

**C**OHOUSING OFFERS AN end to the isolation of the single family suburban home. Balancing community and personal privacy, cohousing offers a chance to create a modern village in an urban or rural setting. Residents own their own homes and can gather in common areas to share meals and socialize. It's an increasingly popular form of housing in both Europe and North America because it addresses and alleviates many of the demands and pressures of modern life — everything from day care to aging at home is easier with the help of your neighbors.

As pioneers in the development of cohousing in North America, the authors of this book — Chris and Kelly ScottHanson — offer individuals and new groups a wealth of information and practical hints on how the process works. This completely updated edition of *The Cohousing Handbook* covers every element that goes into the creation of a cohousing project, including:

- ❖ forming a cohousing group
- ❖ land acquisition
- ❖ the development and design process
- ❖ legal, finance and budget issues
- ❖ scheduling, planning and marketing
- ❖ the construction process
- ❖ permits, approvals and membership.

In addition, detailed appendices include sample bylaws, operating guidelines and marketing samples.

A source of comfort and inspiration for those who want to create their ideal community, *The Cohousing Handbook* is a ground-breaking and practical guide to building a better society one neighborhood at a time.

... reviews all aspects of organizing, designing, developing, financing and constructing the building of communities in a readable, easily accessible format the reader will undoubtedly refer to over and over again. A 'must-read' for anyone ready to move beyond talk.

— Kathryn McCamant, "The Cohousing Company,"

co-author of *Cohousing: A Contemporary Approach to Housing Ourselves*

Kelly and Chris wrote this eminently practical book to summarize everything they have learned about making cohousing work in 20 years of doing it. They cover all the steps ... The writing is clear and full of concrete details that make the general principles spring to life.

—Gifford Pinchot, from the Foreword

Chris and Kelly ScottHanson are acknowledged leaders in the development of cohousing. Co-owners of Cohousing Resources LLC, Chris is responsible for overseeing numerous cohousing projects from land acquisition through construction throughout North America. Kelly provides marketing, start up guidance, and membership advice for numerous cohousing and ecovillage projects. They both live and work on Bainbridge Island, Washington.



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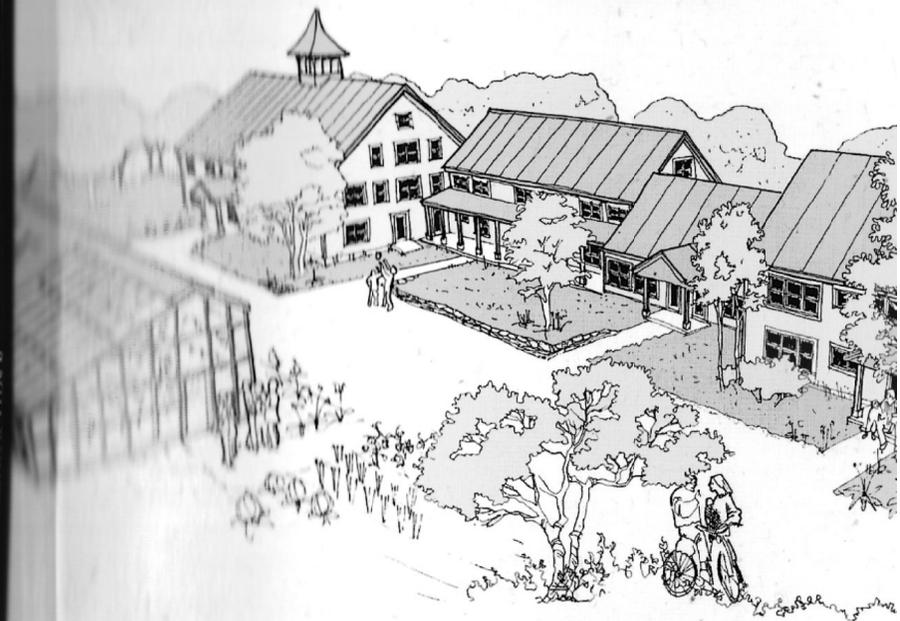
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ANCIENT FOREST FRIENDLY: PRINTED ON 100% POST-CONSUMER RECYCLED PAPER

# The Cohousing HANDBOOK

Revised Edition

BUILDING A PLACE  
FOR COMMUNITY



CHRIS SCOTTHANSON & KELLY SCOTTHANSON

source of information. You may grow to like them and even trust them. They may grow to like you and your project.

