Expanding cooperative ownership beyond housing to a diversified portfolio of assets that generates wealth and stability for families while fostering broader neighborhood regeneration.

Anyone can join, everyone can benefit.
Leveraging and expanding upon the success of cooperative housing ownership models, Cooperative Community Inc. is a process by which a diverse subset of owners, workers, retailers and neighbors participate in an equitable, broadly-accessible system of collective ownership and investment.

**GOALS**

1. Create stable housing for low wealth families
2. Enlist a variety of partners to form diverse cohorts of experts
3. Make stakeholders shareholders and democratize decision making
4. Model innovative and equitable ways to invest in Opportunity Zones
5. Reduce burdens of operations and maintenance for vulnerable owners.
6. Spur rehabilitation and new construction for neighborhoods and families without access to capital
7. Reduce development and operating costs by creating economies of scale
8. Model pathways to ownership for housing preservation projects and expiring LIHTC

**INVESTMENT**
- CRA-MOTIVATED BANKS
- FOUNDATION PROGRAM RELATED INVESTMENTS
- GRANTS & DONATIONS
- OPPORTUNITY FUND
- SMALL/MID-SIZE INVESTORS
- HOME/BUSINESS OWNERS

**SHAREHOLDERS**
- RETAIL/COMMERCIAL TENANTS
- RESIDENTS
THE PROBLEM

While a portion of income inequality and racial wealth gaps can be explained by disparities in homeownership, homeownership alone is not a stable enough investment to sustainably build wealth over time.

For low-middle income households who do own their homes, continued occupancy is precarious, and a lack of diversified wealth makes these households disproportionately vulnerable to fluctuations in the housing and job markets.

The hard facts:

- Over-investment in homeownership could lead to less savings in more stable assets and preclude more long-term, sustainable investments (i.e. retirement savings)
- The places where low income households can afford homes often have the least resources and the lowest potential for appreciation.
- Homeownership can provide stability for families, but without taking into account the overall health of a family’s portfolio, it can be precarious without a safety net, a financial cushion and networks for assistance and knowledge sharing.
THE SOLUTION

The Cooperative Community Inc model translates the benefits of homeownership—residential stability, lower monthly costs, and potential for wealth accumulation—into a more diversified investment structure. This is a forward-thinking approach that democratizes ownership and decision making while providing stable housing and shared prosperity.

As distressed neighborhoods begin to revitalize, the only way for existing homeowners to capitalize on neighborhood improvements is through selling their homes. By preserving a neighborhood’s collective wealth-building capacity as opposed to solely preserving homeownership in its own right, this model incentivizes low-income residents to stay in their homes as communities revitalize, allowing them to maintain, or even lower, their monthly housing costs while benefiting from (and tying their wealth to) improved amenities, public services and neighborhoods aesthetics.

Under a CCI structure, the corporation would take responsibility for repairs, new construction, energy efficiency improvements and added amenities. The costs would be distributed across the portfolio and benefit from economies of scale thus lowering the cost of construction and operating expenses. Necessities such as healthcare, insurance, childcare and nutrition would also benefit from negotiated discounts and the balance sheet of the corporation.

Sample CCI Asset Mix

Long-term

As the portfolio of properties held as assets within the corporation begin to increase and diversify, shareholders (local residents and business owners) will begin to see dividends from income generated through commercial rents, strategic acquisitions or proceeds from CCI sales.
Like a community land trust, assets are acquired and held to maintain affordability, but increases in land values are leveraged to provide collateral for additional acquisitions, renovations and new construction. Wealth is therefore not only tied to homeownership, but also to ownership of businesses, multifamily properties and financial securities.

Like affordable rental housing, a family’s payments can be pegged to a reasonable percentage of income, but families will also receive shares in the corporation and a right of occupancy. Common charges, paid to CCI, rather than rent or mortgage payments mean that expenses can be combined over a portfolio of properties allowing both economies of scale and cross subsidization.

Unlike federal or state affordable housing programs, pricing, affordability, design and operations can be a dynamic, local and democratic process rather than beholden to broad regulations which can, at times be self-defeating. Existing property owners can opt in at a variety of levels to retain proportional shares and a seat at the table.
The Cooperative Community Inc. (CCI) does not seek to preserve affordability and homeownership in its own right; it is a forward-thinking solution that leverages a collective, diversified wealth portfolio to ensure that vulnerable populations retain access to opportunity-rich communities.
BEFORE CCI

HOUSEHOLD INCOME: $30,000
MORTGAGE PAYMENT: $700
OTHER HOUSING COSTS: $350
TOTAL HOUSING COST BURDEN: 50%

AFTER CCI

HOUSEHOLD INCOME: $30,000
COMMON CHARGES: $750
OTHER HOUSING COSTS: $0
HOUSING COST BURDEN: 30%

Packaged across a portfolio of properties, these costs are eliminated for individual owners incorporated into monthly common charges.
CCI IN PRACTICE: DETROIT

Large amounts of public and private investment in schools, home rehabilitation and public spaces presents potential for existing low-income families to benefit from revitalization by staying in their homes.

