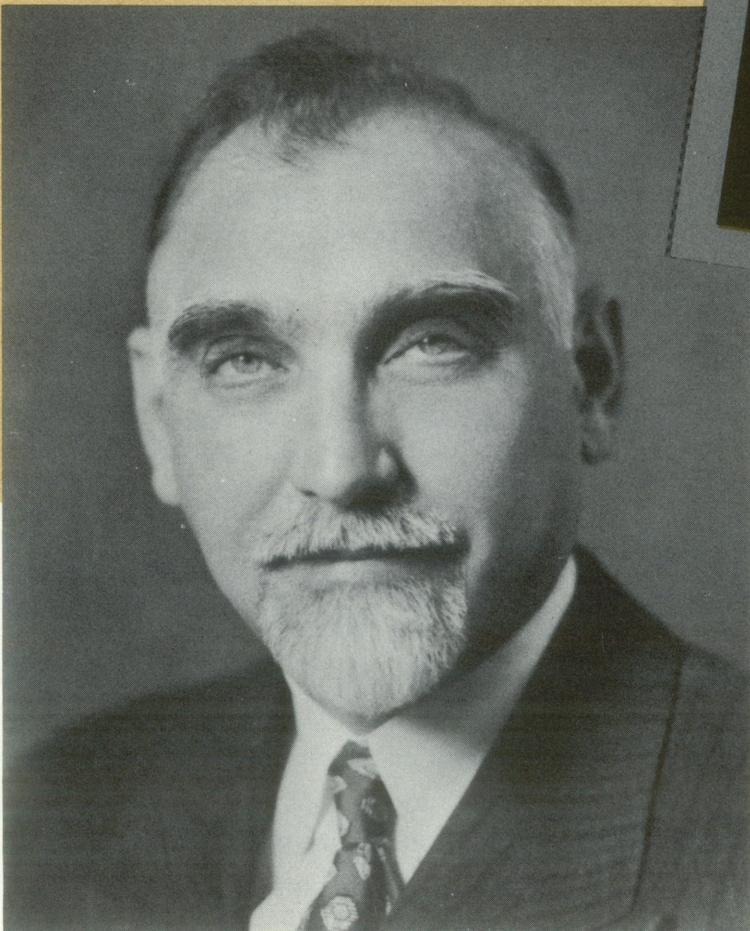
Completion of First Units

November 1, 1927, marks the day when the first handful of tenants moved into the almost completed buildings 4 and 5. It did not matter that the stairs leading to the entrances of those buildings were not finished. The utility company was not quite ready to hook up its wires and there was no light. To make matters worse, a penetrating cold rain continued during the entire day and turned the soil all around the garden into a sea of mud. But all these inconveniences did not dampen the spirit of the member-cooperators. They had waited too long to postpone their taking possession of the apartments for another week, or even another day.

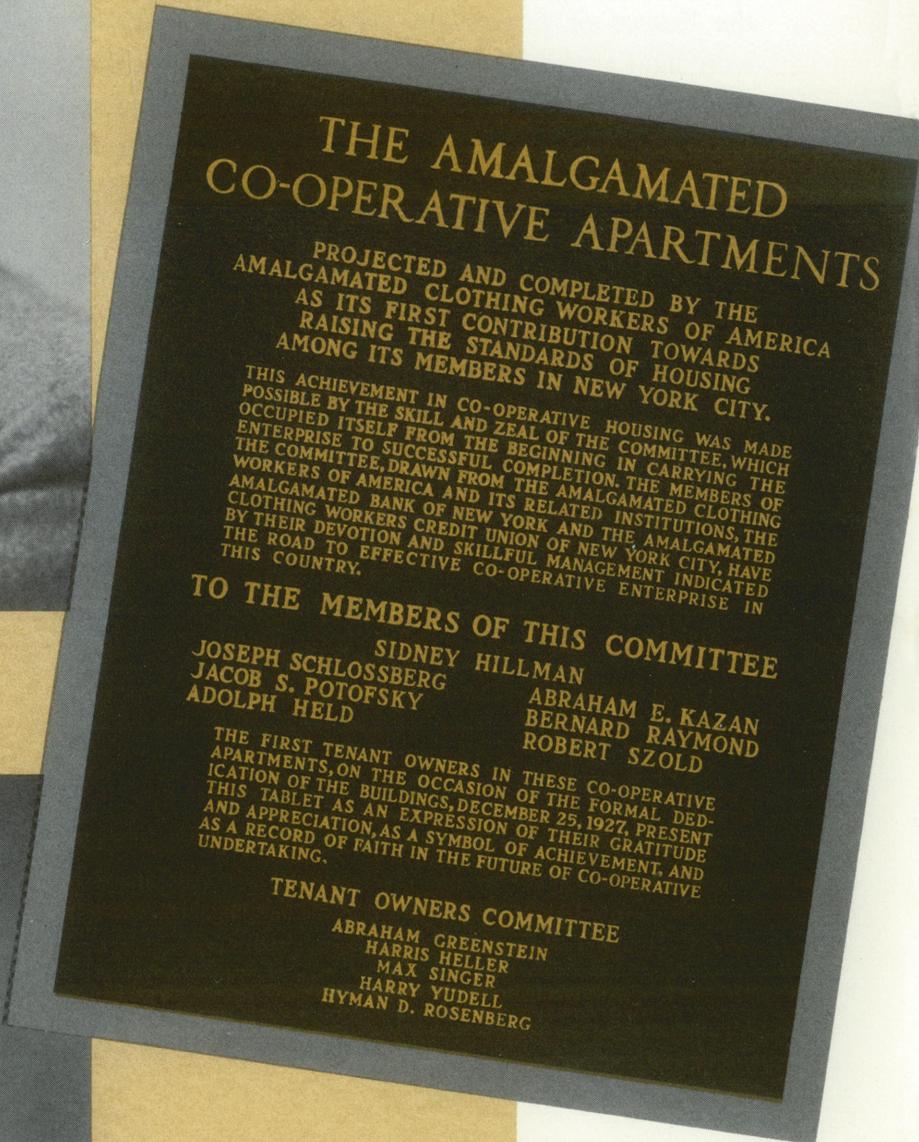
During the long year, when construction was under-



SIDNEY HILLMAN



JACOB S. POTOFSKY



**THE AMALGAMATED
CO-OPERATIVE APARTMENTS**

PROJECTED AND COMPLETED BY THE
AMALGAMATED CLOTHING WORKERS OF AMERICA
AS ITS FIRST CONTRIBUTION TOWARDS
RAISING THE STANDARDS OF HOUSING
AMONG ITS MEMBERS IN NEW YORK CITY.

THIS ACHIEVEMENT IN CO-OPERATIVE HOUSING WAS MADE
POSSIBLE BY THE SKILL AND ZEAL OF THE COMMITTEE, WHICH
OCCUPIED ITSELF FROM THE BEGINNING IN CARRYING THE
ENTERPRISE TO SUCCESSFUL COMPLETION. THE MEMBERS OF
THE COMMITTEE, DRAWN FROM THE AMALGAMATED CLOTHING
WORKERS OF AMERICA AND ITS RELATED INSTITUTIONS, THE
AMALGAMATED BANK OF NEW YORK AND THE AMALGAMATED
CLOTHING WORKERS CREDIT UNION OF NEW YORK CITY, HAVE
BY THEIR DEVOTION AND SKILLFUL MANAGEMENT INDICATED
THE ROAD TO EFFECTIVE CO-OPERATIVE ENTERPRISE IN
THIS COUNTRY.

TO THE MEMBERS OF THIS COMMITTEE

- SIDNEY HILLMAN
- ABRAHAM E. KAZAN
- JOSEPH SCHLOSSBERG
- BERNARD RAYMOND
- JACOB S. POTOFSKY
- ROBERT SZOLD
- ADOLPH HELD

THE FIRST TENANT OWNERS IN THESE CO-OPERATIVE
APARTMENTS, ON THE OCCASION OF THE FORMAL DED-
ICATION OF THE BUILDINGS, DECEMBER 25, 1927, PRESENT
THIS TABLET AS AN EXPRESSION OF THEIR GRATITUDE
AND APPRECIATION, AS A SYMBOL OF ACHIEVEMENT, AND
AS A RECORD OF FAITH IN THE FUTURE OF CO-OPERATIVE
UNDERTAKING.

TENANT OWNERS COMMITTEE

- ABRAHAM GREENSTEIN
- HARRIS HELLER
- MAX SINGER
- HARRY YUDELL
- HYMAN D. ROSENBERG

This plaque, attached to the original building, lists the names of a few of the pioneers instrumental in organizing the Amalgamated Housing Cooperative.

COST of FIRST UNITS

\$1,925,000



303
MEMBERS

EQUITY
\$600,000

TEMPORARY LOANS
\$125,000

MORTGAGE
\$1,200,000

CARRYING
CHARGES

Average \$11.00
per room
per month



The first buildings of the Amalgamated Housing Corporation in the Bronx, with 303 units.

way, most of the members spent every free day at the site watching the buildings rise. Similarly, this was an exciting period for those charged with the responsibility of seeing the project completed. Lacking the technical knowledge of construction we had to engage the assistance of others. Within four months, all the 303 member-cooperators had moved into their new homes.

The first group of buildings of the Amalgamated cooperative community consisted of six buildings, five stories in height. Five of the buildings were grouped around a long city block bounded by Saxon, Sedgwick, and Dickinson Avenues. The sixth building was situated on the block front from Saxon to the present Hillman Avenue. The buildings were designed by the late architects, George W. Springsteen and Albert Goldhammer.

In planning the development, it was our desire to provide cross ventilation in every apartment and to see that all the inhabitants had privacy. To accomplish this, twenty-nine separate staircases were provided. Each entrance led to either nine or fourteen apartments with two or three families on a floor. Most of the apartments had two exposures providing for plenty of sun and ventilation. Coverage by the buildings was restricted to 47.9%, thus leaving more than half of the land for gardens, walks, and open spaces. No elevators were provided; the restriction against multiple apartment

buildings on the site was waived by the Radio Corporation of America, an adjoining neighbor, only on condition that no elevators be installed in the building up to the year 1955. With parks and open space on three sides, this development, after two to three years, looked like a group of buildings set in the middle of a large park and gave the impression of a college campus.

Expansion Buildings 7 and 9

The initial success of the Amalgamated Housing's venture was hailed by our friends as a bold stroke to solve the housing shortage. Editorially the New York newspapers gave a great deal of well-deserved credit to the Amalgamated Clothing Workers' Union. The Union's pioneering efforts to assist the wage earner obtain decent housing at a reasonable price were widely acclaimed. The self-help characteristics and the advantages of cooperative housing were at first recognized only by a few. Eventually, however, the general public, caught in the acute housing shortage, began to understand that the Amalgamated Housing Cooperative demonstrated what could be done if a group of people learned to work together.