You probably don't want to be a developer yourself. If you thought you did, you may not think so after you have completed this process. There are times when it is tough, when you have to make difficult and expensive decisions. Bill Hancock, the developer partner with the WindSong project has more than once asked a meeting of WindSong members, "So, how do you like development now?"

Consider working with a developer who knows the game, who can get you through the rough spots, and keep you on track. With the knowledge you have gained here you will have a better understanding of how developers think, and what you can do to make your project go more smoothly, whatever development strategy you choose.

## CHAPTER

# Working with Professionals

- ❖ What professionals will you need? ❖ Who (or what) is an architect? ❖
- ❖ Selection process ❖ Contracts ❖ Using professionals effectively ❖
- ❖ Performance Review ❖

Consider the gardener who wants to build a simple garden shed. She knows what she wants. She knows what it needs to do, how big it needs to be, and where she wants it. She hears that she needs a building permit, so on Friday before her week off, she goes down to the building department to pick up the permit so she can start on Saturday morning. What does she find? The zoning laws don't allow her to put the building where she wanted to put it. The building code requires a foundation that meets certain safety requirements, making the project much more expensive than she expected. And the process takes three weeks for review and approval, after submitting a set of scale drawings on paper of a certain size. After all the visualization, the planning, and the expectations, our gardener has to start over. She spends her vacation, not building the garden shed, but figuring out where it will fit legally, how to afford the expensive foundation, and how to get it drawn properly. It may be next year before she will build her garden shed.

If a cohousing group acts like that do-it-yourselfer it can strangle the development process by avoiding or delaying the professional help needed to make the project a success. You will be spending millions of dollars, building several buildings, for dozens of people. The process is complex and expensive and you will want to do it efficiently and effectively.

Don't avoid professionals. They will cost money, but part of getting your project built is learning to spend money wisely and appropriately.

## What professionals will you need?

### The lawyer

A lawyer or attorney will be necessary to advise you, as a group, on legal matters to do with organizing and incorporation, as well as contracts. They may also be of service in contract negotiations. Fees vary widely, and the legal budget you establish will depend heavily on how much you want to use the services of your lawyer. Using standard forms, self-help books and industry standard contracts, you can reduce the amount of time your lawyer spends, and hence the cost for legal services.

Lawyers usually work on a retainer basis with no written contract. This means you pay them a deposit and they start working for you. Then they bill you for their work plus their expenses. Often, lawyers bill irregularly, meaning they do not necessarily send you a bill once a month.

As with most professionals, it is best to find a lawyer by personal referral. We recommend that you look for a generalist who can handle contracts, real estate and business law. Don't try to do your project without talking to a lawyer.

### The accountant

Consult an accountant about taxes. Your accountant can save you far more money than you will spend on accounting services if you consult them early, and throughout the planning stages of your project.

Your accountant can also assist you in setting up your bookkeeping and accounting system, and may have a bookkeeping service available if you don't have a member who is comfortable keeping the books.

Like lawyers, accountants usually work on a retainer basis with no written contract. Although they may not bill every month, they will bill for their work and their expenses more regularly than many lawyers do.

### The real estate agent

In my experience realtors are of limited use to a cohousing group. They may be able to help you search for land, but most realtors have very little experience with raw land and especially multi-family projects.

Realtors work on commission and they get paid only when the sale is concluded, or closed. This means they may not be motivated to work on your behalf to get you a long closing period.

Some commercial realtors will work as consultants, charging you by the hour, or as a fixed fee. This can be a good way of securing their motivation and allegiance.

### The mortgage broker

Mortgage brokers find loans. They are paid a fee, usually a small percentage of the loan amount, when the loan closes (when it is funded).

Consider using a mortgage broker. They can be a great help to you in assembling your loan package as well as getting that package in front of potential lenders.

