They Took a Chance on Collaborative Living. They Lost Everything.

A group that sought to create Connecticut's first experiment in collaborative living fell short. Some of the investors lost their life savings.

By Lisa Prevost

Feb. 11, 2022

For Claudia Ruffle, living in a co-housing community was a lifelong dream. She longed for connection with people who shared her values, particularly around concern for the environment. But as an introvert, she found it hard to meet people on her own.

Co-housing, a form of collaborative living that originated in Denmark, provided "a structure where I didn't have to be outgoing and could still get the benefit of getting to know people," said Ms. Ruffle, 72, a former substitute teacher and administrative secretary. "It compensated for my lack of outgoingness."

So she was among the early supporters of what was envisioned as Connecticut's first co-housing community. After more than a decade of planning, the project, called Rocky Corner, finally broke ground in 2018 on a 33-acre plot in Bethany, a suburb of New Haven.

Ms. Ruffle and a friend contracted to purchase one of the attached housing units there, and sold their home in New Haven in anticipation of closing in 2019. But their closing date kept getting extended. And then members of the community were told that the project was having a cash flow problem.

"We thought, Oh, OK, we will give them all of our money for our unit with the understanding that once we can move in, our unit is paid for," Ms. Ruffle said.

Members of the Rocky Corner group — Eli Bradley, Dick Margulis, Kirina Gair-MacMichael and Brenda Caldwell — with a marketing sign that was created before the project went into foreclosure. Jane Beiles for The New York Times

But instead, the entire project went into foreclosure. And Ms. Ruffle's dream — and finances — were dashed.

"That money is now gone and there's no way for us to retrieve it," she said. "We lost about $170,000. And we both have very low incomes. Ever since, we've been living in not good circumstances at all."

Members of Rocky Corner offer varying views of what exactly went wrong. But in general, most agree that the increasing complexity of the project proved more than the group could afford or manage.

"Mistakes were made all along the line by all parties," said Dick Margulis, a book designer and editor who, along with his wife, was among the community's earliest organizers.

What happened at Rocky Corner is not a reflection of the viability of co-housing in general, said Karen Gimnig, the interim executive director of the Cohousing Association of America, a national nonprofit that supports newly forming and existing communities.

There are about 170 established co-housing communities in the United States, according to the Cohousing Association. There are about 30 co-housing communities in California and five in New York State. In a co-housing model, residents own their own homes, but share common spaces — a structure aimed at fostering connection and community through collaborative living.

“Projects that get under construction, like any other development project, it’s imaginable that things could happen,” Ms. Gimnig said. “But it’s really, really rare.”

The association always advises people planning such communities to partner with experienced co-housing developers in order to minimize their risks, she said.

Though co-housing projects are typically built on properties that have municipal water and sewer, she said, the Rocky Corner project was a rural property and involved reserving a portion of the land for farming.

Only about half of the planned 30 housing units were close to completion when Ion Bank, in Naugatuck, recently took possession of the property through a limited liability company. The bank submitted the sole bid of $6.9 million at the foreclosure sale in November. Ion filed for foreclosure in 2020, with outstanding loans on the project totaling about $6.7 million.

Michael Smith, a member from Ridgefield who didn’t plan to buy at Rocky Corner but contributed his financial expertise for a while, said members were wholly dedicated to what he believes was a “worthwhile and valid” vision, and demonstrated “a rare coming together of people” in the face of “many headwinds.”

For many, the project’s collapse is “heartbreaking,” he said.

Members of Rocky Corner met in the unfinished community center, one of the group’s shared spaces, before the bank foreclosed on the property in December. Jane Beiles for The New York Times

“Some people put their retirement savings into this project — but that’s one of the reasons why a lot of people continued to work really hard on this project,” Mr. Smith said. “People were coming to me and asking, should I liquidate my IRA to help the project? I was like, no!”

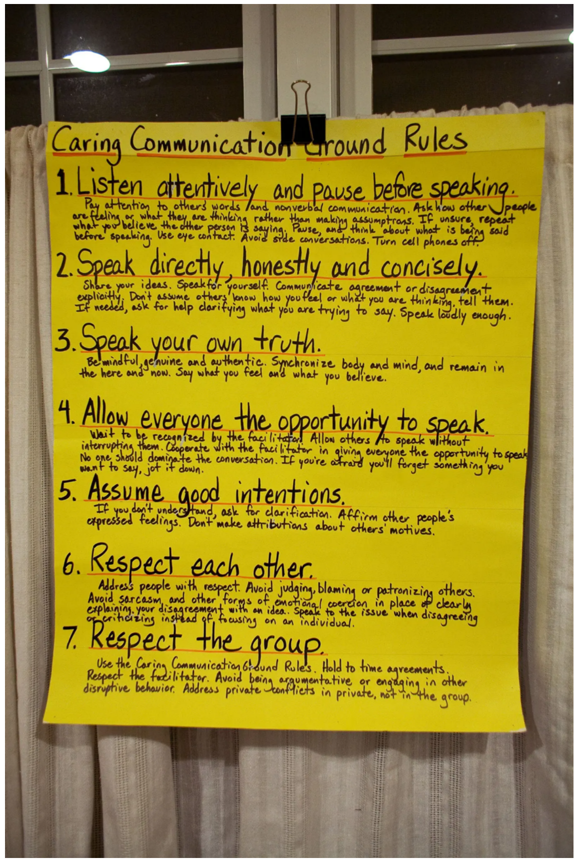
Housing Enterprises, a consulting firm in Enfield, helped the group win a $2.6 million housing grant from the state to make some of the units affordable. “A lot of people lost money,” said David Berto, the president of Housing Enterprises. “There was a whole group of people who put in money to buy the land, and some of those weren’t home buyers. They were just people who wanted to help, including me. We have all lost money and that’s just the way it is.”