Before the first year's operation was completed, several hundred applicants registered for any possible va-

cancies. The low rental and the extremely attractive location appealed to a large number of people in need of housing.

Plans were immediately made to add another building. A parcel of land fronting on Van Cortlandt Park South between the present Hillman Avenue and Gouverneur Avenue was assembled. With no restrictions to contend with, this building was laid out in a fashion similar to the first block but with eight elevators. Some sections of the building were seven stories in height, others only six. Construction started immediately after Metropolitan Life Insurance Company agreed to supply the mortgage loan. With the assistance of the Amalgamated Clothing Workers of America a temporary construction loan of \$200,000 was obtained from the New York Trust Company.

Encouraged by the success accomplished thus far, the management of the project began to form plans for continued expansion. To avoid the possibility of any other organization being able to put up a building between our co-op buildings on the park side leading to Broadway, we acquired the contiguous land facing the park.

Another Cooperative is Organized

In 1929, news of the success of the Amalgamated development reached Franklin D. Roosevelt, then the governor of the State of New York. Aaron Rabinowitz, member of the State Board of Housing representing that body on the Board of Directors of the Amalgamated Housing Corporation, reported to the governor, in glowing terms, of the new method used to solve a portion of the housing problem in New York City. At the urging of Roosevelt, the then Lieutenant Governor, Herbert H. Lehman, and Aaron Rabinowitz volunteered to assist with the financing of a similar project in a slum area of the Lower East Side of the City. Sidney Hillman, encouraged by the results of the development in the Bronx, agreed that an example of cooperative housing on the East Side of Manhattan might pave the way for the rebuilding of the slums of the City by others. The Amalgamated Union therefore became the sponsor of the new cooperative.

A square block of 60,000 square feet was acquired and a limited-dividend company was set up under the

name of Amalgamated Dwellings, Inc. Lehman and Rabinowitz agreed to help finance the construction until all the apartments were subscribed for. They also agreed to set up a fund to assist prospective cooperators who could only invest 50% or more of the required \$500 equity per room. The average carrying charges were set at \$12.25 a room per month. The development was completed in November 1930.

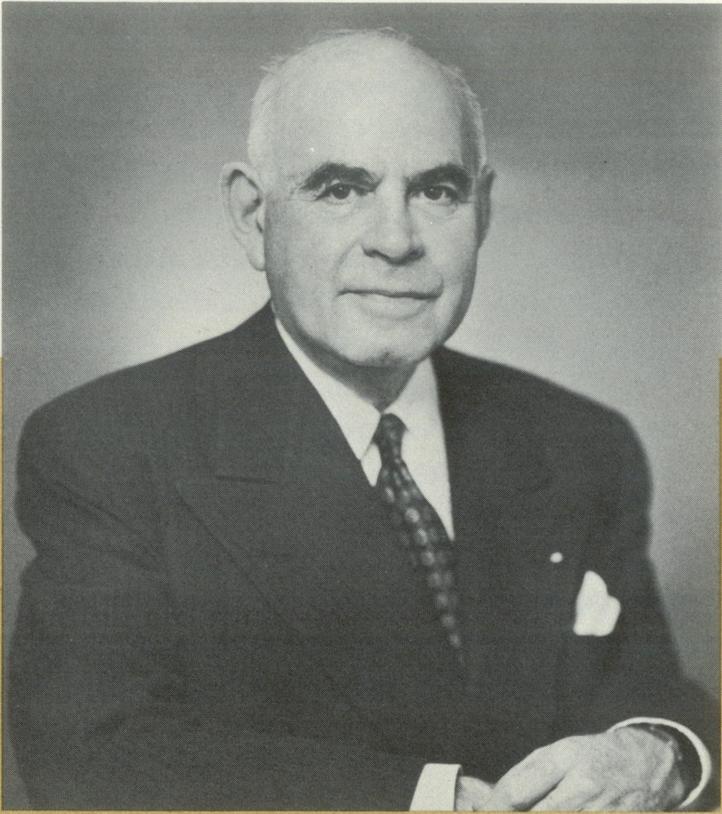
In the beginning, the project was rather disappointing. The early effects of the depression and the lack of understanding of the cooperative idea were obstacles almost too difficult to cope with. Gradually, however these difficulties were overcome and the building was fully subscribed and occupied.

During the time that Amalgamated Dwellings, Inc. was being built, the demand for more cooperative housing came from applicants who were interested in moving to the Van Cortlandt Park development. During

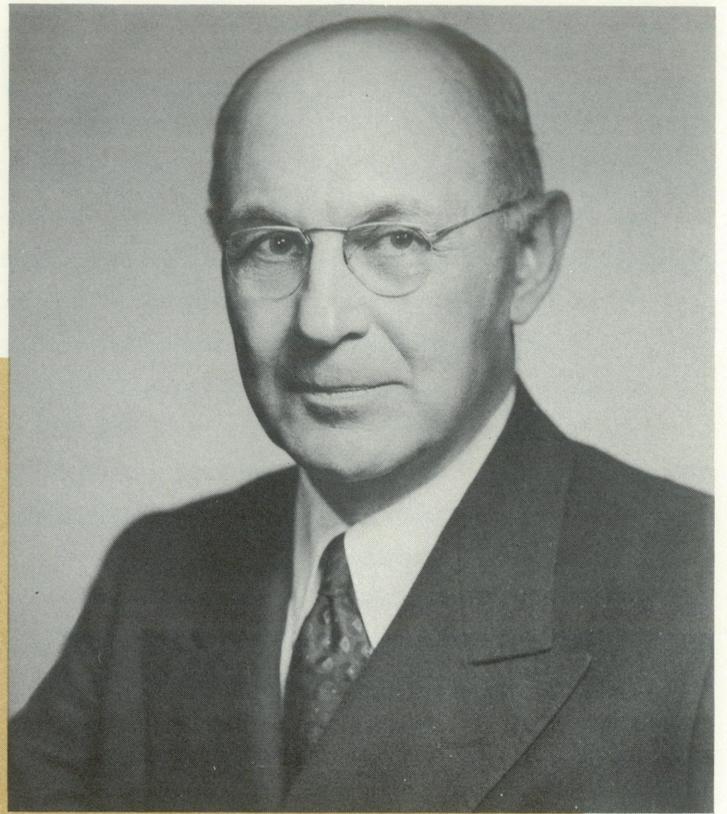


Gardens are an important part
of the cooperative community.

Outstanding contributions to cooperative housing have been made by these men.



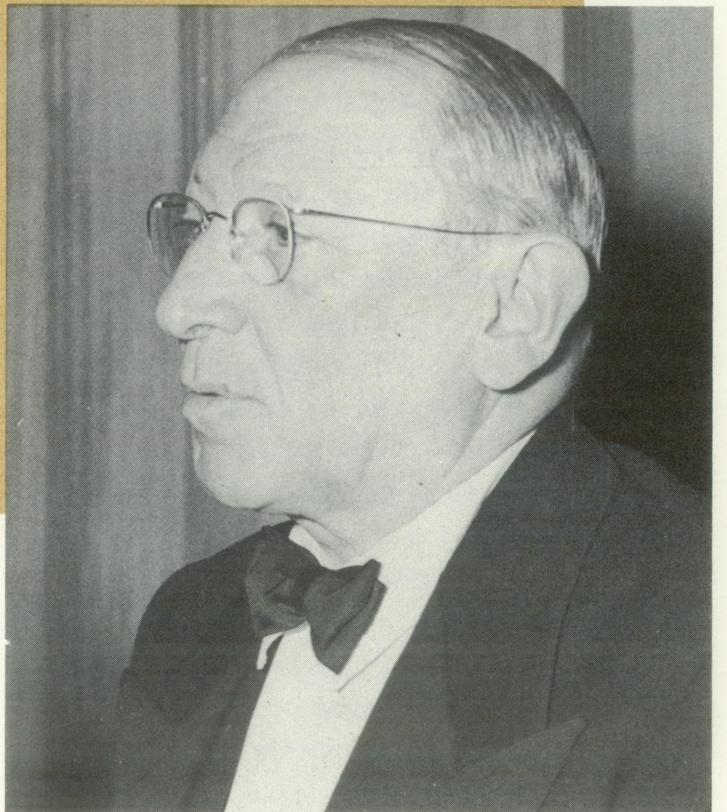
HERBERT H. LEHMAN



ROBERT SZOLD



B. CHARNEY VLADECK



AARON RABINOWITZ

this period, the cost of construction reached an almost all time low level, and the opportunity to erect another house with somewhat lower equity requirement was made possible. A plan was designed to erect a six-story building on the irregular block bounded by Gale Place, Orloff Avenue, and Van Cortlandt Avenue, to accommodate 115 families. The investment per room was set at \$425 instead of \$500. By the end of 1931, the number of cooperative apartments built stood at 856; 620 in the Bronx and 236 in Manhattan.

Organization

At the very beginning, the following basic principles were established for the organization and administration of these cooperatives:

1. Membership would be open to all without any restrictions to race, creed, or color.
2. Irrespective of the amount of his investment, each stockholder would have one vote in the affairs of the corporation.
3. Speculation was prohibited on the sale of the members' equity stock.
4. Membership was not to be confined to people from any one industry.
5. The greatest possible flexibility was permitted for the joining and withdrawal of members.
6. The individual cooperator was made cognizant of the fact that he was not the owner of his apartment, but more importantly, he, collectively with all the others, was the owner of the entire cooperative.
7. Perpetual leases were banned; instead, short-period leases were used.
8. No dividends were to be declared on the stock and refunds were to be made on the basis of the total amount paid in carrying charges during the fiscal period.
9. The sponsoring Union always emphasized that it was not the owner and did not exert any influence on the cooperatives. Its interest was the general solvency of the development.
10. There would be a program of continuous education.

These basic principles provided a firm foundation for successful operations and they have not been changed in thirty years.

The articles of incorporation provided that the Board of Directors of Amalgamated Housing was to consist of five members with one of the five representing the State of New York. In the case of Amalgamated Dwellings, the Board of Directors was to consist of nine members with one representing the State.

In order to avoid calling meetings of the Board of Directors too frequently, very often to take up only minor matters, it was agreed that in addition to the Board of Directors, a House Committee would be elected. This committee would take up any grievances arising between member-cooperators or against management. This committee would also assist management in an advisory capacity. The House Committee also had as its function the making of recommendations to the Board of Directors, either jointly with management or independently.