### The appraiser

The appraiser determines the value of your project and each private unit by comparing your project to actual sales in other comparable projects. In addition, they usually consider project costs and rental value. This provides the lending institution with assurance that they have reasonable security for the construction loan they are supplying. Since all future financing is based on the values established by the appraiser, it is important that your unit selling prices correspond closely to the values identified in the appraisal.

The appraiser is paid either by the financial institution, or sometimes directly by the developer. Since their future work is dependent on their credibility with the financial institutions, appraisers normally take their direction from the bank. Typical appraisal fees for a 30-unit project are in the range of \$3,000 to \$5,000.

### The architect

The architect is an important part of your professional team. Please don't try to do your project without one. Architects generally work on contract, or using a letter of agreement. Payment is hourly, by fixed fee, or as a predetermined percentage of the construction cost. They tend to bill monthly, although other arrangements can be made. (See "Who (or what) is an architect?" below, and Chapter 6, The Design Process.)

### The landscape architect

A landscape architect specializes in the site planning phase of your design process. They are one of the most important, and one of the most overlooked of the professionals who can be of help to a cohousing group. Please don't leave site planning to an architect. (See also Chapter 6, The Design Process.)

Landscape architects generally work on contract, or using a letter of agreement. Payment is usually hourly or by fixed fee, and they tend to bill monthly.

### The engineers

Several engineers will be involved in getting your project planned and built, but you won't necessarily even meet them. Usually the engineering team works for

DISAGREE!

the architect (and landscape architect) to provide you with civil, structural, electrical and mechanical engineering.

Some groups have established relationships with civil engineers who are also licensed as landscape architects. I can think of no better combination when it comes to site planning than finding this blend of skills in one person or firm.

The engineers are often paid by the architects as a part of the architectural fees. They generally work on contract with the architect, or using a letter of agreement. Payment is usually hourly or by fixed fee.

### **The marketing professional**

Consider using a marketing professional, especially if you can find someone with cohousing experience. They can help you plan and execute your marketing and membership program. Pay them hourly, or arrange a fixed fee if you feel you can clearly define the work you want them to do.

### **The surveyors**

Often part of the engineering team, the surveyors are an important part of locating site features properly for site planning, and then locating buildings properly during construction.

Whether they work for you directly or as a part of the design team, they generally work on verbal agreement, or using a letter of agreement. Payment is usually hourly or by fixed fee, and they tend to bill monthly.

### **The contractor or builder**

The largest and most important contract you will have is with a general contractor or builder who will build your buildings. There is always a carefully written contract between the builder and the client.

Generally builders are paid a fixed price for what they have agreed to build. Sometimes they will bill on a time and materials basis. Talk to your lawyer and other development professionals before signing a contract for construction.

### **The development consultant**

The development consultant can assist you in evaluating the professionals you want to hire, they can provide a second opinion on your development strategy, or they can manage the entire development process. It depends on what you decide you need and what time and skills are available within your group.

Development consultants generally work on contract, or using a letter of agreement. Payment can be hourly, by fixed fee, or as a predetermined percentage of the project cost. They tend to bill monthly although other arrangements can be made.

### **The land acquisition specialist**

A land acquisition specialist uses special skills and abilities, and may be just the thing to help you acquire the right piece of land at the right price. Consider paying someone who is not working on commission, as a realtor would, so that they can be more motivated to find you the lower price and better terms you want. It can be difficult for a realtor to work hard for that long period, knowing they won't get paid until the very end, and, should the deal fail, maybe not at all.

### **Who (or what) is an architect?**

Architects are a creative lot by nature, being attracted to the field by the desire to build things, to draw, and to be artistic. Often they are romantics as well, not well known for their practicality, or for staying within budget.

You need to work with an architect because you need to have someone pull all the complex pieces of your project together into a set of drawings that represent what you want to build. It might seem that you could hire a drafting person to simply draw what you need, but in fact much of the challenge comes from the process of interpreting what you say you want and turning it into something that really reflects your intentions.

The other benefit of using an architect relates to the difficult job of facilitating your group decision-making process. When the architect presents the designs, he or she will assist each member of the group in understanding that alternatives have been considered, helping them come to consensus as a community.

