August 18, 2020
NVCAP Working Group Meeting

Presentation by David Thompson of Twin Pine Cooperative Foundation and co-principal of Neighborhood Partners, LLC (NP)

First a big thank you to the North Ventura Working Group and the City of Palo Alto for inviting me to present in your workshop. And a special thank you to Elizabeth Ratner, formerly of Amalgamated Housing Co-op in the Bronx for making the introduction.

In 1980 I was the Director for the Western Region of the National Cooperative Bank. In three years the Western Region funded 15 limited equity housing co-operatives of over 1,000 units. One of them, Heron Court, a 102 unit co-op is only ten minutes away in Redwood City.

Dos Pinos

Another community we funded was the Dos Pinos Housing Cooperative (60 units) in Davis. I live in Davis so I have measured Dos Pinos from its opening in 1986 to today.

During that 35 year history I have been able to compare Dos Pinos directly with a;

- 68 unit market rate rental complex across the road
- The UC Davis annual report on market rate rentals and
- Yolo County Median Income

The 35 year results are in my Shelterforce article and in the recent study built on my records and extended to 2019 done by Mikaela Fenton an honors student at UCD where I was her advisor. These documents are available through this site.

Allow me to suggest a view of the Portage Avenue site as all housing with three segments;

- Market Rate Condos
- Nonprofit housing for low income and people with disabilities
- A Limited Equity Workforce Housing Cooperative for Moderate Income

The Issue I wish to address is;
How do we create Permanent Affordability?
How does a Co-op do that?

I will define a LEHC as follows;

- **Must be home owner occupied, cannot be a rental**
- **All members have one vote in the co-op's affairs and in electing the board**
- **Has all the same home owner deductions as a single family home**
- **No more than a 10% return on your invested share**
- **Share value increase is usually set at Cost of Living**
- **No individual mortgages/no realtor charges/fees**
- **One mortgage against the entire property**
- **Takes a 30 or 40 year mortgage**

I am suggesting the following type of Workforce Housing Co-op for discussion

Local 65 Housing Co-op


Autism affects
1 in 10 lives.
60 RICHMOND E.

100 Units (Mix of 1, 2 & 3 bedroom units)
25% of units set aside for teachers and school district employees
25% of units set aside for city employees
25% set aside for hospital and health care workers
25% set aside for local employees

The Local 75 Housing Co-op in Toronto had apartments set aside for hotel and restaurant workers, for displaced residents of Downtown Toronto.

For family income groups from 80% - 140%

Figure #1

	Monthly Payment	Necessary Income	AMI	Affordable to…	Yolo County Income Cap
Dos Pinos	$ 1,212	$ 48,480	55%	Low-Income	70,300
Aggie Village	$ 1,585	$ 63,400	72%	Low-Income	70,300
AOH Program	$ 1,901	$ 76,040	87%	Moderate-Income	105,500
Southfield Park	$ 2,607	$ 104,280	119%	Moderate-Income	105,500
Rental Market Rate	$ 2,731	$ 109,240	124%	High-Income	> 105,500
Purchasing Market Rate	$ 3,574	$ 142,960	160%	High-Income	> 105,501

In terms of cost of housing in Davis CA

Most people that work in Davis do not earn enough to afford to live in Davis

The median income working family of four cannot buy the median home

The median home is about $800,000

A family needs $160,000 for the 20% down-payment

You need to be at 160% of median Income to afford the median home about $140,000 a year.

However,
A family needs $36,935 to invest in a share in Dos Pinos
You can be at 55% of median income to afford Dos Pinos
Almost every family that works in Davis can afford to live at Dos Pinos

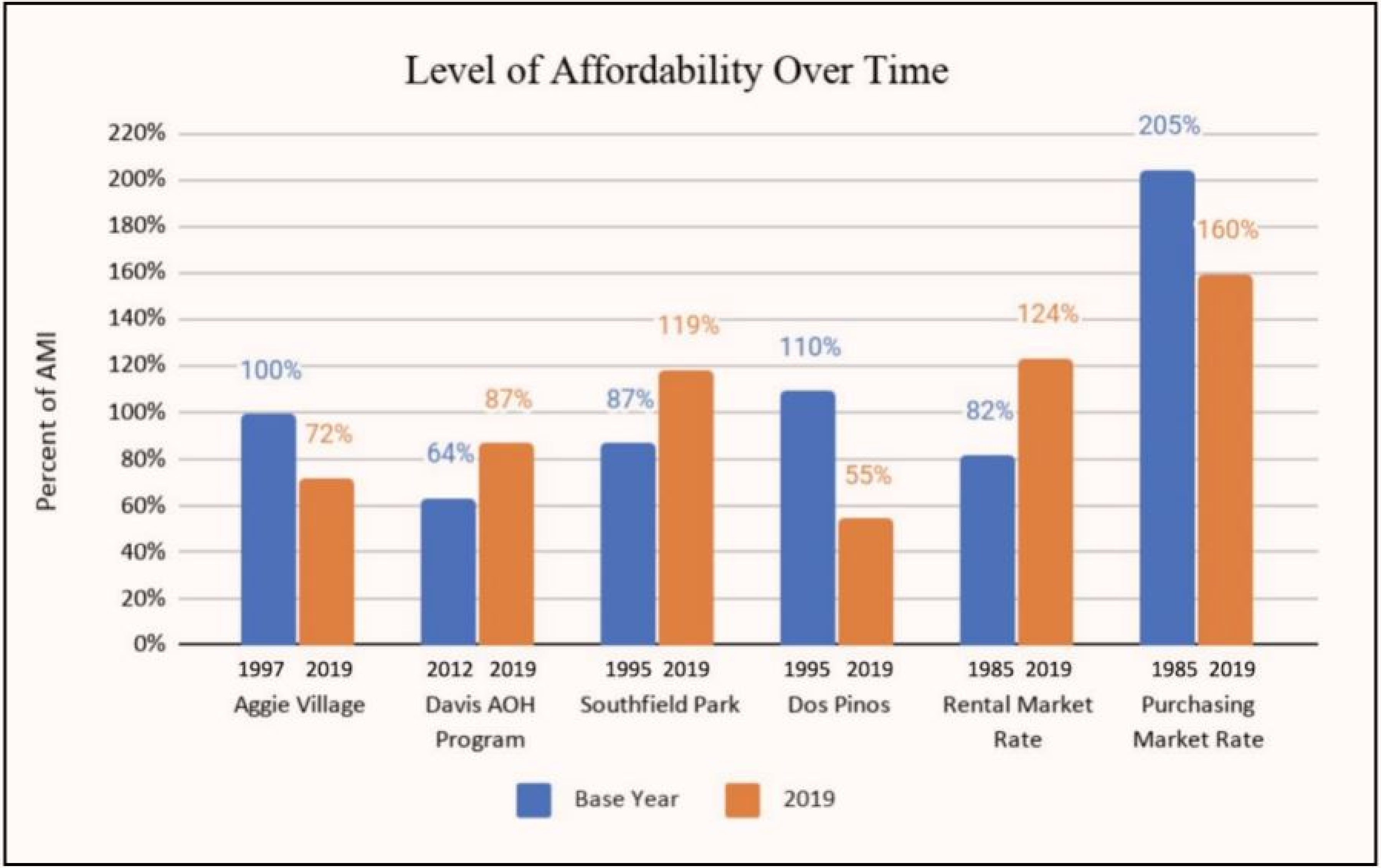
Key Topics

When I use the word Co-op in this presentation it means a Limited Equity Housing Cooperative

To keep the information simple to present we are talking only about comparing a family of four in Davis/Yolo County earning 100% of median income which is $92,500 who are occupying a three bedroom house, co-op, condo or rental unit and paying 30% of their income for their housing cost.

After 35 years the Outcomes at Dos Pinos Housing Cooperative are;

Figure # 2.