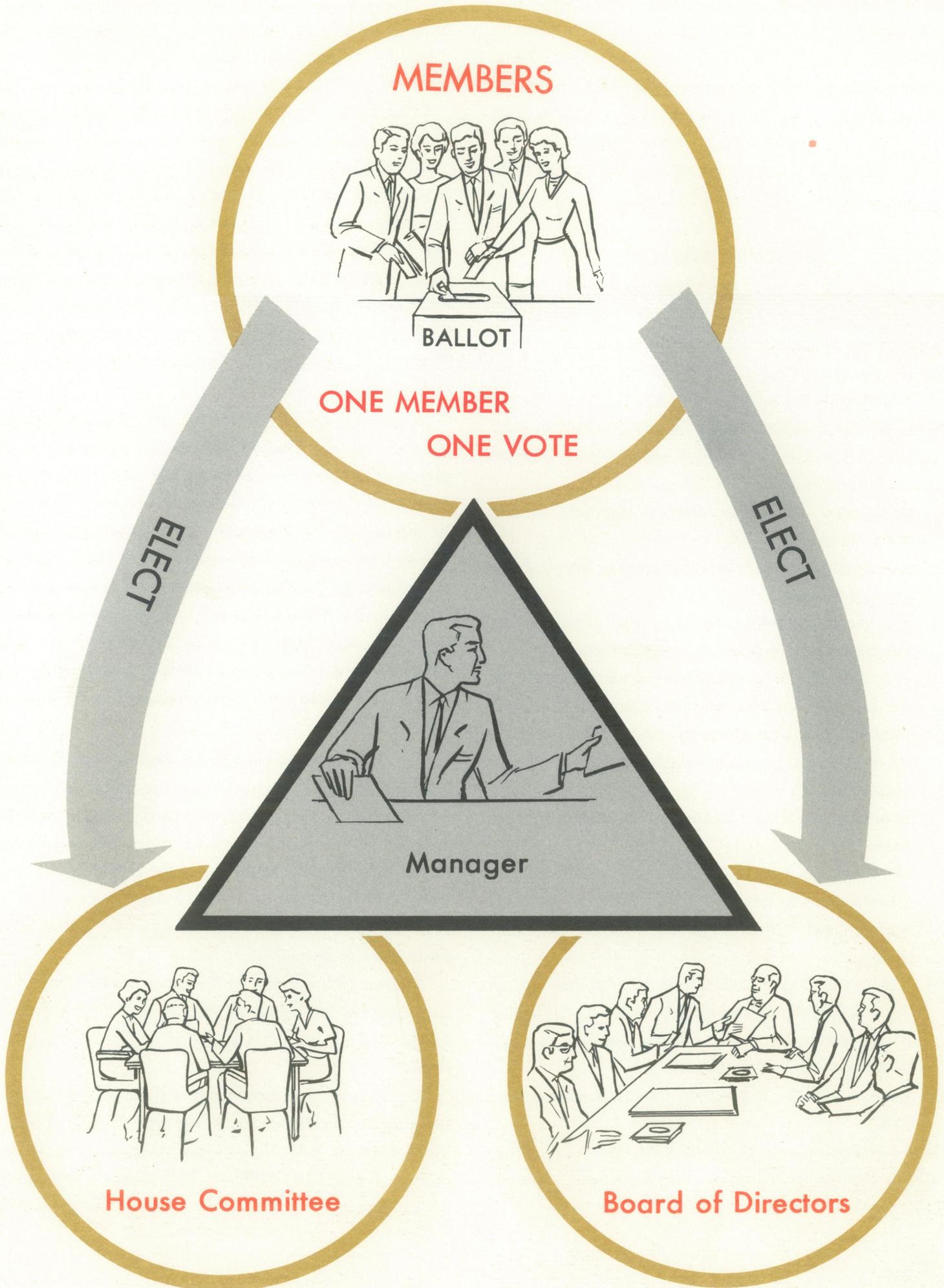
In the case of Amalgamated Housing, the original members of the Board of Directors consisted of individuals interested in housing but who, with the exception of its president, did not live in the community. In the case of Amalgamated Dwellings, all of the directors lived outside of the cooperative. These directors, in addition to the functions mentioned above, were responsible for the establishing of general policies for the corporation; the increase or decrease of the maintenance charge; the right to declare any rebates; and above all, the selection of the manager for the development.

This division of responsibility between the Board of Directors and the House Committee proved to be very useful to both cooperative organizations. In time, the membership at large realized its value. The original directors enjoyed the confidence of the members and were invariably re-elected as long as they were willing to serve. A few have served the organizations continuously since their inception.

The size of the Board of Directors has been increased and cooperators living in the community have been added and have taken the places of directors who retired.

The success of these housing cooperatives, to a large measure, can be attributed to the high caliber of the individuals who have served unselfishly and without any monetary reward as directors. It is a high tribute to the cooperative ideals and program that so many outstand-

HOW A CO-OP OPERATES



ing individuals from the community at large and officials of the Amalgamated Clothing Workers' of America have given so generously of their time and talents to the advancement of these cooperative endeavors.

The Acid Test — 1932-1936

With the number of applicants always increasing, it seemed to the Amalgamated Housing Corporation and, to some extent, Amalgamated Dwellings, Inc., that the progress and expansion of the organizations would continue indefinitely. Members always paid their carrying charges on time. For every member-cooperator who filed an application to withdraw, there were several to take his place. No reserves were being set aside for the purpose of repurchasing stock. No funds were available for other reserves.

In the early 1930's, while economic conditions were getting worse by the day, the management of the housing corporations was preoccupied with plans for new construction. The fact of the matter is that building 9 was completed only in the spring of 1932.

In the summer of 1932 the incomes of most of the cooperators began to drop. The number of people desiring to give up their apartments began to rise, and the number of those who wished to join was declining. Those who still had a desire to become members were skeptical about investing the large sum of money needed — in some instances, it would be their lifetime savings. The shortage of money began to be felt.

Together with a good many others, management thought that the unemployment which affected the majority of the cooperators would not last very long. Many members began to fall behind in the payment of their

carrying charges. Measures to enforce payment had to be taken. Later on, as conditions grew worse instead of better, the mortgagees were asked to delay the paying of the mortgage amortization with a promise to repay it when economic conditions improved. The mortgagees agreed to this arrangement.

The years 1932 to 1936 can be considered the darkest period in the history of real-estate business. Mortgage defaults were frequent. Properties were foreclosed and taken over by the lenders and then dumped on the market at any price. In a large number of cases, the owners, without waiting for legal action to be taken against them, voluntarily assigned the rents and the title to the mortgaged properties, unable to continue to operate them.

The good reputation that the two Amalgamated cooperative organizations succeeded in establishing for themselves during the few years of their existence materially helped them during the depression. The lending institutions knew that every effort was being made by the organizations to keep up their obligations. They had full confidence in the management.

Two other problems equally as difficult confronted the administration: What was to be done about the member-cooperators who failed to maintain their carrying charges? What was to be done about the member-cooperators who had to move away and who expected to have their stock repurchased? If the corporation failed to exercise its right of repurchasing the members' stock and permitted the members to sell their equity to the public, the reputation of the cooperative would suffer an irreparable blow.

As the situation was getting worse and almost hopeless, something drastic had to be done if the coopera-



President Potofsky breaks ground for the new Amalgamated units in the Bronx. Those looking on include Robert Moses, Herman T. Stichman, Robert Szold, and Abraham E. Kazan.

tive was to be saved. To begin with, each cooperator was advised that he must make every effort to keep up his maintenance charges. Simultaneously, the Board of Directors, the House Committee, and management agreed that as long as a member made the effort, though he actually was unable to pay the required monthly charge, no action would be taken against him. However, if in the opinion of management, a member who could pay deliberately tried to avoid payment, drastic action was to be taken. At the end of 1936, the corporation found itself with \$156,000 in rents receivable; however, during this period, eviction proceedings were taken against only two members (both not members of any union). This large sum of receivables, it must be stated, was eventually collected without the loss of a single dollar. Occupancy during the worst months of the depression dropped to 95%. It is interesting to note that in the early days of the depression the members who were employed set up a fund to assist those who were out of work. As the depression deepened this fund had to be discontinued.

The second problem was how to repurchase the stock of members who had to withdraw. If the cooperative could not offer some plan to repurchase this stock, future applicants would lose confidence in the organization. The reputation of the cooperative was at stake. The following policies were therefore adopted:

1. The outgoing members, instead of receiving their investment in full at one time, were all paid an equal share in proportion to their investment.
2. Every dollar not used up in the maintenance of the project was channeled to repay the outgoing members.
3. The resources of the A. H. Consumers Society, Inc., the parallel cooperative business organization functioning in the development, were to be used for repurchasing members' stock.
4. In the case of Amalgamated Dwellings, when members withdrew, the Amalgamated Bank was authorized by Messrs. Lehman and Rabinowitz to extend loans to the cooperative up to the par value of the stock. This enabled the cooperative to redeem the members' stock without difficulty.

These efforts had a beneficial effect. Member-cooperators who were wavering whether to stay in the community or to leave, were encouraged to remain.

With little money available for investment in a co-op apartment, the corporations agreed to rent some of the vacant apartments. In cases where an individual was hesitant about making the investment, a plan was developed by which he could join on a temporary basis by investing only \$100 per room. In these cases, families signed a lease for a 2½-year period and paid a fixed rental. This rental was usually about \$5 to \$10 per month higher than the maintenance charge paid by cooperators for the same apartment. If after the 2½ years or at anytime during that period, the tenant decided to join as a cooperator, the excess charge was credited against the investment. If he decided not to become a member and wanted to withdraw, his \$100 per room was refunded to him. In such cases, it was optional for the corporation to allow him to continue as a tenant.

In all these transactions, A. H. Consumers Society, Inc. acted as an agent for the housing corporation. The highest amount of the cooperative stock taken over by A. H. Consumers Society during this period was \$275,000 or almost 30%. The depression years were our darkest hour. By the emergency measures described above and by the cooperative spirit of the people, we survived. Two other large cooperative developments which had been organized about the same time were not so fortunate and became casualties of the depression.

Rebuilding was a slow and tedious process. It took all of ten years before the havoc created by the depression could be overcome and new work undertaken. As the economic depression subsided, the stock was resold to new cooperators and the money was used to pay off the loans, repay the deferred payments on the mortgage amortization, and the other obligations incurred. The members who had left the community eventually received back every dollar of their investment.

A. H. Consumers Society, Inc.

Immediately after the completion of the first 303 units of the Amalgamated Housing Corporation, it was felt desirable to develop other activities along cooperative lines. Some of these activities were necessities. For example, the public school to which all the children were assigned was about nine-tenths of a mile away. City folks are not used to walking that far. At a meet-



**The New York Chapter of the
American Institute of Architects**

Awards its Medal

in the Class of Six Story Apartment
Houses for the year 1930
to

The Amalgamated Dwellings Inc.
for

Buildings occupying the block bounded
by Grand, Columbia, Broome and
Sheriff Streets, Manhattan

designed by
**Springsteen and Goldhammer
Architects**

Every room has a desirable exposure. The
essential elements of the design have been
used to achieve esthetic results with the
complete elimination of meaningless or-
nament.