At Rocky Corner, members managed the project and their community affairs using a process called sociocracy, which organizes people into various circles to make decisions consensually. A small group of founding members, including Brenda Caldwell, of Bethany, as well as Mr. Berto, sat on the “project management” circle, and regularly consulted with the construction company and architect. Other members participated in one or more circles focused on various other aspects, such as marketing, design, and community relations.

Rocky Corner was organized around the themes of conservation and sustainability, the result of a conversation that began as far back as 2006. The modestly sized homes on the property, all less than 1,300 square feet, are built to high energy-efficiency standards. Laid out in duplexes and triplexes, they are clustered on five acres close to a 4,300-square-foot common house designed to have a kitchen, dining area, lounge, woodworking shop, and laundry facilities.

Organizers had hoped to grow vegetables on a part of the land, and preserve the rest with easements.

“We were really trying to protect the character of the land, protecting it from big ugly development,” said Ms. Caldwell, an experienced organic farmer. “Now we’re really afraid that we can’t protect it anymore, and that is devastating.”



The ground rules for communication were posted at the 2011 meeting. Andrew Sullivan for The New York Times

She blamed the debt pileup on a series of unanticipated costs and bureaucratic delays that dragged out the timeline. For example, she said, just getting the project approved by the town's planning and zoning commission took two years, partly because it was an unfamiliar concept and drew some local opposition. Then, after they broke ground, they unexpectedly ran into a lot of ledge — an underground mass of rock — that had to be removed.

And the regional water authority required them to put in an expensive water treatment system, when they were expecting to simply drill wells, she said. (Bethany does not have municipal water or sewer.)

As costs mounted, the group had to raise the price of the housing units, and that, along with a slowdown in the housing market, made it harder to attract the young families that the much-older organizers were hoping would be interested.

Some potential buyers to moved on because the group repeatedly extended the closing dates on the purchase agreements.

Eric Kemmler, a retired attorney in Farmington who contributed money for the land early on but later parted from the group, said he thinks the basic problem was that "it took too long to decide things. There were people who knew how to do practical things like run a farm, but there wasn't anyone who knew how to do construction. The carrying costs were enormous."

Some of the remaining members of Rocky Corner hope the project will be sold to a developer who will be interested in following cohousing principles. Jane Beiles for The New York Times

By the time Ion foreclosed, “they were $3 or $4 million underwater,” he said. “The bank didn’t see any way that the sales could cover all the debt.”

Ruth Eddy, a retiree who signed a purchase agreement for one of the affordable units, said she withdrew and asked for the return of her deposit in the spring of 2020 after “no one could give me a clear answer” as to the level of debt. The project was over budget in 2019, and “there were constant asks for money,” she said.

“People were involved in so many circles and so many meetings a day, I don’t think they could step back and get a fresh perspective because of the time commitment,” she said. “They did the best they could, but these were not professional developers. There was a kind of fantastical thinking.”

Some prospective residents were so optimistic that the project would succeed that they installed their own flooring and appliances before they had closed on their units. (No closings ever took place.) Some people also paid for customized add-ons to their homes, like dormers or a porch.

“Maybe in a way it was naïve,” Ms. Caldwell said, “but we thought we were going to own those houses.”

She and her spouse, Marie Pulito, still own their home in Bethany — they took out a home-equity loan in anticipation of closing on their Rocky Corner unit. But “there are other people who sold their houses, and now they’re living in rentals,” Ms. Caldwell said.

A professional appraisal submitted as part of the foreclosure proceeding showed prices on the expired contracts ranging from $387,000 for a one-bedroom to $463,000 for a three-bedroom. The income-qualified units ranged in price from about $195,000 for a one-bedroom to $240,000 for a three-bedroom.

The remaining members are hopeful that Ion Bank will sell the project to a developer interested in following through on the co-housing effort.

"Many of us, including the affordable buyers, put in a lot of money that we don't want to see disappear if we can strike a deal to buy our homes," Ms. Caldwell said. "We still have hopes of creating a co-housing community there."

Janis Bowersox, a retired yoga teacher who lives in western Massachusetts, said she would jump at the chance to join if Rocky Corner survives. She previously signed a contract for a unit, but pulled out amid the uncertainty of the pandemic lockdown.

"It's been a dream of mine to live in an intentional community," she said. "It's a gorgeous piece of land, and it's near New Haven's culture and diversity."

Ion's lawyer, Tracy Williams, would not comment on the bank's plans.

Whatever happens, the project is bound under both the terms of the state housing grant, which has already been expended, and local approvals to include at least nine affordable housing units in any future construction project on the site, Mr. Berto said.

In hindsight, he said, the lessons to be gleaned from Rocky Corner are to "control your costs and your timing, and get your home buyers lined up ahead of time or during the early stages of construction."

Mr. Margulis, one of the early organizers, still vividly recalls a meeting for the project that took place in his living room over tea and cookies 11 years ago.

"I even remember what shirt I was wearing," he said. "I think we were naïve — probably still are. But we haven't given up on the dream. We are still optimistic that we can make a change in the world."

A version of this article appears in print on , Section RE, Page 1 of the New York edition with the headline: A Dream That Died In Debt

The State of Real Estate

Whether you're renting, buying or selling, here's a look at real estate news and trends in the New York region and beyond.

- Do I really need a toilet? These are the questions you start asking yourself when you're looking for a New York apartment.
- A couple wanted to buy a one-bedroom on Manhattan's West Side for less than $800,000. Here's where they ended up.
- When the pandemic hit, some New Yorkers abandoned the city for good. They left behind some angry friends.
- In Austin, Texas, and other cities around the country, skyrocketing prices are prompting regular people to act like speculators. When will it end?