- Lower Income homeowners exchange or sell home to CCI for shares and right of occupancy. CCI provides all property management and maintenance and hires locally at living wages.

- Renter whose debt-to-income ratio prevents her from receiving mortgage loan; can receive right of occupancy for an acquired single-family home in the corporation, paying less than her previous monthly rent payments.

CASE STUDY: FITZGERALD REVITALIZATION PROJECT

In Detroit’s Fitzgerald Neighborhood, an extensive network of public-private partnerships led by the Fitz Forward development team has launched the beginning of a $30 million+ project to revitalize 100 abandoned homes and 200 vacant lots throughout the neighborhood, in addition to reinvigorating the neighborhood’s commercial corridor. The homes, landscapes and commercial corridors, currently free of speculation and mostly publicly owned, provide a unique opportunity to study how a cooperative community might form.

- City agencies gift land and buildings to CCI with requirements of low income targeting and home rehabilitations.

- Growing population of small businesses along a rapidly-revitalizing commercial corridor create CCI partnerships garnering funds for renovation and expansion in exchange for profit sharing.

CITY PROFILE

- **$30,344** MEDIAN HOUSEHOLD INCOME
- **$782** MEDIAN RENT
- **$50,200** MEDIAN HOME VALUE

PERCENT COST-BURDENED

- **59%** RENTERS
- **39%** OWNERS

POLICY CONTEXT

- Opportunity Zone
- Inclusionary Housing Ordinance
- Strategic Neighborhood Fund (to support inclusive neighborhood revitalization)
- Affordable Housing Leverage Fund (to support the creation and preservation of affordable housing)
- Growing support for public-private partnerships to equitably develop an abundance of city-owned land

cci Ownership

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<td>Residents</td>
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<tr>
<td>Non-Residents</td>
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<td>CRA Motivated Banks</td>
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<td>Foundations PRIs</td>
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<td>CRA Owner/Operator</td>
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<tr>
<td>Non-Residents</td>
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cci asset mix

<table>
<thead>
<tr>
<th>Asset Mix</th>
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<tr>
<td>Single Family Gifited</td>
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<tr>
<td>Single Family Acquired</td>
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<td>Multifamily Acquired</td>
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<td>Retail/Commercial/Office</td>
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<tr>
<td>Impact Investment</td>
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<tr>
<td>Financial Securities</td>
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CASE STUDY: FRIENDSHIP COURT

For the 150 Section 8 families that call Friendship Court home—including more than 250 children—the coming year-15 LIHTC event provides worry for the residents. Redevelopment of the site into 500 units of mixed income housing with amenities such as early childhood education provides an opportunity for Piedmont Housing Alliance to create wealth for existing residents, provide a ladder of affordability broader than low income and market rate while tapping into an explosion of adjacent development in close proximity to downtown jobs and amenities.
CCI IN PRACTICE: AUSTIN

Case Study: Alley Flat Initiative

Austin neighborhoods are undergoing rapid gentrification. While this benefits existing residents, the only way to unlock the equity is to sell and leave the neighborhood. Existing zoning allowing for secondary apartment infill, but financing for these units which could provide additional equity and additional affordable housing is hard for working families. Additionally, the permitting and construction management process can be daunting. With a track record of highly energy-efficient “Alley Flats” the Alley Flat Initiative could partner with CCI, which could efficiently construct accessory dwelling units and increase stability and wealth for the neighborhood.

Policy Context

- Affordable housing “strike fund,” a non-profit managed private equity fund to preserve affordable developments
- SMART Housing policy provides development fee waivers and expedited review for developments serving low-moderate income populations
- Austin Housing Trust fund uses revenues from developments on city-owned land to create and preserve owner-occupied and renter-occupied housing
- State policies are hostile to affordable housing development, so local initiatives must be creative

City Profile

- Median Household Income: $60,939
- Median Rent: $1,106
- Median Home Value: $257,800
- Percent Cost-Burdened Renters: 49%
- Percent Cost-Burdened Owners: 28%