Alliance for Housing Justice

Social Housing Models: Limited Equity Cooperatives

How Apartment Co-ops Work as Social Housing

In a housing co-op, the cooperative corporation holds the title to the entire building or property. Residents do not own their individual apartments; instead, they own shares in the corporation and hold a "proprietary lease" that gives them the right to occupy a unit. The co-op is democratically controlled by its members, who elect a board of directors to oversee major decisions, budgets, and building management. This gives residents a direct voice in how their housing is run, a key distinction from traditional rental housing.

How Does the "Limited-Equity" Model Keep Co-ops Affordable for the Long Term?

The most common social housing co-op model is the Limited-Equity Cooperative (LEC). In an LEC, the co-op's bylaws contain a formula that restricts the resale price of a member's share. When a member decides to move out, they cannot sell their share to the highest bidder on the open market. Instead, the share is sold at a limited, pre-determined price—often back to the co-op or to another income-eligible household. This removes the incentive for speculation and ensures that the unit remains permanently affordable for the next low- or moderate-income resident, rather than becoming a windfall for the departing member.

How Do Residents Pay for Their Housing in a Co-op?

There are two main costs. First, there is a membership fee to join the co-op. In LECs, this is kept intentionally low, sometimes as little as a few hundred or thousand dollars, to be accessible to low income households. Second, residents make regular monthly payments that cover their share of the building’s collective expenses, including the blanket mortgage, insurance, utilities, and reserves for repairs. Because the co-op holds a single mortgage rather than each resident having an individual loan, members do not need to qualify for a traditional mortgage to live there.