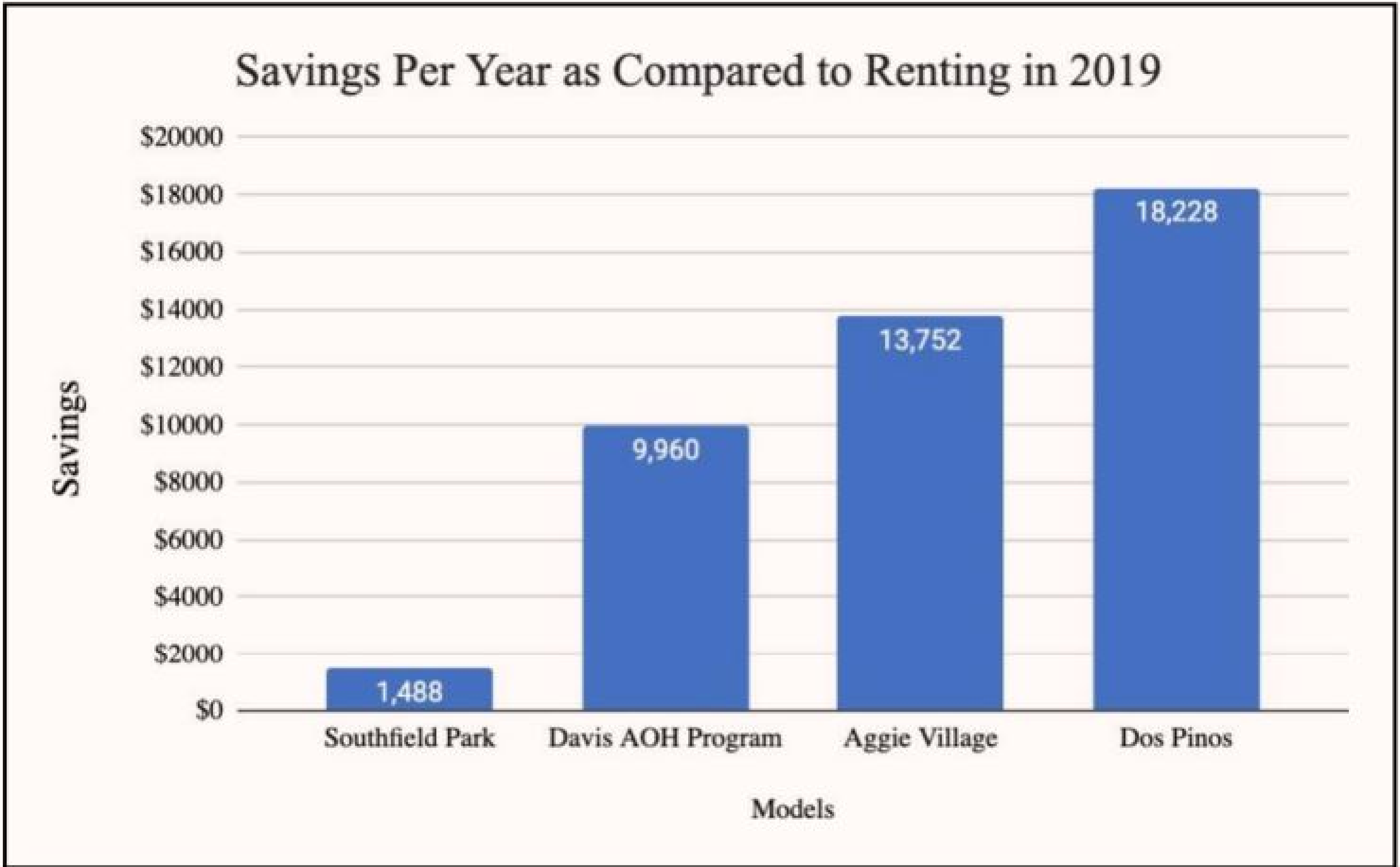

Level of Affordability Over Time
Percent of AMI
220%
200%
180%
160%
140%
120%
100%
80%
60%
40%
20%
0%
100%
72%
64%
87%
87%
119%
110%
55%
82%
124%
205%
160%
1997 2019
Aggie Village
2012 2019
Davis AOH Program
1995 2019
Southfield Park
1995 2019
Dos Pinos
1985 2019
Rental Market Rate
1985 2019
Purchasing Market Rate
Base Year
2019

Levels of affordability over time. Look at the two columns Dos Pinos and Rental Market.

In 1985 it required income of 110% to pay for a three bedroom apartment at Dos Pinos and 82% of median income to pay for the average three bedroom market rate apartment in Davis.

By 2019, the income needed to rent the average three bedroom apartment in Davis had risen to 124% of median income and the income needed to pay for a three bedroom apartment at Dos Pinos had dropped to 55%.

In Figure #3.


Savings Per Year as Compared to Renting in 2019
$20000
$18000
$16000
$14000
$12000
$10000
$8000
$6000
$4000
$2000
$0
Savings
18,228
13,752
9,960
1,488
Southfield Park
Davis AOH Program
Aggie Village
Dos Pinos
Models

Look at the last column only.

The best way for me to show the value for affordable housing is to show you the last column in Table Three.

What would happen if we took the median income family of four who were living in the market rate three bedroom apartment across the road on Sycamore Lane and moved them into a three bedroom apartment in Dos Pinos.

The result would be that the 100% of median Davis family would have savings of $18,228 per year.

Using the share investment needed of $36,935 that would be an annual return of 50% on their investment.

Co-ops are annual wealth generators that provide larger and larger annual savings over time. It is what you do with your savings that becomes the family choice.

Limited Equity Housing Cooperatives are defined by a specific California law. Their key elements are;

Funding Sources/Development Assistance
Land leased from City/nonprofit entity/not purchased
Employer Sponsored Equity Investment (20%)
Member Equity (10%)
FHA 213 Construction and 40 year loan
City/County/State/Federal Sources

ALBANY, PICCADILLY

The oldest continuing co-owned housing complex in the world?

HOUSING

BY DAVID J THOMPSON
Co-op author and historian David J. Thompson learned of Albany's existence over a decade ago. Finally, in the summer of 2017, he was able to see Albany in person, but only dared to venture far enough into the Albany Court Yard to take a few photographs, as time and the ominous doormen would not allow more...

People have been living co-operatively (one member, one vote) at Albany in London, since 1804, making it the longest continuously co-owned apartment building in the world. That's longer than British monarchs have been living at Buckingham Palace (Queen Victoria moved there in June 1838).

Albany, a set of iconic Georgian buildings just off Piccadilly in central London, has been co-owned by its members (known as 'Proprietors') for 213 years, and has been home to some of Britain's most famous people.

Women were only allowed to officially visit from the 1880s and were not allowed to become owners (or 'lessees') until later. In the official founding documents, the buildings were specifically and legally called "Albany" but in recent years some have begun calling it "The Albany".

Albany was built in 1774 as a palatial three-story, London mansion in the Georgian style for the First Viscount Melbourne. The mansion was sold to Prince Frederick, the son of King George III, who in turn sold it to Alexander Copeland in 1802. Copeland hired architect Henry Holland to subdivide the mansion, add other buildings and convert the entire site into 69 different living "sets" (more on this word later). At that point, Albany was to be co-owned only by wealthy bachelors.

Since then, Albany has been a gathering place for the Who's Who of British life. Among its early famous members were Lord Byron, William Ewart Gladstone (PM) and Thomas Babington Macaulay (historian). It the 20th century, Edward Heath (PM), Sir Thomas Beecham (conductor), Graham Greene (novelist), Sir A.M. Carr-Saunders (co-op historian), Aldous Huxley (writer) and JB Priestley (writer and co-founder of the Campaign for Nuclear Disarmament) all called it home. And its 21st century members (now open also to women, but not to any child under 14) have included Terence Stamp (actor), Fleur Cowles (US writer & editor), Sir Simon Jenkins (writer), Anthony Armstrong-Jones, Lord Snowden (society photographer), Margaret Thatcher, for just a few days (PM), and David and Evangeline Bruce (US ambassador to UK).

One element of the expected etiquette of Albany is that existing members should not disclose the names of others who live there (although, clearly, there are too many famous people living there for their presence not to be divulged). Another protocol, in this case followed quite seriously, is that no one should talk to anyone while on the rope walks which connect all the "sets".

Owing to its unique prominence in English high society, Albany has also been the well-described literary abode of major fictional characters created by writers such as Charles Dickens, Arthur Conan Doyle, Georgette Heyer (who lived there), E. W. Hornung, and Oscar Wilde.

In legal documents dating from its founding, apartments at Albany have been described as a "set(s)". There are few clues in English real estate parlance as to how the Albany apartments got the name "set"; the layout of the building, which is a series of passageways, scores of doors, many separate entrances and in some cases shared bathrooms, suggest that "set" was derived from "setts," the English name given to the underground labyrinth occupied by Britain's beloved badgers. As with Albany, badger "setts" can house one or more different badger families.

One study (T. J. Roper, Journal of Zoology, August 1992) that looked at British badger setts found the largest sett to be almost 1,000 yards long, with 178 entrances, 50 underground chambers and 10 latrines. There can be between 6-15 badgers living in each sett, which is often interconnected. Most of the time badgers sleep alone in a separate chamber in the sett. Given that the original intent for Albany was a series of apartments for bachelors coming to London from their ancestral homes in the countryside in order to have their own individual sleeping chambers, the term "set" might easily have been borrowed from British badger life.

The owner of a set is called a Proprietor. The Proprietors elect a board of trustees which governs

Albany and vets prospective proprietors prior to completion of the purchase and taking up of residence. William Stone (1857-1958), a long-time Albany resident, purchased 34 of the individual sets, one by one, and bequeathed them upon his death at 101 years of age in 1958 to Peterhouse College, Cambridge. Peterhouse College long-term leases its sets, but those leasing residents still have to be approved to live there by the Board of Trustees.

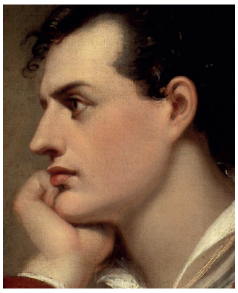
Thousands of people hurry past the little-known address every day. The entrance is set back at the rear of Albany Courtyard, a small inconspicuous narrow entry leading from Piccadilly only to Albany. The entrance is guarded diligently by foreboding liveried doormen.

Yet when you walk out onto Piccadilly from Albany you enter one of the most famous and busiest pedestrian streets in London. Across Piccadilly from Albany is Fortnum and Mason, Britain's most prestigious department store for both England's almost 1,000-year-old aristocracy and London's nouveau riche. Living at Albany is still one of the most treasured and sought-after addresses in London. In 2017, a two bedroom set at Albany was listed for £7m. None of the "sets" can be found on Airbnb.

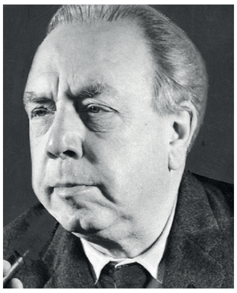
The history of co-operative housing has many interesting beginnings and Albany is one of the earliest forms of co-ownership. There are no in-depth studies on how Albany actually operates, but it would be very interesting to map out how the organisational and legal form of this unique co-ownership has worked over its 213 years.

▲ Albany Courtyard from Piccadilly (top); David J Thompson on his visit to the complex

▼ Some of Albany's notable former residents include (left to right): Lord Byron, Margaret Thatcher, Fleur Cowles, Aldous Huxley and JB Priestley



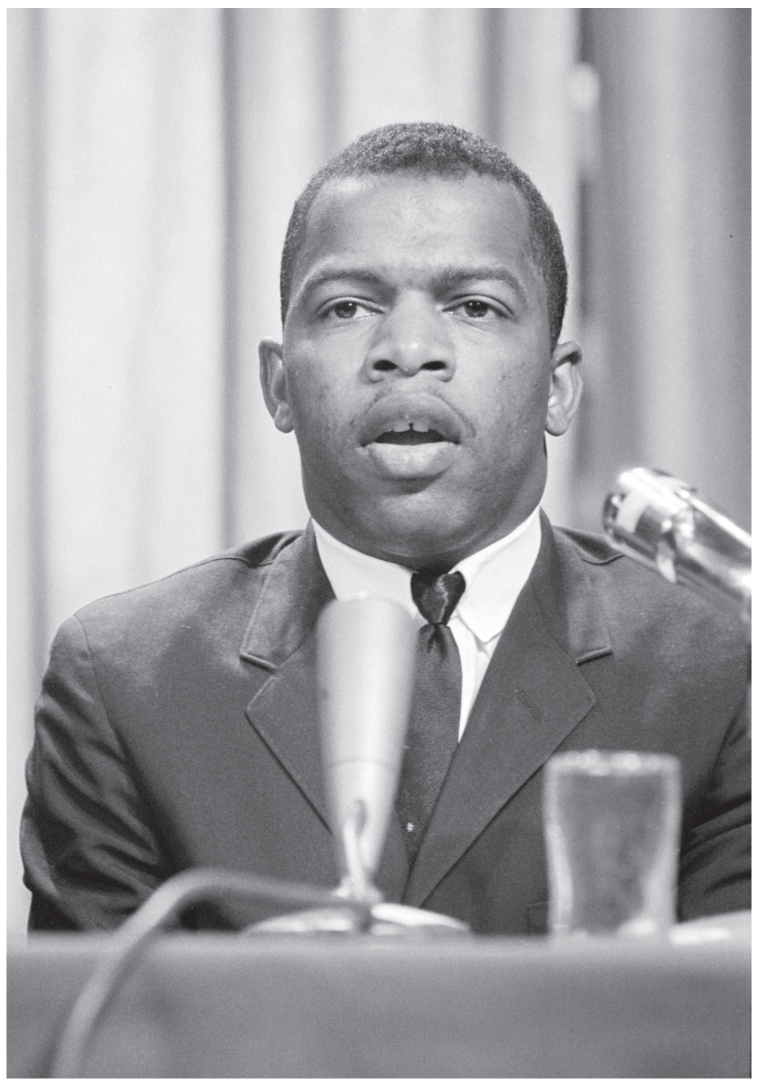




JOHN LEWIS:

Co-operation and civil rights

WRITTEN BY DAVID THOMPSON



Left: John Lewis, American civil rights activist at meeting of American Society of Newspaper Editors, 6 April 1964 (Credit: United States Library of Congress)

John Lewis, who died aged 80 on 17 July, fought all his lift for the poor and minorities and will be remembered as a civil rights movement icon.