Architects do have limitations. Very often they have an unstated agenda, often unknown even to themselves. Such agendas include a predisposition toward certain building materials, certain design styles, and certain roof forms. So investigate their background and their references. View several projects they have done and see if you find any peculiarities. Ask other clients about them. If you like the design style, the materials selected, this is a plus. Don't expect architects to change the way they do things just because your group has asked them to do so.

Architecture training focuses on the process of designing buildings. They learn about structures, materials, and connections. They learn about space and

form and the art of design. Often, an architectural education is weak in the following areas:

- Site planning — *MAYBE OWN, NOT ALL*
  - Grading and drainage
  - Building code requirements
  - Zoning
  - Financial planning and budgeting
  - Cost control
  - Group process and consensus building — *COHOUSING ARCHITECT*
  - Business management (running their own office)
- PART OF ARCH INTERNSHIP*
- HIRE A*

Architects are generally strong on building design, drafting and drawing, spatial relationships, and materials.

Watch out for young architects. They may be very talented, but they are not likely to have the life experience necessary to consider or even understand a number of basic human behavior issues. If they don't have children, they aren't likely to provide adequately for the children of your community. If they have never cooked, they are unlikely to really understand the kitchen experience, designing attractive but impractical kitchens. Good architecture comes from a combination of skill, talent and extensive life experience.

## Selection process

When looking for professional help ask other professionals, and listen to their recommendations. Call several developers and ask what they think about a professional you are considering. Call an architect and ask about lawyers, and vice versa. The selection of good professional help is an art. In the end it requires intuition as much as anything else.

When you have a short list of people you are considering, take the time to get to know them. How do they think? What do they care about? What do they think of your dream of community?

The comments below focus most closely on the hiring of the architect. Many of these concepts and ideas will also be useful in hiring the other professionals you will need to work with. Take advantage of the growing number of skilled architects and professionals who have actually been involved in building cohousing.

For example, consider hiring Kraus Fitch architects to come to your location to do the programming for your project. They can teach the local design team about the important cohousing design issues in the process. ("Programming" is the first phase of design. It is described in detail in Chapter 6, The Design Process.)

A strong warning is in order regarding hiring an architect with no direct cohousing experience. Some architects think they know all about it, having looked at the pictures of cohousing in a book. An architect without direct cohousing experience will need help to get a project to work well. Unfortunately, they may not recognize, or accept, that help is appropriate.

## Requests for proposals

A request for proposal (RFP) is just that; it is a formal request that the intended professionals should make specific proposals regarding the provision of services for a fee. Professionals respond to specific items in the request, providing information that will help you make a good decision about who to hire.

The RFP is used in a variety of cases, selecting certain professionals, or selecting contractors. We will focus here on the selection of the design team.

### How is it done?

- Write a request for proposal.
- Collect a list of qualified professionals.
- Submit the RFP to the qualified professionals.
- Accept their responses by an appropriate deadline.
- Have a committee review all responses and select a short list of three or four.
- Important: Call all respondents and notify them of your decision.
- Arrange to interview those on the short list.
- Have the committee select two finalists after the interviews.
- Important: Call all those short-listed and notify them of your decision.
- Invite the two finalists to make short presentations to the entire group. Ask them to present or demonstrate the following:
  1. Background and qualifications of all team members
  2. Project management and client response experience

*CYNICAL!  
HOW ABOUT A  
BALANCED TEAM.*

3. Group facilitation skills
  4. Post-Occupancy Evaluation of an existing cohousing community (a brief examination and evaluation of a completed community, including a look at resident satisfaction with community design)
  5. Sample of live programming and drawing (much like the "CoDesign Process," described in Chapter 6, The Design Process)
- After the second finalist has left (and you have had a good break) discuss the two finalists and come to consensus on one. Do not wait for another meeting to conclude this process.
  - Call both finalists immediately and let them know what you have decided. Don't wait until the next day.

#### **What should a Request for Proposal include?**

Simply, it should ask for qualifications, a method of providing the services required, and a fee and payment schedule.

Typically, you would make a request for proposal when you knew you were going to need architectural services in about six weeks. This would give them sufficient time to respond without unnecessary rushing, and give you the time to review their responses.