Committee of Award

Arthur Holden
Chairman

Henry J. Sherman

Kaepa Warden

Stephen G. Voorhees Ex officio

Thaddeus Dwight Coz Ex officio

Danny Kautz
Eric Gugler

C. L. Harmon

John Neal Horne Ho

ing of the cooperative it was decided that if all members would contribute \$15 per family, a bus would be purchased and the children could be taken to and from school as well as brought home for their lunches.

The same idea was carried further. Why should each family buy its door to door delivery of milk separately? Why not buy the 400 to 500 quarts of milk from one source and have our own man distribute it? The same idea could be applied to electricity and other commodities and services. The problem was who was going to conduct all these business activities? The members agreed that a separate corporation be organized to administer these activities and each member would invest \$10 for one share of stock. This corporation was originally called the A.C.W. Service, Inc. This was subsequently repaced by A. H. Consumers Society, Inc.

Before very long, this organization assumed the responsibility for many activities and proved to be an invaluable adjunct of the housing corporation.

Amalgamated Dwellings was the first privately-financed, slum-clearance development on the East Side of Manhattan. It won the acclaim of New York.

This corporation had its own Board of Directors and conducted its business separately from the housing cooperative. However, it recognized the fact that it existed only by virtue of the existence of the housing organization. With that in mind, the president and manager of Amalgamated Housing Corporation always acted in the same capacity for the A. H. Consumers Society. From time to time, joint meetings were held of the House Committee and the Board of Directors of the A. H. Consumers Society to act on matters that concerned the community.

In 1936, the public utility company attempted to increase the cost of electricity of the housing cooperative by asking the Public Service Commission to eliminate conjunctural billing. Up to that time, the cooperative was purchasing current at wholesale and metering it to the individual cooperator at the prevailing retail rate. The profit was rebated to the members in one form or another. Faced with increased electrical costs, A. H. Consumers Society built a small power plant, generating its own electricity and distributed the current to the members of the housing society. During World War II, at the urgent request of the government not to use fuel oil, the plant was shut down. By that time the plant was fully depreciated.

With the completion of building 9, the A.C.W. Corporation was dissolved and the functions performed by that corporation of repurchasing the stock from the outgoing members and later reselling it to the incoming members, was taken over by the A. H. Consumers Society, Inc. This function, as already described, proved to be of immense importance. Several years later, when it was agreed to establish a reserve fund for this particular purpose, A. H. Consumers Society was made the trustee of this fund. The fund at this time amounts to \$430,000.

In 1940 to 1941, when a demand for small units came from an elderly group of cooperators, A. H. Consumers Society took on the responsibility to erect forty-eight such units in three two-story buildings. These buildings were later incorporated in the Amalgamated Housing development.

Post-War Expansion

After the war, the supply of construction materials was still regulated and construction was permitted to be undertaken only for veterans. A pilot project was undertaken to accommodate the veterans of the community. Soon after that, the Legislature of New York State extended the benefits of the Housing Act of 1926 for another period.

Plans were developed to expand the Bronx community by approximately 750 units. Our plans called for the construction of four large apartment buildings, a garage for three hundred automobiles, and a central heating plant to serve the entire development.

The new buildings doubled the size of our community; the expansion program was undertaken at a cost of approximately \$8,000,000. Due to increasing costs, each building was constructed separately. The Korean conflict delayed our construction somewhat, and the program was not completed until 1952.

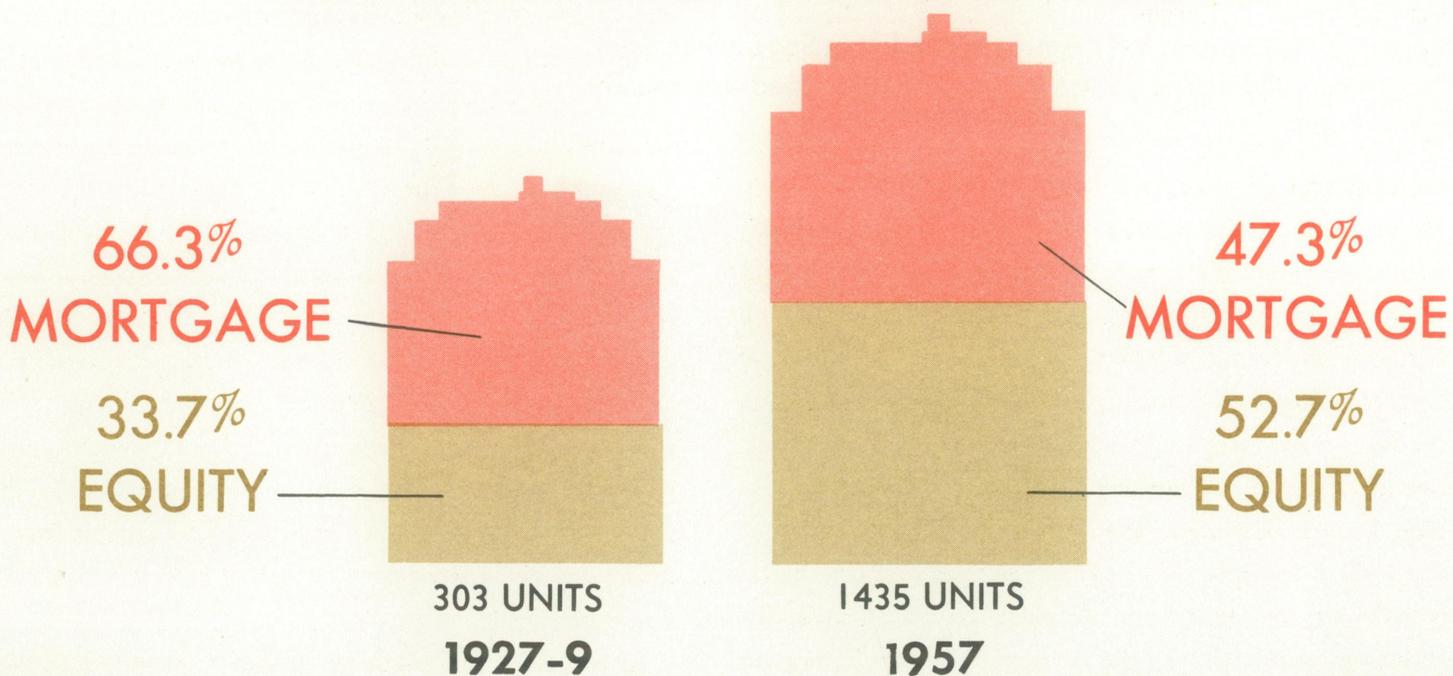
The post-war buildings are much different in appearance from the older units. They are twelve stories high and are completely fireproof. Balconies and terraces were added to a number of the apartments; this innovation has become quite popular recently. The roof of the garage under building 8 was landscaped and an off-the-street playground and garden was provided for the cooperators. The new buildings were numbered 8, 10, 12, and 14.

To avoid a great deal of red tape and technicalities, A. H. Consumers Society undertook to take the responsibility of erecting these buildings and to turn them over, at cost, to the housing corporation upon completion. To do this work under the control of the housing corporation would have meant that every subcontract would have to be approved by the Commissioner of Housing, thus leading to a lot of delay and other complications.

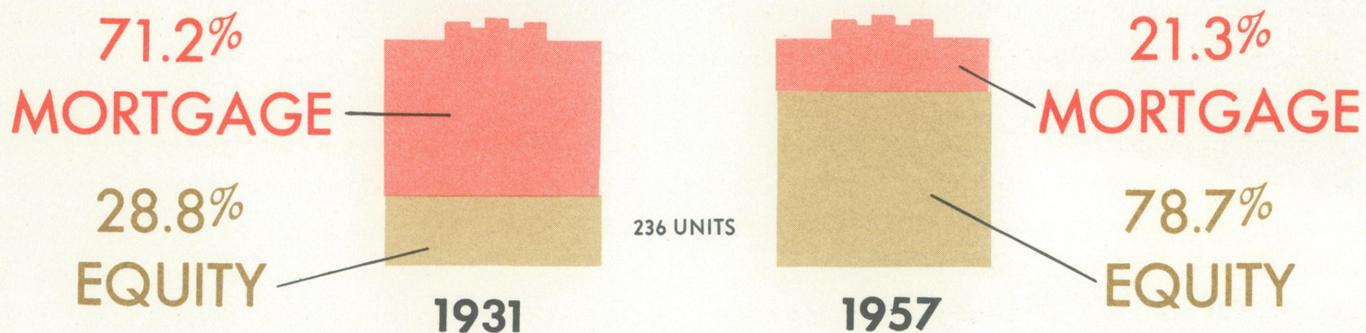
During the same period, A. H. Consumers Society acquired a taxpayer of twenty-one stores in the immediate neighborhood of the housing development. The enlarged community needed adequate shopping facilities; the small co-op food store, which had operated for many years in one of the buildings of the Amalgamated Housing Corporation, was by far too small. The taxpayer was rebuilt to provide a large co-op supermarket and other stores.

WHAT THE MEMBERS OWN

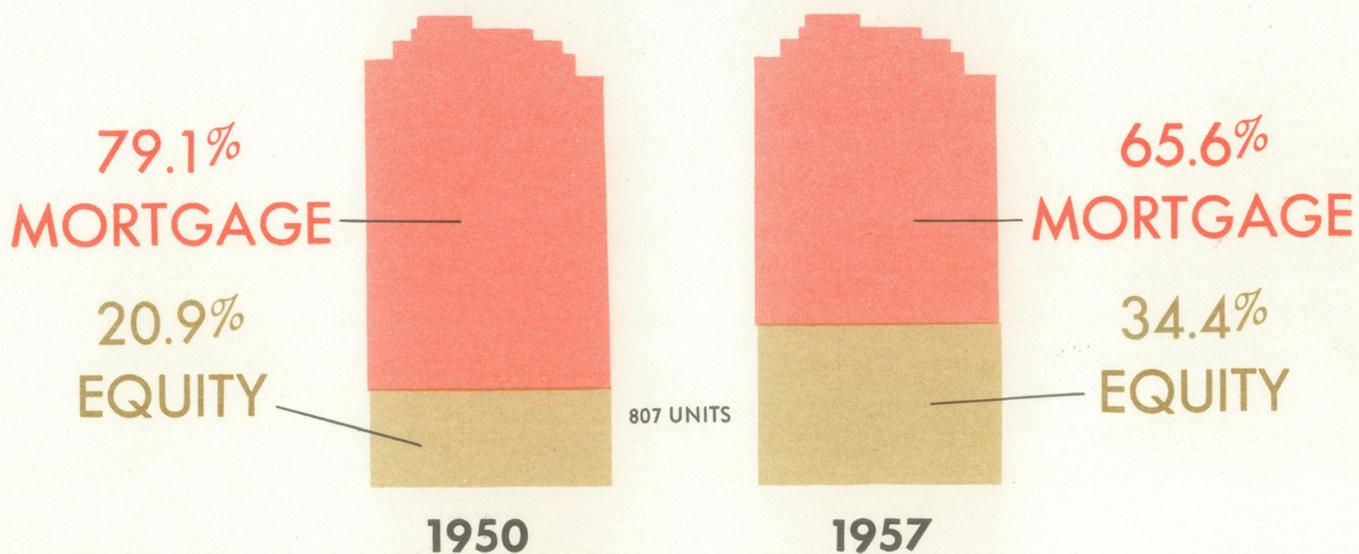
AMALGAMATED HOUSING CORP.