On 7 March 1965, John was brutally attacked as he and other civil rights leaders marched across the Edmund Pettus Bridge, toward the State Capitol in Selma, Alabama. It remains one of the most notorious images of violent racism in the USA. He bore the scars of his fractured skull for his entire life – as does America.

I first met John in 1980, when the National Consumer Cooperative Bank (NCCB) worked with him to spread the word of co-operatives to black leaders and communities. I was tasked with arranging John's meetings across the USA and traveling with him throughout California. He was soft-spoken, a good listener and uniquely humble in everything he did. It was a wonderful, memorable journey.

The last time I saw him was on 5 May 2010, when I was being inducted into the Cooperative Hall of Fame. I thought we'd have about 10-15 minutes with John, but he gave us over an hour, speaking about the South and his life working with co-operatives, sharing some of his stories about the Federation of Southern Cooperatives. He told us the soul-stirring story of personally forgiving the white police officer who bludgeoned him on the Edmund Pettus Bridge. The officer was dying of cancer and wanted to apologise for his actions and to be forgiven. John and the former officer had talked and then prayed together in the same room that we were in. Part of his funeral procession included transporting his casket across that same bridge.

John Lewis will long be remembered for the person he was and the passions he held. Many will write of his character, his contribution to building a better America and his selflessness in pushing for pursue change. He deserves every accolade and award he earned, and represents the best of America. He saw the future of our nation and did all he could to lead us there.

I will let others more capable than me sing his praises for a lifetime of service. What I want to focus on is his support for co-operatives. John always wanted co-operatives to build a better, fairer, and more diverse and equitable America. Here is a short chronology of that commitment.

In 1958 he attended a weekend retreat at the Highlander Folk School in Tennessee. In his autobiography, *Walking With The Wind*, he writes that before going to Highlander, he knew a lot about the uniquely inter-racial Highlander Folk School and its lonely, brave work striving for social justice in the South. At that time, Highlander itself was a co-operative and taught its attendees about the development and use of co-operatives.

John wrote: "The single person who most impressed me that weekend was a woman – a 60-year-old organiser named Septima Clark." On John's Island, South Carolina, Clark worked with Esau Jenkins to teach black people on the island how to pass the rigid tests used to prevent them from obtaining the right to vote. This voter education was done secretly in the backroom of a food co-op that Esau and other black islanders had set up to help themselves. The programme that started in the island's little co-op store – called "The Progressive Club" – would go on to become the Citizenship School Program, whose 900 schools registered millions of blacks to vote in the South for the first time in their lives.

So, at the age of 18, John Lewis first came to understand the potential role of co-operatives. Highlander was an influential school: Rosa Parks had attended in 1955 and was also influenced by Septima Clark. She later said: "I was 42 years old and it was one of the few times in my life up to that point when I did not feel any hostility from white people... it was hard to leave." But she did, and only months later, with her new-found confidence, she refused to give up her seat on a Montgomery bus.

At Highlander, John heard Guy Carawan sing the re-worded hymn, *We Shall Overcome*, first created by black composer Charles Tindley. And it was there that he first sat down for a meal at the same table with white people. It would be a seminal moment. "Of course, I left Highlander on fire", John wrote. "That was the purpose of the place, to light fires, and to refuel those whose fires were already lit."

"That was the purpose of the place, to light fires, and to refuel those whose fires were already lit."

In 1958 he attended a meeting at Spellman College in Atlanta on Nonviolent Resistance to Segregation. There, he was taught the tactics of pacifist resistance by Bayard Rustin – who had already passed on his lessons to Rosa Parks and Martin Luther King to use in the Montgomery Bus Boycott. Bayard Rustin went on to organise the 1963 March on Washington from his apartment in a union-sponsored housing co-op in NYC.

At the same Spellman gathering, John met and was influenced by Ella Baker (1903-1986) – in my view, is the most unsung woman in the US civil rights movement. In the 1930s, she was national director of the Young Negroes Cooperative League and was developing other co-operatives in Harlem and New York City. She taught young civil rights activist Bob Moses about co-ops and

March 1965, John was brutally attacked as he and other civil rights leaders crossed the Edmund Pettus Bridge (Credit: Alabama Department of Archives and History) was later hired by the NAACP to teach about co-operatives across the country. Ella also attended meetings organised by the Cooperative League of the USA (Now NCBA) and was the first staff member of the Southern Christian Leadership Conference (SCLC) to work for Martin Luther King. Ella also wanted to lend her organising skills to the young activists and volunteered to become the first staff member of the Southern Non-Violent Coordinating Committee (SNCC).

In 1964 John was elected chair of SNCC; he was one of the Big Six who had represented the organisers of the March on Washington on 28 August 1963. The other five members were: James Farmer, head of the Congress on Racial Equality, CORE (who lived at the Chatham Green Co-op in NYC, which had been sponsored by credit unions); Martin Luther King (lifetime supporter of co-ops); A. Philip Randolph (writer about co-ops, who lived in the Dunbar Apartments, the first housing co-op for black people in NYC, and later lived in Penn South Co-op, NYC); Roy Wilkins, executive director of the NAACP (who later joined the Parkway Village Housing Co-op in NYC); and Whitney Young (president of the Urban League, which organised housing and other co-ops).

From his co-op apartment in Penn South, Bayard Rustin hosted the first meeting of the group that would go on to organise the March. Rachelle Horowitz and Tom Kahn, who lived at the same co-op, were key members of the march staff. Norm Hill, who attended the meeting and worked on the march, later moved to the co-op, and still lives there today.

During 1963, Rachelle put up many of march volunteers at her Penn South Co-op apartment including Eleanor Holmes (now the non-voting Congress member for Washington, DC) and civil rights activists and sisters, Joyce and Dorie Ladner. In *Walking With the Wind*, John wrote about being in NYC just before the march and having Joyce Ladner, Tom Kahn and Eleanor Norton read over his speech – which would end up being the most contentious of the day. Roy Wilkins wanted it to be left out of the programme; but others threatened to boycott the event if it were not read.

Rachelle told me in an interview that the hotel in NYC where John was staying had thin walls and John was practising his speech there too loudly. The hotel manager asked John to practise his speech elsewhere or be evicted from the hotel. John asked Rachelle if he could come over to her apartment at the co-op to rehearse; she figured that the co-op's thick brick walls would make a good sound curtain. Dorie, Joyce, and Eleanor were staying there, too, but after hearing endless forceful renditions of the speech the women eventually had to kick John out. They had already sent Bob Dylan – who had stayed there to rehearse his songs for the march and also took the opportunity to serenade Dorie Ladner – on his way).

A few days later, a 23-year-old John Lewis gave his speech to the nation from in front of the Lincoln Memorial.

In 1967 John Lewis joined the Southern Regional Council (SRC) in Atlanta, Georgia, as director of its Community Organization Project. His task was to establish co-ops, credit unions and community development groups in the Deep South. "This was hands-on work, and I loved it. I felt at home again, literally," he wrote in his autobiography.

In 1978 President Jimmy Carter made him associate director of ACTION under Sam Brown (at one time also a board member of the NCCB). John's staff included 125 people in 10 regional offices. The staff oversaw 5,000 Vista volunteers and over 230,000 elderly volunteers. "We tried to help them through a range of programs similar to those I had directed with the Southern Regional Council," he wrote. "We helped form co-operatives in rural communities."

"That was the purpose of the place, to light fires, and to refuel those whose fires were already lit."

Martin Luthur King gives his 'I have a dream speech

In 1980 he joined the National Consumer Cooperative Bank (NCCB) as community relations director. NCCB president Carol Greenwald asked me to arrange tours for John of black communities in the US where he could speak about the bank and its nonprofit arm as resources for co-operatives.

I had the honour of being on a two-week tour of California with him. We met many important black leaders: mayor Tom Bradley (Los Angeles); mayor Willie Brown (San Francisco); Assembly member – now Congress member – Maxine Waters; and state senator Diane Watson. They were all excited to see John and eagerly listened to the opportunities provided by the NCCB and its nonprofit arm. Bradley and Brown both later gave help to food co-ops assisted by the NCCB's nonprofit arm.

In 1988 my wife Ann and I had hosted Eldridge Mathebula, a visitor from South Africa, whose organisation, the Black Consumers Union, wanted to develop co-ops for black people in South Africa. At that time, under apartheid, only whites could develop and operate co-operatives in the country. Eldridge's organisation invited me to South Africa to give talks on what types of co-op could be organised and to work with government agencies on a pathway to legalise co-ops for black people. At the time, there was an international boycott of South Africa, which I did not want to break. John, by that time, was a Congress member representing Atlanta. I asked his advice on whether or not I should go, and in the end he felt I should. In his opinion, the opportunity was there to instigate black co-operatives as democratically run organisations. In a nation that barred black people from voting and political power, co-ops could be a nonviolent way to build a new society. In 1989, the Black Consumers' Union registered the first black co-operative in South Africa.