We recommend including some material about your expectations on the six phases of design. (See Chapter 6, The Design Process.) Many architects don't think about these design phases (some do) and it is good for a group to use this language when asking for a specific set of services. Some architects think they can skip the programming phase. They seem to want to program while they design. In our experience with cohousing, this won't work.

In the RFP, stress the importance of the need for group process and facilitation skills. An architect must be able to help a group reach consensus. We have watched many good architects fall short when trying to "sell" their design work to a group. Don't let your group settle for bland, watered-down design compromises, in order to achieve consensus, as some early groups have done. A design team with good sales and presentation skills can sell good design to people who may not appreciate it.

You will receive questions about what is to be designed and where the focus should be. Keep in mind that you want your design team to help you design a community, and therefore it is important to focus on the community design issues, namely the common house and the site plan. This is what builds community, and

what sustains community. Those group members, and their designers, who allow themselves to spend too much time and effort in private unit design do a disservice to the community, since no community benefit is derived. Customized private units are generally not affordable for those choosing to live in cohousing.

#### **Post-occupancy evaluation**

The post-occupancy evaluation (POE) of a project is rarely ever performed. (See Chapter 6, The Design Process.) Architects don't like to look back at their mistakes, and clients don't like to pay for such an evaluation. They often assume that no benefit will come to them after their project is complete.

In your request for proposal, you can ask for a post-occupancy evaluation of a previous cohousing project. It could be a project designed by the architect you are considering, or it may be a project designed and built by someone else, even in another city. You can ask that an abbreviated POE be provided as a part of their submission in response to your RFP. During the contract negotiations you might ask for a more complete post-occupancy evaluation of another project as a part of the programming phase of your project. Both parties, the architect and the group, will benefit greatly.

#### **References**

Get references from the professionals you are considering. Call them. Spend time talking to them, or better still, visit in person. Tell them what you are trying to do and what kind of professional services you think you need. Ask about more than the individual professional you are considering. Have they worked with others? What kind of projects? Was there a group process involved? Is there someone else they would recommend you talk to who would know the professional you are considering? Keep notes about what you learn.

#### **Members as professionals**

Chances are there are members of your group who have professional skills which will be helpful in making your project a success. As you can imagine, the challenge is to use those professional skills for the benefit of the community without taking advantage of the individual, and without creating a difficult conflict-of-interest situation.

The most challenging professional role to have within the group is that of architect, since the architect is so important in the definition and implementation of your project. The design process is such that the architect will have a

substantial amount of ego invested in the drawings he or she creates. In addition, they will need to sell those design "solutions" to other members of your group. It is probable that they will at times find themselves at odds with the wishes of the community. It will be difficult for them to let go.

Architects who are members of cohousing groups find themselves wearing a number of different hats. Sometimes it can be very difficult to determine which hat they should be wearing, or which hat they really are wearing. Are they acting as a member, just like any other member? Are they acting as a design committee member, part of a team doing a task for the benefit of the whole group? Or are they acting as an architect, as an employed professional working for a demanding and difficult client?

As an example, it can be challenging to have a talk with an architect/member who is not performing the expected duties effectively. It can be extremely difficult to replace the person. How do you tell a neighbor, and a friend, that you will have to find someone else?

We would suggest to those who are considering providing professional services to their group, and those who are considering using the professional services of a member of your group, please consider your decision carefully. Talk to someone who has done it before. Several professionals have successfully provided services to their group and would be happy to share their experiences and their advice.

## Contracts

### Standard contracts

Consider using standard contracts when possible, such as one of the various American Institute of Architects (AIA) documents available. This can save time and money by reducing legal costs, reducing the negotiating time, and reducing stress in the hiring process. The design professional will have sample contracts for you to consider. If you have any questions or concerns, consult your lawyer.