AMALGAMATED DWELLINGS INC.

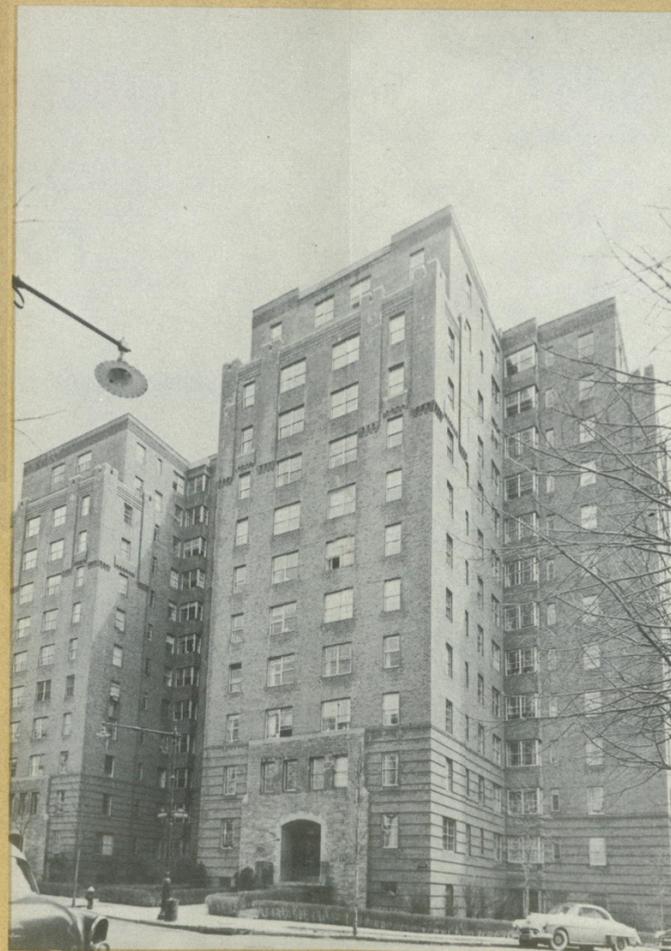


HILLMAN HOUSES, INC.



A FEW of the BUILDINGS of the COOPERATIVE COMMUNITIES

Hillman Houses lower left, Amalgamated Dwellings lower right.
The other buildings are part of the Amalgamated community
in the Bronx.

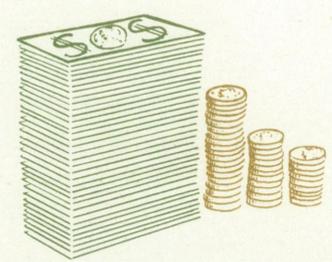


VALUE of ALL DEVELOPMENTS

AMALGAMATED HOUSING CORP.

1435 MEMBERS

\$12,744,031



\$3,013,075 EQUITY

AMALGAMATED DWELLINGS INC.

236 MEMBERS

\$1,475,315

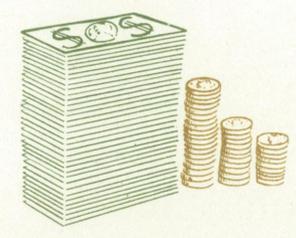


\$467,200 EQUITY

HILLMAN HOUSES INC.

807 MEMBERS

\$9,717,818



\$1,937,588 EQUITY



AMALGAMATED HOUSING



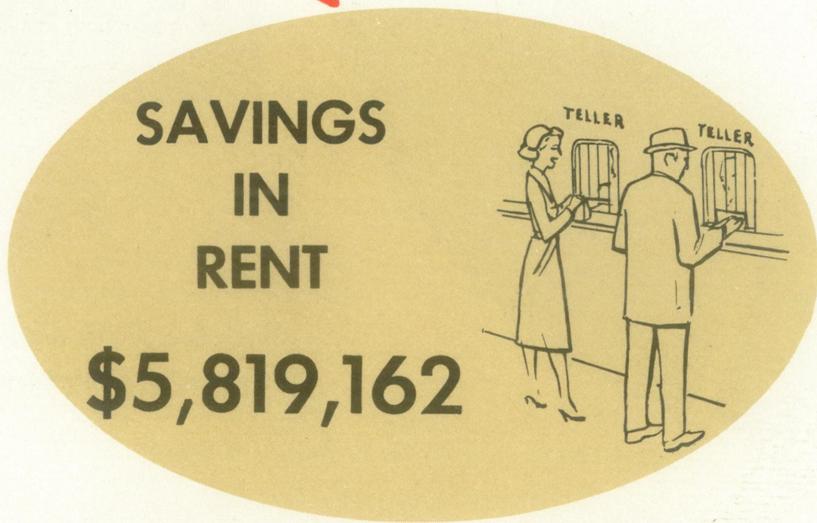
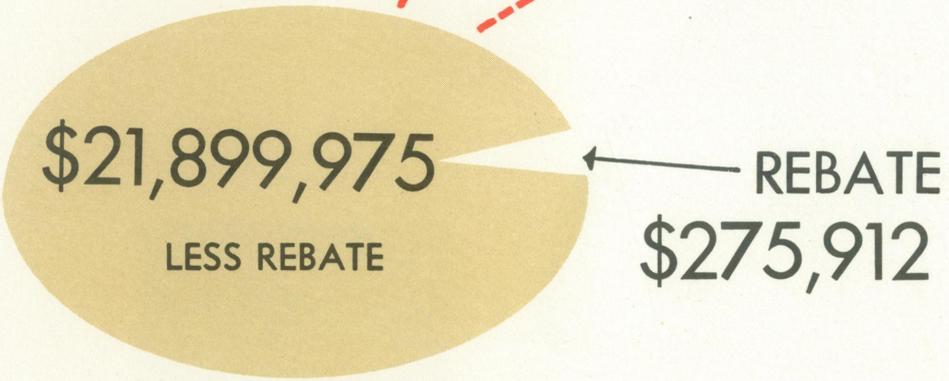
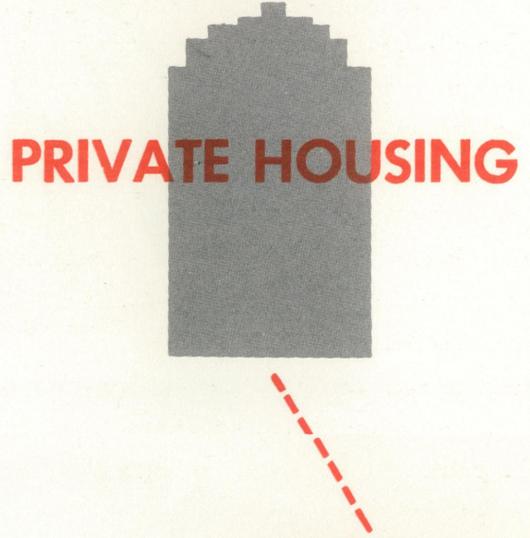
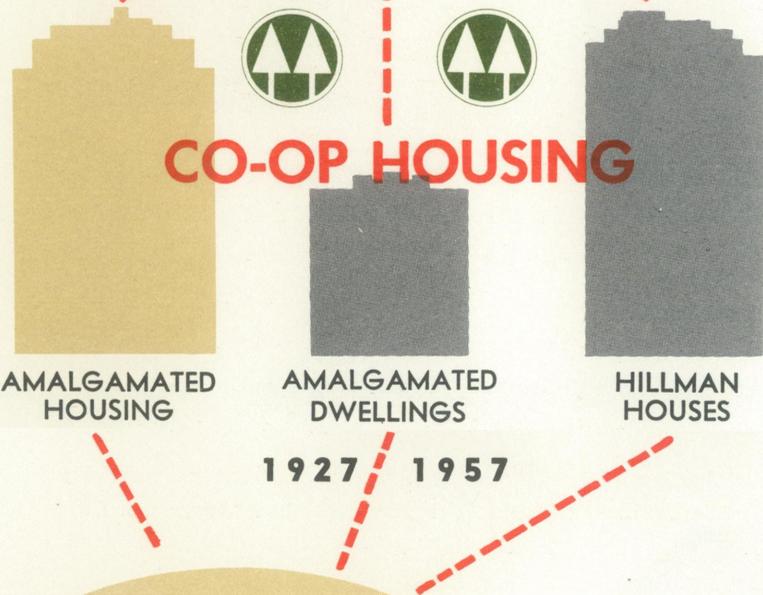
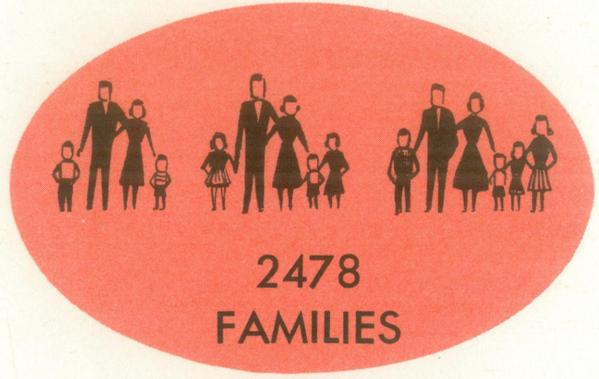
AMALGAMATED DWELLINGS