Throughout this time, John was a good friend and champion of the Atlanta-based Federation of Southern Cooperatives (FSC). He spoke at FSC's 50th Anniversary in Birmingham, Alabama, in 2017. The National Cooperative Business Association reported: "During a stirring speech at the awards ceremony, prominent civil rights leader Rep. John Lewis (D-GA) called co-operatives a 'key strategy' in the civil rights movement. Echoing Martin Luther King, Lewis urged audience members to keep their 'eyes on the prize' of achieving true and lasting equality, despite setbacks."

In 2010, I met John Lewis for the last time and spoke with him about about his life working with co-operatives.

We have surely lost a champion, but honour a giant. He was the son of a sharecropper who went on to shape our conscience and our nation. We have a moment now in which to reflect on the unique opportunity John Lewis has given us to re-direct ourselves to the co-operative world that he wished us to create. It is time for co-operators to return to making "Good Trouble".

Over page: President Barack Obama hugs John Lewis, after his introduction during the event to commemorate the 50th Anniversary of Bloody Sunday and the Selma to Montgomery civil rights marches, at the Edmund Pettus Bridge 2015. (Credit: White House Photo by Pete Souza)

The Post and Courier
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Opinion » Editorials

A little co-op helped end black disenfranchisement

Charleston, South Carolina, Feb 14 2016 by David J Thompson

Black Americans register to vote as Democrats in Charleston, S.C., 7-17 1948. AP Photo

It was a small cooperative store on a little-known island off the coast of South Carolina. During the harshest days of the civil rights struggle, embattled black leaders came through its doors seeking inspiration. The co-op was called the Progressive Club, but it’s what began in that co-op that led to a movement that would eventually reshape the South.

The Progressive Club was started in 1948 by Esau Jenkins and 40 families from Johns Island as both a consumer co-op and a mutual-aid organization. The co-op bought an old school building on River Road and sold everything from groceries to gasoline and seed to feed.

The members used it to trade goods and services and as a mutual-aid program to help each other in time of need. Every member of the Progressive Club had to be a registered voter and had to pledge to get one or more voters out to vote on Election Day. But there was one small problem.

In order to become a registered voter in South Carolina at the time, blacks had to pass a literacy exam. Jenkins heard the plea from disenfranchised voters and began taking steps towards solving this issue. During routine bus trips to and from Johns Island, Jenkins would hand out informational pamphlets to his passengers. He began a daily custom of teaching them how to read, write and learn the law while he drove the bus.

What Jenkins was teaching on the bus to a few passengers, he wanted to make available to all the disenfranchised blacks on the Sea Islands. But how?

Jenkins himself was a product of this sort of clandestine educational society. Septima Clark, a Charleston educator and civil rights activist, would use her car to transport people from Charleston — Jenkins included — to a school in Tennessee called the Highland Center. It was here where Jenkins collaborated with Highlanders to merge with his bus classroom and sponsor a Citizenship School on Johns Island.

The first iteration of the Citizenship School began at the Progressive Club in 1957. But with the co-op having grown to 400 members, the old school building could not also accommodate the growing needs of the Citizenship School.

They tried to rent, but none of the schools, churches, or organizations on Johns Island dared to let the Citizenship School use their buildings for fear of what might happen to them.

So, Jenkins and the members of the Progressive Club saw that the only option was to lean on the cooperative model, and do it themselves by buying land and building a new co-op store with meeting space.

The new co-op opened its doors in 1963 and it was there, amongst the weighing scales and storage counters, that democracy for many blacks in the South was born.

On behalf of Dr. Martin Luther King, Jr. and the Southern Christian Leadership Conference, Andrew Young and Dorothy Cotton were tasked with taking the Johns Island program to every part of the South.

Through the hundreds of Citizenship Schools they started, millions of blacks were finally able to gain the right to vote — and did.

The accomplishments of that simple Citizenship School, humbly created in a co-op shop, became one of the greatest stories of the civil rights movement.

David Thompson has worked for national cooperative organizations of the U.S., Britain and Japan, as well as the United Nations, and has visited the cooperative sectors in over 30 nations. His book, "The Role of Cooperatives in the Civil Rights Movement," is scheduled for release in 2016. He is President of the Twin Pines Cooperative Foundation.

On the Op-Ed page of the Charleston Post and Courier, February 14, 2016.

- http://www.postandcourier.com/article/20160214/PC1002/160219625/1021/

Cooperative Housing in Emilia Romagna

By David J. Thompson

Emilia Romagna in Northern Italy is a region of four million people known for products and practices that make it a place often studied. It is world famous for being the home of Ferrari, Lamborghini, and Ducati if you drive fast or prosciutto ham, balsamic vinegar and parmesan cheese if you eat slow. The region is also known for the "Emilian model" of child education and small enterprise development. What is less known is that co-ops make up over 30 percent of the economy of the region.

To the people of Emilia Romagna, co-ops are a part of daily life. Almost 2.7 million people are members of co-ops that generate over 40 billion dollars a year and employ 175,000 people. In Emilia Romagna, over 200,000 people live in cooperative housing.

Co-op Ansaloni began in 1948 as a worker cooperative creating jobs for its members in post war Italy. They began by re-building existing homes. Later, they began building new apartments for the 10,000 consumer members of the transformed housing cooperative.

When the only cinema closed in the town of Zola Predosa (near Bologna) the site stayed empty for many years. Co-op Ansaloni worked with the local government to transform the site into 23 units of needed housing in the town center. Co-op Ansaloni's buildings feature underground parking, terraces, solar orientation and ecological building principles.

One of the earliest examples of cooperative housing took place in1884 among workers at a tobacco factory in the city of Bologna, the capital of Emilia Romagna,. From the late 1800s to the 1920s, thousands of units of housing co-ops were formed with the sponsorship of many of the political parties.

To understand housing co-ops in Italy, you first need to study a political map. There are three confederations of co-ops: the Lega (League of Cooperatives) is associated with the left parties; the ConfCoop (Confederation of Cooperatives) with the Catholic center right parties, and AGCI, the Association of Cooperatives, (quite small compared to the other two) with the Republican parties.

Within Emilia Romagna, the Lega is the largest of the confederations. At both the national and regional level, housing co-ops are affiliated with the Lega's housing cooperative organization ANCAb (Associazione Nazionale delle Cooperative di Abitazione). Throughout Italy (2002), there are 1,011 housing co-ops affiliated with the Lega's ANCAb organization. These co-ops have developed 268,000 units of housing for their 394,817 members.

In Emilia Romagna, ANCAb's 22 member housing cooperative development organizations have provided 54,173 units for their 115,812 members. The number of new members joining in 2004 was 4,153 of which 55 percent were aged 34 or younger. During 2004, their members created 1,563 units of their own and an additional 4,747 through other partners. In this case, the ANCAb co-ops in the region have only met the needs of half their membership. There are similarly 162 housing co-ops in Emilia Romagna associated with Federabitazione, the housing cooperative federation affiliated with ConfCoop. These housing co-ops serve the needs of 38,950 members.

From the time Mussolini came to power in 1922 and through the end of World War II, all Italian co-ops were controlled by the Fascist government. During the Second World War, many cooperators associated with the Lega became members of the partisan (resistance) movement. The Italian Communist Party (PCI) led the effort. At the end of the war, the PCI was democratically elected to govern the Emilia Romagna region. The Lega both nationally and regionally was governed by a leadership coming mainly from the PCI, other left parties, and the partisan movement.

The Second World War had tremendous impact especially on northern Italy. Aerial bombings and ground warfare reduced many cities and towns to rubble, and thousands of factories and houses were destroyed. Restoring Italy meant putting people back to work and giving them homes to live in.

Throughout Italy, two types of co-ops emerged to rebuild housing in the post-war era. The first were worker co-ops whose priority was to create employment for their members through the massive task of rebuilding Italy. The second type was housing co-ops. Their major objective was to increase the number of units of livable housing and to rebuild destroyed communities.

By early 2006, Co-op Dozza will open the second phase of Hygeia. Hygeia offers 80 units of housing with many in-unit amenities for elderly and handicapped. Forty units are already being lived in and enjoyed by the members. All the hot water needs of the apartments are met by solar on the roofs.

Cooperativa Edificatrice Ansaloni – A Conventional Housing Co-op

You can join Co-op Ansaloni in Bologna with an equity share of about $200. The share gives you a vote but more importantly the right to be informed of homes made available through Co-op Ansaloni's building program. Your place on the share register is like being on a waiting list and gives you certain rights. You may have additional rights for restricted use units if you are a senior, handicapped, or low income.

When a new unrestricted cooperative project is proposed, the membership of Co-op Ansaloni is informed of the details such as costs, location, and types of units. Members generally look at a project based on cost and location, and if interested, send in an application. Co-op Ansaloni awards units by date of joining as long as that member meets the qualifications for the unit.

When completed, the building is transferred from Co-op Ansaloni's ownership to being owned by a new separate cooperative organization. Within the new co-op, the ownership rights are divided up similarly to a stock co-op or condominium. The new organization remains affiliated with Co-op Ansaloni and will likely be managed by them. The new occupants remain members of Co-op Ansaloni as well as being members of the new cooperative association.

President Franco Lazzari and Vice President Giancarlo Caravita of Co-op Ansaloni are very proud of building quality housing at affordable prices. Co-op Ansaloni places a high value on building communities that are ecologically responsible and socially responsive. Co-op Ansaloni also pursues a strong social mission and allocates funds in its budget to a range of benefits for the community (see the box on page 11).

There are 10,938 members on Co-op Ansaloni's list, and 544 members joined in 2004. In the same year, Co-op Ansaloni provided 326 new units of housing to its members. Since its founding in 1948, Co-op Ansaloni has built 4,000 homes.

Cooperativa Edificatrice Giuseppe Dozza – A Social Housing Co-op

Becoming a member of Co-op Dozza has many similarities to joining Co-op Ansaloni in terms of rights. However, when you join Co-op Dozza, you must also qualify as meeting their target population that either is an income-based target or special needs populations such as elderly or handicapped or both. In Emilia Romagna in 2004, 20 percent of cooperative housing was built as social housing.

Co-op Dozza works with local governments to obtain below-market funds to provide low-cost social housing. The funds are used to fulfill a social purpose by serving the special needs of local residents. As a commitment to long-term permanent affordability, Co-op Dozza retains ownership of all the units within the co-op as indivisible capital. This legal act protects the value created by the co-op ever being sold at market price and commits the property and the capital investment it represents to serving social housing.