There are a number of parties you may want to include in the agreements, and there are standard agreements covering most of these. These include, but aren't limited to:

- Architect – Owner
- Architect – Project Manager – Owner
- Architect – Contractor – Owner
- Architect – Contractor – Project Manager – Owner

### Architectural fees

Most housing developers pay their architects between 1.5% and 3.5% of construction cost, often as a fixed fee, such as \$1000 to \$2,000 per unit. For large projects the architect can live with this, especially if the structural engineering is not included and is paid directly by the developer. In a conventional housing development there is no interaction with a group of residents, and therefore few design iterations, or cycles. A simple program, clear expectations, and lots of repetition makes this feasible for the design team. For a 100-unit project they may receive \$75,000 to \$100,000.

For the design of custom homes, architectural fees (including structural engineering) are often in the range of 7% to 12% of construction cost, depending on how much responsibility and control the architect has, and how involved they are during construction. Detailed programming, complete construction documents, supervision of the bidding process, and careful monitoring of construction, including owner-generated modifications or change orders, all add up to a large but well-deserved fee.

For cohousing the design team, fully interactive with the community from beginning to end, they should theoretically get something like 15% or 20% of construction cost. It can be like building many custom homes for a many-headed client, who does not easily speak with one voice. They never do get this much, and we doubt they ever will. Winslow Cohousing paid a total of about 7.5%. At Cardiff Place, the architect's fees were about 5%, but the group came in late and the architect worked for the developer most of the time. Seldom can a cohousing group pay an architect fully for the work required. Usually the architect underestimates the time required, thinking it can be done in X hours when it will really take them 2X hours.

Another option, of course, is off-the-shelf house plans (or even manufactured housing) where the design fees can be focused, quite literally, on the community design — the common house, and the site plan. Reasonable fees could be as low as 2% to 4%. But remember, you do get what you pay for.

In negotiating the contract with your architect keep in mind that architects prefer to do the "real design" phases, the fun part. This is the schematic design and the design development. They will always provide the construction drawings, but only because they have to. In larger firms, the partners and the senior associates do the design, the young or new associates do the construction drawings. Construction details get boring, but they are actually the most important

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part of the design process. Talk with your design team about how they will allocate their efforts before you hire them.

The following table illustrates the typical distribution of architectural fees for each element of the design process, and our recommendation for the redistribution of fees. Clients and projects differ dramatically, so use this table only as a guide.

#### Distribution of architectural fees

Elements of Design	TYPICAL	Typical	Recommended	SC H
1. Programming	ADD	2.0%	7.5%	+ 10%
2. Schematic design	15%	35.0% <sup>2</sup>	15.0%	15% - 20%
3. Design development	20%	30.0% <sup>?</sup>	15.0%	10%
4. Construction drawings	40%	30.0%	50.0% UNREALISTIC	35% - 40%
5. Construction supervision	25%	3.0%	10.0% TOO LOW	25% - 30%
6. Post-occupancy evaluation	ADD	0.0%	2.5%	
TOTAL FEE		100.0%	100.0%	

## Using professionals effectively

### Management

The key professional relationship is with the architect. Historically, the architect was a master builder, responsible for everything related to construction, from site selection to furnishing the interior.

In our day of specialization, the architect's role in the development and construction process is often reduced to that of a technician, trained to design a building to meet the specific requirements of the building codes. If they are good at design, they may be able to provide you with a building that is esthetically pleasing. If they are really good, they may be able to design a building that meets your needs, for the money you have available to spend.

Managing all of your professionals in today's world requires an understanding of the complex requirements and relationships which will affect each professional's work. It requires an understanding of their skills as well as seeing to it that all the required tasks are accomplished. This is where a development consultant or project manager may be helpful for your project.

ESP. DURING CONSTRUCTION

### Performance review

Don't hesitate to do a formal performance review. Indicate in your contract negotiations that you want to do this. Consider whether the services you have received are as you expected, and talk to your professionals about it. There is no need to make a performance review confrontational. An experienced professional will welcome the input and the feedback.

### Summary

Don't let the do-it-yourselfers in your group keep your project from getting off the ground. A common challenge for many groups is the desire by some members to take on more than they can handle. Not wanting to spend money, they will attempt to do everything themselves. We have seen this kill several cohousing groups.

Experienced developers use professionals and there is no reason to believe that a group of amateurs could develop a multi-million-dollar project without the help of the same professionals.

Seek good professional help. Understand what they are doing for you. Monitor their work, pay them appropriately and expect good service.