HILLMAN HOUSES

TOTAL VALUE ... \$23,937,164

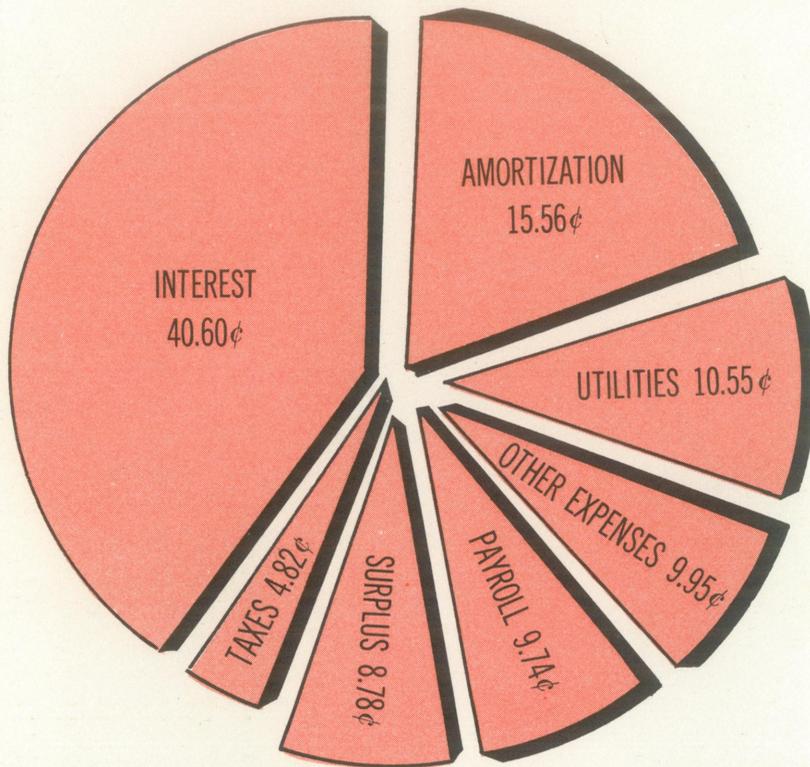
FINANCIAL BENEFITS OF CO-OP HOUSING



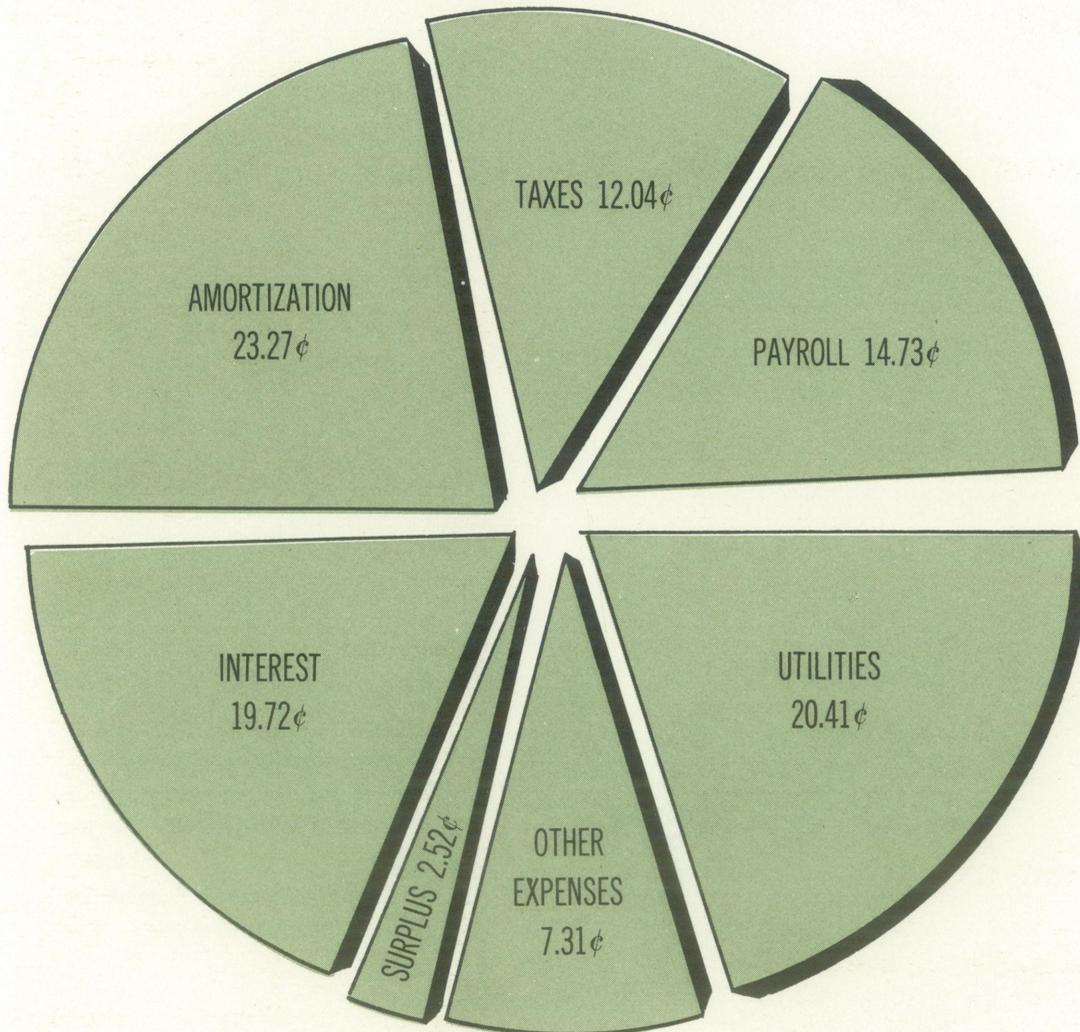
It is conservatively estimated that the difference in rent between cooperative housing and comparable private housing ranges from 20 to 45 percent. This illustration is based on 25 percent savings, plus rent rebates.

HOW THE RENTAL DOLLAR WAS SPENT

AMALGAMATED HOUSING CORPORATION



1927
Average Rental
per room
\$11.00



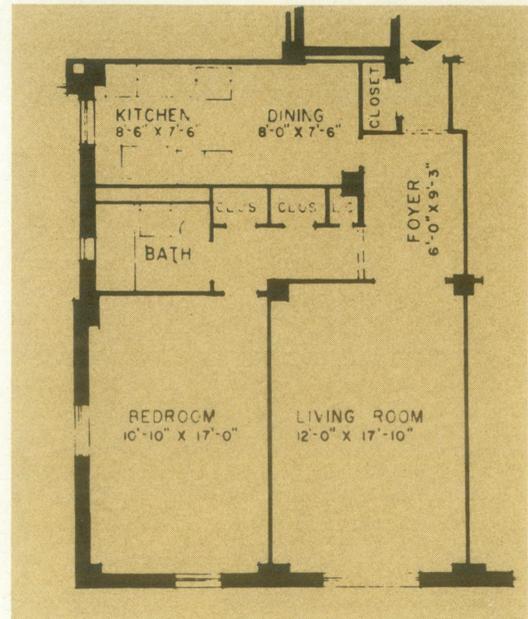
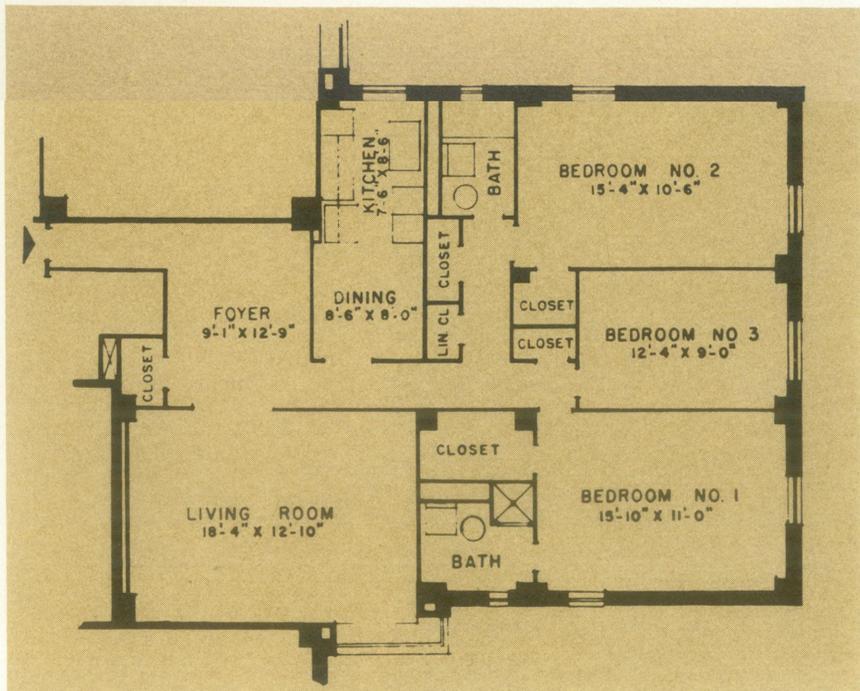
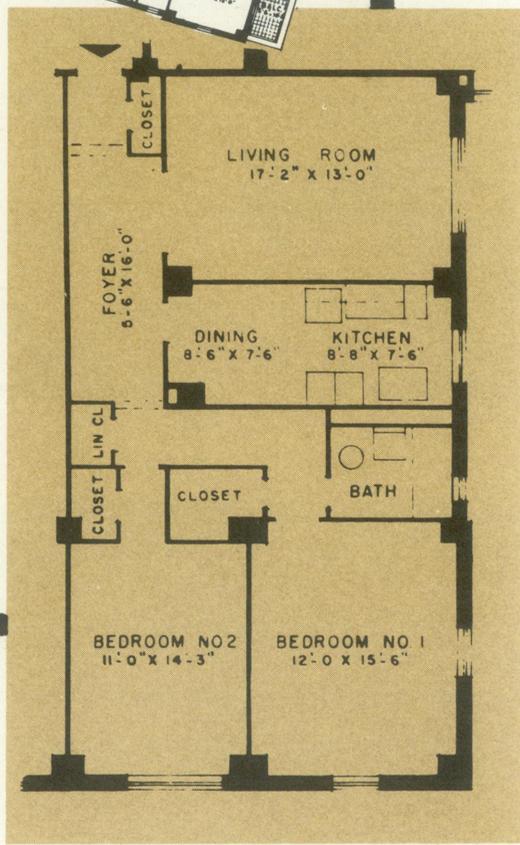
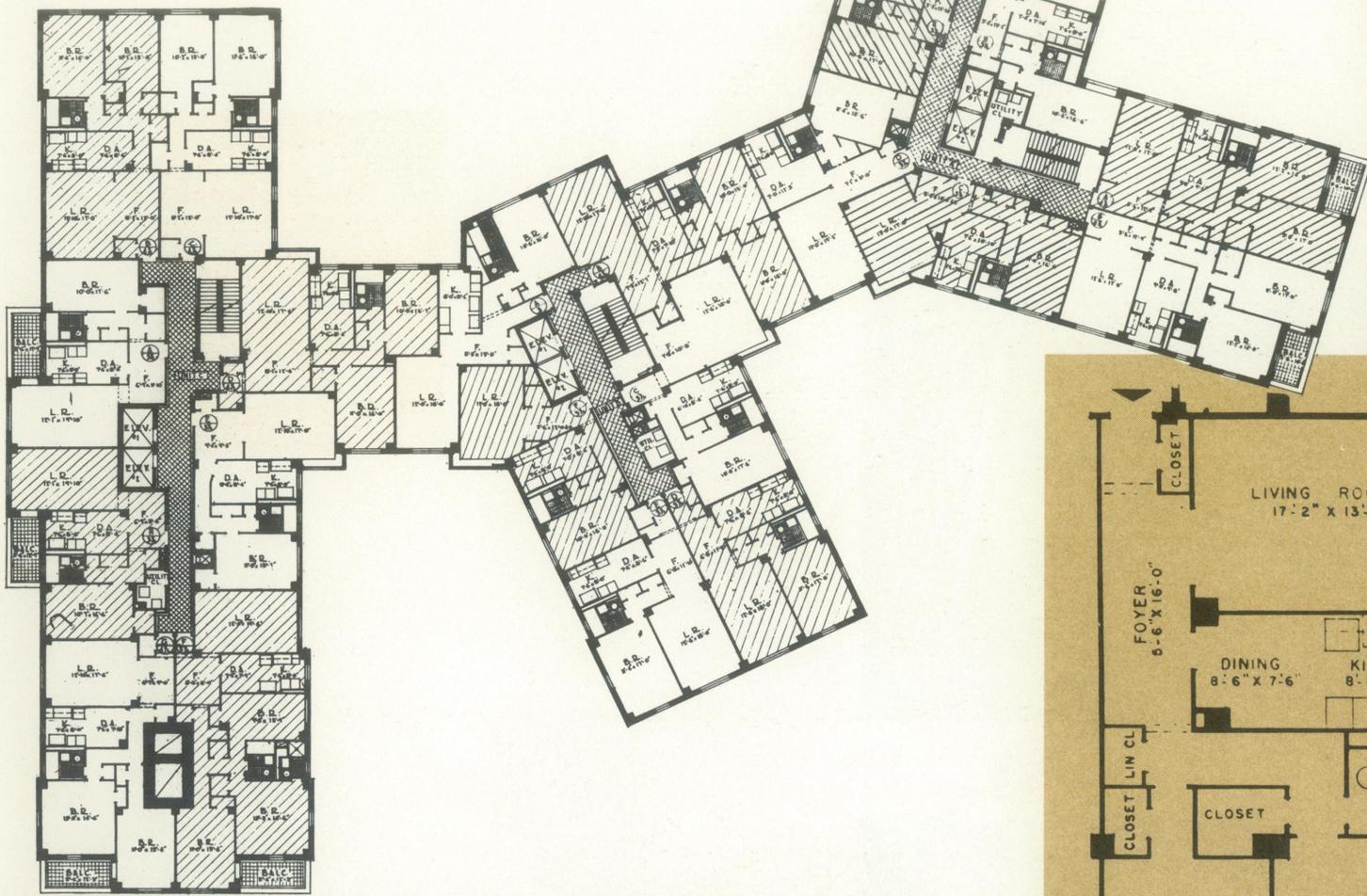
1957
Average Rental
per room
\$14.58*