Valter Cattabriga, president of Co-op Dozza, is working on "Hygea" a project just being completed for seniors and people with handicaps. What is impressive about Co-op Dozza is their commitment to handicapped accessibility. Each apartment has a closed circuit television phone so that the member can see and communicate with who is at their door. While still in bed, they can let the visitor into the apartment building and into their own unit. Each bedroom has pulleys to lift the resident out of bed and into a wheel chair. Each apartment has a fully accessible bathroom with a roll-in shower and lots of pulleys. The height of the kitchen sink and counters can be adjusted by the cooperative staff. The amenities built into every unit to

(See **SPOTLIGHT**, *p. 11)*

(**SPOTLIGHT**, *from p. 9*)

accommodate a potential handicapped member.

Co-op Dozza owns 40 different properties that provide just over 1,000 units of housing. Co-op Dozza's properties are located in 14 different cities and towns in and around Bologna.

The two cooperative organizations highlighted in this article demonstrate how Italian housing cooperative organizations meet many different needs in Italy. These two co-ops are an everyday part of the Lega family of co-ops and major contributors to the cooperative economy of the region. For example, many of the housing co-ops are built by worker-owned construction co-ops.

At the present time, the future has mixed possibilities. The continued long-term reduction of national and regional subsidies and resources for all types of housing has created a slowdown. Interest rates are also moving up and putting pressure on housing cost. On the other hand during tighter times, the housing cooperative organizations have more capital and capacity to keep going than many private housing developers.

To protect the future, housing co-ops in Italy are pioneering "green building" methods and cornering a niche market. The responsiveness of the housing co-ops to green energy and solar is lifting them to a new level of success. Co-ops are taking the same level of interest in innovation in developing special needs housing. Due to a shrinking population, an ageing cohort, and high levels of immigration, Italy's housing needs will change a lot during this present century. However, it is assured that Italy's housing co-ops are quite capable of not only changing with the times but championing those changes.

David J. Thompson visited housing co-ops in Emilia Romagna this June. He is author of "Weavers of Dreams" *and co-author of* "Cooperation Works." *He has written almost 300 articles on co-ops. David is co-principal of Neighborhood Partners, LLC, a developer of housing co-ops based in Davis, California.*

Cooperative Housing Today

Most Italian housing co-ops operate on the basis that if you wish to obtain a home through a cooperative housing organization, you have the right to become a member. Membership in Italian housing co-ops is not restricted to those who live in a specific housing co-op but is open to those who wish to live in housing provided by the cooperative housing organization.

In general, cooperative housing associations in Italy build two different types of housing co-ops. One type is called a social housing co-op. In this case, the housing unit remains owned by the cooperative organization that provides subsidized housing for low-income families, elderly, immigrants, and other special needs populations. The other is a conventional housing cooperative provided under market conditions. However, due to special government financing, the unit is sold to members slightly below market and usually has equity restrictions on resale that are released over a period of 20 years.

According to Italian Cooperative law, every co-op must contribute 3 percent of their net surplus or profits to the national cooperative development fund of the confederation with which they are affiliated. For example, in 2004 Co-op Ansaloni contributed $120,000 dollars to the Lega's Co-op Fund. All co-ops must also contribute 30 percent of their net profits to their own indivisible reserves; in 2004 Co-op Ansaloni transferred $1.2 million dollars to indivisible reserves. Corporate tax in Italy is reduced for co-ops when they assign profits to indivisible reserves. Upon dissolution of a co-op, the reserves cannot be distributed to the members but must be donated to the Lega's cooperative development fund. Because both Co-op Ansaloni and Co-op Dozza are cooperative development organizations (similar to CSI Support and Development Services, and United Housing Foundation) they fund their ongoing operations and future projects from the profitability of their development projects. Profitability is important because it strengthens the equity on their balance sheets and stronger balance sheets allow for greater borrowing and the continued capacity to develop new cooperative housing projects.

Co-op Dozza's Hygeia is separated into two adjoining buildings to give all the apartments terraces, sunlight, air circulation and plenty of windows. A passageway between the buildings connected by elevators allows for safe internal circulation.

Workforce Housing Cooperatives: You Can Live Near Your Job

By David J. Thompson

Daily newspaper headlines beg for solutions for America's affordable housing crisis. There are lots of valuable ideas, but few implementations that are scalable. For example, there's much talk about the concept of "workforce housing" but very few concrete examples. Numerous definitions of "workforce housing" exist with the most prevalent being that it serves working people earning 80-120 percent of median income who pay no more than 30 percent of their income in rent.

There is a housing crisis in many major U.S. cities, a continued rise in homelessness and a vast shortage of affordable housing for extremely low, very low and low-income households (30-80 percent of median income). While just a drop in the bucket, federal and state programs and subsidies are at least addressing some of the problems of supply.

A similar and growing crisis exists in the supply of affordable housing for households earning between 80-120 percent. This segment of the population, however, is not eligible for subsidies or affordable housing and most often is paying far more than the 30 percent of income that the U.S. Housing and Urban Development regards as normal. This 80-120 percent segment is mostly destined to be renters-for-life, and with overpaying for rents and miniscule ability to save, they will never have the down payment to own a home or pay a mortgage.

Nor, most likely, will they be able to afford to live near their job. Commuting is a major contributor to global warming. Affordable housing for this segment of our major cities is fast disappearing. "Workforce housing" targets this segment with words and policies, but, regretfully, with few real projects.

One group did do something about it, however. Here's the story of a workforce housing cooperative operating in the heart of one of the biggest cities in North America.

This housing cooperative gives first preference to low-income workers with jobs in downtown hotels and restaurants. Those resident members are easily able to walk, bike or take public transportation to their jobs. The 85 cooperative apartments (33 one bed rooms, 24 two bedrooms, 24 three bedrooms and four four-bedroom units) are a mix of subsidized and slightly below market rate units. Four units were developed as accessible. Because of the central city location, only 10 on-site parking spaces were provided. One space is reserved for Enterprise CarShare and one space reserved for handicapped parking.

How did such a sensible, affordable home for the lowest paid employees of Toronto's Downtown hotels and restaurants get built a third-of-a-mile away from Toronto City Hall in the city's business center? The cooperative is six minutes by bike from Union Station, Toronto's transportation and downtown hub. One Local 75 Housing Co-op resident was quoted in the National Post as saying, "I love it. I can walk to work. I don't have to get up at 5:30 a.m. and get the bus."

The city of Toronto had a vacant site at 60 E. Richmond Street. Toronto Community Housing (TCH) was fast losing social housing units downtown. The Cooperative Housing Federation of Toronto (CHFT) had not seen any new cooperative in 20 years; and Local 75 UNITE (Hospitality Workers) had members traveling quite a distance to their downtown jobs. The ingredients were there, but there was not yet a cook.

Along came Toronto City Councillor Pam McConnell. McConnell had lived in Spruce Court Co-op for 40 years. At times she was a cooperative housing manager and rose to become president of the Cooperative Housing Federation of Toronto. In 2017, the year she died prematurely, she was a deputy mayor of Toronto. McConnell saw a unique alliance that met her cooperative vision to house low-income workers in downtown Toronto.

The alliance spent a few years looking for an outcome that was acceptable to all four groups. At the conclusion of their efforts: The city of

Continued on page 16 >

CREDIT: TOM ARBAN, TEEPLE ARCHITECTS, INC, TORONTO.

Local 75 Housing Co-op is located in Toronto, Canada.

David J. Thompson is president of Twin Pines Cooperative Foundation and a co-principal of Neighborhood Partners, LLC, www.nplic.org.

Workforce Housing Coop [continued from page 15]

Toronto leased the vacant site to TCH for 50 years; TCH, CHFT and UNITE signed a memorandum of understanding on who would be eligible to live there and what income groups would qualify. TCH then subleased the property to Local 75 Housing Cooperative, Inc. The final agreement reserved 47 units for displaced low-income households who once lived in the gentrifying Regent Park neighborhood and 38 units for UNITE members or non-union workers in the hospitality industry.

To support the project and to bolster the cooperative's operating budget, UNITE filled another gap. UNITE rented most of the ground floor commercial space for two purposes. One was for its Toronto offices, and the other, more importantly, was for a training restaurant.

Called Hawthorne Food and Drink, the training center is open to all UNITE members and to any member of the public who wants to work in the hospitality industry. For example, United Way of Toronto and other government work programs provide scholarships to homeless and low-income people who want a job in the field. The Hospitality Workers Training Center (HWTC), a nonprofit sponsored by Local 75 UNITE, downtown hotels and government and nonprofit employment organizations operate the restaurant. In less than seven years of operation, Hawthorne has trained hundreds of hospitality workers.

The *Canadian Architect* magazine wrote this about the cooperative: "Designed by Teeple Architects, 60 Richmond East is a boldly contemporary high-rise with sculpted lines and splashes of colour, as well as a compelling blend of social, environmental, and urban aspirations."

The 11-story building has won numerous awards for its architecture and sustainable construction, such as Governor General's Medal in Architecture; Greater Toronto Chapter Innovation in LEED Award – First Place; Toronto Urban Design Award – Award of Excellence; ArchDaily Building of the Year Award; Sustainable Architecture & Building Award; and Canadian Architect Award of Excellence.

The need for workforce housing cooperatives like Local 75 Housing Cooperative in major American cities is enormous. Cities desperately need targeted affordable housing to attract teachers, public employees, service workers, nonprofit employees and gig workers who are the moderate-income backbone of the urban economy. Due to the very high costs of housing in many cities, the need stretches from households earning between 80-140 percent of median income.

Religious organizations, teachers' associations, unions, employer and employee groups, nonprofit housing and community organizations are some examples of people who could step forward to sponsor such initiatives for their members.

The oldest continuing housing cooperative sponsored by a union is Amalgamated Housing Cooperative in the Bronx. It was first occupied in 1927. A second housing cooperative called Amalgamated Dwellings in Manhattan was occupied in 1929. Amalgamated Clothing Workers Union under the leadership of their president, Sidney Hillman built the two housing cooperatives. The manager was Abraham E. Kazen,

CREDIT: ED YAKER

Amalgamated Workers Housing Cooperative, Bronx, N.Y. is one of the first examples in the United States of union sponsored workforce housing.

who went on to become known as the 'father of cooperative housing in the United States of America.'

In the 1950s, a group of trade unions under the leadership of Kazen drew upon the Amalgamated experience and went on to form United Housing Foundation in New York City. Through their joint sponsorship, UHF spurred the creation of over 20 housing cooperatives. Those unions created about 33,000 units of cooperative housing in New York City targeted to their members. Some were developed by unions to house their particular members. UHF functioned to provide affordable housing to the city's core workforce. Through UHF, union workers got to live affordably and have cooperative home ownership in the city where they worked. Without a doubt, and without knowing what it would be called later, the UHF cooperatives in NYC were the first mass provision of "workforce housing" in the USA.

Only a coalition of that type of scale sponsoring limited equity housing cooperatives (LEHC) and using state and federal funding can meet the affordable 'workforce housing' shortage facing today's moderate-income working families.

Silicon Valley and San Francisco in California are at the epicenter of the jobs housing crisis. Apple, Cisco, Google, Facebook and other tech giants are investing billions of dollars in foundations to address the regional affordable housing crisis. Some of these new funds should foster LEHCs for targeted employee groups such as teachers, municipal workers, tech workers, etc.

LEHCs have the best record of maintaining affordability over time, requiring modest down payments, creating lower entry home ownership, ensuring owner occupancy and creating democratic governance and community. In particular, the U.S. is fortunate that the National Cooperative Bank and Capital Impact are available to share their extensive experience in funding affordable cooperative housing.

The moderate-income housing and home ownership deficit are growing at crisis proportions. The overpayment of rent by moderate-income families is destroying the asset building opportunities of this core segment of the population. Without employing a cooperative housing solution that has access to targeted government, foundation and institutional financing, the U.S. will be left with cities of lifetime renters not able to save. Without an affordable ownership solution for the middle class, America's societal structure and values and the American Dream are at risk. CHQ

Health and Community Development Pullout! p.23

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The State of Permanent Affordability

Weak-Market Inclusionary Housing

Community Control of Land—In Your Words

This Housing Gets More Affordable Over Time

Buying Low-Cost Units Before They're Lost

Shelterforce Volume 39, Number 2

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ON THE COVER: Brandon McGoogan speaks to a crowd during the "Vacant House Art Takeover." Photo courtesy of United Workers

PHOTO AT RIGHT: Courtesy of Chinese Progressive Association, of Boston

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SPRING 2018

HEALTH & COMMUNITY DEVELOPMENT

A Low-Cost Ownership in a Desert of

Davis, California, a university town with over 70,000 residents, had only 13 vacant market-rate apartments to rent as of December 2017. That's a vacancy rate of 0.2 percent, according to an annual University of California–Davis study of the housing market, which covered 83 percent of the city's market-rate apartments. When the figures in the study for three-bedroom units rented as a whole and those rented by room are combined, we find the average rent for a three-bedroom unit in 2017 to have been $2,388.

Davis is in Yolo County, which had a 2017 area median income of $76,900 for a four-person household. Using the 30-percent-of-income affordability standard, a median-income family of four living in an average market-rate apartment in Davis is paying $5,592 per year more than they can afford.

There is, however, one place in Davis where a median-income family of four is paying far less than not only the average market-rate rental, but less than the HUD standard, which defines cost-burdened families as those who pay more than 30 percent of their income for housing. That community is the Dos Pinos Housing Cooperative, the only limited-equity housing cooperative in Davis. A limited-equity co-op is a type of cooperative intended to preserve affordability for low- and moderate-income households. Members purchase shares in the cooperative that entitle them to live in one of the units and have a vote in the governance and management of the building. Units have restricted resale values and many have income limits for potential members, who pay monthly fees, or carrying charges, to cover their share of the cooperation's expenses.

The monthly carrying charges to live in one of the 26 three-bedroom apartments in the Dos Pinos Housing co-op, as of December 2017, were $1,165. That's a savings of $14,676 per year over the average market rent. A household in one of the 28 two-bedroom apartments had annual savings of $9,036, while a household in one of the six one-bedroom apartments had annual savings of $7,452.

Buying a co-op is more affordable than buying a house in the city. The *Davis Office and Commercial Real Estate Report 2017 Year in Review* reports that the average asking price of a single-family home in Davis is $632,000. The median number of days a house is on the market in the city is just 12. The market is so hot that most sales are paid for with cash, and if not, a down payment of at least 20 percent ($120,000 minimum) is required, making it hard for buyers who cannot pay cash to arrange financing and compete. A median-income family of four in Davis cannot purchase the average home on the market.

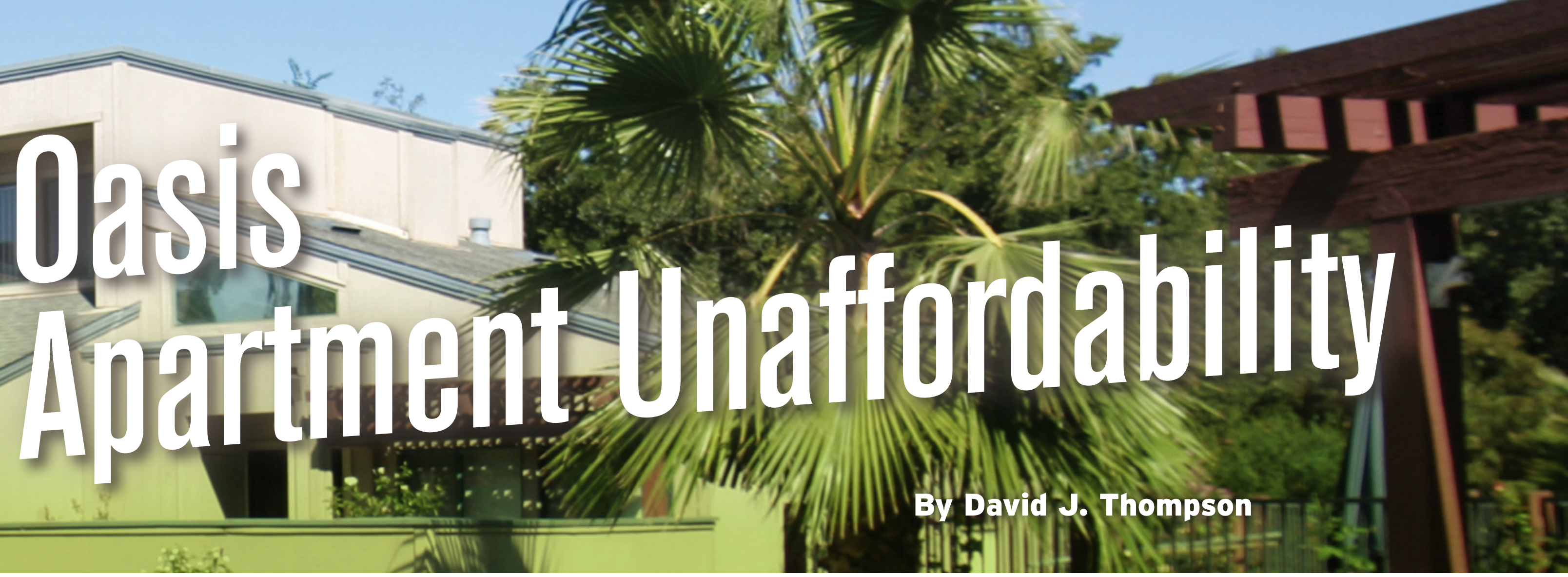
Getting More Affordable Over Time

I helped create and finance the Dos Pinos Co-op and have been studying the cost of living there since 1985. It wasn't always the most affordable place to live in town. In 1985, the co-op started at a monthly cost above the area's average rent because it was newly built. However, the cost of buying shares in the coop for a three-bedroom unit at that time was $4,880, which was much less than buying a house in Davis, which at the time would have been about $150,000 with interest rates at 12 percent. Many members wanted to live in a cooperative community, as well.

Because no one has pocketed the increased value of the building and land (including individual co-op members), 30 years later the co-op's monthly costs are 50 percent lower than the average market rate apartment. The co-op has not imposed income limits on who can live there, and it has a three-year closed wait list.

THREE-BEDROOM UNIT MONTHLY COSTS

Year	Average Market-Rate Rental	Dos Pinos Co-op Assessment
1985	$592	$798
2000	$1,218	$940
2017	$2,388	$1,165



Oasis
Apartment Unaffordability

By David J. Thompson

When this limited-equity cooperative in California began more than 30 years ago, it wasn't the most affordable place to live. But now the co-op's monthly costs are 50 percent lower than the average market-rate apartment.

For the past two decades, Davis's hot housing market has had an extremely low rental vacancy rate. This lack of supply has pushed up rental rates. The co-op, on the other hand, has shown that it has substantially increased affordability. In 2017, a family of four needed to earn only 59 percent of the area median income to be able to live in a three-bedroom apartment at the co-op. In 1985, when the co-op came into existence, a family of four needed to earn 111 percent of the area median income to live in the same unit. Over time, families need less and less income to afford to live at Dos Pinos. The co-op requires people moving in to have a monthly household gross income that is equal to or greater than 2.5 times the monthly assessment. By this standard, a very-low-income family of four in Yolo County is eligible to move into the co-op. There is no other homeownership model in Yolo County affordable to that same family. Saving or borrowing the $33,000 for a share payment is still a challenge for many low-income households. Nonetheless, the co-op finds that households moving in recently have been of mixed incomes: 12.5 percent very low income, 25 percent low income, and 25 percent moderate income.

The combined annual net savings for the 60 households living at the co-op relative to the market cost of equivalent market-rate rental housing in Davis in 2016 was $679,296. This shows definitively that the limited-equity co-op model can generate sizeable disposable household income and create measurable wealth-building opportunities.

The co-op has received no subsidy at any time in its history. It bought the land at market value and erected the buildings at market value. Annually the co-op pays more than $30,000 in local property taxes, just like the market-rate apartment complex across the road.

No co-op apartment at Dos Pinos has ever been foreclosed, and in 32 years, only one member has been evicted. The vacancy rate is always zero and the vacancy reserve is never used. Since 1986, there has always been a waiting list for apartments at the co-op. For the past decade, the waiting list has stood between 60 and 100 families. The waiting list was closed as of December 2017 at 128 families, and will be re-evaluated in April. With an average turnover rate of five apartments per year, the average wait for a three-bedroom unit is about three years.

Dos Pinos holds an additional appeal for families. Because state law requires owner occupancy in an LEHC, all households living at Dos Pinos must be permanent Davis residents. Therefore, there are no student households at Dos Pinos, as the wait to get in is usually longer than the college stay. In contrast, most apartment complexes in Davis are 80 percent or more student-occupied, and even Davis condo associations are over 50 percent student rentals. Many families would prefer family-oriented complexes, but if you are renting, that is not an option in Davis, outside of the co-op.