*Includes \$1.38 per room
for gas and electricity

TYPICAL FLOOR PLAN

Building #8

Amalgamated Housing Corporation





Blocks of slums similar to these were eliminated by the Hillman Housing development.



Redevelopment Law and Amalgamated Dwellings Area

Quite different was the situation in the Amalgamated Dwellings. The area generally had not been rehabilitated; no new residential buildings were erected in that entire section for a period of almost fifty years. The old buildings were being boarded up. The section was taking on the appearance of a blighted area. The dream of Sidney Hillman and President Franklin D. Roosevelt that the east side would be rebuilt with developments similar to Amalgamated Dwellings had not materialized.

A short time before the outbreak of World War II, at the urging of Robert Moses, the New York City Planning Commission agreed to rehabilitate a large substandard area in Manhattan. To enable an insurance company to do that, the New York State Legislature adopted the Redevelopment Companies Law. This legislation enabled the City to condemn property and resell it at the cost in condemnation to a sponsor for the purpose of redeveloping it for housing. Tax abatement on the improvements was permitted at the option of the local authority. Stuyvesant Town and Peter Cooper developments were erected by the Metropolitan Life Insurance Company under this legislation.

Realizing the urgency of having to do something to save Amalgamated Dwellings from being engulfed by the surrounding slum buildings; and seeing the possibilities of providing more apartments for prospective cooperators, management began to formulate plans to organize a redevelopment company. We selected a site which would clear the slums surrounding Amalgamated Dwellings. We asked the Amalgamated Clothing Workers' of America to sponsor this ambitious cooperative and they agreed to do so.

Our plans necessitated our clearing four blocks of some of the worst slum buildings in the city; this involved the demolition of sixty-five tenement buildings. In their place, we erected three modern twelve-story fireproof apartment buildings, shopping facilities and a four story garage. Several small streets on the site were eliminated to permit a huge garden and a playground to be developed between Amalgamated Dwellings and one of the new buildings. Another large garden and playground is located between the other two new buildings.

The cooperative, which was built at a cost of \$9,100,000, provides 807 families with apartments. The average carrying charge is \$16.00 per month per room; when considering the rentals of post war housing, this average must be recognized as very low. The cooperative was named after Sidney Hillman, who had died in 1946, in recognition of the leadership and vision he exercised in the field of housing.

In spite of many difficulties encountered, the development was completed in less than three years. When the community was occupied, there were nearly a thousand families who had applied who could not be accommodated. This group later acted as the nucleus for another development undertaken by the ILGWU. The neighborhood changed its appearance. The same plans of organization and operations used in the Amalgamated Housing Cooperative and in Amalgamated Dwellings were used in the Hillman Houses — the new development.

Cooperative Communities

The financial benefits and advantages of cooperative housing are evident from the preceding pages. The social and cultural benefits made possible in cooperatives are of equal importance. From the inception of the first units, it was planned to develop a closely-knit community. In many apartment developments in large cities, families live next door to one another for years without ever becoming neighbors. In a cooperative, the bond of mutual ownership creates a basis for common interests among the members.

Operations of a self-help enterprise require the members to meet together to discuss problems which arise. These meetings help develop homogeneous communities. Our cooperatives have aptly been described as small towns. The association and neighborliness found in these developments is most unusual in a large city. It was only natural for the members to use the principles of mutual aid to meet some of their other social, cultural and economic needs.

Almost from necessity, the Bronx cooperative, being somewhat isolated from the cultural centers of the city, had to develop its own social programs to meet the needs of its members.

When the community was very young, there was no public library in the neighborhood. The members, therefore, organized and financed a well-stocked library of their own. For many years, this library served the com-



The Co-op Supermarket is part of the taxpayer owned by A. H. Consumer Society, Inc.

munity. When a branch of the New York Public Library opened in the neighborhood, we discontinued ours and donated our collection of books to it. Sunday morning forums and lectures, for many years, were an important part of our educational program. Many well-known persons have come to the community to participate in these programs.

Unlike some other developments, which prefer accepting families without children, in the cooperatives, children receive special attention. A cooperative nursery school and a summer day camp were among the first cooperative organizations started in the Bronx community. These two cooperatives have been providing important programs for many years. Many other recreational and social programs have been organized for young cooperators. These include: music, art, dramatics, crafts, hobbies, and dancing groups, each offering well-rounded programs for those who participate. A canteen for teen-agers offers special supervised activities for these young people.

All of these activities take place within the developments. Ample facilities have been provided for such

programs. Each group is organized and run by interested cooperators on a self-sustained basis. Each community has its own monthly publication which keeps the members informed about activities in the housing cooperatives and the related groups.

We are justifiably proud of the fact that in the history of our developments, there has never been a single case of juvenile delinquency. There are reasons for this fine record. First, our cooperatives are stable communities. About 70% of the original pioneers are still living in the Amalgamated. There are many second and third generation families living in these communities. In such an atmosphere, young people have the opportunity to establish roots and a sense of security. Secondly, the broad program of activities mentioned above has interested and channeled the activities of children of all ages in worthwhile pursuits.

The community is also proud of the fine scholastic achievement of its young people. It is estimated that between 70% and 80% of our high school graduates go on to college. A large number of students have won scholarships and other academic awards.

Some Community Activities



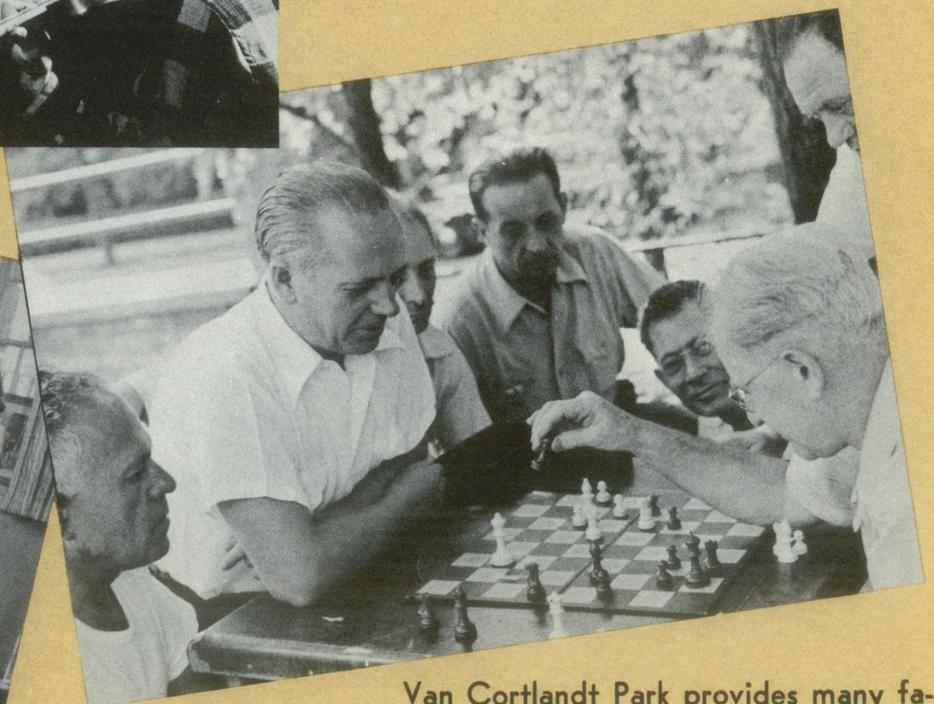
The credit unions were among the first cooperatives organized in the communities.