Inclusionary Housing

The co-op is, in a manner, the first inclusionary housing developed in Davis. In the 1980s, Davis capped how many subdivision units it would approve on an annual basis. Since there were more developers who wanted to build than permits being given, some developers found they might have a three- to five-year wait to get planning approval. To encourage the construction of permanently affordable housing, the Davis City Council adopted a policy that would allow developers to build up to 120 units in limited-equity housing cooperatives outside of the housing unit rationing at any time. In 1983, one developer stepped forward to take up the challenge and proposed a 60-unit co-op (which later would be called Dos Pinos). The co-op was one of the earliest limited-equity housing cooperatives

The Dos Pinos Housing Cooperative, the only limited-equity housing co-op in Davis, California, does not impose income limits on who can live there.

PHOTO COURTESY OF DOS PINOS HOUSING COOPERATIVE

PHOTOS AT LEFT COURTESY OF DOS PINOS HOUSING COOPERATIVE; PHOTO AT RIGHT COURTESY OF AEON

In 2017, a family of four needed to earn only 59 percent of the area median income to be able to live in a three-bedroom apartment at the co-op.

to be approved under a California state law that had been enacted in 1979. The co-op was completed in late 1985, and fully occupied by 1986.

After that, the city adopted requirements that each new Davis subdivision or housing development must include land set aside for permanently affordable housing. Almost all of that land has been developed by nonprofit housing organizations using tax credits to build over 1,000 rental units to reach mostly low- and very-low-income households.

In 2000, Davis residents approved a ballot measure whereby any annexation of land by the city requires citizen approval. Since then, all four efforts to annex land to the city have been defeated at the polls. In February 2018, the city substantially reduced its affordable housing requirements for multifamily developments, and given the present climate it is likely that there will be few land set-asides in the near future.

California's limited-equity cooperative housing law was first introduced by Assemblyman Tom Bates of Berkeley and adopted in 1979. In 2009, the California Legislature unanimously voted in favor of a bill—authored by Assemblyman Dave Jones of Sacramento—that extensively revised the law.

The key elements of the law are:

- There is one vote per member household.
- The co-op unit must be owner occupied (no rentals).
- The individual member share cannot be more than 10 percent of the unit cost.
- A member can receive no more than 10 percent return a year on their share. Most co-ops set the rate at less than 5 percent. That return is noncompoundable and not returned to the member until they leave the co-op.
- The value of the entire co-op, if there is dissolution, shall be distributed in the following manner: If there are funds remaining after paying off all obligations, each member household shall receive their full share investment plus the interest on that share, but no more than that; all remaining value must be contributed to a nonprofit tax-exempt entity.

RESOURCES

"Will Limited-Equity Cooperatives Make a Comeback?" by Lillian M. Ortiz. *Shelterforce*, April 25, 2017
bit.ly/2sJTvZe

Fewer than 50 apartment-type limited-equity housing co-ops have been developed in California under the LEHC laws. Almost all were developed from 1980 to 1990, when the National Cooperative Bank was able to partner with programs of the state of California that also supported the development of limited-equity co-op housing. After 1990, most jurisdictions and nonprofits in California moved to use their limited resources to develop affordable rental housing with tax credits as the key financing tool. The normal limited-equity housing cooperative is not eligible to use tax credits so interest in those cooperatives petered out.

The Unique Nature of Co-op Ownership

A unique aspect of a limited-equity housing co-op relative to all the other equity sharing models is that the appreciated of value of the housing is all retained in the co-op and in the community. When a member leaves an LEHC, the only economic transaction is what was initially paid for the unit plus interest earned. This means the balance sheet of the co-op is unaffected economically by any change in membership. All the economic gain in value stays in the co-op.

While this might seem like a limit on asset accumulation for co-op members, remember that almost all of the 8,000-plus families living in a market-rental apartment in Davis are not building assets, in housing equity or outside of it.

Meanwhile, for 2017 a co-op member's annual return on share investment could be considered to be 52 percent, if you include cost savings compared to other available housing options in Davis. A member joining the co-op on Jan. 1, 2017, would have invested in a refundable share of $33,000. The savings in monthly costs compared to market rate would be $14,676, and the 3.25 percent interest earned on their share (for 2017) would come to $1,072. (Annual interest rate is set at the prime interest rate, up to a maximum of 10 percent.) This amounts to $15,748, or 52 percent of their $33,000 investment. If market rental prices continue to rise faster than co-op costs, this return could get even higher. In addition, a number of members take a tax deduction for their portion of the mortgage interest and property taxes (co-ops are eligible for these deductions and members of housing cooperatives are seen as

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wealth and contribute to their community. There is an easy argument to make that private developers and land owners benefit from public investments in things like schools and transit, and therefore, should give back some public benefit through the creation of below market-rate homes. Shared-equity homeownership offers smarter, more prudent use of public resources; results in bigger, better outcomes that help more families build wealth through owning a home; and it provides greater community impact by permanently incorporating families with modest incomes into revitalizing neighborhoods and neighborhoods of opportunity. All of this benefits the social fabric and economic vitality of any town or city. (For some supporting data, view Grounded Solutions' HomeKeeper National Data Hub). It's time to unabashedly make the case and organize for policies, funding, and financing that requires affordability to last. Let's get to work, so that a decade from now I can write an article about how the field has turned lasting affordability and shared equity homeownership into the norm, rather than the exception.

EMILY THADEN *is the director of National Policy and Sector Strategy at Grounded Solutions Network.*

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Given the economic return over time, an LEHC could also be a good thing for groups such as teacher associations and unions to bargain for: A housing cooperative for teachers would give educators far more economic gain per year than could be gained from salary increases, while demanding less ongoing input from the school district. An LEHC could even help recruit teachers and staff. A district could provide leased or low-cost land in return for school district employees being given first preference for the apartments. The school district could also lend funds to eligible employees to help them invest in their co-op share.

Limited-equity co-ops as a structure have a number of advantages when it comes to creating deep and lasting affordability. In other "shared-equity" models, the seller may leave the project and the community and take some equity gain with them; that does not happen in the co-op. Since all the gain in equity and value is retained by the co-op, and therefore in the community, increasing subsidies are not needed. In fact, as we have seen, affordability can increase over time. This means that over time a LEHC can bring a form of homeownership to a lower income group than almost any other "shared equity" model.

One affordable co-op in one high-rent city in 30 years does not a movement make. However, of the homeownership options for the "missing middle," the LEHC has tremendous potential. An LEHC would work well for many types of organizations that might have land to set aside for a cooperative community, and funds to help lower-income families purchase the co-op share, such as local, state, and other government agencies; unions; churches; veterans groups; and other affinity groups.

Given the massive need, there ought to be many more limited-equity housing cooperatives like Dos Pinos creating "wealth generating" housing for the forgotten American family.

DAVID J. THOMPSON *is a co-partner in Neighborhood Partners LLC, a developer of nonprofit housing. He has spent nearly all his working life committed to the development of cooperatives (www.community.coop), and the latter half to affordable nonprofit housing.*

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Unlike in the past, Curtis Bay residents will not be content to be interested bystanders or consultants to community development, but actual agents of it. Control of community land to them means the control of housing speculation, siting of pollutants, and preservation of neighborhood businesses. It also is the means to develop permanently affordable housing, solar energy, fresh food, and community-oriented enterprises. Curtis Bay and the Baltimore Housing Roundtable began building a community base and community-driven development frame well before the Baltimore rebellion. While we couldn't have anticipated the uprising or the changed dynamics it would produce, we know that we wouldn't be where we are now, absent the organizing that allowed us to move into the policy vacuum it exposed.

PETER SABONIS *is director of legal strategies at the National Economic & Social Rights Initiative.*

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SPRING 2018

The State of Permanent Affordability

Weak-Market Inclusionary Housing

Community Control of Land—In Your Words

This Housing Gets More Affordable Over Time

Buying Low-Cost Units Before They're Lost

Shelterforce Volume 39, Number 2

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ON THE COVER: Brandon McGoogan speaks to a crowd during the "Vacant House Art Takeover." Photo courtesy of United Workers

PHOTO AT RIGHT:
Courtesy of Chinese Progressive Association, of Boston

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SPRING 2018

A Low-Cost Ownership in a Desert of

Davis, California, a university town with over 70,000 residents, had only 13 vacant market-rate apartments to rent as of December 2017. That's a vacancy rate of 0.2 percent, according to an annual University of California–Davis study of the housing market, which covered 83 percent of the city's market-rate apartments. When the figures in the study for three-bedroom units rented as a whole and those rented by room are combined, we find the average rent for a three-bedroom unit in 2017 to have been $2,388.

Davis is in Yolo County, which had a 2017 area median income of $76,900 for a four-person household. Using the 30-percent-of-income affordability standard, a median-income family of four living in an average market-rate apartment in Davis is paying $5,592 per year more than they can afford.

There is, however, one place in Davis where a median-income family of four is paying far less than not only the average market-rate rental, but less than the HUD standard, which defines cost-burdened families as those who pay more than 30 percent of their income for housing. That community is the Dos Pinos Housing Cooperative, the only limited-equity housing cooperative in Davis. A limited-equity co-op is a type of cooperative intended to preserve affordability for low- and moderate-income households. Members purchase shares in the cooperative that entitle them to live in one of the units and have a vote in the governance and management of the building. Units have restricted resale values and many have income limits for potential members, who pay monthly fees, or carrying charges, to cover their share of the cooperation's expenses.

The monthly carrying charges to live in one of the 26 three-bedroom apartments in the Dos Pinos Housing co-op, as of December 2017, were $1,165. That's a savings of $14,676 per year over the average market rent. A household in one of the 28 two-bedroom apartments had annual savings of $9,036, while a household in one of the six one-bedroom apartments had annual savings of $7,452.

Buying a co-op is more affordable than buying a house in the city. The *Davis Office and Commercial Real Estate Report 2017 Year in Review* reports that the average asking price of a single-family home in Davis is $632,000. The median number of days a house is on the market in the city is just 12. The market is so hot that most sales are paid for with cash, and if not, a down payment of at least 20 percent ($120,000 minimum) is required, making it hard for buyers who cannot pay cash to arrange financing and compete. A median-income family of four in Davis cannot purchase the average home on the market.

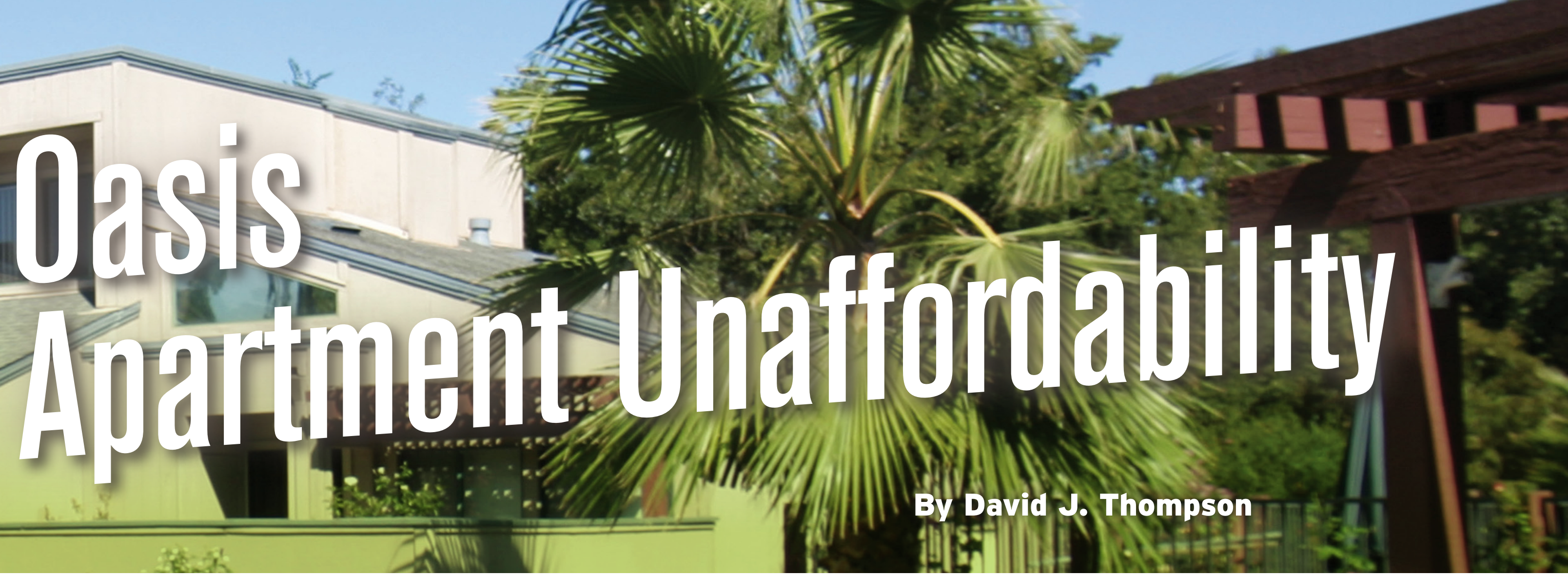
Getting More Affordable Over Time

I helped create and finance the Dos Pinos Co-op and have been studying the cost of living there since 1985. It wasn't always the most affordable place to live in town. In 1985, the co-op started at a monthly cost above the area's average rent because it was newly built. However, the cost of buying shares in the coop for a three-bedroom unit at that time was $4,880, which was much less than buying a house in Davis, which at the time would have been about $150,000 with interest rates at 12 percent. Many members wanted to live in a cooperative community, as well.

Because no one has pocketed the increased value of the building and land (including individual co-op members), 30 years later the co-op's monthly costs are 50 percent lower than the average market rate apartment. The co-op has not imposed income limits on who can live there, and it has a three-year closed wait list.

THREE-BEDROOM UNIT MONTHLY COSTS

Year	Average Market-Rate Rental	Dos Pinos Co-op Assessment
1985	$592	$798
2000	$1,218	$940
2017	$2,388	$1,165



Oasis Apartment Unaffordability

By David J. Thompson

When this limited-equity cooperative in California began more than 30 years ago, it wasn't the most affordable place to live. But now the co-op's monthly costs are 50 percent lower than the average market-rate apartment.

For the past two decades, Davis's hot housing market has had an extremely low rental vacancy rate. This lack of supply has pushed up rental rates. The co-op, on the other hand, has shown that it has substantially increased affordability. In 2017, a family of four needed to earn only 59 percent of the area median income to be able to live in a three-bedroom apartment at the co-op. In 1985, when the co-op came into existence, a family of four needed to earn 111 percent of the area median income to live in the same unit. Over time, families need less and less income to afford to live at Dos Pinos. The co-op requires people moving in to have a monthly household gross income that is equal to or greater than 2.5 times the monthly assessment. By this standard, a very-low-income family of four in Yolo County is eligible to move into the co-op. There is no other homeownership model in Yolo County affordable to that same family. Saving or borrowing the $33,000 for a share payment is still a challenge for many low-income households. Nonetheless, the co-op finds that households moving in recently have been of mixed incomes: 12.5 percent very low income, 25 percent low income, and 25 percent moderate income.

The combined annual net savings for the 60 households living at the co-op relative to the market cost of equivalent market-rate rental housing in Davis in 2016 was $679,296. This shows definitively that the limited-equity co-op model can generate sizeable disposable household income and create measurable wealth-building opportunities.

The co-op has received no subsidy at any time in its history. It bought the land at market value and erected the buildings at market value. Annually the co-op pays more than $30,000 in local property taxes, just like the market-rate apartment complex across the road.

No co-op apartment at Dos Pinos has ever been foreclosed, and in 32 years, only one member has been evicted. The vacancy rate is always zero and the vacancy reserve is never used. Since 1986, there has always been a waiting list for apartments at the co-op. For the past decade, the waiting list has stood between 60 and 100 families. The waiting list was closed as of December 2017 at 128 families, and will be re-evaluated in April. With an average turnover rate of five apartments per year, the average wait for a three-bedroom unit is about three years.

Dos Pinos holds an additional appeal for families. Because state law requires owner occupancy in an LEHC, all households living at Dos Pinos must be permanent Davis residents. Therefore, there are no student households at Dos Pinos, as the wait to get in is usually longer than the college stay. In contrast, most apartment complexes in Davis are 80 percent or more student-occupied, and even Davis condo associations are over 50 percent student rentals. Many families would prefer family-oriented complexes, but if you are renting, that is not an option in Davis, outside of the co-op.

Inclusionary Housing

The co-op is, in a manner, the first inclusionary housing developed in Davis. In the 1980s, Davis capped how many subdivision units it would approve on an annual basis. Since there were more developers who wanted to build than permits being given, some developers found they might have a three- to five-year wait to get planning approval. To encourage the construction of permanently affordable housing, the Davis City Council adopted a policy that would allow developers to build up to 120 units in limited-equity housing cooperatives outside of the housing unit rationing at any time. In 1983, one developer stepped forward to take up the challenge and proposed a 60-unit co-op (which later would be called Dos Pinos). The co-op was one of the earliest limited-equity housing cooperatives

The Dos Pinos Housing Cooperative, the only limited-equity housing co-op in Davis, California, does not impose income limits on who can live there.

PHOTO COURTESY OF DOS PINOS HOUSING COOPERATIVE

In 2017, a family of four needed to earn only 59 percent of the area median income to be able to live in a three-bedroom apartment at the co-op.

to be approved under a California state law that had been enacted in 1979. The co-op was completed in late 1985, and fully occupied by 1986.

After that, the city adopted requirements that each new Davis subdivision or housing development must include land set aside for permanently affordable housing. Almost all of that land has been developed by nonprofit housing organizations using tax credits to build over 1,000 rental units to reach mostly low- and very-low-income households.

In 2000, Davis residents approved a ballot measure whereby any annexation of land by the city requires citizen approval. Since then, all four efforts to annex land to the city have been defeated at the polls. In February 2018, the city substantially reduced its affordable housing requirements for multifamily developments, and given the present climate it is likely that there will be few land set-asides in the near future.

California's limited-equity cooperative housing law was first introduced by Assemblyman Tom Bates of Berkeley and adopted in 1979. In 2009, the California Legislature unanimously voted in favor of a bill—authored by Assemblyman Dave Jones of Sacramento—that extensively revised the law.

The key elements of the law are:

- There is one vote per member household.
- The co-op unit must be owner occupied (no rentals).
- The individual member share cannot be more than 10 percent of the unit cost.
- A member can receive no more than 10 percent return a year on their share. Most co-ops set the rate at less than 5 percent. That return is noncompoundable and not returned to the member until they leave the co-op.
- The value of the entire co-op, if there is dissolution, shall be distributed in the following manner: If there are funds remaining after paying off all obligations, each member household shall receive their full share investment plus the interest on that share, but no more than that; all remaining value must be contributed to a nonprofit tax-exempt entity.

Fewer than 50 apartment-type limited-equity housing co-ops have been developed in California under the LEHC laws. Almost all were developed from 1980 to 1990, when the National Cooperative Bank was able to partner with programs of the state of California that also supported the development of limited-equity co-op housing. After 1990, most jurisdictions and nonprofits in California moved to use their limited resources to develop affordable rental housing with tax credits as the key financing tool. The normal limited-equity housing cooperative is not eligible to use tax credits so interest in those cooperatives petered out.

The Unique Nature of Co-op Ownership

A unique aspect of a limited-equity housing co-op relative to all the other equity sharing models is that the appreciated of value of the housing is all retained in the co-op and in the community. When a member leaves an LEHC, the only economic transaction is what was initially paid for the unit plus interest earned. This means the balance sheet of the co-op is unaffected economically by any change in membership. All the economic gain in value stays in the co-op.

While this might seem like a limit on asset accumulation for co-op members, remember that almost all of the 8,000-plus families living in a market-rental apartment in Davis are not building assets, in housing equity or outside of it.

Meanwhile, for 2017 a co-op member's annual return on share investment could be considered to be 52 percent, if you include cost savings compared to other available housing options in Davis. A member joining the co-op on Jan. 1, 2017, would have invested in a refundable share of $33,000. The savings in monthly costs compared to market rate would be $14,676, and the 3.25 percent interest earned on their share (for 2017) would come to $1,072. (Annual interest rate is set at the prime interest rate, up to a maximum of 10 percent.) This amounts to $15,748, or 52 percent of their $33,000 investment. If market rental prices continue to rise faster than co-op costs, this return could get even higher. In addition, a number of members take a tax deduction for their portion of the mortgage interest and property taxes (co-ops are eligible for these deductions and members of housing cooperatives are seen as

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RESOURCES

"Will Limited-Equity Cooperatives Make a Comeback?" by Lillian M. Ortiz. *Shelterforce*, April 25, 2017
bit.ly/2sJTvZe

PHOTOS AT LEFT COURTESY OF DOS PINOS HOUSING COOPERATIVE; PHOTO AT RIGHT COURTESY OF AEON

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