Children at work in the co-op nursery school.



Musical programs have always been one of the most popular activities.



Van Cortlandt Park provides many facilities for the community.

Many of the members participate in art classes.

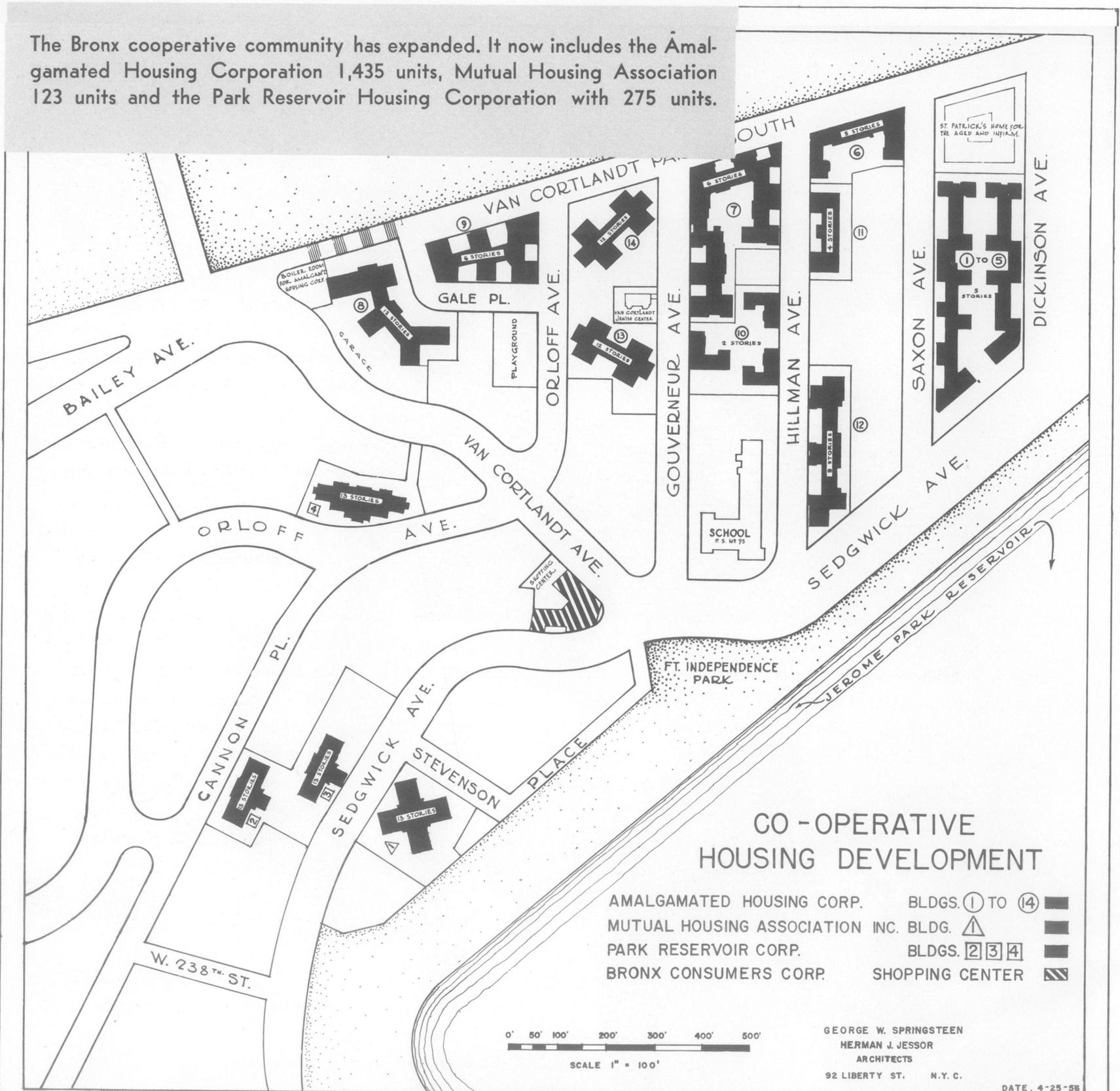
Social programs for adult cooperators have not been neglected. The members have organized numerous activities to meet their diversified interests. Adults of every age participate in these programs. Many members also engage in public affairs outside of the community; they are providing leadership for important programs in the city and state.

In addition to meeting their social and cultural needs cooperatively, the members have applied the same self-help principles to solve some of their economic problems.

Cooperative credit unions are flourishing in both communities. These institutions have provided the opportunity for people to have some control over their own savings. The credit union also extends low-interest loans, coupled with life insurance, to its members. These "people's banks" demonstrate how people can democratically own and control their own businesses.

Both communities are served by large cooperative supermarkets, each doing over a million dollars in sales a year. The co-op market in the Bronx started in the basement of one of the apartment buildings. Most of

The Bronx cooperative community has expanded. It now includes the Amalgamated Housing Corporation 1,435 units, Mutual Housing Association 123 units and the Park Reservoir Housing Corporation with 275 units.



the families are members of this cooperative. They have invested in the cooperative by purchasing a share of stock. Their co-op is run by directors whom they elect at the annual meetings. Like the housing cooperative, the supermarkets are non-profit enterprises and surpluses are returned to the members on the basis of their patronage. These enterprises are another example of consumers helping themselves by working together.

The importance of these cooperative programs should not be underestimated. They are fulfilling specific needs of people, but more than that, they are developing responsible cooperators and citizens. All of these enterprises are democratically organized and controlled by members interested in the various programs. The responsibility for the success of these cooperatives rests with the members of each group. It has been gratifying to see large numbers of people participating in these programs. The democratic process has been strengthened by the members accepting the responsibilities to organize and manage their own cooperative enterprises to meet their cultural, economic and social requirements.

Fulfillment of a Dream

When the Amalgamated Clothing Workers of America undertook the sponsorship of the Amalgamated Housing Corporation, Amalgamated Dwellings, Inc., and the Hillman Houses, they were undertaking the sponsorship of a dream. A dream born out of economic necessity. Today, these cooperatives are providing 2478 families with good housing at a very reasonable cost. An economic necessity has been fulfilled. But, as leaders of the Amalgamated Clothing Workers' Union foresaw, these communities have provided more than good housing at a reasonable price.

The social significance which these three union-sponsored, consumer-owned cooperatives have had in developing responsible citizens and building better communities, has been a major contribution to the community at large. The valuable assistance, encouragement, and integrity of the Union and its officers, Hillman and Potofsky, have immeasurably added to the success of these cooperative organizations.

The significant contribution the Amalgamated Cloth-

ing Workers of America has made in the development of cooperative housing has been recognized the world over. Recently, other labor unions have followed their example by entering this field.

Many people have contributed to the success of these enterprises. We have mentioned a few of those who have played a significant role in our history. Robert Szold, of the law firm of Szold, Brandwen, Meyers and Blumberg, president of Hillman Houses, has been a director of all the Amalgamated Housing enterprises since their inception and has given invaluable service, advice, and devotion to these organizations. During the life of these cooperatives, Mr. Szold, more than any other director, has shared with the members the cooperatives' problems, difficulties, expectations, and accomplishments.

Michael Shallin served as my co-worker for twenty-seven years. His loyalty and contributions to our work have inspired many others. We have been fortunate in having a staff comprised of faithful and efficient men and women.

The success of the Amalgamated enterprises is due, in no small measure, to the cooperation we have received from the City and the State. The Board of Estimate of the City of New York and the State Division of Housing by granting tax abatement, have made it possible for us to maintain low carrying charges in all the developments.

It is impossible to mention by name the Directors and the members of the House Committees, all of whom have helped and contributed so much to guiding the destinies of these cooperatives.

The common need which brought the first families together, thirty years ago, still exists for countless others. More and more people, thousands in number, are beginning to see the advantages which cooperation can produce. More labor unions and other organizations are now accepting the responsibilities which the Amalgamated Clothing Workers of America undertook over thirty years ago. The future is bright for the development of more cooperative housing and for more cooperation on the part of the people. Let us hope that their task will be made easier by what they can learn from the accomplishments of the past.

HILLMAN COOPERATIVE HOUSES

WE WANT A BETTER AMERICA, AN AMERICA THAT WILL GIVE ITS CITIZENS, FIRST OF ALL, A HIGHER AND HIGHER STANDARD OF LIVING SO THAT NO CHILD WILL CRY FOR FOOD IN THE MIDST OF PLENTY. WE WANT TO HAVE AN AMERICA WHERE THE INVENTIONS OF SCIENCE WILL BE AT THE DISPOSAL OF EVERY AMERICAN FAMILY, NOT MERELY FOR THE FEW WHO CAN AFFORD THEM; AN AMERICA THAT WILL HAVE NO SENSE OF INSECURITY AND WHICH WILL MAKE IT POSSIBLE FOR ALL GROUPS, REGARDLESS OF RACE, CREED OR COLOR TO LIVE IN FRIENDSHIP, TO BE REAL NEIGHBORS; AN AMERICA THAT WILL CARRY ITS GREAT MISSION OF HELPING OTHER COUNTRIES TO HELP THEMSELVES.

SIDNEY HILLMAN

TO PERPETUATE THE IDEALS
FOR WHICH HE LIVED AND DIED

This plaque occupies a prominent place in the Hillman Housing Cooperative.

OFFICERS AND BOARDS OF DIRECTORS

1957

Amalgamated Housing Corporation

Abraham E. Kazan, President	Israel Ostroff
Seymour Klanfer	Jacob S. Potofsky, Treasurer
Sol Lipnack	Robert Szold, Vice-President
	Henry Weiner
Phillip Blumberg, Secretary	
Sol Shaviro, Assistant Secretary	

Amalgamated Dwellings, Inc.

Helen Hall	Aaron Rabinowitz, Treasurer
Abraham E. Kazan, Vice-President	Solomon Roshevsky
Hon. Jacob Markowitz	Robert Szold
Jacob S. Potofsky, President	Henry Weiner
	Ben Winkler
Phillip Blumberg, Secretary	

Hillman Housing Corporation

Louis Hollander	Ralph Lippman
Abraham E. Kazan, Vice-President	Hon. Jacob Markowitz
Benjamin Koenigsberg	Jacob S. Potofsky, Treasurer
Abram K. Leef	Aaron Rabinowitz
	Robert Szold, President
Phillip Blumberg, Secretary	



Cover Photograph — Hillman Houses

Photographs by Lou Garbus
Paul Koscis
Sam Reiss
Harry Rubenstein
Morton Rubinstein

Art, and design Montalbano Associates

Litho in U.S.A. by Lithocraft Inc.

